

# Al Mawashi SA to trade directly with commercial farmers

Al Mawashi South Africa (AMSA), the country's largest buyer of live sheep for Middle Eastern markets, has announced that it intends to procure livestock directly from South Africa red meat producers and farmers. It has already begun awarding off-take agreements to commercial farmers.



Source: Sean Thoman via [Unsplash](#)

"The direct trading procurement strategy has proved to be hit with farmers as several producers have already signed up with Al Mawashi South Africa. Therefore, we will be rolling it out on a much larger scale across all provinces," says JP Roodt, Al Mawashi SA spokesperson.

"Al Mawashi SA is offering market related pricing with an incentive, and farmers are also saving on third party costs.

## Inclusive growth

"We launched a pilot off-take agreement project a month ago. Based on the positive interest of producers signing up, Al Mawashi SA is now extending an open invitation for sheep and lamb producers in all provinces of South Africa. The focus on direct trade with farmers is designed to underscore partnerships while creating inclusive growth and prosperity."

Roodt said Al Mawashi SA has adopted a new procurement strategy to guard against monopolistic and cartel-like behaviour which has emerged in the market much to the detriment of farmers and which has placed trade relations with the Middle East in the balancing scale. For the 2022 financial year, Al Mawashi SA intends to do four shipments and will procure around 280 000 heads of sheep for the new year.

## Procurement diversification

The company said for the 2022 financial year (FY), its strategy is procurement diversification including auction houses, partnerships with reputable agents, and a stronger emphasis on direct procurement from farmers for four shipments from South Africa to the Middle East.

Ilyaas Ally, MD of Al Mawashi South Africa, says: "There have been several positive developments recently. The first draft guidelines for transportation of animals by sea published by South African government shows certainty and full support of government. The landmark ruling of the Constitutional Court also provides certainty.

"In addition, Al Mawashi SA and local red meat producers have grown stronger and closer together. Now, the business needs to diversify its livestock procurement model. This will also farmers to better plan flocks and enable Al Mawashi with forward buying for shipments," he said.

Ally says the decision of diversified procurement was in fact vetted by senior leadership of Al Mawashi SA's parent company, Kuwait-based KLTT.

The diversified procurement strategy protects both livestock farmers and Al Mawashi SA, and binds together the two parties together in trust and prosperity, adds Ally.

## **Off-take agreements**

"In terms of the off-take agreements, farmers will now have full and complete control of their invoicing directly to Al Mawashi SA's head office, and will benefit from a guaranteed 7 – 14-day payment terms and savings on third party costs."

"Live exports to the Middle East remain a flourishing industry but it is in the hands of farmers to decide how much market share they intend to win on the global stage.

"Excellent quality livestock according to our specification will allow livestock farmers to create an alternative market in the Middle East on the provision that consumer demand has been reported to increase substantially in the short, medium and long-term in line with population growth of the Middle East."

"We need to focus on long-term and sustainable trade and partnerships with the countries of the Middle East, and South African livestock farmers must step up to the challenge."

Farmers interested to get into a partnership with Al Mawashi SA for a commercial farmer off-take agreement can contact Al Mawashi SA's procurement office at [supportsa@kltt.com.kw](mailto:supportsa@kltt.com.kw) or at 043 748 3767.

For more, visit: <https://www.bizcommunity.com>