

SA agriculture must guard against the flood of geopolitical noise

- The challenges that have constrained South Africa's agricultural growth potential in the past few years remain. These include poorly functioning municipalities, deteriorating roads and rail, inefficiencies at the ports, slow process of releasing the government-owned land to beneficiaries with title deeds, higher crime levels and stock theft, amongst other issues. These challenges must be resolved for South Africa's agriculture to grow robustly in the coming years.
- At the start of the year, we expected that the focus would primarily continue to be on a collaborative approach between the government and private sector to tackle these challenges. However, much of the public discourse has been on international trade risks and misinformation about land reform policy in South Africa. While it is important to address the misinformation and the risks it presents to South Africa's participation in AGOA (African Growth and Opportunity Act), these two issues must not take all the focus and efforts of stakeholders. The domestic challenges still matter more as they directly affect the daily operations of farming businesses and agribusiness in many small towns across South Africa.
- Significantly, given that we are in an environment of heightened uncertainty, the sector's approach should move from the reactive mode we observed since the start of the year to a proactive approach. This would entail South Africa refocusing on domestic plans and programmes such as the Agriculture and Agro-processing Master Plan and Operation Vulindlela.
- In trade matters, there should be increased efforts to widen export markets to new regions. The present environment, where all countries are uncertain about the direction of world trade, also presents an opportunity for South Africa to strengthen friendship and trade in various regions. Within BRICS, South Africa must use the current geopolitical climate to firm up trade ties with this bloc, addressing all tariffs and non-tariff barriers that have long made South African agricultural products uncompetitive relative to those countries that have duty-free access to some BRICS markets, such as China, and India, amongst others. This approach would be in line with the aspirations of the Agriculture and the Agro-processing Master Plan, which seeks to expand South Africa's agricultural production through an export-oriented approach, in addition to gains that can be realized domestically with value addition.
- Opening up new markets would also refocus South Africans on the port issues and rural roads, which require significant improvement. As things stand, the more attention given to global issues that various regions of South Africa have limited influence on, the more domestic challenges will continue to constrain the sector's growth.
- This refocusing must start at the government level. The directorates responsible for domestic matters in the Department of Agriculture and Department of Trade Industry, amongst others, must refocus and rekindle conversations with stakeholders about the programmes underway. Equally, a small and well-

resourced team with senior government officials and the private sector must focus on widening trade to new markets.

- Given that we are in a noisy time in international trade, frequent stakeholder updates by the government and private sector trade teams that would work on trade would provide comfort about the work underway. This would also assure stakeholders that this team is directing the trade matters of the agricultural sector in the right direction. The Department of Agriculture must use the existing channels of industry engagements, such as the working groups in the Agriculture and Agro-processing Master Plan and the CEO's Forum of Organized Agriculture and Agribusiness.
- Allowing the geopolitical noise to drown out the core issues constraining this sector's long-term growth and job creation will guarantee limited progress. In other areas that require a release of the government land with title deeds to beneficiaries, the government should march forward with that process and not open more discussion. The new beneficiaries would then partake in the programmes under the Mater Plan, collaborating with commodity associations and many development organizations such as [Serdev](#), [SA PALS](#), [Karan Farming](#), and [AGDA](#), among others.
- Ultimately, this is not an attempt to minimize the global risks, which could have profound implications for South Africa's agriculture. However, some balance and focus on domestic issues would help.

WEEKLY HIGHLIGHT

SA's primary agricultural employment declined mildly in the last quarter of 2024

- South Africa's agriculture is on its recovery path, supported by favourable rainfall and progress in controlling the spread of animal diseases, amongst other contributing factors. The previous 2023-24 production season was challenging, characterized by the mid-summer drought and animal diseases that added immense pressure to the sector.
- The jobs data for the fourth quarter of 2024 illustrate the difficulty the sector experienced, although much milder than we anticipated. For example, primary agriculture employment fell by 1% from the third quarter to 924k jobs in the last quarter of 2024. The field crops, game and hunting, and forestry are the subsectors that registered notable losses. However, from an annual perspective, the employment was roughly unchanged from the last quarter of 2023. Positively, the primary agricultural employment of 924k people is well above the long-term jobs of 799k.
- Given the resilience of recent quarters' job performance, we may see a recovery in employment conditions in 2025, assuming that there aren't pressing trade-related challenges that will weigh on the sector's profitability in the near term. The mild increase in the minimum wage this year, while challenging for some commodities and adding to already higher input cost pressures, may also not be a major hindrance. With all this said, there is significant uncertainty on the trade front, mainly AGOA.

- The Eastern Cape, Free State, and Limpopo are the only provinces that registered quarterly job losses. Meanwhile, other provinces saw mild quarterly increases.
- Overall, the sector is recovering this year from a production perspective, but there are heightened risks associated with international trade. The AGOA duty-free access to the US market and generally fractured geopolitics are areas that we continue to watch closely as these matter for the exports of agricultural products, farm profitability, and, ultimately, the sustainability of agricultural jobs.
- Beyond the global factors, port inefficiencies, poor rail and road infrastructure, crime and stock theft, and worsening municipal service delivery remain significant risks to agriculture's long-term growth prospects.

Exhibit I: South Africa's agricultural jobs



Source: Statistics South Africa and Agbiz Research

WEEK AHEAD

What we are watching this week

- This is a quiet week on the global side. We only have one major data release: the United States Department of Agriculture (USDA) will release its weekly **US Grains and Oilseed Export Sales** data on Friday.
- On the domestic front, Statistics South Africa will release the **Consumer Price Index (CPI)** data for January 2025 on Wednesday. Our focus on this data will primarily be on the food category of the inflation basket. In the previous release for December 2024, South Africa's consumer food price inflation was

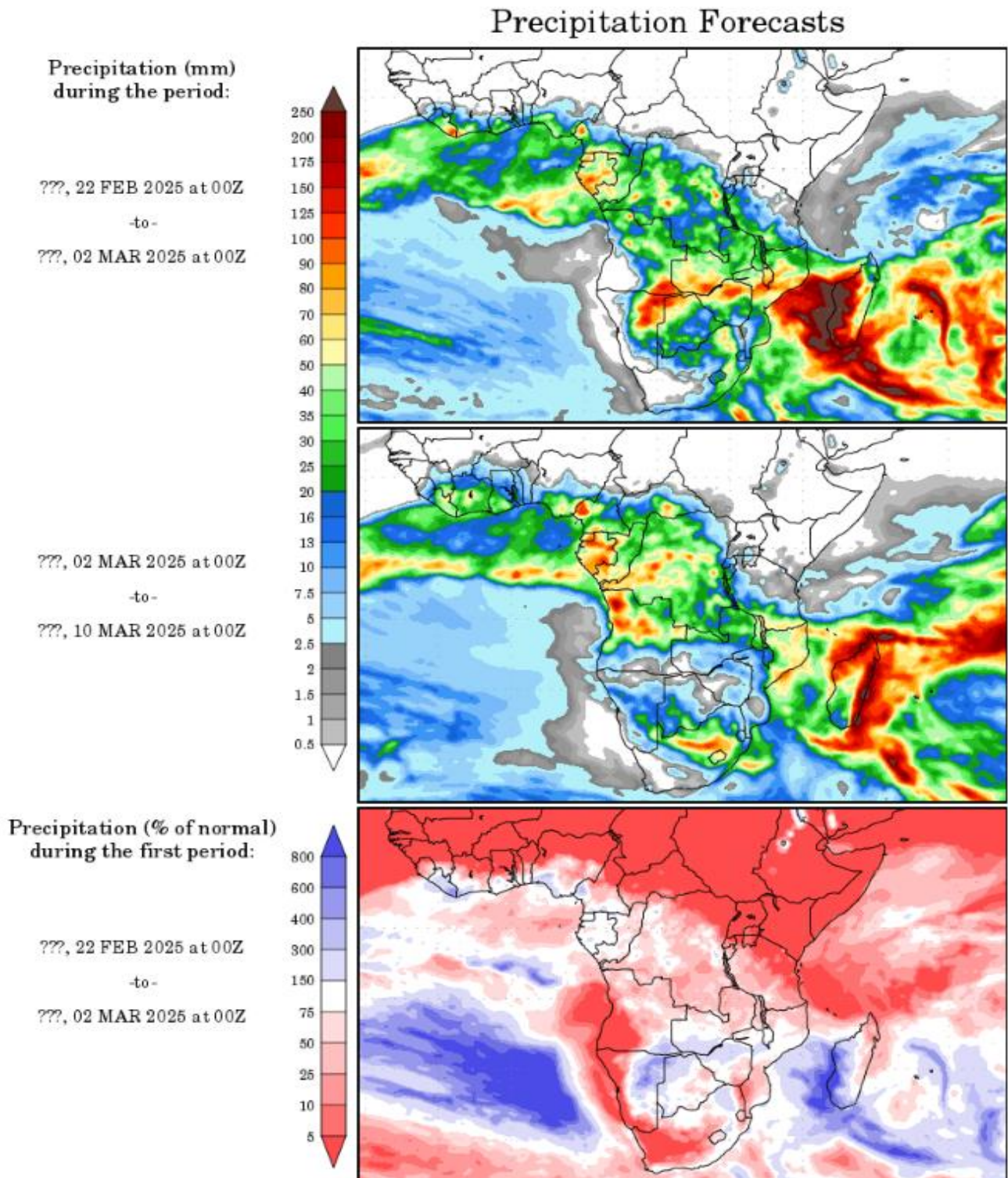
slightly nudged to 1,7%. The products that underpinned the mild uptick in December 2024 were "oils & fats", "fruit", "vegetables", and "sugar, sweets, and dessert".

- Also, on Wednesday, SAGIS will release its **weekly South Africa's Grains and Oilseeds Producer Deliveries** data. In the case of maize, we will receive a data release for the 43rd week of the 2024-25 marketing year. In the previous release on February 14, South Africa's weekly maize producer deliveries were about 44 209 tonnes. This puts the 2024-25 maize producer deliveries at 10,97 million tonnes out of the final harvest of 12,85 million tonnes. The 2024-25 soybean deliveries in the first 51 weeks of this new marketing year amounted to 1,81 million tonnes out of the final harvest of 1,85 million tonnes. At the same time, the sunflower seed deliveries amounted to 631k tonnes out of the harvest of 632k tonnes.
- Moreover, the wheat producer deliveries for the first 20 weeks of the 2024-25 marketing year stand at 1,77 million tonnes. The anticipated harvest for the season is 1,92 million tonnes, down from the 2,05 million tonnes of the past season because of the reduced area planted and the poor yields in some parts of the Free State and Limpopo regions.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data for the 43rd week of the 2024-25 marketing year. In the previous release on February 14, the 42nd week of the 2024-25 marketing year, South Africa exported 42 687 tonnes of maize. Of this volume, 54% was exported to Zimbabwe, 17% to Botswana, 11% to Namibia, and the balance was distributed to the neighbouring African countries. This puts South Africa's total maize exports in the 2024-25 marketing year at 1,89 million tonnes out of the expected 1,90 million tonnes (down from 3,44 million tonnes in the 2023-24 marketing year because of the mid-summer drought).
- Moreover, while South Africa will likely remain the net exporter of maize in the 2024-25 marketing year, the coastal regions will import small volumes of yellow maize for animal feed because of price advantage and tight domestic supplies. We have recently seen the imports of yellow maize from Argentina and Brazil through the Port of Cape Town and white maize from the United States. South Africa's 2024-25 maize imports currently stand at 635 081 tonnes.
- South Africa is a net wheat importer, and February 14 was the 20th week in the new 2024-25 marketing year. The imports so far amounted to 632 459 tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season.
- Also, the Crop Estimates Committee will release the **2024-25 summer crop revised area plantings and the first production forecast** on Thursday. Last month, the Committee indicated that South African farmers likely planted 4.45 million hectares of summer grains and oilseeds in the 2024-25 season, up slightly by 0.3% from the previous season. This area is unlikely to have changed. We also anticipate the production figures will be more robust after a dismal harvest in the 2023-24 season because of the mid-summer drought.
- The Crop Estimates Committee will release the **seventh production forecast for South Africa's 2024-25 winter crop production**. The harvest is virtually complete across the winter crop fields; these estimates will essentially confirm that the season was not as good because of the reduction in plantings and the unfavourable weather conditions that undermined the yield prospects.

South Africa's Precipitation forecast

- This week, the central, eastern and northern regions of South Africa could receive moderate rainfall, which will continue to support the crop-growing conditions and the recovery of the grazing veld.

Exhibit 2: South Africa's precipitation forecast



Source: George Mason University (wxmaps)