FERTASA ANNUAL REPORT 2017/2018

58th ANNUAL CONGRESS

18 TO 19 APRIL 2018

PREMIER HOTEL OR TAMBO, KEMPTONPARK

ADRIAAN DE LANGE

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- The South African economy grew by 1.3% in 2017

- Exceeded National Treasury’s expectation of 1.0%

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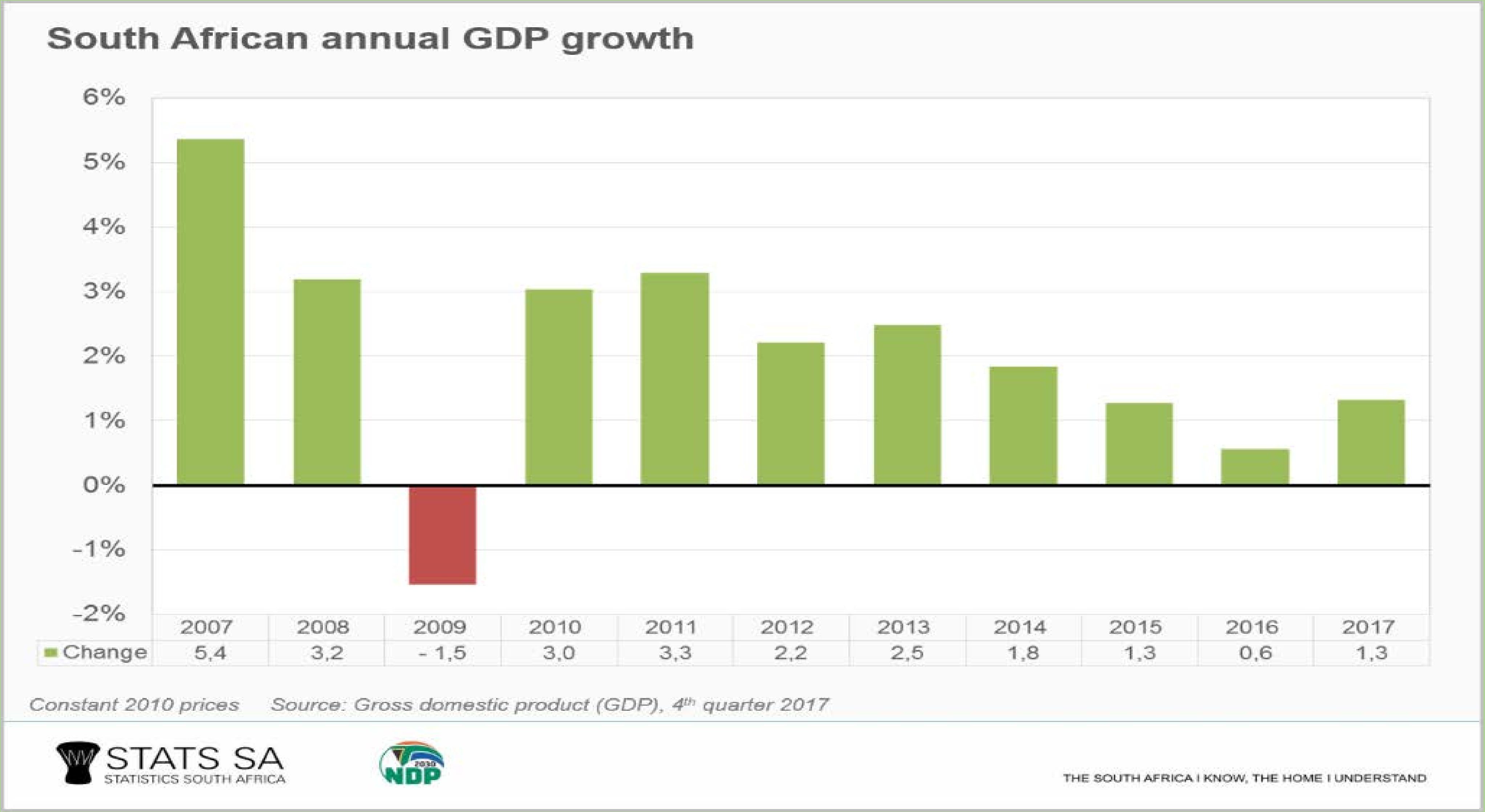

Figure 1: South African annual GDP growth over the last 10 years.

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- **Economic activity driven by agriculture industry**
- **Agriculture production rose by 17,7 % in 2017**
- **Contributed 0,4% of national GDP growth**

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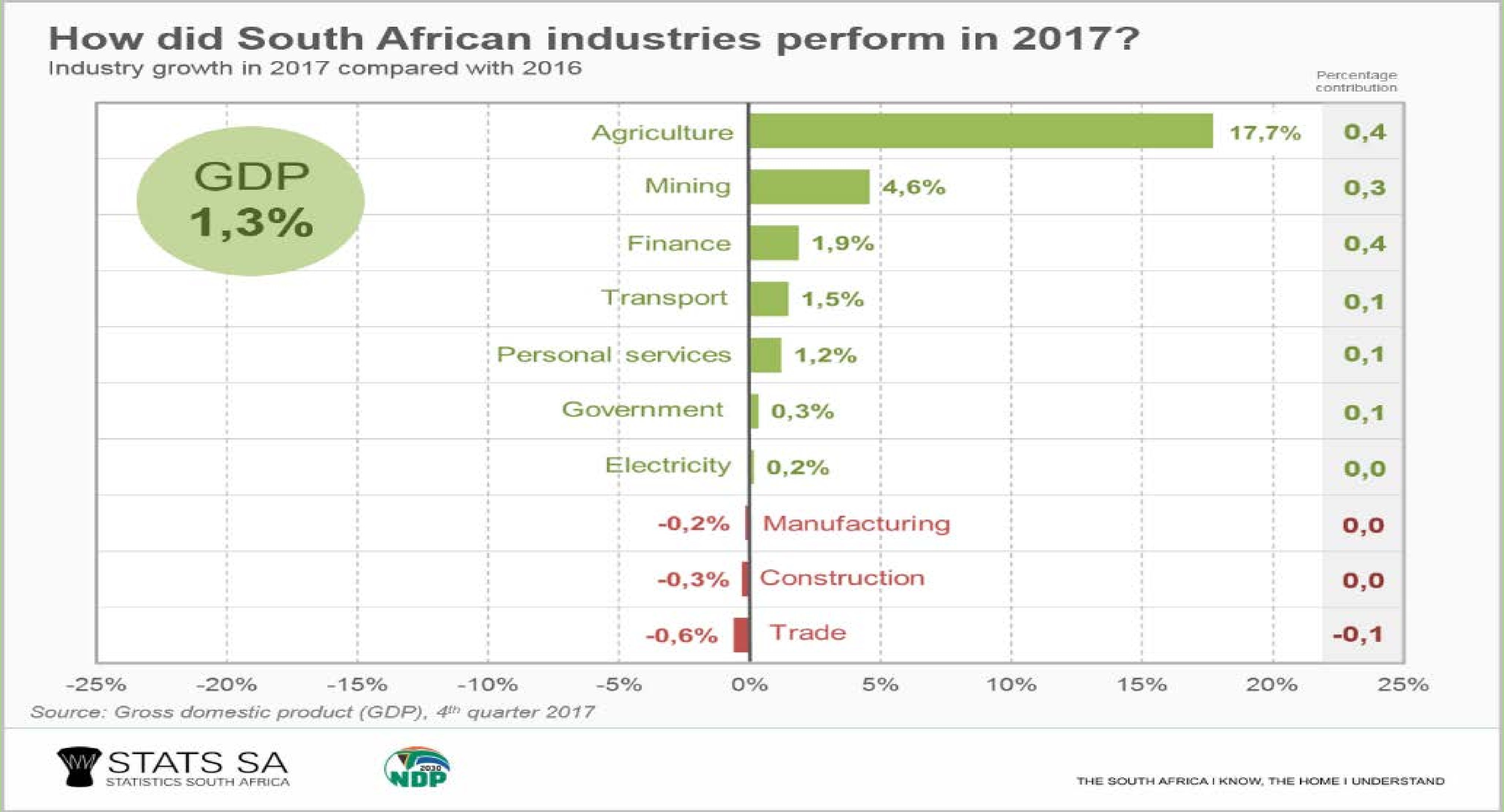

Figure 2: Performance of South African industries in 2017.

Agriculture Production in Summer Rainfall Areas.

- Good yields for most crops

- High income from animal products

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Figure 3: Agricultural GDP for South Africa from 2015 to 2018.

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- Downward influence on SA food inflation figures

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Figure 4: South Africa Food Inflation 2017/18.

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Manifestation of Strategic importance of agricultural industry in South Africa providing:

- Affordable food and
- Food security for a growing population

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Maize production:

- **Record yield**

- **Downward tendency in area planted**

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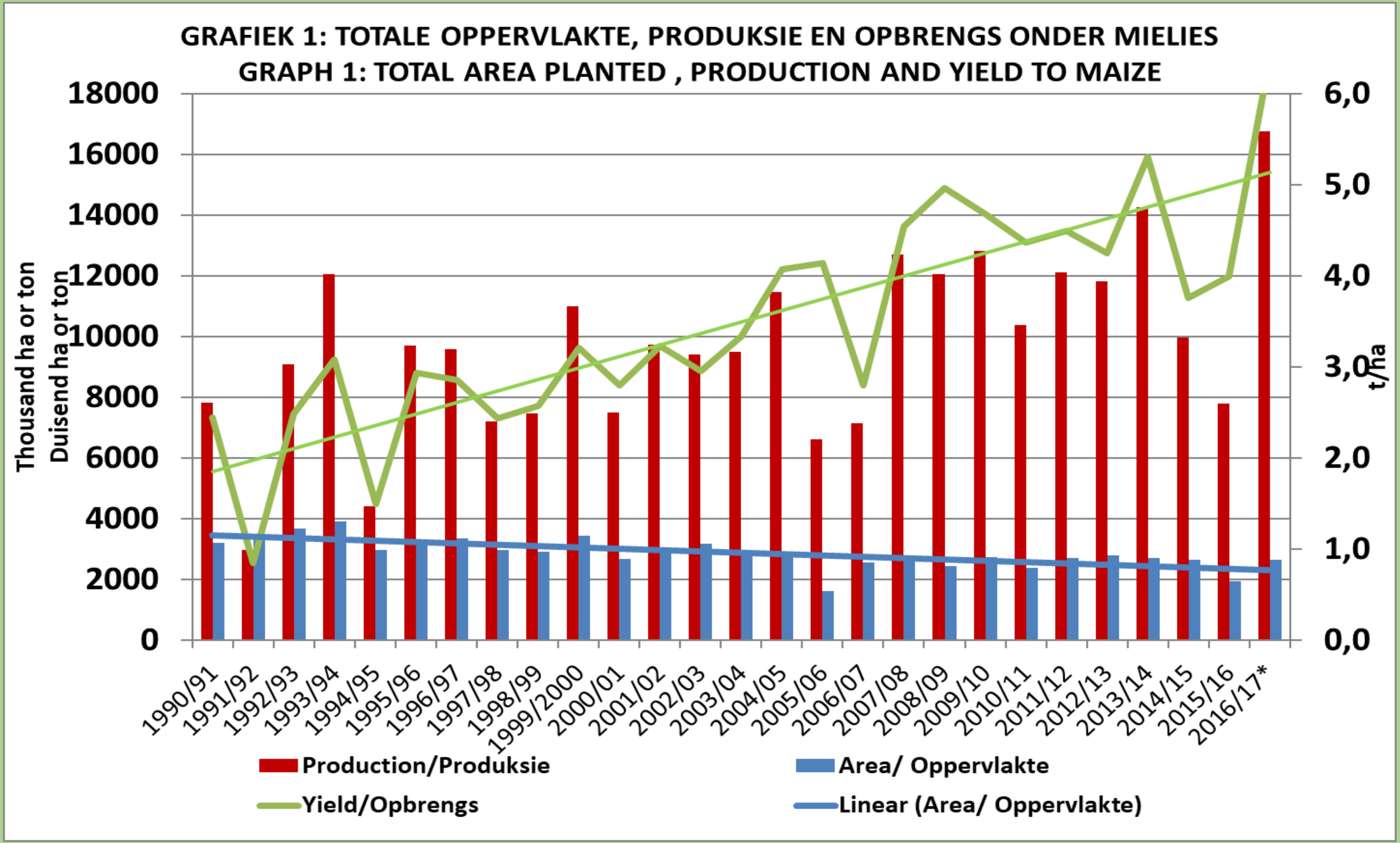

Figure 5: Total area planted, production and yield of maize in South Africa. (Grain SA).

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Surplus production of maize worldwide

Maize price in South Africa

- **Higher than R4k in 2016**
- **Below R2k in 2017**
- **Price based on export parity**

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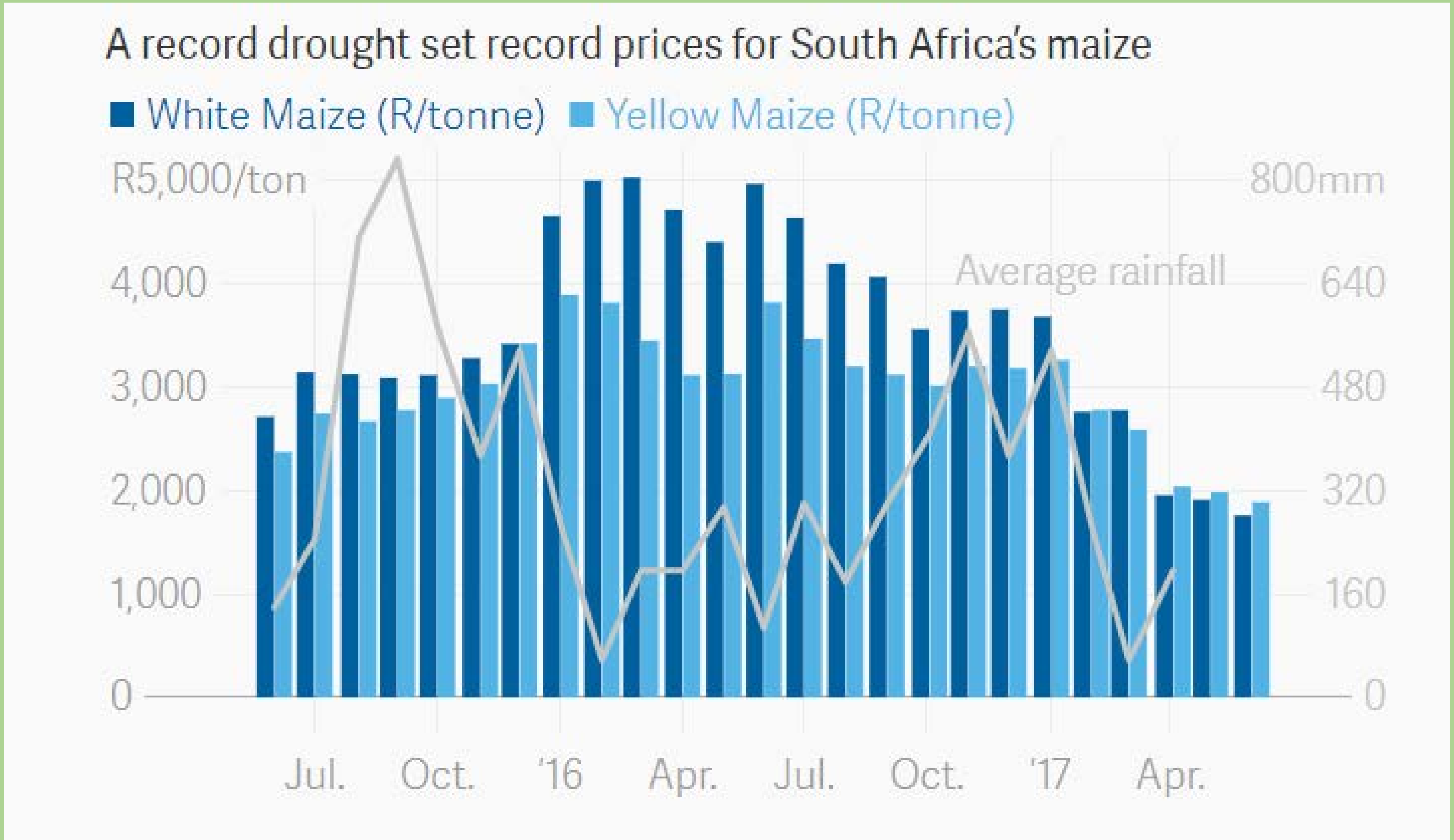

Figure 6: Maize prices in South Africa during 2016 and 2017. (Source The atlas quartz)

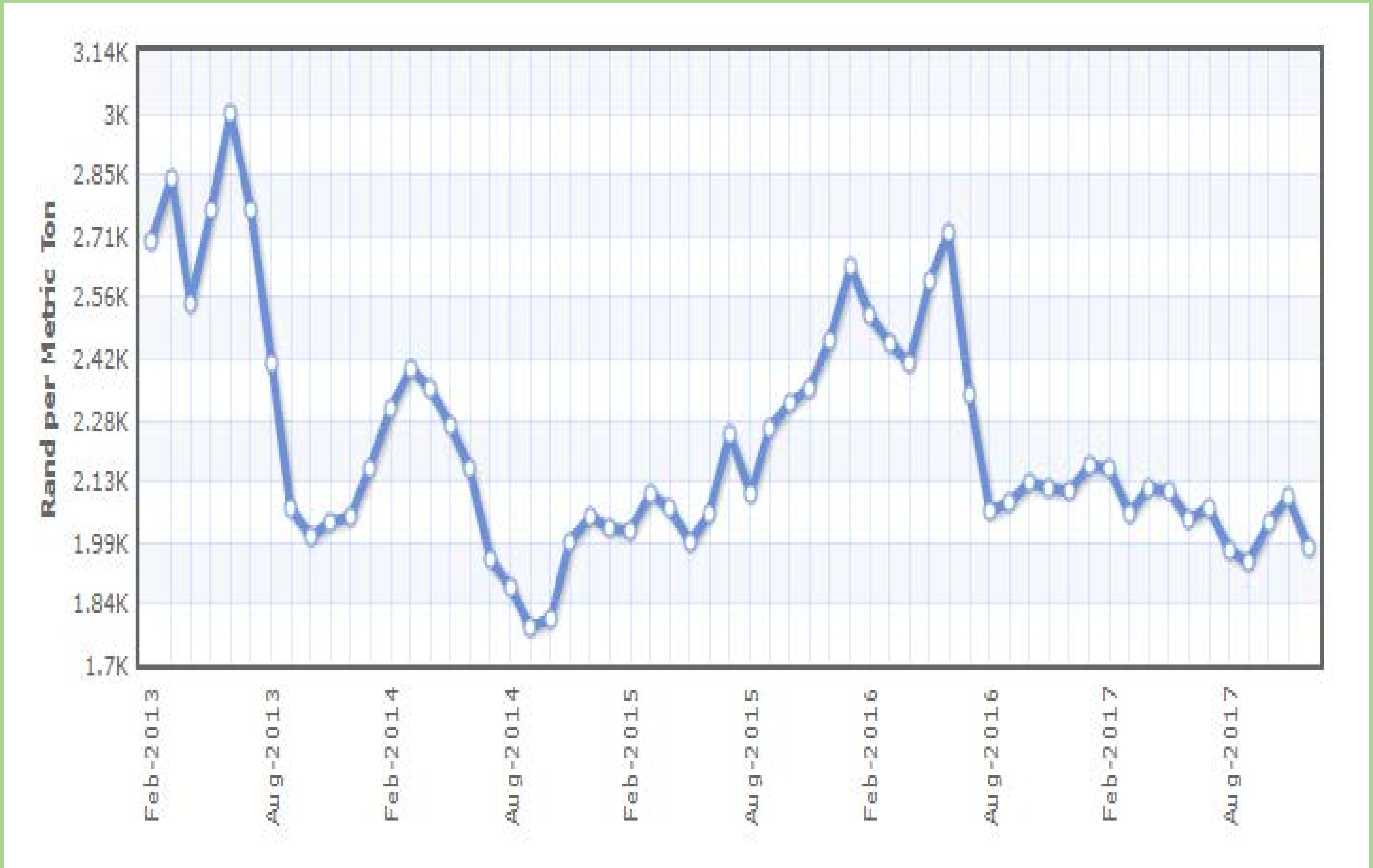

Figure 7: International maize prices (R/ ton) for the past five years. (Source Index mundi)

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Enigmatic situation

- Record crop in summer areas
- Farming debt increasing

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- Increased planting of soybeans
- Record soybean yield in 2018

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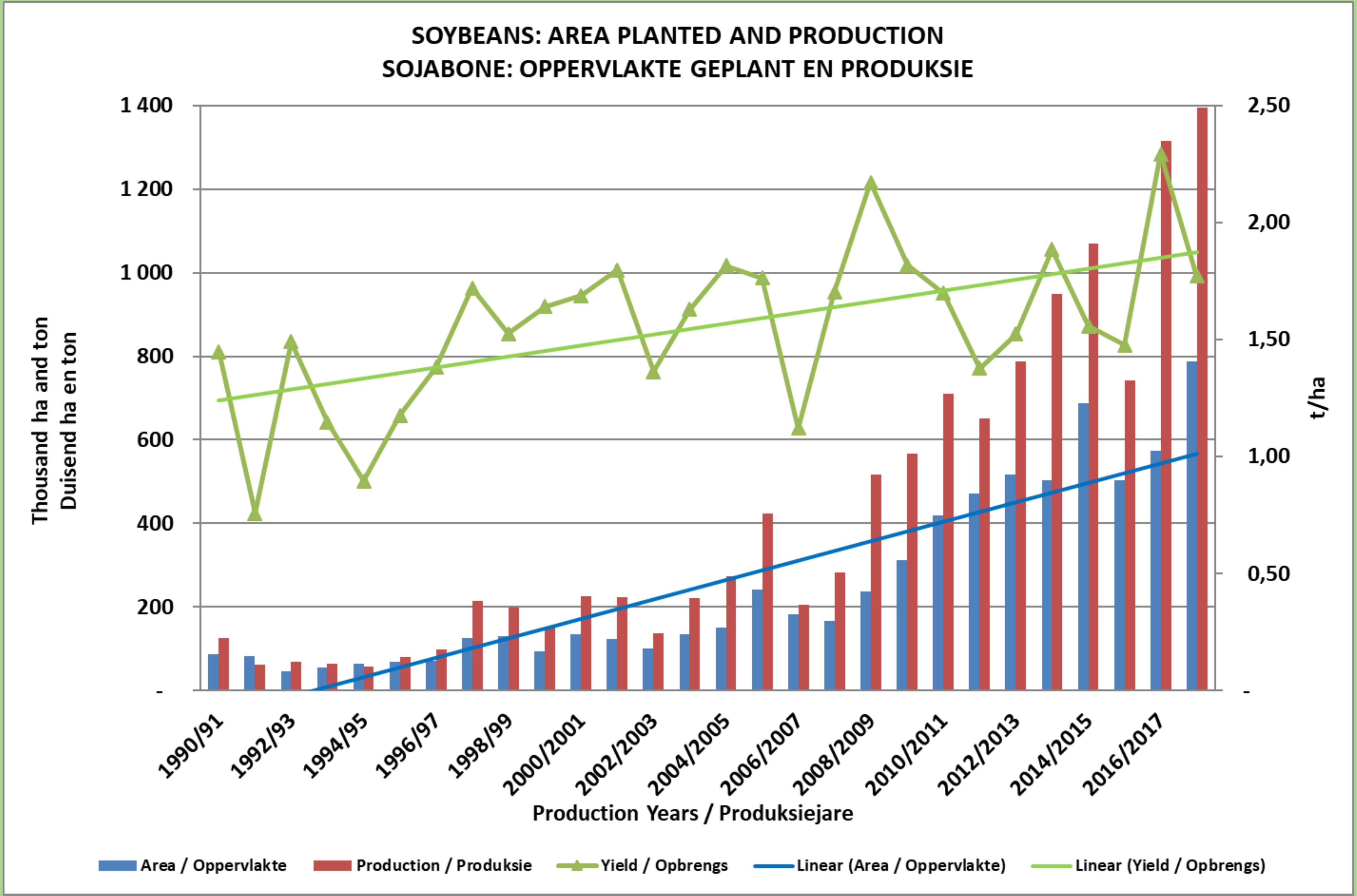

Figure 8: Total area planted, production and yield of soybeans in South Africa. (Grain SA).

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International prices of soybean higher

- Bodes well for the future of soybean production

Proviso:

- Increased processing capacity for soybeans
- Cultivars more suited to South African conditions
- Increased yields per hectare.

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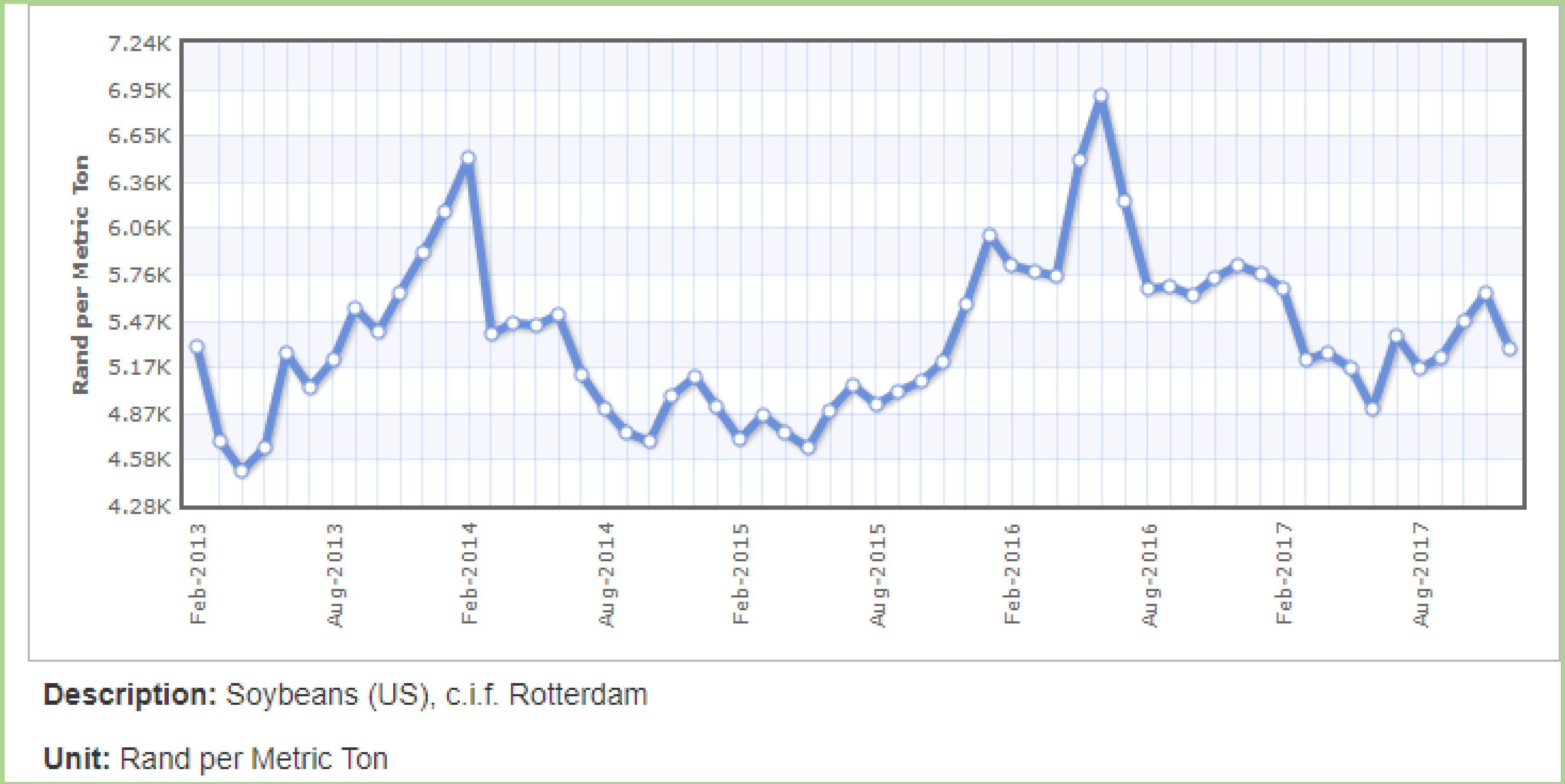

Figure 9: International soybean prices (R/ ton) for the past five years. (Source Index mundi)

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Agriculture Crop Production in the Winter Rainfall Area affected by worst drought in century

- **Wheat yields 2 to 3.5 tons/ha in the Swartland**
- **Basically no yield elsewhere**

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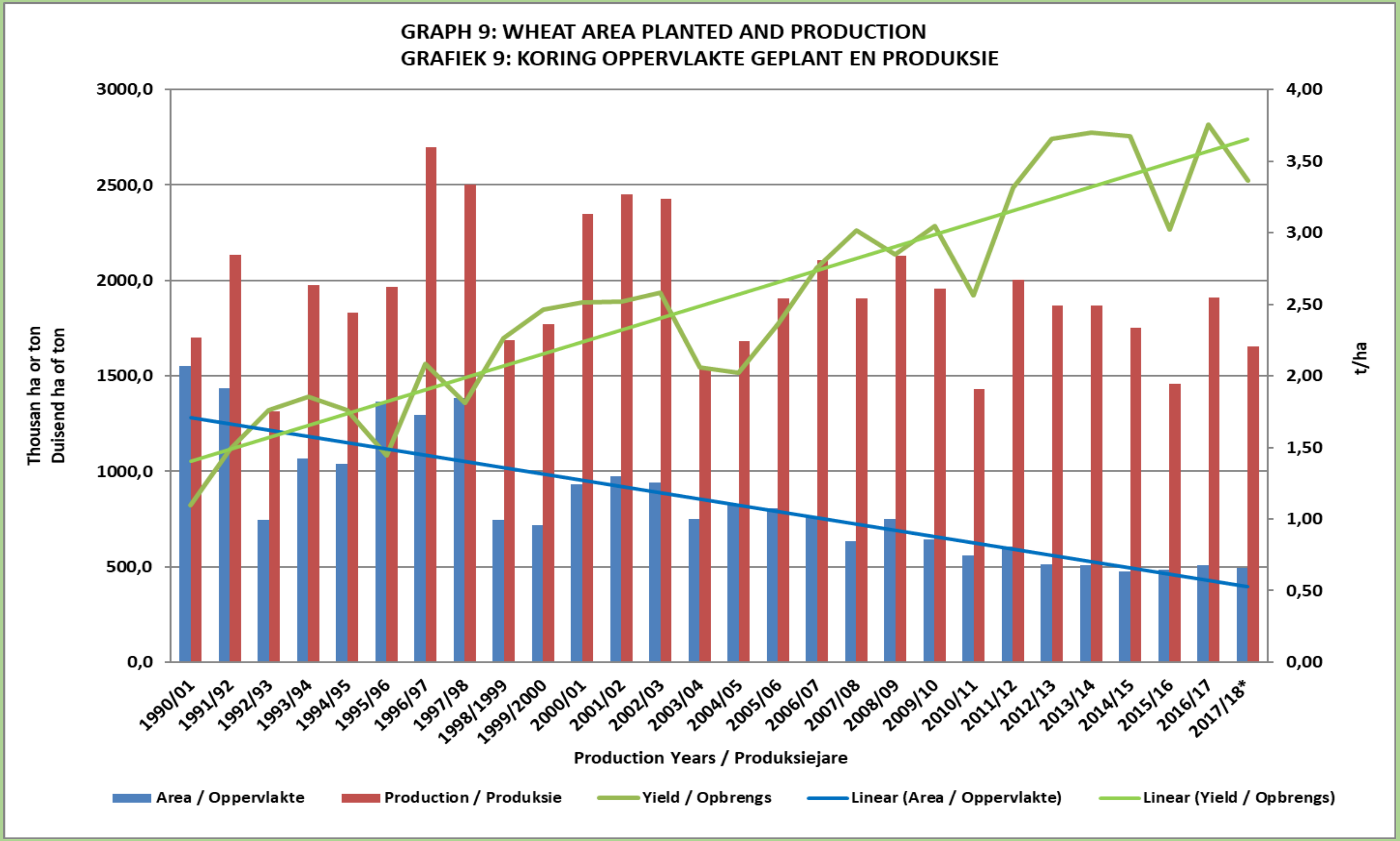

Figure 10: Total area planted, production and yield of wheat in South Africa. (Grain SA).

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- Weak Rand favours exports of fruit and wine
- Extreme drought enhanced wine quality
- Quantity produced severely affected.
- Dam levels down to 18,95 from 26,9% in 2016
- Declared a national disaster area
- Relief measures fortunately being implemented.

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Fertilizer prices and consumption:

- Fertilizer prices stabilized internationally
- Production capacity increasing supply
- Demand remaining stable

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International Fertilizer Prices/Internasionale Kunmispryse

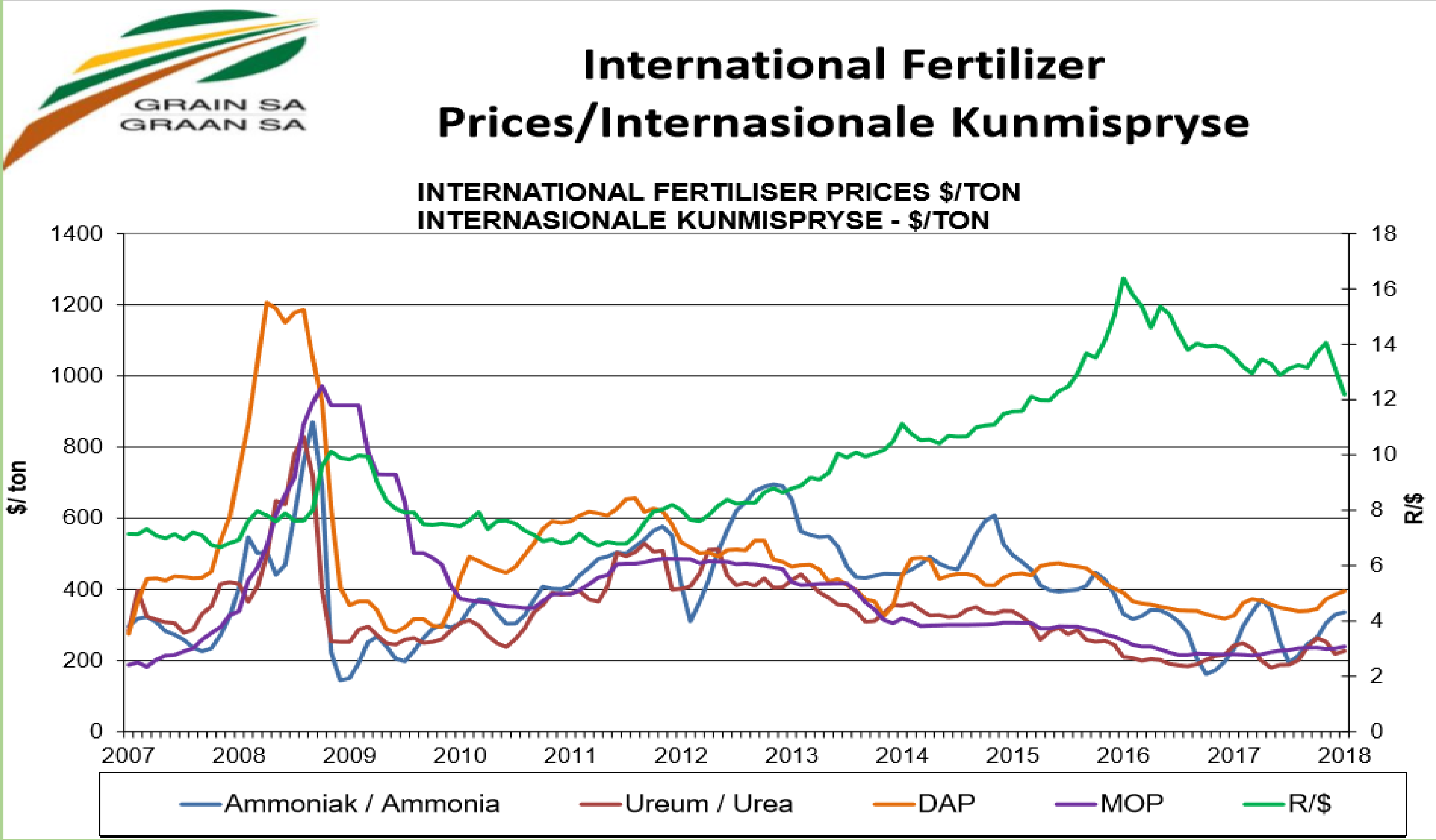

Figure 11: International fertilizer price trends Grain SA .

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Rand stronger against the US Dollar

The storm of “junk status” has eased

- R15/Dollar in 2016 into 2017
- Change in RSA brings hope for economic recovery
- < R12/Dollar since end of 4th Quarter

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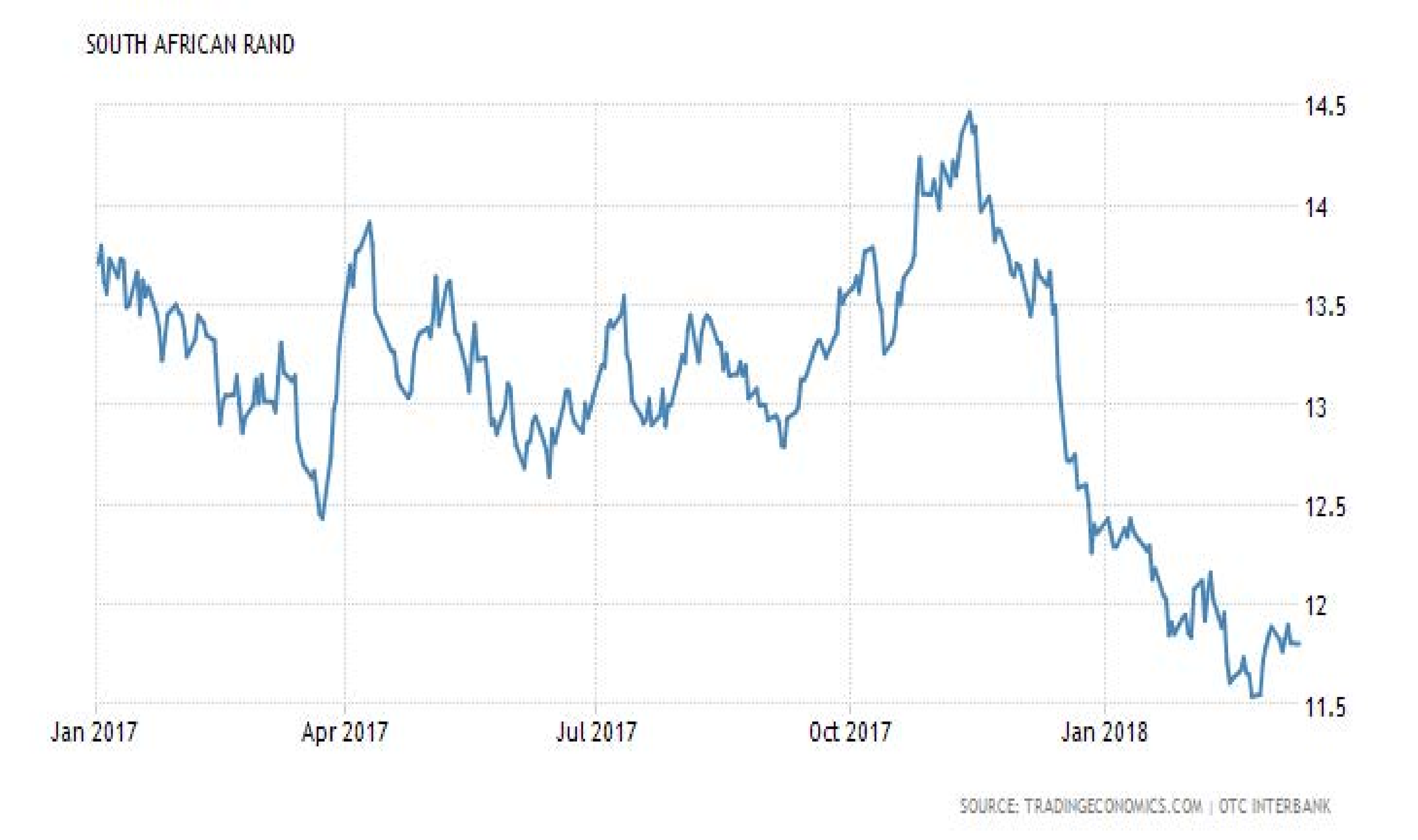

Figure 12: Rand Dollar exchange rate for 2017 and first quarter of 2018.

These two factors should have a downward effect on local fertilizer prices

However:

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- A large portion of the delivered cost of fertilizer is locally derived.
- Escalation due to South African challenges: inflation, increased taxes and levies,
- Inefficient infrastructure, basic services and rail operations,
- expensive electricity, unproductive labour
- Local costs not keeping track with the international bulk fertilizer index.

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Fertilizer consumption in South Africa up to 2.2 m physical tons in 2017

- Nett fertilizer imports up 26% in 2017 to 1.4mtons
- 446 ktons N,
- 116 ktons P and
- 103 ktons K (Fertasa figures ex SARS).

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Food Imports.

Last year's concern: the large amount of chicken imported was having a major impact on the local poultry and indirectly, the fertilizer industry

- The South African Poultry Association (SAPA) is now concerned about South Africa accepting untested mechanically deboned chicken meat (MDM) imports from Brazil. A SAPA spokesperson proposed that, given the current food safety crisis in the country, DAFF should implement similar health inspection protocols to those used in the EU (Farmers Weekly).

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Outlook for 2018

- Climatic conditions led to late plantings of most summer crops
- Crop estimates for most summer crops are lower than the previous year.

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- Maize is down to 12,2 mtons from 16.8 mtons.

- Soybeans up to 1.4 mtons from 1.3 mtons

- Total grain production is forecast to be down to 14.6 mtons from 19.3 mtons (Grain SA/CEC)

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- Lower fertilizer consumption expected in 2017/18
- The identified widespread occurrence and serious nature of subsoil acidity in the central regions of the Free State, could lead to increased agricultural lime sales in those areas
- Farmers need to engage with professionals to review their fertilization and liming programmes

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“Land expropriation without compensation”

- Agricultural organisations have expressed their serious concern to the Government
- Great leadership and collaboration required between government and business leaders to drive this and other serious matters to a positive conclusion

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Fertasa Activities

Code of Conduct Compliance System

- In total 19 members have obtained compliancy certification since inception of this process compared to 10 the previous year.
- Fertasa has reviewed the process and will probably recognise further audit companies for this important certification in future.

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Membership

- Currently 70 compared to 52 the previous year.
- Expansion increasingly to biofertilizers
- Much more emphasis is placed on the biological aspects of plant nutrition.

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BASOS/FACTS (Fertilizer Advisors Certification and Training Scheme)

- The number of issued certificates has increased from 1144 last year to 1215 in 2017.
- New registrations 81, 100 expected for the year
- To date 124 participants have registered for examinations this year.
- Thanks to contributors for continual upgrading

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Fertilizer Bill/Act

- Consensus gained on principles in the Fertilizer Industry.
- Principles required by fertilizer industry have been provided by the proposed Act
- DAFF busy with socio-economic impact and other analyses and public consultation in preparation of Gazetting the Act.

Fertilizer registrations

- Backlogs with Group 1 and 2 fertilizers of the past have been eliminated.
- Group 3 registrations remain a challenge mainly because of applicants’ non compliance with guidelines.
- A concerted effort will be applied through workshops and additional guidelines to improve the success rate of Group 3’s

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Operating system and database for DAFF

- DAFF has requested FERTASA to assist in developing an electronic operating system and data base for fertilizer registrations
- Members of the Fertasa Regulatory Committee are considering the request

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Fertilizer regulations.

- **Numerous corrections were made**
- **Group 3 regulations were also corrected since they had remained “unclear” for many members.**
- **A workshop for finalising the Group 3 regulations will be held in 2018.**

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Fertilizer Handbook/ Bemestingshandleiding

- Afrikaans version completed in 2017
- The English version of the handbook has been completed and welcomed in the industry.
- An e-book format of the Fertilizer Handbook will be available in June.
- Continuous upgrading of this very important publication will be conducted.

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Fertilizer Quality Monitoring Scheme

- **Supported by Fertasa, Grain SA, Omnia Fertilizers, Sasol Agritrust and DAFF**
- **Successfully conducted in the Cape for the first time and in the Summer Rainfall areas.**
- **This action will be continued in 2018.**

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Fertilizers

134 fertilizers were randomly selected on farms and analysed according to a specified protocol.

The results were very good considering that no monitoring system was conducted for at least the previous two years.

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RESULTS OF QUALITY MONITORING SCHEME 2017			
	No of elements Analysed	Discrepancies	% Success
Fertasa members	308	13	95,78
Other companies	340	25	92,65
Total	**648**	**38**	**94,14**
Fertasa certified	205	8	96,10
Fertasa non certified	103	5	95,15
Total	**308**	**13**	**95,78**

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Agricultural lime:

- **Nine limes were sampled and analysed.**
- **No limes passed the 1.7mm test**
- **All limes passed the 0,25mm test**
- **All limes passed the Mg content requirement**
- **One lime failed the minimum CCE test**
- **Discrepancies resolved between the company and farmers involved.**

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Congress and Symposium

- Durban congress was well attended.
- Pretoria Plant Nutrition Symposium was also well attended.

Subsoil acidity:

- **A Subsoil acidity workshop held with two scientists from Australia, Drs Steve Carr and Chris Gazey and was well attended and accepted.**
- **Follow up workshops dealing with lime fineness granulation of ultra-fine lime, principles and practices of fertilizing and liming and Ca and Mg nutrition will be conducted in the following year.**

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Workshops

Biofertilizers:

A Biofertilizer workshop was held at the CSIR conference centre with an international speaker Barbara Novak and 5 experts from South Africa. This was highly successful and follow ups will have to be held.

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Website

- **The website has been re designed and is now a useful instrument for effective communication.**
- **This is also supported by a Quarterly News Letter**.

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Publications in Grain SA

- An article warning against pseudo-science with "electronic boxes" and other "sinister" devices.
- An article dealing with subsoil acidity in the water table soils of the Free State.
- An article dealing with the "Bemestingshandleiding " and its newest updates.

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Statistics

- The crop estimates committee has provided Fertasa with crop production areas per Magisterial District up to 2017.
- Will enable calculation of fertilizer consumption per magisterial district for Mpumalanga, North West Province and Free State Province with a simple assumption-based program.

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IFA (International Fertilizer Association)

- Contact was maintained with IFA
- The CEO is still a member of the IFA Africa Task Force on Africa Fertilizer and Strategy
- He is also one of the two IFA “ambassadors” for Africa and assists IFA with collating fertilizer consumption estimates for South Africa and neighbouring countries.

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ESAF (East and Southern Africa Fertilizer trade platform)

- **Fertasa registered as supporter of ESAF at the recent conference held in Maputo Mozambique and gained media coverage at the event**
- **Several Fertasa members attended the conference**

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ADASA (Agro Dealers Association of South Africa)

The Association supports agro-dealers who sell fertilizer, crop remedies and other farming requirements to subsistence and small farmers of South Africa and is assisted by AFAP (African Fertilizer and Agribusiness Partnership)

- The launch of this association was attended in Tohoyandhou by the CEO of Fertasa.
- The Registrar of Act 36 of 1947 and officials from the Limpopo Department of Agriculture, agro dealers and farmers as well as AFAP delegates also attended the launch

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- The CEO of Fertasa made a brief introductory contribution and distributed pamphlets with the emphasis on the BASOS/FACTS course which gained attention from dealers who have already completed certain modules of the AVCASA/Crop Life courses.

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- Training requirements of farmers was noted as important and this was subsequently communicated to Jane McPherson of Grain SA
- Certain member companies already supply fertilizer to these agro dealers through ADASA and future expansion is envisaged.

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Botswana Department of Agriculture

- **A presentation by the CEO of Fertasa was made to representatives of the Botswana Department of Agriculture, interested parties and fertilizer dealers in Gaborone.**

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- The BASOS/FACTS course raised some interest and it is expected that this course will be supported by the Botswana Department of Agriculture.
- A Presentation by the President of AGRILASA was also well received.

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CONCLUSION

- The board and management are satisfied with the activities of Fertasa delivering added value to our members.
- My thanks to the management and staff of Fertasa for their efforts and contributions during the year.
- I also wish to thank the Board of Directors for their valuable time and guidance.

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Fertasa's financial position is currently highly positive and indicates that the time is perhaps right to embark on more projects to deliver the added value to our members as stated above

Thank you

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