

# Welcoming and introduction:

## Agbiz and its role in South Africa's economy

Agbiz Information Day

John Purchase

8 November 2019

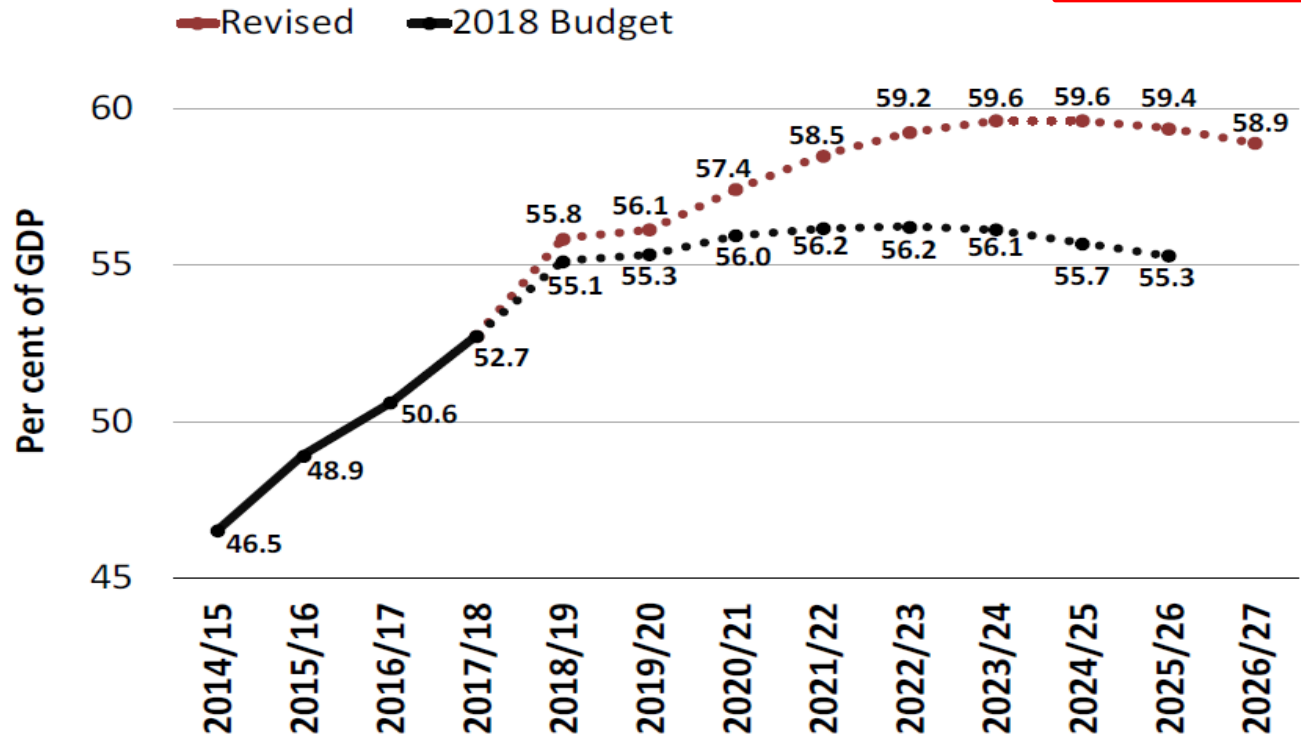


# For today.....

1. Warm welcome to all
2. Rationale for Info Days
3. Agbiz core objectives
4. How do we achieve these objectives?
5. Enjoy the day and stay connected!

# Debt outlook

Gross debt-to-GDP outlook



Heading for 68%

- Debt is expected to stabilise at 59.6 per cent of GDP in 2023/24
- In the current year, upward revisions to gross loan debt reflect the wider deficit and weaker exchange rate

Rating agencies? Only Moody's still investment grade. Stable outlook to hold?  
Fitch: Further downgrade to negative sub-investment grade

# Warning from BUSA



**Business Day**

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**NEWS**

**ANC in distress, divided, crippled, says Nzimande**

The ANC is in distress, divided and crippled by fighting amid a "huge attempt" to displace President Cyril Ramaphosa, SA Communist Party (SACP) general secretary Blade Nzimande says. The SACP is a member of the tripartite alliance together with the ANC and union federation Cosatu. Its support is crucial for Ramaphosa as he seeks to clean out the widespread corruption and rot that has crept into the government and the ruling party, mostly in the past 10 years. /Page 3

**State asked to raise corporate taxes**

The government must consider increasing corporate taxes and put in place an economic policy that deviates from inflation targeting to curb the rising unemployment and poverty in SA, says the Alternative Information and Development Centre. Last week, Stats SA released worrying unemployment numbers which showed the country's official

**BUSINESS BRIEFS**

**SA gold misses big June quarter**

The June quarter was an important one for the gold market as the price broke out of a tight range, but SA's gold industry missed it. Outlining key findings in the World Gold Council's latest update, Alistair Hewitt, a director at the council, said not only was the traditional driver of US interest rates a factor in steering the gold price, but also strong inflows into gold-backed exchange-traded funds. /Page 9

**Rebosis to sell Grand Central**

Rebosis Property Fund will ease pressure on its balance sheet with the sale of Grand Central, one of its largest office assets in the Western Cape. /Page 10

**Discovery's action against Liberty**

Behaviour-driven insurer Discovery has taken its competitor Liberty to court over the latter's decision to reward customers who are taking care of their health by participating in a number of wellness programmes, including Vitality. /Page 10

**Bitcoin looks like 'safe haven' asset**

SA gold misses big June quarter

**Ramaphosa warned on runaway debt**

● Busa president Siphon Pityana says the economy is in a worse state than it was 18 months ago

**Carol Paton**  
Writer at Large

President Cyril Ramaphosa's management of the economy over the past 18 months has come under intense criticism by SA's biggest business organisation, which says runaway government debt now poses the risk "of taking us all down".

Business Unity SA (Busa) president Siphon Pityana says the economy is in a worse state than it was 18 months ago because of government's reluctance to take the hard decisions required to stabilise public finances and create conditions that are more conducive to economic growth.

Unless government itself acted to cut government spending, it would be forced into an austerity programme by the IMF when private lenders turned their backs on the country, Pityana said.

Since Ramaphosa came into office, SA's debt to GDP ratio has ballooned due to a number of

enue. In February, the Treasury said the debt to GDP ratio would stabilise at 60.2% in 2023/2024 and the state's deficit before borrowing would come in at 4.5%.

But Fitch Ratings said last week that after the latest bailout for Eskom it expected SA to miss these targets by far, with debt to GDP reaching 68% in 2021/2022 and possibly rising further, and the budget deficit reaching 6.3% at the end of 2019/2020.

The crisis is causing deep concern among business, labour and the public.

When Busa and Ramaphosa met two weeks ago, and again at a meeting at Nedlac on Thursday, Pityana and other business leaders were categorical that it is crunch time for SA.

"The debt situation is now posing a systemic risk," Pityana said in an interview on Friday.

"Domestic financial services companies are being coerced by government to continue lending. We are at a point where s



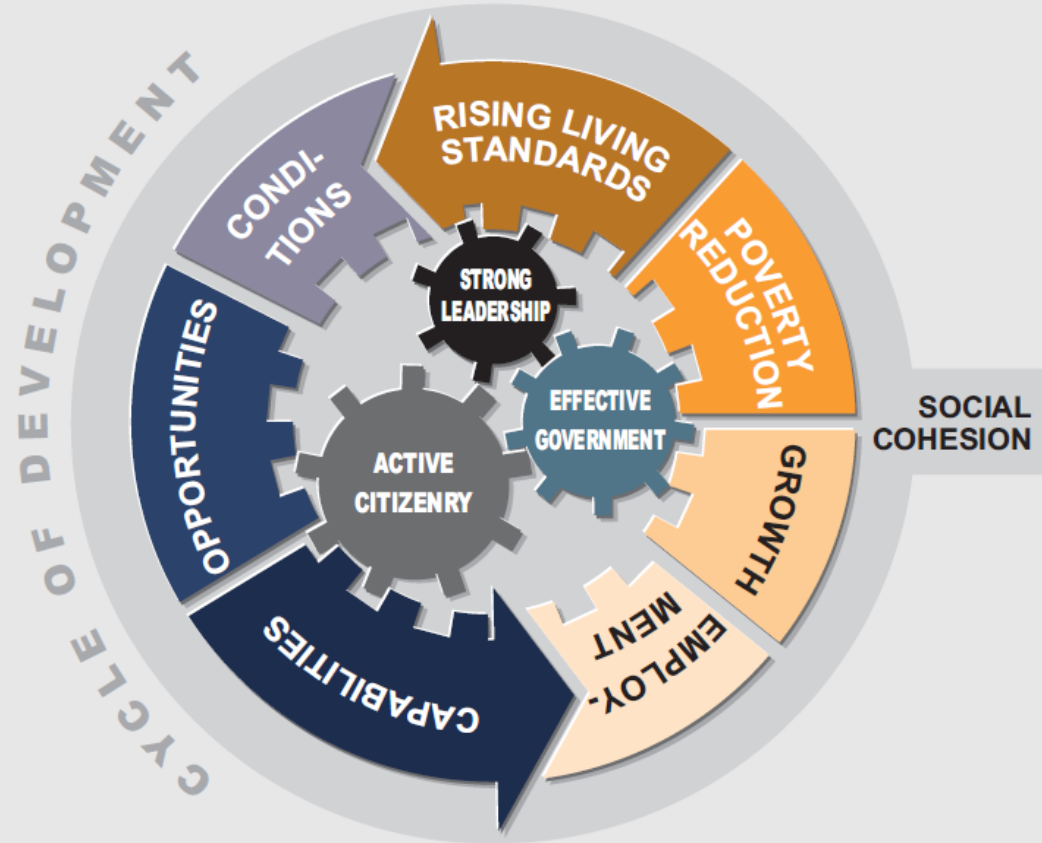
# S A CARRIERS GROUNDED



# Our future - make it work



FIG 1.1 AN APPROACH TO CHANGE



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# Core Objectives

## **Core objective 1**

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To promote agribusinesses and Agbiz as key stakeholders in the South African and African economies, and even further abroad.

## **Core objective 2**

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To influence the policy and legislative environment insofar as it affects agribusiness activities, by way of on-going and professional interaction with all relevant government institutions.



# Core Objectives

## Core objective 3

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To improve the commercial and sustainable agribusiness environment for members through network linkages, liaison and co-operation with influential groupings within the business environment, both locally and internationally.

## Core objective 4

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To support B-BBEE, transformation and development of emerging agribusiness and other role players in the agro-food value chain.

# Core Objectives

## Core objective 5

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To create unique, relevant and accessible agribusiness intelligence to support Agbiz programmes and members.

# How do we achieve these objectives?

## Core objective 1

To promote agribusinesses and Agbiz as key stakeholders in the South African and African economies, and even further abroad.

- Competitive value chains concept established
- Agri-food, agri-beverage and agri-fibre value chains estimated contribution to national GDP is ~14%, while primary agriculture around 2,5%.
- Agro-processing at 3,5% of total GDP, which is 25% of total Manufacturing Output.
- Major focus primarily on SA by far, but Africa connection important, and may become more important with AfCFTA.

# How do we achieve these objectives?

## Core objective 2

To influence the policy and legislative environment insofar as it affects agribusiness activities, by way of on-going and professional interaction with all relevant government institutions.

- **Engage Government on policy and legislation through:**
  1. Bilateral interaction (Agbiz, BUSA, Dept's CEO Forum, etc.)
  2. NEDLAC:
    - NEDLAC Act: formal legislated engagement structure
    - Jobs Summit developments and outcomes
    - Trade & Industry Chamber: Agbiz Convenor for Business
    - Active in Development, Labour Market & PFMP Chambers
  3. Public-Private Growth Initiative (PPGI) & Masterplan process
  4. Other engagements

# How do we achieve these objectives?

## Core objective 3

To improve the commercial and sustainable agribusiness environment for members through network linkages, liaison and co-operation with influential groupings within the business environment, both locally and internationally.

- Networking opportunity within Agbiz, e.g. council meetings, workshops, congress, etc.
- No business facilitation, but creating linkages important.
- BUSA very important. Leadership role there as well.
- IFAMA important from a global perspective.
- Also now BRICS Business Council (Agribusiness WG Chair).
- BIAC to OECD (through BUSA).



# How do we achieve these objectives?

## Core objective 4

To support B-BBEE, transformation and development of emerging agribusiness and other role players in the agro-food value chain.

- Service on AgriBEE Charter Council for 15 years now – need review!
- Agbiz/BASA Commercial Model for Land Reform – ex NDP.
- Awareness creation with members on inclusive growth imperative.
- Land Reform policy engagement
- Water Reform policy engagement
- Etc.

# How do we achieve these objectives?

## Core objective 5

To create unique, relevant and accessible agribusiness intelligence to support Agbiz programmes and members.

- Communication platforms such as weekly newsletter, daily market report, weekly government gazette summary, Agbiz website, and notices/reports to members.
- Presentations to various members, stakeholders, etc.
- Council meetings
- Workshops and Information Days
- Media day, etc.

**AUGUST**  
**2019**

**LAND REFORM**  
Status update





# Nedlac TIC Strategic Session

- Hosted by **Minister Ebrahim Patel**: totally new approach and welcomed. Emphasized **6 major focus areas**, viz.:
  1. **Expand markets for our products** and facilitate entry to those markets
  2. **Support improved industrial performance, dynamism and competitiveness** of local companies.
  3. **Improve the levels of investment** in the economy and help to achieve the target set by the President in SONA last year.
  4. **Promote economic inclusion.** (Competition legislation & B-BBEE)
  5. Promoting **more equitable spatial and industrial development.** (e.g. SEZ's)
  6. **Improve the capability of the state.** (CIPC example)
- Two cross-cutting themes for all 6 initiatives:
  - (i) Partnerships & (ii) Inclusion & Transformation

# Nedlac TIC Strategic Session (Continued)

Following broad discussion, Minister announced the following structures:

- A National Committee on the African Continental Free Trade Agreement.
- A Ministerial Export Promotion Panel. (Already process is under way)
- An SEZ Reference Group, with 5 seats for Business.
- A Port Charges Joint Committee, chaired by André de Ruyter and Yunus Hoosen.
- A 1-day session on the Technical Regulatory Agencies will be convened, to be preceded by the DTIC reviewing whether the existing regulations are conducive to growing the economy.
- An engagement on addressing Business' concerns regarding the functioning of SETAs to be held. Paul Theron (Business) and André Kriel (Labour) to draft a concept note.
- A Special Ministerial Session on BEE will be convened to endeavour to establish a broad-based BEE framework that maximises impact while minimising costs on business.
- A Committee on Digital Trade, with 2 seats per constituency.

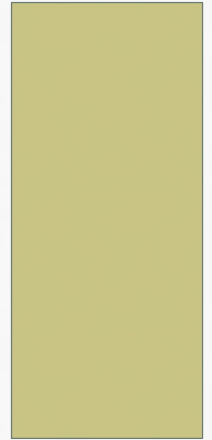
# Public-Private Growth Initiative

- Dr Johan van Zyl (Toyota International), Roelf Meyer, Min Dlamini-Zuma & Pres Ramaphosa
- Reference in SONA, Ministry Budget Vote speeches and other forums
- Now transferred to PMO in President Ramaphosa's Office
- **Merging of MTSF 2019-2024 with 5-Year Agric Value Chain Plan to develop Masterplan for Agriculture/Agro-processing value chain**
- Three projects from Agriculture Value Chain: (1) ADA (2) Citrus Industry (market access & logistics primarily) (3) Beefmaster
- **Will continue to drive process to create an improved investment and business environment.**
- **Mandates from respective value chains critical**

Overriding theme: Inclusive growth

AGRICULTURAL  
VALUE CHAIN

5 YEAR BUSINESS PLAN



# SECTOR STRATEGY AND PLAN

## b) Key Focus Areas

- |      |   |  |  |  |  |  |  |  |  |
|------|---|--|--|--|--|--|--|--|--|
|      |   |  |  |  |  |  |  |  |  |
|      |   |  |  |  |  |  |  |  |  |
| i)   | Expansion of Markets - internationally and locally<br>(Exports/Trade & non-tariff barriers/Increased R&D/Beneficiation) |  |  |  |  |  |  |  |  |
|      |   |  |  |  |  |  |  |  |  |
| ii)  | Training and skills development   |  |  |  |  |  |  |  |  |
|      |   |  |  |  |  |  |  |  |  |
| iii) | Feasible financing opportunities for new farmers<br>(Development and commercial finance)                                |  |  |  |  |  |  |  |  |
|      |   |  |  |  |  |  |  |  |  |
| iv)  | Climate change adaptation and disaster management   |  |  |  |  |  |  |  |  |
|      |   |  |  |  |  |  |  |  |  |
| v)   | Pest and disease management, including food safety considerations   |  |  |  |  |  |  |  |  |
|      |   |  |  |  |  |  |  |  |  |

# Inhibiting factors

## 3. Inhibiting factors:

(List matters that government needs to address to help making your 5-year-plans impenetrable)

### 3.1 Operational inhibitors

1	Inhibitor ONE	Lack of relevant and feasible trade policies and agreements for greater market access to meet new global and local consumer demands, including addressing biosecurity, and sanitary and phytosanitary (SPS) considerations.
2	Inhibitor TWO	Declining investment and especially capability in Research & Development. This impacts negatively on the efficiency and service delivery of the ARC, DAFF, DRDLR, NAMC, Inspection Services, Plant & Animal Health, etc.
3	Inhibitor THREE	Lack of coordinated and targeted and critical infrastructure investment coupled to growth initiatives, e.g. electricity, water, ports, rail, roads (especially communal areas as well), IT, etc.
4	Inhibitor FOUR	Uncoordinated Government programmes and support systems (National vs Provincial, Inter-Departmental, etc.). Also no alignment with private sector initiatives.
5	Inhibitor FIVE	Lack of targeted incentives to increase productivity & transformation in sector, e.g. tax relief or breaks, service delivery, tariff protection where warranted, etc.
6	Inhibitor SIX	Lack of capacity and skills in especially the public sector, with specific reference to legal registrations, regulatory services, AgriSETA, etc.
7	Inhibitor SEVEN	Illegal imports, international subsidies, crime and security.

# Inhibiting factors

## 3.2 Policy and legislation inhibitors (Required policy changes to ensure investment and growth)

1	Inhibitor ONE	PPP approach to assist with supply chain management and global market access. (Especially trade regulatory matters / FTA's / PTA's / Trade remedies & trade policy)
2	Inhibitor TWO	Adoption and support of new technologies. Innovation and R&D restructuring in agriculture value chain (Matters to be addressed: EPR/Crisp-R/Energy/Water/Climate change/PBR/Biosecurity)
3	Inhibitor THREE	Financing initiatives for new entrant farmers (Includes addressing: Title Deeds / Loans / Drought assistance / Blended finance / Insurance)
4	Inhibitor FOUR	Maintenance and extension of private property rights, incl. land & water.
5	Inhibitor FIVE	Turn-around strategy and implementation of infrastructure policy and plan (Road / Rail / Harbours / Energy / Water/ICT/etc.)

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# Thank you