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SOUTH AFRICA'S ECONOMIC GROWTH STALLS AS AGRICULTURE FACES A 28.8% DECLINE

South Africa's agricultural sector, a cornerstone of the nation's economy, is facing a significant downturn. In the third quarter of 2024, agricultural output plummeted by 28.8%, contributing to an unexpected 0.3% contraction in GDP. This decline highlights the sector's vulnerability to climatic, economic, and market shocks, raising urgent questions about the sustainability of agricultural production in the country.

The recent downturn can be attributed to several factors. Severe dry or drought conditions have significantly impacted maize and soybean production, which together account for nearly 70% of South Africa's field crop output. This has left farmers grappling with reduced yields and heightened financial pressures.

The livestock sector has also faced major challenges, including outbreaks of diseases such as avian influenza and foot and mouth, which have disrupted production and supply chains. Adding to these challenges, reliance on imported inputs like fertiliser and fuel has exposed farmers to global price volatility; rising costs, worsened by a weakening Rand, have further strained profit margins and limited farmers' ability to invest in resilience, poor infrastructure, and logistical challenges. These challenges emphasise the fragility of South Africa's agricultural sector and its vulnerability to both domestic and global shocks.

Policy Interventions to Support the Agricultural Sector

To address these challenges and build resilience, a suite of targeted policy interventions is needed. The following measures can stabilise the sector and lay the groundwork for sustainable growth, proper Invest in irrigation infrastructure to ensure water availability during dry seasons, particularly in high-risk regions. Support research and adoption of drought-resistant crops to mitigate the impact of unpredictable rainfalls.

Additionally, South Africa needs to have effective early warning systems for drought and climate risks to help farmers plan and adapt proactively. We also need to strengthen disease surveillance and control programs to prevent outbreaks of foot and mouth and avian flu. This can be done through strengthening our veterinary services, making sure that producers have access to affordable vaccines on time, and ensuring our biosecurity measures are timely and effective.

Act 36 of 1947, while ensuring quality and safety, involves lengthy approval and compliance processes for fertiliser manufacturers. This creates barriers for new entrants and delays the scaling of production facilities. Which could mean lower prices for producers in the long run as it eliminates global reliance.

Streamlining the processes under Act 36 of 1947 can fast-track the approval system for fertilisers that meet international standards. This would significantly reduce delays for new market entrants, fostering a more dynamic and competitive fertiliser industry. Moreover, the adoption of a digital platform for applications and compliance monitoring would improve efficiency, enabling better tracking and faster regulatory responses.

Building a sustainable and resilient agricultural sector is essential for economic stability and the livelihoods of millions. A comprehensive approach, blending immediate relief measures with long-term strategic investments, can position South Africa's agriculture for a more secure and prosperous future.

The challenges facing agriculture are immense, but so are the opportunities. A strategic focus on reducing costs and implementing effective policies will unlock the sector's potential, paving the way for sustainable growth and long-term success.

A revitalised agricultural sector can unlock prosperity, providing food security, creating jobs, and strengthening South Africa's economy as a whole. This moment calls for coordinated action, innovation, and investment to not only stabilise the sector but to build a foundation for sustainable growth. Agriculture remains one of South Africa's greatest assets; it must be nurtured to ensure it continues to support the nation's people and economy for generations to come.

By Agbiz Agricultural Economist and Policy Analyst Thapelo Machaba