Economic Environment

BFAP Baseline - Managing Agriculture’s Investments in an Uncertain Environment

The well-known Team Leader of the Bureau for Food and Agricultural Policy (BFAP), Prof Ferdi Meyer, addressed the Agbiz Information Day on "Managing Agriculture's Investments in Uncertain Times". In setting context to his presentation, he indicated that real agriculture prices have been steadily declining over decades, and will continue to do so to 2025 at least, as technology and improved management drive greater productivity and efficiency. The South African household disposable income per capita continues to decline, which results in less money being available for food purchases. Primary Agriculture GDP growth also remains sluggish and volatile. There are however certain sectors that have been performing well and citrus at 8.7% has the highest SA share of total global exports, while apples & pears, and grapes follow with respectively 5.7% and 5.6% of global export share. Changing patterns in grain and oilseed production are becoming more evident, as declining real price trends impact on the profitability of the industry. In terms of livestock, meat consumption is set to grow, while the beef export potential is creating good and steady demand.

Prof Meyer also addressed African markets and indicated that the rapid population growth in Sub-Saharan Africa (SSA) creates considerable opportunity, also given that SSA now imports agricultural/food products in excess of US$40 billion per annum. There are still bottlenecks that inhibit growth in the agro-food system of South Africa, such as the tariff regime SA has to compete against to get our export fruit onto preferred global markets, the unlocking of natural resource potential in especially communal land areas, and correct farmer-support programmes to ensure competitive and sustainable production.

The SA Wine Industry is the 3rd largest agricultural export product with R8 billion in export value. 
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