

# Afgri heads back to poultry business

By [Neels Blom](#)

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Agricultural investment company Afgri is re-entering the poultry business through its subsidiary Philafrica Foods in a 50-50 joint venture in northern Mozambique.

The recently launched Philafrica has earmarked up to R1.5bn for investment in agriculture and food processing in several African countries over the next 18 to 24 months. Its joint venture partner in Mozambique, Novos Horizontes, is an integrated chicken producer focusing on smallholder production.



## Philafrica aims to become big food exporter

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The partnership was the first of many such investments, Philafrica CEO Roland Decorvet said on Tuesday.

Afgri divested itself of its poultry interests in 2015 when it sold Afgri Poultry and Kinross Animal Feeds Mill to AfPo Consortium led by Matome Maponya Investments. At the time, Afgri said the sale would allow it to concentrate on its core grain businesses and orientate the company for growth.

The domestic poultry sector has been hit by a combination of cheap EU imports and an outbreak of a highly pathogenic strain of avian flu, putting thousands of jobs at risk. The EU has denied accusations of dumping unwanted cuts of chicken in SA, while Trade and Industry Minister Rob Davies has set up an interdepartmental task team to develop a rescue plan for the sector. The task team had not reported any findings a year after it was convened.

## Company sees immense potential in Mozambique

Decorvet said it was "important to note" that the company was re-entering the market in Mozambique and not in SA. "The company sees immense potential to replace imported products with local production in Mozambique and has secured a strong operating partner there with decades of experience in the poultry value chain."



About 60% to 70% of the poultry consumed in Mozambique is imported.

The South African Poultry Association said in a report that the African market for poultry was expected to grow rapidly. "What's less certain is which countries will grow fastest and, more importantly, whether those countries will be able to develop and enforce trade policies that allow them to grow through their own production, rather than through imports from a range of potential countries," it said. The association's interim CEO, Charlotte Nkuna, declined to comment on Afgri's investment strategies.

Andrew Cunningham, the executive chairman of Novos Horizontes, said the partnership would help his company unlock its potential in Mozambique, where it intended becoming the premier poultry producer. It also planned to expand into other value chains where smallholder production could benefit from industrial agro-processing.

Decorvet said while there was a potential concern over further outbreaks of avian flu in Southern Africa, there had been no reported cases in Mozambique to date.

*Source: Business Day*

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