

IAMA – Final panel session- Strategies for the future

Johan van Rooyen,

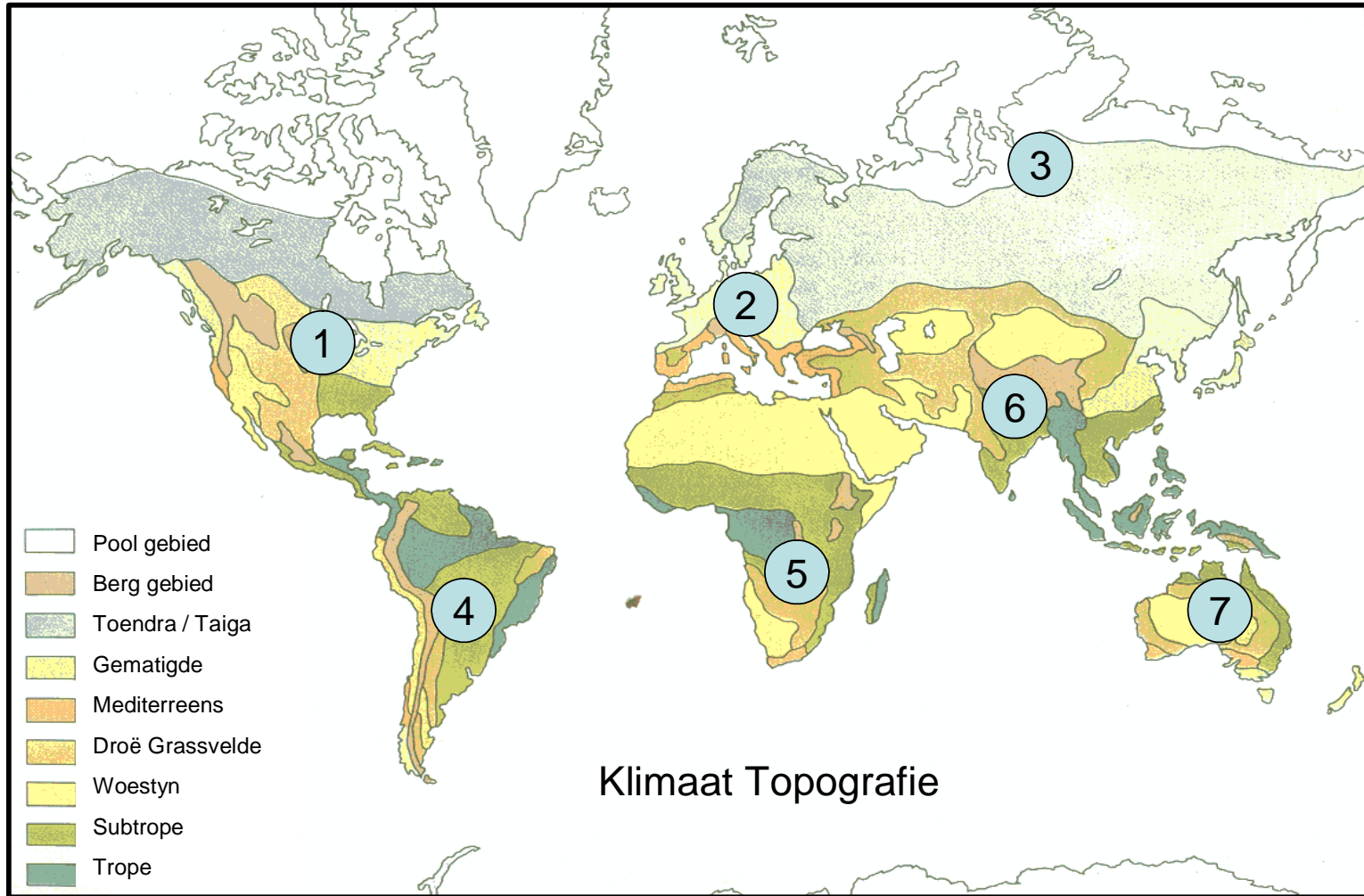
Director of agri-companies,

Prof in Agri business,

Univ of Pretoria/Stellenbosch in SA,

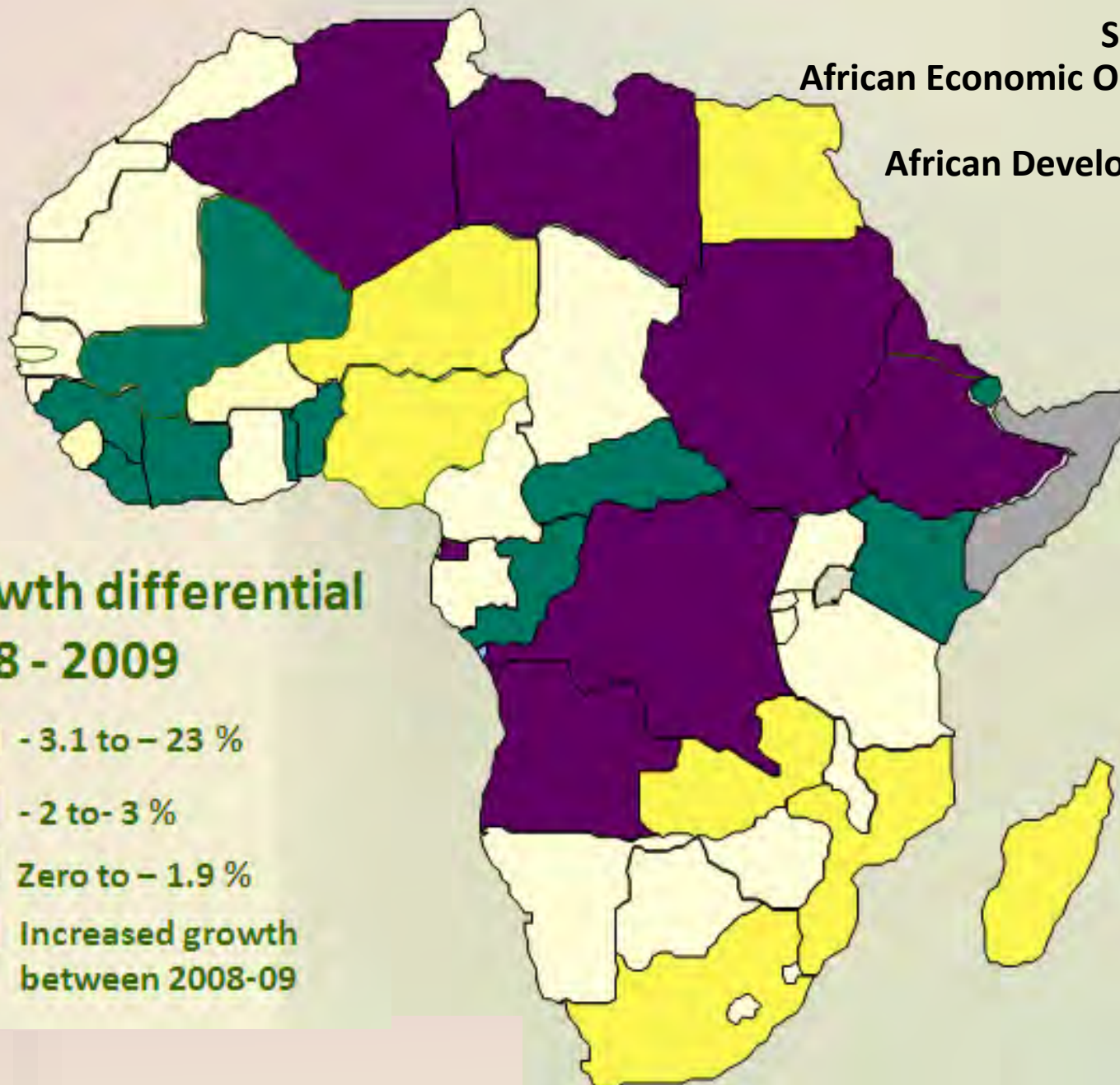
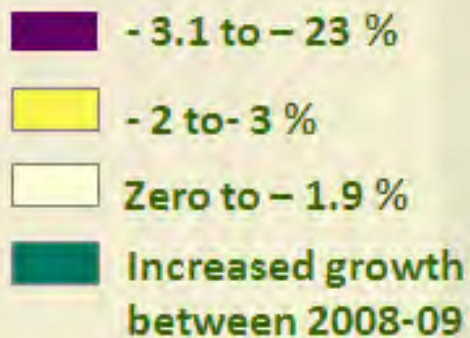
and serves on IAMA Board

Market environment - Market growth potential (1)



Source: OECD
African Economic Outlook, 2009
Graphic:
African Development Bank

Growth differential 2008 - 2009



“The Rate of Return on Foreign Direct Investment is higher in Africa than anywhere else in the developing world”

Arable land - an important driver for world food production (water, climate?)

Change	1980-2004 (%)	2050 (%)
World	21	15
South America	16	40
Asia	46	12
Central & North America	-2	2
Europe	114	-2
Africa	18	60

Grain production potential

Growth	1980-2004 (%)	2050 (%)
South America	80	60
Asia	64	47
Central & North America	40	21
Europe	80	44
Africa	75	150

Africa- the most significant untapped opportunity for food production;
South America in the short run?

Strategic choices

- The emergence/ strengthening of global food supply chains linking Africa to consumer points in US, EU, Russia?
- Business model of supply chain vital for sustainable global existence?!
- STRATEGIC CHOICE:
 - Extraction model:
Quick investment, exploitative, limited local economic linkages, exploitative, land purchases?
 - Developmental model(Nestle?):
Cooperative partnerships, local linkages, growth in trade

To structure "developmental" supply chains(Agbiz Forum,09):

- secure raw materials through farmer development(new?);
- Rural development policies and investment-infrastructure, power, hcd, etc
- promote private; public sector investments in African agribusiness- B 2 B, R And D, incubator projects, farmer/agbiz training, technology innovation and transfer;
- encourage trade; develop new markets;
- seek to improve competitiveness- reduce buroc and red tape; reduce taxes
- Improved governance
- innovative production/business funding: dfi's and ppp, agbiz, B2B, infrastructure, risk reducing commodity funding/product based insurance programmes with gov "back- up" guarantees

- AGRA - Standardbank partner to provide US 100 million in loans for small scale farmers
- AGRIVEE (Sanlam – Kellogg Foundation) finances agro-processing in Africa
- EU - EURO 1 billion for African agriculture
- WILL THIS UNLOCK THE SLEAPING/RESTLESS GIANTS AGRICULTURE POTENTIAL?