

The global environment remains precarious

No one can deny that producers worldwide have been experiencing headwinds over the past few months. Following heavy rains, flooding prevented livestock producers in South China from restocking after the devastating impact of African swine fever on the pig population over the past two years.

In addition, China's fear of a second wave of COVID-19 infections has resulted in its government implementing strict regulations to prevent the reintroduction of the virus from other countries. Controversial certification systems have also blocked exports to China. However, the country is committed to buying produce to the value of US\$36 billion from the United States (US) in the trade deal between these two countries.

Elsewhere in the world

Meat processors in Germany came under the spotlight after it was revealed that subcontracted labourers, mainly from Romania, were to blame for repeated outbreaks of COVID-19 in processing facilities – it is difficult to implement and enforce social distancing in meat processing plants, which makes it a high-risk environment. In the US, the closing of processing plants to help reduce the spread of COVID-19 caused a significant drop in livestock prices. In contrast, retail prices rose considerably.

In Brazil COVID-19 outbreaks among workers in processing facilities have continuously interrupted operations, resulting in litigation between processors and unions. These outbreaks caused several Brazilian processors to be banned from exporting to other countries. Argentinian processing plants also hit a roadblock when China's COVID-19 safety measures for beef and pork imports suspended exports from several of the country's facilities.

In some countries the restrictions on tourism resulted in major hotel groups reducing operations and cancelling orders for poultry and eggs. This, in turn, meant that producers had to significantly reduce production, in some cases destroying millions of day-old chicks.

On the one hand, higher productivity in crop production is expected to mitigate the rising demands of the growing global population while on the other, the current reduction in global demand for certain food groups, together with sufficient supply, could see world food prices decrease in the short term.

Local oilseeds supply chains

In light of the global situation, the importance of communication across supply chains in a bid to promote the best interests of the South African oilseeds industry, has come to the fore once again. The objective of effective communication in the industry is to ensure that bottlenecks and constraints are addressed timeously and to make government aware of these challenges as well as opportunities.

South Africa's scarce resources must not be wasted on duplicated efforts, and available funding must not be spent on initiatives that do not contribute to the success and growth of the industry. That said, research and development, as well as investment in the industry, must be the core focus.

The Protein Research Foundation has played a pivotal role in initiatives to enhance the oilseeds industry's value chains and to determine the way forward. It will continue to do so with imperative objectives and goals.

Enjoy this issue of *Oilseeds Focus*.

Dr Erhard Briedenhann

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