

## **Advancing agricultural abalone**

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AGRI-BUSINESS investment fund, Agri-Vie, has flagged aquaculture in South Africa as an increasingly important initiative in protecting the abalone species. The company believes abalone-farming ventures could be the basis for the future development of the national aquaculture industry.

Widespread poaching of abalone (known locally as perlemoen) has been the biggest threat to the South African abalone resource, to the point that, five years ago, the Department of Environmental Affairs shut down the commercial (wild) abalone industry, when stock levels plummeted to dangerously low levels.

Estimates are that abalone farmers can fetch prices of between \$35 (R278) per kg to \$45 (R357) per kg, depending on the size and quality of the product.

Agri-Vie – which is aligned to the influential Sanlam Private Equity – holds numerous agri-business ventures in SA and Africa, including Franschoek-based Dew Crisp Farms. It is also a principal shareholder in Hermanus-based HIK Abalone Farms.

Rudi van Niekerk, an investment advisor at Agri-Vie, said investments into sustainable abalone projects were vital to saving the endangered species, and alleviating the pressure on global natural fish resources.

Van Niekerk added that the South African government was focused on making the aquaculture industry as sustainable as possible. “By partnering with HIK, Agri-Vie not only brings additional skills to the business, but also much needed expansion capital.”

He said HIK had identified several exciting expansion opportunities in both abalone farming and fish farming. “Agri-Vie’s capital support of these initiatives plays an important role in developing and growing aquaculture as a business sector, in a sustainable manner that meets the government’s requirements.”

Van Niekerk says that as declining natural fish resources come under pressure, aquaculture is increasingly becoming one of the most important providers of protein to the rapidly increasing population. “Our vision is to expand aquaculture activities in a way that creates jobs, relieves pressure on natural fish resources, contributes to food security and is profitable in order to be sustainable.”

Research by Stellenbosch University estimated there were 20 operating aquaculture farms in the Western Cape in 2010, and that the abalone subsector sales were valued at R355m.

Agri-Vie is not the only investor with great expectations for the abalone-farming segment. HIK is but one of many abalone farming ventures in the Western Cape. Large fishing groups like Irvin & Johnson or I&J (owned by food brands giant AVI) and

Premier Fishing (controlled by empowerment group Sekunjalo) have extensive abalone farming interests, while Abagold is starting to make waves in the local aquaculture industry.

I&J has been involved in abalone farming since 1991, when it pioneered a commercial abalone farm at Danger Point in Gaansbai. The company now also operates an abalone processing plant in Hermanus, which exports to markets in Japan, Singapore, Hong Kong, Taiwan, China, the USA and Canada.

Abagold was formed around research into spawning abalone in captivity by Dr Pierre Hugo in the Old harbour in Hermanus, almost 30 years ago.

Abagold was founded about five years ago with three farms – Sea View, Bergsig and Amaza – that have a production capacity of 275 tons per annum. About three years ago Abagold acquired a seven hectare piece of land for a fourth farm, Sulamanzi, which aims to use integrated seaweed production to strip nutrients from the water before returning it to the sea (which also provides feed for the abalone.) Abagold has predicted that Sulamanzi, when at full production, could double the company's capacity.

Premier Fishing's Marine Growers division owns an abalone farm that produces cultivated abalone for the export market – although parent company Sekunjalo's financial statements don't give much of an inkling as to how much abalone contributes to Premier Fishing's bottom line. The farm is based in Gansbaai and exports mainly to the Far East (where a good portion of Premier Fishing's lobster catch goes.)

Sekunjalo has stressed the growth of the abalone farming business, as well as the investment into new activities in aquaculture, was a priority to the group “not only for its potential returns, but also because this is seen as a sustainable and environmentally friendly option.”

Sekunjalo CEO Khalid Abdullah noted, in the company's latest annual report, that Marine Growers delivered good results. He added that the company's decision to expand this business was one of the key group strategies. “The performance of this division has consistently improved, driven by demand for SA abalone in the Far East.”

He said Marine Growers had embarked on an environmental impact assessment in order to expand the farm after additional land was acquired. This additional land could increase the capacity of the current Gansbaai farm to about 300 tons.

Louise Jansen, Executive Director at HIK Abalone Farm, confirms that the last two decades had seen phenomenal increases in the amount of cultured abalone product entering the markets, particularly Asia. “In SA alone, abalone production from aquaculture facilities has increased from zero in the 1990's to an estimated current level of approximately 1,200 tons, making South Africa one the biggest producers of

abalone outside of Asia.” She estimated that most farms are expanding production and that the industry was set to grow to at least 5,000 tons in the next 10 years.