

Agbiz Press Statement

14 February 2020

Agbiz responds to the 2020 State of the Nation Address (SONA) by President Cyril Ramaphosa

“Agbiz welcomes the greater realism articulated in the State of the Nation Address (SONA) by President Cyril Ramaphosa, and especially welcomes the emphasis on inclusive economic growth to address key challenges facing South Africa. Considerable reference was made to developing social compacts between government, business, labour and communities to answer these numerous challenges, including especially the high unemployment rate. Agbiz is involved in a number of these initiatives, including the development of a master plan for the agriculture and agro-processing sector, and supports this approach by the government,” Dr John Purchase, CEO of Agbiz, indicated.

The extensive reference to Eskom and the electricity supply issues impacting negatively on the economy highlighted the need to implement the Integrated Resource Plan (IRP 2019) as a matter of urgency, and to allow businesses and households to generate their own electricity. The changed attitude towards energy generation, including the move to renewable sources of energy, is strongly welcomed and this needs to translate into immediate action.

“A key challenge identified by the president, and one of great concern to the agribusiness environment, is the deteriorating capability of the state, including state-owned enterprises (SOEs), to deliver basic services. Without efficient services, including all logistics services, it will be extremely difficult to maintain and improve the global competitiveness of our many value chains in the sector,” Dr Purchase stated.

We are particularly delighted that the president recognised the challenges in logistics that could slow South Africa’s agricultural exports. The president noted that “our ports are congested and inefficient. During the course of this year, we will undertake a fundamental overhaul of the Durban port – the third-largest container terminal in the Southern Hemisphere – to reduce delays and costs.” This has been a challenge for

agribusinesses, specifically citrus exports in recent years. “Expediting the issuing of water use licences is also a welcome development, which we hope will be a positive contributor to agricultural expansion, which the president reiterated remains central to South Africa’s economic development.”

On land reform, the president referred to the proposed amendment to section 25 of the Constitution to make provision for expropriation with nil compensation under circumstances, as will be indicated in the Expropriation Bill now before Nedlac. Agbiz again reaffirms its opposition to this unnecessary and damaging approach to land reform, investment confidence and the commercial viability of the sector.

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