Is there hope for SA Agriculture after May 2019 elections?

SATI Information Day, Paarl

John Purchase

23 August 2019
For today......

1. Political economy context:
   - Major Global & African risks and challenges
   - Major South African risks and challenges

2. Food Security and Competitiveness imperative

3. Confidence and growth in SA Agriculture

4. Developments in legislative and policy environment

5. Wrap up
Major Global Risks and Challenges

• New multi-polar global power dynamic – power shift to Asia (BRICS factor NB)
• Middle East tensions will continue
• Brexit and European Unity: Hard Brexit very likely, negative UK economic outlook
• USA vs China Trade War – impact on global trade dynamics major and irreversible, incl. WTO regime of multilateralism and dispute resolution mechanism.
• Global population & Africa’s demographic ‘dividend’
• Globalisation and Interconnectivity (4th IR) still a massive driver, despite general protectionist and “narrow nationalism” developments across the globe.
• Mass migration an outcome of conflict and globalisation/interconnectivity - very difficult to stop.
• Environmental sustainability issues, e.g. climate change and extreme weather phenomena, water availability and quality, biodiversity loss, pollution/waste, etc.
• Global GDP slowdown to ~2,5%, but recession unlikely. Some downside risks still.

More interconnected ➔ but greater uncertainty ➔ less control ➔ more risk ➔ greater opportunity and reward though ➔ identify and exploit!
China and India = 36.2% of global population, but 18.7% of global GDP

Africa = 16.9% of global population, but <5% of global GDP

Source: World Economic Forum
Countries by Population Size

Source: World Economic Forum
Urbanisation and Demographics.....

Africa’s population to exceed 2.0 billion by 2050. Africa’s population to exceed 4.0 billion by 2100.

World population to reach 11.2 billion by 2100

Either massive opportunity, or a critical risk......!
Major Global Risks and Challenges

- New multi-polar global power dynamic – power shift to Asia (BRICS factor NB)
- Ambitions of China & Russia, also India & Japan: Geo-political repositioning
- Middle East tensions will continue
- Brexit and European Unity: Hard Brexit very likely, negative UK economic outlook
- USA vs China Trade War – impact on global trade dynamics major and irreversible, incl. WTO regime of multilateralism and dispute resolution mechanism.

- Global population & Africa’s demographic ‘dividend’

- Globalisation and Interconnectivity (4th IR) still a massive driver, despite general protectionist and “narrow nationalism” developments across the globe.
- Mass migration an outcome of conflict and globalisation/interconnectivity - very difficult to stop.
- Environmental sustainability issues, e.g. climate change and extreme weather phenomena, water availability and quality, biodiversity loss, pollution/waste, etc.
- Global GDP slowdown to ~2,5%, but recession unlikely. Some downside risks still.

More interconnected → but greater uncertainty → less control → more risk → greater opportunity and reward though → identify and exploit!
South Africa’s Political Economy: Risks & Challenges

- Despite poll victory, ANC remains in turmoil – divisions and distrust will persist, given various Commissions of Enquiry into respectively ‘State capture’, SARS, PIC & NPA.


- Improved political certainty, with solid mandate for President Ramaphosa. Can he act to do what he knows has to be done? Difficult decisions have to be made.

- **Biggest concern: Lack of GDP growth and Competitiveness decline (WEF)**

- State capability a major concern – evidenced in DAFF & DRDLR. Also other Dept’s/SOE’s.

- Massive unemployment (>29%), especially amongst the Youth (>50%)

- Inequality – SA top of GINI Coefficient (WEF, 2018): populist calls & demands will persist.

- Service delivery protests increasing, especially rural areas, and more violent (ISS).

- Land & water reform will be at the centre of demands. Even nationalisation pressure on banks & mines, e.g. Reserve Bank.

- Crime & Security factor, including corruption and farm/rural safety concern.
South Africa’s GDP: 347,7 billion USD (2018)

416.9 billion USD in 2011

294.8 billion USD in 2016

2011 GDP per capita (US$) = 8,066
2016 GDP per capita (US$) = 5,261
2018 GDP per capita (US$) = 6,180

Source: WEF Competitiveness Reports
South Africa’s growth has decoupled from global growth
Business confidence leads fixed investment

BER Business Confidence (LHS)
Private Sector Fixed Investment % y/y (RHS)
Debt outlook

- 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, negative outlook. Fitch: further downgrade to negative sub-investment grade.
South Africa’s Political Economy: Risks & Challenges

- Despite poll victory, ANC remains in turmoil – divisions and distrust will persist, given various Commissions of Enquiry into respectively ‘State capture’, SARS, PIC & NPA.


- Improved political certainty, with solid mandate for President Ramaphosa. Can he act to do what he knows has to be done? Difficult decisions have to be made.

- **Biggest concern: Lack of GDP growth and Competitiveness decline (WEF)**

- State capability a major concern – evidenced in DAFF & DRDLR. Also other Dept’s/SOE’s.

- Massive unemployment (>29%), especially amongst the Youth (>50%)

- Inequality – SA top of GINI Coefficient (WEF, 2018): populist calls & demands will persist.

- Service delivery protests increasing, especially rural areas, and more violent (ISS).

- Land & water reform will be at the centre of demands. Also nationalisation pressure on banks & mines, e.g. Reserve Bank now.

- Crime & Security factor, including corruption and farm/rural safety, a major concern.
For today....... 

1. Political economy: 
   - Major Global & African risks and challenges 
   - Major South African risks and challenges 

2. Food Security and Competitiveness imperative 

3. Confidence and growth in SA Agriculture 

4. Legislative and policy environment 

5. Wrap up
Food Security Imperative
Components of Food Security

FOOD QUALITY & SAFETY (5)
- Nutritional standards
- Protein quality
- Food safety, etc.

FOOD AFFORDABILITY (6)
- Food consumption as % of DHI
- % of pop under GPL (<US$3.10)
- Presence of Food Safety Net Programmes, etc.

FOOD AVAILABILITY (8)
- Sufficiency of supply
- Volatility of agric production
- Agricultural infrastructure
  - R&D spend, etc.

Complex concept: Difficult to measure and evaluate.

Stability over TIME

Purchasing power key to access
2017 Global Food Security Index

2018: South Africa ranks 47th

SA Household Food Security a risk: ~20% of households food insecure

Source: Economist Intelligence Unit/DuPont

http://foodsecurityindex.eiu.com
Competitiveness Imperative
The Global Competitiveness Report 2018

The Global Competitiveness Index 4.0 2018 Rankings

Covering 140 economies, the Global Competitiveness Index 4.0 measures national competitiveness—defined as the set of institutions, policies and factors that determine the level of productivity.
## South Africa

### Selected contextual indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016 Rank</th>
<th>2017 Rank</th>
<th>2018 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population millions</td>
<td>47th</td>
<td>61st</td>
<td>67th</td>
</tr>
<tr>
<td>GDP per capita US$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>56.5</td>
<td>6,179.9</td>
<td></td>
</tr>
<tr>
<td>10-year average annual GDP growth %</td>
<td></td>
<td></td>
<td>1.7</td>
</tr>
<tr>
<td>GDP (PPP) % world GDP</td>
<td></td>
<td></td>
<td>0.60</td>
</tr>
<tr>
<td>Unemployment rate %</td>
<td></td>
<td></td>
<td>27.3</td>
</tr>
<tr>
<td>5-year average FDI inward flow % GDP</td>
<td></td>
<td></td>
<td>1.1</td>
</tr>
</tbody>
</table>

*Note: GDP (PPP) % world GDP, Unemployment rate %, and 5-year average FDI inward flow % GDP are not explicitly listed in the image, but are inferred from the context.*

2016 = 47\textsuperscript{th}

2017 = 61\textsuperscript{st}

2018 = 67\textsuperscript{th}
Agro-food Value Chain competitiveness

Analysis on:

• Relative Trade Advantage
• Comparative Advantage
• Competitive Advantage
• Porter diamond analysis (Participative analysis)
• Pioneered by Agbiz (Prof Johan van Rooyen and Dirk Esterhuizen) in early 2000’s. Still done!
South African Agricultural Sector
SA has now become a net exporter of beef

Source: Trade Map, Agbiz Research
For today......

1. Political economy:
   - Major Global & African risks and challenges
   - Major South African risks and challenges

2. Food Security and Competitiveness imperative

3. Confidence and growth in SA Agriculture

4. Legislative and policy environment

5. Wrap up
RSA Agriculture, Forestry & Fisheries GDP: 2005 -2018

Mean GDP growth per annum: ~1.4%

Source: Agbiz, Stats SA
South African agricultural fortunes shrink in Q1, 2019

- South Africa's agricultural economy started the year on a bad footing, contracting by 13.2% on a quarter-on-quarter seasonally-adjusted annualised rate (q/q saar). This came as a surprise as we expected a positive reading on the back of improvement in some horticultural subsectors, and the winter crops harvest. At the heart of it though, the contraction is in line with the numbers that are coming out of key horticultural industries that harvested during the first quarter of the year. Case in point being wine grapes, whose harvest is down by 2% from 2018, which was already down by 14% from a long-term average harvest. The citrus industry, which has been a source of positive news in the horticultural sector, with exports set to reach a record level of 137 million boxes of citrus fruit in 2019 due to large output, only started with its harvest activities in the second quarter, and we expect its fortunes to be reflected when the data become available.

---

Figure 1: South African agricultural economy

![Graph showing GDP (Agriculture) and Agbiz/IDC Agribusiness Confidence Index](image)

Source: Stats SA, Agbiz Research
Inconsistencies in policy impacts agricultural business confidence and investment

(Shaded areas indicate periods when rainfall across South Africa was below the average level of 500 millimetres)
Fortunately, there has not been disinvestment in SA agriculture thus far.
Movable assets sales have been solid thus far

Value of sales South Africa’s agricultural machinery, implements, motor vehicles and tractors

Source: Department of Agriculture, Forestry and Fisheries, Agbiz Research
Evolution of farm sizes in SA: mechanisation has been key on this process

Area of farm land (hectares),
Number of farms

Farming Units and Farming Area in South Africa

<table>
<thead>
<tr>
<th>Year</th>
<th># of Farms</th>
<th>Area ('000 ha)</th>
<th>Size</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1928</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1938</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1948</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1958</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
...but mechanisation has largely been funded by debt from local institutions

**FDI in SA agriculture on a decline**

![Graph showing FDI in SA agriculture from 2012 to 2016](image)

**SA farm debt growing**

![Graph showing SA farm debt from 1980 to 2015](image)
SA’s Agricultural imports, exports & trade balance

Source: ITC, Agbiz Research
South Africa's agricultural exports by region

Source: ITC, Agbiz Research

*ROW* represents Rest of the World
Indexed GDP: Agro-processing vs Manufacturing Output

South Africa's Manufacturing Output Index (Seasonally adjusted)

Agro-processing: ~25% of MO and ~3.5% of GDP

Source: Stats SA, Agbiz Research
Figure 2: Agricultural performance: growth in production (2011-2015) and share of agricultural production value of selected industries (2013-2015)

Source: BFAP, 2016

24 of 36 commodities SA a net exporter = 67%

Source: BFAP, 2016
For today…….

1. Political economy:
   - Major Global & African risks and challenges
   - Major South African risks and challenges

2. Food Security and Competitiveness imperative

3. Confidence and growth in SA Agriculture

4. Legislative and policy environment

5. Wrap up
The current policymakers’ thinking revolve around these aspects

- Inclusive growth and jobs creation
- Land reform
- Climate change
- Water rights regulations and water infrastructure
- Infrastructure constraints in some farming areas, particularly former homelands
- International trade matters (market access, and expansion of export markets)
So for today...

1. Presidential Land & Agriculture Reform Advisory Panel Report, ‘Expropriation without compensation’ and other land policies/legislation

2. Environmental and natural resource legislation

3. Jobs Summit developments

4. Public-Private Growth Initiative
Whereas His Excellency The President of South Africa, Mr Cyril Matamela Ramaphosa, appointed the Expert Advisory Panel on Land Reform and Agriculture on 18 September 2018 comprising:

- Dr Vuyokazi (Vuyo) Mahlati (Chairperson)
- Professor Ruth Hall
- Professor Mohammad Karaan
- Mr Dan Kriek
- Ms Bulelwa Mabasa
- Ms Thato Moagi
- Ms Thandi Ngcobo
- Advocate Tembeka Ngcukaitobi
- Mr Nic Serfontein
- Mr Wandile Sihlobo

I am honoured to present this report as a response to the Terms of Reference of the Panel from the Presidency, as well as an account of proceedings and relevant developments that took place towards the finalisation of the report.

Sincerely yours,

Dr Vuyo Mahlati, Chairperson
Presidential Advisory Panel’s report on land reform: why context is important

On Sunday, the Presidency released the final report of the Advisory Panel on Land Reform and Agriculture. The release of this report was highly anticipated and therefore attracted a flurry of media coverage. At this juncture it is worth taking stock of the process and considering the effect which the recommendations may have on land reform policy.

The report contains ideas and recommendations, not policy
Present Ramaphosa convened the panel of experts to advise him on land reform and agricultural policy, but like any advice, the president can take it under consideration and decide what to use. It was clearly never the intention to outsource the formal policy making function of the Government. As such, the report contains ideas and recommendations from experts that may well influence eventual policy decisions, but it is not automatically become government policy.
Fields of policy and legislation

1. **Credit legislation**: National Credit Amendment Bill passed by Parliament and assented.
   National Credit Act: Regulation 23A: Affordability assessment (flexibility required for Agric sector)

2. **Carbon Tax Act** (implemented) and Climate Change Bill (In Nedlac) - contentious

3. **Labour legislation**: NMWA + LRAA + BCEAA (Nedlac package) – Exemption system problem?

4. **Water rights and water security**:
   - Water Masterplan & Water Phakisa – New Water Bill & ELU?
   - Water licence application regulations & Water tariffs (Independent regulator?)

5. **Land reform**:
   - **Expropriation without Compensation** – Re-establishment of Parliamentary subcommittee to propose wording to National Assembly
   - Regulation of Agricultural Landholdings Bill – in Nedlac but suspended.
   - Valuation Regulations (Property Valuation Act) – Recent Court judgement vital and welcomed.
   - Communal Land Tenure Bill (Comments in 2017 – no progress?)
   - Communal Property Association Amendment Act (passed but not assented)
   - Preservation & Development of Agricultural Land Framework Bill (DAFF Bill) – currently in Nedlac and contentious. Constitutional challenge?

6. **Other**
The Hon. Tito Mboweni  
Minister of Finance  
40 Church Square  
Old Reserve Bank Building  
2nd Floor, Pretoria  
0002  

By electronic mail: minreg@treasury.gov.za

Dear Minister

IMPLEMENTATION OF THE CARBON TAX ACT

As you may be aware, Business has repeatedly and in a number of fora, expressed concern about the introduction of a carbon tax at this time of extreme socio-economic challenge.

Business Unity South Africa (BUSA) has engaged consistently with Government on the development of policy and legislation and particularly the introduction of a carbon tax and the challenges associated with its introduction at this time.

In passing the Carbon Tax Bill, parliament essentially created a complex regulatory regime comprising - primary legislation in the form of a Carbon Tax Act and an amendment to the Customs and Excise Act - secondary legislation in the form of a range of regulations and SARS Rules.

BUSA had always understood that it was common cause that implementation of the Carbon Tax Act would require the complete regulatory regime to be in place at the date of implementation. This is clearly now not the case. In addition, given experience in the development of the regulations to date it appears highly unlikely that the required regulations will be promulgated any time soon. To assert, as the draft SARS documentation does, that the final SARS Rules are only required by July 2020, which is the date for the submission of accounts for the first seven-month tax period, cannot be correct.
Fields of policy and legislation

1. **Credit legislation:** National Credit Amendment Bill passed by Parliament (not assented).
   - National Credit Act: Regulation 23A: Affordability assessment (flexibility required for Agric sector)

2. **Carbon Tax Act (implemented) and Climate Change Bill (In Nedlac) - contentious**

3. **Labour legislation:** NMWA + LRAA + BCEAA (Nedlac package) – Exemption system problem?

4. **Water rights and water security:**
   - Water Masterplan & Water Phakisa – New Water Bill & ELU?
   - Water licence application regulations & Water tariffs (Independent regulator?)

5. **Land reform:**
   - *Expropriation without Compensation – Re-establishment of Parliamentary subcommittee to propose wording to National Assembly*
   - Regulation of Agricultural Landholdings Bill – in Nedlac but suspended.
   - Valuation Regulations (Property Valuation Act) – Recent Court judgement vital and welcomed.
   - Communal Land Tenure Bill (Comments in 2017 – no progress?)
   - Communal Property Association Amendment Act (passed but not assented)
   - Preservation & Development of Agricultural Land Framework Bill (DAFF Bill) – currently in Nedlac and contentious. Constitutional challenge?

6. **Other**
24 July 2019

Department of Water and Sanitation
Private Bag X995
Pretoria
001

Attention: Mr Tendani Nditwani
Dr Chantal Ramcharan-Kotze

Dear Tendani and Chantal

SUBMISSION TO THE DEPARTMENT OF WATER AND SANITATION (DWS) IN RELATION TO THE UPCOMING WATER AND SANITATION OPERATION PHAKISA – PROPOSED WORKSTREAMS
DISCUSSION DOCUMENT FOR PUBLIC COMMENTS

National Water Security Framework
6. Framework thematic areas

In order to address the various dimensions presented, thematic areas were identified to guide the framing and implementation. Nine thematic areas have been identified for South Africa’s Water Security Framework.

- a. Narrowing the inequality gap
- b. Ensuring financial sustainability
- c. Diversifying water sources
- d. Water research monitoring and information
- e. Key nexus aspects of water
- f. Ecological infrastructure
- g. Water and spatial planning
- h. Enabling water security
- i. Communication and stakeholder engagement
Fields of policy and legislation

1. Credit legislation: National Credit Amendment Bill passed by Parliament (not assented).
   National Credit Act: Regulation 23A: Affordability assessment (flexibility required for Agric sector)

2. Carbon Tax Act (implemented) and Climate Change Bill (In Nedlac) - contentious

3. Labour legislation: NMWA + LRAA + BCEAA (Nedlac package) – Exemption system problem?

4. Water rights and water security:
   - Water Masterplan & Water Phakisa – New Water Bill & ELU?
   - Water licence application regulations & Water tariffs (Independent regulator?)

5. Land reform:
   - Expropriation without Compensation – Re-establishment of Parliamentary subcommittee to propose wording to National Assembly
   - Regulation of Agricultural Landholdings Bill – in Nedlac but suspended.
   - Valuation Regulations (Property Valuation Act) – Recent Court judgement vital and welcomed.
   - Communal Land Tenure Bill (Comments in 2017 – no progress?)
   - Communal Property Association Amendment Act (passed but not assented)
   - Preservation & Development of Agricultural Land Framework Bill (DAFF Bill) – currently in Nedlac and contentious. Constitutional challenge?

6. Other
NEDLAC:

1. Jobs Summit developments
2. Trade & Industry Chamber

Public-Private Growth Initiative (PPGI)
Jobs Summit developments

Business Day

Ramaphosa warned on runaway debt

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

ANC in distress, divided, crippled, says Nzimande

The ANC is in distress, divided and crippled by infighting amid a “huge attempt” to replace 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

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, Allister 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.

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.

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.

Bitcoin looks like a winner

When Ramaphosa and Ramaphosa met two weeks ago, and again 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 a systemic risk,” Pityana said in an interview on Friday.

“Domestic financial service companies are being coerced to government to continue key

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.

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.

Bitcoin looks like a winner

When Ramaphosa and Ramaphosa met two weeks ago, and again 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 a systemic risk,” Pityana said in an interview on Friday.

“Domestic financial service companies are being coerced to government to continue key

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.

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.

Bitcoin looks like a winner

When Ramaphosa and Ramaphosa met two weeks ago, and again 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 a systemic risk,” Pityana said in an interview on Friday.

“Domestic financial service companies are being coerced to government to continue key

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.

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.

Bitcoin looks like a winner

When Ramaphosa and Ramaphosa met two weeks ago, and again 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 a systemic risk,” Pityana said in an interview on Friday.

“Domestic financial service companies are being coerced to government to continue key

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.

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.

Bitcoin looks like a winner

When Ramaphosa and Ramaphosa met two weeks ago, and again 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 a systemic risk,” Pityana said in an interview on Friday.

“Domestic financial service companies are being coerced to government to continue key
Public-Private Growth Initiative

- Meeting in July 2018 with Mr Roelf Meyer, ITI
- 14 August meeting with Minister Nkosazana Dlamini-Zuma (NDZ)
- 20 August meeting with President Ramaphosa
- 21 September meeting with Ministers NDZ and Ebrahim Patel (EP)
  - Draft framework plan submitted
- 27 November meeting with Minsters NDZ, EP and Rob Davies
  - Agriculture Value Chain 5-Year Business Plan submitted
- 29 January: Meeting with President Ramaphosa
- Outcomes into SONA, Budget and now 2\textsuperscript{nd} SONA and MTSF (Medium Term Strategic Framework – Govt’s 5-Year Business Plan)
- Meeting with DPME (DDG Rudi Dicks), \textit{the dti} and National Treasury.
- PPGI meeting in July 2019 with Invest SA – part of DTIC
- Budget Vote Speeches of Ministers Thoko Didiza and Ebrahim Patel
Wrap up........

• Relatively healthy and robust agri-food industry, but under pressure lately.

• **Challenges:** Investment environment, Agro-logistics, water availability and quality, environmental sustainability, R&D, crime and security, labour relations & legislation, land reform, climate change, droughts, trade agreements, sustainable transformation, etc.

• **Opportunities:** Growing population, consumer spending trends, new markets (especially to Africa and Asia), new technologies & improved productivity, etc.

• Major contributor to Food Security, growth and employment in RSA – **major South African asset**.

• But we live in uncertain times – many risks and variables, some controllable, others not or less so.

• However, risk creates opportunity and reward, and concentrate on those risks and opportunities you understand and can manage!
Thank you

Questions or comments?