

PRESIDENTIAL WORKING GROUP FOR COMMERCIAL AGRICULTURE

ADDRESS TO PRESIDENT THABO MBEKI BY THE CHAIRMAN OF THE S A AGRICULTURAL PROCESSORS ASSOCIATION ON 15 MAY 2007

Mr President, Vice-President, Cabinet Ministers and Deputy Ministers, senior officials and colleagues

Private Sector Business involved in agricultural processing realized that we were not at all organized to contribute towards the Public Private Partnerships that is currently needed in South Africa to move our economy to the next level. In January 2005 big businesses showed their leadership and formed the S A Agricultural Processors Association. The main focus is to provide support to private sector and Government primarily in international trade matters as well as on transformation issues. We share your excitement and faith that the AsgiSA goals can be achieved.

We have identified those aspects which we believe are hampering our business from growing at 6% plus and that can contribute towards job creation and poverty alleviation. We are working closely with our colleague in the Government sector trying to address these matters. Capacity at Governmental level seemed to be one of the most important stumbling blocks. We have also been growing at a faster rate than the investments in infrastructure and desperately await the allocation for agriculture of the planned investments by Government. It is especially our rail infrastructure that needs attention. (Eg January to March 2007 only 44% of ordered trucks arrived full of grain at our mills.)

Our concerns about the negative impact of agricultural subsidies by the Developed World have been addressed in the proposed policy changes that will be tabled later today by the Department of Agriculture. A change in our tariff strategy might just be what's needed to get the developed countries into a real negation mode again.

We have also noted, with pride, the press release by the Food Price Monitoring Committee that the agricultural sector has fed South Africa the past four years without any real increase in food prices. In fact Mr President, the food prices came down by 0.7% in real terms the past four years. This is surely some achievement! We acknowledge that the volatility in prices negatively affects all of us in the value chain – from producer through to the end consumers. The processing sector is playing a major role cushioning the consumers from the large volatility in commodity prices that is a common phenomenon in agriculture. The usage of maize for bio fuel in the United States of America has caused the international prices to increase and has also impacted on our maize prices. This impact contributed more towards the food prices than the current drought in South Africa. We believe that the current high raw material prices like maize are of a temporary nature and that as the season turns, we will get back to more acceptable levels.

We have noted that the AgriBEE process has been stalled. We have participated very actively as business in the consultation and negotiation phases and would like to see this process to be finalized.

We believe that as the South African Agricultural Processors Association we can make a positive contribution in our joint effort with Government to address these and other important matters and look forward to similar engagements to what we have today with yourselves.

NDABA NTSELE

Chairperson: S A Agricultural Processors Association

15 May 2007

DELEGATION:

Ndaba Ntsele	Chairperson (Chairperson: Pamodzi & Foodcorp)
Jimmy Manyi	Director (Executive: Tiger Brands)
Jannie de Villiers	Executive Director

Curent Members

African Products
 Astral Foods
 Anchor Yeast
 Foodcorp
 Illovo Sugar
 Pioneer Foods
 Premier Foods
 Rainbow Chickens
 South African Breweries
 Tiger Brands

Member – (Organizations)

Animal Feed Manufacturers Association
 National Association of Maize Millers
 National Chamber of Milling
 South African Citrus Processors Association