WHEAT — 1994

Sorghum import plan

B/Day

LOUISE COOK

THE Sorghum Producers' Organisation was awaiting approval from the Board on Tariffs and Trade of its suggested 5% import tariff on sorghum, the organisation's manager Johan Swart said yesterday. 7/12/94

The tariff will replace the existing import control system and was pitched at a relatively low level. Swart said interested parties could respond to the proposal by December 16.

"Should the Board on Tariffs and Trade accept the proposed tariff, and the application not meet with resistance from industry or other parties, the sorghum industry is set to switch away from the import permit system from May 1 next year." (3) Sorghum

The tariff was kept low to allow for sorghum imports to the coastal regions and was based on an international price of US$94,75.

"Because of the bumper crop of 430 000 tons in 1994, excess sorghum — about 200 000 tons — was used as animal fodder in SA for the first time. Coastal buyers would have the option, with a low import tariff, to use either imported maize or sorghum as fodder. Sorghum would come to 15% less than yellow maize and to import the products would be cheaper than to try to transport it to the coast," Swart said.

He said overseas sorghum was of far inferior quality to that produced locally. Overseas it was used mostly as fodder, while in SA high quality sorghum was produced for human consumption. Small quantities were exported to neighbouring countries where it was processed into malt and flour.

Wheat replacement plan

INGRID SALGADO

THE Wheat Board is developing a winter grains feeding industry to replace commercial wheat production in the western Cape.

Wheat Board GM Louis van Staden said yesterday this was in anticipation of negative spin-offs from GATT-negotiated tariffs on the local wheat industry. B/Day

The new tariffs on imported wheat would replace quantitative restrictions, he said. This would affect both local producers and millers. The tariffs, to be implemented in July 1995 if approved by the US Congress in April, would also affect price-setting within SA. 12/1/94.

The western Cape industry was already replacing old wheat-producing land with canola oilseed production, Van Staden said. The new planting scheme would produce grains for animal consumption. (3) Wheat.

He said the western Cape would be the region most affected by tariff controls as transporting wheat to the Transvaal was expensive and there were not many products into which western Cape farmers could diversify.

Given a stable climate, the Free State was the region least likely to be harmed by the new tariffs, he said, as it produced wheat close to where consumption was high, in the Transvaal. B/DAY.

Van Staden said the Wheat Board would protect local producers as far as possible from dumping. High international subsidies on wheat had led to overproduction in many countries, such as the US and Australia, leading to wheat being dumped on the local market.

The board was trying to finalise the tariffs by May to give farmers information before the next planting season started.

It was already negotiating with the milling and baking chambers, and ANC and Cosatu advisers, Van Staden said.

PEOPLE'S LIVES *Bakery group now drops controversial ingredient from loaves*

'Safe' bread now made in SA

Sowetan 3/3/94

■ **STANDARD BREAD** *Potential carcinogen banned from Sasko loaves:*

By Pearl Majola

As consumers demand more "safe foods", a local bread company has responded by producing standard bread without potassium bromate, a flour improver believed to cause cancer. (3) Wheat

This development puts South Africa in line with countries like Japan, Australia, Britain and most other European countries where potassium bromate is in fact banned.

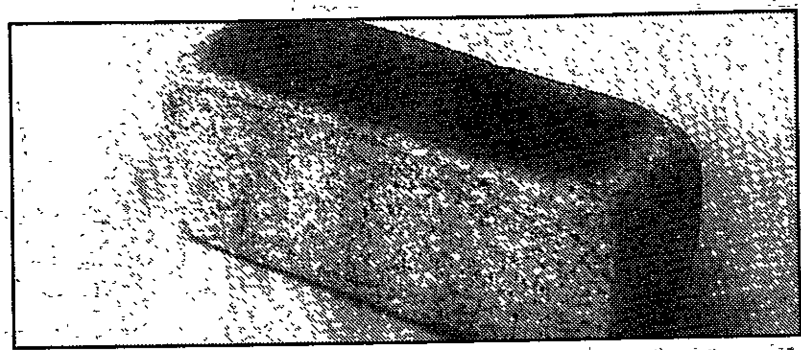
According to Sasko their move was in response to concern raised by consumer groups about the carcinogenic properties of potassium bromate.

The company now also provides nutritional information on their bread packaging despite the fact that the Department of National Health and Population Development has been reluctant to impose any legislation in this regard.

While this gesture has been welcomed by most organisations involved, the Wheat Board's Mr Hans Praut said he believed there had been a low risk of side effects because of the small quantities of potassium bromate allowed for use here compared to countries like the USA. He added that there was not sufficient proof that potassium bromate had any carcinogenic properties and said that to replace the cheap and effective additive could be more expensive.

But Sasko maintains that the potassium bromate free bread and the new packaging with nutritional information will not cost consumers a cent more.

"The need for safe foods free of preservatives or additives is often offset by modern consumer demands for quality, convenience, durability and affordability," says Praut. Confirming that the removal of the additive from their bread would not affect taste or quality, Sasko's Mr Jan Marais said: "Because of the increased use of natural ingredients like ascorbic acid, we have been able to eliminate potassium bromate from all our bread without in any way affecting taste, quality or price."



Could this bread cause cancer?

New wheat forum kneaded into shape

BDay

KATHRYN STRACHAN

A NATIONAL Wheat Forum, the first of its kind in the agricultural sector, was launched yesterday to formulate a new economic strategy for the industry.

The forum is the first to include such a wide representation of participants — including farmers, unions, millers, bakers, statutory organisations and consumers.

Chairman Eugene Brock, a Premier Food Industries director, said the forum would shape state policy through submissions to government and the National Economic Forum. It would recommend policies to provide bread at the lowest realistic price, while promoting growth. 12/4/94

The forum also provided a structure within which potentially antagonistic parties had agreed to co-operate. (3) Wheat

Mandla Gxanyana, general secretary of the Food and Allied Workers' Union (Fawu) — which was instrumental in establishing the forum — said it would create consensus among all parties to work for job security and a fair share for all.

Committees will focus on industrial development policy, security and stability, human resources and consumer interests.

The security and stability committee, headed by a senior Fawu official, was gearing itself to liaise with community organisations in an effort to curb attacks on bread trucks. The SA Chamber of Baking said the industry had lost 120 trucks in township violence in the past year.

National wheat forum launched

CT 12/4/94

Deputy Business Editor

A NATIONAL wheat forum to formulate a new economic strategy for the multi-billion rand industry has been launched by a wide representation of industry participants, including farmers and trade unions.

(3) WHEAT

It will investigate, develop and recommend policies to the government in order to provide bread to consumers at "the lowest realistic price while promoting growth in all facets of the SA wheat industry", said chairman Dr Eugene Brock.

FM 6/5/94

WHEAT INDUSTRY

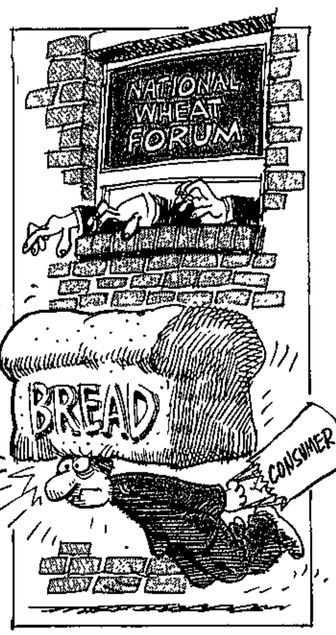
(3) Wheat

Harvesting a new crop of controls

Reading the signals from the new ANC government loud and clear, the R7bn/year milling, baking and wheat industry is reversing gears and heading in the direction of more protectionism and additional State control.

Under the umbrella of the newly created National Wheat Forum, the industry is expected to push for the reintroduction of price controls on bread, in addition to a wide range of other measures to protect them from competition, boost their profits and safeguard their jobs at the expense of jobs elsewhere in the economy.

Price controls in the R3,5bn-R4bn/year bread market — and the multimillion-rand government subsidies to compensate producers — ended three years ago. Government decided that they distorted production, reduced competition and were costly to administer. Now the producers want price controls back, citing a 6% drop in bread consumption since deregulation and the threat of competitive imports.



Labour, which is represented on the forum along with the Wheat Board, wheat farmers, the major milling and baking associations, the ANC-linked Land & Agricultural Policy Centre, the Consumer Council, the National Marketing Council and the Department of Agriculture, is also lobbying for price controls and more regulation.

According to the recently available minutes of the forum's first meeting on January 26, which was held behind closed doors, David Frost of the Food & Allied Workers' Union claimed that deregulation had resulted in "a large increase in the retail bread price," with "retail profiteering an important contributing factor. Steps had to be taken to avoid wasteful competition and to ensure that savings achieved at wheat-production level were passed down to the consumer."

But the figures don't support Frost's contention that bread prices have increased sharply. Government last set bread prices on November 1 1990, mandating R1,05 for a standard loaf of brown bread and R1,20 for white. The average price for a slightly smaller standard loaf now at Checkers/Shoprite, Pick 'n Pay and OK is R1,55 for brown and R1,85 for white.

That's a 47,6% increase for brown and a 55,8% increase for white versus a 46,9% increase in the consumer price index over the same period to March. The higher increase for white bread is the result of the 14% Vat while before there was no GST levied on white or brown government bread.

At the forum, Frost continued: "The use of recommended prices and steps to improve consumer awareness, as well as the policing of prices by consumer organisations, were alternatives to legislated price control. But the reintroduction of all elements of control in the industry that had existed prior to 1991 would be the most beneficial to the consumer body that consisted largely of low-income earners. Such a system would eliminate wasteful competition and improve the position of the industry as well as employees."

Added Premier Group director Willem de Kok: "Government had deregulated the milling and baking industries in an attempt to allow the free market to promote growth. The changes however only affected part of the industry and the question (is) whether government's objective will be achieved in this manner or whether some form of intervention would be preferable," adding that "the industry could not be half-regulated."

Despite the rhetoric about helping poor people buy bread, the forum's aims are clearly to discredit deregulation so the new government can intervene freely in the industry and to put up high protectionist walls so profits won't be threatened. At its initial meeting, the forum established an industrial development policy committee — chaired by Wheat Board GM Louis van Staden — to examine statutory intervention in wheat production, milling, baking and retailing.

According to an agricultural economist who did not want to be named, the driving force behind the forum came from major milling and baking groups that fear competition from neighbouring countries, which are potential buyers of cheaply priced flour and wheat from the EC. Farmers, also worried about imported competition, and labour unions, trying to save their jobs at all costs, have signed on as natural allies.

"The forum seems to be a monopolistic collusion of the milling and baking industries, the Wheat Board and the labour unions against the interests of consumers," he says. "Wheat producers in the western Cape (subsidised through cheap rail tariffs to the north) are scared they would not be able to compete against imported wheat and may thus support continued State protection.

"The Department of Agriculture's wheat-tariff proposal to Gatt was a 120% maximum, being reduced to 72% after six years. And this for a product that SA often has to import."

Despite the inclusion of the Consumer Council, the interests of 5 000-7 000 farmers are apparently seen as more important than those of 40m consumers, he adds.

Forum secretary Nic Alberts, of the SA Chamber of Baking, says "the Chamber of Baking has previously declared itself opposed to the principle of returning to control in the baking industry, such as existed before 1991. And this now remains our view."

In a recent statement, the forum said its purpose was "to formulate a new economic strategy for the industry. This forum, like other industry forums now being created in the country, will have the opportunity to shape State policy through submissions to government and the National Economic Forum."

But critics are troubled by the forum's broad economic policy considerations, which include a fair wheat price, a reasonable return on capital for processors and a fair profit margin for retailers, availability of bread for consumers at an affordable price, job security, fair wages and possibilities for job creation for labour.

"To this end, the forum aims at bringing together all interested parties with a view to obtaining transparent consensus on the concerns of all the stakeholders in the wheat industry and to ensuring that all decisions and proposals serve the total public interest," reads the forum's minutes.

But excluded from the forum are the major retail chains which are livid about this. "It's appalling to create a body like this without consulting retailers, who are the end link with consumers. This smacks of tilting towards price maintenance, which is not acceptable to retailers, seeing that we have only recently moved out of the past history of bread price controls," says OK food director Peter Dodson.

"Since the removal of controls there has been enormous competition for market share in the baking industry — and consumers can now make a free choice in buying their bread. This is a much healthier situation. If we go back towards price maintenance, consumers will suffer. I am absolutely amazed at this development and will take it up with parties involved." ■

Little support for new bread price controls

BEATRIX PAYNE B/Day

THE National Wheat Forum was unlikely to push for the reregulation of bread prices, chairman and Premier foods director Eugene Brock said yesterday. 9/8/94

Reports had suggested that the forum would lobby for the reintroduction of price controls on bread, but Brock said most members of the forum were against the regulation of bread prices. It was impractical and would be difficult to implement, he said.

Some members of the forum were concerned about rural dwellers who often had to pay higher prices for bread because of transport costs and higher prices charged by local shops.

The reregulation issue would be discussed at the plenary session later in the month, but most consumer groups and large companies in the forum were against it.

The forum was formed earlier this year and representatives included some of the major milling companies such as Premier and Tiger, trade unions, farmers, consumer bodies and agricultural co-operatives.

The forum had submitted proposals to government that import tariffs on wheat be set at 67%, which was in line with GATT. Lower tariffs held the danger that foreign producers could undermine local producers by dumping cheaper wheat, Brock said.

Ideally there should be a free market, but until other countries stopped subsidising farmers it would not be possible for SA farmers to compete against imports, he said. (3) Wheat

The forum is to meet PWV safety and security minister Jessie Duarte and members of the SA Police Services later this month to discuss the problem of bakery van robberies. Brock said security was a headache for many manufacturers and Premier had had to pay about R1m for each bakery to cover security costs for deliveries to Soweto and Vosloorus.

Harvest lifts farm income to R6,8bn

B/Day 26/8/94

AMANDA VERMEULEN

BUMPER maize and wheat crops in 1993/94 boosted net farm income 37,7% to R6,8bn for the year to June — indicating a return to normal agricultural trading conditions, economists said yesterday.

The Agriculture Department's economic directorate said in its latest quarterly report that agriculture's contribution to GDP increased 16,2% to R14,7bn, representing 4,1% of the total GDP for 1993. (3) Wheat

Farmers' cash flow rose 26,6% to R7,7bn, due to the 12,5% increase in gross income to R25,2bn relating to higher income from field crops.

Production volumes increased 7,6%, while producer prices increased only 1,9% on average.

Econometrix economist Tony Twine said this was a result of prices dropping as shortages fell to reach normal supply levels.

Interest payments remained a major cost item, directly related to relatively high interest rates and the high level of farming debt, which reached R18,4bn (R17,2bn).

Economic directorate assistant director Neels Meyer said interest payments amounted to 10,6% of gross income for the year, compared to only 5,5% in 1980.

Expenditure on intermediate goods and services increased 10,7% to R10,7bn, an increase in line with inflation, said Twine.

Prices of farming requisites, up 9,4%, also increased in line with inflation, while investment in machinery, implements and vehicles rose 41,7% to R1,4bn. Twine said this also indicated better farming conditions creating more income for investment, and a need for more equipment to cope with larger crops.

He said while some increases had been "phenomenal," they had come off a low base created by severe drought earlier in the 1990s.

Prospects for the coming year were good, although growth would not be as substantial as in the current year. This was mainly due to the current increases merely returning levels to average.

"Agriculture is held hostage to weather conditions, which makes it very difficult to make long-term predictions. However, the 1995 year should see good results."

Late rains likely to cause wheat shortage

B/Day

LOUISE COOK

SA will probably have to import wheat again this year, according to figures released yesterday by the National Crop Estimates Committee. 21/9/94

Committee secretary Kevin Corlett said that unless conditions improved in the western Free State, the country would be short on the 2,1-million tons of wheat required for domestic use.

Wheat Board marketing director Phillip Frost said about 280 000 tons were imported during the last season. This could happen again if the Free State and Western Cape did not get spring rains soon.

The committee expected a crop of 1,95-million tons — 21 000 tons down on the 1993/94 season and 146 000 tons short for current domestic use.

Less wheat was planted in the Western Cape this year — 397 795ha compared with 417 998ha last year. But in the eastern Transvaal the area under wheat shot up 4 270ha to 12 095ha.

However, Corlett said the new regional division of SA had affected statistics. The committee had implemented a new statistical system and this was partly responsible for the higher figures, rather than actual quantity increases. (3) Wheat

In the Free State a wheat crop of 761 000 tons was forecast — 28 000 tons less than last year. Area planted dropped to 515 482ha from 529 319ha.

Wheat imports loom as Free State crop fails

B/Day 25/10/94

LOUISE COOK

THE failure of wheat crops in the Free State — which traditionally produces half of SA's wheat — has caused estimated losses of R400m this season.

The estimated Free State crop has dropped 20% in a month from 761 000 tons to 610 000 tons. But Free State agricultural union spokesman Pieter von Abo said it was unlikely the Free State would realise 300 000 tons this year.

(3) Wheat

Agricultural economists said the Free State crop failure meant SA would have to import more wheat.

Von Abo said farmers had planted their crops in the hope of early spring rain that should have fallen in mid-September.

"In the western Free State there is no hope for a crop at all. Wheat fields have been thrown open to cattle and sheep for grazing," he said.

Rain had yet to fall.

National Crop Estimates Committee spokesman Kevin Colett said the dismal national wheat crop estimate of 1,95-million tons last month dropped further to 1,79-million tons when the latest crop estimates were carried out. SA produces 2,2-million tons of wheat in a normal year.

"Immediate rain in the eastern Free State could still make a difference to the crop," Colett said.

A Winter Grain Producer Organisation spokesman said the moisture content of the soil during planting had not been high enough to sustain the crop in the case of late rain.

However, outside the Free State, conditions for a successful wheat crop remained stable.

Wheat Board marketing director Phillip Frost said about 280 000 tons were imported last season. This year only 1 039 491 hectares were planted — 14 000 hectares less than last season.

10c increase shelved for now

Stores stick to old bread price

Star 4/11/94

(3) Wheat

BY ZINGISA MKHUMA
CONSUMER REPORTER

Three major chainstores have promised not to raise the price of a standard loaf of brown and white bread immediately.

Spokesmen for Pick 'n Pay, Shoprite Checkers and OK Bazaars said yesterday the price of their brown and white bread would remain at R1,51 and R1,84 respectively, including VAT, until further notice.

All large bakeries announced a wholesale price hike of 10c this week, citing, among other reasons, the increase in the cost of wheat, yeast and security.

It was reported, however, that some retailers were charging as much as 21c more for a loaf of bread, and attributed the extra charge to slicing and packaging.

A spokesman for OK Bazaars said bakeries had in the past supplied packaged and sliced bread without any extra charge to the retailer.

The spokesman said they now found it ironic that the bakeries which announced the increases all belonged to the SA Chamber of Baking.

But Nic Alberts, the chamber's executive director, was adamant that pricing was not discussed in the chamber. The decision to increase prices was market related and if one big bakery puts up its prices, others were bound to follow, he said.

Alberts also disputed the notion that there was a standard loaf of bread. "Each bakery uses its own ingredients, although they all have to comply with the mass regulations," he said.

A former executive director of the Catering, Restaurant and Tearooms Association, Frank Swarbreck, said the price of bread should come down because South Africa had been importing wheat cheaply for the past two years.

Cape Times
Cape Town 2004
Homefinder and Funfinder Inside
FOUNDED 1876 ★ ☎ 488 4911 FRIDAY, NOVEMBER 11 1994 R1,20 (Country R1,30) Prices include VAT

Fight bread price hikes — minister

CT 11/11/94 (3) WHEAT

By MELANIE GOSLING

THE Competition Board has launched an investigation into possible collusion and price-fixing in the bread industry following recent price hikes.

And Agriculture Minister Mr Kraai van Niekerk has urged shoppers to fight the increases.

The price shot up on November 1 by 10c for brown and 11c for white bread.

Competition Board chairman Dr Pierre Brooks said yesterday: "It is illegal for people to collude on prices and conditions of supply.

"We are investigating the industry to see if there is any logical explanation for the extent and timing of the price increase of bread."

He said had the industry simply passed on the percentage increase of the price of wheat, the bread price increases would have been acceptable.

Mr Van Niekerk urged consumers to use their buying power in a discerning manner to fight the price increases.

He said the increased wheat price should result in an increase of only four cents a loaf.

"Only 30% of the price of a loaf can be attributed to the price of the wheat in it."

Consumer Foundation chairman Mr Johann Verheem said consumers noted with great appreciation that Mr Van Niekerk had stood up for consumers and acknowledged their worth by urging them to action.

Mr Verheem said it was ironic that the government was encouraging consumer action to solve problems in the present system.

Consumers were unable to act in the market effectively precisely because the government was lax in encouraging organised consumer action.

He said consumers were being "thrown to the wolves" by moves which were supposed to have been made in their favour, such as deregulation, privatisation, and the scrapping of controls.

Mr Hamish McBain, executive director of Tiger Oats, which owns Albany Bakeries, said Mr Van Niekerk's statement seemed "somewhat irresponsible".

Mr McBain said that, in addition to wheat price hikes, escalating costs of distribution and increased labour costs had contributed to the increase in the bread price.

"Local millers are obliged to buy wheat from the Wheat Board at inflated prices. If they had been permitted to import wheat duty-free, a decrease in the bread price would have been possible.

"Manufacturers cannot be held responsible for any excessive mark-up in the bread price at retail level," Mr McBain said.

In the interests of an orderly transition to a freer market, the milling industry had agreed with the Wheat Board that the local crop would be bought on the understanding that the profits made on the importation of wheat would be passed on to the industry to help contain price increases.

"We therefore regard the minister's reported statement to be badly timed and likely to have unfortunate consequences," Mr McBain said.

Referring to possible collusion in the industry, Mr McBain said the simultaneous increase in the bread price across the industry was "inevitable" because of the increase in the price of flour.

Wheat blamed for bread's rise

SI Times (Buss)

13/11/94

By CIARAN RYAN

BREAD producers turned the spotlight back on government this week, following the call by Kraai van Niekerk, Minister of Agriculture, for a consumer rebellion over recent bread price increases.

Producers say that the Wheat Board's single channel marketing system, which falls under Mr van Niekerk, is largely to blame for the increases.

The high cost of domestic wheat, nearly 20% above the landed cost of imports, pushes up the price of flour, which makes up nearly half the cost of a loaf of bread.

Mr van Niekerk said bread price increases which ranged between 6c and 20c a loaf were announced almost simultaneously by the industry. If there was a cartel, it needed to be investigated.

The Competition Board is investigating the possibility of price fixing by bread producers. Producers say although the price of bread was deregulated in 1991, they still have to buy wheat from the Wheat Board.

Willem van der Klis, chief executive of Premier Food's milling and baking division, says the wheat price increase from November 1 was agreed to by farmers, millers, the Wheat Board and the Cabinet. "It is inevitable that following the increase in the wheat price, the price of flour, and in turn of bread, will rise concurrently."

Both Tiger Oats, which owns Albany Bakeries, and Premier's Blue Ribbon announced price increases of about 6,5%, well below the food component of the producer price index, which is 21,7%. (3) Wheat

Farmers are getting less for their wheat than last year, but millers received a price increase of 4% — about 4c a loaf. There are 3 000 bakeries in South Africa, so there is no suggestion of collusion, says Mr van der Klis, adding that bakery margins have been reducing as cost increases have been absorbed.

Hamish McBain, executive director of Tiger Oats, says many SA wheat farmers are unable to produce at world prices, underlining the need to allow bakers to import their own wheat. Although there is no import tariff on wheat, only the Wheat Board may import it.

Profits from wheat imports are intended to help reduce the cost of bread to the consumer. "Last year the profits were used to prop up the producer price of wheat, not to keep bread prices down for the consumer," says Mr McBain.

Heavy rains have wiped nearly 500 000 tons off this year's initial wheat crop estimate of 1,8-million tons. SA needs 2,1-million tons a year. Once direct imports are permitted from November 1995, SA may be forced to import 40% of its wheat requirements in perpetuity.

An application to levy a 66% import tariff on wheat is likely to be rejected as too high by the General Agreement on Tariffs and Trade. Mr McBain says 35% is a more likely tariff level. "At this kind of tariff level, the local farmer cannot survive and we ... will have to import a large part of our requirements. But this will benefit the consumer."

Kraai denies call to boycott bread

Star 14/11/94

BY ZINGISA MKHUMA and SHIRLEY WOODGATE

Agriculture Minister Kraai van Niekerk has denied calling on consumers to rebel against a bread price increase.

Last week SABC News quoted the Minister as saying: "I think the consumers must react. Our consumers are not using their buying power enough to say we don't want your bread ... your bread is too expensive. That is an action we must look at."

But the Minister later issued a statement in which he said: "Buyers can counteract increases by using their consumer power and preference judiciously." He said the SABC report had not given an accurate account of what he had said.

The Minister used the wheat price as a gauge when he told the National Assembly agricultural committee that his department had expected the increases to be about 4c, but instead the retail price increase had ranged from 6c to 20c.

Although bread is zero-rated, the prices are no longer controlled by the Government. Last month all the bakeries increased their bread prices. However, some food chains have absorbed the increases.

National Black Consumer Union president Nonia Ramphomane said bread was vital food to many people. "If there was an alternative to bread, we would call for a bread boycott."

Consumer Council executive director Jan Cronje advised consumers to shop around for the best prices.

The executive chairman of the National Consumer Union, Lillibeth Moolman, called on consumers to demand VAT discounts.

Meanwhile, Van Niekerk has been urged to zero-rate VAT on white bread.

Reacting to the Minister's criticism of the wholesale price increase of bread, Premier Milling's Willem van der Kliss accused him of a lack of understanding of the wheat milling and baking industry.

Cartel

3 Wheat

Van der Kliss said the small wheat price increase to the millers on November 1 inevitably led to an increase in the cost of flour. Although the wheat component in a loaf of bread made up only about 30 percent of its cost, other costs had risen far more than the percentage increase in the wheat price.

Dismissing Van Niekerk's suggestions of a cartel, he said Premier Milling set its own prices in a competitive market, with recent wholesale price increases of just more than 6 percent kept well below the producer and consumer price index.

He said the bread baking industry was "highly deregulated". Millers had no control over the end selling price, he said.

Price fixing claims denied

B/Day 14/11/94

BEATRIX PAYNE

FOOD groups in milling and baking have sharply criticised Agriculture Minister Kraai Van Niekerk's claims that they have been fixing bread prices.

Premier Food's milling and baking CE Willem Van Klis said the remarks displayed a "lack of understanding of the industry".

"Any suggestion of a cartel is ridiculous in the extreme," he said at the weekend.

(3) Wheat

It was reported that Van Niekerk had told consumers to rebel against recent bread price increases. From November 1, the price of a loaf of brown bread rose by 10c and a loaf of white by 11c. His department had expected the hikes to be 2c to 3c.

The Competition Board is to investigate possible price fixing in the industry.

BREAD PRICE

Let them eat cake

FM 18/11/94

The Minister of Agriculture, Kraai van Niekerk, was forced to issue an explanatory statement this week relating to the controversies raging in the red meat, maize and wheat industries (*Business* November 4 and November 11).

With a court case pending against the Minister (as well as the Maize Board and the National Marketing Council) in the case of the maize industry, the last thing Van Niekerk needed was to be dragged into yet another public argument — this time over bread prices.

But this is exactly what happened after he called on consumers to shop around for the best bread price. Van Niekerk took this extraordinary step after most members of the SA Chamber of Baking, who represent about 80% of bread baked in this country, had virtually simultaneously hiked their prices by about 10c a loaf following a wheat price increase of 4%.

Van Niekerk's statement said: "Although the price to millers was increased marginally, the price of bread has shown increases far above that attributable to the increased wheat price. It also varies quite considerably from retailer to retailer. Therefore, it is hard to understand the outcry on the part of the milling and baking industry regarding my call to consumers to question inappropriate price increases."

One possible explanation is that the outcry is linked to a Competition Board investigation into the existence of a baking cartel, launched after the Minister first raised suspicions.

Board chairman Pierre Brooks says the board is investigating the possible existence of illegal price collusion in the baking industry. He expects the investigation to be completed soon. "As the *prima facie* existence of collusion should lead to a criminal investigation (price collusion is a crime), our report would also be handed to the SA Police for further prosecution."

Brooks adds, however, that notwithstanding similar *prima facie* findings that illegal price collusion might exist in about 15 other cases, not a single prosecution has yet been effected.

This has led to calls by the board to the Ministry of Trade & Industry that it be given more "teeth" to prosecute possible offenders.

"In one fairly clear-cut collusion case, the office of the Attorney General of the Witwatersrand has been sitting on the case for about two years — with no visible results."

Brooks's problems apart, Hamish McBain, executive director of Tiger Oats, says he agrees with the Minister that consumers should shop around. (3) Bread

He adds, though, an "unfortunate" impression has been created that a baking cartel exists — something which he denies.

"The underlying issue is that the Wheat Board still operates a fixed-price, single-channel marketing system and that it is not only the sole importing agent (about 800 000 t will have to be imported this season at a potential profit of about R128m, which is usually passed on to producers and not consumers), it has also asked for import tariffs of 66% to be put in place once the single-channel system is abolished.

"This is ridiculously high. The net result would be continued support for marginal wheat producers who are protected against competitively priced imports."

McBain says a tariff of 25%-30% would be realistic.

Instead of arguing with the baking and milling industries, McBain feels the Wheat Board (and the Ministry) should tackle a far bigger culprit — Transnet, whose rail tariffs on imported and exported staple food products are "about three times higher than those charged in the US, on a rand per ton per kilometre basis. No wonder productive maize farmers make losses on exports and we have to pay through the nose for imported staples.

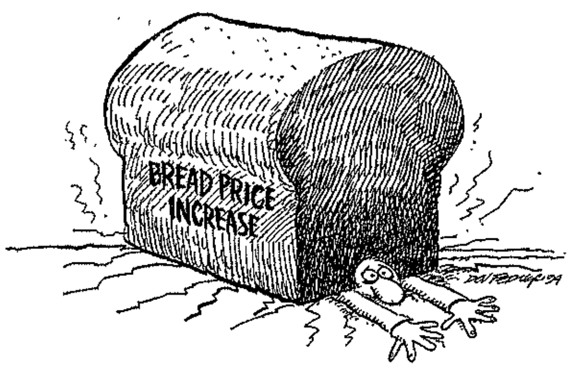
"It often costs more to rail goods from the coast inland and vice versa than shipping them from around the world. The same obviously applies to wheat imports."

In order to remove this heavy cost burden from SA's vitally important trade and staple food flows, Transnet (an effective natural monopoly in the bulk transport field) should be asked to levy its tariffs on exports (and on imports of important staples) on a marginal cost basis rather than on a full cost recovery basis, says McBain.

This would reduce the cost of staple foods and assist with export revenues by making local producers more price competitive. McBain says in a free market system, Tiger would import wheat for its coastal mills (for example in Durban) and buy local wheat for inland markets. Consumers should then benefit from reduced bread prices — but first the board (and government) must stop protecting and cross-subsidising marginal producers.

Some supermarket chains are adamant that the Baking Chamber's retail margin increases are excessive. "We run bakeries in our group and I don't think the price increases are justified. We will keep our prices at the old levels at least till the end of the year," says OK Bazaars food director Peter Dodson.

Chamber of Baking director Nic Alberts denies the existence of a cartel or of price collusion in the industry. But some bakeries confirm that the chamber still does a cost study for the whole industry, which is used as justification for price increases. ■



Big profit in Iran oil deal

South Africa will earn many millions of petrodollars if negotiations for Iran to store its oil in caverns at Saldanha Bay materialise.

Prospects for an agreement improved after talks last week, says the Middle East Economic Survey, which believes Iran is interested in two tanks with a combined capacity of 15 million barrels.

High rents and other substantial fees are features of the negotiation.

▶ **Iran eyes storage facilities — Page 19**

Wholesale price of bread up 10 cents

Star

■ **BY SHIRLEY WOODGATE**

The wholesale price of standard bread loaves has been increased by about 10c, pushing up the cost to the retailer to R1,61 for VAT-free brown loaves and R1,95, including VAT, for white loaves.

The annual price increase amounting to about 6½ percent, has been introduced to cover costs, including transport, security and ingredients, said Premier Food milling and baking division manager Willen van der Klis.

He said the increase, which retailers had been warned to expect, included a 3 percent wheat price rise at the start of the new season.

The shop price of bread varies considerably, with consumers in the townships paying more, as storekeepers fetch their own supplies after bakery trucks became hijacking targets. 2/11/94

SA Chamber of Baking spokesman Nick Alberts stressed that pricing was in the hands of individual manufacturers and retailers since the industry was deregulated in March 1991.

The new wheat price will be announced after Cabinet approval on November 19, but although it comprises 30 percent of the cost of bread, it is not expected to increase the price further. (3) Wheat

Winter Grain producing national chairman Chappie Ferreira said this year's crop would be smaller than the predicted 1,9 million tons, leaving a shortfall of 200 000 tons.

Millers defend rise in price of bread

Sowetan 11/11/94

COST ABNORMALITY Farmers get less, but consumers pay more:

THE milling and baking industry yesterday sharply criticised a call by Minister of Agriculture Dr Kraai van Niekerk for consumers to reject last month's bread price rise.

Addressing the National Assembly's agricultural committee, Van Niekerk said his department had expected the bread price increase to be about two to three cents a loaf.

"Instead they ranged from six to 20 cents," he said. "I think consumers must react. Our consumers are not using their buying power enough to say 'we don't want your bread. Your bread is too expensive'. I think that is an action we must look at."

Milling company Tiger Oats, which owns Albany Bakeries, said Van Niekerk and the Cabinet had approved an increase in the local price of wheat after discussions at the Wheat Forum.

Executive director Mr Hamish McBain said rising costs of labour, packaging and distribution, influenced by violence, led to the increase.

Had local millers been allowed to import wheat duty-free, a fall in the bread price would have been possible.

"We therefore regard the minister's statement to be badly timed and likely to have unfortunate consequences," he said. (3) Wheat

Premier Foods milling and baking division chief executive Mr Willem van der Klis said an agreement between farmers and millers on a new wheat price meant a drop in the price paid to the farmer and a "small price increase to the wheat miller". — *Sapa*

WHEAT, — 1995

Bumper barley harvest expected

BD 25/11/95

LOUISE COOK

BARLEY farmers in the southern Cape have come up with the biggest harvest yet — final estimates put this year's crop at 275 000 tons, leaving 54 000 tons for export.

SA stood to earn $170 a ton on barley exports. (3) WHEAT ETC

The National Crop Estimates Committee said this year's crop could outstrip the 1993/94 harvest by 45 000 tons and was poised to outperform the last bumper crop of 1992/93 by 15 000 tons.

Wheat Board MD Louis van Staden said: "The quality of the crop is so exceptional that none of it would have to be wasted on fodder."

The Winter Grain Producers' Organisation said barley was planted only in the southern Cape.

several hundred of the company's employees ...
yesterday during a dispute over drivers. Picture: NICKY DE BLOIS

Soft wheat cultivar key to better biscuits

BLOEMFONTEIN — The quality of SA biscuits is likely to improve next year because of a soft wheat cultivar developed by the soft wheat breeding programme at Free State University. (3) WHEAT

Biscuits that are crisp but do not crumble easily and have a softer, floury texture will probably be available in SA next year.

The university's Die Bult news magazine said the cultivar had been accepted by the SA Wheat Board for preliminary classification. The cultivation of the soft wheat is most suited to the irrigation areas at Vaalharts in Northern Cape.

The breeding programme — the first of its kind in SA — was started by the university's plant breeding department in 1990.

A project leader and lecturer in the department, Dr Maryke Labuschagne, said the SA public had been content with the quality of the biscuits they bought because they were unable to distinguish between an excellent biscuit and one of lesser quality.

Breeders and the industry had identified a void in wheat breeding which previously concentrated exclusively on bread wheat.

Soft wheat cultivars from the US, Mexico, Germany, France and Australia were crossed with well-adapted SA cultivars.

Labuschagne said the market for soft wheat was estimated to be 10% of annual wheat production.

Excess soft wheat flour could be mixed into bread wheat flour. — Sapa.

Wheat deal protects farmers

LOUISE COOK

A BATTLE between interest groups in the wheat industry has ended with a deal which protects local farmers while allowing a small portion of duty-free imports.

Millers would buy 90% of their wheat requirements from local farmers, while farmers would not oppose a 100% rebate on import duties — effectively retaining the zero tariff. (3) WHEAT

The dispute started last year with moves to replace the quantitative controls over wheat imports with an import tariff to comply with GATT. BD 25/1/95

At the time a recommendation by the Wheat Forum — whose members include farmers, consumers and other interest groups — for a 66% wheat import tariff was blocked by millers. The dispute delayed implementation of an import tariff which was scheduled for November.

National Chamber of Millers spokesman Jannie de Villiers said farmers had been assured of a market for their produce while imports would be duty-free. The agreement, which was subject to approval by Trade and Industry Minister Trevor Manuel, would protect farmers and keep customs union countries happy.

Tiger Oats executive director Hamish McBain warned that the system would have to be closely monitored. "None of the customs union countries grow their own wheat. This gives them an advantage over SA millers because all their wheat can be imported at lower prices than what local millers pay for SA grain."

The system could be abused if wheat was imported under the pretext that it was destined for a neighbouring country but ended up in the domestic market.

NEWS

Pact gets Competition Board nod

Millers' cartel to fight cheap flour imports

Star 25/1/95

(3) WHEAT

BY ROSS HERBERT

Millers of wheat are banding together to form a temporary cartel to fight imports of flour made from cheap foreign-grown wheat, and the Competition Board has given the pact its blessing until November 1.

The pact, say bakers and flour traders in other Customs Union countries, is a serious threat to their businesses and will lead to higher bread prices in neighbouring countries.

"It's very bad, not only for me but for South Africa, Botswana and the whole Customs Union. Bread prices are going to go up," said Johan Vercueil, owner of Indian Ocean Botswana, which trades in flour between Botswana and South Africa. He maintains the pact will result in a surplus in SA and drive down the price farmers receive.

On Monday, members of the National Chamber of Milling agreed in principle they would not engage in cross-border trade in milled wheat with any Customs Union country. General manager Jannie de Villiers said the aim was to prevent dumping of flour milled in Botswana, where mills could buy wheat at prices 20 percent below the price South African mills pay.

The agreement, which has not yet been approved by all millers, follows recent bread price hikes, which some allege were due to collusion.

Competition Board chairman Dr Pierre Brooks said the agreement was "under the law, prima facie, unlawful". However, he said the board had granted an exemption to the millers because of extenuating circumstances.

He said wheat producers had applied for protective tariffs of 66 percent against imported wheat. The tariffs, which have not yet been set, should take effect in November.

Millers have agreed to buy 90 percent of their wheat from South African farmers at prices set by the Wheat Board. The remaining 10 percent could be imported tariff free.

Tiger Oats executive director Hamish McBain said: "As much as 50 percent of the locally produced wheat is produced uneconomically. It would probably be better for the country to import that wheat but I don't think you can just throw a lot of producers to the wolves overnight."

NEWS IN BRIEF

BD 27/1/95

Tyre prices up again

TYRE prices increased up to 7,5% yesterday, the second rise in five months. The price of passenger car tyres rose 6,5%, light truck tyres 6,5%-7,5% and large truck tyres about 7,5%.

Behind the spiralling costs was a supply and demand curve trend which had been severely distorted by depressed economies, rubber importers said. Manufacturer Firestone said the situation could deteriorate further by April.

Technician convicted

ELECTRONICS technician Kai Henry has been fined R10 000 or three months in prison for possession of software to alter M-Net decoders for pirate use.

Henry, of Bellevue, Johannesburg, admitted four previous convictions on related charges.

Gems and gold seized

COMMERCIAL crime units throughout SA reported 3 612 cases involving R214m in December, police said yesterday.

The diamond and gold branch had seized money, uncut diamonds and unwrought gold to the value of nearly R3m and arrested 199 people.

Minibus shootings

MEMBERS of a police reaction unit yesterday told an inquest magistrate that five suspects in a minibus they had opened fire on in Durban's Essenwood Road had slumped out of the vehicle one after the other.

It was earlier heard that the suspects were ordered on to the pavement and shot dead.

REPORTS: Own Correspondent, Sapa.

Wheat producers want old system

(3) WHEAT

BD 27/1/95

LOUISE COOK

WHEAT farmers in the Free State voted overwhelmingly yesterday in favour of retaining the single-channel marketing system instead of switching to free trade.

Winter Grain Producers' Organisation chairman Chappie Ferreira said about 200 farmers had indicated that they favoured retaining the system for as long as possible.

Single-channel marketing through the Wheat Board guarantees producers a buyer and a price. In 1993, in a report to government, Stellenbosch University's Prof Eckard Kassier recommended swift agricultural market deregulation. The maize industry has slowly freed sales procedures and could have a completely new system in place in May when the new selling season starts.

Ferreira said wheat farmers had been warned that the upcoming new Marketing Act could force change in the wheat industry. "In the event of change being forced on us, we would have to privatise."

He said Free State farmers were "anxiously awaiting" the outcome of Transvaal and Cape farmers' marketing preferences, which would become clear within the next month.

Referring to a deal reached this week between interest groups in the wheat industry, which would prevent mass imports of cheap wheat, Ferreira denied that the agreement would protect the producer only.

"It was in everyone's interests, including the consumer's," he said.

He warned that government might have to re-introduce single channel marketing in the maize industry because the availability, price and supply of maize, which was a staple food, was in jeopardy as a result of the uncertainty.

Sapa reports Agriculture Minister Kraai van Niekerk met the SA Agricultural Union yesterday to discuss the drought and possible emergency measures to assist farmers.

In an interview, Van Niekerk said the talks were on several issues, including the debts of grain farmers who had no income.

"We also looked at the difficulties they have in paying their workers and the possibility of providing production loans," Van Niekerk said.

Various factors had to be evaluated because state assistance could be given only in cases of "proven need".

Van Niekerk said among the immediate problems which needed to be addressed was the plight of cattle farmers who had lost thousands of hectares of grazing in recent veld fires. The possibility of subsidising the transport of fodder over long distances had to be considered.

An assessment of the drought's extent should be completed soon.

Van Niekerk said the wheat harvest was down 50% and 500 000 tons would have to be imported this year. The maize harvest was expected to be about 5,51-million tons, far short of normal domestic consumption of 7-million tons.

"However, we still have about 2-million tons in stock, which means we will probably not have to import this year," Van Niekerk said.

Motor industry row goes on

BD 27/1/95

ERICA JANKOWITZ

THE simmering dispute between the National Union of Metalworkers of SA (Numsa) and the SA Motor Industry Employers' Association on the future of the motor industrial council was not resolved yesterday.

Numsa general secretary Enoch Godongwana said the union was disappointed at the association's apparent reluctance to discuss wages, as workers had not received wage increases since December 1991.

Garage attendants were among the most poorly paid workers in the country with some in rural areas receiving a weekly wage of R79,95. In urban areas, wages averaged R122,50 for a 45-hour working week.

The association was taking advantage of the unions' lack of organisation in the sector, which included garages and panel beating shops, he said. And, instead of driving a wedge between representative unions, employers had "unwittingly" brought Numsa and the Motor Industry Staff Association and the Motor Industry Employees' Union closer together.

These unions were previously divided along political and racial lines, but they had now joined forces in calling for the intervention of the Labour Ministry to prevent the collapse of the industrial council, Godongwana said.

Negotiations, which broke down last year, were resumed only after Numsa agreed to relax the closed shop arrangement in the industry.

The unions had opened with a wage demand of 35% to which the employers responded with a 10% offer for petrol attendants and 16% to 18% for other workers.

Godongwana said although this was too low, in the past employers had refused to make any wage offer. After report-back meetings, the parties had met for further talks.

Association general secretary Vic Fourie was not available for comment yesterday.

Firms expect higher wage bill

BD 27/1/95

ERICA JANKOWITZ

ALMOST two-thirds of surveyed companies expected wage increases to be higher this year than last year's recorded settlement levels, Andrew Levy & Associates researcher Renee Grawitzky said yesterday.

And 52% of participants believed industrial action stemming from wage negotiations would occur this year. In a poll of more than 100 companies currently preparing mandates for the 1995 wage round, Grawitzky found that only 16,4% of companies were budgeting for lower increases than were granted last year. About 20% expected similar settlement levels to those of 1994.

Companies predicted increases ranging from 7% to 13%, with the majority budgeting for a 10% increase in wage bills.

Grawitzky said 79% of surveyed companies anticipated a difficult bargaining year, largely attributed to heightened expectations.

Wheat farmers told to stick with a collective marketing system

BD 15/2/95

③ WHEAT

PRETORIA — Transvaal wheat farmers should retain a collective marketing system in future to ensure order and stability, Wheat Board chairman Andries Beyers said yesterday.

LOUISE COOK

He told the board's annual regional congress that even in a free market system "a measure of order and stability" would be needed. This would be in the interests of farmers, co-operatives, processors and consumers.

Change was being brought about in the industry by factors such as buyers' changed needs, the proposed new agricultural marketing Act and a new import-export system. "While these factors remain uncertain, it is in everyone's interest to retain single channel marketing for the time being."

It was imperative to include co-operatives in future wheat marketing agreements. Producers' power lay with the storage facilities of co-operatives. "Whoever controls these would dictate marketing terms in any free marketing system," he said.

The import tariff, and a system of negotiating the price with buyers, were vital factors in future marketing. However, price fixing between co-operatives and buyers could be illegal.

Wheat Board GM Louis van Staden said neither government nor any other party could expect the industry to change its marketing system until a tariff was set or the White Paper on agriculture and the proposed agricultural marketing Act had been finalised. "If we agree that collective bargaining at national level is the best way to set prices, we must ensure producers are fully represented in all negotiations."

Winter Grain Producers' Organisation chairman Chappie Ferreira said wheat farmers were playing for time. They refused to abolish a marketing system unless it was replaced with a new system.

The wheat industry had applied for a 66% import tariff. This had still to be considered by government.

Hanging on ... Gibson Baloi's shack teeters on the edge of the swollen Jukskei River in Alexandra yesterday. The 23-year-old Venda man said he was praying for an end to the rains, which have left about 400 Alexandra shack dwellers homeless after the river burst its banks on Sunday.

PICTURE: ANTON HAMMERL

Rains too late for maize but wheat will benefit

Star 28/3/95 (3) WHEAT

BY NIALL AITCHESON

The soaking rains over the weekend came too late and farmers still face low harvest volumes for 1995, the Transvaal Agricultural Union has warned.

Although more than 80mm of rain fell on Gauteng in the 24 hours to 8am on Sunday, the deluge has not broken the drought or filled dams.

Union spokesman Nic Opperman said: "The weekend rain has helped, but it has come after a long drought. For most farmers it has done no more than just soak the ground."

Opperman said some winter crops such as wheat would benefit from the rain but the country's maize crop would be severely affected by the drought.

But the rain has been welcomed by farmers in the eastern Free State, [illegible] drought was so [illegible] that water was being carted to animals in the veld.

Drought-stricken Pietersburg in the Northern Transvaal has received 25mm of rain since Saturday, Ellisras 19mm and Potgietersrus 11mm.

Last week's heavy rain in KwaZulu-Natal also did little to help the major storage dams. The four dams which supply the province's metropolitan areas remain just 53% full.

In Johannesburg, the emergency services were reporting business as usual as the flood waters continued to recede.

Emergency Services chief Pine Pienaar said a youth was still missing after falling into the Jukskei River on Sunday.

Chainstore bread pledge

■ BY NIKKI WHITFIELD
CONSUMER REPORTER

Major supermarkets have pledged to keep the price of bread down, despite the announcement by bakeries that they are to up the bread price by 7c a loaf from today.

For the time being, supermarkets will carry the increase, giving consumers — reeling after a week of increases — a bit of relief.

"Labour and packaging costs have gone up, but why do all bakeries have to increase their prices at the same time?," asked Ray Murray, Pick 'n Pay's general manager of perishables.

"Shoprite/Checkers will likewise carry the increase," said Adele Gouws, communications director.

Bakeries have listed wage increases of over 9% as the main reason for the hike.

(3) WHEAT

STAR 3/7/95

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(3) WHEAT

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Star 3/7/95

Micaela probe

TAMSEN DE BEER

Child Protection Unit detectives said they would continue investigations into the alleged involvement of a Johannesburg woman in the kidnapping of baby Micaela Hunter from the Marymount Nursing Home last year.

The case against the woman was provisionally withdrawn at the Johannesburg Magistrate's Court on Friday.

She was not named in court,

Works plan ready to go

BY JO-ANNE COLLINGE

The Gauteng community-based public works programme is poised to take off on its initial, modest budget allocation of R16-million.

Its major goal will be to reduce unemployment by creating jobs in the construction industry through the repair and expansion of infrastructure and community facilities, says Steve Topham, technical manager for the programme.

At a recent media briefing, Topham stressed the detail of the programme would depend on the pattern of demand voiced by communities themselves.

Generally, projects to "bring dilapidated infrastructure (and buildings) back into use" were regarded as top priority. This was because the returns on such use of funds were relatively quick.

Star 3/7/95

Training — ranging from basic bricklaying to business skills — was an important aspect of the programme.

New hand takes over Health Department helm

Star 3/7/95

MEDICAL CORRESPONDENT

Today is the first in office for the formidably qualified Dr Olive Shisana, the new Director-General of the Department of Health.

She takes over from Dr Coen Slabber, the former Dean of the University of the Free State's Faculty of Medicine, who retired as director-general on Friday after more than seven years in the position.

Shisana, until now special adviser to the Minister of Health, and with Dr Jonathan Broomberg architect of the proposed new national health insurance system, had been earmarked for the position for months.

Her appointment was rubber-stamped by Minister Dr Nkosazana Zulu on Friday, and she is now perfectly placed to spearhead the implementation of the new proposals.

Shisana has earned a reputation as being "hard-headed" and knowing what she wants, but department staff welcomed her appointment.

"We're very grateful," said one. "She's a lovely choice, the best for the position."

Shisana matriculated in 1970 from the Lemana High School in Louis Trichardt, and obtained her first degree, a BA in Psychology and Social Work, from the University of the North.

She later moved to the United States, where she completed two post-graduate degrees, and obtained a doctorate in science, specialising in social epidemiology, from the School of Hygiene and Public Health, Johns Hopkins University (USA).

She joined the Cape Town-based Medical Research Council as a specialist scientist in community health in July 1991, and was later seconded to develop the MRC's Western Cape School of Public Health — the first in South Africa.

She speaks six languages, has published or co-published more than 30 reports, and received several awards.

(3) WHEAT FM 21/7/95

WHEAT INDUSTRY

Ripe for the picking

Rapidly dwindling world stocks drove wheat import prices to a US$228/t high in Durban last week, compared with $107,50/t in August last year.

And in what has been described as the "tightest wheat carry-over situation in history" global stocks are expected to be sufficient for only about two months at the end of the current US season. This means that for the first time, local wheat prices are now below import price parity — the rand price equivalent of landing US wheat at inland silos, including shipping, wharfage and railage costs.

The higher world prices could be the catalyst for radical reforms in the local wheat industry — the last major sector to be subjected to single-channel marketing controls.

Until now, wheat growers have been heavily protected from imports by the fixed-price system, administered by the Wheat Board. But now global shortages with concomitant high prices make a mockery of the proposal by wheat farmers to impose a 65% import tariff.

The landed price of imported wheat is currently higher than the local fixed price of R789/t, which obviates the need for import tariffs.

Should the Board on Tariffs & Trade (BTT) follow the example set by Trade & Industry Minister Trevor Manuel, who recently gazetted a zero tariff for maize, this would open the door for radical reforms in the wheat industry. Farmers have asked that reform be postponed for two years, but changing global market conditions have created the perfect conditions for allowing market forces free entry into the industry.

With local prices now below import parity, imports are no longer a threat to local producers. Further protection against dollar-based imports is provided by the steadily weakening rand.

Based on wheat plantings so far, the Wheat Board estimates that, subject to good spring rains, SA could see a 2,2 Mt crop in the 1995-1996 season (starting November 1). This would mean a small shortfall on local market needs of 2,3 Mt a year and should also allow import parity pricing in the season ahead — without the need for tariff protection.

An 800 000 t import consignment is still being landed at a rand equivalent cost of R520/t due to shortages resulting from last year's poor crop of 1,7 Mt.

But the Wheat Board, farmers, millers, bakers and trade unions — under the umbrella of the secretive Wheat Forum — all plead "special circumstances" as reason for not reforming the industry faster.

BTT chief director Alwyn Kraamwinkel confirms a tariff investigation is at an advanced stage and a report will soon be forwarded to the Ministers involved.

Under investigation is the request by farmers (through the Wheat Forum) for the 65% tariff on imported wheat. The application was supported by major milling groups, whose own application for a 190% tariff on imported bread flour was, in turn, supported by wheat farmers and other Forum members.

Wheat Board GM Louis van Staden says marketing reform can take place only in an environment where "externalities" have been determined and the ground rules laid down. But, he agrees, with the White Paper on Agriculture published, the Marketing Act under reconsideration and the BTT finalising tariff proposals for the industry, the time is ripe for changing SA's last major, regulated farming sector.

Chamber of Milling GM Jannie de Villiers says the chamber — which represents 99% of SA's milling industry sector — supports managed changes to free the market. "We need to move slightly slower than the maize industry, as certain subsidies are only now being phased out." ■

Southern Africa faces huge grain shortfall

HARARE — Southern African countries would need to import more than 7-million tons of cereal during the 1995/96 season as stocks covered just less than three-quarters of the region's cereal requirement, Ziana news agency reported yesterday. MD 24/7/95

The Southern African Development Community early warning unit said in its latest food security update that the region had only 19,92-million tons of cereal to meet its total requirement of 26,94-million tons.

This included the regional grain reserve of 4,25-million tons. 3 WHEAT

The SADC countries recently launched a regional drought assistance appeal to meet the shortfall as current import plans in most countries could not meet requirements.

The report said 2,1-million South Africans were registered for drought relief assistance, but the programmes were inadequate and commercial imports were necessary.

Zimbabwe planned to import 300 000 tons of maize this year because no food aid had been pledged for the country. — Sapa.

Wheat price rise expected

(3) WHEAT

Louise Cook

BD 24/10/95

AGRICULTURE Minister Kraai van Niekerk is expected to announce a 12,5% wheat price increase by November 1, which will push up the price of bread.

This follows months of negotiations between millers and farmers. The Chamber of Milling believes increases are inevitable, but miller Tiger Oats says a free market system and increased imports would help keep prices down.

The wheat industry, still bound by a single-channel marketing system (in terms of which imports by any organisation other than the Wheat Board are illegal), has been gripped by months of uncertainty about an import tariff and a wheat price. The new season starts next week, but the Winter Grain Producers' Organisation urged farmers to be patient in waiting for government to decide prices for the season.

Industry sources said yesterday farmers were expected to receive about R36/ton, or 5% more.

The Chamber of Milling and the Winter Grain Producers' Organisation submitted price proposals to government this month.

Wheat imports still duty free

B/D 20/11/95 (3)

Louise Cook (~~Staff~~)

WHEAT

THE trade and industry department has ruled out immediately imposing a duty on imported wheat to replace the import controls scrapped at the beginning of the month, but has promised to review its position in the future.

Trade and industries director Jan de Nysschen said at the weekend that with international prices so high, no import duty would be placed on imported wheat at this stage.

"The proposed system is not intended to be a long-term measure. It will be re-evaluated in the light of expected changes in the marketing structure of wheat in SA," he said.

Wheat Board sources said that because of the liberalisation of the market, the Wheat Board would for the first time not handle all wheat imports this year.

SA was expected to have to import about 640 000 tons to meet local demand.

Rains boost SA wheat harvest

(3) WHEAT

JOHANNESBURG. — Wheat farmers are expecting to produce a back-to-normal 2 283 million ton harvest this 1995/96 season, according to the December estimate released by the Department of Agriculture's Crop Estimates Committee.

South Africa is self-sufficient when producing normally at around 2,2 million tons, but had to import wheat over the past few seasons because of poor rains.

The December estimate is 100 000 tons up on last month's 2 183 million ton estimate and is due to good soaking rains over the greater part of the country over the past four weeks.

The Free State, the country's largest wheat producer, is now forecast to produce around 960 000 tons, compared with a 900 000 ton forecast two months ago, and the Cape Province around 780 000 tons compared with a 720 000 ton forecast last month.

Expected output from the remaining seven regions was unchanged from the previous month.

But although forecast output from the Free State is more than double the 451 000 tons produced in the drought-hit 1994/95 season, it is still slightly below normal output of one million-plus tons.

Around 1,36 million hectares were planted to wheat this season compared with 1,04 million hectares in the 1994/95 season, when a below average 1,83 million tons was harvested.

Meanwhile, the committee has left South Africa's barley harvest unchanged at 300 000 tons, while lowering the oats forecast slightly to 37 500 tons and the rye forecast also slightly to 3 000 tons.

South Africa produced 275 000 tons of barley last season, while the oats and rye harvests were virtually unchanged from current estimates. — Sapa.

ARG 23/12 1995

AGRICULTURE — WHEAT

1996 — 7

Cape crop bonanza

□ Regional boost as excess grain moved to Free State, Gauteng silos

(3) WHEAT ~~(3) FRUIT~~ ~~(3) VEG~~
ARG 3/1/96

Staff Reporter and Sapa

BUMPER grain crops in the Western Cape are set to boost the region's economy this year, while a stable supply of fruit and vegetables is expected to keep prices constant over the next few months.

The national Department of Agriculture predicts a strong showing for the maize, sunflower, groundnut, sorghum and soya bean crops sprouting in summer rainfall areas, provided the good rains continue.

André Visser, assistant director of the Epping Market, said farmers were predicting stable fruit and vegetable prices during the next few months.

"We foresee no shortages or over-supplies," he said.

The Western Cape's barley and wheat production had been so successful that some of the excess had to be stored in silos in the Free State and in Gauteng.

Countrywide, the 1995-96 wheat crop weighed in at around 2,28 million tons compared to last season's 1,83 million, the government's national crop estimates committee said yesterday.

But, in spite of the improved harvest, South Africa was still expected to import 360 000 tons of wheat to meet the domestic demand of about 2,4 million tons, said Wheat Board deputy general manager Johan Dorfling.

The record barley crop and good wheat crop in the Western Cape, a major winter grain-production area, had created storage problems, he said.

"We've had to temporarily shift some barley up north, to empty silos in the Free State and Gauteng."

The Western Cape wheat crop was expected to be about 780 000 tons against last season's 738 144 tons.

Wheat Board spokesman Johan Erasmus said the 108 000 tons of wheat expected from North-West was "abnormal".

Meanwhile, the barley crop was expected to be about 50 000 tons more than usual at a record 300 000 tons, the second consecutive bumper crop.

Brewers were likely to use about 210 000 tons of barley, the Wheat Board said. Much of the rest would be exported, possibly to brewers elsewhere in Africa.

The Swartland's grain silos had never been so full, said Tienie du Plessis, general manager of grain production at the Western Cape co-operative.

Unifruco chief executive Anton du Preez said climatic conditions had resulted in this season's export fruit crop coming to market 10 days to two weeks later than last season's. This had led to a relative shortage of export fruit before the lucrative Christmas period.

The quantity of export apples and pears had been stable, the grape crop was slightly up, and the early stone-fruit crop slightly down due to the late December rain.

Unifruco exported 50 million cartons of fruit in 1995 and expected to export 51 million cartons this year.

Bread price 'unlikely to increase'

~~ZW~~ (3) WHEAT

ARG 24/2/96

WILLIAM GUMEDE
Own Correspondent

JOHANNESBURG. — Relief for the poor is in sight — the bread price is unlikely to increase until the end of the year, in spite of the high price of imported wheat.

Graham Simonsen, marketing manager of Blue Ribbon Bakeries, said unless something unexpected happened, such as a wheat crop failure or a dramatic price change in the world market, the price of bread was unlikely to increase until November this year.

"The biggest determining factor is the world price which is usually below the local one, but South Africa still produces most of its domestic demand which means less wheat has to be imported," he said.

"If any increases should take place, it will be much smaller than last year when the price went up 15 percent.

"Any price hike this time will be kept below the rate of inflation."

Louis van Staden, general manager of the Wheat Board, said the estimated wheat crop this season was only marginally higher than last year's, at 2 million tons.

Jannie de Villiers, general manager of the Chamber of Milling, said the milling industry had absorbed the costs of imports, which were likely to hit 400 000 tons this year.

The first summer crop estimates released by the agriculture department this week showed crop production had been largely unaffected by the torrential rains that hit South Africa in recent months.

The department has predicted higher than average crops for South African farmers this year.

Kobus Smit, chairman of the Committee of Crop Estimates in the department, said the yield was up on last year and the rain had been good in most of the country.

He attributed the upward trend to greater areas of maize, groundnuts, sorghum and dried beans under cultivation, as well as good rainfall.

The department said 3 289 million hectares were planted with maize, an increase of more than 11 percent of area under cultivation in 1995-96 compared with the previous year.

Despite increases in maize cultivation in the North West Province (21 percent) and the Free State (19 percent), planting dropped in Gauteng (31 percent) and in the Northern Province (20 percent).

Farmers had also shifted towards cultivating white maize rather than yellow maize, which was used mainly for animal food.

The area planted with white maize increased 35 percent from the previous year.

Significant rises took place in the Free State (48 percent), North West Province (32 percent) and Mpumalanga (31 percent).

Although continued rainfall in the east of the country endangered the pollination of the maize crop, Mr Smit said the west of the country still needed more rain.

Sasko plans for 11% rise in earnings

(3) WHEAT

BY MAGGIE ROWLEY

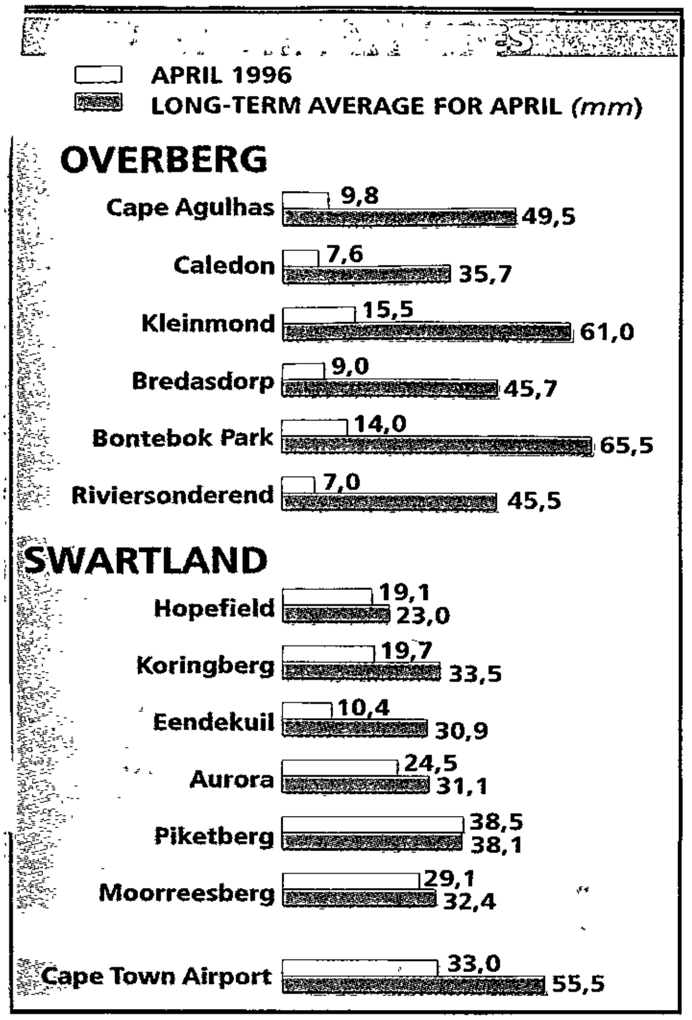
Cape Town — Paarl-based Sasko, which produces about a quarter of all bread consumed in South Africa, is budgeting for earnings growth of 11 percent on a 14 percent increase in turnover for the year to end in September.

Rudolph du Toit, the acting managing director, said the company produces 1,5 million loaves of bread a day at its 51 bakeries. He expected the figures would rise on the back of a 20 percent growth in turnover to R1,9 billion for the past financial year, in which earnings went up 16 percent to R50 million.

Du Toit said the financial year had started strongly but demand at wholesale and retail level had tapered off over December and January, though there were signs of this picking up.

He said the company had been hampered by heavy rains in some of the main wheat producing areas as well as violence in KwaZulu Natal.

CT(BR) 20/3/96



Wheat farmers face disaster unless good rains fall soon

③ WHEAT
ARG 22/5/96

Caledon figures less than quarter of long-term average

PIETER MALAN
Staff Reporter

WHEAT farmers in the Overberg and Rûens have their backs against the wall and could face disaster if the winter rains don't start falling within the next few days.

The bitter irony for wheat farmers is that while international wheat prices are good and the rand weak against the American dollar, they are poised to make thousands – if only it would rain.

"But that's farming for you," remarked Caledon farmer Willem Agenbach.

The rainfall figure for April in the Caledon area is less than a quarter of the long-term average for the area.

The drought could mean an increase in food prices – especially wheat and meat products – although the long-term effects will only be known later in the year.

Mr Agenbach said that while it was not unusual to have dry April and May months, it was starting to get a bit risky as they approached June. If it hadn't rained by then, wheat farmers faced a crisis as the growth season had become too short.

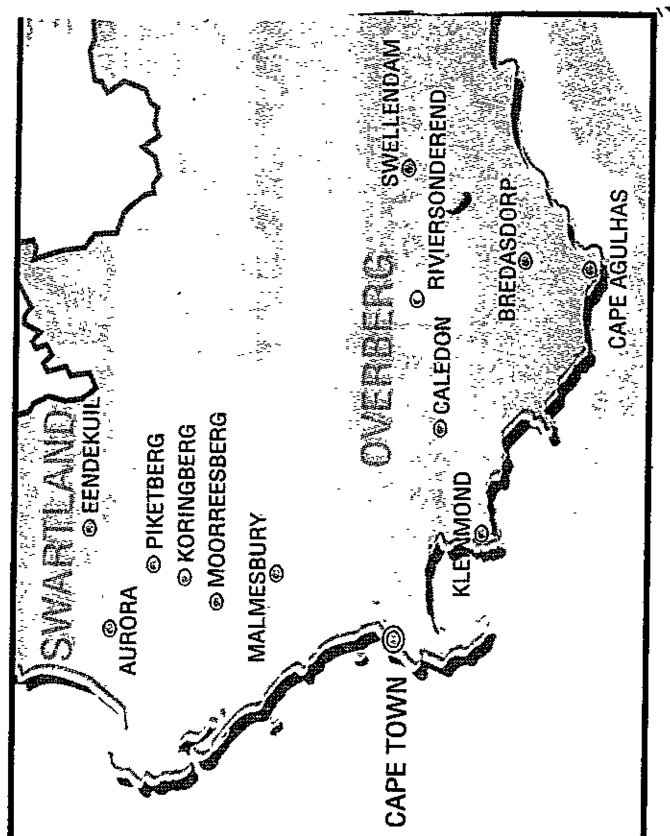
Most farmers had already sown about half their seed in good faith, hoping that winter would come.

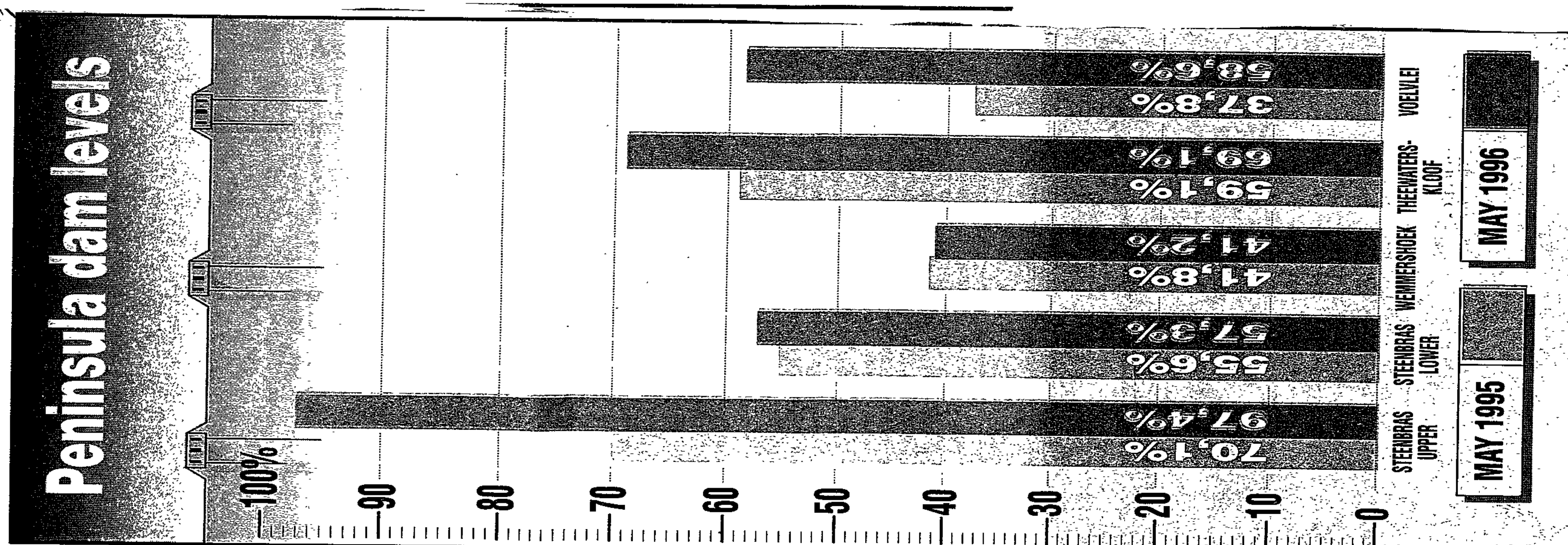
At this stage sheep herds are the worst affected, with most farmers in the area already feeding their herds and selling off surplus animals.

Ewes with lambs are the most vulnerable as the mothers need twice to three times as much food to produce enough milk for their offspring.

Frik Bosman, chief executive officer of the Western Cape Agricultural Union, said that while farmers in the Overberg had a record harvest last year, they were faced with disaster if the rain did not come.

Swartland farmers were luckier and though average rainfall figures for that area were also down, the winter rains for some areas had already arrived.





Pasta price set to soar as cost of imported durum wheat rockets

BD 27/6/96 (3) WHEAT

Louise Cook

PRETORIA — Pasta lovers faced a price hike of at least 30% in the product following the rand's fall and a sharp increase in world wheat prices, Tiger Oats executive director Hamish McBain said.

Prices of other imported food, including tea, coffee, rice, cotton and vegetable oil, were unlikely to rise more than 15%, and increases would be gradual, he said.

The Maize Board said that besides a small quantity of yellow maize, no imports were planned because SA was sitting on a bumper crop of nearly 10-million tons of maize.

McBain said pasta would be hardest hit by the increased cost of importing foreign agricultural products. Durum wheat needed for pasta was not produced in SA.

According to the National Chamber of Milling, wheat prices on the world market have rocketed by about 25% over the past year, trading last week at about \$250/ton. Durum wheat importer Fattis and Monis was not available for comment.

McBain said bread prices would not suffer much because a different type of wheat, grown locally, was used. But National Chamber of Milling analyst Hilton Zunekel said wheat was coming into SA at about R1 400/ton. Although imported wheat represented only 20% of domestic need, it would affect the price of flour, in turn pushing up the cost of bread.

Rice would go up 5% immediately, with the rest of the expected 15% increase occurring over the next three months, said McBain. Tea was imported from Africa and Ceylon, but prices were not expected to change much.

However, tea and coffee merchant Becketts said coffee from Brazil would cost 15% more within three months due to the weaker rand. If frost hit the Brazilian crop, from which 80% of SA's coffee was imported, the increase would be higher, it said.

McBain said animal feed prices — which affect meat and poultry prices — would rise due to imported fishmeal costing 60% more. But increases would be cushioned by this year's record local sunflower crop as less would have to be imported for animal feed production.

Bread price likely to rise in face of worldwide wheat shortages

③ ~~AAA~~ WHEAT CT (BR) 12/6/96

By Nancy Myburgh
MARKETS CORRESPONDENT

Johannesburg — Bread prices are set to rise before the end of the year.

A smaller than expected local harvest has forced local millers to import more wheat than expected at a premium of more than R200 a ton on domestic prices.

Domestic wheat prices are expected to rise next year as well, as a worldwide wheat shortage and the weakened rand conspire to push the wheat price up by between 18 and 30 percent, according to the Wheat Forum, a body representing millers, bakers and consumers.

Peter Cownie, the executive director of the Chamber of Baking, said yesterday that "upward pressure on bread prices will be unavoidable" during this season, as expected wheat imports rose to between 600 000 and 800 000 tons, from the 400 000 tons estimated by the Chamber of Milling in late February.

The forum said yesterday that late rains had reduced the local harvest to about 1,88 million tons, while Cownie estimated that local millers would require 2,4 million tons. The forum's estimate of imports was lower than Cownie's, at just over 500 000 tons.

While the current domestic price was R909 a ton on average, the forum said the import price ranged between R1 160 and R1 250 a ton.

With global demand outstripping supply, world wheat prices recently spiralled to a record high of $7 a bushel.

"Poor harvests in many parts of the world and a particularly bad winter wheat crop in the United States have drained resources," said Eugene Brock, the forum's chairman.

In some of the wheat-producing US states, drought conditions this season have been the worst in a century, making the expected total US winter crop the smallest since 1978, at 1,36 billion bushels.

Next season's domestic wheat price, which was being negotiated now by producers and millers, was expected to be hit hard by the global shortage and the weak rand, which lost a fifth of its value between mid-February and mid-May this year.

The expected domestic price increase, to take effect in November, would put even more pressure on millers to pass on higher costs to bakers, and ultimately, to consumers, Cownie said.

Star 15/7/96 (3) ~~MAIZE~~ WHEAT

Bread prices have gone up, up, up since de-regulation

By Melanie-Ann Feris

When the bread price was de-regulated on March 1 1991, competing companies predicted that the price of bread would drop drastically. They were wrong.

Statistics released by the Wheat Board have indicated that – with the 10% increase in bread prices announced last week – the price of bread has increased by 162% since 1989.

The general manager of the Wheat Board, Koot Louw, said that before March 1 1991, the price of bread had been controlled and bread prices subsidised by the government.

"Today, however, the price of bread is determined by the individual baking group and the retailer. Through this system there is no control over just how high the bread price can go," he said.

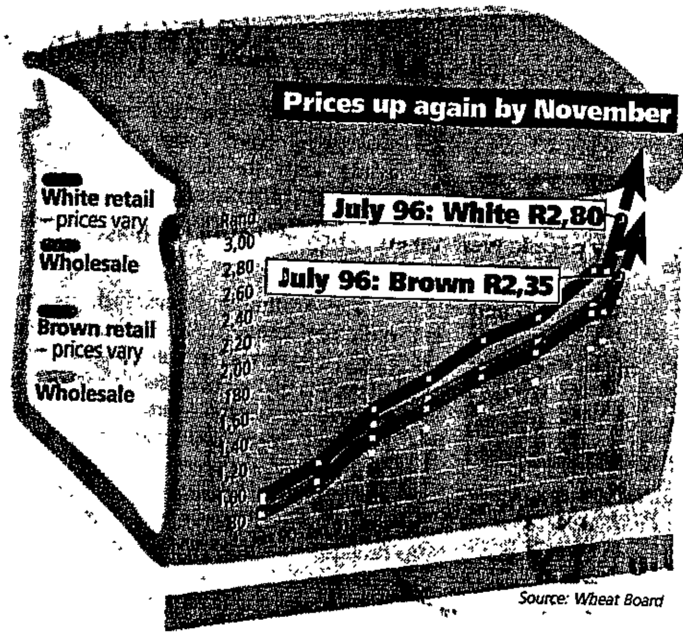
With the new bread prices announced last week, a loaf of white bread will cost 22c more and a loaf of brown bread 24c more.

Statistics reveal that, just two months after the bread price was deregulated, the first of three price increases for 1991 was announced, bringing the price of a loaf of white bread up to R1,59 by November that year.

At the end of 1995 the price of a loaf of white bread had increased to R2,27 and a loaf of brown had risen to R1,98.

On January 1 this year consumers were paying just under R2,50 for a loaf of white bread, and brown bread cost R2,08.

By May this year the retail price of white bread had dropped to R2,40 while that of brown bread had dropped to R2,07.



Sentraalwes co-op to become unlisted company

Louise Cook BD 27/8/96 (3) WHEAT

SENTRAALWES Co-operative in Klerksdorp, one of SA's largest grain co-operatives with R462m in reserves and an 8 500 membership base, planned to become an unlisted public company from December this year, senior GM Thys Lourens said yesterday.

He said the co-operative took the decision to switch away from a co-operative format under the Co-operative Act mainly as a result of a changing business environment.

"We have to adapt to a more competitive environment," he said.

Other factors affecting the decision were the need to expand its capital base and secure competitive prices. A 75% member majority was needed for the switch-over, but Lourens said indications so far showed members were in favour of the move.

Although Sentraalwes did not intend applying for a JSE listing at this stage, it could do so later, Lourens said. "Everything will depend on how the situation develops," he said.

Sentraalwes notified its members last Friday that its share register would close at the end of the month. An application to proceed with information meetings would be lodged with the Supreme Court and should the request be granted by the court, the co-operative would circulate particulars of the scheme to members this week.

Sentraalwes was the latest in a series of co-operatives switching to companies, since the Co-operative Act was amended in 1993.

WHEAT INDUSTRY (3) WHEAT

Roll on the free market

FM 25/10/96

After holding out to the bitter end for regulation, the Wheat Board will finally have to make way for a free, deregulated market in the R2,3bn/year wheat industry from November 1 next year.

Though the larger maize industry was partially deregulated in May last year (*Business* October 18), the wheat indus-

try still operates a single-channel, fixed-price marketing system administered in terms of the winter cereal scheme.

With the demise of the old Marketing Act and the expected promulgation in January next year of the new Marketing of Agricultural Products Act, all single-channel agricultural marketing schemes will fall away. So the Wheat Board is due to be officially abolished on November 1 next year. It need not feel alone — the same fate awaits all SA's remaining agricultural marketing boards next year.

The problem is that though a free market can operate successfully in the R5bn/year maize industry, in wheat only six large milling groups act as buyers. This is why some observers believe price collusion could determine wheat prices in a "free" market.

Wheat Board GM Louis van Staden has asked to meet Agriculture Minister Derek Hanekom to discuss the issue. He believes producers will need some form of additional protection in a market that has the potential to be "skewed."

For barley, he says, there is only one official buyer, SA Breweries, and so there is a good case for limited regulation to ensure producers are not exploited.

Van Staden is also concerned that SA could be used as a dumping ground for overseas wheat products.

"With imports freely available, Western Cape producers in particular would feel the effect of the free market. With regional production (Western Cape) of about 800 000 t and a local market of only 500 000 t, not only would they have to compete against possible (subsidised) imports from Europe but also with growers elsewhere in SA when it comes to the disposal of their surplus — after having added about R200/t railage costs to their prices," he says.

But at least farmers will have the protection of a regulated market when it comes to the disposal of this season's bumper 2,6 Mt wheat crop. Last year's crop of only 1,9 Mt grossed for farmers more than R1,7bn — but also necessitated costly imports of about 600 000 t to meet local milling and baking needs. Wise farmers should be doing their sums to see whether they can survive or should scale down or plant other crops before deregulation.

Consumers should be the ultimate beneficiaries of a deregulated market — if the milling and baking groups pass on the benefits of cheaper local and imported wheat to consumers. The ANC can be expected to watch closely to see whether its constituency benefits from cheaper staple foods after November 1997.

Chamber of Baking executive director Peter Cownie says the proliferation of small bakeries "has resulted in greater difficulty in ensuring consumer protection as the enforcement of the grading standards has become extremely difficult. In simple terms, it is possible to bake a 650 g loaf which in size looks like an 800 g loaf. The potential to deceive the buyer is obvious if there are no strictly enforced, consumer-friendly grading regulations in place."

Cownie says bakery industry production costs (excluding raw materials) are another major issue. Over the past year these increased by 16,3% to 23,8c/loaf, while administration costs rose 13,4% to 14,9c/loaf and delivery costs by 13,1% to 31,83c/loaf.

Chamber of Milling executive director Jannie de Villiers says trade negotiations with the European Union, SADC, Zimbabwe and SA Customs Union partners are also affecting the deregulatory and policy changes in agriculture

"With quantitative import controls no longer in effect in the wheat industry, the levels of tariff protection against often subsidised imports would be of importance to the local wheat farming, milling and baking industries," says De Villiers.

As a result, he says, the R41bn/year food processing sector — the biggest manufacturer in SA — is meeting to form a representative association so that its voice can be heard in negotiations and policy formulation.

Tiger Oats spokesman Boris Kaplan says that with the co-operative-controlled Agmex grain trading system "not transparent or active enough" to meet the requirements for a grain spot market in SA, Tiger is also talking to the SA Futures Exchange to see whether either body can operate effective spot and futures markets for maize and wheat.

Safex agricultural marketing division MD Rod Blondin says: "If the need is there and the market meets the requirements, we can provide the services."

The main problem for wheat remains whether there will be enough buyers to provide a competitive market. Blondin says "all players" will meet later this month to discuss the issues involved. ■

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'Free market will favour Free State'

(3) WHEAT

BD 28/10/96

Louise Cook

A FREE market for wheat — the only agricultural sector still operating with fixed prices and single-channel marketing — would have a major effect on Western Cape producers, small-scale farmers, millers and plant bakeries, the National Chamber of Milling said.

One of the consequences of a free market was that Western Cape producers would be at an instant disadvantage to their Free State counterparts, executive director Jannie de Villiers said.

The Western Cape and Free State are SA's main wheat areas, with a surplus of about 300 000 tons a year being produced in the Western Cape and transported to Gauteng, which makes up about 42% of the local market.

"With the abolishment of single-channel marketing, Western Cape producers will be responsible for carrying the penalty for transport at R100/ton. If they cannot produce at R100/ton under the import parity price in Gauteng, they will be marginalised.

"Western Cape is a very constant production area — if production stops, it will lead to an even greater dependency on wheat imports, not only for SA but the whole SA Customs Union region," De Villiers said.

However, Free State farmers would be in a "good strategic position" to sell to SADC countries. For millers, location and distance from markets would also become crucial.

"Big millers will do deals with big co-ops. The position for smaller players will be determined by their ability to fit into this market." The R2,3bn wheat industry depended on six millers to buy the local crop, but small-scale farmers could improve their position in niche markets such as animal feed.

The Wheat Board was due to be abolished in November next year. "The wheat industry has been in a comfort zone for a long time, making change even more difficult," De Villiers said.

Belgium to sign treaties

Nomavenda Mathiane

THREE treaties are to be signed by the visiting premier of the Flanders region of Belgium, Luc Van den Brande, this week.

Brande, who is leading a delegation of Flanders parliamentarians and business people, said on his arrival in Johannesburg that the

Premier registers with Wheat Board

BD 4/12/96 (3) WHEAT

Louise Cook

FOOD company Premier this month registered for the first time as one of the Wheat Board's wheat producers, a development that has elicited surprise in the industry.

Premier executive director Ian Heron said yesterday the move was in line with developments in the maize industry. "We expect that the single channel marketing system for wheat will be gone in a year."

But industry sources said they had been "surprised" at a letter last month by Wheat Board official Koot Louw stating Premier would be producing nearly 50 000 tons of wheat. Meanwhile, the Wheat Board defended its management of marketing arrangements for winter cereals following court action against agricultural marketing company Propermark in Bloemfontein.

The board secured an urgent interdict in the Supreme Court on Monday barring Propermark from buying or selling wheat on the grounds that the single channel marketing system was still in force.

Wheat Board assistant GM Chris Burger said the board had granted no permits which deviated from the system. "The board would only consider issuing a permit to producers, not buyers. Permits would only be considered for wheat grown for special purposes such as seed production, manufacture of biscuits and for fodder."

Tiger Oats' executive director Hamish McBain said "the single channel system was most likely on the verge of collapse".

is king enables us to offer

Wheat Board 'unlikely to raise R50m in levies'

BD 18/12/96 (3) WHEAT

Louise Cook

ATTEMPTS by the Wheat Board to control wheat marketing were collapsing in the Free State, raising questions about the board's chances of collecting R50m in compulsory levies this year, sources said yesterday.

Wheat was the only agricultural commodity still fully regulated by government. However, cracks in the system appeared when the board obtained an interdict in the Bloemfontein Supreme Court against marketing company Propermark two weeks ago.

In terms of the court order, Propermark was barred from "acting contrary" to the stipulations of the Winter Grain Scheme and from advertising. However, sources said wheat sales in the Free State by private agents were "common" this year.

This supported Tiger Oats executive director Hamish McBain's view that the "single-channel marketing system was most likely on the verge of collapse". But it was "too early" to predict the effect of the collapse on levy payments farmers were required to make to the board in terms of single-channel marketing, sources said.

Wheat Board deputy MD Johan Dorfling said the board was looking at collecting R50m in levies from wheat producers this year. "Only about 10% was used to run the board, the rest covered storage and handling costs, research and payments to the SA Agricultural Union and the winter grain producers' organisation."

Dorfling defended an earlier decision by the board to register food company Premier as a wheat producer this year, saying this was done to ensure wheat marketing was done legally.

The latest developments in wheat marketing followed the recent scrapping of remaining controls in maize marketing, leaving the Maize Board redundant.

Wheat Board assets less than expected

BD 21/8/97 (3) WHEAT

Louise Cook

PLANS to use the Wheat Board's assets for the benefit of the wheat industry when the board shut down in October were in jeopardy following a depletion of R53m in one of the board's funds since November last year

National Chamber of Milling CEO Jannie de Villiers said this week millers were hoping there would be enough money left in the Wheat Board Reserve Fund to avoid having to ask Parliament to sanction statutory levies to finance important industry services in a free market.

"The industry wants a grain information service and money to kick-start a grain laboratory. It looks as though the remaining money will be dramatically less than hoped for."

New legislation did provide for levies, but Parliament first had to consult "all affected parties". The milling sector would refuse to support such a move and would review participation in the laboratory and information projects, he said.

Wheat Board GM Louis Van Staden said the board was not bankrupt, but confirmed that the fund had been depleted. At worst the fund may end with a R7m deficit when the board shut down.

He accused the milling sector of not having stuck to an agreement to give preference to local wheat, thereby aggravating the problem of surpluses and draining reserves. "The fact that 382 000 tons of wheat had been imported by the end of June at a zero tariff rating, did not help. Now we're selling the last of a 160 000/t surplus caused by the imports. Prices for this stock are also poor."

Producers criticise delay on wheat tariffs

BD 16/9/97

(3) WHEAT

Louise Cook

THE Winter Grain Producers' Organisation and the poultry and dairy industries have criticised government for taking too long to adjust tariffs.

Organisation chairman Chappie Ferreira said it had asked the board on tariffs and trade in July to lift a moratorium on a wheat tariff, but Trade and Industry Minister Alec Erwin had not made a decision yet.

"Wheat producers were led to believe tariffs are an effective mechanism to protect local production against subsidised imports. We find it unacceptable a tariff which was accepted some time ago has been delayed."

Last week the dairy industry said it had been waiting for nearly three years for a decision, and poultry producers' request for higher tariff on frozen chicken and turkey cuts was also not gazetted last Friday as expected.

SA poultry farmers said they lost out heavily on subsidised cuts imported from the US.

Ferreira said millers were importing wheat "on a large scale as they can still do so without paying a tariff".

Anger over proposed cut in loaf weight

Louise Cook

(3) WHEAT

WHEAT farmers are up in arms over a National Chamber of Baking proposal for a 15% cut in the legal weight of a loaf of bread.

The farmers have warned that this proposal, as well as burgeoning imports, could wipe out wheat production in the Western Cape.

Last week the chamber proposed to the Wheat Forum, representing wheat industry interests, that the statutory minimum weight of a loaf of bread be reduced to 680g from 800g.

The move is designed to counter price-cutting by independent bakers and cafe owners. Many of these outsiders have allegedly been baking loaves that weigh less than the legal minimum.

The producers' woes have been exacerbated by unusually large inventories of excess wheat. Winter Grain Producers' Organisation manager Nico Hawkins said a smaller loaf would aggravate Western Cape farmers' difficulties in selling the wheat. "Domestic requirements will drop and a smaller loaf will not push up sales of bread."

Wheat Board chairman Steyn Terblanche said if the proposal went through, it would translate into a drop in mill requirements of 100 000 tons of wheat a year.

Western Cape farmers claim they have also been let down by local millers who are importing wheat instead of sticking to an agreement to buy up the local crop. The Winter Grain Producers' Organisation asked government last month to lift a moratorium on a wheat import tariff to push up the price of the imported commodity.

National Chamber of Milling financial manager Hilton Zunckel denied the allegations, saying that despite quality problems with Western Cape wheat, millers did buy from farmers.

"Millers are now sitting with a problem because due to quality deficiencies, much of the wheat bought last year could not be used. Millers have taken delivery and paid for the product, but have no choice other than to import to meet quality requirements."

Western Cape wheat farmers, who produce 20% of the SA crop, claim that the newly deregulated market could force them eventually to switch to other crops. Preliminary prices for this year's Free State wheat are about R900/ton. In the Western Cape, however, farmers are fetching prices of only R450/ton due to poorer quality and transport considerations.

TAKING A KNOCK *Adriaan Snyman, the managing director of Cape Grain, announces the first pricing structure for wheat since the disbandment of the Wheat Board* PHOTO: SHAVONNE HILL

Hammering for wheat prices

(3) WHEAT CT(BR) 19/9/97

Marc Hasenfuss
CAPE EDITOR

Cape Town — Wheat prices should plunge dramatically following the disbanding of the Wheat Board's single-channel marketing system, according to an announcement by Cape Grain, a wheat marketing company, in Paarl yesterday.

Advance prices for wheat, instituted for the first time since the disbanding of the Wheat Board, were down to R405-R432 a metric ton for the 1997-98 season. Although not strictly comparable to single-channel prices, they are well off last year's price of R903 a metric ton of wheat.

Adriaan Snyman, the managing director of Cape Grain, said the prices did not necessarily signal a crisis in the Western and Southern Cape wheat industry, as the advance prices could increase in the course of the marketing year.

Cape Grain is a private company set up by 11 grain handling co-operatives after the collapse of the single-channel marketing system. It offers a marketing channel to Western and Southern Cape farmers.

Snyman noted that the advance prices were affected by an expected wheat surplus of 856 000 tons in South Africa this year and a hefty 17,6 million tons in the US — the biggest in five years — which would be carried over into the next marketing year.

He said the advance prices were formulated when wheat prices were on a downward trend on various international commodity trading boards.

"The advance price is not the price of the underlying commodity," he said. "These are provisional prices ahead of the sale of the wheat during the marketing year ahead."

Although reluctant to forecast an actual wheat price, Snyman said the advance price could be 60 percent of the final price, suggesting an actual price of about R720 a metric ton of wheat.

Snyman said a number of factors could still buoy the wheat price — particularly the lack of rain in China (where 101 million tons of wheat are produced and 110 million tons are needed) and floods in certain European countries.

Snyman said the conservative wheat prices might prompt farmers to reconsider using marginal wheat-producing fields for other agricultural uses.

"There's no longer a guaranteed buyer for wheat and no statutory mechanism to protect farmers against losses," he said. "We have to compete against international prices ... if these drop, then our prices could drop too."

□ **Wheat futures, Page 15**

Discrepancies in bread weight sparks product-control probe

(3) WHEAT Star 3/10/97

By Anso Thom

Although by law, a standard loaf of brown or white bread has to weigh 800g, and the SA Bureau of Standards limit is 760g, a survey by The Star this week found a wide weight disparity among different stores' loaves.

Shoprite's loaf weighed 700g. Spokesman Sarita van Wyk said the bread dough in the independent bakery was scaled at 890g, which should produce a baked product of between 805g and 808g.

She said Evan Poulos of HotBake put the incident down to human error and gave the assurance that an immediate investigation would be launched into product control.

Shoprite Checkers marketing director Brian Weyers said the supermarket group had issued an immediate communique to all stores to audit the controls implemented when scaling. He agreed that the variance was unacceptable.

> **"We'll make sure it's an isolated problem"**

Engen Quick-Shop's weighed 680g. National buying and distribution manager Pierr Roodt said Engen was negotiating a deal with a reputable bakery to allow outlets to bypass independent bakeries.

"We are looking seriously at doing a national baking deal which would make it easier to monitor the situation," he said.

Spar's loaf weighed 720g. Retail and operations director, Neville Koertzen, said the group tried to monitor the situation as far as possible. "We take it very seriously and will make sure that this is an isolated problem rather than an ongoing one," Koertzen said.

A Mayfair, Johannesburg bakery came out tops in terms of weight (840g) and price (R2,60).

Deputy director at the Department Trade Metrology at the SABS, Stuart Carstens, confirmed that the bureau did random checks. "We go to the bakery to conduct the tests," he said.

He said the SABS worked on a weight variance of between 760g and 880g.

The entire batch is also weighed with the average determined at 800g or more.

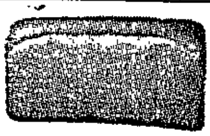
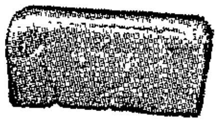
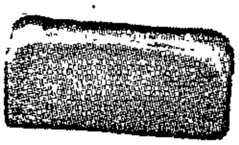
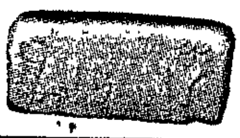
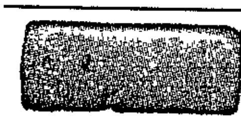
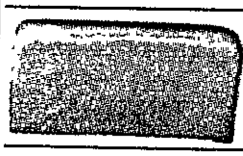
Carstens said the SABS followed several options if the baker had not complied with the stipulations.

These included freezing the entire stock and barring the baker from selling it, fining or warning the offender (depending on the circumstances), or publicising the name of the offender.

Consumers short-sliced on bread purchases

Star 3/10/97

BELOW THE BREADLINE
Who's selling you short

Bread	Supplier	Weight	Price
	Engen Quick Shop	680g	R2,90
	Shop-rite	700g	R2,73
	Spar	720g	R2,60
	Blue Ribbon	760g	R2,90
	Albany	780g	R2,95
	Pick 'n Pay (Sasko)	780g	R2,85
Value for your dough			
	Wool-worths	800g	R3,19
	Cafe (own bakery)	800g	R2,90
	Friendly Grocer	820g	R2,70
	Bakery	840g	R2,60

Graphic: Jignasa Diar

SHRINKING SIZE, RISING PRICE OF GOVT LOAF

1938	908g	6c
1946	908g	6c
1955	908g	8c
1961	900g	9c
1974	900g	16c
1985	850g	65c
1990	850g	R1,20
1991	800g	R1,27
1995	800g	R2,27
1997	680g	±R2,83 (proposal)

~~By Anso Thom~~

(3) WHEAT

Consumers are unwittingly getting less daily bread than they bargain for, according to claims by wheat organisations representing both farmers and bakers as well as findings of a random survey conducted by The Star.

By law, a standard loaf of brown or white bread has to weigh 800g. But the Wheat Producers' Association (WPA), which represents wheat farmers, says the average is closer to 712g, which translates into a shortfall of about four slices of bread a loaf. This means that the consumer ends up paying the full price for a lighter loaf.

Executive director of the SA Chamber of Baking (SACB), which represents bakers, Peter Cownie, said the SACB was proposing a 680g loaf to meet consumer demands. He admitted many bakers were already selling lighter loaves without adjusting the price. "There are an awful lot of loaves being sold under 800g anyway," he said.

It had become increasingly difficult for bakers "playing the game" to compete with less scrupulous competition.

Chairman of the WPA Chappie Ferreira said wheat farmers were opposing the proposal of a lighter loaf which would lead to 100 000 tons less wheat being sold.

He said loaves were already much lighter. "Where will this all end? One thing is sure, the consumer will continue to pay the same price even though the bread is lighter," he said.

The Star's survey found that six out of 10 loaves weighed less than 800g. Of the six, three were below the SA Bureau of Standards limit of 760g.

An unmarked loaf bought at an Engen QuickShop weighed 680g, a Shoprite loaf 700g and a Spar loaf 720g.

► Bread probe Page 2

Wheat contract gets green light

BD 9/10/97 (3) WHEAT

Paul Vecchiatto

THE SA Futures Exchange Financial Services Board had given the green light to begin trading the wheat contract from November 3, Agricultural Markets Division head Rod Gravelet-Blondin said yesterday.

In terms of the Agricultural and Products Marketing Act, the Wheat Board's single channel marketing system would be scrapped at the end of October.

This would allow grain prices to fluctuate according to market forces and would cause a price vacuum which concerned producers, millers and the consumer.

All requirements were in place, except the establishment of a centralised delivery point. Safex's maize contracts use Randfontein for that purpose.

Safex's wheat futures are distinct from Paarl-based Cape Grain Exchange, a private marketing company.

Gravelet-Blondin said the futures contracts would provide a mechanism by which farmers, traders and millers could settle on a date for delivery while limiting adverse price movements.

Agricultural products traders said there was a need for a futures contract due to the turmoil in the wheat sector.

Some traders indicated that there was a surplus of between 800 000 and 1-million tons of wheat, and this meant prices would fall.

Others said high temperatures in the wheat-producing regions of the Free State and Western Cape provinces would cause the surplus to be halved by the year-end.

No clear price direction has been set yet. The Cape Grain Exchange had estimated that wheat would be sold by farmers for between R405 to R432 a ton.

But a trader at a mercantile bank said some co-operatives and farmers had managed to lock-in supply contracts at between R820 and R850. — I-Net.

Wheat duty ban lifted, but price leap unlikely

(3) WHEAT

'Protective' move for SA producers

ARG 10/10/97

NOLAN STAIN
BUSINESS REPORTER

Consumers need not fear an increase in wheat and flour prices as a result of the decision to lift the moratorium on wheat import duties, according to the Department of Trade and Industry.

Jan Theron, deputy director of Agro Processing in the department, said if duties were increased it would only be to "level the playing fields" between domestic and international wheat producers. There is no duty on imported wheat at present, though duties are levied on flour.

Mr Theron said he doubted there would be any increase in local wheat and wheat products as a result of the decision, he said.

The department announced earlier this month that the moratorium on import duty increases would be lifted on the recommendation of the Board on Tariffs and Trade.

'Local producers, as a protective measure, asked the board to lift the moratorium'

"The reason for lifting the moratorium was that several millers had began importing wheat rather than make use of local producers. The local producers, as a protective measure, approached the board and asked them to lift the moratorium," said Mr Theron.

"At the moment there is no substantial difference between the local and the international price and it is likely to remain so for the next few weeks."

The duties would not be introduced automatically, he said. Domestic producers would have to submit an application to the board for duties to be increased.

Applications would only be considered if the difference between the local and international price fell below $10 for four consecutive weeks.

The duties would be levied at $46 a ton and would kick at R889 ($153.) The price of imported wheat at the moment is hovering between $142 to $150 a ton.

Privatisation of SA's grain industry takes leap forward

BD 13/10/97 (3) WHEAT

Samantha Sharpe

CAPE TOWN — The privatisation of SA's grain industry has taken another step forward with the announcement at the weekend of a private R600m syndicated loan finance and hedging facility for advance price payments of wheat and barley.

Societe Generale is the arranger, agent and lead banker for the set up of the syndicated loan, accorded with the participation of NBS Boland and Standard Bank Group.

Societe Generale assistant GM Amedeo Anniciello said the new pricing structure followed the disbanding of the Wheat Boards' single-channel marketing system and its replacement with a private firm, Company Grain.

Company Grain was set up by the eleven grain handling co-operatives in the Western Cape in a bid to offer a marketing channel to Western and southern Cape farmers.

The appointment of a private bank as the arranger was in line with the latest privatisation initiatives, with advance price payments for wheat, barley and breakfast oats traditionally funded through a statutory body or the Landbank.

While statutory funding had historically led to huge misrepresentations and subsequent losses on the part of the Wheat Board, the fact that private banks were willing to take part in funding initiatives signalled a healthy return to market equilibrium, he said.

While the new pricing structure has seen advance wheat prices falling significantly compared with last year's single channel pricing system, this followed an expected wheat surplus in SA and the US.

The advance price does not reflect the final price paid for wheat, but is a provisional price paid ahead of the of the sale of wheat in the forthcoming marketing year.

Cape Grain secures R600m syndicated loan finance

CT (BR) 13/10/97 (3) WHEAT

MARC HASENFUSS
CAPE EDITOR

Cape Town — Cape Grain, which markets wheat produced in the Western Cape and southern Cape after the disbanding of the Wheat Board's single-channel marketing system, has secured R600 million in syndicated loan finance from private banks for advance price payments to farmers.

The deal was clinched at a function in Paarl on Friday, three weeks after Cape Grain announced its first advance wheat prices to farmers.

The privatisation initiative in the wheat sector means advance price payments for wheat, barley and breakfast oats would be instituted for the first time through the private banking system, rather than through a statutory body or the Land Bank.

Societe Generale — together with subsidiary Fimat — acted as the arranger, agent and lead bank for setting up the required funding and hedging facilities.

A Societe Generale spokesman said these facilities were accorded with the participation of local financiers, NBS Boland Bank and Standard Bank.

Cape Grain, which was set up by the 11 grain handling co-operatives in the Western and southern Cape regions, announced advance wheat prices of between R405 and R432 a ton on September 18.

These advance prices, the first since the disbanding of the Wheat Board, were well down on last year's actual wheat price of R903 a ton.

Adriaan Snyman, the managing director of Cape Grain, said on Friday there had been no changes to the advance prices in the interim period.

The advance price of wheat is not the price of the underlying commodity but a provisional price ahead of the sale of wheat during the marketing year.

The markedly lower advance prices were formulated at a time when wheat prices were on a downward trend on various international trading boards. The price was also affected by anticipated wheat surpluses locally and in North America.

Market estimates gauge advance prices at around 60 percent of the actual price, which suggest a wheat price this year of R720 a ton.

Deregulated wheat industry welcomes futures market

BD 4/11/97 (5) WHEAT

SA's wheat industry yesterday woke up to its first day as a deregulated market in 60 years and welcomed the coinciding launch of a futures contract on the commodity.

The state-owned Wheat Board, set up in the 1930s to help modernise and develop the farming sector, officially shut down at the end of business on Friday, paving the way for the free pricing and trading of wheat in the 1997/98 season.

"We agree 100% with (the deregulation). We pleaded for many years for a free market," Chamber of Milling GM Jannie de Villiers said.

"The industry has prepared itself over the past two years when it had a free market on the maize side," De Villiers said.

As the sole buyer and seller of local wheat the board had one of the highest degrees of market intervention of SA's control bodies.

However, like the country's other commodity boards, it has been forced to shut down.

Often bailed out of financial trouble by government, control boards have come under pressure to deregulate since the mid-1980s.

The move towards liberalisation has gathered pace since the appointment in July last year of the ruling African National Congress's Derek Hanekom as agriculture minister.

The final nail in the coffin was the passing last year of the Marketing of Agricultural Products Bill, which set a 13-month timetable for the statutory bodies to close down.

Analysts said the wheat industry, like maize which was deregulated in May this year, might struggle with its new-found freedom, but participants could seek shelter against price volatility in the futures market.

Rod Blondin, SA Futures Exchange agricultural markets division GM, said wheat contracts covering three-month periods from December 1997 to September 1998, were to be launched yesterday.

"With the Wheat Board going, there is not a vacuum as the futures are starting to trade," Blondin said.

However, he said he expected dealings to start off slowly as the industry grappled with the new concept.

SA, traditionally a net importer of wheat, is this season (November 1 1997-October 30 1998) expecting a bumper crop of 2,627-million tons against domestic milling requirements of 2,5-million tons.

However, extremely hot and dry weather in the Western Cape growing belt has caused concern that the estimate will be cut.

De Villiers said the surplus might help to smooth the transition, as players dealing with the new free market would not have the added burden of competing for imports.

However, farmers might be squeezed financially because of the abundance of wheat available after a higher-than-normal carry-over from last season, he said.

"But this is a free market and we will have to learn to deal with these things," he said.

Following calls from producers, government moved last month to protect the industry from cut-price imports by reinstating duties on wheat. The tariffs date from the 1995/96 season, leading to some criticism that they are out of date.

A cluster meeting of the wheat, milling and baking industries is planned for later this month to discuss this and other sector issues. — Reuter.

Specialists to manage Umgeni treasury division

Barclays sets up finance for arms package

SA NEWS DIGEST

☐ AGRICULTURE (3) WHEAT

Wheat value system 'will make leading contribution to food security'

The wheat, milling and baking industry would increasingly make a leading contribution to food security in the 12-member Southern African Development Community (SADC), David Frost, the strategic planning manager of the Premier Group, said yesterday. Frost said at a department of trade and industry's cluster study workshop that a wheat value system — which was optimally balanced and globally competitive — would make a "leading contribution" to food security, but government strategies and policies that affected the way the industry operated in South Africa had to be addressed as a priority. "Only once we have firm agricultural practices in place can expansion into the SADC take place." Expansion into SADC, he said, would create market opportunities for bread and bread-related products. "Investment into the SADC will create jobs in the region and create market access for the emerging farming sector." — *Ravin Maharaj, Durban*

CT(BR) 13/11/97

Wheat harvest disaster

Drought and prices hit Swartland farms

(3) WHEAT

ARG 17/11/97

CAROL CAMPBELL
STAFF REPORTER

Drought has brought farmers to their knees in South Africa's breadbasket, the Swartland, where the wheat harvest is the worst in 40 years.

Heavy rain at the weekend came too late and did more damage than good to crops yet to be harvested.

Hit hardest by the drought, thought to be caused by the El Nino weather phenomenon, are farms in Vredenburg and northern Piketberg, where farmers have been forced to abandon some wheatfields altogether.

In Porterville, Darling, Malmesbury and Moorreesburg, farmers have lost up to 40% of their wheat because of a lack of rain at a crucial time in the growing cycle.

And as farmers battle to salvage what little they can of their dry crops, they have also lost the old Wheat Board which – until it closed on October 31 – guaranteed the sale of their wheat to millers at a set price.

In its place is a free-market system which means big wheat buyers like Sasko-Bokomo, Tiger Oats and Premier Foods can now buy at the most competitive price.

Farmers claim the millers have been buying wheat from America and Europe, which is subsidised, at prices much lower than local wheat, which is not subsidised.

Antony Louw, the Department of Agriculture extension officer for Malmesbury and Durbanville, said two weeks of hot weather at the beginning of September had turned a bumper crop into a "catastrophe".

"People say El Nino isn't going to affect the Western Cape, but it is already shortening the rainy winter season.

"Wheat farmers must have good rain during September for the crop to stay healthy."

Schalk Pienaar, procurement director for Premier Milling, said milling companies bought wheat overseas for three reasons.

- In normal years the local crop was not big enough to meet the country's needs.
- At the end of the 1995/96 season and the beginning of 1996/97, millers struggled to get timeous information from the Wheat Board about the size and quality of the crop and looked elsewhere to secure sufficient stocks to keep mills operating.
- Not all wheat in South Africa was of high quality and imported wheat was blended with the local product to produce a higher quality flour.

Most farmers are not against the free-

To page 3

P.T.O.

Stay or go? Kosie Smuts on the farm where his great uncle Jan Smuts grew up

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Hope still hangs on a golden tradition

On the Smuts family farm, drought threatens a way of life

ROY WIGLEY

Nature's way: Swartland wheat producer Kosie Smuts has suffered big losses this year

SPECIAL REPORT

CAROL CAMPBELL

At the end of a long passage of the house on Klipfontein wheat farm in the Moorreesburg district hangs a portrait of Jan Smuts.

The former prime minister is the great uncle of Kosie Smuts who farms the land now and one day hopes to hand it on to his children.

Klipfontein is one of the biggest wheat farms in the region, but this year the drought, which has destroyed nearly half the golden wheatfields of the Swartland has made Mr Smuts wonder if clinging to the farm simply to continue the family tradition is financially viable.

"My brother has emigrated to New Zealand and he thinks I'm crazy throwing my money into the ground like this," he said.

Mr Smuts is lucky.

Only 30% to 50% of the tiny wheat kernels are falling through the sieve he uses to separate the good wheat from the bad.

Other farmers in Vredenburg and northern Piketberg have lost everything.

"I stood there watching, my heart pounding, while my wheat was being sieved. You see it falling through and you wonder how much will be left at the end."

At the end of the day Mr Smuts will have something to sell to recoup his losses, but he worries about the future. "My problem now is finding a buyer for my wheat."

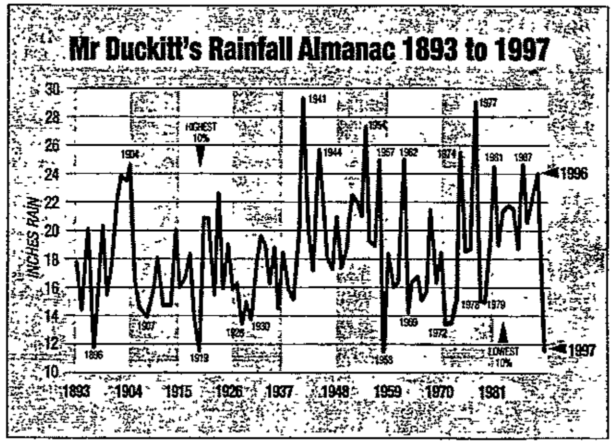
With the dissolution of the Wheat Board on October 31, farmers no longer have a guaranteed buyer for their harvest. Instead, 14 agricultural co-ops have banded together to form the Cape Grain Exchange, an agency which will sell the wheat on the free market.

The Smuts family have been wheat farmers for 130 years and Jan Smuts spent his early childhood on the farm. For Kosie Smuts, the decision to sell the farm will not be easy.

"When the fields are green with new wheat and the distant blue mountains capped with white I know why I stay here. It is just so incredibly beautiful that to leave would be too much to bear."

No golden harvest: Darling farmer John Duckitt checks the quality of his wheat

Crisis: healthy wheat and drought wheat



...idd says this year's wheat crop is the worst he has seen

Shrivelled kernels tell tale of a gamble that failed

CAROL CAMPBELL

Like a giant insect, a combine harvester crawls through a wheat field on Waylands farm in the Darling district.

At the wheel is Herman McKidd, who has spent the morning mowing his way through the ripe crop, leaving corridors of fresh straw.

But Mr McKidd, who was born on Waylands, cannot remember a wheat crop as bad as this year's.

The seasons rule his life: With autumn comes planting, with winter fertilising and spraying and in the summer harvesting.

"But there is nothing inside the wheat, just dry, shrivelled pips."

For thousands of labourers in the wheat industry this year's disastrous crop could mean they will be left homeless when farmers are forced to sell their land to recoup huge losses. Many have lived on the farms all their lives, their parents and grandparents before them.

John Duckitt, the owner of Waylands and Mr McKidd's employer, is, like many other wheat farmers, wondering whether it's worth staying on the land, which has been home to his family for five generations.

The Duckitts have worked the farm since 1851, and every day since 1893 the man of the house has kept a record of the weather.

"The last time we had so little rain was 1958, before that 1919 and before that 1896," he points out on a graph he has compiled.

There have been dry years since 1958, but none as catastrophic as the summer of 1997 – in which wheat production on Waylands has fallen 40%.

"There are other options. This land is good for vines and we have a dairy," says Mr Duckitt.

"You take a gamble every year and when the crop doesn't pay, your debts are so big you can't afford not to try again next year.

"You can't afford to do it, and you can't afford not to do it. It's a vicious circle."

Western Cape wheat crop down 17,2% after drought

(3) WHEAT 25/11/97

Johannesburg – South Africa's winter wheat crop estimate has been cut by 11,9% because drought during September affected Western Cape and Free State farms.

The National Crop Estimates Committee said that according to its third estimate for the winter season, the crop would fall by 313 500 tons to just over 2,313-million tons. The largest falls were in the Western Cape – 114 000 tons, or 17,2% – and the Free State, where the estimate was down by 170 000 tons, or 13,3%.

The barley crop would decline by 37 000 tons to 193 000 tons, while the canola crop was estimated at 8 400 tons – 3 100 tons lower than previously thought. – Sapa

CT(BR) 27/11/97

Crookes hit by low prices and deregulation

(3) WHEAT

SHIRLEY JONES

KWAZULU NATAL EDITOR

Durban — Disastrously low prices for export grapefruit and the negative effects of deregulation of the grain industry had dealt a double blow to Crookes Brothers, the diversified farming group, in the six months to September 30.

Dudley Crookes, the managing director, said yesterday that despite a 17 percent rise in revenue, the revised estimate of headline earnings of R15,5 million for the full financial year, the same as for the previous year, was disappointing.

Crookes said problems with the group's citrus operations centred on grapefruit exports, where prices were below the previous season. He said this was because South African fruit ripened two weeks later than usual, reducing demand and resulting in a clash with Spanish and American fruit. As a result, a large portion of the crop had to be sold for fruit juice at reduced prices.

Orange prices had remained at the same levels as predicted in March, which could signal some recovery in this area for the full financial year.

Crookes said a combination of reduced grain yields and quality had compounded the problems experienced as a result of deregulation of the industry.

He said the group's sucrose unit had done better than last year and the banana units were faring extremely well.

Crookes Brothers had also recently embarked on a number of expansions and new investments. He said, despite the past hardships, he was optimistic.

AGRICULTURE — (3-WHEAT)

1998

Tariff on imported wheat could mean a bread price rise of 12c a loaf

Louise Cook

BD 8/11/98 (S.wheat)

THE price of bread was set to rise by as much as 12c a loaf in the wake of a proposed tariff on imported wheat, millers warned yesterday.

The tariff, aimed at protecting local wheat farmers against cheap imports, was designed to rise in accordance with a drop in international wheat prices.

When the tariff would come into effect was not known, but millers said it could be valid from tomorrow. SA Revenue Service commissioner Trevor van Heerden declined to disclose the date, saying government's plans would remain confidential until a notice appeared in the government Gazette.

Objections to the proposed tariff follow deregulation of farming distribution and marketing. Private sector processors such as flour mills no longer require the permission of control boards to import raw materials.

Millers, backed by National Chamber of Milling director Jannie de Villiers, were opposed to the tariff, saying it would push up the cost of wheat by R104m over the next 10 months. This would translate into more expensive bread of between 3,5c and 12c a loaf, depending on factors such as transport costs and distances from markets.

Tiger Oats spokesman Boris Kaplan said that at current international prices the tariff would be about R50 a ton. "SA wheat was often not useable due to quality problems — there is no way imports can be avoided."

Wheat importer RS Agri director Willem de Kok criticised the tariff, saying bread was likely to become expensive. "It is a stupid move," he said.

However, farmers argued that the tariff was necessary to ensure long-term stability in the local market.

Winter Grain Producers' Organisation spokesman Nico Hawkens said the tariff was overdue — farmers were at a disadvantage owing to millers not sticking to agreements not to import wheat. About 500 000 tons of wheat had come into the country by end-November last year, Hawkens said.

The furore over the tariff was aggravated when Swaziland imposed a ban on SA flour this week, a move similar to a ban by Zambia last year. Local millers were angered by the trade and industry department's failure to impose any counter restrictions.

De Villiers said contrary to past arrangements when all local wheat was bought by the Wheat Board, it was now available for export.

Curb on flour 'deals blow' to free trade plan

(2SPA) (3) WHEAT

Louise Cook

MILLERS complained yesterday that Swaziland's partial ban on SA flour was contrary to plans to create a free trade area in the Southern African Development Community (SADC) region.

SADC countries agreed some years ago to set up a free trade area in the region within eight years, but Swaziland's National Agricultural Marketing Board published a notice on Monday saying that owing to "excessive imports and dumping", wheat flour would be restricted to levels imported before September last year. BD 9/1/98

Only limited import permits to previously registered importers would be considered, the board said.

Premier Milling spokesman Schalk Pienaar said the ban would not affect Premier seriously as the amount of flour exported to Swaziland was limited. Yet the move was contrary to attempts to work towards free trade in the region, and SA was being discriminated against.

SA did not subject Swazi millers to volume restrictions or a 5% duty on flour coming this way, he said. National Chamber of Milling director Jannie de Villiers said the matter should be reported to the World Trade Organisation as it went against free trade principles.

Tiger Milling spokesman Boris Kaplan said the ban created a major price advantage for Swazi millers who would in effect be able to import duty-free wheat from SA, mill it in Swaziland and then sell the flour back on the SA market.

It was understood the Africa desk of the trade and industry department was dealing with the issue, but chief director for Africa trade relations Mfundo Nkuhlu was unavailable for comment.

Last year Zambia also banned SA flour, a move that saw National Millers in Zambia — in which the Zambian government was a major shareholder — become sole supplier. In the case of Swaziland, Ngwane Mills now could retain its position as the dominant supplier.

Swaziland claimed that owing to "large-scale dumping, Ngwane Mills has in September (1997) lost 15% of its domestic market". The country's agriculture and co-operatives ministry complained in a letter to SA's government last November that Swaziland United Bakeries aimed to obtain half of its flour needs from Premier instead of Ngwane.

They are former members of the cants had done so by admitting respon- all, he said. command, but

Swaziland slashes SA flour imports

BD 15/1/98 (3) WHEAT

DURBAN — Swaziland has slashed the amount of wheat flour it imports from SA, saying the product is being dumped and is threatening its milling firms.

Swaziland's National Agricultural Marketing Board said last week it was cutting imports to 15% of the amount it had been importing from SA in recent months.

"Due to excessive imports and dumping the board has decided to restrict imports of wheaten products to levels imported before September 1 1997," it said.

Swaziland is the second southern African country to complain about SA wheat exports. Zambia stopped importing wheat products last September.

Analysts said SA's wheat exports to neighbouring countries had risen sharply since the deregulation of the country's wheat market from November 1 last year.

Jannie de Villiers of SA's National Chamber of Milling said wheaten flour exports to Swaziland, averaging about 50 tons a month in previous years, had jumped to between 500 and 1 000 tons a month.

Swaziland was a small market worth just more than R1m a month, he said. "It's not a major loss to the SA industry, but it is a major loss in trying to establish a free trade zone in the Southern African Development Community."

A Swaziland-based importer said the block on SA flour was hurting consumers because locally milled flour was regarded as inferior in quality.

"We (the importers) are seriously thinking about challenging this position in court because we feel it cannot be legally justified," he said.

Swaziland's Chamber of Commerce said it would probe allegations of dumping and intervene to raise the current limit.

"We hope this situation is temporary. There might be ways we can intervene to raise the limit once we have explanations and figures from the board," the chamber's executive director Sibusiso Sibandze said.

Meanwhile, SA's wheat milling body hit out yesterday at a new import tariff on wheat, saying the system on which the duty was based was outdated and unnecessarily burdening millers and consumers.

Hilton Zunckel, financial manager of the National Chamber of Milling, said the timing of the tariff was unfortunate as it coincided with a season in which the country had a shortfall of wheat and had to import.

"When there is a lot of wheat, we understand there is a problem for farmers (as they get lower prices). But in this current season there is going to be a shortfall in SA," Zunckel said.

The trade and industry department earlier announced it had increased the customs duty on wheat to 5c/kg from nil before with effect from last Friday following a drop in international prices. It also raised the wheaten flour tariff from 50% ad valorem to 50% plus 5c/kg.

Zunckel said the tariff could increase the price of bread by 3c a loaf.

He said the international price government used to decide the tariff, the Argentinian Trigo Pan price, was not relevant to SA as most millers got wheat from Canada, the US and Australia — whose prices were higher than the Argentinian price.

The wheat model protects a domestic price level of R889 a ton and a tariff is triggered if the Argentinian price — over a four week average — falls \$10 below this level.

The department said this model was only a temporary measure and was under review. — Reuter.

New top of

Pule Molebeledi

NEW Northern Province provincial director-general Manching Monama has pledged to work hard to realise the "dream of the people" of the north for a transformed and efficient public service.

Speaking at the Legal Resources Centre in Pretoria yesterday, where she will continue as a director until she moves into her new job next month, Monama said she was looking forward to her new responsibilities.

Northern Province p[illegible] Ngoako Ramatlhodi en[illegible] Monama's appointmen[illegible] said the province was [illegible] nate to attract an admi[illegible] tor of her calibre. "She [illegible] with her a wealth of [illegible] ence in the legal and a[illegible] istrative fields that wil[illegible] efit the province's de[illegible] ment," he said.

Monama replaces

Western Cape wheat farmers 'are vulnerable to collapse'

11DL 09BD 16/11/98

Louise Cook

(3) WHEAT

LAND and Agriculture Minister Derek Hanekom yesterday defended government's decision to set a tariff on imported wheat, warning that wheat farmers in the Western Cape were particularly vulnerable to collapse.

He said despite possible price increases in the short term, consumers would benefit if tariffs were introduced "at the right time".

The minister, speaking at the SA Futures Exchange (Safex) launch of options contracts for maize yesterday, said SA could not compete with the "exorbitant" subsidies paid to European Union and US farmers and needed tariffs in appropriate instances.

He said the collapse of an industry had serious long-term implications and tariffs would be used to allow industries time for restructuring or phasing out. "In the long run this region (Western Cape) may not be competitive and we could see production shifts."

This year Western Cape wheat farmers, removed from inland markets, were paid about R400/t less for their wheat than last year when the system was controlled by the Wheat Board. Following the deregulation of the wheat industry and a recent drop in the international wheat price, the Board on Tariffs and Trade set a tariff on imported wheat on Wednesday. Millers warned this could push up the cost of bread 12c a loaf.

"The deregulation of agricultural markets has been completed very successfully — SA no longer has food prices set by government. It was a logical move and commodity costs are now determined by the market."

Wheat farmers now would use Safex to hedge their risk as maize farmers were doing. "My job has become easier than that of former farm ministers; I do not have to work out this year's maize or wheat prices."

Safex agricultural markets division GM Rod Blondin said Safex would offer the first options contracts on maize at the end of the month. This would offer buyers and sellers an option, which they could choose to exercise or otherwise, to obtain a floor price and a ceiling.

Govt's tariff adjustments to ensure sustainable growth

Government recently came under fire from wine and wheat industries after announcing a range of tariff adjustments. Themba Rubushe explains what prompted these changes

BD 23/1/98 ~~WINE~~ (3) WHEAT

THE recent adjustments by government of import tariffs over a range of goods — poultry, wheat and wheaten flour, and wine and alcoholic beverages — were made necessary by various factors.

In the past quantitative import control was used to protect agricultural and processed agricultural products. Following the Marrakesh Agreement of 1994 and government's new policy of phasing out import control, it was decided that where protection was justified, it had to be in the form of tariffs and these should never be higher than the level determined by the Marrakesh Agreement.

In the first phase of introducing tariffs on agricultural products, more than 900 lines had to be investigated. Protection was recommended according to the general guideline that customs duties should result in domestic production and consumption being more or less the same as was the situation under import control.

The next step is the development of customs tariff dispensations for the different agricultural industries which promote the optimal development of the industries. This acknowledges that sustainable growth requires improvement of the international competitiveness of, among others, agricultural industries.

The position on the wheat and wheat milling industry, wine and alcoholic beverage industry, and the poultry industry relative to deregulation and setting tariffs differs significantly.

□ Poultry. After the implementation of an amended tariff dispensation with respect to poultry meat and preparations thereof, the SA Poultry Association in July 1995 requested protection higher than 27% ad valorem on certain poultry cuts.

As a result, the trade and industry ministry asked the industry to set up a forum to identify factors making the industry uncompetitive and to develop strategies to address these factors in order to improve competitiveness.

The Poultry Forum was thus established in August 1995 to look at the future of the poultry industry and secure its long-term viability by reducing costs throughout the pipeline from producers to consumers in order to contribute to food security locally and greater competitiveness of the domestic poultry production generally.

The increase in duty on frozen chicken cuts from 27% ad valorem to 220c/kg came into effect on September 18 last year to protect the industry against imports of abnormally low priced frozen cuts. These were adversely affecting the local poultry industry and would, down the line, severely prejudice the growth and development of the industry.

Soon afterwards, the Board on Tariffs and Trade was notified that certain importers were instructing their suppliers to apply minimum quantities of seasoning to chicken portions in order to circumvent the payment of the higher duty applying to frozen chicken cuts. The 27% duty applicable to processed poultry was also adjusted to 220c/kg on January 8 this year to close the loophole.

□ Wheat and wheaten flour. In anticipation of the deregulation of the wheat industry, a tariff adjustment system was recommended during 1995. This recommendation was based on the assumption that statutory control of the Wheat Board would be abolished on November 1 1996 and thus the new system would replace import control and as a protective measure for the wheat industry. However, when it was decided to postpone by a year the existence of the board and statutory control over the industry, the board recommended a moratorium on applying the new system.

The moratorium was lifted in October last year, a month before the abolishment of all control.

On December 3 last year, the board was asked to recommend an increase in the rate of duty according to the approved system for adjustment in the customs duty on wheat and wheaten flour.

The adjusted duty, published on January 9, is 5c/kg for wheat and 50% ad valorem plus 5c/kg for wheaten flour. The system for determining tariff protection for these products was intended as a temporary measure for the industry to adjust to deregulation and international competition.

On December 19 last year, the board published its intention to investigate and revise the tariff system for wheat and wheaten flour and invited comments until the end of January. The aim of the probe is to arrive at a tariff dispensation which will promote the optimal development of the industry in harmony with government's general economic objectives.

□ Wine, Alcoholic Beverages. The investigation into the tariff dispensation regarding beverages, spirits and vinegar to replace quantitative import control with tariffs started in 1994. During this investigation, the considerable interaction between various role players, including the public sector, made it clear that they had widely diverging views on the level of protection the board should recommend. For example, duties as diverse as 31c/l and 324c/l on wine, and 41,7c/l and 1820c/l on sparkling wine were proposed by major role players.

The board had to find its way through this wide field of views before submitting its report to the ministers of agriculture, and of trade and industry. These were the recommendations which were implemented on January 8. Furthermore, the board's recommendation that import permits should be issued freely was accepted. This meant the quantities imported would no longer be limited through import control.

Since this was the first step in the process of introducing tariffs into the industry, it must be seen as a temporary measure.

The board stated in its report that an in-depth investigation should be conducted after a reasonable period in the light of the further development of the industry and the nature and degree of competition from imports.

□ *Rubushe is the department of trade and industry's director of communications.*

Lack of mandates stalls decision on wheat levy

(9) WHEAT BD 3/3/98

CAPE TOWN — Parliamentary approval for the first levy requested in terms of the new Marketing of Agricultural Products Act was stalled yesterday by a lack of provincial mandates.

The National Council of Provinces' agriculture committee was expected to have taken a decision on the urgent request by the wheat industry at its meeting yesterday, but several members said they did not have mandates.

There was no representative at the meeting from the Western Cape, which is a major wheat growing area.

Committee chairman Robert Nogumla said there had been none at a previous meeting either, when the levy was first discussed.

The industry has applied, through the National Agricultural Marketing Council (NAMC), for a R4,50 a ton levy on wheat to pay for research being done by universities on the production of the crop.

The NAMC says delays in granting the levy are costing the industry R500 000 a week and could lead to vital research projects being shut down.

The proposal has to be approved by Agriculture Minister Derek Hanekom and both houses of Parliament.

The National Assembly has given the go-ahead, and so has Hanekom.

According to briefing documents given to the committee, the chairman of the NAMC, Prof Eckart Kassier, disagreed with the majority of council members who supported the levy.

Kassier said that as there was consensus in the wheat industry on the introduction of levies, the levy should be voluntary. The committee is expected to meet again tomorrow to take a decision. — Sapa.

'No act of defiance by ministers'

DD 10/3/98

Vuyo Mvoko

CAPE TOWN — The standoff between National Council of Provinces chairman Terror Lekota and cabinet ministers who did not attend last week's council plenary was not a deliberate act of defiance on the part of the ministers, Lekota and leader of government business Steve Tshwete said in a joint statement yesterday.

The statement did not untangle the web of confusion triggered by Tshwete's assertion that the issue was resolved at a meeting on Sunday between himself, Lekota, speaker Frene Ginwala, deputy speaker Baleka Kgositsile, Constitutional Affairs Minister Valli Moosa and council deputy chairman Bulelani Ngcuka.

Lekota denied that such a meeting had taken place. Yesterday, when he was contacted to clarify aspects of the statement, he referred queries to Tshwete, who could not be reached.

It remained unclear whether the "urgent discussions", which the statement said took place over the weekend, could perhaps be referring to a meeting said to have taken place between Lekota and Moosa on Saturday. Moosa's spokesman would not confirm this beyond saying the minister felt that the issue was "sensitive". On Sunday he said the minister's view was that the impasse was not a constitutional crisis and would not affect tomorrow's budget announcement.

Education Minister Sbusiso Bengu, Justice Minister Dullah Omar, Constitutional Affairs Minister Valli Moosa and Housing Minister Sankie Mthembi-Mahanyele did not turn up at two council meetings last week where they were scheduled to answer questions on the Adjustments Appropriation Bill. Correctional Services Minister Sipo Mzimela had been hospitalised.

The statement said that "while it is true that these (last week's council) meetings had been scheduled since last year", an "impression" had been created that the council was not sitting because National Assembly members were away doing constituency work. The ministers had moved to Pretoria and had made "other official arrangements which were difficult to cancel at short notice.

"We emphasise that we continue to believe in the integrity and good faith of cabinet and do not believe there was a deliberate intention on the part of ministers to undermine the council or the constitution."

The statement said "tighter co-ordination" would from now on take place to ensure that such incidents did not happen again.

A joint programming committee of the two houses of Parliament would be called tomorrow "to ensure better communication and co-ordination between cabinet and Parliament and to ensure that both bodies are able to fulfil their constitutional obligations and responsibilities".

The statement said it was further resolved that in future there would be no constituency work when the council was having its plenary week.

Wheat levy not welcomed by all parties

DD 10/3/98 (3) WHEAT

Wyndham Hartley

CAPE TOWN — The first levy on an agricultural product in the new order was approved yesterday when the National Council of Provinces agriculture committee said yes to a levy on wheat for the funding of research.

The levy, calculated at R4,50 a ton of milled wheat, and which has been given the green light by consumer and producer lobbies within the wheat forum, is not expected to affect the price of bread as it amounts to a very small increase in the production cost.

However, organised business and opposition parties have expressed disquiet at the introduction of a levy on an agricultural product.

Ben van Rensburg of the SA Chamber of Business said he was unhappy with the principle behind levies, which were always passed on to the consumer. Piet Gous, Freedom Front MP and head of the Free State Agricultural Union, said the levy would be passed on to the consumer, regardless of its size.

The suspicion surrounding the principle of levies was demonstrated when the committee insisted on approving the levy only for this year. The committee was firm that if the wheat forum wanted to renew it with the new crop, it would have to apply again later this year.

Committee chairman Robert Nogumla said he had asked those interested in applying for levies to brief members of Parliament before making applications.

Gous said levies were divisive and anticipated that applications for levies on wool and meat would be problematic.

He criticised the Western Cape delegates to the council's committee for failing to attend any of the meetings.

DD 10/3/98

Wheat farmers call for higher import tariffs

Louise Cook (3) WHEAT BD 14/4/98

LOCAL wheat farmers want higher import tariffs because they say local wheat is not being sold.

The tariff rose last week to R105 a ton from R50 a ton, the second increase this season, following further declines in the price of Argentinian wheat.

Winter Grain Producers' Organisation GM Nico Hawkens said at the weekend about 600 000 tons of locally produced wheat was stored in silos and it had to be sold before the new crop was harvested in November.

However, millers claimed that since this year's free market and the demise of the Wheat Board, there was a lack of information on the different types and grades of SA wheat available. National Chamber of Millers spokesman Hilton Zunkel said because the Wheat Board's grading system no longer existed, purchasing local wheat was complex.

Farmers were asked to have their product tested by the Council for Scientific and Industrial Research to facilitate more interest in local wheat.

The Star ... Monday May 4 1998

Bakers taking a bigger slice out of your loaf

Star 4/5/98 (3) WHEAT (2) 128

The price keeps going up, the weight is coming down, and there's a world surplus of wheat anyway

By Melanie-Ann Feris

Bread prices around the country have increased dramatically over the past few weeks, but loaves are continuing to fall below the required weight standards, the Wheat Producers' Organisation claimed yesterday.

Helgaard Claasen, chairman of the Free State WPO, said research done in the Free State and the Western Cape had shown that many retailers had increased their prices by up to 40c a loaf.

Consumers are paying more than R3 for a loaf in certain places.

Most loaves weighed by the WPO have fallen well short of the 800g stipulation, in most cases between 710 and 730g a loaf, Claasen added.

A survey done by The Star last year showed that while the weight of a loaf of bread had decreased steadily over the years, consumers were being burdened with regular price increases.

In 1938 a 908g loaf of bread cost just 6 cents, in 1961 the weight dropped to 900g for 9 cents, and in 1985 it dropped a further 50g to 850g for 65c.

By 1990 a loaf weighed 850g at a cost of R1,20; a year later an 800g loaf cost R1,27; and by 1995 the price had risen to R2,27 for an 800g loaf.

Last year bread rose on average to about R2,83 for a 680g loaf.

"There is no bread regulatory body, so shops and bakeries can sell it at any price they want. Consumers are being cheated," Claasen said.

He also said that because the WPO had no power to put the brakes on bread price increases, they were encouraging consumers to demand that loaves of bread be weighed before being purchased.

The fear is that if bread prices increase any further, consumers will look to other, cheaper substitutes such as mealie meal or rice.

A source of irritation for wheat producers, Claasen said, was that they were getting the same price for wheat as two years ago, so the increases could not be blamed on rising producer prices.

The WPO said low wheat prices worldwide were the result of millions of tons of excess wheat.

In South Africa alone there was a 450 000-ton wheat excess, which had contributed to a worldwide excess of 129 million tons.

Star survey finds loaves now heavier, more pricey

Star 7/5/98 (3) WHEAT

By Gasant Abarder

A new survey conducted by The Star on the price and weight of bread has found that, while supermarkets and bakeries have increased the weight of their loaves, the 800g standard is still not maintained despite steep price hikes.

Research conducted by The Star in October last year found that loaves from various supermarkets and large bakeries were well below the prescribed 800g.

Supermarket chains were contacted and the management of many outlets gave assurances that steps would be taken to increase the weight of loaves.

In a comparative study this week, The Star bought six different brands of brown and white breads and put the outlets' promises to the test.

The 12 loaves of bread looked identical in size but varied in weight.

Since th[illegible] last survey, Spar has increase[illegible] f by about 60g, with a price increa[illegible] of 25c.

The Woolworths loaf, which in the last survey was the best buy with a weight of 800g, now weighs 820g, with a 80c increase.

Shoprite has achieved a 40g weight increase but has added 23c to the price.

Blue Ribbon has brought its loaf up to the 800g standard but its price has increased by 40c.

The weight of Albany loaves has decreased from an underweight 760g to 720g – but they are 46c cheaper, and the bakery has standardised the price of brown and white loaves.

Sasko takes honours with 800g bread at only 11c more

Sasko seemed to be the pick of the bunch with an 800g loaf, up from 780g, and a price increase of only 11c.

National Consumer Forum spokesman [illegible]libeth Moolman said there was [illegible] price control on bread: "It's a free market because there is a great variety of breads. [illegible] is up to the consumer to be alert and not [illegible] get ripped off, by checking th[illegible] weight or even weighing loaves when they buy. Scales should be [illegible] every store, but at spaza shops they may be too expensive."

The South African Chamber of Baking's Peter Cownie said the chamber had requested the Government to drop the standard bread weight from 800g to 700g.

"The Department of Trade and Industry has agreed to publish the recommendation in the *Government Gazette* for public opinion.

"We are waiting for this to happen," he said.

Cownie said the move would be a levelling of the playing fields, as larger bakeries were having to compete with smaller ones that were producing underweight loaves.

"A 700g loaf of bread can be baked to look exactly like an 800g loaf," Cownie added.

Moolman agreed with Cownie's sentiments, saying the bigger bakeries had been "the good guys".

"They were conforming to the 800g standard while everybody else was producing 700g loaves. But consumers should now rather choose a brand they like and stick to it so that they get value for money," she said.

► **Be part of the upper crust**
Page 14

ARE YOU GETTING VALUE FOR YOUR DOUGH?

Supplier (Weight, Price)	Bread: White	Bread: Brown
Woolworths	(2) 820g R3,49	(2) 820g R3,49
SPAR	780g R2,85	760g R2,55
Shoprite/Checkers	740g R2,96	780g R2,49
Blue Ribbon	(3) 800g R3,30	760g R3,00
Sasko	(1) 800g R2,96	(3) 780g R2,49
Albany	720g R2,49	(1) 800g R2,49

Bakeries feel the heat as loaves found to be underweight

Star 8/5/98 ~~(186)~~ ~~(244)~~ (3) WHEAT

By Gasant Abarder

The SA Bureau of Standards, spurred by reports in The Star that underweight bread loaves were being sold to the public, yesterday checked on three bakeries and supermarkets in central Johannesburg – and only one outlet fully passed the test.

The offenders were told to sell the underweight bread at reduced prices.

SABS spokesman Erno Botes said the bread sold at the OK in Eloff Street met the 800g weight requirement. But the Fontana KwikSpar in Jeppe Street met the grade on white bread only. Loaves of brown bread were underweight by about 50g.

The Butterfields Bread outlet on the corner of Bree and Joubert streets was selling both white and brown loaves weighing between 625 and 641g.

André van Dalen of the SABS said that although the branch had baked dozens of loaves, the manager had been told that legal steps could be taken if that batch were sold at the usual price.

Van Dalen was pleased with OK, and found similar results at an OK branch in Silverton, Pretoria. He added that the OK bakers used 900g of dough to reach the 800g standard.

The Butterfields outlet in East Lynne, Pretoria, showed almost identical results to its Johannesburg branch.

Van Dalen said moisture had to be considered when bread was tested. Oven-fresh bread would have a higher moisture content and weigh more. He said bakery bread could also lose weight during delivery.

Tests would continue in the coming weeks, Botes warned.

Seven in 10 bakeries selling underweight loaves

(3) WHEAT

By Gasant Abarder

Almost seven out of 10 bakeries and supermarkets are cheating consumers by selling underweight bread loaves, the South African Bureau of Standards has discovered.

"A countrywide survey conducted during the past week revealed many bakeries are still supplying under-mass bread to consumers," SABS president Eugene Julies said yesterday.

The SABS undertook the national test after a survey by The Star found local supermarkets and bakeries in Johannesburg were selling underweight bread loaves. Trade metrology inspectors visited 72 bakeries nationwide and found 50 did not comply with the standard of 760g to 880g per loaf of bread, as required by the Trade Metrology Act.

"Some bread has the appearance of an 800g loaf and weighs only between 500g and 700g. Consumers should not be fooled into thinking it is an 800g loaf," Julies said.

Light breads, or 400g loaves, are required to weigh between 380g and 440g.

"I intend to take a hard line on all contraventions. This will include legal action against offenders."

Among several bakeries commended by the SABS was the OK in Eloff Street.

Lillibeth Moolman of the National Consumer Forum said: "The results are of serious concern to us. Shoppers are paying for bread they are not getting.

"Also, there are not nearly enough inspectors to enforce the R1 000 fines for selling underweight bread loaves.

"Consumers," she suggested, "should weigh the bread they buy and inform the SABS of defaulting bakeries."

EU aid to exporters hits Langeberg's results

Louise Cook

(3) VEU

SUPPORT for European Union exports and the uneven competition that this created for food and vegetable processor Langeberg was the main reason for its continued poor results, analysts said at the weekend.

Langeberg's headline earnings fell 40% to R15,3m in the six months to March. Turnover rose 7,6% to R603,6m. Operating income fell by 35,4% to R36,5m. No interim dividend was declared.

SA's R1bn-a-year canning industry has been under pressure as a result of the phasing out of government's export incentive scheme (Geis) in recent years.

Last week, parliamentary hearings discussed government incentives for local exporters, but indications were that stakeholders in secondary agricultural products, like food processing, might not benefit as much as manufacturers from government's Export and Marketing Industrial Assistance which replaced Geis.

Langeberg MD Andries van Rensburg said other reasons for the company's dismal results included pressure on local volumes and resultant high overheads. Prices on international market, which took up 35% of Langeberg's production, were under pressure, mainly due to SA's disappointing deciduous fruit crop last year.

Nonetheless, export prices of SA canned fruit were likely to improve in the next six months due to European fruit crop production problems, he said.

BD 12/5/98

Bakers blasted over light loaves

(3) WHEAT

TWEET GAINSBOROUGH-WARING

Customers are getting a raw deal from many Western Cape bakeries which are supplying loaves lighter than the required 800g weight set for a standard loaf of bread.

The South African Bureau of Standards carried out a major survey of bakeries countrywide to establish whether they were complying with the standard weights set by the SABS. Offending bakeries supplying consumers less bread for the same price could face legal action.

SABS president Eugenie Julies said he believed consumer interests warranted the publication of the names of all the bakeries supplying under-weight bread.

"I also wish to state that, with regard to all compulsory standards upheld by the SABS, I intend taking a hard line on all contraventions negatively affecting consumers.

"This will include instituting legal action against the offender where necessary."

Nine bakeries in the Western Cape have been supplying loaves up to 180g lighter than the required weight. According to the SABS they are: Sasko, Enterprise Bakery (Cape Town), Sasko (Claremont), Duens, (Epping), Superior Bakery (Airport Industria), Something Nice (Eerste Rivier), Beverley Bakery (Eerste Rivier), Friendly Grocer (Goodwood), Seven Eleven (Eerste Rivier) and Belrise Bakery (Belhar).

ARG 16/5/98

Warning of wheat decline

WHEAT BD 5/6/98

Louise C

WHEAT farming in SA could see drastic cutbacks as increased cheaper imports take their toll on local production, the Winter Grain Producer Organisation warned yesterday.

The warning follows the release by the SA Grain Information Service (Sagis) that carry-over stocks from last season now totalled at least 800 000 tons as result of excessive imports. The latest figure is sharply up on the April surplus of 600 000 tons farmers were hoping to sell before the new season started in November.

Recent figures released by Sagis indicate that about 338 000 tons of wheat have been imported despite large available stocks of local wheat.

Winter Grain Producers' Organisation chairman Andries Beyers said yesterday owing to the current troubled state of the industry, farmers in the Free State would plant about 30% less wheat than in previous years. In the western and southern Cape, plantings have declined considerably.

"Producers have switched to crops like lupins, kanola and feed crops," he said.

SA needed about 2,4-million tons of wheat for domestic consumption, but sources in the milling industry said despite the R105/ton tariff on imports this year, imports remained more economical in the northern parts of the country where co-operatives were holding out for prices higher than import parity.

Prices this season were also much lower than in previous years.

The millers who imported the wheat were not available for comment yesterday.

'Roo meat leaps onto SA market

3 MEAT

MELANIE GOSLING
ENVIRONMENT WRITER

CT 18/6/98

KANGAROO meat has bounced onto the South African market — and you have probably already eaten it in your local burgers, polony or wors.

If you're shuddering at the thought, you can rest assured it is leaner, with less fat and cholestrol than beef. And that's official.

A city company, Gaertner Importers Pty Ltd, imported 20 tons of 'roo meat from Australia four weeks ago, and now has orders for another 100 tons.

"It's guaranteed to put a spring in your step," said managing director Patrick Gaertner.

He said kangaroo is served in Australian restaurants as steaks or stews, but in South Africa it has only been used in processed meat.

"It's got a slightly gamey flavour. I've also eaten it in sausage and couldn't pick up the taste."

How had South Africans responded? "A lot of people are horrified. You know — I'm the bad guy killing poor Skippie.

"But there's been a lot of interest too. It's used for meat products, like sausage, burgers and polonies. It has bright yellow stickers saying 'kangaroo meat', so buyers know what they're getting."

Willem Pretorius of PB Meat wholesalers in Maitland said several of his customers had bought a box or two of 'roo meat to test, and he has one local butcher who has been buying a ton a week.

CARTONS OF KANGA: City wholesaler Willem Pretorius sells kangaroo meat to makers of burgers, polony and wors. ***PICTURE: KIM LUDBROOK***

"We sell it at R8,90 a kilogram, so it's cheap, and it has less than one percent fat. I've put a little in my dried wors, and it tastes really nice," said Pretorius.

A Paarl farmer, who wanted to stay anonymous, said beef farmers were peeved to see the 'roo meat leap onto the market.

"Every kilo of foreign meat hurts us, and kangaroo meat is even cheaper than ostrich. How do we know it's hygienically slaughtered? It could have been shot in the wild and put on the back of a truck," he said.

Not so, said Dr Johan van Wyk of the Department of Agriculture's directorate of veterinerary public health.

"When we got requests to import, we sent one of our vets to inspect the abattoirs in Australia and we inspected the consignment in Cape Town and sent samples to our laboratories for testing. The bacterial counts were much lower than beef or other domestic meat."

CRACK of DAWN

"Good grief! There must be kangaroo in that sausage!"

Request tests new marketing legislation

Wheat groups seek levy to fund research

CT (BR) 24/6/98 (3) WHEAT

Ann Crotty

Johannesburg — Producer groups in the wheat industry have requested the introduction of a R4,50 a ton levy to fund research and information services for the industry.

If approved, this would be the first mass consumer product to receive such approval under the new marketing legislation.

Eckart Kassier, the chairman of the National Agricultural Marketing Council (NAMC), yesterday said Derek Hanekom, the minister of agriculture and land affairs, had received a request from certain affected groups in the winter cereals industry. These groups wanted the introduction and promulgation of statutory measures for levies to be paid by buyers of wheat, barley and oats.

Applications for levies were to be expected from farming sectors left with no money

The Agricultural Marketing Act makes provision for statutory intervention, but the process of approving requests for levies and other intervention involves extensive reference to a wide range of parties that might be affected, including labour and consumers.

Hanekom has asked the NAMC to investigate the possible implementation of the relevant statutory measures and to report back to him within 60 days.

So far the only approval that has been granted by Hanekom was for applications for levies on sorghum and cotton.

Earlier this year the Outspan-supported Citrus Growers' Association said it would be applying for a continuation of much of the statutory intervention that Outspan had enjoyed under the previous legislative system.

However, opposition from independent producers in the industry and a number of other affected groups led to the withdrawal of the application.

Commenting on the request from the wheat industry, Kassier said yesterday this marked the beginning of a long and difficult process.

"The NAMC must now conduct its own investigation into the merits of the application, which will involve reviewing input from all the directly affected groups."

The NAMC will make its recommendation to Hanekom. They must then be presented to the two portfolio committees of the houses of parliament, which have 30 days to respond to the minister.

Kassier said that applications for levies were to be expected from industry sectors that had been left with no money after the transition to the new marketing legislation.

"Some of the old boards, such as the mohair board, ended up with money in reserves which was subsequently transferred into trusts and earmarked for research and development, but a lot of boards ended up with very small financial resources."

Industry analysts said the fact that so few requests for statutory intervention had been approved was a strong indication of the new government's disapproval of such measures.

SADC countries face wheat shortfall

(3) WHEAT (27/4)

HARARE — The Southern African Development Community (SADC) may have to import 1,35-million tons of wheat in 1998/99 after a 20% fall in output, a regional food unit said yesterday.

"Regional production of the (April-May) winter wheat crop is currently forecast at 2,20-million tons, 20% below last season's output of 2,77-million," the SADC Regional Early Warning Unit said in a report for the quarter to June.

Production is expected to decline 30% to 1,75-million tons in SA and 17% to 250 000 tons in Zimbabwe, where industry officials say domestic consumption averages between 320 00 and 350 000 tons a year.

In July Zimbabwe signed a $10m loan agreement with the US to import 65 000 tons of high-protein wheat between September and December for blending with local grain. BD 14/8/98

Officials say Zimbabwe needs to import other wheat types to enhance the local quality, which is not ideal for bread making.

The SADC early warning unit, which is based in Harare, said Lesotho faced a wheat shortfall of 33 600 tons with production forecast to crash by 70% due to a shortage of irrigation water for the winter crop. However, it forecast increased output in Tanzania, Zambia and Malawi.

The SADC is made up of Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia, Zimbabwe, the Democratic Republic of Congo and Seychelles, but the last two, which joined the 18-year-old economic grouping only last year, are not included in the food security report. — Reuters.

Knives out on handling of 'roo meat

(3) MEAT

South Africa imports about 100 tons of kangaroo meat a month which goes into processed meat.

Animal rights activists say kangaroo hunting is inhumane and we should withdraw from the trade

Star 18/8/98

By Melanie Gosling
Cape Town

Deep in the Australian outback, a spotlight scans the bush, searching for kangaroos. "There's one, looks like a doe."

A shot rings out and it falls to the ground. Greg Eichner, sheep farmer and part-time kangaroo hunter, looks like a real-life "Croc Dundee", wide-brimmed leather hat with a hand-rolled smoke between his lips.

He walks over to the dead animal and reaches into her pouch. He pulls out a wriggling joey, pink and hairless, and drops it to the ground.

"Better switch yer camera off," he says, and then crushes the tiny animal's head with the heel of his boot.

The adults are hung from hooks on the back of the truck, some still kicking. By the end of the evening, they've shot about a dozen, but Eichner says the night's takings are so low, they're "shocking".

"Shoulda loaded up three times by now. On a good night when they're running, with two blokes shootin', we get about 100. With one bloke shootin', about 60. My best night I got 99," he said.

Later in the video, Eichner bends over another "kangaroo" he has shot, and mutters: "This one's no good. He's a wallaby."

He pulls a fairly big joey out of its pouch, says it's old enough to live on its own. As it bounds off into the night, two foxes break cover and dash after it. No one will know if it survived or not as it vanishes beyond the spotlight into the night.

Later, Eichner shoots the wrong species of kangaroo.

He looks down at it and says: "They're protected these, but yer don't know, see."

After the International Fund for Animal Welfare (IFAW) screened this undercover video in Britain, it aroused sufficient public anger to cause two supermarket chains, Tescos and Somerfield, to withdraw from the kangaroo meat trade. Now animal rights activists in South Africa are saying local importers should do the same.

Louise van der Merwe, editor of Animal Voice, says about two million females are shot every year. "They usually have two joeys each, one in the pouch and one at foot. They're both dependent on her and if she's shot they die. That means about four million joeys die a year so that some people can eat cheap meat," Van der Merwe said.

Sally Wilson, the Australian representative of IFAW, said the video showed "inaccurate shooting, killing of the wrong species, cruelty to joeys and a general disregard for wildlife", and believes the trade should stop.

But Patrick Gaertner of Gaertner Importers, the city company that brings the 'roo meat into South Africa, disagrees. He said before he started importing, he asked the Department of Agriculture to inspect the kangaroo industry in Australia.

They had done so and allowed the 'roo meat to be imported from specific abattoirs only, which were hunted humanely. "We buy from operators that hunt under strict controls. The public must be careful not to let their emotions run away. Tescos' decision to opt out of the kangaroo market was based on public emotion, but many other UK chains, like Sainsbury's, still sell it," he said.

A Department of Agriculture spokesperson said they had been satisfied that the Australian operators SA imported from killed the animals hygienically and humanely.

Millers concerned over agreement

BD 17/9/98

THE Southern African Millers' Federation warned yesterday that European Union (EU) action to include wheat flour and other Common Agricultural Policy beneficiary products in a planned Free Trade Agreement could "wipe out the entire flour-milling industry" in southern Africa.

(3) WHEAT (486)

Final negotiations on an agreement started in Brussels yesterday and are due to end tomorrow. Any agreement would be subject to ratification by the EU's 15 member states.

Rising costs eat into maize farmers' profits

3 MAIZE BD 21/9/98

Louise Cook

ADVERSE economic factors, such as the lower rand and higher interest rates, could wipe out maize farming profits in the new season.

National Maize Producers' Organisation (Nampo) director Kit le Clus said on Friday production costs were expected to increase 17% this summer following price hikes of 24% on machinery, combined with higher prices for chemicals, fertiliser and diesel fuel.

Agricultural economist and National Agricultural Marketing Council member Johan Willemse said it was ironical, but only a drought could save farmers. A drought would create shortages and push up prices, as was the case four years ago when maize prices spiralled to more than R1 000/ton.

Banks confirmed that higher production costs pushed up the amount of credit farmers required for growing crops this summer. This came at a time when credit itself was at its most ex-

Continued on Page 2

Maize

3 MAIZE

Continued from Page 1

BD 21/9/98

pensive level in years.

In addition improved profits, which normally should have been derived from exports following the lower rand, were not likely to be significant. International maize prices were the lowest in 20 years and world demand for maize had slumped.

Nampo said the low global maize prices — $90/ton for grade three yellow — were partly a result of the recent turmoil in Asian markets and the Russian crisis. The lower demand recently resulted in several countries postponing import orders, anticipating even lower prices.

Le Clus said even white maize, farmers' favoured crop this summer according to a survey of the National Crop Estimates Committee, was affected. "The premium of 35% for white maize has dropped to 7%."

The survey found farmers were not planning to plant less maize, but were keen to switch from yellow maize to grow more white maize than last year. SA was one of the world's few white maize producers and normally received more for its exports than the US where the maize is artificially dried.

Nampo said if the new season delivered a crop of 7-million tons, farmers would have to earn between R740/ton and R780/ton to break even. On Friday, maize futures prices on the SA Futures Exchange agricultural division were well below those levels.

Louise Cook (3 WHEAT)

Wheat crop prospects looking even worse

BD 28/9/98

SA's wheat crop prospects have deteriorated further with indications that the Western Cape has been affected by the same erratic rainfall pattern that hit the rest of the country's wheat-growing regions.

Farmers said prices had already started to rise as the poor crop became evident over the past few weeks.

The National Crop Estimates Committee's first report, which came out earlier this week, suggested that the crop would be generally poor this year, but indicated that the Western Cape would not be as badly affected. About a quarter of the country's wheat is produced in the region.

However Winter Grain Producers' Organisation chairman WT Myburgh disagreed with the committee's estimate that Western Cape farmers would harvest 4% more wheat than last year.

"That is impossible. There was a good crop only until the beginning of the month, but in northern districts like Vredenburg and Darling, several districts in the south and the Swartland, there has just not been any rain.

"In central parts of the Swartland the crop can still bounce back if it rains now and provided we have enough follow-up rain, but the crop will not get to last year's."

According to the estimates committee, the harvest would be smaller in all other production areas after farmers reduced the land area under wheat by nearly half due to expectations of drought. Only 748 000ha was planted to wheat this year, leaving the likely crop about 51% smaller than last year in the Free State and 37% down in the Northern Cape.

Between 650 000 and 850 000 tons of wheat remains in storage from last year, although buyers and millers are free to import irrespective of local supplies due to the scrapping of controls.

Myburgh said the weak rand boosted farmers' income in the Western Cape, with most offered at least R100/t more than last year, despite global grain prices being at their lowest level in years.

Move to lift quality of SA's daily bread

CAROL CAMPBELL ③ WHEAT

ARG 21/9/98

South African consumers could soon be buying bread labelled to tell them that the wheat used in the baking was grown in South Africa and is of a certain quality.

Cape Grain, an organisation representing the 10 wheat producing co-ops in the Western Cape, has launched six trademark labels which will be used to grade the wheat sold to millers.

Negotiations to carry the quality control over to retailers have already begun and Adriaan Snyman, managing director of Cape Grain, said the group's aim was to have consumers asking shopkeepers for bread baked with local wheat.

"We need only to think of well-known trademarks – such as those for Mercedes Benz, IBM, Coca-Cola and Shel–l to know they guarantee quality and service. We hope consumers will come to have the same positive association when they hear the brand Cape Wheat."

CAPE GRAIN / CAPE WHEAT

"Cape Wheat" will not automatically mean the wheat bearing the label was grown in the Western Cape but rather that it is produced in South Africa and marketed through Cape Grain, where it is subjected to rigorous quality checks.

Local millers welcomed the move, saying it would save them money and enable them to buy high protein wheat, which produces more loaves from the same quantity of flour.

The gradings would not impact on the price of bread, Mr Snyman said.

"A consumer cannot taste the difference between good quality and poor wheat but the nutritional value is not the same. High-protein bread has a far better nutritional value."

This meant that school feeding schemes, which are major buyers of bread, could specify to bakers that they want loaves made with high protein wheat.

"Ultimately its all about giving the South African consumer a choice," said Mr Snyman.

West Cape wheat disaster looms

③ WHEAT ARG 21/9/98

CAROL CAMPBELL
SPECIAL WRITER

Drought is destroying the livelihood of thousands of Swartland farm labourers, who are expected to begin leaving the land with their families to look for work in Cape Town.

For the second year running, the Swartland wheat crop has been a disaster – and at least 80% of the region's farmers could be facing bankruptcy. Many don't know if they will be able to continue farming. Their financial predicament has jeopardised the future of their workers, who rely on the farmers for housing and feeding their families. Many farms also have schools.

Armand le Roux, spokesman for Western Cape Agriculture Minister Lampie Fick, said the minister was monitoring the weather situation on a daily basis.

"At this stage, rain could still save a fair portion of the crop. If rain does not come in the next five to 10 days we will reassess the situation."

Farmers in the Swartland said severe damage had already been done and even good rains now would be too late.

The wheat disaster has been made worse by South Africa's move to a free-market economy as local millers are importing cheap wheat instead of being forced to buy from local producers.

The high bank interest rates are also adding to the farmers' growing debt.

The average wheat farmer runs up debt of R500 000 to R1-million every year, which he then recoups with a good crop.

Koos Bester, whose family has farmed near Moorreesburg for generations, said he had lost between 30% and 50% of his crop.

"We've had 1mm of rain over the weekend, and we need at least 25mm.

"It's really just wetting the top layer of soil, and we need some solid rain. We have hard years ahead."

Kosie Smuts, owner of the Klipfontein farm in the Moorreesburg district, said his father, Bool, (a nephew of former prime minister Jan Smuts) could not remember two bad years back-to-back in the Swartland.

Darling farmer John Duckitt said he had lost a quarter of his crop so far.

Weather outlook today for the Swartland? Light rain's possible – but it's almost certainly too little, too late.

SA expects to import extra wheat

(3) WHEAT

SA WAS looking to import about 500 000 tons of wheat this season after local plantings of the grain were slashed, wheat millers and growers said yesterday.

"We are definitely going to import substantial quantities of wheat. It is nothing new because we are usually net importers, but this time we will be importing more than usual," said Jannie de Villiers of the National Chamber of Milling.

He said SA usually imported 300 000 tons of wheat, but would import up to 500 000 tons this season to meet the markets needs.

SA's National Crop Estimates Committee said last month it estimated the country would produce 1,5-million tons of wheat in the 1998/1999 season compared to 2,3-million tons the previous season.

The Winter Grain Producers Organisation's Nico Hawkins said the body was pushing hard for a review of the tariff system on imported wheat to curb the move away from South African to cheaper foreign wheat.

BD 12/11/98

Hawkins said farmers were abandoning the crop because of low prices and adverse growing conditions at the planting stage in the Free State province.

The December futures contract has fallen sharply from a high of R1 075 a ton on September 10 to R940 a ton by November 11.

"If next season is looking anything like this then even more farmers are going to scale back on growing wheat and the size of the wheat crop will come down even further.

"It is looking very bleak," Hawkins said.

He said there was no reason for millers to import as much wheat as they were because there was a carryover of a million tons from the previous season, although he conceded that the quality might not be too good.

Hawkins said the producers' body was pushing the government's board of trade and tariffs to set protection levels in dollars at the port of export instead of the free-on-board price in rands at South African ports, which did not take into consideration recent fluctuations in the rand/dollar exchange rate.

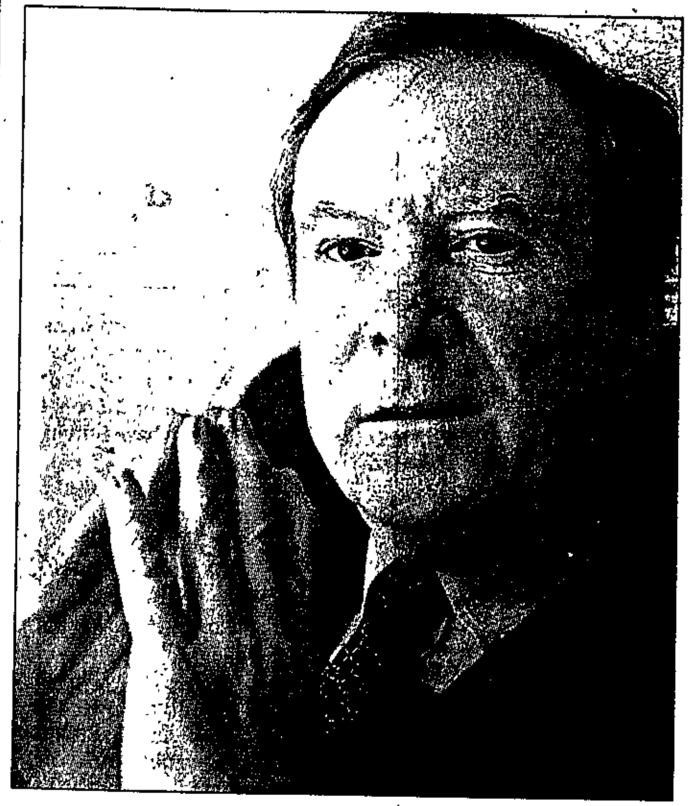
De Villiers said local milling companies had laid off more than 300 workers and mothballed at least four plants as some southern African countries closed their borders and raised tariffs on SA wheaten flour imports.

"Borders are closed to our flour. We have lost huge exports," De Villiers said. The export market had shrunk to 25 000 tons from 150 000 tons a year.

He said the war in the Congo had also affected exports to one of the millers' bigger clients.

"We had markets there and buyers systems, but now with the war there are logistical problems and we cannot get our flour in there," De Villiers said.

He said bakers were also producing lighter loaves than the usual 800g loaves and this meant a smaller volume was needed from the mills, putting further pressure on flour volumes. — Reuter.



JOBS AT STAKE *Pierre Brooks calls the case interesting because a small venture appears to be hamstrung by a major player*

Competition Board enters milling fray

(3) WHEAT

Roy Cokayne

Pretoria — The Competition Board had launched an investigation to determine whether a restraint of trade clause in a sale agreement for the Eastern Cape milling operations of Premier Food Industries constituted a restrictive practice, Pierre Brooks, the chairman of the board, said last week.

The agreement was between Premier Food Industries and entrepreneur Bruce Spanjaard in his capacity as a trustee for a company that was in the process of being established.

Premier was part of the Premier Group before it was sold and incorporated into General Food Industries (Genfood), the Pretoria-based milling company.

Brooks said the Premier Group, in the process of unbundling, had closed down and sold to Spanjaard the land and assets of certain milling operations in the Eastern Cape. He said the sale agreement included a restraint of trade involving maize and wheat milling.

Brooks said Premier Foods Industries was subsequently sold to Genfood, which took over the rights and obligations in relation to the land and assets sold to Spanjaard.

He said the new owners wanted to start up a business, possibly for milling, which would create a few jobs in an economically depressed area.

But Brooks said the new owners had approached the Competition Board about the restraint of trade clause in the sale agreement.

He said it was an interesting case because it involved a small company that was trying to move into the milling industry to create jobs, but was prevented from doing so by a major player in the industry.

Genfood's spokesman refused to comment as the legal dispute is in progress.

AGRICULTURE - WHEAT

1999

Avgold

	Dec Quarter	Sep Quarter	% change
Production (kg)	5 656	5 054	12
Revenue (R/kg)	57 928	59 852	-3
Cash cost (R/kg)	44 335	50 244	-12
Profit (Rm)	19	-6	417
Eps (c)	5	-1	600

SA milling industry under threat from new tariffs

WHEAT

Louise Cook

PRETORIA — Proposals by the Board on Tariffs and Trade on a new tariff structure for imported flour could wipe out SA's R4bn a year milling industry as well as the milling sectors of Southern African Development Community (SADC) countries, says the National Chamber of Milling.

This was revealed after a special investigation into the EU's Common Agricultural Policy, the chamber said. The investigation by some of Europe's top former milling executives backed by the EU's official journals showed that on the face of it, the EU was reducing subsidies on wheat and flour but in reality could raise them in terms of hidden clauses negotiated with the World Trade Organisation.

National Chamber of Milling CEO Jannie de Villiers said if the board ignored the findings of the investigation it would be "disastrous" for SA and other SADC countries who had none of these cushions and had greater transport and financing costs. "It is not the fact that the board wants to downphase the tariff to zero and set up antidumping and countervailing duties that is of concern, but their pace of tariff reduction compared to that of the EU is far too fast for a developing region like SADC."

"The EU's tariffs on imported flour and wheat are far higher than those of SA. In addition, there is a system of roll-over subsidies that only came to light from our investigation. The EU can fall back on the roll-overs system and wipe out opposition at any time."

The EU's high tariffs and roll-over subsidy system coupled with an unrealistically rapid tariff reduction policy of smaller trade partners put EU member states in a position to play for time to stage "hostile take-overs" of third world markets.

An EU grain trade investigator warned in a report to the chamber: "The European milling industry retains sufficient margin in its internal sales revenue (domestic market) to survive on marginal costs for a considerable portion of its third country exports."

A source said the board planned to have the current 50% fixed tariff on imported flour adjusted to a tariff equal to the tariff on imported wheat (which varies according to a formula linked to global prices), multiplied by 1,5 plus a percentage. The percentage would kick in at 40% and reduce to zero over five years.

SA's zero tariff on wheat and 50% on flour pales in significance to the EU's wheat tariff of 73% and 183% flour tariff.

The tariffs and trade board was not available for comment yesterday, but was believed to have its proposed new imported flour tariff structure ready for submission.

BD 28/1/99

US to help SA reform grain estimates body

(3) WHEAT

THE US agriculture department could play a key role in helping SA reform its controversial grains estimates body, the national agricultural marketing council said yesterday.

The national crop estimates committee compiles a monthly report on the acreage and production of SA's winter and summer crops using data from its members.

Players in the market have said the figures are inaccurate as they are compiled by a committee made up of producers and co-operatives with vested interests in grain prices.

The working group that will reform the committee met on Tuesday with representatives of the US agriculture department.

"Hopefully we will send people to the US and they will help us with information and maybe financially," said Eugene Brock of the government's agricultural marketing council.

SA was adapting to the switch in 1997 from a strictly regulated market for its soft commodities to a free market system. "It's all very new and we are still growing. We have got terrible growing pains, but it's exciting," Brock said.

The priority was to provide accurate and credible crop estimates with deviations of less than 5% and to ensure no party with a vested interest served on the committee. — Reuter.

BD 12/2/99

New tariff structure will omit duty-free wheat imports

Louise Cook

GOVERNMENT's long-awaited new tariff structure for wheat and flour took industry players by surprise yesterday when the tariff on wheat was set higher than expected.

The import tariff on wheat was set at R181/ton plus 25% from a zero tariff, a move likely to affect flour and bread prices, National Chamber of Milling executive director Jannie de Villiers said.

(3) WHEAT

De Villiers criticised a decision to reduce and phase out the existing ad valorem tariff on imported flour, saying it was a "great disappointment".

"Up to now, there has been a 50% tariff on imported flour but this was dropped to 40% with immediate effect following a probe by the Board on Tariffs and Trade.

"The new tariff on flour was R272/ton plus 40%, with the 40% being phased out over five years.

De Villiers said small millers in coastal areas would be particularly hard hit if subsidised flour was imported from the European Union (EU).

"The new tariff structure would also impact on flour mills within the customs union. The rebate for those countries puts the SA industry in an unfavourable competitive position."

At present very little flour was imported into SA because of the 50% duty. A spokesman for the milling chamber said the new tariff would change this.

De Villiers, backed by the Winter Grain Producers' Organisation, welcomed the higher tariff on wheat imports.

Before government's announcement, wheat was imported duty free.

"The increased level of protection to wheat farmers was necessary as there was no proper commitment on the part of the export countries of the world to cut down on subsidies," he said.

BD 15/4/99

"The 20% ad valorem duty on most flour-based products was also welcomed. This was necessary to prevent scams."

Government had lost millions of rands in duties due to false import documentation on poultry and other farm produce.

De Villiers said a survey by independent consultants showed that the SA milling industry was "extremely" competitive compared with the EU.

ARG 15/6/99 (3/ WHEAT

Cape wheat farmers fear crop disaster

June rains do little to calm producers' jitters over going under and out of business

TYRONE SEALE, PETER GOOSEN AND PHILIP NOLAN
STAFF REPORTERS

The first rains of June may go some way towards allaying Western Cape farmers' fears about the impact of recent hot and dry weather on next year's crop yields – but the situation is still dire.

Swartland wheat farmer John Duckett, of the Waylands farm in Darling, says the current drought in the Western Cape "will put many people under". The combination of four very hot, dry summers and last year's dry winter had left soil moisture levels critically low.

"I've been farming since 1976 and I've never seen it this bad," he said. "I looked at the soil in May and decided I wasn't even going to bother planting wheat. I planted feed for the animals instead, but I looked at it this morning and it's very poor. If I'd planted wheat, it would have been disastrous."

Mr Duckett, who has data on weather patterns going back a century, believes that there has been a fundamental shift in the West Coast climate, and this, coupled with the lowest wheat prices for 22 years, was playing havoc with the livelihoods of wheat growers.

Last week midday temperatures reached the mid-20s. Senior agriculture spokesmen emphasised that while these conditions were clearly not favourable, farming was not in crisis.

Pieter Haasbroek, agricultural meteorologist at the Research Institute for Wine and Vine at Nietvoorbij experimental farm, said so far this year maximum temperatures had been 1 to 3 deg C above normal. This was comparing temperatures and rainfall of the five months to May with long-term records, some going back 120 years.

He said this was a "very big" difference, unprecedented in 120 years. Minimum temperatures had been 1 to 2 deg C higher than expected.

In the past two months rainfall had ranged between 50% and normal.

In Malmesbury, Jannie Bruwer, agriculture advisor at WPK Co-op, said: "The situation is not critical, but the first rains will be very welcome.

"The wheat planted after the rains earlier this year is doing well and is a little more resistant, but we are worried that it is still so dry."

Peter Flower, the Cape Metropolitan Council's head of operations (water), said the water situation in Cape Town's storage dams was "not a happy one" but in the short term water restrictions were unlikely.

With May's rainfall being less than half the average in most places and June's rainfall getting off to a reluctant start, dam levels are showing the results.

The upper Steenbras is 57,14% full and the lower 33,69%. Wemmershoek is at 46,23%; Voelvlei 43% and Theewaterskloof 61,18%.

Mr Flower said with the less-than-average rainfall, dam levels were actually dropping instead of rising as they should during the winter rainfall season.

"There is no immediate problem, but if we have a short winter followed by the compounding effect of a long dry summer, then there will be problems."

Mr Flower said during the next two years water supply would be stretched to the limit until the new Skuifraam Dam on the upper Berg river was completed.

Speaking for the deciduous fruit industry, Fred Meintjies of Capespan said colder, wetter weather was needed to induce fruit trees to rest ahead of the blossoming season in spring.

"The conditions we are having at the moment are obviously not good. All growers would like rain, so that their dams fill up, and low temperatures will help the trees to rest.

"If you get unusually hot spells, the trees get confused and start the bud development too early.

"When this happens and the cold, wet weather comes when they are blossoming, the bees will be too lazy to do the pollination, and then you're in trouble."

However, he said, trees had been aided in recent weeks by low temperatures at night which helped to slow down bud development.

Mr Meintjies said consumers had nothing to fear at this stage.

"There is ample fruit around, and after all, we have had some of these conditions in previous years.

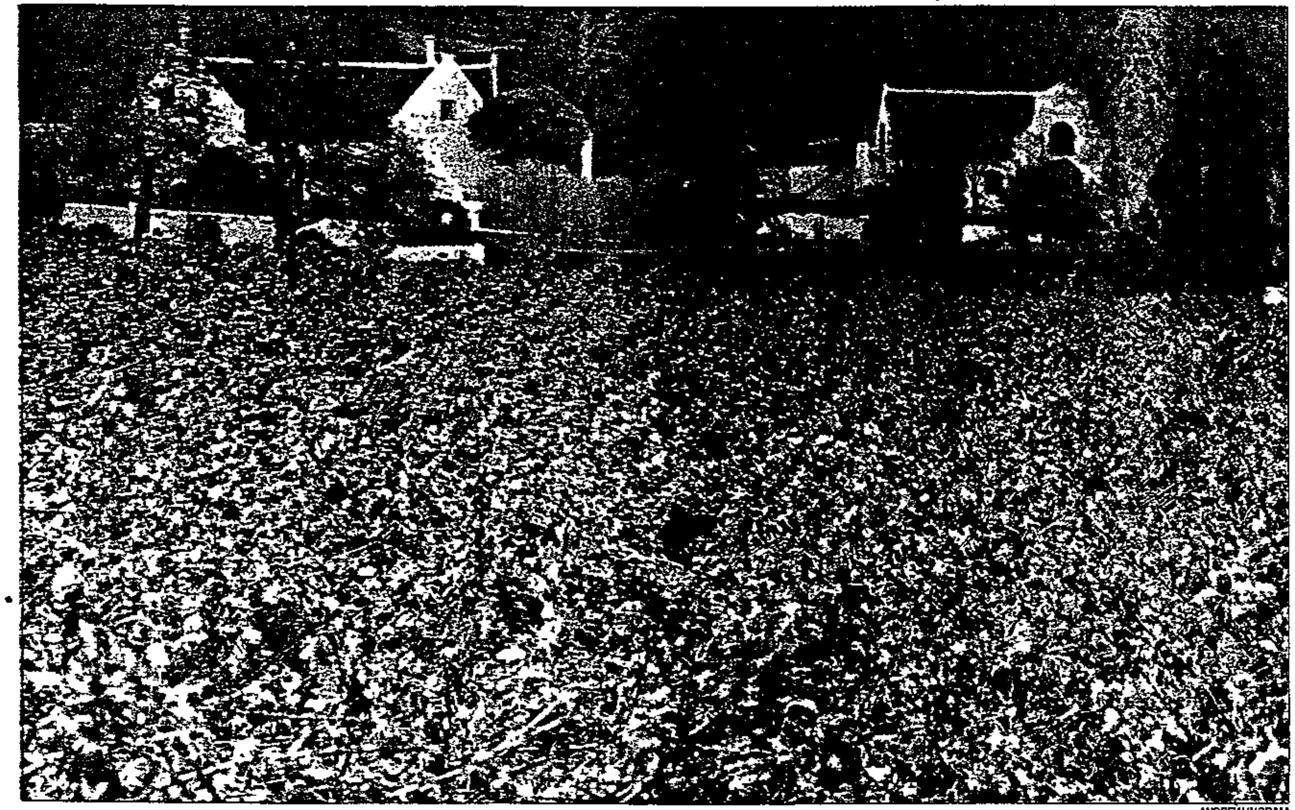
"All we want now is for the rains to get here finally so that dam levels rise."

Koos du Toit, the SA Agricultural Union's director of agriculture economics, said that in Pretoria, the first frost of winter had appeared just a few days ago – two months later than normal.

But above-normal rains in April and May had taken care of some of the concerns of farmers in the country's summer rainfall regions.

"The situation in farming in general isn't critical, but we are worried about the wheat-producing Swartland (Malmesbury and surrounds) where many farmers are in the process of planting and are worried about weak cold fronts and the lack of rain.

"(In the Swartland) there is no immediate sense of disaster where whole communities are endangered, but in isolated cases, farmers are experiencing total crop failure."



ANDREW INGRAM

Colourful: autumn in the vineyards of Klein Constantia. Deciduous fruit farmers in the Cape are worried that the current weather pattern will upset production in the new season