



# **Re-defining the Path: An Assessment of South Africa's Agricultural Growth Model**

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Hazendal Hotel, Stellenbosch

# Objective of Presentation

- Define SA's current agricultural growth model
- Assess the limits of SA's current agricultural growth model
- Identify structural constraints shaping the sector
- Propose a new Integrated Agricultural Growth Model

# South Africa's Agricultural Growth Model

- South Africa's agricultural sector has more than doubled (in real terms) over the past 30 years.
- Growth has occurred across all sub-sectors, but mainly driven by horticulture

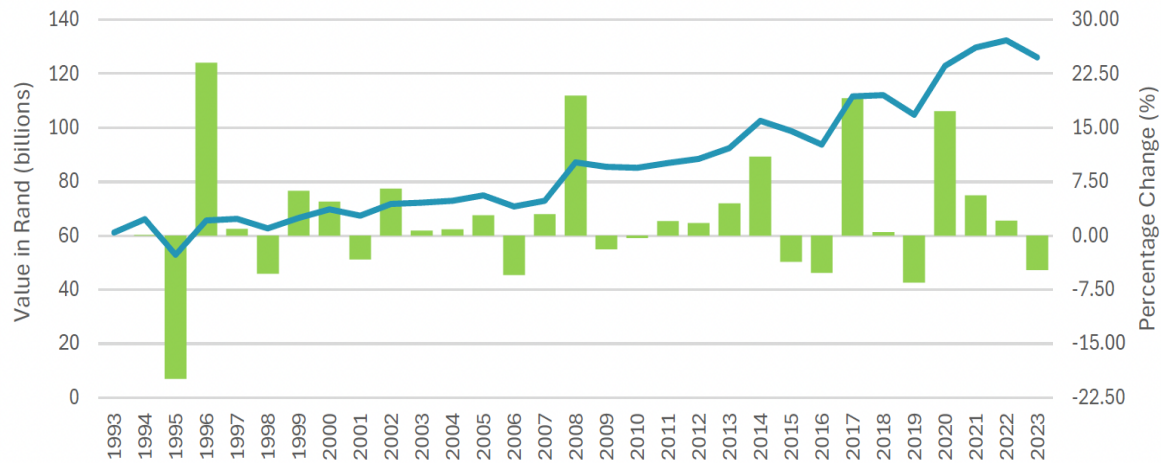


Figure 1: Real Agricultural GDP (2025=100)  
Source: BFAP & BER (2024), from StatsSA (2024)

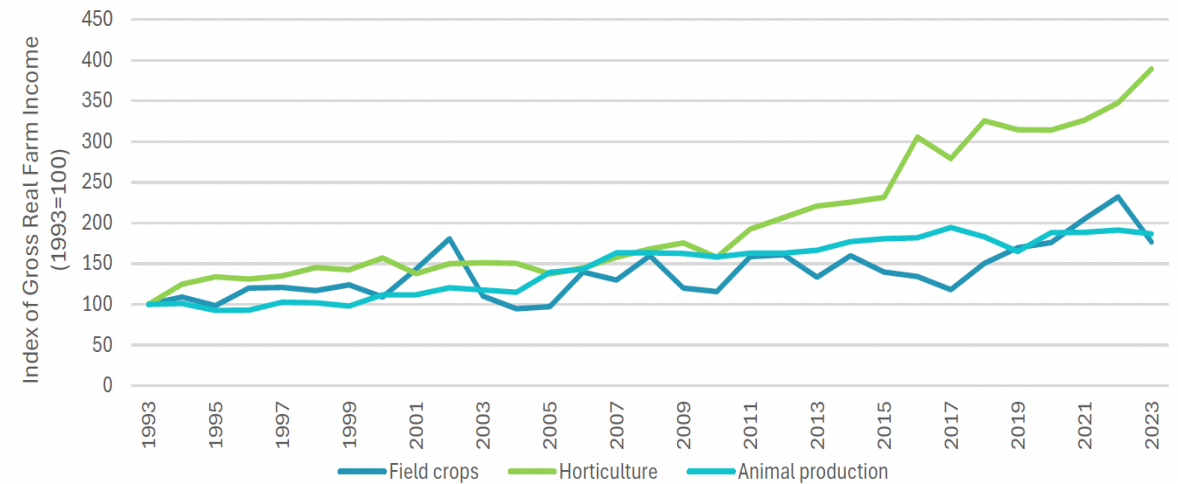


Figure 2: Real Gross Income (1993=100)  
Source: BFAP & BER (2024), from DALRRD (2024)

- The growing relative share of total output for horticulture (and livestock) over time, it mitigates reduced the sector's field crop volatility on total agricultural output

# South Africa's Agricultural Growth Model

- The sector's growth has been technology-enabled, and export-led,
- Key driver is a globally competitive commercial sector that drives productivity and exports.
- Primary Ag Sector maintains a healthy trade surplus, with agro-processing +ve for a decade

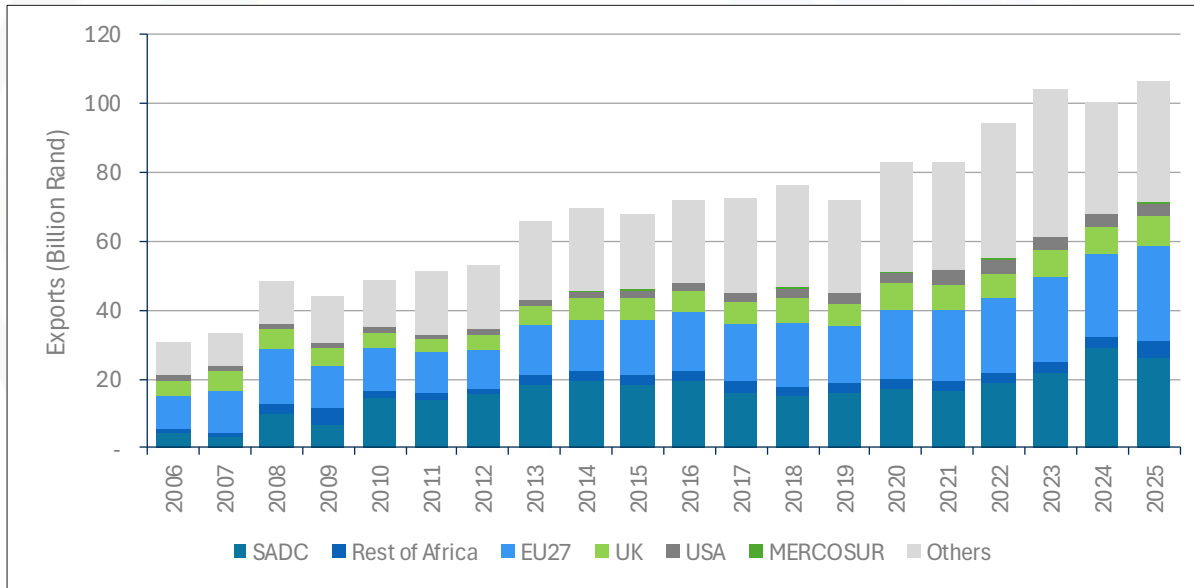


Figure 3: SA's Agricultural Exports (2015=100)  
Source: TradeMap (2026)

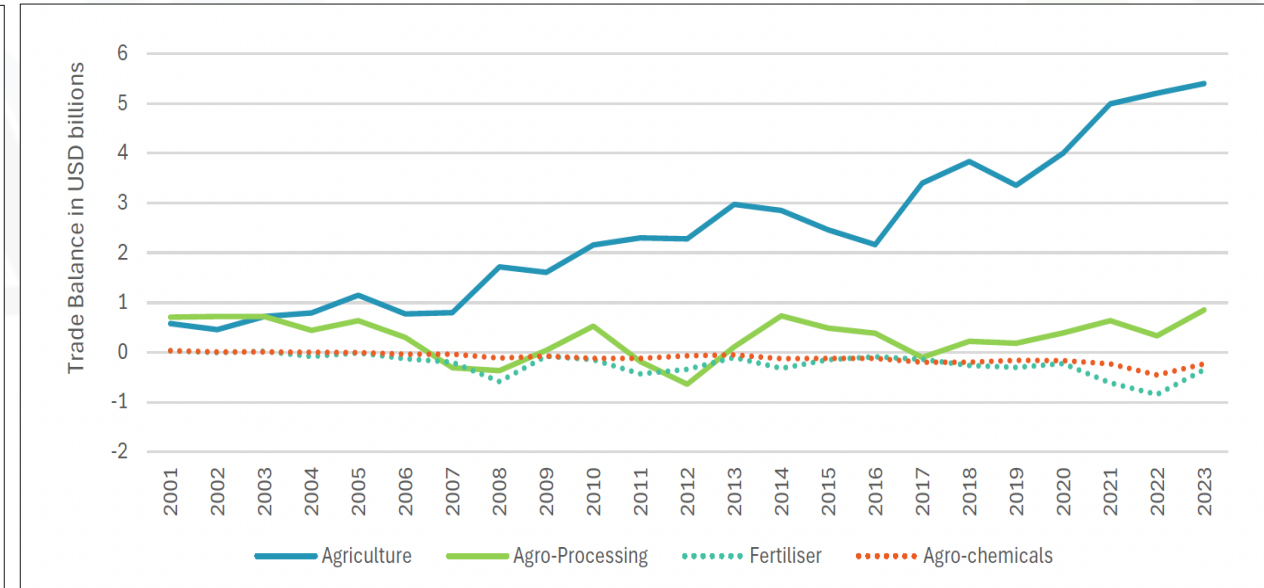


Figure 4: Real Trade Balance for Agric, Agro-processing and inputs  
Source: BFAP & BER (2024) from TradeMap (2024)

- The commercial sector has shown incredible resilience, as it continues to drive growth in spite of systemic constraints.
- Logistics bottlenecks at ports, deteriorating rail and rural roads, electricity instability, water infrastructure shortages, weak veterinary and biosecurity systems etc.
- These factors are beginning to constrain competitiveness of the commercial sector...

# However, SA's Agricultural Growth Model has a Problem...

- The sector's growth is not matched by comparable job gains...job trend is flat to negative
- Growth is increasingly capital-intensive rather than labor-absorbing.
- Investments in agricultural machinery, implements, and equipment are the fastest growing farm asset class over the past 30 years...

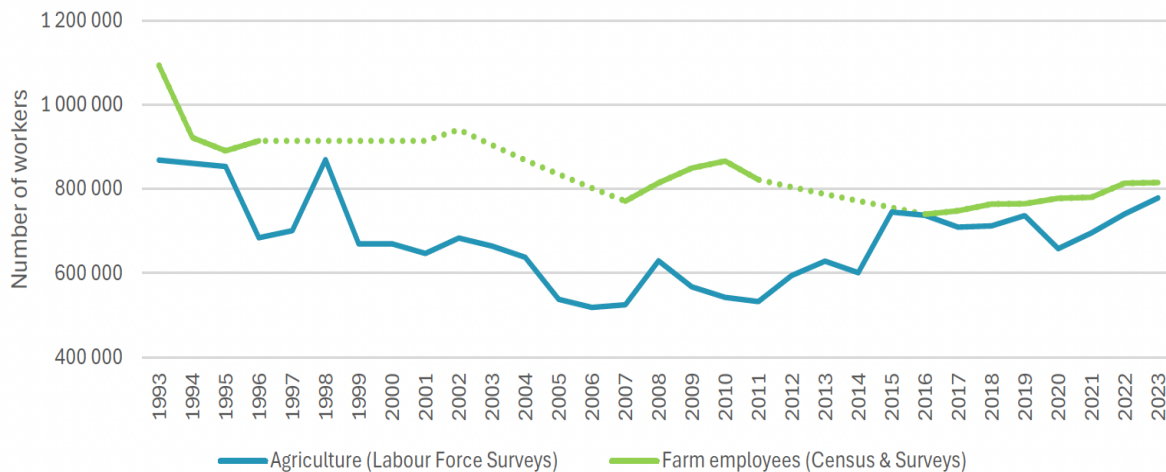


Figure 5: Employment in Commercial Agriculture  
Source: BFAP & BER (2024), from StatsSA (2024)

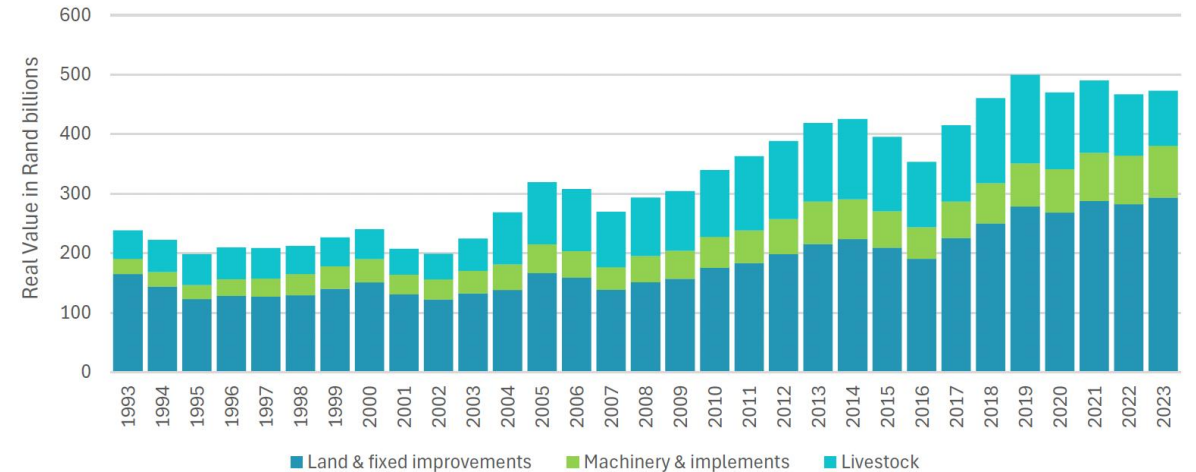


Figure 6: Real Value of Farm Assets (2015=100)  
Source: BFAP & BER (2024), from DALRRD (2024)

**Mechanization is unlocking productivity and efficiency gains for enhanced competitiveness...thus less labor required to produce higher levels of output**

# However, SA's Agricultural Growth Model has a Problem...

- The **top 6.5%** of the 40,122 VAT registered commercial farms account for two thirds of gross farm income (StatsSA, 2020) - this reflects strong concentration within the commercial farm segment
- Meanwhile, commercial and non-commercial yield gap has continued to widen, reflecting a lack of access to extension, poor adoption of technologies & limited integration into VCs

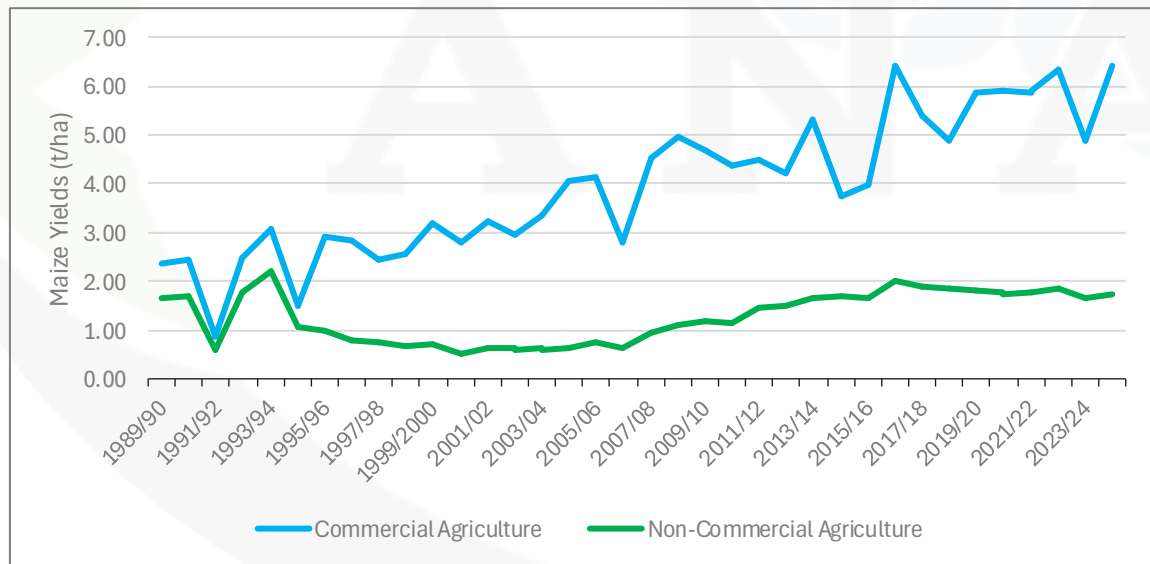


Figure 7: Commercial vs. non-Commercial Maize Yields (t/ha)  
Source: SAGIS (2026)

Category (Gross Farm Income)	Number of farming units	Share of commercial farming units (%)	Share of Total Gross Farm Income (%)
R22.5 million and more (large)	2 607	6.5	67.0
R13.5 million to R22.5 million (medium)	1 847	4.6	9.7
R2.5 million to R13.5 million (small)	10 712	26.7	18.5
R1 million to R2.5 Million (micro)	6 219	15.5	2.9
Less than R1 000 000 (micro)	18 737	46.7	1.9
Total (VAT registered famers)	40 122	100	100

Table 1: Farm structure in South Africa, 2017  
Source: StatsSA (2020)

**Under current growth model, dualism is likely to persist, and inequality more entrenched**

# Has SA agriculture Reached the End of the Structural Transformation Curve?

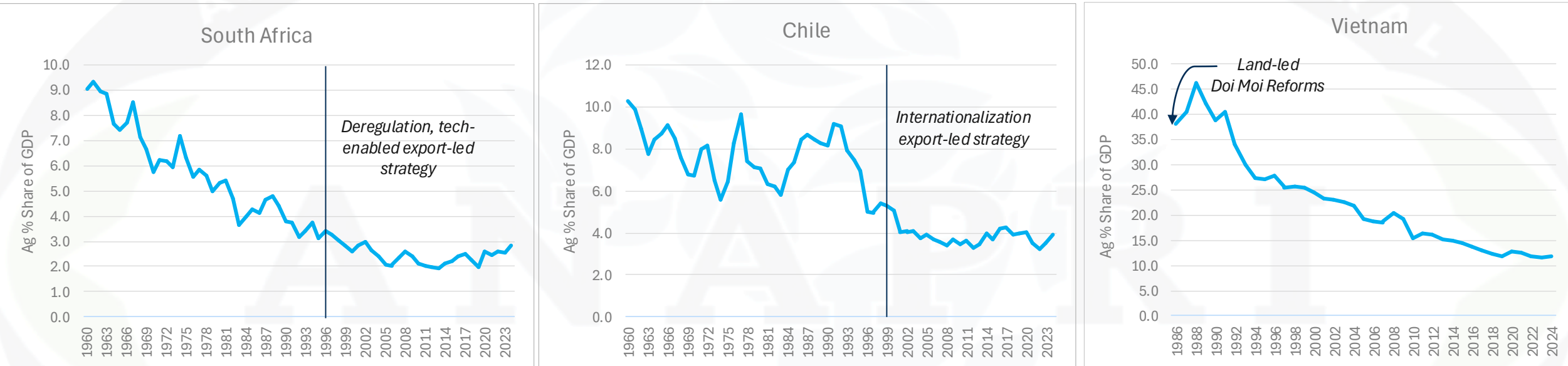


Figure 8: Agriculture as a share of GDP – RSA, Chile & Vietnam

Source: World Bank (2026)

- Structural transformation – where agriculture takes a relatively smaller share of GDP – typically sees a release of farm labor into other productive (high value) sectors of the economy...
- Has SA now at the bottom of the curve? Evidence from the past 30 years points to limited on-farm job creation, despite tremendous growth
- The AAMP's modest job targets show that sector is not likely to generate a significant amount of employment in the future.

## Summary of Key Points

- i. South Africa's agricultural growth model has been successful but somewhat, exclusionary.
- ii. Productivity growth has not translated into employment gains, & inclusion is still limited.
- iii. Infrastructure and governance failures now a binding constraint to sector's growth.
- iv. Technology diffusion is essential to close productivity gaps.
- v. Strong state is critical to drive investment in infrastructure and competitiveness.
- vi. A new integrated growth model is needed to align productivity, resilience, and transformation.

# Towards a more Integrated Agricultural Growth Model for SA

<b>Current Model</b>	<b>Proposed Model</b>
<ul style="list-style-type: none"><li>- Technology-enabled</li><li>- Export-led</li><li>- Capital intensive</li><li>- Concentrated production</li><li>- Limited employment expansion</li></ul>	<ul style="list-style-type: none"><li>- Productivity + inclusion</li><li>- Innovation + diffusion</li><li>- Infrastructure + resilience</li><li>- Transformation + competitiveness</li><li>- Governance as foundation</li></ul>

We propose shifting from the current model to an integrated agricultural growth framework built around several structural shifts which (a) integrate emerging farmers, (b) strengthen institutions (c) invest in infrastructure, and (d) diffuse technology

# Sources of Additional Jobs in a New Agricultural Growth Framework

- i. Bringing 2.5 million ha of underutilized land into production. Adding 50% of available arable land under cultivation will generate growth and add more on-farm and off-farm jobs
- ii. Scaffold land reform support with value chain integration in high-value export sectors,
- iii. Mainstream social enterprise models to mitigate market failures that are leading to joblessness of youth in rural areas

# Africa Network of Agricultural Policy Research Institutes



**Thank you**

The End

