Animal Feed Manufacturers Association

CHAIRMAN'S REPORT 2010/2011

Presented by Mr Loutjie Dunn
at AFMA's 64th Annual General Meeting
on 2 September 2011, hosted at
Ivory Tree Game Lodge, North West, South Africa

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CHAIRMAN'S REPORT 2010/11

1. INTRODUCTION

1.1 World economic situation

Global economic recovery continues at a slow but very uneven pace. Post-crisis economic recovery is led by strong output growth in Asia and Latin America, more markedly in China, India and Brazil, while weaker economic performance from developed countries is still the order of the day. These phenomena in combination with increasing energy costs and food inflation are putting upward pressure on headline inflation, highlighting the need for monetary policy tightening, especially in the developed countries.

Employment has been improving but at a much slower rate than was anticipated, giving rise to the problem of long-term unemployment especially in the youth unemployment category. Measured at the present output growth rate, it would take another 4-5 years for employment to reach pre-crisis levels in developed countries. Youth unemployment could be seen as one of the drivers of recent riots in the UK and it remains to be seen whether this will be the only place for it to occur.

Natural disasters and climate extremes during the reporting period such as the devastating rains in the US, South America, Australia, South East Asia as well as heat waves in the US, parts of Canada, Russia and on the European continent in addition to the earthquake and tsunami disasters in Japan had a major impact on the global supply chains, with the inclusion of energy and world commodities. This gave way to a higher than anticipated surge in primary commodity prices in the first 4 months of 2011. Higher commodity prices also resulted from the political unrest in the Middle East and North Africa, which caused disruption and uncertainty relating to oil supply.

The expansion of world trade in goods and services exceeded expectations, indicating a strong recovery from its severe contraction during the 2009 world economic crisis. Asian economies with a large share in manufactured goods were at the forefront of this recovery. Following the same trend in the expansion of trade, the recovery of net capital flow to emerging economies continued and is expected to continue, together with a higher output growth and higher rates of return evident in these economies.

When considering the global economic outlook for the future a number of risks should be considered. These include the sustainability of public finance in developed countries; the vulnerability of the private financial sector; the continued high and volatile commodity prices, and the weakness of the US dollar against the currencies of developing and Asian countries.

The global economy is furthermore confronted with numerous challenges, such as the timing of the unwinding of fiscal support to governments and the redesigning of the fiscal policies landscape to encourage and promote employment in the broadest sense. Of equal importance will be the promotion of sustainable development, an increased synergy between monetary and fiscal policies, sufficient funding to developing economies and one of the major challenges a more efficacious international policy coordination.

1.2 Global feed environment

Animal production and animal feed will continue to change in coming years in order to meet the increasing demand for low-cost healthy and convenient products.

Genetic improvements and improved production efficiencies led by poultry have evolved into consumer driven challenges which entail consumer confidence and product value. The feed industry continues to form a cornerstone for sustainable and in many cases integrated animal production. The added value that the feed industry brings to animal production is critical to its survival, increasing consumer confidence by ensuring food safety, product traceability and convenience. Flexibility in meeting changes in the global arena is becoming more important, given today's fast changing environment.

The increase in global energy costs is fast becoming a major factor in feed production, impacting upon the costs of feed ingredients and manufacturing as well as delivery.

Commodity prices

The US maize crop supplies are expected to remain tight until the 2012 season. US producers are expected to decrease harvest volumes of grains and soybeans resulting in failure to increase supplies and ease global high prices this year. The demand for soybeans is expected to exceed supply, requiring higher prices to incentivise a bumper South American crop in 2012. The booming global demand for maize has left stocks at near historically low levels. Globally livestock producers will increase wheat feeding in order to alleviate the effect of higher priced maize. Weather problems including frosts, droughts and floods have driven commodity prices this year. The plummeting and unstable global equity markets have moreover spilled over to grain and oilseed markets.

It is clear that this extreme price volatility in grains and oilseeds was caused mainly by external developments. European debt concerns, volatile global equity markets and negative investor sentiments were among the factors affecting global prices.

1.3 Local feed environment

Competition Commission

During the past three to four reporting periods food agro-processing and value-chain related industries and their associations have been in the spotlight of the South African Competition Authorities, (this by no means intending to evaluate the justification thereof or not).

Since the last report the investigations into the affairs of the above role-players continued, with the highlights being the settlement of Pioneer Foods with the Competition Authorities and the administrative penalties paid by some of the Grain Silo Industry members.

The fact that the industry associations were included in the investigation clearly shows the uneasiness of the Competition Authorities relating to the work and activities of these associations, and more so the information they share with their industries. In all the above cases there are no clear guidelines laid down by the Competition Authorities in terms of industry associations and what they are allowed or not. The uncertainty increased to the level that even the Legal Community requested meetings and workshops with the Competition Authorities to clarify the interpretations of the Competition Law. This uncertainty complicates matters for involved role players and is exacerbated by the reluctance of the Competition Authority to lay down clear guidelines.

The process started and driven by the National Agricultural Marketing Council (NAMC) and the Department of Agriculture, Forestry and Fisheries (DAFF), after receiving the mandate from the Agricultural CEO Forum, is still in progress. The mandate's outcome is to engage with the Competition Authorities on behalf of the Agricultural Processing Sector and related industries to facilitate the laying down of clear guidelines according to which associations can conduct their business in accordance with Competition Legislation of South Africa.

The NAMC process includes: research (local and international), workshops with role-players and different segments of the sector, engagement with the Competition Commission and numerous surveys as well as a vast amount of consultation with affected parties.

TECHNICAL AND TRADE:

Act 36 / AFMA / PFI meeting

AFMA is entering the third year of this arrangement between Act 36, AFMA and the PFI. The successes reported have proven that this arrangement is the preferred forum for resolving Act 36 specific issues on a one-on-one basis than the larger Livestock and Animal Feeds Industry Forum (LAFIF). This arrangement will be kept in place, having bi-monthly meetings while better cooperation between Industry and Government will remain the principal objective.

Fertilizer and Feeds Bill

During the reporting period the former Feeds Bill was amended to include legislation governing Fertilizer as well, thus changing the title to the Fertilizer and Farm Feeds Bill. Besides the numerous rounds of consultation on the Bill between Act 36 and all role-players, the Bill was once again thoroughly liaised and consulted with all role-players before being sent to the Department of Justice for their legal processes and vetting.

The main objective of the new Fertilizer and Feeds Bill is to ensure "Food Safety" to the consumer, and therefore Government will concentrate on efforts that will ensure that all feeds are safe. After this thorough process has been driven for a number of years it however remains interesting to note that certain role-players still remain critical of the Bill and its objectives, even though they are unaware of what the regulations to the Bill will include. One might have expected that role-players to stay close to the process and play an influencing role from within, rather than to criticise from the outside.

Regulations and Guidelines - Act 36

AFMA continued its good working relation with personnel of Act 36 on all relevant matters. AFMA still maintained its stance to adhere to the EU regulations and guidelines on animal feeding while keeping US feed regulations and guidelines in mind. In cases where the adherence to EU and US regulations and guidelines are not possible due to unique South African conditions, the matter is researched thoroughly by the AFMA Technical Committee, whereafter recommendations are made to Act 36 personnel for consideration and implementation.

Successes and positive outcomes are achieved through this Public Private Partnership (PPP) with Act 36, confirming AFMA's commitment to maintaining a long-term objective to foster good cooperation and a positive working relation with these institutions.

Livestock and Animal Feed Industry Forum (LAFIF)

The Livestock and Animal Feed Industry Forum (LAFIF), in which AFMA plays a leading role, has since the number of setbacks and disappointments reported on in the last report not reached its optimum functioning yet and is still suffering due to the lag caused by the uncertainty within the management of DAFF.

An interesting development within the DAFF management was the return of the Chairman and the Director who where re-deployed under strange circumstances during the previous reporting period. This return of key management can possibly put an end to the lack of direction and lack of commitment toward decision-making.

The two highest priorities driven by AFMA are the re-allowance of Mammalian blood meal in Poultry feed as well as the process for the completion of the newly drafted Fertilizer and Farm Feeds Bill.

Agricultural CEO Forum

The CEO Forum has during the reporting period not been as active as would have been expected, with only one meeting taking place on 5 October 2010 in Stellenbosch. The last Presidential Agricultural Working Group meeting was also held as far back as 20 May 2008 in Cape Town and under the previous political administration.

This is a clear indication of the uncertainty and lack of direction within the ranks of the new administration, and more specifically the struggle to complete the amalgamate process.

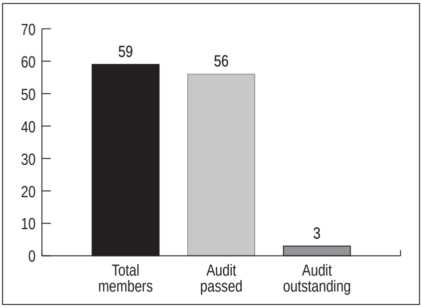
National Mycotoxin Workgroup

The National Mycotoxin Workgroup under the leadership of Prof Piet Steyn and guided by the Mycotoxin research strategy is progressing positively with the earmarked projects funded by the Maize Trust. All new proposals are scanned and vetted by the Maize Forum Technical Advisory Committee (MTAC) prior to submission to the Maize Forum Steering Committee as a recommendation for funding to the Maize Trust. Measured in terms of the national crop survey only 24% of the samples are tested for mycotoxins. Refining this to a regional basis, this percentage is much less, clearly indicating the risk that needs to be addressed.

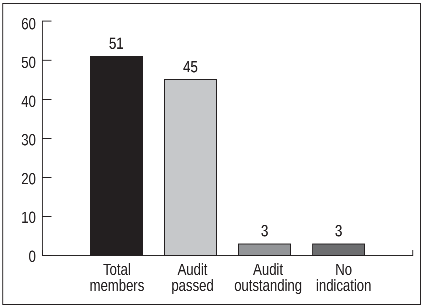
AFMA Code of Conduct

After approving the AFMA Code of Conduct at the Annual General Meeting on 7 September 2007 held in George, the AFMA Board of Directors requested AFRI Compliance at the 2008 Annual General Meeting to design a protocol according to which the AFMA Code of Conduct could be audited. During the latter part of 2008, beginning of 2009, AFRI Compliance and a sub-committee of AFMA on the Code of Conduct scrutinised the draft protocol to be used for auditing purposes with the cost involved. The eventual result was an audit protocol focusing primarily on adherence to relevant feed related legislation – Act 35, Act 36, Act 101, and other relevant legal requirements.

The auditing process for the assessment of compliance with the AFMA Code of Conduct made positive progress during the first round of audits under the AFMA Code of Conduct Protocol, agreed to by the Annual General Meeting of 2010. The method followed by AFRI Compliance was focused on providing members with a user-friendly regulatory checklist, and it was applied in an easy to understand format for evaluation and auditing purposes.



AFMA Full Members - CoC Audit as at 31 December 2010



AFMA Associate Members - CoC Audit as at 31 December 2010

The status of progress as at 31 December 2010 was as follows:

1. AFMA Full Members
   - Number of facilities to be audited : 59
   - Facilities already audited : 56
   - Facility audit outstanding : 3 (scheduled at a later date)
   - Percentage completed : 95% of Full member facilities and procedures audited

2. AFMA Associated members
   - Number of facilities to be audited : 51
   - Facilities already audited : 45
   - Facility audits outstanding : 3 (scheduled at a later date)
   - No intent shown in audit : 3 (members were delisted as AFMA members)
   - Percentage completed : 88% of Associate members facilities and procedures audited

In conclusion AFMA is of the opinion that, through this independent process of certification, AFMA has confirmed its position as one of the leaders in self-regulating in Southern Africa. The above further highlights the utmost premium AFMA attaches to its slogan “Safe Feed for Safe Food”. This bears testimony to an industry that is serious about protecting the interests of the Feed Industry. The AFMA Code of Conduct audits will be concluded every second year.

AFMA Transport protocol for Raw Materials

This protocol, developed by AFMA’s Technical Committee during the previous reporting period, was tabled for approval by the AFMA Board of Directors and was recommended to the Annual General Meeting for ratification at the 2010 Annual General Meeting.

During the reporting period the AFMA Trade Committee recommended that an implementation procedure be developed by AFRI Compliance, which will assist members and Transport Contractors in the implementation of the protocol at the different manufacturing facilities. It is foreseen that the protocol will be rolled out in a national format to ensure equivalency after this development.

AFMA BRANDING:

AFMA branding includes the logo; letterhead; banners; e-stationery; AFMA Matrix; Annual golf day; corporate gifts; chairman's report; corporate clothing and AFMA website. The AFMA Board is constantly investigating improvements that can be made towards strengthening the AFMA image on behalf of its members. The branding and marketing of AFMA has since it started received wide-spread positive reaction from members, state departments, organisations in the feed value chain, and private institutions.

Special attention and focus was allowed for the AFMA 65th Anniversary during the reporting period, covering all different facets where the AFMA logo and branding opportunities were applicable.

AFMA website

The AFMA website forms part of the central theme and branding of AFMA and offers a new modern look with a constant update of the latest information and new features. The website was specifically designed to be used as an information tool on the animal feed industry and related matters. The site can be visited at **www.afma.co.za**.

Professional and corporate image

AFMA will always strive to maintain a professional and corporate image in all activities it is involved with. This is evident in all activities AFMA is involved with and all functions being hosted by AFMA.

International participation

AFMA has become considerably more involved in IFIF activities, making frequent inputs as a member, attending IFIF forums and attending meetings arranged by the IFIF, of which the last took place in Atlanta during January 2011.

During the reporting period, the AFMA Executive Director was nominated by the IFIF Board of Directors to lead and co-ordinate an IFIF Task Force responsible for the revision and re-writing of the IFIF Vision, Mission and Goals, which was unanimously accepted and adopted by the IFIF Board of Directors.

Presence and credibility on Forums

AFMA's presence during the reporting period has increased and its status was improved to one of the leading decision-making industry organisations within agriculture, and even more so in the livestock and animal feeding arena.

AFMA is, amongst other, represented on and has access to the following structures/ forums:

- Maize Forum Steering Committee
- Maize Forum Technical Advisory Committee
- Maize Forum
- SAGL
- SAGIS
- SAFEX
- GSA
- GSI
- CGCSA
- Grain Value Chain Group
- AGRISETA
- Presidential Agricultural Working Group
- Agricultural CEO Forum
- Agricultural Trade Forum
- Livestock & Animal Feed Forum (LAFIF)
- Crop Estimate Liaison Committee
- Crop Estimate Committee
- Agricultural & General Media
- Intellectual Trade Groups
- DAFF - Senior Members
- DTI - Senior Members
- ITAC - Senior Members
- DOT - Senior Members

Membership

AFMA is privileged to report that it enjoyed a favourable increase in membership during the reporting period, as will be discussed in detail in the report.

Own identity

AFMA has during the past six years successfully regained the organisation's own identity which is now well known to DAFF, ITAC, DTI, Department of Health and even in the Department of Foreign Affairs. The AFMA brand is also well established and well-known to industry partners and role-players.

International recognition

AFMA is enjoying the recognition not only of IFIF but also of other international members of IFIF amongst which the US, EU, China and Brazil (F4), as the leading and representative organisation in Africa. This recognition has further been enhanced after acceptance of the proposal that feed companies within SADC can become full members of AFMA and AFMA's being their mouthpiece in Southern Africa.

Proof of this international recognition was highlighted with the awarding of the hosting of the 4th Global Feed and Food Conference to take place in 2013, to AFMA and the South African Feed Industry.

National recognition

AFMA is currently enjoying recognition as a national role-player, being part of all forums related to livestock, animal feeds, the grain value chain and the larger food value chain. This includes the various forums, both governmental and private sector where AFMA fulfils its rightful role as one of the leading decision-makers. It is foreseen that AFMA will start playing an increasingly important role in the food value chain, against the background of the new Consumer Protection Act and new labeling regulations.

Further issues affecting the animal feed industry will be addressed below.

2. AGRICULTURAL AND GOVERNMENT POLICY ISSUES

2.1 Introduction

The Department of Agriculture, Forestry and Fisheries (DAFF), for the larger part of 2010/2011 was still caught-up in the amalgamation and restructuring of the department. After a lengthy process, the new Director General (DG), Mr Langa Zita, was appointed late 2010. It is to be expected that it will take the new DG a while to find his feet, driving Agriculture, Forestry and Fisheries. With the amalgamation not hundred percent completed and finalised yet, the majority of energy is still focused inwards and is taken up by restructuring, leaving decision-making slow and sluggish with no clear direction by the Department in the broader sense. This is specifically evident with the Agricultural CEO Forum, established to be the highest level of structured engagement between Private Sector's CEOs and DAFF's DG and Minister, struggling to go forward, creating an environment of fragmentation and no cohesive drive going forward. AFMA and its value chain partners are in constant liaison with DAFF in an attempt to revitalise the process.

2.1.1 Tariffs, rebates and trade remedies

Although ITAC has ruled against AFMA's application for the removal of, or a rebate on, the current import duty of soya oilcake, AFMA's Trade Committee is investigating possible avenues to address this situation, whereby all involved role-players could benefit. Progress will be reported continuously.

The anti-dumping duty on lysine imported from the United States has been terminated with effect from 17 June 2011.

Two anti-dumping related applications have been notified by ITAC with respect to poultry imported from Brazil as well as the United States. The notifications were published in the Government Gazette on 24 June 2011. With respect to Brazil the application requests ITAC to impose anti-dumping duties on whole birds and boneless cuts imported under headings 0207-12 and 0207-14-10 respectively. The application with respect to the USA concerns the initiation of a sunset review of the current duties applied on frozen poultry meat cut in pieces with bone-in imported from the United States. The closing date for comments was early August 2011, to which AFMA added its voice by submitting a comment regarding the impact the Brazilian imports has on the feed industry in terms of local grain and feed being replaced.

In both applications AFMA will strongly support the Southern African Poultry Association (SAPA).

2.1.2 Trade Agreements

1. **SA/EU Agreement on Trade, Development and Cooperation /EU – Economic Partnership Agreements**

   The review of the existing free trade agreement between South Africa and the EU is still continuing, in tandem with the finalisation of the text of the proposed economic partnership agreement (EPA) between the EU and SACU, together with Angola and Mozambique. The intention is for the TDCA, once reviewed, to be "folded into" the final EPA.

   AFMA has provided written comments to the Department of Agriculture, Forestry and Fisheries advising them not to concede to the EU's demands for expanded market access for certain meat products into South Africa. AFMA has expressed its concern over the potentially negative impact such concessions may have on the animal feeds industry as well as the producers of grains in South Africa.

2. **SACU Mercosur (Argentina, Brazil, Paraguay and Uruguay)**

   Of the nine parties involved, only South Africa, Botswana and Brazil have yet ratified the agreement. The agreement will only enter into force once all parties have ratified it. On account of the delay, the potential benefit of lower import duties on soya oilcake still evades the South African feed industry.

3. SACU – EFTA (Iceland, Lichtenstein, Norway and Switzerland)

A meeting of the parties took place in Geneva during early July 2011 to review the current market access provided for under the existing trade agreement. SACU is reluctant to pursue the review of the agricultural negotiations with EFTA until it has finalised its negotiations with the EU under the TDCA/EPA. According to the current agreement, a review of the market access concessions given with respect to primary agricultural products needs to take place during 2011, whereas a review of processed agricultural products is due to take place during 2013. EFTA is however asking for the two processes to be merged into a single review. The position of SACU for the moment is to adhere to two separate processes as called for under the current agreement.

4. SACU-India

After a period of more than five years the parties exchanged their respective request lists for improved market access into each other's markets during December 2010. Unfortunately, there are some technical problems with the Indian request list and the current process is attempting to clarify these issues before consultation with South African industries are due.

5. SADC, COMESA and EAC Tri-lateral Free Trade Agreement

Work is ongoing to establish a cross-Africa (Cape to Cairo) free trade area. The process is still in its infancy while feasibility studies are being conducted. Tariff negotiations for the elimination of duties between countries party to the agreement will go hand in hand with the drafting of appropriate rules of origin.

2.1.3 World Trade Organisation (WTO)

Negotiations for the conclusion of the Doha Round of multilateral negotiations have for all practical purposes stalled. There is common agreement that the Round will not be concluded by the end of 2011. At most Members of the WTO aim to have some watered down deal for Least Developed Countries, providing for duty free quota free market access for these countries. Talks are however continuing in an attempt to resolve the deadlock.

2.1.4 Representation and Government relations

CEO Forum

The Agricultural CEO Forum met on 5 October 2010 in Stellenbosch shortly after the appointment of Mr Langa Zita as the new DG. The Forum is struggling to gain momentum, with access to senior officials and the Minister posing a great stumbling-block.

A major concern that was raised by participants was that the structures which had been developed to make it easier to engage with industry were not being utilised to the full to ensure proper engagement. Engagements were taking place with the primary sector, but requests were tabled to the Minister to try and meet with the value chains as well.

The Forum was informed that the Minister has prioritised the matter of establishing a close relationship with organised agriculture and that a process will be put in place to assign a senior official as the contact person for each of the commodity groups.

Forum stakeholders learned that the Minister might consider the establishment of an Advisory Council to ensure proper strategic engagement in future.

AFMA and its value chain partners are in constant liaison with DAFF in an attempt to revitalise the process.

3. TRADE COMMITTEE MATTERS

Crop estimates

The Departments of Agriculture, Forestry and Fisheries (DAFF) as well as Science and Technology (DST) met in February 2011 to discuss issues regarding the Crop Estimate Committee's expectations from satellite imagery and how to incorporate agriculture in future plans. Furthermore, specific requirements from agriculture have to be conveyed clearly to the DST to consider when the DST and the South African National Space Agency (SANSA) will review and evaluate the choice of satellite sensors for South Africa.

The meeting agreed that the main need from agriculture is to have imagery in the long run for food security purposes, and in order to obtain an independent crop estimate in the national interest. Independent crop estimates would ensure price stability and subsequently in the long run, end users would have more certainty on supply and anticipated trends in the cost of grains. It was reported at the meeting of the Crop Estimate Liaison Committee (CELC) held in May 2011 that DAFF had prepared a submission to set out technical requirements regarding satellite imagery, and was awaiting the Agricultural Research Council's inputs prior to its submission to the DST. The CELC also decided that, pending the finalisation of the restructuring of DAFF and amendments to the Marketing of Agricultural Products Act that may affect the functioning of CEC, the composition of CEC be kept in abeyance.

Transnet Freight Rail / Agro logistics

The Maize Forum Steering Committee has restructured its committees and identified activities with the main focus to advance job creation obligations. The Trade and

Environment Committee held an Export Efficiency meeting on 12 May 2011. Efforts are being made to ensure that committees and other related stakeholders avoid duplication of activities within the grain value chain.

The object of the Export Efficiency meeting was to have an open and robust stakeholder discussion on the rail transport challenges and identify possible means to address them. In addition to the Trade Committee members, the meeting was also attended by Transnet, Port Authorities, DAFF, PPECB, Agriport and SA Bulk Terminals. The challenges discussed included the cost of freight rail, additional rail capacity, scheduling of rail transport, turnaround times of rail trucks as well as volume statistics. TFR could not commit to resolving any of the challenges soon owing to current resource constraints.

JSE Advisory Committee – Location Differentials

The JSE Advisory Committee held a meeting on 23rd June 2011 with location differentials as the main item for discussion. SAFEX mentioned at the meeting that the current system has become an extremely complex and difficult process to manage. The reasoning behind this was that, in the past, rail transport was predominantly used for grains and the rates were easily accessible. With the current ratio of road versus rail, SAFEX indicated that it relied more on the feedback from the market on transport rates and ratios to determine the differentials and that this, according SAFEX, has become a complex and tedious process to manage.

SAFEX circulated a memorandum detailing how the transport differential was calculated in addition to the National Agricultural Marketing Council Transport Differential Report (Roberts Report). The latter report recommended that the differential system be retained as designed and constructed.

It transpired that very few committee members had mandates at the meeting of the JSE Advisory Committee meeting and SAFEX requested members to return to and consult with their respective constituencies. The current system was then discussed at the meeting of the Advisory committee held on 26 July 2011.

After thorough discussion of the matter it became evident that doing away with the location differential system could increase risk in the market place, which could possibly result in a lowering of finance available to the sector. No representative was able to illustrate that doing away with the location differential system would actually lead to the improvement of the grain sector in South Africa and it was therefore agreed that the system should remain in place.

The JSE together with the NAMC and Agricultural Advisory Committee did, however, resolve to further investigate any improvements that can be made to the process of determining the location differentials, particularly regarding the transparency thereof, on an annual basis.

Department of Transport (DOT): Logistics Costs Survey & Road Freight Strategy
The Department of Transport commissioned the University of Stellenbosch's Centre for Supply Chain Management to conduct the Cost of Logistics Survey in consultation with government departments, parastatals and the private sector. This was exacerbated, amongst other things, by the inefficiency of supply chains and the lack of readily available information on freight logistics necessary for the implementation of the National Freight Logistics Strategy (NFLS) approved by Cabinet in 2005. A task team was established to analyse the objectives and the implementation thereof.

One of the most serious impediments identified at the progress feedback session held on 8 July 2011 was a lack of alignment:

- Within the DOT itself – demonstrated by parallel and independent processes of the Logistics Cost Survey and development of Road Freight Strategy.
- Government Departments – duplication of programmes aimed to achieve similar outcomes.
- Government Departments and State Owned Enterprises
- Three levels of Government – Local, Provincial and National
- Government and Industry
- Government, SADC, COMESA & EAC

It was recommended that the DOT formulate a strategy that stipulates rail-friendly modal shift and spells out a logistics master plan that considers logistics development as a part of economic growth.

Soya production and soya oilcake
The statements in the ITAC report that the import duty on soya oilcake was to remain unchanged, that producers would be allowed a further 3 years to increase their production, and that soy crushers would be allowed a further 3 years to attempt to generate the needed crushing capacity to service the local market's needs in terms of quality and quantity, put an obligation on both Government, producers and oil-crushers.

This gave way to the initiative of developing a Soya-Strategy, with the main objectives of increasing local soya production and increasing local crushing capacity in the oil-crushing industry. The leading drivers of this process are the DTI (Agro-processing), DAFF, NAMC, producers, oil-crushers and other related role-players in the soya industry. AFMA is also part of this process in an advisory capacity as the largest consumer of this commodity. This process is in its initial phases and moving slowly; progress will be reported through the AFMA communication channels.

Lysine

After the first safeguard duty introduced by ITAC in May 2007 was phased out in April 2010, ITAC re-introduced an import duty of 10% on Lysine as of 12 April 2011.

During May-June 2011, ITAC as well as AFMA and the related consumers were notified that the sole producer of Lysine in SADC has ceased to produce Lysine, bringing about a situation of no production locally while an import duty and an anti-dumping duty on the product are still in place.

AFMA immediately, with the support of the former producer, engaged with ITAC to rectify this situation. Subsequently the anti-dumping duty on lysine imported from the United States has been terminated with effect from 17 June 2011.

The process of removing the normal import duty differs somewhat from that of an anti-dumping duty. However, AFMA has commented on the removal process and is in constant contact with ITAC to facilitate a speed-up in the process where possible.

GMO Export Process

The GMO Amendment Act and its regulations were signed into action by the President on 26 February 2010, clearing the way for a process of realignment by the trading fraternity both locally and internationally, in accordance with the obligations of the Cartagena Protocol on Bio-Safety which is administered by DAFF.

Although the process moved slowly at times during the reporting period, the majority of the compliance requests from international trading partners were received. Some letters of importing trading partners are however still outstanding.

AFMA Transport protocol for Raw Materials

The protocol was finally approved by the AFMA Board of Directors and ratified for implementation by the Annual General Meeting on 10 September 2010.

This protocol is to be used by AFMA members to enforce the safe transportation of feed ingredients to feed mills. Members will be the custodians and enforcers of the protocol. The implementation of this protocol will be monitored and periodic feedback will be given via the AFMA communication network.

Maize Grading Regulations

AFMA's Trade Committee and subject experts are in the process of amending the grading regulations. The process of going forward amongst processors of maize, however, requires a wide process consultation, which was delayed due to external factors which first had to be addressed. It is envisaged that the process will gain momentum from now on.

Maize Export Pool

Attempts by Grain SA during the reporting period to bring about a better price for their produce fell short of producer expectations. After the request to export surplus maize as a "Maize Pool" was rejected by the Competition Authority as non-competitive, a special Article 7-Committee of the National Agricultural Marketing Board (NAMC) called to assess the situation judged that the surplus maize exports should be handled without interfering with the free market mechanism. Maize exports then took place according to normal market procedures.

OTHER

Grain Farmer Development Association (GFADA)

GFADA is still in its developmental phase and has started the pilot project with norms and criteria in place. The first applications were presented to the GFADA Board in February 2010 last year and out of the six applications, only two met the criteria and were approved. No individual applications will be considered, apart from those submitted via an Agribusiness.

GFADA is still in the process of appointing a manager, which at this stage will be a part-time appointment. Dr Pieter Cronje has been contracted for a further year to handle applications and related responsibilities.

The Board decided to appoint a small committee to look into and liaise with all parties concerned to see whether the process can be improved according to norms and criteria when applications are received for donor funding. Funding from the Maize Trust is currently on hold owing to a dispute as to which vehicle to use and there is a need to convince Government that GFADA is the better vehicle to incorporate emerging farmers in the commercial stream.

Industry organisations/structures

The process to establish an umbrella processing body is still in progress. To this end quotations for proposals have been requested from Delloitte and KPMG. An anonymous decision was taken to pursue the KPMG proposal due to responses received. SAAPA member companies are expected to commit to equal sharing of the cost to move the process forward.

Agricultural Trade Performance

TABLE & FIGURE 1A: SA TRADE IN PRIMARY AGRIC PRODUCE (2008 - 2011) (BILLIONS OF RSA RANDS)													
	1Q 08	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10	3Q 10	4Q 10	1Q 11
Exports	3.7	5.7	8.0	4.6	5.8	5.8	5.9	3.7	4.9	5.8	7.5	4.2	5.7
Imports	2.2	1.5	2.7	2.2	2.3	1.6	2.0	1.8	1.7	1.6	1.9	2.0	2.5
Net Trade	1.5	4.2	5.4	2.4	3.5	4.2	3.9	1.9	3.2	4.2	5.6	2.2	3.2

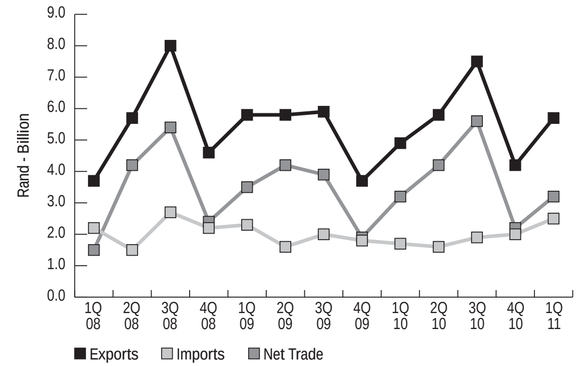


TABLE & FIGURE 1B: SA TRADE IN PROCESSED AGRIC PRODUCE (2008 - 2011) (BILLIONS OF RSA RANDS)													
	1Q 08	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10	3Q 10	4Q 10	1Q 11
Exports	3.9	5.6	6.6	6.8	6.1	6.2	6.7	6.4	5.2	6.5	6.8	6.2	5.1
Imports	6.3	7.0	7.8	9.2	6.9	6.2	6.9	7.8	6.7	6.1	7.4	8.1	8.2
Net Trade	-2.4	-1.4	-1.2	-2.4	-0.8	0.1	-0.2	-1.4	-1.4	0.4	-0.6	-1.9	-3.1

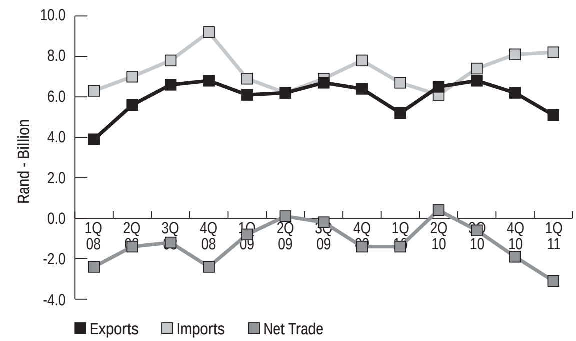
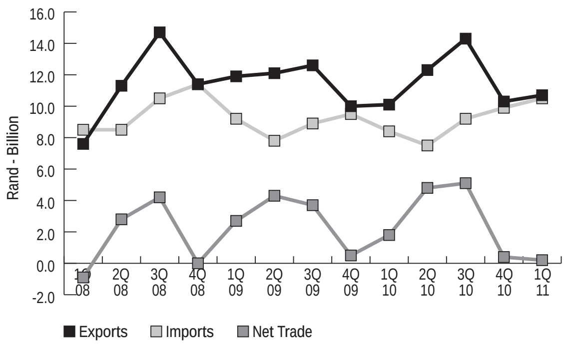


TABLE & FIGURE 1C: TOTAL TRADE - AGRIC PRODUCE (2008-2011) (BILLIONS OF RSA RANDS)													
	1Q 08	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10	3Q 10	4Q 10	1Q 11
Exports	7.6	11.3	14.7	11.4	11.9	12.1	12.6	10.0	10.1	12.3	14.3	10.3	10.7
Imports	8.5	8.5	10.5	11.4	9.2	7.8	8.9	9.5	8.4	7.5	9.2	9.9	10.5
Net Trade	-0.9	2.8	4.2	0.0	2.7	4.3	3.7	0.5	1.8	4.8	5.1	0.4	0.2



As indicated by the Graphs and Table above South African exports experienced a positive trade balance on the trade of primary agric produce between 2008-2010. A significant drop was experienced in these exports during the fourth quarter of 2010, however, causing the trade surplus to decline to R2,2 billion in the fourth quarter of 2010. South Africa nevertheless mantained a net surplus of trade in primary products during the past decade.

South Africa retained its status as net exporter of processed agric produce between 1998 and 2005, whereafter it became a net importer. Despite the recovery seen in the second and third quarters of 2010, exports of processed agri produce fell short of the imported agric produce.

In total South Africa remained a net exporter of agri-food produce and performed well during the first three quarters of 2010, but declined due to the large drop in exports of processed agric produce in the fourth quarter of 2010. It is nevertheless expected that South Africa will remain a net exporter of agri-food produce (primary and processed combined).

4. RAW MATERIAL COSTS

SAFEX yellow maize prices increased from R1 330/tonne in July 2010 to R1 750/tonne in July 2011. South African maize exports have been robust with over 2 million tonnes exported in 2010 and close on 500 000 tonnes completed to date in 2011. It is likely that the reduced supply of maize relative to demand will result in prices remaining firm. Imported oilcake prices in July 2010 were R3 200 and in July 2011 increased to R3 300 a very small change with significant volatility in the interim. This volatility is likely to persist, being exacerbated by a fluctuating exchange rate.

5. SKILLS DEVELOPMENT ACT, 1998, ACT 97/1998

5.1 Training

The process of developing the Occupational Curricula for the Agro-processing industries (which include AFMA, Milling and Pet Food) continued in the reporting period. The training modules are in the finalisation stages, after which they will be tested and implemented as pilot roll-outs at the different industries.

5.2 AFMA – Buhler – SFT Training

AFMA in co-operation with Buhler and the Swiss Institute of Feed Technology (SFT) has, after great interest was shown by AFMA members, hosted the first ever AFMA/ BUHLER/SFT – Feed Milling Short Course during September 2010. Presented by Mr Ernst Nef, Director of SFT, the first course was attended by 33 students from different AFMA members.

Due to the positive feedback and requests from members, it was decided to host this course once again in 2011 for students who were unable to make it during 2010 as well as members still wishing to send students from their companies.

The theoretical part of the course will be presented at Glenburn Lodge from 5-16 September 2011, while the practical part of the training will be taking place at the state of the art, BUHLER-Training Centre in Honeydew, Johannesburg.

6. AFMA PRIZES AND AWARDS

6.1 Sponsorships for awards

6.1.1 AFMA Person of the Year Award

The AFGRI Group has agreed to sponsor the AFMA Person of the Year Award for 2010/2011. On behalf of AFMA I would like to express my thanks towards the AFGRI Group for this gesture.

6.1.2 Barney van Niekerk / AFMA Technical Person of the Year Award

DSM Nutritional Products has agreed to sponsor the Barney van Niekerk / AFMA Technical Person of the Year Award for a five-year period from 2007. Thank you once again also to DSM Nutritional Products for this gesture.

6.2 Presentation of awards for 2009/2010

6.2.1 AFMA Person of the Year Award: 2009/2010

There was no recipient of this award in 2009/2010.

6.2.2 Barney van Niekerk / AFMA Technical Person of the Year: 2009/2010

The 2009/2010 award was presented to Mr Stephen Slippers, Technical Executive: Ruminants, Meadow Feeds, for his special contribution in ruminant nutrition in South Africa and the SA Feed Industry. Mr Slippers is also widely respected for his valuable contribution towards the AFMA Technical Committee and its projects, especially on the terrain of BSE and AFMA's engagement with Government on the allowance of blood meal in poultry feed, which is on the brink of being allowed again in poultry feeds.

6.2.3 Koos van der Merwe / AFMA prize: 2009

The Koos van der Merwe prize for the best final year student was awarded to Me Magdel Nel of the University of Stellenbosh at the AFMA Annual Symposium on 6 October 2010.

7. MEMBERSHIP OF OTHER ORGANISATIONS

As a part of the AFMA strategy the organisation, cognisant of the value of being an integrated role-player in the Food Value Chain, became a member of associations/ institutions addressing different aspects related to the feed industry.

7.1 AfricaBio

AfricaBio promotes the use of biotechnology in Agriculture. Since AFMA believes that biotechnology should be used in the alleviation of food shortages in the future, we fully support their work. AfricaBio is also assisting AFMA with lobbying government and other decision-makers for the approval of GMOs. They are furthermore very much involved in promoting the use of GMOs in Africa. AFMA and AfricaBio have been in regular contact during the past year regarding issues affecting the feed industry.

7.2 International Feed Industry Federation (IFIF)

AFMA's involvement in the international animal feed arena is growing stronger by the year with AFMA's Executive Director attending Feed Summits, Annual General Assemblies and Global Feed Conferences on behalf of the South African Animal Feed Industry, ensuring that the South African industry stays informed on international issues, keeping IFIF informed of feed affairs within the Southern African region.

During the reporting period, the AFMA Executive Director was nominated by the IFIF Board of Directors to lead and co-ordinate an IFIF Task Force, which was responsible for the revision and re-writing of the IFIF Vision, Mission and Goals, which was unanimously accepted and adopted by the IFIF Board of Directors.

This involvement reached another high when AFMA was awarded the hosting of the 4th Global Feed & Food Conference in South Africa during April 2013. This can be compared to the Olympic Games for the international feed industry and AFMA is looking forward to hosting this event as one of the highlights of the century on the African Feed Calendar.

This event will be hosted at the Sun City Conference Centre, during the week of 8-12 April 2013.

8. AFMA MEMBERSHIP

AFMA is pleased to report that membership to AFMA experienced a net expansion of membership of 8 (eight) new members joining AFMA during the reporting period ending 30 June 2011. Unfortunately AFMA also lost some members during the reporting period.

AFMA membership now stands at 111 constituting:

• Full members (balanced feed manufacturers)	:	55
• Associate members	:	56

Associate membership includes the following groups:

• Premix manufacturers	:	28
• Traders	:	15
• Producers and suppliers of raw materials	:	11
• Manufacturers and suppliers of equipment	:	1
• Lab Services	:	1

8.1 New members

AFMA's membership was open to companies in South Africa and the LSBN (Lesotho, Swaziland, Botswana and Namibia) countries. In 2008 AFMA amended its constitution and now allows any manufacturer producing feed within SADC to become a full AFMA member, with full voting rights. Other suppliers and service providers within SADC qualify for associate membership of AFMA.

Members who joined in the reporting period are:

Full members

Telwiedré (Pty) Ltd t/a Telwiedré Feeds	-	1 November 2010
Allem Brothers (Pty) Ltd	-	1 July 2011

Associate members

MG2Mix SA (Pty) Ltd	-	1 July 2010
Olam South Africa (Pty) Ltd	-	1 July 2010
Pennville (Pty) Ltd	-	1 July 2010
Ringfeeds cc	-	1 July 2010
Allied Nutrition	-	1 October 2010
Ashkan Consulting (Pty) Ltd	-	1 October 2010
Marsing & Co. Africa (Pty) Ltd	-	1 December 2010
NOVUS International, Inc	-	1 January 2011
Animal Nutrition & Health (Pty) Ltd	-	1 February 2011
Megastarter Biotech (Pty) Ltd t/a Ms Biotech	-	1 February 2011
FR Waring Feeds (Pty) Ltd	-	1 March 2011
Elanco Animal Health (A division of Eli Lilly SA (Pty) Ltd)	-	1 March 2011
Feedpharm Trading	-	1 April 2011
Noble Resources South Africa (Pty) Ltd	-	1 July 2011

8.2 Termination of membership

Namib Management Services	-	10 November 2009
Kimleigh Chemicals SA (Pty) Ltd	-	26 May 2010
Monti Feeds (Pty) Ltd	-	1 September 2010
Agcom cc	-	6 December 2010
3G Developments	-	1 December 2010
Vetcom Industries	-	27 January 2011
Rocklands Poultry (Pty) Ltd	-	29 April 2011

8.3 Name changes

The following name changes to member companies have been made during the reporting period:

SA Bioproducts (Pty) Ltd change to Rymco (Pty) Ltd
N-Wes Fosfaat (Pty) Ltd change to Feedpro Feeds (Pty) Ltd
Evertrade Feeds (Pty) Ltd to Essential Feeds (Pty) Ltd

9. CO-OPERATION WITH LIVESTOCK INDUSTRIES

Scheduled quarterly Livestock and Animal Feed Forum meetings took place between Government and the different parties of the LAFIF, in which AFMA takes the lead. Industry partners take active part in interim and ad-hoc meetings where issues to be discussed at the formal LAFIF are discussed. A typical example of such a matter is the meetings and discussion on the new Fertilizer and Feeds Bill, before its publication in the Government Gazette for public comments.

Apart from the LAFIF meetings, AFMA, the PFI, and Act 36 personnel are engaged in bi-monthly meetings pertaining specifically to Act 36 matters impacting directly on AFMA and the PFI. It has been found that these meetings are much more efficacious in addressing the Act 36 matter on an almost one to one basis.

Typical matters under discussion at this forum are:

- The "to be published" Fertilizer and Feed Bill
- Act 36 – Regulations
- Feed Registration
- Feed Guidelines

9.1 Co-operation with value chain partners

Liaison with value chain partners have been taking place on a continuous basis either on a one-on-one basis or through various forums where applicable, such as the Maize Forum Steering Committee, Maize Forum Technical Advisory Committee, SAGIS, SAGL, Maize Forum, etc.

10. GMO REGISTRAR: APPLICATIONS

AFMA has often expressed concern about the reduced number of GMO sources for the import of yellow maize and other GMO's. This was a result of the Cartagena Agreement and the way in which countries deal with GMO's. During the previous reporting period South Africa was unable to import any yellow maize from the US, the biggest exporter of yellow maize, for the simple reason that all the GMO traits that have been approved in the US are not yet approved in South Africa. As from April 2010, Argentina was added to the list, leaving South Africa with but one or two sources of supply should the need for imports arise.

During the reporting period, Brazil was also added to this list, which brings about the state of affairs that South Africa can only import GMO maize under special dispensation.

However, AFMA and other role-players in the Grain Trade Industry were part of the SABS Committee who drafted the, SANS 910 – Requirements published in March 2011 for the receiving, handling, transportation and storage of imported genetically modified commodities not approved for general release. In addition to the normal legal obligations and SPS measures to be adhered to, this national standard spells out the additional requirements should this type of import be needed.

11. STAFF MATTERS

11.1 The staff in the AFMA office

The staff members in the AFMA office changed during the reporting period, with Ms Nomfuzo Mkhize leaving AFMA's service while Ms Liesl Breytenbach joined the service of AFMA during May 2011.

The current full time personnel are:

- Executive Director – De Wet Boshoff
- Secretary – Teresa Struwig
- Technical Advisor – Liesl Breytenbach

11.2 Co-operation with the National Chamber of Milling (NCM)

The National Chamber of Milling is still rendering certain services to AFMA, with the inclusion of administrative and support services in certain areas of expertise. A good working relationship is still maintained with the NCM, with co-operation and cross-pollination taking place in important areas of work, which is expected to be maintained and improved.

12. FEED MANUFACTURING

12.1 Raw material utilisation in 2010/2011 by AFMA members

Table 2 indicates the raw material usage and inclusion rates during 2006/2007 to 2010/2011. The average inclusion rates for the various raw materials are indicated as a percentage of the total feed sales and will normally reconcile to a level higher than 95%, allowing for milling loss. It must, however, be noted that not all raw materials are being used in all compound feeds. The inclusion rates of different raw materials differ from formulation to formulation as well as between different species.

TABLE 2: RAW MATERIAL USAGE (APRIL 2006 - MARCH 2011) - AFMA MEMBERS (TONNES)

Raw material	Total (T)	Inclusion rate	Total (T)	Inclusion rate	Total (T)	Inclusion rate	Total (T)	Inclusion rate	Total (T)	Inclusion rate
	2006/2007	2006/2007	2007/2008	2007/2008	2008/2009	2008/2009	2009/2010	2009/2010	2010/2011	2010/2011
Bagasse	50,808	1.14%	56,820	1.27%	58,875	1.32%	69,309	1.55%	69,302	1.55%
Barley (All)	1,700	0.04%	3,337	0.07%	1,663	0.04%	1,841	0.04%	1,873	0.04%
Bicarbonate of soda	4,054	0.09%	6,926	0.16%	4,080	0.09%	4,784	0.11%	5,169	0.12%
Blended Oil	43,618	0.98%	48,341	1.08%	27,050	0.61%	26,751	0.60%	25,601	0.57%
Blood meal	2,412	0.05%	14,499	0.32%	16,048	0.36%	24,359	0.55%	28,401	0.64%
Bone meal	-	0.00%	-	0.00%	-	0.00%	28	0.00%	286	0.01%
Brewers grain	5,879	0.13%	5,357	0.12%	7,137	0.16%	6,969	0.16%	7,109	0.16%
Canola fullfat	3,757	0.08%	553	0.01%	31	0.00%	618	0.01%	1,056	0.02%
Canola oilcake	4,330	0.10%	2,963	0.07%	2,147	0.05%	2,834	0.06%	5,974	0.13%
Carcass meal	3,958	0.09%	3,302	0.07%	4,387	0.10%	2,561	0.06%	3,286	0.07%
Citrus meal	900	0.02%	3,344	0.07%	5,143	0.12%	2,940	0.07%	3,118	0.07%
CMS	15,602	0.35%	13,428	0.30%	13,008	0.29%	11,268	0.25%	11,050	0.25%
Cotton seed oilcake	35,590	0.80%	19,069	0.43%	19,886	0.45%	18,739	0.42%	17,142	0.38%

TABLE 2: RAW MATERIAL USAGE (APRIL 2006 - MARCH 2011) - AFMA MEMBERS (TONNES)										
Raw material	Total (T)	Inclusion rate	Total (T)	Inclusion rate	Total (T)	Inclusion rate	Total (T)	Inclusion rate	Total (T)	Inclusion rate
	2006/2007	2006/2007	2007/2008	2007/2008	2008/2009	2008/2009	2009/2010	2009/2010	2010/2011	2010/2011
Cotton seed	10,241	0.23%	9,074	0.20%	4,903	0.11%	4,779	0.11%	5,704	0.13%
Defatted maize germ meal	9,607	0.22%	10,683	0.24%	9,711	0.22%	10,798	0.24%	9,991	0.22%
Fat	11,618	0.26%	28,702	0.64%	1,564	0.04%	1,712	0.04%	1,891	0.04%
Feather meal	33,539	0.75%	30,761	0.69%	16,358	0.37%	16,453	0.37%	21,301	0.48%
Feed wheat	2,689	0.06%	80	0.00%	3,461	0.08%	12,996	0.29%	5,075	0.11%
Fish meal	37,871	0.85%	48,156	1.08%	74,345	1.67%	57,680	1.29%	30,754	0.69%
Fullfat soya	183,047	4.10%	130,609	2.93%	92,474	2.07%	164,840	3.69%	142,758	3.20%
Groundnut oilcake	316	0.01%	-	0.00%	1	0.00%	-	0.00%	138	0.00%
Hominy chop	90,408	2.03%	87,358	1.96%	101,287	2.27%	116,649	2.61%	118,735	2.66%
Limestone grit	57,640	1.29%	67,356	1.51%	64,620	1.45%	65,438	1.47%	70,864	1.59%
Limestone powder	82,836	1.86%	84,644	1.90%	90,454	2.03%	97,544	2.19%	105,410	2.36%
Lucern hay	17,078	0.38%	30,249	0.68%	22,706	0.51%	24,604	0.55%	29,569	0.66%
Lucern meal	15,437	0.35%	16,281	0.36%	15,455	0.35%	16,876	0.38%	18,332	0.41%
Lysine	5,449	0.12%	7,943	0.18%	6,642	0.15%	7,330	0.16%	7,420	0.17%
Maize	2,267,008	50.81%	2,464,189	55.23%	2,649,320	59.37%	2,685,688	60.19%	2,810,058	62.98%
Maize germ meal	16,664	0.37%	21,338	0.48%	20,403	0.46%	19,682	0.44%	25,878	0.58%
Maize germ oilcake	2,859	0.06%	5,750	0.13%	3,984	0.09%	4,033	0.09%	2,261	0.05%
Maize gluten feed (20%)	19,197	0.43%	24,470	0.55%	32,599	0.73%	33,025	0.74%	37,862	0.85%
Maize gluten feed (60%)	17,645	0.40%	19,232	0.43%	16,143	0.36%	16,904	0.38%	17,917	0.40%
Maize meal	2,346	0.05%	1,050	0.02%	6,310	0.14%	7,912	0.18%	3,505	0.08%
Maize screenings	7,183	0.16%	(6,572)	-0.15%	5,124	0.11%	5,934	0.13%	8,718	0.20%
Meat & bone meal	1,685	0.04%	700	0.02%	452	0.01%	529	0.01%	1,504	0.03%
Medicaments	12,023	0.27%	16,633	0.37%	11,625	0.26%	10,738	0.24%	10,190	0.23%
Methionine	5,755	0.13%	9,154	0.21%	5,799	0.13%	6,344	0.14%	7,148	0.16%
Molasses	158,459	3.55%	181,536	4.07%	178,689	4.00%	194,879	4.37%	200,370	4.49%
Monocalsium phosphate	42,203	0.95%	41,486	0.93%	30,427	0.68%	35,766	0.80%	36,052	0.81%
Other: 598+557+525+554 +545+552+546+553+529 +538+582+|512+583+554 +584+512	29,548	0.66%	40,252	0.90%	41,891	0.94%	43,808	0.98%	55,475	1.24%
Palm kernal oilcake	683	0.02%	279	0.01%	338	0.01%	3,650	0.08%	4,721	0.11%
Plant oil	1,679	0.04%	3,186	0.07%	9,075	0.20%	15,891	0.36%	15,732	0.35%
Poultry by-product	31,318	0.70%	30,527	0.68%	43,650	0.98%	41,354	0.93%	43,294	0.97%
Salt	36,368	0.82%	44,570	1.00%	38,069	0.85%	40,507	0.91%	43,851	0.98%
Sorghum	917	0.02%	603	0.01%	1,472	0.03%	285	0.01%	216	0.00%
Soya oilcake	653,463	14.64%	752,073	16.85%	716,142	16.05%	701,055	15.71%	815,958	18.29%
Sunflower hulls	3,010	0.07%	2,487	0.06%	1,549	0.03%	1,518	0.03%	1,300	0.03%
Sunflower seed & oilcake	169,172	3.79%	167,856	3.76%	248,884	5.58%	313,964	7.04%	256,860	5.76%
Triticale	31	0.00%	82	0.00%	1	0.00%	-	0.00%	22	0.00%
Urea	15,519	0.35%	16,961	0.38%	14,859	0.33%	17,415	0.39%	19,083	0.43%
Vit & Min premixes	19,086	0.43%	52,637	1.18%	21,589	0.48%	24,435	0.55%	26,152	0.59%
Wheaten bran & flour	248,362	5.57%	273,774	6.14%	282,284	6.33%	312,162	7.00%	332,061	7.44%
Wheaten straw	4,872	0.11%	6,714	0.15%	5,587	0.13%	5,799	0.13%	8,085	0.18%
TOTAL	4,497,439	95.95%	4,900,802	95.67%	5,049,701	95.95%	5,313,977	96.65%	5,531,582	96.70%
Feedsales for the period	4,687,097		5,122,460		5,262,693		5,498,297		5,720,081	

12.1.1 Oilcakes and fish meal

Details of the oilcake and fish meal consumption by AFMA members during the period 1 April 2006 to 31 March 2011 are shown in **Table 3**. Although still in short supply, Table 3 indicates how the use of fish meal by AFMA members has fluctuated over the past 5 years. The use of fish meal is determined by availability, product mix and price in relation to other available protein sources. Usage declined from the 74 345 tonnes in 2008/2009 to 30 754 tonnes in 2010/2011.

Soya oilcake and full fat soya consumption has recovered from the decline experienced in 2008/2009, to a consumption of 958 716 tonnes in 2010/2011, while the consumption of Sunflower oilcake decreased to 256 841 in 2010/2011. Thus, the average inclusion rates of Soya oilcake and Sunflower amounted to 16,76% and 4,49% respectively.

Cotton oilcake usage continued its decreasing trend, dropping to a new and all-time low of 22 846 tonnes in 2010/2011. This drop in usage is mainly related to price and availability.

TABLE 3: OILCAKE AND FISH MEAL USAGE (AFMA MEMBERS) - 1 APRIL 2006 TO 31 MARCH 2011 (TONNES)

Oilcake	2006/2007	% Inc	2007/2008	% Inc	2008/2009	% Inc	2009/2010	% Inc	2010/2011	% Inc
Soya *	836,510	17.85%	882,682	17.23%	808,616	15.37%	865,895	15.75%	958,716	16.76%
Sunflower	169,172	3.61%	167,856	3.28%	248,884	4.73%	313,964	5.71%	256,841	4.49%
Cotton seed **	45,831	0.98%	28,143	0.55%	24,789	0.47%	23,518	0.43%	22,846	0.40%
Groundnuts	316	0.01%	0	0.00%	1	0.00%	0	0.00%	138	0.00%
Canola***	8,087	0.17%	3,516	0.07%	2,178	0.04%	2,834	0.05%	5,974	0.10%
Copra & Palm kernal	4,029	0.09%	7,016	0.14%	4,887	0.09%	7,655	0.14%	7,425	0.13%
TOTAL	1,063,945	22.70%	1,089,213	21.26%	1,089,355	20.70%	1,213,866	22.08%	1,251,940	21.89%
Fish meal	37,871	0.81%	48,156	0.94%	74,345	1.41%	57,680	1.05%	30,754	0.54%
Animal Feed Sales	4,687,097		5,122,460		5,262,693		5,498,297		5,720,081	

* *Including soya oilcake and fullfat soya*
** *Including oilcake and fullfat cotton*
*** *Including fullfat canola*

12.1.2 Maize products

AFMA's maize products usage for the past 5 reporting periods (2006-2011), is shown in **Table 3.1**. Maize and maize products usage increased to 3 034 925 tonnes in 2010/2011, resulting in an inclusion rate of 53% of all raw materials used in feed in 2010/2011.

TABLE 3.1: USAGE OF MAIZE PRODUCTS (AFMA MEMBERS) - 1 APRIL 2006 TO 31 MARCH 2011 (TONNES)

	2006/2007	% Inc	2007/2008	% Inc	2008/2009	% Inc	2009/2010	% Inc	2010/2011	% Inc
Maize (Incl. maize meal)	2,273,544	48.51%	2,465,239	48.13%	2,649,320	50.34%	2,685,600	48.84%	2,813,563	49.19%
Maize gluten meal (20%)	19,278	0.41%	24,470	0.48%	32,599	0.62%	33,025	0.60%	37,862	0.66%
Maize gluten meal (60%)	17,688	0.38%	19,232	0.38%	16,143	0.31%	16,904	0.31%	17,917	0.31%
Maize screenings	-7,186	-0.15%	-6,572	-0.13%	5,124	0.10%	5,934	0.11%	8,718	0.15%
Maize germ meal	16,664	0.36%	21,338	0.42%	20,403	0.39%	19,382	0.35%	25,878	0.45%
Defatted maize germ meal	9,806	0.21%	10,683	0.21%	9,711	0.18%	10,798	0.20%	9,991	0.17%
Maize germ oilcake	2,859	0.06%	5,750	0.11%	3,984	0.08%	4,033	0.07%	2,261	0.04%
Hominy chop/Germ meal	90,271	1.93%	87,358	1.71%	101,287	1.92%	116,649	2.12%	118,735	2.08%
TOTAL	2,422,924	51.69%	2,627,498	51.29%	2,838,571	53.94%	2,892,325	52.60%	3,034,925	53.06%
Total Feed Production	4,687,097		5,122,460		5,262,693		5,498,297		5,720,081	

12.2 Raw materials available to the feed industry: 2010/2011

The national availability of raw materials for the feed industry is discussed in 12.2.1-12.2.4.

12.2.1 Oilcakes

The estimated local production of oilseeds and oilcakes for the 2010/2011 marketing season is shown in **Table 4**. Information on imports is supplied in **Table 4.1**, whilst **Tables 4.2** and **4.3** contain summaries of the available oilcake.

Soya bean production in South Africa maintained its upward trend increasing from 205 850 tonnes during 2006/2007 to 282 000 tonnes in 2007/2008, 516 000 tonnes in 2008/2009 and an estimated 546 000 tonnes in 2010/11. SAGIS figures indicated that the amount of soya beans used for the production of full fat – 187 300 tonnes remained stable, with 189 900 tonnes going to crushing for oil cake during 2010/2011.

Cotton seed available for crushing and available as full fat for the past reporting period has further reduced to less than ±70 000 tonnes in 2010/2011.

TABLE 4: LOCAL OILCAKE AVAILABLE FOR MARKETING - 1 APRIL 2010 TO 31 MARCH 2011 (MARKETING SEASON) (TONNES)

Description	Total crop	Available for crushing	Conversion	Oilcake
Sunflower (1,2)	491,500	595,200	42%	249,984
Groundnut (1,2)	85,000	6	54%	3
Soya (1,2)	546,000	190,000	80%	152,000
- Full fat (2)	-	187,000	80%	149,600
Cotton (3)	13,495	15,000	50%	7,500
- Full fat (4)		50,000	50%	25,000
Canola (1,2)	40,100	41,500	55%	22,825
- Full fat (4)	-	-	55%	-
Lupins - Full fat (1)	18,000	18,000	100%	18,000
TOTAL LOCAL OILCAKE		1,096,706		624,912

Sources:
1. *National Crop Estimates Committee - 26 July 2011*
2. *SAGIS - Monthly reports (Jan - Dec 2010; Jan - Mar 2010; Jan - Mar 2011; Oct 2009 - Sept 2010)*
3. *Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing. Crushed product also includes seed from SADC Countries. (Website: www.cottonsa.org.za)*
4. *Full fat used for feeds according to SAGIS, Cotton SA and Cotton Seed Processors*

TABLE 4.1: OILCAKE IMPORTS - 1 APRIL 2010 TO 31 MARCH 2011 (TONNES)

Cake / Seed	Tonnes Seed + oilcake	Conversion rate	Oilcake 2010/2011
Sunflower oilcake*	92,259	100%	92,259
Sunflower seed*	25,722	42%	10,803
Groundnut oilcake*	1	100%	1
Soya oilcake*	989,112	100%	989,112
Soya beans *	446	80%	357
Cotton oilcake*	87,354	100%	87,354
Cotton seed	35,855	50%	17,928
Other seeds *	190	50%	95
Other oilcakes *	34,669	100%	34,669
TOTAL IMPORTS	1,265,608		1,232,578
Local Production (Ex Table 4)			624,912
GRAND TOTAL - Table 4 + 4.1			1,857,490

Source:
* *Department of Customs & Excise*
* *Cotton Seed Processors (Pty) Ltd*
* *Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing*
* *Crushed product also includes seed from SADC Countries.(Website: www.cottonsa.org.za)*

TABLE 4.2: SUMMARY OF TOTAL OILCAKE AVAILABLE FOR MARKETING - 1 APRIL 2006 TO 31 MARCH 2011 (TONNES)										
Oilcake	2006/2007	%	2007/2008	%	2008/2009	%	2009/2010	%	2010/2011	%
Sunflower	268,308	16.40%	242,545	13.80%	364,754	21.91%	449,046	25.76%	353,046	19.01%
Groundnut	2,515	0.15%	398	0.02%	1	0.00%	1	0.00%	5	0.00%
Soya	1,115,280	68.19%	1,261,791	71.77%	1,111,172	66.74%	1,083,640	62.17%	1,291,069	69.51%
Cotton	206,883	12.65%	210,826	11.99%	153,429	9.22%	171,500	9.84%	137,782	7.42%
Canola	21,175	1.29%	21,945	1.25%	21,560	1.29%	17,050	0.98%	22,825	1.23%
Other oilcakes *	6,965	0.43%	7,381	0.42%	-	0.00%	3,900	0.22%	34,669	1.87%
Lupins	14,400	0.88%	13,300	0.76%	14,000	0.84%	18,000	1.03%	18,000	0.97%
TOTAL	1,635,526	100.00%	1,758,186	100.00%	1,664,916	100.00%	1,743,137	100.00%	1,857,395	100.00%
* *Other oilcakes / seeds: Copra, Linseed, Rape & Palm*										

TABLE 4.3: TOTAL OILCAKE AVAILABILITY IN SOUTH AFRICA DURING 2006/2007 TO 2010/2011 (TONNES)						
Oilcake	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Increase / Decrease
Sunflower	268,308	242,545	364,754	449,046	353,046	-21.38%
Groundnut	2,515	398	1	1	5	361.00%
Soya	1,115,280	1,261,791	1,111,172	1,083,640	1,291,069	19.14%
Cotton	206,883	210,826	153,429	171,500	137,782	-19.66%
Canola	21,175	21,945	21,560	17,050	22,825	33.87%
Others oilcakes	6,965	7,381	-	3,900	34,669	788.95%
Lupin	14,400	13,300	14,000	18,000	18,000	0.00%
TOTAL	1,635,526	1,758,186	1,664,916	1,743,137	1,857,395	6.55%

12.2.2 Imports

Imports of soya oilcake (soya beans & oilcake) has made a turnabout after the decrease during 2009/2010 with imports of soya oilcake amounting to 829 000 tonnes only. Imports in 2010/2011 increased to 989 558 tonnes.

12.2.3 Fish meal usage

The estimated fish meal production for 2010/2011 in South Africa, Namibia and Angola is shown in **Tables 5** and **8**. Namibian fish meal is regarded as imported and calculated to be part of the available total, but normally the total quantity is exported. This is also the case with fish meal manufactured by trawlers. Production, after having dropped to 87 000 tonnes in 2006/2007, showed a recovery totaling 91 700 tonnes in 2007/2008, but again slipped back to 82 500 tonnes in 2008/2009. Production increased in 2009/2010 to 99 500 tonnes, but once again slipped to 85 000 tonnes in 2010/2011.

Domestic consumption for 2010/11 declined to an estimated 45 000 tonnes.

TABLE 5: LOCAL AND IMPORTED FISH MEAL - 1 APRIL 2006 TO 31 MARCH 2011(TONNES)					
	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Local production: RSA*	75,000	85,000	75,000	98,000	80,000
Namibia*	12,000	6,700	5,000	1,500	5,000
Sub-Total	87,000	91,700	80,000	99,500	85,000
Imports**	0	0	0	0	0
"Russian Trawlers"*	10,500	10,500	10,000	12,000	12,000
Total fish meal available	97,500	102,200	90,000	111,500	97,000
Exports					
South African product	35,000	35,000	0	40,000	35,000
Namibian product	11,760	6,700	5,000	1,500	5,000
Russian trawler product	10,500	10,500	10,000	12,000	12,000
TOTAL AVAILABLE IN SA & NAMIBIA	40,240	50,000	75,000	58,000	45,000

* *Estimate by Fish Meal Marketing Company, Oceana Afriproducts (Pty) Ltd, UFE & NAMSOV*
** *Customs & Excise*
*** *All the Russian trawler meal and some local fish meal has been exported*

12.2.4 Maize

The availability of maize from 2006/2007 to 2010/2011 is shown in **Table 6**. As is the case with all raw materials in this report, opening and closing stocks have not been taken into account.

The availability of maize during the 2010/2011 marketing season continued its increasing trend with 12 815 000 tonnes being available for marketing. Considering the 2009/2010 crop estimate, it was expected that no maize will be imported. Exports in 2010/2011 are however expected to increase.

With the 2010/2011 crop in mind, this would be the third time within the past five reporting seasons that more than 11 500 000 tonnes have been produced, resulting in South Africa's becoming a potentially sustainable exporting country.

TABLE 6: MAIZE AVAILABILITY - 1 MAY 2006 TO 30 APRIL 2011 (TONNES)					
LOCAL	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
White (1)	4,187,400	4,315,000	7,480,000	6,775,000	7,830,000
Yellow (1)	2,430,600	2,810,000	5,220,000	5,275,000	4,985,000
Developing Agriculture (1): White maize	0	0	0	0	0
: Yellow Maize	0	0	0	0	0
Imports (2)	1,065,968	1,120	27	3,059	376
TOTAL	7,683,968	7,126,120	12,700,027	12,053,059	12,815,376
Exports (2)	492,173	533	2,267	1,267,268	1,676,445

Source:
1. *Crop Estimate Committee (CEC) (26/07/2011)*
2. *SAGIS (26/07/2011)*

Note: Developing Agriculture from 2006 included in White and Yellow total.

12.3 Estimated raw material availability: 1 April 2011 - 31 March 2012 (Tonnes)

12.3.1 Oilcakes

Table 7 shows details of the estimated availability in the 2011/2012 marketing season from local production, requirements and possible imports for the 2011/2012 season.

TABLE 7: ESTIMATED AVAILABILITY OF OILCAKES - 1 APRIL 2011 TO 31 MARCH 2012 (TONNES)					
Oilseeds	2010/2011 Crop estimated	Total available (Incl. Imports + Stock - Exports)	Available for crushing **	Conversion rate (seed) *	Equivalent oilcake
LOCAL PRODUCTION					
Sunflower (1)	821,970	879,000	879,000	42.00%	369,180
Soya (3)	708,750	610,000	610,000	80.00%	488,000
Groundnut (5)	78,695	78,695	-	54.00%	-
Cotton seed (4)	31,635	135,000	65,000	50.00%	32,500
Canola (2)	38,500	43,467	39,200	55.00%	21,560
Lupins (2)	18,000	-	18,000	100%	18,000
ESTIMATED LOCAL PRODUCTION					929,240
Total Estimated Requirements (6)					1,700,000
IMPORT REQUIREMENT					770,760
Sources: (1; 2; 3; 4; 5) - *Crop Estimates Committee - 26 July 2011 (6th Estimate)* * *AFMA & Protein Research Foundation*					

12.3.2 Fish meal

The estimated fish meal production in South Africa, the total requirement and the potential imports and exports are shown in **Table 8**. Significant volumes of South African fishmeal have been exported while most of the Namibian and Russian trawler fishmeal have been exported to destinations other than South Africa. Fish meal imports into South Africa will be highly influenced by availability and price.

TABLE 8: ESTIMATED FISHMEAL PRODUCTION, REQUIREMENT AND IMPORT - 2011/2012 (TONNES)	
SA requirement	50,000
Export	45,000
Total requirement	95,000
Local Production: (RSA)	70,000
Shortage	25,000
Import requirement *	25,000
Source: SA Fish Meal Marketing Company & Oceana Brands	

12.3.3 Maize

The estimated crop available during the 2011/2012 marketing season (2010//2011 crop) is shown in **Table 9**. Considering the carry-over stocks from the previous season it is highly likely with a normal year that South Africa will once again be a net exporter of maize. However, maize imports could be expected to coastal regions of the Cape provinces.

TABLE 9: ESTIMATED MAIZE AVAILABILITY - 1 APRIL 2011 TO 31 MARCH 2012	
Local maize crop estimate	Tonnes
- All producers	
White maize	6,301,550
Yellow maize	4,552,850
TOTAL CROP	10,854,400
Source: *National Crop Estimates Committee - 26 July 2011* *** The above include production for commercial purposes and Traditional production.*	

12.3.4 Sorghum

According to the Grain SA estimate of 24 June 2011, the expected production for 2011/2012 will be 192 000 tonnes. The calculated final crop for 2010/2011 was 196 500 tonnes. **Table 10** gives the actual usage for 2006/2007 to 2010/2011 (Grain SA) and the estimated usage for 2011/2012. Grain Sorghum usage in animal feed has become extremely limited.

TABLE 10 : USAGE OF SORGHUM FROM 1 APRIL 2006 - 31 MARCH 2011 AND ESTIMATED USAGE FOR 2011/2012 (TONNES)

	Usage 2006/2007*	Usage 2007/2008*	Usage 2008/2009*	Usage 2009/2010*	Usage 2010/2011*	Est. Usage 2011/2012*
Malting	95,600	89,000	87,000	85,000	79,000	78,000
Meal	86,200	95,000	92,000	97,000	103,000	106,000
Rice and grit	100	0	0	0	0	0
Animal Feed	13,000	10,000	8,700	7,200	16,000	15,000
Pet Foods	6,700	8,000	6,000	900	6,000	6,000
Exports ***	27,800	27,300	37,000	52,000	24,000	25,000
Released to end consumers	1,900	2,400	1,700	4,300	-4,000	7,000
Withdrawn by producers	3,200	3,700	5,000	6,700	1,000	0
TOTAL REQUIREMENT	234,500	235,400	237,400	253,100	225,000	237,000
Imports	9,900	31,700	0	4,000	0	0
Crop estimate (1)					196,500	173,250

Sources:
** SAGIS (23/05/2011)*
*** Grain South Africa - 24/07/2011*
**** Exports include both products and grain*
(1) Crop Estimates - 26/07/2011

13. AFMA FEED SALES: 2010/2011

AFMA feed sales during 2010/2011 showed a stable growth as general economic conditions slowly improved with feed sales increasing by 4,03% amounting to 5 720 081 tonnes. This, after AFMA feed sales growth dropped to 2,01% in 2008/2009 during the worldwide economic crisis and recovered with 4,48% growth to 5 498 297 tonnes in 2009/2010 (**Table 11**). AFMA feed sales however enjoyed a record growth of 10,06% during 2007/2008, reaching 5 158 785 tonnes.

Measured in terms of volumes, the segment which showed the best growth was broiler breeders, increasing by 131 409 tonnes since the previous year, followed by dairy feed with a growth of 46 376 tonnes. This could possibly illustrate a positive willingness to revisit expansion projects as well as changes in strategies while expecting better economic conditions.

TABLE 11: AFMA FEED SALES FROM 2006/2007 TO 2010/2011 (APRIL - MARCH)* (TONNES)						
Type of feed	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	% Growth
Dairy	616,644	699,096	768,824	737,886	784,262	6.28%
Beef and sheep	482,285	617,942	564,710	590,040	632,855	7.26%
Pigs	174,208	166,278	166,179	160,001	157,328	-1.67%
Layers	670,486	732,670	805,532	750,180	764,506	1.91%
Broilers	2,247,394	2,410,978	2,369,232	2,586,004	2,526,343	-2.31%
Broiler breeders	314,602	366,805	424,612	476,746	608,155	27.56%
Horses	18,504	17,150	21,250	25,841	30,818	19.26%
Dogs (D&W)	25,063	19,051	10,448	12,577	14,430	14.73%
Ostriches	17,382	15,007	15,289	16,850	17,473	3.70%
Other mixtures	9,691	14,672	13,733	12,158	13,530	11.28%
Aquaculture	5,132	2,619	2,173	2,084	2,860	37.24%
CONCENTRATES						
Pigs	18,282	17,459	19,889	21,563	25,519	18.35%
Other concentrates	5,066	4,700	141	1	3	200.00%
Beef finisher	33,618	30,397	20,144	30,480	43,102	41.41%
Dairy + urea	21,204	13,513	15,923	21,987	27,085	23.19%
Dairy – urea	2,339	3,567	3,393	3,885	8,949	130.35%
Sheep finisher	14,241	16,419	17,332	27,171	28,534	5.02%
Layers	5,397	3,508	14,590	11,960	16,883	41.16%
Broilers	2,869	5,649	8,143	10,347	16,997	64.27%
Ostriches	2	0	11	2	1	-50.00%
Horses	0	59	0	0	0	
Ruminants – other	2,688	1,246	1,145	534	448	-16.10%
TOTAL	4,687,097	5,158,785	5,262,693	5,498,297	5,720,081	
% Growth	5.04%	10.06%	2.01%	4.48%	4.03%	
Source: *AFMA STATS - Only AFMA members*						

13.1 Feed sales per province: 2010/2011

Table 12 shows the feed sales of AFMA members per province. As previously mentioned, figures have in certain cases been consolidated per province or area in order not to disclose the figures of particular feed mills. Feed production is taken as feed sales and allocated in provinces according to the location of the production facility.

It must be kept in mind that feeds are sold across provincial and even national borders, thus feed sales reflect points of production. No information on the movement of feed after production is available. The market share figures of the different provinces show some changes, specifically due to expansions in certain areas and new members joining AFMA in various provinces. During 2010/2011 AFMA started reporting SADC figures, thus some minor changes to market shares took place.

TABLE 12: ANIMAL FEED SALES PER PROVINCE - 1 APRIL 2010 TO 31 MARCH 2011 (AFMA MEMBERS ONLY) (TONNES)									
	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpuma-langa	North West Province	SADC	Western Cape	Total
Dairy	126,047	92,999	22,291	183,452	64,479	10,237	740	284,017	784,262
Beef & sheep	8,298	61,209	2,141	218,834	228,678	17,312	1,396	94,988	632,856
Pigs	11,586	9,465	16,215	43,239	23,419	1,004	3,154	49,245	157,327
Layers	28,844	66,888	229,602	100,430	124,338	32,456	33,030	148,917	764,505
Broilers	179,566	251,507	445,744	171,811	347,057	455,370	98,518	576,770	2,526,343
Broiler breeders	28,350	29,467	72,398	226,104	96,214	77,438	12,988	65,195	608,154
Horses	2,425	133	21,397	266	4,303	342	225	1,728	30,819
Dogs	67	1,016	5,712	127	3,858	4	120	3,525	14,429
Other mixtures	552	502	3,955	1,112	3,016	6	542	3,845	13,530
Maize-free mixes	7,503	20,547	15,807	10,855	78,028	11,916	5	22,860	167,521
Aquaculture	-	-	748	15	-	-		2,098	2,861
Ostriches	443	120	198	19	601	83	143	15,867	17,474
TOTAL 2010/2011	393,681	533,853	836,208	956,264	973,991	606,168	150,861	1,269,055	5,720,081
Percentage of sales	6.88%	9.33%	14.62%	16.72%	17.03%	10.60%	2.64%	22.19%	100.00%
Total previous year	392,306	437,766	818,519	913,606	1,037,120	661,647	-	1,237,332	5,498,296
Percentage of sales previous year	7.14%	7.96%	14.89%	16.62%	18.86%	12.03%		22.50%	100.00%

14. NATIONAL FEED SALES: 2010/2011

According to **Table 13**, national feed production has grown at a steady pace . Despite the economic crisis the demand for protein remains relatively strong. Feed volumes for 2010/2011 are calculated at 10,6 million tonnes. AFMA remains at 59% of the national estimated feed production.

TABLE 13: NATIONAL ANIMAL FEED PRODUCTION DURING 2010/2011 (TONNES)			
Feed Type	AFMA-feeds plus feeds derived from concentrates	National feed production	AFMA feed as % of production
Dairy	1,024,495	1,880,000	54.49%
Beef & Sheep	991,035	3,038,000	32.62%
Pigs	221,126	810,746	27.27%
Layers	812,743	1,130,755	71.88%
Broilers	3,176,991	3,194,130	99.46%
Dogs	14,430	297,000	4.86%
Horses	30,818	121,047	25.46%
Ostriches	17,473	180,450	9.68%
Aquaculture	2,860	2,900	98.62%
Total	6,291,970	10,655,028	59.05%
Source: *Dr Erhard Briedenhann (2011)* *Dr Munro Griessel (2011)*			

15. SYMPOSIA, WORKSHOPS AND SEMINARS

15.1 Symposium for Non-Feed Industry Members

At the start of 2008 the decision was taken to combine the Student Symposia and the Workshops for Non-Feed Industry Members.

The objectives of these workshops are to involve:

- Students from Universities, Technical Universities and Colleges studying Animal Science (with a specific focus on animal nutrition);
- Personnel and role-players rendering services and inputs to industry; and
- Personnel of industry role-players producing feed and wanting to know more about animal feed manufacturing.

During a year in which the AFMA FORUM is hosted, these workshops do not take place. Therefore the next workshop was hosted on 20 April 2011 at the Stellenbosch Institute for Advanced Studies (STIαS) in true Cape autumn weather. This workshop with the theme – *"The Modern Feed Industry and its Challenges"*, was once again excellently received by 85+ independent delegates, industry members and students from Stellenbosch University and surrounding areas.

Other future workshops have been planned and will be reported on in the next report.

15.2 AFMA Matrix

Seventy eight (78) issues of AFMA Matrix, AFMA's quarterly industry magazine, have been published since March 1992. Three Matrix special editions were published since 2007, coinciding with major industry events where most of the feed industry role-players were involved (AFMA FORUM 2007, WCAP 2008 and AFMA FORUM 2010). All issues were very favourably received and are being read worldwide in hard copy and per electronic version available on the AFMA website. The popularity of the Matrix is illustrated by enquiries about articles and information in the Matrix that are received on a regular basis from all over the world.

The AFMA Board, as a part of the AFMA strategy, has approved the expansion of the distribution of the Matrix to the top 15 clients of every full member. This process of enlarging the scope of the AFMA Matrix is underway and will be ongoing during this year as well.

16. INTERNET

16.1 E-mail

The majority of AFMA's correspondence is conducted by e-mail and very little use is made of the postal services. AFMA's e-mail address is **admin@afma.co.za**.

16.2 Website

AFMA's website – **www.afma.co.za** has been entirely re-designed and forms part of the central theme and branding of AFMA, offering a new modern look with a special feature brought in that is accessible to members only, by means of a password. The website is used as an information transfer vehicle to members and is constantly updated with the latest information. AFMA's website is hosted and updated by our media partner (also responsible for the AFMA Matrix), which makes updating easier and faster. The website also hosts a feature on career opportunities within the industry.

The website hosts key information related to AFMA, its members and the South African feed industry.

17. ACKNOWLEDGEMENTS

I wish to thank the Board of Directors for their support during the year. The committees of AFMA once again made a tremendous effort and presented a valuable contribution. The chairpersons of the various committees, Brett Roosendaal (Technical) and Willem Stander (Trade), made a huge contribution. The AFMA staff worked extremely hard and showed their dedication, especially Teresa. I would like to thank them for their efforts.

De Wet Boshoff, the executive director of AFMA has excelled and once again made a huge difference to AFMA by his professional approach and innovativeness; he has been a pleasure to work with.

Thanks to all the members and associate members for contributions made throughout the year and for your great support to AFMA.

CHAIRMAN'S REPORT FOR THE TECHNICAL COMMITTEE: 2010/2011

Brett Roosendaal

The past year has been dominated by the phasing in of the Consumer Protection Act (CPA) 68 of 2008 and the final regulation only being published on the 1st of April 2011. The implications to the protein value chain have been analysed and reported upon extensively in the press and by AFMA. The AFMA Technical Committee has been intimately involved in the industry and their progress is reported on here.

1. Department of Agriculture, Forestry and Fisheries (DAFF)

1.1 Fertilizer and Feeds Bill

The Fertilizers and Feeds Bill is still in process and needs to be ratified by the Department of Justice before going to Parliament. We are informed that this process may take up to three years.

1.2 Farm Feed Registration

Act 36 have committed to a four month lead time for registrations from time of application to receiving a V-number. A training session for the industry with Act 36 is being arranged by AFMA to ensure all requirements for registration are fully understood.

1.3 Blood Meal in Poultry Feed and Act 35

AFRI Compliance is the certifying body to be appointed by Act 35 to do the auditing function to ensure traceability at mill level. Act 35 have requested that a trial run be completed first to test the system. This process should be completed before the end of 2011. The auditing process will take into account dedicated poultry production lines and mills as well as potential for cross contamination.

1.4 Draft BSE Traceability Protocol

Act 35 has approved a VPN traceability document that contains checklists for the different blood meal value chain partners to ensure traceability in every segment. This VPN forms the foundation of the traceability audits to be done at feed mills, once the whole process of traceability have been signed off by Act 35. A trial-run traceability audit has indeed been conducted by AFRI Compliance at a feed mill to illustrate and prove to Act 35 how the system will be implemented.

1.5 Livestock and Animal Feeds Industry Forum

The Forum role players are AFMA, Feedlot Association, Renderers Association, Abattoirs Association, SAPA, MPO, Pork Producers, Ostrich Producers, Act 35 and Act 36. Refer to page 4 in the main report.

1.6 AFMA, PFI and Act 36 Meetings

These meetings are progressing well with issues related to registrations, renewals, cancellations, amendments and inspection services discussed amongst other relevant animal feed related topics.

2. Consumer Protection Act (CPA) 68 of 2008

The Act requires the presence of genetically modified ingredients in prescribed goods to be disclosed. The Regulations to the Act limit what are considered 'prescribed goods' to maize, cotton and soybeans. The Act read with the Regulations therefore requires only that the genetically modified ingredients of this limited list of goods must be disclosed. Due to uncertainty, even amongst legal council, AFMA has requested the National Consumer Commission for clarifying the matter. This regulation however comes into effect on 1 October 2011.

3. Requirements of Feed Mills for Dispensing Script Medication-Pharmaceutical Act

AFMA are using the services of AGRI Compliance to investigate this issue on behalf of its members. After amendments to the related Acts, the situation seems to have changed from what industry was used to.

4. Early Warning System (EWS)

There has been no need to invoke the system within the last 24 months since its inception.

5. Transport Protocol

This protocol, developed by AFMA's Technical Committee during the previous reporting period, was tabled for approval by the AFMA Board of Directors and was recommended to the Annual General Meeting for ratification at the 2010 Annual General Meeting.

During the reporting period the AFMA Trade Committee recommended that an implementation procedure be developed by AFRI Compliance, which will assist members and Transport Contractors in the implementation of the protocol at the different manufacturing facilities. It is foreseen that the protocol will be rolled out in a national format to ensure equivalency after this development.

6. Salmonella Database

A revamped database that will be web-based is under construction. The idea is that laboratories that do the analysis send AFMA the results at the same time the companies receive their results. A fully automated process is envisaged that will be efficient and proactive. Participation by industry members remains an issue.

7. Mycotoxin Database

SAGL conduct a national crop quality survey on an annual basis where maize and wheat samples across South Africa are analysed for 10 mycotoxins. AFMA is currently discussing a sampling plan with SAGL for maize which will include an additional number of samples, to the 125 samples already analysed covering the areas in South Africa where most of the AFMA volume originates from. An important criteria will be the timing of the analysis as mycotoxin contamination early in the season after harvesting would be the most meaningful.

8. Analytical Methodology

AFMA members need to ensure when using analytical laboratories that the analysis method is accredited and the particular laboratory is also accredited to conduct the analysis. This principal is important when dealing with potential claims where nutrient content is disputed.

9. Dioxins

A workshop is currently being planned to discuss hardware and software requirements for analysis as well as capacity problems in the analytical space in terms of funding and people.

10. Food and Feed Safety – Maize

AFMA members realise that the onus is being placed on members to ensure safe feed for safe food. Having said this, AFMA has initiated discussions with the Silo industry, Grain SA and SAGL to investigate the proposal that maize be analysed for pesticides before reaching the silo’s for storage and dissemination. The Maize Forum Steering Committee has also been approached to consider this proposal for approval.

11. AFMA Symposium

The AFMA Symposium is scheduled for the 5th of October 2011, the agenda is complete and available on the AFMA website.

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