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FIT FOR THE FUTURE

FEEDBACK REPORT



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CONGRESS 2016
FIT FOR THE FUTURE

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CONTENTS

OVERVIEW

- 2 Who we are
- 3 The Agbiz Congress 2016
- 4 Congress attendance
- 5 Attendee feedback

KEY MESSAGES FROM EACH SESSION

- 7 Agbiz plays vital role
- 10 The Reserve Bank will play its part to ensure a competitive advantage
- 13 Weak economy: some lose, some win
- 16 South Africans must dream big
- 18 Clear, focused trade policy a must
- 22 More jobs and crops per drop will determine water challenge
- 25 Progress with land reform, but there are concerns
- 29 Agri-parks: no intent of government to run agriculture
- 33 Eskom's monopoly has ended
- 37 Still hope for South Africa to play in premier league

STUDENT PROMOTION PROGRAMME

- 41 Student promotion programme becomes premium event at Agbiz congress
- 42 Feedback from students
- 44 Student gallery

PRE-CONGRESS WORKSHOP

- 47 Pre-congress workshop: Transforming leadership in agribusiness

NETWORKING

- 49 Congress gallery
- 52 Welcome function
- 54 Agbiz 70th anniversary gala dinner
- 56 Post-congress tour

SPONSORS, EXHIBITORS AND MEDIA PARTNERS

- 58 Thank you for your support
- 60 Agbiz membership

ADVERTISERS

- IFC Standard Bank
- 6 VKB
- 8 Kaap Agri
- 12 Monsanto
- 14 Santam Agriculture
- 24 BKB
- 26 KLK
- 28 Engen
- 30 Suidwes
- 32 Senwes
- 36 SSK
- 40 NWK
- 46 Signa
- 48 Overberg Agri
- IBC ABSA AgriBusiness
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in the agricultural industry

WHO WE ARE

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

STRATEGIC INTENT

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

AGBIZ CULTURE AND VALUES

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

CORE STRATEGIC OBJECTIVES

Core objective 1: To promote agribusinesses and Agbiz as key stakeholders and role players in the South African economy.

Core objective 2: To influence the policy and legislative environment insofar as it affects agribusiness activities by way of ongoing and professional interaction with all relevant government institutions.

Core objective 3: To improve the commercial and sustainable agribusiness environment through liaison and cooperation with influential groupings within the business environment, both locally and internationally.

Core objective 4: To support B-BBEE, transformation and development of emerging agribusiness and other role players in the agro-food value chain.

Core objective 5: To create unique, relevant and accessible agribusiness intelligence to support Agbiz programmes.

WHAT IS AGRIBUSINESS? (UNIDO, 2011)

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

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

THE AGBIZ CONGRESS |2016|

The Agbiz Congress 2016 was hosted by the Agricultural Business Chamber (Agbiz) from 31 May to 3 June 2016 in Somerset West, Cape Town. The congress took place as Agbiz celebrates its 70th anniversary. It brought together 280 key leaders and decision makers from agribusinesses, commodity groups, government, universities, media and expert speakers.

This year's congress, themed "Fit for the Future", recognised the determining crossroads of challenges and choices faced by the South African agribusiness sector. Agribusiness leaders have over time shown their ability to recognise the changing times, and then to adapt and reposition in order to address the changes and challenges successfully.

The format of the congress involved a keynote speech by the governor of the South African Reserve Bank, presentations by expert speakers on topical issues, panel discussions, a student promotion programme, a pre-

congress workshop and a post-congress tour, plus ample scheduled time for networking.

The key themes were:

- Economic outlook
- Land reform
- Transformation
- Trade developments in South Africa
- Water security and water governance
- Energy security
- Scenarios for South Africa

A big thank you to all in the industry who attended and supported the event and made it such a success! We wish to extend a special thank you to our main sponsors: Standard Bank, Absa AgriBusiness, John Deere Financial and Afgri.

This report, prepared by Agbiz Communication, contains specific information and feedback about the congress. ■

All presentations, the congress journal, congress photographs and this report are available online at:
www.agbiz.co.za/congress-2016

CONGRESS ATTENDANCE

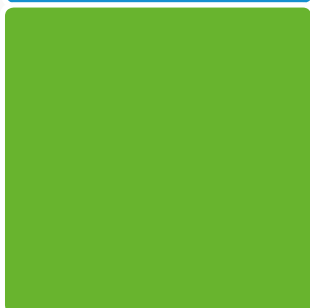
280

delegates
attended the
congress



140

entities from the
agri-sector were
represented



80%

of all Agbiz
member
entities were
represented

50%

of delegates
were non-
members of
Agbiz



21%

of delegates
were female

15%

growth in
delegate
attendance
from 2014

ATTENDEE FEEDBACK

Evaluation forms were handed out to congress delegates and 75 of them responded. Below are statistics based on feedback received:

“ GREAT CONGRESS! A LOT OF INSIGHTFUL DISCUSSIONS AND THOUGH-PROVOKING SPEAKERS.”



84%

of delegates who responded said the topics on the programme were very relevant to their business.



“ ALLOW MORE TIME FOR QUESTIONS FROM THE FLOOR.”

94%

indicated that the registration process was excellent.



93%

indicated that the welcoming function was excellent.

89%

indicated that the gala dinner was excellent.

“ INCLUDE MORE PANEL DISCUSSIONS IN THE PROGRAMME.”



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Schalk Pienaar, Agbiz chairperson

AGBIZ PLAYS VITAL ROLE

Agbiz has a vital role to play in the current economic meltdown, Agbiz chairperson Schalk Pienaar said at the Agbiz congress.

"Although Agbiz is deeply conscious of the factors impairing economic growth and development, the effects of this slowdown are part of what we have to deal with on a daily basis. Our main aim is to look ahead and find the signs of the next upturn in the economic fortunes of South Africa, the region and also internationally."

Pienaar said that policy uncertainty regarding cornerstone matters such as ownership of land, expropriation and unfriendly employment policies, as well as very risky and dangerous political rhetoric, continues to adversely affect confidence locally. "There is also a lack of willingness to take bold and imaginative steps to convert all the negatives into positive and meaningful growth and investment decisions."

He added that this reality results from negative confidence indices based on research amongst businesses in the country. "It is deeply concerning that it would appear as if government is unable to distinguish between what the role of the state is and what the role of a governing majority political party is. The massive drain on the fiscus by state-owned enterprises is ample evidence of this."

"Despite sterling efforts to stop the rot, unchecked corruption and looting of public assets have become an embarrassing characteristic of South Africa. This is massively detrimental to those who need support and upliftment the most, namely the poorest of the poor."

CLIMATE

Pienaar pointed out that the adverse climatic conditions currently being experienced are contributing to the woes of South Africa and southern Africa's economies. "The extreme drought is now reaching record proportions and will certainly place huge demands on both government and private sector resources. The situation regarding the drought is very serious and could expedite the region slipping into a full-blown recession."

Pienaar said that Agbiz continually studies the elements of macro-economic activity relevant to the business of its members.

"In doing so, our radar constantly scans the horizon for business opportunities that members can be pointed to, while also interacting with industry organisations and government in an effort to build and improve the platforms to grow the businesses of our members. This work also carries an international flavour with Agbiz actively involved and represented in international conferences, workshops and membership."



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Where people still count.

Pienaar said that Agbiz's point of departure is one of optimism and realism. Agbiz also believes that the international economy does from time to time experience downturns, slowdowns and sometimes, economic meltdowns.

"The world is currently at the bottom or close to the bottom of a huge cyclical event. Southern Africa

and South Africa are particularly vulnerable to these realities and it is therefore incumbent upon Agbiz not only to warn of dangers and problems, but also to look towards mechanisms for members to be shielded against the negative effects of economic recessionary conditions. In doing so, we also recognise that the global economy is migrating to new and exciting areas."



“

THE WORLD HAS ONLY NOW BEGUN TO SEE THE FANTASTIC OPPORTUNITIES FOR ECONOMIC GROWTH AND DEVELOPMENT BROUGHT ABOUT BY REVOLUTIONARY TECHNOLOGY. ”

NOT BUSINESS AS USUAL
According to Pienaar, the time has come that it is no longer business as usual. There has been an over-reliance on mining and mineral extraction and beneficiation, but the needs of the world's consumers have also changed.

"The world has only now begun to see the fantastic opportunities for economic growth and development brought about by revolutionary technology. The ability and willingness to embrace this phenomenon will largely determine the winners and losers in the economic race. Together with this, the need to use risk-mitigation strategies such as diversification and

expanding business to foreign markets will greatly contribute towards successful business survival."

Agbiz is keenly aware of this and its intellectual capacity is continuously being geared, developed and pointed to assist members to move ahead as leaders and not followers, Pienaar assured. "It is incumbent upon our members, and also the rest of the role players in our economy, to leave no stone unturned to develop leaders for the future. In fact, Agbiz is leading by example by providing bursaries to deserving candidates who follow advanced academic programmes." ■



Lesetja Kganyago, governor of SA Reserve Bank

THE RESERVE BANK WILL DO ITS PART TO ENSURE **COMPETITIVE ADVANTAGE**

Agribusinesses can rest assured that the South African Reserve Bank is committed to containing inflation.

"This will preserve our competitive advantage for exporting, secure our investment costs and create the foundation for expansion," said Lesetja Kganyago, Reserve Bank governor, at the Agbiz congress.

Kganyago explained the Bank's rationale with regard to inflation. He said that inflation targeting is globally regarded as best practice in monetary policy, because it is transparent while also recognising that there is no long-run, or even medium-run, trade-off between inflation and growth.

"Instead, in the long run, price stability is a precondition for significant sustainable growth. This is also true of financial stability, which has been added to the mandate of the Bank in the aftermath of the global financial crisis.

"Inflation targeting is a framework that helps to create the conditions for a stable and investment-friendly business environment. Volatile or higher inflation outcomes increase business costs in several ways. They can push employees into demanding above-inflation



KEY MESSAGES FROM EACH SESSION

wage increases, which pressure business margins. More variable inflation also increases uncertainty about the costs of business operations that can delay investment decisions. In the end, investors require higher returns for increased uncertainty, which means elevated long-term real interest rates,” Kganyago said.

NEGATIVE IMPACT

He added that higher inflation could have a negative impact on competitiveness. If inflation in South Africa is above that of its trading partners or export rivals, the production costs of local exports will be relatively higher. As a result, South Africa will be less competitive in global markets.

This can be corrected by rand depreciation, but the rand is especially volatile and, furthermore, domestic inflation can easily erode these gains.

“Inflation targeting addresses these problems by guiding policymakers in their response to temporary supply shocks when they may permanently accelerate inflation. It also ensures that demand-side inflation is controlled.”

GENERIC ADVANTAGES

Kganyago explained that these advantages are generic and that although they apply to everyone, they are particularly suited to the structure of the South African economy.

“The recent increase in the unemployment rate is a reminder of the large number of people locked out of the real economy. Fundamentally, inflation targeting is a policy framework that protects vulnerable groups in society, such as the unemployed, the poor and the elderly – basically those with a fixed or no income. Higher headline inflation affects these groups most severely as they are not able to negotiate income increases equal to inflation, nor are they able to access financial markets to acquire assets to protect themselves against inflation,” Kganyago explained.

He pointed out that the South African economy is characterised by strong pricing rigidities and

resilient barriers to entry in many industries. Because of the high concentration of the economy, as well as the shortage of skilled employees, “insiders” (price and wage setters) are in a position to mark prices and wages in line with their expectations. When these price and wage setters expect higher inflation in the future, their actions make the expectations self-fulfilling, inflation duly rises and the risk of a wage-price spiral increases.

AN EXTERNAL ANCHOR

Inflation targeting, once credible, has the capacity to break this cycle as it provides an external anchor for the insider. They focus instead on the Bank’s inflation forecast and its communication and on how and when it will achieve the inflation target. This then protects those groups that do not have the same market power as price and wage setters, such as the unemployed, non-unionised employees and small firms.

“Greater certainty and lower inflation rates remove a significant constraint that these groups face in accessing the real economy. Of course, this is only the case as long as the Bank can convince price and wage setters of its commitment to the inflation target range. The Bank keeps their inflation expectations anchored,” concluded Kganyago. ■





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**Etienne le Roux, chief economist of
Rand Merchant Bank**

WEAK ECONOMY: SOME LOSE, SOME WIN

Despite widespread pessimism about the economy, there are industries that are still doing relatively well.

"Exporters are managing and although consumer spending is under pressure, consumers still spend. Differently, though," Etienne le Roux, chief economist of Rand Merchant Bank, said in an economic outlook at the Agbiz congress.

"There are also encouraging signs that certain measures announced by the minister of finance in his budget speech in February may have contributed to both Moody's and Standard & Poor's (S&P)* not downgrading South Africa's credit rating to junk status recently."

Le Roux said that factors such as high interest rates and high inflation create the perfect storm for consumers. "They have to cut many corners to save a buck and to stay within their budgets. Declining consumer spending has a significant effect on the economy as consumer spending constitutes 60% of GDP."

Trends of the current "consumerism to conservatism" are that consumers spend less on expensive items such as furniture, household appliances and new cars. They are also cutting back on luxuries.

Similar patterns are visible in the residential property market.

"More consumers who are downscaling to a smaller property due to financial-related pressure are opting to rent rather than buy. Fewer people are also selling to upgrade. Cars are being financed over longer periods and consumers are downshifting to cheaper medical aid plans. Many are also increasingly accessing pension and provident funds when switching jobs, while others make changes to short-term insurance policies to save some money," Le Roux said.

There are, however, South African industries that are doing relatively well, despite all the pessimism. These include certain manufacturing exporters, farmers exporting citrus, fruit and nuts, while tourism is also coming back to life," Le Roux said.

Even within the mining sector, companies supplying building materials such as sand and stone show decent

* The presentation was made before S&P's announcement in June.

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growth. Within the manufacturing sector, companies supplying beverages, basic chemicals, motor vehicle parts and accessories, radio and television apparatus and sawmilling of wood are seemingly coping just fine.

"What many of these industries have in common, is that they are either exporters (some into Africa) and/or are benefiting from import substitution on the back of currency weakness."

According to Le Roux, the renewable energy industry is also doing relatively well, as are property developers in the mid-sized residential market, student accommodation, retirement villages, etcetera.

"Although consumers spend less on luxury items, they do still spend. Retailers of clothing and footwear, medical and pharmaceutical products, sports equipment and camping gear are all still showing growth. Consumers continue to spend on their hobbies as well."

Le Roux said that one reason why outdoor, adventure and camping gear is in demand, is because people have realised "local is once again lekker". Holidays overseas have just become so expensive.

RAND/DOLLAR EXCHANGE RATE

Le Roux pointed out that it is important to remember that the rand/dollar exchange rate is as much influenced by happenings in the US economy as it is by developments locally.

An important point Le Roux drove home, is the fact that there is now more two-way risk on the rand. Following years of persistent weakness since 2012, the rand in recent months has seen bouts of strength, "reminding us it is not only one-way traffic any more". Suddenly there is rising doubt about the strength of the US recovery, while fears of China falling over are fading.



CREDIT RATING: WE ARE NOT ALONE

Le Roux said South Africa is not the only country that has seen its credit rating being cut in recent years. Many large emerging market countries, most of which are commodity exporters, are also under pressure.

Also worth noting is that Moody's and S&P assign different weights to different aspects in their assessments. This leads to different interpretations. One must also distinguish between South Africa's local currency status and the country's foreign currency status.

"Some people do not foresee serious consequences if South Africa is downgraded to junk status, but they are wrong. It will have serious negative consequences for the economy, as the cost of finance will increase for everyone: the government, banks, parastatals as well as the consumer," Le Roux explained.

He is of the opinion that other factors than purely economic indicators may have influenced both Moody's and S&P's decision not to downgrade South Africa to junk status. "There is a lot of political noise, but good things are happening under the surface," he said.

Some of these include:

- Plans are being formalised to expand the independent power producer model of renewable energy into gas and coal
- Invest SA, a one-stop shop to promote investment, has already been launched
- The CCMA now has greater authority to play a more active role in settling labour disputes as in the recent Comair and Pikitup strikes
- The visa regime has already been relaxed and more changes can be expected
- The office of the Chief Procurement Officer has been established to modernise the tendering processes to eliminate corruption and cut costs

PREDICTIONS

Le Roux predicted the following for the period 2016 to 2018:

- Low economic growth: range 0%–2%
- Inflation averaging around 6% over the next two years: range 5,5%–7,5%
- Interest rate normalisation to continue: repo rate peak of around 7,25%
- Rand as volatile as ever with a wide trading range: USD/ZAR14–17 ■



**Mpumelelo Mkhabela, station manager
of POWER 98.7**

SOUTH AFRICANS MUST DREAM BIG

According to Statistics SA, the percentage of black youth between the ages of 25 and 34 in professional, managerial and technical fields has dropped by 2% in the last two decades.

"Currently, 60% of South Africa's unemployed youth has never worked before and their parents are better educated and equipped than they are. This is a sign of regression," said Mpumelelo Mkhabela, station manager of commercial talk radio station, POWER 98.7, at the congress.

Mkhabela placed socio-economic issues under the spotlight and said that there is a gap between South Africans' aspirations and reality.

"South Africans must use their imagination and dream big until society resembles those dreams. Despite the country's dream of a better future for all, as envisaged in the National Development Plan, reality paints a bleak picture," Mkhabela said.

Leadership, politics, culture, the national self-esteem, economics, innovation, race relations and credit rating



have all decreased. "The average income per capita is declining and it is getting worse for the bottom 40% of the population. We experience an increase in predatory tendencies as the battle for reduced state resources among political elites gets daring."

A VICIOUS CIRCLE

"Social tension is on the rise and the commitment to the Constitution and the rule of law is half-hearted at the pinnacle of the state. The mounting political rhetoric on expropriation and nationalisation is further fuelling uncertainty. Yet, still we are drafting new policies while good policies already exist but are not implemented," Mkhabela said.

He highlighted the following characteristics of the vicious circle:

- A low level of ethics, respect for the law and expectations
- Low confidence and a lack of imagination
- Slow investment, untapped potential and low growth
- A slow pace of change and tension between business and the state
- A low employment rate and tension between citizens and the state

"In contrast, in the commendable circle the rule of law is ruthlessly observed and the ethics bar is high, and genuine partnerships instil trust. South Africa's imagination is unleashed, with investment confidence rising, and transformation gains pace. Black people have an increased share of the cake, and state resources are used wisely, with more decent jobs being created and lower tension between stakeholders."

CONTINUOUS DIALOGUE

To change the vicious cycle into a virtuous one will ask that role players not only unite when credit rating agencies come knocking.

"We will have to revive institutions such as Nedlac to ensure continuous dialogue by all stakeholders, and forge voluntary and innovative partnerships that work. A formal social compact may also help to strengthen alignment between growth, development and nation building. We should frown upon quick-fix, politically-biased empowerment shortcuts," Mkhabela said. ■



**Peter Draper, managing director of
TUTWA Consulting**

CLEAR, FOCUSED TRADE POLICY A MUST

South Africa has to find its path among the complexities of the so called "new" debate over trade, industrial and investment policies. The question is if the country should protect itself with strict measures dictating foreign investment and trade, or allow the multinational companies to invest and update the rules of the game.

This is the view of Peter Draper, managing director of TUTWA Consulting, who discussed the intricacies of local trade developments at the Agbiz congress.

Draper said that South Africa has to keep the boat afloat among very complex agreements and against the background of internal conflicting policies and needs.

FACTORY CENTRES

The context of the debate is the rapid growth of cross-border value chains (GVCs), integrating trade and investment through activities of multinational corporations (MNCs) and the emergence of “factory centres” coordinating these GVCs. These are:

- Factory America (NAFTA)
- Factory Europe (EU)
- Factory Asia (Japan, and possibly China in future)

Services such as finances, logistics, distribution and education as key indicators of GVCs are gaining importance in international trade.

“The question from a South African point of view is whether to integrate into these regional ‘factories’, how to do it, what the right kind of policy must be and what the rules and agreements must be to become part of that trade,” Draper said.

“Promoters say one should try to become part of these value chains. Once you have become part, the possibilities for upgrading increase and new capabilities and new technologies will come to your country.”

Draper pointed out that participation requires a set of “behind-the-border reforms” to strengthen the trade and investment rules about what these multinational companies want. These include, for example, protection of investment, infrastructure and logistics.

“It also means relaxed trade rules of origin. The stricter they are, the more difficult it is to ship goods around the region. Critics, on the other hand, argue that the way to upgrade into these value chains is through selective industrial policies.”

This is the view of South Africa’s department of trade and industry and the economic development department, Draper said. “Generally speaking, I would say the ideological approach is to be sceptical to foreign investors and to condition foreign investment in your market. For example, to expect from investors to give up their technology or intellectual property rights.

“You also need import protection to own the value chain. This is the view of the department of trade and industry these days. Rather than relocate part of investors’ value chains, we try to reproduce them.”

Draper said that central issues to the debate are a fear of entrapment in comparative advantage (resources), a fear of iniquitous outcomes (“exploitation”), the impact on the fiscus of generous incentives and tax breaks, and whether the focus must rather be on regional value chains.

MEGA-REGIONAL TRADE AGREEMENTS

“The other side of the coin is mega-regional trade agreements that are shaping the debate. There are already two of these agreements.”

The one is the Trans-Pacific Partnership (TPP). It consists of 12 countries at different levels of development. The USA and Japan are central to the partnership. China is not part yet. TPP members account for 40% of the world’s GDP and they are responsible for over a quarter of world trade.

The Transatlantic Trade Investment Partnership (TTIP) consists of 28 countries at different levels of development, and they account for 45% of world GDP and almost a third of world trade. America is part of the agreement, as well as countries such as Greece. The TTIP is still under negotiation.

“These are significant processes,” Draper said. “They are different kinds of agreements than those we saw before, both qualitatively and quantitatively. They include three key developed economies, the USA, Europe and Japan, and they try to extend their policy preferences across the world. They are forging new rules to govern GVC trade and investment. This is their explicit goal. Non-parties will be pressured to conform through ‘competitive emulation’.

“South Africa will, for instance, have to respond when Europe puts the agreement on the table. The same goes for the USA when AGOA expires nine years from now and the USA wants a free trade agreement.”

Draper pointed out that import tariffs are a relatively small part of these agreements. A bigger part is about the rules. “Is South Africa’s very regulation-intensive approach appropriate to South Africa and our region? The train is coming.”

STRUCTURAL ISSUES

Draper highlighted the following South African economic structural issues in relation to the global economy:

- Its continued commodity dependence.
- Manufacturing is in relative decline in the light of stiff competition from countries such as China. Real growth globally is in services.
- The “gateway to southern Africa” status still has some way to run but has a limited shelf life.
- Our edge is our strong services base, such as our strong financial sector and logistics, relative to regional competition.
- The global financial crisis has shifted the debate and it is difficult to put neo-liberal policies in place.
- By contrast, relative successes (until recently) of state capitalist “alternatives” such as China and Brazil are not doing that well.
- South Africa’s dualistic domestic economy.
- The urban–rural divide.
- Agriculture is constrained by climate and land reform challenges.
- The rich–poor divide (largely along racial lines).
- The huge skills gap linked to past educational endowments.
- Enduring inequality – notwithstanding the gains since 1994.
- The ongoing labour market disruptions and issues associated with bargaining regimes.
- Deteriorating governance and institutions, linked to the ANC’s evolving internal crisis.

“THE QUESTION IS IF THE COUNTRY SHOULD PROTECT ITSELF WITH STRICT MEASURES DICTATING FOREIGN INVESTMENT AND TRADE, OR ALLOW THE MULTINATIONAL COMPANIES TO INVEST AND UPDATE THE RULES OF THE GAME.”



OPPOSITE DIRECTIONS

Where does this leave economic policy?

"Growth plans in South Africa are pulling in opposite directions since 1994," Draper explained. "On the one hand we saw the labour market tightening. On the other hand we have liberalised the goods market, e.g. we dropped tariffs and deregulated agricultural marketing boards. Furthermore, individual property rights, the foundation stone of a market economy, are in danger."

These policy contradictions inhibit a definite direction. "We do not have a clear, focused policy approach. This is, however, also the case with many other countries. In my view, with policy directions moving in different directions, poverty, inequality and unemployment are getting more deeply entrenched. We need a consistent policy."

Draper warned that SA's domestic political crisis is deepening and is likely to get worse. "Populist politics is on the rise and will make the confused economic policy potentially much worse. Criminal and patronage networks are extending their reach in the state and the solution is not likely to come from the ANC. The alternatives are too scary to contemplate, although they are ultimately unavoidable and could be positive. Are external solutions, even if only partial, conceivable?"

RECOMMENDATIONS

He made the following recommendations:

- Many developing countries look to "lock in" certain economic policies through trade agreements with powerful external partners, for instance the former communist countries joining the EU, and China joining the WTO.
- External constraints have already proven important in South Africa, such as the fracas around the AGOA renewal. The USA wants a whole set of regulatory changes in South Africa.
- The Private Security Industry Regulatory Authority Amendment Act, stating that 51% shares must go to locals, will create all sorts of problems for foreign investors, but would require major concessions from South Africa in the WTO, should government proceed with it.
- Adopting an explicit "GVC-friendly" approach would leverage the "factory SACU" proposition. This will encourage multinational companies to set up shop here.

- Most gains to the country would be in services, but high-end manufacturing and assembly could benefit too.
- Exporting this policy approach into the region could ensure regulatory stability and enhance the regional investment environment for South African firms as well as MNCs.
- This requires embracing the GVC's policy package and tailoring it to South African realities, for example stronger property rights in general, or at least capping the erosion of property rights, and stronger protections for foreign investors.
- Building regional services value chains and emphasising this in negotiations.
- Strong trade facilitation focus, especially border procedures and logistics.
- Regional tariff liberalisation. This will require compromises on domestic/SACU tariff liberalisation, especially for intermediates such as steel. ■

**“
ON THE ONE HAND WE
SAW THE LABOUR MARKET
TIGHTENING. ON THE OTHER
HAND WE HAVE LIBERALISED
THE GOODS MARKET, E.G.
WE DROPPED TARIFFS AND
DEREGULATED AGRICULTURAL
MARKETING BOARDS.
FURTHERMORE, INDIVIDUAL
PROPERTY RIGHTS, THE
FOUNDATION STONE OF A
MARKET ECONOMY, ARE IN
DANGER.”**





Prof Mike Muller, Graduate School of Governance at the University of the Witwatersrand

MORE JOBS AND CROPS PER DROP WILL DETERMINE **WATER CHALLENGE**

It is a global trend to distribute water away from agriculture to industry and for urban use. South Africa will be no exception. With pressure on this limited resource, agriculture will find itself at the back of the queue. The agricultural sector will have to come to grips with the process of water allocation. It will

have to increasingly participate in the detail management of this process to get its fair share and make sure that the system works for it.

This was the message of Prof Mike Muller of the Graduate School of Governance at the University of the Witwatersrand at the 2016 Agbiz congress.

Muller said that overall water demand in South Africa is projected to increase by 55% by 2050 due to growing demand from manufacturing (+400%), thermal electricity generation (+140%) and domestic use (+130%). In the face of these competing demands, there will be little scope for more water for irrigation in agriculture.

CLIMATE CHANGE

Climate change will put further pressure on the demand for water. Muller said that there are different scenarios, but it is clear that there will be a lot of uncertainty and variability with regard to climate. As in the rest of the world, the South African agricultural sector will have to plan for this uncertainty.

"Predictions for low rainfall and higher temperatures will result in more evaporation and reduced infiltration. Floods and droughts will be more frequent or more intense. More forceful storms may increase river and groundwater flow, and water storage will become more important. It is also fairly sure that the western side of South Africa will become hotter and drier," Muller said.

"The challenge is proper capacity to manage the use of water. No increase in water for irrigation means that farmers will have to significantly increase production efficiency. If they don't, the competition for water will be even more severe."

WATER WILL HAVE TO BE SHARED

Muller said that South Africa has specific challenges with regard to water allocation. In future, water will have to be shared amongst more users and it will have to meet development priorities.

He believes that "sustainable intensification" could be the answer to South Africa's future water problems.

"Globally, this means that agriculture will have to produce food and fibre with less impact on the environment. In other words, by intensifying food production while ensuring that its natural resource base is sustained and improved for future generations."

In a South African context, it means that sustainable intensification should also support broader social goals to become "developmental intensification".

"You will have to include more people in agribusiness and they will have to participate on more equitable

terms in value chains. They will have to make more productive use of water and not just land."

For sustainable intensification to succeed in South Africa, water allocation should prioritise jobs and production, Muller believes. Catchment managing agencies will have to lead local management and development strategies. These agencies need to be supported to develop local water strategies.

"You must make a contribution to strengthen these agencies as they provide you with a platform to make your voice heard. You should convince participants and stakeholders that you also care for social issues, while focussing on job creation and production."

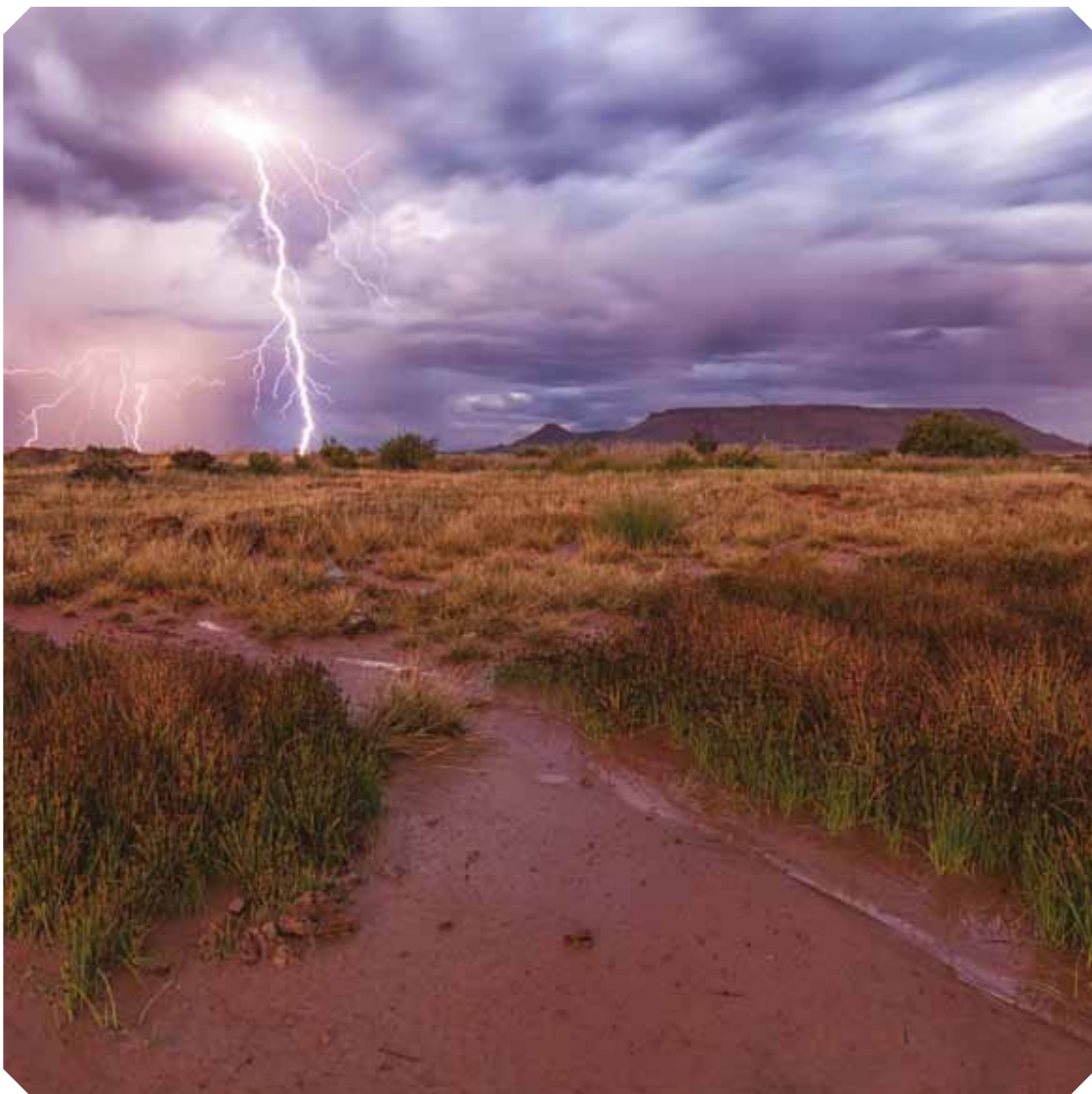
THE NATIONAL WATER ACT MUST BE IMPLEMENTED

Muller believes that the National Water Act contains a good policy framework for the management of the country's water resources, but that it must now be implemented. He pointed out that BEE is not the focus of the act, but only one of ten goals.

He believes that globally the water issue for producing food will be resolved through trade and not water management. Food will be produced where it can be produced with the most effective use of water and then traded with less water-rich countries. This is already happening and within the Southern African Development Community there are numerous possibilities for cooperation.

"Virtual water trade" means that people will not look at a shipment of maize in terms of its weight in tonnage, but in terms of how much water was necessary to produce the shipment. Countries will therefore import products that they cannot produce water-efficiently and vice versa.

"Make the water allocation process work for you with strategies that support inclusion. Agricultural success depends less on people, land and water, but more on money, management and markets," Muller concluded. ■



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Dr John Purchase, Agbiz CEO

PROGRESS WITH LAND REFORM, BUT THERE ARE CONCERNS

South Africa has made progress with land reform and there is now more certainty with regard to some worrying aspects. “The government is now starting to accommodate a level of flexibility in its plans,” Agbiz CEO Dr John Purchase said at the Agbiz congress.

“President Zuma’s comments on opening restitution before 1913 are, however, not helpful at all. We are also concerned about the EFF factor that can result in more land grab incidents.”

Purchase said that the agricultural sector acknowledges that land reform in South Africa is necessary, even though it is a complex and emotive subject. “The question is: how do we do it? The sector (businesses and producers) actively participates in all relevant forums to deliberate and help solve the land issue. We gave conditional support to most policies and legislation and we make suggestions and put alternative models on the table.”

Agbiz’s proposals in the Nareg process were, for instance, well accepted. “We, however, have major concerns about issues such as the erosion of property rights. These issues need further intensive debate.”

OVERVIEW

Purchase gave a comprehensive overview of land reform developments the past years, the working groups and processes, and the acts and policies involved.

“WE HAVE MAJOR CONCERNS ABOUT ISSUES SUCH AS THE EROSION OF PROPERTY RIGHTS. THESE ISSUES NEED FURTHER INTENSIVE DEBATE.”

He stressed that policy uncertainty and specifically the continuing erosion of individual property rights and the impact thereof on investment and subsequent food security, remain a cause for concern. He explained his point of view during a panel discussion at the congress.

“We must firstly acknowledge that individual property rights, in whatever form, are the basis of wealth creation in society. If you vest that in the state, it leads

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to a poorer society. History has taught this all over the world. We need strong individual property rights in whatever form they are. It could be fixed property, intellectual property or any kind of property."

These rights must be entrenched and citizens must have the opportunity to exercise this right, Purchase urged.

He referred to a project in the Parys district in the Free State, introduced by the Free Market Foundation. The Kaya Lam project is sponsored by businessman Christo Wiese.

In brief, the project entails that rental agreements are transferred to title deeds in townships. "People who have been renting in townships for decades can now own property. They can improve and add value to that property and sell it at a profit. They can also rebuild or borrow against that property and drive their own entrepreneurial projects," Purchase said.

"We should all support projects such as this one as it will change people's lives."

“ OUR CONCERN IS WITH CERTAIN LEGISLATION SUCH AS THE PRIVATE SECURITIES AMENDMENT BILL. IF THIS BECOMES LAW, AGOA WILL ALSO BE SUBJECT TO THE BILL AND THE AMERICANS WILL EXCLUDE US FROM AGOA.”

DIALOGUE

South Africa has to get this issue of property rights on the table for dialogue, he urged. "Our concern is with certain legislation such as the Private Securities Amendment Bill. If this becomes law, AGOA will also be subject to the bill and the Americans will exclude us from AGOA. They clearly said so."

Purchase referred to other matters that raise concern such as issues concerning land holdings and the Protection of Investment Act.

"We have to ensure that investment in private property is honoured by government. This is a huge problem that we need to address in a number of pieces of legislation. We have to watch out for this. Individual property rights could go the same direction as mineral rights."

Purchase said that, somewhere, one should start drawing the line in terms of what private property is and what government property is. These are huge issues that need much more dialogue, even at Nedlac.

"Without investment by the multinational companies in South Africa, we will not be competitive in the agricultural market. We need their technology and expertise and the capital they bring to the market. We will have to make sure that multinational companies' investments are protected in terms of the relevant legislation."

He admitted that balancing the issue of ownership with sustainable transformation is not easy. "We have to get a single vision to ensure investment and growth while ensuring sustainable transformation."

Referring to agri-parks, Purchase said that some Agbiz members are already investigating opportunities in this regard, for example at Springbokpan in North West and in the Sundays River Valley in the Eastern Cape. ■





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**Nasele Mehlomakulu, chief director:
Infrastructure Development of the Department
of Rural Development and Land Reform**

AGRI-PARKS:

No intent of government to run agriculture

The government has no intent of running agriculture with its agri-parks concept. Rural South Africa, however, has to be transformed and the government believes that agri-parks will make a huge contribution in this regard.

Nasele Mehlomakulu, chief director: Infrastructure Development of the Department of Rural Development and Land Reform, told the Agbiz congress that the department is consulting as widely as possible with stakeholders to ensure the success of the project.

"The interests of commercial farmers and the private sector will always be taken into consideration. Commercial farmers are already represented on all structures that concern agri-parks. Agri SA or Agbiz often represents them. They state your case."

Mehlomakulu said that the challenge is to make sure that the private sector is doing what it should be doing and the government is doing what it is supposed to be doing. "The roles at the parks itself are being investigated by a consultant appointed by the department. As yet the management structure is not well defined, but the aim of the investigation is to determine all roles and responsibilities," he said.

WHAT IS AN AGRIPARK?

According to Mehlomakulu, an agri-park is a "networked innovation system of agro-production, processing, logistics, marketing, training and extension services, located in a district municipality.

As a network, it enables a market-driven combination and integration of various agricultural activities and rural transformation services."



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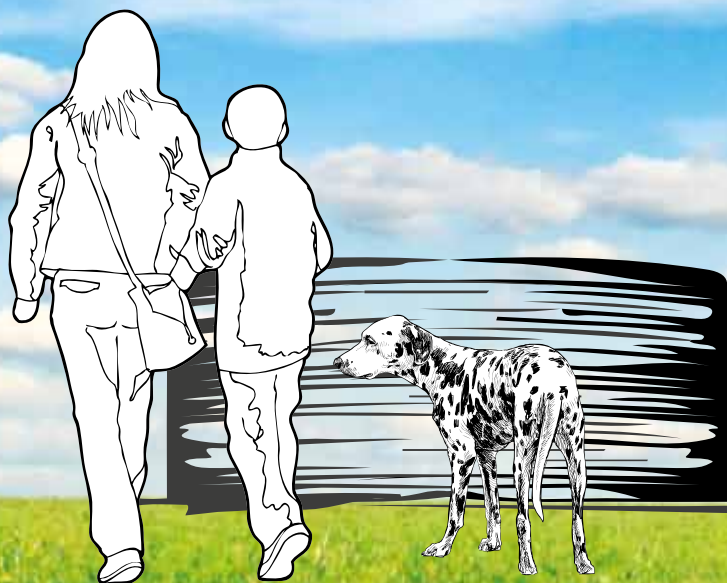
Mehlomakulu said that agri-parks are in line with the National Development Plan (NDP), which strives to create one million additional jobs in the agricultural sector by 2030 with an additional one million hectares under production. The New Growth Path (NGP) aims for 145 000 new jobs in agro-processing by 2020 and 300 000 new smallholders. The Medium Term Strategic Framework envisages one million jobs in the rural economy by 2030.

"It strives for a reduction in rural unemployment from the current 49% to less than 40% by 2030. We believe that agri-parks will fulfil these promises," Mehlomakulu said.



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There is one agri-park planned per 44 districts. The parks must be farmer-controlled and they have to be the catalyst around which rural industrialisation will take place.

**“AN AGRI-PARK IS A
“NETWORKED INNOVATION
SYSTEM OF AGRO-
PRODUCTION, PROCESSING,
LOGISTICS, MARKETING,
TRAINING AND EXTENSION
SERVICES, LOCATED IN A
DISTRICT MUNICIPALITY.”**

SUPPORT

Mehlomakulu said the idea is that government must support agri-parks for a period of ten years to ensure their economic sustainability. Strengthening the partnerships between the government and private sector stakeholders should ensure increased access to services such as water, energy, transport and production on the one hand, while developing existing markets and creating new ones to strengthen and expand value chains.

“We want to maximise all farmers’ access to markets, with a bias to emerging farmers and rural communities,” Mehlomakulu said. This will also ensure the maximum use of existing agro-processing, bulk and logistics infrastructure, including access to water, energy and roads.

“Agri-parks will result in the revitalisation of rural towns in terms of high economic growth,” he believes. ■



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Brian Statham, chairperson of the SA National Energy Association (SANEA)

ESKOM'S MONOPOLY HAS

ENDED

Eskom's monopoly over power supply has irrevocably ended. The advent of independent power producers (IPPs) in the renewable arena has ended this monopoly.

This is the view of Brian Statham, chairperson of the SA National Energy Association (SANEA), a speaker at the Agbiz congress. "IPPs are going to become bigger and they will claim a bigger portion of the South African market," he said. "Our energy world will change fundamentally as a result."

Statham, who discussed energy security, said that IPPs will in future challenge Eskom's performance. "Eskom's performance will then be measured against independent, objective measures. Eskom should be given the benefit of the doubt. It may even do well," Statham said.

The new energy era will require a new set of competencies and negotiation skills with new role players, such as lawyers, involved in energy contracts. "We will have to look at things differently."

According to Statham, some energy choices will be controversial. "We will have debates about the trade-offs of our decisions. There will be no right or wrong or perfect answers, only pros and cons about the energy choices we will make with regard to nuclear versus coal versus renewable energy."

“

IPPs ARE GOING TO BECOME BIGGER AND THEY WILL CLAIM A BIGGER PORTION OF THE SOUTH AFRICAN MARKET, OUR ENERGY WORLD WILL CHANGE FUNDAMENTALLY AS A RESULT.”



SIZING MAY BE A PROBLEM. THE TRANSMITTER SYSTEM WAS DESIGNED WITH CERTAIN POWER FLOW ASSUMPTIONS AND WE COULD NOW FACE CONGESTION. THE SYSTEM WILL BE MUCH MORE COMPLEX TO MANAGE FROM A GRID MANAGEMENT POINT OF VIEW.”

POWER TRANSMISSION

With regard to power transmission, Statham pointed out that the shape of the grid is changing. The participation of IPPs will assure that areas not previously served by Eskom, will now have access to electricity. “Sizing may be a problem. The transmitter system was designed with certain power flow assumptions and we could now face congestion. The system will be much more complex to manage from a grid management point of view.”

Statham said that power distribution would be under severe pressure, as it “is falling apart”. The system was simply not maintained the past ten years. “With municipalities struggling for funding, this may become a major issue in future against the backdrop of unrest about service delivery.”

Security of supply and pricing concerns may lead to grid defections, Statham believes. People who opt to go off-grid will not contribute to the distribution system, but because the system is still there, the consumer who is still using it will have to pay more. It will also be difficult to fund subsidies for people who can’t afford electricity or people who do not have any connection.

Statham pointed out that about 20% of South Africans are still without electricity. “The problem is

that, to extend the system for 50 to 100 km to service a mere 50 to 100 units, will not work. But this presents opportunities for micro- and minigrids and scope for entrepreneurs, especially in the renewables market.

“Don’t go for the European model of 99,9% availability. This is overkill and unaffordable. People may not have money to buy appliances that use electricity. Take incremental steps.”

According to Statham, matters such as the conflict over the roles of the private versus the public sector, overregulation, patronage and entitlement may also come into play.

SOURCES OF SUPPLY

The following is a summary of Statham’s thoughts on the sources of supply.

Oil and liquid fuels

- US shale gas and oil prices are down and there is a fight for market share. If Iranian oil becomes acceptable again, prices will remain down longer. Globally, oil and gas prices are beginning to be separated. Previously they were linked.
- South Africa has no secure domestic oil fields and is a price taker. There is no security of supply.
- South Africa’s refining capacity for liquid fuels has stalled and is out of date. No import facility has been built for a long time. Refiners are uncertain if they will be able to cover their costs if they upgrade, either by government subsidies or through the fuel price. The rules of the game are unclear.

Natural gas

- There is little natural gas available locally. Recent finds in Mozambique are largely committed to other countries.
- The global price is shifting as gas is becoming a commodity.
- Space for additional import facilities in South Africa is limited because of the country’s harbour facilities that are already running to capacity and are congested.
- There are numerous initiatives such as the Department of Trade and Industry’s recently-announced industrialisation strategy based on imported natural gas. This will, however, require an import terminal and an “anchor” customer to justify the expense.

KEY MESSAGES FROM EACH SESSION

FUTURE

As far as the future is concerned, Statham believes that South Africa needs to prioritise energy “equity” rather than energy “sustainability”. He also believes that service delivery will be an issue of general dissatisfaction. Instability and lack of policy clarity will deter private and foreign investment and all sectors will be vulnerable.

“South Africa’s transport system, both road and rail, is vulnerable to liquid fuel sector problems and gas is a long way off,” Statham said. “Grid defections are going to increase the problems. Many people favour the idea of going off the grid as a community or as a business. The question is how sustainable this is if the rest of the value chain collapses. It will not help you to produce off the grid when there is no diesel to transport your product to the market.”

Statham warned that South Africa faces some very difficult policy decisions about energy. “There is no clear direction or strategy. We will have to look at what the future role of coal is going to be in our energy mix. What is going to be the source of our liquid fuels? Are we going to upgrade our refineries or are we going to totally rely on imports? Are we going to promote natural gas and develop the required infrastructure? Are we going to have blending energy systems?”

South Africa will have to find ways to involve the private sector and there is a need for serious engagement with government, he urged. “We will also have to find environmental pathways.”

Consumers also have difficult choices. “Go off-grid to control costs, but then you have to take responsibility for security and supply. There will be no grid back-up.” ■





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Chantell Ilbury, independent scenario strategist and facilitator



STILL HOPE FOR SOUTH AFRICA

TO PLAY IN PREMIER LEAGUE

There is still a 45% chance that South Africa could play in the premier league in the next five years. This will be determined by the country's competitiveness and social cohesion. However, there is also a 45% chance that South Africa could move to second league.

It seems that South Africa is sitting between these two scenarios at the moment, but there is also a 10% chance that South Africa could become a failed state.

These were the predictions of Chantell Ilbury, an independent scenario strategist and facilitator, at the Agbiz congress.

"The question is, do we have clarity and a vision of where we are going? It seems that there is no clear road and that South Africa is only meandering down a path with many negative flags that could determine the country's future," she said.

Ilbury said that if South Africa wants to stay competitive it needs quality education, a strong work ethic, and an entrepreneurial spirit. Social grants may not encourage such a spirit. Competitiveness also requires a high saving rate and businesses must have access to capital when they need it. Infrastructure must support a high-growing economy and South Africa must stay export-orientated if it wants to be part of the global playing field.

Other factors that will support South Africa's competitiveness include the following:

- A dual economy that will allow both small and big businesses to do well
- Social harmony
- An attractive environment and policies for foreign investment
- An efficient government that is able to deal with the complexity of the country's challenges

THREATS TO SA'S COMPETITIVENESS

According to Ilbury, the following issues seriously threaten South Africa's competitiveness:

- **Crime and corruption:** This is difficult to come to grips with and needs huge focus, not only from Government, but also from the business sector.
- **Infrastructure:** This will have a huge influence in determining South Africa's future competitiveness. Will roads, airports and seaports provide workable gateways to export?
- **Style of leadership:** This was the focus of African countries in the past as it determined a country's success or failure. This is currently in the spotlight in South Africa.
- **Pockets of excellence:** Do we have pockets of excellence, especially in education? Education is a key area as the country needs a pipeline of young people to take businesses forward. Ilbury expressed concern about the call for free education as the country could not afford this compared to other priorities such as health and infrastructure. "Some tertiary institutions believe that the quality of their education may not be of the same standard five years from now," she said.
- **Entrepreneurial spark:** Does South Africa have entrepreneurial spark? Ilbury believes that South Africa's school system does not allow young people to develop an entrepreneurial spirit. It is also very difficult to start a small business in this country because of red tape.
- **Independence of the judiciary and other institutions:** Since the Nene debacle, people are questioning this for the first time.
- **Nationalisation:** This has to be watched, although there are different models and not all mean total nationalisation.
- **Land ownership.**

AGRICULTURAL CHALLENGES

Issues that challenge a strong scenario for South African agriculture, a highly sustainable production environment and a strong economy include the following:

- Business-government engagement
- A shift to junk status
- Political transformation within the supply chain
- Effective research and development
- Extraordinary climatic events
- Appropriate response to climatic variability and disaster
- The sharing of information on climate change
- Trade agreements that are unfavourable to agriculture
- Technical adaptation

Ilbury told congress that a best-case scenario for agriculture would be if the country had a stable exchange rate and the sector had water and tenure security.

"There has to be an optimal mix between large and emerging farmers with new farming models being adopted. You will also have to produce affordable food."

Ilbury further pointed out that for a best-case scenario, farmers must have agriculture-friendly policies and there must be sufficient investment in research and development. Public-private partnerships with a consultative and collaborative government approach are also required.

"You need strong industry bodies, an integrated climate response and investment in infrastructure. These must be in line with the National Development Plan," she said.

The agricultural sector will have to plan its future by taking known certainties and uncertainties into consideration.

"You have to connect the dots in your sector between the key certainties and uncertainties that will affect your future. This may give you a view of that future. The increasing demand for food, climate change and pressure on the resources farmers rely on to produce, are examples of certainties.

"On the other hand, factors such as the access to export markets, the degree of investment in infrastructure and changing consumer patterns are uncertainties," Ilbury said.

TAKE NOTE OF THESE INTERNATIONAL TRENDS

Ilbury highlighted some international flags that South Africa cannot afford to ignore.

The religious flag with the spreading influence of ISIS in Europe is one of the most important concerns. "ISIS also operates in Africa, therefore it affects you as well."

Another concern is the ageing communities of Europe and countries such as Japan. This is, however, not an issue in Africa.

Ilbury said that Russian president Vladimir Putin's role in international politics also needs attention. "What is his strategic agenda? Is he only making a lot of noise or is there a new cold war on the horizon?"

Ilbury also discussed the anti-establishment flag. Locally, the EFF and its call for nationalisation is an example. "Donald Trump is certainly also playing the anti-establishment flag in America," she said.

The agricultural sector should take note of the green flag, Ilbury said. "Green issues such as climate change, carbon emissions and pressure on resources such as water and energy affect them directly."

Cop 21 in Paris last year gave green issues a more global focus. "We could even see some international legislation in this regard. The world is moving away from coal. South Africa, however, still relies heavily on mineral for energy production."

INTERCONNECTED

Ilbury pointed out that the world is much more interconnected than before. This will change the way in which countries trade. "There will be more emphasis on a regional approach and not an individual country approach. Our outlook will be more integrated."

There will also be far more interconnectedness with regard to resources such as water and energy as well as food security. "We are not going to deal with food, water and electricity security country by country. This creates more uncertainties but also opportunities," she said.

Ilbury believes that the world will experience a "hard-time scenario" over the next five years. Low growth will be a characteristic of this scenario. She said that many industries are doing research and development at the moment to position themselves for a new era.

Regarding global economics, Ilbury said that some people believe that China could be responsible for a next global financial crisis. ■





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STUDENT PROMOTION PROGRAMME

BECOMES PREMIUM EVENT AT AGBIZ CONGRESS

Since 2008 Agbiz has been hosting a very successful congress student promotion programme where top graduated students in agribusiness-related fields of study get the opportunity to meet and engage with industry leaders.

During the 2012 congress, the inaugural student case competition was hosted to provide students with the opportunity to showcase their academic abilities, skills and expertise, while finding practical and commercially viable answers to real-world issues. Since then, the competition has developed into one of the premium events at the congress to attend and to sponsor.

This year the four teams consisted of 16 students from the University of Pretoria, University of Fort Hare, Stellenbosch University, University of KwaZulu-Natal, North-West University and University of the Free State.

The case focused on South Africa's indigenous plants industry. Each team was provided with a five-hour time limit to develop a business plan for De Fynne Nursery, which is facing expansion challenges that could affect its potential for growth.

Teams presented their strategies and recommendations to a panel of judges consisting of industry executives

and leaders. The top two teams were selected to present in the final round at the congress and delegates voted for the team that impressed them the most.

The facilitators of the competition this year were Prof Johan van Rooyen, IFAMA president and director of the Centre for Agribusiness and professor in Agricultural Economics at Stellenbosch University, as well as Johan Boonzaaier, PhD student and BFAP researcher.

"Case studies can and should be exciting and fun. This year's competition had all of these – it truly was a great experience for all. The competitors were exceptionally strong, and they should be proud of their achievements," Van Rooyen says.

The winning team has won a trip on the Blue Train from Johannesburg to Cape Town. John Deere Financial sponsors the students' return transport as well as attendance of a leadership summit for all participating students in conjunction with Bathopele and ABSA AgriBusiness.

**THE FOLLOWING AGBIZ MEMBERS SPONSORED THIS YEAR'S STUDENTS:
FNB, Kaap Agri, Monsanto, NWK, Overberg Agri, Signa, SSK, Syngenta,
Talent Africa and TWK.**

FEEDBACK FROM STUDENTS

PILELA MAJOKWENI, University of KwaZulu Natal

“ The student promotion programme afforded an opportunity, which has probably, in a way, changed the trajectory of my future.



LUAN VAN DER WALT, University of the Free State



“ The opportunity to participate in the student promotion programme made me as a young man, who has to take on the “real world” after my studies, extremely positive about the future.

JAIMÉ MANUEL, Stellenbosch University

“ I was able to identify some of my own weaknesses in a team environment and I will hopefully improve those before I am required to participate in a team in the “real” world.



TATENDA MUTUNGIRA, University of Pretoria



“ I have gained exposure to the agri-business industry in terms of meeting top management of different organisations.

FEEDBACK FROM STUDENTS

HANNES VAN DER MERWE, Stellenbosch University

I take from this conference a motivation that sprouts from seeing anew how big a role agriculture plays in the economy and the overall well-being of South Africa.



LAWRENCE NJABULO NKOSI, University of KwaZulu-Natal



“ *It was great to meet top students from across the country and to get to know what they are planning to do with their academic skills.*

MICHAELA ZIETSMAN, North-West University

My views and perspective on the agri-economy in SA have changed immensely. My advice to future participants is to embrace the fact that you are totally out of your comfort zone, albeit comfort zones are beautiful places, nothing ever grows there.



More information about the students and their feedback on their experience is available on the Agbiz website: <http://agbiz.co.za/congress-2016/resumes-congress-students-2016-2>

STUDENT GALLERY



WINNING TEAM

Njabulo Nkosi (UKZN), Luan van der Walt (UFS), Carmen van Niekerk (UP) and Frieda Scheepers (NWU).

RUNNER-UP TEAM

Dominique Bougard (UFS), Michaela Zietsman (NWU), Tatenda Mutungira (UP) and Hannes van der Merwe (US).

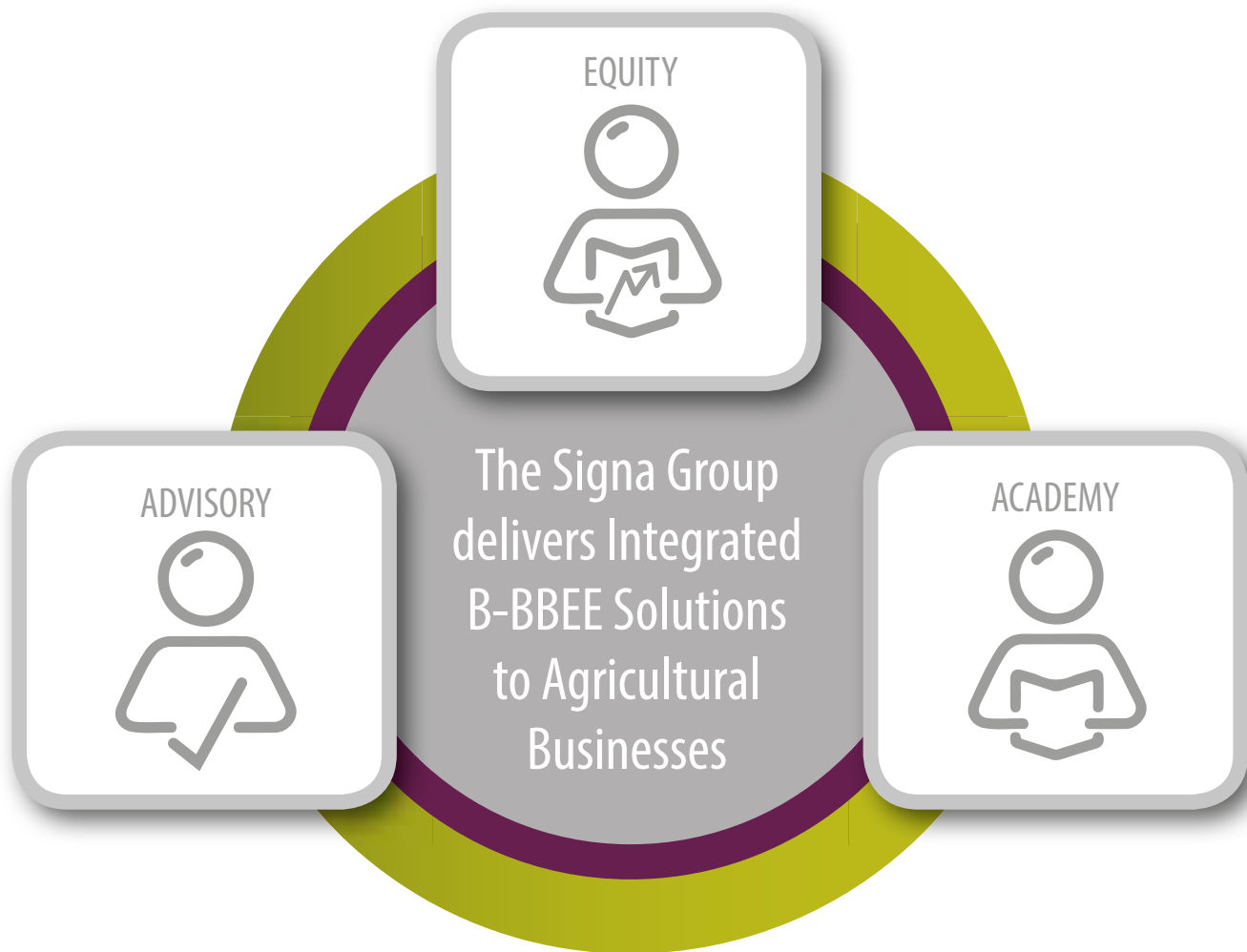
FRONT: Sanelise Tafa, Michaela Zietsman, Putuma Quqani, Carmen van Niekerk, Njabulo Nkosi and Pilela Majokweni.

MIDDLE: Panel of judges consisting of Sean Walsh, André Uys, Nico Groenewald and Melcus Nel.

BACK: Prof Johan van Rooyen, Hannes van der Merwe, Tatenda Mutungira, Manzi Sishi, Jaimé Manuel, Struan Garland, Frieda Scheepers, Luan van der Walt, Nothando Buthelezi, Dominique Bougard, Pascalina Mohlotsane and Johan Boonzaaier.







Since its establishment in 2004, the Signa Group has provided agricultural clients with a full range of B-BBEE consulting services. These include:

Equity Solutions | Skills Development Solutions | Enterprise and Supplier Development Solutions

#1Mil@2020 – Signa aims to impact 1 million lives by 2020 by delivering ethical and innovative transformation solutions.

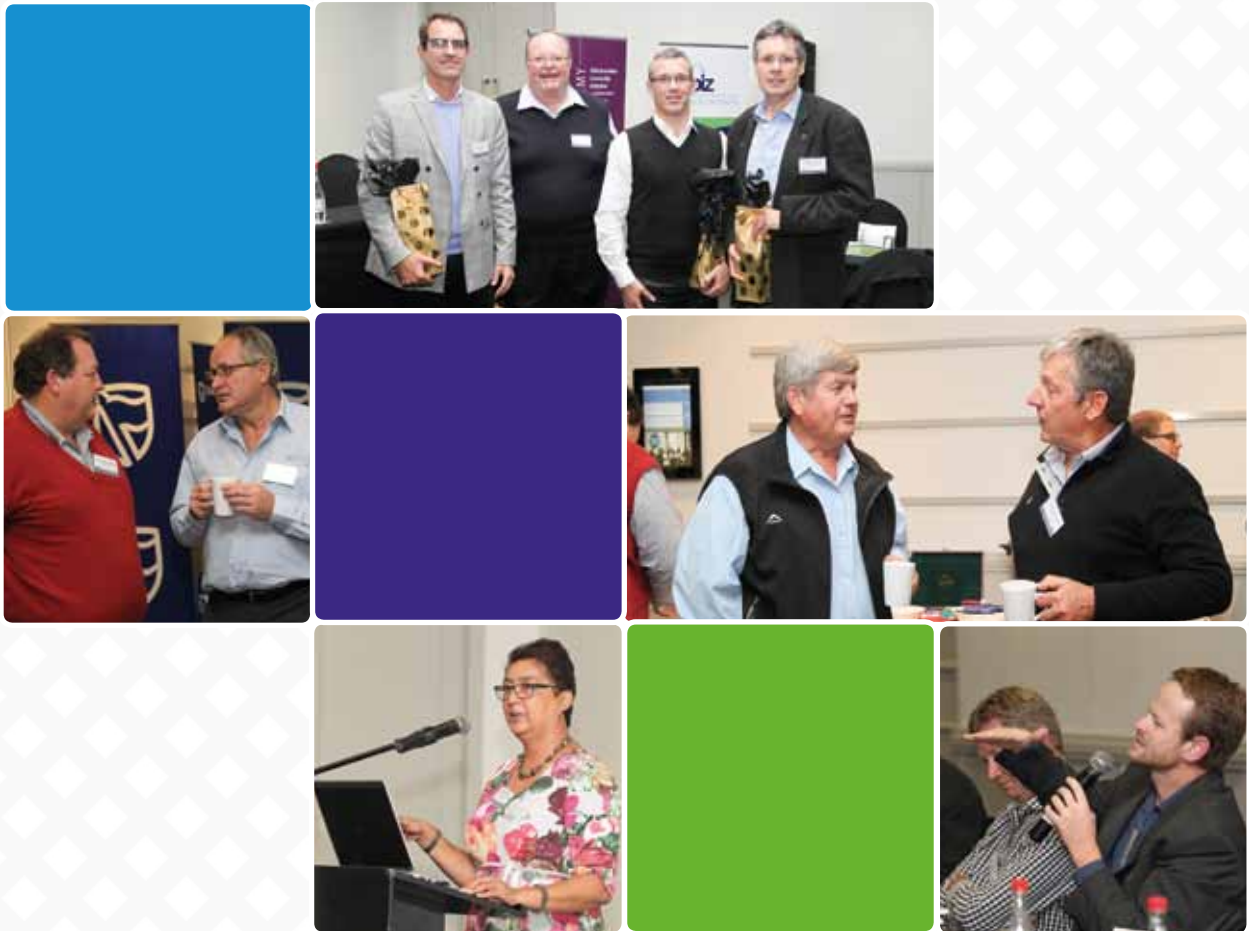
Signa would like to thank our existing clients for their support in transforming and developing the Agricultural Industry in South Africa. Herewith a few of our Agricultural clients:



Our Agri Transformation specialist, Melcus Nel, will gladly assist you with queries. Contact him on melcus@signa.co.za



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PRE-CONGRESS WORKSHOP:

TRANSFORMING LEADERSHIP IN AGRIBUSINESS

The Agbiz pre-congress workshop, themed “Transforming leadership in agribusiness”, was held on 31 May 2016 in conjunction with Signa and Agrifusion. This half-day event brought together 70 executive management and key employees from the agribusiness sector to gain insights aimed at making informed decisions on B-BBEE implementation.

The focus of the workshop was on ownership solutions, skills development and enterprise and supplier

development. The presenters were Murray Chabant and Melcus Nel from Signa, and Frans van Wyk and Stephen Hobson from Agrifusion.

Joyene Isaacs, Director General DAFF in the Western Cape, opened the workshop by pointing out that the three common goals in all political manifestos in SA are enhancing growth, reducing unemployment and focusing on youth.

Delegates were offered the opportunity to share their experience, knowledge and lessons learned. ■



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CONGRESS GALLERY

The social side of the Agbiz Congress 2016 provided plenty of networking opportunities.









WELCOME FUNCTION

The congress welcome function, sponsored by Afgri, was held on 31 May 2016. This event, attended by more than 200 guests, marked the beginning of a very successful congress.



Chris Venter, CEO of Afgri addressing the guests at the welcome function



Wine was sponsored by GWK





Mosstrich sponsored ostrich meat for starters

Francois de Wet (Mosstrich), Neil de Klerk (GWK), Schalk Pienaar (Agbiz), Chris Venter (Afgri) and John Purchase (Agbiz)





AGBIZ 70TH ANNIVERSARY GALA DINNER



Agbiz's 70th anniversary was formally marked at the gala dinner of the congress, which was held on 1 June 2016. Other highlights were the presentation of honorary awards and the announcement of the winners of the student case competition. The event was sponsored by Absa AgriBusiness and John Deere Financial.



The gala dinner commenced with a toast on stage led by Schalk Pienaar (chairperson of Agbiz), Dr John Purchase (Agbiz CEO) and sponsors Cobus Wells (Absa AgriBusiness) and Antois van der Westhuizen (John Deere Financial)



Prof Mohammad Karaan accepting the Agbiz Honorary Award for his exceptional service to organised agriculture in South Africa from Schalk Pienaar



Hans van der Merwe accepting the Agbiz Honorary Award for his exceptional service to organised agriculture in South Africa from Schalk Pienaar

Winning team of the student case competition with Johan Boonzaaier and Prof Johan van Rooyen

KLK Agriculture sponsored Karoo Lamb for starters



POST-CONGRESS TOUR

To finish off the congress, a post-congress tour was hosted by Obaro and Agbiz on 3 June 2016. Delegates visited Die Bergkelder wine cellar in Stellenbosch where they were treated to an exceptional wine and salt four-course lunch, consisting of a fine collection of local and international salts with recipes that meld seamlessly with Die Bergkelder's range of wines.

*THOSE WHO DIDN'T JOIN THE TOUR MISSED
OUT ON A MARVELLOUS DAY.*





THANK YOU FOR

Agbiz would like to express its gratitude to all congress sponsors, exhibitors and media partners for their generous support.

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SUIDWES
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VINPRO
Wine for Agbiz pre-congress workshop
lunch

Media partners



AGBIZ MEMBERSHIP

The turnover/exposure of members exceeds R320 billion per annum, which makes them major role players not just in agriculture and agribusiness, but in the economy of South Africa as a whole.

Key constituents of Agbiz include the major banks, short-term and crop insurance companies, agribusinesses and cooperatives. They provide a range of services and products to farmers and various other businesses and associations in the grain, horticulture, viticulture and animal product value chains of the agro-food industry in South Africa. As the business landscape continues to grow, change and transform, it brings opportunities for more agribusiness enterprises to join as Agbiz members.

MEMBERSHIP BENEFITS INCLUDE THE FOLLOWING:

- Agbiz is the only organisation that serves the over-arching and common business interests of agribusinesses in South Africa
- The core focus of Agbiz is to create a competitive and macro-economically sound environment within which its members can operate successfully and prosper, and which ultimately benefits the country by ensuring food security, job creation and economic growth
- Agbiz is closely involved in the legislative and policy environment on many fronts
- Agbiz facilitates considerable networking opportunities so that South African agribusinesses can play an active and creative role within the local and international organised business environment
- Agbiz is an affiliate of Business Unity South Africa (BUSA) and associated with various international organisations such as the Business and Industry Advisory Committee to the OECD (BIAC) and the International Food and Agribusiness Management Association (IFAMA)
- Agbiz has an efficient administrative structure and a dynamic personnel complement

MEMBERSHIP CLASSES

Corporate membership

- Automatic representation on the Agbiz Council
- Maximum voting rights at the biennial Agbiz Congress
- A fixed corporate membership fee is annually approved by the Agbiz Council

Basic membership

- Access to Agbiz Council meetings through the election of five basic members to council at the biennial Agbiz Congress
- Voting rights are determined according to a pro rata contribution to corporate membership fees

- The membership fee for basic members is determined according to their turnover, with a fixed minimum fee

Dedicated desk members

- The Agbiz constitution allows for the establishment of dedicated industry desks within Agbiz in the event of an industry-specific need and according to merit
- Only corporate and basic members qualify for designated desk membership
- The membership fee is determined according to the dedicated desk agreement ■

THROUGH AGBIZ, MEMBERS CAN ACTIVELY AND CREATIVELY PARTICIPATE IN A NETWORK THAT IS WIDELY RECOGNISED AS IMPORTANT, POLITICALLY NEUTRAL AND INFLUENTIAL IN THE AGRIBUSINESS SECTOR OF SOUTH AFRICA.

If you wish to join Agbiz, call us on 012 807 6686 or download the membership form from our website: www.agbiz.co.za/about-us/membership



At Absa AgriBusiness, we believe in nurturing lasting relationships with our clients to put them on the journey to success.

Absa has been a partner in the agricultural environment for the past 100 years, and has used this wealth of experience to develop tailor-made, world-class business solutions for all commodities in the sector.

Absa understands agriculture and the significant role it plays in the South African economy. It currently contributes 25% of the GDP when combined with linked sectors, and provides jobs to more than 850 000 permanent workers. Absa also has experience and insight into the unique demands and risks involved in the agricultural sector. Farmers have relied on Absa for strategic planning and the empowerment of farming communities for over a century. Our tailor-made range of agricultural services and solutions provide farmers with the financial support and peace of mind to run their businesses, no matter what the size.

When you partner with Absa, you are not partnering with just any bank, you are partnering with the bank that is here for you to [prosper](#).

Please contact Absa AgriBusiness: agribusiness@absa.co.za / 011 350 6854 for further information.





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