

Agbiz speaks on South Africa's agriculture and agribusiness conditions at a USDA event

Increasing exports and investment in South Africa's agriculture and agribusinesses are central to the growth and sustainability of the sector. Hence, the Agricultural Business Chamber of South Africa (Agbiz) prioritises this area and thus regularly engages and participates in events of various embassies, international institutions and businesses to showcase South Africa's agriculture and agribusiness sectors.

On 14 June 2022, the United States Department of Agriculture (USDA) held a virtual session spotlighting South Africa's agriculture and agribusiness. The event was attended by the USDA staff, American universities and businesses. Agbiz chief economist, Wandile Sihlobo, presented at the gathering about South Africa's agricultural and agribusiness conditions, detailing the sector's role in the economy, current production conditions, and potential areas of expansion that require investments.

Agbiz's presentation also emphasised the importance of trade and agricultural technology (biotech and mechanical) for the growth and sustainability of the agriculture and agribusiness sector. On aspects of investment, the primary concern foreign investors and governments would typically ask Agbiz staff is the land reform question. Thus, the Agbiz presentation highlighted the changing sentiments from the Expropriation Without Compensation discussion to a slightly positive path of a Land Reform and Agricultural Development Agency, which would have a strong private sector partnership. This Agency is yet to be launched by the Minister of Agriculture, Land Reform and Rural Development.

The presentation also reflected on South Africa's significant challenges of deteriorating network industries – roads, rail, water and power supply -- and the cost burden this puts on businesses.

Agbiz's presentation closed off with three points that summarised the message of the sector's conditions:

- South Africa's agricultural production in the 2021/22 season is robust and well above the long-term average. This means there are sufficient food supplies in the country. Still, the sector's gross value added could contract this year, as the harvest of some critical crops will be lower than the past season.
- Domestic food prices will likely remain elevated in the medium term, but there is a price variation in food products within the basket. Cereal and vegetable oil products are rising the fastest, while prices of other food products could remain modes. Thus, South Africa's food price inflation could be moderate compared to the higher levels we see in other parts of the world.
- South Africa's agriculture and land reform policy is turning a positive turn, geared towards growth and expansion. This message is emerging in government documents and the new ANC policy discussion papers.

The presentation is available on request. Please write to Karen@gbiz.co.za