

ABALONE FARMING KEY TO FUTURE GROWTH OF AQUACULTURE INDUSTRY IN SA

March 2013: Abalone farming in South Africa is becoming increasingly important in protecting the abalone species, as well as establishing the basis for the future development of the national aquaculture industry.

This is according to Rudi van Niekerk, Investment Advisor at Agri-Vie, the Sub-Saharan private equity fund investing in food and agribusiness, and a principal shareholder in HIK Abalone Farms, who explains that investments into sustainable abalone projects are vital to saving the endangered species and alleviating the pressure on global natural fish resources.

Louise Jansen, Executive Director at HIK Abalone Farm, says that the last two decades have seen phenomenal increases in the amount of cultured abalone product entering the markets, particularly Asia. "In South Africa 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 of the biggest producers of abalone outside of Asia. Most farms are expanding production and the industry is set to grow to at least 5,000 tons in the next 10 years."

"However, it is estimated that through illegal poaching some populations of wild abalone are being obliterated overnight. It takes between four to five years before abalone reaches commercial sizes, and because no size uniformity for stocks is enforced, harvested abalone that has not yet reached sexual maturity creates a situation where an ever widening generation gap develops. The inevitable result is that wild South African abalone will be extinct within the next few years," Jansen says.

She adds, "Due to the decreasing stocks of the local wild species of abalone through ignorance or illegal harvesting, and the difficulties in policing illegal poaching, land-based pump-ashore aquaculture farms were established to meet demand and to prevent the species from extinction."

Jansen explains an abalone farm can operate successfully with virtually no impact on the natural environment. "Abalone farms require specific permits and need to adhere to specific permit conditions in order to operate in South Africa. The abalone is managed under tightly controlled conditions, resulting in a consistent and high quality product with emphasis on ensuring abalone and human health."

Van Niekerk adds that the South African government is 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. HIK has 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."

He says that as natural fish resources are under pressure and are in decline, 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," says van Niekerk.

Based on the HIK initiative, Agri-Vie won the Agribusiness Investment Initiative of the Year award at the African Investor Agribusiness Investment Awards 2012, held in December 2012.

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