CHAIRMAN'S REPORT 2018/2019

PRESENTED BY WOUTER DE WET AT
AFMA'S 72ND ANNUAL GENERAL MEETING ON
13 SEPTEMBER 2019, HOSTED AT ARABELLA HOTEL & SPA

AFMA
SAFE FEED FOR SAFE FOOD
Animal Feed Manufacturers Association

Animal Feed Manufacturers Association

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Presented by Wouter de Wet
at AFMA's 72nd Annual General Meeting
on 13 September 2019, hosted at
Arabella Hotel & Spa, Kleinmond,
Western Cape, South Africa

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1. INTRODUCTION

1.1 The current global economic situation

In the last Chairman's Report, we expressed concern about the threat of rising trade tensions between the United States and China. Unfortunately, since then, the situation has deteriorated markedly. Trade continues to be a point of conflict between these two global powers and Brexit-related uncertainty, geopolitical tensions in oil-producing nations[1] and a build-up of government debt has added further gloom to an already strained global economic situation.

Emerging markets, of which South Africa is an integral part, are taking a beating as the adverse effects of these global events spill over into the trade performance of emerging markets. From its vantage point, the World Bank forecasts that year-on-year global trade volumes for 2019 at 2.6%-0.3% below the previous expectations-, will be well down on the 4.1% year-on-year figures recorded in 2018, undoubtedly another side-effect of the ongoing brinkmanship involving the United States and China.

It can be expected that investment growth within emerging markets will remain weak and will languish below historical averages, held back by sluggish global economic growth; limited fiscal space, and structural constraints such as poor business environments, labour and product market controls, and weak governance in some jurisdictions that discourage investment.[2]

Despite its predictions for 2019, the World Bank is slightly more optimistic about 2020. Growth, the World Bank predicts will rise marginally from 2.7% and to 2.8% by 2021 **(Table A)**. The catalyst behind this is likely to be the expected continued benign global financing conditions, as well as a modest recovery in emerging markets and developing economies that were previously impacted on by financial market pressure.

The improvement in the fortunes of the emerging developing economies **(Table A)** is expected to be characterised by economic growth that will lead that of the developed world for the next two years, reaching about 4.6% in both 2020 and 2021. Meanwhile, the advanced economies are expected to grow at a modest pace of 1.5% over this period **(Table A)**.

1 "Still Sluggish Global Growth" The International Monetary Fund, July 2019
2 "Global Economic Prospects" World Bank Group, June 2019

TABLE A: REAL GDP						
	2016	2017	2018	2019	2020	2021
Global GDP (%)	2.6	3.1	3.0	2.6	2.7	2.8
Advanced economies GDP (%)	1.7	2.3	2.1	1.7	1.5	1.5
Emerging developing economies GDP (%)	4.1	4.5	4.3	4.0	4.6	4.6
Source: World Bank						

1.1.1 Sub-Saharan Africa

The World Bank expects the economies of the sub-Saharan Africa region to grow by 2.9% in 2019 **(Figure 1)**. While this is relatively higher than the 2018 growth rate, it is nonetheless disappointing when expectations made earlier in the year are taken into consideration. Weakening external demand, supply disruptions, and elevated policy uncertainty are weighing on activity in major economies within the sub-Saharan Africa region.

With that said, growth in this region is expected to recover to 3.3% and 3.5% in 2020 and 2021, respectively. In part, this will be supported by an expected improvement in domestic demand in several economies, as well as an anticipated recovery in oil production in major oil-exporting countries.

There are, unfortunately, some downsides to this outlook. They include weaker-than-expected external demand, lower commodity prices, renewed stress in global financial markets, fiscal slippages, political uncertainty, armed conflicts, and unfavourable weather conditions. In countries such as Zimbabwe, Kenya, and Mozambique, the adverse weather conditions were amongst the factors that weighed on economic fortunes in 2019.

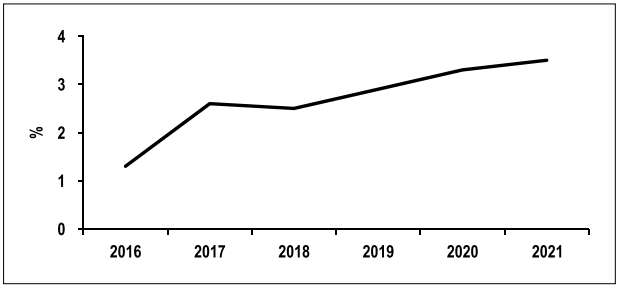
Moving closer to home, the World Bank forecasts South Africa's economic growth for this year at 1.1% compared to 0.8% in 2017. This forecast, however, is more optimistic than many made by other market analysts. The consensus of these other experts is that South Africa's economy will grow at less than 1% in 2019 and that the challenges facing the economy will be mostly domestic in nature.

Amongst the domestic issues flagged by commentators are inadequate electricity supply, rising state-owned entities debt (and government debt), lower levels of confidence (which leads to lower investment) and general policy uncertainty (particularly in the mining, land reform and health systems), amongst others. The fragile global economic growth prospects have also played a role in exacerbating the already weak domestic outlook. Going forward, it is believed that South Africa's economy could gain momentum and perhaps grow by 1.5% and 1.7% in 2020 and 2021, respectively, says the World Bank Group.

Other major economies in the sub-Saharan region such as Nigeria and Angola are set to grow modestly over the next two years as oil production recovers. Both expect growth exceeding 2% in 2020 and 2021, which far outpaces South Africa.

Overall, while the sub-Saharan region will not grow at the pace anticipated at the start of 2019, the economies will perform better than in 2018. Hope is now being pinned on better economic performances being recorded in 2020 and 2021, as shown in **Figure 1**.

FIGURE 1: SUB-SAHARAN AFRICA'S ECONOMIC GROWTH PROSPECTS



Source: World Bank, Agbiz Research

1.1.2 Global inflation rates

Consumer price inflation has remained relatively muted across the advanced economies this year because of lower commodity prices. The International Monetary Fund (IMF) forecasts that consumer price inflation in the advanced economies at 1.6% y/y in 2019, down from 2.0% y/y in 2018, as shown in **Table B.**

In the emerging world, however, consumer price inflation has been slightly elevated due to the pass-through resulting from the currency depreciation in several countries. As a result, the IMF forecasts consumer price inflation at 4.9% y/y in 2019, up from 4.8% y/y in 2018. The outlook for 2020 is accommodative, with consumer price inflation set to ease in anticipation of stable economic conditions, especially in oil-producing economies **(Table B)**.

TABLE B: CONSUMER PRICE INFLATION FORECASTS

Year-on-year	2017	2018	2019	2020
Advanced economies (%)	2.0	1.6	2.1	2.0
Emerging markets (%)	4.8	4.9	4.7	4.2

Source: International Monetary Fund

Within the advanced economies, the US 2019 annual inflation rate is projected at 1.8% y/y, with 2020 set to accelerate to 2.1% y/y as the effects of Chinese tariffs are passed on to consumers. This predicted rise in inflation rates is marginally above the US Federal Reserve's target of 2.0%, presenting a conducive environment for further interest rate cuts.

In Japan, after two years of deflation, this year's prospects promise improvement to 0.6% y/y. In 2020, according to data from the IMF, the Japanese consumer price inflation rate could accelerate to 1.2% y/y.

Consumer price inflation in the Euro currency regions is forecast at 1.5%, up marginally from 1.4% in 2018. Looking ahead, however, inflation is set to accelerate to 1.6% y/y in 2020, on the back of fears about the increasing price of goods impacted upon by the uncertain global trade environment. Most importantly, the Euro area is still involved in the Brexit discussions, the result of which was still unsure at the time of writing. The new UK Prime Minister, Boris Johnson, has promised Britons that a Brexit deal will be in place before October 2019 and has also stated that the UK will leave the European Union without an agreement if circumstances demand.[3]

On the South African front, according to the SA Reserve Bank, headline inflation is expected to remain below the Reserve Bank's upper target of 6% and is expected to be about 4.4% y/y in 2019 and 5.1% y/y in 2020, reducing to 4.6% in 2021. Lower food price inflation during a greater part of this year has mainly contributed to the benign consumer price inflation figures this year. Moreover, the pass-through from the weaker rand has also been muted for most of the year.

1.1.3 Unemployment

The global labour market has been inhibited by the weak economic conditions resulting in global unemployment rates remaining static between 2018 and 2019, as illustrated in **Table C**.

From a regional perspective, however, the unemployment picture is mixed. The developed economies have seen a marginal decline in unemployment, to 5.4% in 2019 from 5.5% in 2018. Meanwhile, the emerging and developing economies have seen roughly no change in unemployment rates over the last two years. The regions' economies are constrained by weaker economic growth conditions, as is shown in **Table A**.

TABLE C: UNEMPLOYMENT RATE TRENDS (%)				
	2016	2017	2018	2019
Global	5.7	5.6	5.5	5.5
Developed economies	6.3	5.7	5.5	5.4
Emerging economies	5.6	5.6	5.5	5.5
Developing economies	5.6	5.3	5.3	5.3
Source: International Labour Office				

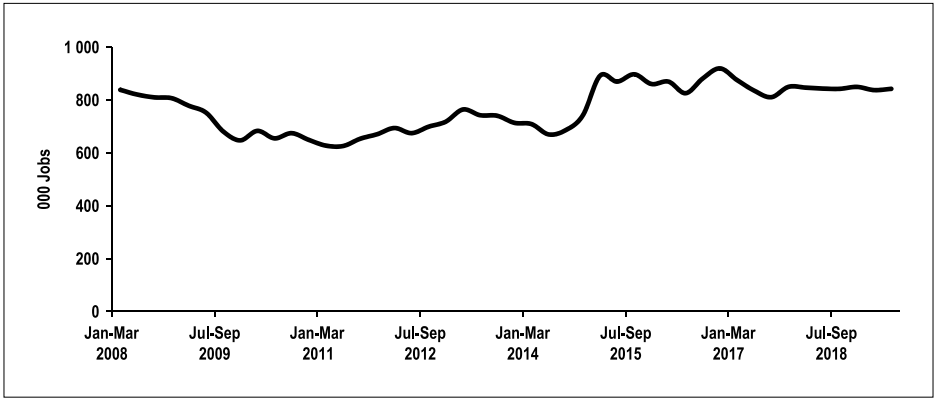
On the domestic front, South Africa's official unemployment rate climbed by 1.4% on a quarter-on-quarter basis, to 29.0% in the second quarter of 2019. This is the highest level of unemployment recorded since the inception of the Quarterly Labour Force Survey (QLFS) in early 2008.

[3] "No-deal Brexit odds: Latest predictions on leaving the EU without a deal" The Telegraph, 13 August 2019. Available at: https://www.telegraph.co.uk/politics/0/no-deal-brexit-odds-latest-predictions-leaving-eu-without-deal/

On a sectoral level, the Quarterly Labour Force Survey data (Q2: 2019) showed that South Africa's primary agricultural employment fell by 0.2% to 842 000 from the corresponding period last year **(Figure 2)**. The subsectors that faced a notable reduction were mainly field crops, the game industry and forestry. In the case of field crops, the decline in employment was unsurprising as it followed reduced activity in the fields on the back of a poor harvest in the 2018/19 season, as well as unfavourable weather conditions earlier in the season.

From a regional perspective, significant declines in employment were recorded in the Northern Cape, Free State and Limpopo, while other provinces saw a marginal increase in employment rates.

FIGURE 2: SOUTH AFRICA'S AGRICULTURAL JOBS



Source: Stats SA, Agbiz Research

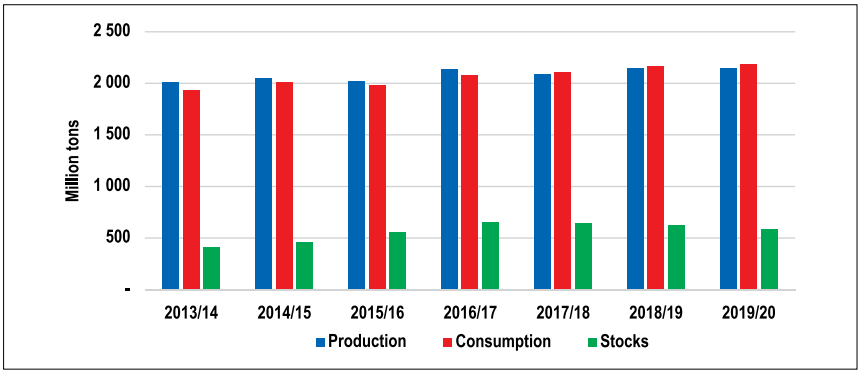
1.2 Global grains and oilseeds outlook

Grains

The International Grains Council (IGC) forecasts 2019/20 global grains production at 2.1 billion tons, a 0.3% increase from the previous season. This increase is predicated on prospects of higher grains output in the Euro Area and Asia. From a commodities perspective, rice and wheat are the key drivers of the potential increase in global grains production.

The 2019/20 global rice harvest, which illustrates this point, could total 503 million tons, up by a percentage point from the previous season. Moreover, the 2019/20 global wheat harvest could total 763 million tons, up by 4% of the prior season. Be that as it may, the increase in production will be insufficient to boost the global grains stock, as consumption is set to rise in 2019/20. As a result, the 2019/20 global grains stocks are estimated at 585 million tons, down by 6% from the previous season **(Figure 3)**.

FIGURE 3: GLOBAL GRAINS AND OILSEEDS SUPPLY AND DEMAND



Source: International Grains Council, Agbiz Research

On balance, however, the world supply of grains and oilseeds will be satisfactory for the near to medium-term, despite the expected annual decline. The stocks will also be the fourth-largest recorded over the past five seasons. Global grains prices are, therefore, likely to trade sideways (to marginally up) in the near to medium-term.

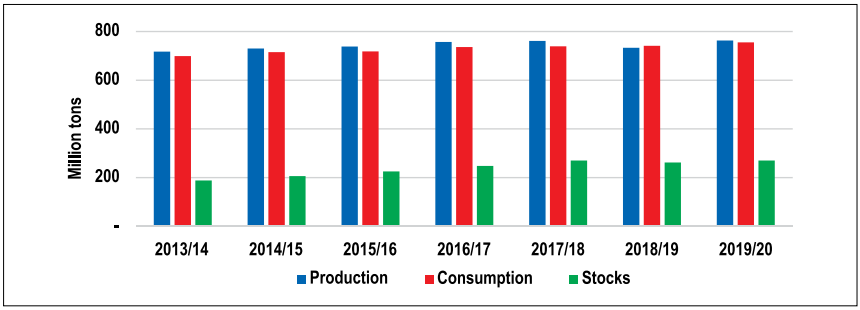
1.2.1 Global grain and the oilseeds commodity outlook

As highlighted in the previous section, the overall production of the world's most traded agricultural commodities, wheat, maize and soybean could rise marginally in the 2019/20 season. Below, we unpack the supply and demand dynamics of each commodity, and review the implications on prices for the animal feed industry.

Wheat

The 2019/20 global wheat crop is expected to be the largest on record, with gains in area and productivity resulting in output increasing by 4% year-on-year, to 763 million tons. The potential downgrades in harvest expectations for Russia, the EU and Canada are expected to be offset by increases in the USA and China **(Figure 4)**.

FIGURE 4: GLOBAL WHEAT SUPPLY AND DEMAND



Source: International Grains Council, Agbiz Research

When account is taken of the fact that the 2019/20 season started with an opening stock of 262 million tons, world wheat supplies are now estimated at 1.03 billion tons (this figure includes the expected harvest).

This is sufficient to cover the world's annual consumption which is currently estimated at 755 million tons for the 2019/20 season, up by 2% from the previous season. This yearly increase is supported mainly by growing demand from the animal feed industry. Industrial and human consumption of wheat is set to increase modestly in the 2019/20 season.

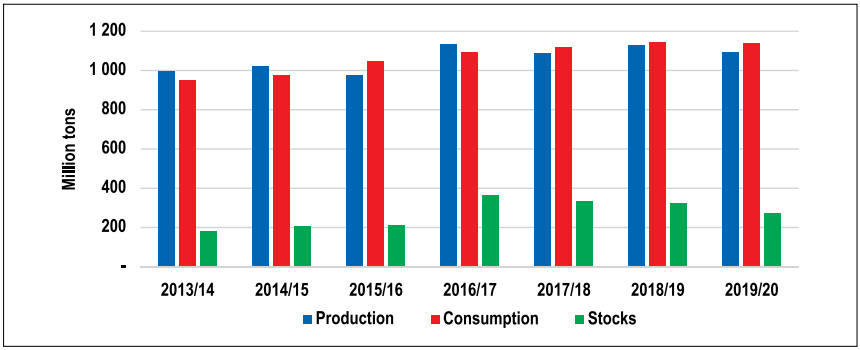
Against this background, the world's wheat stocks could increase by 3% year-on-year to 270 million tons in the 2019/20 season **(Figure 4)**. These large stocks could place global wheat prices under pressure.

Reducing prices will benefit wheat-importing countries like South Africa which, according to the Agricultural Business Chamber of South Africa (Agbiz), could import about 1.4 million tons in 2018/19, and 1.4 million tons in 2019/20. Beneficiaries will be the local wheat industry, which will stabilise during the year and consumers who will benefit from lower prices.

Maize

Global maize production is set to fall by 3% year-on-year in the 2019/20 season to 1.0 billion tons, (see **Figure 5**), due to the smaller 'outturns' expected in several major northern hemisphere producers. Maize output in the US is predicted to fall particularly steeply, as significant uncertainty still exists about planting areas, levels of abandonment and yield potential. Also, downgrades in yields expected in China and Russia will be more than compensated for by projected production in the Ukraine, Argentina and Brazil.

FIGURE 5: GLOBAL MAIZE SUPPLY AND DEMAND



Source: International Grains Council, Agbiz Research

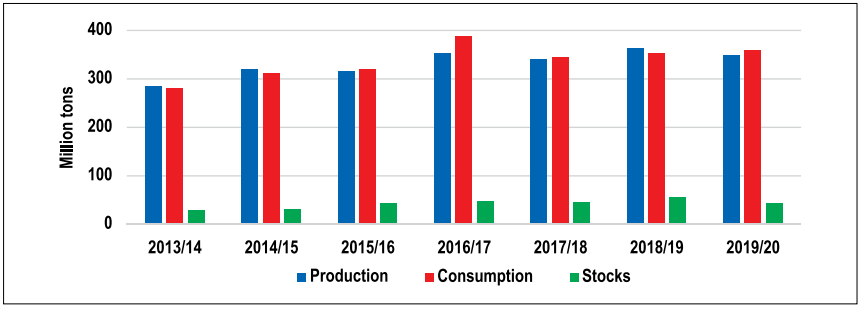
The season began with an opening stock of 322 million tons, implying that the 2019/20 global maize supply could amount to 1.4 billion tons (this is in addition to the expected production mentioned in the above-mentioned paragraph). Aside from the supply side; 2019/20 global maize consumption is estimated at 1.1 billion tons, down marginally from the previous season. About 58% of this is consumed as animal feed, with 12% going to the food industry and the remainder being used for industrial purposes.

Against this backdrop, the IGC estimates 2019/20 global maize stocks at 273 million tons, down by 15% from the previous season, due to an expected lower harvest.

Soybean

The International Grains Council forecasts 2019/20 global soybean production at 348 million tons, down by 4% from the previous season **(Figure 6)**. The expected decline anticipates that there will be smaller harvests in the US, Argentina, India, Paraguay, Canada and Ukraine amongst others which will be brought about by a decline in area planted and poor weather conditions. From a supply perspective, the 2019/20 season began with an opening stock of 55 million tons which, when added to the production above, translates to a world supply of about 403 million tons.[4]

FIGURE 6: GLOBAL SOYBEAN SUPPLY AND DEMAND



Source: International Grains Council, Agbiz Research

In the same season, global soybean consumption is estimated at 359 million tons, up by 2% from the previous season. Because of the increase in consumption and a decline in production, the 2019/20 global soybeans stocks could fall by 20% year-on-year to 44 million tons.

While global soybean prices were generally low during most of 2019, the expectation is that there will be upward pressure on prices towards the end of 2019 and into 2020 and upward pressure on costs for animal feed users. South Africa remains a net importer of soybean oilcake; therefore, an increase in global soybean prices will have implications on South African animal feed.

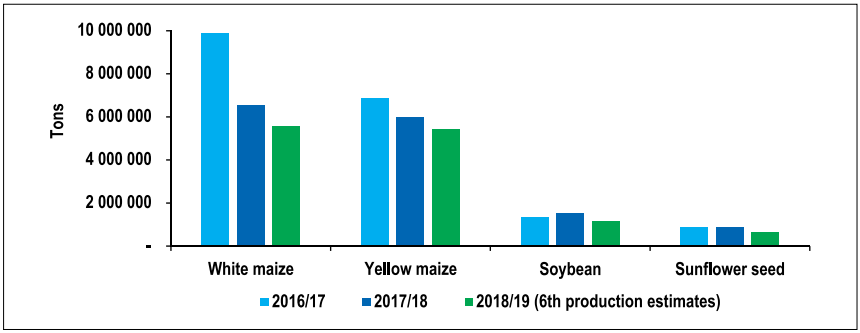
[4] While this is an encouraging figure, it is still 1% lower than the 2018/19 season. The decline is due to lower production.

1.2.2 Domestic grain and the oilseeds commodity outlook

South Africa had a poor season in 2018/19 due to drier weather conditions in the central and western parts of the country at the beginning of the season. As a result, summer grains and oilseeds harvests are expected to decline by 'double digits' from the levels produced during 2017/18 **(Figure 7)**.

South Africa's maize production is expected to be about 10.98 million tons (about 5.57 million tons is white maize, with 5.41 million tons being yellow maize). Initial fears in June 2019 that production of white maize would be negatively impacted on by poor yields in parts of the North West Province that produces about 23% of South Africa's white maize were not realised as Gauteng's production estimates were reviewed upwards.

FIGURE 7: SOUTH AFRICA'S SUMMER CROP SIXTH PRODUCTION ESTIMATES FOR 2018/19 SEASON



Source: Crop Estimates Committee, Agbiz Research

South Africa will be a net exporter of maize in the 2019/20 marketing year despite the estimated 10.98 million tons harvest being 12% less than the 2017/18 production season.

In May, the start of the 2019/20 marketing year, South Africa had an opening stock of 2.8 million tons. When stocks from the expected harvest are added, the country should be able to cover its annual consumption of about 10.8 million tons, without impacting on its status as a net exporter of the grain. However, exports, primarily to countries in the SADC region, could decline by about 50% from 2018/19 levels to about 1.1 million tons.

In terms of other summer crops, the sunflower seed crop is estimated at 655 640 tons **(Figure 7)**. While this is an encouraging development, it is still 24% lower than the previous season and implies that South Africa will be a net importer in the 2019/20 marketing year.

In the case of soybeans, production was revised down by 4% to 1.17 million tons **(Figure 7)**, due to lower than anticipated yields in parts of Mpumalanga and the Free State. The current estimate is 24% lower than the previous season and implies that South Africa will be a net importer of soybeans and its by-products (oilcake) in 2019/20.

1.3 Price movements

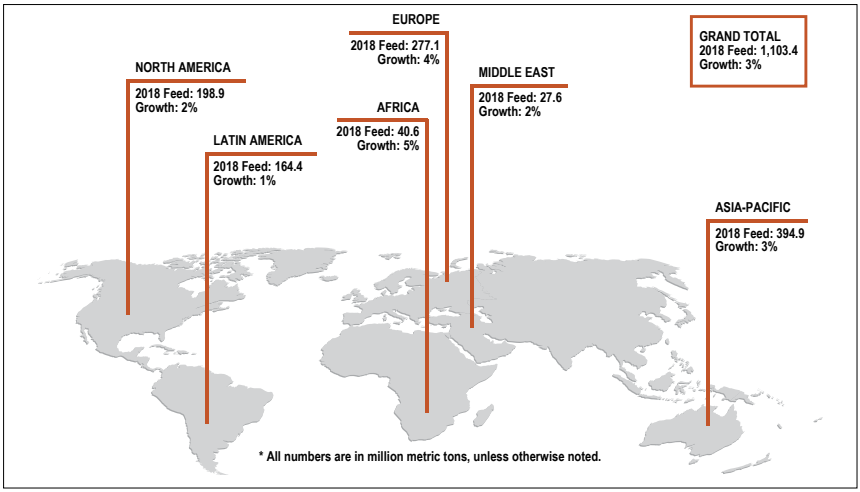
Due to healthy consumption levels and global demand, maize prices have recovered slightly. In early August 2019, the white maize spot price was around R3 032 per ton, up by 33% from last year. The yellow maize spot price was about R2 896 per ton, which is 24% higher than the levels achieved on 13 August 2018, when year-on-year sunflower seed and soybeans prices were up 12% and 29% at R5 496 per ton and R5 772 per ton respectively.

1.4 The global feed situation

The global feed industry crossed the one billion tons threshold two years ago. Since then, the upward trend in total feed production has continued, and production has kept pace with global population growth and changing consumption patterns which have seen middle-class consumers increasingly turning towards protein. Overall, the feed industry grew by 3% last year, to 1.103 billion tons and generated revenues of more than US$ 430 billion.

Global feed production, taking into account feed produced by on-farm mixing facilities, can conservatively be estimated at around 2 billion tons worth about US$ 650 billion.

FIGURE 8: WORLD FEED GRAND TOTAL: 2018 – 1,103 BILLION TONS



Source: Alltech Global Feed Survey – 2019

The data published in the Alltech global feed survey is collected in more than 144 countries and from sources that range from 29 605 feed mills in several countries, national feed industry associations, and government sources. In addition, information is gleaned from a range of global reports and publications produced by parastatal companies, agencies, foundations, institutes and academia.

TABLE D: GLOBAL FEED PRODUCTION RANKING – 2018

Rank	Country	Feed Production – 2018 (million tons)	Rank	Country	Feed Production – 2018 (million tons)
1	China	187,9	14	Thailand	21,1
2	USA	185,2	15	Indonesia	20,3
3	Brazil	68,6	16	South Korea	19,7
4	Russia	39,2	17	Vietnam	19,6
5	India	38,7	18	Philippines	19,0
6	Mexico	34,6	19	UK	18,4
7	Spain	34,4	20	Italy	14,3
8	Turkey	25,5	21	Netherlands	13,7
9	Germany	25,0	22	South Africa	11,1
10	Japan	24,2	23	Poland	10,8
11	Argentina	22,1	24	Iran	10,7
12	Canada	21,7	25	Australia	9,4
13	France	21,4	26	Belarus	8,8
TOTAL					**1 103,4**

Source: Alltech Global Feed Survey – 2019

A 2018 regional analysis showed the following:

AFRICA: Feed production in Africa is growing steadily, increasing by 5% during 2018 with all countries increasing their outputs and Morocco achieving growth across most areas. A regional decline was recorded in the small equine and pet sectors (4%) and (14%) respectively but, otherwise, growth occurred across all production sectors. The most significant increase in feed occurred in products for ruminants and poultry.

ASIA-PACIFIC: The Asia-Pacific region is home to several of the world's top-10 feed-producing countries, including China, India and Japan. China maintains its hold as the global leader in feed production, leading the US by about 10 million tons.

While Japan did not show a significant change in feed production, India grew its output by 13% building on increased demand from growing dairy, layer and broiler feed sectors. Additional increases for feed were experienced from the ruminant category, where an increase in sheep and goat consumption occurred. The result has been that more feed producers have joined the market. Other countries that demonstrated higher growth variance included Pakistan, Myanmar and Laos.

EUROPE: Europe was the second-fastest-growing region in the survey, returning growth of about 4% over 2017 levels. Increases in demand were experienced across primary protein areas, including layer and broiler feed production, which were up by

7% and 5% respectively. Feed production for the pig, dairy and aquaculture sectors were up 3%, 4% and 5%, respectively. Beef, was the notable exception to the trend, declining by less than 1%.

Feed output increased in smaller producing countries including Turkmenistan, Macedonia, Azerbaijan, Montenegro, Kazakhstan and Uzbekistan, as well as larger-producing countries like Russia, Spain and Turkey.

LATIN AMERICA: Latin America was the only region where feed production output was muted. Brazil, Mexico and Argentina continued to produce most of the feed in the region and together accounted for 76% of total output. Brazilian production was steady, while Mexico and Argentina achieved market growth of 1% and 4%, respectively. Colombia's feed production grew by about 8% to meet increased demand by pork and egg producers.

Several countries experienced declines in production. In Venezuela, production declined by 27%; El Salvador 16%; Chile 8%. Regionally, broiler feed was down by about 2% over 2017 levels in Venezuela, Nicaragua, Guatemala and Colombia, with some declines being attributed to ongoing political unrest and instability.

MIDDLE EAST: The Middle East remains the world's smallest feed producing region. Even so, during 2018 feed production in the region increased by 2%. Demand for feed was flat for many species, with broiler species being the exception and producing an increase of 5%.

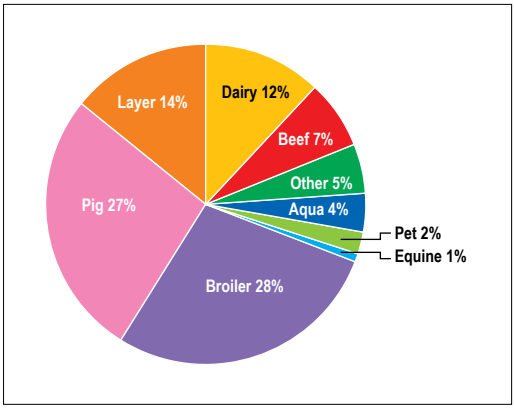
Iran recorded the most growth, leading the region with 10.7 million tons and an overall increase of 5% over 2017. Iran was followed by Saudi Arabia, with about 7 million metric tons of feed – a total which was similar to that of 2017. Together, these countries produced nearly 65% of the region's feed. While not a massive producer of feed, Qatar demonstrated strong growth at 11%, bringing its total feed production to nearly 500 000 tons.

NORTH AMERICA: During 2018, North America again saw a steady growth of about 2%. This was due to a small, but consistently growing demand for feed by nearly every major species in the U.S. and Canada. No significant decreases in feed production occurred in any specific area. Feed costs in this region are globally the lowest across all species. With its land availability, water and other resources, the region is expected to remain a primary contributor to feed production.

INTERNATIONAL FEED COST: In general, global feed prices remained steady, reflecting prices recorded in 2017 and 2016. This was due to all-round high stock levels of grains and oilseeds. However, this situation is subject to change as it is influenced by availability, distance from markets and overall knowledge of the industry.

TABLE E: REGIONAL AVERAGE FEED PRICES PER SPECIE – (US$ PER TON)			
Region	Pigs	Layer	Broiler
Africa	537	490	586
Asia-Pacific	428	411	500
Europe	343	309	362
Latin America	354	381	414
Middle East	NA	408	508
North America	238	285	281
Source: Alltech Global Feed Survey – 2019			

FIGURE 9: GLOBAL FEED PRODUCTION PER SPECIE (MILLION TONS) – 2018



2. AGRICULTURAL AND GOVERNMENT POLICY ISSUES

2.1 Introduction

The first half of 2019 was eventful both domestically and globally. Internationally, outbreaks of African Swine Fever significantly affected China and the global market. The disease outbreaks in China came during the trade war with the United States, which also affected global trade in agricultural commodities – particularly soybean. The impacts of these events are yet to be fully determined, but economists have already started predicting a global economic recession.

Domestically, outbreaks of Foot and Mouth Disease (FMD) curtailed beef and wool exports, attracting export bans from major international markets. The FMD outbreak was compounded by an African Swine Fever outbreak, which also impacted the domestic market, but had less influence on international trade.

In government, a cabinet reshuffle led to two significant developments, namely:

(i) The consolidation of the Department of Agriculture, Forestry and Fisheries (DAFF) with the Department of Rural Development and Land Reform (DRDLR) to form the Department of Agriculture, Land Reform and Rural Development; and

(ii) the appointment of a new Minister, Ms Thokozile Didiza at the end of May 2019. This leadership change has been generally well-received by both critics and analysts, who drew confidence from Ms Didiza's previous tenure in the Ministry between 1999 and 2006.

From a trade agreement perspective, several developments occurred.

Brexit reached fever-pitch in the first quarter, and the African Continental Free Trade Agreement took effect at the end of May. The Economic Partnership Agreement (EPA) was threatened by grievances from both SACU and the EU, with negotiations to resolve them stalling. However, both parties later agreed on a mechanism for trade dispute resolution, which will be tested over the coming months as parties bring their issues into the newly established process.

Other trade agreements were fairly routine. The SADC remains concerned by member states that continue to flout the Trade Protocol. The SACU Agreement is still under review, with little indication as to when the review process will be concluded. The SACU EFTA has taken a step forward as progress is being made with the EFTA partners seemingly willing to allow access to markets for essential and processed agricultural commodities. The SACU-India PTA is effectively stalled, with virtually no movement after more than a decade of negotiation, and the SACU MERCOSUR is relatively quiet, with calls for a review being deferred to after 2020.

2.1.1 Tariffs, rebates and trade remedies

This section of the report outlines some of the vital areas of trade negotiations. It includes areas that are still being negotiated, those that have been concluded but are under review, and those that have been completed but require constant monitoring to ensure smooth and full implementation

The poultry quota was expected to increase from 65 000 tons to 65 417 tons between 1 April 2018 and 31 March 2019. At the time of drafting this report, it appeared as if the quota had been filled, with import estimates of around 75 000 tons in the 2017/18 season, and approximately 77 000 tons for the 2018/19 season. South Africa imported bone-in poultry worth R747 million worth from the US during the 12 months ended 31 March 2019, a decrease of 3% from the R767 million recorded in the previous season.

South Africa's position within AGOA is reportedly under official and 'unofficial' scrutiny, initially because of the historical anti-dumping duties on US bone-in chicken, but lately more because of the country's 'middle-income' status. There have been expectations of a position being taken against South Africa, either at formal annual AGOA reviews or in 'out-of-cycle' discussions due to the country's policy stance on several issues, including expropriation of land without compensation.

To date, the US has neither targeted South Africa's market access under AGOA nor made an effort towards seeking additional concessions beyond those negotiated in 2017. Instead, the United States revealed a broad Africa Strategy in which it focuses more on an investment-led approach through a new programme called Prosper Africa.

2.1.2 Trade Agreements

(a) Southern African Development Community (SADC) and Mozambique: Economic Partnership Agreement (EPA) with the European Union (EU)

There were several issues concerning the EU and SACU. The EU was dissatisfied with SACUs implementation of provisional safeguards and anti-dumping measures that were implemented against EU poultry in the wake of avian influenza outbreaks in the EU, and an ITAC decision against EU poultry. Meanwhile, SACU had expressed grievances against a ban on SACU ostrich exports to the EU, in addition to EU's citrus black spot (CBS) emergency regulations against South African citrus fruit.

Protracted negotiations seemed to have stalled. Then the SACU(M)-EU EPA partners established a Joint Council which developed and adopted rules of procedure for dispute settlement, dispute avoidance, and the Code of Conduct of Arbitrators and Mediators.

Subsequently, the EU submitted a formal request to SACU to consider the possibility for reducing the SACU Safeguard Duty on frozen bone-in chicken cuts imported from the EU. The EU is seeking to use the Dispute Settlement and Arbitration Process and refer to EPA Article 35 as the possible legal basis for resolving the impasse on poultry safeguard duties.

As at August 2019, there has been some movement in terms of South African access to the EU. The EU has lifted the ban on ostrich to enable South Africa to recommence ostrich exports. However, prohibitions and safeguards on EU poultry into SA remain.

SACU has also been negotiating with the EU on SPS issues that will arise when the UK departs the single market. More specifically, clarity is being sought on the sanitary measures that will be applied to South African products once the UK leaves the EU. The second issue concerns cumulation, such that derogation is only in relation to cumulation with the EU. The UK wants to fully cumulate with the EU when exporting all products to SACU and Mozambique.

(b) Southern African Development Community (SADC) and Mozambique: Economic Partnership Agreement (EPA) with the European Union (EU)

After three years of negotiations between the EU and the UK, Brexit was postponed when the UK lodged a request for an extension so its parliament could have more time to debate and agree on a Brexit deal. The new deadline of 31 October 2019

averted the prospect of the UK leaving the EU without a deal. An urgent meeting was arranged by the Department of Trade and Industry to solicit inputs and inform participants on risks and strategic approaches taken by the government to manage the Brexit transition process.

Concerning the SACU-Mozambique-UK EPA rollover negotiation, most articles have been agreed on (i.e. Articles on the Tariff Rate Quotas (TRQs), the non-trade Chapter of the Trade and Development Cooperation Agreement and Transitional Arrangement).

With regards to cumulation, the UK wants SACU to recognise EU content. This implies that the EU content will be recognised as originating from the UK, a scenario which will preserve cross-border supply chains between the UK, EU and South Africa. However, SACU would prefer a time-bound arrangement for recognition of EU content, while negotiating partners seek a permanent deal to prevent the risk of transhipment.

The UK has indicated that it had signed a roll-over agreement with South Korea. South Africa is now the last major outstanding trading partner without an agreement with the UK. The UK was eager to continue with the discussions and proposed a meeting for mid-July 2019 between SACU, Mozambique and the UK in an attempt to resolve outstanding issues so that an agreement could be presented to Parliament before the end of October 2019.

Parties will continue to convene meetings to finalise outstanding issues and ensure that there is a binding agreement in place by the time the UK exits the EU.

(c) SACU-MERCOSUR (Argentina, Brazil, Paraguay (suspended) and Uruguay) Preferential Trade Agreement

The SACU-MERCOSUR agreement has been uneventful for the past three years. Since 2018, the MERCOSUR partners have been eager to review the agreement so its scope can be expanded. However, SACU noted that it was too early to review the agreement, and that sufficient time had to elapse before the agreement could be considered. What can be done, however, is to allow for the monitoring and evaluation of progress made in implementing the agreement. This would be undertaken through a Joint Committee meeting between SACU and Mercosur. SACU is still awaiting Mercosur's provision of a date for the next committee sitting so implementation of the agreement can be further discussed.

Table F shows the products and tariff-rate quotas (TRQs) offered to the MERCOSUR by SACU, which are divided between Paraguay and Uruguay. These include 250 tons for boneless beef for each country, as well as 10 000 tons and 6 000 tons for soybean, respectively. Paraguay has an additional quota of 5 000 tons of soybean oil and 4 000 tons of sunflower oil.

TABLE F: OFFER OF SACU TO MERCOSUR – TARIFF RATE QUOTAS (TRQS)				
HS code 2007	**Description**	**Margin of Preference**	**Quota**	**Actual Imports (1st April 2018- 31st March 2019)**
02023000	Boneless Beef	25	Paraguay (250 tons) Uruguay (250 tons)	Paraguay (null) Uruguay (1 272 tons)
12010000	Soybeans	25	Paraguay (10 000 tons) Uruguay (6 000 tons)	Paraguay (null) Uruguay (null)
15071000	Soybean oil	25	Paraguay (5 000 tons)	Paraguay (null)
15121100	Sunflower oil	25	Paraguay (4 000 tons)	Paraguay (null)

Paraguay did not fill its 250 ton quota for beef, and its exports to South Africa remained unchanged at zero between 1 April 2018 and 31 March 2019 compared to the same period in the previous year. Uruguay's boneless beef exports exceeded the allotted 250 ton quota, with exports of 467 tons over the same period. However, this was a 65% drop in Uruguay's boneless beef exports, which were down from 1 317 tons over the same period in the 2017/18 season. Meanwhile, over the period 1 April 2018 – 31 March 2019, South Africa did not import any soybean, soybean oil and sunflower oil from either Paraguay or Uruguay.

(d) SACU-EFTA (Iceland, Lichtenstein, Norway and Switzerland) Free Trade Agreement

Between 2018 and 2019, the SACU-EFTA agreement has undergone a series of reviews. In 2019, The SACU-EFTA trade agreement negotiations have covered two areas, namely, Trade in Goods, and Customs and Origin Matters. SACU submitted a revised, and improved non-agricultural market access (NAMA) offer to EFTA, to align the SACU-EFTA with the SACU-M-EPA. On the other hand, EFTA also submitted a revised offer which only included Basic Agricultural Products (BAPS). No offer was made on processed agricultural products.

Previously, SACU was concerned with Norway and Switzerland's approach of linking their Basic Agricultural Products (BAPS) offers to WTO Tariff Rate Quotas (TRQ) Minimum Market Access. This meant that EFTA's offer did not provide meaningful or substantial market access preference beyond that already in place under MFN. SACU prefers a bilateral quota with Switzerland instead.

SACU also had issues with the EFTA's principles and guidelines governing the price compensation mechanism (PCM) concerning processed agricultural products (PAP). The PCM is essentially EFTA's system of determining tariffs for inputs, calculated based on the relative price differences between the world price and their domestic market price (the so-called Singapore Model). Iceland has offered significant market access to SACU and also confirmed that they would provide SACU similar treatment to that enjoyed by the EU.

Given SACU's strong belief that the PCM does not offer SACU significant market access advantages beyond what it can access under the EPA, Switzerland undertook to withdraw the PCM. However, Norway still has it. EFTA's improved offer has seen the removal of tariffs, which were replaced with a rebate system. However, EFTA has maintained its WTO TRQs, with an offer to reduce in-quota tariffs. SACU is still assessing the benefits of EFTA's revised proposal.

(e) SACU-India Preferential Trade Agreement

There have been no developments in this trade agreement since July 2018 when India hinted the need to revive trade talks on the sidelines of the 10th BRICS Summit held in Johannesburg. The SACU-India Council meeting was scheduled to take place towards the end of June 2019, but no information has been forthcoming.

After more than a decade of negotiations, it appears that the SACU-India Preferential Trade Agreement has stalled. Despite enormous potential benefits that could be derived from the Indian market, South Africa has noted with concern that the SACU-India agreement will not yield any optimal outcomes for South African industry, given the disproportionate benefits that would accrue to India at the domestic industry's expense.

India has a significantly larger tariff book and seeks far more tariff concessions against very stringent and complex regional and sub-regional SPS regimes that would effectively prevent market access for South African exports.

(f) SADC, COMESA and EAC Tripartite Free Trade Agreement (TFTA)

In late 2018, the Tripartite Council of Ministers set an ambitious target to sign and ratify the tripartite free trade area by the end of April 2019. Many of the preliminary annexures of the TFTA has been concluded, legally scrubbed, and adopted. However, one of the critical outstanding issues includes the Rules of Origin (RoO) of the TFTA, where the focus is on the completion of the combined matrixes for the three Regional Economic Communities (RECs), namely, the EAC, SADC and COMESA. These were discussed from 3rd to 21st December 2018.

Negotiators are still working on the RoO, and the responsible Technical Working Group has yet to complete its work due to some disagreements (e.g. scope of product coverage on fisheries; special and differential treatment on fisheries, more specifically, the definition of "their vessels" and "their factory ships" etc.). Subsequent meetings were due in March 2019, but could not be convened. The expectation was to progress on many outstanding issues-particularly tariff agreements with the EAC and Egypt. The latter is still not ready to proceed with negotiations.

According to the timeline agreed by Heads of States, the TFTA was supposed to come into force by 1st April 2019. However, the TFTA has been overshadowed by the

AfCFTA, and the TFTA has not been able to reach the 14 ratifications required to allow the agreement to become active. Currently, only Kenya, Egypt, Uganda, South Africa and Rwanda have ratified the agreement. Others are expected to do so by the end of the year, but these may not sufficient to allow the deal to be launched.

Tariff exchanges between SACU and the EAC have been provisionally concluded, and it is expected that Ministers of Trade from both regional economic communities will formally sign off on the tariff concessions. However, the TFTA work schedule suggests that an extension might be needed to conclude outstanding areas of negotiation. With the tariff offers between SACU and Egypt still to be completed, there is no indication of when this will occur.

(g) The African Continental Free Trade Agreement (Af-CFTA)

In January 2019, the key discussion point was centred on the level of ambition required for liberalisation of trade within the AfCFTA. The option adopted was that 3% of products would be in the exclusion list (non-negotiable products), and 7% in the sensitive list (products whose tariffs will be phased down over time, or within a 5-13 year period). The liberalisation of the remaining 90% of the tariff book would be undertaken immediately the agreement took effect. This level of ambition far exceeds what is desired by South Africa and some work will have to be done to identify sectors that can be considered for the exclusion and sensitive lists.

The AfCFTA took effect on the 30 May 2019, after the set threshold of 22 countries managed to deposit their instruments of ratification. At the time of writing, a total of 27 states had deposited their instruments.

The initial indicative timeline to conclude the AfCFTA, which was first proposed in 2012, was 2017. Negotiations were launched at the AU Assembly's 25th Ordinary Summit of Head of States and Governments on 15 June 2015 in Johannesburg. Phase I of the AfCFTA negotiations included the Protocol on Trade in Goods and the Protocol on Trade in Services; and Phase II included Competition, Intellectual Property and Investment.

In February 2019, a new timeline was set for the finalisation of work on Phase I and concluding of Phase II Negotiations and the adoption of Guidelines for Services Negotiations under the AfCFTA Protocol on Trade in Services. According to the new timeline and roadmap for finalising AfCFTA Negotiations, the new deadline for concluding the AfCFTA is now June 2020.

Member states are expected to submit the Schedules of Tariff Concessions and Schedules of Specific Commitments on Trade in Services for adoption to the 12th Extraordinary Session of the Assembly on July 2019, and the 33rd Ordinary Session of the Assembly in February 2020. Revised deadlines suggest that the 90% list of

products to be offered as duty-free could be presented to trading partners as soon as September 2019.

Member States are also expected to conclude the negotiations on the Protocols on Investment, Competition Policy and Intellectual Property Rights, Trade in Services on the other seven sectors beyond the five priority service sectors and submit the draft legal texts in January 2021.

African Heads of States approved the recommendation for the AfCFTA to reach a 90% level of ambition in January this year. This means that 90% of products traded will be considered immediate liberalisation under the agreement. Furthermore, 3% of products will be in the exclusion list, and 7% will be in the sensitive list. The latter would be considered for either immediate liberalisation after the agreement comes into force, or after five years when the agreement is reviewed.

This level of ambition is much steeper than desired by South Africa, as it will involve substantially reducing tariffs on many sectors, some of which have historically been preserved as sensitive.

(h) SADC Protocol on Trade

The last Chairman's Report noted the various problems being experienced by Malawi, Zimbabwe and Tanzania in abiding with their SADC Free Trade Area (FTA) agreements. Over the past year, South Africa also had to engage with Zimbabwe and Zambia to get them to abide by their commitments.

Zimbabwe

The South Africa – Southern Rhodesia (Zimbabwe) bilateral trade agreement of 1964 was officially terminated on 30 November 2018. The bilateral trade relationship between South Africa and Zimbabwe is now exclusively governed by the SADC FTA. Despite this clarity, Zimbabwe's currency reforms (Statutory Instrument (SI) 32 of 2019) have seen an upward surge of customs and excise duties, by up to 300%.

This followed Zimbabwe's declined request for derogation in August 2018, which would have allowed for a delay in its tariff phase-down commitments to allow for the implementation of tariffs under its published statutory instruments (SI 64 and 122). Unfortunately, the hike in customs and excise duties cannot be challenged within the framework of the SADC FTA rules.

With respect to derogation, Zimbabwe submitted 991 product lines to SADC and requested a further eight-year period. A Bi-National Commission (BNC) between Zimbabwe and South Africa has been formed, and President Ramaphosa visited Harare in March 2018.

During the meeting, South Africa requested that Zimbabwe provide an update on whether it had reviewed the application in line with the concerns raised by the SADC Council of Ministers of Trade (CMT) concerning the tariff lines and the period of eight years. South Africa also sought to understand whether further import restrictions would be implemented should the application be positively considered.

In response to South African request for assurances on the introduction of future import control measures, Zimbabwe advised that these were tied to the transitional phase aimed at enabling the revival of its economy. Regarding the special dispensation, the BNC noted that Zimbabwe's position would be maintained at 995 tariff lines and the relief would be sought for a duration of eight years.

Zambia

South Africa raised the issue of the introduction of a Sales Tax Bill in Zambia. The understanding has been that Zambia would levy taxes of 9% for domestically manufactured goods and services and impose a sales tax of 16% on imported products and services. South Africa regarded this as discrimination on locally produced goods with respect to the internal tax regulation.

By the time the South African government had become aware of the issue, it had already a bilateral meeting with Zambia. If implemented, this proposal could be a violation of Article 3 under the national treatment provision in the SADC protocol and a contravention of SADC and the WTO.

(i) SACU Trade Relations

The SACU Agreement has been under review for three years with discussions focused on unpacking the sources of trade disputes, which were being tackled under the trade and finance pillars (e.g. SACU revenue formula, etc.). One of the more pressing issues that have affected South Africa's industry is Article 26 of the SACU Agreement, which deals with the protection of infant industries.

Article 26 requires an instrument to implement it, but that instrument is absent. As such, Article 26 has been open to interpretation and abuse from BELN (Botswana, Eswathini, Lesotho, Namibia) member states. Clearer implementation procedures will be critical to the prevention of future trade disputes. The review of the SACU Agreement was initially expected to take two years, as it would only consider specific issues and not the entire agreement. It would seem, however, that the review process will take longer than anticipated, as no timeline has been set.

2.1.3 World Trade Organisation (WTO)

(a) The WTO reform agenda

Developing and developed countries are both arguing for the reform of the WTO.

The WTO reform proposals from developed countries suggest that countries opt out of Special and Differential (S&D) treatment – the prominent references being India and China, who also happen to be two of the world's largest providers of trade-distorting support. Many developed countries feel that India and China have reached a stage where they need to be treated at a higher standard than other developing countries. The US has already removed India from its Generalized System of Preferences (GSP) list and has targeted China through some tariffs on goods worth billions of dollars.

Overall, developed countries are now arguing that the WTO should focus on several areas including the modernisation of WTO rule to effectively respond to new issues such as e-commerce and digital trade, and in the way that goods and services are produced, distributed and traded. Developed nations are arguing that the rise of emerging markets demands the need for further differentiation of countries – for instance, the US is arguing that 34 developing countries have unduly claimed S&D treatment.

The developed countries, led by the US, also have advanced proposals to introduce higher levels of transparency, which would ostensibly lead to more efficient and effective monitoring of various WTO committees and their procedures. However, developing countries argue that many elements of the reform proposals on transparency add unnecessary commitments of member states, beyond those that are dictated by trade agreements. As such, the transparency proposals are being viewed with scepticism by developing countries.

Meanwhile, developing countries have insisted that the Doha Development Agenda (DDA) has to be concluded first, to ensure the development issues affecting the global south are sufficiently addressed. Developing countries have also persistently been calling for a reform of the WTO's principles of inclusivity and consensus decision-making, the preservation of S&D and a development focus that ensures that there are balanced outcomes for developing and developed countries' interests.

(b) The crisis in the WTO

The divergence in positions between the developing and developed countries has seen a breakdown in the WTO negotiation process, with developing countries choosing to work outside the WTO and form alternative trade pacts that advance their interests. These trade pacts include plurilateral trade agreements on new generation issues such as services, government procurement, and trade in environmental goods. Developed countries have also begun forming mega-regional trade agreements such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) .

For example, the US has vetoed the appointment of judges to the Appellate Body – an institution that presides over the settlement of trade disputes between nations in

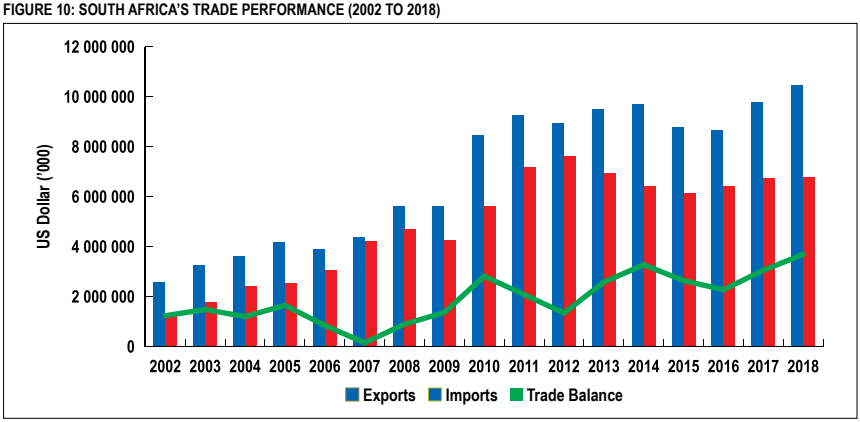
the WTO. By December 2019, there will be only one judge left on the Appellate Body, which means that there will be no quorum and no way of resolving trade disputes. This is primarily seen as a protest by the US against what it deems to be unfair treatment of its interests.

Overall, the developing and developed countries have assumed divergent views regarding WTO reform, and how to approach the DDA – the latter's stalemate being whether to continue to resolve outstanding development issues or to instead focus on new generation issues. As a result, the WTO is in a state of crisis, with strategic moves from the developed countries – particularly the US – set to deepen divisions. By year-end, the only critical function that has been seen as a consensus value proposition – which is dispute settlement – will also be crippled. That will render the WTO effectively dysfunctional, and that could spell the end of the DDA, and with it, all the development issues that affect developing countries.

2.1.4 South Africa's agricultural trade performance

In 2018, South African agricultural exports increased by 7% to US$ 10.5 billion, with increases in exports of edible fruits, beverages, spirits, vegetables, preparations used in animal feeds, sugars and fish. Imports increased marginally by 1% year-on-year to US$ 6.8 billion. Imports of cereals (mainly wheat and rice) and meat (chicken) collectively remain the most significant contributors to imports at 25% of total imports. South Africa remained a net importer of wheat and saw these imports growing by 15% to nearly two million tons in 2018.

FIGURE 10: SOUTH AFRICA'S TRADE PERFORMANCE (2002 TO 2018)



Source: International Trade Centre, 2018

South Africa recorded a positive trade balance of US$ 3.7 billion in 2018, which is currently the largest positive trade balance experienced since 2002.

Africa and Europe continue to be the largest destination markets for agricultural exports, collectively absorbing 68% of total exports in 2018, when measured in value terms. Africa remained South Africa's primary export market, accounting for 39% of agricultural exports. Increases were seen in beverages, fruits, nuts, sugar and animal feeds.

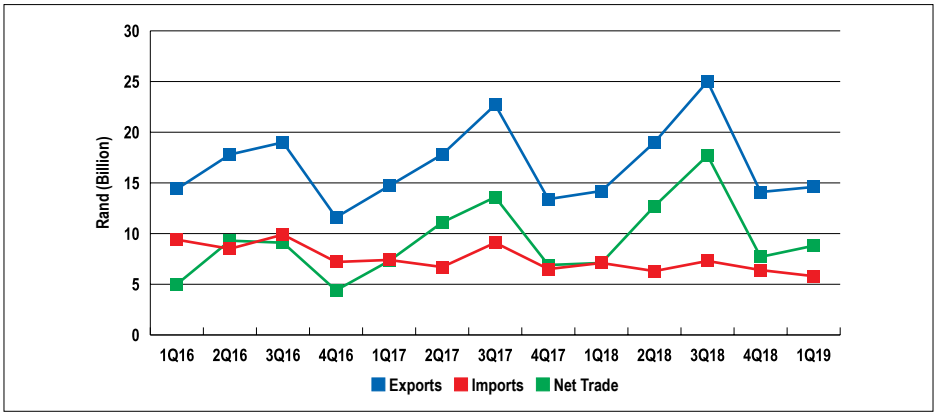
Trailing Africa was the European Region which accounted for a 29% share of South Africa's agricultural exports in 2018. South African agrarian export growth to this region was led by industries such as fruits, nuts, beverages, fish and vegetables.

Asia is also an important market for South Africa's agricultural exports, taking up a 14% share in 2018. Cereals, flours, fruit, beverages and vegetables were the leading products exported to this region. America and the rest of the World accounted for 3% and 8% respectively. Exports to America were dominated by fruit, beverages, sugar and vegetables.

2.1.5 South Africa's agricultural trade performance (statistics)

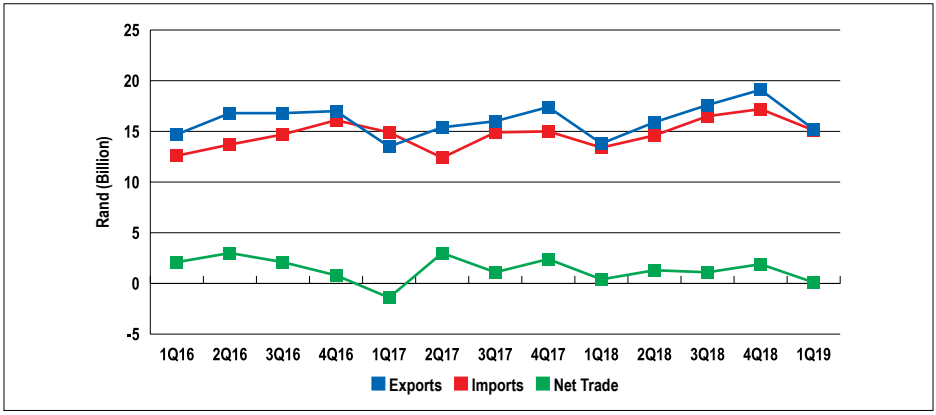
TABLE & FIGURE 1A: SA TRADE IN PRIMARY AGRIC PRODUCE (2016 – 1ST QUARTER 2019) (BILLIONS OF RSA RAND)

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Exports	14.4	17.8	19.0	11.6	14.7	17.8	22.7	13.4	14.2	19.0	25.0	14.1	14.6
Imports	9.4	8.5	9.9	7.2	7.4	6.7	9.1	6.5	7.1	6.3	7.3	6.4	5.8
Net Trade	5.0	9.3	9.1	4.4	7.3	11.1	13.6	6.9	7.1	12.7	17.7	7.7	8.8



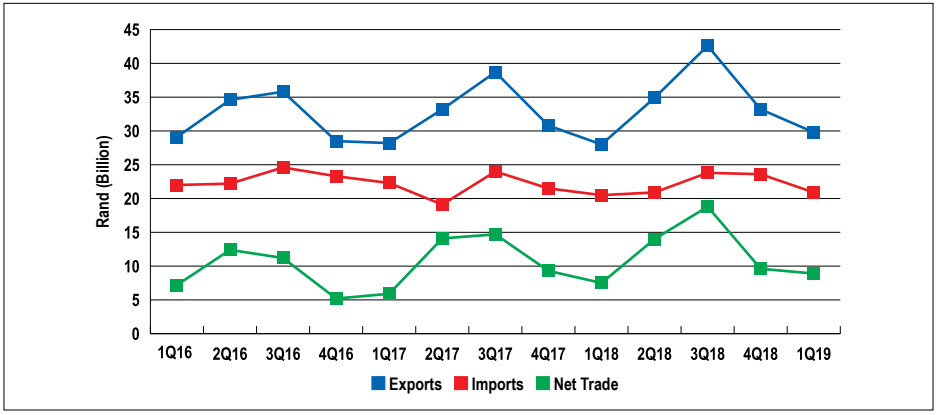
SA TRADE IN PRIMARY AGRIC PRODUCE (2016 – 1ST QUARTER 2019)

TABLE & FIGURE 1B: SA TRADE IN PROCESSED AGRIC PRODUCE (2016 – 1ST QUARTER 2019) (BILLIONS OF RSA RAND)													
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Exports	14.7	16.8	16.8	17.0	13.5	15.4	16.0	17.4	13.8	15.9	17.6	19.1	15.2
Imports	12.6	13.7	14.7	16.1	14.9	12.4	14.9	15.0	13.4	14.6	16.5	17.2	15.1
Net Trade	2.1	3.0	2.1	0.8	-1.4	3.0	1.1	2.4	0.4	1.3	1.1	1.9	0.1



SA TRADE IN PROCESSED AGRIC PRODUCE (2016 – 1ST QUARTER 2019)

TABLE & FIGURE 1C: SA TOTAL TRADE IN AGRIC PRODUCE (2016 – 1ST QUARTER 2019) (BILLIONS OF RSA RAND)													
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Exports	29.1	34.6	35.8	28.5	28.2	33.2	38.7	30.8	28.0	34.9	42.6	33.2	29.8
Imports	22.0	22.2	24.6	23.3	22.3	19.1	24.0	21.5	20.5	20.9	23.8	23.6	20.9
Net Trade	7.2	12.4	11.2	5.2	5.9	14.1	14.7	9.3	7.5	14	18.8	9.6	8.9



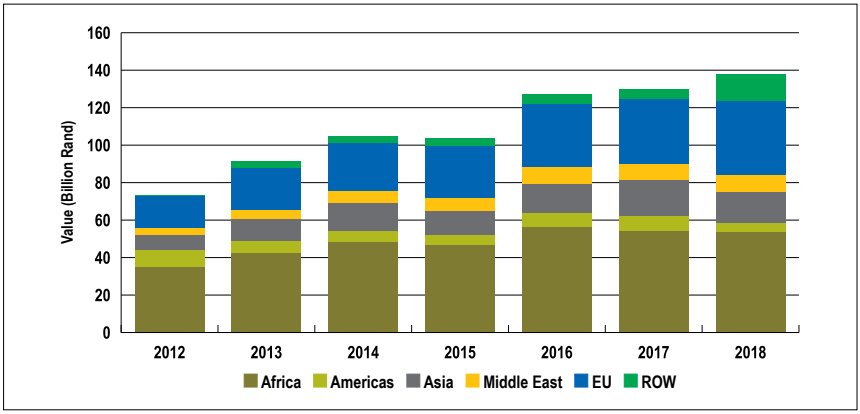
SA TOTAL TRADE IN AGRIC PRODUCE (2016 – 1ST QUARTER 2019)

2.1.6 South Africa's agricultural export trends

In 2018, South Africa's agricultural exports saw an increase of 6% over 2017, increasing from R130 billion in 2017 to R138 billion in 2018 **(Figure 11)**.

From a product perspective, edible fruits and nuts accounted for 35% of South Africa's total agricultural exports, with wine contributing 14%, vegetables 6%, cereals 5%, crustaceans and fish 5% and sugar 5%, amongst others.

FIGURE 11: TRENDS IN SOUTH AFRICA'S AGRICULTURAL EXPORTS (2012-2018)



Source: International Trade Centre, 2018

ASIA: The biggest contributors of South Africa's agricultural exports to Asia was edible fruit and nuts at 41%, cereals (mainly maize) at 29% and wines and spirits at 11%.

AFRICA: Africa remains the leading market for South African agricultural products; with 39% of total exports or R53.5 billion in 2018 (see **Figure 11**). Agricultural exports that saw increases were animal feed and feed materials (41%), sugar (12%), wines (8%) and fruits (6%).

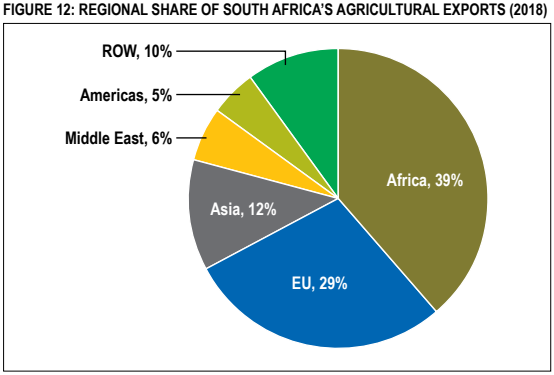
MIDDLE EAST: South Africa's agricultural exports to the Middle East remained constant at R8.8 billion in 2018. Decreases were seen in fruits (5.5%), wines (7.95%) and meat (12%) while increases were experienced in exports of fodder (17%) fish meal (108%) and soya beans. Wine exports have now decreased by 14.8% from R700 million in 2016 to R594 million in 2018.

EUROPE: South Africa's agricultural exports to Europe (EU28) increased by 15.94% from R34 billion in 2017 to nearly R40 billion in 2018 (see **Figure 11)**. Edible fruits and nuts accounted for 56% of the country's total agricultural exports to the EU, followed by wines at 16% and crustaceans and fish at 11%. Exports of edible fruits and nuts

increased from R19.8 billion in 2017 to R22 billion in 2018. Exports of wines and fish saw increases of 11.4% and 35.5% respectively.

AMERICAS: South Africa's agricultural exports to the Americas increased by 9% from R6.9 billion in 2017 to R7.5 billion in 2018 (see **Figure 11**). The main contributors to this increase were edible fruits and fruit juices with a growth of 30% and 31% respectively over 2017. Exports of sugar decreased by 54% from R483 million in 2017 to R223 million in 2018.

FIGURE 12: REGIONAL SHARE OF SOUTH AFRICA'S AGRICULTURAL EXPORTS (2018)



Source: International Trade Centre, 2018

Overall, Africa remained South Africa's largest agricultural export market, accounting for 39% of total agricultural exports. The EU accounted for 29% of South Africa's agricultural exports in 2018, with Asia taking up 12% and the Middle East 6%. The Americas and the rest of the world accounted for 5% and 10% of South Africa's agricultural exports, respectively (see **Figure 12**).

2.1.7 South Africa's grain trade

South Africa's cereal exports declined by 5% from R7.7 billion in 2017 to R7.3 billion in 2018. Maize exports decreased by 5% from R6.3 billion in 2017 to R5.95 billion in 2018.

Following the record maize crop of 16.8 million tons in 2017/18 and carry over stock of 7.3 million tons on 1 January 2018 a total of 2.2 million tons of yellow maize were exported in 2018, of which 68% was exported to Asian countries such as Japan, South Korea, Taiwan and Vietnam. The rest was exported to mainly African countries.

According to the latest report of the Supply and Demand Estimates Committee of the National Agricultural Marketing Council exports of maize for the 2019/20 marketing season are expected to be 850 000 tons, comprising 600 000 tons of white maize and 250 000 tons of yellow maize.

Wheat exports, mainly to neighbouring countries, decreased from R277 million in 2017 to R237 million in 2018.

Being a net importer of wheat, coupled with a below-average wheat crop, resulted in South Africa's wheat imports increasing from 1.722 million tons in 2017 to 1.984 million tons in 2018.

The bulk of imported wheat was sourced from the Russian Federation and other European Union countries. The total value of wheat imported during 2018 saw an increase of 25% compared to 2017 at R5.5 billion.

2.1.8 South Africa's oilseed trade

Imports of oilseeds declined from R1.8 billion in 2017 to R1.56 billion in 2018, a decrease of 13%. The value of soya beans imported during 2018 of R40 million is well below the five-year average of R555 million. This is due to the constant sound output of domestic soya bean production. For the 2018/19 production season, the soya bean crop is estimated at 1.216 million tons. Following increased soya bean production South Africa was able to export soya beans valued at R183 million during 2018 compared to R20 million in 2017, of which 77% was exported to Turkey and the rest to neighbouring countries.

2.1.9 South African animal feed and raw materials

The value of imported animal feed products and related raw materials declined slightly from R55 billion in 2017 to R54 billion in 2018. Exports showed an increase of 45% from R3.3 billion in 2017 to R4.8 billion in 2018.

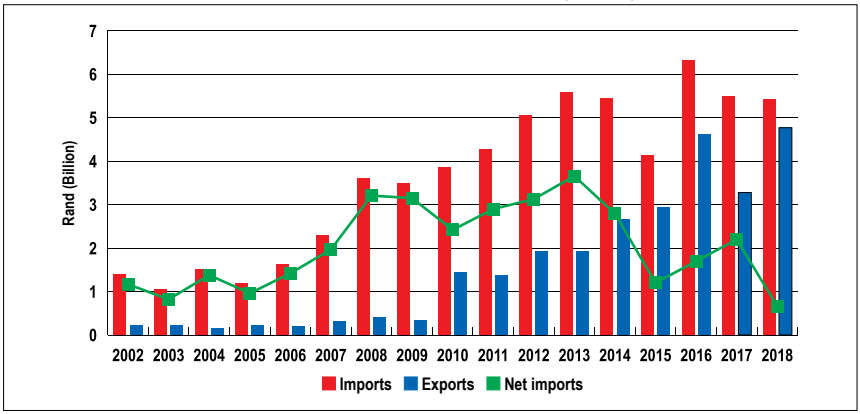
Soya bean meal remained a major import component of animal feed raw materials, but imports declined by 16% in quantity and 12% in value in 2018. Argentina remains the primary source of soya bean meal for South Africa but saw a decline of 21% in quantity exported to South Africa from 485 000 tons in 2017 to 384 000 tons in 2018. Imports of soya bean meal from Zambia and Malawi showed an increase of 19% from 65 000 tons in 2017 to 78 000 tons in 2018.

Cotton and sunflower oilcake imports in 2018 increased by 43% and 5% respectively over 2017 levels. The value of the imported products increased by 24% and 20%.

Imports of wheat bran increased by 7% from 2017 to 133 000 tons in 2018.

Exports of feed supplements increased from R1.3 billion in 2017 to R2.156 billion in 2018, an increase of 65%. The bulk of the exports was destined for African countries.

FIGURE 13: TRENDS IN SOUTH AFRICA'S ANIMAL FODDER AND FEED RAW MATERIALS (2005-2018)



Source: International Trade Centre, 2018

3. TRADE COMMITTEE MATTERS

Chairman: Mr Heiko Köster (Barnlab)
Vice-chairman: Mr Paul du Plessis (Brisen Commodities)

3.1 Genetically Modified Organisms (GMOs)

The registration of GMO events in traditional maize exporting countries (Argentina, Brazil and the USA) is continuously being monitored by SACOTA to prevent a similar situation that existed following the drought of 2015/16 when certain events were not registered in South Africa for commodity clearance purposes. South Africa is currently in sync with the traditional maize exporting countries.

There is currently good co-operation between AFMA, SACOTA and the local seed companies regarding timeous applications of new GMO events for commodity clearance.

3.2 Transport Protocol

There are currently 18 transport providers that are compliant with the AFMA Transport Protocol. A list of compliant transport companies is available on AFMA's website.

3.3 Dispute resolution process

A document has been drafted by SACOTA and AFMA, setting out a standardised dispute resolution process to be used when grain that does not conform to contractual quality specifications is out loaded by a silo owner.

The document has been discussed at the Trade Group of the Maize Forum Steering Committee. Comments are currently being awaited from the role-players in the maize, wheat and oilseeds value chain on the implementation of the document.

3.4 Standardised handling and storage contract for grains and oilseeds

Both AFMA and SACOTA have requested Agbiz Grain to consider the implementation of a standardised handling and storage contract in the grains and oilseeds industry. The objective of the contract is to standardise terms and conditions relating to the handling and storage of grains and oilseeds. No commercial issues (handling and storage rates) will be included in the standardised contract.

During a meeting held on 11 April 2019 with Agbiz Grain, AFMA and SACOTA again requested the implementation of a standardised handling and storage contract. Agbiz Grain indicated that they could not compel their members to implement a standardised handling and storage contract, but noted that AFMA and SACOTA were welcome to discuss the implementation of a standardised handling and storage contract with individual storage providers

3.5 Soya oilcake import duty review

One of the recommendations of the poultry sector task team is that cheaper feed is made available to the poultry industry so that it can become more competitive. The import duty on soya oilcake was identified as one of the options to be addressed for cheaper inputs for poultry feed.

AFMA will discuss the possible abolishment of the soya oilcake import duty with other role players in the oilseeds industry, including Grain SA and soya bean crushers, to reach consensus on the matter before an application for the abolishment of the import duty is made to ITAC.

3.6 SAFEX soya meal and sunflower oilcake contract

At a meeting between AFMA, oilseeds crushers and the JSE on 17 July 2018 minimum quality specifications were agreed and submitted to the JSE. The issue of physical delivery versus cash settlement has also been resolved, and it was agreed that physical delivery was the best option to settle a futures contract. The storage conditions and storage rate was also agreed on. The only outstanding matter requiring finalisation before SAFEX contracts can be implemented are the delivery locations and volumes that need to be registered with the JSE.

3.7 JSE Securities Exchange matters

3.7.1 Commitment of Traders report

The JSE held a workshop on 31 October 2018 to discuss the implementation of a Commitment of Traders report similar to the that of the US Commodity Futures Trading Commission (CFTC). A proposal was made by the JSE to the Financial Sector Conduct Authority (FSCA) on the methodology to be used. The FSCA informed the JSE subsequently that an impact analysis would have to be undertaken before any regulatory changes could be considered.

The JSE is currently looking at implementing an interim arrangement until the FSCA's regulations are in place.

3.7.2 Position limits

Position limits have applied for white maize and sunflower seed contracts, but the JSE has decided to also introduce position limits on yellow maize, soya beans and wheat contracts. This was implemented by the JSE with effect from 1 April 2019.

3.7.3 Location differentials

The JSE has requested Professor Matt Roberts from the USA to do a review of the relevance of location differentials in the South African market as well looking at the way the differentials are calculated. Both AFMA and SACOTA made presentations to Prof Roberts on 1 February 2019. The long-awaited Roberts report was publicly made available by the JSE on 24 May 2019. The main recommendations made by Prof Roberts are:

- That location differentials be maintained for JSE wheat, white and yellow maize and sunflower futures contracts;
- That the alternative of elimination of location differentials be rejected while maintaining the current set of registered silos;
- That location differentials be gradually phased in for JSE soya and sorghum futures contracts;
- The alternative of leaving the system without location differentials be rejected;
- That the JSE retain the current method and frequency of calculating the location differentials;
- That the JSE implement a Redelivery Differential if concerns about manipulation can be addressed;
- If, and only if a Redelivery Differential is applied, that the JSE expand the current reference point to a reference zone; and
- That alternative reference locations (other than Randfontein) should be considered for soya.

At the meeting of the Agricultural Advisory Committee on 22 August 2019, the JSE provided the following feedback:

- Location differentials will be maintained for wheat, white and yellow maize and sunflower futures contracts.
- Location differentials will be implemented for soybeans and sorghum futures contracts. The JSE has decided that Randfontein shall be the reference point for soybeans.
- The current method and frequency of calculating location differentials will be retained. The JSE will however engage with transporters for improvements.
- The JSE will again consult with Professor Roberts on the implementation of a Redelivery Differential.

3.7.4 Origin discount

The recommendation from the Roberts report is that origin discounts be implemented for all traded commodities for delivery on the JSE. The JSE has decided that this recommendation will be implemented for all commodities traded on the JSE.

3.7.5 Anonymity of electronic trading

Professor Roberts recommended that the JSE move to eliminate broker identification on the trading platform. The JSE decided to further consult with Professor Roberts on this matter.

3.7.6 Incentivise greater SBW volumes

Professor Roberts recommended that the JSE work to increase volume in the Spot Basis Window contract, whether through incentives, or launching of Spot Basis Window forwards, or any other innovative measures. The JSE accepted this recommendation and are looking at ways to make improvements.

At the request of Grain SA, the JSE has extended the period for comment by the grains and oilseed industries to the end of July 2019 to enable the body to consult on the Roberts report with their farmer groups.

It should be noted that it is the JSE's report and any decisions taken, or recommendations implemented by them on the Roberts report will be final.

3.8 Maize grading regulations

A meeting of the Trade Group of the Maize Forum Steering Committee (MFSC) took place on 22 January 2018 where certain amendments to the maize grading regulations, specifically regarding definitions were proposed. The Trade Group is currently awaiting feedback from the role-players in the maize industry.

3.9 Poisonous seeds

According to the National Environmental Management: Biodiversity Act (NEMBA), the plant species (except for *Lolium temulentum*) that are listed in the *Regulations governing the tolerances for individual seeds in particular agricultural products* are considered as invasive species. According to the NEMBA regulations, most of these species must be controlled and wherever possible removed and destroyed.

From a legal point of view, it may seem that the maize grading regulations, and health regulations regarding poisonous seeds, are illegal as far as the application of the NEMBA Act and regulations are concerned. The Trade Group of the Maize Forum Steering Committee (MFSC) recommended that the MFSC engage with the Department of Health on the amendment in 2002 of the maximum allowable amounts of poisonous seeds from 1 seed per 10kg to 1 seed per 1kg. The role players in the value chain were also requested to provide feedback on the proposed amendments.

3.10 Passport system

The Trade Group of the Maize Forum Steering Committee has drawn up a 'Grain Commodity Passport' system to be implemented by the maize industry. The aim is that a vendor must certify that the grain delivered to a buyer conforms to health regulations regarding MRLs, mycotoxins and noxious seeds.

The document has also been forwarded to other grains and oilseeds forums for the implementation of the system. If all sectors in the grain and oilseeds value chain agree on the implementation of the passport system, an implementation date will need to be decided.

3.11 Value Chain Indaba

AFMA has requested the Maize, Wheat and Oilseeds Forums, to host a Value Chain Indaba to consider how the consumption of grains and oilseeds can be stimulated in South Africa. The initiative is aimed at benefitting the entire value chain, particularly the poultry and meat industries.

A five-year sector plan was introduced to frame the new measures for the overall socio-economic development of the grains and oilseeds value chain. A combined effort by the private and public sectors is essential for ensuring the added consumption of grains and oilseeds and for growing the South African economy.

The Industry Steering Committees identified common sectoral key components in the five-year plan for agriculture that could increase the likelihood of success for the amendment of agricultural policies and investments. These are:

- Expansion of markets
- Training and skills development
- Feasible financing opportunities
- Climate change adaptation and disaster management
- Pest and disease management, including food safety considerations

AFMA has been tasked with compiling a summary of key focus areas and inhibitors impacting on the expansion of national and international markets for the poultry and the pork industries.

3.12 Maize Trust: Mycotoxin research

A mycotoxin research workshop was held by the Maize Trust on 12 March 2019 to examine practical solutions to address the occurrence and levels of mycotoxins.

The following strategic objectives for mycotoxin research were identified. They are that:

- The magnitude of mycotoxin contamination of maize during the stages of its production, storage, and processing in South Africa is established.

- There is regular monitoring of the occurrence of the fumonisins, aflatoxins, zearalenone, and trichothecenes (DON and NIV) in locally produced and imported maize.
- The factors which contribute to mycotoxin contamination during the production (pre-harvest), storage (post-harvest) and processing of maize are determined.
- Practical, affordable and environmentally sound methods to manage toxigenic fungi in maize, with emphasis on introducing resistance in local maize cultivars are developed.
- Support for sound mycotoxin risk management practices in the maize supply chain to ensure the delivery of safe products to the consumer.

3.13 Southern African Feed Manufacturers Association (SAFMA)

The Tanzanian Feed Manufacturers Association (TAFMA) was revived during March 2014 and has now been functioning for more than five years. TAFMA currently has 35 members and the Association is progressing well. It is AFMA's viewpoint that the TAFMA blueprint is used to establish feed manufacturers associations in other SADC countries.

AFMA has shifted its focus to Zambia, and several meetings took place with the feed industry and poultry representatives. It was accepted that the establishment of a Zambian Animal Feed Manufacturing Association be explored. The format and how it will link up with the Poultry Association of Zambia will require clarification.

AFMA has also indicated that it is willing to provide training on running an association, once the body has been established. AFMA will also make a copy of the AFMA Feed Sales System available to ZAFMA to allow them to collate feed industry statistics.

AKAFEMA, the Kenyan Feed Manufacturers Association has been in contact with AFMA on closer cooperation with the running of an association as well as the furtherance of the Southern African Feed Manufacturers Association.

4. SKILLS DEVELOPMENT AND TRAINING COMMITTEE MATTERS
Chairman: Mr Dirk Kok (AFMA)

4.1 Assessment Quality Partner (AQP)

The Quality Council for Trades and Occupations (QCTO) is reviewing all policies related to the development and quality assurance of occupational qualifications. Indications are that the future role of industry as the Assessment Quality Partner will change into a centralised national function for all vocational qualifications.

The future impact of the centralised approach on the certification of learners as qualified Feed Millers can only be fully assessed once the policy frameworks have been finalised.

4.2 International standards

The intrinsic value of the AFMA Feed Miller Qualification is not dependent on the achievement of a national certificate issued by the QCTO only. Endorsement of the AFMA Feed Miller training programme by role-players who are recognised internationally is regarded as an opportunity to achieve recognition for the training programme on the African continent and possibly even further afield.

To this end, AFMA is engaging the Swiss Institute of Feed Technology and the Kansas State University to establish close working relationships and possible future endorsement by both or one of the parties.

Through their South African office, Bühler, who is a close partner with the Swiss Institute of Feed Technology, has already given their endorsement of the AFMA Feed Miller Qualification and has also committed themselves to assist AFMA with the reviewing of the more technical modules of the learning material and to make illustrations, diagrams, figures and tables available to be included in the AFMA developed learning material.

4.3 Research and capacity building project

AFMA has received funding from the AgriSETA to establish an e-learning platform for the administration, delivery and assessment of learning. A vital element of this project is to conduct research and capacity building related to the implementation of a learning model that integrates the administration, delivery and assessment of learning between all role players.

The project specifically aims to achieve the following:

- Clarification and definition of the roles of all stakeholders in the delivery of the occupational qualification.
- Identification of capacity building needs to be aligned with specific roles and resources established to address these. Development of the capacity of the various stakeholders in the delivery of the learning programme is also essential.
- Identification, packaging and sequencing of specific learning modules that are aligned with the components of an appropriate occupational curriculum. Refinement and alignment of current learning and assessment resources to the delivery design.
- Establish an e-learning platform that will allow for flexible delivery of learning, respond to the dynamics of a work-based learning approach, and meet the requirements of the QCTO quality assurance model.

The e-platform will also be used to address learner administration, management and reporting requirements of all stakeholders.

The Feed Miller Qualification training programme consists of ten modules. Each of the modules is designed to address an area of learning related to a process or function

in the animal feed manufacturing process. Mr Herman van Deventer, the consultant appointed by AFMA to drive the training development process, is currently reviewing and repackaging the learning guides on the E-learning programme. During this process, the modules will also be streamlined.

AFMA will roll-out a pilot project at selected feed mills during October 2019 to assess how the e-learning program functions in practice.

4.4 International Feed Industry Federation (IFIF) Global Animal Nutrition Programme "Train the Trainer"

IFIF launched the Global Animal Nutrition "Train the Trainer" Programme to develop and train relevant compound feed production stakeholders in developing regions using the FAO/IFIF Manual of Good Practices for the Feed Industry based on the Codex Code of Practice on Good Animal Feeding.

Capacity development for feed safety is one of the critical priorities of IFIF under their strategic Pillar III: Education & best practices and links closely to FAO initiatives in this area.

Developed by the IFIF in 2015, the Global Animal Nutrition Programme is designed to raise capacities for feed safety in developing regions by training key individuals who can then apply and share their new skills with colleagues on-site within a country. This reflects IFIF's mission to promote solutions and information sharing for the feed industry, as well as stimulate the adoption of international standards and global equivalency.

IFIF has to date held three successful training programmes, in Nigeria, Tanzania and Ghana. IFIF will continue to roll out the Global Animal Nutrition Programme to other countries to support, train and develop the capacities of the local feed industries to raise feed and food safety standards globally. The course is now also available online and can be accessed at **https://www.anprocampus.com/ttpages/info/?id=43**.

4.5 Research and Training Feed Mill Facility

A Memorandum of Agreement (MoA) between the University of Pretoria (UP) and the Animal Feed Manufacturers Association (AFMA) to the value of R50 million for the establishment of an animal feed research and training facility was officially signed on 11 December 2018.

This new research facility and laboratory will serve as a conduit for several research and education-related activities in both animal and plant agriculture, which are desperately needed by the agricultural industry, the national Department of Agriculture and some other scientific disciplines such as biosciences, environmental and climate research. These trans-disciplinary research initiatives will contribute to discoveries in climate-smart agriculture, food safety and food security.

The signing of the MoA is aligned with AFMA's training and skills development strategic focus area. Feed safety and animal nutrition are critically important to the feed industry and should be supported by proper education, training and research. The research facility will be the first of its kind in Africa for feed manufacturing.

The facility that will be established at the Miertjie le Roux experimental farm is an initiative of the AFMA Board of Directors, driven by Dr Hinner Köster, CEO at Kaonne Investments and Adjunct Faculty Professor at Kansas State University in Manhattan and took close to six years of planning and cooperation.

In addition to providing students access to specialised on-site training and practical experience, the facility will include a laboratory, a lecture hall, and research and product development facilities for AFMA members and local and international animal feed nutritionists and feed manufacturers.

According to the MoA between UP and AFMA, AFMA will be responsible for the funding of the design and construction of the training and research feed mill facility. AFMA will, via its members and industry role players, contribute to the laboratory and other equipment necessary for its establishment and ongoing operations. UP will provide the site and infrastructure, as well as the final operating of the mill with the assistance of AFMA specialists.

4.6 AFMA Feed Milling Short Course

The fifth AFMA Feed Miller short course on machinery and process technology for the feed milling industry was held from 10 to 20 September 2018 at 26˚ South, Muldersdrift. A record number of 48 participants from South Africa, Mauritius, Namibia and Tanzania were present.

An internationally acclaimed expert in feed technology, Ernst Nef facilitated the course. Since Nef retired in December 2015 as director and specialist teacher from the Swiss Institute of Feed Technology (SFT), he presents feed technology courses as a freelancer.

Topics covered during the two-week course include:

- Aspiration systems
- Batch mixing plant
- Size reduction
- Mixing
- Liquid addition
- Hygienising and compacting
- Conditioning with steam
- Expansion, and
- Drying and cooling

The sixth AFMA Feed Miller Short Course on machinery and process technology for the feed milling industry is scheduled for 28 September 2020 to 9 October 2020.

5. TECHNICAL COMMITTEE MATTERS

Chairman: Ms Jackie Tucker (Chemuniqué)
Vice-chairman: Dr Francois van der Vyver (Nutri Feeds)

5.1 Salmonella monitoring

(a) Layer feed

Voluntary participation of AFMA feed manufacturing members over the last eight years in the on-line salmonella monitoring system has resulted in the development of an important benchmark tool for the industry.

The database contains over 65 000 samples of feed ingredients, finished products and environmental swabs sampled for salmonella presence or serovar identification. The Technical Committee perform quarterly assessments of the pooled data and report on various trends observed for specific feed ingredients and or periods.

In November 2018, the committee investigated layer feeds which have shown an increased presence of salmonella. The project identified the relevant salmonella serovars in the layer feed and its constituent feed ingredients. The committee concluded that there is no evidence to support a specific feed ingredient contamination at any of the test sites. Post investigation, the increasing trend observed in layer feed was restored to normal levels.

(b) Critical feed ingredient guideline

Feed ingredients flagged over time by the salmonella monitoring system as showing a high incidence of salmonella contamination, are identified in the above guideline.

In July 2019 the committee reviewed the critical feed ingredient guideline based on the monitoring trends observed during the past year. The revision project resulted in three categories for classification being introduced: High risk (>5%); moderate risk (1-5%); and low risk (<1%).

(c) Salmonella database

Various actions are being undertaken to improve further the on-line salmonella monitoring system and will continue to receive attention during the coming year. The increased use of *"other raw material"* as a category for salmonella analysis is being monitored intensively, and the committee intends to reduce the number of samples allocated to that category drastically within the next six months.

Differentiation of the name of processed animal protein (PAP) ingredients used in the

system will allow the origin (local/imported) and the species (bovine/porcine/ poultry) to be identified and aims to improve the correct use-allocation and traceability of these products. The project will also look at the definition of the various PAPS and ensure its alignment with the feed ingredient terminology and definitions in Act 36 of 1947 and the feeds and pet food bill going forward. The committee aims to increase member participation in the Salmonella monitoring system to 75% by the end of the year.

(d) Future project – Guideline on salmonella serovars

The committee intends to compile a guideline for members to indicate the most critical salmonella serovars for animal and human health. The guideline will aid in risk management and quality control at feed manufacturing facilities and ultimately support *Safe Feed for Safe Food*®.

5.2 Mycotoxin monitoring

(a) Pre-processing mycotoxin project

AFMA feed millers participated for the fourth consecutive year in a SAGL project funded by the Maize Trust to evaluate the status of the occurrence of mycotoxins in maize at the feed processing mill. Approximately 190 yellow maize samples were allocated to AFMA members for multi-mycotoxin analysis (UPLC-MS/MS) during the 2018/2019 cycle, ending July 2019.

The collaboration with SAGL and the Maize Trust, allows for reliable data to be supplied as a basis for targeted research projects to effectively manage the mycotoxin levels in maize and enable industry to measure the maize mycotoxin levels at intake (open field and pre-storage), at the processing stage (storage, pre-processing) and in the animal feed products. AFMA is grateful to the Maize Trust and the SAGL for this opportunity and for funding a fifth year of the pre-processing project, which will commence during October 2019.

(b) Mycotoxin regulations

The proposed amendment to the regulations relating to undesirable substances in farm feeds was published for comment in November 2018. The Technical Committee undertook a comprehensive assessment of the section dealing with mycotoxins and included comparison studies with the EU, Canada and the USA. The final comment on the revised proposal for mycotoxin regulation in animal feed is to be submitted to the Registrar by August 2019.

(c) Future project – Mycotoxin guidance values for feed ingredients

Feed ingredients in South Africa are only regulated for aflatoxins, yet the final manufactured complete animal feed is regulated for fumonisin, deoxynivalenol, ochratoxin, T-2 toxin and zearalenone. This leaves the feed manufacturer to apply its risk management when purchasing raw materials to ensure that the final feed product

adheres to quality requirements. The Technical Committee's objective for the next year is to compile industry guidance values for cereal and cereal by-products for the other mycotoxins. The project will be in collaboration with the Trade Committee.

5.3 Dioxin/PCB monitoring

AFMA members are voluntarily participating in the dioxin/PCB monitoring system by submitting either screening results for PCBs or quantitative analysis for dioxins in feed ingredients and complete feeds. To date, the database consists of more than 1 000 analysis results since 2011. The committee reviews the trends observed annually and provides feedback at the Technical Committee meeting.

All AFMA monitoring programs support the 'early warning system' whereby industry is notified of a potential threat to animal or human safety. The early warning system can also be triggered directly by any AFMA member who suspects that he has identified unsafe feed ingredients.

5.4 Industry codes of practice and guidelines

The Technical Committee updated the following industry codes of practice and guidelines:

- Salmonella critical feed ingredients
- Code of practice for the control of mycotoxins
- Guidelines for the detection, monitoring and prevention of dioxins and PCBs in animal feed

The compilation of a guideline for the detection, monitoring and prevention of carry-over in feed and premixes is currently on hold until the regulation requirements for unintended carry-over of veterinary medicine to non-target species is finalised and can be incorporated.

A series of industry codes of practice and guidelines are hosted on the AFMA website **(https://www.afma.co.za/codes-of-practice-guidelines/)**, which provides members with guidance on best practices on salmonella, mycotoxin-, and dioxin/PCB control; as well as on sampling and early warning system procedures.

5.5 Ingredient quality

In 2014, the Registrar informed the feed industry of his intention to regulate hominy chop for use in animal feed. Consequently, a project was initiated to investigate the effect of increased moisture on the shelf life and quality of wet-milled hominy chop, to make a recommendation to the Registrar on moisture level requirements for registration under Act 36 of 1947.

Various preliminary trials were undertaken, but the final recommendation of the committee was held back because of concerns regarding the proposed 'high moisture'

hominy chop without mandatory inclusion of antioxidants. In April 2019 the committee received additional research information for consideration and will make final recommendations on the way forward by October 2019.

5.6 Undesirable substances

The technical committee provided comment on the proposed regulations relating to unwanted elements in farm feed, published by the Minister in November 2018, via the focused projects on mycotoxins and carry-over.

5.7 Nutritional guideline revision project *(ad hoc)*

The Nutrient Guideline Revision Project (NGRP) absorbed a significant part of the Technical Committee's resources this year, as ten working groups were involved in concluding the revision of the particular species' nutrient guidelines.

A novel classification system for game feed will be recommended in addition to specifications for game feed in South Africa. The project was undertaken in partnership with a technical team from the Registrar's office and should be completed by the beginning of 2020. It will then provide the industry with a comprehensive, updated guideline on the nutrient and labelling requirements for all farm feeds. Compliance with these requirements will be mandatory for obtaining pre-approval for placing feed products on the market.

5.8 Technical training & skills

(a) Technical programme

A dedicated technical programme committee is responsible for the compilation of the annual AFMA Symposium programme, as well as the triennial AFMA Forum technical programme. On 30 October 2018, AFMA hosted a *"Local is lekker"* symposium at the CSIR and received an overwhelming, positive response with a record number of delegates. The Programme Committee delivered a very successful scientific programme and will aim to repeat this success at the symposium planned for 29 October 2019.

This year was especially busy for the Technical Programme Committee, which also drafted the AFMA Forum technical programme for the upcoming event on 3-5 March 2020 at Sun City. The theme is *"Explore today for a better tomorrow"* and promises to be a highlight on the feed industry calendar for 2020. *(See section 14 in the Chairman's Report for more information on AFMA events).*

(b) Student outreach

AFMA is passionate about connecting with students and bridging the gap between the academic and formal work sectors, thereby contributing to a sustainable professional industry which attracts the most suitable employees. Student outreach projects are aimed at informing students about the feed industry and potential career opportunities.

This objective is promoted through various platforms such as student seminars, student poster awards and the Intervarsity Writer's Cup. *(See section 14 in the Chairman's Report for more information on the student seminar and Intervarsity Writer's Cup).*

(c) Continuing Professional Development (CPD)

AFMA recognises the need for Continuing Professional Development (CPD) opportunities for the animal scientists in our industry and aims to provide at least one SACNASP accredited event every year. The Technical Committee also acknowledges the role that our industry professionals play in the mentoring candidate phase and is committed to continuing the student outreach actions to address those needs. AFMA believes that an early investment in education, training, exposure and mentoring of animal science students, will enhance the progression and sustainability of our feed industry.

6. REGULATORY COMMITTEE MATTERS

Chairman: Mr Mark Manley (Sovereign Foods)
Vice-chairman: Ms Liza Burger (AFGRI Animal Feeds)

6.1 Act 36 Regulations, Guidelines & Notices

The amendment to Act 36 Farm Feed Regulations was published for comment in the Government Gazette during November 2018. The amendment consolidates all previous versions of Act 36 but excludes the section on undesirable substances **(Table 2)**.

A separate regulation was drafted and is proposed for the control of undesirable substances in animal feed. A new addition to this regulation is focused on authorised veterinary medicine and feed additives in non-target feed following unavoidable carry-over.

A joint effort by the AFMA Technical and Regulatory committees will provide feedback and comment on the proposed carry-over regulation. An additional outcome of this committee work will be an industry guideline for the detection, monitoring and prevention of carry-over in feed and premixes. *(See section 5.4 in the Chairman's report)*. The project will be aligned with the work of the Codex Committee on Residues of Veterinary Drugs in Foods (CCRVDF). This committee has been tasked to deliver a discussion paper that articulates a policy to address situations under which a standard may need to be developed when there is a carryover of drug residues into feed, as a result of unintended exposure, resulting in residues in foods of animal origin.

Other new additions to the proposed regulation amendments include a labelling requirement for 'expiry/best-before date' for farm feed, and definitions and minor modifications to pet food requirements.

The Regulatory committee identified a need for the Act 36 registration guideline to be

updated so that the submission requirements for registration of all types of products and services are transparent and applications can be assessed on the same basis. This will improve the quality of registration applications submitted to Act 36 and the subsequent assessment efficiency of those applications. The project will be undertaken in conjunction with Act 36 technical advisors in the coming year.

6.2 Draft Feeds and Pet Food Bill

The draft Feeds and Pet Food Bill was published in the Government Gazette (No.42230) on Friday 15 February 2019 and the Minister requested comments on the proposed new legislation by April.

The Regulatory Committee initiated a workshop on the Feeds and Pet Food Bill on 27 March 2019 and invited all AFMA members to participate. The workshop was well attended, and members were involved in detailed discussions on the intention and implication of each section of the Feeds Bill.

The discussions were led by the RC legal advisor and the RC chairman and proved to be extremely valuable in answering the many questions posed by members. Useful inputs and insights were shared by members during the workshop, which ultimately resulted in a comprehensive industry feedback document being submitted to the Registrar in April.

The next step in the process was for the department to engage in internal and public consultations on the new Bill.

The Feeds and Pet Food Bill will remain in the spotlight for the remainder of 2019, while DAFF embarks on a series of public consultation workshops throughout the country. DAFF has invited all animal feed, pet food, animal by-product, sterilising and fertiliser industries, as well as commercial and smallholder farmers who make their feeds, to attend the workshops in their respective provinces.

The consultation workshops will explain the changes in the regulatory framework on animal feeds, and the views gathered from these workshops will be used to improve the draft Bill and the development of regulations.

The Fertiliser Bill will also be addressed during the workshops. Significant changes proposed in the Bills are licensing of facilities that manufacture animal feed, pet food and fertilisers. This moves away from the current model of pre-approval of all animal feed products before putting them on the market. Feed manufactured on commercial farms is to be included in the new legislation, resulting in some farms being required to register their manufacturing facilities.

The Feeds Bill will remain a primary focus for the Regulatory Committee in the coming

year, and it will work closely with the Registrar on the development of regulations to support the new legislation.

6.3 Proposed ban on formaldehyde and N-hexane

DAFF officially notified the feed industry in April 2018 of its intention to prohibit the use of formaldehyde and n-Hexane as substances or constituents of preparations including inerts in farm feeds as from 1 August 2020.

AFMA initiated a joint committee action between the Technical and Trade committees to thoroughly investigate the matter and provide recommendations on the way forward. A comprehensive industry report was submitted to the Registrar for consideration *(a copy is available from the AFMA office)* in November 2018.

After assessment of the public comment received on the Notice of intent to ban formaldehyde and n-Hexane for use in farm feed, the Registrar announced during May 2019 that it was clear from the evidence that the substances are used responsibly in the animal feed industry and that it raises no concern in terms of the safety of humans. The Registrar's decision is not to ban its use in farm feeds. A formal, written communication to this effect will be sent to industry.

At the time of publication of the 2019 Chairman's Report, the official letter had not been received, but verbal confirmation has been re-confirmed by the Registrar during the AFF meeting on 14 August 2019. *AFMA thanks the joint Technical and Trade Portfolio committee on formaldehyde and hexane for their exceptional contribution towards this project.*

6.4 National standards (SABS)

AFMA is a member of various SABS Technical Committee. The scope of these bodies includes the following national standards:

- SANS 489: Good manufacturing practice in the animal feed industry.
- SANS 898: Good manufacturing practises for the self-mixing of feed in the animal industry.
- SANS 909: Pet food, nutritional and manufacturing requirements.

Unfortunately, the committees did not manage to obtain a quorum for its scheduled meeting in 2019, and the current status quo for the three national standards are maintained.

AFMA assisted the SABS by providing updated contact details for some committee members to improve communication and revive interest in the vital role that the SABS technical committees play in the development of standards. These standards will become even more relevant for the new legislative framework under the Feeds and Pet Food Bill.

6.5 International Feed Industry Federation (IFIF) – Regulatory Committee

AFMA has been a member of the IFIF Regulatory committee for four years and participates via teleconference in the quarterly committee meetings held with other feed association members across the world.

Included on the agenda of the Regulatory and International Standards Projects are:

- The International Feed Regulators Meeting (IFRM)
- International cooperation for convergence of technical requirements for the assessment of feed ingredients (ICCF)
- CODEX work relevant to animal feeding, namely:
  - Guidelines for the integrated monitoring and surveillance of foodborne antimicrobial resistance
  - Code of Practice to minimise and contain foodborne antimicrobial resistance
- Implementation of the Globally Harmonized System (GHS)
- International standards for contaminants in feed

7. AFMA CODE OF CONDUCT

The AFMA Code of Conduct (COC) celebrated the eleventh year of its existence in 2019 with 65 members being audited against the Code in the reporting period.

The Code of Conduct was revised and updated after external consultations in 2018. Consultation and process manuals, as well as an audit checklist, were then compiled and approved by the Technical Committee. The requirements are based on the FSSC 22000 standard and are benchmarked against the GMP and the feed scope of the retail sectors' Global Feed Safety Initiative programme.

Compliance with the new Code of Conduct^{Plus} intends to provide manufacturing facilities with a harmonised option for facility licencing under the Feeds and Pet Food Bill, as well as meeting the consumer requirements of the retailers. The revised Code of Conduct^{Plus} also provides for the appointment of more than one service provider (assessment body) through a new management system which will be hosted by AFMA.

In the coming year, AFMA is to appoint a person to be responsible for the implementation and management of the Code of Conduct^{Plus}. Due to the delicate symbiosis that exists between a successful Code of Conduct^{Plus} audit, AFMA membership and legal compliance (Feeds Bill), it is proposed that the appointee works within AFMA. Once a suitable candidate is appointed, an implementation plan will be developed and the necessary endorsements will be obtained from the Registrar and retailers.

8. COOPERATION WITH LIVESTOCK INDUSTRIES

8.1 Animal Feed Forum (AFF)

AFMA, PFI and the RSA Renderers met with the Registrar of Act 36 of 1947 and his team quarterly throughout the year via the Animal Feed Forum. Matters which received primary focus on the liaison agenda includes farm feed registration and renewals; sterilising plant registration and renewals and the Feeds and Pet Food Bill.

The technical assessment team at the farm feed division of Agricultural Inputs Control remained intact for the year and gained experience in the evaluation of feed ingredients, feed additives, livestock feed and pet food. Improved efficiency at the Registrar's office was evident from the registration status reports and for the first time since the backlog project was completed in March 2016, farm feed registrations are back on track. AFF liaison members were informed during August 2019 that new registrations were assessed within the service delivery time frame of four months and amendments and minor applications within the two-month agreed period. AFMA acknowledges the hard work that Act 36 officials have accomplished and thank the team for their efforts during the year.

Approximately 5000 farm feed and 20 sterilising plant renewal applications were processed by Act 36 officials during the reporting period, making this one of the most prominent renewal cycles for farm feed. Through the AFF, the misalignment of renewals of sterilising plants and their respective processed animal protein products (PAPs) have been addressed. Renderers are now able to receive facility registrations (S-number) without the risk of product registrations lapsing within the registration period. Feed and pet food manufacturers can be assured that suppliers of local PAPs with a valid S-number, can provide registered feed ingredients of animal origin.

A new project requiring input from the AFMA Regulatory Committee is the compilation of a list of pre-approved claims for pet food. The PFI Nutritional Standards committee has drafted a proposal based on confirmed studies and will require input from all stakeholders.

The project aims to improve the efficiency of pet food registration assessments by allowing specific claims to be submitted without substantiation when meeting all the requirements. The project will indirectly benefit the efficiency of farm feed registrations as well since a large part of product registration delay can be attributed to pet food applications and its high frequency of label amendments. Upon successful completion of this project, the committee will assess the benefit of initiating a similar project for feed additives.

8.2 Feed Safety Forum (FSF)

AFMA has been liaising with the Directorate of Animal Health and Veterinary Public

Health (VPH) through the Feed Safety Forum for four years regarding the import, export and traceability of processed animal proteins and the for the exemption for use of ruminant blood meal in poultry feeds, ZA number approvals, import permits and health certificates.

In May 2019, the Director of Animal Health notified AFMA, PFI and RSA Renderers that a decision was made at the previous Livestock and Animal Feed Industry Forum (LAFIF) to abolish both the FSF and LAFIF liaison meetings with industry.

A resolution was made by DAFF to engage with industry via the National Animal Health Forum (NAHF) because overlapping issues on the FSF and NAHF agendas indicated that there was no need for additional consultative structures.

AFMA strongly disagreed with the decision and called an urgent meeting between industry stakeholders, including NAHF, on 14 June 2019 to discuss the matter and determine a way forward.

At this meeting, it was clear that industry stakeholders felt that the current LAFIF was not a sustainable or practical solution for engagement between industry and DAFF. It was also acknowledged that a definite need exists to formally engage with government through an efficient structure that can add value to all role-players. The concept of a Livestock Portfolio Committee (LPC) was initiated. *(See 8.4 in the Chairman's Report for more information on the proposed LPC)*.

Going forward, AFMA will liaise with the PFI and RSA Renderers who are directly impacted on by the decision. AFMA will also liaise with indirectly affected entities such as SAPPO, SAFA, RMAA, RPO and other parties to propose an alternative platform to engage with the Directorate of Animal Health and VPH on specific matters pertaining to these industries that are not addressed through the NAHF.

8.3 Inspection Compliance Forum (ICF)

Non-compliance trends and matters across all agricultural input control disciplines are discussed quarterly between industry and Act 36 Inspection Services via the Inspection Compliance Forum. During the reporting period, the ICF welcomed the South African Animal Health Association (SAAHA), CropLife SA and the South African Pest Control Association (SAPCA) to the forum. All the relevant sectors of Act 36 are now represented on the ICF.

Budget constraints on the acquisition of vehicles resulted in fewer inspections than anticipated being undertaken throughout the year. This impasse was solved by inspectors being permitted to use their vehicles. This resulted in a marked improvement in the number of inspections being achieved during the first quarter of the 2019/2020 period.

An official complaints procedure was finalised by Inspection Services in May 2019 and is available for download on the AFMA website under Regulatory Affairs **(https://www.afma.co.za/daff-complaint-procedure-forms/)**.

Inspection Services, in conjunction with SAAHA, developed a Good Manufacturing Practise (GMP) guideline for the certification of stock remedy manufacturing facilities. The GMP was benchmarked by comparing it with the recommendations for human pharmaceutical facilities and PIC/S approval. PIC/S is responsible for international development, implementation and maintenance of harmonised GMP standards and quality systems of inspectorates in the field of medicinal products.

Further attention was given to non-compliance of pest control operators and unregistered agricultural remedies. Inspection Services will continue their awareness campaign to inform vendors and informal business operators about the requirements for the sale of agricultural remedies, stock remedies, fertilisers, farm feed and pet food.

For the coming year, facility requirements for licensing and registration under the new Feeds Bill will remain a focus, requiring full cooperation between government and industry partners. It is expected that facility requirements will be based on GMP standards and that endorsement of industry self-regulation systems such as the AFMA Code of Conduct^{Plus} can contribute towards improved risk assessment and more efficient identification of risk areas.

8.4 Cooperation with value chain partners in the livestock arena

Since the AFMA Chairman's Report for 2017/18 was published, several changes have taken place in the official representative bodies of livestock, poultry and related industries due to retirements, replacements and restructuring of some industry structures.

Management changes occurred in four of AFMA's major traditional value chain partners in the poultry industry and the Red Meat Industry Forum environment. SAPA, AFMA's largest client, restructured into the Egg Organisation and the Broiler Organisation, each with its board of directors, with a SAPA Board consisting of nominated board members from Eggs and Broilers, governing all poultry-related matters.

In the red meat fraternity, Johann Kotze and Dewald Olivier joined SAPPO and SAFA respectively as new executive directors of their producers' organisations.

An excellent working relationship has been established with the new management of both organisations. AFMA looks forward to working with these colleagues and leveraging the synergies that have already been identified. An example is the discussion and deliberations taking place on the new Feeds and Pet Food Bill to ensure all parties receive equal treatment.

Another project being addressed is the former Livestock and Animal Feeds Industry Forum (LAFIF). The last LAFIF structure proposed by AFMA served its purpose well. However, due to the need for change expressed by DAFF, livestock industry partners have already been engaged and are in the process of proposing a new revised and practical structure which will serve DAFF better.

However, the structure currently under review is to provide for the changes which took place in member organisations and to provide for new matters to be tabled for discussion. Part of this restructuring/renewal exercise is the elevation of the status of this Forum to an engagement forum to at least engage with DG of the Department of Agriculture and, if possible, the Minister.

8.5 Cooperation with value chain partners in the grains and oilseeds arena

Liaison with value chain partners continuously takes place. These occur on a one-on-one basis, or through various forums such as the Maize Forum; the Maize Forum Steering Committee; the Wheat Forum and the Wheat Forum Steering Committee; the Oil and Protein Seeds Development Trust (OPDT); the Oilseeds Advisory Committee (OAC); the Sunflower and Soybean Forum (SSF); the South African Grain Information Service (SAGIS); the Southern African Grain Laboratory (SAGL) and the Johannesburg Stock Exchange (JSE).

AFMA is developing the synergies established in association with SACOTA. An excellent example was the cooperation with international technology developers and seed companies, as well as current members of the South African National Seed Organisation (SANSOR) on work related to GMO approvals and liaison with DAFF.

These synergies, specifically during the period under review, have shown their true worth. Value chain partners cooperated in the GMO product approval process and supported each other in stating the industry's case in discussions with the government, initiatives that had positive results.

As a result of the cooperation achieved on the GMO project, AFMA and SACOTA are also joining forces with Grain SA and DAFF to establish the Grains Trade Forum.

Cooperation is growing, and challenges in the grains and oilseeds environment are mutually addressed. Current issues being referred to the Trade Committee are maize grading regulations; quality standards and specifications for soybeans, sunflower seed and the oilcake derived from these products and used in animal feeds.

These quality standards and specifications will set the platform for sunflower oilcake and soybean meal contracts that are in place for the delivery of locally produced products that will be delivered on the JSE.

The Grains Trade Forum (GTF) was initiated to establish a platform where DAFF and the feed industry can table and discuss issues of mutual concern. Its immediate objectives are to streamline the import and exports regulatory processes both on the GMO and SPS sides, and, equally importantly, supply DAFF with the latest international information on grains and oilseeds and on what is needed for value chain role players to reach their objectives.

9. MEMBERSHIP OF OTHER ORGANISATIONS

As explained in the AFMA strategy, the organisation understands the value of being an integrated role player in the grains, oilseeds and food value chains, and therefore serves as a member of associations and institutions representing different aspects of the feed industry. These organisations include:

9.1 AfricaBio

AfricaBio promotes the use of biotechnology in agriculture. Since AFMA believes that biotechnology should be used in the alleviation of future food shortages, it fully supports AfricaBio's work. In turn, the company assists AFMA with lobbying government and other decision-makers for the approval of GMOs and is involved in promoting the use of GMOs in Africa. AFMA and AfricaBio contacted each other regularly during the year to confer on issues impacting the feed industry.

9.2 International Feed Industry Federation (IFIF)

AFMA's involvement in the international animal feed arena is strengthening. Its Executive Director, and its Manager: Technical and Regulatory Affairs participate in feed summits, annual general assemblies and global feed conferences on behalf of the South African animal feed industry.

During the reporting period and in 2017, the AFMA Executive Director served on both the Board of Directors of the IFIF, as well as the Executive Committee of the IFIF Board of Directors.

9.3 Agricultural Business Chamber (AGBIZ)

AFMA joined AGBIZ as a council member in 2013 and is now celebrating its fifth year as a member. Membership of AGBIZ forms part of AFMA's strategic plan to align the Association with matters in the broader agricultural and political arena.

10. FEED MANUFACTURING

10.1 Raw material costs

The domestic grain and oilseed commodity outlook is discussed in detail in section 1.2.2 of this report.

10.2 Raw material utilisation in 2018/19 by AFMA members

Table 2 indicates the raw material usage and inclusion rates from 2014/15 to 2018/19. The average inclusion rates for the various raw materials are shown as a percentage of total feed sales and will normally reconcile to a level higher than 95%, allowing for possible milling losses. It must, however, be noted that not all raw materials are being used in all compound feeds. The inclusion rates of different raw materials vary from formulation to formulation, as well as between different species.

TABLE 2: RAW MATERIAL USAGE (APRIL 2014 TO MARCH 2019) – AFMA MEMBERS (TONS)

Raw material	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate
	2014/2015	2014/2015	2015/2016	2015/2016	2016/2017	2016/2017	2017/2018	2017/2018	2018/2019	2018/2019
Bagasse	83 197	1,24%	87 150	1,26%	67 235	1,04%	79 989	1,26%	80 862	1,22%
Barley (All)	10 760	0,16%	3 363	0,05%	4 896	0,08%	2 519	0,04%	2 070	0,03%
Bicarbonate of soda	5 878	0,09%	6 641	0,10%	7 639	0,12%	6 652	0,10%	7 612	0,11%
Blended Oil	24 958	0,37%	22 940	0,33%	28 902	0,45%	35 587	0,56%	41 515	0,62%
Blood meal	24 593	0,37%	9 083	0,13%	8 604	0,13%	12 517	0,20%	13 405	0,20%
Bone meal	274	0,00%	483	0,01%	110	0,00%	0	0,00%	5	0,00%
Brewers grain	15 071	0,22%	11 459	0,17%	5 775	0,09%	5 522	0,09%	3 579	0,05%
Canola fullfat	0	0,00%	546	0,01%	713	0,01%	2 958	0,05%	767	0,01%
Canola oilcake	30 920	0,46%	38 109	0,55%	37 902	0,59%	32 121	0,51%	28 161	0,42%
Carcass meal	6 196	0,09%	6 757	0,10%	9 490	0,15%	10 012	0,16%	8 781	0,13%
Citrus meal	2 992	0,04%	3 736	0,05%	1 702	0,03%	488	0,01%	649	0,01%
CMS	9 589	0,14%	9 852	0,14%	7 980	0,12%	5 405	0,09%	9 002	0,14%
Cottonseed oilcake	14 352	0,21%	8 888	0,13%	9 245	0,14%	8 188	0,13%	3 766	0,06%
Cotton seed	7 062	0,11%	7 845	0,11%	9 852	0,15%	9 572	0,15%	10 104	0,15%
Defatted maize germ meal	8 148	0,12%	5 947	0,09%	6 432	0,10%	7 882	0,12%	11 736	0,18%
Fat	3 096	0,05%	4 791	0,07%	4 431	0,07%	3 075	0,05%	2 948	0,04%
Feather meal	24 609	0,37%	21 685	0,31%	21 318	0,33%	21 496	0,34%	20 316	0,31%
Feed wheat	15 066	0,22%	3 082	0,04%	2 760	0,04%	4 679	0,07%	2 446	0,04%
Fish meal	23 185	0,35%	12 178	0,18%	12 677	0,20%	12 204	0,19%	13 513	0,20%
Groundnut oilcake	739	0,01%	573	0,01%	273	0,00%	0	0,00%	2	0,00%
Hominy chop	143 147	2,13%	122 871	1,78%	123 745	1,91%	141 077	2,22%	121 793	1,83%
Limestone grit	93 677	1,40%	94 880	1,37%	79 502	1,23%	74 795	1,18%	79 681	1,20%
Limestone powder	108 114	1,61%	114 613	1,66%	110 924	1,71%	112 136	1,76%	117 566	1,77%
Lucern hay	65 013	0,97%	76 728	1,11%	55 204	0,85%	46 998	0,74%	43 465	0,65%
Lucern meal	25 455	0,38%	23 316	0,34%	20 175	0,31%	23 853	0,38%	31 899	0,48%
Lupin meal						0,00%		0,00%	100	0,00%
Lysine	12 386	0,18%	10 423	0,15%	10 509	0,16%	8 784	0,14%	9 211	0,14%
Maize	3 223 871	48,02%	3 344 875	48,42%	3 136 112	48,42%	3 022 919	47,57%	3 063 498	46,10%
Maize germ meal	24 821	0,37%	26 666	0,39%	12 690	0,20%	14 649	0,23%	12 080	0,18%
Maize germ oilcake	1 129	0,02%	843	0,01%	453	0,01%	1 186	0,02%	4 752	0,07%
Maize gluten feed (20%)	51 415	0,77%	52 010	0,75%	45 797	0,71%	48 665	0,77%	57 273	0,86%
Maize gluten feed (60%)	15 726	0,23%	18 512	0,27%	16 653	0,26%	16 957	0,27%	18 938	0,29%
Maize meal	10 008	0,15%	4 211	0,06%	1 627	0,03%	14 312	0,23%	26 679	0,40%
Maize dcreenings	15 734	0,23%	19 081	0,28%	20 411	0,32%	12 033	0,19%	9 600	0,14%
Meat & bone meal	4 747	0,07%	5 136	0,07%	2 264	0,03%	552	0,01%	210	0,00%
Medicaments	11 682	0,17%	14 903	0,22%	14 102	0,22%	14 717	0,23%	25 559	0,38%
Methionine	8 233	0,12%	8 403	0,12%	9 184	0,14%	8 176	0,13%	8 149	0,12%
Molasses	468 838	6,98%	489 005	7,08%	422 547	6,52%	426 015	6,70%	445 092	6,70%
Monocalsium phosphate	50 918	0,76%	49 251	0,71%	43 847	0,68%	43 535	0,69%	41 970	0,63%
Oats						0,00%		0,00%	6 737	0,10%

TABLE 2: RAW MATERIAL USAGE (APRIL 2014 TO MARCH 2019) – AFMA MEMBERS (TONS) (CONTINUED)										
Raw material	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**
	2014/2015	**2014/2015**	**2015/2016**	**2015/2016**	**2016/2017**	**2016/2017**	**2017/2018**	**2017/2018**	**2018/2019**	**2018/2019**
Other: Codes – 512+525+ 529+538+545+546+552+ 553+554+557+582+583+ 584+598+599+601+602	97 568	1,45%	152 189	2,20%	127 602	1,97%	74 883	1,18%	114 219	1,72%
Palm kernal oilcake	17 715	0,26%	11 568	0,17%	9 882	0,15%	8 061	0,13%	5 378	0,08%
Plant oil	16 855	0,25%	19 634	0,28%	19 994	0,31%	16 727	0,26%	13 144	0,20%
Poultry by-product	71 665	1,07%	76 451	1,11%	68 614	1,06%	65 752	1,03%	59 289	0,89%
Remix						0,00%		0,00%	4 980	0,07%
Rice						0,00%		0,00%	315	0,00%
Rice Bran						0,00%		0,00%	3 590	0,05%
Salt	58 469	0,87%	65 059	0,94%	51 722	0,80%	55 170	0,87%	60 706	0,91%
Shell grit						0,00%		0,00%	647	0,01%
Sorghum	2 094	0,03%	4 221	0,06%	4 633	0,07%	4 679	0,07%	5 064	0,08%
Soya fullfat	85 271	1,27%	72 415	1,05%	59 317	0,92%	114 839	1,81%	162 473	2,45%
Soybean hulls						0,00%		0,00%	15 002	0,23%
Soya oilcake	883 511	13,16%	936 283	13,55%	891 467	13,76%	861 981	13,57%	872 729	13,13%
Soya seed						0,00%		0,00%	939	0,01%
Sunflower hulls	3 713	0,06%	10 185	0,15%	2 966	0,05%	5 761	0,09%	15 451	0,23%
Sunflower seed	324								164	0,00%
Sunflower oilcake	301 350	4,49%	308 633	4,47%	299 357	4,62%	314 930	4,96%	293 752	4,42%
Sterilized poultry manure						0,00%		0,00%	2	0,00%
Threonine						0,00%		0,00%	2 202	0,03%
Triticale	2	0,00%	8	0,00%	0	0,00%	0	0,00%	14	0,00%
Urea	26 655	0,40%	29 400	0,43%	22 913	0,35%	25 818	0,41%	27 892	0,42%
Vit & Min premixes	33 140	0,49%	30 854	0,45%	33 534	0,52%	38 136	0,60%	41 288	0,62%
Water						0,00%		0,00%	9 624	0,14%
Wheat						0,00%		0,00%	991	0,01%
Wheaten bran & flour	411 131	6,12%	434 226	6,29%	424 708	6,56%	408 752	6,43%	463 623	6,98%
Wheaten straw	14 538	0,22%	13 611	0,20%	10 575	0,16%	9 293	0,15%	8 111	0,12%
TOTAL	**6 669 600**	**99,34%**	**6 905 572**	**99,96%**	**6 400 966**	**98,83%**	**6 297 007**	**99,10%**	**6 567 080**	**98,83%**
Feedsales for the period	**6 714 004**	**4,9%**	**6 908 428**	**2,9%**	**6 476 509**	**-6,3%**	**6 354 318**	**-1,9%**	**6 644 647**	**4,6%**

10.2.1 Oilcakes and fishmeal

The details of oilcake and fishmeal consumption by AFMA members during the period 1 April 2014 to 31 March 2019 are shown in **Table 3**.

Although fishmeal is still in short supply, **Table 3** indicates how its use by AFMA members has fluctuated over the past five years. The use of fishmeal is determined by availability, product mix and price in relation to other available protein sources. Fish meal usage showed a slight increase to 13 513 tons in 2018/19 after a decrease in 2017/18.

Soya oilcake and full-fat soya consumption have shown a slight recovery from the drop it experienced during the previous year, increasing to 1 051 143 tons from the 960 974 tons consumed in 2017/18. This reflects, the recovery within the poultry, beef and sheep segments of the market.

As far as the dairy, beef and sheep diets are concerned, the slow move towards recovery can be partly attributed to the effects of the severe drought experienced in

the past. Many areas are still attempting to contend with droughts that have occurred in other parts of the country.

However, the primary factor impacting on volume growth is the decline in activity within the poultry industry recovering from the impact of EU following the dumping of excess product in the SA market by the EU and Brazil.

The feed industry placed a high premium on the outcomes of the special task force that was due to be announced by the government at the beginning of 2017. The task force, under the leadership of Department of Trade and Industry, did not meet expectations and the only action seen was the introduction of a 13.9% safeguard duty on European bone-in chicken early in 2017.

SAPA is still awaiting the outcome by ITAC of an application for a hike in import tariffs of 82% against frozen chicken portions from Brazil.

Sunflower oilcake maintained its level of use, with consumption of 309 367 tons in 2018/19, while soya showed a noticeable increase as the poultry industry shows signs of recovery.

TABLE 3: OILCAKE AND FISHMEAL USAGE BY AFMA MEMBERS: 1 APRIL 2014 TO 31 MARCH 2019 (TONS)

Oilcake	2014/2015	% Inc	2015/2016	% Inc	2016/2017	% Inc	2017/2018	% Inc	2018/2019	% Inc
Soya*	968 782	14,43%	1 008 698	14,60%	953 750	14,73%	960 974	15,12%	1 051 143	15,82%
Sunflower	301 349	4,49%	308 633	4,47%	308 353	4,76%	313 912	4,94%	309 367	4,66%
Cottonseed**	21 414	0,32%	16 733	0,24%	19 097	0,29%	17 761	0,28%	13 870	0,21%
Groundnuts	739	0,01%	573	0,01%	1 489	0,02%	0	0,00%	2	0,00%
Canola***	30 920	0,46%	38 655	0,56%	38 615	0,60%	31 224	0,49%	28 928	0,44%
Copra; Palm & Lupin	28 942	0,43%	19 990	0,29%	15 756	0,24%	8 061	0,13%	5 478	0,08%
TOTAL	**1 352 146**	**20,14%**	**1 393 282**	**20,17%**	**1 337 060**	**20,64%**	**1 331 932**	**20,96%**	**1 408 788**	**21,20%**
Fishmeal	23 184	0,35%	12 178	0,18%	12 676	0,20%	12 205	0,19%	13 513	0,20%
Animal Feed Sales	6 714 004		6 908 428		6 476 933		6 354 318		6 644 647	

* *Including soya oilcake and full fat soya*
** *Including oilcake and full fat cotton*
*** *Including full fat canola*

TABLE 3.1: USAGE OF MAIZE PRODUCTS BY AFMA MEMBERS: 1 APRIL 2014 TO 31 MARCH 2019 (TONS)

	2014/2015	% Inc.	2015/2016	% Inc.	2016/2017	% Inc.	2017/2018	% Inc.	2018/2019	% Inc.
Maize (incl. maize meal)	3 233 878	48,17%	3 349 086	48,48%	3 136 112	48,42%	3 037 231	47,80%	3 090 178	46,51%
Maize gluten feed (20%)	51 415	0,77%	52 010	0,75%	45 797	0,71%	48 665	0,77%	57 273	0,86%
Maize gluten feed (60%)	15 726	0,23%	18 512	0,27%	16 653	0,26%	16 957	0,27%	18 938	0,29%
Maize screenings	15 734	0,23%	19 081	0,28%	20 411	0,32%	12 033	0,19%	9 600	0,14%
Maize germ meal	24 821	0,37%	26 666	0,39%	12 690	0,20%	14 649	0,23%	12 080	0,18%
Defatted maize germ meal	8 148	0,12%	5 947	0,09%	6 432	0,10%	7 882	0,12%	11 736	0,18%
Maize germ oilcake	1 129	0,02%	843	0,01%	453	0,01%	1 186	0,02%	4 752	0,07%
Hominy chop/Germ meal	143 147	2,13%	122 871	1,78%	123 745	1,91%	141 077	2,22%	121 793	1,83%
TOTAL	**3 493 998**	**52,04%**	**3 595 016**	**52,04%**	**3 362 293**	**51,91%**	**3 279 680**	**51,61%**	**3 326 350**	**50,06%**
Total feed production (tons)	**6 714 004**		**6 908 428**		**6 476 933**		**6 354 318**		**6 644 647**	

10.3 Raw materials available to the feed industry: 2018/19

10.3.1 Oilcakes

The production of oilseeds and oilcake during the 2017/18 production season and the volumes available during the 2018/19 marketing season, is shown in **Table 4**. Information on imports is supplied in **Table 4.1**, while **Tables 4.2** and **4.3** contain summaries of the available oilcake.

After facing a prolonged drought that persevered for several years including 2015/16, which is considered one of the worst drought years on record, the country received good widespread summer rains in late 2017, that led to record crops in many areas.

These good summer rains were reflected in the areas planted and the increased yields of most summer crops in the country. The soybean crop increased from the 2017's 1 316 370 tons to a record 1 550 800 tons, of which about 1 100 000 tons went for crushing for soybean meal. Soy available for full fat soya also followed the same trend as soya production, increasing to 222 285 tons (up 44%) from the previous year's 154 320 ton.

The same trend was evident in the volumes of cottonseed, which showed a 150% increase, available for crushing and as full-fat products in the reporting period.

TABLE 4: LOCAL OILCAKE AVAILABLE FOR MARKETING – 1 APRIL 2018 TO 31 MARCH 2019 (MARKETING SEASON) (TONS)

Description	Total crop 2017/2018	Available for crushing	Conversion rate (seed)%	Oilcake 2018/2019
Sunflower [1,2]	858 605	853 369	42%	358 415
Groundnut [1,2]	53 750	3 121	54%	1 670
Soya [1,2]	1 550 800	1 094 196	80%	875 357
- Full fat [2]	–	222 285	80%	177 828
Cotton [3]	68 538	–	50%	–
- Full fat [4]	–	65 608	50%	32 804
Canola [1,2]	93 468	105 247	55%	57 886
- Full fat [4]	–	3 075	55%	1 691
Lupins – Full fat [1]	18 000	16 800	100%	16 800
TOTAL LOCAL OILCAKE		**2 363 701**		**1 522 451**

Sources:

1. *National Crop Estimates Committee – 26 September 2018*
2. *SAGIS – Monthly reports (Jan-Dec 2017; Jan-Mar 2018; Jan-Mar 2019; Oct 2017-Sept 2018)*
3. *Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing. Crushed product also includes seed from SADC Countries (website: www.cottonsa.org.za)*
4. *Full fat used for feeds according to SAGIS, Cotton SA and Cotton Seed Processors*

TABLE 4.1: OILCAKE IMPORTS – 1 APRIL 2018 TO 31 MARCH 2019 (TONS)			
Cake / Seed	**Tons seed + oilcake**	**Conversion rate**	**Oilcake 2018/2019**
Sunflower oilcake *	87 355	100%	87 355
Sunflower seed *	3 113	42%	1 307
Groundnut oilcake *	15 723	100%	15 723
Soya oilcake *	398 659	100%	398 659
Soya beans *	5 374	80%	4 299
Cotton oilcake *	68 538	100%	68 538
Cotton seed	21 254	50%	10 627
Other seeds *	326	50%	163
Other oilcakes *	7 008	100%	7 008
TOTAL IMPORTS	**607 350**		**593 680**
Local Production (Ex Table 4)			**1 522 451**
GRAND TOTAL – Table 4 + 4.1			**2 116 130**

Sources:
* *Department of Customs & Excise*
* *Cotton Seed Processors (Pty) Ltd*
* *Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing.*
* *Crushed product also includes seed from SADC Countries (website: www.cottonsa.org.za)*

TABLE 4.2: SUMMARY OF TOTAL OILCAKE AVAILABLE FOR MARKETING – 1 APRIL 2014 TO 31 MARCH 2019 (TONS)						
Oilcake	**2014/2015**	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**%**
Sunflower	413 916	434 220	422 418	401 728	447 077	21,13%
Groundnut	1 798	1 798	405	1 448	17 393	0,82%
Soya	1 284 334	1 559 230	1 467 093	1 429 250	1 456 143	68,81%
Cotton	118 698	88 677	74 924	13 135	111 969	5,29%
Canola	54 072	56 587	69 707	66 481	59 577	2,82%
Other oilcakes *	24 474	12 433	15 550	10 626	7 008	0,33%
Lupins	17 039	16 800	16 800	24 951	16 963	0,80%
TOTAL	**1 914 330**	**2 169 745**	**2 066 897**	**1 947 619**	**2 116 130**	**100,00%**

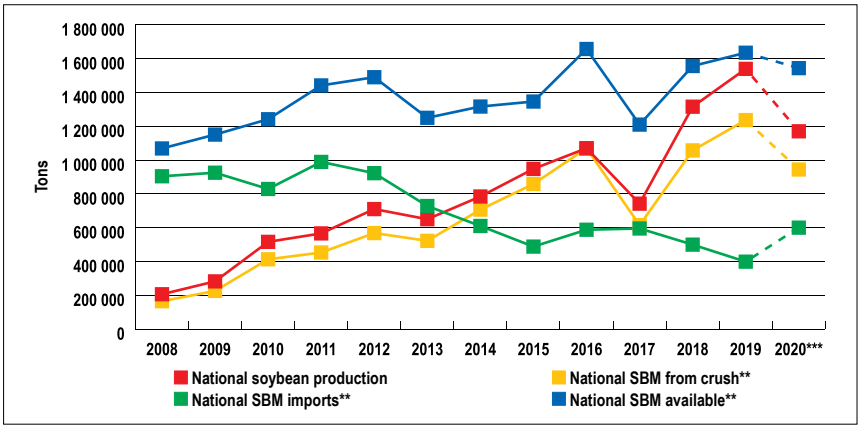
* *Other oilcakes / seeds: Copra, Linseed, Rape & Palm*

TABLE 4.3: TOTAL OILCAKE AVAILABILITY IN SOUTH AFRICA DURING 1 APRIL 2014 TO 31 MARCH 2019 (TONS)						
Oilcake	**2014/2015**	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**Increase / Decrease**
Sunflower	413 916	434 220	422 418	401 728	447 077	11%
Groundnut	1 798	1 798	405	1 448	17 393	1101%
Soya	1 284 334	1 559 230	1 467 093	1 429 250	1 456 143	2%
Cotton	118 698	88 677	74 924	13 135	111 969	752%
Canola	54 072	56 587	69 707	66 481	59 577	-10%
Others oilcakes	24 474	12 433	15 550	10 626	7 008	-34%
Lupin	17 039	16 800	16 800	24 951	16 963	-32%
TOTAL	**1 914 330**	**2 169 745**	**2 066 897**	**1 947 619**	**2 116 130**	**8,65%**

10.3.2 Imports

After initially showing decreases for four consecutive years from 2011 to 2015, soya oilcake imports increased from 2016 onwards, due to the drought and the need to supply the local market. However, this situation has subsequently changed. Soya oilcake's imports reduced to 499 484 in the 2017/18 reporting. This trend continued for the 2018/19 year, with imports dropping further to 398 659 ton.

COMPARISON: SOYBEAN PRODUCTION, NATIONAL SBM CRUSHED & SBM IMPORTED

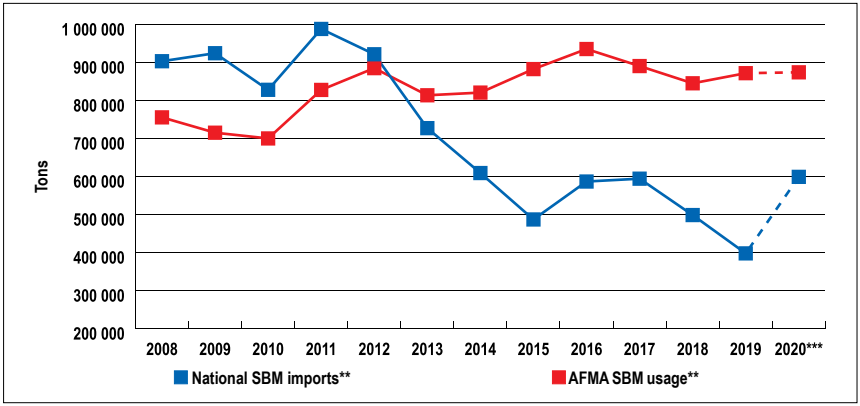


Source: AFMA Chairman's Reports

*** For the year April to March (AFMA stats year)*

**** Estimates available for the next marketing year*

COMPARISON: AFMA SBM USAGE VS NATIONAL SBM IMPORTS

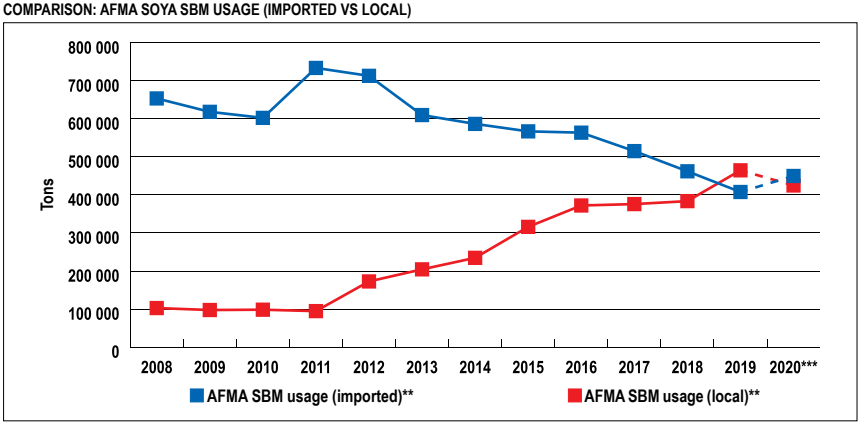


Source: AFMA Chairman's Reports

*** For the year April to March (AFMA stats year)*

**** Estimates available for the next marketing year*

COMPARISON: AFMA SOYA SBM USAGE (IMPORTED VS LOCAL)



Source: AFMA Chairman's Reports

*** For the year April to March (AFMA stats year)*

**** Estimates available for the next marketing year*

10.3.3 Fishmeal

The estimated fishmeal production for 2018/19 in South Africa, Namibia and Angola are shown in **Table 5**. Namibian fishmeal is regarded as imported and is calculated to be part of the available total, although the entire output is exported. This is also the case with fishmeal manufactured by trawlers.

As seen in **Table 5**, local production was 70 000 tons, while output on trawlers was 8 000 tons. Imports accounted for an additional 1 025 tons, bringing total availability to 85 025 tons.

Exports of fishmeal are influenced by international prices. Therefore, the availability of fishmeal in South Africa and Namibia can be directly linked to these prices. Domestic consumption for 2018/19 was estimated at 20 000 tons.

TABLE 5: LOCAL AND IMPORTED FISHMEAL – 1 APRIL 2014 TO 31 MARCH 2019 (TONS)

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Local production: RSA *	70 000	64 000	78 000	68 000	70 000
Namibia*	5 000	5 000	7 500	6 000	6 000
Sub-Total	**75 000**	**69 000**	**85 500**	**74 000**	**76 000**
Imports **	2 700	1 200	2 400	1 300	1 025
"Russian Trawlers" *	8 000	8 000	8 000	8 000	8 000
TOTAL FISHMEAL AVAILABLE	**85 700**	**78 200**	**95 900**	**83 300**	**85 025**
Exports					
South African product	52 000	39 000	75 000	60 000	66 000
Namibian product	5 000	5 000	7 500	6 000	6 000
Russian trawler product	8 000	8 000	8 000	8 000	8 000
TOTAL AVAILABLE IN SA & NAMIBIA	**20 700**	**26 200**	**5 400**	**9 300**	**9 300**

* *IFFO The Marine Ingredients Organisation*
** *Customs & Excise*
*** *All the Russian trawler meal and some local fishmeal has been exported*

10.3.4 Maize

The availability of maize from 2014/15 to 2018/19 is shown in **Table 6**. As is the case with all raw materials in this report, opening and closing stocks have not been taken into account.

With yet another dry spell being experienced in some parts of the maize production areas, the availability of maize during the 2018/19 marketing season has decreased by 22% to 12 155 474 tons.

TABLE 6: MAIZE AVAILABILITY – 1 MAY 2014 TO 30 APRIL 2019 (TONS)

Local	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
White [1]	7 710 000	4 810 790	3 408 500	9 268 593	6 308 941
Yellow [1]	6 540 000	4 984 418	4 370 000	6 360 089	5 674 911
Developing Agriculture [1]: White maize					
: Yellow Maize					
Imports [2]	65 250	1 968 519	2 236 743	0	171 622
TOTAL	**14 315 250**	**11 763 727**	**10 015 243**	**15 628 682**	**12 155 474**
Exports [2]	2 155 724	879 811	1 026 302	2 481 708	2 284 058

Source:
1. Crop Estimate Committee (CEC)–26 September 2018
2. SAGIS–28 June 2019
3. National Crop Estimates Committee–25 July 2019
Note: Developing Agriculture from 2006 included in White and Yellow total

10.4 Estimated raw material availability: April 2019 – March 2020 (tons)

10.4.1 Oilcakes

Table 7 shows details of the estimated availability of locally produced oilcake in the 2019/20 marketing season. These will be generated from local and, possibly, imported seed depending on the estimated requirement for oilcake for the 2019/20 season.

TABLE 7: ESTIMATED AVAILABILITY OF OILCAKES – 1 APRIL 2019 TO 31 MARCH 2020 (TONS)

Oilseeds	2018/2019 Crop estimated	Total available (Incl. Imports + Stock – Exports)	Available for crushing **	Conversion rate (seed) *	Equivalent oilcake
LOCAL PRODUCTION					
Sunflower [1]	655 640	970 290	840 000	42,00%	352 800
Soya [3]	1 170 345	–	1 000 000	80,00%	800 000
Groundnut [5]	18 800	15 142	–	54,00%	–
Cotton seed [4]	85 623	106 877	70 853	50,00%	35 427
Canola [2]	103 950	111 774	100 000	55,00%	55 000
Lupins [2]	18 000	18 000	16 800	100%	16 800
ESTIMATED LOCAL PRODUCTION					**1 260 027**
Total Estimated Requirements [6]					2 000 000
IMPORT REQUIREMENT					**739 974**

Sources:
(1; 2; 3; 4; 5) – Crop Estimates Committee–27 July 2019
* *AFMA & Protein Research Foundation*
** *SOILL – Southern Oil (Pty) Ltd*

10.4.2 Fishmeal

The estimated fishmeal production in South Africa, the total requirement and the potential imports and exports are shown in **Table 8**. Significant volumes (more than 75%) of South African fishmeal are expected to be exported, while the majority of Namibian and Russian trawler fishmeal has been shipped to destinations other than South Africa. Fishmeal imports into South Africa will be highly influenced by availability and price.

TABLE 8: ESTIMATED FISHMEAL PRODUCTION, REQUIREMENT AND EXPORTS – 2019/2020 (TONS)	
SA requirement	20 000
Export	66 000
TOTAL REQUIREMENT	**86 000**
Local production: (RSA)	86 000
Surplus / (Shortage)	–
IMPORT REQUIREMENT *	
Source: SA Fishmeal Marketing Company & Oceana Brands	

10.4.3 Maize

In sharp contrast to the production record of 16 413 475 tons in the 2017/18 season, estimates show a sharp decrease in the availability of maize during the 2019/20 marketing season, as shown in **Table 9.**

The continually changing rainfall patterns in the grains and oilseeds regions seem to move the maize industry between being a net importer and a net exporter. These volumes are reflected in **Table 6**.

The considerable carry-over stock from the previous season amounting to a total of almost 2 700 000 tons, will assist South Africa to remain a net exporter, with exports expected to be white maize. Imports will consist of yellow maize for the animal feed industry. The results can be seen in **Table 9**.

TABLE 9: ESTIMATED MAIZE AVAILABILITY – 1 MAY 2019 TO 30 APRIL 2020			
Local maize crop estimate	Tons	Tons	Tons
	White maize	Yellow maize	Total maize
Opening Stock (1 May)	1 798 998	864 088	2 663 086
Deliveries – All producers	5 456 342	5 143 575	10 599 917
TOTAL AVAILABLE	**7 255 340**	**6 007 663**	**13 263 003**
Source: *National Crop Estimates Committee – 25 July 2019* *Supply & Demand Estimate Committee – 29 July 2019* *** The above include production for commercial purposes and traditional production*			

10.4.4 Sorghum

According to the Crop Estimates Committee and Grain SA projections for 2019, the expected production for 2019/20 will be 153 000 tons. The calculated final crop for 2018/19 was 115 394 tons. **Table 10** gives the actual usage for the period from 2014 to 2018/19 (Grain SA) and the estimated usage for 2019/20. Grain sorghum usage in animal feed has become extremely limited.

TABLE 10: USAGE OF SORGHUM FROM 1 APRIL 2014 TO 31 MARCH 2019 AND ESTIMATED USAGE FOR 2019/2020 (TONS)						
	Usage 2014/2015*	Usage 2015/2016*	Usage 2016/2017*	Usage 2017/2018**	Usage 2018/2019**	Est. Usage 2019/2020**
Malting	62 214	61 370	62 732	60 113	56 352	52 500
Meal, Rice and Grit	90 346	88 041	97 872	92 719	87 715	101 000
FOOD	**152 560**	**149 411**	**160 604**	**152 832**	**144 067**	**153 500**
Animal Feed	5 691	10 413	8 710	7 772	9 827	7 900
Pet Foods	1 113	1 029	1 001	818	850	600
FEED	**6 804**	**11 442**	**9 711**	**8 590**	**10 677**	**8 500**
Released to end consumers	2 363	2 608	1 209	1 482	766	900
Withdrawn by producers	4 683	2 569	644	2 370	1 032	1 000
OTHER	**7 046**	**5 177**	**1 853**	**3 852**	**1 798**	**1 900**
Exports ***	26 169	29 039	12 649	13 599	9 482	6 600
TOTAL REQUIREMENT	**192 579**	**195 069**	**184 817**	**178 873**	**166 024**	**170 500**
Opening Stock	47 642	121 812	83 142	35 238	59 246	52 500
Deliveries	261 507	120 231	68 578	150 967	115 394	153 000
Imports	8 725	34 316	74 957	55 824	45 739	0
TOTAL AVAILABLE	**317 874**	**276 359**	**226 677**	**242 029**	**220 379**	**205 500**
Closing Stock	121 812	83 142	35 238	59 246	51 860	35 000

Sources:
* *SAGIS – 26 April 2019*
** *Grain South Africa – 26 July 2019*
*** *Exports include both products and grain*

11. AFMA FEED SALES: 2018/19

After suffering the highest loss in terms of volume – 431 490 tons, relating to a negative growth of 6.2% during 2016/17, AFMA feed sales showed signs of recovery and stabilising in 2017/18, reflecting negative growth of only 1.9%, continuing its performance to achieve a positive growth of 4.6% in 2018/19.

The recovery was led by the dairy, beef and sheep segments. This is a positive sign in these segments and an indication that herds are being re-established.

On the poultry side, the layers and broilers breeders segments are showing positive signs of recovering and are achieving double-figure percentage growth. Pig feeds are also showing positive signs of recovery, while broilers are still suffering from dumping activities (refer to **Table 11**).

After the stabilisation in most of the poultry segments and small growth in some during 2018/19, it can be expected that 2019/20 will remain a year of recovery in what is a volatile business environment. The growth and sales performance that AFMA members had become accustomed to, will take several seasons to be achieved.

Like the local poultry industry, the feed industry as the most significant supplier of the poultry industry is still anxiously awaiting the outcomes of the investigations of the special poultry task force and ITAC applications, to be agreed upon and implemented. These actions were initiated by the government and placed under the co-leadership of the Department of Trade and Industry and the poultry industry in late 2016.

TABLE 11: AFMA FEED SALES FROM 2014/2015 TO 2018/2019 (APRIL – MARCH)* (TONS)						
Type of Feed	**2014/2015**	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**% Growth**
Dairy	888 574	912 312	925 185	950 243	956 400	0,6%
Beef and sheep	922 618	1 030 101	861 792	860 052	906 485	5,4%
Pigs	264 163	285 020	308 569	342 076	379 313	10,9%
Layers	952 607	951 536	885 676	784 856	900 668	14,8%
Broilers	2 852 105	2 808 360	2 652 906	2 583 948	2 617 516	1,3%
Broiler breeders	516 484	499 307	468 431	476 924	528 181	10,7%
Horses	38 998	41 646	35 425	32 075	28 008	-12,7%
Dogs (D&W)	62 260	91 799	83 842	84 650	84 289	-0,4%
Ostriches	12 549	15 735	14 807	14 446	10 686	-26,0%
Game Feed	41 808	71 319	60 927	52 591	41 208	-21,6%
Other mixtures	11 914	13 266	13 974	12 139	13 809	13,8%
Aquaculture	4 616	5 281	4 357	4 730	4 847	2,5%
CONCENTRATES						
Pigs	15 428	14 066	12 312	14 583	23 736	62,8%
Other concentrates	2 287	763	239	2 287	2 824	23,5%
Beef finisher	40 080	45 245	46 339	52 215	55 331	6,0%
Dairy + urea	26 212	28 434	20 669	19 841	17 350	-12,6%
Dairy – urea	4 282	6 810	5 845	8 118	9 614	18,4%
Sheep finisher	27 481	25 814	21 239	25 578	23 367	-8,6%
Layers	16 606	51 774	47 188	26 134	29 339	12,3%
Broilers	7 891	5 846	3 569	2 425	2 023	-16,6%
Ostriches	0	0	109	0	162	
Horses	1	9	57	45	47	4,4%
Ruminants – other	5 035	3 981	3 477	4 362	9 444	116,5%
TOTAL	**6 714 004**	**6 908 424**	**6 476 934**	**6 354 318**	**6 644 647**	
% Growth	4,9%	2,9%	-6,2%	-1,9%	4,6%	
Source: AFMA STATS – Only AFMA members						

Should these outcomes materialise, it would benefit not only the feed sector but the entire South African grains and oilseed value chain. It would also lead to policy certainty, encourage investments, growth and vast job creation in these sectors by achieving the primary outcomes of the National Development Plan (NDP).

With AFMA feed sales stabilising further, a sales figure of 6 644 647 tons was achieved for 2018/19 by AFMA members. The feed sales for the period 2014/15 to 2018/19 are indicated in **Table 11**.

11.1 Feed sales per province: 2018/19

Table 12 shows the feed sales of AFMA members per province. As previously mentioned, figures have in some instances been consolidated by province or area to prevent disclosing the figures of individual feed mills. Feed production is taken as feed sales and allocated in provinces according to the location of the production facility.

It must be kept in mind that feeds are sold over provincial and even national borders, and feed sales, thus reflect points of production. No information on the movement of feed after production is available. The market share of the different provinces shows

some changes, specifically due to expansion in certain areas and new members joining AFMA in various provinces.

Since 2010/11, AFMA started reporting on SADC figures, and some minor changes to market share have taken place.

TABLE 12: ANIMAL FEED SALES PER PROVINCE – 1 APRIL 2018 TO 31 MARCH 2019 (AFMA MEMBERS ONLY) (TONS)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpuma-langa	North West Province	SADC	Western Cape	Total
Dairy	196 628	48 735	36 612	227 725	336	32 090	26 446	2 291	385 537	956 400
Beef & sheep	33 128	109 064	5 922	229 645	3 598	313 721	20 199	26 842	164 366	906 485
Pigs	30 131	36 410	35 876	29 275	1 378	74 604	33 249	5 001	133 385	379 309
Layers	35 712	176 667	289 821	72 296	16 190	88 694	53 386	55 722	112 181	900 669
Broilers	175 177	398 858	412 349	148 513	30 893	443 930	417 419	149 086	441 290	2 617 515
Broiler breeders	23 745	45 458	95 453	120 373	243	96 825	44 873	26 764	74 447	528 181
Horses	1 194	173	15 318	199	3 844	4 028	433	456	2 363	28 008
Dogs	–	–	82 549	–	648	16	648	428	–	84 289
Other mixtures	189	267	3 241	597	1 048	660	2 296	4 836	675	13 809
Maize-free mixes	3 257	39 706	17 637	8 855	116	71 533	7 720	–	24 414	173 238
Aquaculture	–	–	17	–		–	–	–	4 832	4 849
Game feed	–	50	87	–	121	279	411	–	9 739	10 687
Ostriches	1 969	2 248	10 867	125	7 251	10 499	3 472	879	3 898	41 208
TOTAL 2018/2019	**501 130**	**857 636**	**1 005 749**	**837 603**	**65 666**	**1 136 879**	**610 552**	**272 305**	**1 357 127**	**6 644 647**
Percentage of sales	7,54%	12,91%	15,14%	12,61%	0,99%	17,11%	9,19%	4,10%	20,42%	100,00%
Total previous year	**485 356**	**798 209**	**958 146**	**987 665**	**25 065**	**1 051 555**	**473 840**	**303 649**	**1 270 833**	**6 354 318**
Percentage of sales previous year	7,64%	12,56%	15,08%	15,54%	0,39%	16,55%	7,46%	4,78%	20,00%	100,00%

Source: AFMA STATS – Only AFMA members

12. NATIONAL FEED SALES: 2018/19

According to **Table 13**, national feed production showed the same trend as that of AFMA. National feed volumes for 2018/19 were calculated at 11 508 521 tons, showing an increase of 4.4% on a national production level.

TABLE 13: NATIONAL ANIMAL FEED PRODUCTION DURING 2018/19 (TONS)

Feed type	AFMA feeds plus feeds derived from concentrates	National feed production **	AFMA feed as% of national production
Dairy	1 038 018	2 309 659	44,94%
Beef & Sheep	1 200 292	3 117 788	38,50%
Pigs	438 655	993 356	44,16%
Layers	974 013	1 244 683	78,25%
Broilers	3 150 755	3 292 842	95,68%
Dogs	84 289	345 696	24,38%
Horses	28 165	123 568	22,79%
Ostriches	10 848	75 727	14,33%
Aquaculture	4 847	5 202	93,18%
Other	62 076	–	–
TOTAL	**6 991 958**	**11 508 521**	**60,75%**

Source:
Dr Erhard Briedenhann – Modelling
** *Calculated volumes based on APR Model*

13. AFMA MARKETING, BRANDING, PARTICIPATION, PRIZES AND AWARDS

13.1 AFMA branding

AFMA's branding and marketing are part of maintaining and enhancing its corporate image as a representative industry body and include:

- Modernising its logo (which has been registered as the AFMA official Trademark);
- Modernised letterhead;
- Frequent updating of banners in line with international standards;
- E-stationery;
- Corporate clothing;
- Keeping the AFMA Matrix up to internationally competitive standards;
- Its 12th annual AFMA Golf Day – drawing record industry participation;
- The Chairman's Report which is widely utilised – locally and internationally;
- Sponsorship of student seminars;
- The annual AFMA Symposium;
- *Ad hoc* workshops;
- AFMA's website; and
- The social media platforms such as Facebook, Twitter and LinkedIn.

The AFMA Board is always investigating improvements and identifying the latest technologies that can be used for strengthening the AFMA image and brand on behalf of its members. The branding and marketing of AFMA have since its outset received a widespread positive reaction from members, state departments, organisations in the feed value chain, and private institutions.

13.2 AFMA website

The AFMA website forms the pivotal point and the central theme of the branding of the association and has a modern look that is continuously updated with the latest information and new features.

The website was specifically designed to be used as an information platform on the animal feed industry and related matters.

The newly revamped and modernised AFMA website was launched during July 2016. It features a new user-friendly look and layout and is accessible from any mobile smart device. When designing the new site, the focus was on making more information available to members and the public.

The website is available at **www.afma.co.za**.

13.3 Professional and corporate image

AFMA maintains its professional and corporate image in all activities in which it is

involved. This is evident in every activity that AFMA presents at any level.

As part of its professional and corporate image, AFMA has complemented its branding and marketing by using e-marketing. It has dedicated websites for each type of event, adding to the corporate and professional profile that is already in place. Websites are:

- **www.afmaagm.co.za**
- **www.afmasymposium.co.za**
- **www.afmaforum.co.za**
- **www.afmagolfday.co.za**

In addition to the electronic media tools, AFMA has started the process of aligning its printed versions' look and feel with those of its electronic counterparts.

13.4 Industry communication

In addition to the above branding and marketing vehicles used by AFMA, two newsletters have been added to its stable of existing communication tools:

13.4.1 Member-Updates

The Member-Updates were designed to have news on different AFMA activities, and committee decisions reach members faster, and also inform members not able to make a specific meeting. The Member-Updates are distributed to members only.

13.4.2 AFMA E-News

The AFMA E-News was developed as a communication tool to the AFMA value chain partners and related industries to help them stay abreast of AFMA activities, planning and upcoming events.

13.4.3 Social media

AFMA's social media tools are concentrated on Facebook, Twitter, AGRI-Orbit and LinkedIn. These platforms distribute information in real-time as events happen or become available.

A further benefit of these platforms is the fact that they make it possible to give articles covered in the quarterly published AFMA Matrix much wider exposure by referring and supplying the link to the article online, sending the user directly to the full article.

13.5 International participation

13.5.1 International Feed Industry Federation (IFIF)

AFMA was re-elected to the IFIF Board of Directors for a further two-year term during the federation's General Assembly in 2017, hosted at the FAO Headquarters in Rome during October 2017. AFMA has also remained a member of the three IFIF PET (policy, education and technical) committees.

AFMA was further honoured by being elected to the EXCO of the IFIF Board. The IFIF EXCO consists of five Feed Association Members on the IFIF Board, of which the F4 – (China, USA, EU and Brazil) are standing members. Thus, AFMA is honoured to be the fifth member of the EXCO joining the F4.

13.5.2 International Feed Regulators Meeting (IFRM)

The eleventh International Feed Regulators Meeting (IFRM) was hosted in Atlanta, Georgia, USA, at the end of January 2018. AFMA is represented on the IFIF Board and the EXCO by its Executive Director, Mr De Wet Boshoff.

AFMA was represented in Atlanta by its Technical and Regulatory Manager, Liesl Breytenbach, who also serves on the IFIF Regulatory Committee. Unfortunately, the South African regulators could not attend the meeting.

13.5.3 The Southern African Feed Manufacturers Association (SAFMA)

As reported in previous AFMA Chairman's reports, following the official founding of SAFMA during the fourth Global Feed and Food Congress (GFFC) in April 2013, AFMA has been driving this initiative within SADC.

The key objectives being pursued by SAFMA are:

- The establishment of a network of contacts of relevant feed and related role players in the region.
- The establishment of country feed associations in SADC member states, with AFMA playing a mentoring role.
- Agreeing and implementing generally accepted manufacturing practices in member states
- Deciding on aligned, like-minded feed and milling legislation (equivalence), regulations and guidelines for member states
- Skills transfer, training and education through the structures within the region as well as from IFIF.

AFMA, with the assistance of individuals within Zambia, is currently planning the launch meeting of the Zambian Animal Feed Manufacturers Association (ZAFMA). This will be the second association to be established based on the principles of the AFMA model, which also takes account of the member country's requirements.

13.6 Presence and credibility on forums

During the year under review, AFMA entered its eighth year of hosting the full-time secretariat of SACOTA. This annual venture is building on synergies, with more and more activities and functions being used to the optimum benefit of both AFMA and SACOTA members.

The combined synergies between AFMA and SACOTA over the past years have led

to a much more significant combined impact and a more streamlined decision-making process.

The most significant synergy was the commodity clearance received for all GMO events through the assistance of multinational seed companies. This clearance was synchronised to occur with that of the USA and took place while South Africa was suffering its worst drought in a century. The nett effect of the drought was a drop in the yellow maize price from levels of more than R3 300 per ton during the latter parts of 2016 to levels around R2 000 per ton in early 2017.

The saving achieved by synchronising with the three global yellow maize suppliers was conservatively calculated at around R2.4 billion on yellow maize. This nett effect gave manufacturers and processors the opportunity to recover from the harsh economic conditions they had to endure that resulted in some companies having to extend their credit lines and others having to borrow money to stay afloat.

With this as an example of how a single industry issue can be addressed at ground level, AFMA has further enhanced its position as one of the leading decision-making organisations in agriculture. Even more significantly, it has increased its stature as an association that can address issues on an operational level to the benefit of the livestock, animal feeds, and the integrated grain value chain.

13.7 Membership

Unfortunately, AFMA has to report that because of the state of the economy it lost a number of full and associate members. However, this situation is already being addressed through the 2018/19 strategic focus and is already bearing results with new members joining the AFMA ranks.

13.8 Own identity

For more than a decade, AFMA has successfully regained, established and expanded its new identity. It is now well known to all government departments. These departments include the Department of Agriculture, Forestry and Fisheries (DAFF); the International Trade Administration Commission of South Africa (ITAC); the Department of Trade and Industry (the dti); the Department of Health (DoH), and the Department of International Relations and Cooperation (DIRCO).

The AFMA brand is equally well known and respected by its private sector industry partners, specifically in the grains, oilseeds and livestock sector's value chains. This is clear from all the enquiries, interactions, requests and invitations that AFMA receives from across the private livestock sector, as well as government and parastatals that deal with feed and related matters.

13.9 International recognition

As a member of IFIF, the IFIF Board and the IFIF EXCO to the Board, AFMA enjoys international recognition as the leading representative feed organisation in Africa. Other members of IFIF (among them the USA, EU, China and Brazil (F4)) also regard the association as a leader in Africa. Furthermore, the FAO recognises AFMA as the leading association and commentator on animal feeds in Africa, especially after the hosting of the fourth GFFC in 2013.

This recognition was further enhanced after the acceptance of the proposal that feeds companies in SADC become full members of AFMA, with the association being their representative in Southern Africa. This momentum was taken further with the establishment of SAFMA in April 2013, which is expected to enhance AFMA's position to provide feedback at future international events.

In addition to the AFMA linkages and recognition, the SACOTA management agreement enhances this recognition in the international trading fraternity, as it enables these associations to cover a much broader scope of work, to the benefit of both bodies.

In the period under review, AFMA and SACOTA have established an excellent business relationship with the US Grains Council on grain production, procurement and regulatory matters regarding potential imports from the USA due to the drought that South Africa experienced.

This relationship was further cemented by cooperation on trade and regulatory matters, in particular on being AFMA's partner in reviving TAFMA in Tanzania as a SAFMA pilot project.

This relationship is being furthered through cooperation with SACOTA in the ZAFMA-project.

13.10 National recognition

AFMA is currently enjoying recognition as a national role player participating in all forums related to livestock; animal feeds, the grain value chain, the oilseeds value chain, as well as the broader food value chain, where it acts as a leading decision-maker. As mentioned elsewhere in this report, the AFMA-SACOTA synergy has enhanced both associations' impact on the issues they deal with on behalf of their constituents.

AFMA has taken the AFMA/SACOTA cooperation further with the signing of a contract with the South African Oilseed Processors Association (SAOPA), supplying several services to the Association. This agreement was renewed for a second year.

13.11 Sponsorship and presentation of awards

13.11.1 AFMA Person of the Year Award

During 2017/18 no award was made. The last award was presented to Mr Heiko Köster of Barnlab during 2016/17, for the role he has played in the animal feed and nutrition fields and his contribution to the broader agricultural environment in various forums.

Our thanks go to Chemuniqué International (Pty) Ltd for their generous support and sponsorship of this award.

13.11.2 Barney van Niekerk/AFMA Technical Person of the Year Award

The Barney van Niekerk/AFMA Technical Person of the Year Award for 2017/18 was sponsored by AFMA.

The award was presented to Mr David Brandt of Feed First, for his valuable contribution to the technical science of animal nutrition in South Africa.

13.11.3 Koos van der Merwe/AFMA Student Award for 2017/18

The Koos van der Merwe/AFMA Student Award for 2017/18 was not presented.

14. EVENTS – SYMPOSIA, WORKSHOPS, SEMINARS AND PUBLICATIONS

14.1 Student Seminar

During 2014/15, a strategic decision was taken to host the workshop for non-production industry members and the student workshop as separate events due to the different needs of the audiences and target markets.

During 2018/19, a Student Seminar was hosted at the University of Fort Hare, which was excellently attended by about 80 students. The Student Seminar was concluded with a visit to a local feed mill tour undertaken at the RCL Foods feed mill in Berlin, Eastern Cape.

During this Student Seminar, the discussion centred on the gap that exists between completing studies as an Animal Scientist (Nutritionist) and entering the industry and how outreach programmes can be used to bridge the gap.

14.2 Intervarsity Writer's Cup

During the year, AFMA initiated an exciting new initiative. Part of its student outreach programme, the Intervarsity Writer's Cup (IWC) competition is open to students studying at tertiary institutions where animal nutrition is part of the curriculum.

The IWC competition's aim is to motivate final year or first-year-post-graduate students

studying animal nutrition to author first-class technical articles that can be published as research pieces in AFMA's quarterly magazine, the AFMA Matrix.

The competition involves the student, his or her lecturer, or a mentor and the tertiary institution. The AFMA Matrix, which is published quarterly, will publish an article in each edition and the winning writer will receive a cash prize of R2 000. The best article published over four editions of the magazine, will win its writer a cash prize of R 7000. The winner's lecturer or mentor will also be awarded with a R7 000 award.

To compete the circle, the tertiary institution at which the student is studying will receive R10 000 in cash, a floating trophy and the 'bragging rights' to being home to the Intervarsity Writer's Cup Champion of the year.

Through the competition, AFMA is encouraging students to develop their technical writing and research abilities. Simultaneously, the writers, their lecturers or mentors and their tertiary institutions will receive publicity in the AFMA Matrix, which is distributed quarterly to more than 4 000 addresses, locally and internationally. Ultimately, the recognition received by the writers could, hopefully, result in offers of employment or other career development opportunities.

14.3 Technical writing skills seminar

In May 2018, AFMA again hosted a well-received one-day technical writing skills seminar specifically aimed at transferring writing skills to employees or members in the technical field. The seminars were introduced after the demand for this particular skill was highlighted by the AFMA Technical Committee.

The seminar was facilitated by external experts in this discipline, in conjunction with the AFMA Technical Committee and the AFMA office. The seminar had a 100% attendance rate.

It is expected that this type of skills transfer will be provided by AFMA to its members on a more frequent basis and possibly in more provinces.

14.4 AFMA Matrix

A total of 106 issues of AFMA Matrix, the AFMA quarterly industry magazine, have been published since March 1992. Special editions of the AFMA Matrix have been published to coincide with major industry events that have involved most of the feed industry's major players. These have included the AFMA 2007 Forum, the World Conference on Animal Production (WCAP) in 2008, the AFMA Forum in 2010, the fourth GFFC in 2013, the AFMA Forum 2016 and AFMA's annual symposia).

All the issues were very well received and are being read worldwide in hard copy

and electronic format (available on the AFMA website). The popularity of the AFMA Matrix can be gauged from constant enquiries about articles and information regularly received from across the globe.

As part of its strategy, the AFMA Board of Directors has approved the expansion of the distribution of the AFMA Matrix to the top 30 clients of every full member. This process of enlarging the scope of the publication is underway and will be continued.

As reported earlier, a co-publishing agreement between AFMA and PlaasMedia was concluded in 2012. After concluding this agreement, the first issue of the AFMA Matrix in its new format was published and distributed at the fourth GFFC as a special edition. AFMA's Marketing and Promotion Committee will continuously monitor the development of the new format of the AFMA Matrix, ensuring that the ongoing needs of AFMA members are met.

14.5 Internet

14.5.1 E-mail

The majority of AFMA's correspondence is conducted by e-mail, and limited use is made of postal services. AFMA's e-mail address is **admin@afma.co.za**.

In addition to its routine e-mail correspondence and communication channels, AFMA has also launched a bulk e-mail delivery system for its mass communication needs. This was mainly driven by the need to reach all contacts on the expanded AFMA communication network to improve communication to all.

14.5.2 Website

AFMA's website – **www.afma.co.za** – was entirely revamped, modernised and relaunched during July 2016. The site forms part of the central theme and branding of the Association, offering a new, modern look and user-friendly features.

The website is used as an information transfer platform to members and is constantly updated with the latest information. It is hosted and updated by AFMA's media partner, making updating easier and faster.

The website also hosts a feature on career opportunities in the industry. Essential information related to AFMA, its members and the South African feed industry is available on the site.

14.6 Radio and television interviews

As part of the co-publishing agreement between AFMA and PlaasMedia, and as part of the AFMA communication strategy, interview opportunities (on *RSG*, *Landbouradio* and *Die Groot Ontbyt*) to promote AFMA and its activities became a reality. The AFMA

Executive Director and the AFMA Chairperson are regular guests on *Die Groot Ontbyt* morning breakfast television programme where they discuss issues concerning the South African feed industry. Copies of these interviews can be obtained on the AFMA website: **www.afma.co.za/broadcasts**.

14.7 AFMA/SACOTA

During the period under review, AFMA and SACOTA completed the eighth year of their management arrangement, with AFMA hosting the SACOTA Secretariat.

In the years of this management agreement, AFMA has proved and displayed how it has managed SACOTA's affairs. With the assistance of AFMA, SACOTA now proudly stands its ground in all capacities as a fully functional association and representative industry body for its members.

15. AFMA MEMBERSHIP

During the period under review, seven new members joined AFMA (one full member and six associate members), while three memberships were cancelled. The cancellations of membership were due to financial reasons and in one case due to amalgamation.

AFMA's total membership saw an increase from 135 in 2017/18 to 139 in 2018/19, and is made up as follows:

- Full members (balanced feed manufacturers) 68
- Associate members 71

Associate membership includes the following groups:

- Premix manufacturers 33
- Traders 17
- Producers and suppliers of raw materials 14
- Manufacturers and suppliers of equipment 2
- Laboratory services 4
- Transport services 1

15.1 New members

The following companies applied for AFMA membership during 2018/19:

Full membership

- Bo Kamoso Investments
- Eluthu-Llinge Projects
- Gauteng Community Forum
- Mamapo Tech and Media Solutions
- Nutribyte Feeds
- Osodubo

- Tambotie Roller Mills
- Tlhatlhogamocha

Associate membership
- Alcom Feeds
- Essential Nutrient Systems
- ETC Agro
- Epko Oil Seed Crushing
- Farmwise Grains
- Idwala Industrial Holdings
- Kalaku Holdings t/a Kalaku Chemicals
- Khepri Innovations
- Olunje Group
- Orffa SA
- Pioneer IG
- Promtek Africa
- Tsogang Brands

The following company is fully compliant with the AFMA Code of Conduct and awarded full membership status:
- Nutri Feeds Marble Hall

The following companies have successfully been found compliant with the AFMA Code of Conduct and awarded associate membership status:
- Epko Oil Seed Crushing
- Manuchar South Africa
- Nu Pro Commodities
- Orffa SA
- Pimankus Agriculture Consulting and Trading
- Promtek Africa

Some companies that applied for AFMA membership have either decided to terminate their applications or have requested AFMA's third-party auditor to extend the AFMA Code of Conduct audit to a later date.

16. STAFF MATTERS

16.1 The staff in the AFMA office

The number of staff in the AFMA office during the year under revision has changed.

The current full-time staff members are as follows:
- Executive Director - De Wet Boshoff
- Manager: Operational Services - Dirk Kok

- Manager: Technical and Regulatory Affairs - Liesl Breytenbach
- Office Administrator - Wimpie Groenewald
- Technical Administrator - Karla Hendriks

17. ACKNOWLEDGEMENTS

My heartfelt appreciation and acknowledgement go to the Board and directors for their support and inputs on industry matters during my term as Chairman.

The committees and sub-committees of AFMA once again made a tremendous effort and presented valuable work, with the chairpersons of the various committees making significant contributions.

My thanks go to Jackie Tucker (Technical), Heiko Köster (Trade), Mark Manley (Regulatory), Dirk Kok (SACOTA, and Training and Skills Development), De Wet Boshoff (Marketing and Promotion; Management Information; AFMA Matrix Editorial Sub-Committee and SACOTA).

I also extend my gratitude, thanks and appreciation to all participants and attendees of the AFMA committee meetings for their valuable inputs during the year and their contributions to the success of AFMA.

My further appreciation goes to AFMA members for allowing and sponsoring their employees' time and expenses, enabling them to unselfishly contribute to the broad AFMA cause.

The AFMA staff worked extremely hard and with dedication. I thank Liesl, Dirk, Wimpie, Karla, Jennifer, Herman, Ronel, and Mandy for their exceptional efforts.

De Wet Boshoff, the Executive Director of AFMA, has excelled once again and continued to make a considerable difference to AFMA and SACOTA. With his professional attitude and innovative approach, he has been a pleasure to work with.

Finally, my thanks go to all members and associate members for their contributions made throughout the year and for their great support of AFMA.

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