

# Seed funding model needed in local soya bean industry

**R**etention of seed in the soya bean industry is a legal and common practice. According to the South African National Seed Organisation (SANSOR), up to 80% of the harvest is planted with farm-saved seed. Unfortunately, this situation creates a vicious circle that cause seed companies to lose income from soya bean seed sales, which, in turn, demotivate investment in the soya bean seed industry. It also makes seed prices more expensive.

Because so much seed is retained, companies that develop new technologies do not have a method through which to recoup their investment. This has also kept the latest GMO technology out of the grasp of local soya bean producers. Monsanto's Round Up Ready 2 Yield® and Intacta RR2 PRO™ technology, which offers higher yields for producers, are already available in the US and South America, but not locally because of this situation.

## Breeding and technology levy

The good news, however, is that it has allowed the industry to work on a breeding and technology levy for South Africa – abroad it is called the End Point Royalty Programme. To counteract the effect of the retention of seed, the system has been developed so that soya bean producers pay a levy when they sell their product to the processor/silo.

This levy would be statutory, and must be paid by every producer. These funds are then paid to seed companies according to market share. It will, therefore, also be very important that soya bean producers declare the cultivar they have planted per consignment delivered.

Information from both producers and the consolidates information by soya bean buyers will be of utmost importance to be able to calculate the market share of each cultivar or seed company. A non-profit company, the SA Cultivar and Technology Agency (SACTA) has been established to administer this levy.

The statutory application has been submitted to the National Agricultural Marketing Council (NAMC) at the end of 2016. Their decision is still pending, but industry is positive that the breeding and technology levy could be implemented by March 2018.

## Positive change is already evident

After careful consideration, Monsanto South Africa has obtained approval to test the next generation of soya bean biotechnology products in South Africa. These tests are conducted under strictly regulated conditions and are required to deregulate the genes for commercial cultivation.

The new gene package consists of two events. The first is composed of a herbicide that includes the second-generation

Roundup Ready gene. This gene is more effective than the previous one and provides excellent tolerance of the crop to the Roundup herbicide.

The second part of the gene pack consists of a gene that controls the African bollworm. At this stage, many insecticides are applied to control these worms. This gene is known as Intacta and will add a lot of value if it can be used effectively.

The regulatory trials will be repeated in the 2017 season.

## Approval process

Producers and the industry are very excited about the new technology that is on its way. Registration documents for the gene package will hopefully be submitted by the end of 2018. Commercial availability will depend on the speed of the approval process, and how fast the technology can be made available by seed suppliers.

With a value collection method on its way for South Africa, it would bring new technology to the soya bean seed market. It is still to be tested in local conditions, but the second-generation Roundup Ready gene has shown significant yield increases (up to 15%) in countries where it is already available.

Since work has started on the breeding and technology levy, new interest into the local soya bean seed market has also been experienced from companies not yet involved in South Africa. All of this are good signs that the proposed levy might be a step in the right direction in creating a healthy competitive soya bean seed market in South Africa, benefitting the producer, the seed company and, in the end, the whole soya bean value chain.

The breeding and technology levy applied for, constitutes 1,2% of the soya bean price, whereas 1% is budgeted for germplasm and 0,2% for the old GMO technology. The amount applied for came to R65 per ton for the first year and R80 per ton for the second year. ●

