



Economic review 2023/24

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

2023/24

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

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FOREWORD

The value of primary agricultural production in South Africa increased by 5,3% and is estimated at R448 399 million in 2023/24, compared to R425 807 million in 2022/23. The primary agriculture grew in nominal terms by 8,3% per annum since 2009, while the South Africa's economy showed an increase of 6,5% over the same period, which resulted in the increase of agriculture's share to the GDP from 2,0% in 2009 to 2,5% in 2023.

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 the 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 paint a picture of the macroeconomic position of agriculture. The focus areas calculate agriculture's contribution to the national economy and determine trends regarding 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 2024

ECONOMIC REVIEW OF THE SOUTH AFRICAN AGRICULTURE FOR THE YEAR ENDED 30 JUNE 2024

Summary

Gross farming income, which was earned from agricultural production, increased by R6 186 million (1,4%) and was estimated at R452 100 million in 2023/24, compared to R445 915 million in 2022/23. The increase was due to the increase in income from horticultural and animal products by 10,3% and 6,1%, respectively.

The prices received from the agricultural products increased on average by 5,5% in 2023/24, compared to the increase of 11,5% in 2022/23.

The weighted average price of field crops decreased by 2,2%, mainly due to the decrease in prices of winter and summer grains by 10,0% and 6,7%, respectively. The prices of sugar cane increased by 19,8%, oilseeds by 12,1%, dry beans by 5,3% and cotton by 1,3%.

The weighted average price of horticultural products increased by 11,8% and was driven by the increase in prices of fruit by 13,0%, vegetables (10,7%) and viticulture (9,7%).

The weighted average price of animal products increased by 6,0% due to the increase in the price of poultry meat by 18,8%. The prices of slaughtered stock decreased by 4,7% and pastoral products by 4,1%, while the price of milk remained unchanged.

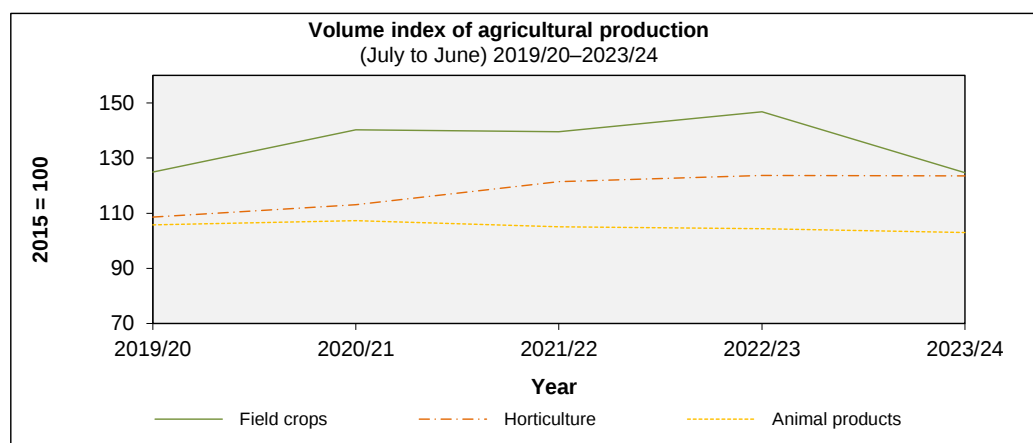
The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services showed a decrease of 7,9% for the period ended under review, compared to the increase of 7,9% the previous period. This was largely influenced by the decrease in prices of animal health and crop protection by 21,6%, fertilisers by 10,0% and feeds by 4,4%.

The domestic terms of trade increased by 15,5% from 1,03 to 1,19 due to better prices that were received from agricultural products.

The net farming income increased by 1,8% and estimated at R128 025 million for the period ended June 2024, compared to R125 818 million in the previous corresponding period.

Volume of agricultural production

The estimated volume of agricultural production in 2023/24 was 5,0% less than in 2022/23.



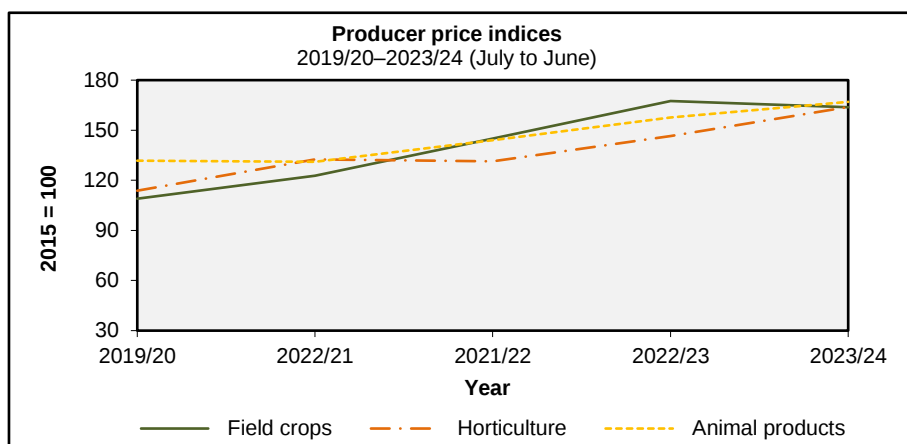
The volume of field crop production decreased by 15,1% during 2023/24, mainly because of a decrease in the production of summer crops (maize), as well as oilseeds (sunflower seed and soya beans). Furthermore, the production of other non-food crops (cotton, tobacco, wattle bark and lucerne seed) also decreased as compared to 2022/23.

Horticultural production decreased by 0,2% for the abovementioned period, which can mainly be attributed to a decrease in the production of deciduous fruits (apricots, peaches, plums and apples), citrus fruits (oranges, grapefruits and naartjies) and subtropical fruits (paw-paws, granadillas, bananas, litchis, pineapples and mangoes). Furthermore, the production of dried fruits and nuts also contributed to a decrease in horticultural products as compared to the previous season.

Animal production decreased by 1,3%, mainly because of the decreases in the production of eggs and poultry meat, as well as the number of stocks slaughtered (calves and pork) as compared to 2022/23.

Producer prices of agricultural products

The prices received from the agricultural products increased on average by 5,5% in 2023/24, compared to the increase of 11,5% in 2022/23. This was mainly driven by the increase in prices of horticultural and animal products by 11,8% and animal 6,0%.



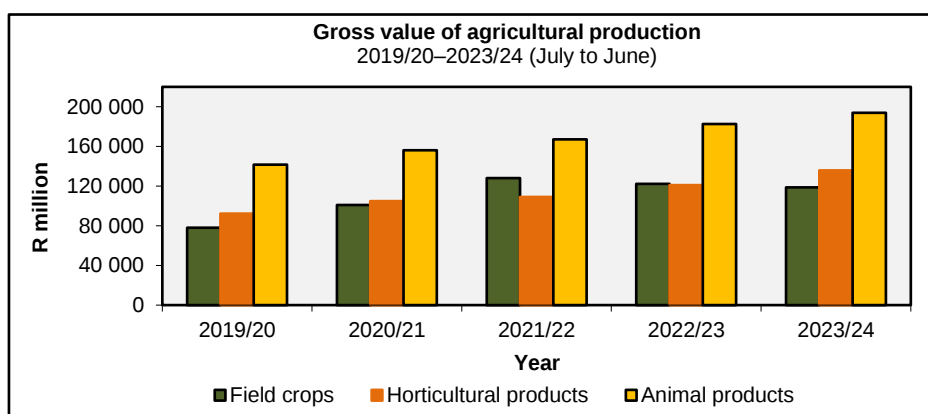
The weighted average price of field crops decreased by 2,2% due to the decrease in prices of winter and summer grains by 10,0% and 6,7%, respectively. The prices of sugar cane increased by 19,8%, oilseeds by 12,1%, dry beans by 5,3% and cotton by 1,3%.

The weighted average price of horticultural products increased by 11,8% due to the increase in prices of fruit by 13,0%, vegetables (10,7%) and viticulture (9,7%).

The weighted average price of animal products increased by 6,0% due to the increase in the price of poultry meat by 18,8%. The prices of slaughtered stock decreased by 4,7% and pastoral products by 4,1%, while the price of milk remained unchanged.

Gross value of agricultural production

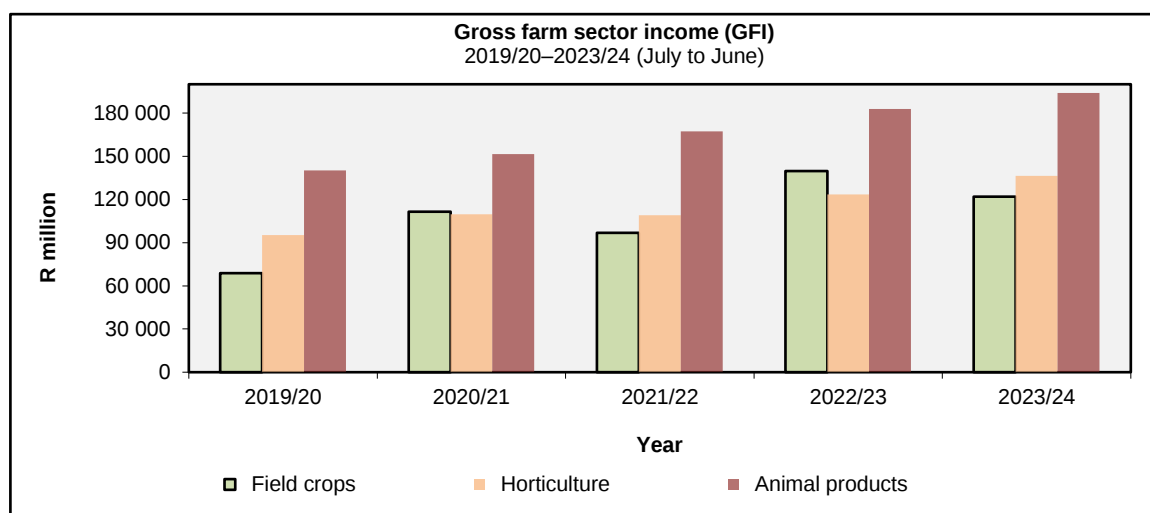
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2023/24 is estimated at R448 399 million, compared to R425 807 million the previous year—an increase of 5,3%. This increase can mainly be attributed to the increase in the value of horticultural and animal products by 12,4% and 6,1%, respectively.



The gross value of animal products contributed 43,2% to the total gross value of agricultural production, horticultural products 30,3% and field crops 26,5%. The poultry meat industry made the largest contribution with 15,4%, followed by maize 12,9% and cattle and calves slaughtered 10,4%.

Farming income

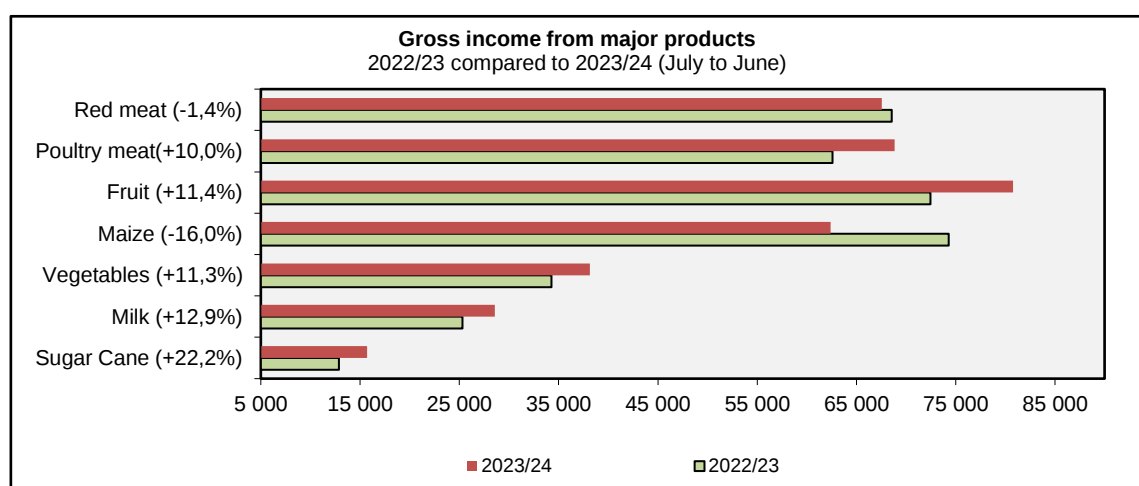
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) decreased by 1,4% to R452100 million for the year ended 30 June 2024, from R445 915 million the previous year, which was due to the decreased incomes from animal and horticultural products.



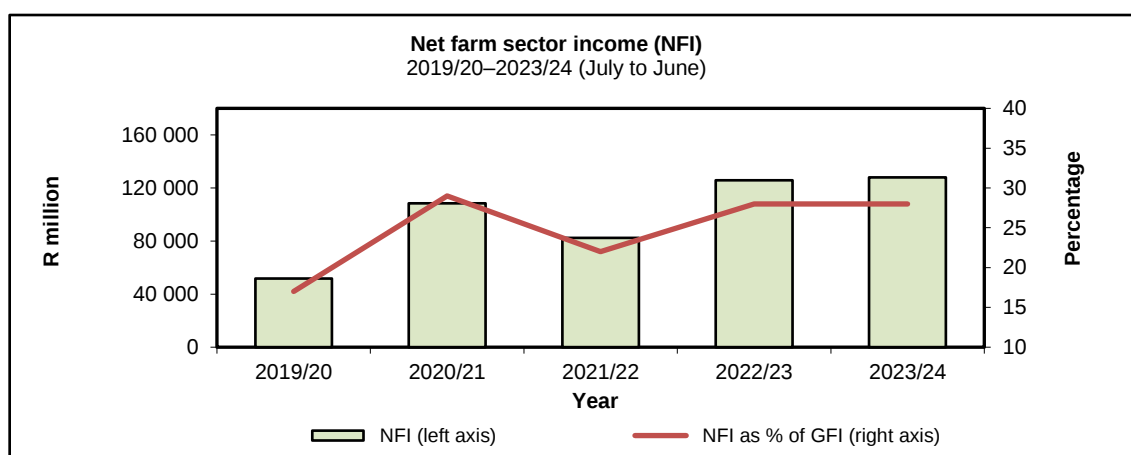
The *gross income from field crops* decreased by 12,7% to R121 952 million for the year ended June 2024, compared to R139 651 million of the previous period. This was mainly due to the decrease in income from soya beans (26,7%), maize (16,0%), wheat (15,7%), groundnuts (14,1%), canola (10,3%) and sunflower seed (9,5%). Income from sugar cane and dry beans increased by 22,2% and 21,8%, respectively.

The *gross income from horticultural products* increased by 10,3% to R136 280 million for the year ended June 2024, compared to R123 542 million the previous period. This can be attributed to the increase in income from citrus fruit by 14,0%, vegetables by 11,3%, deciduous and other fruit by 6,2% and subtropical fruit by 4,8%. The income derived from viticulture decreased by 1,6%.

The *gross income from animal products* increased by 6,1% and amounted to R193 869 million for the year ended June 2024, compared to R182 722 million the previous period. This was due to the increase in income from eggs by 19,0%, milk (12,9%) and poultry meat (10,0%). The income received from sheep slaughtered decreased by 6,0% and cattle and calves slaughtered by 3,2%.



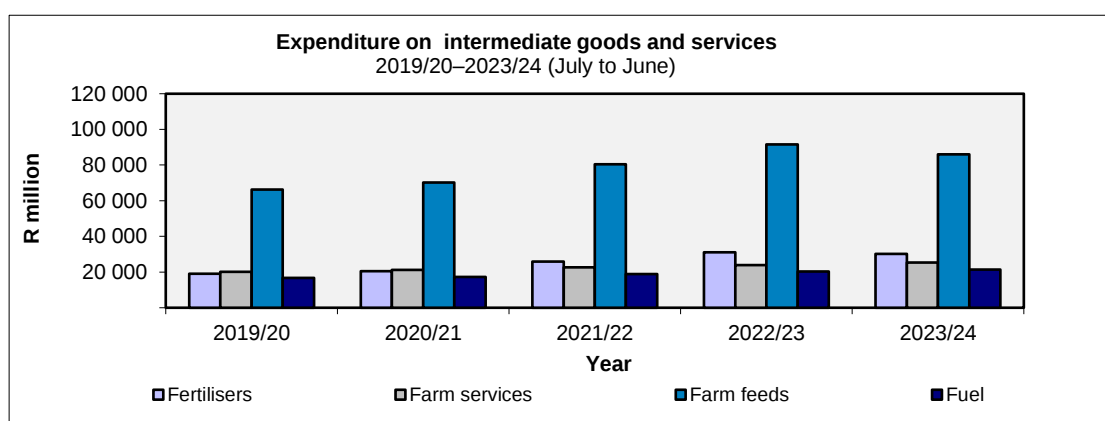
The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) increased by 1,8% and amounted to R128 025 million for the period ended on 30 June 2024. Payments for salaries and wages, which represented 16,8% of the total farming costs, amounted to R55 672 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2024 is estimated at R16 445 million, or 5,0% 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.

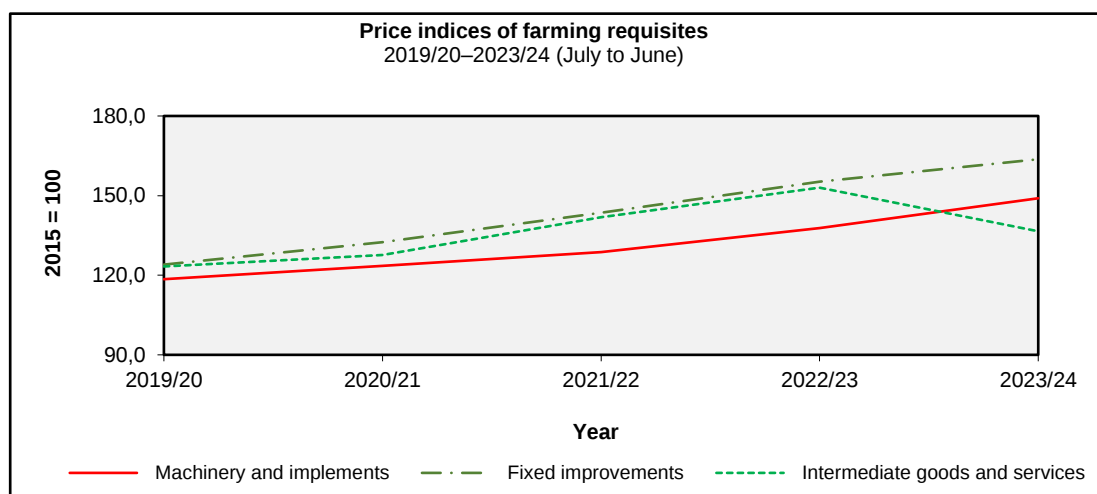
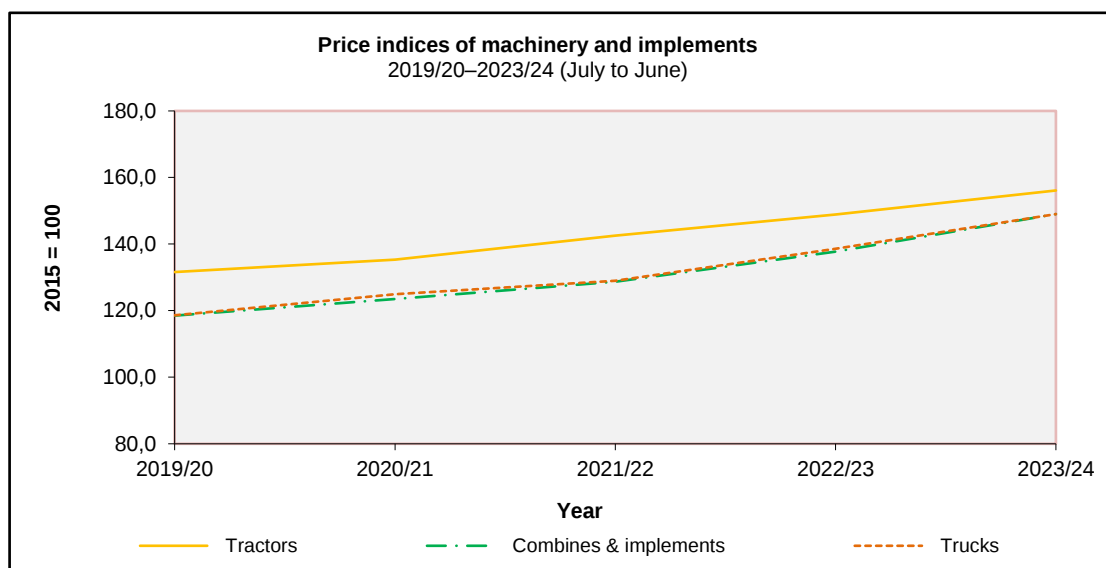
Expenditure on intermediate goods and services increased by 1,2% and estimated at R249 664 million. This was due to the increases in expenditure on seed and plants and building and fencing material by 10,0% each, animal health and crop protection by 8,8%, maintenance and repairs of machinery and implements by 8,0%, packing material by 7,9%, farm services by 6,0% and fuel by 5,4%. The expenditure on farm feed and fertilisers decreased by 6,0% and 2,6%, respectively.



Farm feeds had the largest share of 34,5% as an expenditure item, followed by fertilisers (12,1%), farm services (10,2%), fuel (8,6%), maintenance and repairs of machinery and implements and seed and plants (7,0%) each, building and fencing material (4,3%), animal health and crop protection (4,2%) and packing material (4,0%).

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 showed a decrease of 7,9% for the period ended under review, compared to the increase of 7,9% the previous period. This was largely influenced by the decrease in prices of animal health and crop protection by 21,6%, fertilisers by 10,0% and feeds by 4,4%. The prices paid for trucks increased by 7,5%, building material (5,7%), packaging material (5,2%), fencing material (5,0%), tractors (4,8%), seeds (4,1%) and maintenance and repairs of machinery and implements (3,1%).

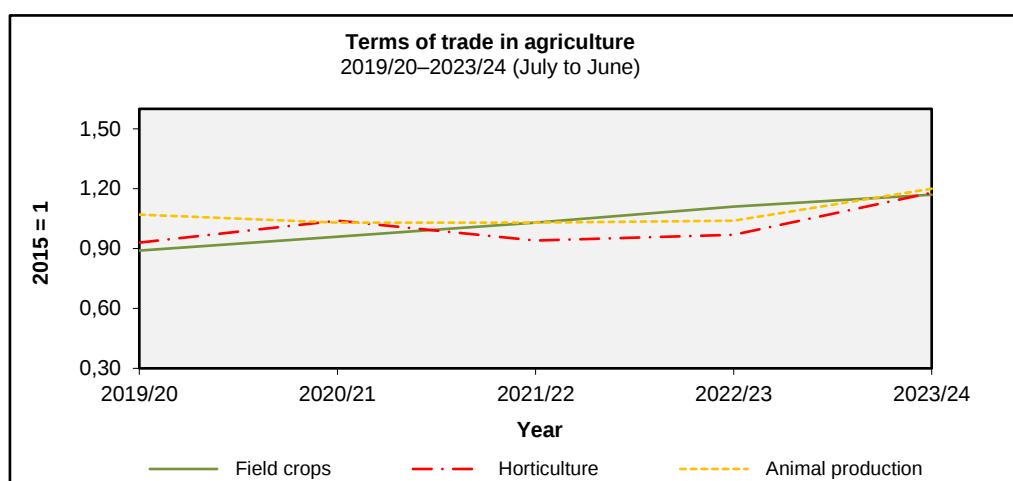


The combined price index of machinery and implements increased by 7,9% and materials for fixed improvements by 5,4% while that of intermediate goods and services decreased by 10,7%.

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 increased by 15,5% from 1,03 to 1,19 owing to better prices that were received by farmers for their agricultural products. The terms of trade for field crops increased by 6,2% (from 1,11 to 1,17), horticultural products by 21,4% (from 0,97 to 1,18) and animal products by 15,1% (from 1,04 to 1,20).



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 summary below shows the overall contribution of the agricultural sector to South Africa's economy. The contribution of agriculture to value added for the year ended 31 December 2024 is estimated at R156 234 million, which represents 2,5% of the total value added to the economy.

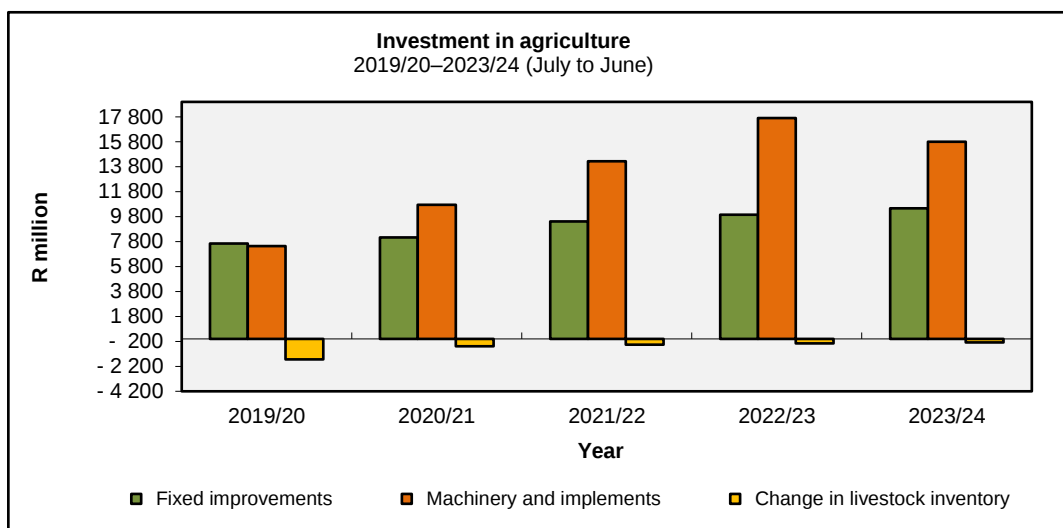
	Total value added	Contribution of agriculture to value added	Contribution of agriculture as percentage of total value added
Year	R million	R million	%
2009	2 564 505	56 990	2,2
2010	2 801 585	54 745	2,0
2011	3 035 118	57 801	1,9
2012	3 236 488	59 923	1,9
2013	3 502 361	63 361	1,8
2014	3 738 791	74 694	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	4 829 603	103 059	2,1
2019	5 058 166	93 253	1,8
2020	5 035 875	121 928	2,4
2021	5 603 770	131 548	2,3
2022	5 983 460	153 305	2,6
2023	6 310 829	156 234	2,5

Capital assets and investment in agriculture

The value of capital assets in agriculture showed an increase of R54 132 million (8,2%) to R716 468 million for the period ended June 2024, compared to R662 336 million the previous corresponding period.

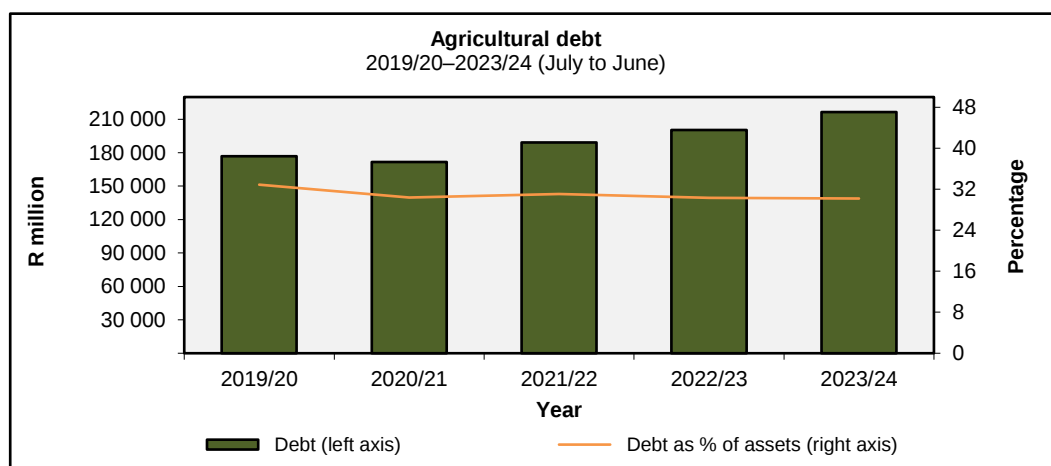
The proportion of land and fixed improvements to the total value of capital assets was R450 980 (62,9%), livestock (R132 812 million or 18,5%) and machinery and implements (R132 677 million or 18,5%).

The gross investment in machinery and implements and vehicles decreased by 8,8% (R18 074 million) for the period ended June 2024. Transport vehicles increased by 6,8% (R2 276) and machinery and implements decreased by 10,7% (R15 799). Fixed improvements increased by 5,1% (R10 475). The livestock inventory was estimated at 22,3% (R78 million) more than in the previous period.



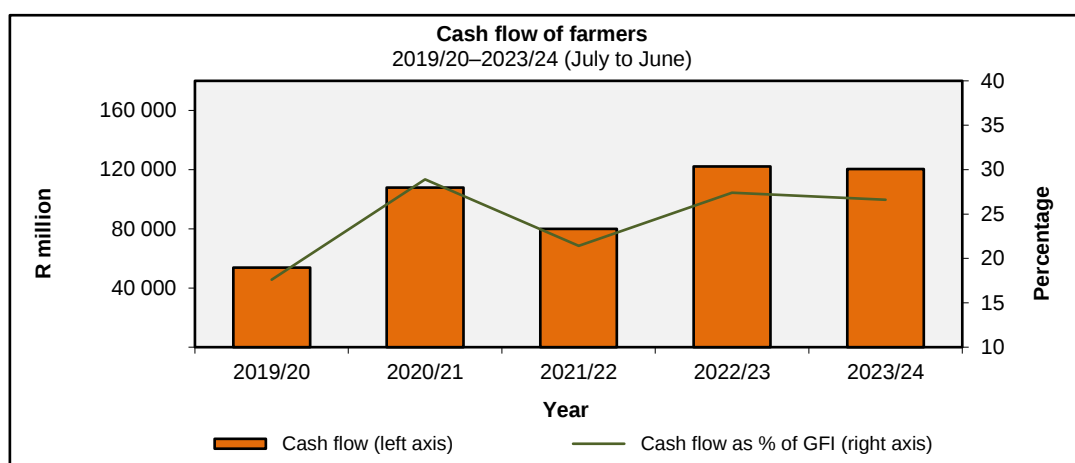
Farming debt

The total farming debt has increased by 8,0% and is estimated at R216 653 million for the year ended June 2024, compared to R200 555 million at the end of June 2023.



Cash flow of farmers

The farmers' cash flow showed a marginal decrease of 1,4% and estimated at R120 443 million in 2023/24, as opposed to R122 158 million in 2022/23. The decrease was largely owing to increased factors of production.



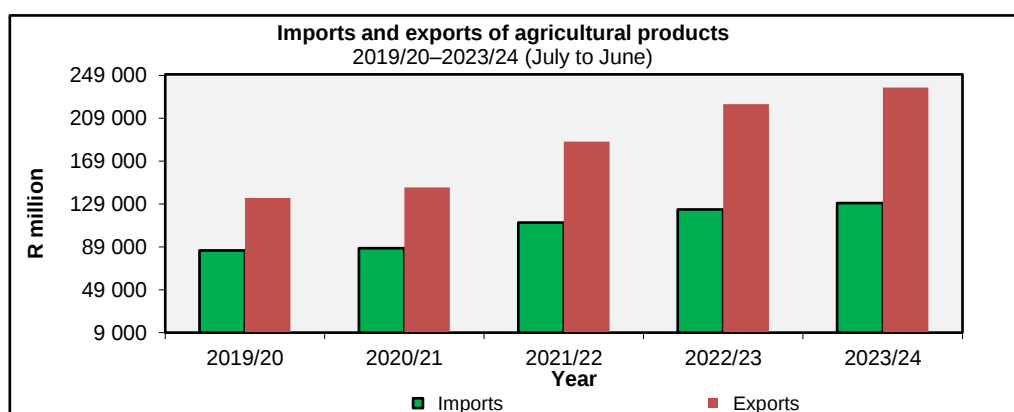
Consumer prices

The consumer prices of all agricultural products increased by 5,3% in 2023/24, as compared to an increase of 7,1% in 2022/23. The consumer prices of milk, eggs and cheese increased by 11,3%, grain products by 7,3%, food by 6,9%, non-food by 4,9% and meat by 2,5%.

The consumer prices of sugar increased by 16,3%, vegetables (13,2%), coffee and tea (11,0%), other food (9,9%), fruit (6,6%) and fish (5,9%). The consumer prices of fats and oils decreased by 6,2%.

Imports and exports of agricultural products

The estimated value of imports for 2023/24 amounted to R129 818million, an increase of 4,7% from R124 036 million in 2022/23. The value of exports increased by 7,0%, from R222 217 million in 2022/23 to R237 841 million in 2023/24.



According to the 2023/24 export values, oranges (R14 388 million), maize (R14 160 million), grapes (R12193 million), apples (R10 524 million) and wine (R10 210 million), were the most important agricultural export products. Milled rice (R12 362 million), wheat and meslin (R11 593 million), palm oil (R8 239 million), sugar cane (R3 575 million) and sunflower seeds (R3 547 million) accounted for the highest imports in terms of value.

During 2023/24, the Netherlands, with exports to the value of R24 506 million, the United Kingdom (R16 757 million), Zimbabwe (R14 907 million), China (R13 817 million) and Botswana (R13 553 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 2023/24 were Thailand (R9 720 million), China (R8 172 million), Eswatini (R7 568 million), Brazil (R7 472 million) and Indonesia (R7 282 million).