

PO Box 76297, Lynnwood Ridge, South Africa, 0040

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Grain Building, 1st Floor, 477 Witherite Street
The Willows, Pretoria, South Africa, 0184

Tel. +27 12 807 6686, Fax. +27 12 807 5600
admin@agbiz.co.za, www.agbiz.co.za

Vat nr. 4920204684

MEDIA STATEMENT

Agbiz response to SONA 2017

Against the backdrop of chaotic and unacceptable scenes in Parliament, slow growth and massive unemployment, an increasingly fractious and fractured country, and an agriculture and agribusiness sector recently severely stress-tested by a disaster drought, President Jacob Zuma delivered the 2017 State of the Nation Address (SONA) in Parliament on the 9th of February 2017.

Agbiz has been closely involved in the CEO Initiative referred to in the SONA, as well as in the Presidential Business Working Group, NEDLAC processes, the development of the new AgriBEE Sector Code and various other policy and legislation platforms to generate inclusive growth, sustainable transformation and a prosperous society. Pre-SONA pronouncements on expropriation of 70% of South Africa's land (Government already holds approximately 25% of land), as well as pronouncements on 'radical economic transformation' have created considerable uncertainty in the agribusiness sector.

"By better defining 'radical socio-economic transformation', and that it will by and large be driven within the existing legislative framework, is useful and at least a good starting point for further engagement. That land reform will be conducted within the ambit of the Constitution, is also a good point of departure. An interesting addition though is the proposed amendment to the Competition Act to address so-called concentration, and Agbiz will participate in that debate", said Dr John Purchase, CEO of Agbiz.

"In terms of the necessary structural changes to put the economy of the country on a 4-6% growth rate path over the next couple of years, Agbiz sees very little in the SONA in terms of

substantive and innovative measures. To the contrary, the more government intervenes and ‘plays’ in the economy, as is its stated intention in the SONA, the more private sector investment will be shy and seek alternative opportunities. While smart incentives and support measures can certainly provide an impetus to inclusive growth, these will need to be well thought through,” Dr Purchase said.

“Agbiz is in full support of sustainable transformation, but there is also a general concern that the government’s intention to ‘utilise to the maximum, the strategic levers of state’ – as stated in the SONA – would ultimately lead to over-regulation in the sector, which in turn, will negatively impact on private sector investment and compromise food security in the medium to long term,” noted Dr Purchase.

All in all, SONA 2017 was not particularly inspiring and concerns exist whether a sound, cohesive a comprehensive economic strategy exists to address the key challenges South Africa faces.

Enquiries:

Dr John Purchase, Agbiz CEO

E-mail: john@agbiz.co.za

Landline: 012 807 6686

Mobile: 082 441 2308