Chairman's Report 2021/2022

Presented by Wouter de Wet at AFMA's 75th Annual General Meeting hosted at Fancourt, George on 9 September 2022

SA Agriculture: The Next Five Years

75th AFMA AGM

AFMA
SAFE FEED FOR SAFE FOOD
Animal Feed Manufacturers Association

Animal Feed Manufacturers Association

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CHAIRMAN'S REPORT 2021/2022

Wouter de Wet
Chairperson, AFMA

The Chairperson's Report is always a great opportunity to summarise the world and local economic factors that have an impact on our reality. In the context of so many challenges, it is not always a pretty picture. Just over two years ago, with the onset of COVID-19, most of us expected the disruption and lockdown to last a few weeks or perhaps a month or two at best. Now, more than two years later, COVID-19 is still around, and some countries, like China, are still reacting with strict lockdowns as the main strategy for containment, seriously impacting on consumption and production of agricultural products. Through a combination of adapting to change and new challenges, we are now at a point where the predictions on when the next COVID-19 wave will hit us are overshadowed by, amongst others, the war in Ukraine and the significant effect it has had on the world economy, the availability and price of grains and the significant impact on energy costs in places like Europe.

On the local front, we can add to the list of challenges the ongoing service delivery and infrastructure failures, political uncertainty, continued high commodity and fuel prices, growing cost pressure on the consumer, poor performance of the Rand and increased social unrest. The far-reaching controversial decision on anti-dumping duties, foot-and-mouth disease, and many more have added to the ongoing list of challenges we are facing in the economy and the agriculture value chain. In summary – on the international as well as local front, the rate of change and disruption continues to accelerate. It is indeed tough out there.

With all of that said, the key question remains: What can we do about all of this?

On 23 April 1910, Theodore Roosevelt gave one of his most famous speeches in Paris at a time when there was also a lot of turmoil in the world. The speech was aimed at the many critics who would spend their time criticising the efforts of those who tried to make the world a better place, despite how futile some of those efforts might have seemed. In Roosevelt's speech, he said: *"It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best*

knows, in the end, the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat."

This powerful quote from Roosevelt's speech has been used by many, including Nelson Mandela, who gave a copy to Francois Pienaar before the 1995 Rugby World Cup. It remains extremely relevant today.

AFMA has refocussed its strategy over the years in order to be much more outwardly focussed – "…to unlock growth in the local agriculture value chain". We have made progress in aligning with other stakeholders around common goals. Stakeholders like grain farmers, soya processors, feed producers and government have a better understanding of the challenges of key consumers of our grain and feed, like the pork and poultry industry, as well as how they can play a role in supporting them. It is not always easy, the objectives are bold and, in the eyes of some, even impossible. And I respect that.

In order for us as an industry, an agricultural value chain and as a country to overcome the many challenges we face, we need a lot more people to step into the arena, people who are willing to risk stumbling and erring while trying to create a better future for all. We also need less critics outside the arena, criticising those in the arena, pointing out where they have stumbled or could have done better.

I have learned much over the past four years as Chairperson of AFMA. It has been a great and exciting journey, working with so many extremely talented, able and committed people who get into the arena every day to create a better world for everyone. I believe more than ever that through AFMA, all members can play a greater role in participating actively in the various value chain initiatives to unlock growth for everyone.

My final request is therefore a call to action to all of you to get involved, to spend time with value chain partners, to join the various committees, to jointly forge a way forward, to support each other and to never be the critic outside the arena. I am positive about the future, not because I expect less challenges, but because I believe we can achieve growth and progress, despite headwinds, when we align ourselves with the many like-minded partners that exist in our value chains.

Till next time

Wouter de Wet
Chairperson, AFMA

1. INTRODUCTION

1.1 Vision

As indicated by the Chairperson, AFMA has since 2019 been crafting and re-shaping its Strategy to be more outwards focussed – "to unlock growth in the local agriculture value chain" through being more inclusive through fostering partnerships and close cooperation with fellow value chain partners. Due to its unique positioning within these value chains and continuously shaping and building on AFMA's vision, it is truly giving full meaning to –

"The dynamic animal feed thought leader influencing food security through partnerships with all stakeholders"

To remain relevant in any economic sector, an organisation or company needs to stay sustainable. Therefore, long-term partnerships within the various value chains should be fostered to ensure this.

Ultimately, the overarching goal in these partnerships is to ensure that sustainable growth is unlocked for all value chain partners – ***"any chain is only as strong as its weakest link"***, highlighting the importance that the health and resilience of all links should be nurtured and developed to their optimum, ensuring an efficient and sustainable value chain.

AFMA's new vision and mission have never been so strongly highlighted since 2020 when planning and groundwork were conducted to establish the framework of the Agricultural and Agricultural Processing Masterplan (AAMP). Equally and more specific, this was the identical experience assisting in shaping the SA Poultry Sector Masterplan (SAPMAP) at first, and even more so in the current execution.

1.2 Value chain partner

Due to being an essential service as one of the pivotal role players in various value chains and cross-cutting value chains ensuring South Africa's food security, AFMA finds itself central in the following value chains:

- Poultry value chain;
- Grains value chain;
- Oilseeds value chain;
- Livestock value chain;
- Strategic Agricultural Inputs value chain (SAIF); and
- Services value chain.

1.3 Strategic focus

To strengthen AFMA's strategic efforts and have the necessary knowledge and background of the different value chain inter-linkages, the AFMA Board commissioned

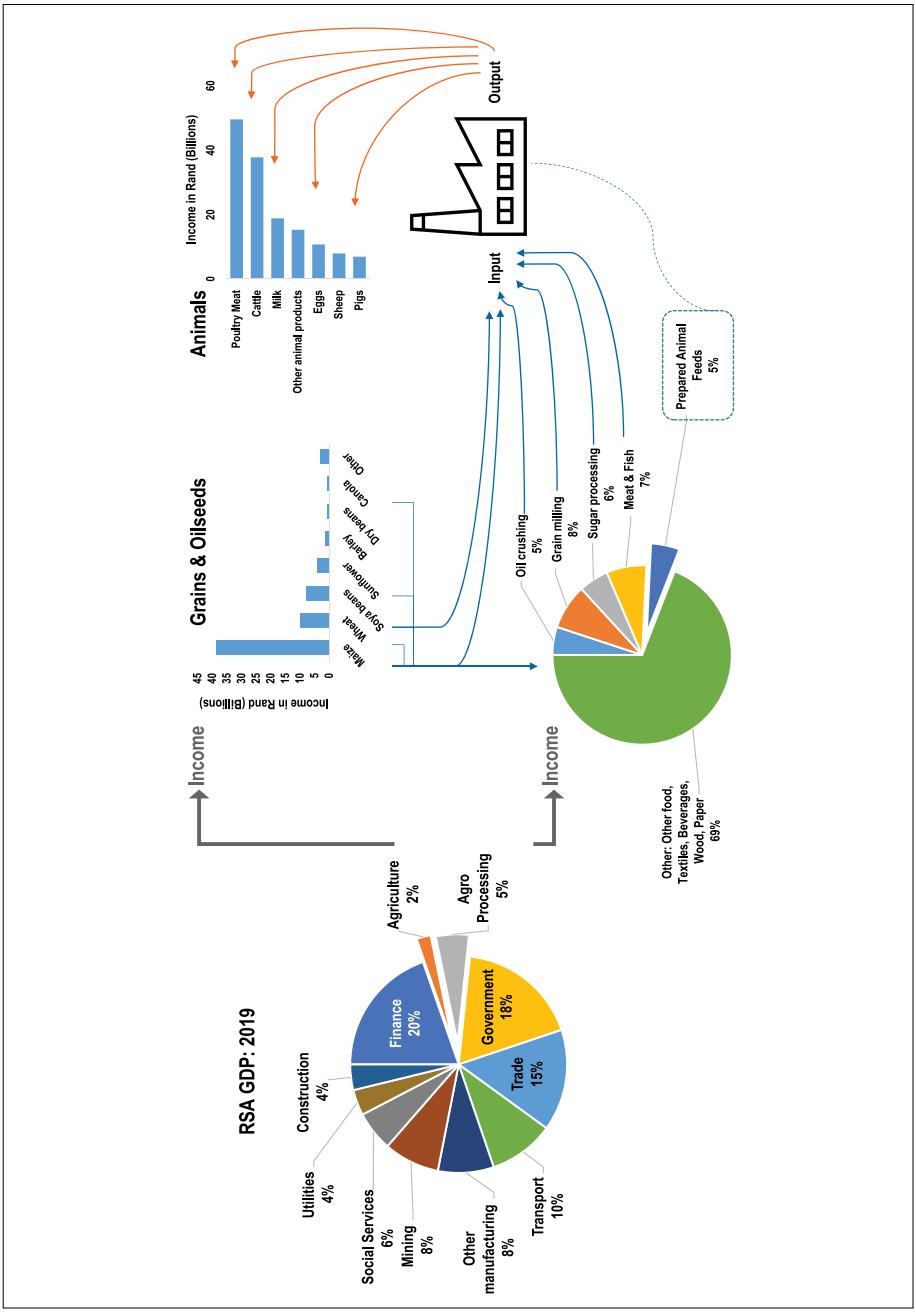


FIGURE 1: ANIMAL FEED – VALUE CHAIN LINKAGES AND CRITICAL INPUT SUPPLIER TO FARMING

a Strategic Study on the SA Feed Industry by the Bureau for Food and Agricultural Policy (BFAP).

AFMA will publish this Strategic Study on the same day as this Chairman's Report.

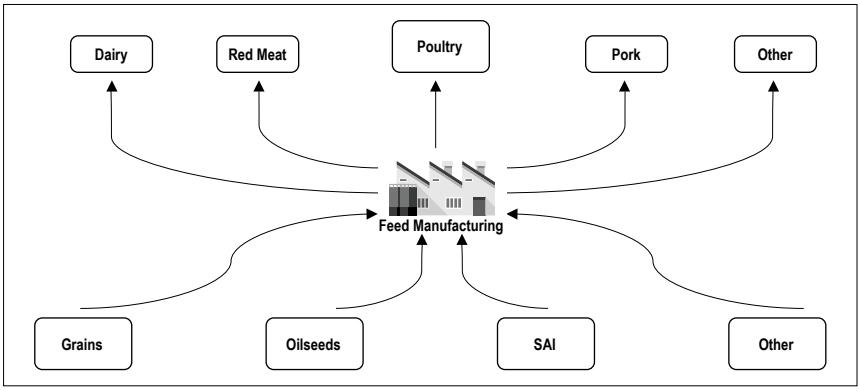
AFMA's benefit of being centrally integrated as a value chain partner to several other value chains is indicated by the BFAP illustration of Agriculture's contribution to the National GDP of 2019 **(see figure 1 on the opposite page)**.

AFMA members are the largest suppliers to the SA poultry industry, supplying more than 4,5 million tons of the total 7.1 million tons produced, amounting to 63% of total AFMA feed sales. The balance of the production is beef & sheep, dairy, pork and other species.

The AFMA strategic focus will thus be on the core factors influencing the cost of raw materials and feed ingredients, which add up to 75% to 85% of the final feed cost.

AFMA will remain a key partner in the grains and oilseeds value chains, exploring all possible options to increase the effectiveness and competitiveness of its members' clients.

FIGURE 2: ANIMAL FEED VALUE CHAIN PARTNERS



Besides being involved in the raw material supply side, AFMA is a critical supporting industry in the SAPMAP, supporting the SA poultry industry, its largest client. From a feed perspective, the main goal is parallel to the poultry development and expansion, ensuring sufficient feed and raw materials are available at all times.

AFMA closely cooperates with Grain SA and other grains and oilseeds value chain partners to execute the above. Critical in this role is to ensure enough maize and soy

products are available due to AFMA being the largest single group of processors of maize and soy products in SA, primarily destined for poultry.

AFMA members are processing 3.5 million tons of maize and maize products and 1.2 million tons of soy and soy products into feed, of which 25% of all maize available for the commercial market and 70-75% of all soy available for commercial processing in SA.

In support of the broader feed picture, AFMA was voted Chair to lead the Strategic Agricultural Inputs Forum (SAIF) since the start of COVID-19 lockdown, representing all industries regulated under Act 36 of 1947. Under AFMA's leadership, the industry partners are reaching out and cooperating with DALRRD, which has been experiencing severe capacity challenges to ensure all four segments' regulatory frameworks remain functional.

As a result of the cooperation between SAIF and the Office of the Registrar of Act 36, a Gap Analysis of all critical gaps which need to be covered to ensure an efficient regulatory framework was drafted and finalised.

This Gap Analysis is to be signed off between SAIF and the DG of DALRRD in September 2022 as Phase 1 of the three planned phases.

Phase 2, the crafting of an agreed Implementation Plan, will follow.

In contrast, Phase 3 is envisaged as an official agreed and signed-off Public Private Partnership (PPP) between SAIF and DALRRD before any roll-out of the Implementation Plan would start.

2. AGRICULTURE AND AGRO-PROCESSING MASTER PLAN (AAMP)

The AAMP Framework Document, which has been the top priority to all agricultural social partners since 2020 and overshadowed all agricultural-related activities ever since has finally been signed off by the Minister of Agriculture in Parliament in May 2022.

2.1 Vision of the AAMP

Government initiated the AAMP as a social compacting mechanism to address the structural constraints to inclusive growth within the sector. Its vision is to build an agriculture and agro-processing sector that is inclusive, competitive, job-creating, sustainable and growing. An inclusive and thriving agricultural and rural economy is aligned with the vision in chapter six of the National Development Plan (NDP). The NDP in 2012 introduced a three-tier growth strategy with the most significant opportunity for agricultural growth as follows:

- under-utilised farming areas in former homeland areas and land reform projects;
- expansion of export-driven high-value crops and investment in integrated value chains; and
- growing the agro-processing industry to promote transformation for inclusive growth, transformation, and job creation.

2.2 Strategic objectives

In support of the vision for agriculture and agro-processing, the core focus for the AAMP can be drafted as follows:

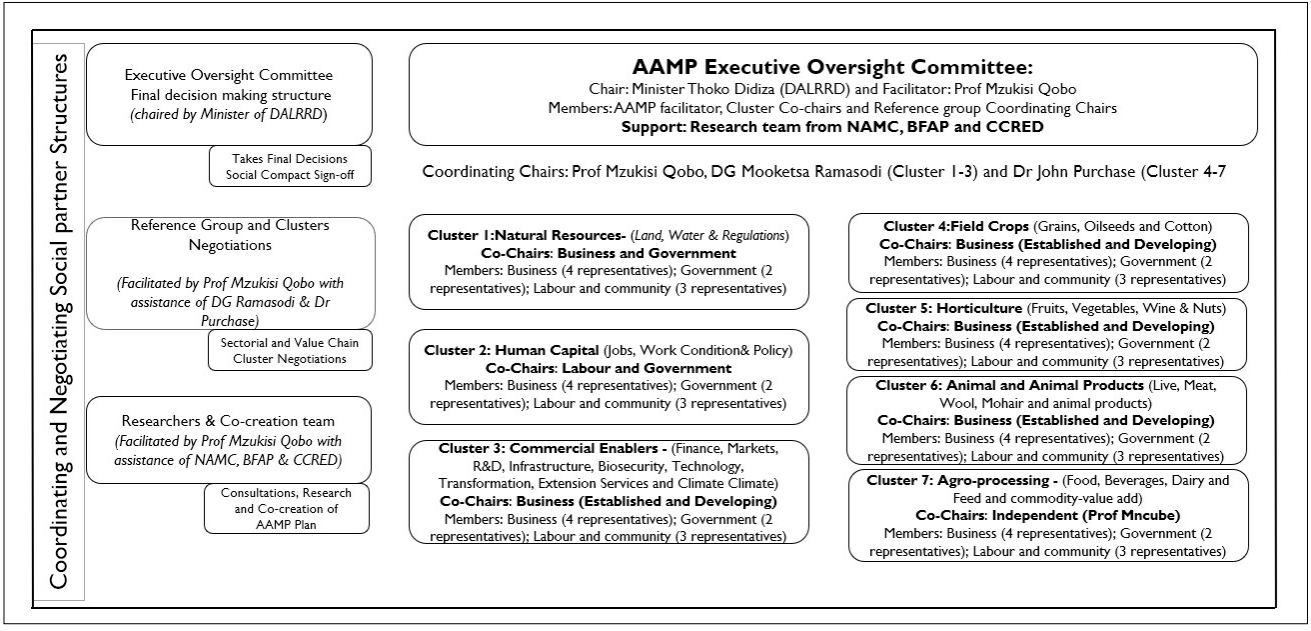
- Increase food security in South Africa;
- Promote sustainable transformation in the agriculture and agro-processing sectors;
- Improve access to local and export markets, which will require constant upgrades in the quality of supply to bolster South Africa's competitiveness;
- Enhance competitiveness and entrepreneurship opportunities through technological innovation, infrastructure construction and digitalisation;
- Create an effective farmer support system and agro-processing incentives;
- Create decent, growing and inclusive employment, in addition to improving working conditions and fair wages in the sector;
- Improve the safety of the farming community and reduce stock and crop thefts and farm attacks;
- Create a capable state and enabling policy environment; and
- Enhance resilience to the effects of climate change and promote sustainable management of natural resources and principles of just energy transition.

2.3 AAMP pillars for the programme of action

The AAMP is a sectoral growth strategy that sets out a series of immediate and medium-term actions needed to enable inclusive growth and sustainable job creation in the agriculture and rural economies. The Master Plan provides recommendations for addressing policy constraints, infrastructure, market shortages, and structural weaknesses that induce inefficiencies and limited transformation in the agricultural and food value chains. Interventions and reforms under the Master Plan can be divided into six pillars:

i) Resolving policy ambiguities and creating an investment-friendly environment
ii) Investing in and maintaining enabling infrastructure critical to industry, such as electricity, roads, rail and ports.
iii) Providing comprehensive farmer assistance, development finance, R&D and extension services.
iv) Improving food security, increasing production and employment and ensuring decency and inclusivity.
v) Facilitating market expansion, improving market access, and promoting trade.
vi) Improving localised food production, reducing imports and expanding agro-processing exports.

FIGURE 3: AAMP COORDINATION AND NEGOTIATION STRUCTURE



The AAMP implementation will take place via a Value Chain Round Tables (VCRTs) model designed for each Cluster. All relevant stakeholders will be invited to participate and contribute to the more significant Cluster negotiated outcomes.

AFMA will be taking part in three of the seven VCRTs:

- Field crops;
- Animal & animal products; and
- Agro-processing.

3. SOYA VALUE CHAIN

Initial Soya Value Chain (SVC) discussions started in December 2018 as part of the Sunflower, Soybean and Soy Food Forum (SSSF), tabling strategic matters of the SVC as a collective, with a vision of cooperating toward the development of a SA Soya Strategy which will benefit and unlock value to all stakeholders in the SVC and related segments in Agriculture.

The frequency of engagement initially started slow but has increased as more partners joined the discussions, which gave way to a natural process of shaping the discussion agenda to take this discussion forum forward in the best possible manner.

The current agenda covers the following:

Seed Cultivars and Research

– Discussing the latest cultivars available. The South African Cultivar and Technology Association (SACTA) plays a significant custodian role in collecting voluntary levies paid by producers to invest in the research and development of improved higher-yielding cultivars.

Farm Level Economics

– Covering producer matters that impact the production, the quality and the traceability of the product, topics include, i.e. product moisture levels on delivery; input costs per ha.; plant diseases; improved farming practises for specific regions, etc.

Market and Integrated Value Chain Matters

– Covering matters:

- Soya bean oil content and SBM quality;
- Impact of import duties on the value chain;
- Investigation of local soy, SBM, sunflower and sunflower oilcake futures contracts to be traded on the JSE commodities market; and
- Research into economical delivery and transportation of soy and soy products.

Soya Strategy

– After considering all factors in play, a draft SA Soy Strategic Framework is being shaped by leading stakeholders, but it remains work in progress.

However, although not finished yet and still an enormous task at hand, a consensus was reached on some critical principle matters to be addressed:

- Although striving towards this, SA should become a surplus-producing soybean industry;
- Introducing higher-yielding cultivars with increased quality characteristics should always remain a focus;
- The trade duty regime should, for the time being, remain unchanged; and
- In cooperation with other value chains and the government, the soy value chain should keep exploring the improvement of the current transport possibilities or investigate alternatives to facilitate a higher level of competitiveness against imports.

During the most recent AFMA Board of Directors' Strategic Session on 6 June 2022, a strategic discussion was facilitated with all key stakeholders of the SVC to discuss the critical matters and requirements, which would enhance closer cooperation and a better understanding of each constituency.

The necessary items to jointly drive the SVC as a collective to the benefit of all stakeholders in the short, medium, and long term were identified as:

- Inclusiveness – Joint discussion and joint decision-making;
- Informed – Latest information and research at hand;
- Understanding – Stakeholder differences and challenges;
- Coordination – Approach when addressing issues;
- Transparency – Specifically referencing pricing platform and mechanism;
- Communication – Clear and comprehensive;
- Accommodating – Ability to understand other's views;
- Commitment – All stakeholders to the SVC process; and
- Good faith – Benefits to all stakeholders of the SVC.

It was jointly agreed that should a matter arise that pertains to the interest of the entire SVC, concerns would be tabled at the collective SVC to address and investigate possible solutions as a collective to be resolved to the benefit of all SVC stakeholders.

4. THE CURRENT GLOBAL AND DOMESTIC ECONOMIC CONDITIONS

The year 2021 ended with a promise of a potential recovery of the global economy, with the International Monetary Fund (IMF) forecasting global growth of 4,9% in 2022, following a solid recovery of 6,1% in 2021. But this picture quickly changed when

Russia invaded Ukraine, triggering a disruption in the global supply chains and a sharp increase in oil, fertiliser, and agricultural commodity prices. This was also when there were rising concerns of inflationary risks in the developed world and the long persistent impact of COVID-19 and monkeypox, which had continued to disrupt the supply chains, specifically in Asia, where there were still hard lockdowns in much of this year.

The IMF now forecasts global growth at 3,2% (revised down from the previous estimate of 4,9%). The economy will likely remain depressed through 2023, as the IMF places global growth at 2,9% for the year. Several shocks will continue to weigh on the global economy, such as; higher-than-expected inflation worldwide – especially in the United States and major European economies – triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spillovers from the war in Ukraine.

The central banks worldwide are adamant about controlling inflation and ensuring that inflation expectations remain anchored to their target. Thus, their credibility is rebuilt following their misdiagnosis of the recent surge in inflation as temporary. Effectively, central banks seem to have accepted that if the economy has to be in recession as a consequence of their policy actions to bring inflation under control, so be it. Peak interest rates in the seven largest advanced economies are expected to be reached by September 2023, which implies that consumers and businesses are in for a hard time with higher interest rates over the next six to 18 months.

In fact, the advanced economies will slow to 2,5% growth in 2022 (from a pre-war estimate of 4,4%) and 5,2% in 2021. In 2023, the advanced world will continue to underperform, estimated to grow at 1,4%. The United States, Euro Area, UK and Canada are amongst the economies that will underperform due to the shocks mentioned above. A slowdown in the developed world will likely mean a decline in the demand for goods and, therefore, exports from emerging markets. Such conditions will probably weigh down export-oriented economies such as South Africa.

The IMF currently forecasts growth in emerging and developing Asia at 4,6% in 2022 (from pre-war estimates of 5,2%), and 5,0 in 2023. This is a far better slowdown than what is observed in the developed world. The Asian countries and the likes of Saudi Arabia in the Middle East and Nigeria in the Sub-Saharan region will be amongst the leading countries in this anticipated solid recovery. In the latter two countries, Saudi Arabia and Nigeria, the higher oil prices have improved their income.

On the domestic front, South Africa has been one of the countries hard hit by the COVID-19 pandemic and the disruptions in the supply chains. Still, the year 2021, as the domestic economy opened, promised a recovery with the economy growing by 4,9%. As a small open economy, global economic developments tend to hit the South

African economy the hardest. As such, South Africa could see a continuous slowdown to 2,3% in 2022 and 1,4% in 2023.

These global shocks occur in an environment where there are already several challenges, such as the slow-paced implementation of economic reforms that were outlined by the National Development Plan and, more recently, in the National Treasury paper in 2019. The electricity outages, inefficiency in the rail network, poorly maintained roads and water infrastructure, and non-performing municipalities are some of the issues that continue to constrain business activity and, thus, growth in the South African economy.

The growth mentioned above implies that the South African economy won't be able to create sufficient jobs for its working population over the foreseeable future. Hence, the country will be trapped in an environment of low growth, high unemployment, and inequality for some time. Such conditions could lead to social discomforts across communities, which could subsequently impact business activity. The July 2021 unrests in KwaZulu-Natal are a glimpse of this major risk as a result of the underperformance of the South African economy and reluctance to implement reforms by the political leadership.

TABLE A: REAL GDP

	2021	2022	2023
Global GDP (%)	6,1	3,2	2,9
Advanced economies GDP (%)	5,2	2,5	1,4
Emerging market and developing economies GDP (%)	6,8	3,6	3,9

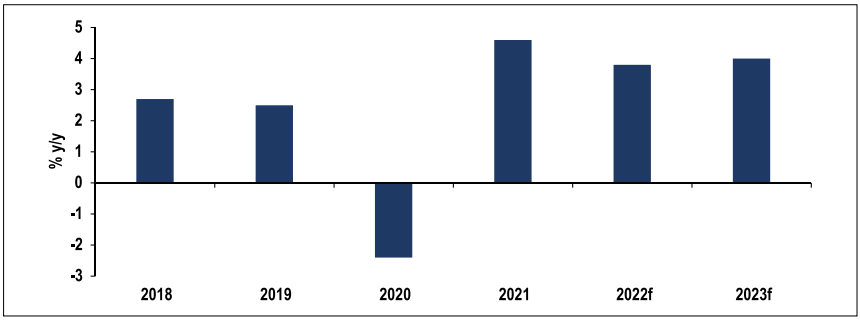
Source: International Monetary Fund

4.1 Sub-Saharan Africa

Like most regions of the world, the Sub-Saharan Africa region's economies are expected to slow, although not at the same levels as the advanced world. The region faces new economic threats, including various new variants of COVID-19, global inflation, supply disruptions and climate shocks. These challenges are compounded by Russia's invasion of Ukraine, which has led to increasing international prices on commodities, particularly food staples, fertilisers, oil and gas. These are essential inputs in the region where agriculture remains a significant share of the economies.

The regional economy is forecasted to decelerate from 4% to 3.6% in 2022 and is estimated at 3.9% in 2023. The growth deceleration in 2022 reflects the aforementioned several short-term headwinds, the slowdown in the global economy, lingering effects of the coronavirus pandemic, elevated inflation, rising financial risks owing to high public debts reaching unsustainable levels, continued supply disruptions, and the war in Ukraine **(Figure 4)**. The major regional economies – Nigeria, South Africa and Angola – are expected to grow at 3,4%, 2,3%, and 2,7%, respectively.

FIGURE 4: SUB-SAHARAN AFRICA'S ECONOMIC GROWTH PROSPECTS



Source: World Bank, IMF and Agbiz Research

4.2 Global inflation rates

Inflation is a major topic in the global financial world this year. There are several factors behind this surge in inflation. First, the disruptions in the supply chains during the COVID-19 intense period and the rising shipping costs were the core challenge leading to an uptick in global inflation. Second, the economic stimulus in 2021 and partly in 2021 in the advanced economies such as the United States, Germany, United Kingdom, and other countries, through unemployment wages and various forms, have resulted in an increase in consumer spending.

This, in turn, has led to an uptick in consumer price inflation which in 2021 and into 2022. Thirdly, the war in Ukraine further exacerbated the supply chain glitches and an increase in the oil and food process, thus pushing up inflation across the world. The World Bank currently forecasts consumer price inflation in the advanced economies at 6,6% y/y in 2021, a notable acceleration from 3,1% y/y in 2021, as illustrated in **Table B**.

In the emerging world, there is also an uptick in inflation, partly driven by an increase in food and energy prices, directly linked to the Russia and Ukraine war. The available data shows that consumer price inflation for the emerging markets accelerated to around 9,5% y/y in 2022, from 5,9% y/y in the previous year. The forecasts for 2023, however, show moderation to 7,3% y/y **(Table B)**.

TABLE B: CONSUMER PRICE INFLATION FORECASTS			
Year-on-year	**2021**	**2022**	**2023**
Advanced economies (%)	3,1	6,6	3,3
Emerging markets and developing economies (%)	5,9	9,5	7,3
Source: International Monetary Fund			

On the domestic front (South Africa), there are also risks of rising inflation, although at a much softer pace than in other regions of the world. The forecasts from the South African Reserve Bank suggest that consumer price inflation could average 6,5% in

2022 (compared to 4,5% y/y in 2021), and accelerate further slowdown to 5,7% in 2023. This elevated inflation path has led to a sharp increase in interest rates since the start of the year. The South African Reserve Bank will likely keep interest rates elevated over the next coming year as the Bank tries to control inflation. The expected moderation in inflation to 5,7% in 2023 assumes an environment of elevated interest rates to bring inflation down below its upper bound of 6,0% (the lower bound is 3%).

4.3 Unemployment

The world of work has changed since the start of the COVID-19 pandemic. The income support to households in the developed world has incentivised people to stay out of work, especially work that was typically in undesirable conditions. But this income stimulus stopped at the end of 2021 in most countries. Still, the population had devised other means of self-employment when there was a boost in household incomes. This meant that countries such as the United States continue to struggle to find workers for various low-income jobs.

In other countries, the increasing costs of living, as reflected by the rising inflation, have persuaded people back to the labour market. Still, some struggle to find work, especially in economies that are strained and experiencing low growth. It is for these reasons that unemployment across the world has remained at fairly higher levels, as illustrated in **Table C**.

TABLE C: UNEMPLOYMENT RATE TRENDS (%)

	2020	2021	2022	2023
Global	6,6	6,2	5,9	5,7
Upper-middle-income countries	6,7	6,7	6,6	6,3
Low-income countries	5,6	5,9	6,0	5,7

Source: International Labour Office

In South Africa, unemployment remains one of the major challenges. In the first quarter of 2022, South Africa's official unemployment rate was 34,5%. Moreover, the unemployment rate, according to the expanded definition, was 45,5%. While South Africa has always had a chronic unemployment challenge, the COVID-19 pandemic has exacerbated the challenge. The closure of businesses and the economic shock thereafter have led to this notable rise in employment. Importantly, the slow growth prospects for the coming years also imply that the job prospects in South Africa will remain dim.

On a sectoral level, South Africa's 2021/22 agricultural production season started on a rough footing. The excessive rains in various regions of the country damaged some field crops and vegetables and necessitated replanting. There were also reports of the continuous spread of the foot-and-mouth disease. And thus, some feared that the effects of the rough start of the year would show in primary agriculture job numbers.

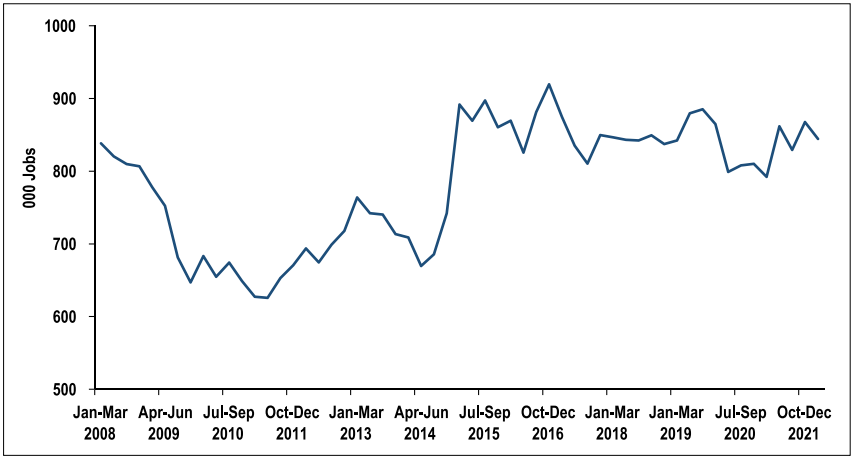
Positively, the official data from Statistics South Africa shows a 7% year-on-year improvement in primary agriculture jobs to 844 389 jobs in the first quarter of 2022. This is well above the long-term agricultural employment of 780 000. The increased activity on farms during the replanting process, combined with the decent deciduous fruit harvest, supported employment. Other subsectors, such as livestock, also contributed to employment. The subsectors that shaved employment during this period were forestry and aquaculture (ocean and coastal fishing and fish farms).

The Western Cape, Northern Cape, Free State, North West and Limpopo registered job gains from a provincial perspective. These overshadowed losses in employment in other provinces. Hence, the overall primary agriculture employment increased by 7% y/y, as stated above.

With expectations of decent citrus, summer grains and oilseeds harvests, and fairly good activity in other subsectors of agriculture, it is plausible that South Africa's primary agriculture employment could remain at these robust levels this year. The livestock and wool industries, which are confronted by rising feed costs and foot-and-mouth disease outbreaks, with the latter leading to an export ban, are in uncertain territory and worth close monitoring.

Other subsectors of agriculture face general challenges around the inadequate functioning of network industries – roads, rail, ports, water, and electricity, and poorly functioning municipalities, leading to an increase in the costs of doing business. Moreover, the challenging economic conditions in the country have, in some areas, led to labour unrest, which also requires a close eye. Still, one can be positive about agriculture's ability to provide employment even in these challenging times.

FIGURE 5: SOUTH AFRICA'S AGRICULTURAL JOBS

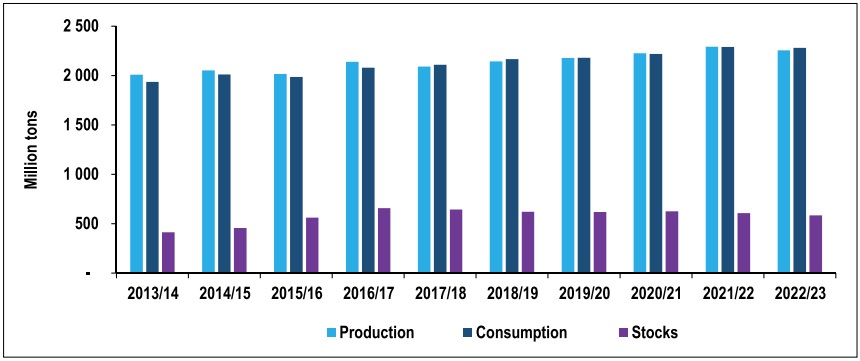


Source: Stats SA and Agbiz Research

4.4 Global grains and oilseeds outlook

The International Grains Council (IGC) forecasts 2022/23 global grains production at 2,3 billion tons, which is down by 2% from the previous season **(Figure 6)**. This decline in harvest is mainly due to expected lower harvest in Ukraine, the US, and Euro Area, amongst other regions. From a commodities perspective, maize and wheat are the key drivers of the potential decline in global grain production. And thus, the global grains stocks could fall notably this year, estimated at 583 million tons, a 4% annual decline. This is a result of both declines in production and firm consumption levels. These dynamics will add upward pressure on grain prices over the medium term. Still, the grain prices will come off the levels seen after Russia invaded Ukraine when there was anxiety in the market.

FIGURE 6: GLOBAL GRAINS AND OILSEEDS SUPPLY AND DEMAND



Source: International Grains Council and Agbiz Research

Maize

The IGC forecasts the 2022/23 global maize production at a new peak of 1,2 billion tons, down by 2% from the previous season. This is on the back of an expected deterioration in the harvest in the United States, Ukraine, Euro Area, and India. While the production will likely come off, the consumption of maize could remain firm at 1,2 million tons. About 712 million tons are for feed use, while the rest is for food and industrial use. This means that the global maize stocks could also soften, set to fall by 5% year-on-year, estimated at 271 million tons. As such, the global maize prices could remain at elevated levels over the foreseeable future, although at much lower levels than months after Russia had invaded Ukraine. The animal feed industry will likely remain under pressure at such times, as prices are unlikely to decline back to the 2019 levels.

There are also still risks of a further downward revision of the global maize harvest. The 2022/23 maize crop is currently at its growing stages in the northern hemisphere, which means the weather is an important factor to monitor in the coming months since it will continue to influence crop conditions and whether the forecast 1,2 billion tons

harvest materialises. For much of July and into August 2022, there were numerous reports of a heatwave across the Euro Area, the United States, and Asia. The actual impact of the harsh weather conditions on the maize crop is yet to transpire. There is evidence that the heat has weighed down the crop-growing conditions in the aforementioned regions.

In the southern hemisphere, however, the 2022/23 maize season's planting will only begin around October. The long-term weather forecasts, specifically for South Africa, look favourable with prospects of a weak La Niña.

This means there could be above-normal rainfall, which increases the prospect of yet another good maize crop for South Africa in the 2022/23 season. The IGC, however, currently forecasts South Africa's 2020/21 maize harvest at 15,7 million tons, which is mildly up by 4% from the 2021/22 season. While it is still too early to provide estimates for the next season, this figure is plausible if the country is set to experience good rains and is well above the average long-term maize production of 12,5 million tons.

Wheat

Moreover, the IGC now forecasts the 2022/23 global wheat production at 770 million tons, down by 1% from the previous season. Meanwhile, global wheat consumption is expected to remain firm, mildly up by 0,2% from the 2021/22 season, and estimated at 780 million tons. The animal feed share in this global wheat consumption is forecast at 144 million tons. This volume is not all that different from the previous seasons. The rest is for food and industrial use.

The decline in broad global harvest is underpinned by expectations of a poor crop in some regions of the Euro Area, Australia, Ukraine, Argentina, China and India. As a consequence of increased production, the 2022/23 global wheat stocks are forecast at 272 million tons, down by 3% from the previous season.

This decline in stocks is yet another factor that could keep wheat prices somewhat elevated compared with the levels seen in 2019. The prices, however, will likely fall from the levels seen months after Russia invaded Ukraine, a major wheat producer.

The importing countries such as South Africa will feel the impact of the elevated prices. South Africa imports roughly 50% of its annual wheat consumption. In the 2021/22 marketing year, which ends on 30 September, imports are estimated at 1.47 million tons, slightly below the 2020/21 marketing year imports of 1,51 million tons because of a large domestic harvest. The major wheat suppliers are Argentina, Lithuania, Brazil, Australia, Poland, Latvia and the United States. If one looks into South Africa's wheat imports data for the past five years, Russia was one of the major wheat suppliers, accounting for an average share of 26% yearly. The suppliers mentioned above have now replaced this.

Rice

The 2022/23 rice global harvest is forecast to increase marginally by 0,6% from the previous season to 518 million tons. The Asian countries are behind this expected increase in production. Meanwhile, the United States will likely be the only major rice producer registering a decline in the harvest this year. This could be explained by the heatwaves in various regions of the country that have negatively affected agricultural activity over the past couple of months. The 2022/23 global rice consumption will likely remain elevated. And thus, the stocks will likely fall by 0,3% from the 2021/22 season to 179 million tons.

This is reflective of both the potential increase in rice consumption and the fall in the harvest. For rice-importing countries such as South Africa, the potential decline in stocks means prices could move sideways over the next couple of months, and there could be limited room for a further decline in rice prices.

Soybean

Soybean is the only crop whose production forecasts are quite robust. For example, the 2022/23 global soybean harvest is set to reach a new peak of 393 million tons, up 11% year-on-year. The expansion in plantings in the United States, combined with an expected increase in area plantings when the season starts in Brazil, Uruguay, and Argentina, are behind this expected large crop. Notably, one should keep in mind the points we made earlier about the potential La Niña-induced dryness in South America and the heatwave in the United States. These are important weather events that could undermine these positive harvest forecasts. If one applies the current data, the 2022/23 soybeans global stocks will amount to 101 million tons, up by 13% from the previous season. Such an improvement would add pressure not only on soybeans and their product prices but also across the vegetable oils market. The next couple of months will be vital for assessing whether this optimistic picture will hold or change.

4.5 Domestic grain and the oilseeds commodity outlook

South Africa's 2021/22 summer crop harvest is near completion as we approach the new season, which begins in two months. Still, there were important revisions brought by the Crop Estimate Committee in July, which is the time of writing. For example, the 2021/22 maize harvest was lifted by 0,2% from June to 14,71 million tons. About 7,47 million tons are white maize, with 7,24 million tons being yellow maize. Essentially, this is down by 10% from the 2020/21 season crop but well above the 10-year average maize harvest of 12,80 million tons and annual domestic consumption of 11,80 million tons. Importantly, this means that South Africa will remain a net exporter of maize, which we anticipate to be just over 3,0 million tons in the 2022/23 marketing season (note: this marketing year corresponds with the 2021/22 production season).

Another important and most welcome adjustment in the data was the 3% increase in South Africa's soybeans harvest for the 2021/22 season to a fresh high of 2,15 million

tons. This large soybean harvest will help lessen South Africa's reliance on soybean oilcake imports. In the week of 22 July 2022, about 2,09 million tons had already been delivered to commercial silos. Sunflower seed, unsurprisingly, was lowered for the second consecutive month by 4% from June estimates to 922 750 tons. This action is partly explained by the slow deliveries in sunflower seed regions. Still, the fact that the plantings started fairly late in these regions is also a factor to consider. For example, on 22 July 2022, about 792 050 tons had already been delivered to commercial silos.

Aside from these major summer crops, the sorghum harvest is estimated at 136 200 (-3% m/m), dry beans harvest at 51 720 tons (-3% m/m), and groundnuts are at 49 000 tons (-11% m/m).

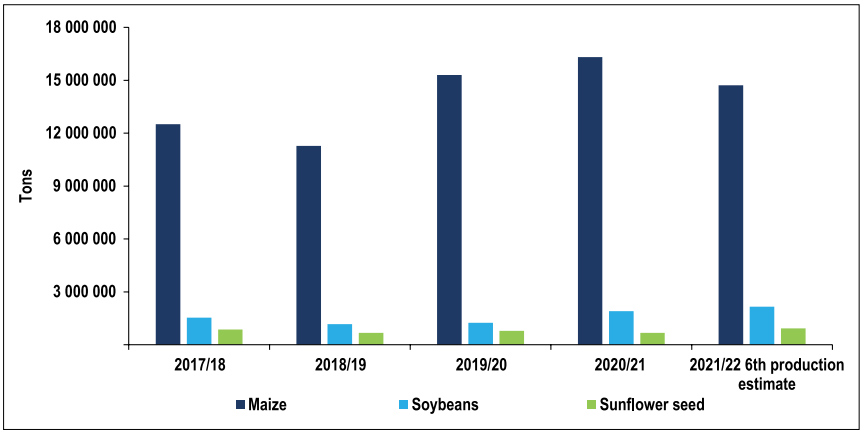
In sum, as with the previous releases, these domestic production data will have minimal impact on prices. Domestic grain and oilseed prices are mainly influenced by global events. The Russia-Ukraine war worries and concerns about 2022/23 global production following reports of heatwaves and drought in the Northern Hemisphere continue to present upside support on prices, which are ultimately reflected in the South African grains market. Still, the fact that domestic grains and oilseeds supplies are at fairly higher levels provides comfort regarding domestic needs and even exports to our traditional markets. Ultimately, the relatively higher grains and oilseeds prices bode well for farmers in areas that didn't experience much crop damage at the start of the season. Meanwhile, the consumers and the livestock will likely experience increased costs over the foreseeable future.

Winter Crops

In July 2022, the Crop Estimates Committee released the preliminary estimates for South Africa's 2022/23 winter crop plantings and most painted a broadly optimistic picture. For example, wheat plantings are estimated at 553 900 hectares, which is up 6% y/y, barley plantings are estimated at 106 600 hectares, up 13% y/y, and canola plantings are at 121 200 hectares, up 21% y/y. In the case of wheat, which is the one winter crop that is planted broadly beyond the Western Cape, a dominant province for winter crops, the expansion in plantings is also in the Free State, Northern Cape, Eastern Cape, North West and Limpopo.

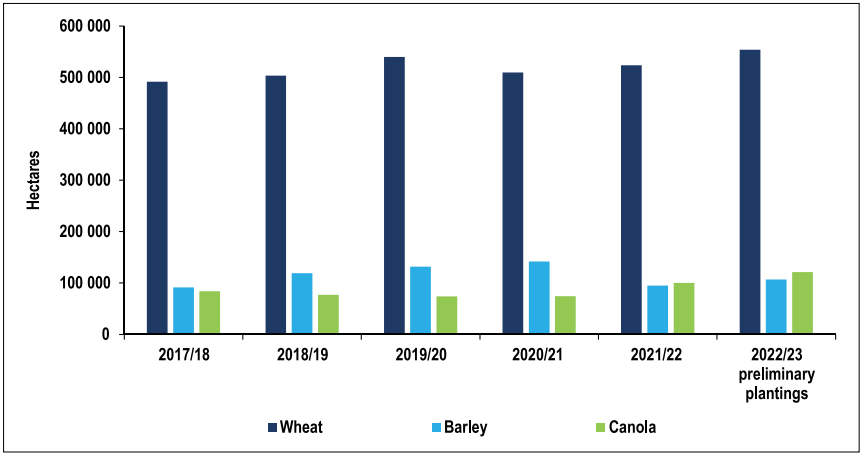
This broad expansion is unsurprising following the current attractive higher wheat prices. Still, these are early days in the season for one to know where the harvest could be this year. In the previous 2021/22 season, we had the largest wheat harvest in two decades. There are hopes for yet another good harvest this season, especially as the soil moisture has generally improved in most regions of the country following the heavy summer rains. Nevertheless, we will all take guidance about the actual harvest when the Crop Estimates Committee releases its revised area planted estimate and first production forecast for winter cereals for 2022 on 30 August.

FIGURE 7: SOUTH AFRICA'S MAJOR SUMMER GRAIN AND OILSEEDS PRODUCTION



Source: Crop Estimates Committee and Agbiz Research

FIGURE 8: SOUTH AFRICA'S WINTER CROP PLANTINGS



Source: Crop Estimates Committee and Agbiz Research

4.6 South Africa's Agricultural Outlook

As the harvest for the 2021/22 summer crop season draws to a close, the focus is shifting towards the 2022/23 production season, which commences in October. The preliminary insights suggest that South Africa could have another good season. However, we fear the extreme rains and heat observed in the northern hemisphere summer season could be a reality here as home too.

Still, the three critical indicators we have thus far, i.e., (1) the tractor sales, (2) the weather outlook for the next five months, and (3) grains and oilseed prices, paint a

positive outlook for the 2022/23 season.

First, South Africa's tractor sales for the first half of 2022 are up 18% year-on-year (y/y), at 4 133 units. At the same time, combine harvester sales amounted to 213 units, up by 37%. The improved farmers' finances on the back of the solid production performance of the sector in the past two years, when commodity prices, specifically for grains and oilseeds, were elevated, are the primary driver of the sales in the first half of the year.

Still, the positive sentiment about the upcoming 2022/23 production season is an essential factor that might have encouraged farmers to increase investments in movable assets such as tractors. The generally positive sentiment in the sector is also reflected on the Agbiz/IDC Agribusiness Confidence Index, a measure of the sentiment amongst agribusinesses and major farming entities, which was at 60 points in the second quarter (having deteriorated though since the start of the year as the rising input costs, biosecurity concerns, hikes in interest rates, intensified geopolitical risks weighed on sentiment). This general optimism doesn't mean there aren't many challenges facing the sector. The interruption of citrus exports in the EU, temporary closure of wool exports to China, foot-and-mouth disease in the cattle industry, relatively higher input costs, and rising interest rates are some of the problems that farmers have to contend with.

Second, the weather outlook for the upcoming 2022/23 production season shows encouraging signs. Last week, the Australian Bureau of Meteorology noted that "The ENSO Outlook continues at La Niña WATCH. This is due to the persistence of some La Niña-like signals in the atmosphere and ocean and the potential for the Pacific Ocean to cool back to La Niña levels in some model outlooks. La Niña WATCH means there is around a 50% chance of La Niña forming later in 2022. This is approximately double the normal likelihood."

The South African Weather Service also shared a similar sentiment in its Seasonal Climate Watch for July to November 2022, released on 6 July. With that said, the weather conditions require close monitoring. The extreme weather events in the northern hemisphere worry us about the possibility of such occurrence in the southern hemisphere during the summer.

Third, while we expect South Africa's maize, soybeans and sunflower seed prices to soften somewhat in the second half of the year compared to the previous one, these are still attractive levels which should incentivise farmers to maintain sizable plantings in the 2022/23 season. For example, on 04 August 2022, yellow and maize prices were up 26% and 32% y/y, trading at R4 156 per ton and R4 161 per ton, respectively. On the same day, sunflower seed and soybean spot prices were 12% y/y and 16% y/y up, trading around R10 200 per ton and R8 454 per ton, respectively.

For summer crops, we will only know the farmers' intentions to plant for the 2022/23 season on 26 October 2022, when South Africa's Crop Estimates Committee is scheduled to release the data. Moreover, we will have more data about the upcoming season when the Bureau for Food and Agricultural Policy (BFAP) releases the 2022 Baseline on 17 August 2022. The outlook from various analysts is encouraging. For example, the preliminary estimates from the United States Department of Agriculture (USDA) forecast South Africa's 2022/23 maize area plantings at 2,6 million hectares, which is well above the 10-year average of 2,5 million hectares.

The yield estimate is forecast at 5,7 tons per hectare because of anticipated favourable weather conditions. This means that there is a chance that the maize harvest could be at 14,8 million tons, which would be slightly above the 2021/22 season harvest of 14,7 million tons. Other summer crops such as soybeans, sunflower seed, sorghum, dry beans, and various horticulture crops and fruits could also have a good season. Again, we caution that the weather seems to be in a period of extremes, which could change this roughly optimistic outlook for the 2022/23 season.

In sum, the higher tractor sales, attractive prices and favourable weather forecasts suggest that South Africa could have another favourable agricultural season in 2022/23. It is still early, and we are waiting for more data, especially weather-related data, to formulate a firm view. South Africa will need favourable rains, not excessive, primarily between October 2022 and February 2023 for this upcoming season, not only for field crops but also for livestock and horticulture. For now, the available indications are encouraging.

5. THE GLOBAL FEED SITUATION

Since late 2019 the world has been in turmoil facing a series of extraordinary situations impacting spheres no one could have ever imagined. COVID-19 has directly caused an unthinkable human catastrophe, with an estimated 600 million people globally contracting the virus, while 6.5 million deaths were reported at the time of this report.

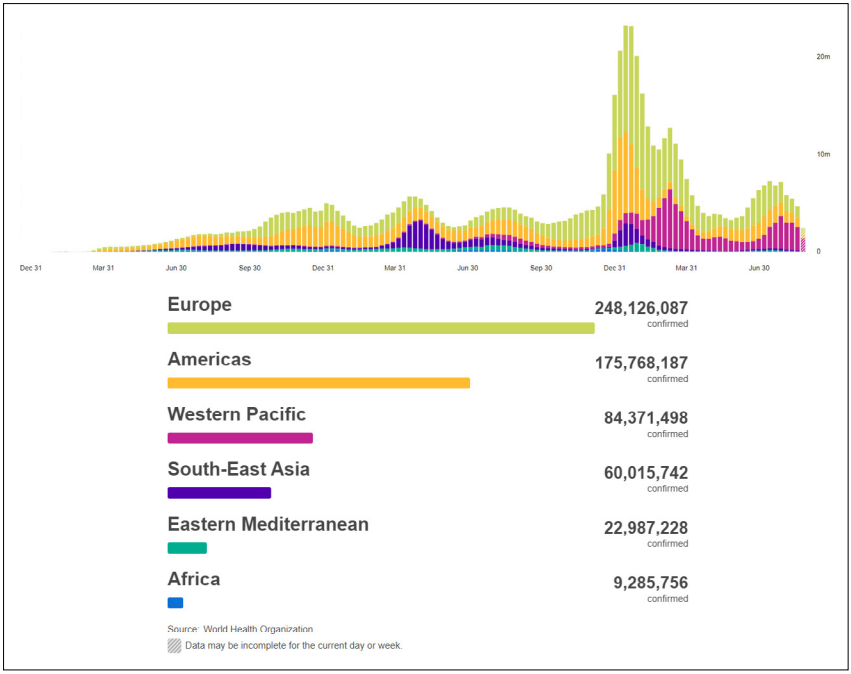
While COVID-19 changed human lives dramatically, animal diseases had their own dramatic effects on the health of production animals and the global supply of animal protein. The most prominent animal diseases are African Swine Fever (ASF) and Highly Pathogenic Avian Influenza (HPAI), and closer to home, South Africa has been struggling to contain and manage Foot and Mouth Disease (FMD) for a number of years.

It is, thus, no surprise that these extraordinary situations spilled over to all aspects and segments of civilisation, disrupting normal life as we knew it. More specific, as feed manufacturers, the economic arena where we spend most of our time and effort was

seriously disrupted due to global value chain disruptions due to global supply chain disruptions that brought some segments to a grinding halt.

Feed and food, however, remain an essential global service to man and animal, and although being severely disrupted within the value chains and supply chains and having to make changes and adopt new processes and procedures for doing business in the COVID world, the international feed industry kept on supplying the world's animal protein producers with feed.

FIGURE 9: COVID-19 DASHBOARD – SITUATION BY WHO REGION



Source: www.covid19.who.int

Despite a year of challenges, animal feed production grew by 2.3% globally over the past year, with an estimated 1,235.5 million tons produced in 2021 versus 1,207.9 million tons in 2020.

Production exceeded expectations in many countries, mainly due to the recovery from COVID-19 lockdowns, with China remaining the world's largest feed producer since 2020. The global pig sector rebounded from African Swine Fever (ASF) with a feed tonnage increase of more than 6%. In this recovery, China's role was evident throughout the year while replenishing their pig herds lost to ASF.

The majority of agricultural stakeholders continue to focus on innovation and partnerships, which have proved to be essential to sustaining a business over the last year. If the future of agriculture is considered going forward, there are various reasons to remain positive and optimistic.

The agricultural and agro-processing sectors (of which AFMA in its own right locally and internationally through IFIF) has proven their resilience and energy in the face of challenges such as COVID-19, animal diseases, disruption of value and supply chains. The global feeds sector has also shown its ability and appetite to continue growing, modernising to remain sustainable in the "New Normal" or whatever comes our way.

TABLE D: GLOBAL FEED PRODUCTION RANKING – 2021

Rank	Country	('000) Tons	Rank	Country	('000) Tons
1	China	261,4	14	South Korea	20,7
2	USA	231,5	15	France	19,9
3	Brazil	80,1	16	Argentina	19,4
4	India	44,1	17	Indonesia	18,0
5	Mexico	38,9	18	UK	17,9
6	Spain	35,6	19	Italy	15,1
7	Russia	33,0	20	Netherlands	13,0
8	Turkey	25,3	21	Philippines	12,6
9	Japan	24,8	22	South Africa	12,1
10	Germany	24,5	23	Poland	11,0
11	Thailand	21,6	24	Iran	9,5
12	Canada	21,4	25	Australia	9,2
13	Vietnam	20,9	26	Colombia	8,2
TOTAL FEED PRODUCTION 2021					**1 236,5**

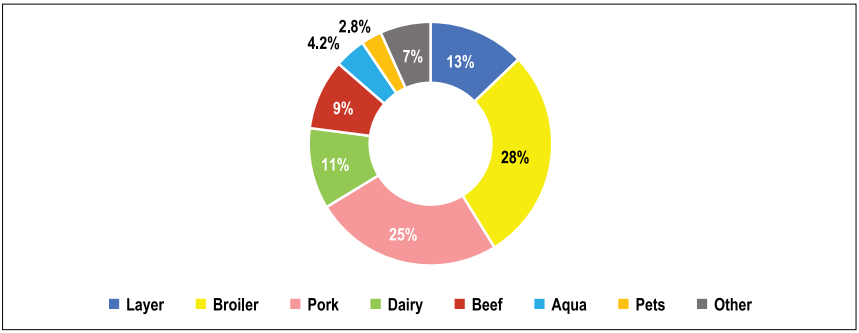
Source: Alltech Global Feed Survey – 2022

The top 10 feed-producing countries have increased to an estimated 65% of the global feed market share in 2021, showing an increase of 2%. If this list is expanded to the top 20 producing nations, they combined produce an estimated 80% of the global feed.

The global pig sector rebounded from African Swine Fever (ASF) with a feed tonnage increase of more than 6%, increasing from 286.4 million tons in 2020 to 310.2 tons in 2021. Broiler feed production also displayed a 4.9% growth from 334.6 million tons in 2020 to 350.9 tons in 2021.

TABLE E: TOTAL FEED PRODUCTION PER REGION – 2021 ('000 TONS)									
Region	**Layer**	**Broiler**	**Pork**	**Dairy**	**Beef**	**Aqua**	**Pets**	**Other**	**Total**
Africa	8,3	11,7	2,5	5,6	2,5	1,5	0,5	12,2	44,2
Asia-Pacific	75,9	148,3	138,9	25,6	13,7	37,6	3,8	8,0	458,1
Europe	30,5	54,7	75,2	44,4	16,9	4,5	11,6	30,7	266,8
Latin America	23,7	65,9	35,1	21,0	13,4	5,3	7,2	7,9	178,3
North America	15,1	58,2	57,2	28,7	66,8	1,7	10,6	18,3	252,9
Middle East	4,3	8,0	0,0	6,2	1,5	0,5	0,1	4,0	24,5
Oceania	1,0	4,0	1,4	1,5	0,7	0,2	0,5	1,7	10,4
TOTAL	**158,7**	**350,9**	**310,2**	**132,9**	**115,5**	**51,4**	**34,2**	**82,8**	**1 236,5**
% of Total	12,8%	28,4%	25,1%	10,8%	9,3%	4,2%	2,8%	6,7%	
* Latin America includes all Central-American countries and Mexico. ** Nort America includes USA and Canada.									
Source: Alltech Global Feed Survey – 2022									

FIGURE 10: GLOBAL FEED PRODUCTION / SPECIE – 2021 (%)



Source: Alltech Global Feed Survey – 2022

6. AGRICULTURAL TRADE AND GOVERNMENT POLICY ISSUES

6.1 Introduction

The global trade scene has witnessed higher grains and oilseed prices since 2020, both of which are key feed ingredients. These global commodity price increases have increased input and production cost pressures for livestock and poultry farmers. While the farmers were somewhat able to manage the rising feed costs in the past two years, the Russia-Ukraine conflict has exacerbated the rapid price increases to the extent of attracting government intervention. For instance, the Government temporarily suspended fuel levies and taxes in May and June 2022 and also implemented a 12-month suspension of anti-dumping duties on poultry on 1st August 2022, to alleviate the impact of food inflation. This means that the respective duty increases of 62% and 42% on frozen bone-in and boneless chicken portions, which were implemented back in March 2020 as part of the Poultry Sector Master Plan, have been lifted until August 2022. This suspension also applies to provisional anti-dumping duties of up to 265% that were levied against countries such as Brazil in December 2021.

The current season has been unique due to a vast outbreak of foot-and-mouth disease (FMD) as well as continued occurrences of swine flu and highly pathogenic avian influenza (HPAI) outbreaks. South Africa had 91 foot-and-mouth disease outbreaks in previously disease-free zones. The disease has, for the first time in history, spread outside the demarcated FMD zones and is now active in five provinces, namely, Limpopo, KwaZulu-Natal (KZN), North West, Gauteng and Free State. While the outbreak does not necessarily mean a wide slaughtering of cattle for farmers, it has led to strict quarantine measures in various sites and farms, all of which have, nonetheless, caused painful economic impacts. The most visible and significant impact of animal disease outbreaks has been livestock auctions. Moreover, bans by many countries on exports of South Africa's livestock products constrain the growth of the sector. South Africa's beef industry is aggressively building its export activity, with exports having grown nearly seven-fold over the past two decades, reaching 54 334 tons in 2021. South Africa is still not able to export its top-quality beef products to the USA, UK and EU markets, where the returns will be much higher than exporting to the Middle East and other smaller markets.

The frequent outbreak of FMD risks slowing or even reversing the export drive that the beef industry has embarked on. Weaker exports could also translate to softer domestic beef prices at a time when the feed costs – grains and oilseeds – are elevated. This ultimately adds financial strain on farmers. The financial pressure is not limited to the cattle industry but also to sheep, goats, pigs and poultry. For instance, China has temporarily suspended imports of South Africa's wool for roughly three months due to foot-and-mouth disease outbreaks. China is a significant market, accounting for roughly 70% of South Africa's wool exports. The current export ban has a broad negative financial impact on the wool industry and the communities that rely on the Industry.

Given the urgency and frequency of animal disease outbreaks, the Department of Agriculture, Land Reform and Rural Development (DALRRD) established an Animal Biosecurity Task Team, which is set to complete its mandated task of identifying and recommending the necessary measures for improving the current challenges.

From a trade agreement perspective, the main highlight is the official kick-off of the African Continental Free Trade Agreement (AfCFTA), which despite efforts to fast-track its launch, will likely not be operational until the end of 2021 due to outstanding negotiations. In other trade agreements of concern, the SACU EFTA reviews are still ongoing – with key issues being centred on key concessions and conditional agricultural offers to unlock further market access. This Chapter of the report outlines some of the key areas of trade negotiations – which include those still under negotiation, those that have been concluded but under review, as well as those that are concluded but requiring constant monitoring to ensure smooth and full implementation.

6.1.1 Tariffs, rebates and trade remedies

a) AGOA Poultry Rebate

In August 2022, the US released its Africa Strategy and noted three strategic objectives, namely (a) promoting government transparency and accountability, (b) increasing our focus on the rule of law, justice, and dignity, and (c) assisting African countries to more transparently leverage their natural resources for sustainable development. The US also noted that it was partnering with African countries to rebuild food systems weakened by the COVID-19 pandemic and the Russia-Ukraine conflict. The US Africa Strategy also noted that the Biden Administration will work with Congress on the future of AGOA, but did not elaborate on how the future of US-SACU relations will look like beyond September 2025, when AGOA expires.

Meanwhile, the poultry quota under the AGOA Rebate increased by 2%, from 69 972 tons in 2020/21 to 71 290 tons in 2021/22 **(see Table F)**. The growth in the quota was essentially the same as the previous year after having increased by 2% from the 2019/20 period to the 2020/21 period. Actual imports of bone-in poultry from the US in the 2021/22 period declined by 8%, from 65 003 tons to 59 651 tons.

TABLE F: THE AGOA POULTRY REBATE (2016-2022)

Date		Quota (tons)	Quantity Imported (tons)
1st April 2016	31st March 2017	65 000	22 276
1st April 2017	31st March 2018	65 000	73 532
1st April 2018	31st March 2019	65 417	68 837
1st April 2019	31st March 2020	68 590	82 123
1st April 2020	31st March 2021	69 972	65 003
1st April 2021	31st March 2022	71 290	59 651

US bone-in imports have not exceeded the allotted quota since 2019/2020. While the initial decline in South Africa poultry imports was caused, to a large degree, by logistical and supply chain constraints the COVID-19, imports remained subdued as the Poultry Sector Master Plan raised tariffs to strengthen local industry capacity and reduce the market share of imports in the domestic market.

6.1.2 Trade Agreements

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

The SADC-EU EPA implementation has been under review since November 2021, assessing how member states handled the roll-out of the agreement since its "single entry into force". There are a number of issues that the SADC member states have found challenging in the implementation of the EPA, and these include (i) the "First Come-First Served" requirement for wheat and meslin from the EU into South Africa; (ii) review of sugar tariff rate quota; (iii) Article on Export Taxes; (iv) cumulation with United Kingdom (UK), amongst others. Meanwhile, the EU has focussed more on new

generation issues such as trade in services (including digital protection), competition; Intellectual Property (IP) Rights; and the Green transition (such as the circular economy and renewable energy).

Meanwhile, on 3rd August 2022, an arbitration panel ruled in favour of the EU on a bilateral dispute over a safeguard implemented by SACU on frozen chicken cut imports from the EU. The ruling found that the safeguard measure was not appropriate and went beyond what was needed to remedy previous serious injury to the local Industry. However, given that the safeguard measure expired in March 2022 following COVID-19-related delays, there is no expectation of further action from SACU. This was the first time the EU triggered a bilateral dispute settlement mechanism under one of its EPAs.

It is important to note that SACU has allocated import tariff rate quotas (TRQs) on a number of different livestock-related commodities, namely, cheese, pig fat, butter, pork and ice cream. These are outlined in **Table G** below. The EU has been able to completely fill most of its quotas in 2021, with the exception of pig fat and cheese.

TABLE G: SACU IMPORT TARIFF RATE QUOTAS – 2021

Product	Preferential Tariff (%)	SACU Quota (tons)	RSA's Allocation (tons)	RSA's Total Imports (tons)	Share Utilised by RSA (%)
Cheese	0%	8 150	5 705	5 163	90.5%
Pig Fat	0%	200	140	50	35.6%
Butter	-75% MFN	500	350	1 497	100%
Pork	-75% MFN	1 500	1 250	11 065	100%
Ice Cream	50% MFN	150	105	384	100%

Source: DALRRD, ITC (2022)

With respect to the UK and the SACUM-EPA, Trade and Development Committee (TDC) under the SACUM-EU EPA was launched in November 2021 in light of the smooth transition of the Agreement when it came into force on 1st January 2021. Both parties have agreed on an approach to develop the Rules of Procedure for the Institutions established under the Agreement, as well as the appointment of arbitrators in preparation for Joint Council sessions that review the Agreement. Issues that are under discussion and being set up include the Special Committees on Trade Facilitation and Customs Cooperation; Geographical Indications; and the Agricultural Partnership, which is set to facilitate the convenings of Special Committees meetings.

Meanwhile, SACU's import Tariff Rate Quotas (TRQs) for skimmed milk of 159 tons saw actual SACU imports of 25 tons from the UK, which translated to a utilisation rate of 6%. The SACU import TRQ for butter of 159 tons was thoroughly utilised, following imports of 481 tons from the UK.

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

In the previous Chairman's Report, it was noted that the SACU-MERCOSUR PTA was set to undergo a review that would seek to expand the product coverage of the agreement, and establish a Joint Administration Committee (JAC) to focus on discussing the administrative issues and collaboration on matters related to customs, standards, Non-Tariff Barriers (NTBs). There has not been reported progress over the past year. **Table G** shows the relevant products and tariff rate quotas (TRQs) offered to the MERCOSUR by SACU, and these are partitioned between Paraguay and Uruguay.

TABLE H: OFFER OF SACU TO MERCOSUR – TARIFF RATE QUOTAS (TRQS) (1ST APRIL 2021 – 31ST MARCH 2022)

HS code 2007	Description	Margin of Preference	Country	Quota (tons)	Imports (tons)	Utilisation (%)
02023000	Boneless Beef	25%	Paraguay	250	0	0%
			Uruguay	250	678	100%
12010000	Soybeans	25%	Paraguay	10 000	0	0%
			Uruguay	6 000	0	0%
15071000	Soybean oil	25%	Paraguay	5 000	0	0%
15121100	Sunflower oil	25%	Paraguay	4 000	0	0%

Source: ITC (2022)

Still, both Paraguay and Uruguay are yet to fill their quotas since the SACU-MERCOSUR agreement was implemented. The only exception is Uruguay's boneless beef exports, which continue to exceed the allotted 250-ton quota. It will be important to track the appetite and progress of negotiations of this agreement going forward, as South Africa expands its markets and deepens integration efforts with Latin America.

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

The past year saw a continuation of negotiations around respective tariff offers, with limited progress. For instance, in the previous Chairman's report, it was reported that negotiations were centred around a conditional agricultural offer that involved SACU getting market access for non-agricultural products in exchange for giving EFTA access to the SACU market for poultry, sheep and dairy. Also noted in the previous Chairman's report was the difficulty SACU had in making concessions that provide EFTA market access for products such as lamb meat, milk powder and other dairy products in the SACU market, given that they are regarded as sensitive. Hitherto, SACU has maintained this position and noted that any improvements to the existing offers are conditional on an overall assessment of defensive and offensive interests. To facilitate deeper engagement, SACU and EFTA have continued to share data.

Meanwhile, EFTA has not made any meaningful improvements to its offer beyond market access conditions under the current agreement. Instead, EFTA has maintained

its position of (i) providing only partial liberalisation within the existing WTO quotas; (ii) extending the EU treatment to SACU but not responding to SACU's request for an improved margin of preference. SACU hoped that EFTA, particularly Norway and Switzerland, maintained World Trade Organization (WTO) Tariff Rate Quotas (TRQs) and the Price Compensation Mechanism (PCM).

d) SACU-India Preferential Trade Agreement (PTA)

The SACU-India PTA seems to have effectively stalled, but as is now the trend, South African and Indian officials routinely reflect and try to pick up some momentum at the annual BRICS Summit. In the last BRICS Summit, held in July 2021 in Johannesburg, there was an effort to resuscitate negotiations, with reflections on the Draft Modalities for the SACU-India PTA negotiations, SACU Tariff Schedule for 2021, and the recent bilateral trade statistics shared between the two parties. The immediate task was for negotiators to finalise the modalities for tariff liberalisation, which would define a set of principles, the scope of liberalisation and the level of ambition and approach to guide the negotiations between the Parties to achieve the establishment of the PTA. However, given the unbalanced nature of trade benefits – with India's tariff book being significantly larger than SACU's, with a much wider scope of intensely complex national and sub-regional non-tariff and technical barriers, there is no significant appetite to conclude the trade negotiations from a SACU standpoint.

e) The African Continental Free Trade Agreement (AfCFTA)

The previous Chairman's Report noted that the SACU provided an AfCFTA column in the tariff book to indicate that they had domesticated the agreement after the AfCFTA Agreement was officially launched on the 1st of January 2021.

Also noted in the last Chairman's Report was the fact that there were outstanding negotiations on the Rules of Origin of various product groups, including oilseeds (under Chapter 15), where due consideration was being made to apply Rules of Origin (RoO) from Regional Economic Communities (RECs) as a compromise arrangement where there is no agreed AfCFTA RoO.

In the 3rd Quarter of 2021, SACU shifted its negotiation strategy as part of an effort to meet the requirement of making 90% of the tariff book duty-free immediately (Category A products). The strategy was for the Government to (i) consult further with the private sector to ask for additional tariff lines that could be added to reach the required Category A threshold, as discussed, and (ii) to negotiate tariffs on products whose RoO is yet to be concluded. At the time of drafting the report, there were reports that SACU were in the process of finalising an offer that would meet the 90% Category A threshold. There is pressure to finalise the negotiations before the end of 2022, which is a distinct possibility.

6.1.3 World Trade Organization (WTO)

a) Review of South Africa's poultry tariff structure

A meeting of the Committee on Agriculture at the WTO held in June 2021 saw Brazil raising questions on the sunset review of South African tariff for poultry meat. Among other questions, Brazil was keen to understand the precautions South Africa is taking to ensure that its possible new tariff structure for poultry meat does not violate its WTO market access commitments. The question from Brazil came on the back of the ongoing sunset review that is at a stage of consulting and soliciting for comments from various industry stakeholders.

With the indicative timeline for tariff applications and reviews taking about six (6) months, South Africa indicated that the mandated International Trade Administration Commission of South Africa (ITAC) makes recommendations based on various submissions, followed by an approval process. South Africa was unable to provide an indication of the outcome of the tariff review, given that the process was still ongoing.

b) The WTO Negotiations

The biggest highlight over the past year was the World Trade Organization (WTO) 12th Ministerial Conference (MC12) which, after being initially set for June 2020, and postponed a few times due to the COVID-19 pandemic, was eventually held in Geneva from the 12th-17th June 2022. The key outcomes of MC12, known as the "Geneva package", are centred around:

(i) WTO's responses to emergencies, namely:
   a. The Ministerial Declaration on the Emergency Response to Food Insecurity;
   b. Ministerial Decision on World Food Programme (WFP) Food Purchases Exemptions from Export Prohibitions or Restriction;
   c. Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics; and
   d. A Ministerial Decision on the Agreement on Trade-related Aspects of Intellectual Property Rights.

(ii) A Decision on the E-commerce Moratorium and Work Programme

(iii) An Agreement on Fisheries Subsidies

In the run-up to MC12, The Cairns Group of agriculture exporting countries and The African Group united behind the need to "address[ ] trade and domestic production support in agriculture". There is a consensus between the Cairns Group and the Africa Group around the need to restructure the disciplines governing domestic agriculture support, particularly trade and production-distorting subsidies. There is an apparent disproportionate allocation in favour of trade-distorting subsidies, which is creating a challenge in global trade. The most trade-distorting support is under two sub-

categories, namely:

(i) The Final Bound Total Measurement of Support (FBTAMS), and these are capped in nominal terms and only available to 32 countries. Given that FBTAMS is capped and given in nominal value, it has progressively declined as a percentage of the value of production over the years.

(ii) *de minimus*, which is capped as a percentage of the value of production, and available to all countries. Original "amber box" support has progressively shifted to *de minimis* over time. Amber Box entitlements have quadrupled over the past twenty years, from US$250 billion in 2001 to US$1 trillion currently. Projections from trade experts suggest that these production and trade-distorting subsidies will double to US$2 trillion over the next ten years as the global agricultural economy grows.

Given this problem, some countries in The Cairns Group of agricultural exporters argued that a more amenable proposition on domestic support reforms is to reduce the entitlements of WTO members to deploy various types of policies instead of cutting the amount of allowable subsidy expenditures. In this case, if the WTO members agreed to reduce entitlements, it subsequently diminishes their rights to increase payments for domestic support in future. Such reductions would be particularly effective in curtailing subsidies that have distorted production and trade incentives.

Interestingly, China and India are among the top four countries with the highest levels of entitlements (the others being the United States (US) and the European Union (EU)). This implies that domestic agricultural support is no longer just a "developed country phenomenon". Given this emerging reality, Africa's position of "developing country solidarity" with China and India may need to be reviewed while the continent focuses more on its own agricultural interests and entitlement reforms.

Instead, South Africa and the rest of the Africa Group should focus should continue to advocate for reforming the "amber box" subsidies and work with the WTO to ensure that entitlements are based on five key fundamental principles:

(i) Make a clear distinction between trade-distorting and minimally trade-distorting support, with the intent of limiting and reducing trade-distorting support in the future.

(ii) Simplify categories defining trade-distorting domestic support.

(iii) Clarify green box support payments to ensure they are not trade-distorting while maintaining unlimited access to them.

(iv) Develop product-specific limits to address the problem of support being concentrated on a few agricultural commodities.

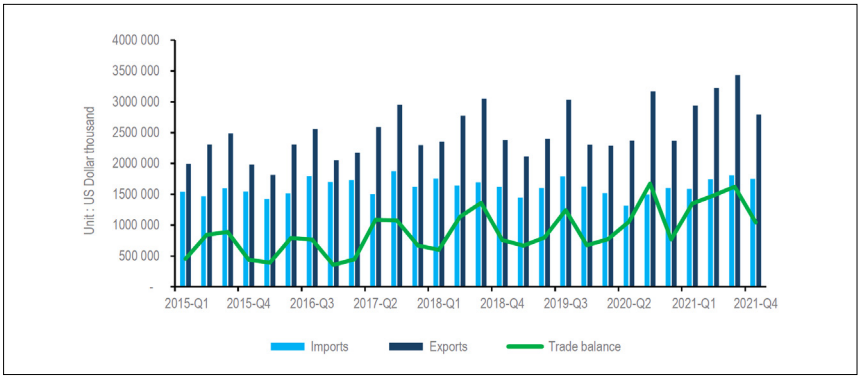
(v) Ensure greater transparency in the measurement of domestic support, specifically by updating and improving procedures for WTO notifications.

Overall, beyond MC12, South Africa and the Africa Group should strategically shift from the historical position that has been to address inequality in the WTO through the elimination of FBTMAS, to addressing amber box subsidies, which are becoming much more significant.

6.2 South Africa's Trade Performance

South Africa's agricultural export growth in 2022 is expected to slow from the 2021 record of US$12,4 billion. Lower production of key crops, animal disease spread and changes in phytosanitary regulations in key markets such as the EU will all weigh on the export activity this year. South Africa's half-year agricultural exports (January 2022 – May 2022) amounted to US$5,06 Billion, up just 2% from the corresponding period in 2021. Over this period, the EU, UK, Japan, United Arab Emirates (UAE) and several African countries were still the primary markets. Citrus, maize, apples and pears, wine, dates, figs, nuts, fruit juices, and wool were amongst the most dominant exportable products.

FIGURE 11: SOUTH AFRICA'S TRADE PERFORMANCE (2015-2021)



Source: Agbiz Research (2022)

Factors set to lower agricultural export growth include (i) the spread of animal diseases – which intensified in April 2022 and subsequently led to export restrictions, (ii) flooding in KZN in June 2022, which led to an interruption of ports and key trade routes, (iii) the imposition of EU protectionist measures on citrus exports in July 2022. Beyond these specific challenges, lower domestic output of key crops may also dampen export performance. The decline in crop output doesn't risk domestic food security. But it reduces the available supplies for the export market. The most notable decline in key exportable crops is maize, down by 10% from the 2020/21 season at an estimated 14,7 million tons. As a result, we expect maize exports to amount to 3,0 million tons, down from roughly 4,0 million tons in the previous season. This deterioration in export volumes will show in the third and last quarter of the year.

7. TRADE COMMITTEE MATTERS

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

7.1 Strategic focus areas

During the past three Board of Directors strategic sessions held in 2019, a virtual refresher Session on 30 March 2021 and the first in-person session after COVID-19 in mid-2022, the following vision was re-confirmed: ***"Dynamic animal feed thought leader influencing food security through partnerships with all stakeholders"***.

As part of the overarching strategy and to ensure AFMA's trade matters are addressed to the benefit of the AFMA member, and that of the relevant cross-cutting value chains, the Strategic Focus Areas (SFAs) will remain until the matter is handled by the committees and the AFMA Board satisfaction:

- Agricultural Masterplans (AAMP, SAPMAP)
  - Soya Value Chain
  - JSE: Local Soybean meal and sunflower oilcake contract
- Maize Quality and Regulatory Matters
  - Maize grading regulations (regulations under the APS Act)
  - Grain Commodity Passport system
  - Dispute resolution process
  - Mycotoxin levels & Research
  - New Breeding Techniques
- Raw Material Regulatory Matters (Act 36 Registrations)
  - New Raw Material Registrations
  - Raw Material Renewals
- DALRRD – Assignee Appointment Process (Leaf Services)

7.1.1 Agricultural Masterplans (AAMP & SAPMAP)

AFMA, as part of its Central, agreed strategic vision, will align its Trade Committee's focus to deliver the best possible support and interaction to all value chain partners to achieve the best synergetic result for the value chain and its stakeholders.

AAMP

In the AAMP, AFMA is a strategic value chain partner in three of the seven Clusters:

- Field Crops (Grains and Oilseeds);
- Animal Production; and
- AGRO-Processing.

The social partners have completed the structured AAMP Framework Agreement and have negotiated the AAMP Action Plan and outcomes required from each Cluster. These two documents were approved by the Minister of Agriculture, Min Thoko Didiza, as the Executive Oversight responsible for the AAMP process with the assistance of

the Co-chairs, DG Mooketsa Ramasodi (DALRRD) and Dr John Purchase (Industry) and were subsequently signed off in Parliament, Cape Town in May 2022.

Social partners are awaiting the official work to start on the AAMP but have already unofficially started brainstorming on integrated concepts and roles and responsibilities within the Value Chain Round Tables, which is regarded as the best mechanism for taking the processes in the different clusters forward.

SAPMAP

Positive progress has been made in the majority of the Pillars of the SAPMAP since its commencement in November 2019. The Pillars (workstreams) are:

- Expanding and Improving local Production;
- Driving Domestic demand and promoting affordability;
- Driving Exports;
- Enhancing the Regulatory Framework and ensuring compliance; and
- Trade measures to support local Industry.

The South African Poultry Association (SAPA) has been and is the leading industry force in the SAPMAP assisted by DTIC. AFMA, as SAPA's leading supplier, is, therefore, SAPA's leading support in the SAPMAP, and more specifically in Pillar 1 and 2.

The SAPMAP's success will be determined by a combination of variables, however, the ability to export, the creation of an Export Market and access to that Export Market will be the main and decisive factor, allowing the creation of local market space for increased local production growth, job creation and the needed transformation as per the SAPMAP. Currently, the necessary SPS systems to comply with the requirements of the importing countries are seemingly a challenge to Government's Animal Health side.

After SAPA has been seemingly tipping the scale towards the high ground in terms of trade remedies against unfair dumping, which would have been an enormous positive for the SAPMAP, the Min of Trade & Industry and Competition (DTIC) approved the expired EU anti-dumping duties as requested by the local Poultry industry, just to, in the same announcement of the anti-dumping approvals, suspended it for 12 months, which is totally against the spirit of the SAPMAP and the majority of the objectives set to be achieved by the SAPMAP. This unconventional and unilateral decision by the DTIC could have a negative effect on the positive progress already achieved in the SAPMAP.

7.1.2 Maize Quality and Regulatory Matters

As listed under the matter addressed by the Trade Committee in terms of Maize Quality and Regulatory Matters, it is different aspects of the larger Maize Value Chain being

dealt with to eventually deliver the best possible regulatory environment to ensure product quality and safety to all stakeholders in the value chain and eventually the end user and the consumer.

The actions depicted in the Maize Value Chain are just as relevant in the related value chains where AFMA is also playing the same role. These Value Chains include the Wheat Value Chain, Sorghum Value Chain, and all the Oilseeds Value Chains, of which the Soya Value Chain (SVC) is the most prominent due to AFMA members being the largest consumer of Soya and Soy products in South Africa.

7.1.3 Raw Material Regulatory Matters

The AFMA Code of Conduct (CoC) compliance for membership purposes is very well known to all AFMA members. One of the specific prerequisites stated in the CoC is the use of registered products and raw materials.

Due to the challenges experienced by Act 36 in terms of the existing backlog of registrations of new products/raw materials or the renewal of existing registrations, AFMA's Trade Committee is facilitating an interim process, as it is essential for AFMA members to be able to prove their product/raw material registrations when quoting or delivering raw materials to customer. The AFMA Trade Committee, in conjunction with AFMA Regulatory Committee, intervened and has put an interim system in place to alleviate this challenge.

7.1.4 DALRRD – Assignee Appointment Process (Leaf Services)

After the process of appointing LEAF Services as an assignee of DALRRD, which started in 2015, Industry as a united front opposed, which eventually was halted in December 2021 after Industry took the matter on appeal against DALRRD and LEAF Services, arguing that due process has not been followed in the appointment of LEAF Services.

A special appeal panel was established by DALRRD to handle the matter in its totality. The appeal panel, in its verdict, ruled that neither DALRRD nor LEAF Services followed due process with this appointment and referred the parties to re-engage with Industry on the matter.

To avoid a re-occurrence of this nature, Industry established a workgroup which will deal with legal and regulatory matters between DALRRD and Industry. The first assignment of the committee is already in motion – Assisting DALRRD in establishing core principles to be adhered to when appointing an assignee.

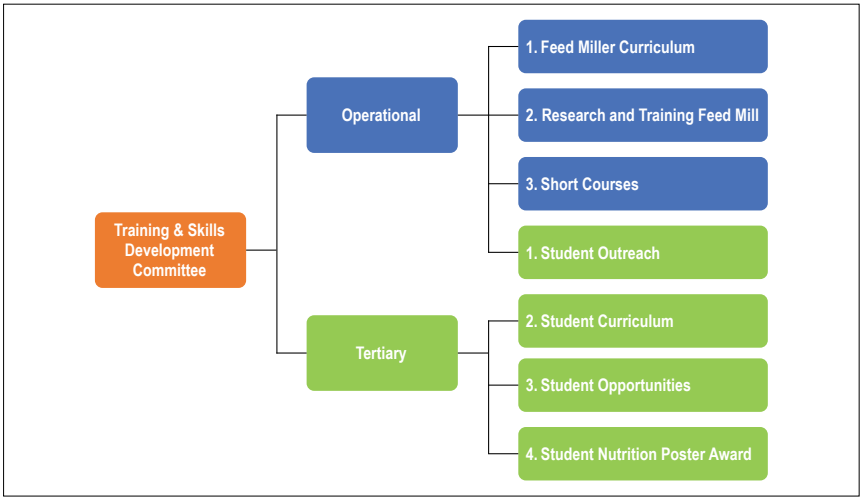
It is foreseen that this committee will facilitate a number of interactions between DALRRD and Industry to ensure processes are handled legally correct.

8. TRAINING AND SKILLS DEVELOPMENT COMMITTEE

Chairperson: Ms Sharlene Moodley (De Heus)
Vice-chairperson: Mr Alex Jenkins (Chemuniqué)

At the beginning of 2021, the executive committee members held a strategic meeting to discuss the future and vision for the Training and Skills Development Committee (TSDC). The main resolution of the meeting was the restructuring of the committee into the Operational Division and the Tertiary Division to allow accurate and efficient effort allocation to the different strategic focus areas. Additionally, in May 2021, the committee welcomed the nomination and election of Mr Alex Jenkins as its vice-chairperson.

FIGURE 12: TRAINING AND SKILLS DEVELOPMENT COMMITTEE STRUCTURE



8.1 Operational division

8.1.1 AFMA endorsed Livestock Feed Mill Operator Training Program

The AFMA-endorsed learning program was launched in 2020 as an e-learning program at a number of feed mills. The aim of the program is to establish the participating feed mill as a site of learning. The capacity of specific persons nominated by the feed mill is developed to act as a workplace facilitator/coach to support and evaluate the learners. Successful candidates are issued with an AFMA-endorsed certificate of achievement.

The uptake of this opportunity has not met expectations. A specific initiative will be launched to market the program and address any questions related to the implementation.

Members are encouraged to enrol learners in the learning program. They can contact the AFMA office or Learning Pathways for more information.

8.1.2 Feed Miller Occupational Qualification

The review of the current Feed Miller Qualification has been launched by AFMA with financial support from the AgriSETA. The main aim of this process is to establish the current AFMA-endorsed learning program as a part qualification within the scope of the full Feed Miller Qualification. It is the intention to achieve leadership status for the Feed Mill Operator Part Qualification as well as the Feed Miller Qualification.

8.1.3 Feed Miller Short Course

During COVID-19, it was impossible to host the Feed Miller Short Course. Therefore, the AFMA Board of Directors decided to have this course moved to after COVID has subsided. The first after-COVID Feed Miller Short Course was hosted during 9-19 May 2022. Understandably students were eager to join this training, and AFMA had to close the registrations, accommodating 56 delegates. The overflow of delegates who wanted to attend the training was placed on a waiting list for the next Feed Miller Short Course. Although hosted every two years, AFMA has negotiated that this training will be hosted again next year, tentatively from 2-12 May 2023.

8.1.4 AFMA / UP Research and Training Feed Mill

The unique AFMA / UP initiative of establishing the first Research and Training Feed Mill in Africa, launched at the AFMA Forum 2020, encountered a challenge, apart from the difficulties brought by COVID-19, which impacted the progress of the project.

The initial intention was that the project would have been executed on UP's Hillcrest Campus (current experimental farm), and the planning and design were done with this site in mind with its specific needs.

It was later decided that the total project would be relocated to another UP Experimental Farm – Miertjie Le Roux, adjacent to the Willem Prinsloo Museum towards Cullinan.

Amongst others, this brought about a change in scope, giving way that the project committee decided to revisit the new scope and amended specifications as well as re-drafting a new Agreement containing the revised terms and specifications. Given this, the design and drafting team will reconvene to assess the situation and determine whether an amendment in the project's design is needed.

Thereafter, final approval for the go-ahead will be requested from the two partners' Board and Council to get the go-ahead to take the project forward.

It was further resolved that the project's marketing, promotion, and sponsorship would

be consolidated, making a more significant impact and broadening the scope of sponsors and investors.

Progress of the project will be regularly communicated and published.

8.2 Tertiary division

8.2.1 Student outreach

Every year, AFMA endeavours to host at least one student outreach seminar at a university to connect students with AFMA members as representatives of the formal work sector. Outreaches rotate between the different universities in South Africa to ensure students from across the country get the opportunity to engage and interact with individuals in the feed industry.

Due to the COVID-19 pandemic, it was impossible to host a seminar in 2020. However, on 15 April 2021, AFMA successfully hosted this well-known event at the University of Stellenbosch. The programme consisted of four industry speakers and two video tours – one of a feed mill and one of a premix production plant.

Furthermore, as a new addition to the student outreaches, a member exhibition area was created to promote the networking of students with Industry. AFMA members responded positively to the invitation to exhibit, and the feedback from students and exhibitors alike was overwhelmingly positive. As a result, all future student outreach seminars will incorporate an exhibition area to allow more AFMA members to participate in these events and provide students with ample networking opportunities.

This new format of hosting a Student Seminar as one of AFMA's student outreaches was used in the 2022 student outreach hosted at the University of Free State on 12 August 2022. The student outreach and interaction with presenters, AFMA Staff and members of the Industry proved to be highly successful and of great value to the students.

8.2.2 Student curriculum

The Training & Skills Development Committee has been requested to establish a student curriculum sub-committee (SC) to investigate and focus on bridging the perceived gap between the animal nutrition curriculum currently offered by tertiary institutions and the expected knowledge level of newly qualified individuals by Industry. The need to establish an SC is the result of several interactions between AFMA and tertiary institutions.

The role of the SC will be a facilitating function. The SC is engaging with the Heads of Departments of the different tertiary institutions, but no proposed action has come to the fore from tertiary institutions.

8.2.3 Student opportunities

AFMA has established a new SC, acting as a facilitator between Industry and students by ensuring continuous information availability of opportunities from our members to qualified candidates for the foreseeable future. Through the numerous student outreach seminars AFMA has hosted over the past years, the most pressing need expressed by students is available opportunities to gain industry experience as well as the need for a Bursary Scheme.

As an Association Partner with AGRIJOB, all AFMA members qualify to advertise any vacancies, training opportunities and internships free of charge. The TSDC will meet at least twice a year to provide a status report and the success of the project. Additionally, the SC will ensure that members remain conscious of this project and continually contribute to the career opportunity database.

8.2.4 Student nutrition poster award

Since 2014, AFMA has presented an award to the student with the best dissemination of nutritional knowledge through a poster presentation at the annual SASAS congress to recognise excellence among animal nutrition graduates. An expert panel judges all posters presented at the Congress based on pre-set and approved criteria.

The annual SASAS Congress could not take place in July 2020 as scheduled due to COVID-19 regulations, however, the Congress took place virtually, and all posters submitted were bound in an electronic congress poster book. A total of 17 posters were published in the animal nutrition category for 2021. AFMA is proud to have awarded Sarah Harrison from the University of Pretoria the Best Student Nutrition Poster for 2021, titled *An in vitro comparison of buffers used in ruminant diets*.

The 2022 SASAS Congress is to be hosted from 26-28 September 2023 in KZN, and it is envisaged that AFMA will once again be awarding this prestigious award.

9. TECHNICAL COMMITTEE

Chairperson: Ms Chantelle Fryer (Evonik)
Vice-chairperson: Ms Marlien de Kock (Trouw Nutrition)

Feedback on all active Technical Committee projects for the period 2021/2022 is given below:

9.1 Feed Safety – Contaminants

9.1.1 Salmonella

a) Salmonella monitoring program

The AFMA Salmonella monitoring program was launched in July 2005 as a monitoring tool to determine Salmonella contamination in the feed value chain. As part of their

regular quality control practices, AFMA members voluntarily submit their laboratory results on the online Salmonella database, which consists of samples taken from raw materials, finished products, and the environment. Currently, 47 member companies participate in the AFMA salmonella monitoring program, and the pooled data is used to compile a comprehensive quarterly report. The report includes current trends observed in Salmonella contamination of all feed materials and is distributed to the participating feed companies to keep them informed. Due to its importance in feed safety, the Technical Committee will continue to encourage more members to participate in the AFMA Salmonella monitoring program.

b) Salmonella Guideline Review

Also, during this period, the following AFMA Salmonella Guidelines are being reviewed, updated, and combined into one comprehensive document:

- The control of Salmonella in the production of animal feed in South Africa;
- Practical guidelines for the monitoring of Salmonella in the production of animal feed; and
- Salmonella sampling procedure.

The addition of a Salmonella calculator to assist with risk determination at a feed mill is being investigated by the SubCommittee, and it is expected that the final draft guideline will be available for adoption by the Technical Committee by the end of 2022.

9.1.2 Mycotoxins

a) Pre-processing maize mycotoxin project

AFMA is grateful to the Maize Trust and SAGL for funding and driving the maize mycotoxin pre-processing project for the 7th year. Research from this project aims to provide reliable information on the mycotoxin contamination of maize before processing. Continuous monitoring of contaminants in maize will provide feed manufacturers with a risk management tool and enable better risk assessment and risk mitigation. 21 AFMA feed mills distributed throughout South Africa participated in the project and submitted approximately 200 maize samples over three sampling periods to SAGL for analysis. The results are compiled in a comprehensive report by the SAGL and made available to the participating members. AFMA values the contributions of its members towards this project and will continue to support Research and future collaborations to enable feed millers and feed processors to improve product safety that is necessary for the manufacturing of safe animal feed.

b) Mycotoxin monitoring database

AFMA aims to expand its monitoring system with the inclusion of a mycotoxin module for the collection of mycotoxin analysis data of raw materials and complete feeds. Historical analysis results over the past five years provided by AFMA members will form the bulk of the database. The project kicked off in August and is currently in its development phase. This project aims to provide the necessary data for establishing

guidance values for mycotoxin contamination and to aid in better risk management of feed ingredients and animal feed. The new database is estimated to be fully functional in 2023. The database can also be considered a critical decision-making tool for mycotoxin risk management across the country and the cornerstone for motivating a regulatory reform on mycotoxins that will include only aflatoxins to be regulated and other mycotoxins to be managed and monitored through guidance values by the Industry.

9.1.3 Dioxins & PCBs

Participating AFMA members voluntarily submit dioxin analyses and PCB screening results of raw materials and complete feeds to AFMA on an annual basis. As part of AFMA's monitoring program, dioxin and PCB monitoring support the 'early warning system' whereby the Industry can be notified when a potential threat to animal or human safety is detected. AFMA has maintained the dioxin and PCB database since 2011, consisting of pooled dioxin and PCB data from the complete feed and raw materials. Feedback on trends observed is provided to participating members. During this period, NMISA and AFMA engaged regarding new laboratory capacity for commercial dioxin analysis within South Africa.

Further collaboration between AFMA and NMISA is planned for the coming year to quantify the need. AFMA members will be invited to participate in the dioxin/PCB analyses capacity development by identifying feed samples with significant levels of dioxins for verification and calibration by NMISA.

9.2 Feed Safety – Antimicrobials

9.2.1 Medicated Feed

a) Guideline for the unintended carry-over in the manufacturing of feed

A big emphasis is being placed on antimicrobial resistance and the use of antimicrobials in animal feed. Residue monitoring is greatly emphasised as a tool to facilitate the surveillance of unintended carry-over from feed to food. The Subcommittee is compiling a guideline on the management of carry-over of veterinary drugs to non-target species in the manufacturing of animal feed which aims to be on par with internationally acceptable best practices. The guideline will be published by the end of the year and will complement the new Act 36 regulations in the practical management of unintended carry-over during manufacturing.

In addition, the AFMA, SAAHA, SAHPRA, and Act36 were invited by the VICH task force representative to comment on the VICH draft guideline 8 on Medicated Premixes on behalf of South Africa as a VICH observer country. The AFMA expert working group on medicated feed provided input regarding the stability, homogeneity, segregation, and interference of medicated premixes in medicated feed. The VICH Steering Committee will approve the final guideline by the end of November 2022.

9.3 Feed Ingredient Quality

9.3.1 Sulphur

Due to the high risk when handling pure Sulphur, a request was lodged to AFMA to provide support in generating industry awareness and/or regulatory amendment on this important safety topic. The project was approved by the Technical Committee, and a sub-committee was established. A first committee meeting was held in July 2022 to discuss the objectives and potential outcomes of the project, and it is expected to be concluded by the end of 2023.

9.4 Nutritional Standards and Guidelines

To date, one of the biggest projects of the AFMA Technical Committee is the revision and updating of the existing nutrient specifications for all farm feeds as published in the Farm Feed Guidelines of Act 36. Ten expert working groups have been involved in the revision of the nutrient guidelines, including the specifications of pigs, poultry, ruminants, horses, ostriches, and other species. In addition, a novel classification system and nutrient guideline for game feed were compiled that will add additional value to the existing guidelines. A first comprehensive draft guideline has been compiled with all the updated nutrient specification tables, as well as a comprehensive reference list and a glossary of definitions. The next step is to submit the revised nutrient guidelines to the Registrar for consideration and adoption into the new regulatory framework for feeds.

10. REGULATORY COMMITTEE MATTERS

Chairman: Ms Liza Burger (RCL Foods)
Vice-chairman: Mr André de Vries (DSM)

The Regulatory Committee (RC) hosted its meetings virtually throughout the year and continues to benefit from the wide participation and engagement of AFMA members across the country. The committee is keeping an eye on the registration status of farm feeds at the Agricultural Inputs Control division and the various challenges at DALRRD that impacts feed manufacturing. Feedback on regulatory projects and actions during this period are reported in terms of the RC strategic focus areas, namely the animal feed regulatory framework and industry self-regulation mechanisms.

10.1 Animal feed regulatory framework

10.1.1 Animal Feed Forum (AFF)

The Animal Feed Forum (AFF) is the official liaison platform between the animal feed industry and the Agricultural Inputs Control (AIC) division within the Department of Land Reform and Rural Development (DALRRD), which meets quarterly to discuss matters related to the registration and regulation of farm feed. A Liaison Working Group (LWG) was established in support of the AFF to carry out actions and prepare

proposals for approval by the Registrar. Both AFMA and the PFI are represented on the LWG and meet regularly before a quarterly meeting to discuss and prepare the farm feed registration status report. The LWG is the preferred group to address any backlog issues and tackle industry matters hands-on.

The farm feed division within DALRRD experienced another loss with the resignation of its administrative supervisor at the end of April 2022. The resignation follows the resignation of a technical advisor during the previous year, and both vacant positions will be included in the recruitment process to follow. The technical assessment capacity of farm feeds has, however, been increased since October 2021 with the appointment of several external technical evaluators. With the technical assessment capacity nearing its required volume, the focus has shifted toward the bottleneck experienced at outbound, where final confirmation and certification take place. This is mainly due to a lack of sufficient administrative personnel to handle the present volume of farm feed and fertiliser registrations outbound.

More than 5150 registration renewals were received and processed for the period ending March 2022, and placed an additional burden on the administrators in the farm feed division. For five months after March 2022, when product registrations expired, the division struggled to complete the registration renewals and placed the Industry under pressure to continue normal business operations. A special intervention action was requested by AFMA where urgent assistance could be requested from the Registrar for expedited renewals. In turn, the Registrar requested the approval of overtime for a special project to complete renewal applications after hours, and the team managed to complete all farm feed renewals by August 2022.

The greatest contribution towards regulatory reform within animal feed during this period was made via the collaborative efforts between the Strategic Agricultural Inputs Forum (SAIF) and the AIC. A Gap analysis report was jointly compiled to outline the gaps that exist in the service delivery from the AIC. The aim is to have the collaborative efforts officially recognised by the senior management of DALRRD and to continue the next period with the compilation of an operational plan that will outline the implementation of proposed bridging actions to address the gaps that were identified during the first phase of the project.

10.1.2 Regulations and Guidelines

The Act 36 regulations for farm feed are being amended to include various updates regarding undesirable substances and specific regulations regarding livestock feed and pet food. It is expected that the new regulations will be submitted for approval by the end of the year. The AFMA Technical committee is also currently finalising its recommendation for the amendment of some nutrient specifications of registered farm feeds based on an intensive study conducted over two years. These recommendations will make provision for the development and marketing of innovative animal feed using

the latest available technologies and encourage a globally competitive industry. It is aligned with global practice and should support the new feed regulatory reform with the implementation of the Feeds and pet food bill. It is expected that the new nutrient specifications will be updated in the Act 36 guideline and referenced by incorporation in the new Feeds and Pet Food bill regulations.

10.1.3 Feeds and Pet Food Bill

AFMA met with Agbiz during this period to discuss its role of facilitation and steps to follow in the finalisation of the Feeds and pet food bill. AFMA also met with the Registrar to discuss time frames and capacity for final amendments to the Bill and presentation to parliament. Based on the discussions held, it is expected that primary focus is given to the Bill and that the task team should convene before the end of the year to propose a program of work. The draft bill must be amended to include all adopted public comments submitted previously, and the stakeholders must convene to discuss and agree on the few remaining principal issues regarding assignees, fees, and relevant categories of manufacturing to be included in the new legislation.

10.2 Industry self-regulation

10.2.1 Inspection Compliance Forum (ICF)

The Inspection services of AIC hosted four liaison meetings with industry associations of the animal feed, pet food, fertilisers, agricultural remedy, and stock remedy industries during this period. Focus remains on the illegal importation and distribution of unregistered and high-risk pesticides and other agricultural remedies that may be harmful to people and the environment, as well as unregistered fertilisers being manufactured and distributed. The Inspectorate is, however, still challenged to meet its target for regular compliance inspections of manufacturing facilities across the country, and cooperation from Industry will be needed to implement self-regulating systems and encourage a risk-managed animal feed supply to the food chain.

10.2.2 AFMA Code of Conduct

The Code of conduct audits have been resumed since July 2021, and after its first year back in operation, just over half of AFMA members have been audited and found compliant with the AFMA Code of conduct. Various changes and improvements have been made to the management of the audit system and its alignment with AFMA membership and member categories. AFMA held quarterly feedback sessions with the appointed auditors regarding the compliance status of AFMA members and the trends observed. During this year, additional focus was directed towards the auditing of all external warehouses where bagged farm feeds are stored to support a total farm-to-fork approach in feed safety management. Recognition has been implemented for all warehouses audited per AFMA member, and the location of the storage facilities is included on the new AFMA Code of Conduct certificate. The Code of Conduct compliance status of all AFMA members will also be included on the general

membership list on the AFMA website from 2023 and will support the integrity of the Industry's self-regulating mechanism.

10.2.3 AFMA Transport Protocol

The AFMA Transport Protocol is adapted from the GMP standard for road transport in the animal feed sector and provides a measure of risk management to the feed manufacturer when evaluating the use of transporters and stored raw materials. AFMA members have been introducing the Transport protocol to their transport service providers since 2013 and have encouraged their participation to promote the safe and responsible transport of feed materials for use in animal feed. Currently, there are eleven (11) transporters listed on the AFMA website that has verified compliance with the AFMA Transport Protocol.

10.2.4 Early warning system

The early warning system (EWS) has once again not been triggered this year, and AFMA members remain vigilant in their preventative testing and supplier risk management strategies. AFMA developed the EWS protocol in 2009 for the early detection and reporting of irregularities in raw materials and ingredients used in animal feed. The protocol outlines the steps needed for a rapid response to confirmed alerts and efficient communication throughout the animal production chain. AFMA will continue to create awareness about the EWS as a proactive measure and demonstration of industry readiness in risk management.

11. FEED MANUFACTURING

11.1 Raw material costs

The domestic grain and oilseed commodity outlook is discussed in detail in section 4.5 of this report.

11.2 Raw material utilisation in 2021/22 by AFMA members

Table 1 indicates the raw material usage and inclusion rates from 2017/18 to 2021/22.

The average inclusion rates for the various raw materials are shown as a percentage of total feed sales. They generally reconcile to an inclusion rate of higher than 95%, allowing for possible milling losses due to breakdowns, spillages and raw material that cannot be reworked. It must be noted that not all raw materials are used in all compound feeds. The inclusion rates of different raw materials vary from formulation to formulation, as well as between different species.

TABLE 1: RAW MATERIAL USAGE (APRIL 2017 – MARCH 2022) – 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
	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021	2021/2022	2021/2022
Bagasse	79 989	1,26%	80 862	1,22%	73 123	1,10%	73 943	1,11%	100 488	1,51%
Barley (All)	2 519	0,04%	2 070	0,03%	4 556	0,07%	41 067	0,62%	85 035	1,28%
Bicarbonate of soda	6 652	0,10%	7 612	0,11%	8 327	0,13%	7 989	0,12%	7 156	0,11%
Blended oil	35 587	0,56%	41 515	0,62%	49 456	0,74%	50 080	0,75%	37 310	0,56%
Blood meal	12 517	0,20%	13 405	0,20%	12 293	0,19%	9 220	0,14%	8 118	0,12%
Bone meal	0	0,00%	5	0,00%	5	0,00%	5	0,00%	0	0,00%
Brewers grain	5 522	0,09%	3 579	0,05%	4 234	0,06%	4 391	0,07%	8 963	0,13%
Canola full fat	2 958	0,05%	767	0,01%	750	0,01%	975	0,01%	547	0,01%
Canola oilcake	32 121	0,51%	28 161	0,42%	27 618	0,42%	30 252	0,46%	32 625	0,49%
Carcass meal	10 012	0,16%	8 781	0,13%	2 732	0,04%	3 915	0,06%	1 032	0,02%
Citrus meal	488	0,01%	649	0,01%	1 596	0,02%	1 179	0,02%	1 380	0,02%
CMS	5 405	0,09%	9 002	0,14%	9 235	0,14%	8 409	0,13%	13 676	0,21%
Cottonseed oilcake	8 188	0,13%	3 766	0,06%	1 475	0,02%	2 449	0,04%	12 310	0,19%
Cotton seed	9 572	0,15%	10 104	0,15%	9 769	0,15%	8 732	0,13%	6 118	0,09%
Defatted maize germ meal	7 882	0,12%	11 736	0,18%	12 083	0,18%	15 364	0,23%	11 020	0,17%
Fat	3 075	0,05%	2 948	0,04%	3 960	0,06%	3 231	0,05%	2 542	0,04%
Feather meal	21 496	0,34%	20 316	0,31%	16 757	0,25%	17 959	0,27%	17 162	0,26%
Feed wheat	4 679	0,07%	2 446	0,04%	11 224	0,17%	6 489	0,10%	964	0,01%
Fish meal	12 204	0,19%	13 513	0,20%	18 453	0,28%	18 955	0,29%	13 146	0,20%
Groundnut oilcake	0	0,00%	2	0,00%	55	0,00%	44	0,00%	124	0,00%
Hominy chop	141 077	2,22%	121 793	1,83%	108 315	1,63%	106 582	1,60%	114 917	1,73%
Limestone grit	74 795	1,18%	79 681	1,20%	84 521	1,27%	93 210	1,40%	107 619	1,62%
Limestone powder	112 136	1,76%	117 566	1,77%	119 381	1,80%	108 903	1,64%	109 429	1,65%
Lucerne hay	46 998	0,74%	43 465	0,65%	34 815	0,52%	21 440	0,32%	20 703	0,31%
Lucerne meal	23 853	0,38%	31 899	0,48%	33 752	0,51%	25 366	0,38%	22 995	0,35%
Lupin meal	0	0,00%	100	0,00%	238	0,00%	164	0,00%	5 549	0,08%
Lysine	8 784	0,14%	9 211	0,14%	10 740	0,16%	11 946	0,18%	12 291	0,18%
Maize	3 022 919	47,57%	3 063 498	46,10%	3 118 338	46,93%	3 224 164	48,52%	3 317 733	49,93%
Maize germ meal	14 649	0,23%	12 080	0,18%	13 355	0,20%	14 151	0,21%	26 566	0,40%
Maize germ oilcake	1 186	0,02%	4 752	0,07%	3 753	0,06%	4 186	0,06%	1 535	0,02%
Maize gluten feed (20%)	48 665	0,77%	57 273	0,86%	57 656	0,87%	53 295	0,80%	67 498	1,02%
Maize gluten feed (60%)	16 957	0,27%	18 938	0,29%	13 974	0,21%	11 549	0,17%	11 455	0,17%
Maize meal	14 312	0,23%	26 679	0,40%	33 443	0,50%	12 122	0,18%	18 195	0,27%
Maize screenings	12 033	0,19%	9 600	0,14%	8 776	0,13%	8 787	0,13%	7 731	0,12%
Meat & Bone meal	552	0,01%	210	0,00%	167	0,00%	94	0,00%	762	0,01%
Medicaments	14 717	0,23%	25 559	0,38%	21 063	0,32%	17 291	0,26%	13 629	0,21%
Methionine	8 176	0,13%	8 149	0,12%	8 635	0,13%	9 502	0,14%	10 745	0,16%
Molasses	426 015	6,70%	445 092	6,70%	441 672	6,65%	468 441	7,05%	332 595	5,01%
Monocalcium phosphate	43 535	0,69%	41 970	0,63%	34 266	0,52%	35 233	0,53%	42 629	0,64%
Oats	0	0,00%	6 737	0,10%	5 187	0,08%	5 382	0,08%	3 998	0,06%
Other: Raw materials	74 883	1,18%	114 219	1,72%	115 007	1,73%	61 343	0,92%	106 341	1,60%
Palm kernel oilcake	8 061	0,13%	5 378	0,08%	5 398	0,08%	4 654	0,07%	4 060	0,06%
Plant oil	16 727	0,26%	13 144	0,20%	31 659	0,48%	29 111	0,44%	2 231	0,03%
Poultry by-product	65 752	1,03%	59 289	0,89%	51 091	0,77%	51 542	0,78%	55 984	0,84%
Remix	0	0,00%	4 980	0,07%	2 715	0,04%	12 534	0,19%	20 616	0,31%
Rice	0	0,00%	315	0,00%	173	0,00%	381	0,01%	3	0,00%
Rice Bran	0	0,00%	3 590	0,05%	2 288	0,03%	1 319	0,02%	2 979	0,04%
Salt	55 170	0,87%	60 706	0,91%	54 348	0,82%	53 724	0,81%	68 051	1,02%
Shell grit	0	0,00%	647	0,01%	811	0,01%	1 848	0,03%	2 204	0,03%
Sorghum	4 679	0,07%	5 064	0,08%	1 516	0,02%	1 252	0,02%	459	0,01%
Soya full fat	114 839	1,81%	162 473	2,45%	130 993	1,97%	103 545	1,56%	129 604	1,95%
Soybean hulls	0	0,00%	15 002	0,23%	19 417	0,29%	16 425	0,25%	23 569	0,35%
Soya oilcake	861 981	13,57%	872 729	13,13%	950 175	14,30%	971 502	14,62%	1 013 740	15,26%

TABLE 1: RAW MATERIAL USAGE (APRIL 2017 – MARCH 2022) – 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
	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021	2021/2022	2021/2022
Soya seed	0	0,00%	939	0,01%	939	0,01%	1 535	0,02%	4 012	0,06%
Soya oil	0						15 320	0,23%	16 751	0,25%
Sunflower hulls	5 761	0,09%	15 451	0,23%	15 805	0,24%	15 950	0,24%	23 266	0,35%
Sunflower seed	0		164	0,00%	134	0,00%	155	0,00%	139	0,00%
Sunflower oilcake	314 930	4,96%	293 752	4,42%	269 917	4,06%	270 072	4,06%	237 431	3,57%
Sterilized poultry manure	0	0,00%	2	0,00%	0	0,00%	0	0,00%	0	0,00%
Threonine	0	0,00%	2 202	0,03%	2 462	0,04%	3 129	0,05%	3 243	0,05%
Triticale	0	0,00%	14	0,00%	1	0,00%	0	0,00%	0	0,00%
Urea	25 818	0,41%	27 892	0,42%	25 177	0,38%	24 212	0,36%	37 108	0,56%
Vit & Min premixes	38 136	0,60%	41 288	0,62%	48 940	0,74%	67 943	1,02%	75 773	1,14%
Water	0	0,00%	9 624	0,14%	12 052	0,18%	0	0,00%	0	0,00%
Wheat	0	0,00%	991	0,01%	3 295	0,05%	2 267	0,03%	2 278	0,03%
Wheaten bran & flour	408 752	6,43%	463 623	6,98%	437 481	6,58%	464 408	6,99%	472 058	7,10%
Wheaten straw	9 293	0,15%	8 111	0,12%	11 955	0,18%	9 409	0,14%	7 684	0,12%
TOTAL	**6 297 007**	**99,10%**	**6 567 080**	**98,83%**	**6 613 497**	**98,36%**	**6 720 036**	**98,94%**	**6 917 874**	**99,70%**
Feed sales for the period	**6 354 318**	**-1,9%**	**6 644 647**	**4,6%**	**6 723 822**	**1,2%**	**6 791 863**	**1,0%**	**6 938 537**	**2,2%**

11.2.1 Oilcakes and fishmeal

The details of oilcake and fishmeal consumption by AFMA members during the period 1 April 2017 to 31 March 2022 are shown in **Table 2**.

Although fishmeal's availability fluctuated over the years, and in most cases, in short supply, **Table 2** indicates how it was utilised over the last five years (AFMA members included). The use of fishmeal is determined by its availability, product mix, and price compared to other available protein sources. Fish meal used showed a decrease to 13 146 tons in 2021/22 after relative higher levels of utilisation in 2019/20 and 2020/21.

TABLE 2: OILCAKE AND FISHMEAL USAGE BY AFMA MEMBERS: 1 APRIL 2017 TO 31 MARCH 2022 (TONS)										
Oilcake	2017/2018	% Inc	2018/2019	% Inc	2019/2020	% Inc	2020/2021	% Inc	2021/2022	% Inc
Soya*	960 974	15,12%	1 051 143	15,82%	1 082 107	16,09%	1 075 047	15,83%	1 143 344	16,48%
Sunflower	313 912	4,94%	309 367	4,66%	270 051	4,02%	270 227	3,98%	237 570	3,42%
Cottonseed**	17 761	0,28%	13 870	0,21%	11 244	0,17%	11 181	0,16%	18 428	0,27%
Groundnuts	0	0,00%	2	0,00%	55	0,00%	44	0,00%	124	0,00%
Canola***	31 224	0,49%	28 928	0,44%	28 368	0,42%	30 463	0,45%	32 708	0,47%
Copra; Palm & Lupin	8 061	0,13%	5 478	0,08%	5 636	0,08%	5 183	0,08%	10 667	0,15%
TOTAL	**1 331 932**	**20,96%**	**1 408 788**	**21,20%**	**1 397 461**	**20,78%**	**1 392 145**	**20,50%**	**1 442 841**	**20,79%**
Fish meal	12 205	0,19%	13 513	0,20%	18 453	0,27%	18 955	0,28%	13 146	0,19%
Animal Feed Sales	6 354 318		6 644 647		6 723 822		6 791 863		6 938 537	

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

Soya oilcake and full-fat soya recorded a 6.4% increase in utilisation, moving from 1 075 047 tons to 1 143 344 tons consumed in 2021/21. This is indicative of the positive year-on-year sales growth in beef & sheep, pig, and broiler feeds after decreases experienced in beef & sheep and pig feeds during 2020/21.

TABLE 2.1: USAGE OF MAIZE PRODUCTS BY AFMA MEMBERS: 1 APRIL 2017 TO 31 MARCH 2022 (TONS)										
	2017/2018	**% Inc.**	**2018/2019**	**% Inc.**	**2019/2020**	**% Inc.**	**2020/2021**	**% Inc.**	**2021/2022**	**% Inc.**
Maize (Incl. maize meal)	3 037 231	47,80%	3 090 178	46,51%	3 151 780	46,87%	3 236 286	47,65%	3 335 928	48,08%
Maize gluten feed (20%)	48 665	0,77%	57 273	0,86%	57 656	0,86%	53 295	0,78%	67 498	0,97%
Maize gluten feed (60%)	16 957	0,27%	18 938	0,29%	13 974	0,21%	11 549	0,17%	11 455	0,17%
Maize screenings	12 033	0,19%	9 600	0,14%	8 776	0,13%	8 787	0,13%	7 731	0,11%
Maize germ meal	14 649	0,23%	12 080	0,18%	13 355	0,20%	14 151	0,21%	26 566	0,38%
Defatted maize germ meal	7 882	0,12%	11 736	0,18%	12 083	0,18%	15 364	0,23%	11 020	0,16%
Maize germ oilcake	1 186	0,02%	4 752	0,07%	3 753	0,06%	4 186	0,06%	1 535	0,02%
Hominy chop	141 077	2,22%	121 793	1,83%	108 315	1,61%	106 582	1,57%	114 917	1,66%
TOTAL	**3 279 680**	**51,61%**	**3 326 350**	**50,06%**	**3 369 692**	**50,12%**	**3 450 200**	**50,80%**	**3 576 650**	**51,55%**
Total Feed Production (Tons)	**6 354 318**		**6 644 647**		**6 723 822**		**6 791 863**		**6 938 537**	

The dairy producers' challenge of dealing with the cost squeeze between income received for raw milk produced and higher farm input costs, of which feed costs are the largest share, is continuing. This is giving way to continuous consolidation in the dairy industry, both on the producer side as well as the processing side.

Indicative of this trend is the reduction in dairy producers, who have dropped from 1 834 in 2015 to 984 in 2021. Despite this reduction in the number of dairy producers, milk production has increased from 3 173 000 tons to 3 403 100 tons during the same comparison period.

Despite being in a La Niña cycle, South African agriculture still deals with some anomalies, with some parts of the summer rainfall areas receiving good spells of rain while other parts of the country don't receive any.

Sunflower oilcake utilisation showed a decrease to 237 570 tons in 2021/22.

11.3 Raw materials available to the feed industry: 2021/22

11.3.1 Oilcakes

The production of oilseeds and oilcake during the 2020/21 production season and the volumes available during the 2021/22 marketing season are shown in **Table 3**. Information on imports is supplied in **Table 3.1**, while **Tables 3.2** and **3.3** contain summaries of the available oilcake.

After receiving normal rains in the 2019/20 season, the increase in production was sustained and, in some instances, increased in the 2020/21 season after receiving more than normal summer rainfall.

The soybean crop increased by an astronomic 652 000 tons (52%) from the 2019/20 crop of 1 245 500 tons to 1 897 000 tons in 2020/21. The volume of soybean only destined for crushing amounted to 1 579 679 tons, 334 000 tons more than the total previous year's total crop. Soybeans available for full fat soya bounced back, recording an increase of 24%, back to 173 675 tons.

Cotton production cut-backs continued by another 42% during the 2020/21 season, causing the local availability of cotton seed to drop to 27 049 tons available for crushing and as full fat products in the reporting period.

TABLE 3: LOCAL OILCAKE AVAILABLE FOR MARKETING – 1 APRIL 2021 TO 31 MARCH 2022 (MARKETING SEASON) (TONS)

Description	Total crop 2020/2021	Available for crushing	Conversion rate (seed) %	Oilcake 2021/2022
Sunflower [1,2]	678 000	861 041	42%	361 637
Groundnut [1,2]	64 300	590	54%	316
Soya [1,2]	1 897 000	1 579 679	80%	1 263 743
- Full fat [2]	-	173 675	80%	138 940
Cotton [3]	77 600	-	50%	-
- Full fat [4]		27 049	50%	13 525
Canola [1,2]	198 100	125 666	55%	69 116
- Full fat [4]	-	5 772	55%	3 175
Lupins – Full fat [1]	28 600	28 600	100%	28 600
TOTAL LOCAL OILCAKE		**2 802 072**		**1 879 051**

Sources:
1. *National Crop Estimates Committee – 27 July 2022.*
2. *SAGIS – Monthly reports (Jan-Dec '20; Jan-Mar '20; Jan-Mar '21; Oct '20-Sept '21).*
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 3.1: OILCAKE IMPORTS – 1 APRIL 2021 TO 31 MARCH 2022 (TONS)

Cake / Seed	Tons seed + oilcake	Conversion rate	Oilcake 2021/2022
Sunflower oilcake *	57 505	100%	57 505
Sunflower seed *	1 917	42%	805
Groundnut oilcake *	9	100%	9
Soya oilcake *	382 573	100%	382 573
Soya beans *	6 473	80%	5 178
Cotton oilcake *	30 282	100%	30 282
Cotton seed	15 251	50%	7 626
Other seeds *	373	50%	187
Other oilcakes *	8 219	100%	8 219
TOTAL IMPORTS	**502 602**		**492 384**
Local Production (Ex Table 3)			**1 879 051**
GRAND TOTAL – Table 3 + 3.1			**2 371 435**

Sources:
* *SAGIS – 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 3.2: SUMMARY OF TOTAL OILCAKE AVAILABLE FOR MARKETING – 1 APRIL 2017 TO 31 MARCH 2022 (TONS)						
Oilcake	**2017/2018**	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**	**%**
Sunflower	422 418	401 728	447 077	453 428	419 947	17,71%
Groundnut	405	1 448	17 393	369	325	0,01%
Soya	1 467 093	1 429 250	1 456 143	1 607 402	1 790 435	75,50%
Cotton	74 924	13 135	111 969	88 657	51 432	2,17%
Canola	69 707	66 481	59 577	51 358	72 291	3,05%
Other oilcakes *	15 550	10 626	7 008	7 931	8 406	0,35%
Lupins	16 800	24 951	16 963	16 800	28 600	1,21%
TOTAL	**2 066 897**	**1 947 619**	**2 116 130**	**2 225 945**	**2 371 435**	**100,00%**
** Other oilcakes / seeds: Copra, Linseed, Rape & Palm*						

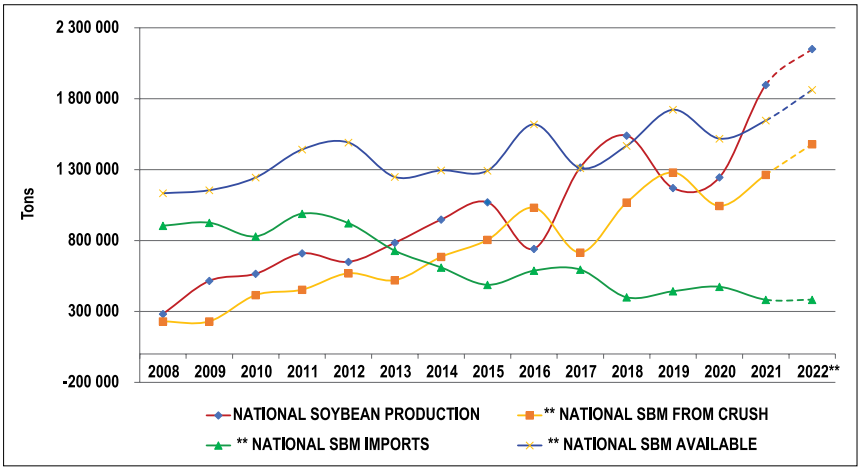
TABLE 3.3: TOTAL OILCAKE AVAILABILITY IN SOUTH AFRICA DURING 1 APRIL 2017 TO 31 MARCH 2022 (TONS)						
Oilcake	**2017/2018**	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**	**Increase / Decrease**
Sunflower	422 418	401 728	447 077	453 428	419 947	-7,38%
Groundnut	405	1 448	17 393	369	325	-11,94%
Soya	1 467 093	1 429 250	1 456 143	1 607 402	1 790 435	11,39%
Cotton	74 924	13 135	111 969	88 657	51 432	-41,99%
Canola	69 707	66 481	59 577	51 358	72 291	40,76%
Others oilcakes	15 550	10 626	7 008	7 931	8 406	5,98%
Lupin	16 800	24 951	16 963	16 800	28 600	70,24%
TOTAL	**2 066 897**	**1 947 619**	**2 116 130**	**2 225 945**	**2 371 435**	**5,19%**
** Other oilcakes / seeds: Copra, Linseed, Rape & Palm*						

11.3.2 Imports

Due to more than normal rainfall experienced in the 2020/21 season, a further reduction of 86 241 tons was recorded of plant protein sources.

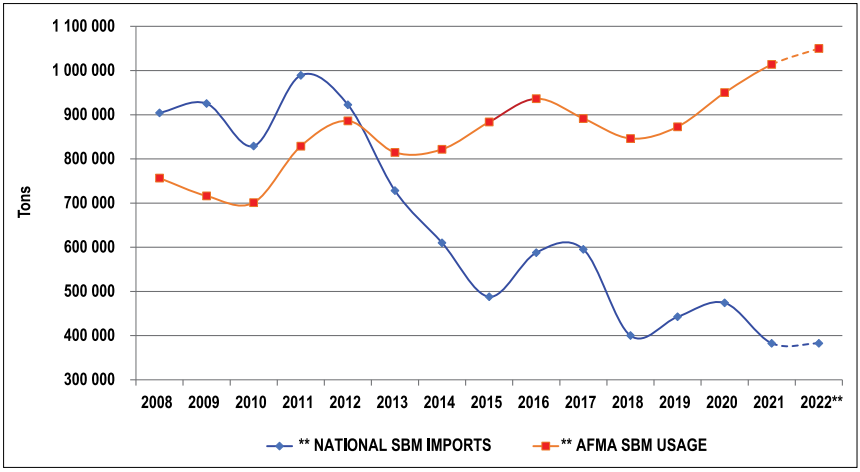
Despite the decrease in imports as a total in plant protein sources, the most activity occurred due to sunflower and soya's local supply and demand situation. Sunflower oilcake imports more than tripled, increasing by 44 500 tons, while soybean meal decreased by 19% to 382 573 tons.

FIGURE 13: COMPARISON: SOYBEAN PRODUCTION, NATIONAL SBM CRUSHED & SBM IMPORTED



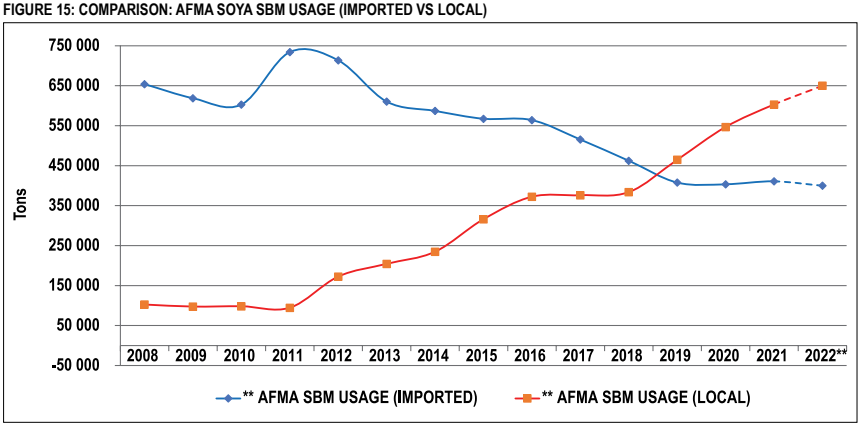
Source: AFMA Chairman's Reports
AFMA Stats Year – (April to March)
** *Forecast available for the next marketing year*

FIGURE 14: COMPARISON: AFMA SBM USAGE VS NATIONAL SBM IMPORTS



Source: AFMA Chairman's Reports
AFMA Stats Year – (April to March)
** *Forecast available for the next marketing year*

FIGURE 15: COMPARISON: AFMA SOYA SBM USAGE (IMPORTED VS LOCAL)



Source: AFMA Chairman's Reports
AFMA Stats Year – (April to March)
** *Forecast available for the next marketing year*

11.3.3 Fishmeal

The estimated fishmeal production for 2020/21 in South Africa and Namibia is shown in **Table 4**. Namibian fishmeal is regarded as imported and is calculated as part of the available total, although the entire output is exported.

As seen in **Table 4**, local production was 70 000 tons while Namibian production was 5 000 tons, bringing total availability to 75 000 tons.

International prices influence exports of fishmeal. Therefore, the availability of fishmeal in South Africa and Namibia can be linked to these prices. Domestic consumption for 2020/21 was estimated at 15 000 tons.

TABLE 4: LOCAL AND IMPORTED FISHMEAL – 1 APRIL 2017 TO 31 MARCH 2022 (TONS)

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Local production: RSA *	72 500	79 000	66 000	80 000	70 000
Namibia*	6 000	6 000	6 000	6 000	5 000
Sub-Total	**78 500**	**85 000**	**72 000**	**86 000**	**75 000**
Imports **	1 000	1 000	1 700	1 000	0
"Russian Trawlers" *	79 500	86 000	73 700	87 000	75 000
TOTAL FISHMEAL AVAILABLE	**104 400**	**87 500**	**94 000**	**81 700**	**95 000**
Exports					
South African product	61 000	66 000	48 000	65 000	55 000
Namibian product	6 000	6 000	6 000	6 000	5 000
TOTAL AVAILABLE IN SA & NAMIBIA	**12 500**	**14 000**	**19 700**	**16 000**	**15 000**

* *IFFO The Marine Ingredients Organisation and SA Fish Industry Estimates*
** *Customs & Excise & Industry Estimates*

11.3.4 Maize

The availability of maize from 2017/18 to 2021/22 is shown in **Table 5**. As is the case with all raw materials in this report, opening and closing stocks have not been considered.

After experiencing two dry seasons (2018/19 and 2019/20), normalised and more than normal rainfall was experienced, improving agricultural conditions remarkably and leading to good to bumper summer crops.

Maize availability during the 2021/22 marketing season recorded a consecutive increase by recording a 6.3% increase on the previous crop of 15 952 188 tons, amounting to 16 959 023 tons.

The good agronomic conditions have created the opportunity for South Africa to become an established exporter of good quality maize. During the past two marketing seasons, South Africa has exported 2 867 790 and 3 731 986 tons, respectively.

TABLE 5: MAIZE AVAILABILITY – 1 MAY 2017 TO 30 APRIL 2022 (TONS)

Local	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
White [1]	9 268 593	6 308 941	5 538 240	8 666 310	8 600 000
Yellow [1]	6 360 089	5 674 911	5 719 610	6 741 870	7 715 000
Non-commercial maize				543 545	636 440
Imports [2]	0	171 622	509 684	463	7 583
TOTAL	**15 628 682**	**12 155 474**	**11 767 534**	**15 952 188**	**16 959 023**
Exports [2]	2 481 708	2 284 058	1 809 573	2 867 790	3 731 986

Source:
1. *Crop Estimate Committee (CEC) – 29 July 2022*
2. *National Crop Estimates Committee – July 2022*

11.4 Estimated raw material availability: April 2022 – March 2023 (tons)

11.4.1 Oilcakes

Table 6 shows details of the estimated production of local plant protein and oilcake in the 2021/22 production season, which would be available in the 2022/23 marketing season.

These will be generated from local and, possibly, imported seed depending on the estimated requirement for oilcake for the 2021/22 season.

TABLE 6: ESTIMATED AVAILABILITY OF OILCAKES – 1 APRIL 2022 TO 31 MARCH 2023 (TONS)					
Oilseeds	**2021/2022 Crop estimated**	**Total available (Incl. Imports + Stock – Exports)**	**Available for crushing ****	**Conversion rate (seed) ****	**Equivalent oilcake**
LOCAL PRODUCTION					
Sunflower [1]	922 750	958 620	840 000	42,00%	352 800
Soya [3]	2 151 350	1 930 103	1 785 621	80,00%	1 428 497
Groundnut [5]	49 000	15 142	500	54,00%	270
Cotton seed [4]	23 726	124 933	124 933	50,00%	62 467
Canola [2]	230 000	205 000	180 000	55,00%	99 000
Lupins [2]	39 000	18 000	16 800	100%	16 800
ESTIMATED LOCAL PRODUCTION					**1 959 833**
Total estimated requirements [5]					2 200 000
IMPORT REQUIREMENT					**240 167**

Sources:
(1; 2; 3; 5) – Crop Estimates Committee – 27 July 2022
(4) – Cotton SA
(5) – BFAP Estimates – Baseline 2022
*** AFMA & Protein Research Foundation*
*** SOILL – Southern Oil (Pty) Ltd*

11.4.2 Fishmeal

The estimated fishmeal production in South Africa, the total requirement and the potential imports and exports are shown in **Table 7**. Significant volumes (79%) of South African fishmeal are expected to be exported. The bulk of Namibian fishmeal is shipped to destinations other than South Africa. Fishmeal imports into South Africa will be highly influenced by availability and price.

TABLE 7: ESTIMATED FISHMEAL PRODUCTION, REQUIREMENT AND EXPORTS – 2022/2023 (TONS)	
SA requirement	15 000
Export	55 000
TOTAL REQUIREMENT	**70 000**
Local Production: (RSA)	70 000
Surplus / (Shortage)	–
IMPORT REQUIREMENT *	
Source: SA Fish Meal Marketing Company & Oceana Brands	

11.4.3 Maize

In addition to the normal to high rains experienced in the 2020/21 summer crop year, South Africa received higher rainfall than the previous year, leading to two consecutive bumper maize crops, as seen in **Table 5**. The maize availability during the 2022/23 marketing season is reflected in **Table 8**. It is estimated that the crop will be less than the two previous years, estimated at 15 380 800 tons, which is still above the 5-year average of 14 493 000 tons.

The considerable carry-over of stock from the previous season will assist South Africa in remaining a net exporter of white and yellow maize. The results can be seen in **Table 8**.

TABLE 8: ESTIMATED MAIZE AVAILABILITY – 1 MAY 2022 TO 30 APRIL 2023			
Local maize crop estimate	Tons	Tons	Tons
	White maize	Yellow maize	Total maize
Deliveries – All producers	7 470 400	7 243 400	14 713 800
Non-commercial maize		667 000	667 000
Est. Imports *	0	0	0
TOTAL AVAILABLE	**7 470 400**	**7 910 400**	**15 380 800**
Est. Exports *	880 000	2 485 000	3 365 000

Source:
National Crop Estimates Committee – 27 July 2022
Supply & Demand Estimate Committee – 29 July 2022
*** The above include production for commercial purposes and traditional production*

11.4.4 Sorghum

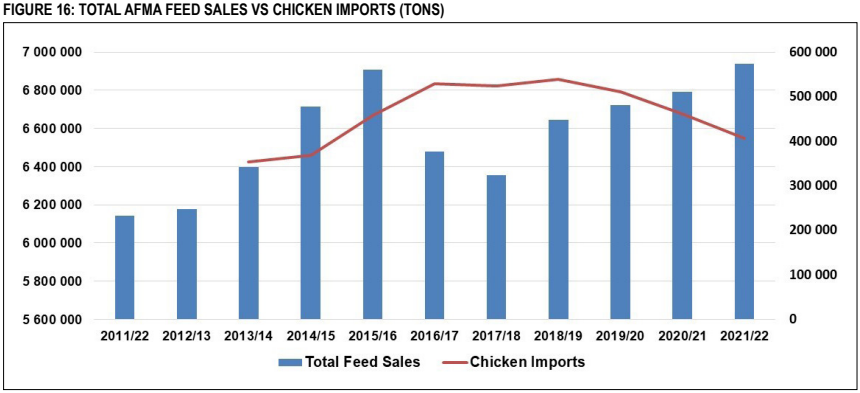
According to the Crop Estimates Committee and Grain SA projections for 2021/22, the expected usage for 2022/23 will be 136 000 tons. The calculated final crop for 2021/22 was 213 458 tons. **Table 9** gives the actual usage for the period from 2017 to 2021/22 (Grain SA) and the estimated usage for 2022/23. Grain sorghum usage in animal feed, although in small volumes, has been increasing since 2020 and is expected to continue also in 2022/23.

TABLE 9: USAGE OF SORGHUM FROM 1 APRIL 2017 TO 31 MARCH 2022 AND ESTIMATED USAGE FOR 2021/2022 (TONS)						
	Usage 2017/2018*	Usage 2018/2019*	Usage 2019/2020*	Usage 2020/2021*	Usage 2021/2022*	Est. usage 2022/2023**
Malting	60 113	56 352	60 381	59 078	64 968	70 400
Meal, Rice and Grit	92 719	87 715	94 286	94 902	72 492	68 100
FOOD	**152 832**	**144 067**	**154 667**	**153 980**	**137 460**	**138 500**
Animal Feed	7 772	9 827	8 908	11 294	13 965	15 900
Pet Foods	818	850	555	634	633	400
FEED	**8 590**	**10 677**	**9 463**	**11 928**	**14 598**	**16 300**
Released to end consumers	1 482	766	613	990	585	700
Withdrawn by producers	2 370	1 032	957	2 055	1 937	1 400
OTHER	**3 852**	**1 798**	**1 570**	**3 045**	**2 522**	**2 100**
Exports***	13 599	9 482	7 643	5 380	9 058	19 900
TOTAL REQUIREMENT	**178 873**	**166 024**	**173 343**	**174 333**	**163 638**	**176 800**
Opening Stock	35 238	59 246	51 860	60 423	51 795	106 000
Deliveries	150 967	115 394	123 925	156 966	213 458	136 500
Imports	55 824	45 739	59 253	6 546	4 147	5 000
Sundries	-3 910	-2 495	-1 272	2 193	0	1 000
TOTAL AVAILABLE	**238 119**	**217 884**	**233 766**	**226 128**	**269 400**	**248 500**
Closing Stock	59 246	51 860	60 423	51 795	106 157	69 900

Sources:
* *SAGIS – 28 April 2022*
** *Grain South Africa – 25 May 2022*
*** *Exports include both products and grain*

12. AFMA FEED SALES: 2021/22

FIGURE 16: TOTAL AFMA FEED SALES VS CHICKEN IMPORTS (TONS)



During the 2016/17 and 2017/18 production seasons, South Africa experienced some of the worst droughts in history, impacting all segments of agricultural value chains and influencing both the human food and animal feed sectors. The continued severe drought forces producers to significantly reduce herd sizes due to the cost of feeding animals and keeping only breeding stock to rebuild herds once the drought conditions subside. During these years, AFMA feed sales suffered a triple blow (illegal dumped chicken; severe local drought conditions and high commodity prices), leading to the largest annual decrease in AFMA feed sales on record, dropping by 6.2%, which continued in 2017/18, by a further 1.9%.

Despite the extensive droughts and challenges, **Figure 16**, further provides insight of the high levels of illegally dumped chicken in the SA market from 2013/14. The reduction in chicken imports only started after the Poultry Industry started applying for unfair trade remedies (anti-dumping import duties) as the industry found itself as an industry in distress, which gave way to the SA Poultry Sector Masterplan (SAPMAP).

As climatic and weather conditions improved, it gave way to more favourable commodity prices leading to the recovery of feed sales by 4.6% in 2018/19.

Feed sales continued to recover consecutively, although at a slower pace and with different increments, due to various market influences. Feed sales growth recovered by 1.2% in 2019/20, 1.0% in 2020/21 and a further 2.2%, amounting to 6 938 537 tons in 2021/22, as seen in **Table 10**.

TABLE 10: AFMA FEED SALES FROM 2017/2018 TO 2021/2022 (APRIL – MARCH)* (TONS)						
Type of Feed	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**% Growth**
Dairy	950 243	956 400	967 560	948 768	916 934	-3,4%
Beef and sheep	860 052	906 485	845 843	835 604	902 108	8,0%
Pigs	342 076	379 313	394 184	389 867	453 652	16,4%
Layers	784 856	900 668	999 407	1 001 891	981 023	-2,1%
Broilers	2 583 948	2 617 516	2 709 516	2 836 404	2 903 007	2,3%
Broiler breeders	476 924	528 181	536 709	535 531	528 289	-1,4%
Horses	32 075	28 008	26 182	21 772	22 468	3,2%
Dogs (D&W)	84 650	84 289	23 416	1 483	1 049	-29,3%
Ostriches	14 446	10 686	14 450	13 739	9 228	-32,8%
Game Feed	52 591	41 208	34 257	26 325	24 606	-6,5%
Other Feed	12 139	13 809	10 834	12 529	13 279	6,0%
Aquaculture	4 730	4 847	4 048	3 387	9 279	174,0%
CONCENTRATES						
Pigs	14 583	23 736	24 229	24 290	23 236	-4,3%
Other concentrates	2 287	2 824	5 743	8 959	13 968	55,9%
Beef finisher	52 215	55 331	46 759	51 109	55 379	8,4%
Dairy + urea	19 841	17 350	11 438	7 599	6 860	-9,7%
Dairy – urea	8 118	9 614	3 863	3 517	2 576	-26,8%
Sheep finisher	25 578	23 367	23 751	20 939	25 246	20,6%
Layers	26 134	29 339	31 936	32 083	33 674	5,0%
Broilers	2 425	2 023	2 174	4 024	2 624	-34,8%
Ostriches	0	162	39,16	43	402	834,9%
Horses	45	47	11	4	616	15300,0%
Ruminants – other	4 362	9 444	7 472	11 996	9 034	-24,7%
TOTAL	**6 354 318**	**6 644 647**	**6 723 822**	**6 791 863**	**6 938 537**	
% Growth	-1,9%	4,6%	1,2%	1,0%	2,2%	
Source: AFMA STATS – Only AFMA members						

Despite four consecutive years of year-on-year volume growth, it is clear that AFMA feed sales do not reflect the theoretical potential which could have been achieved in a free and fair trade market with limited challenges. However, the feed industry's off-takers are continuously facing ongoing challenges on various fronts.

The poultry and livestock industries are currently facing one of the worst spells of a widespread conundrum of animal diseases. It is very rear that the poultry and livestock sectors are challenged by animal diseases during the same time period, Poultry with Highly Pathogenic Avian Influenza (HPAI), Cloven hoofed animals with Foot & Mouth Disease (FMD) and the Pork Industry with African Swine Fever (ASF).

If these local animal diseases aren't enough, these industries have to deal with the combination of disjointed and disrupted global supply chains still trying to fully recover from the aftermath of the COVID-19 pandemic, which was dealt a further globally disruptive blow of which the extent isn't calculated, when Russian invaded Ukraine.

This gave way to increased uncertainty in the commodity markets, already jittery due to the effects of global climatic and weather conditions on Northern hemisphere countries. This increased uncertainty was directly reflected in global commodity market pricing, leading to an increase in already high prices, in some cases moving

up to global record prices. Good examples of this were specifically sunflower seed, sunflower oil and wheat, due to the Ukraine and Russia being two of the major global producers and exporters of these commodities.

As one of the leading supporting industries and a value chain partner of the Poultry and Livestock Industries, AFMA's view is that growth in local feed production and sales would only be possible if the Poultry and Livestock Industries are successful in implementing the SAPMAP and AAMP, in direct partnership with Government, creating an export market for these economic sector's produce.

12.1 Feed sales per province: 2021/22

Table 11 shows the feed sales of AFMA members per province. As previously mentioned, feed sales figures have, in some cases, been consolidated by province or area to prevent disclosing the statistics of individual feed mills. Mill production is regarded as feed sales and allocated in regions according to the location of the production facility.

TABLE 11: ANIMAL FEED SALES PER PROVINCE – 1 APRIL 2021 TO 31 MARCH 2022 (AFMA MEMBERS ONLY) (TONS)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpuma-langa	North West Province	SADC	Western Cape	Total
Dairy	197 038	55 915	26 311	228 446	275	33 251	30 095	959	344 644	916 934
Beef and sheep	32 542	114 091	9 587	246 235	5 758	327 743	15 028	36 158	114 966	902 108
Pigs	32 362	104 167	34 643	27 474	2 795	60 166	36 756	14 152	141 137	453 652
Layers	38 875	210 228	322 311	64 627	4 705	106 288	82 097	33 272	118 620	981 023
Broilers	172 926	424 199	504 970	187 395	93 540	486 622	424 018	140 244	469 093	2 903 007
Broiler breeders	27 533	43 317	95 648	110 756	191	108 282	38 978	34 326	69 258	528 289
Horses	728	182	11 933	256	3 872	3 402	-	552	1 544	22 469
Dogs	-	-	23	-	898	-	39	-	89	1 049
Other feed	99	144	2 010	494	1 498	2 485	491	5 509	549	13 279
Maize-free mixes	2 101	29 769	18 494	6 634	58	81 909	9 911	1 540	23 198	173 614
Aquaculture	-	-	3 556	-	-	-	-	-	5 723	9 279
Ostriches	94	38	108	-	107	217	75	-	8 589	9 228
Game feed	677	3 156	5 137	199	4 747	8 031	104	1 030	1 525	24 606
TOTAL 2021/2022	**504 975**	**985 206**	**1 034 731**	**872 516**	**118 444**	**1 218 396**	**637 592**	**267 742**	**1 298 935**	**6 938 537**
Percentage of sales	7,3%	14,2%	14,9%	12,6%	1,7%	17,6%	9,2%	3,9%	18,7%	100%
TOTAL 2020/2021	**507 173**	**840 988**	**1 049 390**	**890 681**	**108 094**	**1 197 691**	**586 390**	**259 660**	**1 314 275**	**6 754 342**
Percentage of sales	7,5%	12,5%	15,5%	13,2%	1,6%	17,7%	8,7%	3,8%	19,5%	100%

Source: AFMA STATS – Only AFMA members

It must be borne in mind that feeds are sold over provincial and national borders. Feed sales, therefore, affect points of production. No information on the movement of feed after production is available.

The market share of the different provinces shows some changes due to expansion in certain areas and new members joining AFMA in various provinces.

AFMA began reporting on SADC figures in 2010/11. Some minor changes to market share have since taken place.

13. NATIONAL FEED SALES: 2021/22

According to **Table 12**, AFMA's market share versus national feed sales showed some changes between species. AFMA's market share of dairy beef & sheep reduced while AFMA's national market share increased in terms of pig, layers, and broiler feeds. It should be noted that in a case where the AFMA's sales volume exceeds the national volume, it must be regarded as feed exports to third countries.

National feed volumes for 2021/22 were calculated at 12 147 122 tons, recording a 1.6% increase in national feed sales.

TABLE 12: NATIONAL ANIMAL FEED PRODUCTION DURING 2021/2022 (TONS)

Feed type	AFMA feeds plus feeds derived from concentrates	National feed production **	AFMA feed as % of national production
Dairy	948 387	2 600 809	36,5
Beef & sheep	1 060 334	3 179 446	33,3
Pigs	511 742	1 086 174	47,1
Layers	1 065 207	1 305 565	81,6
Broilers	3 437 857	3 468 237	99,1
Dogs	1 049	368 287	0,3
Horses	24 521	127 310	19,3
Ostriches	10 568	88 014	12,0
Aquaculture	9 279	5 125	181,1
Other	37 885		
TOTAL	**7 106 829**	**12 147 122**	**58,5**

Source: Dr Erhard Briedenhann – Modelling

14. AFMA – MARKETING, COMMUNICATION & PROMOTION

14.1 Stakeholder engagement

Effective communication is integral to the key objectives of AFMA, and AFMA is committed to providing meaningful, timely and accurate information to primary stakeholders, as defined below. AFMA utilises various communication methods to ensure that stakeholder communication is always clear, constructive, and interactive.

Stakeholder Overview

AFMA's stakeholders comprise the following partners:

AFMA Members	**Full Members** Manufacturers of compound animal feed **Associate Members** • Input suppliers and service providers to the animal feed industry, i.e., suppliers/manufacturers of raw materials; – Premixes; – Feed additives and veterinary products; – Commodity traders; – Laboratories; and – Suppliers/manufacturers of equipment **Affiliate Members** • Service providers to the animal feed industry, including analytical services (laboratories); consultation services (nutrition, operational, IT systems); installation services (manufacturing equipment); and other NGOs and affiliated industry associations.
AFMA Structures	• Board of Directors • Technical Committee • Regulatory Committee • Trade Committee • Training and Skills Development Committee • Marketing, Communication and Promotions Committee • Management Information Committee
Livestock Value Chain	• South African Poultry Association (SAPA) • South African Feedlot Association (SAFA) • Red Meat Producers Organisation (RPO) • Milk Producers Organisation (MPO) • South African Pork Producers Organisation (SAPPO) • South African Animal Health Association (SAAHA) • Pet Food Industry Association of Southern Africa (PFI)
Grain and Oilseeds Value Chain	• South African Cereals and Oilseeds Traders Association (SACOTA) • Agbiz • Grain SA (GSA) • Agbiz Grain • National Chamber of Milling (NCM) • South African Chamber of Baking (SACB) • South African National Seed Organization (SANSOR) • Croplife South Africa (Croplife SA) • Fertilizer Association of South Africa (FERTASA) • Oil & Protein Seeds Development Trust (OPDT)

Grain and Oilseeds Value Chain (cont.)	• Oilseeds Advisory Committee (OAC) • Protein Research Foundation (PRF) • Sunflower, Soybean and Soybean Food Forum (SSSF) • South African Grain Information Service (SAGIS) • Southern African Grain Laboratory NPC (SAGL)
Government & Governing Bodies	• Department of Agriculture, Land Reform and Rural Development (DALRRD) – i.e. Act 15; Act 35; Act 36; Act 40; Act 119 • Department of Trade, Industry and Competition (the DTIC) • National Department of Health (DoH) – Act 54 • South African Health Products Regulatory Authority (SAHPRA) • South African Veterinary Association (SAVA) • South African Animal Health Association (SAAHA) • South African Council for Natural Scientific Professions (SACNASP)
Universities and related bodies	• Universities with animal nutrition as a field of study • Students in Animal Science • South African Society for Animal Science (SASAS) • South African Council for Natural Scientific Professions (SACNASP)
International Bodies	• International Feed Industry Federation (IFIF) • Food and Agriculture Organization of the United Nations (FAO) • OIE
** AFMA stakeholders are not limited to the above*	

Our stakeholder engagement activities are guided by AFMA's values and the following main objectives:

a) Promoting the development of the animal feeds industry in South Africa and securing the sustainability thereof; and

b) Enhancing and supporting a sustainable industry that acts responsible within the food chain by ensuring safe feed for safe food;

c) Lobbying, liaising, supporting and cooperating with Government departments; regulatory decision-makers; parastatals; forums; related associations; value chain partners, international agencies and related role players;

d) Providing management information to members, industry and other role players;

e) Influencing and managing factors that have a bearing on industry costs;

f) Creating awareness among industry role players of threats and opportunities facing the industry and formulating unified action plans accordingly;

g) Promoting AFMA's image, i.e. "Safe Feed for Safe Food"; and

h) Doing all such things that are ancillary to or deemed necessary in the furtherance of the main objectives of AFMA.

AFMA interacts with stakeholders through various communication channels, such as direct e-mail, quarterly e-newsletters, AFMA's website, AFMA Matrix quarterly magazine, annual reports, research reports and other publications.

In addition, AFMA participates in formal and structured engagements, such as meetings, workshops, student outreaches, AFMA Symposia, AFMA Forums and AFMA Golf Days.

14.2 Events

Golf Day
Due to COVID-19 restrictions in the reporting period, 2021 AFMA Golf Day was cancelled.

AFMA Symposium
The AFMA Symposium 2021-themed 'Embracing the New Normal' was held virtually on 18 and 19 October 2021. The programme consisted of seven sessions with 19 speakers. They discussed scientific developments in achieving sustainable feed and feed production, specifically in the light of the global shift to producing meat in an antibiotic growth promoter (AGP)-free way. Close to 500 delegates, speakers and exhibitors logged into the platform.

74th AFMA Annual General Meeting
AFMA hosted its 74th AFMA Annual General Meeting virtually, where 2021/22 Board members were announced: Wouter de Wet (Chairman), Thinus van Lill (Vice-Chairman), Anina Hunter, Francois van de Vyver, Dieter Fleischmann, Johan du Plessis, Heiko Köster, Neil Dominy, Paul Saunders, Sharlene Moodley, Michael Schmitz, De Wet Boshoff (Executive Director).

During the open session, thought leaders Justice Malala, Dr John Purchase and Wandile Sihlobo shed light on pressing political, economic, and policy issues faced by the Agri sector.

AFMA Meetings
AFMA board meetings, general meetings and committee meetings followed the same route, but as restrictions became less strict, these events turned hybrid.

AFMA Feed Miller Short Course
AFMA's Feed Miller Short Course is tailored to provide learners with best practices and skills to optimise feed mill efficiency and produce better results. AFMA, in Association with Ernst Nef from Nef Feed Milling Consulting, hosted the 6th Feed Miller Short Course from 9-19 May 2022 at 26° South, Muldersdrift. Nef is an internationally acclaimed expert in feed technology. Since he retired in December 2015 as director

and specialist teacher from the Swiss Institute of Feed Technology (SFT), Nef has presented feed technology courses as a freelancer. This year, a record number of 55 participants from South Africa, Sudan and Tanzania were present. The 9-day in-person course covered the following topics:

- Manufacturing of animal feed
- Aspiration batch mixing system
- Size reduction mixing
- Mixing
- Liquid addition
- Hygienist and compacting
- Expansion
- Drying and cooling
- Mechanical conveying

Soybean for Human Consumption Symposium 2021

On 16 September 2021, AFMA Executive Director De Wet Boshoff chaired the session on the soybean economic environment at the Soybean for Human Consumption Symposium 2021. Topics on the programme of this virtual event include agronomy, soybean disease challenges, transformation, soybean consumption, extrusion and processing, trade, value addition, and improving soybean products.

14.3 Digital communication channels

AFMA website

The AFMA website forms the pivotal point of the Association that serves as an information platform for the animal feed industry and related matters. It has a contemporary look that is continuously updated with the latest information and new features. The website is available at www.afma.co.za.

In addition, AFMA has the following five microsites that promote individual events:

- AFMA Annual General Meeting
  www.afmaagmza.co.za
- AFMA Symposium
  www.afmasymposium.co.za
- AFMA Forum
  www.afmaforum.co.za
- AFMA Technical Writing Skills Workshop
  www.afmatechnicalwritingskillsworkshop.co.za
- AFMA Golf Day
  www.afmagolfday.co.za

AFMA Member Updates

The AFMA Member Updates is a quarterly newsletter designed to provide members

with an overview of various AFMA activities, initiatives and committee discussions and decisions.

AFMA E-News
The purpose of the quarterly AFMA E-News is to engage with value chain partners and related industries on AFMA's activities, industry involvement and upcoming events.

Social media
AFMA's social media presence is growing in followers and engagement across Facebook, Twitter, and LinkedIn. These platforms enable AFMA to share information in real-time as events happen or information becomes available.

E-mail
The majority of AFMA's communication is conducted by e-mail. However, in addition to its routine e-mail communication, 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.

14.4 Print media

AFMA Matrix
The first edition of the AFMA Matrix quarterly industry magazine was published in March 1992. A co-publishing agreement between AFMA and Plaas Media was concluded in 2012. The editorial committee convenes quarterly, ensuring the magazine meets the ongoing needs of AFMA members and other stakeholders.

14.5 Professional and corporate image
The AFMA Board continuously investigates improvements and identifies the latest technologies to strengthen the AFMA image and brand on behalf of its members.

AFMA maintains its professional and corporate image in all activities in which it is involved. This is evident in all activities that AFMA presents.

14.6 Sponsorship and presentation of awards

14.6.1 Intervarsity Writer's Cup Championship
As part of its student outreach programme, AFMA introduced the Intervarsity Writer's Cup (IWC) competition, which is open to students studying at tertiary institutions. Through the competition, AFMA encourages final year and post-graduate animal nutrition students to write technical articles as research pieces or literature reviews for the AFMA Matrix.

Cash prizes are at stake for students whose articles are published and the overall winner in the "Own Research" category. Not only is the student awarded a prize, but his lecturer receives an equal award as the student. The university faculty where the overall winner studies furthermore receive a floating trophy and 'bragging rights' as Intervarsity Writer's Cup Champion of the Year.

Zarinah Skippers was announced as the overall winner in the Own Research category and was provided with the opportunity to present her article at the AFMA Symposium. Stellenbosch University – Faculty of AgriSciences took home the bragging rights as the "2021 AFMA Intervarsity Writers Cup Champion".

Zarinah's article themed '*Effect of pre-treatment incubation time using exogenous fibrinolytic enzymes on in vitro fibre digestion'* appeared in the April/June 2021 edition of the AFMA Matrix.

14.6.2 AFMA Technical Person of the Year (Barney van Niekerk) Award

The Barney van Niekerk/AFMA Technical Person of the Year Award for 2021/22 was not awarded.

14.6.3 AFMA Person of the Year Award

Dr John Purchase, Agbiz CEO, was announced as the AFMA Person of the Year at the 74th AFMA AGM. Chemuniqué sponsors this prestigious award, which has been awarded since 1993.

14.6.4 AFMA Student Poster Award

The winner of the AFMA Student Poster award was Sarah Harrison from the University of Pretoria. Her poster presented at the 52nd SASAS Congress was themed *'An in vitro comparison of buffers used in ruminant diets'*. Ms Harrison presented her research at the AFMA Symposium 2021.

14.6.5 AFMA Student of the Year (Koos van der Merwe) Award

Andries van der Merwe of the University of the Free State (UFS) won the Koos van der Merwe/AFMA Student of the Year Award.

14.6.6 Professor Rob Gous Scholarship

Victor Makofane from the University of Limpopo and Ofhani Michael from the UFS were the recipients of the Professor Rob Gous Scholarship, sponsored by Chemuniqué.

15. AFMA MEMBERSHIP

Despite the turmoil of a global pandemic, high international commodity prices and geo-political conflicts, AFMA is fortunate to report that it has received a total of

31 applications for AFMA membership during the period under review, while three AFMA members resigned. A net total of 16 new members joined AFMA in the past reporting period.

The applications were for:
- Full Membership (5);
- Associate Membership (19); and
- Affiliate Membership (7).

The following official name changes occurred during the reporting period:
- Biominerale changed to Westmin;
- Wisium changed to ADM Nutrition South Africa; and
- Russell Stone Protein changed to RS Processing.

AFMA's total membership for 2021/22 amounts to 156 and consists of:

• Full members (compound feed manufacturers)	63
• Associate members	77
• Affiliate members	16

Associate membership categories provide for:

• Manufacturer/Supplier of Raw Materials	27
• Manufacturer/Supplier of Premixes/Feed Additives	44
• Manufacturer/Supplier of Stock Remedies/Vet Meds	6

Affiliate membership categories provide for:

• Laboratory Services	6
• Equipment Suppliers	7
• Consultant Services	2
• Transport Services	1

15.1 New members

The following AFMA members have successfully passed the AFMA Code of Conduct and were awarded their AFMA Membership Certificates where applicable:

Full member
- AFGRI Delmas

Associate members
- AlcoNCP
- Nutribase
- Aardika
- Ingrain SA Belville
- Ingrain SA Kliprivier

- Ingrain SA Meyerton
- AECI Animal Health Site 2 Burgersdorp
- Farmwise Grains
- Nutrimin
- Southern Oil (Roodekop)

Affiliate members

- EWC Engineering
- Feed First
- FDA Laboratories
- AE Solutions
- WAM SA Bulk Handling
- R&D Weighing
- SGS South Africa
- Silo Warehouse

15.2 Renewal of AFMA Membership

The renewal of AFMA Membership for Full and Associated Members opened on 5 July 2021.

Since the opening of the membership renewal cycle, a total of 83 renewal applications have been received:

- Sixty-two (62) were found compliant;
- Four (4) were cancelled or withdrawn; and
- Seventeen (17) are in process.

AFMA would like to thank our members for their commitment and valuable contributions toward producing **Safe Feed for Safe Food**.

16. STAFF MATTERS

16.1 The staff in the AFMA office

Some staff changes took place in the AFMA office during the year under revision.

Karla Hendriks (Technical Advisor) resigned during the reporting period joining an agricultural marketing and promotion company, and was replaced by Bonita Cilliers, formerly from an AFMA member – Wisium.

The current full-time staff members are as follows:

• Executive Director	De Wet Boshoff
• Manager: Technical and Regulatory Affairs	Liesl Breytenbach
• Member Administrator	Wimpie Groenewald
• Technical & Regulatory Advisor	Bonita Cilliers

• Trade Advisor	Lucius Phaleng (Appointed 1 Aug '22)

17. ACKNOWLEDGEMENTS

My heartfelt appreciation and acknowledgement go to the Board and Directors for their support and input 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 Chantelle Fryer (Technical), Heiko Köster (Trade), Liza Burger (Regulatory), Sharlene Moodley (Training and Skills Development), Jennifer Roets (Marketing, Communication, and Promotion) and De Wet Boshoff (Management Information & AFMA Matrix Editorial Sub-Committee).

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 contribute to the broad AFMA cause unselfishly.

The AFMA staff worked extremely hard and with dedication. I thank Liesl, Wimpie, Karla (in her absence – for her contribution to AFMA), Bonita, Jennifer, Herman, Nick, Ronel, Mandy, Les and André for their exceptional efforts.

We are looking forward to see what Lucius, newly appointed Trade Advisor, will be contributing towards in the years to come.

De Wet Boshoff, the Executive Director of AFMA, has excelled once again and continued to make a considerable difference to AFMA. 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 throughout the year and their great support of AFMA.

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