



the way to pro  
agricultural business chamber

2016 Agbiz Congress

1-2 JUNE  
2016

The Lord Charles Hotel  
Somerset West, Cape Town

Congress Tour  
3 June 2016

## Newsletter

8 October 2015

### Policy and Legislation

#### Agbiz hosts workshop on insurance in agriculture



Agbiz this week hosted a workshop on insurance in agriculture. The workshop aimed at addressing the major insurance challenges faced by the agricultural industry, as well as opportunities through innovative approaches to address these challenges.

Agbiz CEO, Dr John Purchase, says: "Agriculture insurance, as the most important risk management tool, is fundamental to financing in agriculture. Many commercial and developing producers will not qualify, according to credit criteria, for crop production finance in the coming season. In the past production loans were often extended to such farmers where so-called multi-peril crop insurance was used as security for the provided loan. For various reasons the available capacity of this insurance product has been significantly curtailed. So, if we do not get better involvement from government as a part re-insurer in some form, as happens in many countries across the globe, crop value chains will increasingly be put at risk." [Media release»](#)

The following presentations are available to download:

- [Marsh, Lester Botha»](#)
- [Santam Agri, Gerhard Diedericks»](#)
- [Mutual & Federal, Philip du Preez»](#)
- [JSE Commodity Derivatives Market, Raphael Karuikhe»](#)
- [Swiss Re Corporate Solutions, JG Shields»](#)
- [Land Bank, Muzi Dladla»](#)
- [Department of Agriculture, Forestry and Fisheries \(DAFF\), Vivian Phadime»](#)

#### Massive El Nino threat



There is an approximately 95% chance that El Niño will continue through the Southern Hemisphere summer of 2015/16, gradually weakening through autumn 2016. Please click on [El Nino Advisory](#) to peruse detailed report.

#### In this issue

[Agbiz hosts workshop on insurance in agriculture](#)

[Massive El Nino threat](#)

[2015 South Africa - Italy Summit](#)

[National Treasury presents to Parliament's standing committee on appropriations](#)

[Police Minister releases crime statistics report to Parliament](#)

[Road Traffic Act 22 Amendment](#)

[Tinashe Kapuya of Agbiz awarded the best conference price for AEASA 2015](#)

[Agbiz participates in the African Green Revolution Forum in Zambia](#)

[World Bank releases its biannual Africa's Pulse report](#)

[Members News](#)

The El Nino phenomenon is linked to below average precipitation and drought over most of the summer rainfall region of South Africa, putting agriculture and especially crop production at huge risk. Please click on [South African Weather Service Seasonal Forecast](#) to peruse.

RSG Geldsake interviewed Dr John Purchase this week on the drought situation and access to credit. [Click to listen](#) [Afrikaans]

## 2015 South Africa - Italy Summit

### Agricultural supply chains and agro-industrial parks to feed the growth of the Africa and create partnerships between South Africa and Italy



Sub-Saharan Africa, with 50% of available arable land worldwide, has huge agricultural potential and fast-growing regional markets: by 2030 they will be worth more than 1,000 billion Dollars. However, it is struggling to consolidate sustainable production and processing supply chains: 70% of agricultural production in Sub-Saharan Africa is subsistence and only 30% of the production sites have primary transformation facilities in loco (versus 98% in the developed economies). Within a context of widespread malnutrition (1 in 4 individuals suffers from that), dependence on imported food supplies (which cost over 40 billion dollars to Africa as a whole), volatile prices of food commodities, the establishment of local commercial and industrial output for consumption, import substitution and export are the keystones to guaranteeing food security, reducing poverty and activating investment, employment and an entrepreneurial approach. An increasing number of African governments are focusing on the creation of agro-industrial parks as a tool to overcoming subsistence farming and promoting a value chain creation. South Africa is the no. 1 exporting country in the Sub-Saharan region. Italy is the no. 3 worldwide producer of agricultural machines and the no. 1 for packaging, with a supply chain worth over 150 billion Dollars. The two countries could integrate their competencies and create agro-industrial parks as operational tools to better and more rapidly take advantage of the emerging opportunities in African markets. Please click on [Position Paper](#) for more info. Agbiz CEO, Dr John Purchase, presented at the 2015 SA-Italy Summit on the Role of Agribusiness Value Chains in South Africa and SADC. [Click here to open presentation»](#)

## National Treasury presents to Parliament's standing committee on appropriations

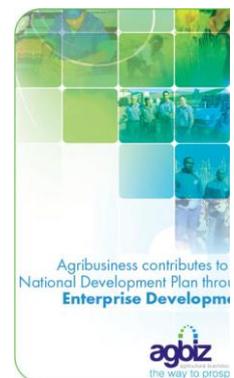


Presenting to Parliament's standing committee on appropriations on 22 September, Treasury acknowledges that despite periods of strong economic growth over the last decade, South Africa's level of unemployment remains high. To address the challenge of unemployment sustainably, South Africa requires (amongst other things) high rates of sustained economic growth. The macro-economic policy environment, infrastructure asset base, schooling system and regulatory frameworks are all key determinants of the growth path. Treasury told Parliament that the Jobs

[Industry News](#)

[Upcoming Events](#)

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Fund is not intended to tackle these long-term, structural causes of low growth and unemployment. Many other government initiatives are directed at these challenges. Rather, the Jobs Fund is an opportunity to complement these efforts with a limited and targeted programme of support for effective labour market interventions that promise job creation in the short to medium term. [Click to open presentation»](#)

## Police Minister releases crime statistics report to Parliament



Police Minister, Nathi Nhleko, last week presented the annual crime statistics to the Portfolio Committee on Police. [Click to open presentation»](#)

## Agribusiness Intelligence

### Road Traffic Act 22 Amendment - Are you compliant yet?



A Consignee-Consignor workshop will be hosted on the 27th of October 2015 in Johannesburg. The workshop is very well positioned for agribusinesses sending or receiving goods and products transported on road, who are concerned about being compliant to the new regulations as per the Road Traffic Act 22 Amendment. Alta Swanepoel, the guru on the regulations will be presenting, together with Patrick O'Leary from Fleetwatch, Jonathan Palmer, from the National Weighing Association and Kathy Bell, from RTMS and Standard Bank. [Click here to read the invitation»](#)

## International Trade Intelligence

### Agbiz's Head of International Trade and Investment Intelligence scoops award for best contributed paper at AEASA



The Agricultural Economics Association of South Africa (AEASA) held its annual conference in Parys, Free State, from the 29th September 2015 to 2nd October 2015. For the second year in a row, Tinashe Kapuya made it to the top 3 best contributed research articles. Unlike in 2014 where he was awarded the 2nd best paper at Mpekweni Resort, this time, Tinashe and his co-authors (Professor Johann Kirsten, Dr Ferdinand Meyer, and Dr Ward Anseeuw) managed to get the ultimate prize of best contributed paper prize.

The article developed a tool that can be used to analyse the process of agribusiness integration and the restructuring of the value chain, by showing how profit optimisation can be achieved under changing commodity prices. Through a systems dynamic model, the paper captured the behaviour of

agribusiness value chain, and used a case study of a Zambian-based agribusiness operation. Two scenarios were constructed to understand investment strategies under vertically integrated operations. The first scenario showed increasing wheat prices, while the second scenario depicts declining wheat prices. In both scenarios, the agribusiness is assumed an investment strategy in which it matched its farmland investments with the levels of its milling capacity. The model simulated the changes in value chain margins and compared both scenario profits. The paper arrived at the conclusion that, under vertically integrated systems in which agribusinesses seek to match their milling capacity with their wheat production, value chain profits are not significantly different whether under declining or increasing commodity prices. This is because, losses in one part of the chain are compensated by increased profits in another part of the chain, which overall lead to a profit level that converges to a global optimum. This seems to justify why many agribusinesses have, in certain instances, continued to increase farm level investments even though commodity prices were declining to below break-even levels. The study was funded by the International Food and Policy Research Institute (IFPRI) through its AGRODEP "Gaps in Research" programme. Click to open the [presentation](#) done by Mr Kapuya.

Congratulations Tinashe, and best wishes for your PhD! - Agbiz Team.

## Agbiz participates in the African Green Revolution Forum in Zambia



The African Green Revolution Forum (AGRF) convened for the fifth time in Lusaka, Zambia from the 29th September 2015 to 2nd October 2015 to discuss the progress of Africa's agricultural development. Under the AU's partially borrowed theme "Walking the talk on youth and women", the AGRF's focus has been to extend it to "Bringing inclusive agricultural markets to life". Agbiz was invited to speak on the grain value chains workshop titled: "Developing Grain Value Chains for Africa's Food Security", in which three case studies from Senegal (rice), Ethiopia (teff) and Zambia (groundnuts) were shared. [Read more»](#)

## World Bank releases its biannual Africa's Pulse report



The World Bank released its biannual Africa Pulse report on Monday, which looks into the economic outlook for the region. According to the report, countries in the region whose economies would grow by 7% and above include Ethiopia, Mozambique, Rwanda and Tanzania, mainly because of large-scale investments in infrastructure by their public sectors, and continued investment in the resources sector and consumer spending. Sub-Saharan Africa is entering a period of tightening borrowing conditions amid growing domestic and external vulnerabilities. Weaker terms of trade have worsened the external imbalances of commodity exporters, and current account deficits remain large in other countries. [Click to open full report»](#)

## Members News

### Marsh - International Business Resilience Survey 2015



Using its knowledge and information about business resilience, Marsh Risk Consulting has undertaken an in-depth study in collaboration with DRII (Disaster Recovery Institute International) about organizations' attitudes toward business risks and the processes they have in place. The benchmarking data in this report was collected from nearly 200 C-suite executives, risk professionals, and business continuity managers from large and medium-sized corporations internationally. [Click to](#)

[open the report»](#)

### Land Bank insights for September 2015

Find linked Land Bank's insights for September 2015:

[Agri-Business Insight»](#)

[Agri-Market Insight»](#)

[Macro-Economic Insight \(Week 1 and 2 September 2015\)»](#)

### Mohair market - OVK CMW

During 2014 the mohair market was distinguished by a number of world-record prices and dramatic price increases. To put this in perspective: the natural mohair fibre enjoys global popularity as a fashion textile. With South Africa and its 'Cape Mohair' acknowledged as the world leader in mohair production on all levels, this led to the doubling-up of its market-price within two years! [Media release»](#)

## Industry News

### Poultry Meat Regulation Amendment Approved by Minister of DAFF



The Minister of Agriculture, Forestry and Fisheries, Mr Senzeni Zokwana has approved the long anticipated amendments to the Poultry Meat Regulations regarding Control over the Sale of which were published in the Government Gazette on

Friday, 02 October 2015. These latest amendments include major changes for producers of both fresh and frozen poultry meat. [Media release»](#)

### South African Supply and Demand Estimates Report

Find [linked](#) the SA supply and demand projections for grains and oilseeds for September 2015.

## CropLife International Statement on the Conclusion of ICCM4

The International Conference on Chemicals Management (ICCM4), a United Nations process within the framework of the Strategic Approach for International Chemicals Management (SAICM), concluded today agreeing to guidelines for meeting the 2020 goals for sound chemicals management. [Media release»](#)

## News around the web

[State tables amendments to act to provide more security for farm dwellers](#)

- [www.bdlive.co.za](http://www.bdlive.co.za)

[Italian CEOs pursue trade and investments in Africa](#)

- [www.bdlive.co.za](http://www.bdlive.co.za)

[Transport infrastructure to get massive cash injection](#)

- [www.sabc.co.za](http://www.sabc.co.za)

[Agribusiness innovators want government, financial institution support](#)

- [www.standardmedia.co.ke](http://www.standardmedia.co.ke)

[Applications are open for innovation prize for Africa competition](#)

- [www.htxt.co.za](http://www.htxt.co.za)

## Upcoming Events

### **Undercover Farming Conference - Western Cape 2015**

13-14 October 2015 | Stellenbosch

[Enquiries](#)

### **AFMA Annual Symposium**

14 October 2015 | CSIR Convention Centre | Pretoria

[Enquiries](#)

### **Road Transport Management System workshop**

14 October 2015 | Durban

[More information](#)

### **GCCA South Africa Cold Chain Summit**

18 - 19 October 2015 | Cape Town

[More information](#)

### **Poultry Buzz**

21 - 22 October 2015 | Pretoria

[Registration form and programme](#)

### **Agri Cape Week**

28 - 31 October 2015 | Worcester

[Enquiries](#)

### **SITEVI Show and Tour to Montpellier**

23-27 November 2015 | Montpellier | South of France  
Focus on Wine, fruit, vegetables, and visits to wine farms  
Enquiries: Marianna du Plessis at e-mail: [africa@farmlinkafrica.co.za](mailto:africa@farmlinkafrica.co.za)

### **Agro-processing Africa Summit**

26 - 27 November 2015 | Randburg  
[Summit brochure](#)

### **EMRC Africa Finance & Investment Forum - AFIF2015**

24 - 26 November 2015 | Cape Town  
[More information](#)

### **Global Forum for Innovations in Agriculture**

1 - 2 December 2015 | Durban  
Enabling Africa to feed Africa  
[More information](#)

### **IFAMA 26th Annual World Conference**

19 - 23 June 2016 | Denmark  
[More information](#)

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