



# Agri Processing as an Investment Opportunity

An Investor and Implementation  
perspective

# South Africa Summary

- ▶ Over the last 20 years, South Africa's agri-processing sector has transformed from a support industry into the dominant force within manufacturing, now accounting for approximately one-third of all manufacturing output. economic impact, structural shifts, and the "industrialization of freshness" that has defined the last two decades. *Nedbank*

- ▶ **1. Introduction:**

## The Growth Engine :

- ▶ The sub-sector of manufacturing that adds value to primary materials from agriculture, fisheries, and forestry.
- ▶ Current Standing: In 2024, the broader agricultural value chain (including agri-processing) contributes over 14% of South Africa's GDP, compared to just 3% from primary agriculture alone.
- ▶ Evolution: Since the early 2000s, it has consistently been the largest component of the manufacturing sector. The Department of Trade Industry and Competition *The Department of Trade Industry and Competition +*

- ▶ **2. Economic**

## Contribution & Employment

- ▶ Value Added: The sector generates roughly R263 billion in revenue annually (as of 2022/2023).
- ▶ Job Creation: It is a critical labor intensive sector, employing approximately 263,000 people directly.
- ▶ Manufacturing Share: Food and beverages alone accounted for nearly 24% of all manufacturing sales between 2019 and 2022. *The Rural Lifeblood:*
- ▶ Most processing facilities are located near farming hubs, providing essential formal employment in remote areas. *Nedbank +*

# South Africa Summary

## ▶ 3. Trade Dynamics & Global Competitiveness

### ▶ Export Surge:

- ▶ Processed agricultural exports have increased their share within total agricultural exports from 34% in the late 1990s to roughly 50% today.
- ▶ Key Divisions: The sector is dominated by meat, fish, and fruit processing, which collectively represent 36% of the industry's exports.
- ▶ The Import Challenge: Since 2004, South Africa has become a net importer of processed foods, with imports growing faster than exports in several categories except beverages and tobacco.
- ▶ Indigenous Strengths: Massive growth in the processing of unique local products like Rooibos and Honeybush tea. [www.nda.gov.za](http://www.nda.gov.za)

## ▶ 4. Structural Shifts & Technological Modernization

### ▶ "Industrializing Freshness":

- ▶ A major trend where even simple products like fruit now involve sophisticated processing, automation, and "embodied services" to meet global standards.
- ▶ Policy Milestones: The 2022 Agriculture and Agro-processing Master Plan (AAMP) serves as a "social compact" to drive investment and transformation.
- ▶ Digitalization: Over two-thirds of South African agribusinesses were involved in innovation activities between 2019 and 2021. Parliamentary Monitoring Group | South Africa Parliamentary Monitoring Group | South Africa

# South Africa Summary

- ▶ 5. Challenges & Resilience
  - ▶ Operational Headwinds:
    - ▶ The sector faces ongoing pressure from load-shedding, port inefficiencies, and rising input costs (labor and electricity).
    - ▶ Climate & Disease: Recent years have seen impacts from the El Niño drought and livestock diseases like Avian Influenza, which disrupt the supply chain.
    - ▶ Resilience: Despite these, agricultural exports reached record highs in 2025/2026, totaling over R268 billion. [www.nda.gov.za](http://www.nda.gov.za)
- ▶ 6. Conclusion:
  - ▶ The Next 20 Years
  - ▶ Transformation: Moving from traditional labor to a standards-driven, automated environment.
  - ▶ Inclusive Growth: Government programs like the Agro-Processing Support Scheme (APSS)

# Mozambique the land of Plenty

- ▶ Mozambique has 36 million hectares of fertile agricultural land, ideal for commercial farming or livestock farming, with only 15% in use, if it were to operate at its maximum, it could become the world's largest breadbasket.
- ▶ Mozambique is home to the world's largest palm groves. Zambezia has thousands and thousands of coconut trees as far as the eye can see, including copra.
- ▶ Mozambique is one of the largest producers of chestnuts and the second largest producer of cashew nuts in Africa.
- ▶ Mozambique has top-quality tropical fruits such as pineapple, mango, banana and avocado, as well as all types of citrus fruits, cotton, tea and tobacco
- ▶ How to Activate this potential ...
  - ▶ Empowering local farmers to make the organic and traditional incremental steps to become Commercial farmers.
  - ▶ Foreign Direct Investment and the time frames to achieve material Impact

# The foundations for Agri Processing

- ▶ Commercial Agriculture
- ▶ Foreign Direct Investment
- ▶ Looking at World Bank and related agency guidelines
  - ▶ For a global commercial farming context, the focus shifts to scale, capital efficiency, and global supply chain integration.
  - ▶ Here are 10 policy points designed to foster a competitive commercial agricultural sector:

## 1. Tradable Land Tenure & Consolidation.

Commercial farming requires massive capital. Policy must ensure land is a bankable asset.

**Asset Liquidity:** Implementing clear, registered title deeds that allow land to be bought, sold, or used as high-value collateral for commercial loans.

**Consolidation Incentives:** Policies that discourage the fragmentation of productive land into small, inefficient parcels, favouring larger tracts that benefit from economies of scale.

## 2. High-Capacity Water Infrastructure & Licensing

Moving beyond basic access to guaranteed, high-volume delivery.

**Bulk Water Rights:** Long-term, high-volume water licenses that provide "certainty of supply" for multi-year crop cycles.

**Public-Private Irrigation:** Incentivizing private investment in dams and automated canal systems through tax credits or "Build-Operate-Transfer" (BOT) models.

## 3. Professionalized Labour & Automation Integration

Addressing the shift from manual labour to technical farm management.

**Specialized Visa Programs:** Streamlined seasonal worker programs for peak harvest times to prevent labour shortages.

**Ag-Tech Training:** Subsidizing the upskilling of workers to operate precision machinery, drones, and AI-driven irrigation systems.

## 4. Preservation of Primary Production Zones

Protecting the "Factory Floor" of agriculture.

**Exclusive Agricultural Zoning:** Strict "Right-to-Farm" laws that prevent urban encroachment and protect commercial operations from nuisance lawsuits regarding noise, dust, or smells.

**Infrastructure Corridors:** Planning heavy-duty road and rail links specifically designed for bulk grain or livestock transport.

## 5. Export-Led Regulatory Alignment

Ensuring domestic products meet the highest global standards.

**SPS Harmonization:** Aligning domestic Sanitary and Phytosanitary standards with major trade blocs (e.g., EU or North American standards) to ensure "frictionless" export.

**Certified Traceability:** Policies mandating digital "farm-to-fork" tracking systems to satisfy global consumer demands for transparency.

## 6. Agribusiness Finance & Risk Hedging

Commercial farming is a high-risk, high-capital industry.

**Crop Insurance Subsidies:** Government-backed reinsurance programs to protect commercial farmers against catastrophic weather or price volatility.

**Incentivized Reinvestment:** Tax breaks for farmers who reinvest profits into on-farm technology, silos, or processing plants.

## 7. Bio-Security and Disease Control

Protecting the national "herd" or "crop" from global threats.

**Mandatory Monitoring:** Aggressive, state-funded surveillance for invasive pests and transboundary animal diseases.

**Rapid Response Protocols:** Pre-funded compensation schemes for culling or crop destruction in the event of a biosecurity outbreak to prevent industry-wide collapse.

## 8. Value-Added Processing & Logistics

Moving from "Raw Material" to "Consumer Product."

**On-Farm Processing Incentives:** Reducing electricity tariffs or providing grants for farms that wash, pack, or process goods on-site to capture more value.

**Cold Chain Integrity:** Subsidizing "Green Cold Chains" (solar-powered refrigeration) to reduce post-harvest loss in global shipping.

## 9. R&D and Intellectual Property (IP) Rights

Fostering a culture of innovation.

**Seed & Breed IP Protection:** Strong legal frameworks for Plant Breeders' Rights to encourage global seed companies to bring their best genetics to the local market.

**Public-Private Research:** Matching grants for commercial farmer associations to conduct trials on new fertilizers or drought-resistant varieties.

## 10. Digital Infrastructure & Connectivity

Commercial farming today is data-driven.

Rural Broadband Mandates: Ensuring 5G or high-speed satellite coverage reaches deep into rural areas to allow for real-time "Internet of Things" (IoT) farm management.

Open Data Access: Providing farmers with free or low-cost access to high-resolution satellite imagery and advanced meteorological data.

# The Challenges

- ▶ Commercial farming, import friction refers to the regulatory, logistical, and financial hurdles that slow down the cross-border movement of essential inputs (like seeds, fertilizers, and machinery) and agricultural products. Reducing this friction is critical for maintaining lean, global supply chains.
- ▶ Why is this important .
- ▶ Farming is seasonal and planting windows are very defined .
- ▶ Inputs have to be onsite and able to be utilized ...if not the season is lost
- ▶ A late season impacts profitability and sustainability on all levels.
- ▶ All of this is complicated by Geo Politics, International supply chains and Forex availability
- ▶ Here are 10 policy points to reduce import friction for commercial.
- ▶ agriculture:

## 1. Harmonization with International Standards

- ▶ Align national food safety and health regulations with international benchmarks such as the Codex Alimentarius (food safety), IPPC (plant health), and WOAHA (animal health).
- ▶ This prevents "disguised protectionism" and ensures that imported goods are judged by globally recognized scientific criteria. *World Trade Organization*

## 2. Transition to Paperless Trade

- ▶ Replace physical paperwork with digital systems to speed up border clearances. *UNECE*
- ▶ Electronic Certificates: Implement electronic phytosanitary (ePhyto) and veterinary certificates to allow for pre-arrival processing.
- ▶ Electronic Bills of Lading: Use digital transport documents to reduce administrative delays at ports. *The Department of Trade Industry and Competition*

## 3. Implementation of National Single Windows

- ▶ Develop a "Single Window" digital platform where importers can submit all required documentation for various agencies (Customs, Health, Agriculture) in one place. This eliminates the need for traders to physically visit multiple government offices.
- ▶ Make the system predictable and not subject to random interpretations

#### 4. Authorized Economic Operator (AEO) Programs

- ▶ Establish "Trusted Trader" programs that provide expedited clearance and lower inspection rates for commercial entities with a proven track record of compliance. This allows border agencies to focus resources on high-risk shipments while letting legitimate commercial inputs flow quickly. *Trade Facilitation Agreement Database*

#### ▶ 5. Risk-Based Inspection

- ▶ Regimes Shift from inspecting 100% of shipments to a data-driven, risk-based approach.
- ▶ Using historical data and predictive analytics, authorities can clear low-risk commercial goods (like standardized fertilizers or machinery parts) instantly while targeting high-risk biological materials. *Springer Nature Link*

#### 6. Transparency and Enquiry Points

- ▶ Mandate the operation of "Enquiry Points"—centralized offices or websites—that provide up-to-date information on all import requirements, tariffs, and potential changes in regulations.
- ▶ This reduces "information asymmetry" where traders are hit with unexpected rules at the border. *World Trade Organization*

# Conclusion

- ▶ The Agricultural potential in Mozambique is without equal.
- ▶ Almost anything will grow here and provide good yields
- ▶ The challenge is to ensure that the production is converted in returns .
- ▶ Before investing in production and or Processing
  - 1) Make sure you or your investment partners understand the Route to Market .
  - 2) Time and distance are mission critical considerations for Agri Products .
  - 3) Choose a sector that will have material impact on your Zone .
    - ▶ Develop a Go to Market plan
    - ▶ Who will produce and how to support them to make the shift from small farmer to commercial scale (land, funding, tech, support)
    - ▶ What is the infrastructure needed to get the product yields maximised
    - ▶ Who will aggregate and process if needed . This has to a private investor who understand the market
    - ▶ What is the infrastructure needed to get it to the market cost effectively
    - ▶ Once you have a proof of concept ..Investors will follow quickly

Agri Business is a Business and like all businesses its resilience and sustainability is reliant on funding in the early stages and profits in the commercialisation phase

Government must ensure an enabling landscape across all sectors