Growing feed demand to drive soya bean expansion

In South Africa, the area under field crops reached the highest level in 10 years in 2013, even as adverse weather conditions affected production volumes, resulting in lower stock levels and record prices. This was according to the Bureau for Food and Agricultural Policy's Baseline Report. A decline in local maize prices followed a 30% slide in world prices.

• **Maize**

According to BFAP, since demand was likely to catch up with production over the medium term, the price of maize could strengthen to around US$230/t (about R2 500) from 2017 to 2020 before flattening out again to about US$210 (R2 300 under current exchange rates).

"Local maize producers are expected to face a further reduction in real gross income per hectare in 2015 as yields return to trend levels and local prices are set to decline, following the world price trends in the context of a relatively stable exchange rate," said the report.

As a result, maize plantings were projected to decrease by approximately 70 000ha to 2,62 million hectares in 2015.

"The real gross income from maize production is expected to increase again from 2016 towards the end of the baseline period due to higher projected prices and continual yield improvements," said the report. It projected gross income per hectare of roughly R2 300 for 2015, increasing to R2 500 for white maize and R2 700 for yellow maize over the baseline period.

From 2017 to 2023, more yellow maize was set to be planted at the expense of white maize, but the total area planted was expected to decline gradually by between 200 000ha and 300 000ha to around 2,4 million hectares.

• **Wheat**

With ample wheat stocks available and growth in production expected to outperform demand, should normal weather prevail, world wheat prices were projected to come under pressure over the medium term and only start increasing again from 2017, before moving largely sideways towards the end of the baseline period.

"Over the longer term, producers in especially the western part of the winter rainfall area are projected to progressively incorporate other crops such as canola in what is considered to be a more sustainable crop rotation system," said the BFAP report.

Wheat plantings were projected to consolidate just below 250 000ha by the end of the period, down from the 320 000ha planted in 2014.

In dryland conditions in the summer rainfall regions, wheat plantings were expected to decline further in favour of other crops, mostly soya beans.

• **Soya beans**

"In light of the increasing demand for meat products, which implies growing demand for protein feed, higher relative returns are expected to drive a shift in crop area from cereals to oilseeds," said the report.

Therefore, the soya bean production boom that saw plantings expand from 135 000ha in 2004 to more than 500 000ha in 2013 was likely to continue.

According to the report, as more producers in the summer rainfall area become aware of the benefits of soya beans in a crop rotation programme, production would jump to reach 900 000ha by 2023 despite price pressure in the short term.

National average yield was expected to rise from roughly 1,8t/ha to 2,3t/ha by 2023, which would boost soya bean production to approximately two million tons, up from 900 000t in 2014. – *Denene Erasmus*