

■ OPINION / COLUMNISTS

## WANDILE SIHLOBO: Record soya bean forecast reignites confidence in agriculture's potential

The 22% rise was seeded by the collaborative response to an animal feed crisis a decade ago

BL PREMIUM

05 APRIL 2023 - 05:00

ADVERTISEMENT



Soya beans. Picture: REUTERS/AGUSTIN MARCARIAN

The agricultural sector has the potential to expand given the correct incentives and visionary alignment between the government and private sector.

My confidence in agriculture's potential was reignited by the crop estimates committee's 2022/23 soya bean production forecast of a record 2.7-million tonnes, up 22% from the previous season. This is nearly three times the volume SA produced a decade ago.

ADVERTISEMENT

This expansion was occasioned by farmers' response to the animal feed crisis a decade ago. At that time SA was importing large volumes of soya bean oil cake for its growing intensive livestock production systems. In 2011 these imports amounted to almost 1-million tonnes, compared with 1.2-million tonnes of domestic demand.

This significant net importer status was due to a domestic soya bean production deficit and limited capacity to process raw beans into oil cake and oil. SA had a soya bean processing capacity of about 860,000 tonnes in 2012, nearly on par with the soya bean oil cake imports of that year (767,130 tonnes).

To achieve import substitution agricultural industry role players and the government gathered to formulate a strategy to stimulate domestic soya bean production. This strategy focused on demand innovation, by increasing investment in the expansion of oil seed crushing capacity from 860,000 tonnes in 2012 to more than 2.2-million tonnes by 2016.

The government provided incentives for the private sector role players to expand this capacity. The department of trade, industry & competition deserves credit for supporting this approach, with the department of agriculture, land reform & rural development.

### High-yielding

What emerged in the years after this initiative was an environment in which rising poultry feed demand was met with crushing plants that were ready to produce the feed. Growing demand for domestic soya beans caused its prices to improve, thus incentivising farmers to further increase production. Market forces were now at play after the initial government nudge.

Farmers progressively increased the area under soya bean from about 516,500ha in the 2012/13 season to the current 1.15-million hectares. Along the way the seed breeders and regulators also ensured that high-yielding seed varieties were used.

The improvements in seed, fertiliser and other inputs caused soya bean yields to improve from an average of 1.5t/ha in 2012/13 to about 2.4t/ha in 2022/23. This combination of yield improvement and larger hectareage has led to the expected record soya bean crop of 2.7-million tonnes in the 2022/23 production season.

Notably, soya bean oil cake imports have declined to about a fifth of the 945,544 tonnes imported in 2011 at 183,590 tonnes in 2022. With a large soya bean harvest on the horizon, SA is likely to transition to a net exporter of the product imported in large volumes just a decade ago.

There are similar success stories in various agricultural commodities, including citrus, avocados, nuts and berries. Some of these commodities have even surpassed the targets initially outlined in chapter six of the National Development Plan, in its agriculture growth-focused section.

While various sectoral efforts, such as the Agriculture & Agro-processing Master Plan, may seem ambitious, SA has achieved great success through effective collaboration. What it achieved in soya beans and various horticultural products has to be replicated in other commodity industries, this time with a clear focus on transformation (including more black farmers).

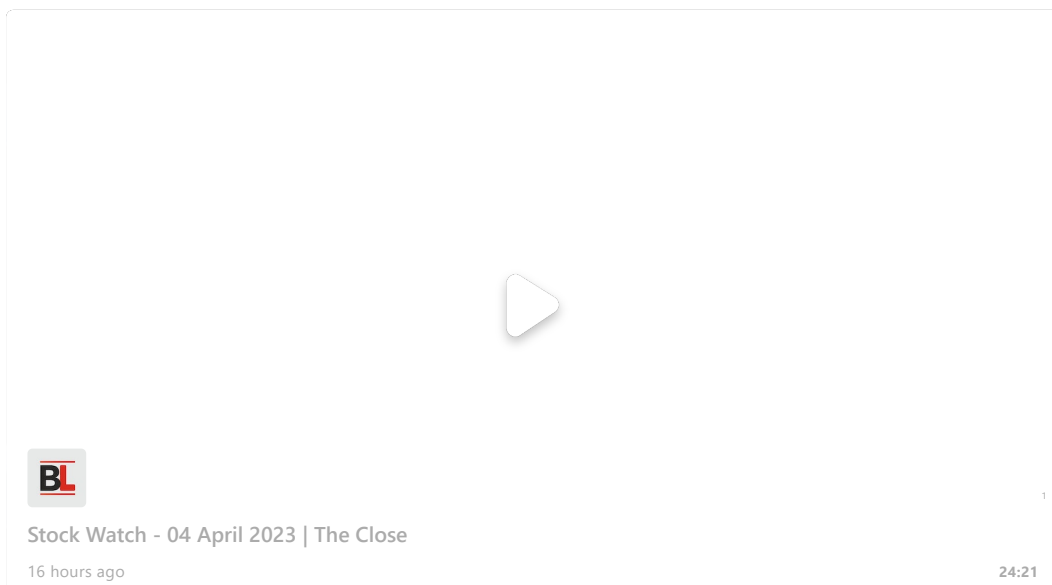
The inclusiveness drive should not be at the expense of the existing commercial farmers. Rather, it should be through bringing underutilised land into economic production. But the government will have to lead the way and provide targeted incentives, regulatory and monetary, to ensure good participation.

Agriculture holds great potential for growth, job creation, domestic and regional food security. Still, the key ingredient lies in all role players working together with the same visionary energy, determination and alignment for the collective good of the country and the sustainability of businesses.











• *Sihlobo is chief economist at the Agricultural Business Chamber of SA and a senior fellow in Stellenbosch University's department of agricultural economics.*

BDTV

[Read more →](#)



Next video

 <p>7:39</p>	 <p>5:59</p>	 <p>8:39</p>	 <p>13:22</p>	
Watch: Why more companies are listing on...	Watch: Outlook for the rand	Market Report - 04 April 2023   The Close	Stock Watch - 04 April 2023   Business Lunch	WATCH: intra-trac
 16 hours ago	 16 hours ago	 16 hours ago	 21 hours ago	 21

Powered by  oovvuu

Loading...