



# Economic Review of the South African Agriculture

2013



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA



**Economic Review**

of the

**South African**

**Agriculture**

**2013**

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## FOREWORD

The value of primary agricultural production in South Africa was R187,7 billion in 2013, while its contribution to the GDP was an estimated R57,9 billion.

Over the years, the other sectors of the South African economy have grown faster than the agriculture, forestry, hunting and fishing sector, resulting in a drop in agriculture's share of the GDP from more than 6% in the 1970s to 2,0% in 2012.

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.

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 6 months, offers easy-to-find information to give some idea of the macroeconomic position of agriculture. The focus areas are agriculture's contribution to the national economy, and 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

February 2014

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Director: Statistics and Economic Analysis



# ECONOMIC REVIEW OF SOUTH AFRICAN AGRICULTURE FOR THE YEAR ENDED 31 DECEMBER 2013

## Summary

Gross farming income from all agricultural products for the year ended 31 December 2013 is estimated at R182 966 million, which is 8,6% higher than the previous year.

Gross farming income from field crops increased by 6,1% and amounted to R47 744 million. The income from horticultural products rose by 13,4%, from R42 126 million to R47 785 million. Income from animal products increased by 7,4% and amounted to R87 437 million.

Prices received by farmers for agricultural products increased on average by 4,0%, while prices paid by farmers for farming requisites rose by 7,1%, resulting in the terms of trade weakening from 0,86 to 0,84 during the period under review.

The weighted average price of field crops increased by 1,0% because of increases in the prices of winter grains by 19,1%, dry beans by 15,4% tobacco by 13,8%, hay by 11,0% and oilseeds by 5,2%, while the prices of summer grain, cotton and sugar cane dropped by 5,6%, 1,6% and 0,4% respectively.

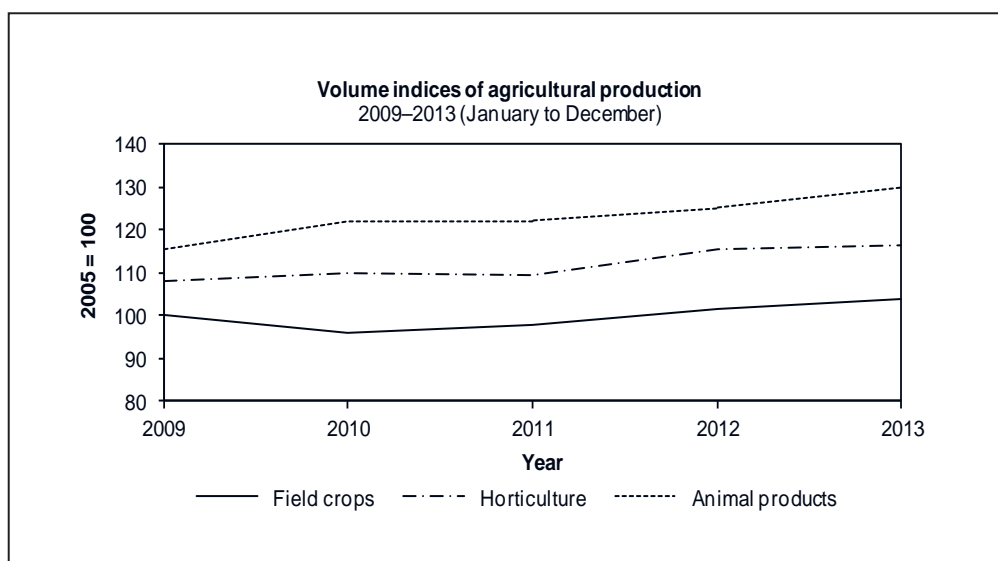
Prices of horticultural products increased by 7,7%. Prices of fruit, vegetables and viticultural products increased by 8,9%, 6,5% and 6,2% respectively.

Prices of animal products increased by 4,4%. Prices of pastoral products, dairy products and poultry products increased by 13,8%, 8,6% and 6,6% respectively, whereas the prices of slaughtered stock decreased by 1,8%.

The prices paid for farming requisites rose by 7,1%, compared to 14,5% in the previous year. Prices paid for tractors increased by 10,8%, seeds by 10,5%, packing material and feeds by 7,1% each, animal health and crop protection by 6,8%, building material by 6,5%, fuel by 6,4%, trucks by 6,3%, fertilisers by 5,9% and fencing material by 5,3%. Net farming income increased by 7,3% and amounted to R56 245 million for the 12 months up to 31 December 2013.

## Volume of agricultural production

The estimated volume of agricultural production during 2013 was 2,7% higher than in 2012. The volume of field crop production increased by 2,3%, mainly as a result of an increase in the production of summer grains (especially sorghum), oilseeds (especially soya beans and sunflower seed), dry beans, as well as other food crops (especially sugar cane). Horticultural production increased slightly by 0,6%, which can mainly be attributed to increases in the production of citrus, deciduous and subtropical fruit. Animal production rose by 4,0%, mainly because of an increase in the production of poultry meat, as well as an increase in the number of sheep, goats, pigs and cattle slaughtered during the mentioned period.



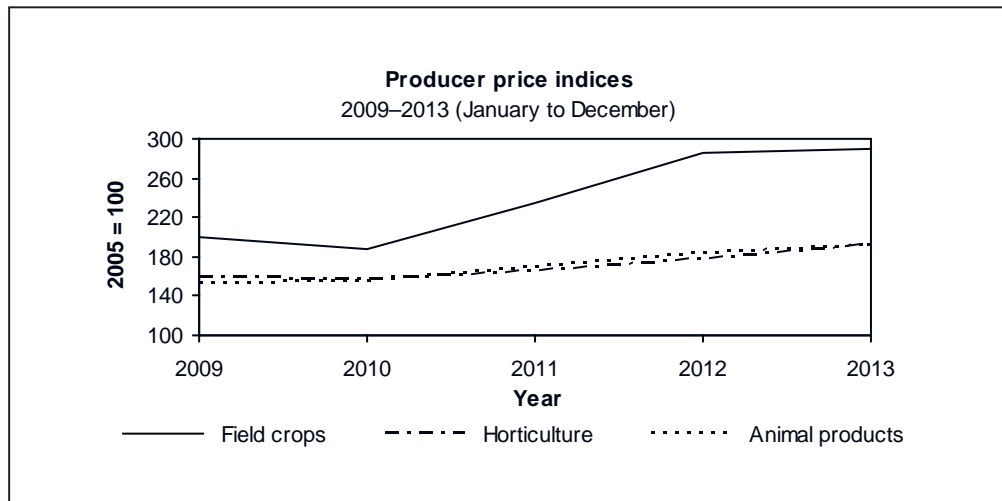


## Producer prices of agricultural products

Producer prices of agricultural products increased on average by 4,0% from 2012 to 2013.

The weighted average price of field crops increased by 1,1%. The prices of winter grains increased by 19,1%, dry beans by 15,4%, tobacco by 13,8%, hay by 11,0% and oilseeds by 5,2% while the prices for summer grains, cotton and sugar cane declined by 5,6%, 1,6% and 0,4% respectively.

Producer prices of horticultural products rose by 7,7%. Prices of fruit increased by 8,9%, vegetables by 6,5% and viticultural products by 6,2%.

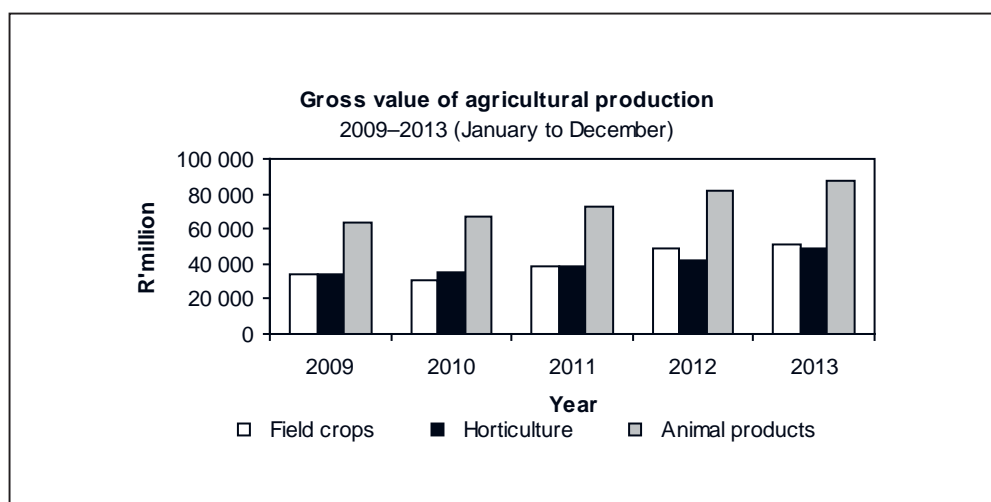


The weighted average price of animal products increased by 4,4%. Prices of pastoral products, dairy products, and poultry meat increased by 13,8%, 8,6% and 6,6% respectively, while the average price of slaughtered stock decreased by 1,8%.

## Gross value of agricultural production

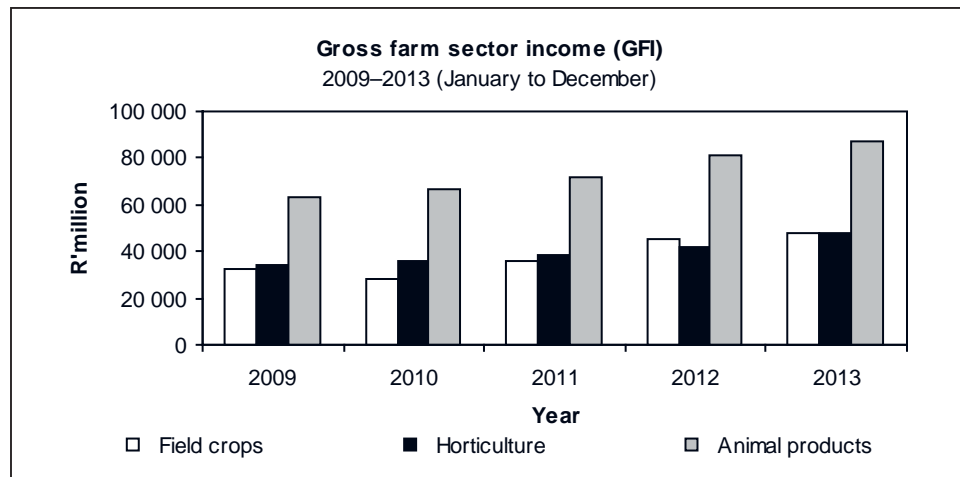
The total gross value of agricultural production (total production during the production season valued at the average basic prices received by producers) for 2013 is estimated at R187 678 million, compared to R172 974 million the previous year, an increase of 8,5%. This increase can be attributed mainly to increases in the value of sugar cane, soya-bean, citrus and deciduous fruit, mutton and poultry meat production.

The gross value of animal products, field crops and horticultural products contributed 46,6%, 27,5% and 25,9% respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 17,5%, followed by maize with 13,2% and cattle and calves slaughtered with 9,7%.

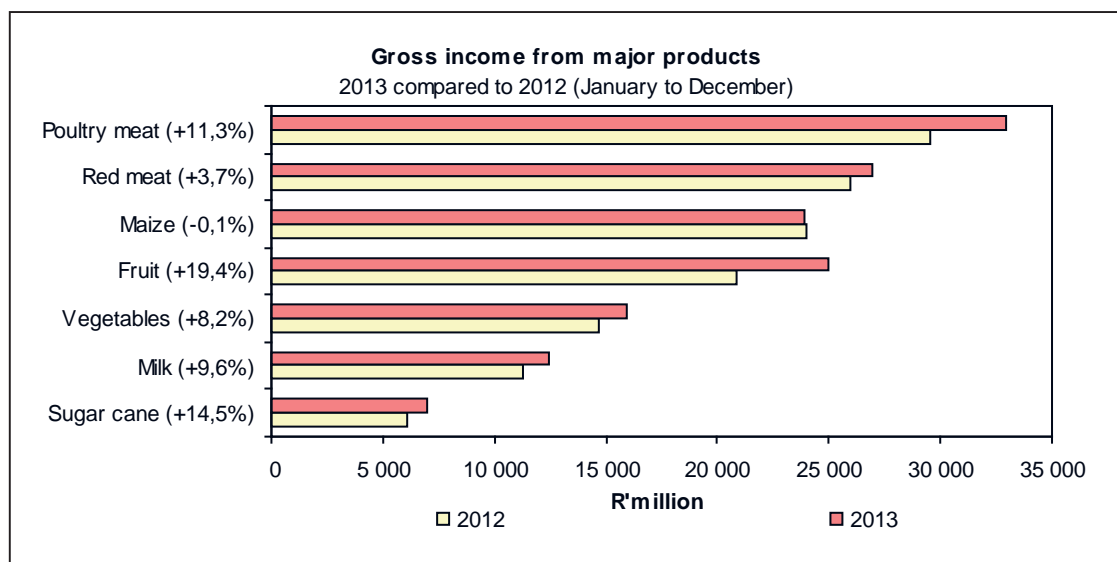


## Farming income

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 31 December 2013 amounted to R182 987 million, compared to R168 506 million the previous year, an increase of 8,6%. The increase can be ascribed mainly to increases in the production of oilseeds, sugar cane, fruit, mutton and poultry meat. Prices received by farmers for other horticultural and animal products showed moderate increases.



The gross income from field crops increased by 6,1% to R47 744 million for the year ended 31 December 2013. Income from maize was R23 928 million, or 0,1% less than in the previous 12 months. Income from wheat also decreased by 0,1% to R5 318 million. Income from soya beans and sunflower seed showed increases of 53,7% and 17,6% respectively. Income from sugar cane at R7 005 million was 14,5% higher than in the previous 12 months. Income from tobacco increased by 8,4% to R457 million. Income from dry beans showed an improvement of 44,5%.

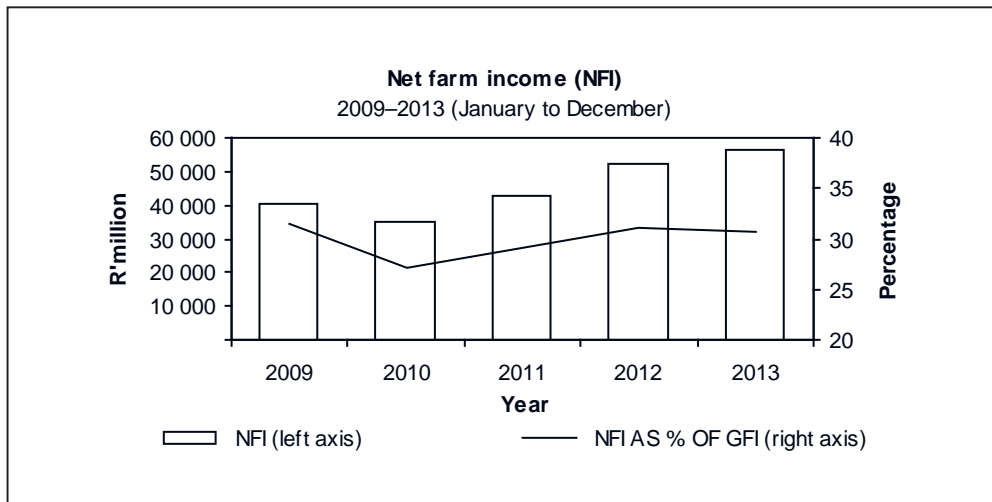


The gross income from horticultural products increased by 13,5%, from R42 126 million in 2012 to R47 806 million in 2013. Income from deciduous fruit at R12 815 million was 23,7% up on 2012. Income from vegetables increased by 8,2% to R15 923 million, and that from viticulture by 5,2% to R4 346 million. Income from citrus increased by 21,0% and amounted to R9 565 million. Income from subtropical fruit, however, decreased by 2,0% to R2 562 million.

The gross income from animal products was 7,4% higher in 2013 and amounted to R87 437 million, compared to R81 379 million for the previous year. Producers earned R18 517 million from slaughtered cattle

and calves, as against the previous R18 150 million—an increase of only 2,0%. Income from poultry meat showed an increase of 11,3% to R32 916 million. Income from egg production, at R8 590 million, was 6,8% higher than in the previous year. Producers earned R12 433 million from milk production, which is 9,9% more than in the previous year. Income from wool, however, decreased by 9,0% to R2 322 million.

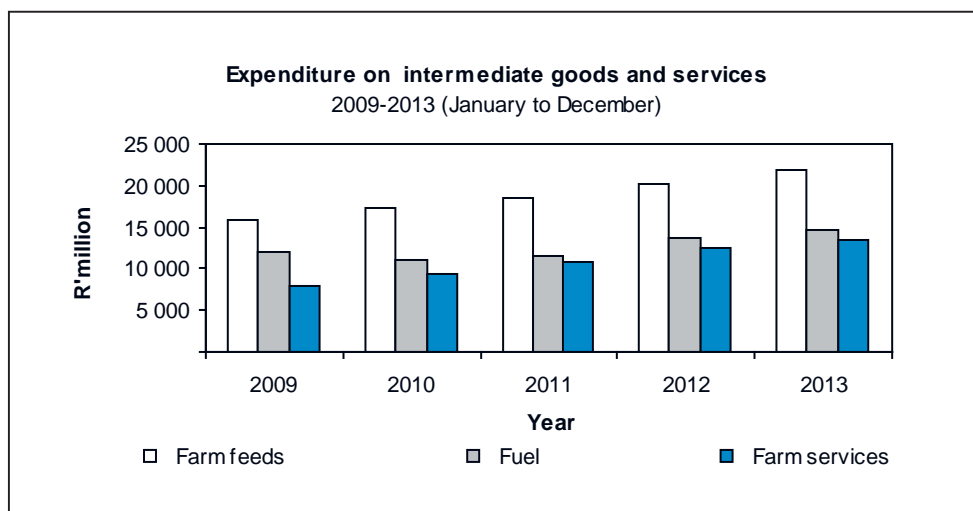
The net farm income (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) amounted to R56 245 million for the 12 months that ended on 31 December 2013, which is 7,3% higher than in the previous 12 months. Payments for salaries and wages, which represented 10,6% of the total farming costs, amounted to R14 017 million. Interest paid by farmers to banks and other financiers during the 12 months up to 31 December 2013 is estimated at R6 174 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.*

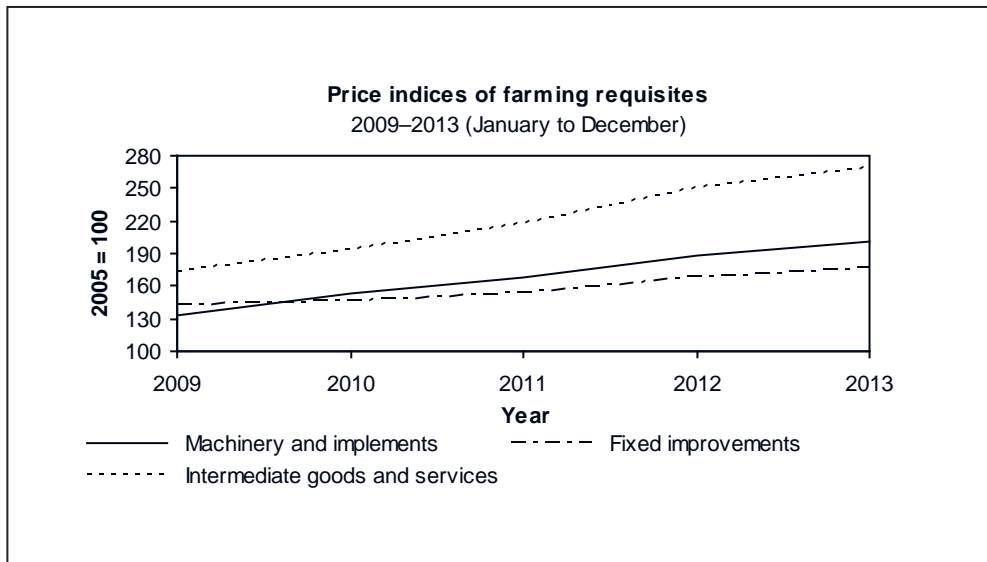
Expenditure on intermediate goods and services during 2013 is estimated at R104 260 million, which is an increase of 8,9% from the R95 765 million of 2012. Expenditure on seeds and plants rose by 12,0%, maintenance and repairs of machinery by 11,7%, packing material by 9,8 %, building and fencing material by 9,1%, animal health and crop protection by 9,0%, farm feeds by 8,2%, fuel by 7,3%, farm services by 6,8% and fertilisers rose by 6,1%.



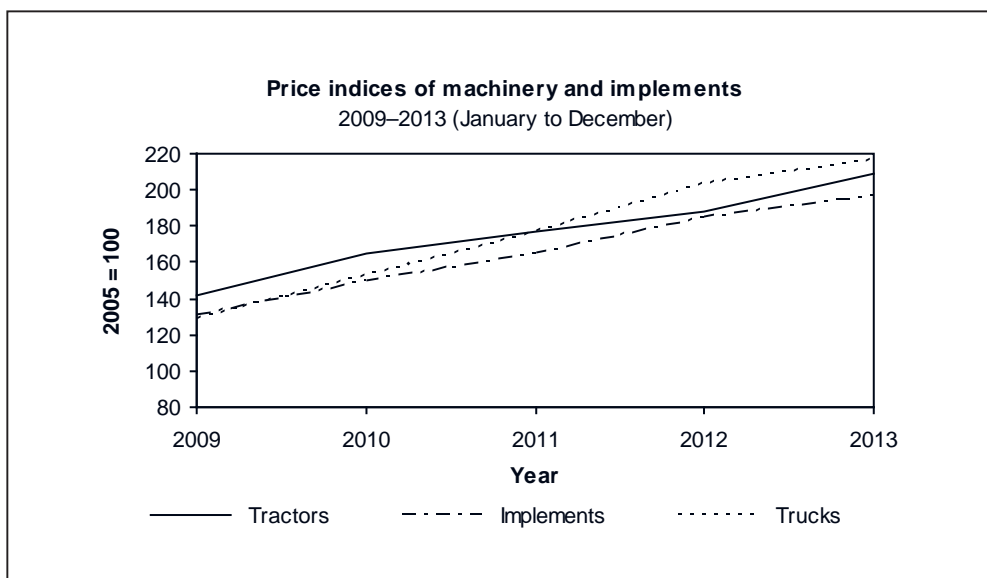
Expenditure on farm feeds remained the biggest expenditure item, accounting for 20,9% of total expenditure, followed by fuel (14,1%), farm services (12,9%), maintenance and repairs (11,3%), seeds and plants (9,5%), animal health and crop protection (8,6%), packing material (7,6%) and fertilisers (6,2%).

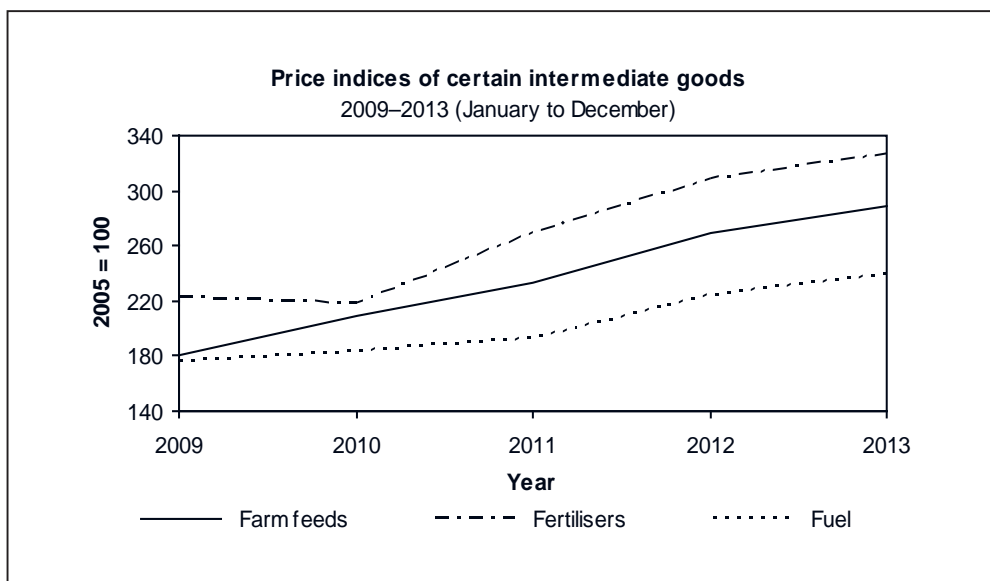
### Prices of farming requisites

Prices of farming requisites, including machinery and implements, material for fixed improvements and intermediate goods and services, rose by 7,1% in 2013, compared to an increase of 14,5% the previous year.



The price index of machinery and implements showed an increase of 7,7% for 2013. The price index of materials for fixed improvements increased by 6,1% and the combined index of prices of intermediate production inputs and services increased by 7,1%. Prices paid for tractors showed an increase of 10,8%, seeds 10,5%, irrigation and equipment 7,2%, farm feeds and packing material 7,1%, animal health and crop protection 6,8%, building and fencing material 6,5%, fuel 6,4%, fertilisers and maintenance and repairs 5,9% each and fencing material 5,3%.



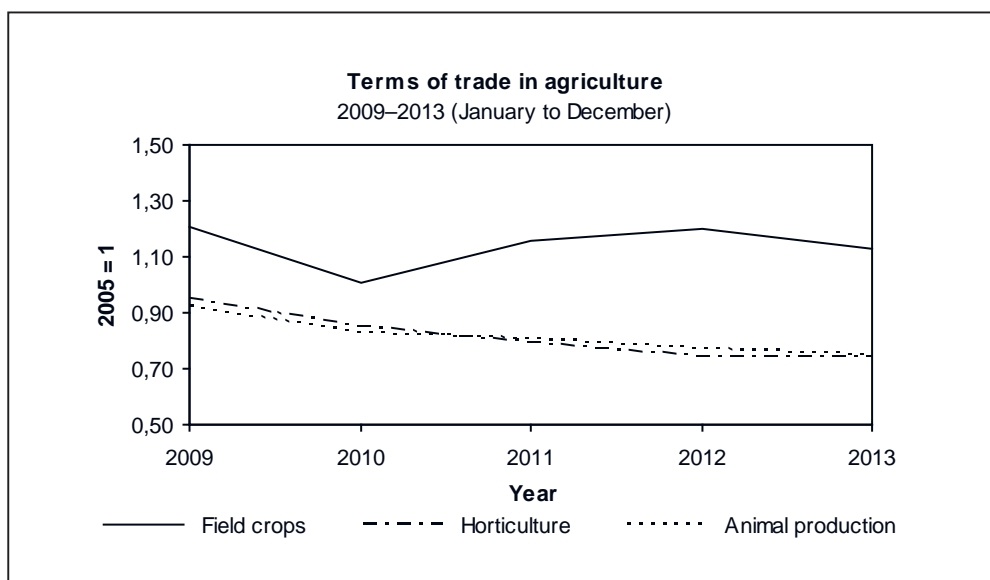


### Domestic terms of trade in agriculture (2005 = 1)

*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 weakened by 2,9%, from 0,86 in 2012 to 0,84 in 2013.

The terms of trade for field crops decreased by 5,6%, from 1,20 in 2012 to 1,13 in 2013. In the case of the horticultural industry, the terms of trade remained unchanged at 0,74. The terms of trade for the animal production industry dropped by 2,6%, from 0,77 to 0,75.



### 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.

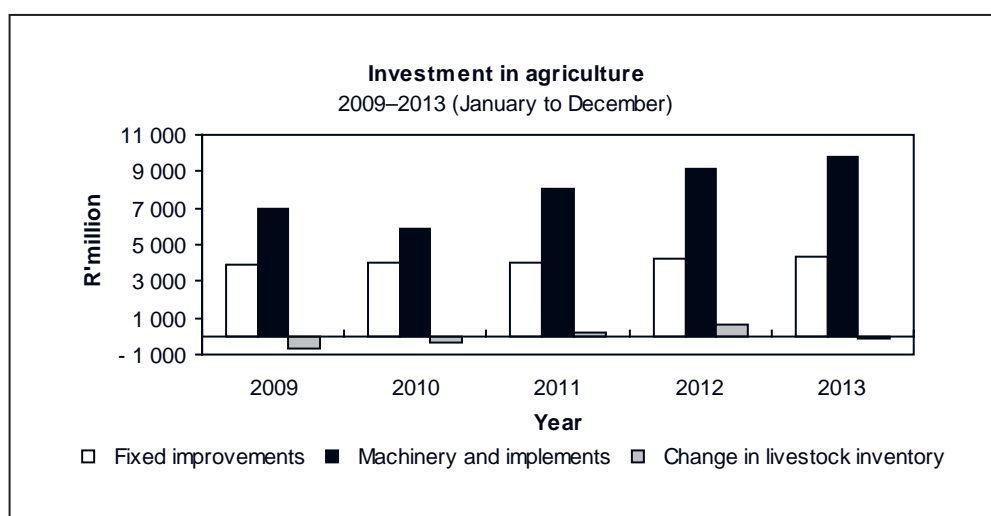
The contribution of agriculture, forestry and fisheries to value added for the year ended 31 December 2013 is estimated at R72 731 million. This represents 2,6% of the total value added to the economy.

Year	Total value added	Contribution of agriculture to value added	Contribution of agriculture as % of total value added
	R'million	R'million	%
2002	1 065 696	37 758	3,5
2003	1 155 150	33 108	2,9
2004	1 270 600	32 763	2,6
2005	1 401 066	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	2 179 995	52 903	2,4
2010	2 423 359	48 759	2,1
2011	2 635 032	51 497	2,0
2012	2 820 261	56 795	2,0
2013*	3 030 263	72 431	2,4

\*Note: Figure is for agriculture, forestry and fisheries.

### Capital assets and investment in agriculture

The value of capital assets in agriculture as at 31 December 2013 is estimated at R284 563 million, as against R265 197 million at the end of December 2012—an increase of 7,3%. Land and fixed improvements constituted R173 808 million, machinery and implements R53 636 million and livestock R57 119 million of the total value of capital assets.

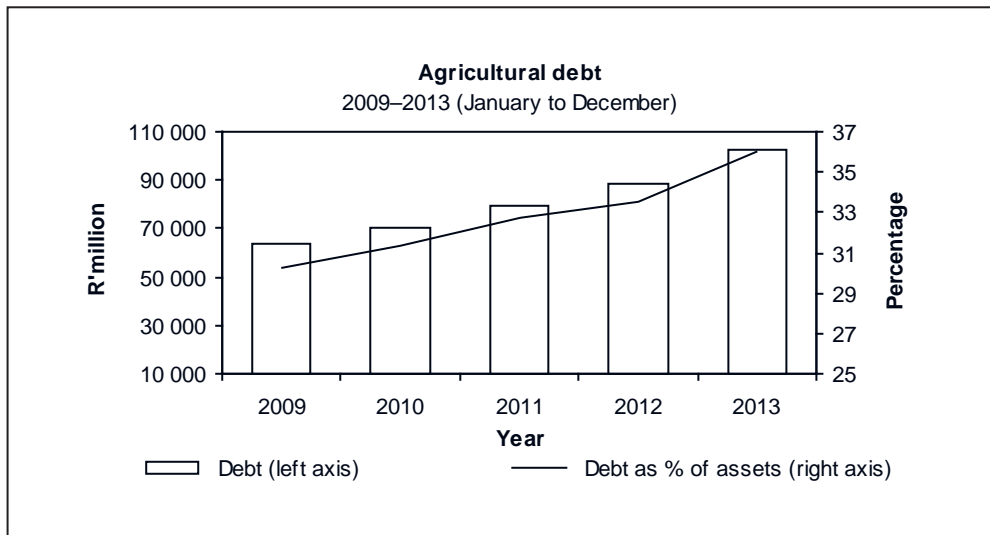


The gross investment in respect of fixed improvements for the year ended 31 December 2013 increased by 3,7% to R4 360 million. In the case of machinery, implements and vehicles, investment increased by 6,8% and amounted to R9 799 million.

The livestock inventory decreased by R114 million from the previous year.

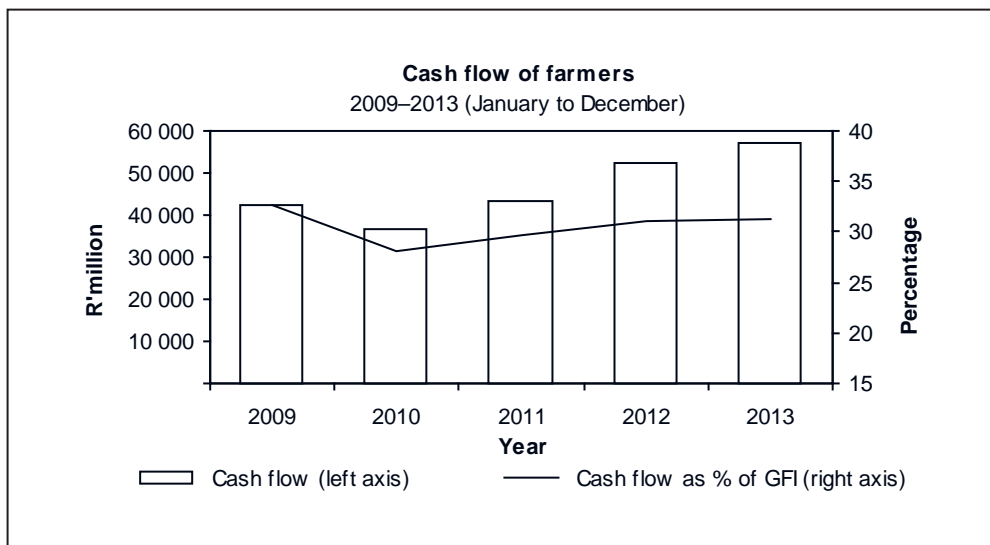
### Farming debt

The total farming debt as at the end of December 2013 is estimated at R102 508 million (R88 779 million), an increase of 15,5%.



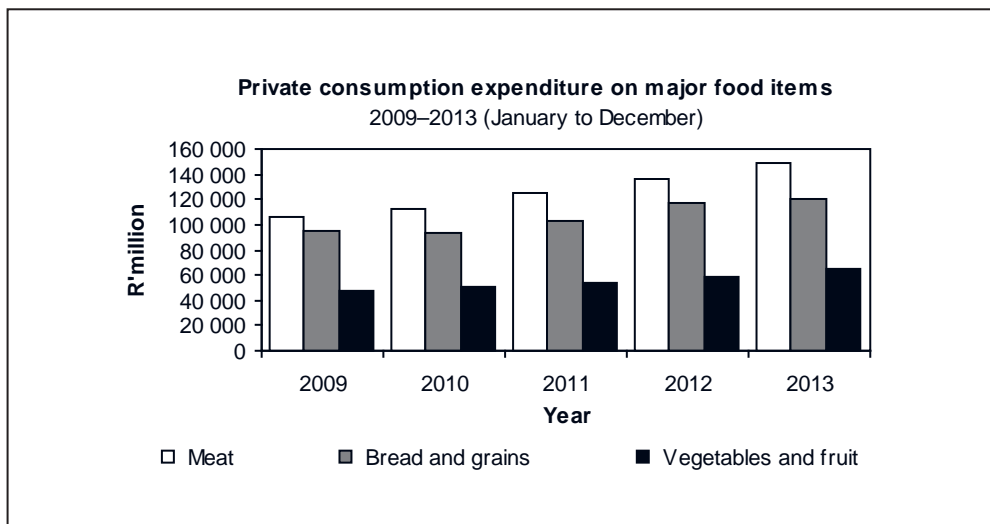
### Cash flow of farmers

The cash flow of farmers amounted to R57 056 million for the year ended 31 December 2013, compared to the previous R52 426 million, an increase of 8,8%. This was mainly the result of an increase in the gross income of producers.



### Consumption expenditure on food

The consumption expenditure on food for the year ended 31 December 2013 increased by 7,1% and amounted to R460 639 million, as against the R429 982 million of the previous year. Expenditure on all food items, except sugar, rose during 2013. Expenditure on meat increased by 8,8%, from R136 592 million to R148 625 million, bread and grain by 2,1%, from R118 001 million to R120 423 million and on fruit and vegetables by 11,4%, from R58 356 million to R65 033 million. Expenditure on sugar decreased by 2,6%, from R6 555 million in 2012 to R6 385 million in 2013.



Meat represented 32% of the expenditure on the food component, while bread and grains represented 26%, fruit and vegetables (including potatoes) 14%, milk, milk products and eggs 13%, oils and fats 2% and sugar 1%.

### Consumer prices

The consumer price index (with base year 2005 = 100) of all items increased by 5,8%, from 155,2 to 164,2, during the year ended 31 December 2013, as the CPI of food increased by 5,8%, from 175,3 to 185,6; and that of non-food items increased by 5,4%, from 139,4 to 146,9. Meat prices increased by 3,2%, from an index figure of 177,1 to 182,8, while the prices of grain products increased by 6,1%, from an index of 187,7 to 199,2. The consumer price index of vegetables increased by 10,7%, from 170,9 to 189,2, and that of fruit by 3,5 %, from 158,4 to 163,9. In the case of dairy products and eggs, prices increased by 7,5%; from an index of 172,4 to 185,4, while an increase of 6,8% was recorded for sugar and related products, from 176,6 to 188,6.

### Imports and exports of agricultural products

The estimated value of imports during 2013 came to approximately R57 307 million, from R53 071 million in 2012—a increase of 8,0%. The estimated value of exports showed an increase of 31,4%, from R55 188 million in 2012 to about R72 493 million in 2013.



\* Preliminary



According to the 2013 agricultural export figures, citrus fruit (R9 335 million); wine (R7 933 million); maize (R6 198 million); apples, pears and quinces (R5 927 million); and grapes (R4 982 million) were the five most important export products in terms of value.

With regard to agricultural imports during 2013, rice (R6 280 million), wheat and meslin (R4 024 million), poultry meat (R3 899 million), undenatured ethyl alcohol (R3 762 million) and oil-cake and other solid residues (R3 172 million) were the five major products in terms of value.

In terms of exports of agricultural products by South Africa during 2013, the five largest trading partners were the Netherlands, with exports to the value of R7 604 million, the United Kingdom (R6 261 million), Zimbabwe (R5 639 million), Mozambique (R4 325 million) and Japan (R3 472 million).

The five largest trading partners from whom South Africa imported agricultural products during 2013 were Argentina, with imports valued at R5 536 million, Brazil (R4 728 million), China (R4 528 million), the United Kingdom (R3 839 million) and the Netherlands (R3 128 million).