

AGRICULTURE AND AGRO-PROCESSING

Sectoral outline

Primary agriculture sector:

Economic importance

- South Africa has a well-developed agriculture sector. It contributed 2.8% to overall GDP in 2020, accounted for 6.3% of total export earnings and employs almost 820 500 people.

Structure

- The sector has a well-developed agriculture segment with more than 40 000 commercial farmers and 300 000 small-scale farmers.
- Products include maize, wheat, sugarcane, fruits (e.g. apples, citrus, grapes, berries), vegetables, nuts (e.g. groundnuts, pecan nuts, macadamia), beef, poultry, mutton, wool, fish and seafood.

Extensive sectoral linkages

- The sector has extensive backward and lateral linkages with the manufacturing and services sectors, as well as forward linkages to manufacturing through the supply of raw materials to various processing industries.

Agro-processing sector:

Economic importance

- The agro-processing sectors have grown rapidly over the years, accounting for 3.8% of South Africa's GDP and 5.7% of total merchandise export earnings in 2020. Collectively they employ approximately 245 000 people.

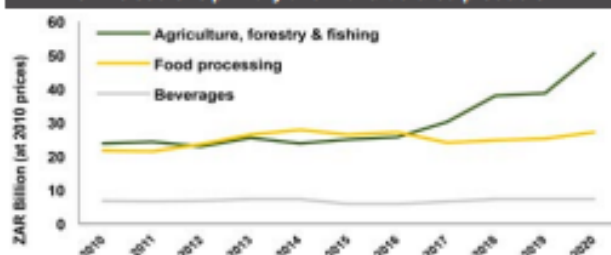
Structure

- Over 7 000 businesses are involved in food processing, dominated by large enterprises.
- These sectors produce a wide range of products, from high quality commodity types to high-end market/niche products.
- The beverages sub-sector incorporates the production of juices, wines and dairy products, among others.

Extensive sectoral linkages

- Agro-processing sectors have extensive backward and lateral linkages with the agriculture, manufacturing and services sectors.

Export performance reflects increasing global competitiveness of the sector's primary and manufactured products



Agriculture, forestry and fishing sector exports	Value in 2020 (ZAR mill)	% of total
Agriculture, forestry & fishing exports:	87 949.8	100%
- Citrus fruit, fresh or dried	27 941.6	31.8%
- Grapes, fresh or dried	10 550.4	12.0%
- Apples, pears and quinces, fresh	9 810.3	11.2%
- Maize (corn)	9 236.1	10.5%
- Nuts except coconut, fresh/dried brazil & cashew	4 588.9	5.2%
- Wool, not carded or combed	4 149.6	4.7%
- Other fruits, fresh	3 119.4	3.5%
- Avocado, dates, pineapple, etc.	2 339.8	2.7%
- Stone fruit, fresh (apricot, cherry, plum, etc)	1 648.3	1.9%
- Seed, fruit and spores, for sowing	1 239.7	1.4%
- Others	13 325.7	15.2%

Agro-processing sub-sectors' exports	Value in 2020 (ZAR mill)	% of total
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Food processing exports:	60 743.5	100%
- Solid cane/ beet sugar & chemically pure sucrose	6 037.2	9.9%
- Fruit and vegetable juices, not fermented/spirited	4 068.9	6.7%
- Food preparations	3 255.2	5.4%
- Fruit, edible plant parts, prepared/preserved	2 701.6	4.4%
- Animal feed preparations	2 618.3	4.3%
- Cereal grouts, meal and pellets	2 561.6	4.2%
- Fish, frozen (whole)	2 320.9	3.8%
- Fish fillets, fish meat, mince except liver, roe	2 007.8	3.3%
- Flour of meat, fish or offal for animal feed	1 799.9	3.0%
- Malt extract, flour, dairy preparations, cocoa	1 455.5	2.4%
- Others	31 916.5	52.5%

Beverages exports:	18 283.9	100.0%
- Grape wines (including fortified), grape must	10 073.6	55.1%
- Waters, non-alcoholic flavoured beverages	2 108.2	11.5%
- Ethyl alcohol, undenatured	2 043.4	11.2%
- Liqueur, spirits & undenatured ethyl alcohol	1 771.5	9.7%
- Beer made from malt	989.4	5.4%
- Fermented beverages (e.g. cider, perry, mead)	923.2	5.0%
- Malt	244.5	1.3%
- Unsweetened beverage waters, ice and snow	68.6	0.4%
- Vermouth and other flavoured grape wine	61.5	0.3%

Why invest in South Africa's agriculture sector

- Market oriented, highly diversified and globally competitive exporting capabilities.
- Favourable natural resources and high-quality produce.
- Diverse climatic and geological conditions. Climate varies from subtropical to Mediterranean, permitting a multitude of production opportunities.
- Counter-seasonality to the northern hemisphere.
- Major global producer of various agricultural products.
- Fully integrated and elaborate agricultural value chains.
- Robust backward and lateral linkages to various economic sectors.
- Processing capacity for a wide range of agricultural products.
- Efficient export infrastructure and logistics network to support export oriented growth.
- Industrial capacity to support development and deployment of sustainable and new generation technologies in agriculture.

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Strategic focus areas to drive long-term growth

- Agricultural value chains are a key pillar of the economy. Their development is a government policy priority and presents a myriad of opportunities for investors.
- Access to land for commercial and subsistence farming will be increased substantially, with around 700 000 ha of underutilised state land to be made available for public leasing.
- Strategies have been enacted to drive consolidated buying and market linkages to reduce market risks for producers.
- Strategies are in place to enhance R&D and smart technology absorption in agriculture.



Enhanced value proposition of investment opportunities

Enhanced agro-processing competitiveness

Sectoral master plans to unlock growth

Policy support to agrarian development and transformation

Industrial and trade policies supportive of investment

Reduced supply chain concentration and project risks

- Investment opportunities in agriculture (horticulture, field crops and livestock) and fisheries production and processing across several value chains.
- Agriculture and agro-processing master plans aim to increase domestic consumption and export-orientation, improve competitiveness, raise production and promote investment in the sector.
- Comprehensive Land and Agrarian Strategy focuses on the development of Commodity Corridors and Commodity Production Schemes at the district level. Agri-parks and Farmer Production Support Centres will assist farmers in extracting value from their assets.
- Reconfigured industrial policy incentives for agro-processing will reduce project development and funding risks, boosting the sector's investment proposition.
- Trade policy to enhance access to key external markets for producers in the field crops, horticultural and livestock value chains, as well as protect local industry.
- Support market growth for sustainable agriculture technology solutions such as controlled environment production (e.g. hydroponics), agri-related renewable energy technologies, drone and mobile communications applications.
- Measures to reduce high concentration levels in agricultural inputs supply, agro-processing and food retail to enhance competitiveness and inclusive development.

Some of the investment opportunities

- Fruit and vegetable packaging and canning, juice processing.
- Oil seed production, edible oil processing, oilcake.
- Processing of soy-based products.
- Grain sorghum production, malt industry development.
- Nut farming (e.g. macadamia, walnut) and processing.
- Processing of organic, vegetarian, dehydrated foods.
- Meat processing, including ostrich meat.
- Expansion of dairy value chain.
- Expansion of bakery and confectionery production.
- Expansion of aquaculture (abalone, mussels, trout), canning of freshwater fish.
- Biofuels development.
- Extraction of high-value additives, nutraceuticals.
- Production of aromatics, flavourants.
- Non-edible oil processing.
- Commercial-scale planting of indigenous plants, including flowers.
- Production of medicinal extracts, incl. cannabis-based.
- Crop production for feedstock into biofuels processing.
- Wool and mohair production and processing.
- Production of artemisinin for malaria medicaments.
- Flax production.
- Forestry development.
- Development of smart technologies in agriculture.
- Water infrastructure investment, wastewater treatment.