



**Frontier Advisory — The Johannesburg Stock Exchange  
Morning Seminar  
“The Farms Race: The rush for food security in Africa”  
Monday, 31<sup>st</sup> August 2009 | 8.00am - 9.30am**

**Introductory remarks:**

**Maureen Dlamini**, *Executive Head, Africa Board; Senior General Manager, JSE Education Division*

Maureen is responsible for driving the Sales, Marketing and Relationship Management of the Africa Board, an initiative that aims at promoting the growth of capital markets on the African continent. As Head of Education she is responsible for developing investor education programmes that target various audiences such as high schools, universities and the general public. Maureen began her career in the financial sector with Barclays Bank in Zambia as a graduate trainee. There after she joined the first black short-term insurer, Lion of Africa, where she was Executive Head of Corporate Affairs, responsible for marketing and Human Resources. She holds a BA (ED), Diploma in Labour Law and an Advanced Certificate in Leadership from UCT.

**Chair:**

**Dr Martyn Davies**, *Chief Executive Officer, Frontier Advisory (Pty) Ltd*

Martyn is the number one ranked analyst in South Africa in the “Other African Economies & Markets” category as awarded by the Financial Mail in its Annual Analysts of the Year awards in 2007. Martyn is the Executive Director of the Centre for Chinese Studies (CCS) at Stellenbosch University that was established under the South Africa – China Bi national Commission at Vice President level. He is also a part-time faculty member at the University of Stellenbosch Business School. Martyn is a Senior Lecturer at the Gordon Institute of Business Science (GIBS), University of Pretoria, South Africa where he heads the Asia Business Centre and lectures on MBA, Executive and Company-Specific programs.

**Speakers:**

**Herbital Hunguka Maluleke**, *Manager: International Trade Intelligence, Agricultural Business Chamber.*

Herbital holds MSc Agricultural Economics from the University of the Free-State, post-Graduate Diploma in Management Practice (Trade Law and Policy Management) with the Graduate School of Business, University of Cape Town. His main areas of expertise include Agribusiness planning and development, International trade. He is currently studying towards his LLM (International trade Law) with the University of Witwatersrand. Herbital is currently employed by Agricultural Business Chambers (ABC) in Pretoria, South Africa as a Manager: International Trade intelligence. Before joining ABC, Herbital was employed as an Agricultural Economist: Market Environment at Grain South Africa. He has a thorough knowledge of South African Agriculture, business and social issues with specific emphasis on agribusiness, agricultural water management, land and production. He has written and presented papers at conferences on agribusiness development, agricultural water conservation and demand management.

**Jane Molony**, *Executive Director*, Paper Manufacturers Association.

Jane grew up on a Timber farm in southern KZN and edited a technical journal for the Forest Products sector for a number of years. She subsequently headed up the industries technical association before joining the paper manufacturers association as Executive Director. She represents PAMSA members Sappi and Mondi on the sectors BBBEE transformation charter council and chairs the council's land claims task team. She is also a member of BUSA's Trade Committee, attends the DTI Industrial forum and Nedlac interactions.

**Andrew Martals**, *Head of Granlink International*, Senwes.

Andrew was educated in Cape Town, receiving the Degree of Bachelor of Business Science from the University of Cape Town (UCT). He started his career in Tiger Oats in Cape Town, later heading their International commodities trading office in Durban. Andrew has worked for both South African and Multinational companies, always in the field of Agricultural Commodities. He currently heads Grainlink International, which is Senwes's newly established international trading division. Andrew brings with him considerable experience and knowledge in the field of agricultural commodities, in terms of fundamental developments as well as trading flows, within the Southern Africa region and internationally.

### Seminar Summary

**Maureen Dlamini** provided the introductory remarks for the seminar by pointing out that while 70% of Africans are involved in some form of agriculture, one third of the continent suffers from malnutrition. The continent's agricultural sector is challenged by high population growth, limited access to technology and - more recently - the acquisition of African farm land by countries such as the United Arab Emirates, China, India, Japan and Libya.

**Dr Martyn Davies** opened the discussion by emphasizing the vital role of agriculture in Africa. The sector contributes 30% to Africa's GDP and forms 40% of exports from Africa. The continent consists of 80 million small holder farms farmed by farmers who are passionate about their land as was demonstrated in Madagascar with a 1.2 million hectare land deal with South Korea being a major catalyst to the recent coup.

**Jane Molony** began the panel discussion with a forestry perspective on Africa's agriculture sector. Molony pointed out that a key issue in the sector is that there is a limited transfer of technology from commercial farmers to farmers on small holdings and that for the sector to be more successful it would have to focus on increasing the yields of small farmers. The forestry industry has huge potential in South Africa with specific regard to agro-forestry, renewable energy, bio-refinery pulp mills and carbon sequestration. Development in this industry appears to be backed by government with the formation of a new ministry focusing on this sector. Molony explained that the South African agricultural sector was a highly regulated one and therefore far less likely to be exploited than countries without agricultural policy frameworks in place.

**Herbital Hunguka Maluleka** gave a background to the "Farms Race" by explaining that its origins lie in the pursuit of food security; the need to increase global food production - the world will need to produce 1.5 times more food by 2030 and 2 times more food by 2050; a deteriorating natural resource base; the need for bio-fuel and for profit.

African countries are said to gain from land acquisitions by foreigners because these foreigners bring technology, infrastructure, foreign capital, employment opportunities, commercial diversification, development of value-added production and GDP growth. There are major concerns however, with regard to the fact that the "Farms Race" brings food security to the acquiring country, but land insecurity to Africa with the displacement of small farmers; other challenges to consider are the application of inappropriate economic models and the lack of transparency about the deals. Maluleka emphasized the need for African governments to have an effective policy framework whereby the property rights of small farmers are protected, the process is more transparent, the environment is protected and whereby the situation could progress from being a potentially neo-colonial to one where everyone gains. Maluleka suggested that the "Farms Race" be closely monitored by government, media and civil society.

**Andrew Martals** began his talk by highlighting three agricultural trends in the last 3-5 years, namely a huge change in diet to a diet that is higher in protein, an increase in the world's population in absolute terms and the increased focus on using sugar, maize and soy beans for bio-fuel rather than food. In recent years the mindset regarding food has changed from one where supply was not a problem to one where food security has become a major issue. The world's major food producers are producing record crops, but in spite of this, prices remain high - this, coupled with the economic recession, makes for challenging times for the consumer.

Martals pointed out that in terms of the availability of land, Africa is one of the few areas left where land is available for the production of the vital summer crops - maize and soy beans - a major contributing factor to the "Farms Race".

Martals emphasized the fact that the key to agricultural development in Africa lies in the promotion of small farmers with programmes that provide the necessary input needs, technology, training and correct price discovery. African countries also need to lift trade barriers and focus more on regional trade.

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