

# **Agriculture master plan hinges on logistics industry**

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This essay first [appeared](#) on Business Day, 20 April 2021

The agricultural sector remains a net exporter, with exportable volumes of various commodities growing annually, weather conditions permitting. The export value of \$10.2bn in 2020 was the second-largest on record, after \$10.7bn in 2018.

Aside from the regulations and trade agreements that allow SA's agricultural sector to enjoy this excellent export performance, the logistics industry is at the heart of the success of the past few years. The expansion of exports speaks to the resilience and dynamism of the sector, from handling facilities to transport (road and rail) and the shipping ports. This is not to suggest there have been no challenges; the industry experiences them constantly. However, the role players have pushed through and managed to move commodities for export markets successfully.

Logistics will again be tested in 2021. SA is gearing up for another year of a large agricultural harvest and therefore large export volumes, especially in the horticulture and field crop subsectors. Industry estimates already suggest the country could export 2.8-million tonnes of maize in 2021/2022, the largest volume since the 1994/1995 season (compared with an estimated 2.79-million tonnes in the current season).

Moreover, the Citrus Growers' Association recently noted that the SA citrus industry is likely to break all previous export season records with an estimated 158.7-million cartons in 2021, from 146-million cartons in 2020.

Estimates from the wine industry also point to a slightly larger harvest in 2021 compared with the previous year. The optimism surrounding these crops and fruits mirror the broader expectations of the sector, though at varying levels in terms of harvest improvement from 2020.

Industry players such as the Citrus Growers' Association and others in horticulture have expressed concerns in the past few years over the efficiency of SA's logistics, specifically rail, after port congestion and a potential shortage of reefer equipment at the time. The expected bumper harvest in 2021, and the long-term prospects of the agricultural sector's growth as one of the critical sectors of the economy require closer collaboration between the rail industry and agriculture and agribusiness role players. Such co-operation will be crucial in dealing with the existing operational inefficiencies and anticipating those that might erupt in future.

The sector is in communication with key stakeholders such as Transnet, which will be instrumental in SA's agricultural growth drive.

Agriculture is a critical economic sector in that it has room for expansion and opportunity for new participants. But the increase in production volumes due to the envisaged growth will need the development of new export markets.

In addition to the market access drive in various countries, similar positive energy is required in the logistics sector, an integral part of the export market success. The success of the

Agriculture and Agroprocessing Master Plan hinges partly on an efficient and cost-effective logistics industry that will facilitate the movement of commodities, not only between SA provinces, but also to export markets.

President Cyril Ramaphosa's recent visit to the Durban Port is thus a positive sign, as it shows the importance of the logistics sector and the attention being given to various challenges, including congestion, that industry stakeholders have recently raised.

Transnet and other logistics service providers do not always receive enough attention in discussions about agricultural plans. Yet their role is key to the growth and sustainability of agriculture.

Greater focus on this area is required as SA moves towards the peak season for exports, and imports of major staple commodities such as rice, wheat and palm oil.

Long-term export-orientated growth in agriculture requires efficient logistics, which can be achieved through co-operation among all stakeholders so that challenges can be efficiently communicated and attended to.

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