

OPENING ADDRESS

J WILKENS, President SAAU

Introduction

I regard it a very great privilege to open this Silver Jubilee Congress of your Association. Thank you. I also wish to congratulate you on this exceptional event.

Dr André du Toit opened your congress in 1983 and pointed out that your industry was standing under the spotlight because of objections raised on the prices of your products compared to the prices of imported fertilizers, and the problems caused in your industry by the drought. He also referred to the relation between your Society and organised agriculture and the agricultural co-operatives and questioned the duplication of services rendered by your members to the farmers as this placed the credibility and costs of these services at stake.

A year has since passed and we are still faced by most of these issues today.

I talk to you today in the first instance as practical farmer — primarily summer grain — for whom fertilizer is an absolute necessity on the farm, and I also wish to exchange a few ideas with you in my capacity as President of the SAAU — therefore first a micro view and then a macro view.

As farmer

To me as farmer the theme of your congress, where you will be looking at the Economy of Fertilizer Application, is of the utmost importance. I was particularly interested in the discussions last year where the emphasis fell on the importance of maximum economic yield instead of helping farmers to apply fertilizer for maximum potential yield. This is surely the correct direction in which we must move and I hope you will carry on in this vein. With the present writing on the wall for so many farmers — also for you — we are forced to pay more attention to the economy than was the case in the past. As farmers we tended to look only at the quantity which we can produce and then to neglect the final result, namely the profit factor, and we still tend to do this today. The quantity which you produce is not always the achievement, but that which you add to your pocket.

As farmer I am always concerned about the present position of our farmers. You will notice from the Abstract of Agricultural Statistics that our farmers spent R615 million (which is a record) on fertilizer in 1981 and R582 million in 1982. In 1983 this came to R497,5 million. As far as production means are concerned, the largest expenditure of farmers was stock feed.

The carry-over debts of our farmers at their co-operatives alone (this excludes commercial banks) amounted to almost R800 million at the end of February. It is estimated that this handicap will at the end of the present crop increase to almost R1 350 million — an increase of approximately R550 million caused by further drought conditions in this season.

Despite these critical conditions we as farmers must continue our production and remain optimistic — a very high demand. Must our co-operatives continue providing us with the necessary production credit? So that we can buy more fertilizer? I believe this must and will be done, but only with the utmost discretion.

You will realise that to continue farming under such conditions will make exceptionally high demands on the farmer's belief in the future of farming and in his management acumen to farm himself out of these debts. You must know that the farmer today will look much more carefully at the maximum economic yield than ever before, also when he places his order for fertilizer. In this regard there is a heavier responsibility on you as supplier but especially as supplier of extension services and marketer to the farmer on the farm, than ever before. Your survival is also at stake. It is not even necessary for me to say this. Please pass this message on to your field staff. I have confidence in your integrity.

Under these circumstances the farmer will have to take all the factors which affect his crop production thoroughly into account. Here I also refer to the actual plant nutrient requirements of the crop he will cultivate and the risk involved which he must consider very thoroughly in his planning.

The SAAU has again appealed to the State for a series of aid measures to enable our farmers and their co-operatives to survive the crop failures of three consecutive years. This includes a subsidy on interest rates, postponement for the repayment of loans and, where possible, further consolidation of the carry-over debts, aid to co-operatives and another series of measures which is necessary to keep those farmers who still have the potential to pay back these debts, on their farms.

I firmly believe that our farmers still have confidence in the future to pull through with these aid measures. There are of course still many problems left once we have pulled through.

With all this as background and in view of the lifting of price control on fertilizer, it is probably not unreasonable that the farmers also have certain expect-

tations that the fertilizer suppliers — who do not have to face such outstanding debts — the co-operatives have paid you for the fertilizer used by the farmers — will also adjust their prices in a competitive situation to help the farmers.

The farmers also expect that once price control has been lifted, the fertilizer suppliers will come with new innovations to bring fertilizer to the farmers in the most advantageous manner. In the past price control was always regarded as the obstacle in this road to development. I express the hope that you will not increase prices at short intervals, as this will only lead to many questions and discord as we as farmers do not receive any adjustments more than once a year.

I say this because you must realise that we as farmers will have to pay closer attention to our inputs than ever before to keep our heads above water.

As president

The SAAU is outspoken on the lifting of price control and is in favour of this, provided that this will bring effective competition to the industry. The intention of the SAAU is not that the local fertilizer industry should come to nothing and that our agriculture should depend on imported fertilizer only. The SAAU is not opposed to moderate protection of domestic industries, but this must definitely not take place at the cost of the farmer.

In the past the agricultural co-operatives had to bear the brunt of financing fertilizer used by the farmers and have also, in some cases, strongly entered the extension action and even the mixing of fertilizers.

In the new dispensation where price control is no longer applicable, it goes without saying that the co-operatives will play an even more important role in the distribution of fertilizer to farmers and then in particular in the negotiation of more favourable prices for the farmers. As the co-operatives bear the large financial burden of the carry-over debts of the farmers and will have to grant further financial aid to the farmers in the future to keep them in production, it also goes without saying that they will increase their involvement to help the farmers, among others by additional extension services, especially at economic, financial and management

levels. I appeal today to the fertilizer industry to respect the role played by our co-operatives in the survival of our farmers and to consider them in their action. By accepting one another's bona fides and recognising the interdependency and acting accordingly, I foresee close collaboration which will be to the advantage of everyone in the long term, as hope is also fixed on the Nkomati Agreement.

I have one more remark on the role of our co-operatives, and that is that they have developed over the years to render a more complete service to their farmer members, not only as financiers but also as distributors of the farmer's production requirements. It is inevitable that they will increase these functions in the fertilizer trade in the future. I trust that the co-operation between the manufacturers of fertilizer and our co-operatives, with the SAAU, will be of such a nature that this development will be to the advantage of us all.

The fertilizer industry is not only in the spotlight this year, but is also on the threshold of many interesting challenges. You have a product which is extremely essential for us as farmers, and I hope that where you are now relieved of price-restricting measures you will function so efficiently that the farmers in our country want to do business with you. As President I shake your hand on our co-operation in the following 25 years of your existence. Let us talk with one another when this is necessary and not fight and argue.

Conclusion

Thank you for the programme you have sent me on the discussions at this Annual General Meeting. These are very topical issues in which we farmers are very interested, and I hope that the information that will be forthcoming will also reach our farmers. We need this knowledge.

Mr Chairman, I also personally thank you for your friendship over the past years. Also to Dr Luitingh for his sincerity through the years. I do not begrudge him the rest and good health on his retirement as Director.

It is now my pleasure to declare this 25th Annual General Meeting open and wish you success in all your deliberations.