

## OPINION PIECE:

### Land reform talks to feature at agriculture trade fair

By Wandile Sihlobo, [Business Day](#), 15 May 2019

One would assume the month that most excites farmers and agricultural role-players would be the one in which they harvest their crops, especially in a good season. In the case of SA that might not be true. The most talked about month on SA's agricultural calendar is May, because of Grain SA's flagship event, the Nampo festival.

Nampo is the largest show of agricultural machinery and livestock in the southern hemisphere. But the event offers more than just farm implements — it is a platform for networking with players in the entire agricultural value chain, it showcases cutting-edge technologies, and it provides informative panel discussions where robust agricultural policy matters are discussed in a frank way with farmers and industry role-players.

This year's event will surely not disappoint, at least from a networking, technological, and policy discussion point of view. There is a lot to talk about on the policy direction of the country after we had just wrapped up the elections.

I expressed my views in these pages earlier in the month. In short, I argued that "President Cyril Ramaphosa's new administration will need to first articulate a clear policy framework on land reform and water rights, which will encourage investment in the agricultural sector while ensuring restorative justice, and ensure underutilised tracts of land are brought into full production to boost growth and employment. This must then be complemented by trade agreements that open up new markets to sell these products."

As far as agricultural activity is concerned, field crops and horticulture should be prioritised because of their labour-intensiveness from a jobs viewpoint and growing global demand. In terms of area, KwaZulu-Natal, the Eastern Cape and parts of Limpopo should be on top of the agricultural development list because of their more than 1-million hectares of underutilised arable land, and coincidentally higher unemployment and poverty rates.

Aside from the policy approach, the agricultural machinery role-players are likely to be downbeat at the 2019 Nampo (currently underway in Bothaville, Free State). The drought earlier this year in the central and western parts of SA led to reduced plantings, and now expectations are for a lower summer grains harvest. This is likely to weigh on farmers' finances, and thus agricultural machinery sales. In fact, tractor and combine harvester sales figures for the first four months of 2019 were already lower compared with the previous year's performance.

SA's tractor sales for January to April 2019 amounted to 1,946 units, down 16% from the corresponding period last year and 18% from the corresponding period in 2017. In the same period, combine harvester sales amounted to 65 units, down 22% year on year and 26% from January to April 2017.

I doubt if there will be a pick-up in these numbers in the near term as we expect a poor summer grain and oilseed harvest of about 12.8-million tons, down 15% from the 2017/2018 season. But over the long term the important driver of the agricultural

machinery market will be the policy framework on land reform and water rights, and the activity thereafter in some of the areas that have underutilised land. And hopefully, the approach that emerges over the coming months will be clear and sensible.

I should also note that while I highlight a possible poor performance in the machinery market we in no way are in crisis in terms of food supplies. While the summer grain supplies are down notably from 2018, there are sufficient stocks from the 2017/2018 production year to boost SA's supplies in staple grains such as maize. The key upside risk on commodity prices in the near term is the potential demand from the southern African region, particularly Mozambique and Zimbabwe, following the damage caused by cyclones.

Fortunately, all this occurs at a time when the world has large grain supplies of more than 2.1-billion tons and hence global agricultural prices could remain at softer levels in the medium term, and ultimately benefit southern African consumers.

- *Sihlobo is chief economist of the Agricultural Business Chamber of SA (Agbiz).*