

Grains under pressure

Local and global landscape: maize, wheat and rice

Maize, rice, wheat and pulses are staple commodities in South Africa and globally, while providing a solid food source for vegetarians, vegans and flexitarians everywhere.

Maize, wheat, and rice provide the foundation for mealtimes for millions of South Africans. These staple commodities play critical role in food stability locally and globally. The war in Ukraine and global supply chain backlogs from the Covid pandemic are causing great uncertainty in the market, with some exporters holding onto their crops in anticipation of shortages.

The current wheat landscape

At the time of going to print, around 28 million tons of grain were stuck in Ukrainian ports, blockaded by Russia as a blackmail effort to have sanctions against it reduced.

Ukraine grows enough food to feed 400 million people annually, and 30 percent of the world's supply of wheat comes from Russia and Ukraine, according to the World Food Program.

Exports of wheat from Russia and Ukraine account for more than a quarter of the crop's trade worldwide and a fifth of corn sales. As at May 2022, the grain storage silos at Ukrainian ports



Image courtesy of Greengrey Darya, Pexels

were full, meaning there will be nowhere to store the new harvest due to be shipped to port in July and August, leading to further food instability.

Some countries in Asia, the Middle East and Africa are particularly vulnerable. For example, Egypt gets between 75-80% of its wheat supply from Ukraine and Russia, according to U.N. statistics. More than 60% of wheat imported by Lebanon comes from Ukraine. Somalia and Benin depend on Russia and Ukraine for all their imported wheat.

“ South Africa imports mainly wheat and sunflower oil from Russia and Ukraine. Between 2016-2020, South Africa imported an average of 1.8 million tons of wheat per calendar year, which is around half of the country's annual wheat consumption needs. ”

Standing the country in good stead is a bumper wheat crop year in 2021/2022 with a crop yield the largest in 20 years at around 2.3 million tonnes, due to improved farming practices and favourable weather conditions.





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In the article, chief economist of the Agriculture Business Chamber of SA (Agbiz) Wandile Sihlobo says South Africa should not experience wheat shortages due to the war in Ukraine, although prices are expected to rise due to increasing prices of related products such as fertilizer, fuel and agrichemicals. South Africa required import volumes of 1.48 million tonnes in the 2021/2022 period to fulfil its domestic requirements (down from 1.52 million tonnes in 2020/2021) and millers, food producers and other stakeholders had bought just over 705 tonnes into the country by March 2022.

Whether the grain will make its way out of the Ukrainian ports in the near future remains to be seen. If it doesn't, South Africa may well experience a shortage, as other wheat producing countries like India are holding onto their crops for local consumption amid rising fears of a global food crisis. In addition, rising prices of inputs will impact on the price of wheat, which will filter through to the end consumer.

Wheat in the South African market

Grain imports for both human consumption and animal feed play an important role in South African retail, affecting costs and supply across the board. The inelastic demand of essential food items means that consumers will first drop other items considered non-essential from their shopping list. Non-essential food items that utilise wheat, such as baked goods and confectionery, may see a drop



Image courtesy of Towfiqu Barbhuiya, Pexels

in sales if retailers are driven to pass price increases on to consumers. The most damning effect will be felt amongst those South Africans who were already struggling to put food on the table, as rising costs make this an ever-more impossible feat.

In an article for the Business Times, Nick Wilson, quoting Agbiz's Sihlobo Wilson, wrote, "Sihlobo said since the start of the war on February 24 [2022], South African yellow and white maize spot prices have increased by roughly 3%, trading at about R4 201 and R4 034 per tonne respectively."

And in a recent online feature, IOL writer Given Majola stated, "South African consumers can expect further price hikes in bread and flour products, following India's ban on the export of wheat causing further constraints on supplies of the vital food crop." Majola went on to quote Neil Wilson, chief market analyst at Market.com, who says,

"After the late-February and early-March volatility there has been some calm restored to global commodity markets over the last month or so, albeit prices have remained elevated. India's export ban betrays the underlying stress that resides in the commodity space."



Shoprite has been subsidising certain essential foods since 2016.

Food security is an inescapable term in the current socio-economic climate.

The challenge here will be for retailers to walk the fine line between passing these increases on to their consumers and protecting them from the economic impact where possible. Shoprite has been working to manage some of their costs by fitting over 900 refrigerated vehicles with solar panels and remains committed to subsidising certain

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Including pulses, and vegan & vegetarian foods

essential foods (such as their R5 bread loaf, which has been going since 2016), while Woolworths has stated that they aim to avoid initiating food price increases wherever possible. But avoiding price increases completely is unsustainable.

A major concern for local suppliers and manufacturers is the ability of local farmers and producers to weather the storm, and the very real possibility that small-scale producers will simply not be able to continue operating under such sustained economic pressures. It is times like this when retailers need to look at supporting local and smaller-scale producers and suppliers wherever possible, as the reliability of international imports come under great pressure.

The rice and maize landscape

Around 95% of South Africa's rice is imported from Thailand and India. However, as rice is being looked at as a viable alternative for wheat, rice prices are increasing and exporter countries are under pressure to retain more of their rice crops for local consumption.

Russia and Ukraine account for about 29% and 19% of global wheat and maize exports, respectively., meaning the impact of the blockaded grains will also be felt in the maize market.

On 6 May 2022, wheat prices hit a 14-year high and maize prices reached the highest ever recorded. South Africa is a net exporter of maize, which may boost maize exports from the country if wheat prices continue to increase.



Image courtesy of Pixabay, Pexels

Pulses

Pulses include chickpeas, lentils, beans, lupins and dry peas – and are considered superfoods (very high in nutritional content). Canned options make it easier for consumers to use these products, but the dry options are incredibly cost-effective and provide a nutritious, low-calorie viable meat replacement. Baked beans are the most recognisable for most consumers, but retailers can use in-store displays to promote all pulses as excellent food sources. The market for chickpeas is being driven by an increased demand in food preparation activities in the Middle Eastern, Mediterranean, and North Indian cuisines, among others. Chickpeas offer diverse application potential as they can be used in making dips, curries, and various snacks. Pulses are high protein, high in fibre, contain iron, magnesium, zinc, potassium and B vitamins.

“ Around 95% of South Africa's rice is imported from Thailand and India, but they are under pressure to retain more of their crops for local consumption. ”



Image courtesy of Suzy Hazelwood, Pexels

Grain trends 2022

It may seem less important at this point in time, but despite all the challenges, consumers will still want to fulfil their own personal food, nutrition and dietary needs and wants. Of course, if there's a shortage of wheat, for example, consumer demand will be pushed into other grains. As it stands though, more and more consumers are looking for gluten-free grain options that meet their health and diet requirements, so they are turning to rice and maize, as well as other gluten-free grains. Wheat remains a powerful force in the market though, with flour innovations bringing additional choices to consumers, although ready-mix flour products and cake flour have seen fairly significant price increases this year.

Retailers and food producers/suppliers have recognised the move towards gluten-free eating

Including pulses, and vegan & vegetarian foods

and have expanded their convenience ranges accordingly. From fortified instant maize porridge to frozen toddler meals and gourmet-inspired grain-based ready to eat dishes, convenience meals are answering the consumer demand for options that meet their dietary requirements while also making their lives easier.

Note: Grain foods are mostly made from wheat, oats, rice, rye, barley, millet, quinoa and corn.

Ancient grains and whole grains

Rice, maize and wheat continue to be important staple commodities in South Africa, however ...

“ ... there is also a growing popularity of ancient grains such as quinoa, bulgur wheat, polenta, spelt, millet, barley, sorghum, and amaranth, amongst others.

These grains have been ‘rediscovered’ by many consumers as part of the healthy eating movement. They retain many of their natural health benefits and can be used in many of the same ways as maize or wheat. ”

They can also be used to add protein when bulking up traditionally meaty meals – an important benefit in a country that is experiencing rising prices in most animal-based protein categories.

In an article for www.mindbodygreen.com, Abby Moore writes, “Ancient grains are a group of grains and seed-like grains, called pseudocereals. The crops



Image courtesy of Towfiq Barbhuiya, Pexels

have been staples in countries around the globe for thousands of years and are still minimally processed.

Compared to modern grains, ancient grains tend to have greater health benefits. This is likely because they still contain their nutrient-rich kernel.” Many of these grains are high in protein and fibre, some are naturally gluten-free, and they are, in general, incredibly versatile, which makes them an increasingly popular alternative choice.

Veggievors founder and owner Lisa Labinjoh is a passionate proponent of investing in locally grown and processed grains and pulses. For Lisa, ancient grains may be a trendy buzzword, but their potential impact on the local food market cannot be understated. She believes that food security begins at home.

Many of these grains are or can be grown on the African continent, negating the need for imports. They can also be grown more sustainably, as they are better suited to the environment, making them an eco-friendly option as well. And although ancient grains seem like a trendy fad for higher income consumers, the truth is that many traditional recipes found throughout the continent were originally prepared using these local grains.

There is an opportunity here for major retailers and wholesalers to support local farmers and small-scale producers by introducing healthier and more sustainable locally grown products. In terms of marketing these, nutritional content, health benefits, cooking instructions, and a mix of traditional and contemporary recipes using these grains can all go a long way to giving consumers more choices.

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Vegetarian and vegan trends 2022

In March, ProVeg SA released the country's first plant-based fast-food franchise ranking. ProVeg South Africa country director Donovan Will says, "Worldwide, there has been a notable positive shift in consumer perception toward plant-based eating. This has caused exciting responses from all types of food producers and service providers who are scrambling to innovate, produce and serve plant-based foods to cater to the growing plant-based market. Driven mainly by flexitarians, these changes are not overlooked by the fast-food industry that is readily embracing the transformations in their consumer demands."

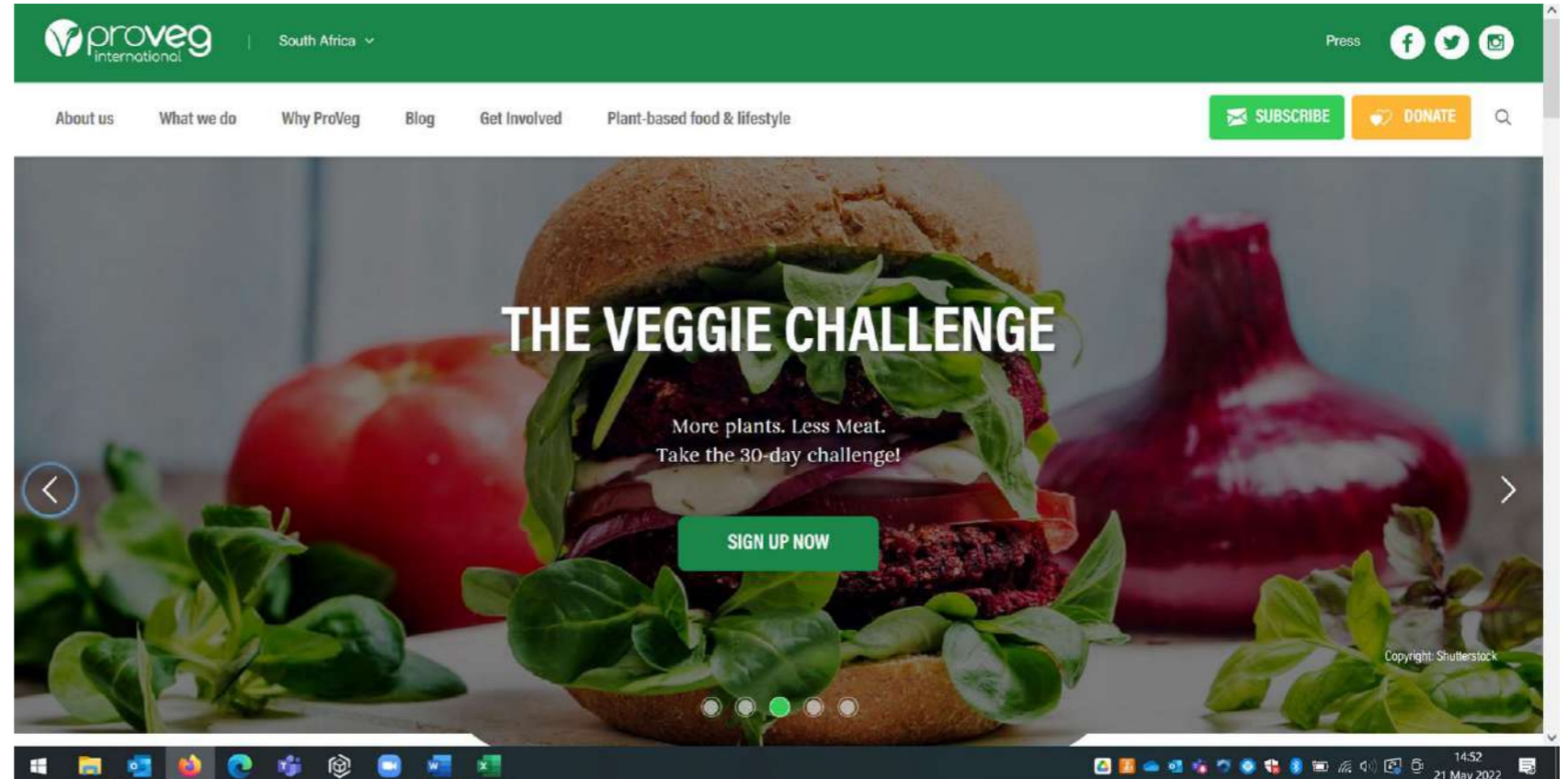
In their release announcing the ranking, ProVeg went on to say that "According to a report published by Verified Market Research, the Vegan Fast-Foods Market size was valued at USD17 Billion (R268b) in 2020 and is projected to reach USD 40.25 Billion (R630b) by 2028, growing at a Compound Annual Growth Rate (CAGR) of 11.40% from 2021 to 2028.

"The rising awareness about the environmental and health benefits of following a plant-based diet is considered a crucial driving factor fuelling the demand for more sustainable products by consumers of fast-food products.



Image courtesy of Alesia Kozik, Pexels

The rise of vegetarian, vegan, and flexitarian diets has gone beyond a fad. Consumers are turning to these diets for ethical and environmental reasons, to support sustainability, to improve their health, and to decrease their reliance on costly meat products. This in turn has impacted the demand for a variety of foods, including grains such as rice, maize, and wheat, as well as various legumes and lentils, soy products, and plant-based protein sources.



Visual courtesy of Proveg

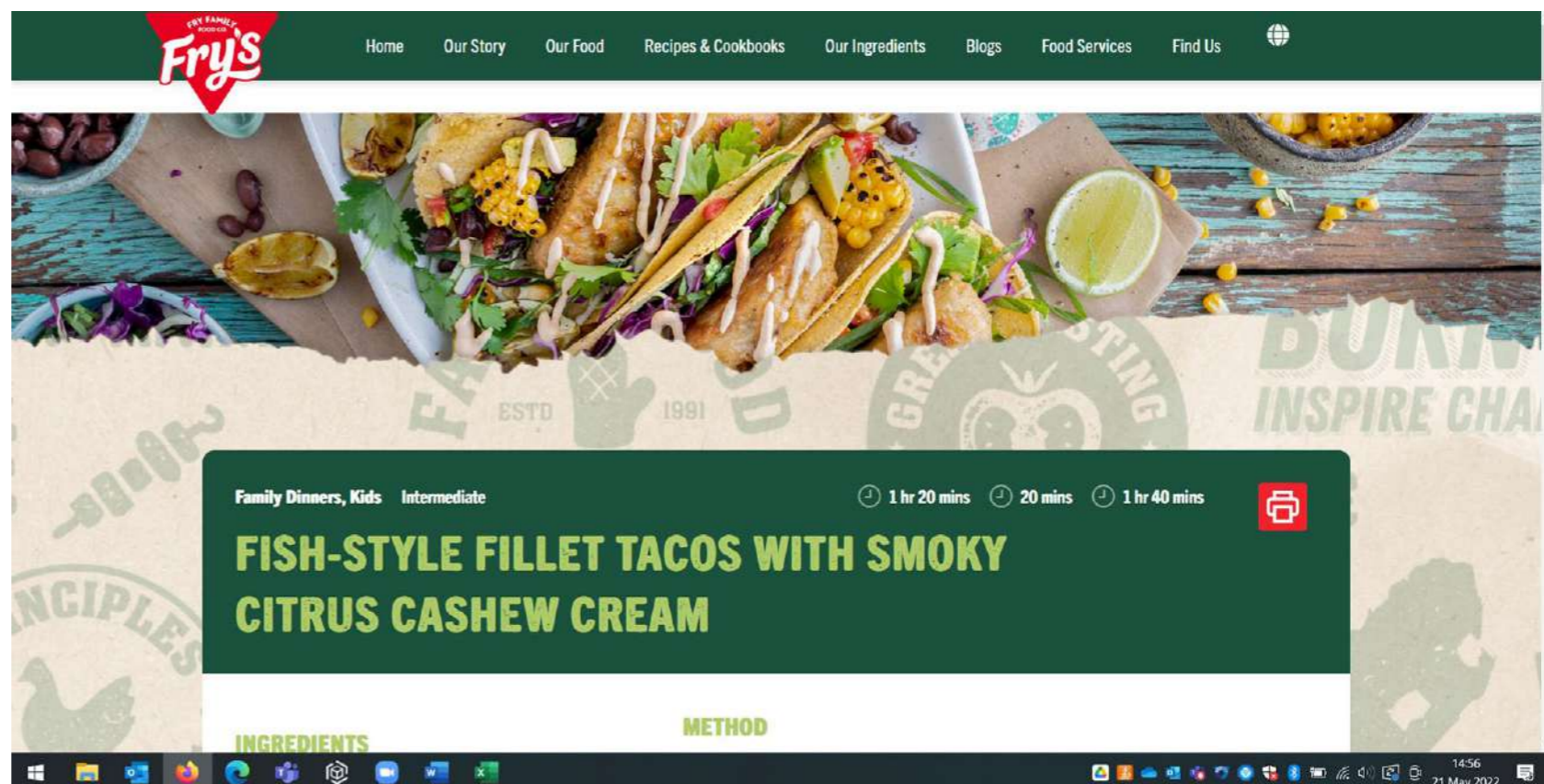
Including pulses, and vegan & vegetarian foods

“In addition, the growing consciousness about the inhumane treatment of animals by the food industry has inspired consumers to reduce their consumption of animals and to try meat analogue proteins, such as plant-based products. This shift in consumer demands and the industry’s need to continually innovate are accountable for the market growth.”

This shift is occurring within the retail market as well. The number of private label vegan and vegetarian offerings is rising, and products like Fry’s Family Food plant-based vegan and vegetarian are seeing definite growth. It has been harder for smaller producers like Herbivore, Veggiewors, and even Outcast Foods, who have had to fight to stay afloat in these tough economic times. Veggiewors’ Lisa Labinjoh has noted the price increases for many of her ingredients, such as lentils, and feels these increases are pushing certain plant-based options further out of the reach of those who need them most. In response, she has started seriously investigating African-grown grains and pulses to replace some of the increasingly expensive imported ingredients she uses – both as a way to support food security and to ensure her clients can continue to afford their healthier diet choices.

Flexitarian for the planet

The science is in, and experts agree that eating less meat is good for the planet. Farming animals for meat is an incredibly carbon-heavy undertaking that requires massive amounts of grain to be



Visual courtesy of Fry Family Foods

grown solely for the purpose of feeding these animals. It is also a water-heavy industry, and mass-farming practices have necessitated the routine use of antibiotics and growth hormones. Some consumers make the most sustainable choices they can, choosing free-range organic meat wherever possible, but for many South Africans this is just not an economically feasible option.

Flexitarianism offers an alternative to the more extreme veganism and vegetarianism. Flexitarian consumers have chosen to eat meat less often and replace their meat-based products with plant-based alternatives when possible. They choose to do this for many reasons, including sustainability and a desire to eat a healthier diet.

Healthy heart, happy life

Healthy eating is an important topic in South Africa, with Pharma Dynamics stating that “South Africa has the highest overweight and obesity rate in sub-Saharan Africa, with up to 70% of women and a third of men classified as overweight or obese. Being overweight or obese puts extra strain on your heart muscle. It can also increase your risk for diabetes, which is a risk factor for heart disease. If you have diabetes, you’re two to four times more likely to develop heart disease than someone without the condition.” Diabetes, heart disease, and obesity are a significant health issue in SA.

The Heart and Stroke Foundation of South Africa encourages a diet rich in vegetables, fruits,



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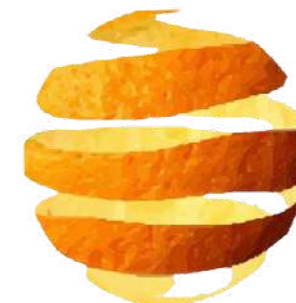


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and wholegrains, and the Mayo Clinic agrees that a well-balanced vegetarian diet can help control the symptoms of diabetes. In short, vegetarian and flexitarian diets are not a trend or a fad, they are a sustainable and healthier way of eating that is good for people and the planet.

Trends to watch

Looks like meat, tastes like meat. Flexitarians prefer these plant-based options as they can substitute meat-based options without sacrificing too much in terms of taste, making the transition to a reduced meat diet that much easier. Taste and texture are key here. Keeping these alternatives affordable makes them an attractive option for consumers.

Functional food. Consumers expect a lot from their food. It must taste good, keep them healthy, and be good for the planet. Veggie-wor is a range of plant-based burgers, 'balls,' and sausages that aren't meant to look or taste like meat. They're supposed to taste great, be better for the environment, and be a healthy alternative for consumers who want to live a healthier lifestyle.

Convenience. Quick, easy, and healthy. Consumers looking to save time also want to make sure they and their families are eating as healthily as possible. Heat and serve rice, millet, barley and spelt options give consumers convenient choices, while instant porridges (oats, maize and other grains) have become a staple part of the convenience offering.



Image courtesy of Taryn Elliott, Pexels

“ Portion control, awareness of what we eat, engaging fully with the moment means that a greater range of snacks can be enjoyed, mindfully. But it also paves the way for healthy snack innovation in terms of taste, texture, and exciting flavour combinations. ”

Pulse power. Lentils, chickpeas and legumes of all shapes and sizes are increasingly popular as protein-packed meat alternatives. They're also great for snacking, and as post-lockdown consumers become more adept at recreating their favourite exotic dishes in the kitchen, so the demand for pulses for homemade dahls and hummus grows.

Ancient grains. Make them into bread, pop them like corn, throw them into your stews or salads – ancient grains are versatile and sustainable.

Mindful snacking. Portion control, being aware of what they are eating, and engaging fully with the moment means that a greater range of snacks can be enjoyed, mindfully. But it also paves the way for healthy snack innovation in terms of taste, texture, and exciting flavour combinations. This is the place for grains, rice, corn, soy, oats, and ancient grains to continue making their mark on the snacks and treats category. **SR**

Linda Wilkins has written across a wide range of digital and print media for both B2B and B2C markets for retail and tech, lifestyle, copywriting, websites and marketing collateral, as well as for annual reports for listed companies. She holds a BA degree in Communication, a BA Honours degree in Psychology, as well as a partially completed BA Honours degree in Corporate Communication. She has over 15 years' experience in the FMCG retail sector, more than 14 years' experience as a communications specialist in various sectors and is a versatile and professional writer and journalist. Contact Wilkins Ross Communications at linda@wilkinsross.co.za or connect on LinkedIn www.linkedin.com/in/linda-wilkins

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