



**SOUTH AFRICAN  
AGRICULTURAL PROCESSORS ASSOCIATION**

Registration No. 2005/011182/08

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**ANNUAL REPORT BY MR NDABA NTSELE, CHAIRPERSON OF THE SOUTH  
AFRICAN AGRICULTURAL PROCESSORS ASSOCIATION**

**4 APRIL 2008**

**1. INTRODUCTION**

The South African Agricultural Processors Association is now an established institution. Three years after its formation, the Association has distinguished itself as a constructive role player in its core areas of expertise namely black economic empowerment, liaison between members of the Association and the South African Government on issues impacting on the agricultural value chain and international trade.

**2. BOARD OF DIRECTORS**

The current board members of SAAPA are Ms Rosh Naidoo, Messrs Ndaba Ntsele (Chairperson), Nico Kruger (Vice-Chairperson), Len Hansen, Jimmy Manyi, Hamish McBain, Ray Stout, Mxolisi Zwane with Jannie de Villiers as Executive Director.

**3. MEMBERSHIP**

Membership of the Association has remained unchanged, except for Illovo Sugar which has terminated its membership. The current membership of SAAPA consists of the following companies/associations:

Anchor Yeast	Animal Feed Manufacturers Association
Astral Foods	Foodcorp
National Chamber of Milling	National Association of Maize Millers
Pioneer Foods	Premier Foods
Rainbow Farms	SA Breweries

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**Directors:** N A Ntsele (Chairman) G P N Kruger (Vice-Chairman)  
L W Hansen M J Manyi J H McBain T Naidoo R J Stout M Zwane  
**Executive Director:** J F de Villiers

SA Citrus Processors Association                      Tiger Brands  
Tongaat Hulett Starch (formerly known as African Products)

#### 4. FINANCES

As mentioned in the 2007 Chairperson's report it was expected that SAAPA would repay the Chamber of Milling in full during 2007. The Annual Financial Statements for the 2006 financial year reflected the outstanding amount due to the Chamber of Milling as R 246,846. We are delighted to inform members that this expectation was almost met. Total income for the 2007 financial year was R1, 299,900. SAAPA's operating expenses during the period realised at R 1,103,690. The profit of R 196,210 was mostly employed to repay the Chamber. The outstanding amount on our Balance Sheet is R65, 438.

#### 5. ACTIVITIES

SAAPA has been active over the reporting period in the following specific areas of interest to our members –

##### 5.1 *Policy related issues*

SAAPA has provided inputs on the following policy documents -

- (a) National Biofuels Strategy;
- (b) Trade Strategy;
- (c) Tariff Policy;
- (d) Agro-logistics Strategy (covering issues such as Transnet Freight Rail);
- (e) Agricultural Sector Plan Review;
- (f) AgriBEE Charter;
- (g) Terms of Reference for the Joint Agribusiness and Department of Agriculture Forum for Africa (JADAFSA); and
- (h) South Africa's economic policy (the recommendations of the Harvard Group of Economists).

##### 5.2 *Tariff and customs related issues*

SAAPA is or has been involved with the following tariff related issues –

- (a) Assisted AFMA with a response to SASOL's application for a rebate on **Soya beans**;
- (b) Assisted AFMA with its submission in support for a rebate on imported **Soya oilcake**;
- (c) Assisted the National Chamber of Milling with a submission regarding the current investigation into the tariff dispensation for **wheat and wheat flour**;
- (d) Assisted the National Chamber of Milling with a submission regarding the use of rebates for **wheat** in SACU;

- (e) Submitted a detailed response to the Department of Agriculture regarding the proposed guidelines for the use of infant industry protection in SACU (of potential relevance to **all products** in SAAPA's basket of products);
- (f) Assisted and facilitated at the request of the National Chamber of Milling an application for the elimination of the import duty on **silobags**; and
- (g) Assisted and facilitated members in their applications for Minimum Market Access permits for **dried onions and dried fruits (prunes)**.

### **5.3 Trade negotiations**

SAAPA's basket of products covers approximately 241 tariff lines (on a six-digit level) spread over most of the first 23 Chapters of the Customs Tariff Book. It has assisted members in the formulation of offensive and defensive trade positions for many of these products with respect to the following agreements –

- (a) The Economic Partnership Agreement between certain members of SADC and the EU;
- (b) The formulation of rules of origin for trade in SADC; and
- (c) The proposed bilateral trade agreement between SACU and India.

### **5.4 WTO Dispute Settlement**

SAAPA has been appointed by the Maize Trust to oversee the drafting of South Africa's Third Party Submission to the WTO in the US – Farm Subsidy Case. SAAPA is working in close collaboration with other role players in the maize production sector, technical advisers, academia and government. The Maize Trust has approved a recent application for funding submitted by SAAPA to recover fees and costs incurred arising from SAAPA's participation in the drafting of South Africa's Third Party submission. The Trust has already agreed to pay SAAPA R90, 800 out of an approved preliminary total budget of R268, 584.

### **5.5 Participation in forums**

SAAPA is representing its members in the following forums –

- (a) The CEO Forum (Our Vice-Chairperson Mr Nico Kruger has been appointed as the Chairperson for 2008, replacing our Executive Director Mr Jannie de Villiers who was the Chairperson during 2007);
- (b) The Presidential Working Group (Represented by Mr Jannie de Villiers);
- (c) The Industry Trade Forum (Represented by Mr Boikanyo Mokgatle);
- (d) AgriBEE Steering Committee (Represented by Mr Hamish McBain and Mr Boikanyo Mokgatle);
- (e) The Agricultural Trade Forum (Represented by Mr Lambert Botha and Mr Boikanyo Mokgatle);

- (f) The Trade Policy Committee of Business Unity South Africa (Represented by Mr Lambert Botha and Mr Boikanyo Mokgatle); and
- (g) The Agricultural Research Council (Represented by Mr Hamish McBain in his capacity as Council Member).

## **6. 2008: NEW OPPORTUNITIES AND CHALLENGES**

2008 poses new challenges and opportunities to our members. The following are examples of issues that are forming part of the changing landscape within which members are operating in -

### **6.1 *Access to reliable energy***

Access to reliable energy is quickly becoming an issue of vital importance to all South Africans. With load shedding - often unpredictable, proposed electricity quotas coupled with penalties as well as the crude oil price rising above \$100 a barrel, both energy supply and demand management becomes imperative for every member. These challenges do however present opportunities for our members such as co-generation of electricity in partnership with ESKOM. We are cooperating with BUSA in this regard.

### **6.2 *Climate change***

The measurement of carbon foot printing in the production and distribution chains is something that will require a greater degree of awareness and action on the part of members. At least one of our members is already involved in applying for carbon credits resulting from projects implemented within their companies whereby carbon dioxide emissions are reduced. Some of our trading partners are raising the possibility of charging a so-called carbon tariff on imports of products produced under environmentally unsound conditions. The Association will need to take cognizance of these developments and provide guidance and technical assistance to members in this regard.

### **6.3 *Regional trade dynamics***

South African foreign trade policy is locked into both SACU and SADC. SACU is showing signs of disintegration. Many of the institutions are not yet in operation or are not functioning optimally. All this has an impact on members either directly or indirectly.

SADC is moving into a free trade area during 2008. We have been working with the South African Government in an attempt to redesign some rules of origin for the region. This is aimed at allowing our members to import, both within and outside SADC, raw materials to be used in the production of processed agricultural goods, while still benefiting from the preferential market access provided for under the SADC Trade Protocol. Scoping the region for investment opportunities is likely to become of more strategic importance to our members.

#### **6.4 *Capacity constraints within Government***

SAAPA will continue to engage with the Government in a constructive manner. This will become an even more important function. The Department of Agriculture and to a certain extent the DTI is facing serious capacity shortages. Recent developments within the Department of Agriculture are likely to result in shortages of skills within the senior echelons of that Department.

#### **6.5 *Capacity constraints: Industry***

Capacity constraints experienced by industry whether as a result of delayed capacity expansion programmes or due to raw material which is not sufficiently available within SACU are not uncommon. These constraints can be partly addressed by making use of mechanisms whereby customs duties payable on imports can be rebated, refunded or even eliminated under certain conditions. Members are encouraged to make use of these mechanisms with the assistance of SAAPA.

#### **6.6 *Unity in the Agricultural Sector***

During the evaluation of the Agricultural Sector Plan we realised that we are still off target regarding the goal of a united agricultural sector. To this end, there are currently efforts being made to form a type of Agricultural Unity SA similar to Business Unity SA. We will participate and support such efforts out of principle.

### **7. CONCLUSION**

Thank you to the Board and to every member of SAAPA for their support during the past year. I would like to specifically thank our Vice-Chair Mr Nico Kruger for availing time to attend a number of meetings on behalf of SAAPA. Mr Hamish McBain has also represented this organization with distinction on the AgriBEE Steering Committee as well as the Agricultural Research Council and other *ad hoc* groupings. With your continued active support, both financially and otherwise, this Association will go from strength to strength in proving value-added support to us as members.

**NDABA NTSELE**  
**Chairperson**

27 March 2008