

Economic Review

of the

South African

Agriculture

2020/21

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

2021

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## CONTENTS

|                                                                                        |   |
|----------------------------------------------------------------------------------------|---|
| Foreword.....                                                                          |   |
| Economic review of the South African agriculture for the year ended 30 June 2021 ..... | 1 |
| Summary .....                                                                          | 1 |
| Volume of agricultural production .....                                                | 1 |
| Producer prices of agricultural products .....                                         | 2 |
| Gross value of agricultural production .....                                           | 3 |
| Farming income .....                                                                   | 3 |
| Expenditure on intermediate goods and services .....                                   | 5 |
| Prices of farming requisites .....                                                     | 5 |
| Domestic terms of trade in agriculture (2010 = 1).....                                 | 6 |
| Contribution of agriculture to value added at basic prices .....                       | 7 |
| Capital assets and investment in agriculture .....                                     | 7 |
| Farming debt.....                                                                      | 8 |
| Cash flow of farmers .....                                                             | 8 |
| Consumer prices.....                                                                   | 8 |
| Imports and exports of agricultural products.....                                      | 9 |

## FOREWORD

The value of agricultural production in South Africa increased by 11,6% and is estimated at R346 035 million in 2020/21, compared to R310 179 million in 2019/20, largely because of the increase in values of field crops (23,9%), horticultural products (8,0%) and animal products (7,2%).

The South African primary agricultural sector grew by an average of 6,1% per year since 2011, while the contribution of agriculture's value added to GDP increased from 2,2% in 2011 to 2,3% in 2020.

Despite its relatively small share of the total GDP, primary agriculture is an important sector in the South African economy. Agriculture remains a significant provider of employment, especially in the rural areas and a major earner of foreign exchange.

Agriculture's prominent, indirect role in the economy is a function of backward and forward linkages to other sectors. Purchases of goods such as fertilisers, chemicals and implements form backward linkages with the manufacturing sector, while forward linkages are established through supplying raw materials to the manufacturing industry. About 70% of agricultural output is used as intermediate products in the sector. Agriculture is therefore a crucial sector and an important engine of growth for the rest of the economy.

This publication, which appears every six months, offers easy-to-find information to give some idea of the macroeconomic position of agriculture. The focus areas calculate agriculture's contribution to the national economy and determine trends with regard to the most important agricultural economic indicators.

Whether you are involved directly or only have an interest in agriculture, you will find this publication useful and informative. We welcome your observations on its content and format. If you have comments or questions, please contact the Director: Statistics and Economic Analysis.

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September 2021

# ECONOMIC REVIEW OF SOUTH AFRICAN AGRICULTURE FOR THE YEAR ENDED 30 JUNE 2021

## Summary

Gross farming income from all agricultural products increased significantly by 20,4% to R369 418 million for the year ended 30 June 2021, from R306 798 million in the previous period. This was mainly as a result of the increase in income from field crops by 68,5%.

The weighted average price received by farmers for their agricultural products increased by 6,7% as the result of the increase in prices of field crops and horticultural products by 15,7% and 7,0%, respectively.

The 15,7% increase in weighted average price of field crops was the result of the increase in prices of oilseeds by 34,8%, tobacco by 34,1%, sugarcane by 15,3%, hay by 15,2%, summer grains by 14,2%, dry beans by 12,6% and winter grains by 8,2%. The prices of cotton decreased by 1,9%.

The weighted average price of horticultural products increased by 7,0% due to the increase in the prices of vegetables and fruit by 16,5% and 4,2%, respectively. The prices of viticulture showed a decrease of 5,7%.

The weighted average price of animal products increased by 2,0%, largely because of the increase in prices of milk by 17,6%. The prices of pastoral products decreased by 3,5% and poultry meat slightly by 0,2%, while those of slaughtered stock remained unchanged.

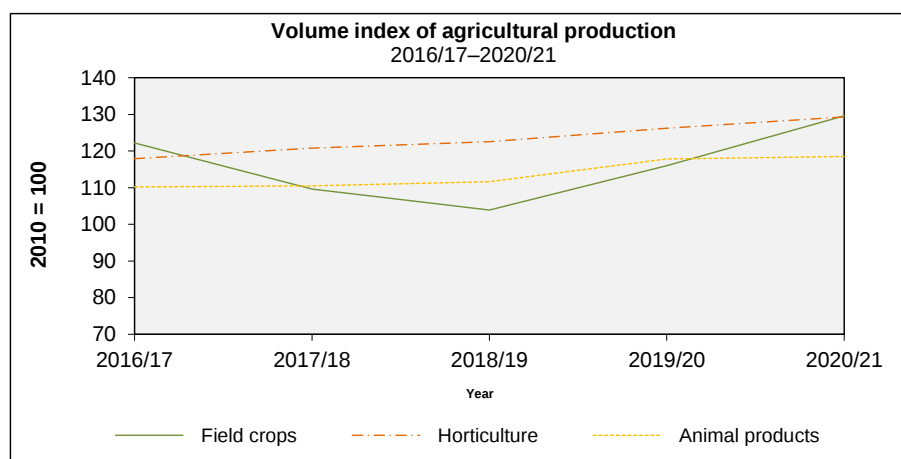
The prices paid for farming requisites, including machinery and implements, material for fixed improvements, as well as intermediate goods and services, increased by 4,8%, compared to 2,8% the previous period. The prices of building material increased by 8,0%, seeds (7,4%), feeds (7,2%), fencing material (4,8%), trucks (4,5%), packing material (4,1%), fertilisers (3,9%), animal health and plant protection (3,8%) and tractors (1,9%). The prices of maintenance and repairs of machinery and implements decreased by 15,5% and fuel slightly by 0,6%.

The domestic terms of trade increased by 1,0% due to the higher prices earned from agricultural products by the farmers.

The net farming income increased drastically by 46,0% and is estimated at R157 360 million for the period ended June 2021, compared to R107 780 million the previous period.

## Volume of agricultural production

The estimated volume of agricultural production in 2020/21 was 3,7% more than in 2019/20.



The field crop production volume for 2020/21 increased by 11,7%, mainly as a result of increases in the production of summer crops (maize and sorghum), winter crops (wheat, barley, canola and oats) and the oilseed crops (soya bean and groundnuts). Maize production increased by 1,1 million tons (7,1%) and sorghum by 52 880 tons (29,1%) from 2019/20. Wheat production increased by 587 598 tons (38,1%), barley by 243 000 tons (70,4%), canola by 70 200 tons (73,9%) and oats production increased by 40 500 tons (245,4%),

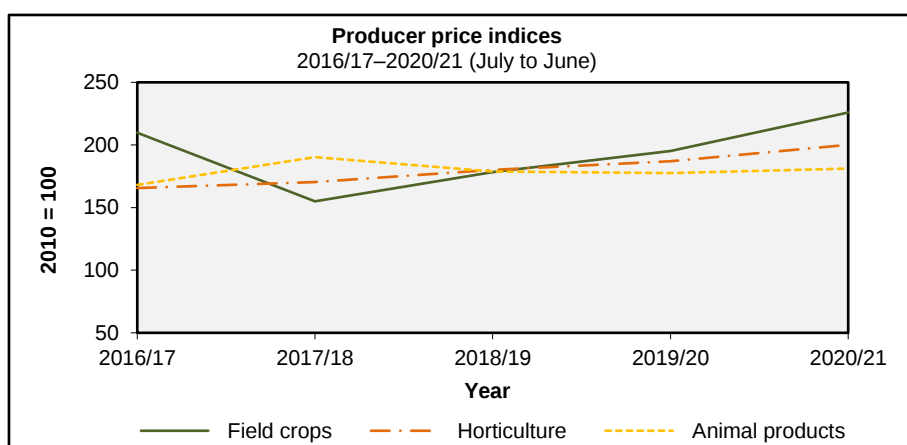
compared to the previous season. Furthermore the production of soya bean increased by 672 650 tons (54,0%) and groundnuts by 9 980 tons (17,6%) as compared to 2019/20.

Horticultural production for 2020/21 increased by 2,4% from the previous season, which can mainly be attributed to increases in the production of deciduous and citrus fruit. The production of apples increased by 78 123 tons (7,9%), table grapes by 45 096 tons (13,7%), plums by 30 154 tons (46,2%), pears by 29 941 tons (7,1%), apricots by 17 811 tons (115,1%) and peaches by 6 413 tons (4,0%), which all contributed to an increase in the production of deciduous fruit as compared to 2019/20. Furthermore the production of lemons increased by 154 169 tons (30,1%), soft citrus by 120 953 tons (37,0%) and grapefruits by 37 492 tons (9,9%), which all led to an increase in the production of citrus fruit from the previous season.

Animal production increased by 0,7%, mainly as a result of increases in the production of stock slaughtered (cattle and calves, pork and goats) and poultry meat for 2020/21 as compared to 2019/20. The production of stock slaughtered for cattle and calves increased by 18 606 tons (2,2%), pork by 15 844 tons (5,7%) and goats by 23 tons (1,6%) as compared to 2019/20. Furthermore, the production of poultry meat increased by 38 043 tons (2,1%) as compared to the previous season.

### Producer prices of agricultural products

The weighted average price received by farmers for their agricultural products increased by 6,7% as the result of the increase in prices of field crops and horticultural products by 15,7% and 7,0%, respectively.



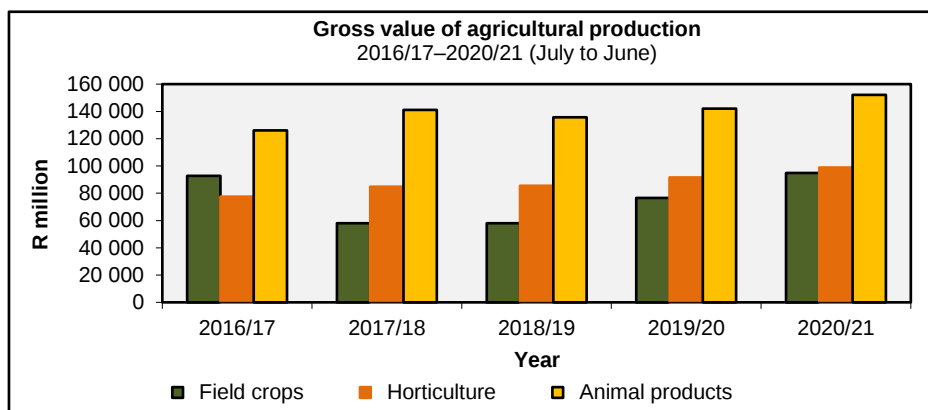
The 15,7% increase in the weighted average price of field crops was the result of the increase in prices of oilseeds by 34,8%, tobacco by 34,1%, sugarcane by 15,3%, hay by 15,2%, summer grains by 14,2%, dry beans by 12,6% and winter grains by 8,2%. The prices of cotton decreased by 1,9%.

The weighted average price of horticultural products increased by 7,0% due to the increase in the prices of vegetables and fruit by 16,5% and 4,2%, respectively. The prices of viticulture showed a decrease of 5,7%.

The weighted average price of animal products increased by 2,0%, largely because of the increase in prices of milk by 17,6%. The prices of pastoral products decreased by 3,5% and poultry meat slightly by 0,2%, while those of slaughtered stock remained unchanged.

## Gross value of agricultural production

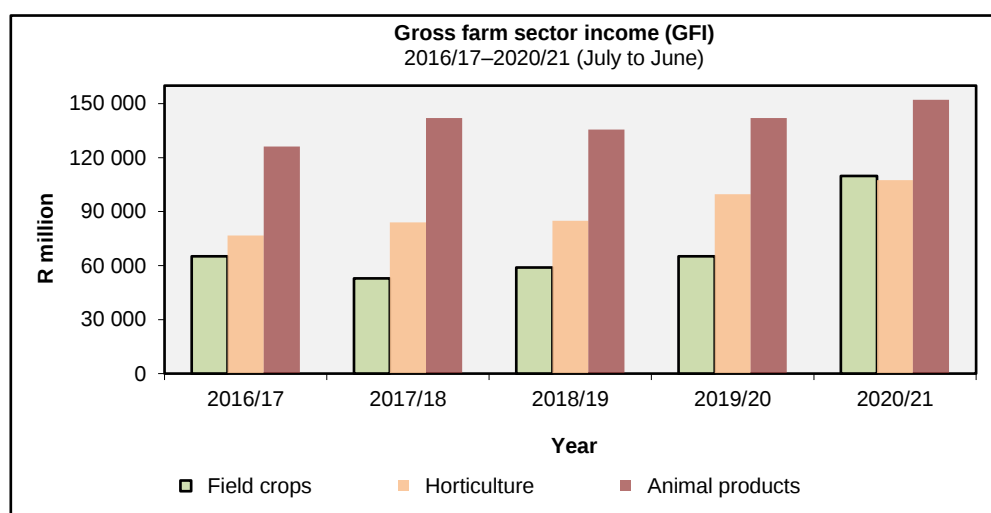
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2020/21 is estimated at R346 035 million, compared to R310 179 million the previous year—an increase of 11,6%. This increase can mainly be attributed to an increase in the value of field crops.



The gross value of animal products, horticultural products and field crops contributed 44,0%, 28,6% and 27,4%, respectively, to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 14,1%, followed by maize and cattle and calves slaughtered with both 11,8%.

## Farming income

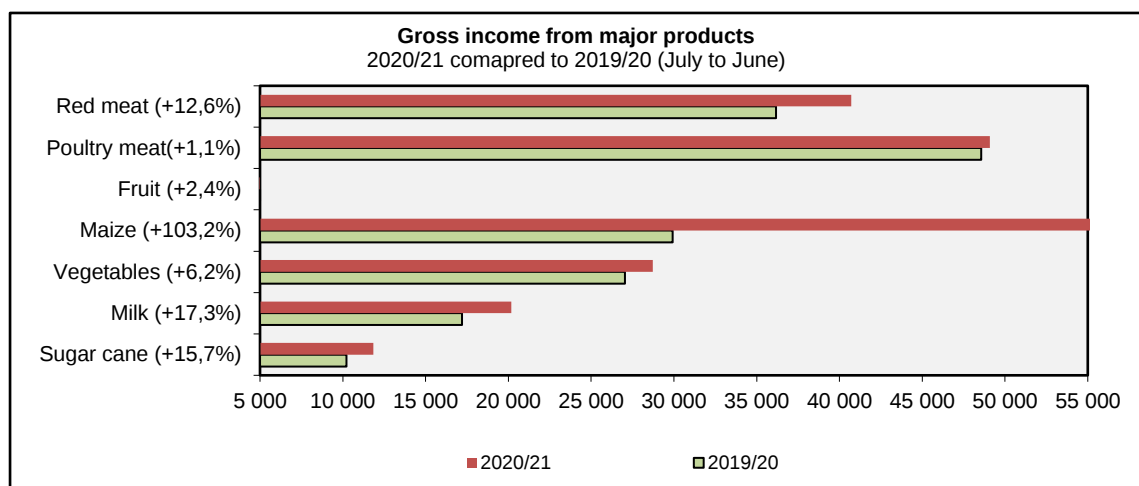
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) increased by 20,4% to R369 418 million for the year ended 30 June 2021 (2020/21), compared to R306 798 million the previous year. This was largely influenced by the increase in income from field crops by 68,5%, horticultural products by 7,8% and animal products by 7,2%.



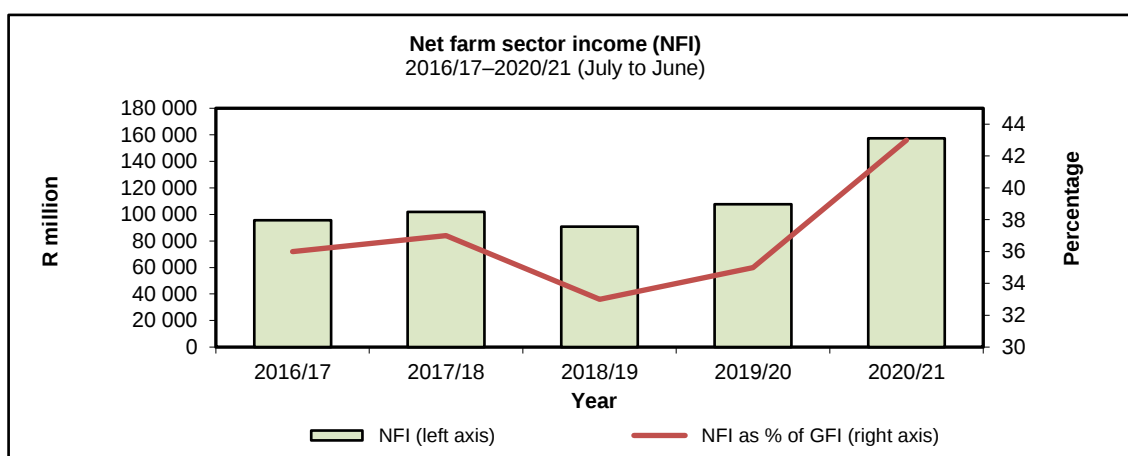
The *gross income from field crops* increased significantly by 68,5% to R109 779 million for the year ended 30 June 2021. This was driven by the increase in income from tobacco by 166,8%, maize (103,2%), soya beans (67,6%), wheat (61,5%), grain sorghum (58,6%), sunflower seed (17,9%) and sugarcane (15,7%).

The *gross income from horticultural products* increased by 7,8% to R107 460 million in the 2020/21 season, from R99 666 million in 2019/20, mainly due to the increase in income from citrus fruit by 13,4% (from R25 840 million to R29 312 million), deciduous and other fruit by 7,2% (from R26 989 million to R28 924 million), vegetables by 6,2% (from R27 047 to R28 734 million) and viticulture by 3,9% (from R5 905 million to R6 135 million).

The *gross income from animal products* increased by 7,2% and amounted to R152 180 million in 2020/21, compared to R141 976 million in 2019/20 because of the increase in income from milk by 17,3%, cattle and calves slaughtered by 12,6%, sheep slaughtered by 7,9%, and poultry meat by 1,1%.



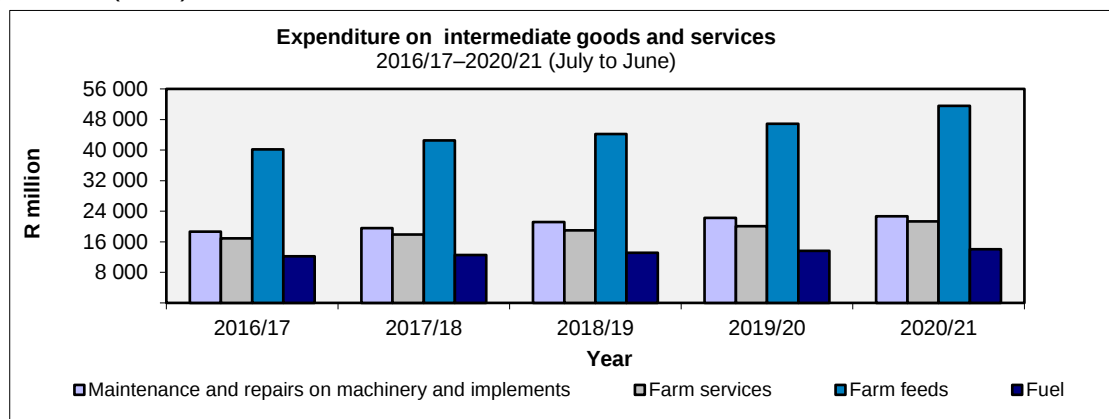
The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) increased significantly by 46,0% and amounted to R157 360 million for the period ended on 30 June 2021. Payments for salaries and wages, which represented 9,7% of the total farming costs, amounted to R21 192 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2021 is estimated at R12 526 million, or 5,7% of the total farming costs.



## Expenditure on intermediate goods and services

*Intermediate expenditure refers to the value of goods and services that were purchased for consumption as inputs during the production process.*

Expenditure on intermediate goods and services increased by 7,1% for the period under review, compared to an increase of 6,3% the previous period. The expenditure on farm feeds, seed and plants and building and fencing material increased by 10,0% each, packing material (9,0%), farm services and animal health and crop protection (6,0%) each, fertilisers (4,0%), fuel (3,6%) and maintenance and repairs of machinery and implements (2,0%).



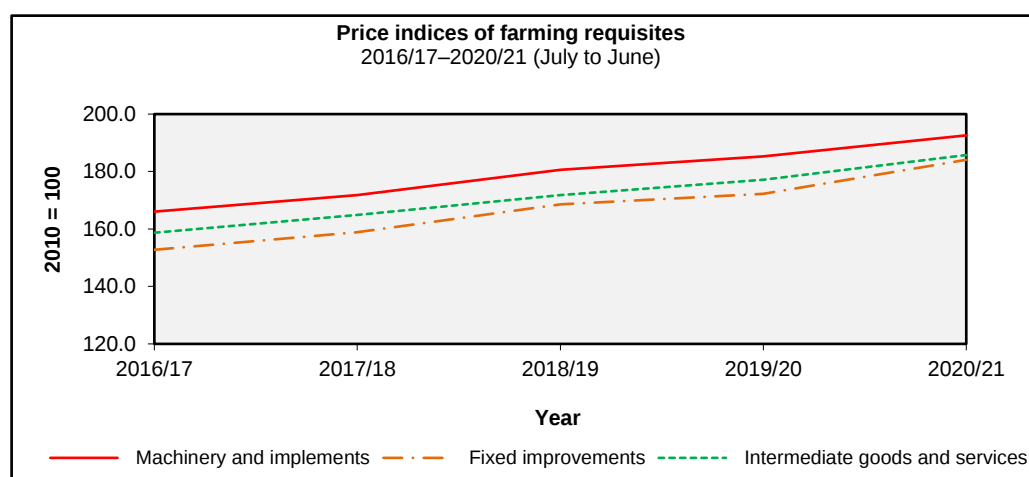
Farm feed had the largest share as an expenditure item, accounting for 29,2%, maintenance and repairs of machinery and implements (12,9%), farm services (12,1%), fuel (8,0%), seed and plants (7,4%), animal health and crop protection (6,1%), packing material (5,2%), building and fencing material (4,5%) and fertilisers (4,4%).

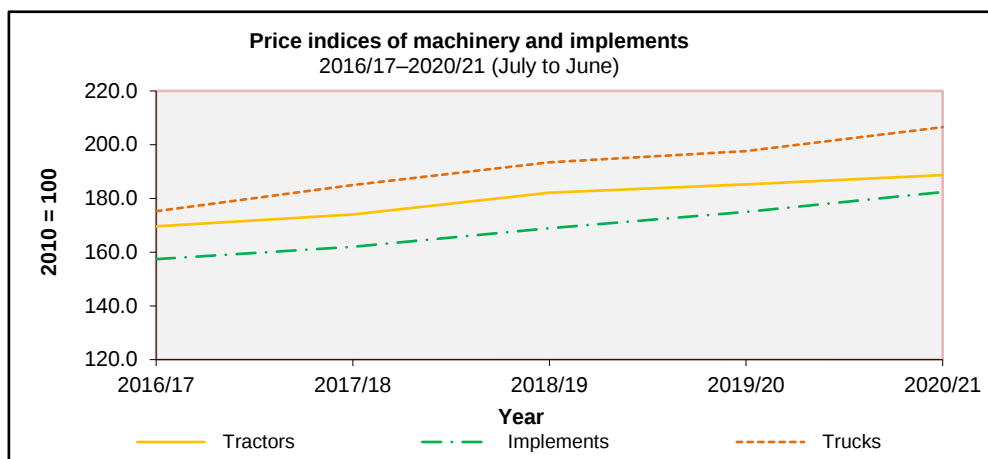
## Prices of farming requisites

The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services, increased by 4,8%, compared to 2,8% the previous period.

The prices of building material increased by 8,0%, seeds (7,4%), feeds (7,2%), fencing material (4,8%), trucks (4,5%), packing material (4,1%), fertilisers (3,9%), animal health and plant protection (3,8%) and tractors (1,9%). The prices of maintenance and repairs of machinery and implements decreased by 15,5% and fuel slightly by 0,6%.

The combined price index of materials for fixed improvements increased by 6,9%, intermediate goods and services by 4,9% and machinery and implements by 3,9%.



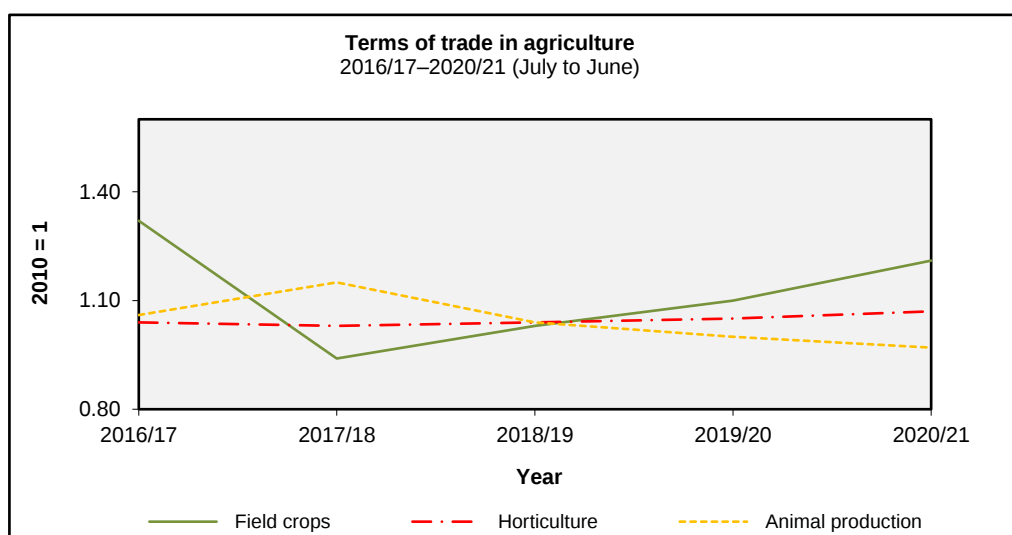


### Domestic terms of trade in agriculture (2010 = 1)

*The terms of trade indicate the extent to which producer prices received by farmers kept pace with the prices paid for farming requisites.*

The domestic terms of trade increased by 1,0% due to the higher prices earned from agricultural products by the farmers.

The terms of trade for field crops increased by 10,0% (from 1,10 to 1,21), horticultural products by 1,9% (from 1,05 to 1,07), while that of animal products decreased by 3,0% (from 1,00 to 0,97).



### Contribution of agriculture to value added at basic current prices

*Value added is the value of total output less the value of intermediate consumption during the production period.*

The contribution of agriculture to value added for the year ended 31 December 2020 is estimated at R101 650 million. This represents 2,3% of the total value added to the economy.

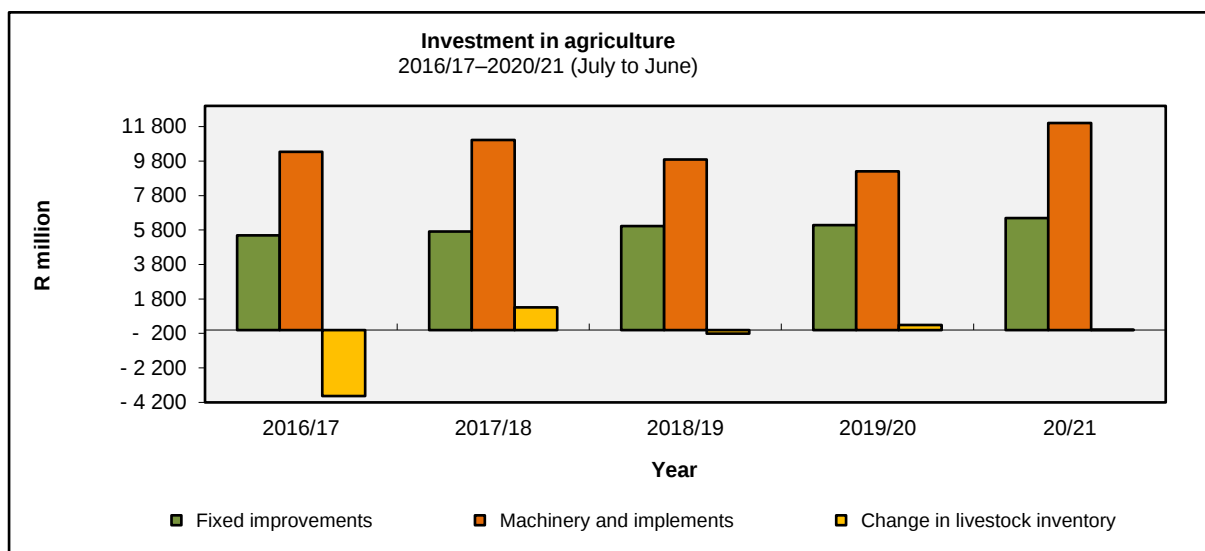
| Year | Total value added<br>R' million | Contribution of agriculture to<br>value added<br>R' million | Contribution of agriculture as<br>percentage of total value<br>added<br>% |
|------|---------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------|
| 2011 | 2 724 400                       | 58 739                                                      | 2,2                                                                       |
| 2012 | 2 932 879                       | 60 003                                                      | 2,0                                                                       |
| 2013 | 3 183 618                       | 63 121                                                      | 2,0                                                                       |
| 2014 | 3 414 943                       | 70 342                                                      | 2,1                                                                       |
| 2015 | 3 624 908                       | 71 904                                                      | 2,0                                                                       |
| 2016 | 3 891 559                       | 82 406                                                      | 2,1                                                                       |
| 2017 | 4 173 328                       | 93 400                                                      | 2,2                                                                       |
| 2018 | 4 341 292                       | 90 148                                                      | 2,1                                                                       |
| 2019 | 4 523 580                       | 81 337                                                      | 1,8                                                                       |
| 2020 | 4 428 711                       | 101 650                                                     | 2,3                                                                       |

### Capital assets and investment in agriculture

The value of capital assets in agriculture as at 30 June 2021 is estimated at R554 970 million, compared to R530 832 million at the end of June 2020, an increase of 4,5%.

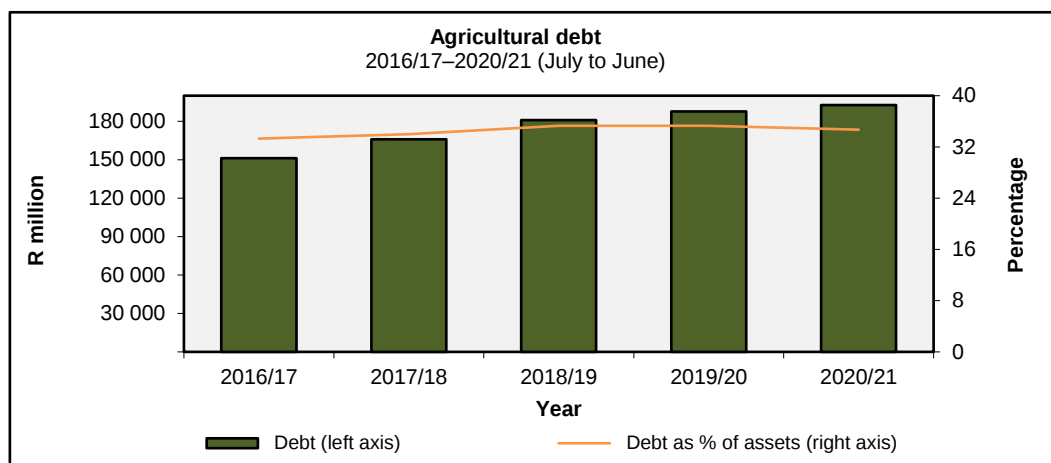
Land and fixed improvements constituted R320 197 million (57,7%), livestock R147 773 million (26,6%) and machinery and implements R87 000 million (15,7%) of the total value of capital assets.

The gross investment in respect to fixed improvements for the year ended 30 June 2021 increased by 6,7% to R6 494 million. Investment in machinery, implements and vehicles increased by 30,4% and amounted to R12 000 million. The livestock inventory was R7 million more than in the previous year.



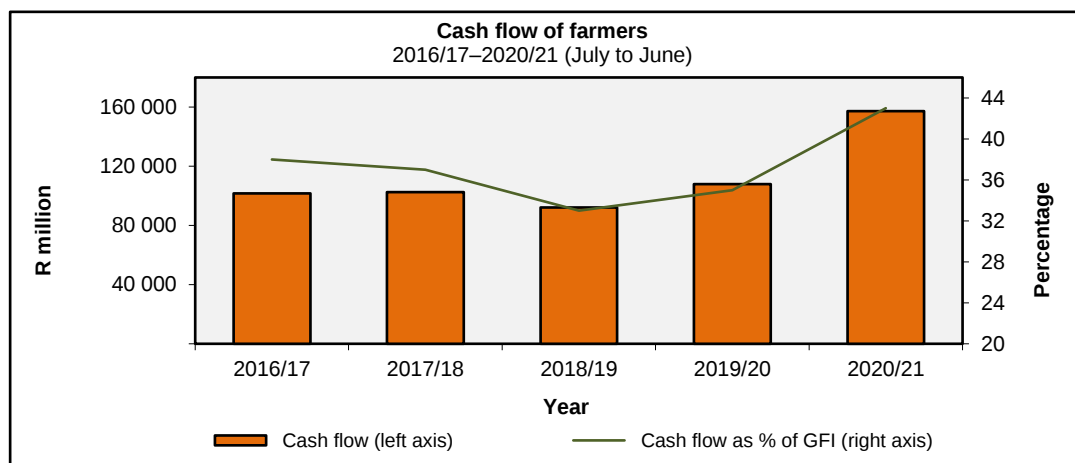
## Farming debt

The total farming debt has increased by 2,7% and is estimated at R192 632 million for the year ended June 2021, compared to R187 612 million at the end of June 2020.



## Cash flow of farmers

The farmers' cash flow increased significantly by 45,6% and is estimated at R157 260 million for the year ended June 2021, compared to R107 984 million the previous period.

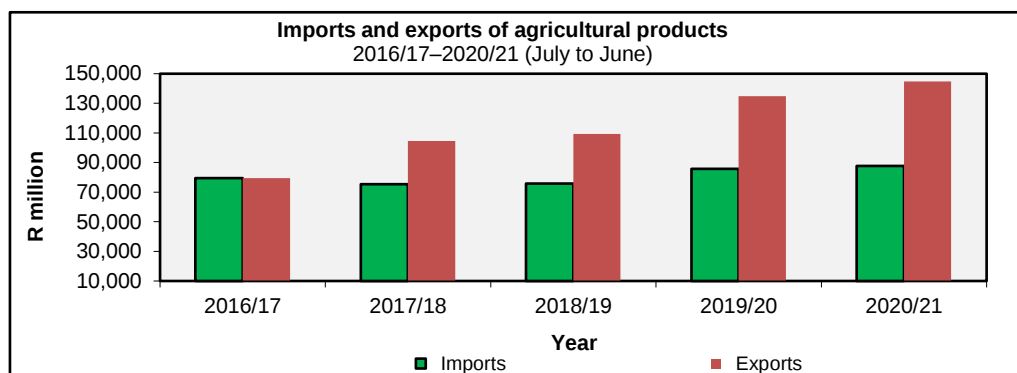


## Consumer prices

The consumer prices of all agricultural products increased by 3,5% for the year ended June 2021, compared to 3,7% the previous period. The consumer prices of food increased by 5,7% and non-food items by 3,2%. The consumer prices of meat showed an increase of 6,6%, milk, eggs and cheese (6,3%) and grain products (5,7%). The consumer prices of fats and oils increased by 12,2%, sugar by 7,9%, fruit by 6,1%, fish by 5,4%, coffee and tea by 5,2%, vegetables by 3,4% and other food by 3,1%.

## Imports and exports of agricultural products

The estimated value of imports for 2020/21 amounted to R87 646 million, an increase of 2,2% from R85 788 million for 2019/20. The value of exports increased by 7,4%, from R134 776 million in 2019/20 to R144 687 million in 2020/21.



According to the 2020/21 export values, citrus fruit (R26 731 million), dried grapes (R12 773 million), grape must (R10 528 million), apples (R9 692 million) and maize (R7 565 million), were the most important agricultural export products.

Rice (R9 002 million), palm oil (R6 435 million), offal of fowls (R4 893 million), gin (R3 830 million) and oil cake (R3 203 million) accounted for the highest imports in terms of value.

During 2020/21, Afghanistan, with exports to the value of R18 754 million, Albania (R13 70 million), Algeria (R10 781 million), American Samoa (R7 942 million) and Andorra (R7 398 million) were the five largest trading partners of South Africa in terms of export destinations for agricultural products.

The five largest trading partners for South Africa's imported agricultural products during 2020/21 were Thailand (R5 759 million), Indonesia (R5 142 million), Argentina (R3 015 million), Brazil (R2 902 million) and India (R2 902 million).