
RSA QUO VADIS? A FUTURISTIC PERSPECTIVE OF SOUTH AFRICAN AGRICULTURE IN A NEW POLITICAL DISPENSATION

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INTRODUCTION

The environment within which agriculture must operate changes from time to time. There has been a period of approximately ten years when the external environment which impacts on agriculture changed very little. The major impact has been through adverse climatic conditions but very little has changed as far as agricultural policy is concerned. That is why it has been possible to have a White Paper on Agricultural Policy that was formulated ten years ago. One must, however, concede that over the last few years a need to adapt the White Paper has been expressed and after the introduction of the new political dispensation a concerted effort is being made to compile a new White Paper on Agricultural Policy which will be drawn up by a committee especially appointed for that purpose.

I intend to concentrate my address on what such a policy might look like and on those issues which I think are crucial to the sustainability of agriculture.

MISSION STATEMENT FOR AGRICULTURAL POLICY

The following mission statement for agricultural policy will in my opinion, if it can be achieved, allow for agriculture to be an area of enterprise where its participants will be in a position to earn profits and contribute to the creation of wealth in the country.

"To promote the wise use of natural agricultural resources in such a manner that the contribution of agriculture towards the achievement of the country's economic, social and constitutional goals can be done on a sustained basis, while at the same time enhancing incomes and the qual-

ity of life of the rural community".

In my opinion any future agricultural policy will have to be measured against the fulfilment of this or a similar mission statement.

THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME

It is also important that an agricultural policy should be compatible with and contribute to the attainment of the principles of the Reconstruction and Development Programme (RDP) of the government. At present the RDP which is on the table is one that was drawn up by the ANC before the election. One is therefore aware of the fact that the RDP of the government of national unity should differ from that of the ANC. However, I am sure that the basic principles that form the basis of the RDP will not differ to such a great degree.

The six basic principles of the RDP are that it must be an integrated programme, based on the people, it must provide peace and security for all, builds the nation, links reconstruction and development and deepens democracy. One cannot find fault with those principles. Agricultural policy will have to compliment those principles and one will find that there are differences of opinion as to how this can be achieved. Some will say that due to the dualism in agriculture in the country a comprehensive shift in emphasis in terms of government policy from the commercial sector to the developing sector is the only way to achieve these goals. Others will say that only through the recognition of the commercial sectors major contribution to agricultural production and the protection of that sector will it be possible to establish emerging farmers and to provide the support services needed for their upliftment.

As far as agriculture is concerned, the RDP recognises the following:

- A vibrant and expanded agricultural sector is a critical component of a rural development and land reform programme.
- For every additional unit of capital invested, agriculture ultimately yields a larger number of job opportunities than all the other sectors, with the exception of construction.
- The present commercial agricultural sector will remain an important provider of food and fibre, jobs and foreign exchange. The RDP must provide a framework for improving its performance by removing unnecessary controls and levies as well as unsustainable subsidies.
- Support services provided, including marketing, finance and access to co-operatives, must concentrate on small and resource poor farmers, especially women.
- Comprehensive measures should be introduced to improve the living and working conditions of farm workers. All labour legislation must be extended to farm workers, with specific provisions relating to their circumstances.
- Efficient labour intensive and sustainable methods of farming must be researched and promoted.
- Increased attention must be paid to additional processing and value-adding activities derived from agriculture.

From the above it is clear that a change of emphasis will take place in favour of the small scale farmer. It is clear that although the commercial farming sector will still be taken into consideration, a greater deal of independence will be expected from this sector. Agricultural policy will therefore be expected to make provision for this shift in focus.

In a paper such as this, it is impossible to cover the whole spectrum of agricultural policy. It is therefore necessary that one identifies certain key issues which will have a fundamental impact on agriculture's ability in future to fulfil its mission as well as being compatible with the RDP. The fol-

lowing issues have been identified as being of fundamental importance to future agricultural development.

1. Land reform

I am aware of the fact that a paper on land reform and its implications will also be read today. However, because of the importance of this issue one needs to dwell on the matter. The basic aim of a land reform programme is to redistribute land to those who need land but cannot afford it and to allow restitution of land rights which were lost previously through policies and legislation which prohibited the execution of those rights. According to the RDP a total of 42 million hectares of land will have to be redistributed within the next five years. This includes the 18 million hectares which are already utilised by the so-called homelands.

Considering the fact that the RSA is an agricultural resource poor country, it is difficult to see how this goal can be achieved without adversely affecting the country's agricultural potential and therefore its ability to produce sufficient food and fibre for the needs of the country. It would be unwise to use land, and with it other agricultural resources, in order to achieve certain political goals.

In order to avoid a catastrophe, it is necessary to consider the following in a successful land reform programme:

- Security of tenure under all land tenure systems must be promoted as a basis for the effective use of agricultural resources.
- Agricultural support programmes must be designed to improve the quality of life and productivity of farmers and their workers and should be rendered to participants in a land reform programme who farm. This implies that potential farmers will have to be identified in order to receive support.
- South Africa's productive agricultural land should be retained for agricultural use.
- All farmers must be made aware of and accountable for the sustained utilisation of the natural agricultural resources.

2. Food Security and Food Policy

In the past, agricultural policy in South Africa has been strongly influenced by considerations of

food self-sufficiency as the basis for food security. It is however true that food security for the broad population is not directly linked to the country's ability to produce food. Hunger and malnutrition can also be attributed to other factors such as poverty, political unrest and poor marketing and distribution systems. Food security concerns the access that all South Africans have at all times to sufficient and affordable food for a normal healthy life, sufficient in terms of quantity and quality. Any food policy must aim at ensuring food security. Agriculture can support a sound food policy if it can achieve the above-mentioned goals successfully. The interaction between economic development and agricultural production is of great importance. If economic development stagnates, a greater proportion of the population will, in time, not be able to afford to purchase certain types of food, that is, at a price that makes it possible for the producer to produce it.

It is clear that food security has two facets: The first facet is that of availability and the second that of allocation, that is to say whether the available food can through the marketing and distribution system be allocated to those who really need it. As I have already mentioned, food availability can be assured through local production, but when production problems occur imports and food assistance can alleviate the situation. If the country however became dependent on food imports and food assistance, it would have serious implications for the long term development of the country. There is therefore strong motivation to strengthen the country's ability to produce its own food.

It is therefore obvious that a policy of food self-sufficiency will play the most important role in any attempt to achieve food security, whether it be on a national or household level. National and household food security are therefore equally important and must be addressed from a multi-dimensional point of view.

3. The New Constitutional Dispensation

The interim constitution that has been in operation as from May 1994, makes provision for a provincial system and this has important implications for a new agricultural dispensation. It is also clear from the RDP that the agricultural sector and rural areas will generally play a pivotal role in the national policy debates.

It is also clear that whatever powers are even-

tually allocated to provinces, will be subject to clear policy guidelines and arrangements that will be managed by the central authority. The application and building of agricultural policy in order to adapt to local conditions and situations will become a provincial matter. As this stage a lot of work has been done concerning the division of functions between the central and provincial departments, but no finality has been reached on certain issues. Many of the operational decision making and executive powers will be devolved to the provincial departments and this will entail the scrapping of and amendment to existing legislation. Some of the functions that will be affected are certain research functions, farmer advice and extension services and the planning and management of agricultural development. Other issues that can be handled by provinces are land reform, small farmer development and the development of new institutions for farmer support services.

A comprehensive devolution of powers to provinces could result in friction and competition between provinces in the sense that provinces could place different interpretations on the functions that have to be carried out. It could also result in deviation from and conflict of interest with national goals. One of the most important functions of the Department of Agriculture will be to develop clear policy goals and to install workable structures and processes which will ensure co-ordination and harmonisation between provinces and between provinces and the government of national unity.

It is important that government agricultural programmes should contribute to the independence and self-reliance of all participants in the agricultural sector. In order to do so they must have specific objectives and be subject to evaluation and monitoring and only operate on a voluntary basis.

4. Deregulation of Marketing

The process of deregulation of South African agriculture commenced early in the 1980s. One severe drought and the set-backs that agriculture has faced have on the one hand complicated the issue and on the other hand expedited the issue.

The deregulation debate came to a head in 1992 with the publication of the Kassier Report which was followed by several inputs into the debate

and culminating in the publication of the first and second AMPEC Reports in 1994. On the international front, and it must be noted that as far as agricultural exports are concerned, South Africa has always been an international player, the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) took place. This has wide implications for the marketing of the South African products abroad as well as for the policies that can be adopted to assist agriculture in this country.

On balance it appears as if the GATT measures will benefit local production and exports. On the one hand new market opportunities will present themselves and on the other hand greater competition locally from imported products, will demand greater suppleness from local marketing structures especially in terms of price-and-distribution-policy. It is therefore essential that the changes in pricing policy that will be initiated by GATT must be monitored continuously. In future there will be a connection between local prices and international prices and it can therefore be expected that pressure will be brought to bear on fixed price systems as well as pooling systems.

The agricultural marketing system will in future have to ensure equitable access to the market for all participants.

Government intervention in agricultural marketing will in future:

- be limited to the correction of market imperfections and socially unacceptable effects;
- take place as near as possible to the specific point of imperfection;
- allow for export marketing arrangements which enhance the welfare of the nation as a whole.

This means that there will still be statutory marketing institutions but they will be inclusive of all interested affected parties.

Provincial marketing policies will be based on a national marketing policy that is neutral between provinces, enhances comparative advantage within South Africa and ensures the free flow of goods.

TRADE RELATIONS WITHIN SOUTHERN AFRICA

As mentioned, the newly adopted GATT rules will increasingly expose South Africa's agricultural industry to outside competition, resulting in a dispensation where comparative and competitive advantages will dictate the location of production and the allocation of productive resources to alternative economic activities. If the trend of emerging regional economic blocs in world trade is taken into consideration, it further implies that South Africa's primary agriculture's relative competitiveness within the context of Southern Africa will be a guiding factor in future structural adjustments and investment decisions on farm level. This will of necessity also have implications for supply and processing industries linked to primary agriculture.

It is well known that a number of our neighbouring countries possess excellent natural agricultural resources and more favourable climatic conditions than we are endowed with. At present the potential of these resources are not nearly fully realised because of political and policy constraints, inadequate services and infrastructure as well as limitations imposed by present trade relations. This is, however, partly as a result of the influence of the IMF and World Bank, in the process of being rectified.

South Africa has established a number of bilateral trade agreements with Southern Africa, e.g. Malawi, Zimbabwe and Mozambique. We are also the leading partner in the South African Customs Union (SACU) which is presently, due to various problems, under revision. The government has also announced that South Africa will soon become a member of the Southern African Development Community (SADC), which has as its goal the promotion of regional development.

As the dominating economy of the region and being regarded as a developed economy by GATT and the IMF, there are a number of problems that South Africa must address in fostering formal trade relations with its developing neighbours. It is recognised that successful economic relations between parties in an economic region are conditional on the following: it must be mutually beneficial; promote economic development in all countries and not aggravate economic dominance of any country; promote interdependence; facilitate inter-regional trade and investment

flows; and strengthen the competitiveness of individual countries and the region as a whole. Since countries in Southern Africa are not on the same level of industrial development, do not have competitive industrial sectors and existing inter-regional trade is still on a low level, the aforementioned conditions will be difficult to meet.

From agriculture's point of view, there are however additional obstacles. South African farmers' intermediary or input cost structure has for the last 20 years been inflated, inter alia, due to the sanctions imposed on us. This necessitated the establishment of local input suppliers that required protection, rendered to them by means of import tariffs. Such protection is not going to be removed in the medium term, and therefore the competitiveness of our farmers will for the foreseeable future still be eroded by the cost of our industrial protection policies. Contrary to the South African position, producers in our northern neighbouring countries have access to inputs at dumping price levels, making the playing field uneven. A common tariff policy and border control system is therefore required before competition can be opened up within Southern Africa.

It is further argued that South Africa's neighbouring countries can mainly supply primary products, in respect of which South Africa is almost self-sufficient. Imports to South Africa of such products will therefore depress local prices and certainly lead to structural problems and necessitate painful adjustments in South Africa's primary agriculture.

If such adjustments result from fair trade practices on a level playing field, it will probably be the result of comparative advantages within the region that were not fully utilised before. Such a development will also promote the region's development and international competitiveness. Such a development must, however, be approached in a very pragmatic way. As part of the business community, agriculture will have much to lose or gain by the outcome of such agreements and will be an important role player in promoting the economic and social welfare of our society through trade within regional context. We therefore require the Government to adopt a transparent and inclusive process in re-negotiating present trade agreements with our neighbouring countries or in the establishment of new agreements.

One can still discuss many key issues that will affect a future policy for agriculture. Issues such as labour, sustainable agriculture, health and instability and resultant agricultural deterioration. They will, however, have to be part of another debate.

In our exposure to the international arena and especially through membership of the International Federation of Agricultural Producers (IFAP), one is brought under the impression of the major role that green and gender issues play in formulating agricultural policy in member countries.

I am certain that South Africa will not be able to avoid this situation especially since we hope to find our products on tables all over the world. Another important issue is the process of decision making and the importance of an agricultural lobby. The normal decision making process has already vanished and it is necessary to reach consensus on broader issues from many interested groups before any progress can be made. This implies that the decision making process will be slower than in the past. One will have to measure up the need for inclusivity and transparency against the demands for quick action from various constituencies.

In order to overcome this, the agricultural lobby, which in itself has lost a lot of its influence, will have to re-group and find new partners in its efforts to achieve its goals. The manner in which this will be done will be crucial for agriculture and its ability to influence future policy.

CONCLUSION

The key issues which I have debated and some that I have touched on will be of decisive importance for the future of agriculture. On balance, I think that there are more positive aspects in favour of agriculture than negative aspects. This means that if other conditions within the country remain stable such as the political situation, the conflict between government and labour can be resolved and the external environment is conducive to economic growth, then agriculture will be in a better position than any other sector of the economy to make a positive contribution to achieve national goals.

If, however, silly policy decisions are made within the agricultural field as well as in other fields of

the economy, then agriculture will deteriorate and become destabilised and join other African countries where as a result of bad policies, agriculture is virtually non-existent.

I, however, believe that the people involved in

agriculture will not allow this to happen and that in future agriculture will be a sector that creates opportunities for its participants and will be a sought after sector for new participants. At the same time it will fulfil its mission and make the greatest contribution to the RDP.