

Ever increasing costs to shape agriculture 2017



By Cari Coetzee

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Pieter Spies, group managing director at GWK, in [2016 highlighted trends](#) including sustainable thinking, the origin of produce and food, consumer market shifts, agri-innovation and further establishing emerging farmers - all amid the drought that has gripped the country. Looking back on 2016, these trends were certainly among the top that dominated the development of agriculture and agribusinesses. Spies is back to give us his two cents on forthcoming trends that will shape the industry in 2017.



Pieter Spies

What are the biggest trends that will influence the agriculture industry?

Pieter Spies: Looking at the immediate future, it is necessary to implement dedicated plans to support recovery from the severe drought. Other expected trends include the anticipation of government decisions and policy, as well as consideration for farmers in debt and focused water management.

The following factors will play a big role in the developing trends:

- Overcoming the lag-effects of the drought
- Policy uncertainty from government
- Overlay debt
- The consciousness of water management, and yields and return versus costs of resources applied, i.e. energy and water.

What do you think will be the game changing trend in 2017?

Spies: The emerging realities that will continue to affect farming are the ever increasing costs of irrigated land, inflation on input costs and the shift to longer term crops, i.e. nuts and fruit.

Trends in currency fluctuation remain key to continue fuelling inflation and input costs. Even though this will have an impact, the country will see a decline in grain commodity prices which will continue to put pressure on farmers.

How will the lingering effects of the drought shape the industry and how it moves forward?

Spies: It will mainly affect stock farming and the rebuilding of their herds, which in turn will put pressure on cash flow in the medium term for farmers. Farmers also have to manage the repayment of debt.

What do you hope to see less of going into 2017?

Spies: Political rhetoric that stops new entrants into farming.

What will GWK focus on this year?

Spies: Improved planning in cooperation with farmers to optimise their businesses. Another focus is to expand our route to markets for all products. Building and expanding the value chains for our meat and milling businesses will receive attention. While focusing on business strategy, we will keep building and retaining talent within the company.



Image Source: GWK FarmFoods

■ Any advice for farmers, agribusiness and other players in the agriculture industry?

Spies: Continue to innovate and adopt new technologies to remain competitive on a global scale and pay less attention to political rhetoric. Embrace empowerment and own standing in the communities in which you operate.

ABOUT CARI COETZEE

Cari Coetzee is a contributor to Bizcommunity Tourism, Agriculture and Lifestyle.

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