

What do we know about **THE FUTURE OF THE AGRIFOOD SYSTEM IN SOUTH AFRICA?**

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Key messages

- South Africa's primary agriculture sector witnessed profound productivity growth in recent decades, yet structural transformation is stalling due to a combination of sluggish nonfarm growth and persistent structural challenges that inhibit wider societal progress.
- Looking ahead, the agrifood system is well placed to increase the supply of goods at competitive prices but requires consistency in policymaking and an investment-friendly environment, as well as stronger domestic demand for products.
- Given the complexity and interconnectedness of the country's agrifood system, future foresight research should focus on better understanding cross-sector productivity gains and how the entire system can be reoriented to support greater agricultural transformation.

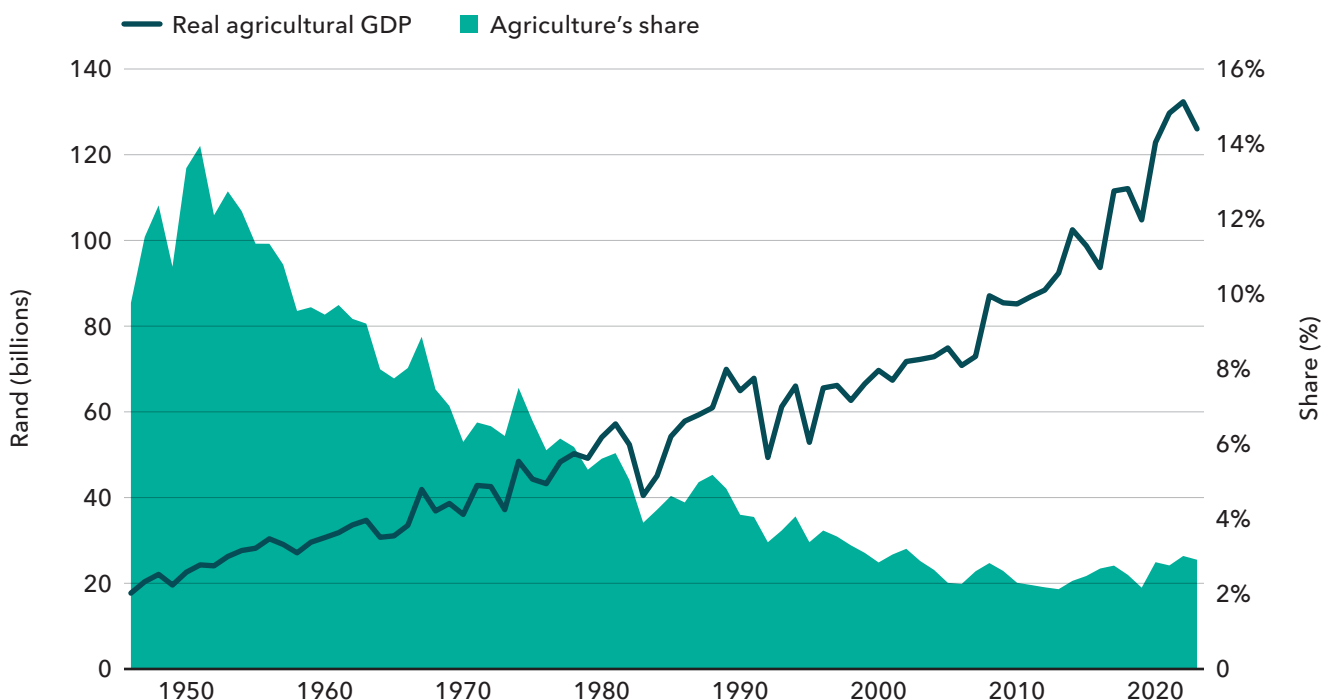
RECENT TRENDS AND CHALLENGES

South Africa recently celebrated 30 years since the start of its liberal democracy in 1994, marking an opportune moment to evaluate the performance of the country's agriculture and related value chains in contributing to national progress and development. The country's agrifood system is unique within the African context, shaped by various development phases, distinct past policy interventions, and more recent economic drivers both locally and internationally. Although more industrialized and globally competitive compared to many of its emerging market peers in Africa, South Africa faces persistent structural economic challenges and lags in achieving societal and developmental outcomes that would normally be associated with a country on a pathway toward agricultural transformation. This section details some insights about South Africa's current agrifood system and its likely future. It highlights the pressing need to explore alternative agricultural transformation pathways that can enhance productivity, sustainability, and competitiveness to the benefit of all actors who depend on the agrifood system for income and livelihoods.

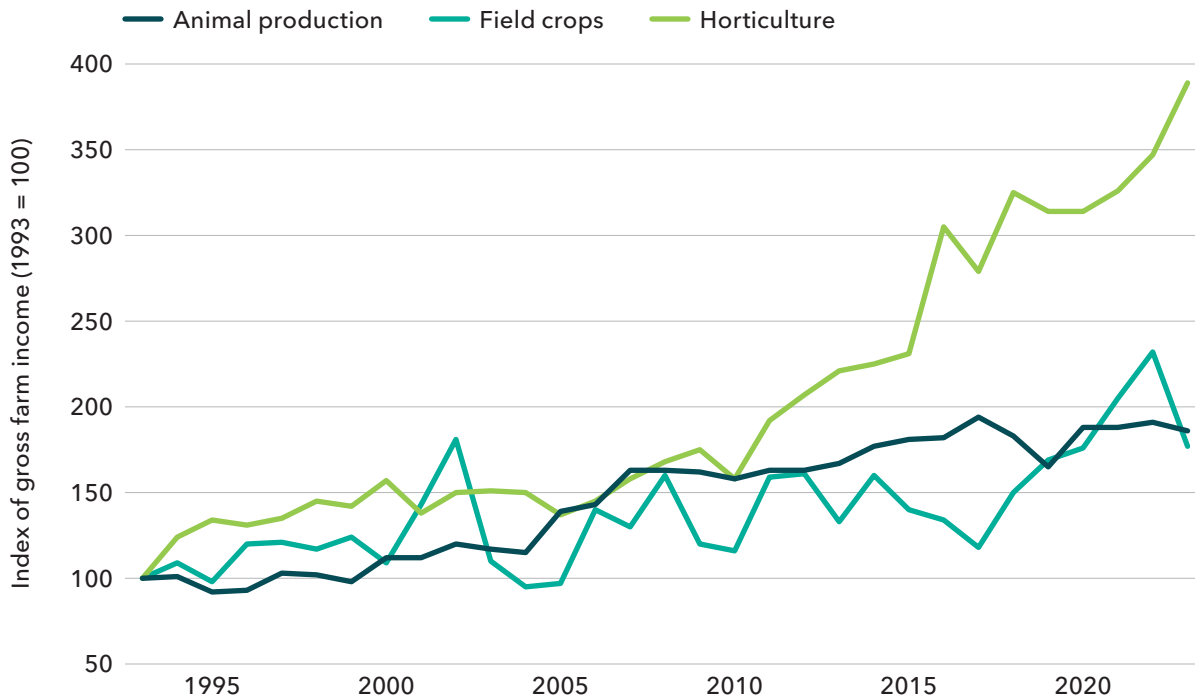
The definition employed to assess South Africa's agrifood system is derived from multiple sources (FAO 2024; De Weerd et al. 2023; Fanzo et al. 2020; UN 2021). In short, it encompasses a network of different actors who are interconnected by their various roles in supplying, using, and governing agrifood products, which are in turn influenced by factors like globalization, trade, urbanization, population growth, and changing climatic conditions. We estimate that in 2021, about 13-16 percent of South Africa's gross domestic product (GDP) could be attributed to all economic activities involving the agrifood system and close to 14 percent of the country's population is involved in some form of agricultural production, be it commercial, semi-commercial, or subsistence activities. On the consumption side of the economy, 19.5 million households spend around 16 percent of their final expenditure on food and beverages (StatsSA 2025). Thus, the structure, performance, competitiveness, and economic outcomes associated with the agrifood system play a critical role in South Africa, which has undergone significant structural changes over the past century.

Within the agriculture sector, the size of farming units has increased, while the overall number declined, reflecting a process of consolidation that started in the

FIGURE 1 Real agricultural GDP and contribution to the economy, 1946-2023



Source: StatsSA (2024).

FIGURE 2 Index of real farm income, by subsector, 1993-2023

Source: South Africa, DALRRD (2024).

1950s (Liebenberg 2013). Up until 1994, the sector was heavily subsidized for long periods, through government market interventions as well as direct and indirect support to producers. A sudden policy shift in the 1990s to deregulation and liberalization of trade exposed the sector to global market forces for the first time in decades. Despite these significant changes, Figure 1 reflects strong performance in the primary agriculture sector's GDP. Its real growth rate has exceeded that of the rest of the South African economy, such that in the past decade agriculture's share contribution to GDP started to reverse its previously declining trend. At the same time, the decline in the number of jobs in agriculture started to reverse in recent years. Based on these two factors, one could argue that South Africa is experiencing a reversal in its agricultural transformation process.

This highlights the structural dynamics currently at play in the South African economy, where sluggish economic growth in nonfarm sectors is stalling structural transformation, despite strong productivity gains in the primary sector. Figure 2 shows the relative growth in real gross farm income since 1994 across the different agricultural subsectors, which indicates the importance of

external demand. Export-led growth benefited the horticulture sector, with strong demand for products, such that 42 percent of total horticulture income was generated from exports in 2021. South Africa's strong position as a counterseasonal, Southern Hemisphere exporter of fresh fruit to developed economies underpinned growth in the agriculture sector as a whole. In contrast, the livestock and field crop industries are much more dependent on the South African economy, the purchasing power of its population, and the demand-pull from food manufacturers. The country is also an important surplus producer of maize, which is Africa's most important staple. Maize producers have benefited from supplying grain to the sub-Saharan African region for many years. Some countries in the region are projected to become larger net importers of staple crops, suggesting that exports will remain an important contributor to growth for the sector. While most agricultural subsectors have experienced significant growth in productivity levels, the country's industrial sectors are struggling to compete, largely due to the same factors that hinder faster growth in agriculture.

Too many South Africans are unemployed, poor, and indebted, and are operating in an economic environment

with severe structural challenges, some of which are remnants of Apartheid-era policies. Yet with three decades of liberal democracy behind the country, it is worth asking whether many of the policies designed to address the triple problem of unemployment, poverty, and inequality have been successful. As with the rest of the economy, fundamental preconditions are needed to unlock further development in the country's agrifood system. First, a stable and conducive policy and investment environment that enables inclusive growth requires strong property rights and security of tenure. Comprehensive and effective state support programs are needed to rid the agriculture sector of its dualism, characterized by a large gap between mostly black and subsistence-oriented farmers and the often larger and modernized operations of white farmers. Emerging farmers require adequate services that are currently critically lacking. These include consistent electricity supply, market access, management of ports and rail, veterinary and biosecurity services, and agricultural research, to name a few. Among the biggest challenges to the agrifood system are:

- Management of animal diseases, which hamper productivity growth and limit export opportunities in livestock industries.
- Vast tracts of land that have become unproductive under the current land reform program, with minimally effective producer support and extension services. This land could enable expansion of field crop production by Black farmers, but comprehensive producer support and access to credit and insurance safety nets are essential to unlock growth in this segment of the market.
- Despite significant investment to expand fruit exports, the slow opening of new markets through bilateral trade negotiations has favored South Africa's competitors such as Chile, Mexico, and Peru, which have been more successful in opening trade with China and India.

LATEST FORESIGHT RESEARCH

For the past 20 years, South Africa's Bureau for Food and Agricultural Policy (BFAP) has presented a 10-year

outlook for agricultural production, consumption, prices, and trade, referred to as the BFAP Baseline. This foresight research, generated using BFAP's system of models, is based on assumptions about a range of economic, technological, environmental, climatic, political, institutional, social, and international market factors. These can reflect the megatrends shaping the future of the agrifood system, which will not only drive the magnitude of change over time but also the direction in which it moves. South Africa's population is expected to increase from 64 million in 2024 to 79 million by 2050, with significant growth in the share of people living in urban areas (UNCTAD 2024). This will likely accelerate current trends that have shaped consumer spending patterns more recently, such as the move to more healthy diets, convenience-driven options, and the composition of food baskets more generally.

Looking 10 years ahead, our foresight projections suggest continued slow growth in agriculture due to the persistent challenges facing the economy. Despite ongoing urbanization, relatively strong population growth, and slightly better economic growth prospects, projected real GDP growth remains too slow to unlock rapid demand growth for agricultural and food products. Although many observers are hopeful that the new coalition government could fast-track growth-enabling interventions, our current baseline projections estimate real growth of only 0.4 percent per year in the agriculture sector over the next decade. For field crops, the transmission of lower global prices into local markets will likely reduce farmers' earnings, although the lower feed grain prices will benefit intensive livestock operations. In the absence of growth in meat export opportunities and likely further reduction in future fiscal stimulus supporting poor households, the livestock sector will remain under pressure. Projected consumption growth of 24 percent for poultry products, 22 percent for pork products, 13 percent for beef, 35 percent for processed dairy products, and 36 percent for eggs by 2035 relative to 2024 reflects the growing population, with minor per capita gains. Horticultural revenue is projected to grow consistently over the outlook period, as most of the area planted in the recent past will come into full production. It is expected that expansion of the area under horticulture will be much slower in the coming decade, due in part to strong competition in export markets putting pressure on farming margins in recent years and limits to additional arable land (and water) to expand area.

KEY GAPS AND OPPORTUNITIES FOR FORESIGHT RESEARCH

Foresight studies on South Africa's agrifood system have been limited and mainly focused on policy shocks, using scenario planning and exploring means to unlock future growth. A large gap exists within the policy space in understanding the complexities and interconnectedness between different segments of the agrifood system and the extent to which they are affected by different policy decisions. Also, it is not clear how to halt and reverse the country's de-industrialization trend, which has a bearing on how to ensure that the agricultural transformation process advances to ensure widespread progress for participants. South Africa is in a unique position in that the bulk of its farming sector is unlocking productivity growth, while the nonfarm agrifood system urgently requires solutions to improve its slow growth. By addressing these gaps, future research can contribute to making South Africa's agrifood system more resilient and sustainable.

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Related chapters on the future of food system drivers and impacts, regional and national perspectives, food commodities, and foresight tools are available in our [Table of Contents](#).

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