

Presidents Address to CFU Congress 2011

(Slide 1)

Zimbabwe used to be the breadbasket of Africa but is now a basket case. We have heard many reasons of why this has happened and we can say what we want to, but ignoring the facts does not change the facts.

Allow me to share a few facts with you:

(S2)

The structure of the tax base in Zimbabwe

1. The decline in Government tax revenue has resulted in almost total collapse in public services. We have witnessed the deterioration in provision of services in key social investments in education, health, transport and energy as well as general municipal services.
2. Over the past few years we have seen the economy becoming mostly informal (at least 57% according to the World Bank) forcing the government to turn on the ever shrinking formal established businesses for the much needed tax revenue. Coupled with the unstable economic environment this has led to the closure of many companies, low investment and low capacity utilization amidst serious liquidity constraints.

This informal sector has no access to capital, no infrastructure, no formal ways of enforcing their property rights, no ability to tap into public services and no legal standing, leaving them extremely vulnerable and open to abuse. This large informal sector seriously inhibits economic growth.

As long as we have political turmoil, inappropriate conflicting political statements, complex regulations, fragile government structures, selective application of the law, rampant corruption, the inability to establish property ownership and lack of title - the size of the informal sector will continue to grow as more and more people and businesses fight for survival.

The size of the public sector

3. Total public expenditure as a ratio of GDP shows the effectiveness of the public expenditure in generating GDP. In 2009 total expenditure for Zimbabwe was 22.2%, with only 1% of GDP devoted to capital expenditure, with the civil service wage bill constituting nearly 70% of government revenue.

Commercial farm statistics

4. We used to produce enough food to feed ourselves. We no longer do.
5. We used to produce in excess of what we needed allowing us to export. We are no longer able to do this.
6. Commercial agriculture was Zimbabwe's largest employer.

7. Commercial agriculture was Zimbabwe's largest supplier of raw materials to the manufacturing sector, and the largest export revenue earner.
8. The drastic decline in production started after 2000 when the Fast Track Land Reform Program was initiated by government.
 - ❑ **Number of large scale commercial farmers in 2000:** approximately 4 500
 - ❑ **Post independence purchases:** 82% purchased their land after 1980, with certificates of no present interest from the government because there was no shortage of commercial farmland.
 - ❑ **Farm workers:** 250 000 permanent people and an estimated 250 000 casual workers. Together with their families, they amounted to about 1.8 million people living and sourcing their livelihoods off the commercial farms.
 - ❑ **Displacement 2000-2003:** During the first three years of "land reform", some 250 000 people and their 1.3 million dependents were forcibly displaced from the commercial farms alone.

(S3)



(S4)

- ❑ **Abuse of farm workers:** Since 2000, more than 60% of farm workers have been tortured and forced to leave the farms that were their homes during seizures. (Report by the General Agricultural and Plantation Workers Union of Zimbabwe (GAPWUZ))
- ❑ **Farm worker deaths:** Farmers who have managed to keep in contact with their workers after they were all evicted estimate about 40% have since died.
- ❑ **Less than 1% of the 1.8 million commercial farm workers and their families have**

received land under the so-called “land reform” programme.

So – who are the real beneficiaries of the land reform?

Government claims of giving land and empowering the black majority are simply not true.

Records show that the majority of land has been given to senior politicians, senior members of the security forces, judges, so called “war veterans,” civil servants, high profile cleric and relatives of senior politicians.

For example: President Mugabe and his family ‘own’ 39 farms.

P. Chinamassa and family	= 5 farms
I. Chombo and family	= 6 farms
Chiyangwa family	= 5 farms
Chiwenga family	= 3 farms
S. Kasukuwere and family	= 8 farms
Obert Mpofo	= 5 farms

Land that has been allocated to the people is lent under a system of political patronage. The continued use and occupation of the land is dependent on their political affiliation and loyalty. There is no genuine empowerment or farmer autonomy, there is no security of tenure and there is no collateral value attached to the land. It is a dead asset, which cannot drive its own development.

Agricultural statistics

Output prior to the government orchestrated land invasions in February 2000:

- Total agricultural industry output in 2000:
 - 4,3 million tonnes - value at today's prices would be about US\$3,5 billion.
- Total agricultural industry output in 2009:
 - Just over 1,348 million tonnes valued at only US\$1 billion
 - This is a decline of 69% in volume and 70 per cent in value.
- Production of smallholder farmers in 2008:
 - 73% lower than in 2000.

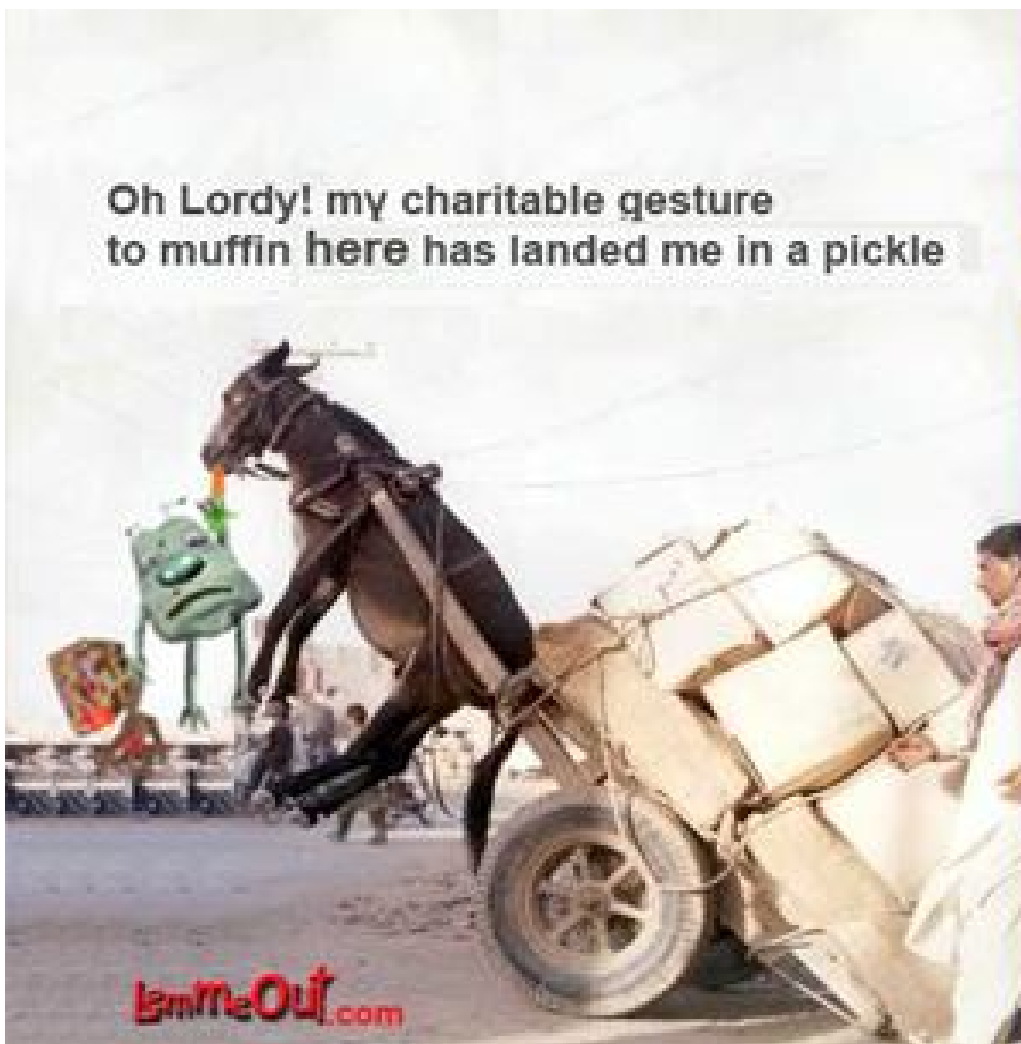
In 2000, Zimbabwe was the world’s second-largest exporter of tobacco and a significant exporter of food and other agricultural products.

If the aim of the land reform was to evict whites and replace them with blacks, then it can be deemed a success. However, if the aim was that it should benefit the majority and not only a chosen few, then it has been a failure. If it was to empower the masses, then it has failed as the masses do not own the land and are now reliant on imported food. The decline in production since 2000 has been devastating.

- **Commercial farmland – prior to the farm invasions in 2000:** 22% of the commercial farmland held under freehold tenure was owned by commercial farmers and only 17,5% was white-owned. Today less than 1% is occupied by whites, yet we continue to be prosecuted and persecuted.

We feel like the poor donkey that is overloaded yet still expected to carry the load.

(S5)



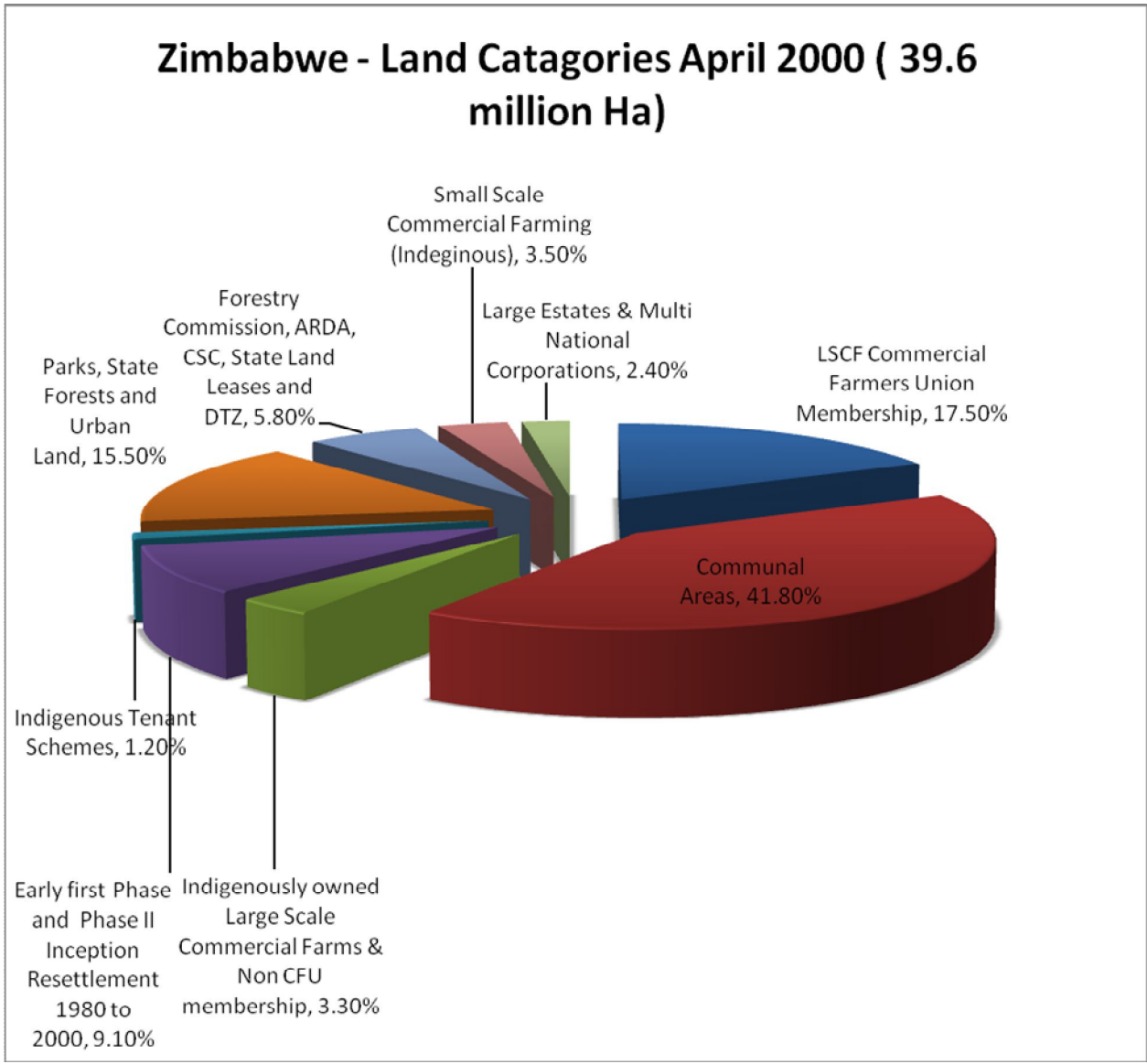
(S6)

If we are not over burdened then we are forced and pulled in all kinds of directions at the same time.

God put a smile upon my face....

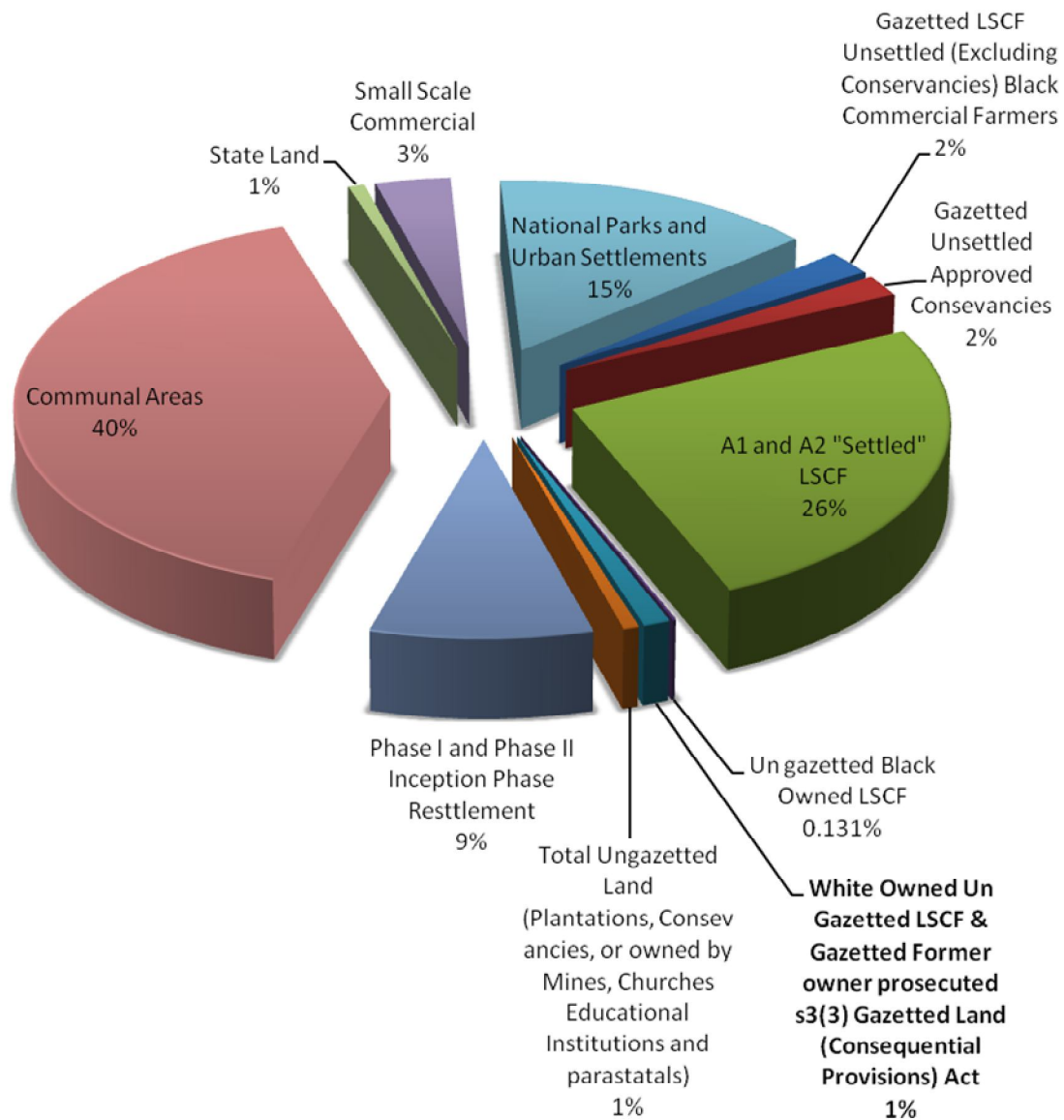


(S7)



(S8)

Chart II: Land Categories Zimbabwe - Actuals as per GoZ 2009



(S9)

Let's look at some statistics that will illustrate the decline of agriculture since 2000:

Table 1 : TOTAL PRODUCTION OF MAJOR AGRICULTURAL PRODUCTS in ZIMBABWE (000 tonnes)

Last up date	7/23/2011											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	*2011
Grains and Cereals												
Maize	2,043.20	1,476.24	498.54	754.00	950.00	750.00	945.00	697.00	417.10	781.25	819.25	1,200.00
Wheat	250.00	314.00	186.50	120.00	121.65	134.00	170.20	64.55	25.55	18.05	7.00	6.00
Sorghum	61.91	60.74	23.82	59.56	124.00	111.00	126.80	130.80	103.00	113.50	85.80	105.00
Barley	32.00	32.00	58.00	50.00	36.40	43.00	53.50	32.00	24.50	33.15	40.50	30.00
Small Grains										43.32	37.62	35.00
Traditional Export Crops												
Tobacco Flue Cured	236.13	202.54	165.84	81.81	69.00	73.39	54.25	73.39	48.72	57.00	123.00	150.00
Tobacco Air Cured	8.16	4.60	3.99	1.99	1.00	0.34	0.27	0.09	0.06	0.06	0.06	0.06
Cotton	353.00	335.25	195.67	253.00	330.00	198.00	260.33	255.00	223.02	210.09	200.00	250.00
Oilseed Crops												
Soya beans	149.94	175.08	72.41	70.26	71.00	54.00	54.80	67.60	51.20	43.30	36.75	25.00
Groundnuts	190.89	171.78	58.56	141.18	85.30	n/a	51.27	130.55	116.55	44.46	50.66	50.00
Sunflower	15.75	31.50	4.39	4.83	18.60	n/a	42.61	42.58	33.40	16.25	13.30	13.00
Plantation and Industrial Export Crops												
Tea	21.80	21.73	22.88	22.54	20.72	16.87	15.43	15.11	13.00	10.00	10.00	10.00
Coffee	6.54	7.26	6.60	5.52	7.20	3.96	2.70	1.86	1.32	0.50	0.40	0.40
Paprika	13.87	12.79	13.40	10.80	7.18	4.57	3.11	1.61	0.74	0.26	0.34	0.50
Flowers	17.86	17.86	21.89	22.80	20.17	16.27	14.33	10.17	8.00	5.00	5.00	5.00
Citrus	39.32	39.32	33.64	43.19	47.77	34.23	26.31	26.45	19.00	15.00	15.00	15.00
Fresh Produce	10.22	10.22	7.51	9.64	10.24	7.28	4.95	5.33	4.00	3.00	3.00	5.00
Sugar	538.00	515.00	581.00	502.74	422.30	400.00	446.65	400.00	380.00	280.00	300.00	350.00
Livestock												
Dairy	187.05	176.77	153.13	114.08	97.64	94.55	92.50	87.36	47.72	36.72	30.83	
Beef Slaughters (nos)	605.00	630.00	720.00	450.00	450.00	450.00	300.00	250.00	200.00	180.00	230.00	230.00

* Estimates

Maize

Due to the very wet period, followed by an extended dry period for much of the country it can be assumed that this has affected

yields and we could see production figures as low as 850,000tonne

Wheat

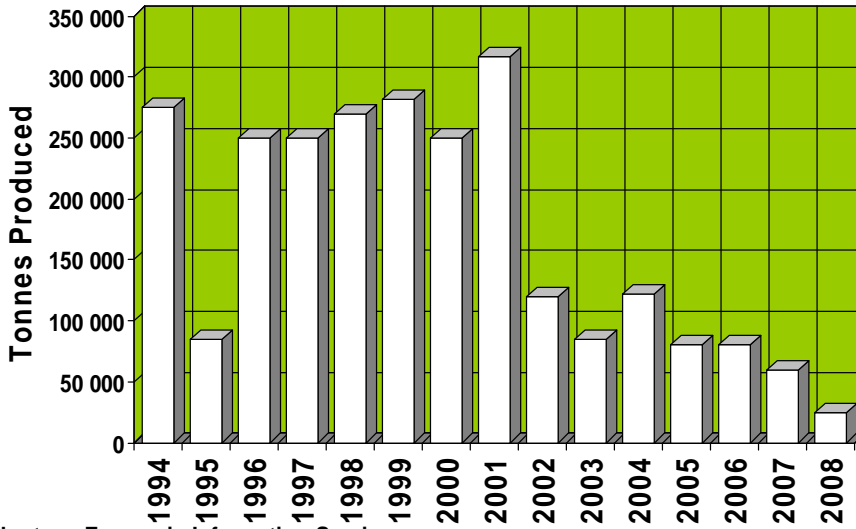
Production here is all dependent on uninterrupted power supply and realistic water tariffs

Tobacco

Due to the very wet period in the country it can be assumed that this has affected yeilds downwards to around the 120,000tonne mark.

(S10)

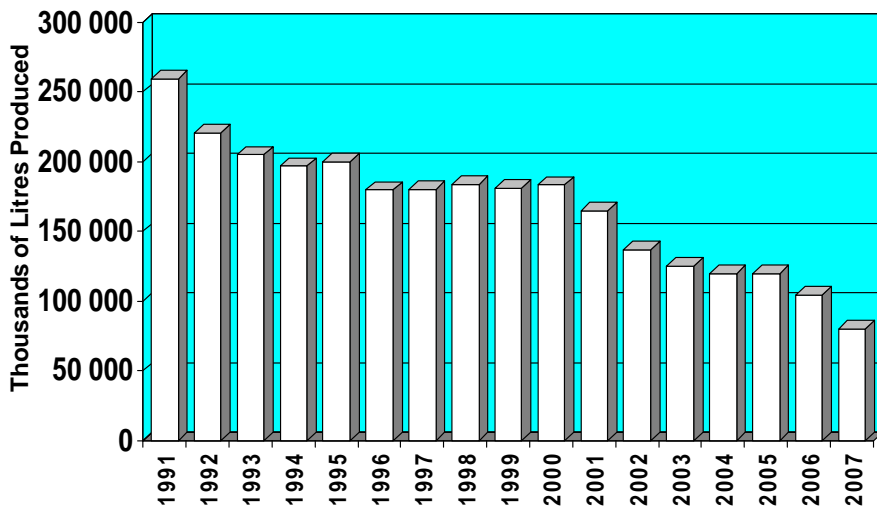
AGRICULTURE Wheat Production



Robertson Economic Information Services

(S11)

AGRICULTURE Whole Milk Deliveries -- Litres '000

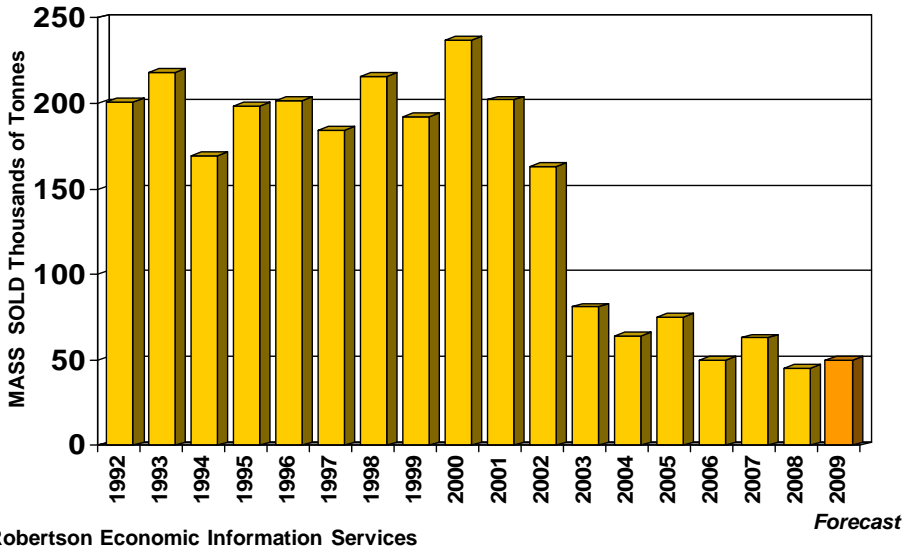


Robertson Economic Information Services

Estimates

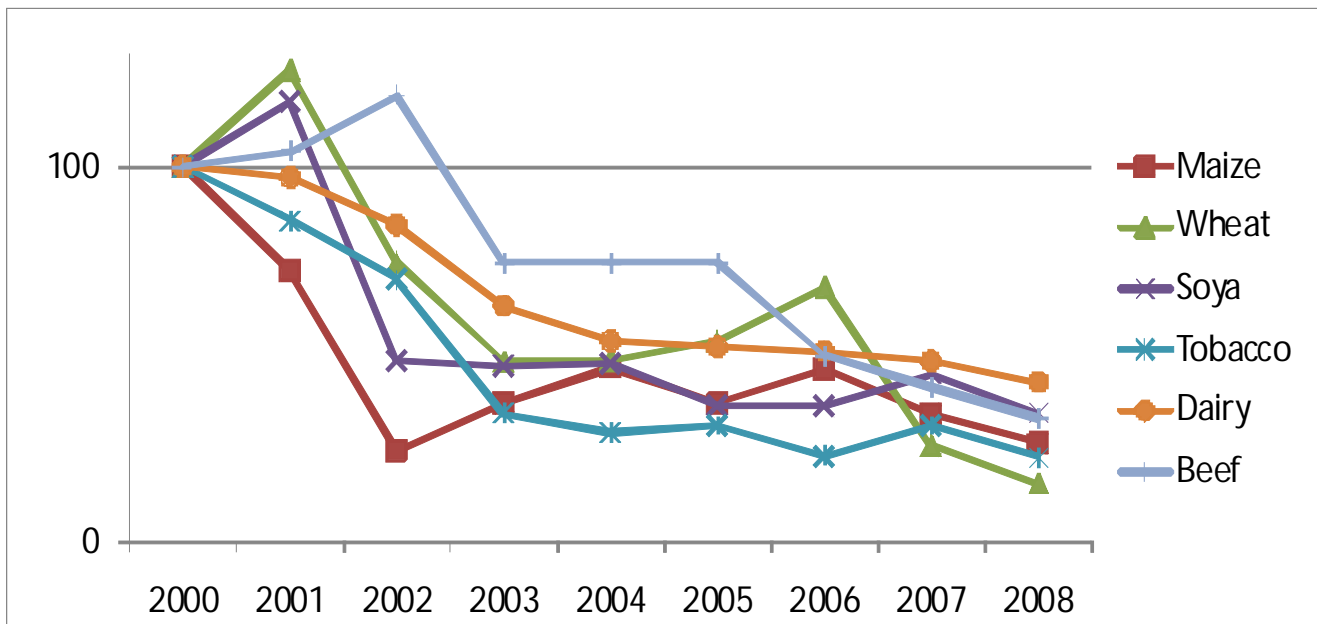
(S12)

FLUE-CURED TOBACCO Commercial Growers - Mass Sold



(S13)

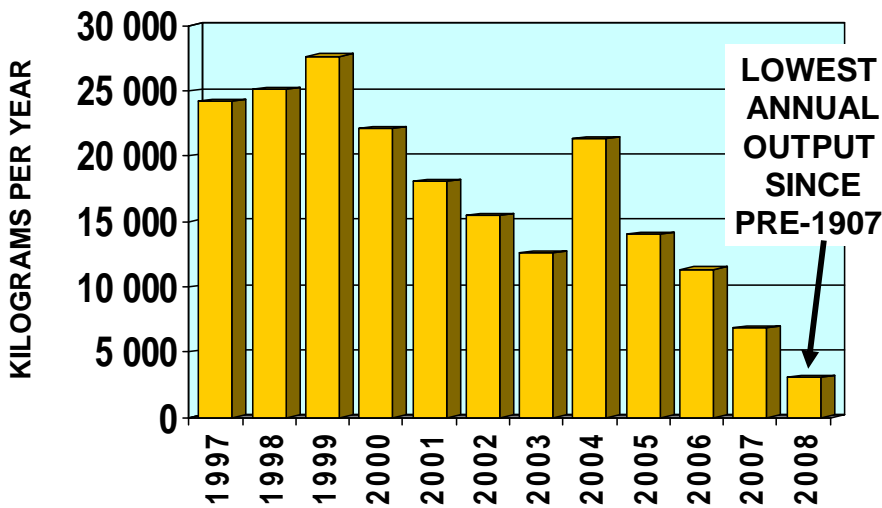
DRAMATIC DECLINE IN COMMERCIAL AGRICULTURAL PRODUCTION SINCE FAST TRACK LAND REFORM STARTED IN 2000 (000'S TONS)



It is interesting to note the effect that the demise of agriculture had on mining and tourism. The two examples of gold production and overseas visitors to Zimbabwe during this period clearly illustrates the corresponding decline in both sectors that also contribute to the decline in GDP.

(S14)

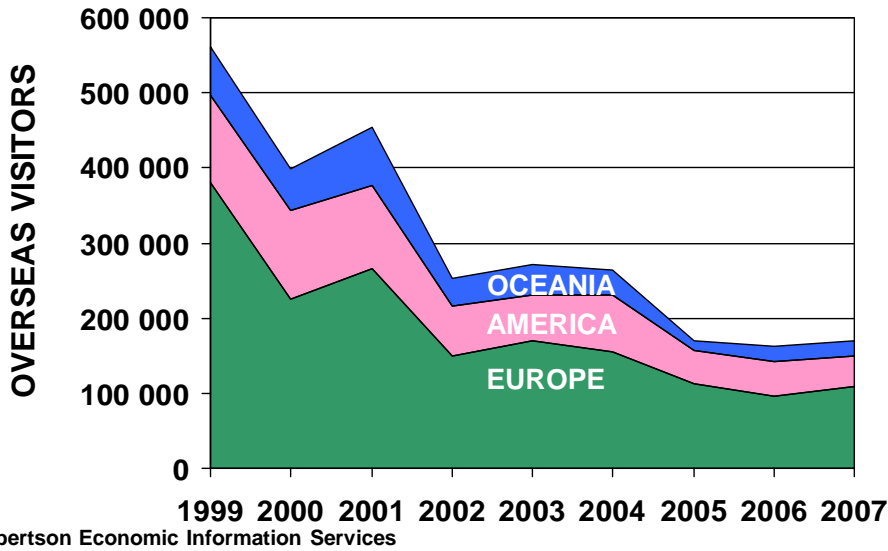
GOLD PRODUCTION VOLUMES



Robertson Economic Information Services

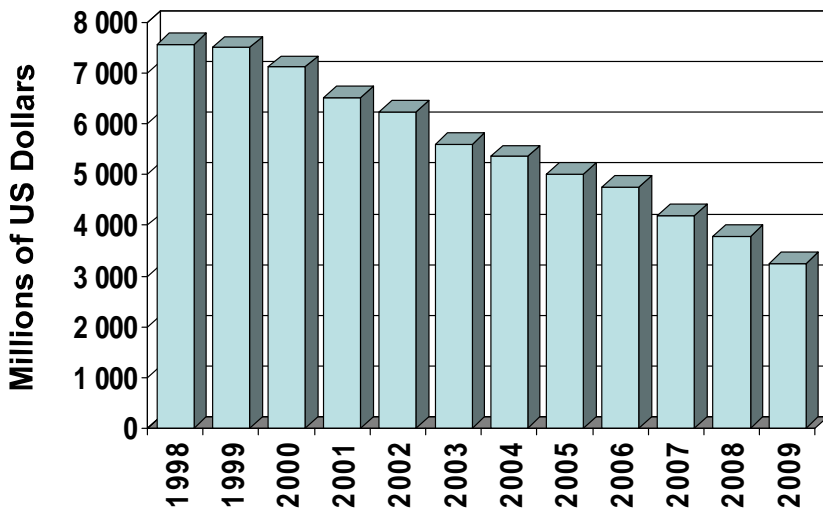
(S15)

VISITORS TO ZIMBABWE FROM OVERSEAS



(\$16)

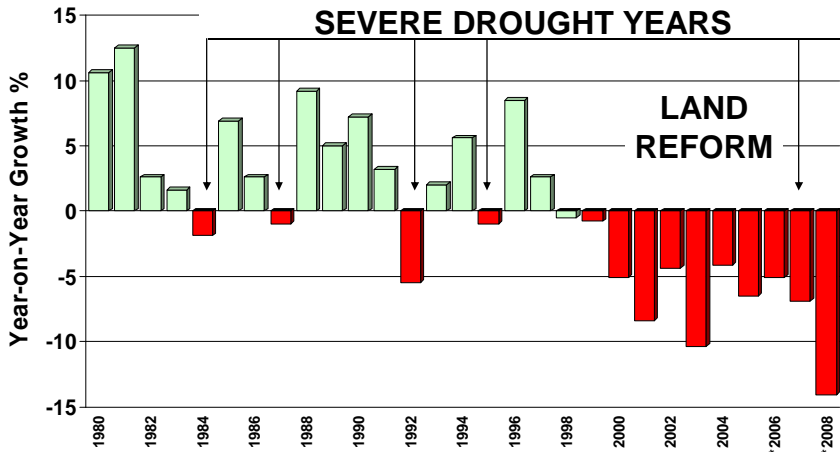
ZIMBABWE'S GDP



The following graph clearly illustrates the negative effect of land reform on the economy. Prior to land reform droughts could be blamed for any decline, but since 2000 land reform clearly had a major effect in the decline.

(S17)

GDP ANNUAL % CHANGE



Source: CSO + IMF + Robertson Forecasts

•Estimates

Outlook for forthcoming season

The situation for both the summer and winter cropping seasons is extremely serious. The remaining commercial farmers are being prevented from producing crops, have difficulty in securing affordable finance as they have lost the ability to use the land as collateral, and are hampered by input shortages, especially electricity for irrigation purposes. Previously highly productive farms that have been acquired by the government are now producing either very little or nothing.

Sadly we will once again be unable to feed the nation, and will have to rely on costly imports while vast tracts of prime agricultural land lie unutilized.

(S18)

The cost of destabilisation of agriculture

Trade deficit: Zimbabwe's trade deficit over the past five years was accrued largely due to destabilisation of agriculture (ref. Parliamentary report 2007).

The combined costs of the land reform are staggering – they include:

- Nearly US\$2.8 billion in international food aid on an emergency basis
- Nearly US\$12 billion in lost agricultural production over 10 years
- A potential US\$10 billion in compensation

Total cost estimate: US\$33 billion

(S19)

As commercial farmers you get the feeling that around every corner you are about to get ambushed.

(S20)

LEGAL

Judgements against the Government of Zimbabwe

On November 28, 2008, the SADC Tribunal in Windhoek, Namibia, ruled that 78 white Zimbabwean commercial farmers could remain on their land, providing legal protection against future land invasions.

On June 5, 2009, following a violent offensive against the farmers, the SADC Tribunal ruled that the Zimbabwe government had refused to comply with its November ruling and the matter was referred to the SADC Summit in Kinshasa, DRC. The verdict was dismissed in November 2008 and government publicly condoned the renewed offensive against the country's remaining commercial farmers. Justice Minister Patrick Chinamasa slammed the SADC Tribunal ruling, saying orders by the human rights court had no legal force in Zimbabwe.

In April 2009, the International Court of Justice in The Hague ruled in favour of a group of farmers of Dutch origin, who had invested in Zimbabwe after 1980 and who were protected by a Bilateral Investment Protection Agreement (BIPPA). They were granted nearly \$22 million in compensation, but have not received anything to date.

At a meeting held on 19 May 2011 in Windhoek, Namibia the Council of Ministers of the Southern African Development Community (SADC) decided to dissolve the SADC Tribunal as it did not know how to enforce the ruling the Tribunal had made against the Zimbabwe government. This illegal, cowardly decision was endorsed the next day at the extraordinary meeting of Heads of State and Government (Summit) in Windhoek. This has led to the Tribunal Judges challenging the illegal decision, and we now have direct conflict between SADC and its own Tribunal.

In the meantime the Zimbabwe government continues to discriminate by prosecuting productive white commercial farmers for being on their farms. That they produce food for the country or generate desperately needed foreign currency is of no consequence.

Many of the farmers evicted over the last 10 years have moved elsewhere in the region to apply their trade and have contributed significantly to their host countries. Others have moved to the cities and their invaluable expertise lies untapped.

The renewed onslaught against the last remaining farmers, as well as their employees and livestock is of grave concern, both for their safety and because of the catastrophic impact this will have on the nation to feed itself.

Animals too have not been spared. They are being stolen, slaughtered, snared, hamstrung and axed. Thousands have inhumanely been denied food and water for more than a week at a time, with many dying or eating their young in their desperate efforts to survive.

The short and long-term implications for Zimbabwe – and for the region – are devastating if not addressed immediately.

(S21)

After surveying their members (including CFU), the Business Council of Zimbabwe is finalizing a National Business Agenda that will identify the various sectors problems and constraints, prioritize them and then recommend reforms to government. Government holds the key to successful reform and therefore has the responsibility to transform the people's wishes into action.

As citizens we want a safe and economically secure country built on democratic principles. Government needs to respect the wishes of the people. We need to see a spirit of equality, honesty, integrity, co-operation, transparency, freedom of association and above all a political will to listen to the people and act accordingly.

(S22)

As farmers we have always engaged all players including government in an honest, transparent and constructive manner. We have worked hard and presented government with a proposal that will recover economic prosperity for all. These discussions now need to translate into action.

Government can talk about indigenization, constitutional reform, Medium Term Recovery Policies, investment, sanctions, referendums and elections – but if they fail to respect basic human rights, treat all citizens equally, resolve the conflict of land and restore property rights it will all be in vain.

We are running out of time. As farmers, miners, businessmen and even politicians we are all getting older and poorer. Let us humble ourselves, engage each other in a constructive manner and together lay a solid foundation that our children can build a secure future on.

(S23)

I need to thank the Prime Minister and all the Ministers from both parties that met with us on a regular basis in seeking a way forward through dialogue. To all the permanent secretaries and other government officials that met with us, thank you. The role you will play in resolving the conflict is of huge importance.

To all the Ambassadors and their embassy colleagues and staff: Your engagement and support of the Union and its members is highly appreciated. We have made many friends over the past year, but I would like to mention the European Commission in particular. Your engagement and support has been invaluable.

Thank you to everyone within the regional and international community that met with us over the past year, in particular the World Bank. Without your engagement and support Zimbabwe will find it very difficult to recover.

To all our fellow agricultural unions, friends, partners and supporters out there: Thank you!! John, Glyn, Kerry – to name a few individuals - what an inspiration and encouragement you have been to me and the Union.

To all our members and ex members, farmers and ex farmers: Without you the Union would not exist. Your comments, criticism and support are all vital in keeping the Union on the road you choose. Please keep engaging and supporting the Union and all its councilors and staff.

To the entire CFU team, councilors, staff, and in particular my PA Louise: The Union faces a real challenge to survive financially, and I thank you for your support and dedication in keeping the ship afloat.

Hendrik: As CEO you have probably had one of your most difficult years. Thank you for the role you fulfilled under very difficult circumstances.

Louis:

(S24)

Your vision and drive of the South African initiative has been hugely successful, and we are grateful that you continue to drive it despite standing down as vice president.

Charles: I believe you are the right man at the right time. With your energy and ability I am sure that you will take the Union to new heights. I wish you well for your term as president and trust that you will receive the same support from members and staff that I did.

To my wife Martha: Thank you for your patience over the past 33 years when I dedicated so much of my time in serving others. Your time has arrived as I am finally coming home.

I thank you.

Deon Theron

President

Commercial Farmers Union

Zimbabwe

