



# **Economic Review of the South African Agriculture**

**2012/13**



**agriculture,  
forestry & fisheries**

Department:  
Agriculture, Forestry and Fisheries  
**REPUBLIC OF SOUTH AFRICA**

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of the

**South African**

**Agriculture**

**2012/13**

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## FOREWORD

Despite its relatively small share of the total GDP, primary agriculture is an important sector in the South African economy. Agriculture remains a significant provider of employment, especially in the rural areas, and a major earner of foreign exchange.

The value of agricultural production in South Africa was R172 428 million in 2012, while its contribution to the GDP was approximately R58 184 million. The primary agricultural sector has grown by an average of approximately 11,8% per annum since 1970, while the total economy grew by 14,9% per annum over the same period, resulting in a drop in agriculture's share of the GDP from 7,1% in 1970 to 1,9% in 2011.

Agriculture's prominent, indirect role in the economy is a function of backward and forward linkages to other sectors. Purchases of goods such as fertilisers, chemicals and implements form backward linkages with the manufacturing sector, while forward linkages are established through the supply of raw materials to the manufacturing industry. About 70% of agricultural output is used as intermediate products in the sector. Agriculture is therefore a crucial sector and an important engine of growth for the rest of the economy.

This publication, which appears every six months, offers easy-to-find information to give some idea of the macroeconomic position of agriculture. The focus areas are the calculation of agriculture's contribution to the national economy and the determination of trends with regard to the most important agricultural economic indicators.

Whether you are involved directly or only have an interest in agriculture, you will find this publication useful and informative. We welcome your observations on its content and format. If you have comments or questions, please contact the Director: Statistics and Economic Analysis.

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PRETORIA

September 2013

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## ECONOMIC REVIEW OF SOUTH AFRICAN AGRICULTURE FOR THE YEAR ENDED 30 JUNE 2013

### Summary

Gross farming income from all agricultural products for the year ended 30 June 2013 is estimated at R178 050 million, which is 10,1% higher than for the previous corresponding period.

Gross farming income from field crops increased by 7,3% and amounted to R49 287 million. The income from horticultural products rose by 11,3%, from R40 538 million to R45 126 million. Income from animal products amounted to R83 637 million, an increase of 11,2%.

Prices received by farmers for agricultural products and prices paid by farmers for farming requisites increased on average by 8,5% and 10,8% respectively, resulting in the terms of trade dropping from 0,87 to 0,86 during the period under review.

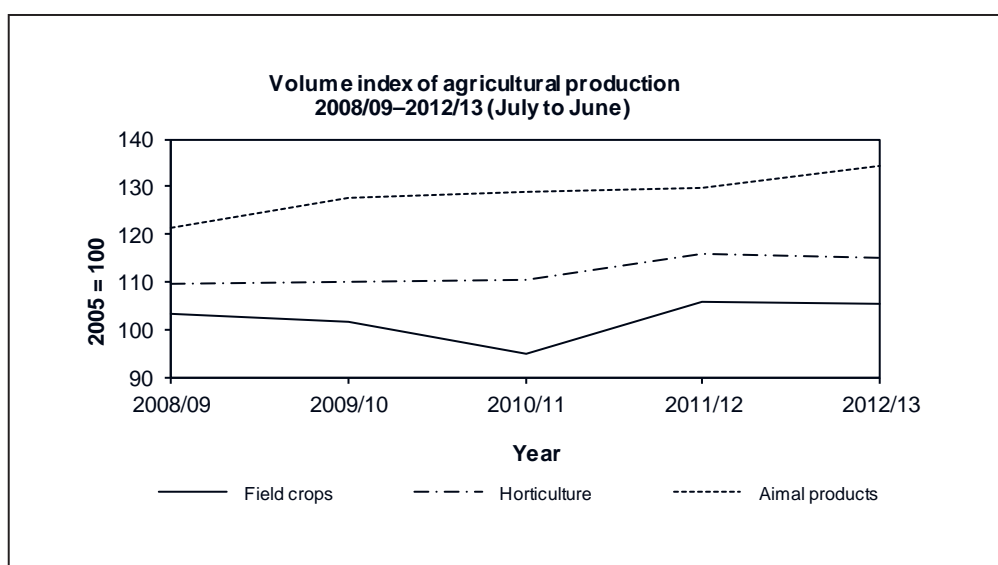
The weighted average price of field crops increased by 9,7%, that of horticultural products by 9,0% and that of animal products by 7,4%.

The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services, increased by 10,8%, compared with 13,7% the previous year.

Net farming income increased by 7,6% and amounted to R56 565 million for the 12 months up to 30 June 2013.

### Volume of agricultural production

The estimated volume of agricultural production in 2012/13 was 1,6% higher than in 2011/12.



The volume of field-crop production decreased slightly by 0,2%, mainly as a result of decreases in the production of maize and all winter crops, except for canola. Maize production decreased by 658 000 tons or 5,2% from the previous season. Wheat and barley production decreased by 135 599 tons (6,7%) and 14 000 tons (4,5%) respectively from 2011/12.

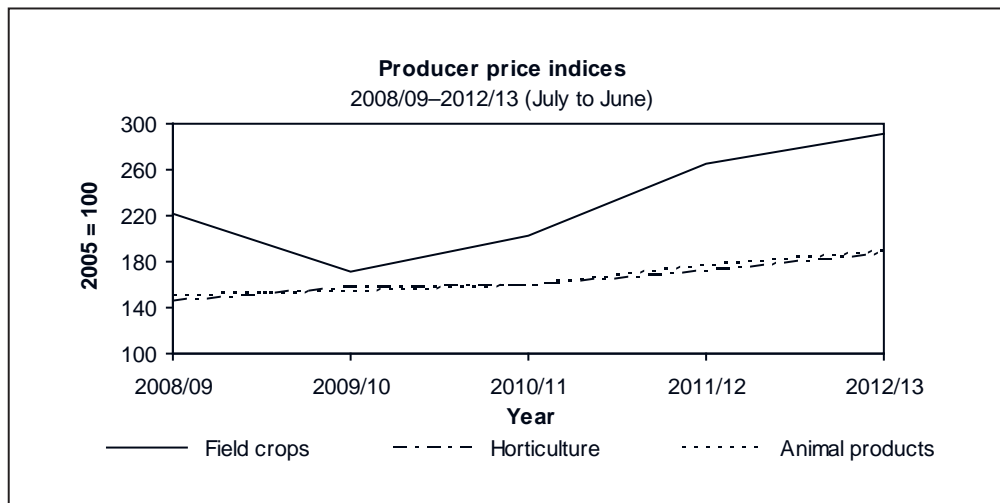
Horticultural production showed a decrease of 0,7%, which can mainly be attributed to decreases in the production of deciduous fruit and vegetables. Production of wine grapes and table grapes decreased by 84 482 tons (4,6%) and 19 345 tons (7%) respectively. With reference to vegetables, onions and tomatoes showed the largest decreases, with 27 053 tons (4,3%) and 24 975 tons (4,6%) respectively, from 2011/12.

Animal production increased by 3,6% as a result of increases in fresh milk (229 229 litres or 7,2%), number of stock slaughtered (550 227 carcasses or 6,2%), as well as poultry meat (46 051 tons or 3,1%) from 2011/12.



## Producer prices of agricultural products

Producer prices of agricultural products increased on average by 8,5% from 2011/12 to 2012/13.



The weighted average price of field crops increased by 9,7%. The prices of oilseeds increased by 36,5%, dry beans by 33,4%, winter grain by 18,3%, hay by 11,3%, cotton by 7,4%, tobacco by 7,3%, sugar cane by 6,3% and summer grain by 3,7%.

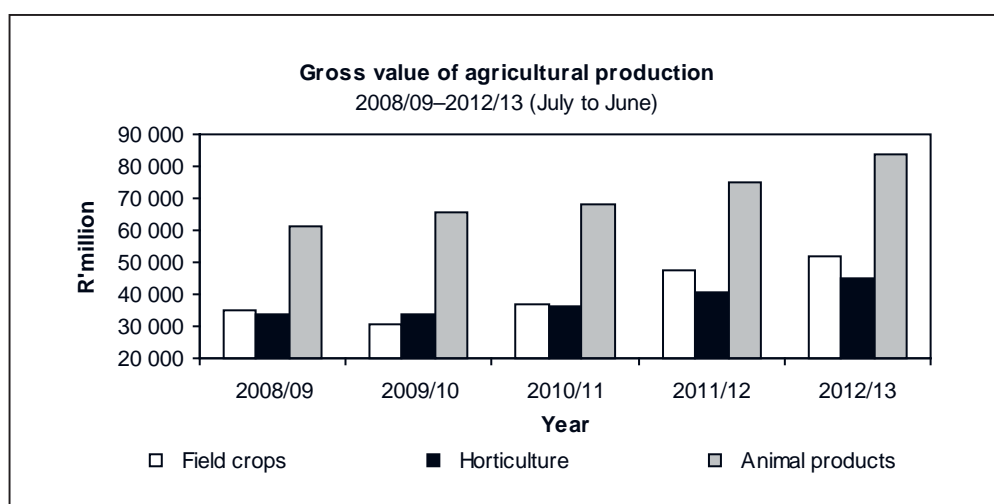
Producer prices of horticultural products increased by 9,0% from 2011/12 to 2012/13. Prices of vegetables, fruit and viticulture increased by 11,9%, 7,4% and 5,3% respectively.

Prices of animal products increased by 7,4%. The average prices of poultry meat, dairy products and pastoral products increased by 13,3%, 10,9% and 3,8% respectively, while the average price of slaughtered stock decreased slightly by 0,7%.

## Gross value of agricultural production

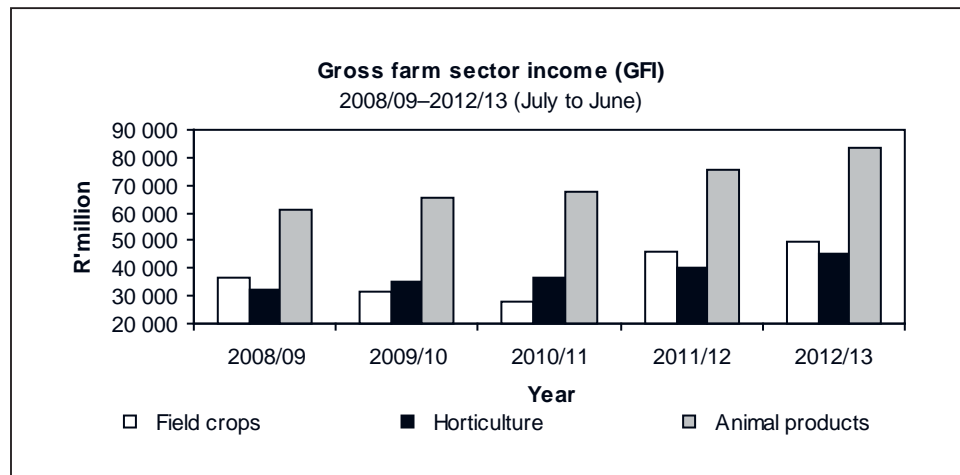
The total gross value of agricultural production (total production during the production season valued at the average basic prices received by producers) for 2012/13 is estimated at R180 360 million, compared to R163 672 million the previous year—an increase of 10,2%. This increase can be attributed mainly to an increase in the value of animal products.

The gross value of animal products, field crops and horticultural products contributed 46,4%, 28,6% and 25,0% respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 17,4%, followed by maize with 13,2% and cattle and calves slaughtered with 10,1%.



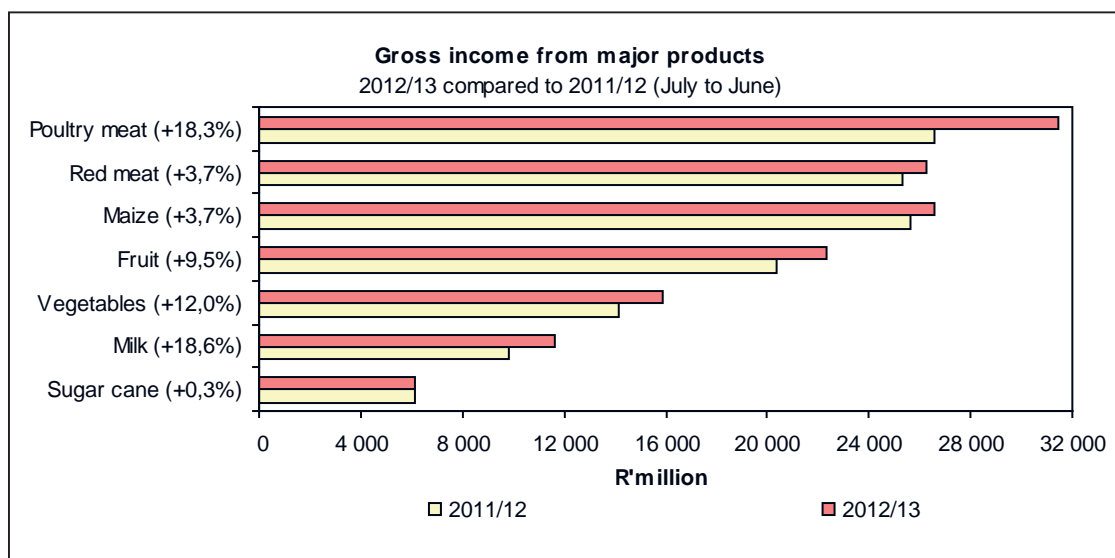
## Farming income

The gross income of producers (the value of sales and production for other uses, plus the value of changes in inventories) for the year ended 30 June 2013 amounted to R178 050 million, compared to R161 704 million the previous year—an increase of 10,1%. The increase can be ascribed mainly to increases in prices that farmers received for their products, in particular those of oilseeds, milk and poultry products. Quantities produced of horticultural and animal products showed moderate increases, while quantities of field crops produced were slightly down on the previous season, with the exception of dry beans and soya beans, which were higher.



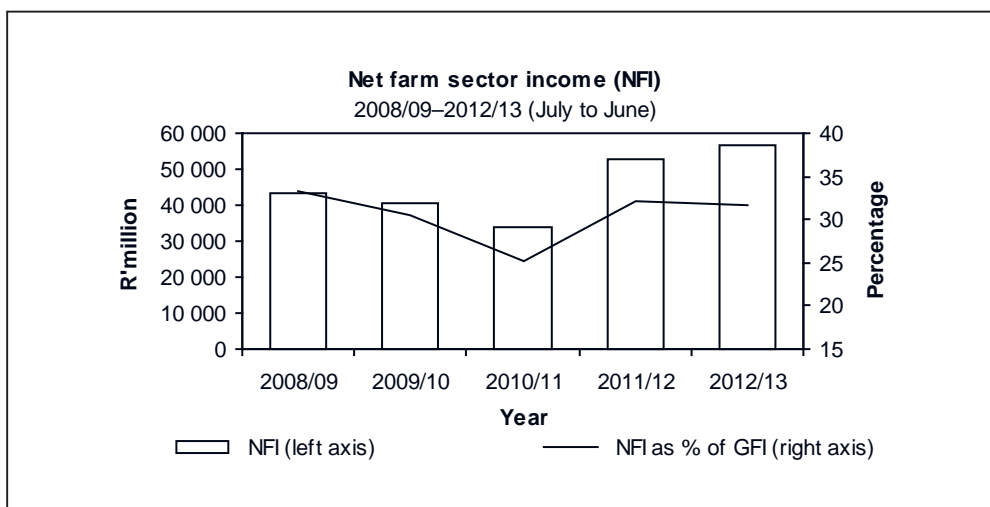
The gross income from field crops increased by 7,3% to R49 287 million for the year ended 30 June 2013. Income from maize amounted to R26 554 million, only 3,7% higher than the R25 615 million of the previous 12 months. Income from soya beans increased by 48,9% to R3 544 million and that from sunflower seed showed an increase of 13,1% to R2 857 million. Income from sugar cane at R6 142 million was only R19 million or 0,3% higher than that of the previous 12 months. Income from groundnuts, however, decreased by 22,7% to R437 million and than from cotton by 49,2% to R86 million.

The gross income from horticultural products increased by 11,3%, from R40 538 million in 2011/12 to R45 126 million in 2012/13. Income from deciduous and citrus fruit increased by 13,4% and 6,2% and amounted to R11 586 million and R8 094 million respectively. Income from subtropical fruit increased by 3,7% to R2 622 million. Income from viticulture increased by 8,4% to R4 277 million. Income from vegetable production increased by 12,0% to R15 853 million.



The gross income from animal products was 11,2% higher in 2012/13 and amounted to R83 637 million, compared to R75 246 million in 2011/12. Producers earned R18 290 million from slaughtered cattle and calves, as against the previous R17 693 million—an increase of 3,4%. Income from slaughtered sheep increased by 5,4% to R4 130 million. Income from poultry meat production rose by 18,3% to R31 464 million and income from egg production, at R8 410 million, was 8,7% higher than in the previous year. Producers earned R11 617 million from milk production, which is 18,6% more than in the previous year. Income from wool and ostrich products decreased by 13,5% to R1 805 million and by 6,5% to R276 million respectively.

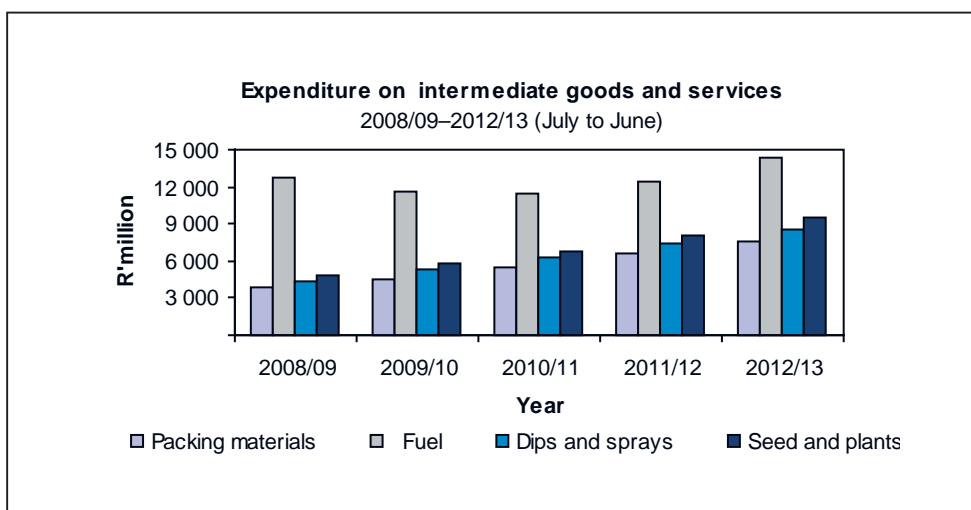
The net farm income (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) amounted to R56 565 million for the 12 months that ended on 30 June 2013, which is 7,6% more than in the previous 12 months. Payments for salaries and wages, which represented 10,7% of the total farming costs, amounted to R13 507 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2013 is estimated at R5 935 million, or 4,7% of the total farming cost.



### Expenditure on intermediate goods and services

*Intermediate expenditure refers to the value of goods and services that were purchased for consumption as inputs during the production process.*

Expenditure on intermediate goods and services during 2012/13 is estimated at R100 047 million, which represents a rise of 11,6% from R89 632 million in 2011/12. Large increases occurred in expenditure on seed and plants (18,0%), fuel (15,3%), packing material (14,8%) and dips and sprays (13,6%).

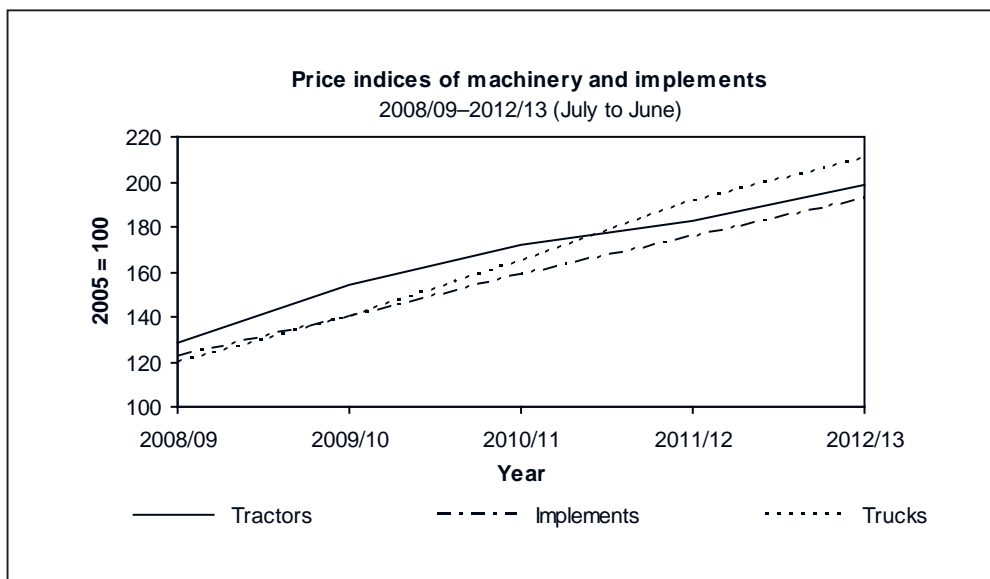
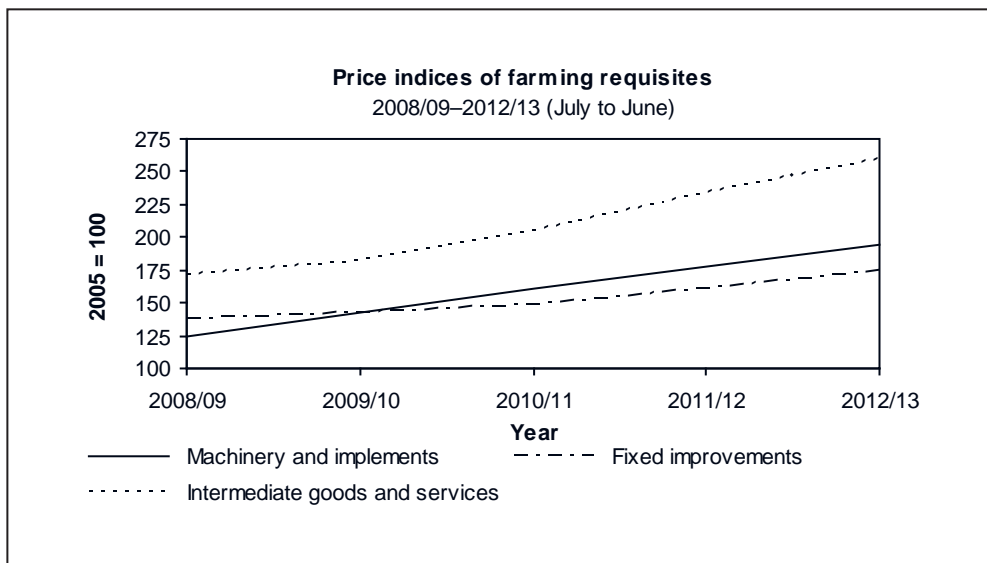


Expenditure on farm feeds remained the biggest expenditure item, accounting for 20,9% of total expenditure, followed by fuel (14,3%), farm services (13,1%) and maintenance and repairs of machinery and implements (11,1%).

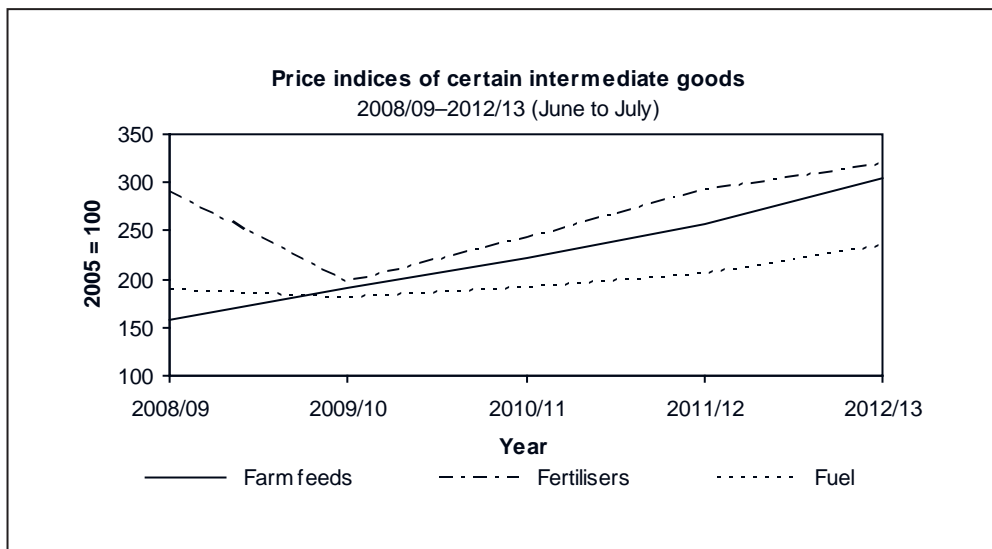
### Prices of farming requisites

Prices of farming requisites rose by 10,8% in 2012/13, compared to an increase of 13,7% the previous year. Prices for seeds increased by 19,0%, fuel by 14,0%, packing material by 12,9%, feeds by 10,0%, trucks by 9,6%, dips and sprays by 9,0%, fertilisers and tractors by 8,8% each, building material by 8,6%, fencing material by 7,5% and maintenance and repairs by 7,0%.

The combined index of prices of intermediate production inputs and services showed an increase of 11,0% for 2012/13. The price index of machinery and implements increased by 9,4% and the index of materials for fixed improvements increased by 8,2%.



The increase of 19,0% in the price of seed made the most significant contribution to the increase in the prices of intermediate goods and services. The prices of fuel, packing material and feeds rose by 14,0%, 12,9% and 10,0% respectively.

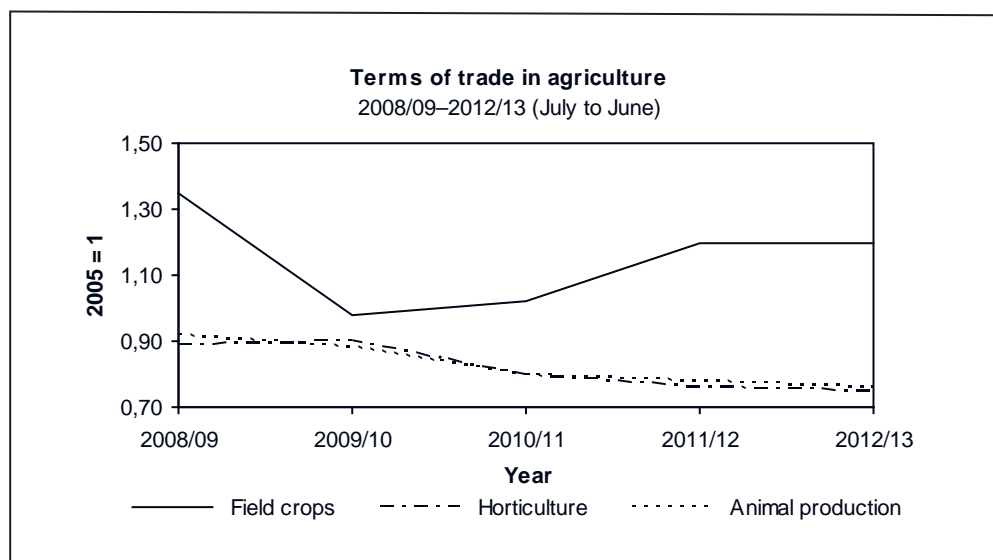


### Domestic terms of trade in agriculture (2005 = 1)

*The terms of trade indicate the extent to which producer prices received by farmers kept pace with the prices paid for farming requisites.*

The terms of trade in agriculture decreased by 1,1%, from 0,87 in 2011/12 to 0,86 in 2012/13.

The terms of trade for field crops remained unchanged at 1,2 between 2011/12 and 2012/13. In the case of the horticultural industry, the terms of trade decreased by 1,3%, from 0,76 to 0,75. The terms of trade for the animal production industry dropped by 2,6%, from 0,78 to 0,76.



## Contribution of agriculture to value added at basic prices

*Value added is the value of total output less the value of intermediate consumption during the production period.*

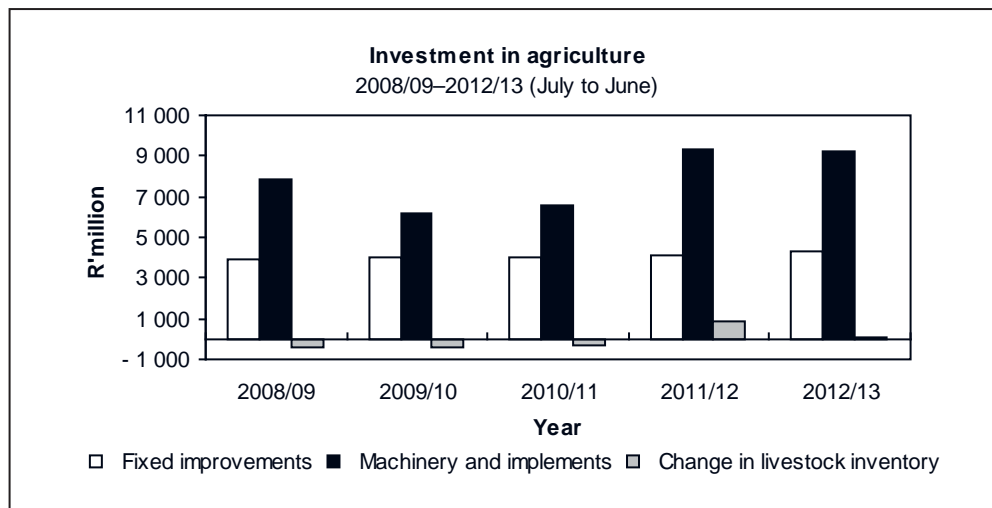
The contribution of agriculture to value added for the year ended 31 December 2012 is estimated at R72 731 million. This represents 2,6% of the total value added to the economy.

Year	Total value added	Contribution of agriculture to value added	Contribution of agriculture as % of total value added
	R'million	R'million	%
2005	1 401 067	30 213	2,2
2006	1 572 319	37 475	2,4
2007	1 792 075	45 152	2,5
2008	2 027 751	50 263	2,5
2009	2 178 321	52 903	2,4
2010	2 407 264	48 909	2,0
2011	2 621 379	49 799	1,9
2012*	2 835 087	72 731	2,6

\*Note: Figures are for agriculture, forestry and fisheries

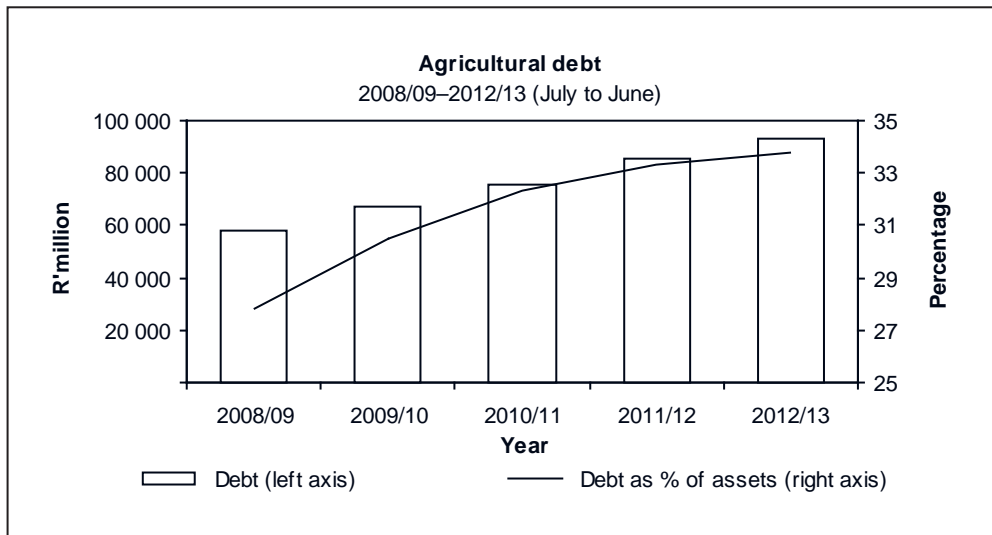
## Capital assets and investment in agriculture

The value of capital assets in agriculture as at 30 June 2013 is estimated at R276 507 million, as against R255 639 million at the end of June 2012—an increase of 8,2%. Land and fixed improvements constituted R167 367 million (60,5%), livestock R57 641 million (20,8%) and machinery and implements R51 499 million (18,6%) of the total value of capital assets. The gross investment in respect of fixed improvements for the year ended 30 June 2013 increased by 3,0% to R4 283 million. In the case of machinery, implements and vehicles, investment decreased by 0,6% and amounted to R9 248 million. The change in livestock inventory was R749,5 million lower than in the previous year.



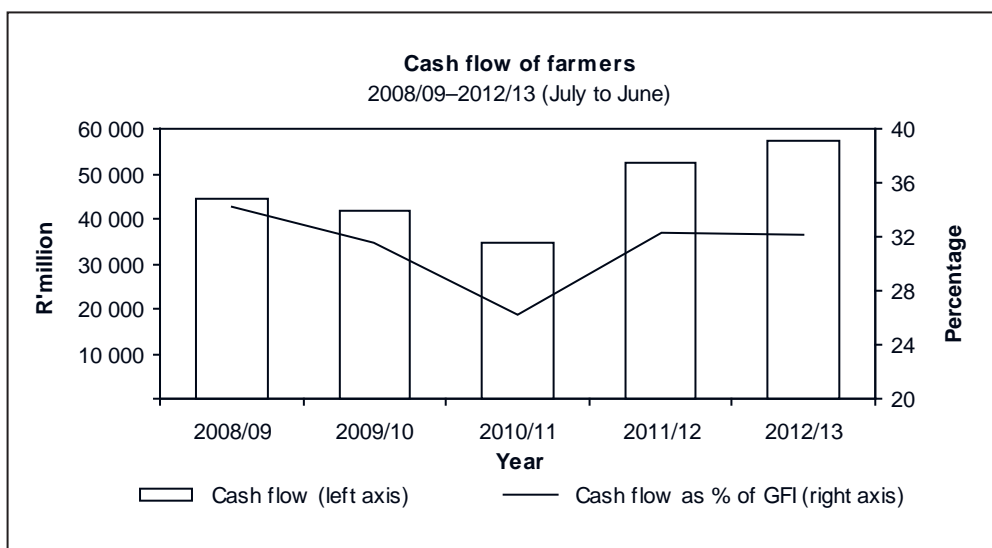
## Farming debt

The total farming debt as at the end of June 2013 is estimated at R93 474 million (R85 130 million), an increase of 9,8%.



### Cash flow of farmers

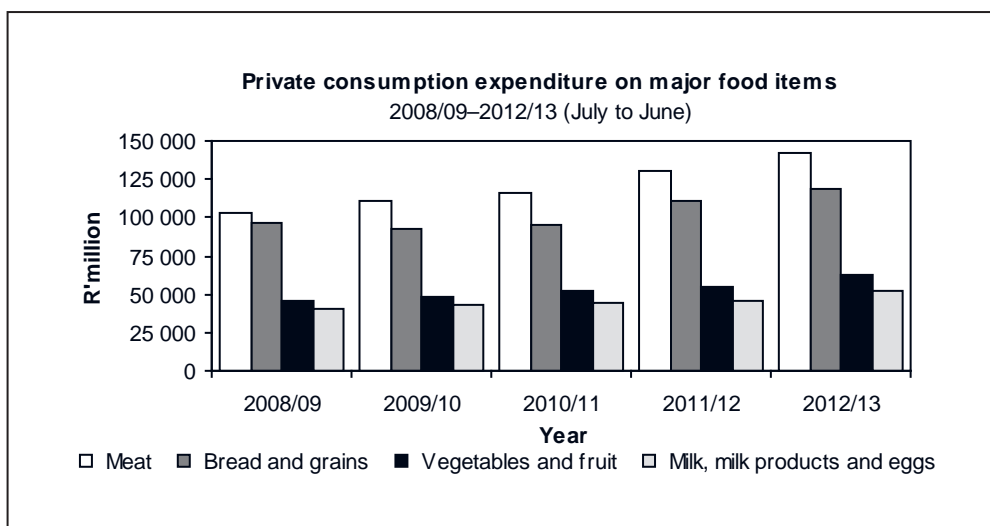
The cash flow of farmers amounted to R57 121 million for the year ended 30 June 2013, compared to the previous R52 311 million, an increase of 9,2%. This was the result of an increase in the gross income of producers.



### Consumption expenditure on food

The consumption expenditure on food for the year ended 30 June 2013 increased by 9,7% and amounted to R445 312 million, as against the R406 042 million of the previous year. Expenditure on meat increased by 9,1% to R142 471 million, on bread and grain products by 6,6% to R118 764 million, and on fruit and vegetables (including potatoes) by 14,4% to R62 929 million. Milk, milk products and eggs, as well as oils and fats also show increases of 14,3% to R52 359 million and 12,2% to R9 869 million respectively. Expenditure on sugar show a decrease of 2,9% to R6 373 million.

Meat represented 32% of the expenditure on the food component; bread and grains 27%; fruit and vegetables (including potatoes) 14%; milk, milk products and eggs 12%; oils and fats 2%; and sugar 1%.



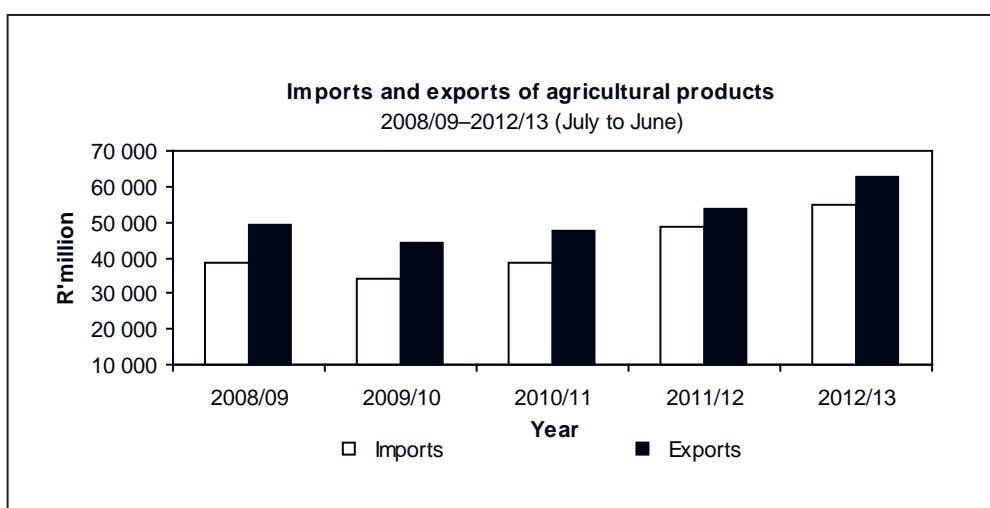
### Consumer prices

The consumer price index (with base year 2005 = 100) of all items increased by 5,6%, from 151,2 to 159,6, during the year ended 30 June 2013. The CPI of food increased by 6,3%, from 170,1 to 180,8, and that of non-food items increased by 5,2%, from 135,9 to 143,0.

Meat prices rose by 5,0%, from an index figure of 172,3 to 181,0, while the prices of grain products increased by 6,2%, from 181,8 to 193,1. The consumer price index of vegetables increased by 7,7%, from 168,5 to 181,5, and that of fruit by 4,3%, from 154,6 to 161,2. In the case of dairy products and eggs, prices rose by 8,0%, from an index of 165,6 to 178,9, while an increase of 7,6% was recorded for sugar and related products, from 169,9 to 182,8.

### Imports and exports of agricultural products

The estimated value of imports for 2012/13 came to R54 778 million, an increase of 12,3% from R48 790 million for 2011/12. The value of exports increased by 16,4%, from R53 898 million in 2011/12 to R62 750 million in 2012/13.



According to the 2012/13 export values, citrus fruit (R7 981 million), wine (R6 965 million), maize (R5 294 million), apples, pears and quinces (R5 172 million) and grapes (R4 576 million) were the most important agricultural export products.



Rice (R6 200 million), wheat and meslin (R4 201 million), poultry (R3 781 million), undenatured ethyl alcohol (R3 225 million) and oil-cake (R3 153 million) accounted for the highest imports in terms of value.

During 2012/13, the Netherlands, with exports to the value of R6 862 million, the United Kingdom (R5 588 million), Zimbabwe (R5 011 million), Mozambique (R3 309 million) and China (R2 589 million) were the five largest trading partners of South Africa in terms of export destinations for agricultural products. About 19,8% of the total value of agricultural exports from South Africa for the period July 2012 to June 2013 went to the Netherlands and the United Kingdom combined.