

ECONOMIC REVIEW

OF THE

SOUTH AFRICAN AGRICULTURE 2021

Directorate: Statistics

—2021—



agriculture, land reform
& rural development

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



Economic Review

of the

South African

Agriculture

2021

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

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FOREWORD

The value of primary agricultural production in South Africa increased by R42 717 million (12,8%), from R334 600 million in 2020 to R377 317 million in 2021, while its contribution to the economy was estimated at R105 385 million in the same period.

The South African primary agricultural sector grew by an average of 7,4% per year since 2011, while the country's economic growth was 5,7% on average per year during the same period at Basic prices. The contribution of agriculture's value added to GDP increased from 2,0% in 2010 to 2,3% in 2021.

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 the supply of 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 are agriculture's contribution to the national economy and 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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March 2022

ECONOMIC REVIEW OF SOUTH AFRICAN AGRICULTURE FOR THE YEAR ENDED 31 DECEMBER 2021

Summary

Gross income from all agricultural products increased by 11,3% and is estimated at R367 875 million for the period ended 31 December 2021, compared to R330 600 million the previous year. This was mainly driven by the increase in income earned from field crops by 27,0%, animal products by 7,6% and horticultural products by 3,8%.

The prices earned by farmers for their products increased by 5,1%, due to the increase in prices of field crops by 15,2% and animal products by 4,8%. The prices of horticultural products decreased by 1,1%.

The weighted average price of field crops increased by 15,2% as the result of the increases in prices of oilseeds by 36,9%, tobacco by 17,6%, summer grains by 15,2%, dry beans by 11,4%, sugar cane by 10,8%, hay by 10,6% and winter grains by 1,5%. The prices of cotton decreased by 2,3%.

The weighted average price of animal products increased by 4,8%, mainly due to the increase in prices of pastoral products by 24,0%, milk by 13,0%, slaughtered stock by 4,7% and poultry meat by 1,1%.

The weighted average price of horticultural products decreased by 1,1%, mainly because of the decrease in prices of viticulture and fruit by 13,3% and 2,3%, respectively. The prices of vegetables increased by 4,1%.

The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods, increased by 5,1%. This was influenced by the increases in prices paid for fertilisers by 10,4%, fuel by 8,0%, building material by 6,5%, seeds and irrigation equipment by 5,4% each, trucks by 5,3%, tractors and maintenance and repairs of machinery and implements by 4,3% each, feeds and packing material by 3,8% each and animal health and crop protection by 3,0%.

The domestic terms of trade remained unchanged at 1,02 due to the 5,1% increase in both the prices earned by producers from their agricultural products and prices paid for production inputs.

Net farming income increased by 12,3% to R118 213 million in 2021, compared to R105 292 million in 2020.

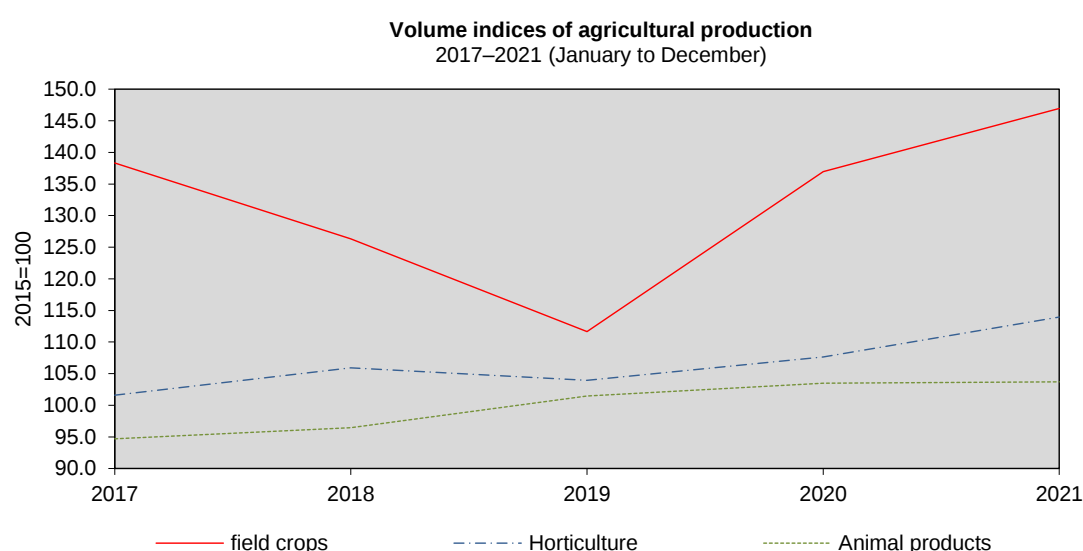
Volume of agricultural production

The estimated volume of agricultural production during 2021 was 3,7% more than in 2020.

The volume of field crop production increased by 7,3% during 2021, mainly as a result of an increase in the production of summer grains (maize and sorghum), winter grains (wheat, canola and oats), as well as oilseeds (soya beans and groundnuts).

Horticultural production increased by 5,9% for the mentioned period, which can mainly be attributed to an increase in the production of citrus, deciduous and subtropical fruits.

The production of animal products increased by 0,1%, mainly because of an increase in the production of poultry meat and stock slaughtered (pigs, goats, as well as cattle and calves) during 2021.



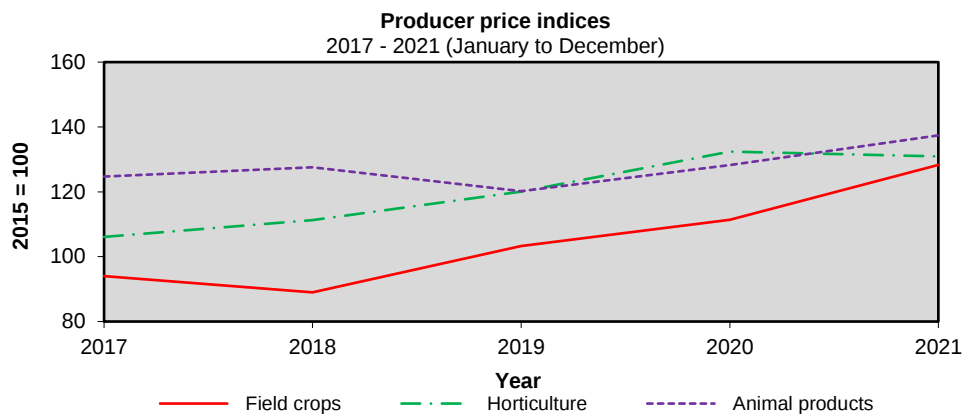
Producer prices of agricultural products

The prices earned by farmers for their products increased by 5,1%, due to the increase in prices of field crops by 15,2% and animal products by 7,0%. The prices of horticultural products decreased by 1,1%.

The weighted average price of field crops increased by 15,2% as the result of the increases in prices of oilseeds by 36,9%, tobacco by 17,6%, summer grains by 15,2%, dry beans by 11,4%, sugar cane by 10,8%, hay by 10,6% and winter grains by 1,5%. The prices of cotton decreased by 2,3%.

The weighted average price of animal products increased by 4,8%, mainly due to the increase in prices of pastoral products by 24,0%, milk by 13,0%, slaughtered stock by 4,7% and poultry meat by 1,1%.

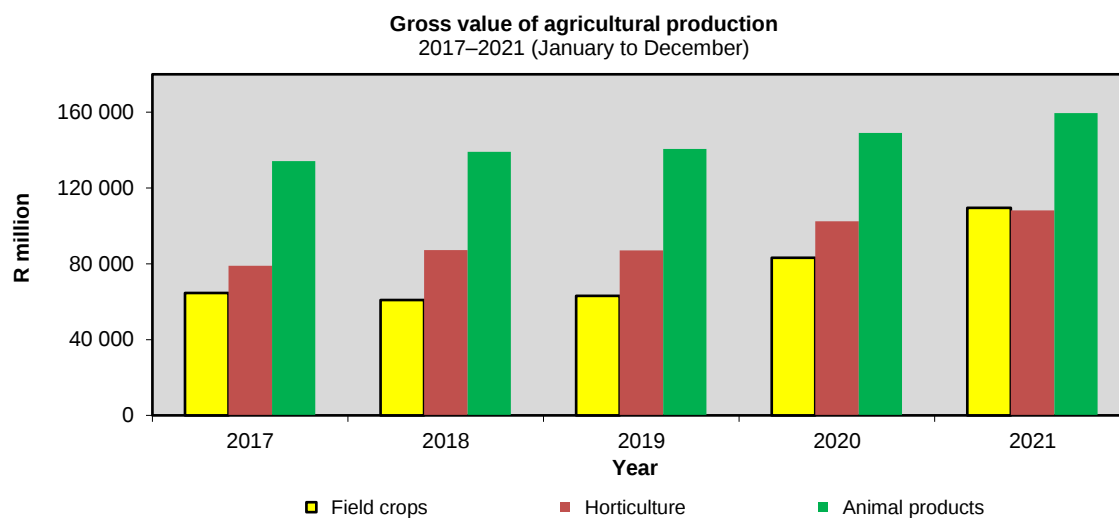
The weighted average price of horticultural products decreased by 1,1%, mainly because of the decrease in prices of viticulture and fruit by 13,3% and 2,3%, respectively. The prices of vegetables increased by 4,1%.



Gross value of agricultural production

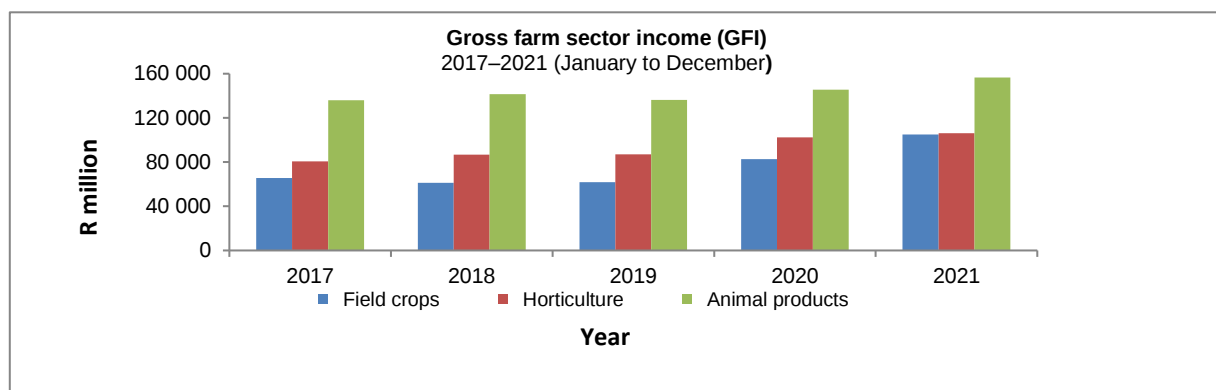
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2021 is estimated at R377 317 million, compared to R334 600 million the previous year—an increase of 12,8%. This increase can mainly be attributed to a significant increase in the value of field crops.

The gross value of animal products contributed 42,3% to the total gross value of agricultural production, while field crops and horticultural products contributed 29,0% and 28,7%, respectively. The maize industry made the largest contribution with 14,8%, followed by poultry meat with 13,5% and cattle and calves slaughtered with 11,0%.



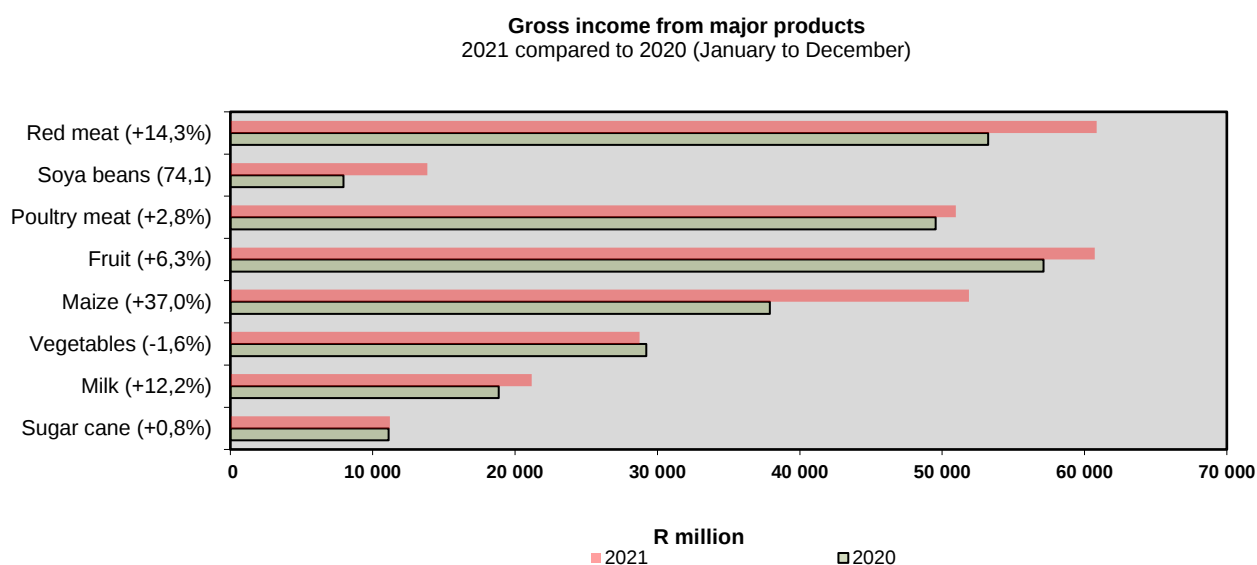
Farming income

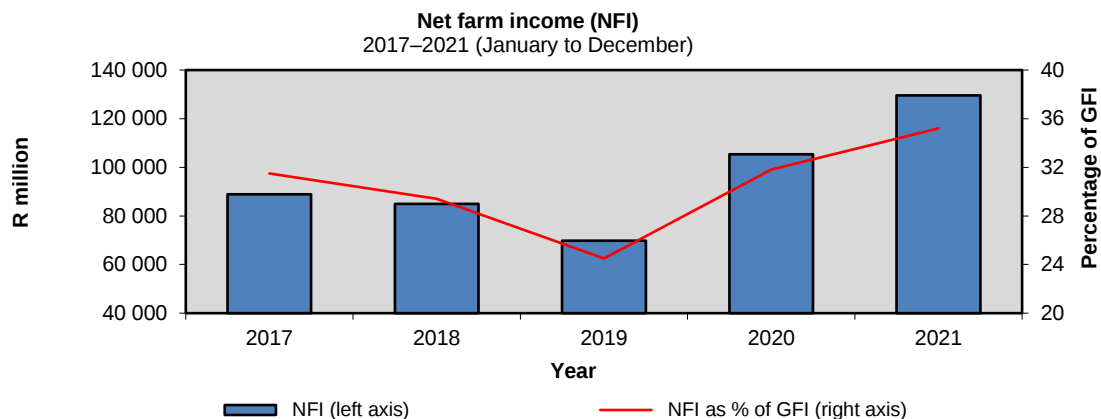
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) for the year ended 31 December 2021 increased by 11,3% and amounted to R367 875 million, compared to R300 598 million the previous year. This can be attributed to the increase in income obtained from all agricultural products.



The *gross income from field crops* increased by 27,0% to R105 106 million for the year ended 31 December 2021. Income from maize increased significantly by 37,0% and amounted to R51 889 million, from R27 439 million in 2020 while the average seasonal price for white and yellow maize increased by 26,9% and 22,4%, respectively, compared to the previous season. The income from soya beans increased by 74,1%, grain sorghum by 51,9%, tobacco by 35,1%, sunflower seed by 30,4%, groundnuts by 22,7%, canola by 19,1%, wheat by 12,6% and sugar cane slightly by 0,8%. The income from dry beans and hay decreased by 3,3% and 2,3%, respectively.

The *gross income from animal products* was 7,6% higher in 2021 and estimated at R156 507 million, compared to R145 459 million of the previous year. The income earned by the producers from slaughtered stock increased by 14,3% to R60 848 million, milk production by 12,2%, poultry meat by 2,8% and egg production slightly by 0,9%. Income from wool decreased by 10,8% to R4 440 million.





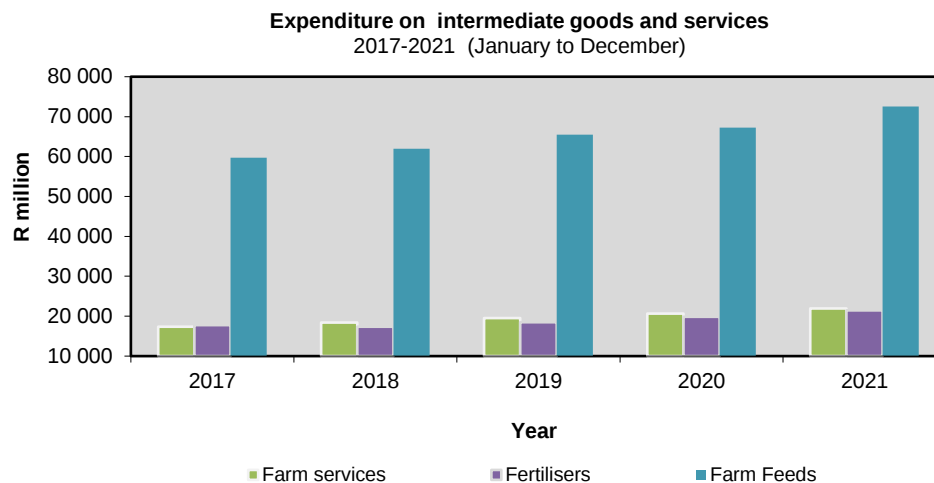
The *gross income from horticultural products* increased by 3,8% to R106 261 million in 2021 from R102 408 million in 2020. The income earned by farmers from fruit increased by 6,3%, which amounted to R60 721 million. The income from vegetables was 1,6% or R482 million lower in 2021 (from R29 221 million in 2020 to R28 739 million in 2021).

The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) showed an increase of 23,1% and amounted to R129 645 in 2021 for the period ended 31 December 2021, as opposed to R105 192 million the previous corresponding period. Payments for salaries and wages, which represented 8,7% of the total farming costs, amounted to R21 475 million. Interest paid by farmers to banks and other financiers in 2021 was estimated at R12 958 million or 5,3% 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.

The expenditure on intermediate goods and services increased by 7,1% to R204 154 million, from R190 690 million the previous period. This was mainly because of the increase in expenditure on seed and plants and building and fencing material by 10,0% each, fertilisers by 8,2%, maintenance and repairs of machinery and implements by 8,0%, farm feeds by 7,9%, farm services by 6,0%, fuel and packing material by 4,5% each and animal health and crop protection slightly by 0,5%.



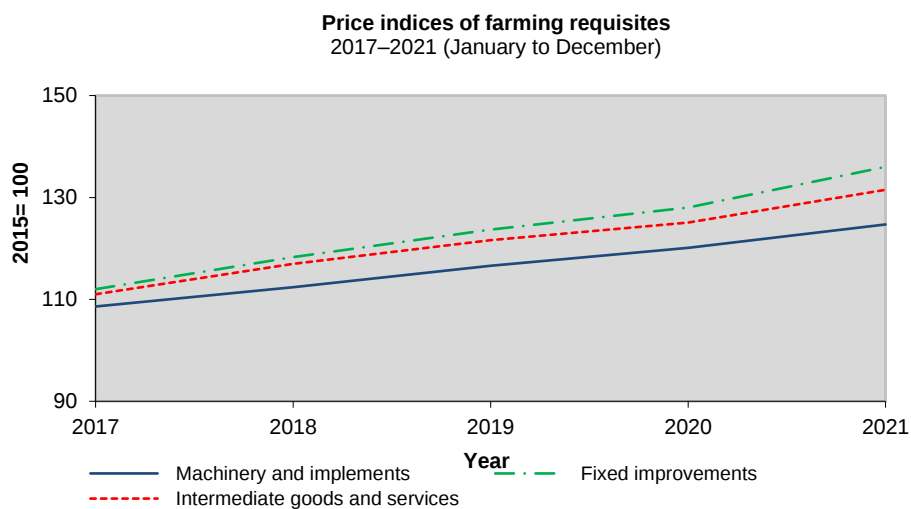
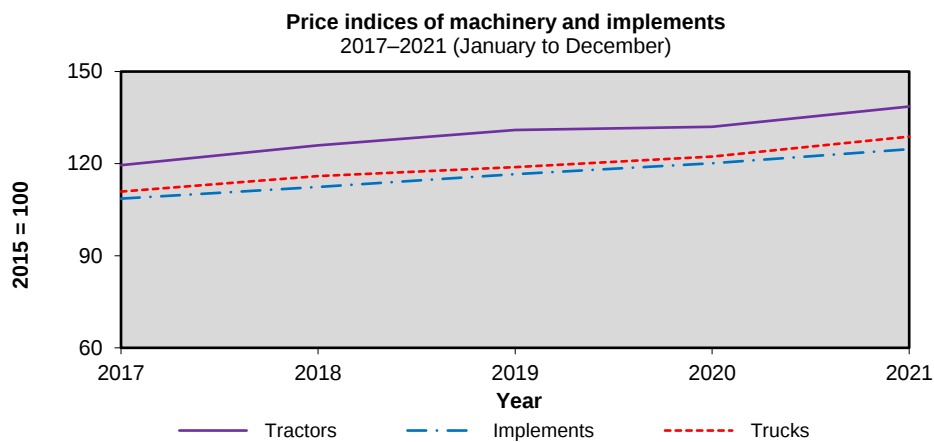
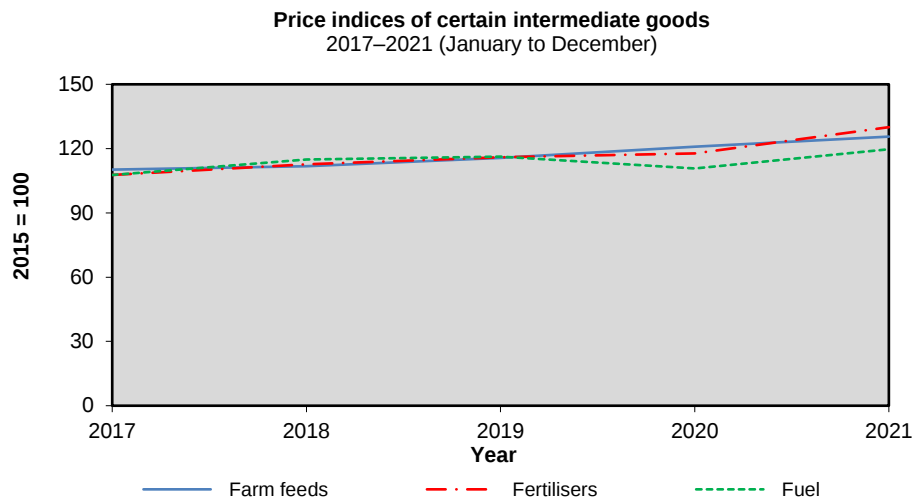
Proportionally, farm feeds had the largest share of 35,5% as an expenditure item, farm services by 10,7%, fertilisers by 10,5%, fuel by 8,7%, maintenance and repairs of machinery and implements by 7,1%, seed and plants by 6,8%, building and fencing material by 4,5%, animal health and crop protection by 4,1% and packing material by 4,0%.

Prices of farming requisites

Prices of farming requisites, including machinery and implements, material for fixed improvements and intermediate goods and services, increased by 5,1% in 2021, compared to 2,9% in 2020.

The prices paid for materials for fixed improvements increased by 6,2%, intermediate production inputs by 5,1%, and those for machinery and implements by 3,9%.

The prices paid for fertilisers increased by 10,4%, fuel by 8,0%, building material by 6,5%, fencing material by 5,6%, seeds and irrigation equipment by 5,4% each, trucks by 5,3%, tractors and maintenance and repairs of machinery and implements by 4,3% each, feeds and packing material by 3,8% each and animal health and crop protection by 3,0%.

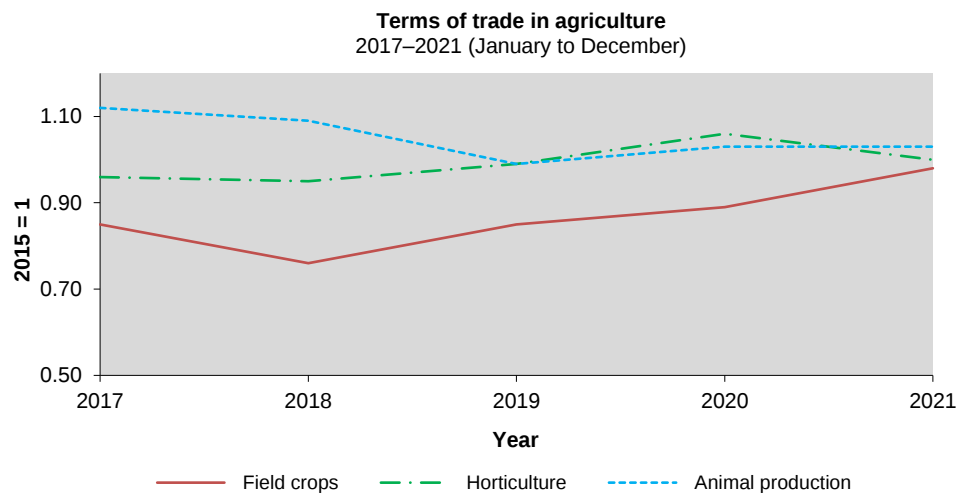


Domestic terms of trade in agriculture (2015 = 1)

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

The *terms of trade* remained unchanged due to the 5,1% increase in both prices earned from the agricultural products and prices paid for the production inputs.

The terms of trade for field products increased by 10,1% (from 0,89 to 0,98), animal products remained unchanged at 1,03, while that of horticultural products decreased by 5,7% (from 1,06 to 1,00).



Contribution of agriculture to value added at basic prices

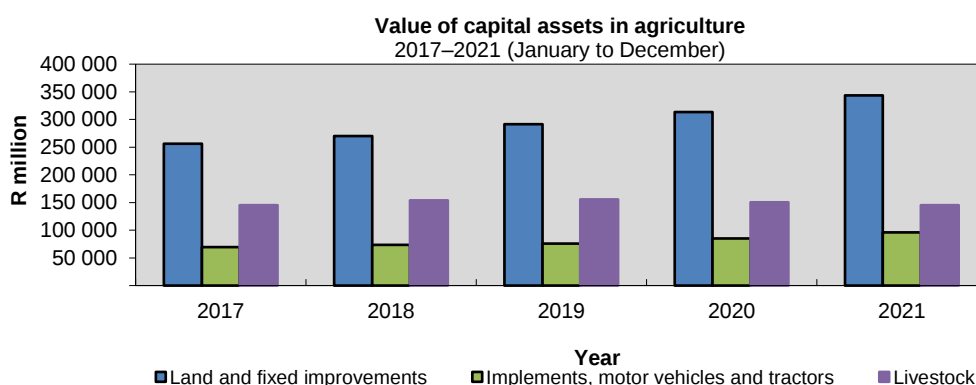
Value added is the value of total output less the value of intermediate consumption during the production period.

The contribution of agriculture to value added for the year ended 31 December 2021 is estimated at R105 385 million, which represents 1,9% 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	%
2007	1 860 261	46 992	2,5
2008	2 121 490	57 106	2,6
2009	2 377 921	56 990	2,3
2010	2 801 585	54 745	2,0
2011	3 035 118	57 801	1,9
2012	3 236 488	59 923	1,9
2013	3 502 361	63 361	1,8
2014	3 738 791	74 694	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	4 820 365	103 615	2,1
2019	5 039 287	93 585	1,9
2020	5 997 872	118 617	2,0
2021	4 429 711	105 385	2,3

Capital assets and investment in agriculture

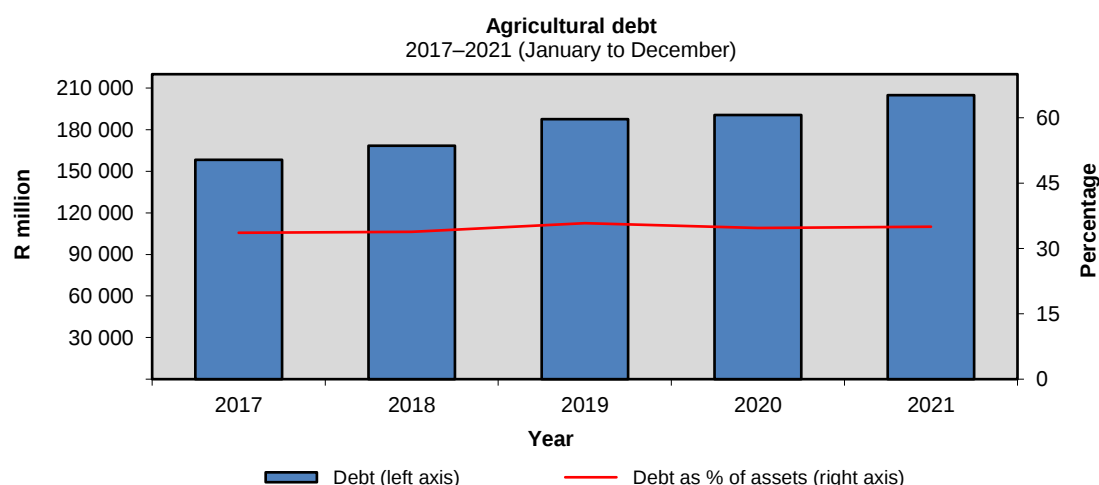
The value of capital assets in agriculture increased by 6,6% for the period ended 31 December 2021 and was estimated to be R585 030 million, compared to R549 021 million at the end of December 2020. Land and fixed improvements constituted the largest share of 58,7% of the total value of capital assets, followed by livestock (24,8%) and implements, motor vehicles and tractors (16,4%).



The gross investment in respect of fixed improvements for the year ended 31 December 2021 was 13,5% higher than in 2020 and was estimated at R8 697 million. In the case of machinery, implements and vehicles, investment increased by 45,1% and was estimated at R12 779 million. The livestock inventory increased with R13 million from the previous year.

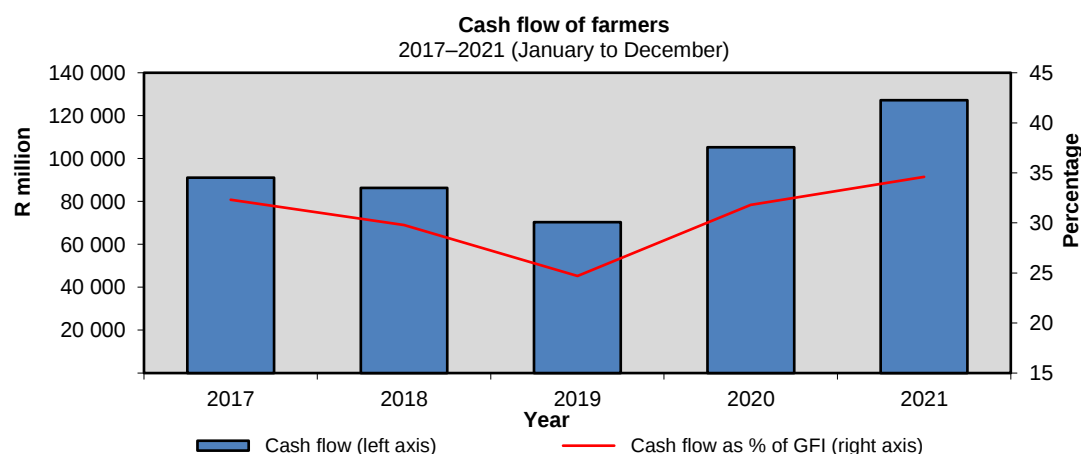
Farming debt

The total farming debt increased by 7,5% for the year ended 31 December 2021 and was estimated at R204 841 million, compared to R190 586 million at the end of 2020.



Cash flow of farmers

The farmers' cash flow showed an increase of 20,8% and amounted to R127 136 million in 2021, as compared to R105 219 million in 2020 due to higher gross income earned from the agricultural products.



Consumer prices

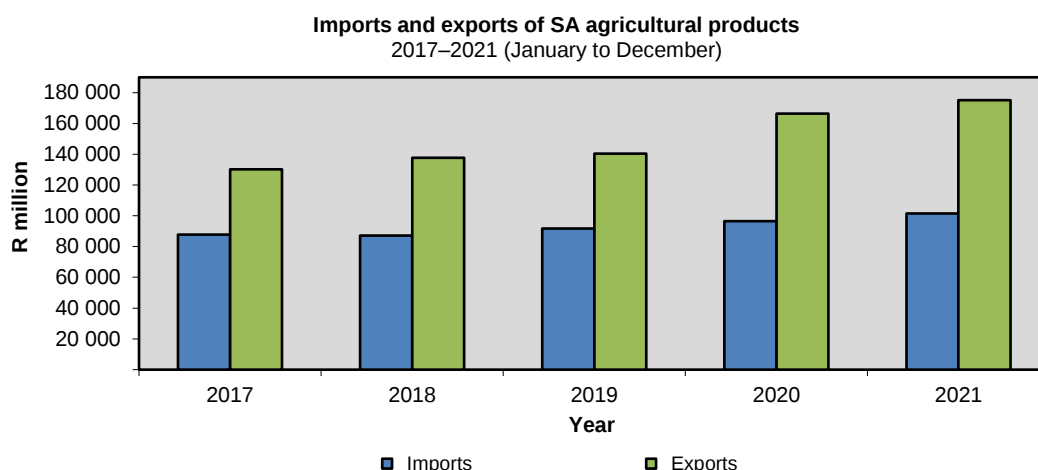
The consumer prices of all agricultural items increased by 4,6% in 2021, compared to an increase of 3,3% in 2020.

The prices of fats and oil increased by 18,5%, meat by 8,5%, food by 6,5%, sugar by 6,3%, dairy products and eggs by 6,0%, fish by 5,6%, other food by 4,3%, non-food items by 4,2%, vegetables by 4,1%, grain products by 3,9% and coffee and tea by 3,6%. The prices of fruit decreased by 1,2%.

Imports and exports of SA agricultural products

The estimated value of imports during 2021 came to approximately R101 517 million, from R96 458 million in 2020—an increase of 5,2%.

The estimated value of exports showed an increase of 5,3%, from R166 374 million in 2020 to about R175 186 million in 2021.



According to the 2021 agricultural export figures, citrus fruit (R25 865 million), wine (R10 634 million), grapes (R10 451 million), apples (R7 152 million) and maize (R6 734 million) were the five most important export products in terms of value.

With regard to agricultural imports during 2021, palm oil (R7 433 million), milled rice (R7 094 million), wheat (R6 772 million), sugar cane (R3 809 million) and oil cake (R3 690 million) were the five major products in terms of value.

In terms of exports of agricultural products by South Africa during 2021, the five largest trading partners were the Netherlands, with exports to the value of R18 643 million, the United Kingdom (R13 370 million), Botswana (R10 702 million), China (R10 297 million) and Namibia (R9 419 million).