

Challenges

By Jannie de Villiers, CEO of Grain SA

facing the South African oilseeds producer

The greatest single risk for the grain and oilseeds farmers of South Africa has been identified as political uncertainty. This is despite the most severe drought since 1903. By analysing the risk, it has become clear that it is not our confidence in the *Constitution of the Republic of South Africa, 1996* (Act 108 of 1996) that concerns farmers, it is the fact that government keeps challenging the *Constitution* as if it is civil society's responsibility to prove them wrong.

The funds and time lost in the court process can surely be used much more sensibly. One should continue posing the question: Who benefits from the repetition of mistakes and the subsequent uncertainty?

Politicians are skilled at playing on the emotions of farmers. Our ability to turn a deaf ear, remain calm and stick to the verdicts of the courts, is the skill needed to take agriculture forward. An attitude of 'it is my turn to eat', does not create wealth in our nation and will increase poverty. We need to work the land, not the government! However, this is not our only challenge.

Macro level

The impact of slow economic growth and the downgrade of our investment status is certainly not the medicine needed by our high levels of unemployment. It will speed up the ever-growing urbanisation trend and put more pressure on the consumers of our products. Urbanisation is forecast to be at 70% in 2030. More people will rely on commercial farmers for 'pap en vleis'. Urbanisation is a friend of commercial farmers, but funds are required to drive the demand for our products.

Our inputs are mainly based on international prices and a favourable exchange rate is therefore crucial. Grain

prices also correlate with those of crude oil and it remains essential to monitor the trends in this regard.

Developments in the sector

My observation of the past twenty years of a deregulated market, is that farmers have adapted exceptionally well to the free market and especially new technologies. Economy of scale and the use of technology are the only way to sustainability. Many multinational input suppliers are astonished by South African farmers' ability to implement new technology.

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What I have noticed this current season is that our grain and oilseed farmers' marketing skills in selling their products (as well as those of service providers) have not progressed to the same extent. Too many producers do not hedge their positions at planting, waiting until harvest and then trying to sell while complaining about low prices. We cannot simply blame the Johannesburg Stock Exchange (JSE) or other market participants for our current situation. A farmer has the responsibility to market his own crop.

Organised agriculture is developing a new model for research in future. Our research institutions and training facilities do not support our competitiveness

anymore. We need to find new ways to resolve these issues, as this will determine our competitiveness.

Another 'land reform' threat, especially in Mpumalanga, is mining. If South Africa loses approximately 400 000ha of maize production, we will end up with a maize shortage. This will push maize prices to import parity and will make a basic foodstuff such as maize meal and feed to the poultry, dairy and meat sectors very uncompetitive.

Farm level

The challenges at farm level are increasing by the day. Non-compliance with new legislation and regulations could bring farming operations to a halt. Labour matters have forever changed our way of farming. The relationship with his labourers as well as with compliance agencies such as the South African Revenue Service (SARS), will become a critical requirement for the skill set of a farmer.

Water availability, usage and management will also be of critical importance in the future, as no assistance can be expected from our government. Farmers should therefore keep abreast of developments in technology and improve the scale of their operations in a diverse way in order to become sustainable. Having a succession plan in place forms part of operating sustainably. Remaining connected to the younger generation is also of vital importance.

South Africa is undergoing a major transition, where the population is no longer divided between races but between right and wrong actions. We know that in the end good always seems to conquer evil. Let us keep the faith in these days of turbulence. It is advisable to focus on your own sustainability and profitability, and not to get too distracted by the political landscape. 🌱