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Agriculture sector progress versus the targets of the NDP

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How has the agricultural sector performed against the development objectives and targets outlined in the National Development Plan (NDP)? The recently launched 2023 BFAP Baseline as well as data on land reform collected by the BER provide a sense of the exceptional performance of the sector. There are, however, threats on the horizon that could negate the gains of the last decade.

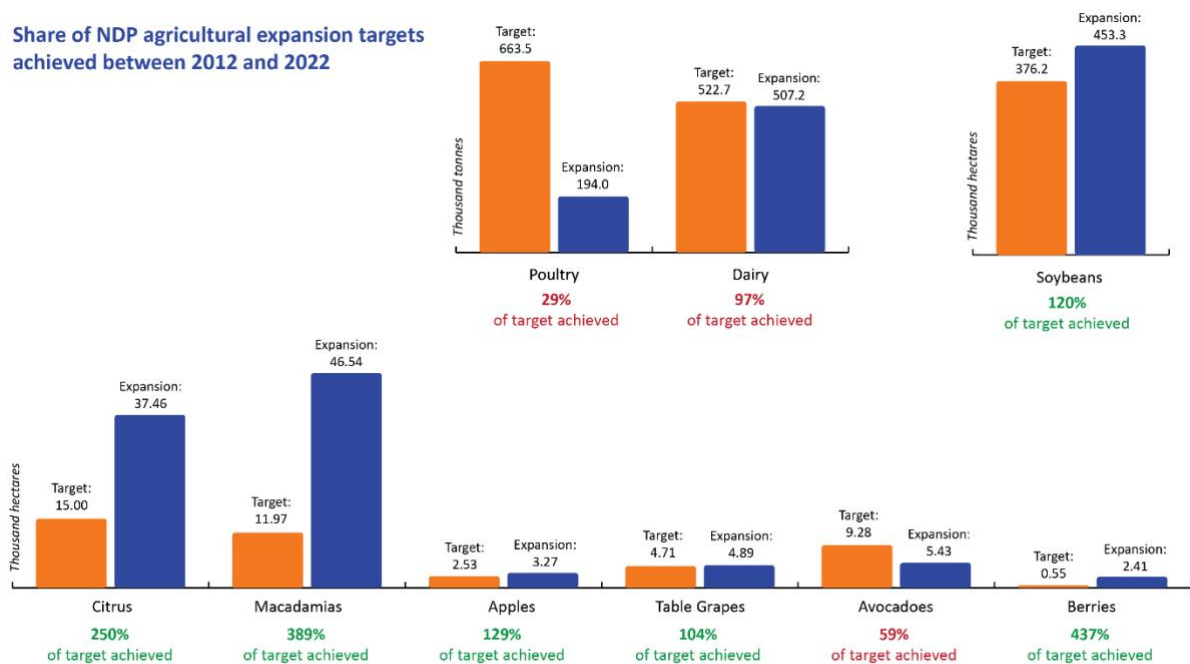
The value of South African agricultural output more than doubled in real terms since 1994. This growth has largely been driven by increased productivity, which has been underpinned by technological innovation, as well as growth in traditional export markets in addition to access to new ones. This growth has spanned across all subsectors of agriculture (livestock, horticulture and field crops). While this growth is a compelling picture from a macro perspective, the dualism that existed in the sector before 1994 persists as amply documented in Wandile Sihlobo's new book "*A country of 2 agricultures*".

The infographic below shows that the expansion of the horticultural sector has been dramatic through significant investments over the past decade to expand production well beyond the initial 2030 targets envisaged by the NDP. In recent years, the rate of growth has slowed down as the industry faces multiple challenges. Post establishment, produce takes time to enter the market and when it eventually does, the need for additional volumes of shipments comes up against global disruptions in the shipping industry and domestic challenges with respect to port capacity and efficiency of operations. Furthermore, non-tariff protective trade measures are becoming increasingly challenging to navigate, requiring an effective partnership between the private sector and government to negotiate. This sector is labour intensive and remains the key driver of jobs in agriculture.

The expansion in soyabean production and processing represents a true success story in SA agriculture and has transitioned South Africa from being a net importer to a net exporter of soyabeans. Most imported soya meal has been replaced and local market prices are trading well below import parity levels, which supports the relative competitiveness of intensive livestock operations.

Poultry remains the largest contributor to South Africa’s agricultural output and has achieved about one third of the envisaged growth in the first ten years of the NDP. Apart from sluggish growth in the local economy that is affecting affordability, the industry struggled for many years to compete against competitively priced imports. Following the signing of the Poultry Masterplan, which entailed several strategies to ensure a competitive trade environment, the industry has made significant progress in reducing imports and growth in domestic production has accelerated. Nevertheless, the industry remains challenged by the current cycle of high feed product prices globally, and combined with the spread of Avian Influenza, and the additional costs associated with load-shedding and poor municipal service delivery in many regions, this presents risks to the sustainability of recent investments into the industry.

Share of NDP agricultural expansion targets achieved between 2012 and 2022



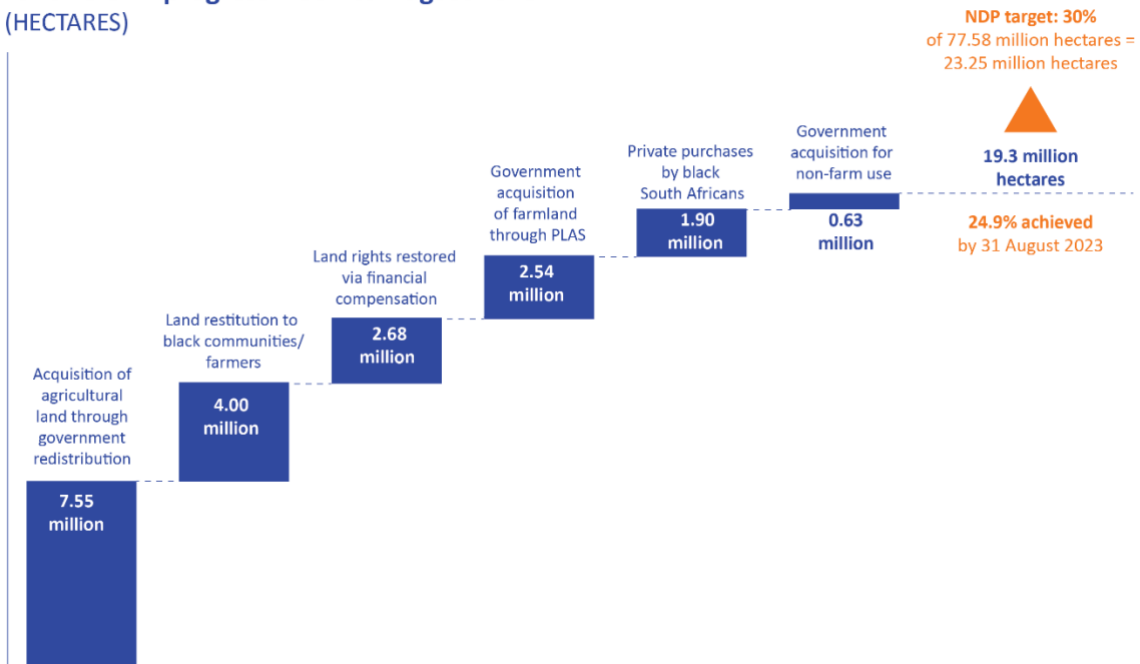
Source: BFAP (2023)

An important part of removing dualism in the South African agriculture sector is an efficient and sustainable land reform programme. The general perception is that the land reform programme has failed to deliver a recognisable shift in ownership patterns. However, the real situation is more nuanced. This is because land reform is made up of a number of initiatives. These include redistribution, restitution, financial compensation, private acquisition and state acquisition.

- **In 2012 the National Development Plan set a target to redistribute (or restore) 30% (or 23.7 million hectares) of all freehold agricultural land to black South Africans by 2030.** We have estimated that South Africa has now almost reached 25%. The dilemma is, however, that the State is one of the largest owners of farm land. A total of 11 million hectares – which includes the recently acquired 2.54 million hectares since 2006.

- If the State does not transfer this land to individual commercial farmers with clear purpose, South Africa will remain a country of two agricultures.

Land reform progress: 1994 to August 2023
(HECTARES)



Source: Johann Bornman, Agri Development Solutions, Sept. 2023. Extracted from Deeds Register data

This media release aimed to communicate the correct numbers to show the real progress with land reform and the expansion in the industries of the agricultural sector that are labour intensive, and export focussed. All of this bode well for inclusive growth in the agricultural sector if the enabling environment, provided by the State and the various State-owned entities, is in place.

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