

**SPEECH BY MR RONNIE KASRILS MP, MINISTER OF WATER AFFAIRS AND FORESTRY, AT THE HANDOVER OF RAMANAS FOREST TO VUKA HOLDINGS (PTY) LTD, ON 05 MARCH 2004, AT GRASKOP, MPUMALANGA**

Distinguished colleagues and friends, ladies and gentlemen. It is a great pleasure for me to address you.

Our Government believes that sustainable development in South Africa can only be achieved through poverty eradication and economic development. This has been my guiding vision in my tenure as Minister of Water Affairs and Forestry.

Government is concerned with far wider issues that impact on the lives and well-being of all our people. Thus, the White Paper on Sustainable Forest Management in South Africa has emphasised that the three pillars of sustainable development are economic, social and environmental.

Form the time of our first democratic government in 1994 a number of important priorities we highlighted if forestry's potential was to be developed. They were:

- The necessity to identify and promote the forest and forest products industry as a major contributor to national goals;
- the need to reach agreement between all stakeholders on a credible and effective system which maximises the benefits of industrial forestry while managing the impacts on the environment in general, and water resources in particular, based on criteria and indicators of sustainability;
- the need to broaden access to the opportunities provided by development of the forest sector, and to promote ways of obtaining maximum social benefit locally, especially in rural areas;
- the issue of establishing an appropriate and effective national forest authority, which will have the capacity to promote all aspects of the sector;
- creation of a positive investment climate for development of enterprises based on forest resources, especially forest products industries; and
- effective ways of sustaining and extending the benefits of community forestry.

Today, as we gather in here, we celebrate the 'awakening' (as the name Vuka suggest) of a forestry giant in the creation of the new venture, Vuka Ramanas Forest Products (Pty) Ltd. It is heartening to learn that the majority shareholding in the entity is split equally between a black economic empowerment entity Vuka Holdings (Pty) Ltd and Hans Merensky Holdings (both with 45% each), with Treated Timber Products (Pty) Ltd holding the balance. The venture seems to have benefited from the efforts that the Government has made in addressing the priority issues mentioned above.

In looking into the future, I would like to share some thoughts on the contribution that the forest sector (and of course, Vuka Ramanas Forest Products (Pty) Ltd) can make, and the part that we can play in making this happen.

### **Forestry and Economic Development**

Forestry is an important industry in South Africa. But is an industry which may become more important in the future. For a number of reasons, forestry has crucial economic benefits for the process of economic development. Forests are generally located in rural areas and are often the main source of jobs, infrastructure, skills development and business opportunity.

It is common cause that the most deprived sections of our people are those in rural areas. They have little or no land, little or no fuel, little or no income, and struggle daily with the burden of poverty. Forestry is rural based and there is a natural link between it and the rural population. It can provide employment, building materials, fuel and craft materials. It can provide opportunity and hope and can add dignity to the environment.

### **Forestry and the Environment**

Environmental sustainability has been central to the programme of the forest sector for more than a decade, and particularly in the years since the Rio Summit 1990.

Natural forests play a crucial role in the overall ecological balance of the globe by acting as reservoirs of biodiversity, mitigating climate change and protecting water and soil resources.

Plantation forests also have an important role to play in environmental management. The past decade has seen a number of important initiatives, which have been taken to try to improve the sustainable management of

forests. Of these, the certification programme has probably had the greatest impact. I have been informed that the Ramanas forests have the

Forestry Stewardship Council (FSC) certification, which will enable Vuka Ramanas Forest Products (Pty) Ltd to supply products which are environmentally acceptable, socially beneficial and economically viable.

### **Forestry and Black Economic Empowerment**

I have in the past raised concerns with the progress with transformation within the forestry sector, especially with regards to outsourcing and/or sub-contracting. It is my view that without proper empowerment for the black people we will not grow the economy, particularly in the forestry sector. Black people in this country should be empowered to eradicate the imbalances of the past.

Currently, black participants are under-represented in the forestry industry and related value chain. It is commendable that this venture seeks to reverse this trend. We have to acknowledge, however, that in recent years we have had some important successes in ensuring that black companies and rural communities gain access to ownership of forests. This is reflected in some of the forestry transactions that the Department of Water Affairs and Forestry (together with the Department of Public Enterprises) have been able to conclude.

### **Investment in the Forestry Sector**

Like any industry, the forest sector can only succeed if capital is invested in new areas, new manufacturing facilities and the upgrading of production facilities. Investment in skills is equally important. I urge the forest, sawmilling and paper companies to make the appropriate investments and in so doing to seize the important opportunities that present themselves. For our part in government, we will do our best to work with you by creating appropriate conditions and by resolving issues such as transport bottlenecks.

### **New Partnership for Africa's Development (NEPAD)**

My Department has been involved in efforts to increase inter-African trade in forestry products. There are growth opportunities in Africa. At the recent African Forestry and Wildlife meeting held in Accra, Ghana, African governments have discussed amongst others the need to increase inter-regional trade. It emerged that North Africa imports over US\$2 billion in timber and timber products. This emphasises the need to strengthen south-south trade.

The key issues which I am promoting, and which I want you to consider, are:

- The promotion of integrated natural resource management to achieve social and economic development, including the use of Indigenous Knowledge Systems in the management of these resources;
- establishment of (voluntary) partnerships for sustainable development among the various government and non-government stakeholders; and
- local beneficiation of raw materials, e.g. furniture making, etc.

In conclusion, I wish you every success during the rest of the day, and I wish that you consider with serious and dedicated intent: How best can we put forests to work to the benefit of poor women and men around the world, especially our rural (poor) communities. How best can we make forests to work in achieving the targets for sustainable development to which we committed ourselves at the World Summit for Sustainable Development (WSSD) in Johannesburg (and other fora). How best can we use forests to make the world a better place.

I thank you.