

FROM THE DESK OF THE CEO (08/18)

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Justin Chadwick 23 February 2018



“Agriculture presents one of the greatest opportunities to significantly grow our economy and create jobs.” Cyril Ramaphosa

DOUBLE EDGED SWORD

The saying “double edged sword” comes from the notion that if two sides of the same blade are sharp, it cuts both ways. One week in South African politics is a long time, and within two days last week past President Zuma resigned, President Ramaphosa was elected and President Ramaphosa delivered the State of the Nation Address (SONA). For those who follow South African politics you will know that Zuma’s presidency was characterized by accusations of corruption, maladministration, state capture and poor governance. Many living in South Africa were desperate for change, and expressed this frustration at the ballot box (at municipal elections), and in the streets, while the international community expressed its frustration through ratings agency downgrades and ever deteriorating relations. The rand weakened considerably under the past president’s watch, at one stage hitting R16.26/US\$. The ruling party was fractured.

The election of President Ramaphosa and his maiden SONA address has brought a huge amount of optimism into the country. Nobody doubts the challenges that lie ahead, challenges that were magnified and seemed impossible under the past leadership, will now be met with the combined might of good public leadership and a supportive private sector. President Ramaphosa has a job ahead to ensure that, under his leadership, there is no place for personal gain over public duty.

The change is good for the country. However, here lies the double-edged sword. International critics have also recognised this change, and the positive impact it is having. The rand has strengthened to R11.61/US\$, its highest level in many years. From February 2017 to February 2018, the rand has strengthened by almost 12%. A quick calculation indicates that a 10% strengthening of the rand brings about a 35% decrease in export farm gate return. If exporters were to choose between sound leadership or a weak rand, I am sure they would opt for sound leadership.

So what implications did the SONA have for agriculture in general, and the citrus industry in particular? Without doubt, the biggest concern is the continued rhetoric about expropriation without compensation. While most view this as a ploy to win the popular vote, one must be concerned about government’s attitude to trampling on basic human rights. Not only is this policy unconstitutional, it also falls foul of the Bill of Rights. My view is that it is a ploy to keep voters from straying to parties such as the Economic Freedom Fighters, and will be tied up in legal arguments until well after the 2019 elections. From a CGA point of view, we will work with AgBIZ to ensure that the citrus grower’s voice is heard. The SONA speech also had a caveat to expropriation without compensation – it would be done in a way that increases agricultural production and improves food security – land that is productive and supplies food and wage earnings to ensure food security should not be at risk. Perhaps more concerning, and not from the SONA or getting as much coverage, is the move by government to remove or tamper with water rights. For an industry that depends on irrigation to prosper, land without water rights is worthless. Once again, AgBIZ is spending time on this issue.

Unemployment remains a big problem in South Africa. A Job Summit has been called in the next few months to align efforts of every sector and every stakeholder behind the imperative of job creation; practical solutions and initiatives must be identified, and immediately implemented. The labour intensive citrus industry must form part of this dialogue. Through the Citrus Academy, we must find out how growers can be involved in the Youth Employment Service initiative, to place unemployed youth in paid internships; the goal is to place 3 million youth in such service in the next three years.

On infrastructure, it is recognised that investment is key to efforts to grow the economy, create jobs, and empower small business. There is a commitment to speed up the implementation of water projects.

South Africa will this year take over the chair of BRICS, and will give priority to promotion of value added trade and intra-BRICS investment into productive sectors. Here the citrus sector has an opportunity to address market access constraints in Russia, India and China.

CGA ROADSHOWS 2018

Roadshows begin next week; check out www.cga.co.za for more detail. Monday 26th Boland 14h00-17h30 Merlot Manor Robertson; Tuesday 27th 14h30-17h30 Piekensklouf, Citrusdal and Fort Beaufort Kat River Boardroom; Wednesday 28th 14h30-17h30 Sundays River Africanos; Thursday 1 March 14h30-17h30 Oranje Rivier Lake Grappa and Patensie Ripple Hill Hotel. Please RSVP to gloria@cga.co.za

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