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Biennial Report

2010 - 2012

agbiz
agricultural business chamber
the way to prosperity


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Agbiz (Agricultural Business Chamber) is a voluntary, dynamic and influential association of agribusinesses.

Its mission is to negotiate for and facilitate a favourable agribusiness environment in order for its members to perform competitively and sustainably.

General information

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Who we are

Agbiz (Agricultural Business Chamber) is a voluntary, dynamic and influential association of agribusinesses operating in South and southern Africa.

Strategic Intent

The strategic intent of Agbiz is to advocate for and facilitate a favourable agribusiness environment in order for its members to perform competitively and sustainably.

Agbiz Culture & Values

Agbiz is an inclusive, voluntary association of agribusinesses that co-operates positively and acts dynamically, creatively and with integrity. The culture of Agbiz is to subscribe to the values of ethical business, accountability, leadership, trust, competence, quality service and excellent communication.

Core Strategic Objectives

Core objective 1:

To promote agribusinesses and Agbiz as key stakeholders and role players in the South African economy.

Core objective 2:

To influence the policy and legislative environment insofar as it affects agribusiness activities, by way of on-going and professional interaction with all relevant government institutions.

Core objective 3:

To improve the commercial and sustainable agribusiness environment through liaison and co-operation with influential groupings within the business environment, both locally and internationally.

Core objective 4:

To support B-BBEE, transformation and development of emerging agribusiness and other role players in the agro-food value chain.

Core objective 5:

To create unique, relevant and accessible agribusiness intelligence to support Agbiz programmes.

What is Agribusiness? (UNIDO, 2011)

Agribusiness is a broad concept that covers input suppliers, agro-processors, traders, exporters and retailers. Agribusiness provides inputs to farmers and connects them to consumers through the financing, handling, processing, storage, transportation, marketing and distribution of agro-industry products and can be decomposed further into four main groups:

1. Agricultural input industry for increasing agricultural productivity, such as agricultural machinery, equipment and tools; fertilizers, pesticides, insecticides; irrigation systems and related equipment.
2. Agro-industry: Food and beverages; tobacco products, leather and leather products; textile, footwear and garment; wood and wood products; rubber products; as well as construction industry products based on agricultural materials.
3. Equipment for processing agricultural raw materials, including machinery, tools, storage facilities, cooling technology and spare parts.
4. Various services, financing, marketing and distribution firms, including storage, transport, ICTs, packaging materials and design for better marketing and distribution.

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Foreword by the Chairman

Schalk Pienaar

Global and local business has witnessed unheralded transformation and change since the latter part of the 1900's. Not only has the geopolitical environment shown major shifts on a worldwide scale, but business has had to contend with economic power shifts, the rise of new markets on an unheralded scale as well as domestic developments brought about by new policies and strategies to maintain pace with increasing demands for food, energy, education, expectations for improved quality of life and technology to support the "new world".

Agribusiness finds itself in the midst of all this – both internationally and nationally. Agribusiness has to position itself to keep abreast of this new and exciting world order. It has to in order to remain relevant and to ensure its competitiveness and sustainability. No more is this true in South Africa where the country continues to transform from a basic centrally controlled economy to a free market economy in a robust and democratic society where national policy and strategy has to cater for a diverse and complex nation where needs differ widely from basic survival needs to the requirements of a sophisticated first world consumer.

Agbiz (Agricultural Business Chamber) – a strategic imperative

The diverse and highly intense and focussed nature of the scope of matters dealt with by Agbiz are the fundamental reasons for its existence. The range of these activities is dealt with in the following paragraphs of this biennial report. It is highly unlikely that individual agribusinesses has the means in terms of time, financial resources, location and intellectual capital to pursue its vital interests and concerns with government, industry and international role-players to ensure an optimum playing field where its business can be conducted. The key focus areas of Agbiz are testament to this reality.

Agbiz has transformed itself from a "co-operative body" since its inception in 1946 to a fully-fledged agribusiness sector organisation. The transformation did not take place with a few decisions and amendments to our constitution but has rather been a rapid up scaling of the focus areas over the last number of years necessitated by transformation of the national policy and governance environments as well as the awakening of the African continent as an economic and business area attracting increasing international attention. In order to keep pace with the demands of these environments Agbiz is increasingly involved in agribusiness affairs on a consultative, facilitating and advisory role.

The huge demands on the South African economy and the on-going search for policies and models to sustainably grow the economy at acceptable levels directly affects Agbiz and its members. Infrastructure, energy, climate change, transformation issues, a positive and supportive trade environment, skills development, transformation issues, innovation and technological demands are but a few of the matters that are dealt with by the Chamber on a full-time and on-going basis. Little wonder that there are demands for still greater support and involvement by Agbiz in these matters on behalf of its members. The "light house" role of Agbiz will become less of an instrument to warn of pitfalls and risks and more of a directional beacon to show the way forward for profitable, competitive and sustainable business. In doing so the obvious support of an increasing membership as well as the adequate funding of the Chamber will be paramount.

Membership

Agbiz has seen a steady increase in its membership over the last two years. What has been most gratifying is that our membership has diversified and now includes role players across the spectrum of input suppliers to primary producers and processors who connect farmers to consumers of their products. The South African business landscape continues to change and transform and this brings opportunities for more new members which must actively be pursued by Agbiz. The voice of agribusiness and what its stands for has become respected – untainted by unwanted affiliations – driven only by a clear vision and focus in the business interests of members. Agbiz welcomes new members who can associate themselves with its basic values and agenda.

Regrettably we had to say goodbye to some members who, through a variety of reasons such as take-overs and organisational changes, had to terminate their membership. Where appropriate we wish them well and hope that their prior association with us will continue to add value to their businesses.

Challenges remain in terms of membership. EXCO and the Council will continue to pursue new and innovative initiatives to facilitate new membership, to accommodate different sizes of membership organisations and to ensure greater access of members to the activities of Agbiz. Undoubtedly this will stretch our resources even further but Agbiz exists solely for its members and their interests and they will remain the main focus in future.

Appreciation

A very warm word of appreciation goes to our members who have supported Agbiz and, where possible, participated in our activities. They have often gone to great lengths to attend workshops and to react to requests for information and inputs on a variety of conceptual policies and position papers.

It has been a privilege to experience the support and involvement of the Executive Council of Agbiz. Their combined wisdom has made EXCO deliberations a positive and enriching experience. Regrettably our deputy chairman, Mr Bobby Malabie, tendered his resignation toward the end of his tenure due to new and greater responsibilities. We wish him all the best in his new capacity and will watch his further progress with interest.

No appreciation will be complete without including those organisations and persons who have rendered sterling support through their association, financial contributions and otherwise during the last two years. It has been an honour to have received so much in all forms from people and organisations who we can truly refer to as friends of Agbiz.

Dr John Purchase, our Chief Executive, Lindie Stroebel, Herbital Maluleke, Jennifer Roets and Linette Jordaan are the true champions of Agbiz. As our executive staff it is truly impressive what they achieve in so many respects. Council agendas are but a summary of all their activities and yet they do still more. To them my sincere thanks and appreciation for being a remarkable team of men and women – a team who we are all immensely proud of.

Overview from the CEO

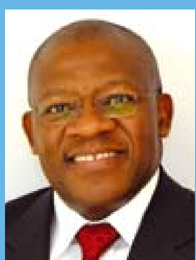
Dr John Purchase

In an increasingly complex, interconnected and economically uncertain environment, Agbiz (Agricultural Business Chamber) has over the past two years managed to make significant progress in a number of key focus areas emanating from its core objectives. By following critical strategic thinking and acting proactively to the relevant issues and challenges at hand, Agbiz leadership and personnel have positioned the organisation to constructively and positively influence the South African agribusiness environment.

The Executive Committee, comprising Mr Schalk Pienaar (Chairman), Mr Bobby Malabie (Deputy Chairman), Mr Ben Lombard, Dr Hans Balyamujura, Dr Tobias Doyer and Dr John Purchase (CEO), met regularly to address governance matters and strategic issues. Similarly, the Agbiz Council met regularly to provide mandates for positions on a range of policy matters and issues.

Executive Committee

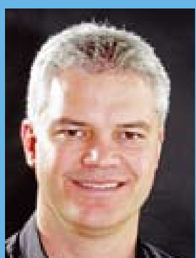
Mr Schalk Pienaar (Chairman)



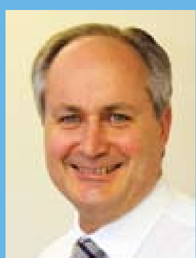
Mr Bobby Malabie (Deputy Chairman)

Mr Ben Lombard

Dr Hans Balyamujura



Dr Tobias Doyer



Dr John Purchase (CEO)

Raison d'être

The members of Agbiz are the core reason for existence of this voluntary association and as such the activities of Agbiz are directed at addressing the collective interests of the members and adding value to their business. To this end:

- Agbiz is the only organisation that serves the broader and common over-arching business interests of agribusinesses in South Africa.
- Agbiz addresses the legislative and policy environment on the many fronts that it impacts on the agribusiness environment.
- Agbiz facilitates considerable networking opportunities so that South African agribusinesses can play an active and creative role within the local and international organised business environment.

Business affiliation and association

To achieve its challenging and varied goals, Agbiz has established critical local affiliations to Business Unity South Africa (BUSA) and the NEPAD Business Foundation (NBF). Agbiz furthermore is an important member within the International Food and Agribusiness Management Association (IFAMA), and has close association with various international organisations, such as the Business and Industry Advisory Committee to the OECD (BIAC), USAID, FAO, UNDP, UNECA and others.

Through Agbiz, members participate in a network that is widely recognised as an important, politically neutral and influential role player in the agribusiness sector of South Africa.

Key focus areas

Over the past two years Agbiz has focused primarily on the following important aspects, being identified as key strategic areas that have a direct influence on agribusinesses in South Africa:

- Economic policy, specifically through engagement on the New Growth Path (NGP) and the National Development Plan – Vision 2030, but also on various other pieces of legislation, policy documents and roundtable meetings (Reserve Bank) impacting on the economic environment.
- International trade and investment.
- National and international competitiveness.
- Broad-based Black Economic Empowerment (B-BBEE), transformation and the promotion of links between agribusinesses and the developing agricultural sector.
- Land reform.
- Agro-logistics and infrastructural constraints.
- NEPAD and African issues, through the Africa Agribusiness Forum, NEPAD Business Foundation (NBF), NEPAD Agency, FAO, UNDP, UNECA, and other fora.
- Climate Change and resource sustainability issues.
- Value chain integration and development, and marketing of agricultural produce.
- Innovation in agriculture and the value chain to achieve the necessary productivity and quality gains.
- Skills training, labour issues and human capital development.

In addressing the policy and legislation environment, liaison and interaction with parliamentary portfolio committees, NEDLAC (through BUSA), government ministers and senior officials has been varied, ranging from excellent in most cases to downright unacceptable in some cases. Clearly in some cases the level of distrust (political expediency?), disdain for private sector (who public servants should be serving), and/or sheer incompetence is curtailing the sector to reach its potential in attracting investment, growing sustainably, creating jobs and ultimately providing food security for the people of this country, both at a national and household level. It remains an imperative for Agbiz that sound relationships are forged, both private-public and private-private, that create a basis of trust for progress and growth in South Africa and further abroad. It is time that government takes agribusiness far more seriously, in line with UNIDO's well-reasoned 'Agribusiness for Africa's Prosperity', and plays its part in deepening the trust in a vital partnership between government and agribusiness. The National Development Plan of Government's National Planning Commission recently called for an active citizenry and social compact to chart the way forward, but the very selective use of this intent by elements in government leaves much to be desired.

Successfully addressing the above key focus areas would not be possible without the committed services of Agbiz professionals, viz. Ms Lindie Stroebel, Manager: Economic Intelligence and Finance, and Mr Herbital Maluleke, Manager: International Trade Intelligence, in assisting the CEO.

Communication

Good and clear communication, but especially to members, is essential for a member interest body to function effectively, and this has been emphasized by the leadership of Agbiz in strategic sessions. To this end a weekly electronic newsletter has been instituted and has been keenly welcomed by all members and key subscribers. The www.agbiz.co.za website is updated on a daily basis and its visitor count is growing very significantly as it is a reliable and in-depth source of information impacting the agribusiness environment. Relations with the agricultural magazines, daily press and broadcast media have developed positively over the review period, while invited presentations at a range of high-level conferences, including a number of international conferences, have further enhanced communication with role players and stakeholders. The appointment of Ms Jennifer Roets as communications officer has certainly assisted in focussing and expanding Agbiz's communication focus.

Financial Management

Over the past two years Agbiz has maintained its sustainable funding model, with a net growth of both corporate and basic members ensuring small surpluses in both financial years over the period of review. As Agbiz essentially derives all its income from its members, it remains critically important that Agbiz consistently provides a worthwhile value proposition to its members. The Audit Committee, comprising of Mr Frans van Wyk, Mr Koos van Rensburg and Mr Erenst Pelser, has played a very significant role in supporting the Financial Manager and CEO in ensuring good governance of the Agbiz's finances.

Office administration and support

Without the able office administration and secretarial support of Ms Linette Jordaan, Agbiz's personnel would not be able to function effectively. The Agbiz office administrative function establishes a firm foundation and basis from which its professionals can operate.

My sincere thanks and appreciation go to the personnel of Agbiz for their continued dedication and support over the review period. Our successes have in large been the fruits of a collaborative and team approach.

Much of Agbiz's success also comes from the trust and support of Agbiz's leadership and members, as well as the support of the broader agribusiness and agriculture community. The farmers of South Africa, and further abroad, are more than just clients of the agribusiness sector. They are essentially the partners of agribusiness in the respective value chains and as such need to be nurtured to ensure the sustainability and competitiveness of their enterprises.

May Agbiz continue to grow and play an even more constructive and progressive role in growing agriculture and agribusiness in South Africa.

Functional Areas of Work

The core objectives of Agbiz are achieved through its work in the following functional areas:

- Policy and Legislation
- Agribusiness Intelligence
- Trade and Investment
- Stakeholder Engagement
- Human Capital Development

While it is not possible to report on all engagements and impacts in this overview, the following represent the major areas of engagement and focus.

NWK's Lottiehalte silo and Epco sunflower seed crushing and extraction plant. Photo: NWK

Policy & Legislation

Green Paper on Land Reform

The Minister of Rural Development and Land Reform published the Green Paper on Land Reform in the Government Gazette of 30 September 2011, as Notice 34656. Agbiz was appointed by the minister to participate in the National Reference Group (NAREG), whereby an opportunity was given to pro-actively engage in the negotiation process. Agbiz was represented in all the working groups, namely:

- 3-Tier land tenure systems,
- Valuer-General,
- Land Management Commission (LMC),
- Land Rights Management Board (LRMB),
- Legislative Amendment, and
- Communal land tenure system.

Agbiz played a significantly influential role in developing the working groups' thinking, and eventual position on the relevant topic considered. Agbiz particularly became actively involved in the 3-tier tenure systems, valuer-general, LMC and LRMB working groups, as it directly influences the agribusiness environment.

Agbiz submitted its official comments on the Green Paper to the minister on 28 November 2011. Agbiz welcomed the minister's decision to maintain the work of the working groups post the official consultation period, hence Agbiz continued its participation in the relevant working groups and its sub-committees.

Agbiz implemented an inclusive approach to incorporate its members' inputs, experience and guidance in this regard:

- A workshop was held for Agbiz members on 27 September 2011, whereby the Deputy Director General of the Department of Rural Development and Land Reform (DRDLR) presented the Green Paper to the participating members. An in-depth discussion followed, whereby Agbiz's initial position was formulated.
- Agbiz contracted Prof Nick Vink, an acknowledged academic in this field, to assist Agbiz in drafting its comments.
- Considering the involvement with the NAREG and progress made in the various working groups, another in-depth discussion in this regard was held at the Agbiz Council meeting of 15 November 2011, before the final submission was constructed.
- The "post-submission"-process was again discussed in depth with Council members at the Council meeting of 16 March 2012.
- Certain members also played a direct role with some working groups, such as the valuer-general and the legislative amendment groups.

Agbiz believes that workable and constructive proposals are being tabled by the working groups in general, but at the time of writing the outcomes of the NAREG process were uncertain. The important NEDLAC process on the Land Reform Green Paper has commenced, and Agbiz is represented in the BUSA Task Team by the CEO.

BEE Amendment Bill

The Broad-based Black Economic Empowerment Amendment Bill was published in Government Gazette Notice 893 of 2011 on 9 December 2011 for public comment. Following consultation with members, Agbiz submitted the comments to the Department of Trade and Industry (*the dti*). A briefing session by the DG with BUSA in this regard was also held and in which Agbiz participated. Of importance were the proposed amendments with regard to sector codes, viz. (i) that all enterprises must submit a scorecard to the to be established B-BBEE Commission, and (ii) that enterprises will no longer have the option to resort under the Generic Codes of Good Practice. As the broader agricultural sector rapidly moves towards an AgriBEE Sector Code, the implications required serious consideration.

AgriBEE Sector Code and AgriBEE Charter Council

Dr John Purchase, CEO of Agbiz, was appointed to the AgriBEE Charter Council in 2008 by the then Minister of Agriculture and Land Reform, Ms Lulu Xingwana, and the term extended by the current Minister of Agriculture, Forestry and Fisheries. Ms Lindie Stroebel has similarly been appointed as secundus to Dr Purchase. The AgriBEE Charter Council has the task of overseeing transformation in the broader sector in line with the current B-BBEE legislation. The major focus of the AgriBEE Charter Council to date has been to develop binding AgriBEE Sector Codes, for public and the broader industry's consideration, using the negotiated and gazetted AgriBEE Transformation Charter and Generic Codes of Good Practice as basis. The Draft AgriBEE Sector Codes were gazetted for comment on 26 March 2012, in Government Gazette Notice 251 of 2012. At the time of writing, Agbiz was to host a workshop to solicit comment for submission.

Status of BEE Implementation

Agbiz conducted a survey on the status of BEE implementation, as well as the priorities and challenges in this regard, amongst a representative sample of its members. The responding companies are referred to in no particular, and varying order, as alphabetical letters. A brief summary of the preliminary results are reported on in this text box.

Almost 70% of the respondents had a valid BEE scorecard, with a further 23% being in process of completing one. Roughly 30% of the respondents had official scores of Level 8, another 30% had official scores of Level 6 and 20% scored either Level 5 or 4. All of the respondents aspired to improve their scores by 2015. It's worth noting that if the respondents' aspirations would realise, almost 50% would be Level 5 or 4 contributors by 2015. Respondents identified which elements their company would most likely pursue as part of their BEE strategy. These responses were compared to the priorities listed in 2007 and 2009 respectively.

Socio-Economic Development was identified as top priority in 2012, whereas Skills Development was rated top in both 2007 and 2009. The top 4 prioritised elements in 2009 and 2012 varied somewhat from the priorities in 2007. This reflects the improved understanding of BEE and the positive shift from narrow based BEE to broad based BEE. It also reflects the changes in priorities and focus, based on experiences to date on difficulty and cost-effectivity of implementing strategies for certain elements versus others.

- Most of the respondents preferred to avoid the Ownership element. In 2010, however, 50% of the agribusinesses had an average black ownership

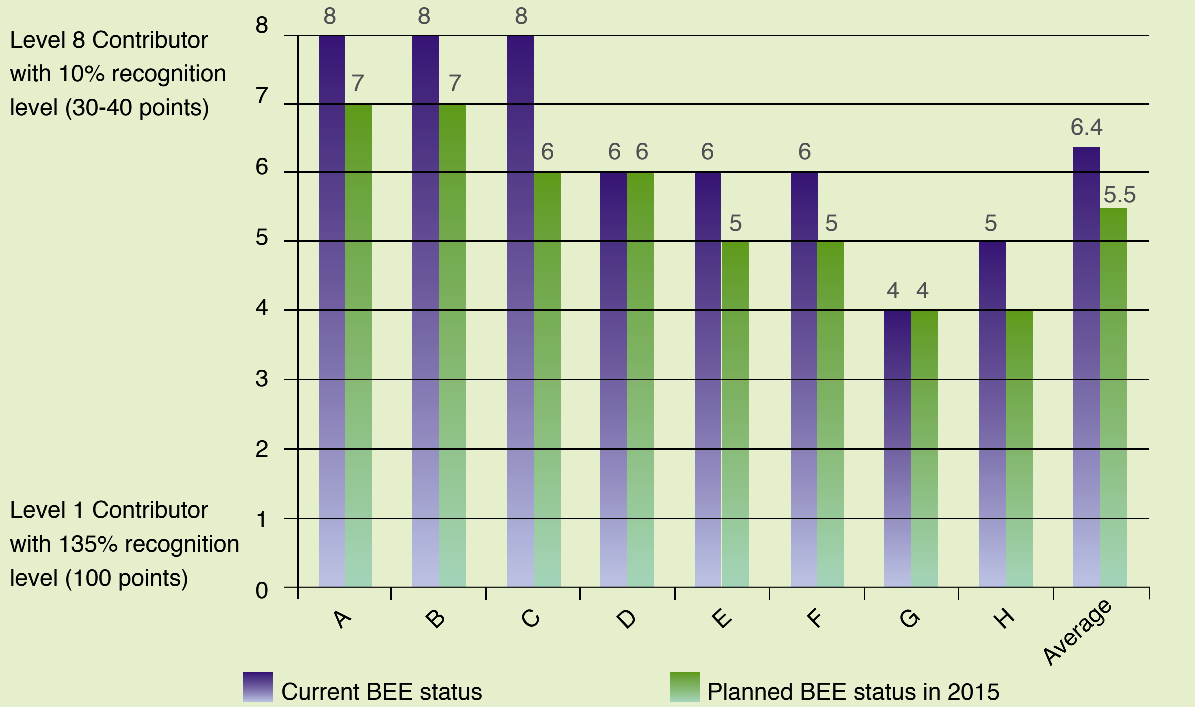


Figure: Current (2012) and planned (2015) BEE status of the sample of agribusinesses.

Table: Priority rankings of elements in the 2007, 2009 and 2012 surveys, respectively.

Priority Ranking	2007 Survey	2009 Survey	2012 Suvey
1	Skills development	Skills development	Socio economic development
2	Ownership	Preferential procurement	Enterprise development
3	Employment equity	Socio-economic development	Skills development
4	Management control	Enterprise development	Preferential procurement

ranging between 14.1% and 34.7%. The level of black ownership is mainly due to indirect black ownership via “institutional” investors.

- Only 10% of the respondents considered the Management control element achievable, and therefore most preferred to avoid it strategically. Ownership transformation is often a prerequisite for substantial change in board representation and changes to top management are constrained by the issues regarding Employment Equity.
- Even though the scores for Employment Equity in 2010 were extremely low, the majority of respondents indicated to prioritise it in future. This is a difficult element to achieve on, due to a combination of very strict measurement criteria and the difficulty of finding suitably qualified black management. This is exacerbated by the fact that many of these businesses are located in relatively isolated rural areas. The renewed priority thereon could bring about interesting improvements.
- The scoring for Skills Development in 2010 was average low, but in 2012 almost 80% of the survey respondents indicated a renewed prioritisation of this element. The low scores would be due to both the high targets and the poor employment equity profile of employees, but as for Employment Equity, the improved prioritisation thereon could propose positive outcomes.
- Almost 70% of respondents prioritised Preferential Procurement, even though scoring has been rather average thus far. This element is complex with a heavy administrative burden as most farmers, especially new black farmers, as agribusinesses’ clients, do not have scorecards and provide no benefit for agribusinesses with regard to their scorecards. The possibility proposed by the BEE Amendment Bill, making scoring for all enterprises obligatory, could pose an opportunity.
- Almost 80% of respondents ranked Enterprise Development amongst their top priorities. This

indicates a positive move to broad based empowerment. Established agribusinesses also recognise opportunities of assisting the development of new black farmers, as well as the benefits, such as new clients and procurement of commodities that the emergence of a sustainable class of new black farmers will bring.

- Socio-Economic Development was ranked third in 2009 and improved to the top priority in 2012 by more than 80% of the respondents. The scoring thereon is generally good as companies have historically focused on this type of corporate social investment.

A number of questions were asked to gauge the perception of respondents with regard to BEE matters. In 2007 and 2009, the top 5 constraints identified from these answers were almost identical. As the focus of priorities kept on changing towards the Broad-Based BEE, the top ranking challenges also changed in 2012.

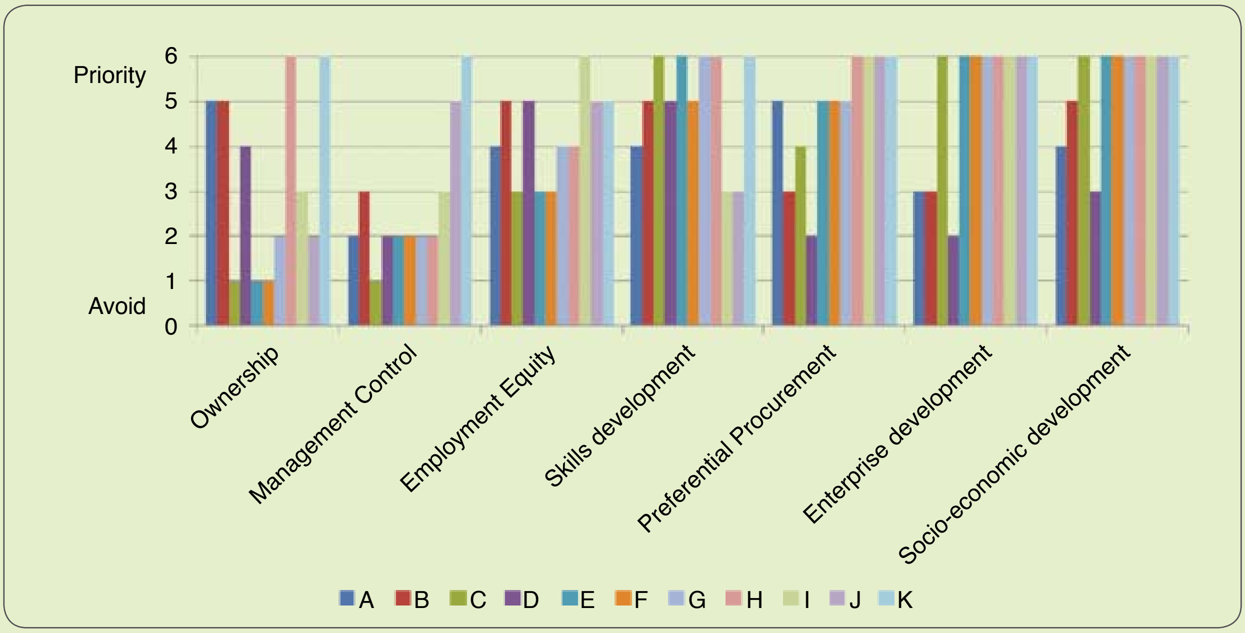


Figure: Priority rankings for the different elements in the responding agribusinesses' strategies.

Top 5 constraints in 2007 and 2009

1. Lack of qualified and experienced BEE management.
2. Lack of BEE partners with access to funding and BEE funding in general.
3. Difficulty in obtaining the BEE status of suppliers.
4. Lack of support and guidance from government and regulatory bodies.
5. Finding BEE partners who can add value to the business.

Top 5 constraints in 2012

1. Difficulty in implementing the Employment Equity plan.
2. Lack of qualified and experienced BEE employees, especially in rural areas.
3. Lack of qualified and experienced BEE employees on management level.
4. Difficulty to reach Socio-Economic Development target of 2% Net Profit After Tax.
5. Lack of support and guidance from government and regulatory bodies.

The responses to the questions were as follows:

Q: Do you support the concept of implementing BEE and transformation in your industry?
90% of respondents were generally supportive of BEE and transformation.

Q: Does your business have a good understanding of BEE and what activities will improve your score?
The overwhelming majority indicated that they had a good understanding of BEE. This was surprising, given that the respondents varied from very large, to rather small agribusinesses and co-operatives.

Q: Capacity and time to implement BEE within your business:
The responses are very evenly spread here with 50% generally indicating a lack of capacity. Generally it was the smaller companies that indicated to have very limited time and capacity available.

Q: The support and guidance on BEE and land reform that you receive from government and regulatory bodies (Dept of Land Affairs, Dept of Agriculture; Municipalities; dti etc):
90% of respondents indicated that support from government and regulatory bodies were not sufficient at all to their needs.

Q: I would consider selling an ownership stake in my existing business to BEE participants:
The responses are evenly spread with almost 60% indicating a strong willingness to sell an ownership stake to BEE participants.

Q: I would consider starting a new business in a joint venture with BEE participants:
Over 70% of respondents indicated a strong willingness to enter into joint ventures with BEE partners.

Q: Finding suitable BEE equity partners / co-owners who will add value to your business:
The vast majority (80%) of respondents indicated that finding suitable BEE equity partners or co-owners that could add value to the business was a major obstacle.

Q: Finding BEE equity partners / co-owners who have sufficient funding or who can obtain sufficient funding to purchase a share of your business:
Similarly, 80% of respondents were of the opinion that finding partners with sufficient funding to enable them to purchase a share of the business was a major obstacle.

Q: The availability of adequately qualified and experienced BEE employees at a management level:
All of the respondents indicated that the availability of adequately qualified and experienced BEE employees at management level was a major constraint.

Q: Finding adequately qualified and experienced BEE employees, who are willing to work and reside in rural areas:
Again all of the respondents indicated that finding adequately qualified and experienced BEE employees, who are willing to work and reside in rural areas, where most agribusinesses are situated, is a major constraint.

Q: Availability of appropriate industry specific skills development, training and mentorship courses:
Half of the respondents indicated that industry specific skills development and training courses were readily available, but the other half indicated that it is seldom available. Irregularly available information regarding training could be the reason thereof.

Q: Do you experience any pressure from customers or other stakeholders to complete a scorecard?
Only 60% of respondents indicated that they are under pressure from suppliers to complete a scorecard.

Q: Obtaining the BEE status of your suppliers is:
50% of respondents indicated that it was very difficult to obtain the BEE status of suppliers. However, 40% of respondents found it to be rather easy. This has definitely improved over time, as 90% of respondents in 2009 found it very difficult. Government (through *the dti*) can contribute largely to the progress, particularly with Preferential Procurement, but have grossly been neglecting their role herein.

Q: I would consider changing suppliers in order to improve my Preferential Procurement score:
80% of the respondents indicated they will definitely consider changing suppliers to improve their Preferential Procurement score.

Q: Finding suitable small black businesses to assist in terms of Enterprise Development:
70% of respondents indicated that it was very difficult to find suitable small black businesses to assist in terms of Enterprise Development.

Q: To what extent would you be prepared to mentor / assist emerging black businesses and/or undertake joint ventures with black businesses / farmers / land reform beneficiaries?
The large majority (80%) of respondents are prepared to assisted black farmers and emerging black businesses via mentoring and/or through joint ventures. However, 20% of the respondents indicated that they do not have the capacity to do so and would not at all be able to assist.

Spatial Planning Land Use Management Bill
Agbiz is part of a four-a-side BUSA Task Team to address the Spatial Planning and Land Use Management Bill, gazetted on 6 May 2011 in Government Gazette Notice 280 of 2011, at NEDLAC. Three NEDLAC meetings have been held to date and a revised Bill has been submitted, following NEDLAC inputs. The Bill would have held certain negative implications for agriculture and agribusiness, if adopted in its original form, but inputs by Agbiz and its partners in agriculture have ensured the integrity of the zoning of high potential agriculture land.

Co-operative Amendment Bill
Seventeen members of Agbiz conduct their business in a co-operative business form and the gazetting of the Co-operatives Amendment Bill had significant implications for them. Agbiz, through BUSA, played a significant role in the extended and difficult NEDLAC process that considered public comments on the Co-operatives Amendment Bill, Notice 33 of 2011 in Government Gazette of 21 January 2011. Considerable progress on a number of issues was made to ensure an enabling policy environment for commercial agricultural co-operatives. The Bill has now been referred to Parliament by Cabinet.

Regulations on the Consumer Protection Act (GM Labelling)
Trade and Industry Minister Rob Davies, published the CPA Regulations by notice in the Government Gazette, Volume 550 of 1 April 2011 (Nr. 34180). In response to the notice, the Industry Task Team of role players and stakeholders in the broader grain industry, under chairmanship of Agbiz, met on 10 May 2011 to specifically discuss the interpretation regarding the GM-labelling section (Section 7 of the Act) of the Regulations. Consensus was that there are ambiguities in the Regulations and these would need to be clarified by the Tribunal in time. Consensus is also that all role players in the value chain will have to label for GM according to the Regulations, but that testing will in all probability be confined to authenticating non-GM. Of critical importance would be for agribusinesses to engage with their off-takers/clients on their requirements in this regard. Consensus is also that the Industry GM Labelling Task Team contributed enormously to making the GM Labelling Regulation more practical and cost efficient. The various role players and stakeholders in industry, representative of the whole value chain, who participated in the process to date, were as follows:

Consumer Goods Council of South Africa, Agricultural Business Chamber, Monsanto, Grain Silo Industry, South African Association for Food Science and Technology (SAAFoST), Crop and Plant Biotechnology Services, Grain SA, Pioneer Hi-Bred International, National Chamber of Milling, Suidwes Landbou, Tigerbrands, Hahn & Hahn, Pioneer Foods and South African National Seeds Organisation (SANSOR).

Competition Commission (Information Exchange)
At a CEO Forum Plenary in 2010, Industry requested the National Agricultural Marketing Council (NAMC), the Department of Agriculture, Forestry and Fisheries (DAFF) and the CEO Forum Steering Committee to engage with the Competition Commission on Information Exchange within the industry, and to ensure that current information exchange practices did not constitute anti-competitive behaviour. A robust process of engagement with the Competition Commission (CC) and industry associations followed. An Information Exchange Workshop was convened with the CC on 15 February 2012, during which the CC responded to the final report on the consultative process with industry associations. The Workshop further served to inform industry associations of the progress that has been made, and to provide advice on the way forward to ensure compliancy with the Competition Act. Since there are still areas that require clarity, engagement with the CC will continue.

Labour Legislation
Four Labour Amendment Bills, namely the Labour Relations Amendment Bill 2010, Basic Condition of Employment Bill 2010, Employment Equity Amendment Bill 2010 and the Employment Services Bill 2010, were gazetted (Notice 1112) for comment in December 2010. The agribusiness, and the agricultural sector as a whole, is relatively labour intensive. It is therefore necessary to ensure a fair and enabling labour legislation to support job creation in the sector. Through invaluable comments and inputs by members, Agbiz submitted extensive comments to BUSA, who actively became involved in negotiating the controversial Bills within NEDLAC. The Basic Conditions of Employment and the Labour Relations Bill were approved by Cabinet on 22 March, while not yet finalised by NEDLAC. The two Bills are now scheduled for parliamentary debate and approval, but the two Bills raise more questions than answers as to whether they will enable and facilitate increased job creation. It is the view of Agbiz that the labour policy and legislative environment is increasingly becoming overregulated and acting as a disincentive to job creation.

New Growth Path
Government has adopted the New Growth Path (NGP), as developed by Minister Ebrahim Patel's Economic

Development Department (EDD), as its economic policy. Agriculture and Agro-processing feature as key sectors in the NGP and Minister Patel has indicated that he and the EDD want to engage with, among others, Agbiz on agro-food industry issues. Following a NEDLAC meeting on 11 May 2011 on the NGP with Minister Patel, Agri SA and Agbiz decided to rather engage uni-sectorally with Minister Patel and the EDD, and requested a meeting with him and EDD. Agri SA and Agbiz have been communicating on the proposed agenda. The scheduled meeting dates of 5 and 6 October 2011 were however then utilised for a NEDLAC meeting on the NGP issues of Preferential Procurement, the 'Green Economy', Enterprise Development and Bio-fuels, among others. Various ministers participated directly in these meetings with industry and the following accords and decisions were reached:

- Education Accord
- Skills Development Accord
- Local Procurement Accord (Only canned food products as agriculture designated products)
- Green Economy Accord (Draft form only, but includes important biofuels regime)

Follow up engagements with Minister Patel and EDD officials on especially agro-logistics infrastructure needs for the Presidential Infrastructure Co-ordinating Commission (PICC) are continuous, as are engagements on Post Settlement Support (PSS) for beneficiaries in the agro-food value chain.

Climate Change: White Paper and other developments

Agbiz has actively participated in the Climate Change policy development space over the past year, from the publishing of the Climate Change Green Paper for public consultation on 27 November 2010, right through to the release of the Government's National Climate Change Response Paper on October 2011. This engagement has been through BUSA's Task team on Climate Change, interaction with the Department of Agriculture, Forestry and Fisheries (DAFF), and through individual and direct engagement with government and other role players. Being both an emitter of Greenhouse Gasses and being negatively affected by Climate Change, the broader agro-food system has a major role to play in both mitigation and adaptation. A keynote presentation was delivered by Agbiz CEO at DAFF's policy Development Workshop on Climate Change in August 2011, while a presentation was also delivered at an Agriculture and Agribusiness side event at the Congress of the Parties 17th Meeting (COP17), of the United Nations Framework Convention on Climate Change (UNFCCC), in Durban in December 2011.

Electricity and Energy awareness

Energy and the agro-food system are inextricably linked, especially from a production, processing, distribution and cold chain consumption perspective, but also from a renewable generation and resource perspective. Given the energy and especially electricity crisis South Africa has and still is facing, it has been necessary to engage with government, at various levels and through different institutions, to stay abreast of developments and inform members of such developments. BUSA, to its credit, played a major role in getting the originally announced electricity hikes down significantly. Agbiz also served on NEDLAC's Administered Pricing FRIDGE Study Task team, while Agbiz also initiated the study conducted by the NAMC on the effect of electricity and other administered pricing on food price hikes, through DAFF's CEO Forum. Through the New Growth Path deliberations on Green Growth with the Economic Development Department, as well as other interactions with the Department of Energy, including with the Minister of Energy directly, the matter of biofuels and the proposed Biofuels Task Team, comprising industry and government, has also been addressed.

Fiscal Policy

Agbiz was involved in interaction regarding the National Budget Speech for 2012. Through NEDLAC's Public Finance and Monetary Policy Chamber, Agbiz participated in a pre-budget meeting between Minister Pravin Gordhan, business and labour delegates on 7 February 2012. The budget's impact and influence on agriculture was debated at a panel discussion at the ABSA Budget Speech event on 22 February 2012 where leaders in the agricultural sector interacted and discussed it. Agbiz also attended a FNB post-budget discussion with Minister Pravin Gordhan. Agbiz was also invited to present at a DAFF event on the business implications of the National Budget, on 24 February 2012.

Monetary Policy

As the world slowly recovers from the global financial crisis, most countries have become considerably dependent on their Central Banks for regulation and monetary policy support. South Africa has been no different. Agbiz facilitated a bilateral engagement between organised agriculture and the South African Reserve Bank (SARB) on 14 October 2010. Following the meeting, Agbiz was invited to the two-monthly SARB Economic Roundtable, where the governor of SARB and various of the monetary policy committee members have a structured in-depth discussion on relevant topics with economists and other relevant researchers and individuals from different sectors and institutions.

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Agribusiness Intelligence

Agribusiness Competiveness

As Agbiz negotiates for an enabling environment for agribusinesses, it can basically be referred to that Agbiz is negotiating to improve the competitiveness of the sector.

To measure how competitive the agribusiness sector in South Africa is, Agbiz assesses how successful the sector sells its products over time in the local and global environment. The Relative Trade Advantage method, as originally developed by Balassa (1977, 1989) and extended by Volrath (1991), allows for the measurement of competitiveness under real world conditions such as uneven economic "playing fields", distorted economies and different trade regimes and is therefore the most suited for measuring the competitiveness status.

The Agribusiness Competitiveness Status index (ACS) for South Africa is illustrated in the figure below. The ACS index has values at levels of less than one for most of the period which means that the competitiveness status of the South African agribusiness sector can be classified as generally marginal in terms of global competitiveness [competitive (RTA > 1), marginal competitive (1 > RTA > -1), not competitive (RTA < -1)]. This implies that minor adjustments related to factors influencing the competitiveness status can contribute to changing the status to positive. It will, however, be important to identify the particular set of factors required to facilitate the upgrade.

Executive Survey

In the application of the descriptive methodology, the basic requirements that have an influence on the competitiveness of the agribusiness sector in South Africa such as infrastructure, primary education and macro-economic stability as well as efficiency enhancers like higher education, technology and efficient financial markets together with innovation and sophistication factors are described. The focus of this institutional analysis is at the firm level, i.e. individual firms are requested to participate in the data gathering process through questionnaires. Executive opinions are thus gathered. Whereas the hard data in the

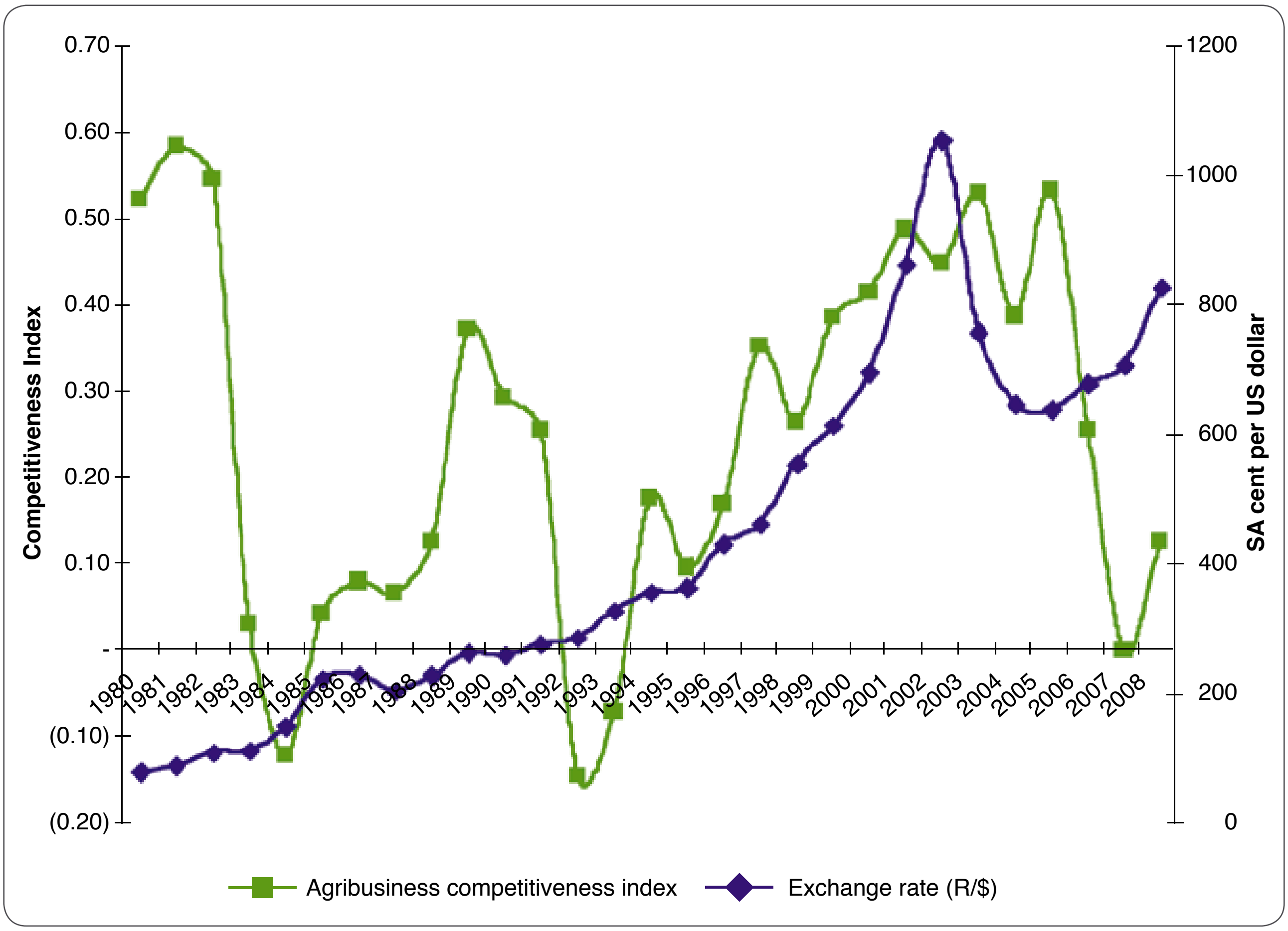


Figure: The Agribusiness Competitiveness Status (ACS) index 1980 - 2008).

ACS index is used to measure competitiveness status over a specific period, the survey data measure competitiveness as it is perceived. The Executive Survey offers many unique measures and captures the informed judgments of business leaders and decision makers in the agribusiness sector of South Africa on issues that influence their sector's competitiveness.

During the survey, agribusinesses from across the country, serving and operating in the entire agricultural sector, responded by weighing their opinions, based on their experience on how various factors influence them. The closer to 0, the more inhibiting the factors are to the competitiveness of the industry. The closer to 3, the more enhancing the factors are.

The figure (page 17) indicates a number of factors (or groups of factors), which influences the agribusiness environment. It is noticeable how factors, in general, had a lesser inhibiting influence in 2004, than in 2008. In 2010, agribusinesses experienced these factors to be even more inhibiting.

In 2012, there were some variations on the impact of the various factors, but in general indicated an even further inhibiting influence. Only factors such the market size and market growth improved significantly. Interestingly enough, the constraining impact of unreliable electricity supplies improved, even though to a small extent. Labour availability and costs remained relatively unchanged, but the impact of labour policy on employment drastically deteriorated.

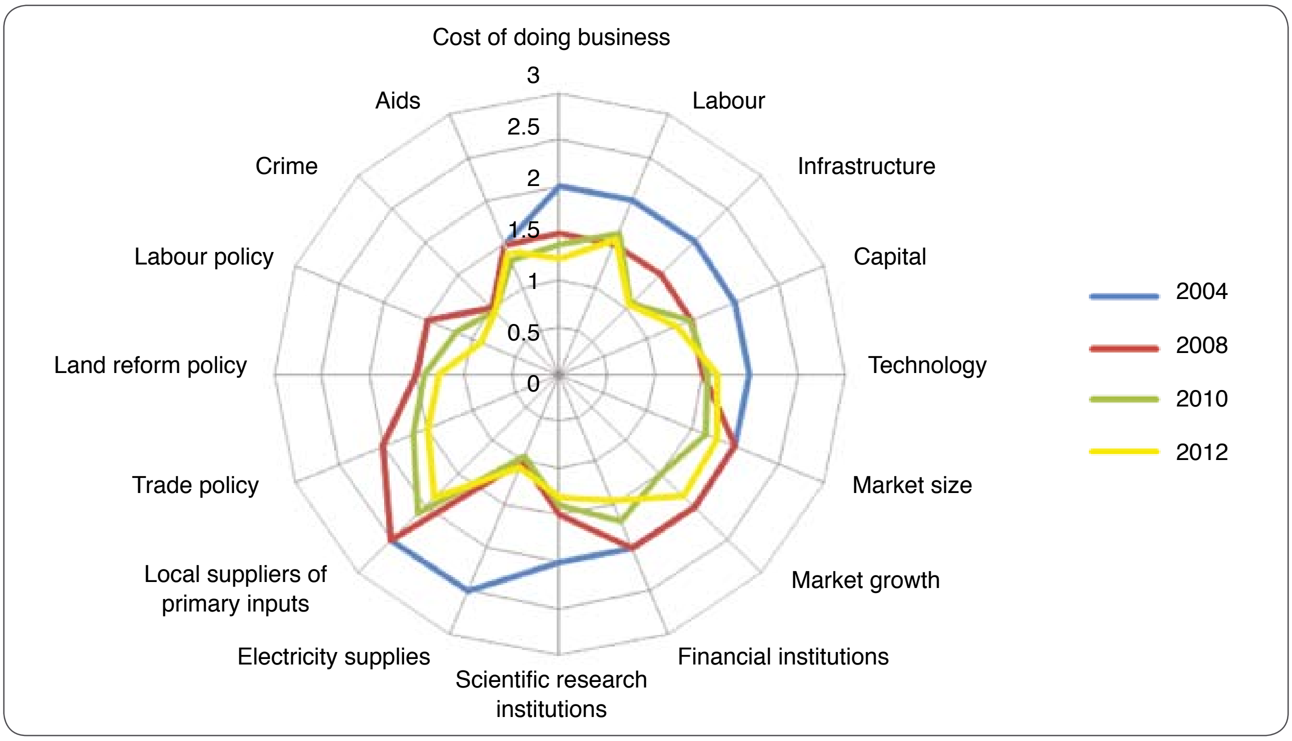


Figure: Changes in the most determining factors of agribusinesses' competitiveness in 2004, 2008, 2010 and 2012.

The top 15 factors enhancing, and inhibiting the competitiveness of the agribusiness sector is listed below in the following two tables.

Table: The major constraints to the competitiveness success of agribusinesses in South Africa for 2008, 2010 and 2012

2012	2010	2008
1) Competence of personnel in the public sector at national level	1) Trust in the political system	1) Cost of crime
2) Effectiveness of personnel in the public sector at local level (provincial/ municipal)	2) Competence of personnel in the public sector	2) Trust in the political systems
3) Trust in the honesty of politicians/ government officials	3) Public sector's ability for sufficient service delivery	3) Competence of personnel in the public sector
4) Cost of transport	4) Electricity suppliers	4) Electricity supply in South Africa
5) South Africa's labour policy constraints and inhibits employment	5) Cost of Crime	5) Availability of skilled labour
6) Cost of crime in South Africa	6) Efficiency of national infrastructure	6) Cost of transport
7) Burdensome administrative regulations in South Africa	7) Cost of transport	7) The cost of finance
8) Cost of using the infrastructure in South Africa	8) Administrative regulation in SA	8) Aids
9) Cost of supplies/input	9) Availability of professional labour	9) South Africa's labour policy
10) Availability of professional labour	10) Cost of using infrastructure	10) The cost of quality technology
11) Insufficient and unreliable electricity suppliers in South Africa	11) SA's labour policy	11) Quality of unskilled labour
12) Poorly developed and inefficient national infrastructure	12) Cost of financing	12) South Africa's land reform policy
13) Cost of quality technology	13) Labour administration costs	13) Administrative regulations
14) Erratic enforcement of environ-mental regulations in South Africa	14) Availability of skilled labour	14) The lack of sufficient scientific research institutions in the agribusiness sector
15) Cost of financing in South Africa	15) Current exchange rate (+/- R7,7/US$)	15) The overall cost of doing business in South Africa

Table: The major enhancements to the competitiveness success of agribusinesses in South Africa for 2008, 2010 and 2012

2012	2010	2008
1) Production of affordable high quality products	1) Intense competition in the local market	1) Intense competition in the local market
2) Investment in human resources	2) Production of affordable high quality products	2) Availability of unskilled labour
3) Intense competition in the local market	3) Investment in human resources	3) Production of affordable high quality products
4) Provision of unique products, services & processes	4) Availability of unskilled/semi-skilled labour	4) Continuous innovation
5) Application of best & most efficient production processes	5) Competition are from local or locally based companies	5) Investment in human resources
6) Changing consumer trends in South Africa	6) Unique products, services & processes	6) Unique products, services and processes
7) Availability of unskilled/semi-skilled labour	7) Applying efficient new technology	7) The availability of water for industrial purposes
8) Production and sale of environmentally friendly products	8) Local suppliers of your company's primary inputs	8) Stringent regulatory standards in the industry
9) Relationships and networks in the industry	9) Relationship/networks	9) Production of environmental friendly products
10) Competition in the local market comes from local firms or local subsidiaries of multinationals	10) Changing consumer trends	10) Availability of local suppliers of primary inputs
11) Local buyers are knowledgeable, demanding and buy innovative products	11) Investment in compensation in incentives for management	11) Strategy to employ quality technology
12) Entry of new competitors is common in the local market	12) Sophistication of local buyers of your products. services	12) Quality of local suppliers of primary inputs
13) Availability of substitutes for any business' products or services range	13) Regulatory standards	13) The efficient flow of information from the customer to the business
14) Compensation of management includes incentives like bonuses and stock options	14) SA's competition law	14) Supply chain relationship with primary suppliers
15) Ethics and production methods is a concern to local buyers of products and services	15) Availability of substitutes for your company's product/services	15) South Africa's macroeconomic policy

Agro-logistics and Transport issues

Considering the role of transport in every segment of the agricultural value and supply chain, as well as the negative influence of the state of infrastructure, as well as the cost of using the infrastructure in the country, on the sector's competitiveness, Agbiz is involved in various platforms.

Agbiz has been involved with the steering committee of the Road Transport Management System (RTMS). RTMS is an industry-led, voluntary self-regulation scheme that encourages consignees, consignors and road transporters to implement a management system that preserves road infrastructure, improves road safety and increases productivity. Its key components are load optimisation (including overload control), driver wellness, vehicle maintenance and productivity. Agbiz will continuously attempt to make the agricultural sector aware of RTMS and promote accreditation amongst transporters across the sector.

Agbiz has been supporting the NAMC in their research reports regarding the impact of transport related issues and cost implications on the agricultural sector. Agbiz is to facilitate interaction between policy makers, government and relevant industry role players to formulate a policy framework and to ensure information flow and discussion on transport-related issues.

Other relevant issues, which impact directly or indirectly on agro-logistics and the transport sector in the agriculture and food sector, that have recently been addressed and negotiated are the port tariffs, e-tolling, AARTO, road infrastructure funding, rural infrastructure development, Gauteng Freeway Improvement Project, etc. Agbiz is involved in these negotiations through the Freight and the Transport Task Teams at BUSA. Strong role players, such as the Road Freight Association, make a huge contribution in this regard.

Agbiz / IDC Agribusiness Confidence Index

Agbiz has been constructing the Agbiz / IDC Agribusiness Confidence Index since 2001. Over the past decade decision makers and executives use it to understand the confidence of agribusinesses in the set business environment. Every quarter, Agbiz sends out a questionnaire. Responses from agribusinesses across the country, serving all the different industries in the sector, are collated to construct the ten sub-indices, which then form the overall index.

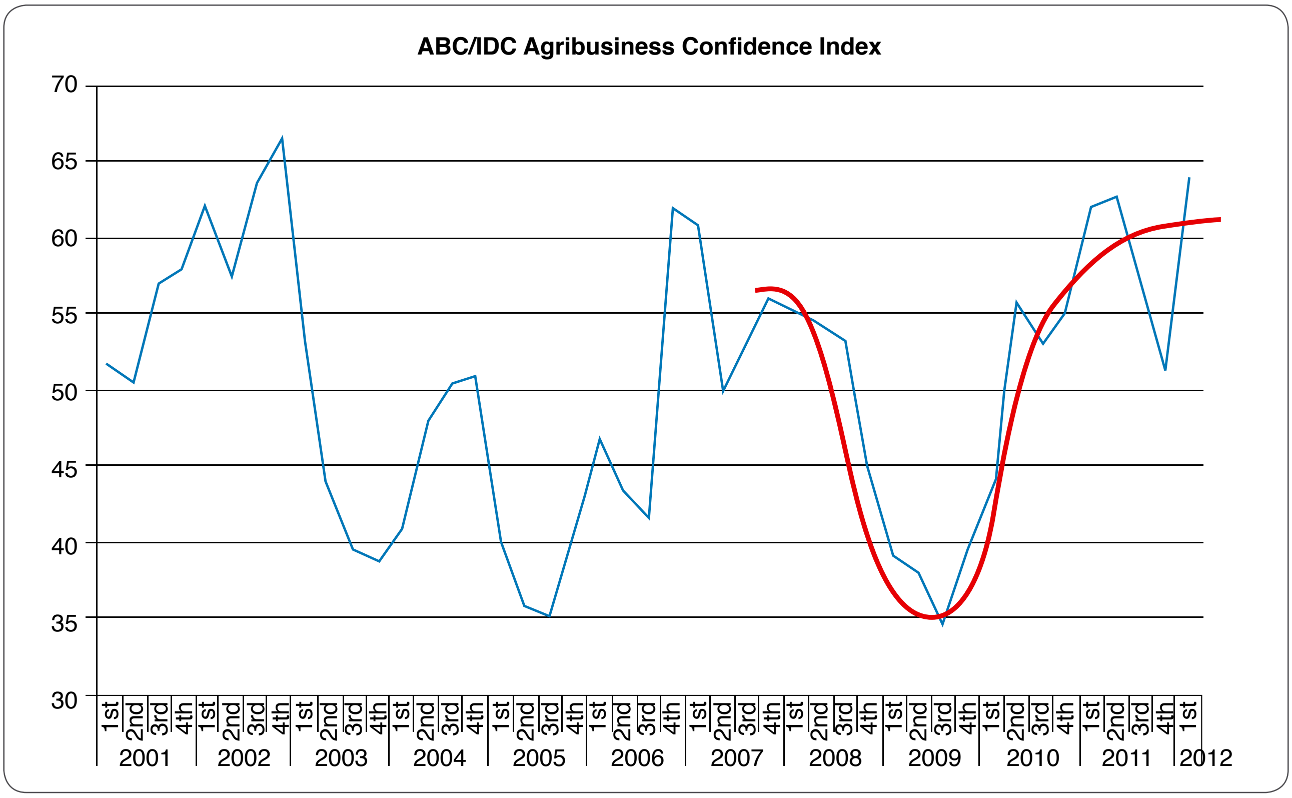
Over the past decade various "ups" and "downs" have coloured in the agribusiness environment, with the past two years probably being the most dramatic and interesting period.

Late 2008's index results resembled the business expectations of a flourishing industry, reaping the fruits of a period of high prices, excellent yields and strong local and international demand for agricultural and food products. However, the economic slowdown, due to the global economic shocks, was then just starting to take its toll on the industry. Slowdown in consumer spending and the drastic drop in commodity prices were to follow – hence a year of business confidence ranging in the negative territory, reaching its "all time low" in the third quarter of 2009.

The South African economy came off rather lightly, considering the impact the global recession had on major global economies. In the same context, the agricultural sector in South Africa was much better off when compared to other sectors - basically because consumers, locally and abroad, had to cut on spending on luxury items, but they still needed to eat, therefore spending on food products continued.

The increase in confidence at the end of 2009 was basically stimulated by the expectations of the economic recovery and the increased investment and spending expected prior to and during the 2010 FIFA World Cup Soccer. It was then expected that credit spending would increase and inflation would reach higher levels than the South African Reserve Bank's inflation target range of 3-6%. That did not happen and even after much uncertainty, a year passed with confidence gradually increasing as the economy slowly recovered, inflation was suppressed and interest rates remained low, also thanks to the capital inflows keeping the exchange rate over valued. The export markets, burdened by low foreign earnings, also recovered slightly as international demand gradually returned and exporters budgeted and planned according to a strong Rand.

Confidence in the agribusiness sector has remained in positive territory since the second quarter of 2010, as climatic conditions improved significantly, commodity prices increased, excellent yields were obtained and local and global demand recovered further.



The industry has kept on benefiting from high farm-gate and commodity prices since mid-2011. According to the moving average of the index, the dip in the fourth quarter of 2011 was not a structural change and the recovery trend in the index, since the third quarter of 2009, has been maintained.

The cost of doing business and slow economic growth in the country keep on restraining the sector. The cost of financing increased even though interest rates were kept low. This was mainly due to the lower availability of credit, due to the risk aversion by financiers and the impact of Basel III on the financing sector. However, it must be recorded that agribusinesses are still eagerly investigating opportunities for investment. An increase in investment applications in the agricultural value chain are experienced, as companies are increasingly looking at diversification strategies to de-commoditise their product range. The increase in capacity has the potential to lead to increased job creation in rural areas, which is an important imperative for both government and business.

Strategic Intelligence

Agbiz gathers information and converts it into intelligence, for the purpose of strategic utilisation by its members. In attempting to do so, Agbiz partnered with the NAMC in 2010 in publishing a book by Prof Marcos Fava Neves of Sao Paulo University, Brazil, and Head of Marketstrat. The book was entitled "Future of food: Messages for South Africa". All Agbiz members, certain academia and specific government officials were provided with copies of this book to assist their strategic thinking towards a better understanding of the global agribusiness trends.
Prof Neves presented the book at a networking event for Agbiz members in Stellenbosch in September 2010.

After the huge success, Agbiz decided in 2012 to again engage with Prof Neves for another follow-up book. The initiative is once again done in partnership between Agbiz and the NAMC. Agbiz and the NAMC are also to host a seminar, where Prof Neves will present to government officials and a select audience in Pretoria. The book will however be launched at the Agbiz Congress in June 2012, where Prof Neves will also present.

Linking SA Agribusiness to the World

Agbiz promotes agricultural trade and investment for its members by working closely with the Department of Agriculture, Forestry and Fisheries (DAFF), Department of Trade and Industry (*the dti*), National Agricultural Marketing Council (NAMC), Department of Health and the International Trade Administration Commission (ITAC), to mention a few. Information on agricultural trade, investment and opportunities is gathered from industry and government sources, including foreign government sources such as embassies and consulates in South Africa and South African embassies abroad.

Agbiz will continue establishing and maintaining excellent working relationships and networks with all stakeholders, both locally and abroad. So far, we have excellent contact with embassies and consulates of countries such as Mozambique, Malawi, Germany, Japan, USA, United Kingdom, France, Angola, Nigeria, etc.

Agbiz will continue, through BUSA, to participate within NEDLAC on the unacceptable practice of bilateral investment treaties being signed by the South African government without prior consultation with the private sector. This practice causes serious injury to business, especially when government signs an agreement which is harmful to certain sectors in terms of trade. Government must remember that business is done by business, not by government. Therefore, they have an obligation to consult with those who are doing business before signing any agreement with foreign countries, especially in the area of trade.

Africa Trade Relations

Deeper Regional Integration

In 2010-2011, several agreements to promote intra-African economic co-operation were strengthened by Regional Economic Communities' (RECs') senior trade officials and heads ofstate. The Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), and Southern African Development Community (SADC) are all in the negotiation phase for deeper regional integration. Agbiz, through BUSA, is actively participating in these discussions to develop South Africa's position within NEDLAC.

With regard to strengthening the SADC Free Trade Agreement (FTA), Agbiz is engaging on the elements of information sharing, with the focus on the review of rules of origin and removal of non-tariff barriers (NTBs) through the Agricultural Trade Forum (ATF) and BUSA.

SADC Customs Union

Agbiz has participated in discussions, within BUSA and *the dti*, on forging a SADC Customs Union. It has been agreed that the following sequence of activities are required towards forging the establishment of the proposed Customs Union:

1. Consolidation of the SADC FTA with focus on the review of rules of origin.
2. Completion of tariff phase downs, removal of NTBs and developing a mechanism to assist member states that are not yet in the FTA to participate therein.
3. Addressing the issue of overlapping memberships, and evaluating progress made towards the customs union. Ministers noted the work undertaken, the progress made and the report of the Ministerial Task Force on Regional Integration.

Non-Tariff Barriers (NTBs): Monitoring and Reporting

Agbiz recognises the established online institutional mechanism for monitoring, reporting and elimination of NTBs existing within the three Regional Economic Communities (RECs) of southern and eastern Africa: Southern African Development Community (SADC), the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA). This mechanism facilitates the electronic reporting of NTBs by all stakeholders from government to business organisations, when they encounter problems in doing trade in the southern and eastern African regions. The online monitoring and reporting website is hosted at http://www.tradebarriers.org.

Trade and Investment Promotion in Africa

African governments on their own will not be able to deal with the agricultural development and food insecurity challenges facing them. Agbiz is busy participating in a joint initiative with DAFF and the private sector in South Africa called the Joint Agribusiness Department of Agriculture Forum for Africa (JADAFA). The JADAFA website is hosted by Agbiz at www.jadafa.co.za. The purpose of this partnership is to promote agricultural trade and investment in Africa by making information readily available to investors, and improving border and market access to support the Comprehensive African Agriculture Development Programme (CAADP) of the African Union (AU).

Europe Trade Relations

SADC-EC EPA Negotiations

Agbiz will continuously participate in SADC-EC EPA negotiations through DAFF and *the dti* towards resolving unresolved issues such as market access, rules of origin, geographical indicators, barriers to trade, etc. In this regards, South Africa requires financial support to build the capacity and to develop the relevant systems which will help in forging the negotiations to be completed as soon as possible.

Asia Trade Relations

SACU–INDIA Preferential Trade Agreement (PTA)

SACU and India have exchanged their request list of products. Agbiz has been involved in the discussion under a subcommittee of the Technical Sectoral Liaison Committee (TESELICO) within NEDLAC. The process of identifying products that should be excluded from the preferential trade agreement is taking place through *the dti* and DAFF.

South Africa-China Unilateral Market Access

A discussion on unilateral market access with China has been blocked by the Chinese due to the increase in their agricultural product imports. Agbiz presented to the Chinese delegation on the potential export market of South African agricultural products. *The dti* is currently working on a proposal for submission to China on the opening of the unilateral market access negotiations.

America Trade Relations

Agbiz Participation at African Growth Opportunity Act (AGOA)

Agbiz participated in and supported the AGOA Private Sector Forum in Lusaka in 2010. The US Secretary of State Hillary Clinton, along with US Trade Representative Ambassador Ron Kirk, led the US government delegation. Agbiz also had the opportunity to host US Assistant Secretary, Department of State, Mr Jose Fernandez, for a breakfast meeting to discuss AGOA and other mutual trade matters.

During the AGOA Forum, the African Competitiveness and Trade Expansion (ACTE) initiative was launched by US Secretary of State Hillary Clinton, which will provide $120 million over four years. Its purpose is to build on the success of Africa's regional trade hubs and help African nations to realise AGOA's full potential. Agbiz, BUSA and African ministers at the AGOA Forum unanimously supported the extension of AGOA and called for the extension to be rolled over to 2025. The US government representatives at the AGOA Forum also expressed their support for AGOA and stated that the Obama Administration would work hard with the US Congress to ensure a seamless extension of AGOA.

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Liaising with Business

Local linkages, forums and entities

In broadening its stakeholder engagement, Agbiz and its personnel serve on various local key representative forums and entities, either in advisory and/or decision-making capacities, such as:

- Department of Agriculture, Forestry and Fisheries' (DAFF's) CEO Forum and its Steering Committee (CEO is currently chairman of CEO Forum Plenary).
- DAFF's Agricultural Trade Forum (ATF).
- DAFF's National Agricultural Research Forum (NARF).
- AgriBEE Charter Council (Ministerial appointment of CEO and Ms Stroebel to Council).
- National Agricultural Marketing Council (NAMC) – (Ministerial appointment of CEO to Council).
- Trustee of the Maize Trust.
- CEO serves as director of the Section 21 Company, Grain Farmer Development Association (GFADA), as well as a member of the Grain Value Chain Network.
- Ms Stroebel serves as member of the Reserve Bank's Economic Roundtable.
- Agbiz personnel serve in various capacities in BUSA and NEDLAC task teams.

Global linkages, forums and entities

In order to broaden its stakeholder engagement internationally, Agbiz and its personnel serve and/or participate in various forums and entities that have a continental or international focus, such as:

- Business and Industry Advisory Committee (BIAC) to the OECD: Agbiz participated in two meetings of the Food and Agricultural Committee of BIAC, as well as in the OECD Global Forum on Agriculture. Through BIAC, Agbiz receives the latest position papers by BIAC, as well as has access to important OECD policy documents.
- At the invitation of IBC Asia, Agbiz participated in the 1st Asia Agchem Conference in Shanghai, China, on the agricultural and agribusiness opportunities that Africa presents.
- NEPAD Business Foundation (NBF): Agbiz is a member of the NBF and participates in its activities in working for Africa's prosperity by breaking down barriers to economic growth, trade and investment.

- United Nations Economic Commission for Africa (UNECA): By invitation of UNECA, Agbiz participated in the Ad hoc Expert Group Meeting (AEGM) on the Development and Promotion of Regional Strategic Food and Commodities Value Chains in Africa, within the context of the NEPAD/CAADP Framework, in Addis Ababa, Ethiopia in January 2011.
- Food and Agricultural Organisation of the United Nations (FAO): Agbiz serves on the FAO's High Level Panel of Experts on Food Security, while also participated at the invitation of the FAO in their workshop in Addis Ababa, Ethiopia, on 'Private Sector Investment in Eastern Africa – What can make it happen?'.
- Africa Economic Forum (AEF): at the invitation of Global Pacific & Partners, Agbiz participated in the AEF meetings in Cape Town in 2011 and 2012.
- World Economic Forum (Africa): at the invitation of WEF, Agbiz participated as panellist in the Workshop on South Africa's Competitiveness, held by WEF at the Cape Town meeting in May 2011.
- China Council for the Promotion of International Trade (CCPIT): Agbiz presented on South African Agriculture and Agribusiness to a high-level delegation from CCPIT and member companies at a BUSA meeting in 2011, while Mr Herbital Maluleke attended a trade training course held by CCPIT in China, at their invitation. The purpose of the training was to learn about the development history of China's situation and China's reform of its economic system, how to do business in China, and the development of industrial associations. The training included meetings with government officials and visits to enterprises, while also seeking business opportunities for Agbiz members.
- International Food and Agribusiness Management Association (IFAMA): Agbiz is an institutional member of the International Food and Agribusiness Management Association (IFAMA). Agbiz attended the Annual IFAMA World Forum and Symposium in Germany during 2011 and also presented a paper at the Symposium. Agbiz partnered with IFAMA to host the Agbiz / IFAMA Student Case Competition during the ABC Agbiz Congress in June 2012. This initiative serves partially to investigate the possibility of establishing an IFAMA Chapter in South Africa. Agbiz will attend and participate in a session during the Annual IFAMA World Forum and Symposium, to be held in Shanghai, China, in June 2012.

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Stakeholder Engagement

From a corporate perspective, Agbiz defines its stakeholders as individuals, groups or organisations that can affect or be affected by the actions of the business of Agbiz as a whole. There are obviously different categories of stakeholders, given their specific characteristics and potential impact, such as the agricultural producers (farmers) of South Africa - but also of countries outside of South Africa, the South African government – but also governments of other countries, consumers, the media, NGO's, international organisations and bodies, trading partners and countries, and many others.

Communication with Stakeholders

The communications and marketing department plays an important role in promoting the image of Agbiz and engaging with these stakeholders. This is done through using the following platforms:

Agbiz e-Newsletter

This weekly electronic publication represents the views and opinions of Agbiz and includes collective information from various reliable resources in the agribusiness sector. The information contained in the newsletter empowers the target audience to become better informed and responsible partners in the economic prosperity of the agribusiness sector of South Africa. The publication's target audience comprises senior managers and executives in agribusiness, policy and decision makers in government, industry associations and the media.

Internet

The Agbiz website (www.agbiz.co.za) is an informative, user-friendly and in-time communication tool. Agbiz continues to extend the range of the website to provide up-to-date information. The website also serves as an educational tool with historic information, economic indicators, trade information and legislative material for interested parties. It also provides links to a host of other important sources.

Workshops

A number of workshops were organised and facilitated by Agbiz over the review period. The workshops sought out participation from members and partners with expertise in developing policies, legislation, strategies and guidelines. The workshops dealt with issues such as the development of a Southern and Eastern African Maize Value Chain, Information Exchange relating to competition legislation, Consumer Protection Act (GM Labelling), Green Paper on Land Reform (NAREG), and Finance and Development Finance in Agriculture.

Presentations
Over the two year review period, Agbiz made almost 70 presentations to a range of external and internal stakeholders, including high level invited participation at local and international events such as the World Economic Forum (Africa), Africa Economic Forum (x2), 1st Asia AgChem Conference (Shanghai), FAO and UNECA meetings in Addis Ababa (x2), COP 17, Agri SA Congress and Policy Conference, SACAU Policy Conference, IFAMA Conference (Frankfurt), International Biotechnology Conference, IHS Global Insight, National Consumer Forum Conference, AMT Outlook Conference (x2), Agribusiness and Agricultural Development Conference (Luanda, Angola), Keynote address at Standard Bank Agribusiness launch (Choma, Zambia), PwC Agri Summit, Keynote address at Combined SASCP, SASSS, SAHA, SAWSS Congress 2011 (Pretoria), USAID Southern Africa 'Feed the Future' Regional Workshop, trade delegations from China, France, USA, Germany, Sudan, Mozambique, lectures to postgraduate students from Universities of North West (NWU) and Pretoria (UP), and many more.

Council meetings
Agbiz administration furthermore hosted 8 highly successful Council meetings, which included various topical guest speakers and effective networking dinners, over the two year review period.

Stakeholder Surveys
Surveys were used to gather feedback from stakeholders for writing reports and articles on important issues, such as agribusiness confidence, competitiveness of agribusiness in South Africa and B-BBEE implementation in the agribusiness sector.

Media Engagement
In 2010 Agbiz became a corporate member of the South African Agricultural Writers Association. During the same year Agbiz, in partnership with the Agricultural Writers Association, hosted a media day for journalists representing the mainstream media. The media day provided an opportunity to engage informally with the media and to present to them on relevant issues, such as Agbiz's position on the Green Paper on Land Reform, the agribusiness confidence index and trade issues.

Agbiz's media coverage has improved significantly over the period under review. The increase was mainly around the issues of food safety; food prices; job creation; AgriBEE; land reform; climate change; Consumer Protection Act – GM crops; and information exchange. Other issues such as the huge electricity price hikes, water rights and deteriorating rural infrastructure also received wide media attention.

Media coverage was primarily in the printed media, but also through various television and radio interviews.

Rebranding
The new Agbiz brand has been launched in 2012. Branding and communication specialist company, BigDoor, assisted in aligning the new logo with Agbiz's vision and mission, as well as new marketing and communication trends.

The new logo is modern, stylish and distinct. The term Agbiz replaces the abbreviation, ABC, which was part of the old logo. Agbiz is already associated with the Agricultural Business Chamber as it features in the website domain name and email addresses.

The new slogan – "The way to prosperity" – descibes our goal of growing towards a better future with sophisticated agricultural technology, increased productivity and food security, agricultural investment, job creation, etc.

Highlights from the Agbiz news clip archive

SAKE 24

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ANC 'BEPLAN NIE NOG MYNBELA…

Prof. Stef Coetzee, direkteur van die Afrikaanse Handelsinstituut, en mnr. Lawrence Mavundla, president van Nafcoc, op die presidensiële werkskappingsberaad.

Mnr. Mike Brown, uitvoerende hoof van Nedbank, en dr. John Purchase, direkteur van die Landboubesigheidskamer, het ook die presidensiële werkskappingsberaad bygewoon.

Nog 'n deelnemer was mnr. Bobby Godsell, Besigheidsleier-skap Suid-Afrika se president.

FOTO'S: THEANA BREUGEM

Agri businesses are key to land reform

'WE CAN'T AFFORD TO LOSE PRODUCTIVE CAPACITY.'

SEB nodig vir volhoubare produsente

Dr John Purchase, uitvoerende hoof van die Landboubesigheidskamer (LBK), sê deelname aan … die vereistes en prosesse van swart ekonomiese bemagtiging deur al die sektore van die ekono… insluitende die landboubedryf, is nodig om 'n volhoubare samelewing vir die toekoms te verseke…

Purchase het op 'n Agri SEB-dag van Vrystaat Landbou (VL) en VKB op Reitz gesê die landboubedryf moet nou kommentaar lewer op die ontwerp-sektorkodes wat vir 'n tydperk van 60 dae ingewag word. Die hele bedryf moet nou aan dié gesprek deelneem voordat die sektorkodes bindend op die bedryf raak en die ooreengekome SEB-teikens nagekom moet word.

"Die groter waardeketting van die landbou se aandeel in die ekonomie is minstens 10% tot 15%. Ons moet 'n meer gelyke situasie skep waarvolgens daar beter toegang is van voorheen benadeeldes in die landbou om deel te word van die ekonomie. Doelbewuste uitsluiting van dié mense sal net tot rampspoed lei."

Volgens Purchase is vennootskappe tussen die landbousakebedryf, die kommersiële en opkomende landbou, verskillende regeringsinstansies en ontwikkelingsfinansieringsliggame soos die Nywerheidsontwikkelingskorporasie en die Land Bank nodig om te verseker dat swart bemagtiging behoorlik en volhoubaar toegepas kan word vir die uiteindelike suksesvolle vestiging van swart kommersiële produsente.

Die grootste probleem wat met boervestiging ondervind word, is dat nuwelinge nie behoorlike navestigingsondersteuning kry nie. In dié verband kan die landbou-ondernemings ook 'n betekenisvolle rol speel. Hy sê die toegang tot kredietgeriewe en finansiering is ook een van die groot uitdagings in boervestiging. "Die risiko om beginners te vestig, is in baie gevalle heelwat hoër as vir 'n kommersiële produsent, deels omdat hulle nie oor kollateraal en sekuriteit beskik nie. Ons soek modelle met staatsondersteuning om dié risiko te deel dat daar 'n risikodeling is tussen die entrepreneur, die landbouonderneming en Land Bank – waar die staat 'n rol as herversekeraar kan vertolk, sê hy. Van dié modelle … sekere gevalle in werking, maar dit moet wyer uitg…

Purchase maan produsente ook om hul te begin … dat hulle SEB-telkaarte in orde is. "Dit is krities bela… hulle uit 'n sake-oogpunt en net so belangrik vir la… ondernemings in die toekoms wat voorkeur-aank… Hy waarsku dat druk vanuit die waardeketting ga… van die groot aankopers soos die kleinhandelsketi… die landbou-verwerkers, "en dan moet jy as produ… wees om aan die waardeketting deel te neem."

Koos van Rensburg, uitvoerende hoof van VKB, het landboubesighede se erns met SEB bevestig. Hy sê egter die staat sal moet meehelp om die risiko van boervestiging te help absorbeer, sodat nuwelinge ná 'n mislukking sal kan voortgaan.

Johan du Toit, hoof van Senwes se landboudienste-afdeling, sê nouer samewerking tussen die rolspelers is van kardinale belang. "As die staat die agribesighede kan bemagtig met die nodige befondsing, sal die suksessyfer van boervestiging aansienlik styg."

Henk Vermeulen, hoofbestuurder van VL, sê die staat moet die realiteite van SEB in ag neem. Die landboubedryf … gesien word as 'n bron wat grond en hulpbronne … sonder die nodige investering nie.

Johan Norval
LANDBOUweekblad
Bloemfontein
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082-416-1668

Rolspelers in boervestiging. Van links is Koos van Rensburg, uitvoerende hoof van VKB, Johan du Toit, hoof van Senwes se landboudienste, dr John Purchase, uitvoerende hoof van die LBK asook Henk Vermeulen en Con Kriek, onderskeidelik, hoofbestuurder en ondervoorsitter van VL.

24 Gemeenskappe vkb

4 Business

Seeds sown for black farming

Land Bank report welcomed by most role players

NEWS AT A GLANCE

UNITY

Unity Forum formed to achieve consensus

Organised agriculture has taken another step closer to achieving unity in agriculture.

…roposals were presented and … during a recent meeting … by Prof Mohammad Karaan, … Stellenbosch University's …tural science faculty. …ear, national representatives …ricultural industry organisations, …' unions and agribusiness … a task team to explore the …hment of a single forum that …e been dubbed the Unity … It would focus on achieving …us on certain issues such … reform and job creation.

'UNIONS WILL MAINTAIN INDIVIDUALITY AND THE FORUM WILL HELP OUT ON ISSUES OF COMMON INTEREST.'

In this way, the sector will have a strong, collective voice when …

… was agreed the different unions will maintain their individuality and the forum will only be used to co-operate on issues of common interest.

The forum will initially look at job creation in agriculture, land reform and the role of emerging farmers in the sector, added M'engana.

Cobus Dowry, who will represent USAAA on the Unity Forum, told *Farmer's Weekly* he hopes it will be effective as a united mouthpiece for agriculture in South Africa. – *Denene Erasmus*

26 | farmer's weekly | 16 MARCH 2012

LANDBOUBESIGHEIDSKAMER

SA voer 'nooit' meer voedsel in as uit nie

Hennie Duvenhage

Kaapstad. – "Die bewering van veral politici dat Suid-Afrika 'n netto invoerder van voedsel geword het, is vals.

"Suid-Afrika was nog nooit 'n netto invoerder van primêre of onverwerkte landbouprodukte nie," sê mnr. Lindie Stroebel, eko…

R15,403 mjd.
Dit was Suid-Afrika se positiewe landbou-handelsbalans

…wil hê.

In 2010 het Suid-Afrika sekondêre landbouprodukte ter waarde van R28,548 miljard ingevoer en R24,572 miljard s'n uitgevoer, wat die land met 'n negatiewe sekondêre landbouproduk-handelsbalans van R3,976 miljard gelaat het.

Onder die uitgevoerde sekon…

agbiz

GLOBAL PERSPECTIVE

Cost of living to rise

The use of food crops in biofuels means the food crisis is unlikely to subside soon

The latest surge in global food prices raises the question: is the world lurching from one crisis to another?

In 2003 countries in Africa, Asia and others experienced a crisis brought on by HIV/Aids and famine. And with the global financial crisis of 2008 still fresh in many minds, the world now faces a new round of shortages and consequent food price rises.

WHAT IT MEANS
- No end to global food crises
- Many-pronged approach needed

It has not yet been labelled a "crisis", but Agricultural Business Chamber CEO John Purchase thinks it should be. "SA is being shielded by the strong rand and because the global recession was handled well in this coun-

more expensive and running out and technologies are not keeping pace. With food resources also being used for energy, agricultural produce and food prices will follow the energy sector."

Various commentators have repeatedly warned that growing populations, the

lem of 2007 and 2008 "will come back sooner than expected" simply because of hugely increased demand for food and the resulting higher prices.

If Neves, Purchase and others are correct, what action can be taken to prevent the suffering and instability that food shortages bring?

None, says Purchase, not beyond responsible handling of the economy, which he believes has happened in SA. He points out that food price inflation in SA is at about 5%, and that about 60% of local households are food insecure.

"Higher food prices stimulate production. It is a signal for farmers to produce more. But in some other countries, where the global recession wasn't dealt with as well as it was here, food inflation is running at 30%-35%."

The Washington-based International Food Policy Research Institute urges governments and international bodies to take a comprehensive approach to prevent a "food crisis reccurrence".

The institute proposes the following:
- Minimise competition

Russell Roberts

"There is definitely a global food crisis at the moment and I can't see the end of it ..."
– JOHN PURCHASE

NEWS AT A GLANCE

AGRIBUSINESS

Agribusiness confidence recovering steadily

The agribusiness confidence index for the first quarter of the year jumped by 25% since the last quarter of 2011. Prevailing risk factors, however, could have a

Agribusiness: the 2012 agenda

Various challenges are expected in agriculture for the year ahead. The local economy is faced with addressing unemployment while also attempting to achieve economic growth. The Agricultural Business Chamber recently released its expectations for 2012.

Sunday Times NEWS JANUARY 29 2012

FLOODS AND FOOD PRICES

Consumers set to dig even deeper

Agribus cites higher input costs such as labour as major factors pushing up food costs

SA 'missing opportunity' on processed agricultural products

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Human Capital Development

Agbiz identified the need to increase its emphasis on human capital development, as the lack of sufficient capacity in the industry was identified by members.

Agribusiness Centenary Bursary
In honour of a number of Agbiz members, who celebrated their 100 years existence in 2009 and 2010, an Agribusiness Centenary Bursary Fund was established. Postgraduate students in agricultural economics, or agribusiness related fields, can apply for this annual bursary. Excellent applications were received and the best student was selected on merit. In 2011, the bursary was awarded to Mr Jan Greyling, a Masters student in Agricultural Economics at the University of Stellenbosch. In 2012, the bursary was awarded to Miss Nandipha Mbizana, who's currently doing her Masters degree in Agricultural Economics at the University of Fort Hare.

Agbiz Congress Student Promotion Project
Agbiz hosted a student promotion programme during the ABC Congress in 2010. Ten outstanding students, selected from various universities across the country, were individually sponsored by Agbiz members to attend. The students enjoyed the opportunity to network with agribusiness executives and be exposed to issues pertaining to agribusinesses. The programme was such a huge success, that Agbiz decided to once again host this programme at the Agbiz Congress 2012. Students will this year also participate in the Agbiz/IFAMA Student Case Competition. Sponsored students will obtain a one year membership of IFAMA.

Student web portal
Top students are given the opportunity to submit their CV's to Agbiz to present them on the Agbiz website. Human Resource managers of agribusinesses can view the CV's on the website and also post vacancies for the students to see.

Linking Academia with Agribusinesses
Agbiz made an intentional decision to attempt to link academia in South Africa and the Agribusinesses with each other. As an outflow of the Agbiz / IFAMA Student Case Competition, the case study methodology will be promoted under academia and businesses will be made aware and encouraged to become involved.

Currently Agbiz gets involve with universities where possible. Presentations and special lectures have been made at the University of the North West's Business School and the University of Pretoria's Agribusiness unit under the Department of Agricultural Economics. Agbiz also support programmes at the University of the Free State's Agricultural Economics department as well as the University of Stellenbosch.

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