

COMMERCIAL FARMERS' UNION

VICE PRESIDENT'S SPEECH TO CONGRESS -2012

OVERVIEW OF AGRICULTURE AND THE ROLE OF THE COMMERCIAL FARMERS' UNION IN THE FUTURE

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Honourable Ministers and Deputy Ministers of Government here present, Permanent Secretaries, Presidents and other representatives from our affiliated and Sister Farmers Unions, Representatives of other farming organisations, Distinguished Guests, Fellow Members, Ladies and Gentleman,

It has become the custom in the past few years that the Union's Vice President gives an overview to Congress of the performance of the Agricultural Industry in the preceding season; in doing so it provides an opportunity to reflect on the successes as well as the many challenges. I am honoured to fulfil this function today. I however wish also to discuss the goals the farmers of Zimbabwe should aim for in the future so that Zimbabwe maintains its relevance; awakening the sleeping agricultural giant that we are. The livelihoods of Zimbabwe's farmers are inextricably tied up with the life of the country.

I will begin by summarising the main **production highlights** for the current season.

Drought occurred from late January to March this year, and resulted in low yields and some crops being written off. Other effects include poor veldt grazing conditions, especially in the south, which will be a problem for the remainder of the year.

The 2011/12 season has definitely not been good for maize production. Maize marketing problems experienced in the previous season stimulated some diversification into other crops. However, adverse weather was the main reason for the drop in production this year compared with last season. Maize production is estimated at around 833 000 tonnes. Food insecurity has intensified, and over the three year period from 2009 to 2011 maize imports amounted to over 1.8 million tonnes. This trend has now continued into 2012. About 1.0 million tonnes need to be imported to make up for the shortfall this season.

Wheat production remains a primary concern, and little growth is projected for the crop this year despite production being at only 12% of its 2000/2001 peak of 341 000 tonnes. Production is constrained by unreliable power supplies, and limited availability of credit. Both aspects have contributed to the steep decline in area planted in the last three years.

The cost of importing additional food in 2012 to make up production shortfalls of particularly maize and wheat is projected at a total of US\$ 585 million.

There was an increase in output of cotton and soya beans in 2012 following diversification into these crops by farmers due to favourable prices last year. The projected harvests are 80 000 tonnes of soya beans, and 255 000 tonnes of cotton. Very poor prices being received by cotton growers this year will probably be followed by a drop in cotton plantings in the coming 2012/13 season. There was also some growth this year in sorghum output and oilseed crops like groundnuts and sunflowers.

The Tobacco Industry and Marketing Board has projected a moderate decrease in total production of tobacco from 2011. A total of 127 000 tonnes of flue cured tobacco from 74 800 hectares is expected to be sold this season. However we feel that this projection might be understated; as 124 000 tonnes had been sold by the end of last week.

Not much change is expected in horticultural exports although some decrease will occur in flower production. The total value of horticultural exports this year will be around \$40 million which is well down from the \$125 million achieved in the year 2000. Sugar production is forecast to grow to 372,000 tonnes from the 333,000 tonnes achieved last year. This estimate may well have to be revised downwards because of low dam levels and looming water shortages in the Lowveld. Coffee output is negligible at about 300 tonnes whilst tea production has been relatively static since 2009 at around 10,000 tonnes per annum.

Annual milk production in the year 2000 was 190 million litres. The plummet in output that followed bottomed out at 37 million litres in 2009. Since then it has grown moderately to about 50 million litres projected for this year.

The annual number of beef cattle slaughters undertaken commercially is currently in the region of 200,000 to 220,000 head.

Regarding the current inputs situation, crop seeds, stock feeds, dips, and crop chemicals have been generally available on the market. However, they remain expensive and affordability is a major problem for many farmers.

There also was significant improvement in availability of compound fertilizers this season due to increased local production. The industry supplied the market with approximately 330 000MT of fertilizers for summer crops, compared with only 200 000MT the previous season. Despite this position an estimated 78 000MT of nitrogenous fertilizers were imported. Sable Chemicals failed to meet local demand for A.N. due to non-payment of electricity accounts.

The power supply situation in Zimbabwe remains critical with rampant load shedding. Electricity shortages have forced ZESA to ration supplies to both commercial and domestic users. This arises from the fact that the installed power generation capacity in the country is well below demand, and there is a reliance on power imports to make up shortfalls. ZESA has not been able to pay off its debts with Mozambique's Hydro Cabora Bassa, and in March HCB reduced power supplies to Harare.

In short Ladies and gentleman the Agricultural sector continues to underperform. The question is why?

Most of you will be acutely aware that Farmers in Zimbabwe have faced, and are yet to face seemingly insurmountable challenges to their livelihoods and businesses. Small, medium and large scale farmers alike, downstream industries, and suppliers of agricultural goods and services are all substantially constrained by an unfavourable business operating environment. This environment is characterised by

- an inability to access affordable credit for working capital and to retool or develop; This is effectively a result of a lack of collateral security and liquidity shortages in our money markets;
- major deficiencies in national transport and electricity generation infrastructure, in particular the have severely affected crops that are reliant on irrigation and other farming activities that are dependent on electricity.

- labour regulations biased in favour of employees. For example, summary increases in the costs of employment, that are far in excess of inflation rates. Also regular back payments have become the norm.
- high, and uncompetitive costs of production.
- the lack of trade barriers for some farm products have been a major challenge for domestic markets to perform efficiently. Cheap imported subsidized produce continues to be dumped into Zimbabwe. The most affected Commodities include dairy products, beef and poultry meats, and certain vegetables and fruits among other items. Although a surtax was introduced for some of these items in March, it has apparently done little to stem the flow.
- Unattractive commodity prices in some cases have limited production.
- Government bureaucracy involving regulations to do with EMA Licences, Water Permits, ZINWA Agreements, RDC Rates, taxation, and the penalties relating to them, continue to frustrate farmers. Especially so, when no tangible service delivery is noted from any of the authorities concerned.
- Marketing problems like late payments by the Grain Marketing Board and other Private sector players have affected some farmers. This has affected their ability to pay electricity bills or secure inputs for the following season.
- General poor investor confidence, uncertainty and insecurity resulting from weak property rights across all categories of land tenure.

In spite of these challenges I am resolved to remain positive. It cannot be stressed enough: The future of our nation depends on a successful and vibrant agricultural sector. We the farmers of Zimbabwe cannot allow our industry to continue to underperform in this way. We must be proactive and partner with all stakeholders to work for a better future.

The prospects of commercial agriculture for both for our members and all farmers will be bright if all the constraints mentioned are resolved satisfactorily.

I therefore wish to share with you **our vision** for Zimbabwe's Agricultural Industry. A vision we have held for many years.

"The Commercial Farmers' Union is an integral element of Zimbabwean society that represents its members in their individual pursuit of a sustainable and profitable agricultural production program and in any other business activities".

In a nutshell this statement of purpose sums up what the Union has always stood for since it was founded. This will continue to be our aspiration in the future. In essence the Union exists to protect and advance the interests of its members in contributing to the development of an economically viable agricultural sector in Zimbabwe.

The Union undertakes many **activities** to obtain the benefits that the membership requires. The most important of these are:

- To lobby and advocate for a better legal framework which guarantees property rights, fair access to rural land and a complete environment for agricultural producers.
- To investigate, discuss, and negotiate all matters relating to:-
 - Reducing input costs
 - Agricultural producer prices and marketing

- Wages and employment terms for labour
- Restrictive trade or business conditions
- Taxes and tariffs
- Agricultural research and extension

Under normal circumstances these activities would be carried out in a straightforward manner. However, developments since 2000 have made the tasks more difficult. In summary these challenges are:-

- That Government has not accepted the sincerity of the CFU in its approach to dealing with production and land reform issues.
- Over the last 12 years divisions within commercial farmers and the CFU have diverted efforts away from dealing with the real issues
- Members expected "quick fix" solutions to land and compensation issues which have not materialized.

The time has come to move past these difficulties. Where do we want to be ten years into the future? What are our goals?

Our Desired Objectives are:

- To be members of a vibrant, inclusive and financially secure Union. A Union that is able to secure the benefits that we require to manage our farming businesses.
- To have a meaningful role in an effective stakeholder collaboration in the formulation and implementation of agricultural policy.
- To have completed a well funded agrarian reform program with dispossessed farmers having received full and fair compensation.
- To hold tradable documents providing long term tenure security.
- To be able to undertake any productive investments in our businesses with full confidence and be able to obtain finance to this end, as well as working capital for our farming operations.
- To be fully focused on maximizing food and agricultural raw material production as well as exports.

To obtain these goals a three pronged strategy by CFU is proposed:-

- Promote unity amongst all Zimbabwean farmers and defragment farmer representation.
- Engage and dialogue with Government and other key stakeholders to bring about the resolution of all problems and to create the business operating environment that we all need.
- Develop skills to ensure that all farmers are ready to play their part in a vibrant agricultural industry.

In conclusion Ladies and Gentlemen, growth and development are contingent on a stable production environment that encourages farmers to expand their business operations. Our Union will adapt and survive in line with our vision for the future. We members are committed Zimbabweans and must have a positive role to play in the country's future.

I thank you.