

## CHAIRMAN'S REPORT

T H WEBB — Triomf Fertilizer (Pty) Ltd

It has always been the Society's desire to help build our agricultural community into a strong and economically viable one. The industry needs the farmer as much as the farmer needs the industry. The first object in our memorandum of association reads "to encourage and develop the economic use of fertilizer with a view to improving the fertility of the soil, producing better crops and increasing the prosperity of agriculture generally". To this end we have been working since inception 22 years ago.

In the years before the formation of this Society the industry was represented by a body called the Fertilizer Traders Association. From what I have been told it would appear as if in the early years of the Fertilizer Traders Association the emphasis was on trade and not necessarily on the prosperity of the farmer. In fact the actions of certain members gave the industry a tainted name. Many companies in those days relied almost entirely on imported materials and had very little fixed investment in local manufacture and therefore had very little to lose by adopting short term profit objectives.

I am happy to say that our society's efforts to remove this stain on the name of the Industry have borne considerable fruit over the years. The members of our society belong to an Industry with a combined asset value approaching one billion rand and can never be accused of being seekers after a "quick buck" but are committed to the long-term ideal of developing the economic use of fertilizer and thereby increasing the prosperity of the farmer.

The second object of our society is "to seek active collaboration with the Department of Agriculture and Fisheries, organised agriculture and the co-operative movement in the interests of crop production and the stability of the farming industry".

Here again I am happy to inform that our society's rapport with the Department of Agriculture is at this moment very good. During the past few months in-depth discussions have elicited ways in which research efforts can be combined or streamlined or improved. Together with the co-operative movement we envisage the introduction of a co-ordinated effort in the field of research and the dissemination of knowledge of the farmer.

Our association with the independent and national states is also a strong one. For many years we held NPK demonstrations in Transkei. Currently we concentrate on promotional work but must confess that our input is relatively small, mainly because we are confused as to the direction in which our efforts should be aimed. I would like to see our society co-operating with the Agricultural Department of Bophuthatswana and with all the other bodies currently assisting agriculture, through a small committee, to determine in what way we can best assist in improving the prosperity of the local farmers.

The major activities of our society in 1980 were centred around the two objects I have mentioned viz. the economic use of fertilizer and co-operation with other bodies interested in the well-being of the farming community.

Our major contributions were made in the fields of research and promotion.

In the research field the economic use of fertilizer can be determined only by proving through comprehensive practical experiments the best levels of fertilization for

each crop in each soil type under a variety of climatic conditions and in this connection our society is proud of the work it has done and is currently doing to establish economic fertilization levels.

NPK trials form the nucleus of our research programme. In 1980 we harvested 22 maize trials. Improved soil cultivation practices together with the new high yielding cultivars have resulted in bigger and bigger yields. On our high potential soils, high yields and high nitrogen fertilization are synonymous. But we must also heed the warning signs. A Western Transvaal experiment on a sandy loam soil with 4,6 pH clearly shows after two seasons the detrimental change in pH when using high nitrogen levels. This fast deteriorating effect of N fertilization on soil reaction requires appropriate action. It is encouraging to note that one of our largest co-operatives has taken positive steps to maintain and restore soil fertility levels through liming and phosphating programmes with medium-term credit backing.

Farina and Mapham's work in the early seventies on agro-economic aspects of P-fertilization stimulated considerable interest in subsequent years. The relative merits of,

(a) a sudden build up of soil P reserves, and  
(b) a nominal annual application,  
are being studied by the FSSA through specially designed trials which still have a year or two to run before we can make recommendations.

K-fertilization trials after 2 seasons have elicited interesting information which appears to accentuate the importance of balanced fertilization. After another season we will re-evaluate our existing fertilization norms.

In last year's annual report we identified a problem area, viz the factors which limit higher maize yields in the Eastern Transvaal Highveld. It was suggested that these problems lie outside the scope of FSSA research and that it could be undertaken only by a multi-disciplinary investigation. Ways of implementing this suggestion are now being considered.

On wheat we have programmes running in the OFS and Springbok Flats — in all 18 experiments.

At the annual meeting with personnel of the Small Grain Centre at Bethlehem it was agreed that nitrogen levels for the OFS be considerably increased. Previously the maximum recommendation was 20 kg/ha. In some areas the new accepted level is 40 kg/ha and even somewhat higher in the Viljoenskroon and Bothaville areas.

On the Springbok Flats experiments were conducted to investigate the effect of fertilizer placed at different depths on the occurrence of "crater disease" and the yield of wheat. Results at this stage are inconclusive.

For years wheat production in the Western Cape has been characterised by lack of growth and relatively poor

yields per hectare. The Society has looked into the desirability of conducting fertilizer experiments in the area and although a final decision has yet to be taken I think we will be going ahead with a programme in the near future.

About eight years ago the FSSA embarked on a programme involving a number of scientific projects aimed at pasture improvement through fertilization. This programme has now been completed and has been phased out. With the considerable knowledge gleaned from our experiments our efforts are now devoted to the extension function and to monitoring operations on selected farms. Through field days and study groups we have assisted considerably in the economic development of pastures. With indications that red meat prices will continue to increase we foresee promising development in fertilized pastures.

Undertaking research is only the beginning of a chain of events which will hopefully culminate in prosperous farmers. Analysing and interpreting the results of research in economic terms so as to demonstrate the economic viability of fertilization practices is the next link. This is undertaken in the Society by our agricultural economics section and the guidelines flowing from such analysis are incorporated into a comprehensive advisory service to specific reference farmers in order to obtain results from practical application. The information so gleaned is made available to member companies whose extension services advise the farmer.

As mentioned earlier the Society undertakes promotional work in the national and independent states. Last year eight courses each of three-day duration were held in four states and one course of four-day duration was held in Bophuthatswana. These courses are for agricultural officers and cover soil fertility, plant nutrition, fertilization and crop production. In addition to these instruction courses, members of the Society visited a number of states to advise or take part in discussions.

In an attempt to get our message across to farmers the Society publishes journals, magazines and pamphlets, eg FSSA Journal (scientific) and Plantfood (aimed at the farmer). Plantfood is published bi-monthly and has a print-order of close to 10 000 with plans to increase this to at least 15 000 in the near future. Other methods of knowledge dissemination are through workshops and symposia attended by agronomists from the Industry, the Department of Agriculture and Fisheries, the co-operative societies and farmers. It may be of interest to mention that staff of the FSSA last year published eight scientific articles and forty five popular and semi-technical articles.

The FSSA soil analysis working committee and the soils and irrigation research institute as well as other laboratories of the Department of Agriculture are striving towards improved soil analysis services and believe that a national standardised system of methods is desirable. We are working to this end as it is essential that not only the 16 laboratories participating in the FSSA Soil Analysis Check and Control Scheme but also other private laboratories and those of the Department of Agriculture, be co-ordinated.

Our Division of Economics and Statistics is currently engaged in the compilation of NPK consumption statistics broken down into magisterial districts and agronomic regions. This is a big task but is necessary in

order to determine areas of growth, area potentials, etc. In addition this division tackles the exacting work of co-ordinating price control dealings with the Department of Industries and performs numerous special duty and investigatory tasks on behalf of the Industry. For example a cross section of projects undertaken this last year was:

- (a) Provision of considerable information to the Committee of Inquiry into the Fertilizer Industry
- (b) representations made to SAFTO in connection with export incentives
- (c) calculation of data for tariff protection application.

I now come to matters more related to the Fertilizer Industry and to agriculture in general.

1980 was an exceptionally good fertilizer year with 788 000 tons of plant food consumed compared with 697 000 tons in 1979, an increase of 13,1%. A decade ago, in 1970, consumption was 384 000 tons. Average annual growth since 1970 has been 7,5% (fluctuating from a low of 2,5% in 1973 to a high of 12,6% in 1970). The exceptional 1980 growth of 5,6% above the average of 7,5% resulted in sales of some 40 000 tons plant food in excess of forecasts.

About 60% of all fertilizer used in South Africa is applied to maize and sorghum. It is very gratifying therefore to see that the extra fertilizer usage coupled with good climatic conditions will most likely result in record crops this year and record bank balances for many farmers.

Individual plant food consumption figures were:-

|       | 1979    | 1980    | Growth % |
|-------|---------|---------|----------|
| N     | 405 000 | 469 000 | 15,7     |
| P     | 187 000 | 203 000 | 8,8      |
| K     | 105 000 | 116 000 | 10,8     |
| Total | 697 000 | 788 000 | 13,1     |

Growth in all three elements was strong. Potash, whilst showing an absolute growth of only 11 000 tons K had a 10,8% growth against negative growths of 2,7% and 3,8% respectively in 1979 and 1978.

This recovery in K is put down to farmer's awareness of the importance of balanced fertilization.

The average concentration of all fertilizer consumed during 1980 was 26,2% compared with 25,7% in 1979 and 19,7% in 1970. With the rapidly escalating transport costs we have experienced over the past few years it is significant that farmers do not necessarily purchase the highest grades available. Had they done so in 1980 the average concentration of product consumed would have exceeded 35%. We, of course, know that there are good agronomic reasons for using lower grades in certain areas and on certain crops.

Area fertilizer consumption in 1980 tended to follow the past pattern. The central area (Transvaal and OFS) consumed some 75% of all fertilizer, the eastern area (Natal) 16% and the southern area (Cape) 9%. Growth over 1979 was good in the central and eastern areas (12% and 11% respectively) but the Cape once again slipped back with negative growth of 1%. (Average annual growth since 1970 has been only 1,2%). This is of some concern to our Society. We do not believe that poor growth can always be blamed on climatic

conditions and we feel that more attention should be paid to this area to determine reasons for stagnation. Since OPEC in 1973 large fertilizer price increases averaging 16% pa have been experienced. These were mainly caused by the exceptional increases in imported fertilizer raw materials such as oil, sulphur and potassium. It was most gratifying to see that the 1981 increase averaged only 8,1%. Of this increase only 2,1% was attributable to costs controlled by the Industry indicating increased efficiency especially in the production areas.

Whilst on price control matters I must report that once again the Industry was penalised in that legitimate cost increases exceeding R6 million were not allowed by the cabinet for recovery in 1981 prices. This non-allowance of costs legitimately incurred in terms of the price control formula is becoming an annual feature. The Industry, now that official subsidies have been ended, is in effect subsidising the consumer to the extent of some R2 per ton.

At times during 1980 the regularity of supply of fertilizer to the farmer was not all that the Industry would have wished. The reasons for this were the unexpected high growth in nitrogen usage and production problems at the factories of our nitrogen producers. Importation of nitrogen at 88 000 tons N (111 000 tons urea and 45 000 tons NH<sub>3</sub>) was the highest yet experienced and represented over 20% of total consumption of nitrogen. Nitrogen will have to be imported for some years to come ie until new production comes on stream about 1985.

The Committee of Inquiry into the Fertilizer Industry appointed at the end of 1979 under the chairmanship of Prof C W I Pistorius obviously found the task a greater one than envisaged. The report, due in April 1980, has still not been published but we understand that some of

its recommendations were implemented in the 1981 selling price fixing exercise.

Of some concern to the Industry is the rapid escalation of imported products finding their way into South Africa through Swaziland. These products, purchased cheaply overseas, come in duty free but are sold at South African prices thus earning the importers profits considerably in excess of those earned on locally produced material. We were promised tariff protection in 1980 but this has not yet materialised and large scale imports are continuing.

The recently published Competition Board Report No 3 throws some light on the reasons for the delay. The recommendation that import control be phased out and replaced by protective tariffs is supported by the Industry with the request that it be introduced at an early date so as to obviate the unfair position that now exists.

The cost in 1980 of running our Society was R581 000. Once again the members of the Society were not permitted to recover this cost in 1981 through an allowance in fertilizer prices. We are hopeful that in 1982 the authorities will see their way clear to adding one cent per bag (or 0,1%) to the selling price and by so doing acknowledge that the FSSA is making a major contribution to agriculture in Southern Africa.

In conclusion, on behalf of the executive and management committees I convey my sincere thanks to Dr Luitingh and his staff not only for the exceptional amount of work they were called on to complete but also for their very loyal support during a year of uncertainty. My thanks also to those colleagues who served on our various committees for making their valuable time available to ensure the successful running of our Society.