

Global food demand

At a recent meeting of the OECD-FAO Agricultural Outlook 2017-26, it was concluded that the demand for grain, meat and fish is expected to grow at half the pace of the previous decade and equal to the global population growth of 1% per year.

The drop in vegetable oils is expected to be even greater. Dairy will increase, and sugar will grow at the same rate. Sub-Saharan Africa needs more protein, but lack of income and food expenditure is likely to result in a low growth in demand in the short term.

A slowdown in food demand in China can be expected, where the potential for increased food demand is not as strong as in previous years. The second change is that biofuel production will no longer increase demand for additional maize, sugar cane and vegetable oil, as was experienced in previous years.

Rand/USD exchange

The president's announcement that the ANC will likely vote for expropriation without compensation weakened the rand and is bound to affect agricultural production, employment, economic growth and financial markets.

In the short term, trade wars between the US and China could continue to influence rand/USD levels. A weakening rand will assist in exports but at the same time continue to increase import parity, leading to an overall firming of prices.

Technology levies

South Africa is fortunate that it has entered an era where it can, in the long term, be self-sufficient not only in maize production but also oilseeds. This requires that we must be globally competitive producers. Given the country's below average rainfall compared to major exporting countries, this becomes a challenge. To be globally competitive, we need to continuously increase yields. The role that improved genetic material of crops play in this regard is therefore significant.

The successful application for a soya bean technology levy will make a significant contribution to the appetite of seed companies to bring new technology to South Africa; it will also fast-track this process. The soya bean industry has grown substantially, and part of this success has been increased hectares and yields. A jump in yields that can be achieved will contribute further to the economic advantages of planting soya beans.

Challenges in disease/pest control

Sclerotinia and root-knot nematodes have been identified as two of the more important challenges we will need to address in the short term in oilseed production. Fortunately, there seem to be products and management strategies in the pipeline that can assist in containing these two debilitating problems. In the longer term, the risk of weed resistance to herbicides that are used repetitively remains a risk and needs attention.

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