

January 18, 2026

South Africa needs to accelerate land reform implementation

- Exactly a year ago, we published a note calling for an end to inertia in the implementation of the land reform process in South Africa. At the time, we urged the government to release the 2,5 million hectares of land acquired over the years through its Proactive Land Acquisition Strategy. Much of this land was previously utilized for various farming activities. Currently, some of the land is underutilised, and some is under short-term leases to farmers who struggle to access the capital needed to unlock its potential. A year on, there has been little progress on this process.
- The lack of progress on this counter to the country's ambition to boost agricultural growth and job creation in rural South Africa. When we make assessment of long-term growth prospects for agriculture, we assume this land will be fully utilised to boost agricultural output and create jobs. President Cyril Ramaphosa and the former Minister of Agriculture, Land Reform and Rural Development, Ms Thoko Didiza, have in the past pushed for the establishment of the Land Reform and Agricultural Development Agency, which would be at the centre of driving the release of the land to appropriately selected beneficiaries with title deeds, address finance challenges, and lean on organized agriculture and private sector skills.
- The process to set up the agency has taken a long time, and now momentum has waned with no clear direction for the path ahead. This Agency idea must be revived, as it aligns with the Presidency's priorities on land reform and promises to be inclusive, with involvement from the private sector and organised agriculture. In his Opening of Parliament Address in July 2024, President Ramaphosa stressed the importance of this process when he stated: "We will increase funding to land reform, prioritise the transfer of state land and improve post-settlement support by strengthening the institutional capacity of responsible structures." Thus, we believe that the Department of Land Reform and Rural Development (DLRRD) should accelerate the establishment of the Land Reform and Rural Development Agency and ensure it begins its work this year.
- There is always the temptation to have elaborate consultations and dialogues about land matters. In fact, over the past three decades, South Africa has spent more time on such dialogues than on policy implementation. This year, the DLRRD should avoid the allure of these elaborate and unproductive meetings and consultations, but instead move ahead with the current programmes established in the previous administration, tweak and improve as they implement. Failure to implement only prolongs the suffering for farmers on the ground. Importantly, it also makes it hard to believe the government is committed to the transformation agenda if land hoarding continues while black farmers are on the side.

- If the government cannot move ahead with releasing more land and supporting farmers, it risks the long-term growth prospects of South Africa's agriculture and rural economy. The success of other government programmes, such as the Agriculture and Agro-processing Master Plan, hinges on the progress of the land release. When the work begins, the approach should not follow the practice of the past few years, which has allocated a land parcel to numerous beneficiaries. The policy focus should be a deliberate attempt to support and nurture a new cohort of individual commercial farmers, not groups. This entails selecting a few and a better new cohort of commercial farmers to support.
- Indeed, focusing on creating and nurturing a new cohort of farmers does not mean the South African government must ignore the smallholder farmers. They should continue to receive the necessary support, as they play a vital role in household food security. The deliberate support of commercial farming will also ensure that there are anchors of farmers in each region, which can also serve as aggregators for surrounding smallholder farmers who wish to access commercial value chains. 2026 should be a period of implementation and progress in land reform and agriculture.

WEEKLY HIGHLIGHT

South Africa's intention to vaccinate 12 million cattle is no small effort

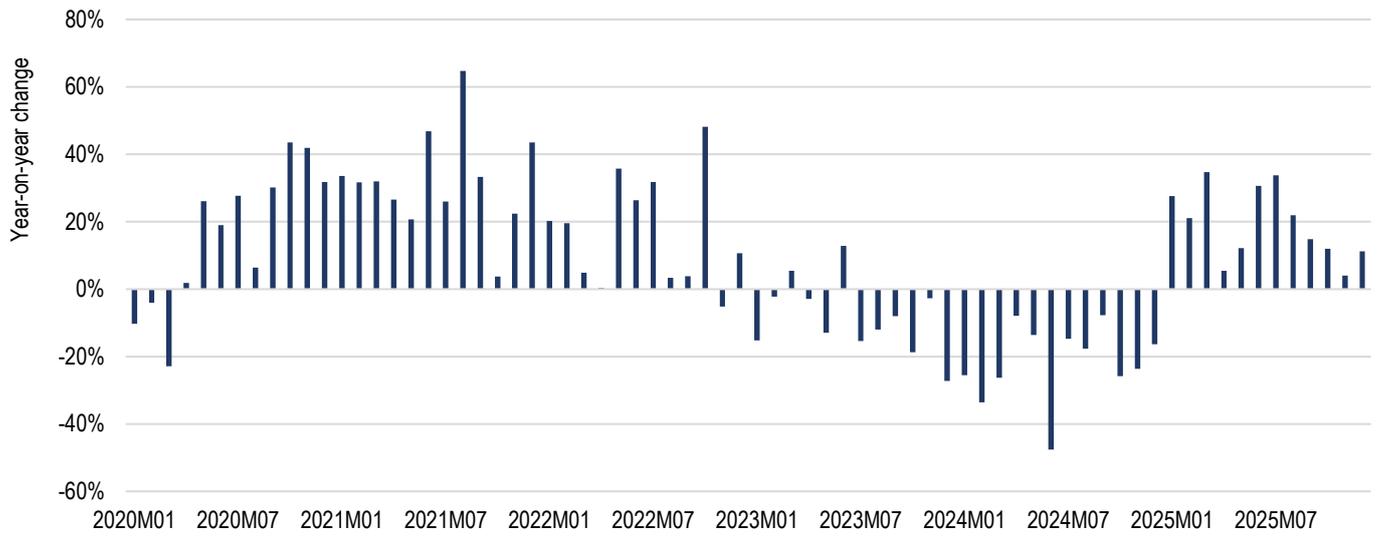
- Last week, South Africa's Agricultural Minister, John Steenhuisen, provided an update about the state of the foot-and-mouth disease in the country's cattle industry. The cattle industry is under immense financial strain, and the key path out of this challenge will be through vaccination. We must make progress soon to ease the constraints the industry is facing.
- Cooperation amongst the key industry stakeholders and farmer groupings during this challenging time is key. The traditional leaders and community leaders will also need to play their part: we need to ensure we have firm control of the movement of cattle. The local government will also need to play its part. This is a multistakeholder challenge.
- But the Department of Agriculture will need to move quickly and with urgency. We are in crisis. South Africa will be sourcing vaccines from various countries, such as Botswana, Argentina, Turkey, and others, which is key, while we are also improving domestic vaccine manufacturing capabilities.
- In last week's address, the Department of Agriculture noted they share the urgency of the challenges farmers face and are currently preparing applications for the authorisation of some vaccine imports from countries we haven't been importing from through the South African Health Products Regulatory Authority (SAHPRA). This will need to move speedily, and we must cover much ground soon.
- We will need to vaccinate about 12 million cattle, and this will be a significant challenge. The key now is to gain momentum as soon as all necessary scientific assessments are complete. KwaZulu-Natal, Gauteng, the Free State, and the North West are the hardest-hit provinces and will be among the priority areas as soon as the vaccine gains momentum.

- Looking at the millions of doses the Department of Agriculture aims to import soon. We are concerned about the logistics, but also hopeful that we will make inroads in the coming months. The process of vaccination until the cattle industry returns to normal will take some time, and the 10 years the Department of Agriculture suggested is probably a fair estimate.
- For consumers, there remains no risk to meat consumption. Still, supply chain interruptions, combined with panic buying, may keep red meat prices slightly elevated. With that said, we don't see red meat remaining a major food price inflation risk throughout the year. In the second half of the year, base effects will kick in, leading to some moderation in meat price inflation. Until such a time, we expect meat prices to move broadly sideways.

2025 was a solid year for South Africa's agricultural machinery sales

- We now have full-year data on South Africa's agricultural machinery sales for 2025. The data mirror the optimism we have shared for months as we have observed strong tractor and combine harvester sales. South Africa's 2025 tractor sales amounted to 7,668 units, up 19% from 2024. The combine harvester sales amounted to 207 units in 2025, up by 3% from the previous year. These solid sales may continue in 2026, as the agricultural conditions, particularly in field crops and horticulture, remain favourable.
- Amongst other things, the solid agricultural machinery sales in 2025 primarily reflect the financial gains from the better 2024-25 agricultural season, particularly in field crops, horticulture, and wine grape harvests, which were mainly supported by favourable weather conditions.
- Moreover, the strong tractor sales signal farmers' optimism about the 2025-26 agricultural season. The 2025-26 season will likely deliver another year of ample harvests, as La Niña rains continue to support production conditions across various agricultural subsectors. In the case of summer grains and oilseeds, farmers intend to plant 4.1 million hectares in the 2025-26 season, up 1% from the previous year. We will likely see decent plantings in other crops.
- Moreover, in addition to improved agricultural production conditions for the 2024-25 season and promising prospects for the new 2025-26 season, interest rates have eased somewhat from recent higher levels, and the affordable cost of capital supports sales. Most importantly, we don't see the strong sales as a matter of just 2025; we are optimistic that we may continue on this path in 2026, as the cost of capital remains affordable and the sector is likely to deliver another year of ample harvests, all of which strengthen some farmers' financial positions.

Exhibit I: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research