Grains, Oilseeds and Livestock

Agbiz Congress 2022

Bureau for Food and Agricultural Policy

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AAMP is a partnership model

Government

Private sector

Labour

AAMP vision

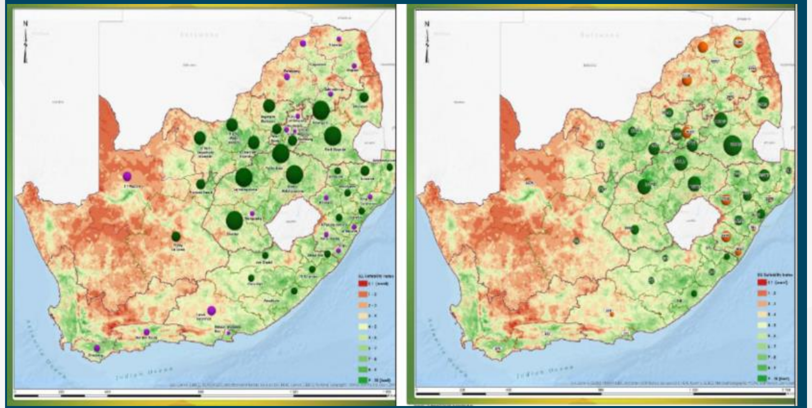
"Promote a meaningful **public-private partnership** designed to produce a world-class, competitive, dynamic, growing, ecologically sustainable, safe, fair and inclusive sector in 2030."

AAMP theory of change

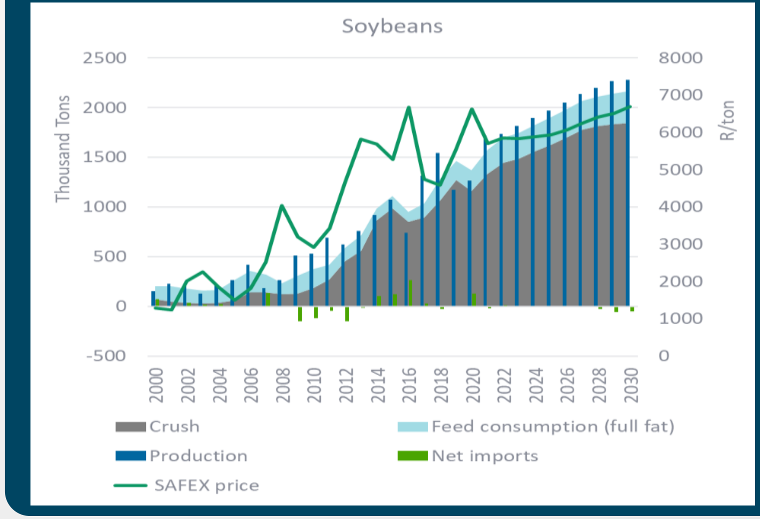
The co-existence of small, medium and large commercial farmers and agribusinesses operating in commercial and marginalized agricultural areas.

AAMP Value Chain Deep-Dive Analytics

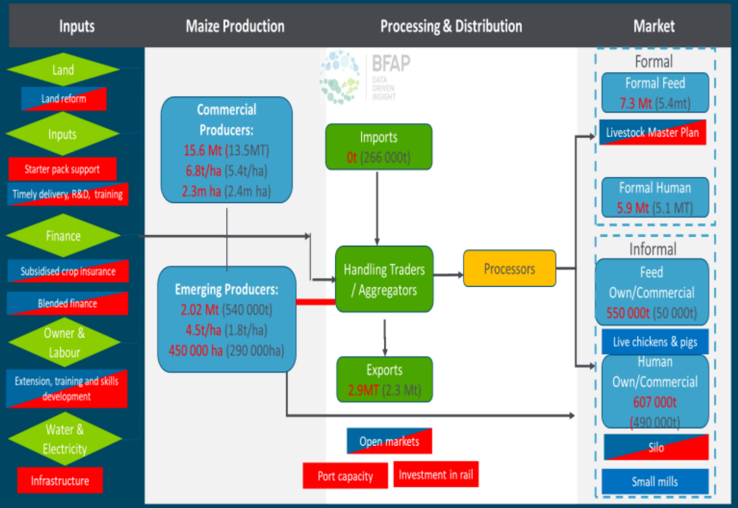
1. Spatial context (natural resource potential)
Focus on PLAS farms & under-utilsed land



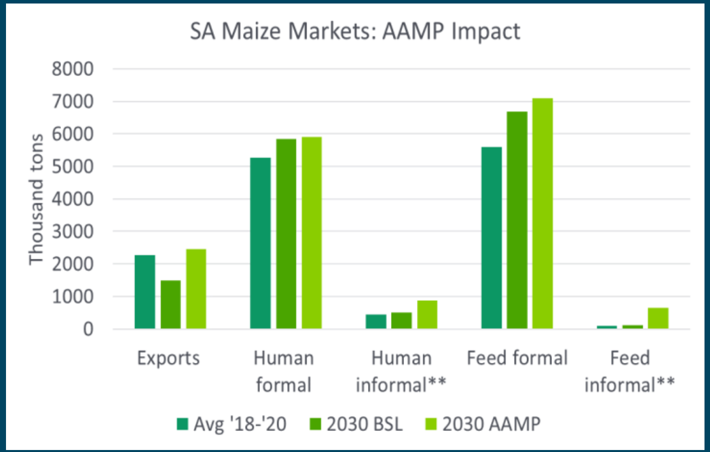
2. Market potential (domestic, regional, inter)



3. Market structure & product flows



4. Economic feasibility & competitiveness



Value chain-specific policy and investment priorities

Dealing with key uncertainties first

Downside risk in global economic performance

- New wave of COVID-19 pandemic?
- Supply chain disruptions & high energy costs
- Geopolitical tensions

Weather conditions remain a concern

- Affecting supply response & global price outlook
- Extent of damage to SA 2022 crop remains unclear
- Long term climate impacts – extreme weather

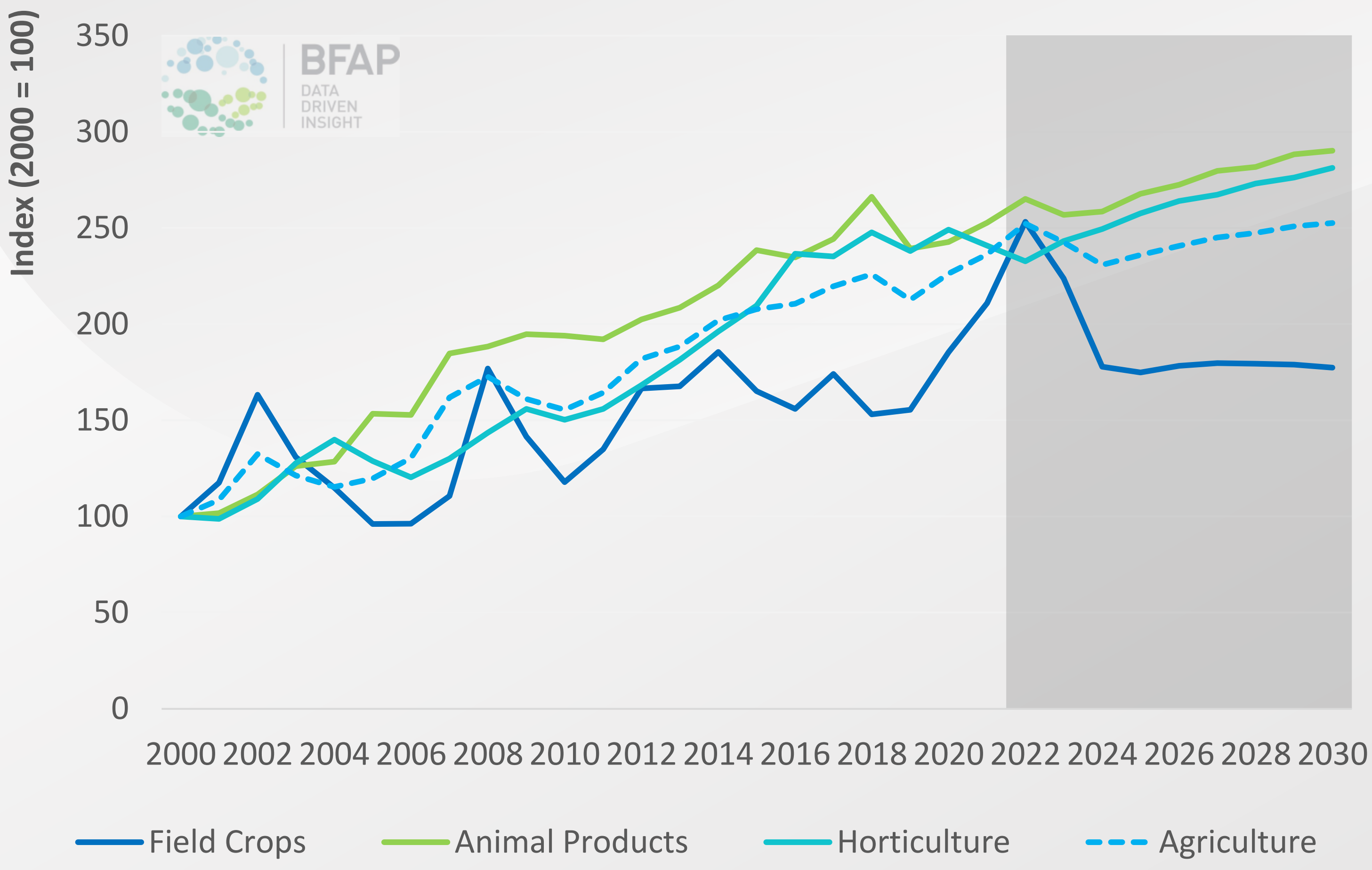
Port and logistics performance is critical

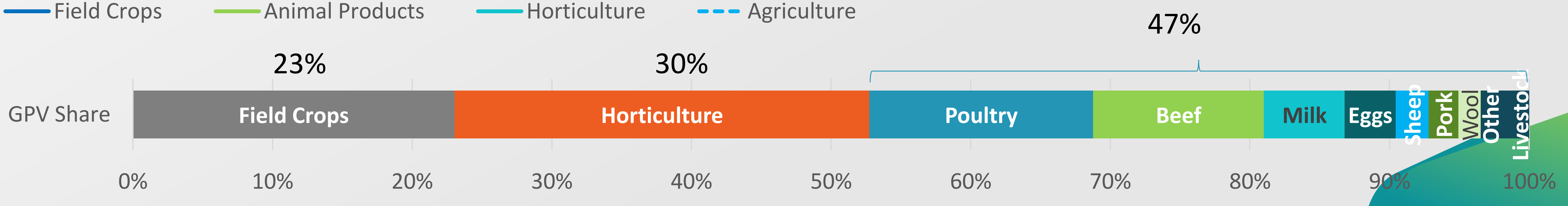
- Global constraints as pandemic lingers
- SA congestions & efficiency needs to improve
- Costs have increased substantially

Expanded market access is critical

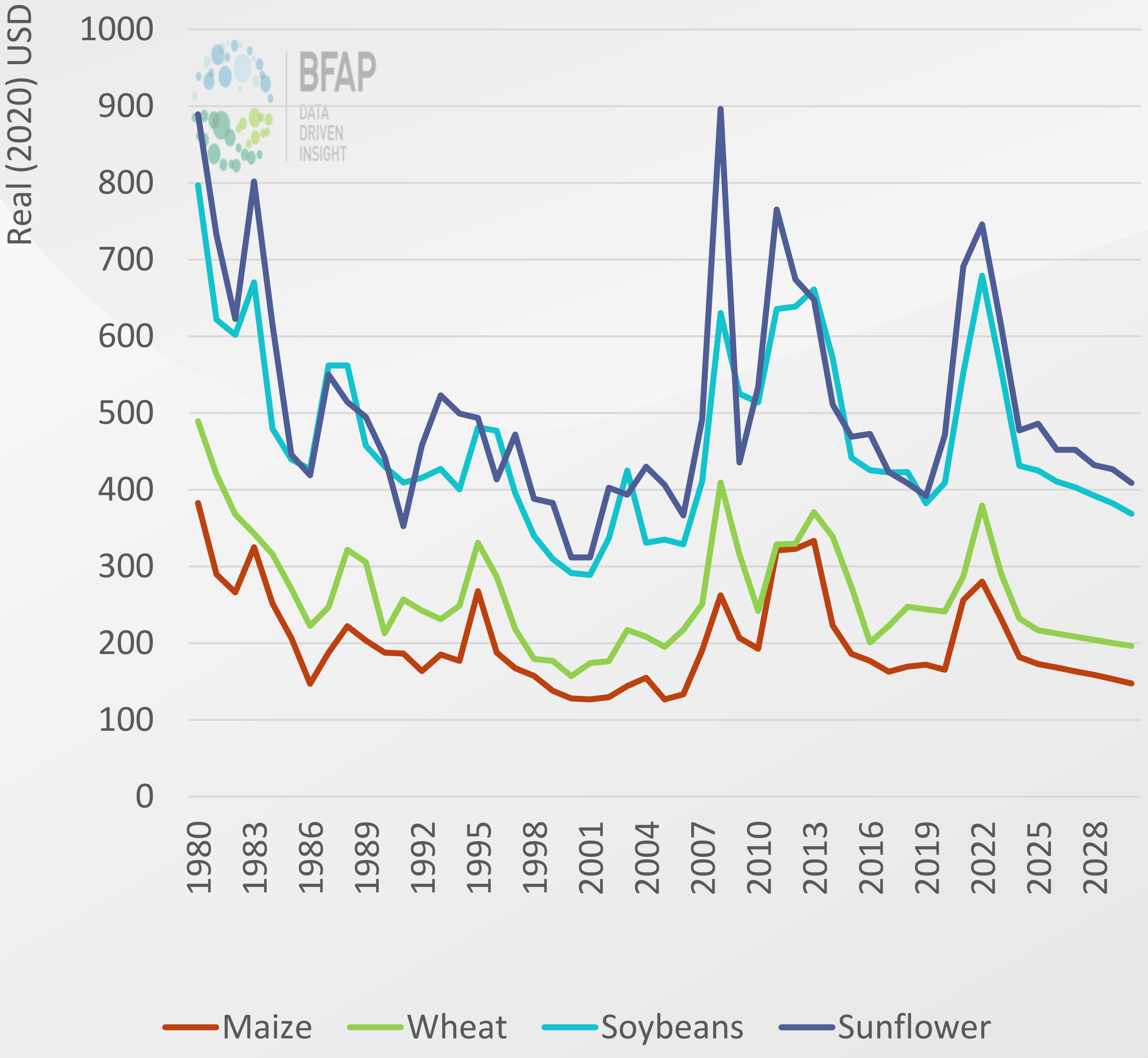
- Substantial volumes of fruit and nuts to enter market
- Sustainability of price levels will require wider access
- Coordination & queuing order in place – time is critical

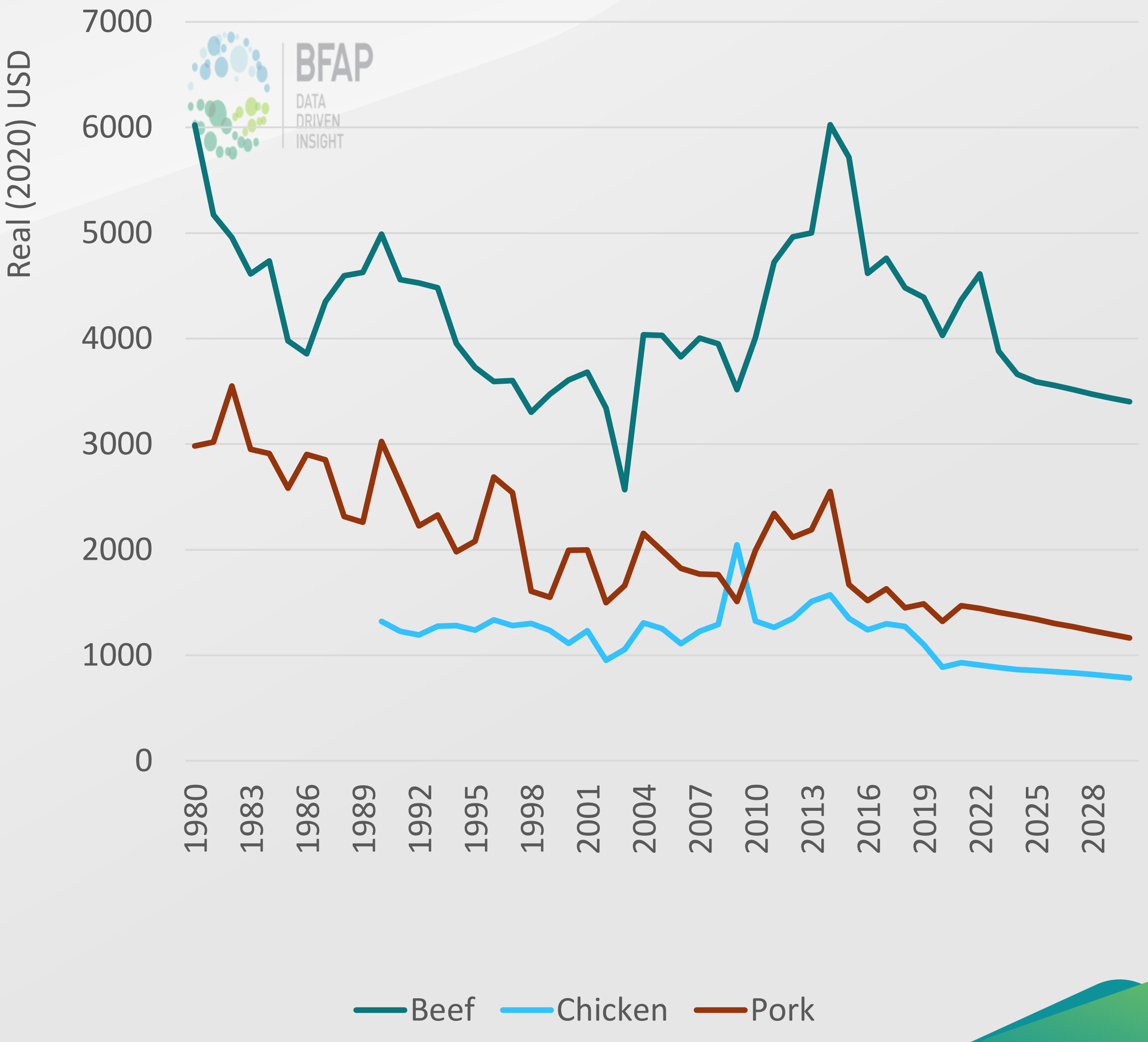
Agriculture the shining star… but margins rapidly closing
due to rise in production and declining prices, high input costs and weakening economy



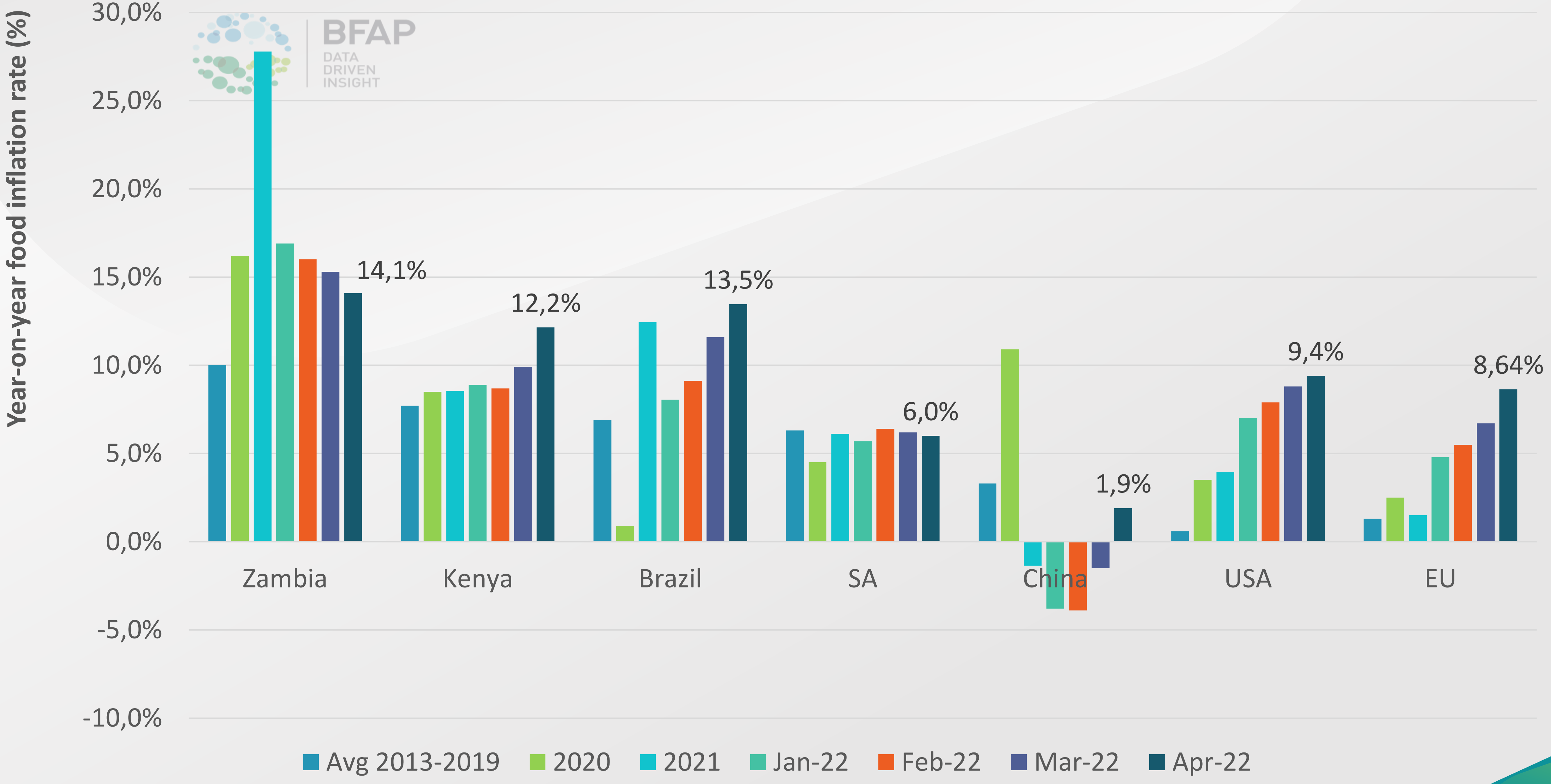


Declining Real Prices

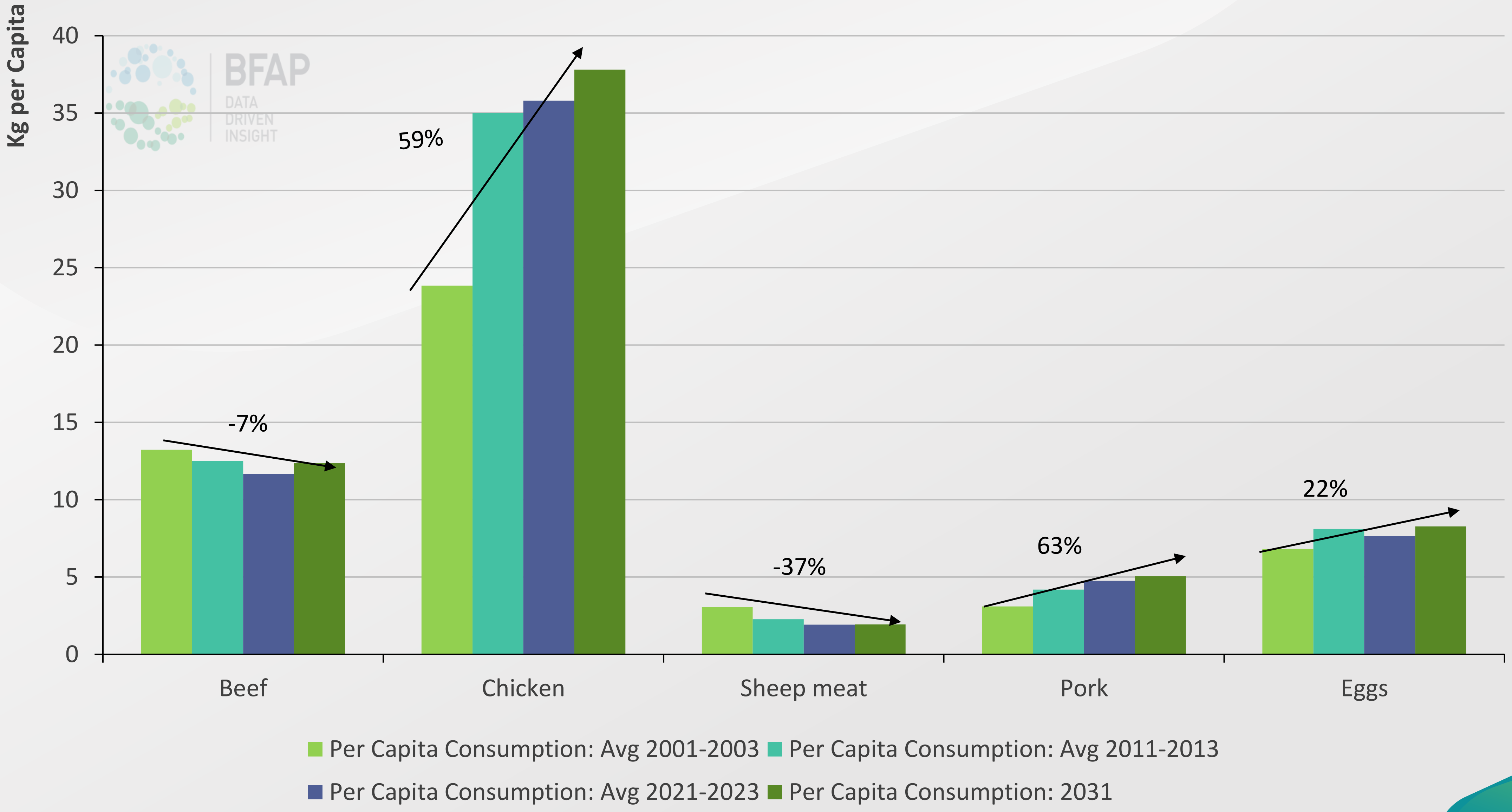




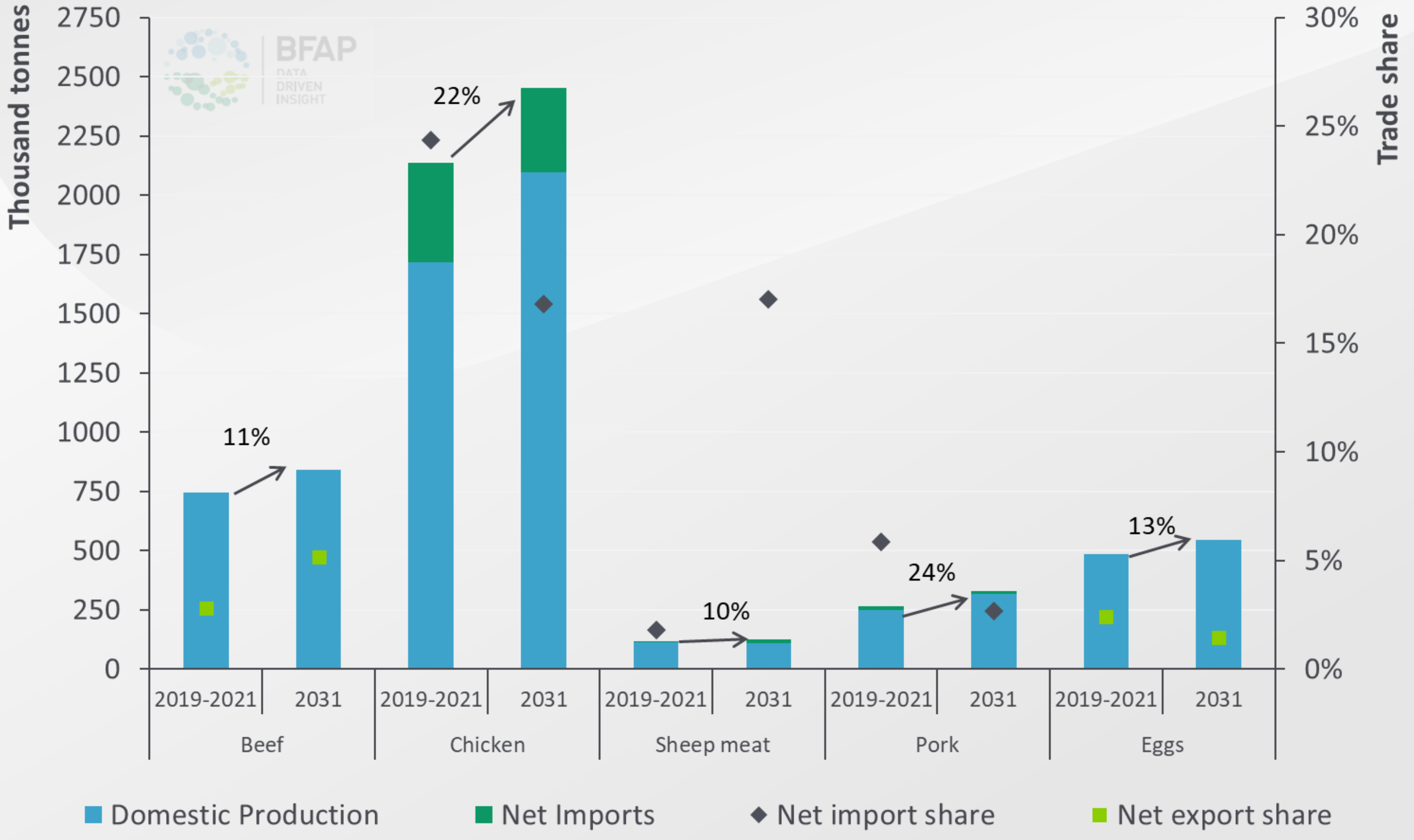
South African inflation is among the lowest in the world – despite recent increases

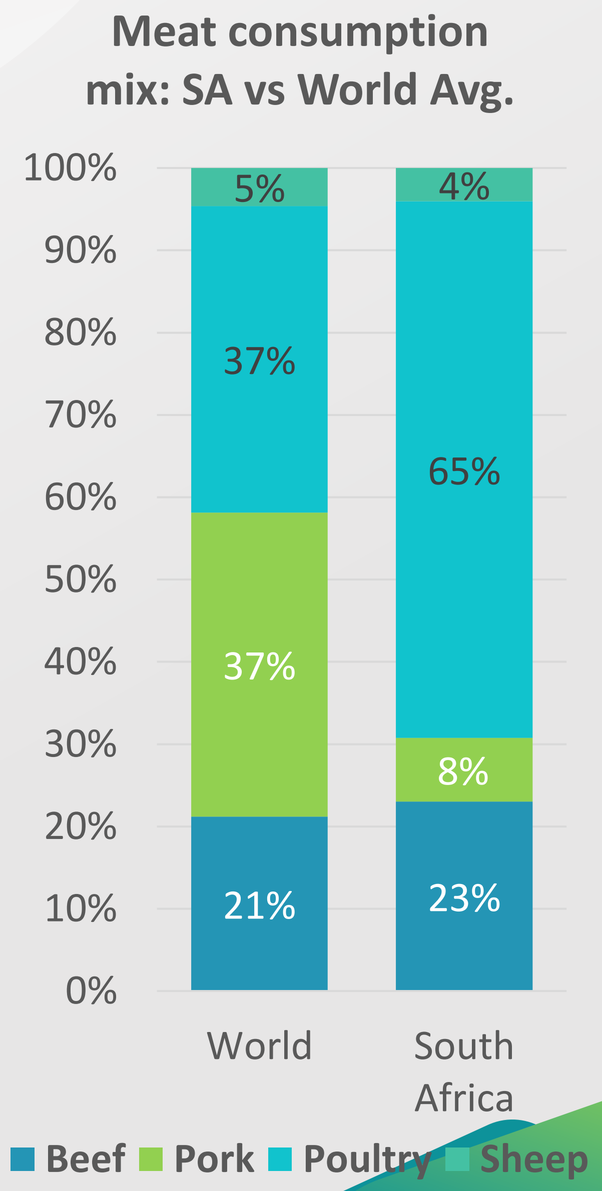


Per Capita Meat Consumption



Outlook for Meat Markets





Beef value chain in South Africa – Possible Interventions

Industry interventions

Government interventions

Improved state 2030 (Current State)

BFAP DATA DRIVEN INSIGHT

Inputs

Imported soybean cake 0 Kt (480Kt)

Soybean area expansion

Domestic soybean cake 1.55 Mt (786 Kt)

Maize (mainly yellow) 7.3 (5.5 Mt)

Yellow MZ area expansion

Other raw feed materials

Planted Pastures 3.7 Mha

Address Land Degradation

Natural Pastures / Grasslands 65.8 Mha

Cattle Production

Biosecurity Controls & Total Herd Heath

Animal Feeds

Imports Value vs Export Potential

Genetic Material

Implementation of trade protocols

Commercial producers

Large-Medium producers (250k Weaners)

Herd Health

Subsistence Producers (200k Weaners)

Herd Productivity

Weaner Calf Imports (250k Heads) (330k)

Feedlots +/- 80% of production

IDENTIFICATION & TRACEABILITY

Processing (Beef Production)

Offal sales from Abattoir

Processors / Traders

Imports 15 Kt (14)

Abattoirs / Processors 981 Kt (740)

Meat Grading

Joint funding initiatives for transformation

Marketing

Direct Household Consumption

Retail & local domestic markets 764 Kt (715) (13kg/capita)

SPS Compliance

Exports 235 Kt (30)

Market Access

Cluster Negotiation outcomes: Livestock

BFAP DATA DRIVEN INSIGHT

6 PILLARS / KEY INTERVENTIONS

Resolving policy ambiguities and creating investment friendly climate

- Establish Act 36 PPP between state & industry
- Amend Municipal By-Laws to allow sale of live goats & sheep in rural towns
- Implement SA Veterinary Strategy: 2016 - 2026
- Develop & enforce strict biosecurity control measures & protocols
- Accreditation of private labs to facilitate the testing
- Strategic engagement on stock theft
- Animal traceability

Creating enabling infrastructure

- Deployment of national identification & traceability system (LITS)
- Invest in rural animal production infrastructure (dipping tanks, fences, shearing sheds)
- Address the shortages of vaccines at OBP
- Revitalize dipping tanks & animal handling facilities in line with SIP 11 prioritize FMD areas

Providing comprehensive farmer support, development finance, R&D and extension services

- Comprehensive producer support via PPPs
- Access to feed for black farmers and rural producers
- Increase weaner calves intake from communal farmers by 250 000
- CCS & para-Vets partnering with industry to enhance animal health and fertility
- Enhancement of better management of animals & technical information access

Ensuring food security, expanded production and employment creation, decency and inclusivity

- Revitalize transferred PLAS farms for animal production
- Improve livestock statistics for formal & informal producers
- Improve land degradation
- Public health & food safety legislation
- Strict implementation of labelling legislations

Enabling markets expansion, improving market access and trade facilitation

- Municipalities to identify suitable sites and permits for monthly marketing of live goats and sheep
- Pro-active communication of health status (FMD, AFA, AVI) to key trade partners
- Explore certification benchmark of livestock industry
- Increase state capacity to negotiate trade agreements projects

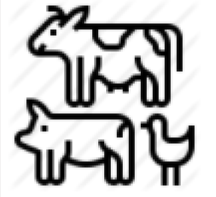
Developing localized food, import replacement and expanded agro-processing exports

- Increase local wool scouring from 0 to 1000 tons
- Invest in spinning capacity of R500 to 800 million
- Establish and enforce import SPS & Biosecurity requirement
- Link to grains & oilseeds Master Plan goals

OPPORTUNTIES

Proposed Delivery Models

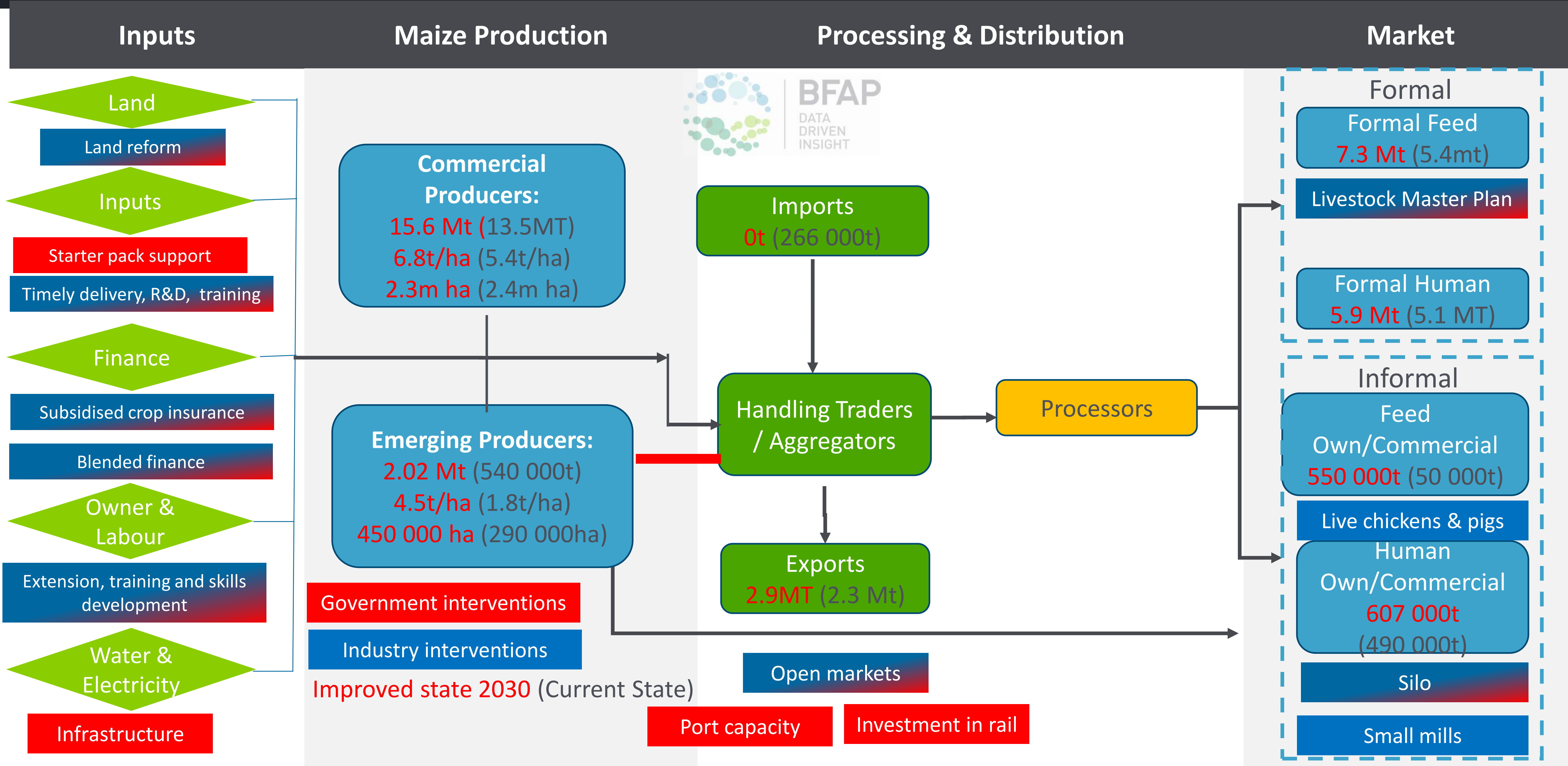
Establish a livestock round table that includes all stakeholders. This will also assist in the M&E process.



R18,8 BILLION Real GPV added by 2030

Maize value chain: Avg. (‘17-’19) vs 2030 AAMP

Preliminary Future State (Incl. Beef & Poultry interventions)



Cluster Negotiation outcomes: Grains & Oilseeds

6 PILLARS	**Resolving policy ambiguities and creating investment friendly climate**	**Creating enabling infrastructure**	**Providing comprehensive farmer support, development finance, R&D and extension services**	**Ensuring food security, expanded production and employment creation, decency and inclusivity**	**Enabling markets expansion, improving market access and trade facilitation**	**Developing localized food, import replacement and expanded agro-processing exports**
KEY INTERVENTIONS	• Establish Act 36 PPP between the state & Strategic Agricultural Inputs Forum (SAIF) - Crop Life • Synchronize new seed & chemical technology applications • Adopt a PPP approach to address the 3 000 application backlogs • Create a Web/ App based system for registration of new technologies	• Industry & state to identify potential growth areas & infrastructure projects • Build 500 000 tons of storage & warehouse in EC and KZN areas • Build cotton processing infrastructure • Increase capacity of ports, rail and rural municipalities	• Avail developmental finance to the value of R8 billion to drive capital and production of grains • Expand extension services and secondment of state officers to industries, seed companies • Enhance PPP on research to raise R50 million per annum • Seed companies to label the expiry date of seeds	• Grow Grains & Oilseeds by R6.4 billion real GPV by 2030 • Increase black farmer share in production (real value): ✓ Maize: from 4.7% to 20% ✓ Soybean: from 3.1% to 12% ✓ Cotton: from 11% to 26% ✓ Sunflower: 7% by 2030 ✓ Canola: 3% by 2030 • Statutory declaration of deliveries in Silos • Increase efficiency of Foskor & Sasol in providing inputs • New Jobs to be created ✓ Maize: 6236, Soyabeans: 2664, Cotton: 6373 & others to be finalized	• Grow local, regional & export markets. Also align to Livestock Master Plan • Increase state capacity to negotiate new trade agreements • Grow SMMEs aligned to Agro-processing Cluster Goals • State and industry to identify strategic markets and high impact investment projects	• Expand value-addition of grains, oilseed & cotton • Promote import substitution especially on soybean by increasing processing capacity in coastal areas • Increase exports of processed and semi-processed grains products to Africa capitalizing on AfCFTA

OPPORTUNTIES

Proposed Delivery Models

I. Establish the Field Crops Value Chain Round Table, for implementation and M&E purposes of the Masterplan & enhancing PPP in the implementation.

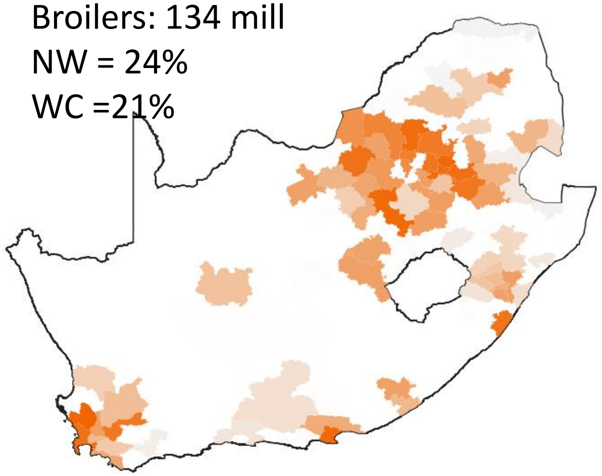
II. Establish a Grain & Oilseed Monitoring Committee (Act 36 liaison committee) and enhance the existing liaison structure between the government and the industry for better coordination.

R6,4 BILLION
Real GPV added
By 2030

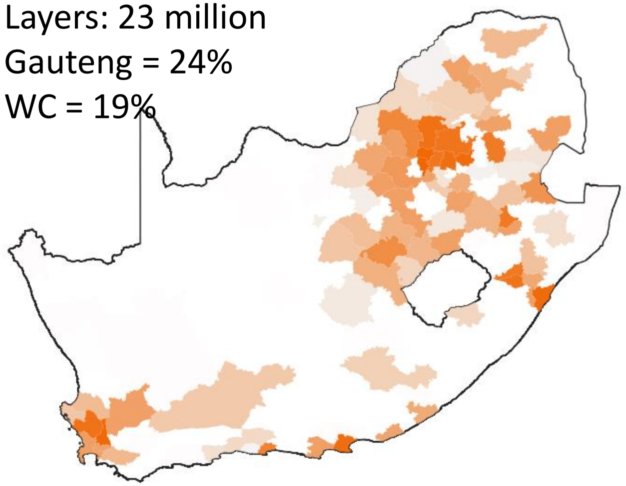
E.g. Cash Crop & Livestock VC Co-Existence

Animals on commercial (VAT reg)

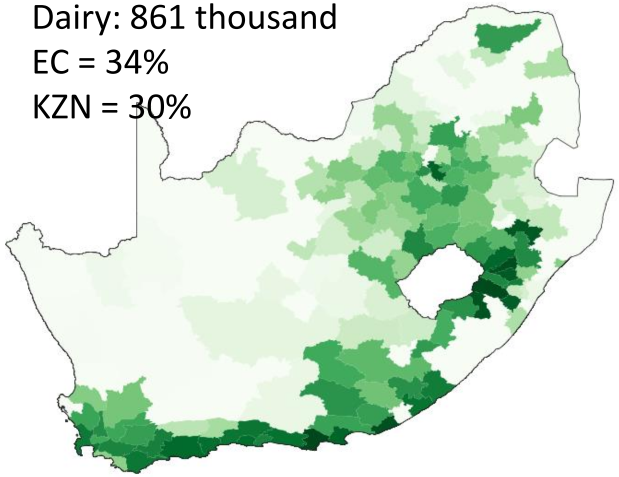
Broilers: 134 mill
NW = 24%
WC =21%



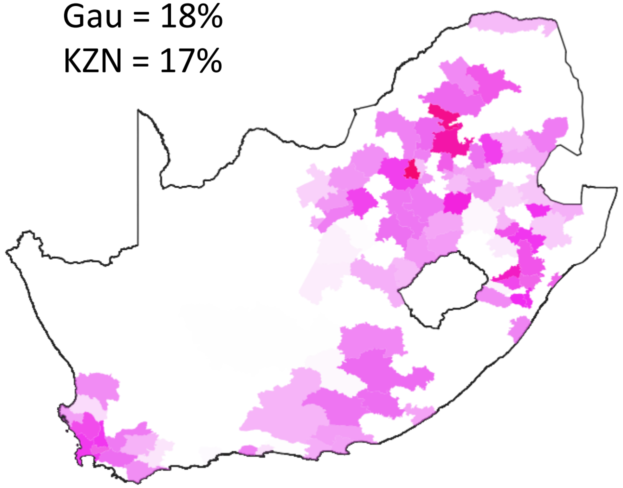
Layers: 23 million
Gauteng = 24%
WC = 19%



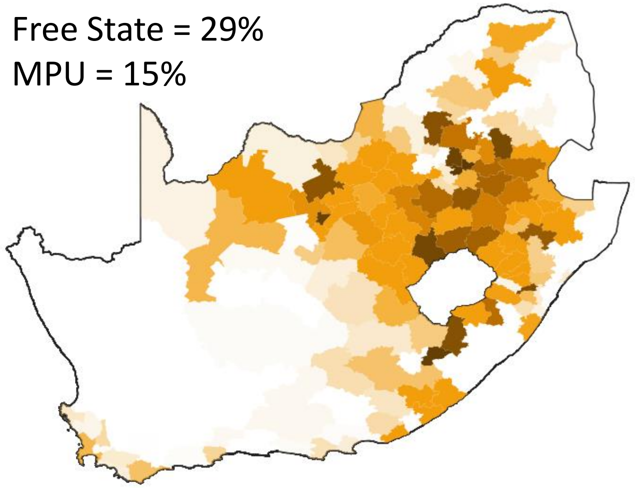
Dairy: 861 thousand
EC = 34%
KZN = 30%



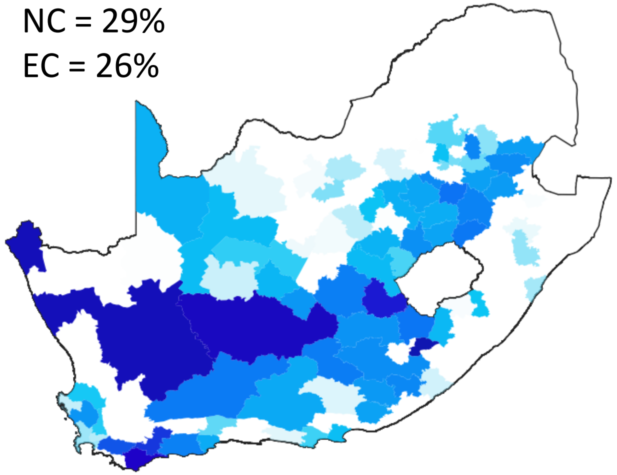
Pigs: 1.5 million
Gau = 18%
KZN = 17%



Beef: 5 million
Free State = 29%
MPU = 15%

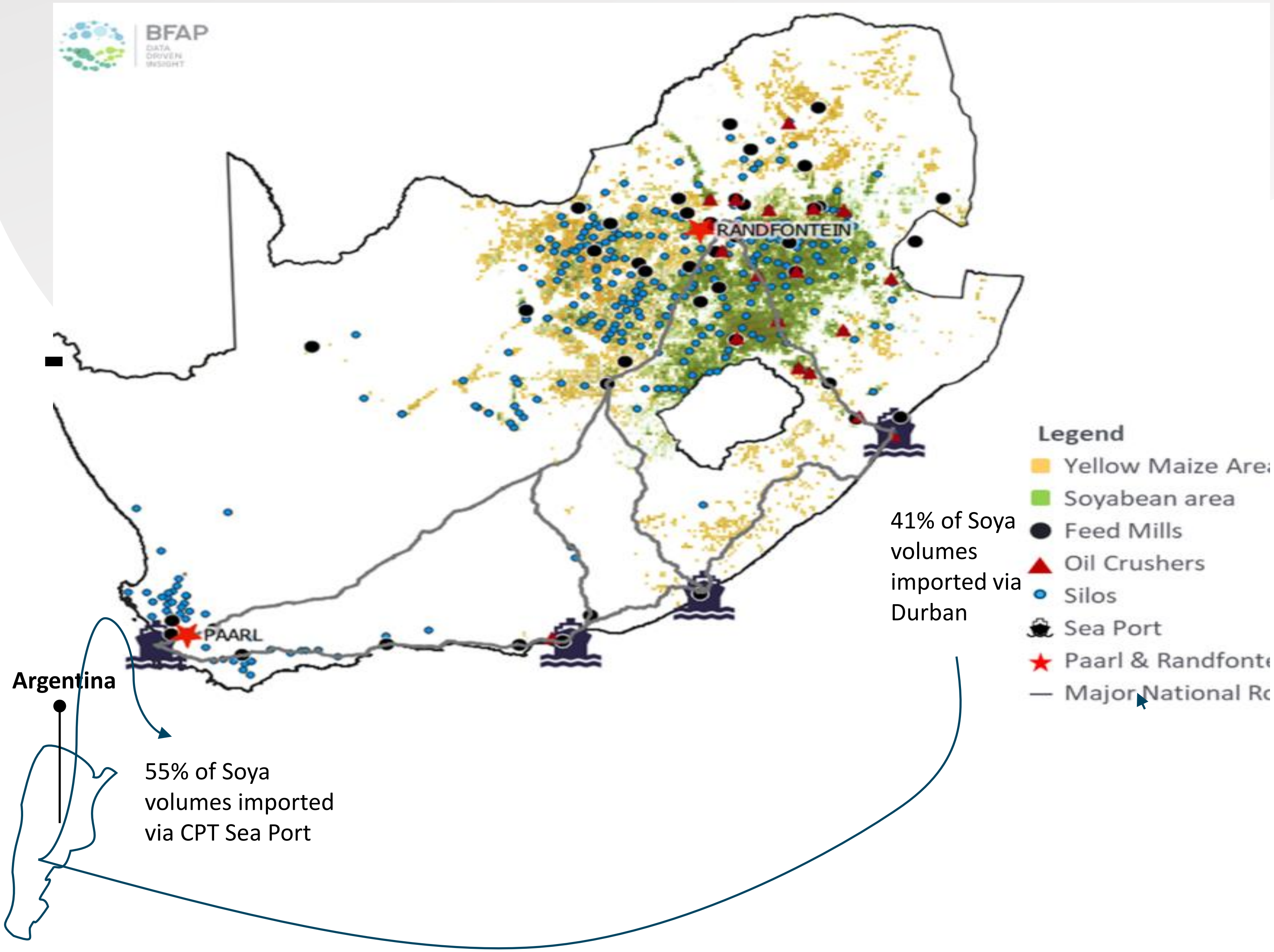


Sheep: 8 million
NC = 29%
EC = 26%



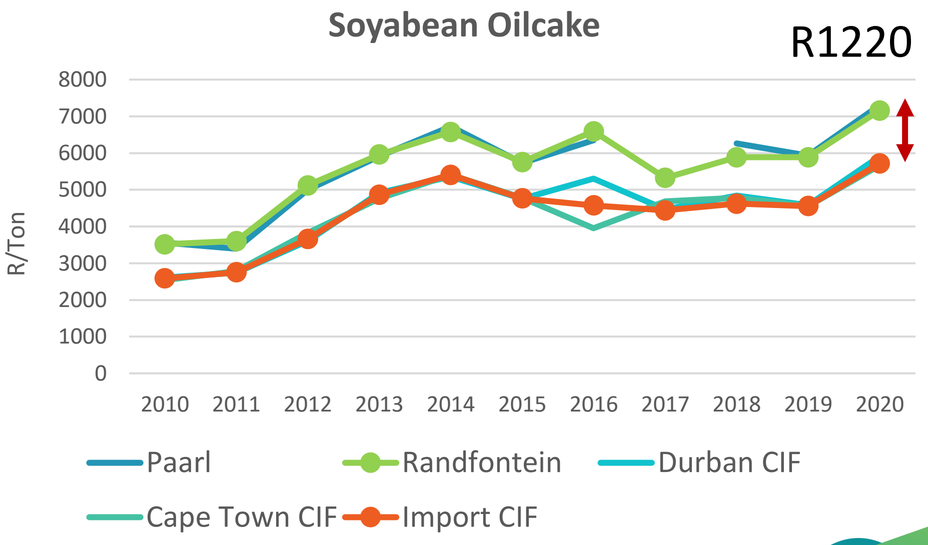
StatsSA, 2021

E.g. Cash Crop & Livestock VC Co-Existence

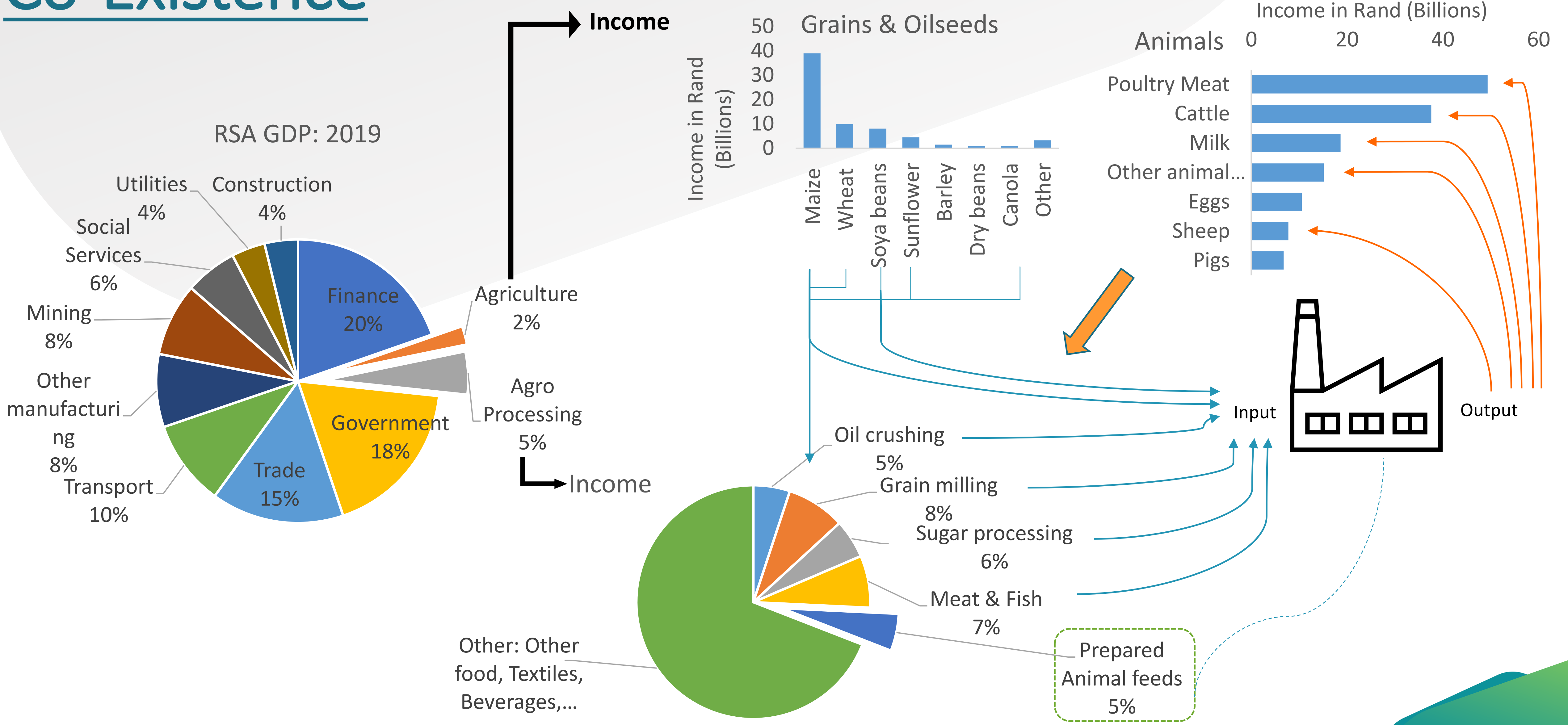


- 65% of Yellow maize and 77% of Soya bean production is concentrated in the Free State and Mpumalanga
- Oil crushing is concentrated around soya and sunflowers production
- At this point only Cape Town and Durban is used to import Oilcake

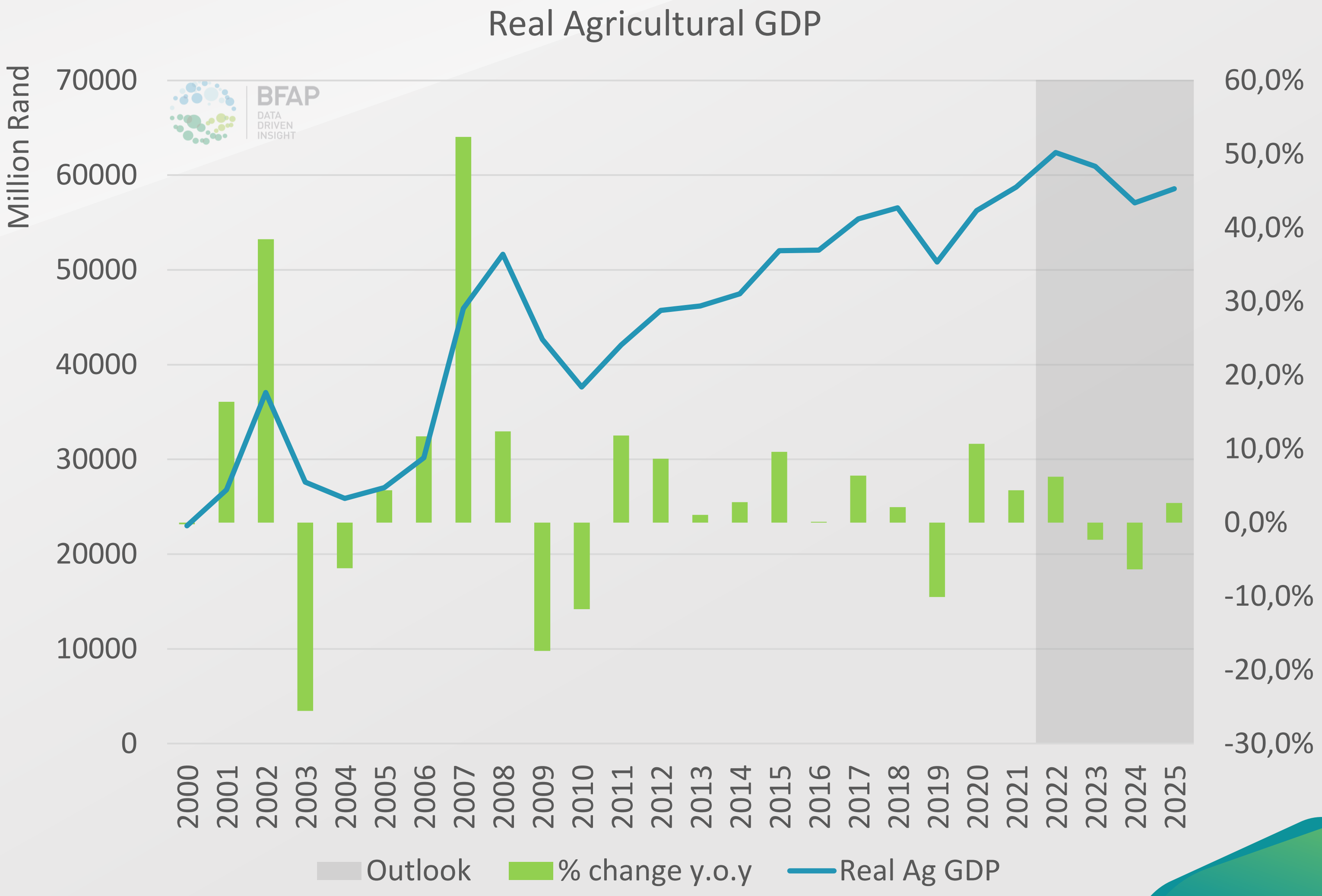
Price differentials, Coast vs Randfontein



E.g. Cash Crop, Agro-Processing & Livestock VC Co-Existence



South Africa's agricultural performance – what to expect



- 2022 is set to be the third consecutive year of strong growth in the agricultural sector, supported by high global prices and strong output volumes
- A **downward correction is expected in 2023 and 2024 as world prices normalize and input costs continue to rise**

Agri Value Chain Co-Existence & Integrated Strategy Deployment
The Way Forward.....

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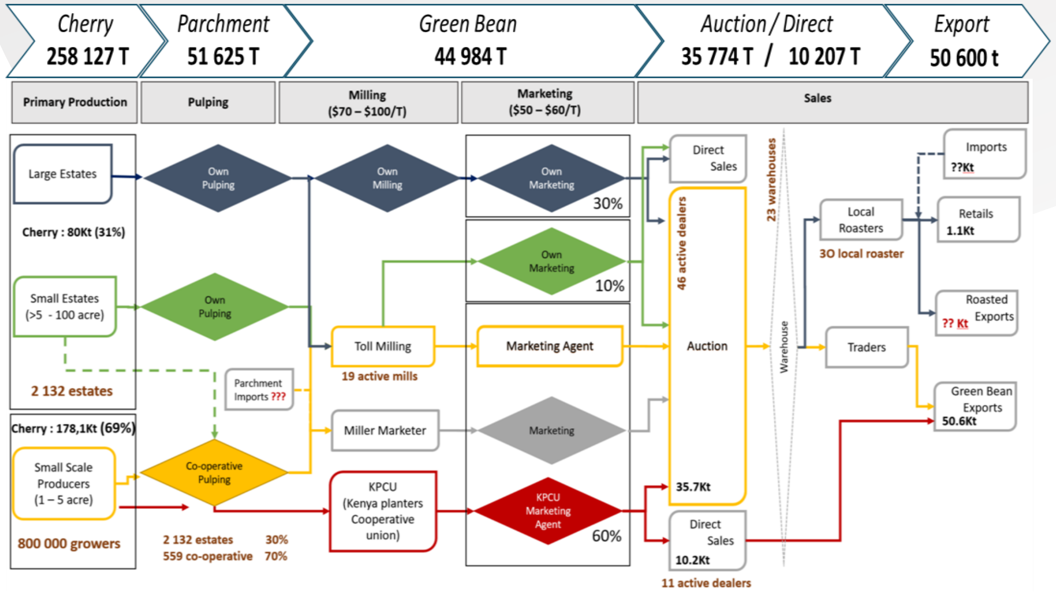
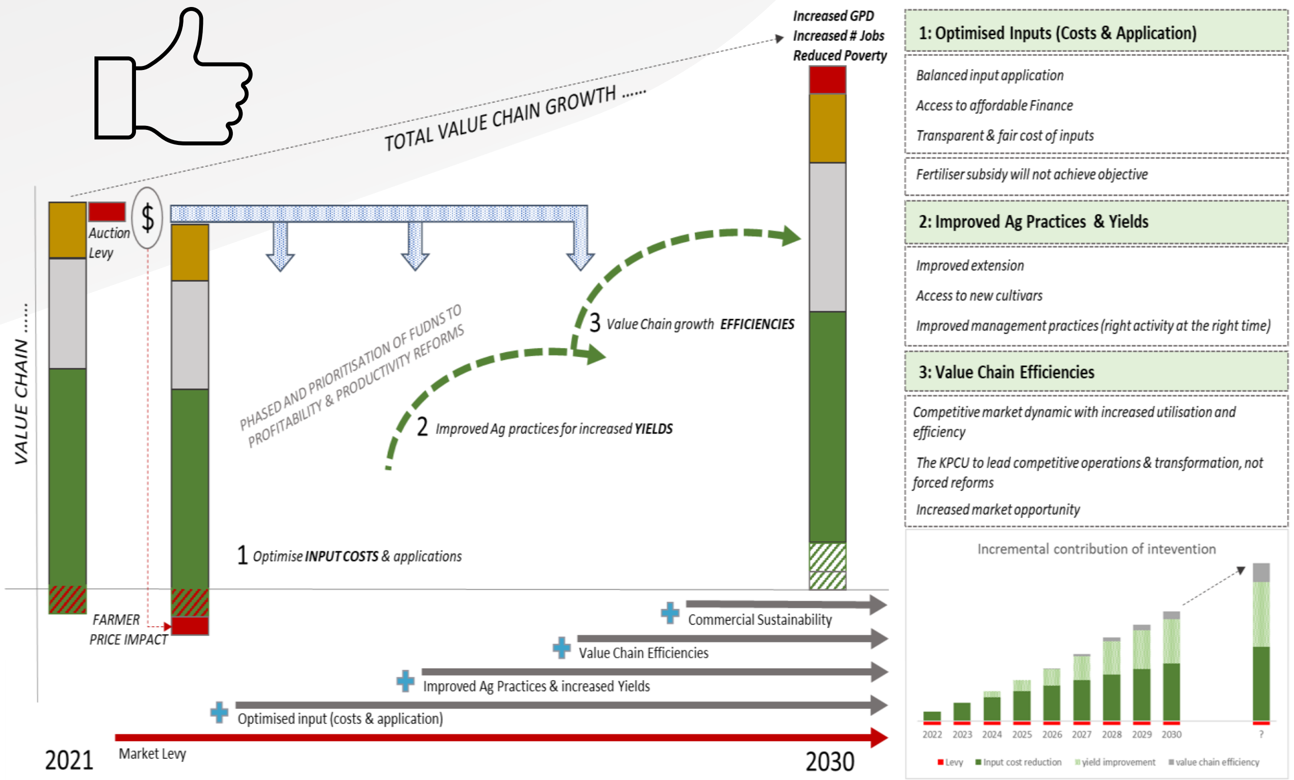
1. Product flow



2. Targeted Interventions



3. Agri – VC Interventions Impact, back to Policy Drivers

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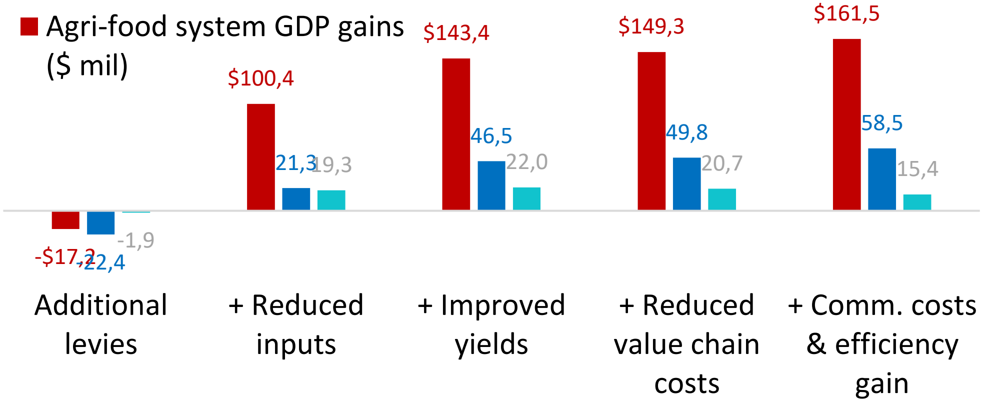

Thank you

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