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Agriculture in South Africa in the democratic era (1994-2024)

Researchers at the BER collaborated with the team at BFAP in presenting the facts about the performance of the South African agricultural sector during the first 30 years of democracy. The full report is available here.

The following document provides a short summary and some key messages from the report.

The report has two main purposes - to reflect on what has happened in South African agriculture over the past three decades and to identify the most useful data sources in agriculture and make them available for further research.

It tells two very different stories. On the one hand, commercial farming has become more sustainable, agile and resilient over time. On the other, the policy environment has largely failed to achieve its aim of addressing the dualism between mostly large, white commercial farmers and small, black emerging farmers that characterises the sector.

The report first sets out the macroeconomic context in which the agriculture sector has operated since 1994. While the South African economy initially grew quite rapidly, it has also been stagnant for long periods. This has constrained the domestic market into which the sector sells its goods, forcing it to export. It has done so quite successfully.

The second part of the report tells the story of agricultural production, consumption, and trade, covering all the major commodities.

The big part of the story of the past 30 years is how the sector's profitability has been eroded by rapidly rising input costs, including labour, chemicals, fuel and machines. Since most farming inputs are imported, this has constrained the sector’s profitability and net foreign exchange earnings.

The results of policy failure are also widely evident. This has placed an additional burden on commercial farming while failing to address the dualism in the sector.

Agricultural production consists of livestock, field crops and horticultural products. The report shows how livestock production, traditionally the largest subsector, has shifted from a focus on extensive commodities (beef and mutton/lamb) to intensive commodities (poultry, dairy, pigs) as farmers have followed changes in consumer preferences.

This has largely been enabled by successes in field crops: maize yields have risen almost four-fold since the early 1990s, and the country has become self-sufficient in soybeans. Improvements in white maize production, the country's staple crop, have also benefited lower-income consumers.

But it is fruit growers that represent the most successful subsector in South African agriculture, thanks in part to a rapidly growing tree nut sector, as well as the development of a range of speciality berry crops.

The third part of the report, which covers agricultural policy formulation is, unfortunately, largely bleak. It reflects that while South Africa is adept at policy formulation, it consistently falls down when it comes to implementing its own policies.

The rationale behind the removal of government support to commercial farmers had two aims: to liberalise markets and to lower land prices which would make access to farming more affordable to emerging black farmers. The caveat was always that emerging farmers would need simultaneous state support.

The freeing up of agricultural product markets benefited commercial farmers, farm workers and the economy as a whole. However, land reform has been disappointing. A wide range of plans and programmes were thought out but, even where it was obvious that the problems lay with implementation, they were replaced by more plans and programmes. These have invariably been ex-post, piecemeal and unsuccessful.

The report concludes that "while commercial farming has become more sustainable, agile and resilient over time, this may turn out to be short-lived unless the state succeeds in addressing the dualism that plagues the sector due to the heavy hand of past ideologies, policies, and practices".

KEY HIGHLIGHTS

South African agriculture reversed expectations: while the economy stagnated, the sector grew resilient. Exports surged, horticulture boomed, and farmers adapted to global markets. Yet, the dualism between commercial and emerging farmers remains unresolved.

Despite rising minimum wage growth of over 9.6% annually, SA agriculture retained around 800 000 jobs while doubling output by moving into higher value and more labour-intensive industries. Job retention occurred despite increased mechanisation.

Horticulture exports now dominate SA's agricultural export basket, with 33% of total agri-export value coming from fruits and nuts

The Netherlands, UK, and China are SA's top fruit and nut export markets

SA's soybean production has skyrocketed by 13% per annum since 1993, driven mainly by investments in processing capacity and demand for livestock feed

The poultry sector has shown resilience: anti-dumping duties and soybean price drops revived local production, cutting imports by 40%

Beef exports are another success story: SA has shifted from being a net importer to a net exporter, earning $150m annually from these exports despite disease challenges

But challenges remain. The agricultural sector has suffered an input cost squeeze with rising fuel, fertilizer, and labour costs outpacing farm income growth

The energy crisis has also taken a toll with load-shedding having slashed Eskom’s agricultural customers by 30% since 2010

While deregulation has boosted commercial farming, land reform and support for black farmers has lagged, perpetuating sectoral dualism

The report warns that sustainability hinges on resolving this dualism. Commercial farms continue to thrive, but inclusive growth demands better policy execution and support for emerging farmers

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