

CHAIRMAN'S REPORT

J G NORTON, Triomf Fertilizer (Pty) Ltd

Mr Grewar, distinguished guests, ladies and gentlemen, it is my privilege to present to you the Chairman's Report of the Fertilizer Society of South Africa for the previous year's activities.

I will endeavour to highlight certain of the activities of our society which embrace problem areas, setbacks and successes of the Fertilizer Industry.

All the field trials planned for the 1976/77 season were planted despite a rather difficult season.

Of the 68 trials of the 76/77 season only 38 were maize trials and the rest sunflower, grain sorghum, groundnuts and *Cenchrus ciliaris*. Since the 1970/71 season 367 trials have been laid down of which 297 were maize trials.

As a result of abnormally high rainfall it would appear that the guidelines for yield potential and nitrogen requirements for the crop under abnormally wet conditions can be refined considerably.

During the year it was agreed that the Society initiate a research programme on wheat with the object of establishing fertilization guidelines. This decision was based on a wide-felt need for such information. Unfortunately the appointment of a senior research officer has as yet not been made and the programme not yet implemented.

Assistance, however, was rendered by a co-op with the result that some trials could be undertaken. The appreciation of the Society is due to Vrystaat Co-op for their co-operation.

The pasture development programme is being continued and certain aspects diversified.

In spite of bottlenecks and limitations there is evidence that interest in pastures and veld improvement is escalating.

The promotional activities of the Society are numerous and include various publications, technical functions, farmer's days, visits to experimental sites and other meetings at which information regarding FSSA programmes is disseminated.

Publications of the Society continue to be in demand and translations, updating and reprinting is always necessary.

The 1976 Annual General Meeting theme was 'The role of soil fertility and the fertilizer industry in agricultural production in the Homelands and African States'. This theme was selected to attempt to identify what role the Fertilizer

Society and the Fertilizer Industry could play in promoting fertilizer usage and thereby agricultural production.

Although the FSSA has contributed to agricultural development over a long period of time and in varied programmes and has done everything possible to extend the activities in a coordinated, organised and meaningful manner it would appear that there are as yet no guidelines for a greater activity in those areas – possibly because there are at present so many departments, organisations and companies involved in assistance.

The Society's activities in the Homelands have been numerous and I wish to elaborate that we have planned projects, analysed soils, made crop production recommendations, donated seed and fertilizers organised lectures and presented prizes to, amongst others, Lebowa, Bophuthatswana (where the project looks very hopeful and promising with the initial 3 600 ha project), Transkei and Kwazulu.

The Fertilizer Handbook is still being extended to include further chapters and to date some 1 800 copies have been distributed to all persons interested in this valuable publication.

Our Society has a personnel of 16 headed by our Director Dr Luitingh. The bulk of his team concentrate on research which as you can appreciate is vital to the success of agriculture in South Africa. We are also very pleased to have the services of Mr Penderis who is seconded to our Society by Vleissentraal. Karroovleis have offered to finance joint projects to the extent of R10 000 p a. You will appreciate the value and importance of this participation and our thanks and appreciation go to these two companies for their esteemed financial and manpower support in assisting our efforts on grass fertilization and increased beef production endeavours.

We have 15 members in the Society of which I would like to welcome Farm Chemicals as our most recent member.

Our Society costs the industry an amount of R331 000 as budgeted for 1977 which I am sure you will agree gentlemen is a small amount of money related to the industry turnover of approximately R240m. It is also interesting to note that in the present times of inflation, high cost of money etc, our Society in terms of the manifesto has contained the budget for 1977 to a small increase of 4,8 per cent. In relation to the company budgets I consider this a stout effort and I can only hope that this will not detract from the efficiency of our Society.

Our Society renders a secretarial service to seven professional and other societies at a low cost in an attempt to co-ordinate services and to be associated with the disciplines in agriculture in general.

I wish to refer to fertilizer usage and prices during our previous year. Total consumption during 1976 increased by only 2,7 per cent. This increase is very disappointing as our market has traditionally increased by an approximate average of 7 to 8 per cent p.a. Our physical ton sales on the local market amount to 2 800 000 metric tons and provisional plantfood sales are

N 311 874 m t

P 162 499 m t

K 110 483 m t

Of the aforementioned figures N grew by 5,4 per cent, P 1,7 per cent and K decreased by 2,8 per cent.

As our potassium requirements are imported the dramatic increase in world prices in 1974 created a buyer resistance in South Africa. The price has however once again dropped considerably but is still 32 per cent higher than in 1974.

Fertilizer prices for 1977 came into effect on the 4th of February reflecting an overall increase of approximately 12 per cent.

Nitrogen showed an increase of 14 per cent and is based on the substantial increase in energy costs. Phosphorus has also increased by 14 per cent and is mainly due to the 23 per cent increase in the FOR prices of phosphate rock from Foskor.

Other factors which have had considerable effect on prices have been the two railage increases amounting to over 30 per cent and the increase in cost of ESCOM power amounting to 70 per cent.

In terms of the anti-inflation manifesto the industry will once again be absorbing about 30 per cent of the increases in variable costs.

Gentlemen, at this stage I must once again stress the fact that the existing profit margins allowed to the industry are inadequate to attract capital to our capital-intensive industry. This I believe is of vital importance as our industry can be considered strategic as we are responsible to not only feed our exploding South African population but also other peoples of the world.

It is an annual appeal to the authorities to give serious consideration to allowing this vital industry to attract capital for the further expansion and replacement of plant and equipment. As a price-controlled industry we once again request Government to consider allowing the industry depreciation on updated replacement value and return on original cost instead of return on depreciated fixed capital invested in plant and equipment. We also once again request that publication of prices should be effective 1st January to overcome delivery problems.

The Government subsidy to farmers has been marginally reduced by R1,50 per metric ton plantfood and subsidy on potassium has been withdrawn. Subsidy on agricultural lime has however been increased.

The international fertilizer market remains depressed with prices having plunged since the high of 1974/75. To quote but one product triple superphosphate was exported at \$340 FOB but today it is on offer at \$95-\$100 FOB. Importing countries are in an extremely advantageous situation if the economics permit and I mention the likes of India, Pakistan, Thailand and many countries on the continent of Africa and others in the Middle East. Countries in Western Europe who are suffering the problems of drought and economic recess have reduced their fertilizer consumption considerably. The USA have however consumed a record 48,9 million tons of fertilizer during the past season — an increase of 15 per cent — and Brazil in South America shows an encouraging annual growth of 15 per cent per annum.

South Africa is obviously anxious to expand her export of fertilizer and the new phosphoric acid plants of both Triomf and Fedmis came on stream during December of 1976 and shipments are already leaving South Africa which is most healthy for our balance of payments. Regrettably South Africa is competing on the depressed P_2O_5 market and with current prices of rock phosphate concentrate our product is certainly not profitable to producers but all indications point to a turn around in prices of P_2O_5 by 1979.

I now comment on other functions of the FSSA.

Soil analysis

In view of high cost of analysing soil samples and after careful consideration, it was agreed by the industry to levy a fee of a minimum of R5 per soil analysis on a national basis. The question of standardising soil analysis and of a central soil analysis service is still under investigation.

Importation of materials

It came to the attention of the Society that on occasions import permits were issued to certain companies for products which are considered by the FSSA to be adequately available in the Republic. Such permits were issued without prior consultation with the Society and regrettably this is still happening. This procedure, if continued, may lead to chaos in the industry and negotiations are under way to attempt to resolve the recurrence of such actions with the Department of Industries.

Dry mixer status

During the year consideration had to be given to the supply of material to 'Newcomers' to the Industry. There appeared to be no adequate described principles regarding the qualifications of a dry mixer. The Department of Industries was

approached for guidelines in this connection but it would appear that the Department has not as yet determined such qualifications. The FSSA was requested to consider this matter with a view to clarification.

Nitrogen requirements and production

It was decided at a meeting that the overall market growth of nitrogen in the country be taken as basis on which allocations would be made.

After a request and subsequent consultation with nitrogen producers the importation of 15 000 t urea and 10 000 t ammonia was supported during July 1976 and the permits granted by the Department.

The nitrogen position was again reviewed during August 1976 and agreed that 20 000 t limestone ammonium nitrate be imported in two shipments.

No problems are being anticipated with the supply of material for 1977:

Rock phosphate production and requirements

Export of phosphate rock for testing purposes was supported by the FSSA with the proviso that the requirements of the local market be met. Problems are being experienced at present with the supply of phosphate rock to the market due to problems at the plant but which we are sure will be overcome.

Liaison with the Department of Agricultural Technical Services

Regular meetings are held to discuss high level policy matters of common interest to both parties.

Ladies and gentlemen I have endeavoured to touch on some of the functions and activities of our Society and at times I may have digressed slightly but it is all in the interest of agriculture.

Dames en here — dit is ook vir my baie aangenaam om melding te maak van die gunstige en uitstekende seisoen wat ons vanjaar geniet. As alles gunstig verloop behoort ons 'n mielieoes van minstens 9,5 miljoen metrieke ton wat vir die land 'n uitvoerverdienste van tussen R300/400 miljoen kan besorg.

As ons net terug kyk sal vanjaar se mielieoes twee keer so groot wees as twee dekades terug — die koringoes was twintig jaar gelede 741 000 ton — vanjaar is dit beraam op 2,1 miljoen ton of 183 persent hoër. Die toename in die bruto waarde van die landbouproduksie was selfs groter. In 1955/1956 was dit R716 miljoen en verlede jaar het dit op R2 767 miljoen te staan gekom — 'n toename van 286 persent.

Die prestasies kan toegeskryf word aan die doeltreffendheid, deursettingsvermoë en aanpasbaarheid van die landbousektor en Suid-Afrika se boere. Verskoon my here as ek dit noem dat die Misstofnywerheid dalk ook 'n bydrae gelewer het.

Dames en here ek wil baie graag melding maak van wat ek beskou as 'n gevaar in ons ekonomie en dit is "te veel pessimisme".

Mense word baie maklik beïnvloed deur wat onmiddellik om hulle aangaan. As jy die dag opstaan en jy voel nie lekker nie is alles verkeerd — netso met ons huidige toestande in Suid-Afrika.

Ons moet beseft dat die wêreld 'n tekort aan grondstowwe ondervind en ons land is ryk aan mineraalbronne. Vroeër of later gaan mense dit soek want dit word nie volop nie, dit raak skaars.

Ons land is besig om 'n baie moeilike tydperk deur te maak wat 'n toename in werkloosheid meebring. Dit het nie net negatiewe aspekte nie maar ook positiewe aspekte. Ons het probleme met ons arbeid ondervind.

Die baas kon 'n werker nie skeef aankyk nie dan loop hy oor die straat na ander werk.

Nou waardeer die mense hulle poste. Hulle is bang om dit te verloor.

Dit is goed vir disipline en produktiwiteit. Ons fabriek word meer doeltreffend en is dus beter in staat om teen mededingers uit die buiteland hier in Suid-Afrika en oorsese mee te ding.

Ons is almal besig om hoe pynlik ook al, 'n laer lewenspeil te aanvaar. Dit beteken kleiner vraag na duur ingevoerde produkte.

So herstel ons betalingsbalans en bou ons 'n fondament vir die uiteindelijke herstel.

Tog nog, 'n waarskuwing — tye is nog onseker. Pasop vir skuldmaak, jy moet dit dalk terugbetaal voor die herstel ingetree het.

Wat ek probeer oordra is dat elkeen van ons in die landbou in Suid-Afrika ook ons bydrae moet lewer tot beter dae.

Ten slotte wil ek graag aan die Direkteur, Dr Luitingh, en sy totale personeel ons dank uitspreek vir hulle uitstekende ondersteuning en harde werk gedurende die afgelope jaar. Ek wil graag alle lede van ons MVSA bedank vir hulle ondersteuning. Ons sien uit na baie suksesvolle jare in die Misstofbedryf.