



agbiz
agricultural business chamber
the way to prosperity

BIENNIAL REPORT

2022-2024

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Chairperson's report

When historians look back to 2020 in years to come, the COVID-19 pandemic will likely be identified as the event that heralded a global shift from stability towards volatility and heightened uncertainty. In the past four years, we have seen significant disruptions to global supply chains, a polarising political environment, and an increasingly volatile natural climate. These trends paint an uncertain picture for the future, but they also present opportunities that South African agribusinesses have been quick to capitalise on.

Favourable weather and market conditions resulted in three consecutive exceptional seasons for the grain and oilseeds sector in 2019/20, 2021/22, and 2022/23, with significant surpluses exported and bringing to South Africa much-needed export earnings. This also bodes well for the agribusinesses that finance these producers and provide them with inputs and implements. Prospects for the 2023/24 season are less certain given the current climate and market risks. The livestock and animal product value chains have been severely tested in the past two years as authorities battled to control avian influenza, African swine fever, and foot-and-mouth disease (FMD) outbreaks. Despite these setbacks, the industry has made commendable strides towards building inclusive value chains and expanding export opportunities.

Finally, South Africa's export-oriented, horticultural value chains overcame significant challenges posed by logistics, shipping costs, and sanitary and phytosanitary barriers to achieve commendable statistics in 2023. Across all value

chains, agricultural exports amounted to US\$13,2 billion in 2023, with a record trade surplus of US\$6,2 billion after taking into account the imports. These figures were achieved despite a deteriorating operating environment marked by a persistently pessimistic Agribusiness Confidence Index. This once again shows the immense resilience of the sector and is a testament to the work done by the Agbiz members and their client base to manage significant risks and take advantage of new opportunities.



Mr Francois Strydom
Agbiz chairperson

In an increasingly volatile geopolitical environment, South Africa has hosted both the BRICS¹ (Brazil, Russia, India, China, and South Africa) and the AGOA² (African Growth and Opportunity Act) summits in the past year. Agbiz played an instrumental role in both events by tabling key issues such as intra-BRICS trade, non-tariff barriers, and tariff barriers hampering the sector from realising its full trade potential. Our staff and members were pivotal in shaping the narrative, and we have seen direct benefits through focused interventions and trade missions. Be that as it may, the onus will always rest on governments to open the channels necessary for businesses to trade. In this respect, Agbiz continues to apply pressure at the National Economic Development and Labour Council (Nedlac) for the government to align its priorities with markets where the most benefit can be derived. A data-led approach is needed to align government efforts with business priorities.

Domestically, the decline of public services continues to pose the single biggest risk to agribusiness in South Africa. Poor service delivery and the complete neglect of public infrastructure by rural municipalities are reaching a tipping point. As highlighted by the *Landbouweekblad* and Senwes conference at Nampo Park in February 2024, agribusinesses, communities, and local business chambers are joining hands to step into the void. It has

been remarkable to witness the collaboration taking place across traditional political and cultural divides. These efforts deserve due recognition, but we should not be ignorant about the significant cost they entail. Businesses fund these interventions out of necessity, but additional costs eat away at their competitiveness. We cannot be satisfied with substandard service delivery and must continue to push for transparency and accountability by those who control public finances.

“The decline of public services continues to pose the single, biggest risk to agribusiness in South Africa.”

Energy and logistics are two areas where our efforts are starting to result in real improvements. Agribusinesses have made vital investments to secure their own energy needs, while the recovery plan driven by organised business is starting to show improvements. It is in logistics where Agbiz has perhaps played

¹ BRICS refers to certain emerging market countries – Brazil, Russia, India, China, South Africa, and more – that seek to establish deeper ties between member nations and cooperate on economic expansion, including trade. Source: Investopedia.

² AGOA provides eligible sub-Saharan African countries with duty-free access to the United States market for over 1 800 products, in addition to the more than 5 000 products that are eligible for duty-free access under the Generalized System of Preferences programme.

the most significant role. Our staff and various desks continue to work closely with Transnet, and incremental improvements in port efficiency have already started to materialise. On the policy front, Agbiz also played a key role in Operation Vulindlela to craft the Freight Logistics Roadmap that has the potential to radically alter South Africa's freight logistics network and level the playing field for private sector competition.

Finally, with an eye on the future, Agbiz has undertaken projects to ensure the South African sector does not fall behind global trends in innovation. To this end, significant work has been done to lobby for a regulatory framework around genetically modified organisms (GMOs) that is fit for purpose and keeps up with global trends. Likewise, we have embarked on a comprehensive initiative on sustainability that will be unveiled at Agbiz Congress 2024.

ORGANISATIONAL RENEWAL

In tandem with our core policy work, proactive steps have been taken in the past two years to keep Agbiz streamlined and fit for purpose. While our membership has grown steadily in the past two years, the industry is constantly changing, and it was necessary to critically evaluate our funding model. A working group, consisting of a diverse group of members, recommended that a third membership category be created for industry associations to ensure that our income streams remain sustainable, and to mainstream the participation of these associations in all Agbiz events by providing them greater access to the Agbiz Council. Amendments to the Agbiz Constitution were approved at the annual general meeting in August 2023 to effect these changes. The desks have likewise grown their

membership in the time under review. Our Grain Desk and its predecessors have played a significant role in the grain and oilseeds economy since 1910 as one of the oldest formal structures in organised agriculture. The legacy of storage operators and their personnel spans 114 years since the establishment of the *Sentrale Agentskap vir Koöperatiewe Verenigings*. Today, South Africa has 283 commercial bulk grain storage facilities, with a total storage capacity of 15,7 million tonnes. Agbiz Grain represents roughly 70% of this volume and has welcomed new storage members to their steering committee as well as affiliate members. Likewise, the Fruit Desk benefited from the addition of Berries ZA and the South African Subtropical Growers' Association to their management structure.

The skills and knowledge of our staff continue to be our greatest asset. With this in mind, we revised our human resource strategy to provide Agbiz with the best chance to secure and retain scarce and critical skills.

NOTE OF APPRECIATION

My appreciation must go out to the members who give their time and knowledge in service of the industry. This includes the members who regularly attend our council meetings and guide the work that Agbiz undertakes on behalf of the industry. My appreciation also goes out to members who served on the Agbiz steering committee, which guides the chief executive officer and oversees the organisation's corporate governance. Messrs Sean Walsh, Nico Groenewald, Antois van der Westhuizen, Koos Janse van Rensburg, and Dr Langa Simela deserve special mention. As do the steering

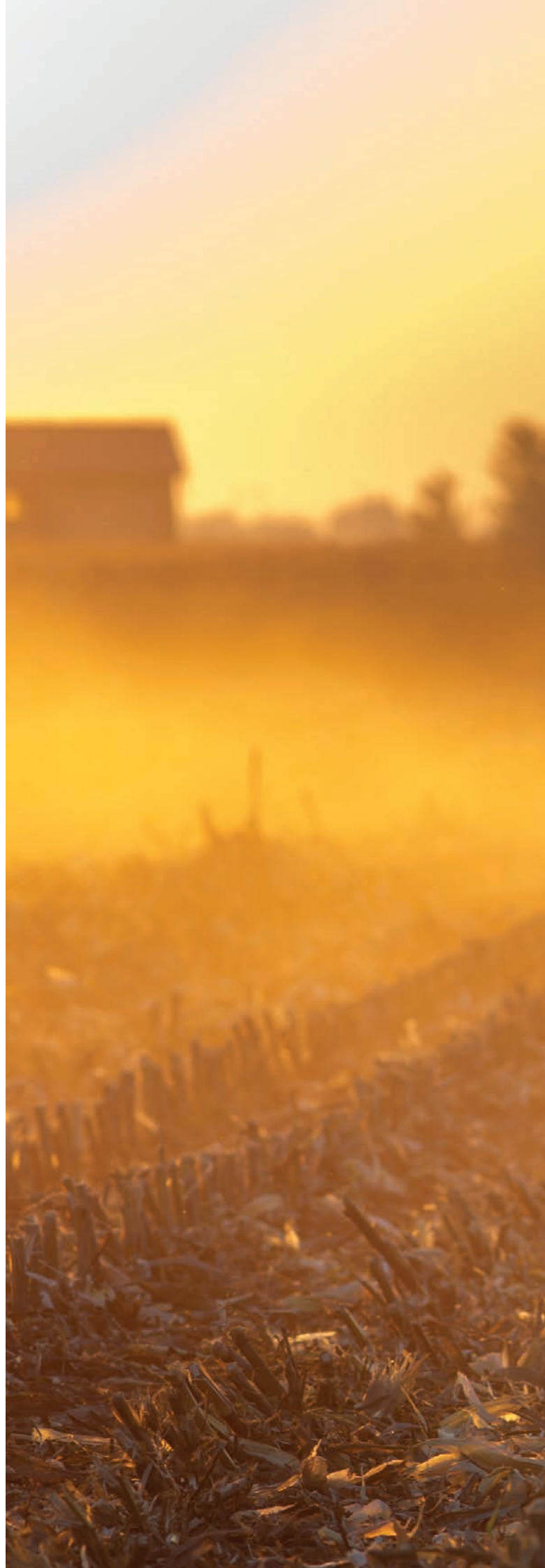
committees of the fruit and grain desks, led by Ms Fhumulani Ratshitanga and Mr Jerry Maritz, respectively. Likewise, my gratitude goes out to Messrs Frans van Wyk, André Uys, Stephan Oberholzer, and PG Strauss, who have served on the audit and risk committee over the past two years. Your contributions provide members with assurance in the knowledge that their membership contributions are managed with care and diligence.

Finally, my appreciation goes out to the Agbiz staff, who continue to perform at the highest level. Our commitment and effort are what really set us apart. Theo, you and your whole team deserve our gratitude and respect.

May the Lord bless our beloved South Africa.

Francois Strydom

June 2024



“South Africa’s export-oriented, horticultural **value chains overcame significant challenges** posed by logistics, shipping costs, and sanitary and phytosanitary barriers **to achieve commendable statistics in 2023.**”



1. Prevailing economic conditions

1.1 MACROECONOMIC AND AGRICULTURAL ECONOMIC LANDSCAPE

The global economy remains on a recovery trajectory from the shock of the COVID-19 pandemic and the ongoing Russia–Ukraine war and conflict in the Middle East. However, the real estate challenges in China, in addition to the supply chain destructions in the Red Sea, mean that the pace of this recovery will likely remain slow, and there is uncertainty on the path ahead, particularly with various elections of new governments across the globe. The International Monetary Fund (IMF) forecasts global growth at 3,1% this year (unchanged from 3,1% in 2023) and a mild improvement to 3,2% in 2025.

For small, open economies like South Africa, these modest global growth prospects are unsupportive of the domestic economic recovery. Notably, South Africa is an export-oriented economy, so weakening economic conditions in key trading partners such as China, the United States (US), and the eurozone will negatively impact our recovery journey. This is a challenge for the mining, automobile, manufacturing, and agricultural sectors.

Accounting for this weak global growth, environmental and domestic challenges such as electricity supply constraints, logistical weaknesses, and deterioration in municipalities, the IMF forecasts South Africa's economic growth in 2024 at 1,0% (from 0,6% in 2023). The forecast for 2025 are also downbeat, at 1,3%.

There are a number of factors that will likely weigh on the South African economy in addition to the aforementioned ones. For example, household expenditure is expected to slow over the forecast period due to higher debt repayments and possibly elevated interest rates. Gross fixed capital formation growth will also likely decline in 2024, reflecting public sector fiscal pressures and governance issues, as well as private sector uncertainty, leading to a pullback in major capital expenditure. Moreover, the bleak external outlook includes slow export growth due to a slowdown in main trading partners, logistical hurdles impacting exports, and an expected fall in commodity prices, while imports may decelerate due to logistical issues.

South Africa's weak domestic economic prospects will likely exacerbate socioeconomic ills, such as higher unemployment, inequality, and elevated poverty levels. These social ills could also lead to increased levels of unrest in society. Thus, agribusinesses nationwide should remain vigilant to such risks in their operating environment and towns and find ways to improve security and deepen relationships with communities that could, in turn, protect infrastructure in times of disruption.

“South Africa’s weak domestic economic prospects will likely exacerbate socioeconomic ills, such as higher unemployment, inequality, and elevated poverty levels.”

1.2 AGRICULTURAL ECONOMIC CONDITIONS

After two consecutive years of solid growth, the agricultural economy slowed in 2022, growing at 0,9% and showing a sharp contraction of 12,2% in 2023. The headwinds in the livestock and poultry industry weighed on the sector more intensely than anticipated. These two industries, which account for nearly half the agricultural sector’s value, were hit by animal diseases such as FMD, avian influenza, and African swine fever.

Regarding field crops, the harvest was robust but insufficient to boost the overall sector performance. For example, the 2022/23 maize harvest reached a solid 16,4 million tonnes, 6% higher than the 2021/22 season’s harvest and the second-largest harvest on record. The

soya bean harvest was at a record 2,8 million tonnes.

Another major field crop, 2023/24’s sugar cane, was at 18,5 million tonnes, up 3% year-on-year. Other field crops and fruit harvests were also decent in 2023. It is worth noting that some agricultural commodity prices were generally down in 2023, which would have also slightly added to the downward performance of the sector.

Furthermore, the Agbiz/IDC Agribusiness Confidence Index (ACI), considered a leading indicator of the sector’s performance, remained downbeat in the first quarter of 2024, at 40 points. This reading is below the neutral 50-point mark, implying that South African agribusinesses remain downbeat about business conditions. This pessimism emanates from mostly the same factors as in recent surveys, which are yet to be addressed, and new challenges on the weather front. These include the ongoing El Niño-induced drought that is devastating the summer grain and oilseeds regions, persistent inefficiencies at the ports, poor rail and road infrastructure, and the worsening municipal service delivery. Rising crime, lingering animal disease challenges, an uncertain policy environment ahead of the elections, persistent episodes of load-shedding, and increased geopolitical uncertainty also remain top of mind challenges for agribusinesses. The path ahead for 2024 is even more challenging due to the intensified El Niño-induced dryness that strained the 2023/24 summer crop production. Moreover, the sector still feels the tail-end effects of animal diseases, which may further weigh on growth this year, although possibly milder than in 2023.



“Jobs declined mainly in the Eastern Cape, the Western Cape, Gauteng, Mpumalanga, and Limpopo.”

1.3 EMPLOYMENT CONDITIONS REMAIN ROBUST

After a notable jump in the third quarter of 2023 to 956 000, South Africa’s primary agricultural employment fell by 4% quarter-on-quarter to 920 000 in the last quarter of 2023, which is the latest data at the time of writing. Jobs declined mainly in the Eastern Cape, the Western Cape, Gauteng, Mpumalanga, and Limpopo.

Still, when agricultural jobs are considered annually, these provinces employ many people. The last quarter of 2023 was still well above 2022 levels, except for Mpumalanga, where a marginal decline in primary agricultural jobs was seen. Notably, the 920 000 jobs in primary agriculture in the last quarter of 2023 were 7% up, year-on-year, and well above the long-term agricultural employment of 793 000.

The general annual improvement in jobs mirrors the robust agricultural season of 2022/23 across most subsectors of agriculture. More specifically, the excellent production conditions of various field crops, forestry, and aquaculture were responsible for the improvement of farm jobs in the last quarter of 2023. Meanwhile, the livestock industry registered a slight decline, which is unsurprising as the industry was confronted by various animal diseases such as FMD, avian influenza, and African swine fever in 2023. The tail-end of these challenges continues to weigh on the industry. The production of organic fertiliser facilities also registered an annual decline in employment.

1.4 SOUTH AFRICA'S AGRICULTURAL TRADE PERFORMANCE AND POLICY APPROACH

The South African agriculture and agribusiness sector experienced a range of logistics challenges in 2022 and 2023. Still, the collaboration between Transnet, organised agriculture, logistics companies, and the government enabled the country to register excellent exports over the period under review. For example, South Africa's agricultural exports reached a new record of US\$13.2 billion in 2023, up 3% from the previous year, according to data from Trade Map. This is stronger than Agbiz's earlier expectations of modest export activity this year.

Products that dominated the export list were citrus, maize, apples and pears, nuts, wine, soya beans, sugar, wool, grapes, berries, avocados, and fruit juices. This improved export activity was the result of improvements in volumes and prices. That said, pricing developments over the year were significantly more varied than the average data suggests. While fruit prices picked up, grain and oilseeds prices have declined notably from 2022 levels.

Exports were widely spread across various key markets. The African continent remained a leading market, accounting for 38% of South Africa's agricultural exports in 2023 in value terms. Asia was the second-largest agricultural market, accounting for 28% of exports, followed by the European Union (EU), the third largest market, accounting for 19%. The Americas region was the fourth largest, accounting for 6%, and the remaining 9% went

to the rest of the world. The United Kingdom (UK) was one of the leading markets within the 'rest of the world' category, accounting for 7% of total exports.

These robust export earnings were achieved in the face of various challenges in our ports, electricity supply, and critical export markets. Some credit goes to organised agriculture groupings, the government, Transnet, and different logistical groups that have worked to ensure a smooth flow of products to export markets. The South African agricultural industry has established forums to continuously engage with Transnet and enhance communication about problems at the ports to ensure a swift response to drive exports of high-value and perishable products. Still, more work is needed, as this export success has come at a significant cost to producers and various stakeholders in the value chain.

South Africa's trade is not one way – the country is also a notable importer of various agricultural products. In 2023, South Africa's agricultural imports amounted to US\$7.0 billion, down 4% from the previous year, primarily because of the decline in commodity prices, while the volume of imported products remained roughly unchanged from the past year. The top imported products were rice, palm oil, wheat, poultry, and whiskies. These products originated primarily from Asia, the EU, the UK, and the Americas. Considering this import value against the export value of US\$13.2 billion, South Africa's agriculture realised a record trade surplus of US\$6.2 billion.

2. Strategic initiatives undertaken to improve the operating environment for agribusinesses

As the representative body for agribusiness in South Africa, Agbiz strives to influence the enabling environment so that businesses in the agricultural value chain can grow and prosper. To do so, we have set ourselves the following objectives:

- ➔ **CORE OBJECTIVE 1:** To influence the regulatory environment insofar as it affects agribusiness activities, by way of ongoing and professional interaction with all relevant institutions.

- ➔ **CORE OBJECTIVE 2:** To position agribusinesses and Agbiz as key stakeholders within local communities in the South African economies and even further abroad.

- ➔ **CORE OBJECTIVE 3:** To improve the commercial and developing agribusiness environment through liaison and cooperation with influential groups within the business environment, both locally and globally.

- ➔ **CORE OBJECTIVE 4:** To promote inclusive growth and participation in agricultural value chains.

- ➔ **CORE OBJECTIVE 5:** To create unique, relevant, and accessible agribusiness intelligence to support Agbiz programmes.

For the years under review, we would like to highlight the following initiatives undertaken to meet these objectives.

2.1 AGBIZ SUSTAINABILITY INITIATIVE

In 2022, Council identified growing demand for environmental, social, and governance (ESG) reporting as an emerging trend within the value chain. A poor understanding of the requirements poses a serious threat to businesses and there is an opportunity to positively influence the themes and metrics from the side of industry. As a result, Council made the decision to pursue the Agbiz sustainability initiative as a special project funded from the accumulated reserves.



As a first step, Agbiz hosted a workshop on ESG considerations in the agricultural and agribusiness sectors where Agrifusion (under contract from Agbiz) provided a comprehensive overview of the evolving landscape, challenges, and opportunities for sustainable practices. Led by Agbiz and Agrifusion, the workshop group covered the following: the why, how, and what of ESG, emphasising the importance of understanding double-materiality; a six-step process for compiling an ESG roadmap, highlighting the critical role of materiality assessment and stakeholder engagement; a scoping exercise to determine the biggest risks facing the sector; solicited inputs regarding the themes that participants agreed make up sustainability.

Emanating from the workshop, the team compiled a position paper outlining the key thematic areas that members deem material. A gap analysis was also conducted between the thematic areas identified at the workshop and the themes currently measured and reported by ethical trade bodies in the primary sector as well as those reported on by a sample group of agribusinesses. From this work, the team can draw conclusions and make recommendations between the themes highlighted, the metrics used by the Johannesburg Stock Exchange, and the current practice. The position paper will not set targets but instead aim to reach a common understanding on the themes and metrics that could be applied across the value chain. This will be used by Agbiz in its advocacy going forward to influence future regulation, combat misinformation, and assist value chain players to work from a common frame of reference. The position paper will be unveiled at the 2024 congress.

“As a first step, Agbiz hosted a workshop on ESG considerations in the agricultural and agribusiness sectors.”

2.2 IMPROVING SOUTH AFRICA'S PORT AND RAIL LOGISTIC NETWORKS

Declining productivity, equipment breakdowns, and infrastructure decay continue to hamper the export industry. While Agbiz has noted the decay over several years, port operations, in particular, emerged as an existential threat to industries built on the export of perishable products. In an effort to stem the tide, Agbiz entered into an interface agreement with Transnet, whereby the sector and Transnet would collaborate to map out the priority areas for the sector and plan interventions.

Under the interface agreement, Agbiz facilitated a number of engagements with the grain and fruit sector. In the grain sector, meetings were arranged for Agbiz Grain members around the most important branch line clusters to assess the feasibility of reopening certain routes. Information was shared on a confidential basis for the Transnet strategic team to build scenarios

in this regard. Likewise, meetings were held to map out the critical infrastructure, capacity, and multi-modal needs for the eastern and western container corridors. Unfortunately, the process was severely hampered by a lack of commitment from Transnet. As a result, Agbiz and several other business associations made a presentation to President Ramaphosa outlining the challenges and proposed solutions to the logistics crises. This intervention led directly to the establishment of the National Logistics Crises Committee (NLCC). The Business for South Africa (B4SA) initiative has seconded staff to the NLCC to assist with Transnet's recovery plan and Agbiz is taking the lead to coordinate efforts for the western container corridor.

In 2024, these efforts were rejuvenated as Transnet underwent a change at executive management level. After meeting with their acting chief executive officer at the time, Agbiz and Agbiz Fruit members secured commitment to short- and medium-term interventions. Firstly, the industry (led by the Fresh Produce Exporters' Forum) have held daily 'war room' meetings with Transnet and other stakeholders to manage the summer export season. These meetings are highly operational and require daily planning around capacity, weather etc., but have shown great improvements throughout the season. Secondly, Agbiz has compiled a terms of reference and secured quarterly meetings to plan strategically around the needs for time-sensitive cargo. This includes elements such as equipment, required capacity, contingency plans, and public-private partnerships. Agbiz leads this initiative, which can be compared to the interface structures previously pursued, with the critical change being increased accountability. This

platform will supplement the work being done by the NLCC and Operation Vulindlela by making out a business case for the needs of time-sensitive cargo. Agbiz has also established links with affected Business Unity South Africa (BUSA) members, the NLCC, and local and provincial governments.

Parallel to the engagements with Transnet, Agbiz has been keenly involved as part of the B4SA group engaging with Operation Vulindlela, tasked by the Presidency to draft a White Paper on logistics reform that captures the following elements:

- ➔ institutional reforms to bring greater independence to the National Ports Authority;
- ➔ splitting Transnet Freight Rail into an operating division, a rolling-stock lease division, and the infrastructure manager;
- ➔ the creation of an interim rail regulator to regulate third-party access to the network;
- ➔ a network statement and cost structure to guide third-party access to the rail network; and
- ➔ 'right-sizing' the rail network.

The reforms were adopted by cabinet in November 2023 and will herald fundamental shifts towards an open-access model for rail. The information gathered by Agbiz Grain under the interface agreement will be vital for this process as it can inform the feasibility of private operations on rail for the agribusiness sector. The only criticism is that the roadmap does not make the same, brave



steps to facilitate a level playing field in the port environment between Transnet port terminals and private operators. To this end, Agbiz is investigating legal avenues to allow for greater inter- and intra-port competition.

2.3 MITIGATING THE IMPACT OF THE ENERGY CRISES

South Africa's energy crises have plagued the economy with record levels of load-shedding reached in the past two years. Agricultural and agribusiness sectors have been acutely affected. Early in 2021, Agbiz led a multi-stakeholder task team convened by the director

general of the Department of Agriculture, Land Reform and Rural Development (DALRRD) to assess the impact and stage interventions. The first priority was to assess the impact on the sector and to determine any food security risks. The Bureau for Food and Agricultural Policy (BFAP) compiled statistics regarding energy usage and irrigation concentration, while Agbiz and Fruit South Africa conducted member surveys. Interruptions in industrial processes led to temporary shortages in packaging material and fears around animal food, the biggest risks to consumers related to additional costs versus shortages.

To mitigate the impact, B4SA seconded personnel to assist Eskom via the National Energy Crises Council. Their efforts focused primarily on demand-side management and advocacy to ease the financial impact on businesses. To this end, direct engagements with Eskom were needed to determine the rules and criteria for load curtailment. Through this process, several mills, irrigation hot spots, and agro-processors managed to establish pilot projects. Through advocacy work at Nedlac and other platforms, Agbiz pressed for tax incentives on solar installations and the extension of the diesel rebate scheme to food-manufacturing premises. Unfortunately, the rebate was not extended to all segments of the value chain, but it was still an improvement on the previous regime, which only catered for primary producers. Finally, Agbiz played an important role in the development of the agro-energy fund, a form of blended finance housed in the Land Bank and used to fund renewable energy projects in the sector.

2.4 RURAL REJUVENATION

The Agbiz/IDC ACI underscores energy security, crime and instability, rural road conditions, and poor municipal service delivery as top concerns among rural businesses, contributing to frustration and social instability within rural communities. In order to tackle these challenges, Agbiz introduced a rural rejuvenation initiative consisting of working groups on energy, buffering against instability, and active partnering models to address challenges such as failing infrastructure. The approach involves facilitating information sharing and networking through workshops, fostering dialogue among businesses and stakeholders. Moreover, the priority is to build partnerships with other organisations, including

government agencies, non-governmental organisations, and academic institutions, to pool resources and expertise in addressing the multifaceted challenges faced by rural businesses.

The working group for buffering against security instability was prioritised in the past two years. Workshops were held in collaboration with the Institute for Security Studies, probing into understanding the root causes of unrest, crime, and violence within rural communities, while also exploring the benefits of violence prevention forums and how goodwill can be created between businesses and the communities. Following those workshops, it was evident that it is crucially important to raise awareness among businesses about violence-prevention measures. The work that was done in the workshops empowered the Agbiz office to develop and disseminate a comprehensive emergency communication plan to its entire membership.

In fostering active collaboration, Agbiz advocates for models such as public-private partnerships proposed by the National Treasury, enabling private sector involvement in infrastructure projects. Additionally, avenues for cost-sharing mechanisms and initiatives such as the National Rural Youth Service Corps (NARYSEC) are explored to effectively address rural needs. Colleagues at the DALRRD introduced the NARYSEC programme to the Agbiz membership and it remains one of the many programmes that the private and public sectors can collaborate on.

Agbiz Grain has also convened a crime prevention working group to focus on best

“Agbiz Grain’s **fumigation policy and regulations workshop** took place during the first quarter of 2024. The workshop was held **in collaboration with Dr Gerhard Verdoorn of CropLife South Africa.**”



practices in the prevention of crime and fraud in the grain handling and storage business environment on a frequent basis. The outcome of the first meeting has already provided strong guidance on the latest and most effective measures to prevent financial losses due to crime and possible future interventions.

2.5 STEMMING LOSSES IN MALTING BARLEY

The storage sector has lost R267 million over a period of six years. Agbiz Grain has initiated research projects for funding that will focus on genetics on the one hand, and the history of downgrading over the past 15 years on the other. The storage sector needs to understand the future storage requirements of barley in order to limit risk and improve the sustainability and competitiveness of barley storage. Research will support the ongoing development of the malting barley storage protocol by Agbiz Grain and a review of the current malting barley grading regulations.

2.6 FUMIGATION IN THE SPOTLIGHT

It is becoming increasingly important that the commercial storage sector, including producers who store grain with the goal of making it available for commercial purposes at a later date and not just for personal use, keep a watchful eye on fumigation requirements and acceptable levels of sectoral fumigation standards, as well as the standards of fumigation training. Clarity on various aspects is needed in order to maintain and improve sufficient access to the latest fumigation products available. Agbiz Grain's fumigation policy and regulations workshop took place during the first quarter of 2024. The workshop was held in collaboration with Dr Gerhard Verdoorn of

CropLife South Africa and Mr Leonard Henning, director of the South African Pest Control Association.

2.7 PASSPORT SYSTEM IN A CUL-DE-SAC

Agbiz Grain invested heavily and assembled a panel from the US, the UK, France, and South Africa, led by Jannie de Villiers, former chief executive officer of the National Chamber of Milling and Grain SA, to discuss the issue of traceability and the challenges of handling and storing bulk grain around the world. This system is voluntary and not legally enforceable. Stakeholders have different views due to the Competition Act (89 of 1998) guidelines, such as those concerning buyer power related to producers with a turnover of R35 million and less. Stakeholders cannot pursue initiatives that potentially interfere with existing agreements and business practices of value chain members and their customers. Agbiz Grain has responded to the need for a generic passport system by creating the Agbiz Grain Food Safety Conduct proposal. As such, Agbiz Grain recognises the legal obligations that the storage sector must meet without affecting the competitiveness or market access of any stakeholder. Grain buyers can contact Agbiz Grain members and communicate their needs individually in order to negotiate a workable system where it is practically feasible, as there are already some workable examples in South Africa. Agbiz Grain does not support a generic passport system.

2.8 WORKSHOPS AND EVENTS

Agbiz conducted several workshops for members over the past two years, including

a workshop on public-private partnerships; energy efficiency; gene editing; campaigns to effect social, political, economic, and environmental change; and rural rejuvenation. Working groups were established to take some of the recommendations emanating from the workshops forward.

The Grain Desk also hosted a highly successful symposium in 2023. The symposium focused on several important aspects. Continued investment in the handling and storage sector is vital for the efficient functioning of the grain and oilseeds market. It is crucial to ensure that the storage sector is sustainable, cost-effective, globally competitive, and sufficiently profitable to attract necessary medium- to long-term investment. Theo Vorster of Galileo Capital chaired a highly informative session on the sustainability and profitability of the storage sector. Challenges facing the value chain in terms of access to stocks, concentration risk, and price convergence were also considered. Chris Sturgess, consultant to the Johannesburg Stock Exchange (JSE), chaired the panel. Jannie de Villiers, former chief executive officer of Grain SA and the National Chamber of Milling, led the third session on traceability in bulk grain storage in collaboration with international panellists. Lastly, Kobus Truter, head of structured commodity finance at Absa Corporate and Business Bank (CIB), led a panel of experts on how to adequately address the future insurability of the sector. Agbiz Grain hosted the symposium online and free of charge to allow maximum participation by grain storage and handling staff working for Agbiz Grain members, producers, and processors.

3. Representation within organised business and government structures

Agbiz, in line with its mandate, remains involved in various government and business platforms for the benefit of its members. Some of the platforms that Agbiz officials participate in include BUSA, Nedlac, the BRICS Business Council, the Reserve Bank Economic Roundtable, the Presidential Economic Advisory Council, the Ministerial Advisory Council of Statistics South Africa, and the International Trade Administration Commission of South Africa. Likewise, Agbiz's specialist desks are leading policy dialogue via several platforms, including the Fruit Industry Value Chain Roundtable Trade Working Group, the DALRRD Agricultural Trade Forum, and statutory trusts within the grain value chain.

3.1 NEDLAC TRADE AND INDUSTRY CHAMBER (TIC) AND BUSA'S ECONOMIC POLICY COMMITTEE

Nedlac continues to be a vital platform where the Agbiz staff can engage with government and organised labour on critical issues affecting the economy. Dr John Purchase continued to represent Agbiz at the TIC and served as the chair of BUSA's economic policy committee until the end of 2022. At that time, Theo Boshoff was nominated by BUSA members to take over both as the convenor for Nedlac TIC and chairperson of BUSA's economic policy committee. Over the past two years, the following policy areas received attention.

3.1.1 Revising South Africa's localisation policy framework

Localisation has been a central policy objective of the Department of Trade, Industry and Competition (DTIC) and a topical item on the TIC's agenda. While business does not oppose localisation, substantial debates have emerged on how this is to be achieved. To date, government seeks to

promote localisation by securing commitments from businesses to buy local as a condition to the approval of mergers or acquisitions or as a 'quid pro quo' to safeguard local industries via the tariff regime. Local supplier and enterprise development has a role to play but business has always cautioned against the creation of domestic monopolies in the process. Likewise, business seeks to place the emphasis not on localisation but on improving the competitiveness of South Africa's domestic industries, whether they supply the local market or manufacture for export. Finally, a research-led approach has been advocated. Local procurement commitments may play a significant role where it is economically viable to do so but consumer behaviour plays the leading role in consumer goods. South Africa is a low-income country, and consumers are driven largely

by cost considerations. A localisation strategy that does not consider consumer behaviour is doomed to fail.

3.1.2 Improving employee share ownership schemes

Nedlac TIC has convened a task team to review the successes and challenges social partners face when implementing an employee share ownership scheme (ESOP). An independent consultant was appointed to inform the work and to act as a 'joint resource' for the process. Agbiz has canvassed inputs from members and will focus on the enablers required to implement ESOPs that balance value for employees and commercial needs for businesses. The process seeks to provide best practices in relation to financing transactions as well as the pros and cons of different structures. Finally, the task team will make policy proposals related to tax (both tax incentives for employees and capital gains tax exemptions for employees), broad-based, black economic empowerment (B-BBEE) recognition, and government incentive schemes to promote ESOPS.

3.1.3 Improving government's incentive programmes

Agbiz participated in a Nedlac task team aimed at reviewing government's suite of incentive schemes. Positive outcomes include the harmonisation of requirements, the proposal for a single window, and moves to streamline and reduce the number of incentives available but broaden access via simplified criteria. There was a proposal by labour to bolster the funding available for incentives by using unclaimed pension benefits, but this proposal was resisted by business.

3.1.4 Engagements with the Competition Commission

Nedlac TIC has secured annual engagements with the Competition Commission to engage on critical issues. On the back of the logistics crises, Agbiz motivated for the Minister of Trade, Industry and Competition, Mr Ebrahim Patel, to declare a 'block exemption' whereby exporters and importers can collaborate and share information to relieve pressure on South Africa's port system. The exemption is currently being considered and inputs are being sought with the help of the NLCC.

Agbiz has, furthermore, raised a number of systemic concerns with the Competition Commission relating to its priorities and conduct. There is a general feeling among business that the commission is unwilling to play a proactive role to assist businesses but is quick to pounce on perceived contraventions. There is also concern about damaging research reports around food prices and concentration that does not make any concrete recommendations. Agbiz has urged the commission to engage with industry to ensure that they have all relevant information available before publishing such reports. These reports are not formal market inquiries, and their legal status creates confusion when emanating from a regulator.

Following these engagements, Agbiz was directly approached to provide inputs into the fresh produce market inquiry. Inputs were solely designed to provide the commission with all the information that could be relevant to understanding the dynamics of trade and export in fresh products without prejudice to



any market segments. Agbiz also declined to answer any questions asking for value-based judgments such as 'preferred' market routes or to make any recommendations, but believe that participation placed the commission in a better position to make informed conclusions.

The Competition Commission also issued guidelines regarding the enforcement of buyer power in terms of section 79(1) of the Competition Act. A new section 8(4)(a) was added to the Act in 2020, and prohibits a dominant undertaking as a buyer in specified sectors from requiring or imposing unfair prices or trading conditions on small and medium-sized enterprises or enterprises controlled or owned by historically disadvantaged persons. These guidelines set out the principles leading the commission when assessing whether alleged conduct contravenes section 8(4) of

the Act, wherein an entity does not provide certain documents (for example, to comply with a countrywide generic passport system) that are legally required for the delivery. A trading condition may be deemed unfair if it falls under the provisional list of unfair trading conditions in agro-processing specified in the guidelines.

3.1.5 Engagements with the Border Management Authority

The Border Management Authority was operationalised in the past year and core functions related to immigration, product inspections, and certifications undertaken by government entities have now been transferred to the Border Management Authority (BMA). Nedlac TIC hosted a session with the BMA and an undertaking has been given for biannual meetings to resolve any teething issues that may arise.

3.2 NEDLAC DEVELOPMENT CHAMBER

The Development Chamber seeks to reach consensus and conclude agreements on matters pertaining to social and economic policy, urban and rural implementation strategies, and developmental programmes. The Development Chamber adopts a proactive approach in dealing with developmental issues within the legislative framework and outside the legislative programme. Most of the substantive work of the chamber is done through task teams comprising representatives of stakeholders that have specific knowledge of the relevant subject matter. There are six business representatives on the Development Chamber, one of whom is Annelize Crosby. Some of the subject matter that the chamber has been dealing with includes water (resources, quality, infrastructure, etc.), rural development, labour migration, the extended public works programme, youth employment, and disaster preparedness.

3.3 AGRICULTURE WITHIN BRICS

Agbiz chaired (and remains a chair of) the agribusiness working group within the BRICS Business Council. In 2023, this particular working group had four broad focus areas for discussion with BRICS countries, namely (1) a need to improve fertiliser availability and use among BRICS countries and the broader African continent; (2) the sharing of best practices on agricultural sustainable development among BRICS countries; (3) outlining the BRICS countries' view on the arbitrary pesticide maximum residue levels followed by some regions such as the EU and the general use of sanitary and phytosanitary (SPS) measures as





barriers to trade; and (4) deepening trade and investment among the BRICS countries and broader Africa.

The BRICS Business Forum’s annual general meeting adopted all these points, carried on the annual report, and presented them to the political principals for consideration. These points also found broad support at a political level, illustrating the alignment of ambition between BRICS countries’ political leadership and business interests on these matters.

Another noteworthy point emerging from the 15th BRICS Summit was the invitation of the Arab Republic of Egypt, the Federal Democratic Republic of Ethiopia, the Islamic Republic of Iran, the Kingdom of Saudi Arabia, and the United Arab Emirates to become full members of BRICS.

When considering the BRICS+ grouping from an agricultural perspective, the opportunities for increasing trade and investment from a South African perspective primarily lie in China, India, Egypt, and the Kingdom of Saudi Arabia.

3.4 AGRIBEE CHARTER COUNCIL

The AgriBEE Charter Council continues to underperform but it is an important platform for Agbiz, and one with resource support. While the sector places a high premium on transformation, statistics show that B-BBEE uptake may have decreased since the codes were changed in 2017. This indicates that the codes may not be fit for purpose.

In the past three years, Agbiz has driven various processes designed to make the

codes more relevant and implementable for the sector. Agbiz and Fruit South Africa have jointly facilitated a process where inputs were gathered from all stakeholders falling under the codes to highlight shortcomings. Agrifusion was contracted to provide additional expertise and draft amendments are being compiled to address these issues. These amendments will be presented and pursued as soon as the Minister of Agriculture, Land Reform and Rural Development reconvenes the sector council for a further three years. Agbiz is also the driving force behind other initiatives, including;

- ➔ the creation of a practice note whereby entities that contribute statutory levies can allocate and account for this expenditure in their scorecards; and
- ➔ a revised industry norm for grain and oilseed traders based on net profit after tax opposed to turnover.

“In the past three years, Agbiz has driven various processes designed to make the codes more relevant and implementable for the sector.”

4. Opening up markets for South African products

4.1 REVISING SOUTH AFRICA'S TRADE POLICY FRAMEWORK

In the wake of the BRICS and AGOA summits, BUSA's economic policy committee initiated a process to develop a strong business position for South Africa's trade strategy and priorities. Trade relations have largely been a byproduct of the government's foreign policy, but there is a growing concern that South Africa's priorities are not aligned with real trade benefits. All countries have a single, guiding principle behind their international relations, namely, what is in it for me? In this regard, South Africa needs an information-driven approach to guide its trade priorities. There was general agreement that South Africa does not get sufficient benefit from several political alliances, and more attention needs to be given to the markets where the most potential lies. BUSA's work within the BRICS Business Council's agribusiness working group echoes this sentiment, and a commitment to tackle barriers to intra-BRICS trade was achieved at the summit. There is also a special focus on new markets in Asia outside of South Africa's BRICS partners, with strong demand for its agricultural products in the Middle East and Far East. Industry and the DALRRD are making steady progress to open these markets by putting SPS protocols in place. Sadly, South Africa still faces high tariff barriers as preferential trade agreements do not follow. This is a critical point that must be driven through on all available platforms.

Trade policy can only take South Africa so far. A whole-ecosystem approach is needed where the institutions supporting trade (customs, logistics, visa regime, etc.) support the country's trade ambitions. With this background, BUSA agreed that Nedlac needs to strengthen its engagements with institutions such as the South African Revenue Services, the Competition Commission, and the BMA in 2024.

4.2 NEW APPROACHES TO TRADE: AN AGRICULTURAL VALUE CHAIN TRADE AGREEMENT

South Africa currently has no free trade agreements with markets in the Middle East or Asia. Agricultural production is growing across a number of commodities and products, and regulatory as well as political risks are increasing in traditional markets such as the EU and US. South Africa, therefore, requires diversified markets for its agricultural and agribusiness exports. The Agbiz Fruit Desk conceptualised and submitted a proposal during 2022 to industry and government, proposing that agricultural



value chain-specific preferential trade agreements be pursued. South Africa has not, to date, utilised such sector-specific agreements. This World Trade Organization (WTO)-compliant concept is meant to prevent the 'sensitive sector stalemate' that often derails economy-wide free trade negotiations and limits the government's appetite for new agreements, thereby impacting new export opportunities for agriculture.

Both the DALRRD and the DTIC have expressed interest. Research on risks and opportunities is underway by both government and industry, based on the existing list of key target markets identified by the fruit industry's value chain roundtable trade working group. The value for South Africa is clear; analysis by the Agbiz Fruit Desk shows that the country's entire agricultural export basket is worth twice its machinery exports or iron and steel exports in value, and is almost equal in value to automotive exports. Fruit exports alone are greater in value than diamond exports or manganese ore exports and almost equivalent in value to chrome ore exports.

4.3 SANITARY AND PHYTOSANITARY ISSUES AND TRADE

South Africa and the EU have areas of disagreement in a number of commodities as South Africa seeks to meet EU regulatory standards and demands. Exports of citrus fruit, poultry, game meat, dairy products, and aquaculture (mussels and abalone) are among the others affected. During 2022 and 2023, South Africa declared its first ever WTO dispute over the EU's unilateral and arbitrary treatment of citrus imports regarding treatment for false codling moth (FCM). In 2023 and early 2024,

industry again highlighted the EU's problematic position regarding the EU's testing for citrus black spot. The FCM dispute remains unresolved, and it is hoped that the DTIC will trigger the next stage during 2024, that of requesting the establishment of an adjudication panel.

In the US, increased access to citrus and avocados remains stalled under negotiation. In Asian markets, however, SPS access has been secured for apples, pears, and citrus into India and avocados to China. Agbiz uses its seat on multiple interlocking trade structures and its relationship with the government to promote and highlight the need for such access and progress.

4.4 AGOA

AGOA provides eligible sub-Saharan African countries with duty-free access to the US market for over 1800 products. This access is granted unilaterally by the US. In the period 2022 to early 2024, the Agbiz Fruit Desk and Agbiz worked closely to motivate both a renewal of AGOA itself and for South Africa to retain its annual eligibility. Although the agricultural tariffs faced by South Africa under AGOA are relatively low, investment and market confidence would suffer if eligibility were to be lost. South Africa hosted the 20th AGOA Forum 2023 in Johannesburg, where the emphasis was placed on greater AGOA utilisation. The Fruit Desk was integral in arranging the private sector forum and served as a speaker on the dedicated agricultural panel.

Agbiz submitted inputs to the government and BUSA positions on the renewal of AGOA and its value to South African agriculture. AGOA is expected to be renewed, given its strategic importance to the US. Any decision on renewal

must be made before the current agreement expires in 2025.

4.5 AFRICAN TRADE RELATIONS

5.5.1 Tripartite Free Trade Area

The agreement seeks to establish a (tripartite) free trade area among the Common Market for Eastern and Southern Africa, the East African Community, and the Southern African Development Community (SADC), but is still in the phase of entering into force. South Africa seeks to conclude the negotiations and utilise it as an additional trade pathway for exporters.

4.5.2 African Continental Free Trade Area (AfCFTA)

Negotiations on tariff offers to cover 90% of all goods have been concluded. The AfCFTA signatories are now negotiating the remaining 10% on sensitive goods and outstanding protocols, for example, e-commerce, among other aspects. Considerable progress has been made, as the agreement is second only to the WTO in size. The South African Customs Union's (SACU) offer has been approved by the AfCFTA and gazetted domestically. A pilot trading programme called the 'Guided Trade

Initiative' (GTI) was launched, covering a small set of products and countries. The Fruit Desk and Agbiz advocated for South Africa to join the GTI and for an expanded set of products. The GTI has now expanded to 34 members and 90% of tariffs. South Africa officially commenced trading in January 2024.

4.5.3 SACU agreement

Agbiz and the fresh produce sector have repeatedly questioned the illegality of ongoing border closures within the SACU under the terms of the SACU agreement. The matter remains under negotiation within SACU structures. South Africa's vegetable sector exports a significant portion of its production to other SACU states.

4.5.4 National Agricultural Marketing Council (NAMC) Section 7 Committee on Consumption of Fruit and Vegetables in SADC and the rest of Africa

The Fruit Desk sat on a NAMC Section 7 Committee investigating growth opportunities for South African fruits and vegetables in SADC and the rest of Africa. The committee further sought to design a private-public, sector-driven campaign to promote consumption and exports of South African fruits and vegetables. The recommendations of the committee will be taken forward by a working group once approved by the NAMC council.

4.6 EUROPE/UK TRADE RELATIONS

4.6.1 Review of the EU-SADC Economic Partnership Agreement (EPA)

Disagreement between the parties on the objectives and scope of the review has significantly delayed its progress. In addition, the EU has called for a research study to be

“Negotiations on tariff offers to cover 90% of all goods have been concluded.”

“The **EFTA states seek more comprehensive access** as well as the addition of **development provisions** as required by EFTA trade policy.”



undertaken. Agbiz submitted comment during the research process. The first meetings of the technical working group on the review of the agreement are now expected to take place in 2024. Of particular interest for agriculture is the agricultural product quotas previously agreed to by the parties and South Africa's exemption from multilateral safeguards.

4.6.2. SACU-European Free Trade Association (EFTA) FTA implementation and review

A review of the agreement is ongoing. The EFTA states seek more comprehensive access as well as the addition of development provisions as required by EFTA trade policy. South Africa seeks greater access to agricultural products as well as the implementation of agricultural safeguards on EU products to manage any import surges from the EU.

4.6.3 SA-EU protocol on geographical indications and trade in wines and spirits

South Africa and the EU remain in negotiations around the implementation of geographical indications (e.g., cognac) for wines and spirits, as well as electronic certification of South African wine exports to the EU and wine-making practices.

4.6.4 SACUM-UK Economic Partnership Agreement (EPA) implementation

SACUM (SACU plus Mozambique) states and the UK continued negotiations around the modalities of implementation of the trade agreement, including quotas and multilateral safeguards.

4.6.5 EU-SADC EPA support programme

Agbiz is partnering with the EU-SADC EPA

support programme with a view to co-hosting a set of events to strengthen trade under the ongoing EPA agreement, with the Fruit Desk as the liaison. The EPA support programme is a three-year, EU-funded project, in partnership with the DALRRD, looking at improving agricultural exports to the EU under the EU-SADC EPA.

4.7 ASIA TRADE RELATIONS

4.7.1 SACU-India Preferential Trade Agreement

The two parties remain committed to continuing negotiations but will have to reconsider the process due to the time elapsed over multiple attempts to make progress. As noted above, no other South African trade agreements exist at present in Asia.

4.8 MIDDLE EAST TRADE RELATIONS

Agbiz supported the participation of agricultural sector trade representatives in the presidential state visit to the Kingdom of Saudi Arabia (KSA) in October 2022. A notable achievement was the granting of SPS access to South African red meat (beef, lamb, and goat) during the visit. The KSA ranks among the top 20 agricultural importers globally. With negotiations around the AfCFTA almost concluded, it is possible that the DTIC may endeavour to enter trade agreement negotiations with a Middle Eastern trade partner.

4.9 BRICS TRADE RELATIONS

4.9.1 Concurrent SPS consideration

Currently, SPS applications are processed on a first-come, first-served basis between BRICS states, regardless of how many years this adds to the timeline for a commodity or even possibly just a commodity variety. This can take between

two and eight years until approval is granted. It was, therefore, proposed by the Agbiz Fruit Desk and fruit sector, via the agribusiness working group, that such applications between BRICS states be considered concurrently via an intra-BRICS agreement on deeper coordination on SPS administrative processes. This would not be a trade agreement but an agreement on administrative cooperation and coordination. None of the proposed coordination aims to reduce necessary SPS technical processes or procedures related to plant, animal, or human health. The proposal is to allow for parallel processing of applications in order to greatly reduce the timelines involved and, in turn, facilitate the expansion of intra-BRICS agricultural product trade.

4.10 WTO MINISTERIAL CONFERENCES

Agricultural issues dominated discussions at the WTO's 12th and 13th ministerial conferences but unfortunately failed to deliver an outcome on trade-distorting agricultural practices. Agbiz contributed to policy positions crafted by the government and is a member of the Cairns Group Farm Leaders, which lobbied for an equitable and rules-based trading system in agriculture. Most developing members want a reduction in trade-distorting domestic support, while at the same time preserving the policy space they currently have in which to provide support for poor and low-income farmers; i.e. developing members do not want to open their markets to highly subsidised products before global domestic support is brought under control. South Africa is an active supporter of the positions of the African group and is further lobbying for a return to a fully functional WTO dispute settlement system.

“Agbiz contributed to policy positions crafted by the government and is a member of the Cairns Group Farm Leaders.”



5. Influencing the regulatory environment

Regulatory uncertainty remains one of the paramount factors affecting South Africa's competitiveness as an investment destination according to the World Competitiveness Index. Influencing the regulatory environment is also a core objective of Agbiz and its desks and it is, for this reason, that a great deal of time and energy is dedicated to written submissions and making representations to Nedlac and parliament on policies and legislation affecting the agribusiness sector. A few of the most important processes are highlighted in the sections that follow.

5.1 PLANT BREEDING INNOVATIONS AND REGULATION OF GENETICALLY MODIFIED ORGANISMS (GMO)

Agbiz lodged an internal appeal in terms of Section 19 of the Genetically Modified Organisms Act (15 of 1997) in November 2021. The appeal was against a public notice issued in October 2021 by the GMO Council, declaring that the risk assessment framework prescribed under the GMO Act will, in fact, apply to all products of 'new breeding techniques' (a non-specific collective name for a wide and evolving range of techniques aimed at modifying the genomes of organisms and/or gene expression).

The arguments put forward by Agbiz in the internal appeal basically centred around a defective consultation process, a non-scientific interpretation of the definition of GMO, and the need for alignment with international best practices. The Minister of Agriculture, Land Reform and Rural Development, Ms Thoko Didiza, appointed an appeal board to deal with this matter. Their recommendation, which was finalised shortly before Christmas 2022, was in Agbiz's favour, but the minister gets to make the final decision.

On 7 August 2023, Agbiz was informed that the minister had decided to uphold the decision of the GMO Council. No reasons were provided. Agbiz has consulted a senior advocate, requested reasons for the minister's decision and requested a meeting with the Registrar and senior officials of the DALRRD to discuss the outcome.

5.2 PLANT BREEDERS' RIGHTS REGULATIONS

During June 2022, draft regulations under the Plant Breeders' Rights Act (12 of 2018) were published for comment. The

“Regulatory uncertainty remains one of the paramount factors affecting South Africa’s competitiveness as an investment destination.”

regulations propose the widening of the scope of exceptions for various household and smallholder producers to plant breeders’ rights protection regarding seeds. In its comments, Agbiz pointed out that the proposed regulations should be compliant with the 1991 International Union for the Protection of New Varieties of Plants Convention, to which South Africa is a signatory. The guidelines issued in terms of this convention provide clear guidance on what exceptions are to be catered for and for what purpose. Agbiz is of the view that the proposed regulations in certain respects exceed what is considered permissible in terms of the guidelines, specifically in relation to the categories of farmers listed in sections 5(2)(b) and (c), who are groupings that do not produce entirely for their own consumption only.

5.3 COMPANIES AMENDMENT BILLS

Two bills aimed at amending the Companies Act (71 of 2008), were introduced in parliament in the last quarter of 2023.

The bills provide for an extension of the time limit within which a director might be declared delinquent by the courts, from two years to five years, with potential for further extension beyond this period under justifiable circumstances. The bills also provide for greater transparency about the beneficial owners of companies. Furthermore, the bills allow for access to the beneficial ownership register of certain companies.

Agbiz submitted written comments and presented its views to the Portfolio Committee on Trade, Industry and Competition.

Agbiz cautioned against the unintended consequences of certain of the proposed amendments. The main concern that Agbiz raised, was the provisions in the bills that deal with the preparation, presentation, and voting on companies’ remuneration policies and directors’ remuneration report.

Agbiz also cautioned against the broadening of public access to company information, especially financial statements, and argued that the Promotion of Access to Information Act (2 of 2000) already sets out the ground rules for access to information held by public and private bodies.

5.4 GRAIN SECTOR REGULATION

5.4.1 Amendments to grading regulations for maize

The amendments to the grading regulations



for maize were submitted to the DALRRD. The amendments were anticipated to be implemented before the commencement of the new marketing season on 1 May 2022. Agbiz Grain, in collaboration with grading experts, has identified additional elements that could be considered for further revision within the grading regulations to be submitted. The final version of the maize grading regulations was published in January 2024.

5.4.2 Considerations needed regarding the Grain Storage Cost Index (GSCI)

The JSE could easily have adopted the GSCI to update the annual change in JSE storage rates. However, it was eventually realised that

both the Producer Price Index and the derived GSCI based on subindices did not reflect the reality of long-term handling and storage cost increases. An independent study by BFAP and a comparison of long-term trends indicated the importance of a proper cost analysis. Initially, it was proposed that the JSE and Agbiz Grain collaborate on this investigation, but legal advice suggests that the JSE pursue the investigation independently.

5.4.3 Statutory measure for weekly producer deliveries of grains

Agbiz Grain has requested that the Minister of Agriculture, Land Reform and Rural Development, Ms Thoko Didiza, approve the

proposed establishment of a new statutory measure, namely records and returns on weekly producer deliveries of maize, wheat, soya beans, and sunflower seed. The submission of records and returns on weekly producer deliveries must be inclusive of all stakeholders that receive producer deliveries for commercial storage purposes. This step makes the voluntary submission of the weekly producer delivery information inclusive throughout the industry. The outcome of this initiative, initiated by Agbiz Grain, has led to more inclusive and reliable information and has eased the work for the South African Grain Information Service (SAGIS).

5.4.4 Amendments to monthly declarations

Ministerial approval was requested in 2022 for the existing statutory measure in respect of the monthly declarations to the SAGIS on maize, oilseeds, sorghum, and winter cereals, as published in Government Notice No. 606 of 4 June 2008, as amended, to be amended again to include that monthly maize deliveries and stock levels be reported per class and grade of maize on a national basis. Agbiz Grain stressed the importance of reporting on a national basis only and not on a provincial, regional, or municipal district level.

5.4.5 Amendment of grading regulations

An industry-wide dispensation was granted by the DALRRD concerning the grading of maize, effective 1 May 2022. Despite the earlier consensus, some forum members have retracted their assent after the announcement of the dispensation and expressed concerns that the following aspects concerning water-damaged discoloured kernels were

not considered sufficiently, i.e.: hardness of maize, quality of maize meal, mycotoxins and fungal growth, applicability of Roff mill versus commercial mill, and impact on wet milling. Agbiz Grain supports that consensus should be reached between all stakeholders in the value chain. The DALRRD published the grading regulations in the *Government Gazette* by January 2024, thereby replacing the 2009 regulations.

5.4.6 New sampling protocol to address disputes

Agbiz Grain members collaborated in the finalisation of a globally recognised sampling protocol to be used for dispute resolution. The proposed sampling protocol specifies a thoroughly pre-evaluated sampling apparatus certified by recognised and independent certifying bodies. The apparatus must be globally recognised, comply with global standards, take a representative sample, and prevent biased sampling. In addition, it must be suitable to transport, be affordable, cost-effective, and accessible to producers, storage operators, and processors; and be able to be operated in the South African business environment characterised by power outages. The accompanying revised dispute protocol for commodities delivered in bulk will be supported by the new sampling protocol.

5.4.7 Development of protocol to boost competition in malting barley sector

Certainty is needed regarding the requirements concerning the handling and storage of malting barley. Agbiz Grain obtained a legal opinion to ensure that collaborative discussions within the value chain comply with the Competition Act. The purpose of the discussions is to increase

competition in the handling and storage of malting barley and to prevent the unreasonable transfer of risks or costs, which may have a detrimental impact on the production and storage of malting barley. The inputs may lead to the finalisation of a malting barley storage protocol for acceptance by involved stakeholders. In compliance with the Act, Agbiz Grain will ensure that the discussion to reach industry standards will be inclusive of the relevant stakeholders.

5.4.8 Concerns regarding Leaf Services' inspection costs

Since deregulation, stakeholders have ensured that commodities meet the grading specifications set out in contracts. In this regard, it is important to note that the Agricultural Product Standards Act (119 of 1990) facilitates trade, not food safety. A product is checked when producers deliver it to the silo, when a buyer's consignment is out-loaded at the silo, when it arrives at the mill door, or when the processor disputes the quality. If it differs from the contract, a dispute is declared. The additional cost of around R18 million to perform this non-essential function is raising concern as the sector has to pay for services from an appointed agent that the DALRRD cannot provide from public funds. Since September 2023, the assignee has been contacting individual sectors to discuss the proposed methodology to be established. The projected cost of inspecting processed products is R30 million. In total, the introduction of these services will cost the grain and oilseeds sector an additional R48 million. Engagement is ongoing, and Agbiz Grain and other stakeholders will use every opportunity to express their concerns and propose more affordable alternatives, where possible.

5.5 LAND REFORM

5.5.1 Expropriation Bill

The latest version of the bill was introduced to parliament in October 2020. Public hearings were held in March 2021. Agbiz, among many other organisations, presented its views on the bill to the Portfolio Committee on Agriculture, Land Reform and Rural Development. In its submission, Agbiz pointed out that land reform can be achieved without resorting to 'nil' compensation. Agbiz proposed that what should rather be considered was to improve the valuations for purchase; and use just and equitable compensation to acquire land. Also, about the impact that 'nil' compensation provision may have on investor confidence and finance, the 'blended finance' scheme could be utilised to mix grant funding with loan funding from the private sector to co-finance land acquisitions.

“Agbiz pointed out that land reform can be achieved without resorting to ‘nil’ compensation.”

5.5.2 Blended finance

Agbiz, together with the Banking Association South Africa, was instrumental in the development of a blended finance policy. The

policy was finally launched on 24 October 2022. The programme will be implemented over a ten-year period with the department investing a minimum of R3.2 billion over the period. The funding will be a blended finance structure, which is a combination of a loan and grant with a focus on commodities as per the Agriculture and Agro-processing Master Plan (AAMP). The department and the Land Bank have each invested R325 million per annum, which will effectively result in the creation of an annual fund of R650 million. The scheme is targeted to assist South Africans and black-owned and black-managed farming enterprises that are commercially viable in commodities prioritised in the AAMP. There are, however, delays in the implementation of the policy.

5.5.3 Land Court Bill

The original aim of the bill was to provide for the establishment of a Land Court and a Land Court of Appeal. The idea of a Land Court of Appeal has since been dropped. Agbiz, in its submission, highlighted the importance of access to justice and an efficient court system in land matters. Agbiz, therefore, has a substantial interest in the success of the Land Court as it forms an integral part of the institutional framework required to drive land reform in South Africa.

Agbiz questioned the need for a Land Appeals Court and argued that the case load in all likelihood would not justify the expense of setting up such a court. Agbiz also expressed concern about the proposal in the bill for compulsory arbitration.

A number of the concerns raised by Agbiz were addressed in the subsequent version of the bill.

The provision requiring compulsory arbitration was dropped. The bill was enacted on 16 September 2023.

5.6 LABOUR LEGISLATION

5.6.1 Employment equity targets

The Employment Equity Amendment Act (4 of 2022) was passed and signed into law in April 2023.

Whereas the law used to require that employers draw up an employment equity plan in consultation with the workforce, those targets will now be prescribed by the Minister of Employment and Labour.

The penalties for non-compliance with this legislation are huge.

Agbiz submitted written comments in June 2023. In its submission, Agbiz explained that there are certain considerations that are unique to the agricultural sector. These include the fact that agriculture is a large and diverse sector consisting of everything from small, family-owned farming businesses to large, public companies with regional footprints.

Agbiz stated that further consultation was needed as the realities of the sector are not reflected in the proposed targets and they were concerned about the unintended consequences that may flow from this.

5.6.2 Draft National Labour Migration Policy and Employment Services Amendment Bill

The Employment Services Amendment Bill provides that no person may employ a foreign national to work within the territory of the

Republic of South Africa, unless that foreign national has the right to be so employed in terms of a visa issued under the Immigration Act (13 of 2002) or is permitted to work within the territory of South Africa in terms of any other legislation or international agreement binding upon the Republic.

The bill provides for quotas on foreign workers that the Minister of Employment and Labour can institute.

An important comment that Agbiz raised was that the critical skills list does not really assist the agricultural sector where lower-skilled foreign workers are often recruited. The policy and the bill reflect this now, where it provides for “requisite skills, including critical skills”.

The bill allows for applications for exemptions from quotas. Also, small employers are excluded from the requirement to comply with quotas. There was a dispute in Nedlac on who qualifies as a small employer. BUSA has taken the view that quotas can only be prescribed if there is reliable market intelligence data to base them on.

5.7 NATURAL RESOURCES REGULATION (WATER, NATURAL RESOURCES, AND CLIMATE CHANGE)

5.7.1 Revised regulations on procedural requirements for water-use licence applications

Earlier this year, the Department of Water and Sanitation published a notice called the Revision of Regulations Regarding the



**“The Employment Equity Amendment Act
(4 of 2022) was passed and signed into
law in April 2023.”**



Procedural Requirement for Water Use Licence Applications.

Chapter 5 of these draft regulations deal with the promotion of equity and redressing past racial and gender discrimination as contemplated in section 27(1)(b) of the National Water Act (36 of 1998).

The draft regulations propose that preference shall be given to applications by black people, followed by women. Secondly all applications for consumptive water use in terms of sections 21 (a), (b), and (d) are expected to satisfactorily address section 27(1) (b) of the Act. Specifically, shares in the enterprise must be allocated to black people according to a prescribed table.

Agbiz submitted its comments on the draft regulations.

5.7.2 National Water Amendment Bill

The National Water Amendment Bill was published for public comment on 17 November 2023. Agbiz made a written submission to the Department of Water and Sanitation. In the submission, Agbiz raised concerns about a number of proposed changes, including lawful existing use and the prohibition of the trading of water-use entitlements.

5.7.3 Nedlac Water Workstream

Nedlac has established a Nedlac Water Workstream following the Nedlac Water Dialogue that took place on 2 August 2023. This workstream is a distinctive approach in which suggested actions will be jointly developed by Nedlac social partners. The objective

of the workstream includes pinpointing areas of engagement and proposing Nedlac interventions in the water sector. Agbiz is represented on the BUSA team engaging in this workstream.

5.7.4 Preservation and Development of Agricultural Land Bill

This long-awaited piece of legislation is currently under consideration by the Portfolio Committee on Agriculture, Land Reform and Rural Development in the National Assembly.

The bill seeks to preserve high-potential agricultural land for agricultural purposes and to divert non-compatible developments away from high-potential land. This is done through the preparation of agricultural sector plans, the declaration of protected agricultural areas, the general objectives of agro-ecosystem management, and a system of agro-ecosystem authorisations.

Agbiz submitted written comments on the bill and presented its views to the portfolio committee.

5.7.5 Climate Change Bill

The purpose of the bill is to craft and implement an effective national climate change response, including mitigation and adaptation actions.

The bill was introduced in parliament on 21 February 2022. Agbiz prepared a submission and also contributed to a joint BUSA submission on the bill. Agbiz was one of the organisations that presented to the portfolio committee on 9 May 2023. Agbiz raised a number of issues that are of particular concern to the agricultural sector.

6. Human capital development

6.1 AGBIZ CENTENARY BURSARY

Over the past two years, Agbiz has continued the tradition of reinvesting in the skillset serving the sector. Two students were awarded the Agbiz Centenary Bursary to support postgraduate studies in agricultural economics. The bursary-supported research focused on the application of a nationwide carbon credit market in South Africa and the fragility of the South African agribusiness sector to uncertainty, risk, and disturbances, respectively.

6.2 INTRODUCING THE AGBIZ SAFETY, HEALTH, ENVIRONMENT, AND QUALITY (SHEQ) FORUM

During the COVID-19 pandemic, the safety, health, environment, and quality (SHEQ) sector was flooded with questions and new legislation, often resulting in both employees and SHEQ professionals having to navigate uncertain and uncharted waters. There was no history to fall back on, and industry participants had to work overtime to ensure effective implementation of control measures and find reliable information. It was during this time, that South Africans found guidance and support through interpretation from institutional allies such as Agbiz and BUSA. In the SHEQ environment, it can be quite challenging to get operations, management, and employees to comply with legislation that is vital for employee and customer safety and environmental wellness. The forum focuses on SHEQ in the grain industry, but the long-term vision is to cover all agricultural sectors.

6.3 IDENTIFIED RESEARCH NEEDS FOR THE STORAGE SECTOR

In 2022, Agbiz Grain and stakeholders with interests in the grain handling and storage sector initiated several projects that need to be addressed in workshops. Research was initiated and three workshops completed on the following topics: investigation of the storage capability of malting barley cultivars, pest control in stored grain, and optimised

storage practices with available infrastructure.

6.4 DEVELOPMENTS IN GRAIN QUALIFICATIONS

The Agbiz Grain Depot Manager Qualification was recommended in 2022 to the South African Qualifications Authority (SAQA) for registration on the national qualifications framework under the occupational qualifications sub-framework. The Quality Council for Trades and Occupations registered the qualification in 2023, and Agbiz Grain is now (2024) in the process of developing a question bank for the external integrated summative assessment (EISA/final examination).



This is the only grain depot manager training material registered by SAQA.

6.5 HUMAN CAPITAL DEVELOPMENT WITHIN AGBIZ

The staff at Agbiz are our biggest asset, and it is important to continuously invest in the organisation’s own capacity. Over the time under review, Ms Annelien Collins and Ms Retha Hart undertook executive assistance training to improve the quality of meeting minutes. Ms Liezl Esterhuizen was internally promoted to take

up the role of industry liaison, showcasing career development and growth. The chief executive officer undertook studies at the North-West University Business School and obtained a postgraduate diploma in business management in 2024. Finally, Mr Wandile Sihlobo continued to showcase his multiple talents by publishing his second book, entitled “A Country of Two Agricultures: The Disparities, The Challenges, The Solutions.” It remains on Exclusive Books’ local non-fiction bestsellers list.



Table of Abbreviations

AAMP	Agriculture and Agro-processing Master Plan	ISS	Institute for Security Studies
ACI	Agribusiness Confidence Index	JSE	Johannesburg Stock Exchange
AfCFTA	African Continental Free Trade Area	KSA	Kingdom of Saudi Arabia
AGOA	African Growth and Opportunity Act	NAMC	National Agricultural Marketing Council
BASA	Banking Association of South Africa	NARYSEC	National Rural Youth Service Corps
B-BBEE	broad-based, black economic empowerment	NLCC	National Logistics Crises Committee
BFAP	Bureau for Food and Agricultural Policy	PEAC	Presidential Economic Advisory Council
BMA	Border Management Agency	PPI	Producer Price Index
BUSA	Business Unity South Africa	PTA	preferential trade agreements
COMESA	Common Market for Eastern and Southern Africa	QCTO	Quality Council for Trades and Occupations
DALRRD	Department of Agriculture, Land Reform and Rural Development	SACU	South African Customs Union
DTIC	Department of Trade, Industry and Competition	SACUM	SACU plus Mozambique
EAC	East African Community	SADC	Southern African Development Community
EFTA	European Free Trade Association	SAGIS	South African Grain Information Service
EPA	Economic Partnership Agreement	SAQA	South African Qualifications Authority
ESG	environmental, social, and governance	SARS	South African Revenue Services
EU	European Union	SHEQ	safety, health, environment and quality
FCM	false coddling moth	SME	small and medium-sized enterprises
FMD	foot-and-mouth disease	SPS	sanitary and phytosanitary
GMO	genetically modified organisms	TIC	Trade and Industry Council
GSCI	Grain Storage Cost Index	UK	United Kingdom
GTI	Guided Trade Initiative	US	United States
HDP	historically disadvantaged persons	WTO	World Trade Organization
IMF	International Monetary Fund		

