

# The importance of oilseeds in the food value chain

*By Wouter de Wet, chairperson, Animal Feed Manufacturers' Association*

**A**s we near the end of 2020, we look back on one of the most extraordinary years most of us have ever experienced. While our economy is reeling as a result of a very harsh lockdown governed by long lists of regulations, these events highlighted the importance of understanding the entire agricultural and food value chain, and why a holistic approach that involves all role-players is essential.

You cannot declare food and feed essential services and then close the ports and cut off critical supplements and medication. You cannot simply close restaurants as this causes a sharp drop in demand, with no home for large quantities of chicken and other produce. You cannot turn the food value chain on and off at will.

One of the biggest strengths of the food value chain during lockdown was the ability to work together and leverage its combined voice to lobby government to remove these bottlenecks and ultimately gradually reopen these channels.

## Impact on the feed industry

The best way to illustrate the importance of oilseeds and the oilseeds industry in the food value chain, would be to look at the feed industry. But first, some context.

Members of the Animal Feed Manufacturers' Association (AFMA) produce 6,7 million tons of feed per year, which represents roughly 57% of all feed produced in South Africa. In the past year, AFMA members utilised 270 000 tons of sunflower oilcake, 950 000 tons of soya oilcake and 130 000 tons of full-fat soya. The local feed industry consumed the entire local oilcake production and another 470 000 tons of soya bean meal had to be imported to meet local demand.

Most of the oilcake is formulated into poultry feed, and with that comes a few important realities. Firstly, sensitivity to the quality and nutritional value of the oilcake, and secondly, the significant impact oilcake has on the price of chicken. The cost of oilcake has a direct impact on the price of poultry and its affordability, the cost competitiveness of the poultry industry on the international stage, and ultimately on the per capita consumption of our most affordable animal protein.

## Acknowledging the gap

It is clear that there is a gap in local supply. The impact of dumped chicken on our local market is well documented; before COVID-19 more than 500 000 tons of imported chicken were dumped in our local market. That is more than one million tons of feed and grain we could have produced locally. If we add the almost 500 000 tons of soya oilcake being imported, the current oilseeds supply gap is significant.

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The success story of the local soya industry over the past few decades is legendary and the way in which the various role-players continue to work together on critical areas such as yield and quality improvement, ease of trading and many other efficiencies is commendable. But there is significantly more growth potential.



Wouter de Wet.

## Unlocking the sector's potential

Not only will this growth opportunity unlock economies of scale for the oilseeds value chain, it will also provide the opportunity to address other challenges, such as introducing more developing or informal producers into the value chain. The critical factor here is to align everyone around a common goal, a growth target – to become a net exporter, be it in the form of meal or beans or both.

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