

KEYNOTE ADDRESS BY THE MEC FOR ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, MR NORMAN MOKOENA, MPL DURING THE 2ND ANNUAL EVENT OF THE EXTRUAFRICA 2012 CONFERENCE AT THE PROTEA HOTEL KRUGER GATE, MBOMBELA LOCAL MUNICIPALITY.

Thursday, 02 August 2012

Theme: "A Global Perspective on Food and Feed Extrusion for Africa"

TOPIC: POLICIES, STRATEGIES AND INITIATIVES CONCERNING AGRO-PROCESSING AND TERTIARY BENEFICIATION

Programme Director;

Rector of the Potchefstroom Campus of the North West University, Professor Herman van Schalkwyk, who is also an Agricultural Economist;

Head of the North West University's Centre of Excellence, Professor LJ Grobler;

Associate Professor at the Cape Peninsula University of Technology's Department of Food Technology, Professor Victoria Jideani;

The Representative of the Food Protein R&D Centre at the US' Texas A&M University, Dr Mian Riaz;

Director of Nutrition at the US' Insta-Pro International, Dr Reza Poureslami;

Director at CFAM Technologies in South Africa, Mr Danie Voster;

Chief Director for Advanced Manufacturing at the Department of Trade and Industry, Mrs Nomfuneko Majaja;

Representatives from the academic, public and private sectors;

Members of the Media;

Distinguished Guests;

Ladies and Gentlemen;

Good morning!

Allow me to start my talk by giving you a brief background about the warm of our province and its people. It is said in the Bible in the book of Genesis that God worked for six (6) days to create the heaven, the earth, the oceans, the mountains and all living creatures. On the seventh day, he rested.

Given the breathtaking scenic beauty of our province; given that we have rock formations dating back over 3.5 billion years ago at the Makhonjwa Mountains in Barberton; given that we are the only province in South Africa which prides itself with 'God's Window;' given that the sun is a sign of life – a new beginning and that it rises in our Province, I can say with certainty that God started his creation in Mpumalanga. We also believe that when God rested on the seventh day, he decided to rest in Mpumalanga.

Yes, we are the province of pioneers – the province of the 'firsts!' ***"Mpumalanga – A Pioneering Spirit!"***

Programme Director; Ladies and gentlemen;

On behalf of the Honourable Premier of Mpumalanga and the people of our province, I warmly welcome you to Mpumalanga – your world class tourism destination of choice.

Mpumalanga is undoubtedly a world class tourism destination endowed with a myriad of global attractions and experiences. Our main offerings continue to be wildlife, the scenic beauty, adventure, culture and heritage. We are home to the world-renowned Kruger National Park, which is just on your doorstep, and we encourage you to go and experience it during your stay with us. Our people continue to be the most receptive, warm, loving and caring.

POLITICAL INPUT BY JOHN SIKHOSANA

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Ladies and gentlemen;

As we gathered here today at this important conference under the theme: ***“A Global Perspective on Food and Feed Extrusion for Africa,”*** the global economy continues to slowdown, amid the continuing risks posed by the banking and sovereign debt crises in the Euro-zone. The lack of meaningful progress towards a resolution of the Euro-zone crisis continues to be a source of global instability and risk, despite initiatives to stabilise the banking sector. The US economy slowed in the second quarter and the outlook has deteriorated.

This negative outlook has contributed to renewed monetary policy easing in a number of countries, including South Africa, in an environment of declining commodity prices and subdued global inflation. China recorded a growth rate of 7.6 per cent in the second quarter of 2012 – the slowest since early 2009, amid a property market downturn and weak exports. Slower growth has also been recorded in India and Brazil.

As we know that the economic performance of a small open economy like South Africa is highly correlated with the world economy, therefore our economy is not immune to the negative impact of these world economic developments. In this regard, our triple challenges of **unemployment, poverty and inequality** may be further exacerbated by these negative world economic developments. South Africa's unemployment rate remained high at 25.2%, while that of our province was at 30.03% - according to the first quarter figures of 2012 released by Statistics South Africa.

South Africa's poverty rate stood at 40.6% in 1996, compared with 39.9% in 2010, while the provincial poverty rate declined from 44.8% in 1996 compared with 43.9% in 2010. In the case of income inequality as measured by the Gini-Coefficient, it was 0.62 in 1996 and 0.64 in 2010 for the country, while for the province it measured 0.61 in 1996 and 0.64 in 2010. Although substantial progress has been made since 1994 in terms of the standard of living for the majority of South Africans, clearly more work need to be done in order to deal effectively with the triple challenges of **unemployment, poverty and inequality**.

Ladies and gentlemen;

As a response to tackle these triple challenges, our National government launched the ***New Growth Path*** in 2010 under the political leadership of Economic Development Minister, Ibrahim Patel. We have, as a province, also followed suit and crafted the ***Mpumalanga Economic Growth and Development Path (MEGDP)*** – taking a cue from the *New Growth Path*. This strategy – ***the MEGDP***, was well consulted with all social partners including organised business, and their inputs assisted in focusing and improving the quality and the relevance of the framework, which has since been endorsed by the Provincial Executive Council under the capable leadership of Premier DD Mabuza.

Let me point out that *the MEGDP* is based on six strategic sectors, including agriculture value chains, as well as manufacturing. In order to actualize the implementation of *the MEGDP*, we have also developed a Programme of Action which encompasses **skills development and capacity building; rural development; infrastructure and beneficiation/production.**

This conference therefore fits like hands in gloves with our programmes and plans, as it focuses on providing a platform to discuss *“food and feed extrusion for Africa.”* This is a platform where we can share with you our **policies, strategies and initiatives concerning agro-processing and tertiary beneficiation.**

In relation to agriculture and manufacturing in the province, these sectors employed about **83 000 and 81 000** people respectively, as at the end of the first quarter of this year. This is a contribution of 9.1 % and 8.9% respectively to the total employment in the province. However to the contrary, these sectors contributed 3.5% (agriculture – excluding both backward and forward linkages) and 20.6% (manufacturing) to the provincial economy. If you compare the employment figures and economic contribution of the two sectors, you will realise that despite the agricultural sector having employed more people than the manufacturing sector, its contribution to the economy is very low. This is because people in this sector earn very low wages.

As government, our objective is therefore intended to increase the contributions of agriculture and manufacturing, both in terms of employment and share of their economic output, by increasing and benefiting most of the agricultural produce in the province through agro-processing initiatives which also involves the expansion of the manufacturing sector. To this end, we are in the process of establishing the **Mpumalanga Fresh Produce Market and the Lowveld Food Technology Centre.**

The Mpumalanga Fresh Produce Market will be a logistic food platform whose main centre will be located in Mbombela, and comprising wholesale market, warehouses for food logistics and processing, providing services such as customs, banks, hotels, restaurants, legal advices and training. As a result, our people will benefit in the areas of **empowerment** (for small-holder farmer cooperatives); **business and employment opportunities** for commercial farmers, **transport logistics and packaging opportunities** for supplying produce to the market, as well as to the international markets.

In the case of the **Lowveld Food Technology Centre (FTC)**, it will provide entrepreneurs an opportunity to enter the food processing industry by creating an environment where new and emerging processors are able to create sustainable food processing businesses. The **Lowveld FTC** will consist of two components, namely, a **Technology Station** and an **Incubator Programme**. The technology station will house a **Processing Facility, a Laboratory and a Training and Resource Centre**.

The **Processing Facility** will provide a range of infrastructure and equipment, suitable to the requirements of small-scale food processing enterprises. These will be made available at affordable user charges to participating entrepreneurs. This will provide entrepreneurs with a facility to manufacture food products according to the highest quality and hygiene standards without having to make an expensive investment into equipment and infrastructure. Support to be provided at the centre will include qualified experts, such as marketing specialists and food technologists, to effectively guide emerging enterprises.

Ladies and gentlemen;

These are some of the initiatives that our government hope will grow agro-processing and manufacturing sectors in the province, in order to tackle the triple challenges of **unemployment, poverty and inequality**.

These we will only achieve through partnerships with various stakeholders, including the private sector, various state agencies and universities through their research centres and centres of excellence.

POLITICAL CONCLUSION BY JOHN SIKHOSANA

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