

OPINION PIECE:

This is how Cyril Ramaphosa's speech affects agriculture

By Wandile Sihlobo, [Business Day](#), 18 February 2020

My agricultural take on President Ramaphosa's State of the Nation Address (SONA) can be segmented into three areas. Firstly, the President reaffirmed the government's commitment to various sectoral master plans that are currently being developed, with specific mention of the textile and clothing, sugar and poultry master plans. These are industries that have been under pressure in the recent past, in part, because of rising input costs and stiff competition from imported products. Trade policy has a role in stabilising these industries. Importantly, the master plans highlight that leveraging public-private partnerships is key to ensuring that plans are not only drafted on paper and shelved, but there is a commitment to execution.

Secondly, the President noted that the government will implement key recommendations from the Presidential Advisory Panel on Land Reform and Agriculture to accelerate land redistribution, expand agricultural production and transform the industry. There has been a lot of talk about this report, which I won't delve into in this particular column. Worth noting is that not all proposals made in this particular report will require legislative amendments – a long process that requires wide-ranging consultations.

The following nine recommendations contained in the report do not require legislative amendments, but merely political will and stakeholder commitment to initiate: (1) create innovative financing mechanisms, (2) create a 'land register' to house donations, (3) identify and release state land, (4) conduct a land audit, (5) subdivide land already acquired by the state, (6) providing tenure grants for certain occupiers, (7) root out corruption in the Department of Agriculture, Land Reform and Rural Development, (8) reallocate water rights in conjunction with land allocation, and (9) finalise outstanding restitution and labour tenant claims.

Be that as it may, the ongoing debate about Section 25 of the Constitution, is the most contentious issue in South Africa's land reform and agricultural policy circles at the moment. I hope that an unequivocal policy direction will emerge in the coming months when the Parliamentary Ad Hoc Committee on Section 25 finalises its work and reports to the National Assembly. Whatever decisions will be taken, lawmakers should be cognizant of the fact that South Africa's agricultural sector is capital intensive. Hence, to achieve growth and prosperity, the policies the country adopts should attract capital investment.

Thirdly, and perhaps most interestingly, the president noted that "this year we will open up and regulate the commercial use of hemp products. Thereby providing opportunities for small-scale farmers, formulating policy on the use of cannabis products for medicinal purposes and building this industry in line with global trends. The regulatory steps will soon be announced by the relevant ministers."

South Africa is not the only African country that is taking interest in cannabis. African countries have in the recent past reformed their cannabis regulations – moving away from it being a prohibited drug to a source of income as an exportable commodity. This seems to be particularly the case for South Africa, although it is still unclear how much revenue the country can derive from this plant.

Such countries include Lesotho, which was the first African country to issue licences for the cultivation of medical cannabis in 2017. Zimbabwe issued its first cannabis licence in March 2019. Zambia is the latest country to legalise medical cannabis, announcing in December 2019 that medical cannabis for export would be permitted in the country. Eswatini have also put in place a draft bill regulating cannabis. Uganda has also taken positive steps towards legalisation of medical cannabis, looking at formalising the process in 2020. Malawi is also making strides in putting in place its own licensing regime.

These agricultural focal areas of the SONA present relevant policy areas that could expand South Africa's agricultural fortunes, hence, they should resonate well with agricultural and agribusiness stakeholders, as well as venture capitalist. Going forward, swiftly moving formulation and implementation of the necessary policies will be critical.

Sihlobo is chief economist of the Agricultural Business Chamber of South Africa (Agbiz) and the author of [*Finding Common Ground: Land, Equity and Agriculture*](#) (a book to be released in April 2020).