



**NEW ZEALAND**  
**FOREIGN AFFAIRS & TRADE**  
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# **South Africa: agriculture opportunities**

MARKET INTELLIGENCE REPORT

# Report

*This report has been written in consultation with New Zealand Trade Enterprise.*

South Africa has the most developed, productive and diverse agricultural sector in Africa, comprising animal production, horticulture and field crops. Agriculture has been one of the few sectors of the South African economy that has experienced continued expansion and increased employment over the years since the Covid-19 pandemic. Positive weather forecasts predicting good rains for the upcoming planting season boosts confidence in the outlook for the sector. Challenges include biosecurity, inconsistent energy supply, and logistics constraints.

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## A large and diversified agricultural sector

At almost 96 million hectares, South Africa has the largest amount of agricultural land on the African continent. The agricultural sector is [estimated](#) at USD 14.98 billion in 2023, and is expected to reach USD 21.60 billion by 2028, growing at a Compound Annual Growth Rate of 7.60% during the forecast period (2023-2028). The sector consists of well-developed commercial farming systems, co-ops in large estates, and subsistence production in rural areas. There are approximately 32,000 commercial farmers, who produce 80% of the country's agricultural value. The sector is highly diversified, including production of:

- Livestock (poultry, cattle, sheep and pig)
- Fruits and vegetables (citrus, deciduous fruits, vegetables, viticulture and nuts)
- Grains and oilseeds (wheat, maize, soybean and sunflower seed)

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## A focus on exports

South Africa is experiencing high domestic demand for food crops, with a growing population estimated to reach 82 million by 2035. The food consumption rates in the country are rising almost 5-6 times faster than the local production. Notwithstanding this, South Africa's agricultural sector is largely export-orientated due to the quality and price of its products compared to cheaper imports from the region. In Q1 of 2023, South Africa's total agricultural products exports amounted to USD 2.8 billion, up by 4.0% from USD 2.7 billion in Q4 of 2022. Maize, wine, fresh grapes, fresh plums, soybeans, wheat, fresh or dried avocados, dried grapes, sugar cane, maize seed for sowing, crude soybean oil, fresh peaches and nectarines were some of the top exportable products in 2022 and in the Q1 of 2023.

Africa remains the main market for South Africa's agricultural exports in value terms, accounting for about 38% of total agricultural exports in Q1 of 2023, followed by Europe (32%), Asia (21%) and Americas (8%). However, the EU is the major market for South African fruit and nut exports, South Africa's most exportable agricultural product.

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## Avocados – a case study

South Africa is a net exporter of [avocados](#), with the industry expanding rapidly with approximately 800 hectares new plantings annually. According to the South African Avocado Growers Association, the volume of avocados exported in 2023 could reach 80,000 tonnes, an increase of approximately 23% from 2022. By comparison, New Zealand's total production in 2020 was 44,000 tonnes. Eighty percent of avocado trees produced in South African nurseries are the dark-skinned 'Hass' and 'Hass'-type cultivars.

The EU is the major export destination for South Africa's avocado exports, followed by UK and the Middle East. Avocado exports to Africa are anticipated to increase with the African Continental Free Trade Area (AfCFTA) agreement allowing for reduced tariffs, higher comparative advantage and market penetration opportunities for fruit in the North African region. South African avocados have also been granted access to China after a new agreement was signed at the Brazil, Russia, India, China and South Africa (BRICS) summit in South Africa in August this year.

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## The regulatory environment

In May 2022, South Africa launched the [Agriculture and Agro-processing Master Plan](#). Agriculture was one of seven priority sectors identified by South African President Cyril Ramaphosa as essential for South Africa's economic reconstruction and recovery from the pandemic. The Master Plan offers the government and the private sector a framework to grow the sector, build competitiveness, attract more investment, improve inclusion and create jobs. The [National Agricultural Marketing Council](#) (NAMC) monitors and evaluates the implementation of the Master Plan.

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## A sector not without its challenges

Agricultural sectors globally are facing similar uncertainties and volatility relating to climate change, weak global economic growth and disruption of global supply chain networks. A specific challenge is biosecurity and the increase in prevalence of animal diseases. South Africa has seen various outbreaks of foot-and-mouth disease, African swine fever and avian influenza. Because its agricultural sector is largely export-driven, exports of livestock products have also been affected as a result of the outbreaks due to more stringent foreign animal and plant health import approvals.

South Africa's agricultural sector is also confronted by domestic challenges:

- Major credit rating downgrades and high interest rates make producers susceptible to higher borrowing costs. Conversely, a weaker rand exchange rate makes South African products more competitively priced in the global market.
- Persistent electricity supply shortages (load-shedding) have intensified exponentially in 2023. The impact of the energy crisis on farmers has been severe. According to a survey conducted by AgriSA, 56% of farmers experienced a loss of income due to load shedding. The survey also found that 75% of farmers had to change their production practices to cope with the energy crisis, with 39% reducing their crop yields and 31% reducing the number of livestock they keep due to the constant power cuts. The crisis has also affected other infrastructure such as water. However, there have been various interventions aimed at easing the load-shedding burden on the sector, including load curtailment, expansion of a diesel rebate on the food value chain, and public and private sector investment in alternative energy sources for the sector.
- Deteriorating transport infrastructure, particularly to remote and rural areas, remains a significant threat to the sustainability of businesses in the sector. South Africa's state-owned logistics company Transnet has said it needs cut its 20,000km freight rail network by at least 35% to focus on more profitable traffic. As a result, more than two-thirds of South Africa's agricultural produce is now transported by roads, which is more expensive and has lower loading capacity.

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## Opportunities for New Zealand businesses

There are opportunities for investment in increasing efficiency, production and sustainability in South Africa's agricultural sector, leveraging New Zealand's extensive farming expertise, advanced technology adoption and commitment to environmental practice. Similar climatic conditions, business environments, and language as well as strong people to people linkages between the two countries create a favourable atmosphere for business and knowledge exchange, including in the following:

- South Africa's commonalities with New Zealand's agricultural sub-sectors such as dairy, livestock, horticulture and viticulture lends itself to the import and export of genetics. Through local partner [Genimex](#), New Zealand livestock genetics company [LIC](#) has been supplying the South African and regional market with premium pasture grazing genetics for over 30 years.
- There is potential for greater integration of agri-tech across the sector. Farmers are already applying digital technologies to skills development, service delivery, and for connectivity. Such advances will help drive South Africa's agricultural transformation, and have co-benefits for women farmers and in driving private sector

investment. Trending technologies in agriculture include data management, machine learning, artificial intelligence, automation, and drone-based applications. New Zealand company Gallagher has provided animal weighing, electronic identification, electric fencing and wireless monitoring systems in South Africa since 1992. [CF(1)] New Zealand is also supporting the development of a five-year Home Grown Solutions (HGS) agribusiness accelerator through a NZ\$6.45 million grant to the African Union Development Agency – New Partnership for Africa’s Development, which will further drive the innovation ecosystem across the region.

- Renewable energy applications - The agricultural sector is heavily reliant on energy, which accounts for approximately 6% of total expenditure in the sector. GreenCape is a non-governmental organisation that works with business, government and academia to implement green economy infrastructure solutions, attract investment and create jobs in the Western Cape. Its [Market Intelligence Report](#) on Sustainable Agriculture identifies investment opportunities across the sector, including on [renewable energy applications](#), from small-scale solar PV to solar powered irrigation systems and energy storage.
  - With the significant impact of climate change on the sector, there is a strong awareness of the need for both mitigation and adaptation aspects of Climate Smart Agriculture. The [Global Research Alliance on Agricultural Greenhouse Gases \(GRA\)](#) promotes international cooperation and investment in research to mitigate the effect of agricultural greenhouse gas emissions. New Zealand is a key contributor to the GRA given our expertise and well-established scientific research programmes to mitigate these emissions, and supports work in South Africa to be a hub for regional greenhouse gas measurement and research. South Africa will be chairing the GRA Council in 2024, so there may be opportunities for New Zealand research and L&D to leverage its chairship. Similarly adaptation knowledge and technologies from New Zealand’s primary industries would be of value to the agricultural sector in South Africa looking for climate-resilient crops or vaccines and other mechanisms to mitigate the impact and spread of animal disease being exacerbated by climate change.
  - Food waste along the value chain is a significant issue in South Africa. A [study](#) by the Council for Scientific and Industrial Research found that South Africa’s food waste is equivalent to 34% of local food production and 45% of the available food supply. 68% of the wastage unfolds in the early stages of production, with 19% occurring during post-harvest handling and storage and 49% during processing and packaging. In contrast, the largest proportion of food waste in New Zealand comes from households. Lessons from New Zealand’s research into food waster including the University of Otago’s [Food Waste Technical and Social Innovations Research Group](#) may have relevance to the agricultural sector in South Africa.
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