



**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**

**8 APRIL 2009**

**1. INTRODUCTION**

In 2009 SAAPA is entering its fifth year of providing services to its members related to Government policies and international trade. The basket of products to which SAAPA's services relate has expanded to cover almost every chapter of the tariff book dealing with agricultural products. Membership includes local companies, multi-nationals and industry associations. The face of SAAPA reflects a genuine effort towards real transformation.

**2. BOARD OF DIRECTORS**

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

**3. MEMBERSHIP**

SAAPA has gained two more members since my last report dated 4 April 2008. McCain Foods joined SAAPA as an ordinary member during 2008. As from 1 March 2009, SAAPA represents the whole of the red meat industry value chain through the Red Meat Industry Forum becoming an associate member. Another associate member, the South African Citrus Processors Association, has since terminated its membership. The current membership of SAAPA consists of the following companies/associations:

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**Directors:** N A Ntsele (Chairman) G P N Kruger (Vice-Chairman)  
L W Hansen M J Manyi D B Mavume T Naidoo B N Njobe N Segole R J Stout  
A J Weenink M Zwane  
**Executive Director:** J F de Villiers

Anchor Yeast	Animal Feed Manufacturers Association
Astral Foods	Foodcorp
McCain Foods	National Chamber of Milling (Maize and Wheat)
Pioneer Foods	Premier Foods
Rainbow Farms	Red Meat Industry Forum
SA Breweries	Tiger Brands
Tongaat Hulett	

#### 4. FINANCES

The income during the 2008 financial year for membership fees was R1 330 593. Expenses were realised at R1 326 007. The total income for the 2008 financial year was R1 463 223 which includes services rendered to non-members. This has left us with a small profit of R137 216. SAAPA's account with the National Chamber of Milling has been settled during 2008, and is no longer available to manage the cash flow.

#### 5. ACTIVITIES

##### 5.1 *International Trade*

Assistance is provided to members with respect to the following:

##### 5.1.1 *Customs related matters*

- Successfully facilitated an application for the elimination of customs duties levied at 15% *ad valorem* on **imported silo bags**. This amounts to savings for the particular importer and to the industry at large of approximately \$74 250 (R742 500).
- Assisting a member with the preparation of an application for the creation of a rebate facility for the importation of **milk powder**;
- Assisting a member with the preparation of **five applications** for the reduction of duties on **various raw materials** used in the manufacturing of processed agricultural products;
- Assisting a member with an application to SARS for the correct **classification of certain raw materials**;
- Responding to various *ad hoc* enquiries from members related to import duties applicable to specific products;
- Assisting members with responses to ITAC regarding the possible increase of protection on a particular agricultural commodity; and
- Submitting commentary and proposals to ITAC for the simplification of the questionnaire used by industry to apply for tariff amendments or for rebates.

### ***5.1.2 Sanitary and phyto-sanitary measures***

- Successfully assisting a member in lifting a prohibition imposed by the South African Government on *imports of bone stock* from Sweden; and
- Assisting a member in a matter related to the lifting of a restriction imposed by the South African Government on the importation of *grandparent poultry stock* from Brazil.

### ***5.1.3 Trade diplomacy and negotiations***

- Representing the agri-processing industry as part of the South African Government delegation to the WTO Mini-ministerial meeting held in Geneva during July 2008 and SAAPA was again selected to represent the industry for the Ministerial meeting that was to take place in December 2008. Upon the instruction of the Director-General of the WTO the anticipated meeting was cancelled;
- Co-ordinating, at the request of Nedlac, inputs on behalf of the agricultural sector for purposes of the upcoming trade negotiations between SACU and India;
- Providing extensive inputs on the reform of the legal framework for the regulation of infant industry protection within SACU and co-ordinating inputs received from other participants within the Agricultural Trade Forum;
- Working closely with the Department of Agriculture and Customs authorities as part of a task team to investigate possible violations of the conditions attached to the wheat rebate within SACU;
- Representing BUSA at a regional meeting of SADC, COMESA and the East African Community dealing with non-tariff barriers restricting trade in Africa; and
- Communicating to the South African negotiators inputs received from members related to the proposed trade agreement between the EU and certain SADC countries (i.e. the so-called Economic Partnership Agreement).

### ***5.1.4 Engagement with the South African Government on trade related matters***

- Met with the Legal Section of SARS to clarify issues related to rebates; and
- Met with the Chairperson of the Agricultural Trade Forum to discuss the future format and the continued relevance of the ATF within a changing trading environment for agriculture.

### 5.1.5 *Representation on trade related forums*

SAAPA continued to represent its members on the following trade related forums;

- The Agricultural Trade Forum;
- The Industry Trade Forum;
- The Trade Policy Committee of BUSA;
- The Trade Reference Group of the National Agricultural Marketing Council; and
- The Nedlac Technical Sectoral Liaison Committee on Trade (Teselico).

### 5.1.6 *WTO Dispute Settlement*

SAAPA continued during 2008 to act as case manager overseeing the drafting of South Africa's Third Party Submission to the WTO in the US – Farm Subsidy Case. A final draft submission was compiled in early 2009 and submitted to the Geneva based law firm Sidley Austin LLP, which has assisted the Consultation Group responsible for the drafting of South Africa's submission. A final review of the draft submission by Sidley Austin is awaited. A final meeting of the Consultation Group will be held to conclude the project. A report will then be submitted to the Maize Trust on the outcomes of the project. To date SAAPA has received R110 930 from the Maize Trust as consideration for its participation in the project.

## 5.2 *Government Policies*

SAAPA has constantly been engaging with Government on *agro-logistics* issues, particularly on the continued deterioration of the country's rail infrastructure as well as *Transnet Freight Rail's* poor service delivery, which impacts the country's food security status negatively. SAAPA played a significant role in facilitating an active coalition engagement between the Directors-General of the Departments of Transport and Agriculture on this matter. We also sought media intervention and received an over-whelming response in terms of coverage.

Needless to mention that one other significant matter which is still receiving extensive *media coverage* is the food price crisis. This matter is still a centre of debate and our Executive Director's tremendous liaison role in this regard has been highly commendable. You will agree with me that this role needs a well-seasoned, all-rounded figure-head that possesses enormous industry knowledge to systematically provide necessary information where it is lacking.

I must also add that our Executive Director participates in various forums that include meetings with Ministers, labour unions as well as with the President. He also attended the Food and Agriculture Organisation's Food Crisis Conference in Rome in June 2008 as a guest of the Minister of Agriculture.

The *Agricultural Sector Plan Review* process revealed that the current Plan was sound, but fell short on the implementation side of it. SAAPA continues to be actively involved in the process leading towards implementing the recommendations of the review process. I was appointed to the Minister's Advisory Council to represent SAAPA. Mr Nico Kruger, our Vice Chairperson, played a major leadership role in the process to establish a national data bank of Black farm owners for purposes of the BEE goals.

SAAPA also participated in the process to develop the *Regional Food Reserve Facility (RFRF)* policy document led by the Department of Agriculture. The RFRF debate was initiated among the SADC Member States and South Africa was expected to deliberate on its position in this regard. South Africa felt that the RFRF would not serve its interests and therefore did not support its establishment.

SAAPA continues to participate through Business Unity South Africa on issues pertaining to the *electricity challenge*. We have made comments on the draft Consultation Paper on Power Conservation Programme (PCP) Rules published by the National Energy Regulator of South Africa (NERSA) and will continue our involvement throughout the consultative process in this regard. It is clear that this programme is intended to accelerate the achievement of energy savings through the introduction of additional tariffs on non-savers.

It remains inevitable to continuously remind Government, especially the DTI, of the uniqueness of the agricultural sector particularly with respect to the approach to its tariff regime. SAAPA recently met with the DTI to establish the developments of the *Agricultural Tariff Policy* and its alignment with the Trade Policy Review process. The DTI confirmed that the Tariff Policy will indeed be considered in the process. It was also reported that the Trade Policy Reference Group, chaired by the Deputy Minister, has been established to drive the process and it is in the interest of all of us to ensure our involvement in the whole process.

The Department of Agriculture appointed the **AgriBEE** Charter Council members in December 2008 and we congratulate Mr Hamish McBain for his appointment to the Council as well as the Executive Director which will act as his *secundus*. There has not been any activity from the Department of Agriculture in terms of moving forward since the appointment of the Council.

Mr McBain also plays an important role as a Council Member at the Agricultural Research Council. His experience to direct and govern this parastatal is of immense value.

## **7. CONCLUSION**

Thank you to the Board and to every member of SAAPA for their support during the past year. New challenges are facing the industry. The global credit crunch dampens demand for our products. Export restraints imposed by our trading partners are impacting on our supply chains. This calls for informed decision making by each role player in the value chain and close liaison with decision makers in Government. We are confident that SAAPA will continue to successfully fulfil this function on behalf of its members.

**NDABA NTSELE**  
Chairperson

8 April 2009