

CANNABIS

Legalised hemp production could create more farming jobs

Whereas a growing number of countries had legalised the production of cannabis, production in South Africa is still prohibited. Legal cannabis production in the US alone was predicted to increase from US\$6 billion [about R80 billion] to US\$50 billion [R666 billion], according to Tony Budden, managing director of Hemporium South Africa.

"In South Africa, however, it's still illegal to produce cannabis, because Government sees the whole plant and any part thereof as an undesirable dependence-producing substance," said Budden.

Budden said that Government needed to at least consider the legalisation of hemp production. "There is a vast difference between varieties used for smoking and those used to make hemp products. For starters, hemp contains very low levels of the psychoactive chemical that causes you to get high when you smoke marijuana."

Currently, there are only five hemp companies in SA. Two of

these are in textile production, and the remaining three in seeds and seed oil production.

"All the hemp needed by these companies has to be imported, which puts a huge strain on these companies' competitiveness, by almost doubling the costs of products," said Budden.

CANNABIS PRODUCTION CAN PRODUCE A REAL BOOST TO ECONOMIES

According to the Department of Agriculture, Forestry and Fisheries (DAFF), hemp imports into SA almost doubled to R1 million in 2015. Budden, however, said that these statistics were likely much higher as DAFF only looked at imports of the raw fibre used mostly in plumbing.

The industry also imported fabrics from China, building materials from France and the UK, and oils and seeds from the EU and Canada. Growing hemp

locally would reduce transport and import costs, and would also create new farming opportunities.

"We have a much better climate [for growing] hemp than Canada and countries in Europe, as well as lower farming costs, so we would definitely be able to compete on products like hemp seeds and oil, and easier-to-process products like construction materials.

"Our Chinese suppliers have indicated that they would want to purchase fibre from us, as there is a large demand in China and they cannot dedicate land to fibre growing. We also have many queries internationally for cannabidiol, a non-psychoactive cannabinoid from hemp that is currently seeing market prices of up to US\$20 000/kg [about R267 000/kg]," said Budden.

Cannabis production could also boost economies. The Marijuana Policy Group evaluated the economic impact of the legalisation of marijuana in Colorado in the US. It found that more than 18 005 new jobs were created in 2015. – *Glenneis Kriel*

OLIVES

Shortage leads to good prospects for SA's olive oil producers

An international shortage of olive oil, caused by unfavourable production conditions, bodes well for SA producers.

Nick Wilkinson, chairperson of SA Olives, confirmed that two of the world's largest olive oil producers, Spain and Italy, had endured consecutive years of bad harvests. In Spain, this was a result of unusually hot and dry summers, and in Italy, poor harvests were a result of the bacterial disease, *Xylella fastidiosa*, which had reportedly destroyed more than a million ancient olive trees.

In SA, meanwhile, a normal yield of about 2,2 million litres was expected.

"Production per hectare is expected to be [less] due to dry climatic conditions and a shortage of water in some of our production regions, but many new orchards are coming into production that will help to make up for the lighter yields," said Wilkinson.

He expected producer prices to increase 8% to 10% due to rising production costs.

"It usually takes a while for international trends to take effect locally. Whereas international prices are expected to be significantly higher because of the international shortage, the stronger rand will help to counter the impact of the

higher prices so that imports will most probably remain stable," said Wilkinson.

He also expected local prices to remain strong over the long-term due to the growing demand for olive oil and table olives, which was a result of consumers becoming increasingly aware of the fruit's health benefits.

SA also only produced a third of the olive oil consumed in the country, while the rest was imported.

According to Wilkinson, the international shortage of oil also presented a great opportunity for SA producers to export extra virgin olive oil. – *Glenneis Kriel*