

## NOTICE 397 OF 2006

# AGRICULTURAL MARKETING REVIEW

## Call For Public Comments

Since 1997, South Africa initiated a progressive process aimed at deregulating its agricultural marketing arrangements. The thrust of the deregulation in terms of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), was to reorient agricultural marketing from a heavily regulated environment to a free marketing system. Additionally, it sought to meet the objectives of market access for all market participants, efficiency, and optimisation of export earnings and the enhancement of overall viability of the agricultural sector.

Since then, there has been a positive response to deregulation by some farmers, traders, processors and other service-providers along the marketing chains for most commodities in which we have a comparative advantage in producing. Deregulation has created many opportunities and resulted in an increase in the number of new entrepreneurs participating in different nodes of agricultural marketing value chains, ranging from production, processing, trading to supplementary services.

It is acknowledged that deregulation was tough on those who were used to protection and direct/indirect support measures from government. Nonetheless, the sector has to adjust to high levels of competitiveness across most value chains globally. The strategic Plan for South African Agriculture was developed in 2001 with the vision of a united and prosperous agricultural sector and core interlinked objectives of global competitiveness, greater and more equitable sustainable resource use in the sector. In order to comprehensively assess the achievement of these aims, the objectives of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), and the impact of deregulation, the Minister has decided to conduct a review of the past seven years of the deregulation process and the new marketing environment that it has brought about.

During the review, consideration will also be given to the underlying agricultural marketing legislation(s) to make sure that it is consistent with and supportive of the dynamic marketing and policy environment. To this end, the Minister appointed a committee comprising of suitably qualified and experienced candidates to undertake the review of the agricultural marketing environment. The following persons have been appointed to undertake the agricultural marketing review:

- Dr Mohammed Karaan (Chairperson)
- Ms Jean Davidson
- Dr Tobias Doyer
- Prof. Eckart Kassier
- Prof. Charles Machete
- Mr Bigman Maico
- Dr Patrick Sokhela
- Prof. Herman van Schaikwyk
- Prof. Nick Vink

Currently, the committee is hosting public hearings with different agro-industries to get information on the impact of deregulation within the different industries' marketing value chains. Interested stakeholders or directly affected groups are hereby requested to respond to the following set of questions in the form of submissions to the committee:

1. Provide a brief narrative summary of the process of deregulation of your industry in the period after the report of the Kassier Committee in 1992.

In this narrative, also show why things happened in the way and sequence in which they did.

2. Describe the organisational arrangements that have since been put in place to manage the affairs of your industry.
3. Describe the experience of your industry in the post-deregulation era with respect to:
  - Trends in total output
  - Trends in exports and imports
  - Trends in the use of resources (land, capital and labour)
  - Changes in the structure of the sector in terms of farm size, shifts in location of production, etc.
  - Social aspects such as schools, education, health, housing, etc.
  - Environmental impacts
  - Research and technology development
  - Competitiveness (global and domestic)
  - Regulatory environment and how they impact on business
  - Competitive behaviour
  - Prices and margins.
4. What in your view would the role players in your industry have done differently in terms of deregulation, if it had been able to?
5. Provide an Overview of progress with land reform and Black Economic Empowerment in your industry. State whether deregulation had any impact here,
6. Provide an overview of your industry performance in relation to the following objectives of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996):
  - Increase market access for all market participants
  - Promote efficiency of the marketing of agricultural products
  - Optimise export earnings
  - Enhance viability of the agricultural sector.
7. Describe the most important factors in the global trade arena that impacted on your industry. How did your industry contend with them?
8. What can government do to improve marketing in your industry?
9. Identify the positive and negative impacts of deregulation on your industry, and provide your opinion on whether deregulation was beneficial.
10. Provide any other information that you would like the committee to take into consideration as well.

The deadline for written submissions from interested stakeholders is 29 March 2006. Submissions and comments can be directed to the committee through the following contact details:

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Privata Bag X1  
MATIELAND 7602

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Any other enquiries in relation to the review process can be directed to Dr Mohammed Karaan, Tel: (021) 808 4759 or Mr Billy Morokolo, Tel: (012) 319 8455, E-mail: [smdm@nda.agric.za](mailto:smdm@nda.agric.za)