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PRESS RELEASE !!

AFMA HELPS CURB REGULATORY COST ON FOOD INFLATION

AFMA (Animal Feed Manufacturers Association) of South Africa, is working towards the reduction of regulatory cost on the Animal Feed Industry which could have amounted to R 190 million, by that enabling down stream customers in the value chain to stay competitive.

According to the General Manager of AFMA, Mr De Wet Boshoff, AFMA has since May 2007 taken on two major challenges influencing the cost structure of the Animal Feed Industry, i.e. the removal of the import duty on soy oilcake and disputing the sudden safeguard duty of 160% slammed onto industry on the importation of Lysine, again adding to the cost of animal feed.

AFMA members import more than 75% of their local demand of soy oilcake due to insufficient local supply and quality concerns. This product carries a 6.6% import tariff. During the period Jan-Dec 2006, 790,403 tons were imported of which the majority were used in animal feed. If the soy oilcake price is taken at R2200/ton, at the normal inclusion rate, calculated on the sales volumes of 2005/06, AFMA members could have saved an estimated amount of R60 million only on broiler feed alone. After stating the case of the animal feed industry by written and oral presentations the outcome of this application is still anxiously awaited by AFMA.

During the week of 11 May 2007 another regulatory cost was added to the animal feed industry, that of a 160% import duty on Lysine in reaction to a sudden surge of Lysine imports into South Africa. Based on the amount of Lysine used in the animal feed industry during 2005/06 by AFMA members, this duty had the potential to add an estimated R120 – R130 million to the cost of AFMA members. By its immediate actions ranging from written and oral presentations to ITAC as well as a presentation at a public hearing, AFMA played a major role in helping bring this down to a mere 27% which is to be scale in over three years. AFMA still finds this preliminary duty of 27% as unacceptable and to be too high.

AFMA is of the opinion that it is justified in striving for a 0% duty on the importation of Lysine into South Africa.

The fact that 70% of total AFMA feed sales is taken up by the poultry market it would have meant that the majority of this cost would have been carried by this food sector, having a definite influence on their competitiveness. Thus AFMA succeeded in curbing this cost to its down stream customers in the value chain.

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Animal Feed Manufacturers Association Reg. No. 1988/005169/08

Board of Directors: Dr HH Köster (Chairman) T Clark TH Cottle GS du Plessis H Köster
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