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SA AGRICULTURE: *the next 10 years*

The appointment of Tina Joemat Pettersson as agriculture minister has been widely welcomed. Prof Johann Kirsten gazes into the crystal ball for her, and explains what the next decade holds for farming. He suggests elements the agricultural policy needs to cover to ensure a smooth ride.

FOOD SHORTAGES HAVE MOVED concern about the future of South Africa's agricultural sector into the public and political domain. Agricultural policy can have a colossal impact on this issue.

The Sector Plan for South African agriculture envisions a united and prosperous agricultural sector. All stakeholders must achieve "sustained profitable participation". Partners will have to align their focus areas, action plans and time frames. Government in particular will have to act with commitment, speed and urgency in partnership with all stakeholders.

Let's look at what the future holds for farming, and how external influences should affect policy.

The global playing ground

The financial crisis is likely going to affect global capitalism. It could lead to a newly designed global financial system which might affect finance and trade flows.

The rich north could extract the cost of this crisis from the south through trade arrangements and donor contributions. South Africa is one of the countries caught in the neocolonial commodity trap. It's almost impossible to trade in processed agricultural products with the north.

Farm subsidies will still exist, keeping the world trade playing ground uneven. The new American Farm Bill shows it's unlikely domestic support to first-world farmers will lessen in the next 10 years. Developed countries will support their farmers in

new ways, assuming their actions are not, or only minimally, trade distorting.

Potential non-tariff barriers to fair trade include multifunctionality, stewardship of the environment, sanitary and phytosanitary rules, food safety, ethical trade, and traceability. The less fortunate are already struggling to compete against over-subsidised, spoiled first-world farmers.

African farming renewal

South Africa will lead Africa's agricultural and agribusiness renewal, changing trade patterns and displacing aid agencies as Africa's preferred service provider.

Deracialised commercial farming will become more politically acceptable, because it can produce surpluses and create direct and indirect employment. The largest commercial farmers will become "multinational", diversifying internationally to ensure year-round supply. Countries obstructing foreign landownership will sabotage themselves.

South Africa will keep importing commodities, adding value and selling them to Africa, along with more of our own agricultural exports. We'll increasingly import raw materials from African countries, especially the Southern African Development Community (SADC) region, if trade barriers are lowered and there's political and economic stability. Field crop production

will shift, in relative terms, out of South Africa to the north and east. But South African supermarkets will increase their presence in Africa, creating a bigger market for our manufactured goods.

Standards such as minimum wage will also serve to move industries out of South Africa, and producers will face increased competition from Asia, Brazil, and other African countries.

Export-oriented horticulture will keep flourishing. Intensive livestock production will flourish near urban markets in sub-Saharan Africa. The poultry industry will grow rapidly, dominated by South Africa. The effect will be felt more in the cereal than livestock trade, as tariffs on animal protein will remain higher.

Constraints and obstacles

High internal transport costs will remain the greatest obstacle to trade, even though other transaction costs will fall.

The main constraints on expansion will be lack of infrastructure and water scarcity. Towards 2019 water will become scarcer, and

- South African exporters will face shifting markets in Africa and the developed world.
- Government needs to become more involved in agriculture, especially in helping small farmers.
- We desperately need more investment in research and infrastructure.



With concern rising over food security, commercial farming is becoming politically respectable again.



ABOVE: In tougher markets, small-scale farmers are going to need infrastructure and state help. Preferential procurement could help, if the state lets emerging producers supply its hospitals, feeding programmes, etc.

TOP LEFT: South Africa is in urgent need of more agricultural research. If we can find R300 million in aid for Zimbabwe's farming sector, surely we can invest more in our own?

LEFT: In future agricultural production will increase elsewhere in Africa, but South Africa's supermarkets will expand into other countries, providing a market for our exports.



PHOTOS: FW ARCHIVE

water pricing more market-related. More pressure on water will cause a move away from flood irrigation to more sophisticated methods. Irrigation in the rest of Africa will take a long time to develop, but even small increases in irrigated area will affect regional production and trade patterns.

Human resources will be challenged by HIV/Aids and other health issues.

'We don't need a new policy – just refocusing and real action.'

The vast potential of South Africa's people and material resources is untapped, and low profitability and competitiveness restrict their economic participation. Solutions will have to recognise the increasingly important role of gender and environmental issues.

BEE and land reform

To participate in markets, emerging small-scale farmers require:

- Stable expectations in terms of macroeconomic indicators, BEE goals, rights to land and water and political sentiment.
- Linkage to successful supply chains through collective action and contracts.
- Linking established commercial and emerging farmers through partnerships and mentorship programmes.
- Successfully implementing the comprehensive agricultural support programme (CASP), including timely delivery of services and funding for infrastructure. In agricultural marketing, the state will have to support emerging farmers

more proactively. It should supply the required infrastructure in the former homelands, but also in commercial farming areas, where it's largely skewed to the needs of large-scale farming.

The state should position itself as the buyer of last resort for small farmers' produce and apply preferential procurement when buying food and beverages for hospitals and school feeding schemes.

Radical action is needed to meet the land reform target. Existing projects should be rehabilitated, especially where large groups acquired land. Delivery efficiency should be improved, and CASP's support programmes implemented. Supporting land rental markets will reduce transaction costs. Industry-state partnerships in land reform projects should also be supported.

Research and technology

Our human, financial, and infrastructural resources are depleted, and the Agricultural Research Council is conducting only limited basic research. We strongly need the state, universities and private sector to collaborate closely in research.

National government must prioritise agricultural research. New funding mechanisms are needed. Research must also be coordinated throughout Africa, and links to extension services renewed.

We shouldn't focus exclusively on projects, service delivery, extension or advisory roles. These tasks belong to agriculture departments and service providers. The greatest problem is the shortage of new scientists due to the lack

of a dedicated scholarship programme. Towards 2019, we need to double the number of scholarships, which will cost about R50 million to R70 million per year.

Market requirements

Trade opportunities with rich countries, and increasingly with Africa, will be subject to demand shifts, reflecting an increasing need for traceability, food safety, ethical trade, etc.

Consumers will become more sophisticated. Small farmers will need collective action and contracting to meet their demands, creating new opportunities for service provision.

Responsibility for food safety has devolved to industry bodies, as the state lacks capacity and because the imperative often comes from supermarkets rather than official sources in foreign markets.

South Africa needs an internationally recognised food control framework to service exports, local expectations and consumer interests. Emphasis should be on product delivery and system effectiveness.

Implementation

None of these ideas are new and we don't need a new agricultural policy. We just need some refocusing, and above all, real action. We need to entrench delivery and execution at all levels of government. If we can raise R300 million for Zimbabwe's farming sector, surely we can find the same to train our own scientists and extension workers and invest in infrastructure and support systems.

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