



Agricultural Business Chamber Landboubesigheidskamer

MEDIA RELEASE

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AGRICULTURAL BUSINESS CHAMBER'S RESPONSE TO MINISTER GORDHAN'S BUDGET SPEECH

The Agricultural Business Chamber (ABC) found the Minister of Finance, Min Pravin Gordhan's Budget Speech on 23 February 2011 to be predictable and positive. It is responsive and reflective towards the challenges faced in South Africa and in consideration of the global economic changes. This predictability and stability is essential for business and is therefore welcomed by the ABC.

The Minister's focus on addressing the slow economic recovery and high unemployment is encouraging. The mentioned collaborative approach between the Monetary and Fiscal Policy is also welcomed considering the stimulus effect required from the fiscal policy and the management of price and financial stability by the monetary policy. Notably, the Minister took cognisance of the risky inflation outlook, especially considering the increase food inflation.

The ABC is also delighted with the Minister's emphasis on agriculture, specifically referring to "stepped up support to primary agriculture" and various mentions of rural development programmes and initiatives. The support announced for implementation programs for Industrial Policy Action Plan (IPAP), as well as the funds allocated to the Industrial Development Corporation (IDC) for agro-processing, is well received. The ABC believes that the development of agribusiness and agro-processing industries will enable growth and employment, especially in rural areas.

The much appreciated announcement of support for Infrastructure development, Research and Development and Trade facilitation, is considered by the ABC as amongst the most important factors towards enabling the agribusiness environment to succeed and to enhance competitiveness of the sector. The proposed investment in infrastructure development and road maintenance can have a

significant effect on decreasing the cost of transport and overall cost of doing business in South Africa.

The ABC supports the corruption control initiatives mentioned by the Minister. Effective corruption control can make a significant contribution to service delivery in rural towns, which will lower the cost of doing business for agribusinesses, and therefore ultimately the cost of food.

The ABC would like to congratulate Minister Pravin Gordhan on good fiscal discipline and his visionary approach on enabling the South African economy to grow and let the national budget make a difference in all South African lives.

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