

# Agricultural Sector Bullish About Its Role in South African Economic Recovery

**Pretoria, 23 October 2018** - This is a joint statement by the Chief Executive Officers of five state-owned institutions that service and support the South African agricultural sector namely, the Agricultural Research Council, the Land Bank, the National Agricultural Marketing Council, the Perishable Products Export Control Board, and the Onderstepoort Biological Products.

While the Agricultural Research Council, the Land Bank and the National Agricultural Marketing Council initiated their collaboration in March 2017, the need to strengthen the partnership was soon recognised, and the inclusion of the Perishable Products Export Control Board and the Onderstepoort Biological Products as key state owned organisations with capacity to influence South African agriculture through collaboration resulted.

This collaboration is not limited to the five state-owned entities. Participation of government departments, notably Department of Agriculture Forestry and Fisheries, the Department of Rural Development and Land Reform, the Department of Science and Technology and the private sector through an effective public-private partnership is central to the success of this collaboration. The CEOs recognise the challenges faced

by the agricultural sector especially in light of a structurally transforming economy. An economically vibrant agricultural sector has strong multiplier effects into the rest of the economy. State-owned entities in the agricultural sector have an important role to play in stimulating such needed vibrancy in the sector.

As the country gears up for the 2018 medium-term budget statement, the five CEO's note the encouraging renewed policy focus on agriculture as witnessed in recent statements by President Cyril Ramaphosa on economic stimulus and recovery plans for the country which among other things, seeks to reprioritise funding towards investments in agriculture and economic activity in townships and rural areas.

The agricultural sector is one of the key economic sectors of South Africa. The sector employs around 700 000 workers per annum which makes the sector one of the biggest employers in the South African economy and a net contributor to the Growth Domestic Product (GDP). By 2030, the agricultural sector is expected to create one million jobs, the kind of growth that no other sector of the economy has potential to rival. It is a growing sector with a potential

to prompt further growth in other sectors such as manufacturing.

Agriculture is positioned to provide solutions to some key economic challenges and is supported by organisations with records of accomplishments dating back decades in agricultural research, biosecurity, food safety, marketing and agricultural finance. These organisations have been critical in maintaining South Africa as the most food secure nation on the African continent. Compared to other sectors such as mining and manufacturing, agriculture shows potential to reduce poverty and hunger.

The recent high court judgement opens doors for the agricultural sector to utilise hemp for industrial and medicinal purposes. Industrial hemp is utilised to manufacture over 25 000 different consumer products ranging from hemp apparel and accessories to house-ware and hemp seed oil cosmetics. Some of the products made from hemp include clothing, shoes, diapers, rope, canvas, cellophane, paints, fuels, chain lubricants, biodegradable plastics, paper, fibreboard, cement blocks, food, cosmetics, and soap, and the list is by no means exhaustive. These products demonstrate agricultural sector resilience and potential to influence economic transformation.

The five CEOs reiterate the importance of the different roles that each of their entities play in supporting the afore-mentioned efforts that aid in building a strong, growing, productive and equitable agricultural sector. As we anticipate the outcomes of the parliamentary process that seeks to find constitutional ways of accelerating land

redistribution, it is important to assure all that the five institutions are geared up to provide continued support to new entrants into farming in various ways including affordable finance, technology, biosecurity and technical support, compliance services and market access without neglecting traditional partners.

In the spirit of the National Development Plan, guided by relevant policies such as the Department of Agriculture's national policy on Comprehensive Producer Development Support, the five organisations have joint pilot projects demonstrating the ability of government entities to work in a coordinated fashion. This systematic is key to alleviate supply-side constraints that tend to hold back a typical entrant from succeeding in the business of farming.

The CEOs acknowledge the enormous task facing the sector such as the ever-changing climatic conditions and global competitiveness. Public investment into the agricultural sector through the five institutions would amplify the positive role that agriculture plays in the overall South African economy's performance. Increased research and development outputs will increase the South Africa agriculture's productivity.

In conclusion, the CEOs believe that the medium-term budget speech presents an opportunity for the Minister of Finance to provide further details around the reprioritisation of funding towards meaningful agricultural investment especially in the economically marginalised former homeland areas whose agricultural potential remains largely under-realised.

Statement published by the five State Entity CEO's



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