



Economic review 2021-22

Directorate: Statistics & Economic Analysis



**agriculture, land reform
& rural development**

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



Economic Review

of the

South African

Agriculture

2021/22

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

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FOREWORD

The value of agricultural production in South Africa increased by 7,7% to R385 724 million for the period ended June 2022, while its contribution to the GDP is estimated at R152 807 million (*at basic prices*) in 2021. The South African primary agricultural sector grew by an average of 7,4% while its value added contribution to GDP increased by 2,1% on average per year since 2011.

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 2022

ECONOMIC REVIEW OF SOUTH AFRICAN AGRICULTURE FOR THE YEAR ENDED 30 JUNE 2022

Summary

Gross farming income from all agricultural products increased by R770 million (0,2%) to R368 438 million for the period ended 30 June 2022, against R367 668 million in the previous period. This was largely because of the increase in income from animal and horticultural products by 10,5% and 3,0%, respectively. The income derived from field crops decreased by 16,4%.

The average price received by the farmers for their agricultural products increased by 7,4% due to the increase in prices of field crops and animal products by 14,5% and 9,9%, respectively. The prices of horticultural products decreased by 1,7%.

The 14,5% increase in prices of field crops was driven by the increase in prices of oilseeds by 33,8%, dry beans by 21,9%, winter grains by 18,9%, summer grains by 12,5%, sugar cane by 7,4%, tobacco by 7,1% and cotton by 3,5%. The price of hay decreased by 5,0%.

The increase of 9,9% in prices of animal products was influenced by the increase in prices of pastoral products by 20,8%, slaughtered stock by 10,7%, dairy products by 9,3% and poultry meat by 8,2%.

The decrease in prices of horticultural products can be attributed to a decrease in prices of viticulture and fruit by 6,0% and 4,8%, respectively. The prices of vegetables showed an increase of 4,2%.

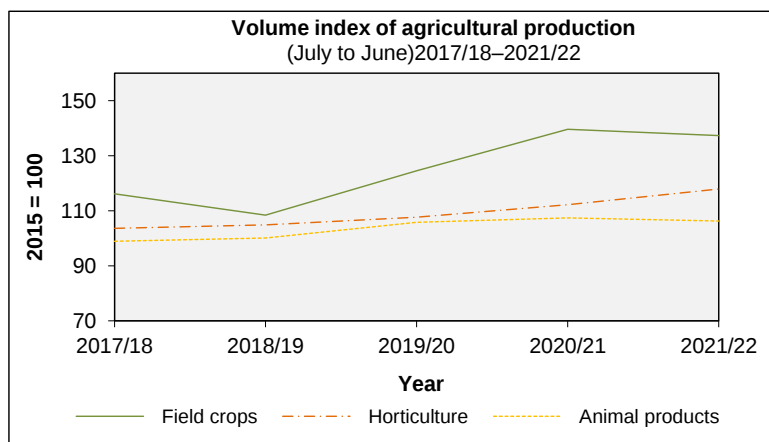
The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services increased by 9,9%, compared to 3,8% the previous period. The prices of fertilisers increased drastically by 35,9%, fuel by 10,9%, building material by 9,3%, fencing material by 6,6%, seeds by 5,9%, tractors by 5,4%, irrigation equipment by 4,9%, animal health and crop protection by 4,5%, packaging material by 4,2%, feed by 4,1% and trucks by 3,3%. The prices of maintenance and repairs of machinery and implements decreased by 14,3%.

The domestic terms of trade decreased by 2,0% due to the production costs which increased by 9,9%, against 7,4% increase in prices earned from agricultural products.

The net farming income showed a significant decrease of 14,2% and is estimated at R116 765 million for the period ended June 2022, compared to R136 022 million the previous period.

Volume of agricultural production

The estimated volume of agricultural production in 2021/22 was 0,4% more than in 2020/21.



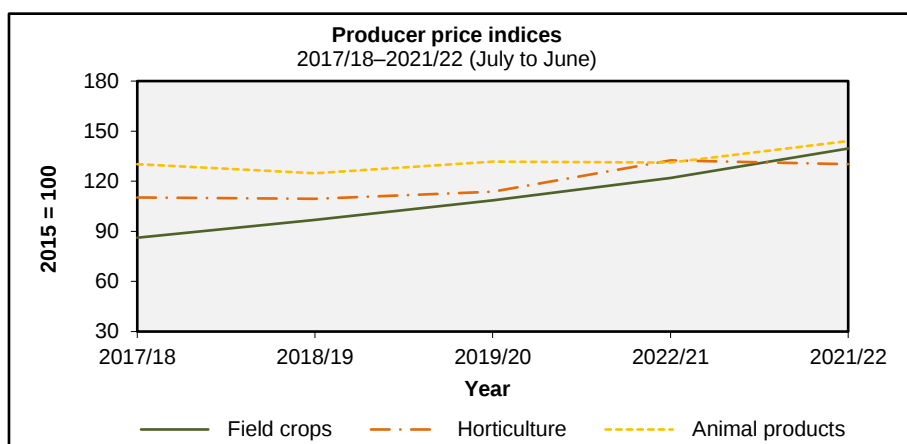
The field crop production volume for 2021/22 decreased by 1,7%, mainly as a result of decreases in the production of summer crops (maize and sorghum) and winter crops (barley). Maize production decreased by 1,6 million tons (9,3%) and sorghum by 90 620 tons (36,6%) from 2020/21. Barley production decreased by 254 000 tons (43,2%) as compared to the previous season.

Horticultural production for 2021/22 increased by 5,1% from the previous season, which can mainly be attributed to increases in the production of citrus, deciduous and subtropical fruit. The production of oranges increased by 112 630 tons (7,5%), soft citrus by 105 044 tons (25,3%) and naartjies by 27 933 tons (32,8%), which all led to an increase in the production of citrus fruit from the previous season. The production of apples increased by 63 827 tons (5,7%), pears by 51 910 tons (11,5%), table grapes by 31 414 tons (8,4%) and peaches by 21 757 tons (12,9%), which all contributed to an increase in the production of deciduous fruit as compared to 2020/21. Furthermore increases in the production of bananas by 60 360 tons (17,9%) and mangos by 16 315 tons (21,9%) contributed to an increase in the production of subtropical fruit as compared to the previous season.

Animal production decreased by 1,1%, mainly as a result of decreases in the production of eggs, poultry meat and wool for 2021/22. The production of eggs decreased by 18 832 tons (3,0%) and the production of poultry meat decreased by 17 769 tons (0,9%) as compared to 2020/21. Furthermore the production of wool also show a decrease of 18 861 tons (42,5%) as compared to the previous season.

Producer prices of agricultural products

The average price received by the farmers for their agricultural products increased by 7,4% largely because of the increase in prices of field crops and animal products by 14,5% and 9,9%, respectively. The prices of horticultural products decreased by 1,7%.



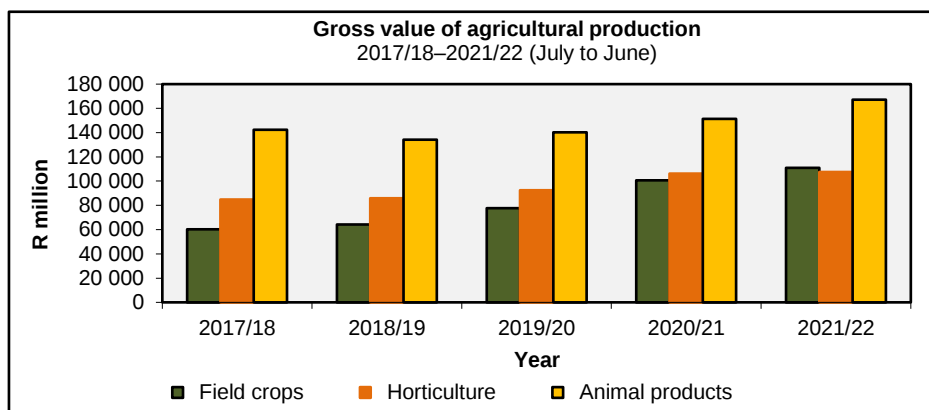
The 14,5% increase in prices of field crops was driven by the increase in prices of oilseeds by 33,8%, dry beans by 21,9%, winter grains by 18,9%, summer grains by 12,5%, sugar cane by 7,4%, tobacco by 7,1% and cotton by 3,5%. The price of hay decreased by 5,0%.

The increase of 9,9% in prices received from animal products was influenced by the increase in prices of pastoral products by 20,8%, slaughtered stock by 10,7%, dairy products by 9,3% and poultry meat by 8,2%.

The decrease in prices of horticultural products can be attributed to a decrease in prices of viticulture and fruit by 6,0% and 4,8%, respectively. The prices of vegetables showed an increase of 4,2%.

Gross value of agricultural production

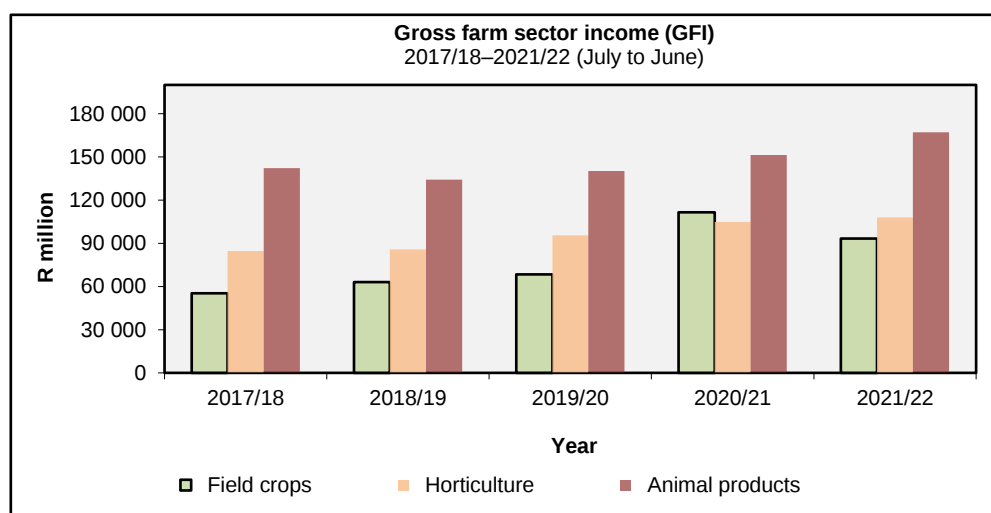
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2021/22 is estimated at R385 724 million, compared to R358 100 million the previous year—an increase of 7,7%. This increase can mainly be attributed to an increase in the value of animal products and field crops.



The gross value of animal products, field crops and horticultural products contributed 43,3%, 28,8% and 27,9%, respectively, to the total gross value of agricultural production. Maize and the poultry meat industry made the largest contribution with 15,3% and 14,0%, respectively followed by cattle and calves slaughtered by 2,3%.

Farming income

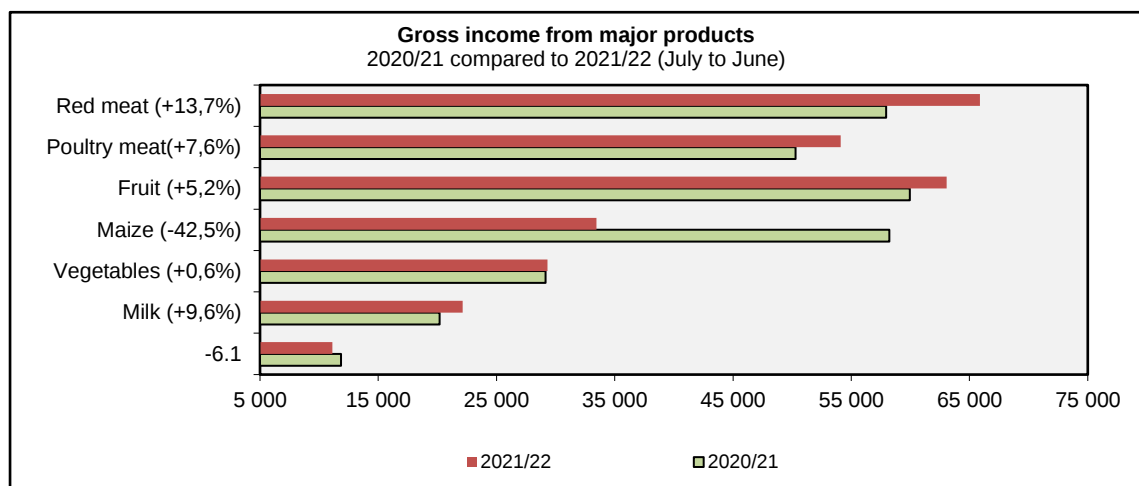
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) increased slightly by 0,2% to R368 438 million for the year ended 30 June 2022, compared to R367 668 million the previous year. This was influenced by the increase in income from animal and horticultural products by 10,5% and 3,0%, respectively.



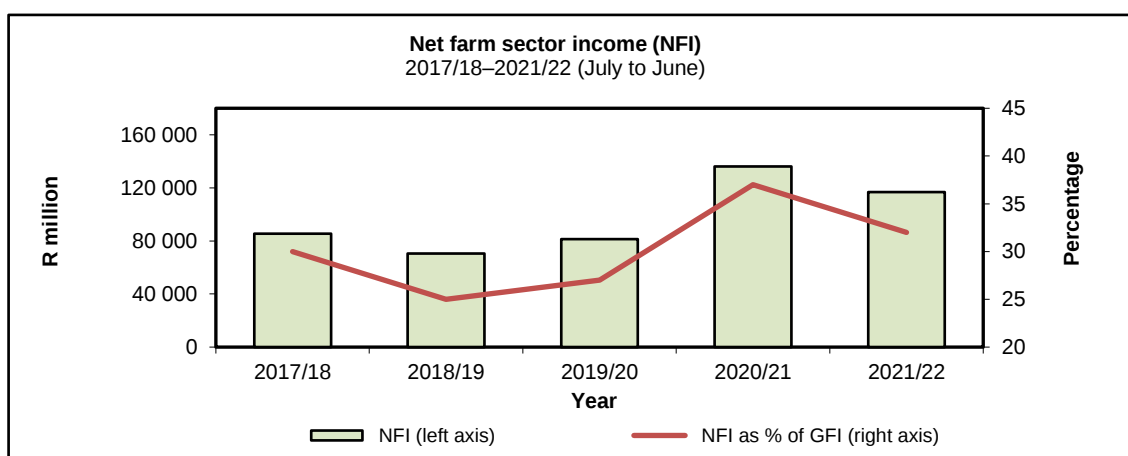
The *gross income from field crops* decreased significantly by 16,4% to R93 278 million for the year ended June 2022. This was largely due to a decrease in grain sourgum (48,3%), maize(42,5%), groundnuts (35,1%), tobacco (33,3%), hay (10,1%), sugar cane (6,1%). Income from sunflower seed increased by 41,3%, dry beans (14,6%) and wheat (14,0%).

The *gross income from horticultural products* increased by 3,0% to R107 983 million for the year ended June 2022, compared to R104 836 million the previous period. This can be attributed to the increase in income from deciduous and other fruits by 10,1%, subtropical fruits by 7,3%, vegetables by 0,6% and viticulture by 0,4%. The income derived from citrus fruit decreased slightly by 0,4%.

The *gross income from animal products* increased by 10,5% and amounted to R167 176 million for the year ended June 2022, compared to R151 254 million the previous period. This was due to the increase in income from cattle and calves slaughtered by R6 438 million (15,%), poultry meat by R3 816 million (7,6%), milk by R1 946 million (9,6%), pigs slaughtered by R1 342 million (16,9%), eggs by R996 million (9,5%) and wool by R961 million (19,2%).



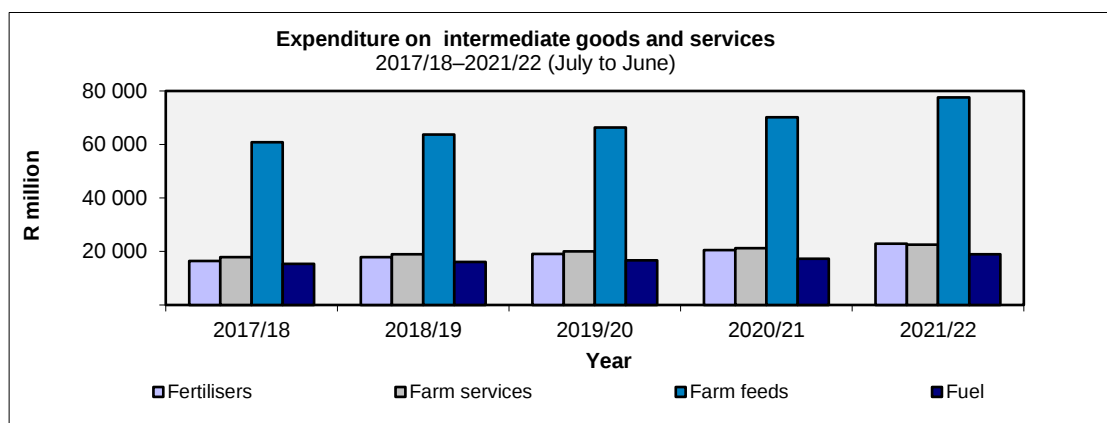
The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) decreased significantly by 14,2% and amounted to R116 765 million for the period ended on 30 June 2022. Payments for salaries and wages, which represented 8,6% of the total farming costs, amounted to R22 148 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2022 is estimated at R13 472 million, or 5,2% 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 showed an increase of 8,9% for the period ended June 2022, compared to 6,1% the previous period. The items which contributed to the increase in expenditure were fertilisers by 11,4%, farm feed by 10,5%, seeds and plants and building and fencing material by 10,0% each, fuel by 9,7%, maintenance and repairs of machinery and implements by 8,0%, farm services by 6,0%, animal health and crop protection by 4,6% and packing material by 2,6%.

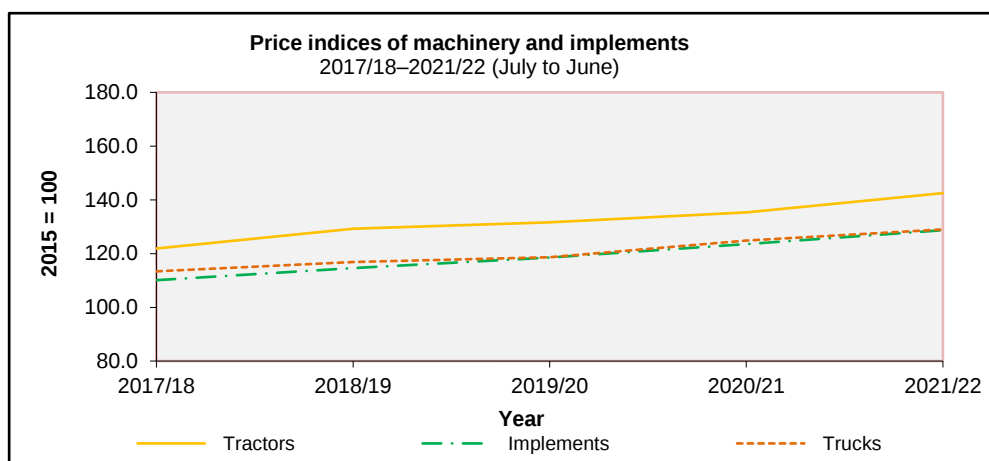


Farm feed accounted for the largest share of 36,1% as an expenditure item, followed by fertilisers by 10,7%, farm services (10,5%), fuel (8,8%), maintenance and repairs of machinery and implements (7,0%), seed and plants (6,7%), building and fencing material and animal health and crop protection (4,1%) each and packing material (3,8%).

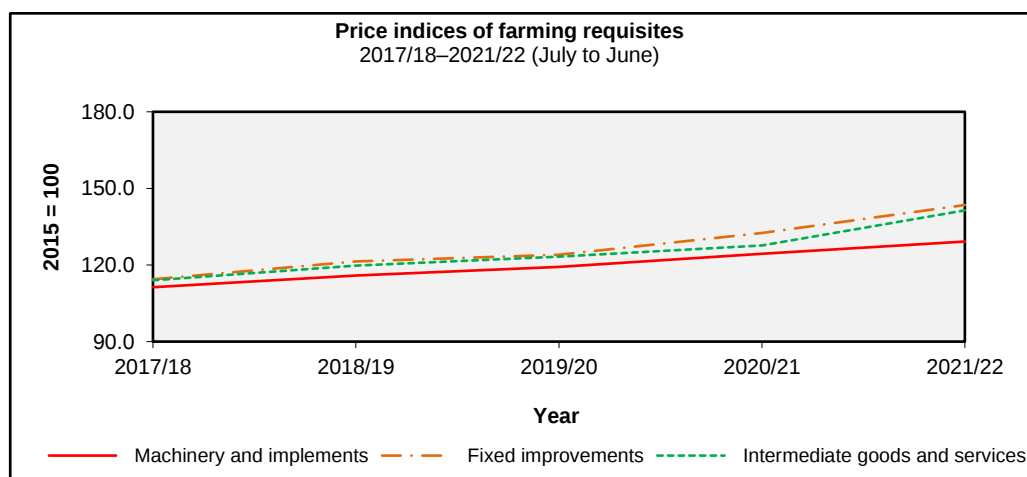
Prices of farming requisites

The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services increased by 9,9% for the ended June 2022, compared to 3,8% the previous period.

The prices of fertilisers increased drastically by 35,9%, fuel by 10,9%, building material by 9,3%, fencing material by 6,6%, seeds by 5,9%, tractors by 5,4%, irrigation equipment by 4,9%, animal health and crop protection by 4,5%, packaging material by 4,2%, feed by 4,1% and trucks by 3,3%. The prices of maintenance and repairs of machinery and implements decreased by 14,3%.



The combined price index of intermediate goods and services increased by 10,8%, materials for fixed improvements by 8,3% and machinery and implements by 3,8%.

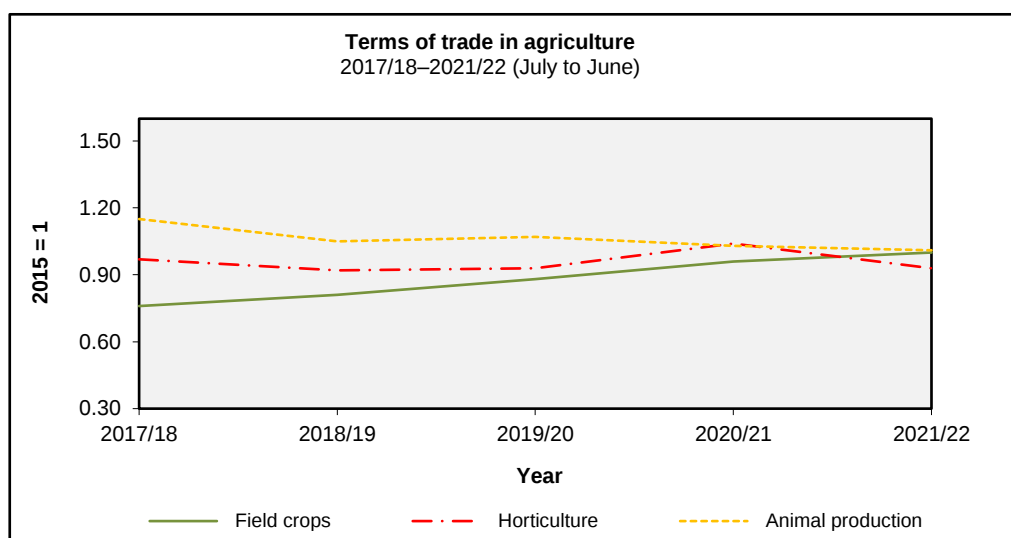


Domestic terms of trade in agriculture (2015 = 1)

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 decreased by 2,0% due to higher production costs which increased by 9,9%, against 7,4% increase in prices received for agricultural products.

The terms of trade for field crops increased by 4,2% (from 0.96 to 1,00) while that of horticultural and animal products decreased by 10,6% and 1,9%, respectively.



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 2021 is estimated at R129 886 million. This represents 2,3% of the total value added to the economy.

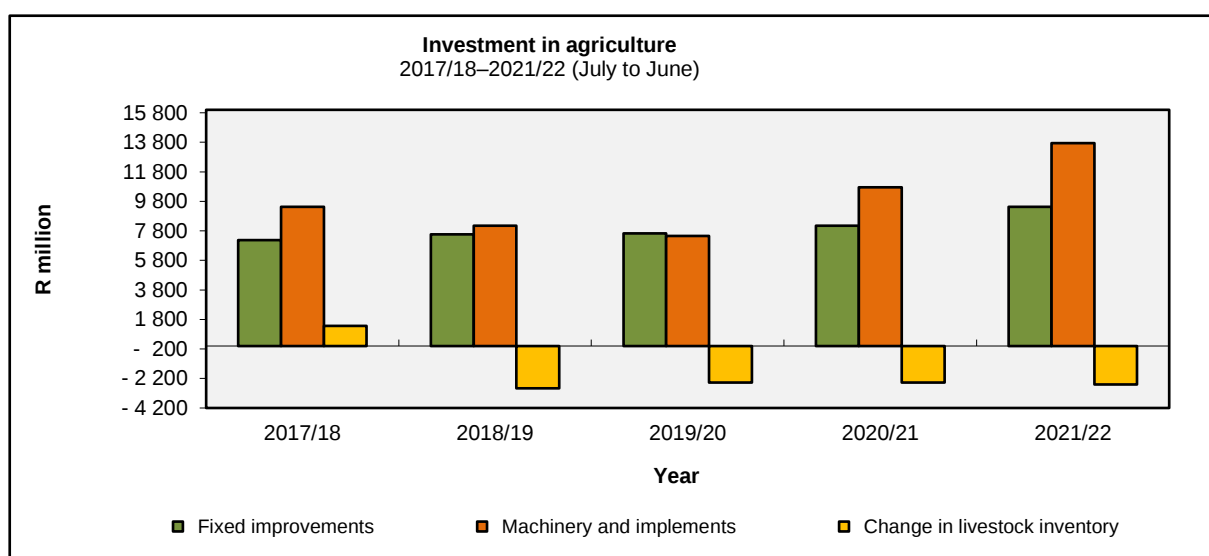
Year	Total value added	Contribution of agriculture to value added	Contribution of agriculture as percentage of total value added
	R' million	R' million	%
2012	3 236 488	59 922	1,9
2013	3 502 361	63 362	1,8
2014	3 738 791	74 695	2,0
2015	3 981 758	83 946	2,1
2016	4 288 841	97 669	2,3
2017	4 592 450	107 644	2,3
2018	4 816 888	103 234	2,1
2019	5 044 926	93 626	1,9
2020	5 029 575	119 060	2,4
2021	5 572 608	129 886	2,3

Capital assets and investment in agriculture

The value of capital assets in agriculture showed an increase of R43 554 million (7,7%) to R608 568 million for the period ended June 2022, compared to R565 014 million the previous corresponding period.

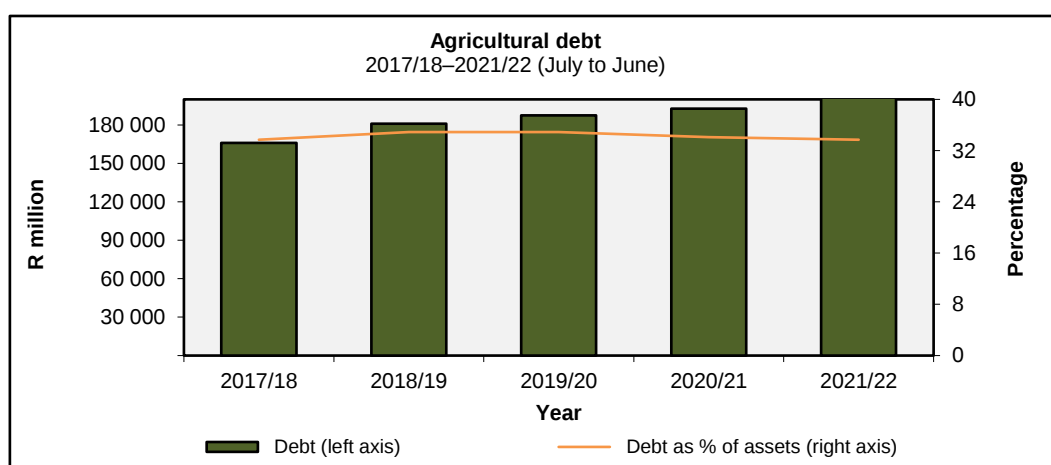
The proportion of land and fixed improvements to the total value of capital assets was R365 657 (60,1%), livestock (R142 608 million or 23,4%) and machinery and implements (R100 303 million or 16,5%).

The gross investment in machinery, implements and vehicles increased by 24,6% (R15 709 million) for the period ended June 2022. Implements increased by 28% (R13 751), fixed improvements 15,7% (R9 421 million) and transport vehicles by 4,7% (R1 958). The livestock inventory was estimated 6,2% (R2 611 million) less than in the previous period.



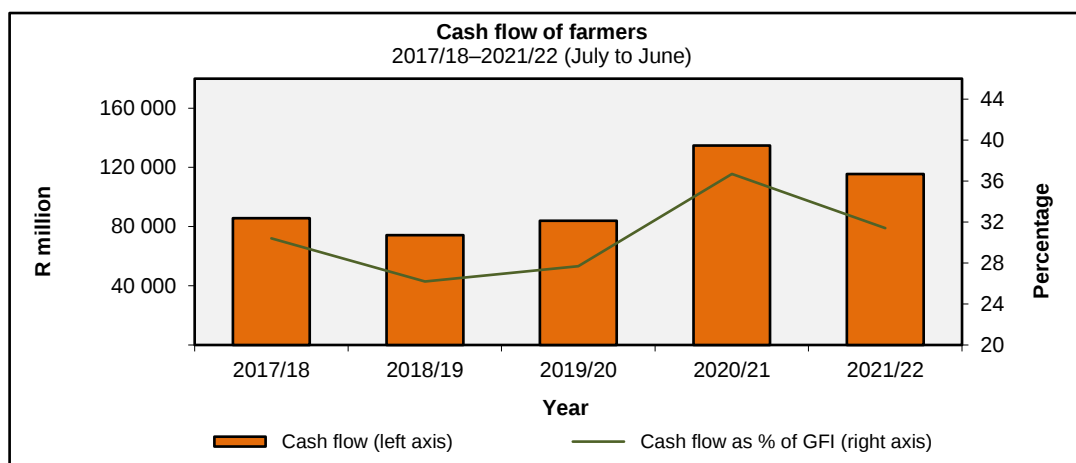
Farming debt

The total farming debt has increased by 6,4% and is estimated at R204 930 million for the year ended June 2022, compared to R192 632 million at the end of June 2021.



Cash flow of farmers

The farmers' cash flow also decreased significantly by 14,2% and is estimated at R115 655 million for the period ended June 2022, compared to R134 760 million the previous period. This was mainly influenced by the higher production costs which increased by 9,9% as opposed to the increase of 7,4% in prices of agricultural commodities, as well as lower production volumes, especially of field crops (27,9%) and animal products (2,0%).



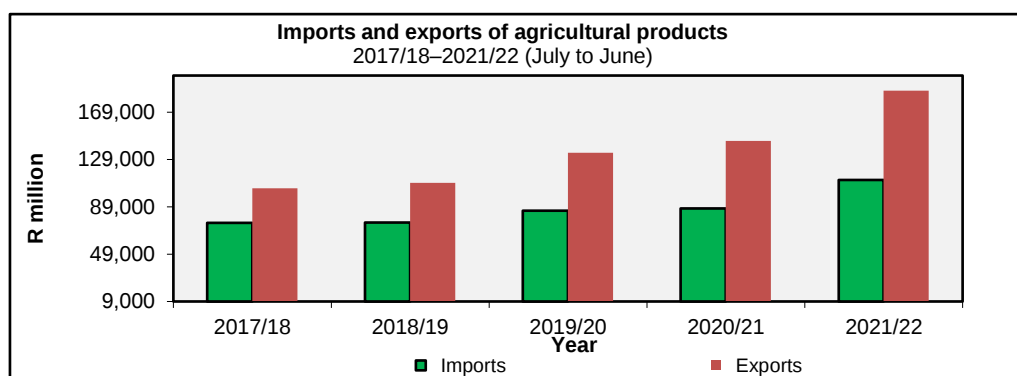
Consumer prices

The consumer prices of all agricultural products increased by 5,7% for the year ended June 2022. The consumer prices of meat increased by 9,1%, food (6,9%), non food (5,5%), milk, eggs and cheese (4,9%) and grain products (4,4%).

The consumer prices of fats and oils increased by 23,1%, fish (5,1%), vegetables (4,7%) and sugar (4,3%). The consumer prices of fruit decreased by 1,4%.

Imports and exports of agricultural products

The estimated value of imports for 2021/22 amounted to R111 809 million, an increase of 27,6% from R87 646 million in 2020/21. The value of exports increased by 29,3%, from R144 687 million in 2020/21 to R187 126 million in 2021/22.



According to the 2021/22 export values, maize (R12 128 million), fresh grapes (R11 604 million), oranges (R10 754 million), apples (R7 745 million) and wine (R7 275 million), were the most important agricultural export products.

Palm oil (R9 256 million), wheat and meslin (R8 666 million), milled rice (R7 343 million), sunflower seeds (R3 481 million) and sugar cane (R2 959million) accounted for the highest imports in terms of value.

During 2021/22, Netherlands, with exports to the value of R21 527million, United Kingdom (14 474 million), Botswana (R11 796 million), Namibia (R10 868 million) and China (R9 657 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 2021/22 were Indonesia (R8 046million), Brazil (R7 180 million), China (R6 285 million), Thailand (R6 050 million) and Argentina (R6 005 million).