

## From the CEO's desk

---

### Dear Agbiz member

In the previous edition drafted on 4 February, the fourth wave of Covid-19 was seen as the biggest event that could disrupt our agricultural value chains. A mere two months later, the national state of disaster has officially ended. Unfortunately, this may be largely ceremonial as key restrictions remain in place, including a cap on public events, and 32 land borders remain closed. On the one hand, it raises concern since the remaining restrictions have no precise expiry date. On the other hand, no new restrictions can be imposed unless a new national state of disaster is declared. This does provide some certainty, so it may be a step in the right direction and a psychological boost to those who bore the brunt of the restrictions.

Whilst the pandemic started dying down in South Africa, an equally tragic disruptor reared its head in Eastern Europe. Roughly 60% of South Africa's exports to the Russian Federation comprise horticultural products. On the import side, the Black Sea region jointly accounted for 38% of our wheat imports over the past five years, and Russia is the world's largest exporter of the fertilizer products our local industries are reliant on. The Agbiz staff and several members have been working closely with government to ensure that food security and inputs will continue to be available. In the longer term, we are also analysing the impact of the conflict on international shipping lines, payment systems and energy, whilst also keeping a close eye on any opportunities that may arise. Putting rands and cents aside for a second, it has been encouraging to hear the stories of South African companies assisting in any way possible to mitigate the effects of this human tragedy.

### What can we do as South Africans?

International supply chains have been impacted by back-to-back, global disruptors, but some challenges are our own making. Nothing disrupts trade faster than biosecurity challenges. The recent outbreak of foot-and-mouth disease in the North West and Limpopo has disrupted the export of animal products to isolated markets. Agbiz has supplied information to the Biosecurity Task Team and we trust that protocols put in place by industry and government will lead to a speedy resolution. This once again highlights the importance of robust biosecurity measures and the need to invest in strengthening the overall biosecurity system.

As far as logistics are concerned, our efforts to forge a partnership with Transnet is progressing well. Agbiz and various members met with Transnet's top management in February to discuss the long-term prospects for closer cooperation. One of the outcomes was the creation of the Trade and Supply Chains

6 April 2022

**Theo Boshoff**

Tel: +27 12 807 6686

Email: [theo@agbiz.co.za](mailto:theo@agbiz.co.za)

[www.agbiz.co.za](http://www.agbiz.co.za)

### Disclaimer:

*Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any loss or damage incurred due to the usage of this information.*

Coordinating Committee to act as a single point of contact to coordinate efforts between Transnet and the industry. From the industry's side, we need to clearly indicate where the blockages are and where Transnet may be willing to partner with private sector companies on a joint venture basis to ensure an efficient and uninterrupted logistic chain from the point of consolidation to export. This may include inland loading sites with plug points, rail sidings, third-party slots on the main container lines, and up to and including the ports. These are issues of a strategic nature and to facilitate open and frank discussions, we are therefore negotiating an 'interface agreement' to ensure confidentiality and conflicts of interest are addressed.

In the short term, Agbiz and its members undertook to support Transnet with the relevant information required to manage demand as best as possible. This entails several actions, including;

- The creation of a 'dashboard' to showcase peak seasonality and demand across agricultural commodities to plan for capacity proactively;
- A feedback mechanism and escalation processes to align inputs on logistics issues; and
- Setting the groundwork for long-term cooperation and PPPs.

Logistics remain a significant challenge, but recognition must be given to the efforts of our colleagues at Transnet to remedy the situation and their willingness to engage on PPPs. Whilst we are cultivating this working relationship, we are taking great care in the way challenges and achievements are communicated or reported in the media.

### **Unpacking the potential for public-private partnerships (PPP)**

The 2022 State of the Nation address emphasised the need for a conducive business environment and called on all social partners to join hands in a social compact. Both government and private sector have endorsed the PPP approach to build capacity, but the road remains fraught with potholes (literally and figuratively). Agricultural subsectors have had mixed experiences with assignees, which seems to suggest that outsourcing will not necessarily fix all of our service delivery challenges.

In April we hosted a workshop where various subsectors and experts shared success stories and challenges. The common themes that emerged throughout were the need to be patient and to build trusting relationships. Where industry and government found common ground and agreed on the need for independent and transparent regulatory mechanisms, success generally followed. There is also a lot to be said for focusing on the low-hanging fruit, such as the digitisation of processes where the functions were not outsourced.

Finally, trust was at the heart of all the success stories. Going forward, we will focus on innovative ways to build that trust through champions or independent third parties where appropriate.

**The Agbiz team goes from strength to strength**

Finally, we are happy to welcome Mr Wolfe Braude to the Agbiz team. Wolfe has commenced duties as the new manager of the Agbiz Fruit Desk, and we look forward to the energy and experience that Wolfe brings to that portfolio.

Yours sincerely



---

**Theo Boshoff**  
**Agbiz CEO**