

SA_FANRPAN digest

Issue No.: 5

In this issue we cover the following topics:

1. Lessons and experiences on China's modern agricultural practices
2. NAMC's executive summary on the 2018 high-level dialogue: *Transforming Africa's Agriculture*
3. Highlights of the GCRP-AFRICAP Scenarios Workshop



National Agricultural
Marketing Council
Promoting market access for South African agriculture



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FANRPAN Digest is a monthly report that is produced by the National Agricultural Marketing Council through the Agricultural Industry Trusts Division. The publication aims to communicate developments as they happen within Food Agriculture Natural Resource Policy Analysis Networks (FANRPAN). This issue focuses on the following topics: (i) Lessons and experiences on China's modern agricultural practices (ii) NAMC's executive summary on the 2018 high-level dialogue: Transforming Africa's Agriculture and (iii) Highlights of the GCRP-AFRICAP Scenarios Workshop. The division has three digests which cover FANRPAN, agricultural transformation, and agricultural industry trusts. FANRPAN Digest reports on the monthly key developments coming from the operations of FANRPAN as co-ordinated by the NAMC.

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1. LESSONS AND EXPERIENCES ON CHINA'S MODERN AGRICULTURAL PRACTICES

By

Matsobane (BM) Mpyana¹

Over the years, China has positioned itself as the second largest economic powerhouse after the United States of America. During the 1970s, China transformed from being a centrally planned closed economy into a manufacturing and exporting hub. From initiating the market reforms in 1978, some of the achievements included economic growth averaging at 10% annually, almost 0.5% of China's population out of poverty, and most importantly, reducing the unemployment rate to 4%.

Interestingly, the nominal GDP remains large at over \$11.8 trillion, with major contributors being manufacturing and services accounting for approximately 45% each, and agriculture impressively contributing more than 10%. The main agricultural products in the Chinese economy are grains (mainly rice, maize and wheat) and livestock (pork, chicken and duck), with grain production accounting for about 90% of China's total food production. Noteworthy, 80% of crop production is allocated for human consumption and only 20% for animal feed.

Like any other country, China is not unique regarding the challenges they face. The main challenges revolve around sufficient food production with the chief concerns being:

["How is China going to feed its population of 1.3 billion with a limited land size?". Added to that, "more than 90% of the farms are less than 2.5 acres (1 ha) and among the smallest in the world"]

In light of climate posing a serious threat to the world, the major question is: *"How will China deal with*

population growth and meet its demand for food?". With all being said, *is green agriculture a solution to deal with climate change – what are the possible policies to be in place?*

With all the challenges facing the Chinese nation, why is their agricultural sector still profitable and competitive as compared to the rest of the world?

❖ High investment in agriculture

The approach is that high subsidies are provided to farmers who use organic fertilisers, on condition that large-scale farmers receive big subsidies and small-scale farmers receive small subsidies. Furthermore, there is high investment in agricultural infrastructure especially on machinery and equipment, and agricultural research innovation and development.

❖ Land ownership

Land ownership is by one of two ways, namely; state-owned public land ownership and farmer collective-owned rural land. These two land ownership types mean that no farmer in China is entitled to own land. However, the state has full responsibility regarding the distribution of property on a lease agreement.

❖ Modern agricultural production

- Organic farming is highly promoted. Genetically modified organisms/seeds (GMOs) are strictly prohibited. They have reduced the use of chemical fertilisers and pesticides in order to reduce environmental pollution. This is a way to promote green agricultural practices such as the promotion of organic fertilisers, especially pig and poultry manures, in the main areas of production for fruits, vegetables and tea. Most interestingly, more than 85% of the world's greenhouses are found in China and account for over 3.8 million ha of land. Also, more than 35% of vegetables are produced in greenhouses, which ultimately saves

¹ Matsobane attended a seminar training on modern agricultural production in China, Beijing

electricity in cultivation due to solar energy being preferred by the majority of farmers. Such a move guarantees farmer an income throughout the year.

- Promotion of scientific and technological innovation and advancement of green agricultural development through government purchases of services, financial innovation and subsidies for fertilisers.

These approaches have resulted in China increasing its annual grain output (from 300 million tonnes) to over 600 million tonnes for five years consecutively, which indicates that the produced output is more than enough to meet the demand, since its reform and economic opening-up. Furthermore, the favourable agricultural policies and technologies, such as improved water irrigation and promotion of machinery in agriculture, have created an agricultural sector that is profitable and competitive as compared to the rest of the world.

What does this mean for South Africa?

❖ Investment

It is acknowledged that the agricultural sector in many parts of the world faces serious challenges. China, with a population of over 1.3 billion people – the largest in the world – has taken a bold decision to invest heavily in agriculture, and this has exponentially increased its food production and reduced poverty among the Chinese people. Without a doubt, in South Africa (with a population of about 57 million people), if such a move can be implemented, it will address the current economic challenges of unemployment, poverty and inequality. This is likely to attract more investment in the agricultural sector.

❖ Policy shifts

Agricultural policies are changing and new strategies are being developed in a way to address climate change and promote organic farming. Although, “one size does not fit all”, organic farming has its pros and cons, like any other production approaches such as GMOs. South Africa has the potential to be amongst

the top agricultural nations in the world, looking at the potential land for production and expansion, the current land reform initiatives and the skills that our farmers possess. A farmers are limited by a lack of resources, especially finance, it is important to consider the funding of research and innovation, which will accelerate the advancement of the agricultural sector and meet the targets of job creation as outlined in the National Development Plan.

❖ Branding

Many of the developed countries have branded their economies. This includes China, which has developed their national brand over many years, with the slogan “**Made in China**”. This approach is definitely working and has positioned China amongst the world’s best. On the other hand, South Africa can also brand their economy through their national brand “**Proudly South African**” and promote it and encourage South African consumers to purchase products with that brand. By doing so, SA farmers will reap greater benefits such as income generation, job creation and ultimately increased agricultural contribution to the GDP.



China developed a bank for farmers called the Agricultural Bank of China. “China did it, why can’t we do it as South Africans?”

2. NAMC'S EXECUTIVE SUMMARY ON THE 2018 HIGH-LEVEL DIALOGUE: TRANSFORMING AFRICA'S AGRICULTURE

By Nomantande Yeki

2.1 Introduction

On an annual basis, FANRPAN, through collaborative partnerships with local and regional stakeholders, convenes a high-level dialogue. For this year the event was held in Maputo, Mozambique, from 20 to 22 November 2018. The policy dialogue was themed "*Transforming Africa's Agriculture*". In attendance were the state and non-state actors, policy research institutions, universities, farmer organisations, agri-business, agricultural financiers, civil society, policymakers, oversight bodies and the media from all over the world. This dialogue aims to provide a platform for multi-stakeholder dialogue on food, agriculture and natural resources focusing on policies that can transform African agriculture and amplify the role, opportunities and challenges encountered by women, children and the youth.

2.2 Policy dialogue proceedings

The dialogue aimed to address the gaps in implementing the seven Malabo commitments within the African continent, including enhancing investment in agriculture, ending hunger, building climate resilience, promoting African intra-trade and so forth. The dialogue was structured according to four sub-thematic areas, namely nutrition and food system, climate-resilient agriculture, policies to transform African agriculture, and lastly youth in communities of practice. Through all the sub-thematic areas it was realised that efficiency in agriculture is influenced by advanced technology and artificial intelligence. Therefore, young people and

the participation of women in the value chain needed to be part of this revolution, also for the sustainability of the industry.

After long and heated debates, the Congress acknowledged the lack of effective policy implementation in Africa despite the sound policies that exist. This highlights an urgent need to move from theory to practice. A paradigm where Africa begins to humanise the statistics on our development – grassroots development – is much needed. Women and children are still the most affected group regarding poverty levels and inability to access finance and land. Transformation must be seen at all levels, and the private sector was identified as an essential role player that has the highest potential to fast-track transformation.

Also highlighted was the fact that Africa is a net importer of food, which serves as a threat to food security. Also, there is a critical need to move away from donor dependency, and start developing models which the continent can use to raise funds to implement agricultural initiatives. Lastly, the reality of climate change was debated, and it was agreed that there is a need to build resilience and fund mechanisms that promote climate-smart agriculture.

2.3 Conclusion

To have a transformed agricultural sector in Africa, it is essential to emphasise the importance of effective policy implementation. Climate change is a reality, therefore there is a need to build and implement climate-resilient strategies. Furthermore, women, children and the youth need to be active role players within the sector. Lastly, the private sector has the potential to fast-track transformation within the agricultural sector.

3. HIGHLIGHTS OF THE GCRP-AFRICAP SCENARIOS WORKSHOP

By

Ndumiso Mazibuko

The National Agricultural Marketing Council, in its capacity as the Food Agriculture Natural Resources Policy Network (FANRPAN) node host institution in South Africa, hosted the SA scenarios workshop on 12 November 2018 at Sierra Burgers Park Hotel. The main purpose for scenarios in AFRICAP is to build consensus among diverse national stakeholders on the key factors that could shape the prospects for developing sustainable, productive, climate-smart agricultural systems to meet food security and economic development needs in 2050. Furthermore, the scenarios assist in exploring uncertainties surrounding these key factors. The aim of the scenarios workshop was also to develop visions and articulations of potential future scenarios for South Africa. Why scenarios?

- They are a useful method for systematically considering and addressing uncertain and alternative futures.
- They are a tool for broadening perspectives about different future contexts in which today's decisions might play out.

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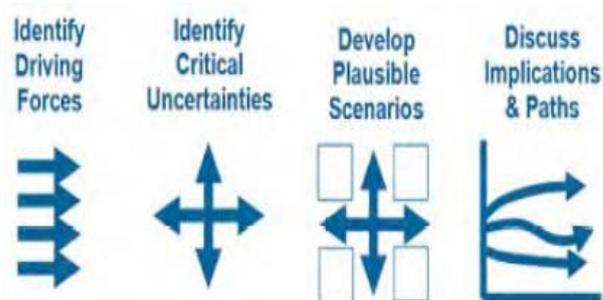
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- They bind uncertainty into a limited number of paths to help us think about different probabilities in a larger space of possibilities.

The methodology for the scenarios exercise was as follows:



Through the breakaway sessions, and using the above-stated method, the following critical driving forces were identified: land reform, climate change, trade and markets, political and economic stability, jobs, and technology. These were defined as six critical driving forces that South Africa needs to address. These were later cut down to two significant forces, namely land reform and climate change.

In conclusion, the scenarios looked at the possible realities of climate-smart agriculture, as well as the future of agriculture and food systems in South Africa.