

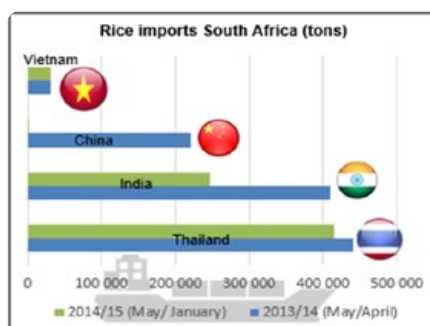
'Dependency' is the trend in South Africa's rice industry

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Whether it's a reliance on foreign governmental support for agriculture (i.e. Thailand); riding the capricious wave of global import markets; having demand wax and wane in relation to the pricing of alternative staples; or simply being subjected to ever-changing consumer preferences (e.g. 'Banting'), the perennial trend in South Africa's rice industry is that of 'dependency'.

Insight Survey's latest **Carbohydrate Landscape Report** comprises extensive primary research (including in-depth interviews with leading industry experts) in order to ascertain and provide detailed insight into this state of 'dependency', and its impact on domestic market dynamics.

South Africa is totally dependent on rice imports to meet the local demand as no rice production takes place in the country (due to the high water requirements of the crop). Thailand has regained its position as South Africa's largest trading partner in rice from India. As is evident from our graph below, India and Thailand, together, supply more than 70 % of South Africa's rice demand.

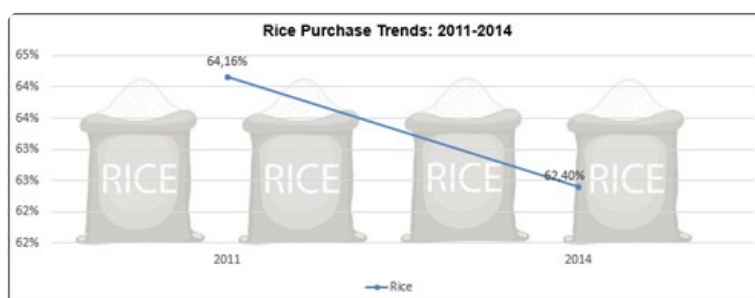


Source: [AgroChart](#); Graphics by Insight Survey

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- As an indicator of the precariousness of South Africa's 'dependency', it is expected that the domestic market will experience volatility in the short term due to the high prices of Thai rice, as a direct result of the Thai Government's agricultural support programme.
- As such, rice is projected to register a forecast value CAGR of 3% at constant 2014 prices.

A further area of concern has been the recent effect of consumer trends on sales volumes. With consumer preference in the higher LSM's significantly affected by the nutritional 'prophecies' of Professor Noakes and his resuscitation of the Low Carb 'Banting Diet', demand has dipped seeing domestic rice purchases decrease by **1.76%** between 2011-2014.



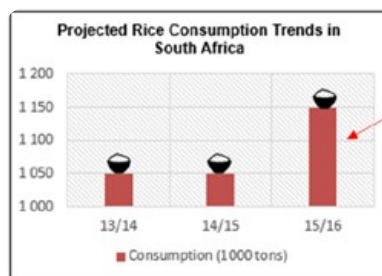
Source: [AMPS](#); Graphics by Insight Survey

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This 'dependency' on such consumer trends was ratified during our primary interviews with retail franchise owner Johan Stapelberg who stated that "Health trends in higher LSM's are restraining the market"; as well as nutritional expert Professor Salome Kruger who explained that "[Banting] has had some effect [on demand], especially among higher income groups, who find the diet attractive in terms of prescribed foods and the prospect of 'easy' weight loss".

However, 'dependency', despite its innate association with vulnerability, is often (at an industry level) a double-edged sword allowing one to fortuitously benefit from affective interconnection. In the case of South Africa's domestic rice market, this is evident in the projected effect the current maize crisis is expected to have on demand for rice.

We conducted a primary interview with Funzani Sundani from Grain SA, who stressed that the drought "Saw a tremendous decline in maize production". According to Phoenix Rice, with whom we subsequently liaised, this will have a significant effect on the price of maize, and by implication the demand for rice (as a cheaper alternative).



Source: [IGC](#). Graphics by Insight Survey

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- As such, for the 2015/16 Marketing year, it is predicted that there will be a 10% increase in rice consumption in South Africa to 1.2 million tons.
- Consumers, especially in the lower LSM's will not be able to afford the inflated maize prices, and will shift away from maize to rice as their primary staple.

The **Carbohydrate Landscape Report** (124 pages) provides a dynamic synthesis of primary and secondary research, including extensive interviews with relevant stakeholders and industry experts across the value chain: from organisational bodies to manufacturers, retailers and leading academics.

Some Key Questions The Report Will Help You To Answer:

- What are the key factors that are restraining and driving the growth of the local and global markets?
- What are the local and global supply and production trends and predictions?
- What are the local and global demand and consumption trends and predictions?
- What were the Manufacturing and Retail sectors' overall financial performances for 2014?
- What are the consumption trends in the following carbohydrate sectors: rice; pasta; mealie meal; bread; potato chip; breakfast cereal; frozen potato products?

Please note that the 124-page PowerPoint report is available for purchase for R45,000 (excluding VAT). Alternatively, individual sections can be purchased for R7,500 (excluding VAT). For additional information simply contact us at info@insightsurvey.co.za or directly on (0)21 830-5638.

For a full brochure please go to: <http://www.insightsurvey.co.za/2015-carb-landscape-report>

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