

The trumpet

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Trumpeting: Addressing the climate change issue in the agricultural sector



National Agricultural
Marketing Council
Promoting market access for South African agriculture

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<http://www.namc.co.za/category/research-publications/publications/>

Foreword

The Trumpet is an economic research newsletter established as an alternative option for stakeholders to access research outputs of the NAMC. This is the fourth issue of the economic research newsletter compiled by the Markets and Economic Research Centre (MERC). The newsletter seeks to summarise latest research along with communicating information on recent and upcoming events of interest to our stakeholders.

We also profile some of the researchers at NAMC with a view to promoting an interactive culture between the NAMC and the readers of this newsletter. Lastly, snippets of important information and statistics on the agricultural sector locally, regionally and globally are presented. The information sharing will not only be valuable to stakeholders, it will also assist in keeping NAMC employees in the loop about the MERC division's activities. This newsletter is available through multiple channels, including email, hard copy, website and social media.

Among the topics presented in this issue of the trumpet Newsletter, Moses Lubinga uncovers the importance of renewable energy as the measure through which to address the climate change issue in the agricultural sector. It also features some recent NAMC conference papers and published book. A conference paper by Lubinga and others investigates how a 15 percent, 20 percent and 25 percent increase in anti-dumping duties imposed on frozen bone-in portions affects consumer prices. The study finds that increasing anti-dumping duties will lead to a reduction in imports of frozen bone-in portions and this will translate into higher consumer prices ranging between 28.34 R/kg and 29.71 R/kg.

Another conference paper by Lubinga and others compared prices received by participating and non-participating farmers in the NAMC coordinated custom feeding initiative which is part of the National Red Meat Development Programme (NMRDP). The results revealed that cattle sold through Custom Feeding Programme (CFP) facilities weighed more than those not benefiting from the initiative and receive better prices

For more information on NAMC's economic research publications, go to <http://www.namc.co.za/category/research-publications/publications/>

Happy reading.

S Ngqangweni

Senior Manager: Markets and Economic
Research Centre (MERC)
National Agricultural Marketing Council





Renewable energy:

one of the measures through which to address the climate change issue in the agricultural sector

By Moses Lubinga

In the agricultural sector, much attention within the concept of climate change is drawn towards activities at the production phase. However, agriculture goes far beyond the production phase and some evidence actually reveals that more greenhouse gases (GHGs) are emitted at postharvest level, particularly for commodities that require cold storage and processing. Post-harvest activities along the various commodity value chains also play a significant role in the generation of greenhouse gases (GHGs), which is the root cause of climate change. This therefore calls for an urgent need to also draw much attention to these activities so as to attain South Africa's envisaged GHG emission reduction targets of 34% by 2020 and 42% by 2025 as enshrined in the Carbon Tax policy.

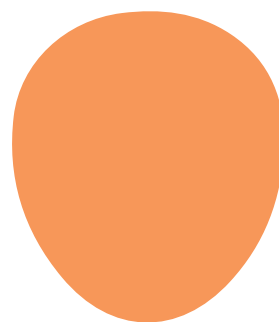
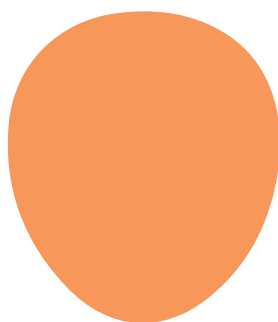
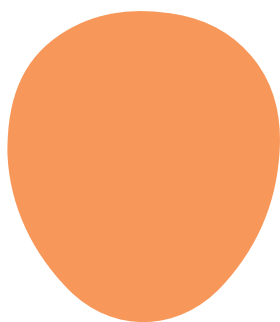
An insightful presentation entitled "Agriculture and its contribution towards greenhouse gas emissions: A case of South Africa's fruit exports" was made by Dr Moses Lubinga at the 8th BRICS Ministerial Summit held in Mpumalanga¹. The presentation emphatically showed that GHG emissions were highest at postharvest level (packhouse & cold storage) for the citrus, table grapes, pome fruits and stone fruits. Despite the undesirable high emission levels, this presents a number of opportunities with spinoff effects that are bound to arise even beyond the agricultural sector. One of such opportunities was the potential to explore the use of renewable sources of energy (e.g. Solar PV, wind, etc) as a substitute for electricity, the key contributor to emissions at packhouses and cold storage. The use of renewable energy in South Africa is still very low, with the Northern Cape being in the lead followed by the Eastern Cape.

An indirect opportunity that is bound to arise from the use of renewable energy within the agricultural sector is the new job opportunities particularly in the renewable energy sector. The use of renewable energy is bound to stimulate more innovation in the industry. The use of renewable energy in the agricultural sector is also seen as a vehicle through which to increase market access for the country's agricultural exports. It is worthwhile to note that consumers have become much more aware of environmental issues to the extent that the affluent in most export markets choose products and services that are deemed to be more environmentally friendly than products within the same category. They use of eco-labelling is a tool to declare or increase the awareness of the product's emissions and if the company(ies) offset their emissions. Other associated opportunities too may follow in the subsequent issues.

¹ Source: https://www.researchgate.net/publication/328021316_Agriculture_and_its_contribution_towards_greenhouse_gas_emissions-_A_case_of_South_Africa's_fruit_exports



Conferences Papers



Comparing prices received by participating and non-participating farmers in the custom feeding initiative of the National Red Meat Development Programme: A case of KwaZulu-Natal Province



By Moses Lubinga, Ndumiso Mazibuko & Kayaletu Sotsha

Livestock farming forms the backbone of agriculture in most of South Africa's poorest rural areas. Out of 13 million herd in South Africa, about 5.2 million (40%) is in the hands of communal farmers. However, this group of farmers does not participate fully into the mainstream value chain due to numerous reasons including poor grazing land and overstocking. The complexities and the non-availability of readily discernible information within the developing sector makes it a challenge for any formative intervention.

Many attempts have been made to overcome these challenges, mostly focusing on production issues such as genetic improvement, husbandry practices and disease control. Although resource constraints remain a valid problem, it is argued that limited access to markets is the most important missing component to make the livestock sector more vibrant and competitive. Few initiatives have focused on this and almost all of those have made little impact. Research has shown that promising opportunities exist for developing farmers to increase their income through increasing their participation in formal red meat markets, where the speed and volume of sales is far greater than in informal markets. The National Red Meat Development Programme (NRMDP) was established to enhance the productivity of livestock in communal areas and farmers' returns.

The key driver of the programme is to foster generation of more income for livestock farmers throughout South Africa. This paper seeks to evaluate how the National Red Meat Development Programme has impacted on livestock farmers in the rural communities of South Africa. The study compared whether the average weight of cattle that benefit through the Custom Feeding Programme (CFP) initiative differs from those who do not. In addition, the average price received by farmers whose cattle are fed at the CFP facility versus what non-participating farmers earn.

Findings indicate that cattle sold through CFP facilities weigh more than those not benefiting from the CFP initiative. With respect to prices, farmers participating in the CFP generally receive better prices. It is recommended that communal farmers make use of the CFP facilities.

For access to the full paper, please contact Moses Lubinga at HLubinga@namc.co.za or 012 341 1115.



The impact of anti-dumping duty on consumer prices of frozen bone-in chicken portion imports from the European Union

By Moses Lubinga, Bonani Nyhodo & Simphiwe Ngqangweni

In 2013, the South Africa Poultry Association (SAPA) raised a concern that frozen bone-in portions of fowls of the species *gallus domesticus* (hs 0207.14.9) were being imported into the country at dumped prices, thereby negatively affecting the poultry industry within the entire Southern African Customs Union (SACU) region.

Upon SAPA's lodging the complaint, the South African government imposed a six months' provisional payment in relation to anti-dumping duty between July 2014 and January 2015 to protect the domestic industry as a comprehensive investigation was being undertaken. The provisional payment arrangement entailed a 22.81 percent payment of the value of frozen bone-in chicken portions originating in or imports from Netherlands, 22.03 percent (for the UK) and ranging from 31.30 percent to 73.33 percent for consignments originating in or imports from Germany depending on company that produces the chicken.

Following a successful investigation into the matter, anti-dumping duties on frozen bone-in portions of fowls originating in or imported from Germany, the Netherlands and the United Kingdom (UK) were imposed and this came into effect early 2015. Depending on the chicken producing company, the imposed anti-dumping duty rates range from 31.3 percent to 73.33 percent for Germany, 3.86 percent to 22.81 percent for Netherlands and from 12.07 percent to 30.99 percent for the UK (The government gazette of South Africa, 2015).

This study therefore evaluates the impact of a possible 15 percent, 20 percent and 25 percent increases in anti-dumping duty rate on imports originating from the EU on consumer prices. In this study, focus was drawn on Germany, the Netherlands and the UK given that anti-dumping duty rates were only imposed on imports from these EU member states. Inclusion of other EU member states could jeopardise the real impact of anti-dumping duty on consumer prices.

Results shows that increasing anti-dumping duty rates could significantly lead to reduced importation of frozen bone-in chicken portions translated into higher consumer prices ranging between 28.34 R/kg and 29.71. At 15 percent, 20 percent and 25 percent increase in anti-dumping duty rates, imports of frozen bone-in chicken portions shall increase by less than one percent as compared to a 41.5 percent rise at the present status quo, leading to a reduction in the quantity imported. However, the reduction in imported frozen bone-in chicken portions does not have a direct significant impact on consumer prices (weighted average urban retailer prices).

The high consumer prices are largely driven by South Africa's limited broiler production capacity to satisfy the high domestic demand for frozen bone-in chicken portions. The high production cost faced by the industry are directly borne by the consumers, hence the high weighted average urban retail prices. As a policy recommendation, there is a need to support the poultry industry so as to foster its domestic production capacity.

For access to the full paper, please contact Moses Lubinga at hlubinga@namc.co.za or 012 341 1115. This paper won the 1st prize for best visual presentation in the 56th AEASA annual conference held at the Lord Charles Hotel, Somerset West from 25 - 27 September 2018.

Published Books





Agriculture and the African continental free trade area

By:

Ron Sandrey

Willemien Viljoen

Thandeka Ntshangase

Mélanie Mugrefya

Yolanda Potelwa

Thabo Motsepe

Molupe Pheko

Puseletso Sauli

Talkmore Chidede

Nikki Jacobs &

Johnson Maiketso

The African Continental Free Trade Area (AfCFTA) is part of the African Union's broader push to achieve greater regional integration and development and its main aim is to boost intra-African trade. The implementation of the AfCFTA could be the catalyst that moves the region towards high levels of intra-Africa trade. A range of agricultural trade issues and regulatory barriers still raise transaction costs and limit the movement of goods, services and capital across African borders. Effective solutions are needed if Africa is to make real progress towards improving intra-Africa trade. The solutions need to go further than current focus on hard infrastructure investment, border posts improvements and customs and systems enhancement. In addressing these issues, a book was jointly published by tralac and NAMC. The book examines intra-African agricultural trade and what the liberalisation of this trade under the auspices of the African Continental Free Trade Area (AfCFTA) may mean for the continent. Topics tackled by the book include regional trading and tariff profiles which shows progress made in liberalization and, more importantly, focuses on how the AfCFTA can contribute to ongoing liberalization efforts. Several chapters examine specific agricultural products that are major trade lines globally and within Africa, looking at how the AfCFTA can facilitate this. The book also give attention to the fisheries sector in Africa, and how aquaculture will contribute to the continents food supply.

For a full copy of the book go to: <https://www.tralac.org/publications/article/13449-agriculture-and-the-african-continental-free-trade-area.html>

Kayaletu Sotsha's journey

as a Senior Economist



“
Given the opportunity
and resources, South
African agriculture has a
brighter future
”

Kayaletu Sotsha is a Senior Economist within MERC division under Smallholder Market Access Research Unit. Kayaletu is from a farming rural area (Bukazi Administrative Area) of Lusikisiki, a small town under the Ingquza Hill Local Municipality in the Eastern Cape Province. He holds a Master's degree in Agricultural Economics obtained from the University of Fort Hare where he also obtained his undergraduate degree. Currently, he is enrolling for a PhD degree in agricultural economics at Stellenbosch University under the supervision of Professor Nick Vink. In his PhD study, he is exploring the use of experimental economics to determine the best possible option for the rural land reform policy direction in South Africa.

In February 2016, Kayaletu joined the NAMC as a senior economist. His role is focused on the development of smallholder farmers through market access. So far, he has been involved in a number of projects including, the Strategic Integrated Project (SIP 11), the National Red Meat Development Programme (NRMDP), the Smallholder Market Access Tracker (SMAT), the Hemp Feasibility Study and the Seed Security Assessment study. Kayaletu is heading the Agripreneur publication through which the pockets of success of smallholder farmers is celebrated, particularly black land reform beneficiaries, youth and women. The aim of this publication is to show that given the opportunity and resources, South African agriculture has a brighter future. He is also heading the profiling of the agriculture value chains (from the producers to the end-users).

The NAMC has contributed to his ability to translate the theory into action and provided him with the opportunity to interact with the experts in the field of agriculture in an attempt to develop a viable and inclusive agriculture sector. The NAMC has exposed him to different parts of the world. In 2015, he took part in the Agricultural Professional Fellowship Programme which included a tour to the United States of America, where he shared two papers presentations at the 73rd Annual Professional Agricultural Workers Conference at Tuskegee University. In 2016, he was heading a seed security assessment survey Swaziland. In 2017, He participated in a seminar on Agro-product Market Development and Trade Cooperation Management for Developing Countries in China. In 2018, he attended the second International Conference on Economic Research in Alanya, Turkey. Besides the international experiences, Kayaletu has recently attended a media briefing by the Minister of the Department of Agriculture, Forestry and Fisheries in Parliament.

Kayaletu would like to advise prospective economists to embrace learning opportunities since agricultural economics has become a competitive field in terms of qualifications just like many other fields. He fears letting himself down by focusing on the surrounding environment and the negative energy in it. What excites him the most at the NAMC is working in an environment that enhances working capacities, professional skills and business efficiencies, not leaving out the extra-mural activities that encourage unity.

Kayaletu wishes to acknowledge the massive role of the people and organisations who made his journey possible

WELCOME NEW MERC COLLEAGUES

A circular portrait of Sifiso Ntombela, a man with short dark hair, wearing a dark blue suit jacket over a white shirt with a red tie.

Sifiso Ntombela
(Manager: Trade)

A circular portrait of Elma du Plessis, a woman with short, curly brown hair, wearing a blue and purple tinsel turtleneck and large hoop earrings.

Elma du Plessis
(Secretary MERC)

A circular portrait of Onele Tshitiza, a woman with long dark hair, wearing a light-colored jacket over a striped shirt.

Onele Tshitiza
(Intern: Trade)



Media

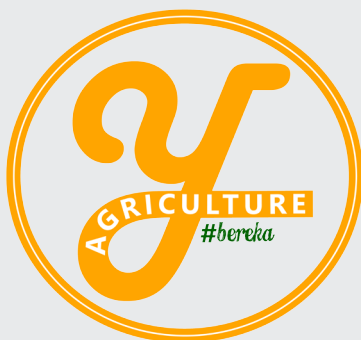


South Africa's latest GDP numbers paint a shocking picture

Click the picture or go to: [South Africa's latest GDP numbers paint a shocking picture](#)

NRMDP KZN Livestock Auction 2018

Click the picture or go to: [NRMDP KZN Livestock Auction 2018](#)



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EVENTS



**10
JAN**

4th International Conference on Marketing, Business and Trade (ICMBT 2019), 10 – 13 January 2019, Tokyo, Japan.
<http://www.icmbt.org/>

**14
FEB**

6th Gauteng Agricultural Extension Conference and Awards 2018/19, 14 and 15 February 2019. www.gauteng.gov.za

**18
FEB**

13th International European Forum on System Dynamics and Innovation in Food Networks (Igls-Forum), February 18-22, 2019, Garmisch-Partenkirchen, Germany. www.fooddynamics.org

**15
MAR**

2019 International Conference on Applied Business and Economics (ICABE 2019), 15 – 17 March 2019, Honolulu, Hawaii, United States. <http://www.icabe.org/>

**23
MAR**

3rd International Agricultural Economics Conference (AEC 2019) will be held from 23 – 25 March 2019, Xi'an, China.
<http://www.engji.org/conference/AEC2019/>

**15
AUG**

International Conference on Sustainable Development 2019 Nairobi, Kenya, August 15 -16, 2019. www.ontariointernational.org

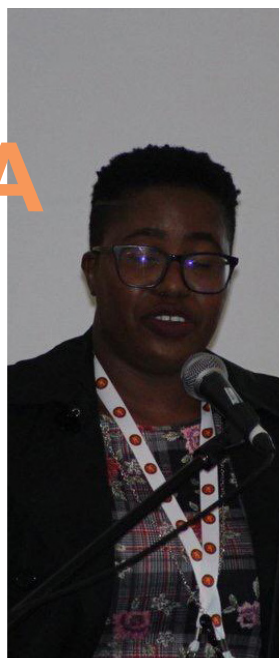


PAST EVENTS



NAMC/AEASA workshop

The NAMC hosted a workshop during the 56th AEASA annual conference held at the Lord Charles Hotel, Somerset West from 25 - 27 September 2018. The purpose of this workshop was to launch a book titled "Agriculture and the African Continental Free Trade Area" which was published jointly by tralac and NAMC (see section on published books). The aim of the session was to enhance knowledge among policy-makers, experts and private sector on requisite policies and measures for fostering the development and strengthening of regional supply and value chains in agricultural commodities. This would contribute to the development of intra-African trade in agricultural and food products, including through the setting up and strengthening of regional agro-food supply chains. It was highlighted during the seminar that South Africa has an important role to play in working with others to promote intra-African agricultural trade.



Seminar

Agriculture to Nutrition (ATONU) project "Improving Nutrition Outcomes through Optimized Agricultural Investments" by Prof Sibanda, 18 October 2018, NAMC. The presentation focused on ATONU project which is an African initiative focusing on how agriculture can deliver positive nutrition outcomes to smallholder farm families through the implementation of robust, evidence-based nutrition-sensitive interventions. ATONU is implemented by the Food, Agriculture, Natural Resources Policy Analysis Network (FANRPAN) and its partners, and is currently focusing on three countries, namely Ethiopia, Nigeria and Tanzania. ATONU provides technical assistance to integrate tailored nutrition-sensitive interventions into planned and ongoing agricultural investments. For more information on this project contact Prof Sibanda at ssibanda@fanrpan.org or +27 (0) 12 804 2966 / 3186

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