

# AGRICULTURE BLED 60 000 jobs this year

HERE'S A SURPRISING FLURRY OF activity by government to bail out textile firm Frame in a bid to save about 1 400 jobs. But while the agriculture sector has shed an estimated 60 000 jobs in the past year alone, farmers have had a double-digit wage increase foisted on them. Not only will this cause more retrenchments and discourage employment, it effectively penalises the employer in rural areas.

Also baying for government assistance is the automotive sector, which haemorrhaged 40 000 jobs from October 2008 to March 2009.

However, Cotton SA CEO Hennie Bruwer said cotton producers paid labourers 50c/kg not so long ago. "Now they want R1/kg, a third of the producer's price," explained Bruwer. "Farmers can't make a living in the current situation.

"We used to have a strong textile industry, but government doesn't care. Now Frame is on its knees and all of a sudden they want to help. But why not years ago?"

Bruwer said Cotton SA had been in talks with government for years about helping small-scale cotton farmers. "We've a strategic plan in place, but government hasn't come up with the goods," said Bruwer. "There hasn't been much progress.

"In certain remote and dry areas cotton is the only cash crop which can be grown and offers important socioeconomic benefits. The number of small growers in South Africa varies, but can be up to 4 000, which directly affects 25 000 to 30 000 people. Even that figure hasn't made an impression on government."

South African cotton production is among the cheapest in world, but can't compete with subsidised producers. Local production has dropped to 1959 levels, when cotton was still a fairly unknown commodity for farmers. "Local producers compete with foreign governments subsidising billions of dollars," explained Bruwer. "We don't receive a cent. It isn't

sustainable. We try to add value locally rather than exporting. With all the agreements in place and a reasonable exchange rate we've the potential to create a lot of business, provided we have government protection when necessary."

It's clear if government is to save and create jobs in rural areas they need to try something new.

Andrew Makanete, manager of Absa's KZN agribusiness division, said job creation in agriculture required three key elements – investment in infrastructure, opening new markets and capacity building.

Key indicators

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BioFuel Plantations?

"There has to be significant investment in rural infrastructure such as fences, roads, railways, and dams," explained Makanete. "There has been little investment in these areas in the past and the cost of doing agribusiness has risen dramatically."

Rural Infrastructure

Second, Makanete said government needed to urgently review ways to create agricultural markets. "In the absence of new internal and external markets, the country's production base can't expand," he said. "By expanding the production base we can absorb new people into the sector. The key is creating new market opportunities. This is where value-added opportunities such as generating energy from biomass become available."

BioMass

The third key element of job creation is to build capacity in government and state institutions such as the Department of Agriculture and Rural Development, the Agricultural Research Council and the Land Bank.

Job Creation

"You can't just increase government's mandate if there is no capacity," said Makanete. "Government needs to urgently review capacity so they can execute their mandate." – Robyn Joubert