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**LIQUOR PRODUCTS AMENDMENT BILL**

**AMENDMENT OF REGULATIONS RELATING TO REQUIREMENTS REGARDING BEER, TRADITIONAL AFRICAN BEER AND OTHER FERMENTED BEVERAGES**

We refer to your request for comments dated 18 July 2017 and respond as follows:-

Section 6 A. (1) (b) (ii) of the Liquor Products Bill currently allows for "requirements regarding beer" to:

1. *Be produced in such a manner that at least 35 per cent of the fermentable extract of the wort is derived from malted barley or malted wheat;*

This section of the bill limits the use of grain sorghum in beer production. The Bill has only made provision for sorghum use in beer production in Section 6 B (1) as Traditional African Beer only.

Furthermore, Section 19 Act No. 27 of 1989 in the Liquor Act, 1989 (1) (b) states that:

2. *by the substitution for the definition of "beer" of the following definition: " 'beer' means beer as defined in section 1 of the Liquor Products Act, 1989, but does not include sorghum beer;"*

This once again restricts the use of sorghum in beer production. According to the Liquor Products Act, sorghum is only used when producing "sorghum beer" or "traditional African beer". This makes it difficult for sorghum to be used as a substitute to barley or wheat as a starch base in the beer production process. Grain sorghum can be used to produce beverages for the growing demand for gluten-free beer and other gluten free products. Furthermore, Sorghum is currently widely used on the global market to produce premium spirits as well, more specifically whiskey. By excluding sorghum, these new markets cannot be exploited and will serve as a barrier of entry towards agro processing in South Africa. Please also refer to the motivation below.

### Proposed Amendment

Grain SA is of the view that Section A. (1) (ii) and “beer” definition in section 1 of the Liquor Products Act should be amended to allow for the use of grain sorghum:

1. To be used in the production of other “beers” as defined by the Act and
2. Not restrict sorghum use to production of only sorghum beer or traditional African beer.
3. Not to restrict sorghum use for the production of any Liquor Products.

### Motivation

Sorghum is a very important crop in South Africa since it provides the producers with an alternative crop within the summer rainfall areas. Producers use alternative crops to spread risk and to stabilise prices. The maize prices in South Africa are highly volatile and create volatility in the consumer price index as was the case with the drought in the 2015/16 production season. With alternative crops, a more balanced equilibrium system is created and this will decrease price volatility and at the end create a more stable food price environment.

Grain sorghum is an endemic crop in Africa and it is well adapted to the dry climate. Grain sorghum is also a crop well suited for entry level developing producers in South Africa. Grain sorghum demand has significantly reduced over the years, due to a decrease in sorghum for malting purposes. This has put the industry under distress. Currently the sorghum industry has an enormous challenge in terms of the availability of markets. Producers can only plant sorghum if they are certain that the market is available for the produce and if they have physical contracts. Currently the malt industry experienced a decrease in demand over the last few years - please refer to Figure 1. This is due to various reasons amongst other changing income structures within LSM groups, where the consumers migrate to higher income classes. This means that the consumer moves away from traditional beer.

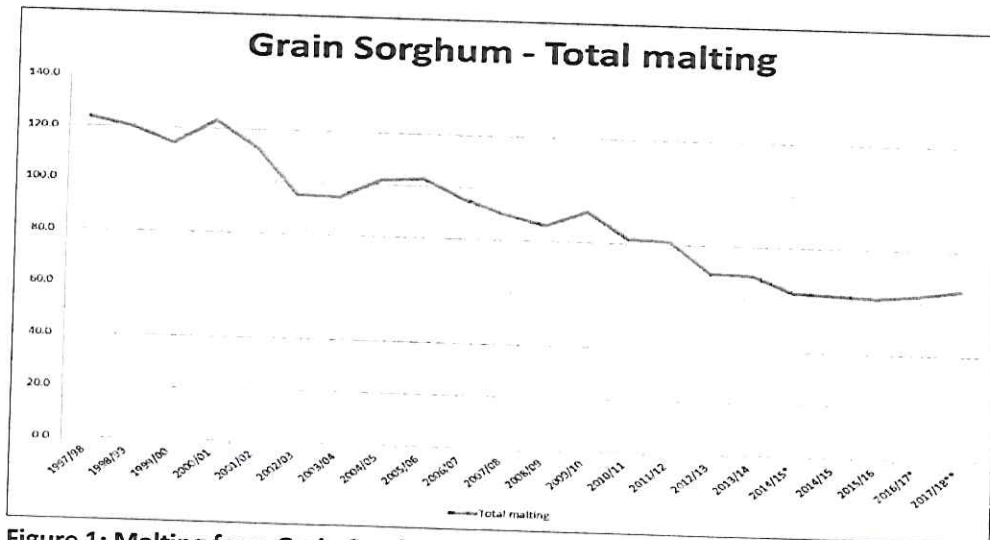


Figure 1: Malting from Grain Sorghum  
Source: SAGIS

By changing the act to include sorghum for other processing purposes which would include beers and spirits, it will assist in creating new local markets. Furthermore, by amending the act it would also assist in achieving the goals of the National Development Plan (NDP). The current NDP relies on a few pillars, one of these pillars is agro-processing. If sorghum can be used for other processing purposes and not just traditional beers this will create new market opportunities, especially agro-processing. Agricultural development is also very important, developing producers are also very limited in terms of crop selections, one of the crops that are more favourable for this section of the agricultural production is sorghum. However as stated above, markets are always a concern and the amendment of the act can create new local markets which can be exploited by the developing producers as well.

Grain SA believes that there is no reason to exclude sorghum when it comes to agro-processing and as a raw material for spirit and beer production. The amendment of the act can assist in creating new local markets and opportunities for agro-processing, job creation and a more stable food price environment.

Grain SA has a large number of information in this regard and would gladly set up a meeting to share the information.

Kind regards



Dr Dirk Strydom

**Manager Grain Economy and Marketing**

**Grain South Africa**