

SPEECH DELIVERED BY MEC MAPULA MOKABA-PHUKWANA ON THE LIMPOPO AGRIBUSINESS OVERVIEW AND STRATEGIC POSITIONING IN GLOBAL AGRICULTURE: FOOD BASKET FOR THE REGION ON INSPIRE LIMPOPO TRADE AND INVESTMENT CONFERENCE 17 NOVEMBER 2016 AT CAROUSEL HOTEL AND CASINO

Program Director

Our macro-economic plan, the National Development Plan (NDP) has prioritized as strategic goals and associated objectives for the Department of Agriculture:

- ✚ To ensure effective and efficient strategic leadership, governance and administration;
- ✚ To create an enabling environment for food security and sustainable agrarian transformation; and
- ✚ To enhance production, employment and economic growth in the sector.

In addition, the New Growth Path (NGP) as a national policy broadly aims to unblock private investment and job creation to address systematic blockages to employment-creating growth such as infrastructure development and others. It focuses on productive sectors and proactively intends to support industries, activities and projects that will generate sustainable development.

All these objectives are tangible as attested to by our national icon and first democratic President Tata Nelson Mandela when he said:

"I have travelled the length and breadth of this country, met people, spoken to children, the aged, everyone I could touch or see. Everyone seeks peace. Everyone seeks a better life. Everyone wants to work together."

The Chairperson and Board Members of LEDA

The HoD, Mme R.J. Maisela and Management of the Department of Agriculture and Rural Development

The Managing Director, Mr. Ben Mphahlele and Management of LEDA

Representatives of Private Sector, local and international Investors

Representatives of Government Departments and Public Entities

Ladies and Gentlemen

It gives me great pleasure to be afforded this opportunity to address this session of the Inspire Limpopo International Trade and Investment Conference. This session of the conference is not only significant to us but of great importance in that Limpopo as a Province has identified agriculture and agro-Industry as one of the economic development pillars of the Province.

As provincial government, we earnestly acknowledge your determination to be an integral part of the struggle to overcome poverty, inequality and unemployment. It further confirms your commitment to advance the ideals of the Freedom Charter, which requires bold and decisive steps to eradicate the stubborn legacy of apartheid. We need to ensure that the ideals of the Freedom Charter are realized and enjoyed by everyone, especially our youth who have not yet realized the wealth of agriculture in general.

Program Director

Agriculture is one sector which is a catalyst for radical socio-economic transformation with the key indicators for transformation being the following: Food security for all; Demonstration of sector's ability to create decent jobs, and Significantly increasing the contribution to the GDP.

The right to food is enshrined in the Constitution (section 27: 1b) and therefore universal food and nutritional security has been a priority policy objective on the National Development Agenda since the dawn of democracy.

About 18,9% of the South African household were involved in agricultural production in 2013 resulting in household progressively becoming more dependent on purchase food. The agriculture sector has lost hundreds of thousands of jobs in past quarters.

The department is working together with Bureau for Agriculture Policy (BFAP) to unpack the baseline and detailed the projections for job creation in the sector. In the interim the research which informed the Agriculture Policy Action Plan has been substantive and offers a plausible hypothesis for Agriculture as a job driver.

To align with these priorities, objectives and targets, the department aims to continue providing comprehensive support to all categories of producers. The support will increase the number of people participating in different sectoral activities and, therefore, participating in the economy of the region.

In rural areas, the focus will be on support to subsistence and smallholder producers in line with the expectations of the NDP, namely that a third of the food surplus should be produced from small-scale farmers or households. The department aims to support targeted land reform beneficiaries to streamline and support the land reform objectives.

In contributing to the sustainable use of natural resources in the sector, the Department of Agriculture and Rural Development will implement sustainable development programs that ensure protection of biomes and endangered species, rehabilitation of degraded land and climate change mitigation and adaptation strategies.

Globally, agricultural trade is projected to increase with the developing countries capturing most of the export growth. Increasing prices of both crops and livestock products are projected over the coming decade due to a combination of slower production growth and stronger demand, with meat, fish and biofuel prices projected to rise more strongly than others.

It is asserted that globally smallholders grow approximately 70% of the world's food, we must therefore include smallholders in the sector. As stipulated by NDP, 300 000 new sustainable small producers must have been developed by 2030. This is the category of producers who will engage in labour intensive methodologies and create jobs.

The last one is contribution to the GDP which I am not going to dwell much save to say that it has decreased over time, currently Agriculture, Forestry, Fishing and Hunting contribute only 2,6%. This needs to change drastically as a matter of fact and quickly too.

Program Director

Let me take Limpopo as a Province: it is known as the agricultural production hub for several high value agricultural commodities with diverse agro-ecological regions, characterized by significant variation in natural endowments such as soil, rainfall and access to water.

The total agricultural land area is 11 321 million hectares and the size of the area under irrigation is currently at 163 080,2 hectares. It is dominated by citrus and sub-tropical fruit such as bananas, litchis, pine apples, mangoes, paw paws as well as variety of nuts grown in Tzaneen and Makhado . There is also tea and coffee plantations.

In addition, the province also produces sunflower, wheat, soya beans and maize. The livestock farming includes cattle ranching and game. About 80% of South Africa's hunting industry is found in Limpopo.

In 2013:

- ✚ Forestry and Fisheries contributed 2.4% towards the GDP while Limpopo contributed 7.6%.
- ✚ Agriculture, Forestry and Fisheries contributed 5.8% of employment while Limpopo contributed 7.7% towards employment.
- ✚ Agro-Processing contributed 4.8% nationally towards the GDP while Limpopo Province contributed 4.1%.
- ✚ Nationally Agro-Processing contributed 3.6% towards employment while Limpopo contributed 7%.

As a progressive, I must indicate that like any sector, there are challenges that we need to collectively tackle to maximize our benefits through Agriculture and Agro-Processing. These are global, national and local such as: Climate changes; Inadequate protection against imports and so on.

Government inclusive of the Department of Agriculture and Rural Development has plans and programs aimed at mitigating some of these challenges. It is our commitment as government to ensure that despite, these challenges Agri-business continue to thrive and thereby position our province as the food basket for the region.

These developments support our theme that: ***“Climate is Changing, Food and Agriculture must too”***. This is meaningful for our province and the country at large, due to weather-related disasters, the agriculture sector experienced negative growth in the past years. We have seen this in our province. Recent climate change and severe effects of El Nino have destroyed crops and livestock. To meet the demand for everyone everywhere, agriculture and food systems must change and become more resilient, productive and sustainable to adapt to the adverse effects of climate change.

With the above background, it is my Department's commitment that we will do better, we will improve the situation. We do acknowledge that the drought has contributed negatively to the whole situation but we won't sit down, we will not give up we will do all in our power to better the situation.

We are currently coming up with some drought mitigating strategies. We are also fully supporting the notion of Agri-parks initiative. Agri-park is defined as a network innovation system of agri-production, processing, logistics, marketing, training and extension located in district municipalities. It enables a market-driven combination and integration of various agricultural activities and rural transformation. This means that we are looking at collection of agricultural activities inclusive of the initial planting and harvesting, packing or even processing, storage and ultimately marketing from a central point.

To make this realistic we need to have sound monitoring tools, i.e. a control room where all activities would be monitored, we need to have happy skilled work force, all Health and Safety Regulation must be in places with immediate effect, we need to conduct an audit on our assets so that we know where to start. We need to have a healthy relationship with farmers, being small growers or commercial hence we need to have the Rural Safety Program as a matter of urgency. *(The recent talks about white racist farmers who put the black person in the coffin alive - this behavior is not acceptable at all).*

The department also aims to contribute by implementing various strategies to improve the production efficiencies for smallholder producers. These include organising smallholder producers into commodity-based organisations, increasing their collective bargaining power in negotiations for production inputs and markets, as well as providing support and training to SMMEs.

According to the NDP, agriculture has the potential to create close to 1 million new jobs nationally by 2030 through: Expanding irrigated agriculture; Cultivating underutilized land in communal areas and land-reform projects for commercial production; Supporting commercial agricultural industries and regions with the highest growth and employment potential; Supporting upstream and downstream job creation; Finding creative opportunities for collaboration between commercial farmers, communal farmers and complementary industries as well as Developing strategies that give new entrants access to value chains and support.

Ladies and Gentlemen

Limpopo as a Province is contributing 7% of National Employment in food and beverages industry. The Province has competitive and comparative advantage in production of diverse agricultural commodities.

However, it is important as well to note that Limpopo has an Agro-Processing industry that currently is not well developed. That competitiveness still need to be exploited to its full capacity.

We as Department of Agriculture and Rural Development are already having Programs that are aimed at supporting the strategic positioning of the province within Global Agriculture and thereby advancing our vision to be a food basket for the Region. Programs supporting this vision include, Disaster Management Programmes; RESIS and CASP – Improving irrigation infrastructure to ensure increased production and sustainability of supplies.

There are other programs such as ILLIMA LETSEMA – Planting of animal feed at some of the irrigation schemes in partnership with farmers as well as EXTENSION SERVICES that promote best farming practises including diversification to ensure sufficient production.

Within the context strategic positioning of Limpopo agribusiness within global agriculture, actualising our competitive advantage and striving towards making the Province a food basket for the region we together with national Department of Agriculture, Forestry and Fisheries have adopted the Agri-Parks model.

The Agri-parks model is a network innovation system of agro-production, processing, logistics, marketing, training and extension services that are located AT District level. The model is aimed at actualizing the Revitalization of Agriculture and Agro-processing Value Chain (RAAVC). It enables a market driven combination and integration of various agricultural activities and rural transformation services.

It is our firm belief that for these initiatives to bear fruits and for us to realise our vision towards strategic positioning of the Province in Global Agriculture as the food basket of the region we need as a province to take cognisance of the following:

- ✚ Regional Integration and Development of Export Linkages within SADC and wider African continent.
- ✚ Food Security within Limpopo as a contribution to national GDP.
- ✚ Enterprise development through co-operatives in the agricultural sector.
- ✚ Environmental factors such as global warming and drought have impact on the feasibility of Agriculture as a sector.
- ✚ International Trade Agreements and their impact in the agricultural economy.

- ✚ Foreign Direct Investment into agriculture's capital projects to facilitate innovation and industry growth.
- ✚ Skill transfer as to the technical know-how of farming for emerging in experienced farmers.
- ✚ Development of an Agriculture hub for movement and commercialization of agriculture produce freight in Limpopo.
- ✚ Primary agricultural produce and manufacturing output / Food retail products development and diversification.
- ✚ Exploration of agricultural support industries in areas of tooling, business development, research and project finance

In conclusion, I am calling for a sound partnership with all the stakeholders, we need to co-operate, we need to work in harmony, we need to support one another, we need to work in unity for the benefit of our communities and the country at large. If we do that we will be able to provide food security for all, create more jobs and contribute meaningfully to the GDP.

We are confident that together we can move South Africa Forward!

Thank you.