

Agriculture in South Africa

Agricultural production takes up a lot of space— about 40 percent of the world’s land area is occupied by agriculture—and the nature of the space varies in ways that are relevant for the choice of inputs, outputs, and technology, which is often very site-specific. Partly because of differences in climate and natural resource endowments around the world, farms and farming are enormously diverse—in terms of size of farms, products produced, technology used, inputs employed, farm incomes, and other economic outcomes.

Some of the differences reflect differences in soil and climate, or infrastructure that influence agricultural possibilities while others reflect differences in relative prices of inputs and outputs that determine a competitive advantage. Agricultural production requires a lot of natural resources and it is the main driver behind the different industries. Some areas can grow fruit, citrus and pineapples, others can grow vegetables and grapes, and some can graze cattle or sheep. Location affects the feasibility, yield and quality of production.

Some of the main beliefs about agriculture includes:

- Agriculture is essential to provide food security
- Agriculture has a specific contribution to make to the stability of society,
- Agriculture is crucial for the preservation of the environment,
- The farming community is a homogeneous group, mainly composed by family members (Moehler, 1996)

With the liberalisation of trade and increased communications and transport technology, markets across the globe have been made accessible and the world, in a figurative speech, has become smaller. Events that impact a country have an instant ripple effect across the world, leading to commodity prices and currency adjustments that can profoundly change the external environment and short-term outlook of a business.

Primary agriculture in South Africa contributes approximately 2% to the gross domestic product (GDP) which might seem insignificant but plays an important role in terms of food security and job creation. Food security refers to a condition in which all people in a country have physical, social and economic access to safe food for an active and healthy life. Agribusinesses (all activities in the agricultural supply chain preceding the retail level) contributes 25.2% to the GDP highlighting agriculture’s prominent role in the economy).

Primary production is interlinked with other sectors such as the suppliers of production inputs, mechanisation and manufacturing as well as processors, marketers and traders of agricultural products. Approximately 70% of agricultural output is used as intermediate products (BFAP, 2021).

South Africa has always been a net exporter (by value) of agricultural products while the structure of agriculture and agricultural production changed markedly as the 20th century unfolded. Only 12% of the country is suitable for the production of rain-fed crops while only 3% is considered truly fertile. The agricultural industry is basically divided into three main sectors namely field crops, horticulture and animal production. In 2020 the market share of the main sectors were as follow:

TABLE 1: AGRICULTURAL SECTOR DIVISION AND MARKET SHARE

AGRICULTURAL SECTOR	MARKET SHARE
Field crops	24.31%
Horticulture	28.51%
Animal products	47.07%

(Source: CEC Extract of Agricultural statistics 2020)

Most of the land surface (69%) is suitable for grazing leaving livestock farming as the biggest agricultural sector in the country (Goldblatt 2012). Other agricultural sectors include:

TABLE 2: AGRICULTURAL SECTORS AND SUBSECTORS

FIELD CROPS	HORTICULTURE	ANIMAL PRODUCTS
Maize	Deciduous fruit	Livestock
Wheat	Dried fruit	Poultry
Sunflower	Viticulture	Dairy
Sorghum	Subtropical fruit	Wool
Soya beans	Citrus fruit	Mohair
Dry beans	Vegetables	
Canola		
Barley		
Groundnuts		
Cotton		
Sugar cane		