

## Testing the water

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By Stafford Thomas

While poachers risk life and liberty extracting abalone off the shores of Hermanus, the pricey delicacy is being produced in tons not far away by Abagold, an SA aquaculture success story.

Two decades ago this company helped pioneer what has become the world's largest cultured abalone industry. It is so successful that a private equity firm, Inspired Evolution, has just pumped R52,5m into it.

"We invest in sustainable agricultural projects," says Inspired Evolution CEO Michael Brooks. "Abagold is on top of the game."

Inspired Evolution investors include the Global Energy Efficiency & Renewable Energy Fund, Norwegian Swiss and Finnish development funds and SA's Industrial Development Corp (IDC).

Abagold MD Christo du Plessis says the money will be used to lift Abagold's annual production by 200 t to 470 t and will lead to a doubling of its staff to 570 people.

Raising output, he says, is not an overnight affair; abalone takes over four years to mature. When it does, nearly all Abagold's production heads for markets in Southeast Asia, where SA's unique abalone species is highly sought after. SA exports about 1000 t of farmed abalone each year, about 96% of total production.

Regrettably, abalone is SA's only really big aquaculture success story compared to global aquaculture production.



Etienne Hinrichsen

SA represents a minuscule portion of world aquaculture output, says Aquaculture Association of Southern Africa chairman Etienne Hinrichsen. Aquaculture output from SA is worth about R250m/year, with abalone accounting for over 50%, he says.

It is indicative of the slow pace of growth that the aquaculture industry's revenue, primarily from abalone, trout, oysters and mussels, was R225m in 1998, according to the department of agriculture & forestry.

But things are changing. "Aquaculture players are gearing up to grow," says Hinrichsen. He says government is "pumping money" into aquaculture and putting out tenders with the aim of developing aquaculture zones. Tenders that will lead to the creation of a zone on the west coast are out, while projects in the Coega and East London development nodes are under way, says Hinrichsen. Major developments are on track, and in East London Espadon Marine, a kob producer, will invest about R200m ramping up annual production from 300t to 6000t by 2018.

But progress is not without challenges. Aquaculture faces a lot of red tape, says Hinrichsen. "It's not like farming on land, where it is easy to get going. There is a lot of ignorance to overcome."

He says though producers such as Abagold and Espadon are land-based and pump seawater into tanks, those relying on direct sea access face problems securing the rights to do so. For instance, a sea access right needs cabinet approval. "Creating a legal framework for this is vital," he says. Mussel and oyster producers in Portnet harbours face other challenges. Lease costs are the highest in the world and 13 times higher than in Namibia, according to a study published by the Aquaculture Association, and security of tenure is restricted.

But Hinrichsen is confident. "Government is making the right noises. All it needs is to put them into action."