

SA feed sector stabilises

after facing conundrum of challenges

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South African feed sales are showing signs of stabilising after having faced several challenges over the past three to four years. It also recorded a smaller than expected drop in sales for the 2017/18 Animal Feed Manufacturers' Association's (AFMA) statistical year.

AFMA feed sales for 2017/18 showed negative growth of only 0,7% compared to the enormous drop in sales of 6,2% during 2016/17 – the highest percentage decrease in feed sales AFMA members have ever experienced.

The dramatic feed sales losses in 2016/17 was the direct consequence of the challenges faced by the livestock and poultry industries. Initially, the focus fell on the poultry industry that had to deal with the dumping of cheap imports from the European Union (EU) within the EPA free-trade agreement – the duty-free quota allowed under the AGOA agreement from the US in 2016/17. This was followed by cheap dumped product from Brazil in the latter half of 2017, which continued into 2018.

Hard hit by AI

If the challenges in the trade arena weren't enough, the poultry industry was further struck by deadly avian influenza (AI), and vast numbers of birds had to be culled during 2016/17 to stop the outbreaks from spreading.

The culling had the largest influence on broilers and layers, with the Western Cape hardest hit by the AI outbreaks. According to the World Organisation for Animal Health (OIE), approximately 2,5 million birds died or had to be culled to

Table 1: AFMA feed sales – 2015 to 2018 (AFMA statistical year Apr-Mar).
(Source: AFMA Stats)

AFMA feed sales 2015-2018	Total YTD 2015/2016	Total YTD 2016/2017	Total YTD 2017/2018	% Difference
Dairy feed	912 312	925 185	950 245	2,7
Beef and sheep	1 030 101	861 792	871 417	1,1
Layer feed	951 535	885 676	846 694	-4,4
Broiler feed	2 808 360	2 652 906	2 583 946	-2,6
Breeder feed	499 307	468 431	477 249	1,9
Other	706 810	682 944	699 081	2,4
Total sales	6 908 425	6 476 934	6 429 081	-0,7

stop the spread of the disease. The direct effect of these actions on animal feed sales is clearly indicated by *Table 1*.

Following the 2017 winter season and after vigorous biosecurity measures applied by poultry and related industries brought an end to AI outbreaks, matters eventually started to settle and the industry began its recovery process.

While South Africa dealt with the AI outbreaks that started in 2016, imports continued. During 2017, outbreaks of AI in the EU and US resulted in a slowdown of imports from these regions, allowing Brazil a field day in filling this gap. Imports were thus kept at the same levels as in 2016.

Although the focus was directed towards the poultry sector, feed sales experienced a double blow with the worst drought in South African history having devastating effects on other livestock species, specifically beef and sheep, due to the lack or absence of grazing. Producers therefore had no other option but to dramatically reduce their herds and to retain only their breeding stock, so as to rebuild their herds again after the drought.

Full recovery from AI

Table 1 contains a short summary of AFMA feed sales for the last three statistical years. The impact of the drought on beef and sheep saw feed sales dropping by 16,3% (±170 000 tons). It is encouraging that this category has already started recovering in the last year, although it will take three to four years to fully reach previous levels.

The drop in layer feed sales was 100% due to AI and a full recovery of these lost volumes is expected by the end of the next financial year, if we can remain AI-free during this period. The drop in both broiler and breeder feed was due to AI and poultry imports. While a full recovery from the impact of AI is expected, the negative effect of poultry imports will remain.

The animal feed sector is anxiously, although positively, awaiting outstanding outcomes of the special Poultry Task Force initiated by government, under the co-leadership of the Department of Trade and Industry (dti) and the poultry industry, in late 2016. These outcomes still need to be agreed upon and implemented. 🟡