

DIPLOMATIC BRIEFING – 8TH MAY 2013

Your Excellencies, members of the diplomatic core, business leaders, ladies and gentlemen, welcome to our 2013 annual diplomatic briefing in which I intend to outline the current position of agriculture in our country, the programmes that CFU have been involved in during the year together with our vision for a strong solution for all based on the back of a strong and vibrant agricultural sector.

Where are we today, in terms of agriculture, agric production and agric development. Despite the recent books and articles written by various academics promoting the success story of the FTLRP, the facts on the ground tell a very different story. Agriculture can now be divided into 3 categories:-

1. Being funded by Corporates
2. Being funded by the banking sector
3. Being funded through donor support.

The Corporate sector is funding primarily tobacco and cotton, but has ventured in a small way into soya and maize production. With this type of funding the primary supplier of that funding is also the primary purchaser of the product being funded, this is not a good business model for the producer and as a result we have seen many producers entrapped by debt and becoming slaves to the system. We have seen the recent debacle in the last 2 years in the cotton industry, with no pre-planting producer prices being given to the grower, leaving the grower fully exposed to the fluctuations of global cotton prices at the point of sale. The net result of this has been the decline in cotton production particularly in marginal cropping areas, leaving these producers in an extremely vulnerable position.

In the case of tobacco we have seen an explosion in the numbers of producers, but at what cost. The bulk of these producers are being funded by Corporates who do not in the main, allow for mixed cropping, rather demanding from their growers total focus on tobacco production. The effect of this is that areas which were previously food secure at a domestic level will no longer be so, once these growers embark on tobacco production. Secondly the technology being used to cure this tobacco relies solely on indigenous wood as a fuel source, as electricity is needed to burn coal, creating a vast ecological problem in terms of deforestation. The net effect of this explosion in numbers will not in my view give the same percentage increment in volumes of tobacco. It must be noted that in 2000 at our production peak of 237million kilos, Brazil our single biggest tobacco export competitor produced approximately 350 million kilos; they now are now producing upwards of 550 million kilos, where we at current levels are producing 150million kilos. This is most definitely not a success story. We should be up to the 400 million mark 14 years after our 2000 levels.

The second type of funding, that being funding from the commercial banks is at a greatly reduced level, as the necessary fundamentals to attract this type of funding are not in place. A farmer needing bank funding can only do so if he or she has access to urban assets that can be put up as security. We need to shift rural development and borrowing onto rural assets.

If we do not do this agriculture will not grow and develop at the rate that is necessary to meet this country's growth targets. Many banks now find themselves in bad debt positions of many millions of US Dollars against which there is little chance of recovery creating a further downward spiral of confidence into lending into the agricultural sector. A comprehensive re-look is required into the entire land holding structure to mobilise values against these holdings.

The final type of funding currently in our sector is that of donor support. Of all the types of funding, this is the most dangerous and the most underperforming. In many cases it promotes donor dependency at both farmer level as well as at the supply chain level, reducing initiative with no movement without donor support. Much of the support which is given is often given in unsuitable growing areas primarily in terms

of maize production, where year after year large hectares are planted in regions 3, 4 and 5, with little or no chance of success. The net effect of this being one of the perpetuation of poverty.

Ladies and gentlemen we need to be honest with ourselves. Year on year we plead for food assistance to avoid starvation. This year being the worst. Despite our country having the highest land water ratio in the region, we are unable to mitigate the effects of drought. 70% of our developed irrigation in this country is now defunct; this is truly a national disaster. Our rural infrastructure is crumbling. Our research and extension is a fraction of its once world class status. Our agriculture school and colleges are struggling to survive. Our banking industry previously reliant on land lending is now in a precarious balance.

Our manufacturing and value addition industries previously dependent on 67% of its raw materials from agriculture are running at 20 – 35% of its capacity. Our seed and fertilizer industries are heavily indebted through credit offered to growers over the last two seasons and this massive debt burden amounting to many millions of dollars is in many cases crippling those operations leaving a supply vacuum which is being filled by imports many of which are proving to be unregistered and unsafe. These industries are yet another casualty of the decolonisation of land and their demise needs to be urgently addressed before they cease their operations entirely. Our towns and cities are choking with the massive migration of people from the rural areas to the urban areas. The single most disturbing fact of all is the fact that there are fewer and fewer young people embracing agriculture as a career. We need to ask ourselves why, the association of agriculture with poverty is real. The lack of support, lack of funding, and the lack of infrastructure is real, but the most important fact of all is that the land is no longer a financial asset but remains a political asset which has the effect of removing the future from any young potential farmer. This needs to change and it needs to change fast. Where does this leave us? The CFU fully appreciates and understands the diverse nature of land tenure in Zimbabwe and equally understands that a one solution fits all is not workable. However there is an immediate need to re-establish a free hold sector on the back of which a diverse agriculture base can develop giving rise to a strong banking sector, a rejuvenated supply and manufacturing sector as well as the associated capacitation of the public sector in terms of infrastructural development. Without this approach we will never be self reliant, but will rather be depending on the outside world for survival.

As a country we need to grasp the opportunity that is there for the taking. We could control the development of central Africa through our infrastructural and strategic placement, but in order to do so we need to heal. Let us remove the conflict, let us re-establish values, let us establish dignity and let us create a future. We have a plan which is presented to you today which we feel will go a long way to achieve these objectives. We feel that if this plan were to be engaged it would monitorise lost value in the commercial farming sector as it was pre 2000, it would remove the conflict on the land allowing that land to now be used as security to obtain agricultural funding for those with land access. It would see the capitalisation of a land bank which could be specific in the development of short medium and long term funding for agriculture, this alongside the existing banking structures which in turn could now secure international lines of credit against a solid collateral base. This could have the effect of a cross sectoral boost due to renewed confidence in Zimbabwe as an investment destination, allowing our country to leap frog in obtaining new technologies rapidly restoring our competitiveness. The sleeping giant of the current stagnant mortgage market will be awakened against existing structure. We have a unique opportunity here in Zimbabwe in that during the period of hyperinflation internal mortgage borrowings were nullified, leaving most structures within our borders debt free. Thus a massive collateral pool of value which could be mobilised into the economy should the conflict on the land be removed.

The determined commercial farm value has been established through the immense work of the Valuation Consortium who has created the valuation database a world class collation of agriculture quantities from land to rainfall to infrastructure to biological assets, water development, crop programmes and everything in between. It is essential that this work be expended and maintained so as to settle the past and

develop the future. This is one of the most valuable tools in the revitalization of our sector and it needs support. I urge you all to take note of this valuable asset and to engage with the consortium so where possible as to assist in maintaining its momentum.

If this plan were to be engaged at a political level we feel that the entire economy would rapidly recover. We are fully aware of the global need for Africa to raise its game in terms of food production against the rapidly growing global population and we believe that should we find a fair and inclusive solution on which we can all move forward Zimbabwe will maximise this potential to great effect.

We have in our cities a large skills base, sitting idle whilst our agricultural sector is underperforming. This does not make any sense. Let us remove the conflict and a resultant transfer of skills will naturally take place. We want to see a dynamic commercial agricultural sector made up of farmers be they black, white, male or female who are able to engage in a long term career in agriculture so that Zimbabwe can again be the leader in this field within the region.

We have this here in conjunction with our Union partners Zimbabwe Farmers Union through the Zimbabwe Farmers Alliance Trust, which is funded by the EU, for which are both truly grateful, continues to re-establish ground representation through new commodity structures on a shared platform. We see immense value in this initiative and we see it going from strength to strength. We also feel that this is the foundation on which a single agricultural union representing all farmers can be established.

We at the CFU also embarked this year on our mentor role out programmes in conjunction with our financial contractors. This year, our scheme grew 4,500ha of maize and soya which has been extremely well received, as well as showing signs of success with harvesting near completion. The programme has seen the transfer of skills to farmers on the ground as well as providing employment to farmers now residing in towns who currently have no access to land to farm themselves. We would like to expand this programme this year and are looking for other partners to increase capacity, but the real limiting factor is land availability as we are unable to operate on land which is still under conflict.

We at the CFU have worked tirelessly in all our fields of expertise, but have done so under immense financial pressure, against a shrinking commercial agricultural base and we are now in a position where we are asking for direct support. We wish to continue to work on and develop a forward looking strategy for the total upliftment for this country and its people and it is against this backdrop that we appeal for assistance.

Ladies and gentlemen we are truly at a crossroads and it is up to us the Zimbabwean people to create an unstoppable momentum of engagement and development and in this regard agriculture will lead the way. Help us to achieve this goal.

I thank you.

CHARLES TAFFS
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