South Africa's soya value chain: Key drivers and trends shaping the future

By Prof Ferdi Meyer, managing director, Bureau for Food and Agricultural Policy

The success of the South African soya bean value chain over the past decade has been well documented. Essentially, a favourable investment environment coupled with clear policy mandates from the Department of Trade, Industry and Competition prompted the private sector to invest in over two million tonnes of crushing capacity in the early 2010s.

These investments, combined with extensive cultivar trails and the introduction of a technology levy paid by producers to incentivise seed companies to provide South African producers with access to the latest seed technology, ignited rapid expansion in production.

The South African soya bean industry has been one of the fastest-growing agricultural sub-sectors over the past two decades. Production increased from just 264 000 tonnes on 165 000ha in 2008 to over 2,7 million tonnes on 1,1 million ha in 2023. Consequently, the crushing levels of soya beans also increased, and in 2023, for the first time in history, South Africa produced sufficient soya bean meal to meet local demand and replace all imports of soya meal. Furthermore, South Africa exported 597 000 tonnes of soya beans in the 2023/24 marketing season.

El Niño brings drier conditions

In the current marketing season (2024/25), the drier El Niño weather patterns have negatively impacted soya bean yields, especially in the western production regions. The National Crop Estimates Committee estimates South Africa's

Figure 1: South African soya bean production, consumption, trade and prices: 2013 to 2033.

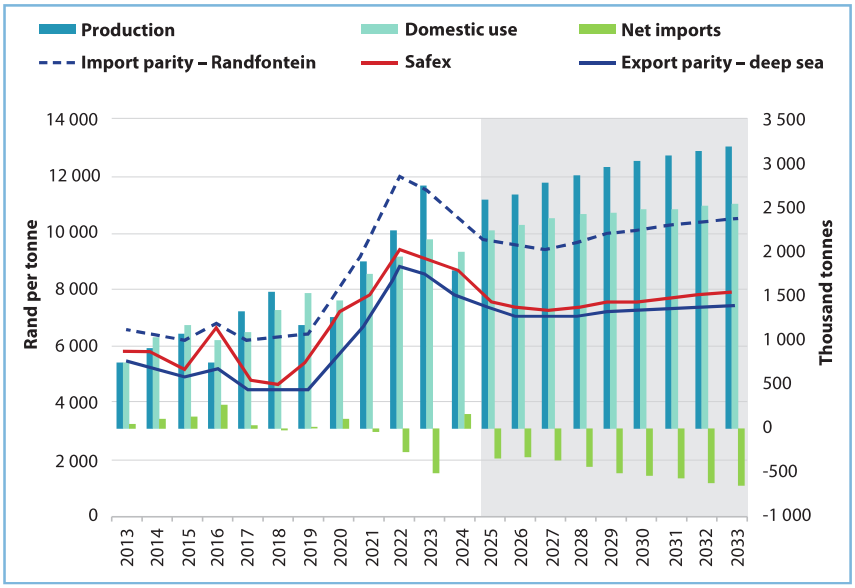
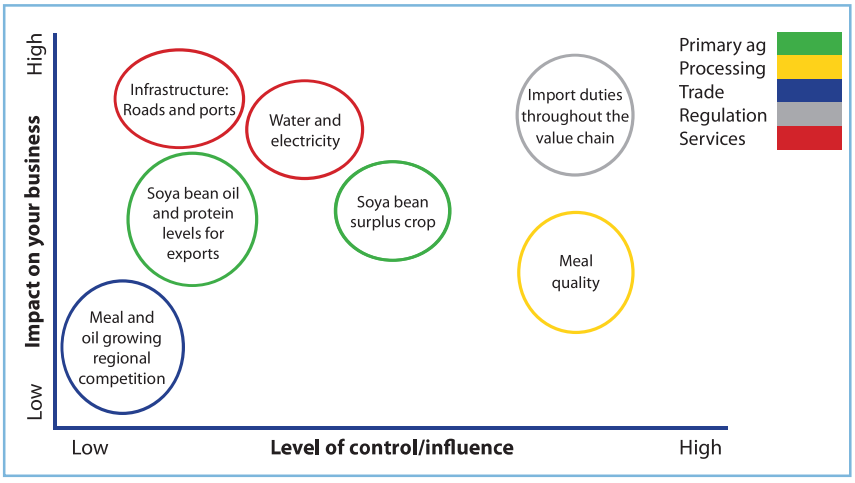


Figure 2: Key drivers of own business.



soya bean crop at just under 1,8 million tonnes, with an average national yield of 1,6t/ha, which is still a reasonable yield considering the severity of the drought. Consequently, South Africa will not be self-sufficient in soya bean meal this marketing season, and feed mills, mainly in the Western Cape, will rely on imported soya bean meal.

However, in the medium to long term, the latest baseline projections by the Bureau for Food and Agricultural Policy (BFAP) suggest that under normal weather conditions, soya bean production will continue to grow, and South Africa will produce exportable surpluses of soya beans and possibly soya bean meal (*Figure 1*).

Self-sufficiency and prices

The transitioning of the local industry from import dependence to self-sufficiency implies that local prices are trading closer to export parity levels. Consequently, local soya beans are trading at approximately 30% below the value of imported beans. This has boosted crushing margins and volumes significantly, putting crushers in a position to offer significant discounts compared to import parity prices of soya bean meal.

Over the past season, local soya bean meal prices have been trading well below import parity prices, benefiting the local intensive livestock industries' overall profitability and relative competitiveness. However, a more consistent switch to exportable surpluses and export parity-based pricing in future will expose any inefficiencies and challenges in the soya bean value chain. In short, the value chain will have to become more efficient to compete consistently in global markets at export parity levels.

An integrated approach

Over the years, the Protein Research Foundation (PRF) has contributed significantly to the success of the country's soya bean industry. Initially, the PRF identified overall productivity and competitiveness at the farm level as one of the key drivers (low-hanging fruit) to unlock growth in the soya bean value chain. However, the focus has gradually shifted to a more integrated value chain approach as farm-level productivity rates have been rapidly improving and more focus is required beyond the farm gate.

Figure 3: Key drivers of industry: Market development.

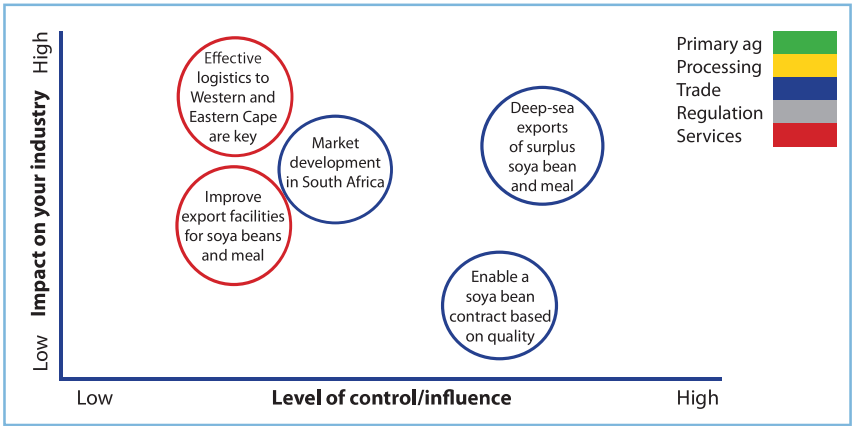


Figure 4: Key drivers of the industry: Global influence.

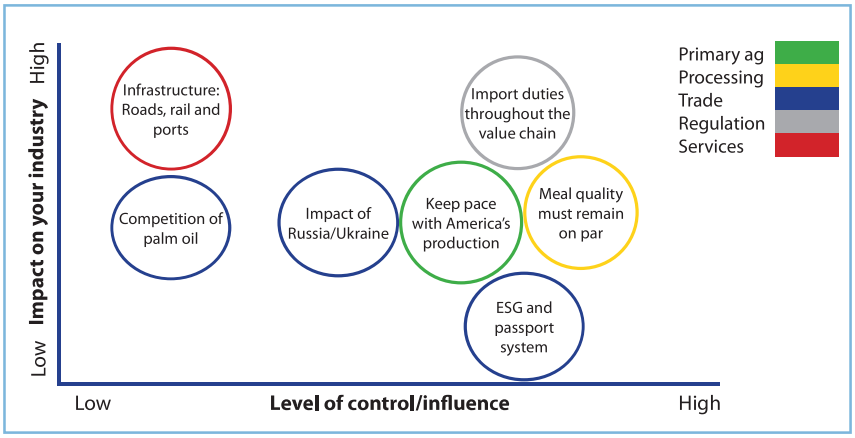
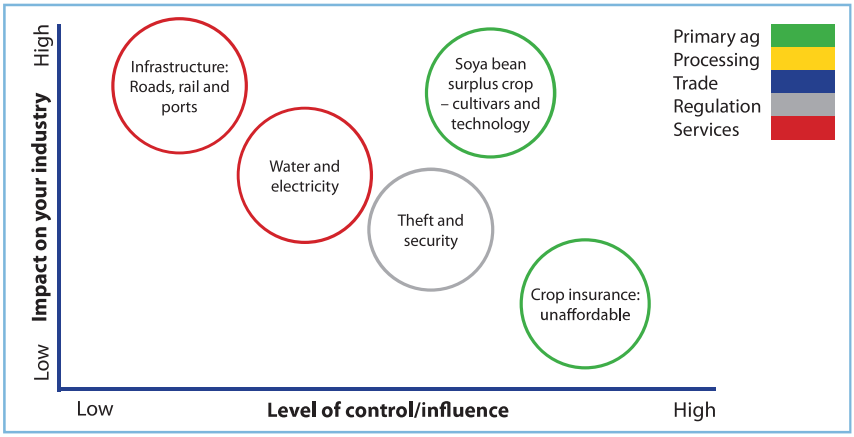


Figure 5: Key drivers of industry: Supply chain dynamics.



In December 2018, the PRF launched the Soybean Value Chain Initiative (SVC), providing a discussion platform for all stakeholders in the soya bean value chain, related segments in agriculture and government. This platform aims to deepen insights into the interconnectedness and linkages between different nodes in the value chain. Through this platform, strategic matters are tabled and debated, and potential solutions or action points are carefully considered and implemented collectively.

The vision of the SVC initiative is to unlock the full potential and overall

Table 1: PRF soya bean value chain survey instrument.

a) Organisational focus – your own business	
List the key drivers that will influence your business in South Africa currently, medium term and long term (with a focus on protein for animal feed [oilseeds] if possible).	
b) Industry focus – oilseeds/animal feed/livestock	
Market development	How do you see the South African market develop (and potentially regional markets) and how does this influence your trade environment?
Global influences	What would you regard as the most prominent/impactful global influences?
Supply chain dynamics	Identify the key drivers that will influence supply chain dynamics.
New technologies	Which new technologies and potential adoption thereof will be most disruptive in future?
Business environment	Do you anticipate any major shifts in stakeholder dynamics/ partnerships/engagements (government and private sector, global versus regional versus local) in future?

Figure 6: Key drivers of industry: New technologies.

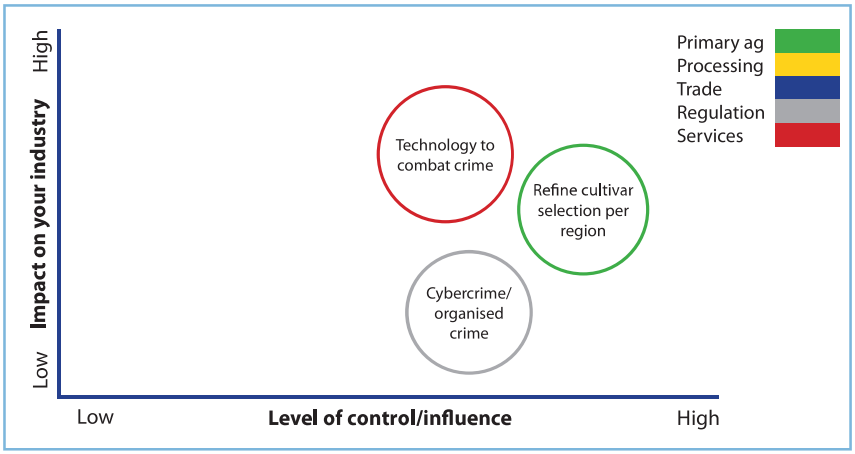
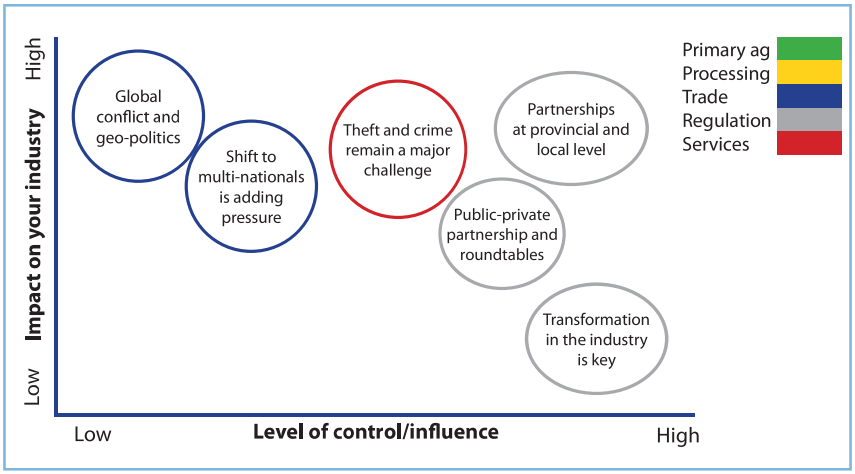


Figure 7: Key drivers of industry: Business environment.



competitiveness of the soya bean value chain and related industries by focussing on long-term competitiveness, resilience and adaptation within a constantly chaining business and political environment.

As part of the SVC initiative, the PRF has recently launched a survey among key stakeholders in the soya bean value chain, from input suppliers through to crushers, feed mills, and livestock operations. Survey participants were requested to identify the key drivers of change for their businesses and the industry. *Table 1* provides a summary of the survey instrument.

Survey participants were also requested to plot their answers on a figure where the y-axis indicates the level of impact a specific driver has on their business/industry and the x-axis indicates the level of control/influence the value chain has on a specific driver. The results from the survey were summarised and are presented in the figures in this article. The colour schemes were applied to indicate at which node in the value chain the respective drivers will have an influence and could be addressed.

Navigating complexities

Survey results indicate that a combination of market trends, geo-political dynamics, and local service-related challenges are shaping a far more complex reality for the South African soya bean value chain. The collapse of our road and rail network, port facilities, and electrical grid has put all our agriculture and agro-processing value chains on the back foot.

When it comes to grains, oilseed, and livestock production, South Africa is a very small player in the global market. These inefficiencies are becoming the biggest drivers of South Africa's relative competitiveness in global markets. Robust partnerships and dialogue among all stakeholders in both the private and public sectors are key to providing the necessary focus and prioritisation of specific actions that will enable South African value chains to prosper, create jobs, and drive inclusive growth in these complex global dynamics.

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