

SPEECH BY THE EXECUTIVE MAYOR OF AMATHOLE DISTRICT MUNICIPALITY, ALDERMAN SAKHUMZI SOMYO ON THE TURNING OF THE SOD FOR THE ESSENTIAL OILS PROJECT ON SUNDAY 2nd SEPTEMBER 2007 AT AUCKLAND FARM : THE POTENTIAL FOR ESSENTIAL OIL PROJECTS TO STIMULATE JOB CREATION AND DEVELOPMENT FOR COMMUNITIES

All protocols observed

Amathole Economic Development Agency (AEDA) which is an agency of ADM is in the process of implementing the Amathole Regional Economic Development Strategy, whose broad objective is **“To stimulate economic growth and increase employment in the district.”**

To realize its broad objective the Amathole Regional Economic Development Strategy proposes to use Four Key Interventions.

In terms of AREDS, this Project is mostly about the implementation of one of those Key Interventions referred to as **“High Impact Investment Perspective”** because:-

1. It is about investment to improve localities.
2. It is about sub-sector focus where competitive advantage exists.
3. It is about public good economic investment .
4. It is about district venture capital investment and.
5. It is about assisting the private sector overcome entry obstacles and
6. It is about stimulating new sectors with value adding capabilities.

In pursuance of the implementation of AREDS, AEDA has partnered with the following institutions in order to initiate the Essential Oils Project:-

1. Amathole District Council (ADC).
2. Eastern Cape Development Corporation (ECDC).
3. Department of Science and Technology.
4. The Council for Scientific and Industrial Research (CSIR)
5. The University of Fort Hare and
6. The Private sector

Today, we are gathered here to launch the Essential Oils Project. The project focuses on the Tyume and Rat River valleys and the surrounding areas of Hogsback.

Approximately 8 hectares of communal land will be used in the pilot phase of the project with an initial capital investment of R640 000, jointly contributed by AEDA, ECDC and private investors.

It is hoped that the results obtained from these pilot sites will provide us with the opportunity to establish an essential oil cluster in the area thereby ensuring sufficient output to allow for the establishment of product beneficiation, e.g. cleansing products, creams, medicinal products.

It should be appreciated that this area is only one of the currently planned essential oil clusters and the above-mentioned development partners are engaged in similar activities in the rest of the province.

The Project has the following objectives:-

1. The diversification of agricultural production in the area.
2. Planting of high value essential oils crop and from which in the long-term agro-processing will occur.
3. Supply, in the long term, the large and growing global market of essential oils valued at approximately \$10 Billion.
4. Beneficiation along the value chain.
5. Reduce poverty and unemployment through job creation.
6. Invest in skills development through training.
7. Establish a cluster of "Essential Oil Producers" who will farm these plants and process them.
8. To apply for an amount of R750 000 from the European Union to conduct a study on the products to be produced from the oil as well the compilation of a business plan for the establishment of a processing unit.
9. To create a network within the province to share information on viable agricultural methods.

Whilst a formal and extensive Essential Oils Industry has not existed in South Africa, in general, in the past and at Amathole in particular, there are international success stories about it, particularly in India.

Fortunately, South Africa has a special and strategic relationship with India and also ADM has an evolving relationship with India and through which the district is poised to benefit in agro-processing.

The Essential Oils Project has four phases:-

1. Phase One : which is about 'Trials on Pilot Sites'.

Six sites have been selected for pilot trials and are the following:-

1.1 Pandulwazi Agricultural School

1.2 Auckland Village

1.3 Bold Point Farm

1.4 Cathcartvale Village

1.5 Lushington and

1.6 Burnshill irrigation scheme

2. Phase Two: Start of limited commercial production of up to 25 hectares.

3. Phase Three: Full-scale roll-out of commercial production, up to 200 hectares by year 5.

4. Phase Four: the project will be consolidated and hopefully witness the establishment of a processing and product beneficiation plant in the area.

The pilot stage of the project will have 9 different high value crops from which oil will be extracted.

The community will directly benefit from the Project in the following ways:-

1. Communal land will be used productively.

2. Labour intensive jobs will be created and therefore poverty and unemployment will be reduced.

3. Potential for the creation of industries like transport, security, cleaning etc.

4. Potential for infrastructure development as a result of productive activity.

5. Investment in skills development in science and technology, hence the involvement of the Department of Science and Technology.
6. The Project will be controlled and monitored by a Community Trust and run on sound business principles. A Company to run the business of this Project has already been established and registered and is known as **“Essential Amathole (PTY) LTD”**.
7. Products like perfumes, cosmetics, floor polish etc will be produced in the long-term.
8. Establishment of peripheral industries around the essential oil sector, e.g. tourism, crafts, cottage industries etc.
9. Foreign exchange will be earned through exports to the global market.

In conclusion, we as ADM pledge our unfettered commitment to this project. We also value and nurture the commitment of all other partners. We believe that our united commitment to the Project will sustain and enable it to yield the desired goals for the benefit of our communities.

I thank you