



Addressing the concerns of groundnut producers

By Adri Botha, chairperson, South African Groundnut Forum

The South African groundnut industry continues to face wide-ranging challenges as it is far from being immune to the impact of drought, local and international market forces and shifts in local production scenarios.

This small industry has nevertheless made substantial progress in recent years by addressing issues that could have major consequences for future sustainability and growth. This progress was made possible by adopting the proposed key indicators that were published in the first groundnut sustainability study, conducted by the Bureau for Food and Agricultural Policy (BFAP), in 2012.

Finding the industry's voice

Conflict of interest, a perceived or actual absence of transparency and a lack of understanding regarding the role and mandate of the South African Groundnut Forum (SAGF) limited the participation of key role-players. This participation is essential to facilitate competitiveness and co-ordination in the industry.

The abovementioned concerns were addressed by putting formal terms of reference in place. This guides members and informs external parties of the mandate, restrictions and most importantly, shared objectives of the greater groundnut value chain.

This message is spread at every possible opportunity to assure all affected parties that there is no risk of violation of the *Competition Amendment Act*, 2018

(*Act 18 of 2018* or the *Competition Act*), as long as the rules are adhered to. The terms of reference document remains the only inclusive voice for the industry. It can only speak on the industry's behalf if all stakeholders actively participate.

Mitigating challenges

After confirming that the industry could address wider strategies and goals through a functioning structure, the SAGF agreed on clear industry projects and key objectives, which are revised annually to ensure that role-players remain focused and guard against complacency.

Producer scepticism was, and still is, one of the major stumbling blocks with which the industry must contend, since addressing the other issues will not make a difference without the support and stability of this sector.

In a joint effort to address some of the concerns highlighted by producers, and with the support of certain selection facilities, Grain SA now reports import and export parity prices up to farm level. A two-year study conducted by the Perishable Products Export Control Board (PPECB), which is currently being evaluated in practice, also made updated producer stock grading guidelines available. These guidelines allow producers and selection facilities to better and more transparently evaluate quality and possible grading outcomes of bulk and higher moisture deliveries.

Progress has been made in establishing a closer working relationship between

the SAGF and the Agricultural Research Council (ARC) Grain Crops Institute in Potchefstroom in a bid to address real concerns surrounding cultivar, yield and breeding programmes.

Although private and even foreign initiatives are always welcome and would certainly boost the competitiveness of groundnuts, the ARC currently remains the prominent breeder of groundnuts in South Africa. Owing to unsure stability and continued development, the industry has to find ways in which to support and, where appropriate, guide the Grain Crop Institute to best meet the industry's needs.

Sharing information

To share these and other developments with primary producers, the SAGF, Grain SA and certain selection facilities embarked on a three-day roadshow in the Setlagole, Hartswater and Viljoenskroon areas during October 2019.

The main aim was to directly engage with groundnut producers and share with them information about the structures that are in place to represent them, groundnut-related projects that were undertaken or are still in progress, and specific information that is available to them when making production and contractual decisions.

In his presentation, Gerhard Keun, CEO of the Oil and Protein Seeds Development Trust (OPDT), explained the structures and operations of the Oilseeds Advisory Committee (OAC) and OPDT to producers.

Producers were assured that funding remains available for relevant projects

and research to support the sustainability of the groundnut industry in South Africa. I took the opportunity to explain the SAGF's role and mandate as the recognised voice of the industry. It was emphasised that this structure's success is directly linked to the participation and support of industry role-players. Personal and direct involvement is critical in an industry in which sector representation through associations or other groups is limited.

Luan van der Walt, an economist at Grain SA, explained the scope of current projects, available information, and the close collaboration between parties in the industry. He underlined the work Grain SA does on behalf of producers to ensure a transparent and fair production environment. He also highlighted that this cannot be done effectively in isolation from other sectors.

Producers used the opportunity to share their hopes for and concerns about the industry. As expected, the prolonged drought and the negative impact of late

rains on groundnut plantings were their main concerns.

Mapping the way forward

In the absence of a futures exchange structure for groundnuts and the boundaries set by the *Competition Act*, transparent price mechanisms remain a serious issue for producers. However, the hope is that the new approach to publishing parity prices will assist in addressing their concerns. Producers can now use a considerable amount of information or tools during negotiations with their buyers.

Since, along with price, yield prospects remain the most important factor when deciding which commodity to plant, producers were pleased to hear that plans are underway to work closer with the ARC in terms of future development, and that two promising cultivars are now becoming available for commercial planting. The ARC plans to register more cultivars soon. Nematodes, especially in the absence of Temik, the effect of wind erosion and other commodity-specific cost items

such as machinery, were listed as serious risk factors. In terms of price structures, a request was made for a study or evaluation of the pricing structure from farm to fork. The need for larger secondary sector engagement was noted, and the invitation for participation in the SAGF's activities was repeated as most of these companies are active members of the SAGF.

In summary

The only way to address mistrust and perception is to share information and consider other parties' concerns and circumstances. All role-players need to play their part; engaging with producers at grassroots level allowed the SAGF to better understand and address issues that are important for the survival of the groundnut industry. In view of the overall positive response and feedback, similar awareness-raising events will be undertaken in future. 🌱

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