24 South Africa

Support to agriculture

South Africa reduced support to agriculture during the reforms of the mid-1990s and support to farms has remained below 5% of gross farm receipts since 2010. In 2018-20, support to agriculture was around 3% of gross farm receipts.

Market price support and payments based on input use are the most important components of the relatively low support to farmers. The level of price distortions is low and domestic prices for most commodities align with world price levels, except for sugar and, to a lesser extent, wheat and pig meat, mainly due to import tariffs. Most direct payments are provided as an input subsidy (fuel tax refund) and investment subsidies directed towards small-scale farming.

Support for general services to the sector (GSSE) declined relative to the size of the sector. Its level is similar to the average of other countries covered in this report, and below the OECD average. The GSSE averaged around 4% of agricultural value-added during 2018-20, below the 6% of the early 2000s. Most payments to general services finance the agricultural knowledge and innovation system, and expenditure on infrastructure. Support in these categories mainly targets an enabling environment for small-scale farming, which emerged following land reform. Expenditures financing inspection and control are also an important and growing element of services provided to the sector. Overall, total support fell in relative terms, from an average of 0.6% of GDP in 2000-02 to 0.3% in 2018-20.

Recent policy changes

In recent years, several policy changes sought to enhance the redistribution of land within the land reform, such as allowing compulsory purchase of land in public interest ("Strengthening the relative rights of people working the land"). In March 2018, Parliament voted to allow expropriation of commercial farms without compensation. In order to apply in practice, however, this requires a change to the Constitution, and that process was still ongoing in 2020.

The Agriculture Development Agency (AGDA) launched on 18 February 2020 as a private-sector initiative under the Public Private Growth Initiative (PPGI) framework. AGDA aims to channel expertise and capacity available within the private sector to develop sustainable land reform projects for Black farmers.

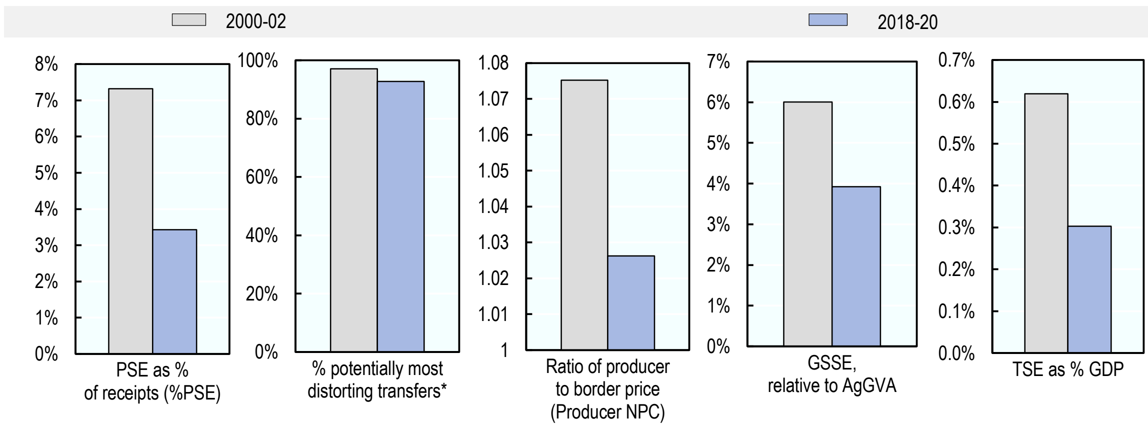
A signatory to the 2016 Paris Agreement on Climate Change, South Africa committed to reduce greenhouse gas (GHG) emissions by 34% by 2020 and 42% by 2025 relative to 1990 levels (National Climate Change Response Policy 2011) through the approval of a carbon tax act on 16 August 2017. South Africa implements the carbon tax through a phase-in approach. The current Phase 1 covers the period from 2019 to 2022 and exempts primary agriculture from the carbon tax. However, this exclusion may be reconsidered for Phase 2 (after 2022).

In response to the COVID-19 pandemic, the government set aside ZAR 1.2 billion (USD 64 million) to support distressed small farmers. The fund provides support to small producers of poultry, livestock and vegetables. An additional ZAR 400 million (USD 21 million) were redirected from the Proactive Land Acquisition Strategy Programme (which allows the state to buy farmland for redistribution) to also support distressed small farms.

Assessment and recommendations

- With significant policy reforms implemented in the mid-1990s, South Africa successfully opened its markets for the agricultural sector by eliminating market price support for most products. However, price support for sugar – through high tariffs and a price-pooling scheme applied by the South African Sugar Association – remains high, and the government should consider reducing import tariffs.
- Since the 1990s reforms, increases in budgetary spending finance the land reform process and support its beneficiaries (subsistence farmers, smallholders and commercial farmers). Most of the spending finances general services to the sector, mainly through knowledge transfer and infrastructure. The main challenge continues to be implementing and targeting support programmes tailored to the needs of emerging farmers.
- Involving experienced commercial farmers in the development of support programmes is key to strengthen programmes assisting entrepreneurs entering commercial farming. Private-public partnerships are an efficient tool for engaging available resources and addressing current weaknesses in programmes and services from public authorities. The possibility of expropriation of property without compensation remains a concern. It could reduce the willingness of the commercial farming sector to enhance these activities, and increase investor uncertainty around property ownership.
- The pace of land reform should be linked to development of an enabling environment for its beneficiaries (including education and training, adequate infrastructure, and marketing channels). Without these developments, land redistribution cannot deliver the expected outcomes, such as improving the welfare of rural Black populations, increasing food security in rural areas and developing a viable commercial sector.
- The carbon tax bill is an integral part of implementing government policy on climate change, but in Phase 1 (2019-22) its implementation does not apply to agriculture. Agriculture is only indirectly affected in this phase through increased input costs, particularly for electricity, fertilisers and pesticides, and fuel and energy. Nonetheless, this should create incentives for farmers to look for ways to use inputs more effectively and switch to alternative inputs or practices. On the other hand, the applied fuel tax rebate provides a counter incentive.
- Very low (and negative in the case of nitrogen) nutrient balances across South Africa raise questions about long-term effects on soil fertility in undersupplied parts of the country. The government should ensure well-functioning markets and facilitate sufficient supplies of crop nutrients across South Africa.

Figure 24.1. South Africa: Development of support to agriculture



Note: * Share of potentially most distorting transfers in cumulated gross producer transfers.
Source: OECD (2021), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), http://dx.doi.org/10.1787/agr-pcse-data-en.

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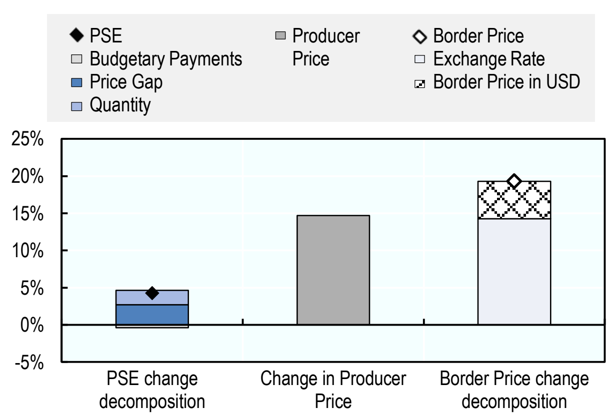
Figure 24.2. South Africa: Drivers of the change in PSE, 2019 to 2020



Source: OECD (2021), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), http://dx.doi.org/10.1787/agr-pcse-data-en.

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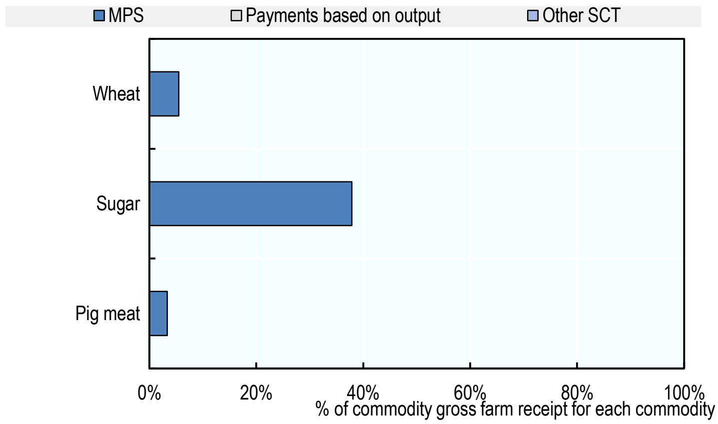
Figure 24.3. South Africa: Transfer to specific commodities (SCT), 2018-20



Source: OECD (2021), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), http://dx.doi.org/10.1787/agr-pcse-data-en.

StatLink https://stat.link/62fw8h

Table 24.1. South Africa: Estimates of support to agriculture

Million USD

	2000-02	2018-20	2018	2019	2020p
Total value of production (at farm gate)	**6 824**	**20 406**	**21 347**	**20 064**	**19 806**
***of which:** share of MPS commodities (%)*	74.8	73.3	74.2	72.8	72.9
Total value of consumption (at farm gate)	**6 000**	**18 265**	**19 939**	**18 226**	**16 629**
Producer Support Estimate (PSE)	**477**	**720**	**1 009**	**601**	**550**
Support based on commodity output	438	534	782	423	396
Market Price Support[1]	438	534	782	423	396
Positive Market Price Support	451	534	782	423	396
Negative Market Price Support	-13	0	0	0	0
Payments based on output	0	0	0	0	0
Payments based on input use	36	174	195	173	154
Based on variable input use	25	133	144	134	121
with input constraints	0	0	0	0	0
Based on fixed capital formation	11	40	50	38	32
with input constraints	0	0	0	0	0
Based on on-farm services	1	1	1	1	1
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required	3	12	32	4	0
Based on Receipts / Income	3	12	32	4	0
Based on Area planted / Animal numbers	0	0	0	0	0
with input constraints	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With fixed payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE (%)	**7.3**	**3.4**	**4.7**	**3.0**	**2.8**
Producer NPC (coeff.)	**1.08**	**1.03**	**1.04**	**1.02**	**1.02**
Producer NAC (coeff.)	**1.08**	**1.04**	**1.05**	**1.03**	**1.03**
General Services Support Estimate (GSSE)	**264**	**311**	**327**	**306**	**301**
Agricultural knowledge and innovation system	146	128	135	126	124
Inspection and control	39	63	60	62	68
Development and maintenance of infrastructure	78	93	96	95	89
Marketing and promotion	0	26	35	23	20
Cost of public stockholding	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Percentage GSSE (% of TSE)	**34.2**	**30.6**	**24.5**	**33.8**	**35.3**
Consumer Support Estimate (CSE)	**-350**	**-462**	**-632**	**-387**	**-366**
Transfers to producers from consumers	-347	-417	-628	-319	-305
Other transfers from consumers	-17	-44	-5	-68	-61
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	14	0	0	0	0
Percentage CSE (%)	**-6.0**	**-2.5**	**-3.2**	**-2.1**	**-2.2**
Consumer NPC (coeff.)	**1.07**	**1.03**	**1.03**	**1.02**	**1.02**
Consumer NAC (coeff.)	**1.06**	**1.03**	**1.03**	**1.02**	**1.02**
Total Support Estimate (TSE)	**741**	**1 031**	**1 336**	**907**	**851**
Transfers from consumers	364	462	632	387	366
Transfers from taxpayers	394	614	708	588	546
Budget revenues	-17	-44	-5	-68	-61
Percentage TSE (% of GDP)	**0.6**	**0.3**	**0.4**	**0.3**	**0.3**
Total Budgetary Support Estimate (TBSE)	**304**	**497**	**554**	**484**	**454**
Percentage TBSE (% of GDP)	**0.2**	**0.1**	**0.2**	**0.1**	**0.2**
GDP deflator (2000-02=100)	**100**	**303**	**291**	**303**	**316**
Exchange rate (national currency per USD)	**8.69**	**14.72**	**13.25**	**14.45**	**16.46**

Note: p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

A/An/R/I: Area planted/Animal numbers/Receipts/Income.

1. Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for South Africa are: wheat, maize, sunflower, sugar, milk, beef and veal, pig meat, sheep meat, poultry, eggs, groundnuts, grapes, oranges and apples.

Source: OECD (2021), "Producer and Consumer Support Estimates", *OECD Agriculture statistics* (database), http://dx.doi.org/10.1787/agr-pcse-data-en.

Description of policy developments

Overview of policy trends

Widespread support, regulation, and price and production control within a closed economy characterised agricultural policy in South Africa under the apartheid regime between 1955 and 1990.

Post-apartheid, quick and substantial reforms in the mid-1990s reduced state intervention in agricultural markets, leading to more market-oriented commercial farming. Domestic marketing of agricultural products was deregulated, and barriers to agricultural trade were reduced by replacing direct import controls with tariffs, removing state controls over exports and eliminating export subsidies. These reforms reduced market price support and budgetary support to commercial farming.

As stated in the White Paper on Land Policy of 1997, the land reform aimed to redress past injustices, foster reconciliation and stability, support economic growth, improve household welfare and alleviate poverty. Key elements of the land reform included land restitution, land redistribution and land tenure reform. The land reform process is going on and its regulation was amended several times. The original objective was to redistribute 20% of agricultural land. In 2019 this target was adjusted to 14%. Since the beginning, the land reform was accompanied by support exclusively targeting Black smallholders (mainly provided within the Comprehensive Agricultural Support Programme [CASP]). These include subsidies for variable and fixed input credit and financial support, extension and marketing, and training and services (Table 24.2).

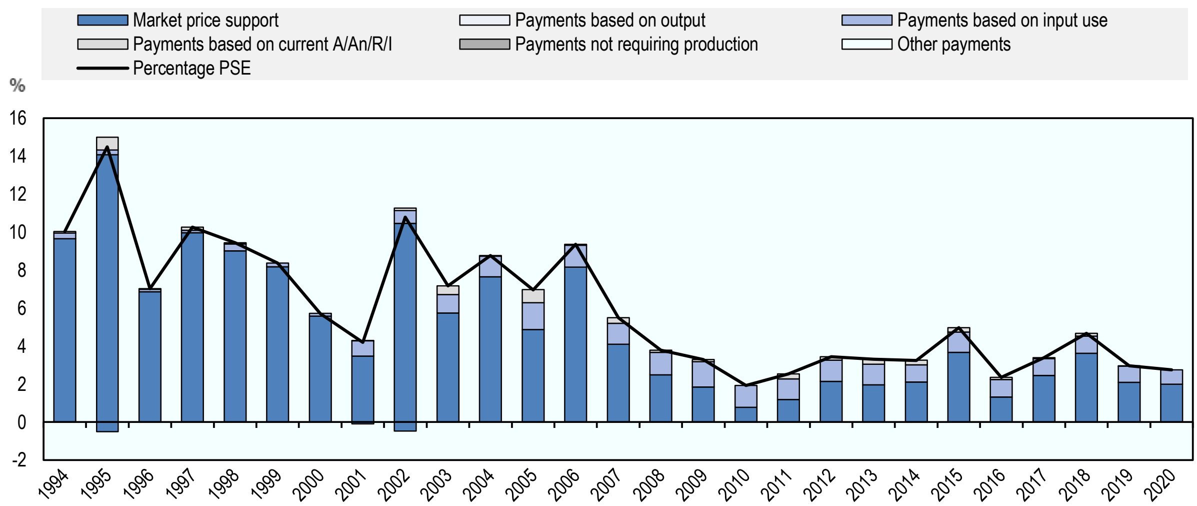
Table 24.2. South Africa: Agricultural policy trends

Period	Broader framework	Changes in agricultural policies
Prior to mid-1990s	Closed economy under the apartheid regime	Large subsidies for commercial agricultural producers Import controls; Export subsidies for agricultural products Price and production controls under the Agricultural Marketing Act of 1937
Mid-1990s-present	Post-apartheid period; Democratic government Market deregulation and trade liberalisation Land redistribution; Emphasis on black small-scale producers' development	Marketing of Agricultural Products Act (1996) brings market deregulation and trade liberalisation WTO accession Agricultural tariffs replace import controls Import Tariffs applied to sugar, wheat and maize (0 tariffs for maize from 2007) and livestock products (except eggs) Land restitution and redistribution Land reform-related programmes supporting black small farmers: - Increased spending to finance the land reform process - Direct support targeting mostly to black smallholders

Support to farmers has been decreasing as a share of gross farm receipts (with some year-to-year variation) during 1995–2007 because of policy reforms and deregulation of the market. Since then, support tended to stabilise at a relatively low level, around 4% of gross farm receipts. Market price support is the main component of support, provided mainly to sugar (Figure 24.4). Budgetary support to producers, mostly input subsidies, is targeted to Black smallholders. Budgetary expenditures on general services to the sector are increasing and spent mainly on knowledge transfer and infrastructure.

Figure 24.4. South Africa: Level and PSE composition by support categories, 1994 to 2020

As a percentage of gross farm receipts



Note: A/An/R/I:Area planted/Animal numbers/Receipts/Income.
Payments not requiring production include Payments based on non-current A/An/R/I (production not required) and Payment based on non-commodity criteria. Other payments include Payments based on non-current A/An/R/I (production required) and Miscellaneous payments.
Source: OECD (2021), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), http://dx.doi.org/10.1787/agr-pcse-data-en.

Main policy instruments

The current system has no domestic market support interventions or export subsidies. Border measures, applied on Southern African Customs Union (SACU)[1] common borders, are the only price support policy for all commodities except sugar.

Import protection for agricultural and food products is based on specific and *ad valorem* tariffs. The average applied Most Favoured Nation (MFN) tariff for agricultural products is around 9%, well below the average bound tariff on agricultural products of 39%. Tariff rate quotas (TRQ) exist for a range of agricultural products under the WTO minimum market access commitments. The zero import-tariff for maize applies since 2007.

The Sugar Agreement of 2000 (between agents in the sugar production chain) permits exports of raw sugar only through a single-channel industry arrangement and allocates quotas to individual producers for sugar sold on the domestic market.

Other policy instruments include input subsidies, mainly in the form of a diesel tax rebate; programmes supporting new farmers benefiting from land reforms; and general services provided to the sector, mainly research, extension and inspection services. The National Land Care Programme (NLP) is a community-based and government-supported approach promoting sustainable management and use of natural agricultural resources.

During the reforms concerning land restitution and land redistribution (launched in 1994) a range of programmes (Comprehensive Agricultural Support Programme, *Illima/Letsema* projects and Micro-agricultural Financial Institutions of South Africa [MAFISA]) were implemented to create an enabling environment for previously disadvantaged farmers (subsistence, smallholders and commercial), such as input subsidies, capacity building, provision of information services and infrastructures.

Reviews of the Land Redistribution for Agricultural Development (LRAD) projects, carried out in 2004-07, indicated that a number of projects were not economically viable. The Department for Rural Development and Land Reform (DRDLR) amended the Land Reform regulation in 2009 to rationalise the land redistribution process and assist vulnerable projects. The Agricultural Land Holding Account (created in 2009) is responsible for land acquisition, and recapitalisation and development of distressed land reform projects through the Recapitalisation and Development Programme. Beneficiaries may dispose of the land after an agreed lease period, provided the project is economically viable.

The Integrated Food Security Strategy (IFSS), introduced in 2002 based on public and private civil society partnerships, focuses on household food security as the building block for national food security. One of the strategic approaches increases household food supplies by providing production support services to households' own food production. The food security objective is further supported by *Fetsa Tlala*, an integrated food production initiative, introduced in 2013, which aims to produce staple foods on fallow land with agricultural potential in communal areas.

The Ilima/Letsema Programme implemented in 2008 aims to increase food production, particularly by smallholder farming. Through provincial departments, it finances mostly conditional grants for projects such as upgrading irrigation schemes and other infrastructure and on-farm investments to strengthen production capacity.

The Comprehensive Agricultural Support Programme (CASP) focuses on: on- and off-farm infrastructure and production inputs; targeted training, skill development and capacity building; marketing and business development and support; information and knowledge management; technical and advisory services; regulatory services; and financial services.

The Comprehensive Rural Development Programme (CRDP) launched in 2009 supports the development of rural areas through two main programmes, both related to the agricultural sector. The Rural Infrastructure Development (RID) programme promotes investment in rural infrastructure. Expenditure increased significantly due to increased funding for projects providing access to basic services, particularly sanitation, irrigation and roads. The Rural Enterprise and Industrial Development (REID) programme assists in co-ordination and facilitation of rural enterprise development, industrial development, and support to rural communities to produce their own food.

South Africa is a founding member of the Southern African Customs Union (SACU), a full customs union with a common external tariff. In 1994, South Africa became a member of the Southern African Development Community (SADC).[2] From 2012, the SADC free trade agreement (FTA) was fully implemented.

South Africa is also a beneficiary of the US African Growth and Opportunity Act (AGOA), a non-reciprocal trade preference programme that grants eligible Sub-Saharan Africa countries duty-free, quota-free (DFQF) access to the United States for selected export products. AGOA was enacted in 2000 for eight years. The Act was extended to 2015, and further to 2025. AGOA has a positive impact on some of South Africa's agricultural sub-sectors, in particular exports of wine, macadamia nuts and oranges.

A signatory to the 2016 Paris Agreement on Climate Change, the South African Government committed to reducing greenhouse gas (GHG) emissions by 34% by 2020 and 42% by 2025 relative to 1990 levels (National Climate Change Response Policy 2011), through the approval of a carbon tax on 16 August 2017. This is integral for implementing government policy on climate change. It should enable South Africa to meet its Nationally Determined Contributions commitments, and reduce the country's GHG emissions in line with its National Climate Change Response Policy and National Development Plan. South Africa implements the carbon tax through a phase-in approach. The current Phase 1 is set for 2019 to 2022 and exempts primary agriculture from the carbon tax. However, this exclusion may be reconsidered for Phase 2 (from 2023).

Domestic policy developments in 2020-21

Support to agriculture: Overall, policies supporting farmers have remained unchanged. Most of the policy measures continue to target the smallholder sub-sector. The government provides post-settlement assistance; including production loans to new and upcoming farmers (mostly small scale farmers operating on redistributed or resituated land). Several programmes support those farmers to develop commercially viable businesses. There were no substantial changes in these programmes in most recent years.

Land reform

On 9 October 2020, the South African Ministry of Public Works and Infrastructure published the 2020 Expropriation Bill. The bill provides the much-needed update to the old Expropriation Act 63 of 1975, and ensures alignment to the current South African Constitution.

The 2020 Expropriation Bill is separate from the ongoing process to amend the South African Constitution to allow for the expropriation of land without compensation for the purposes of land reform. The key difference is that the 2020 Expropriation Bill is not aimed at expropriating property or land for land reform, but its objectives are for the expropriation of property including land for a public purpose or in the interest of the public, such as for building infrastructure, industrial development, etc.

If the 2020 Expropriation Bill is passed, it will mark the first time for South African policy to allow for the expropriation of property without compensation. This policy position may further be entrenched if South Africa also finalises the ongoing Constitutional amendment process to allow expropriation of property without compensation for land reform purposes.

Institutional change

Only a limited number of black farmers, benefiting from land reform, have made meaningful progress towards commercialisation. The main barriers towards commercialisation for these farmers are the lack of knowledge and the inability to access affordable capital. The Agriculture Development Agency (AGDA) was launched on 18 February as an entirely private sector initiative falling under the Public Private Growth Initiative (PPGI) framework. The specific aims of AGDA are to channel expertise and capacity available within the private sector for development of sustainable land reform projects for the black farmers.

The National Agricultural Marketing Council decided not to recommend the continued application of the statutory levy for financing the activities of the Winter Cereal Trust (WCT). The WCT fund finances important operational functions within the commodity value chain, and therefore the industry had to put in place an alternative system before the start of the new marketing season on 1 October 2020. Hence, an alternative trust – *the South African Winter Cereal Industry Trust* (SAWCIT) – was established by the Industry for the collection of voluntary levies in order to continue to finance the activities of the former WCT.

Domestic policy responses to the COVID-19 pandemic

The Department of Agriculture, Land reform and Rural Development (DALRRD) set aside ZAR 1.2 billion (USD 64 million) to support distressed small-holder farmers. There are approximately 200 000 emerging smallholder farmers and over 2 million subsistence farmers in South Africa. The fund provides support to small producers of poultry, livestock and vegetables. The programme prioritises women, youth, and disabled farmers and the funds were delivered in the form of vouchers. ZAR 400 million (USD 21 million) will be redirected from the Proactive Land Acquisition Strategy Programme (PLAS), which allows the state to buy farm land for redistribution, also to support distressed small farms.

The DALRRD also monitors food supply in the country through an “agricultural value chain tracker” to ensure that any disruptions are addressed early and quickly. The South African Government issued a “request to express interest” for agricultural input suppliers willing to participate in a voucher scheme aimed at helping smallholder and communal farmers. The vouchers are capped at ZAR 50 000 (USD 2 700) per farmer.

On 28 December 2020, the government announced a total ban on the sale of alcohol from stores, restaurants and bars until 15 January 2021. The prohibition was in response to surging case numbers of COVID-19 that are associated with a new, more infectious strain of the virus. During 2020, the sale and distribution of alcohol had already been prohibited twice to reduce the spread of COVID-19: 27 March to 1 June 2020 and 12 July to 17 August 2020. The South African alcohol industry is calling for a review of the ban, stating that there are other ways to address the spike in COVID-19 cases.

Trade policy developments in 2020-21

In March 2020, the South African Government substantially increased the applied most-favoured nation import tariffs on bone-in chicken meat and on boneless chicken meat. The MFN duties on imports were raised from 37% to 62% for bone-in chicken and from 12% to 42% for boneless portions. The announcement came more than one year after the International Trade Administration Commission of South Africa initiated its investigation in November 2018 at the request of the South Africa Poultry Association.

Contextual information

South Africa is the most industrialised and diversified economy in Africa, and the second largest economy (after Nigeria) on the African continent. With the largest GDP per capita of the continent, it ranks as an upper middle-income country. However, income inequality is high and poverty persists. South Africa has experienced a relatively moderate and decreasing level of inflation — below 5% in most recent years, with inflation targeting in the range of 3% to 6 %. However, a persistently high rate of unemployment remains a challenge. The GDP growth rate has been declining since 2011 and came close to zero in 2019. The GDP dropped by 10% in 2020, mainly because of the restriction of economic activities related to the COVID-19 measures (Figure 24.5).

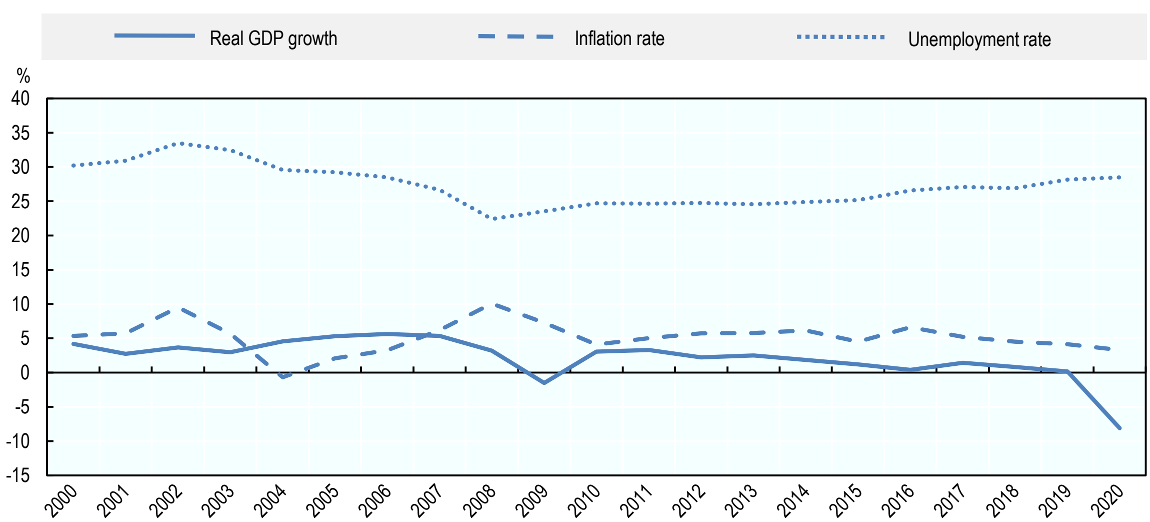
The importance of agriculture in the economy is relatively low, around 2% of GDP, and 5% of employment (Table 24.3). Due to a large component of modern farming and processing industries, the upstream and downstream linkages in the agro-food complex are much larger than for the primary sector. South Africa has abundant agricultural land, but only 13% of it is arable, while the remaining agricultural area is mostly semi-arid pastures with extensive livestock production. The farm structure is highly dualistic, with a well-developed and market oriented sector of large-scale commercial farms and a large number of smallholder and subsistence farms.

Table 24.3. South Africa: Contextual indicators

	South Africa		International comparison	
	2000*	2019*	2000*	2019*
Economic context			**Share in total of all countries**	
GDP (billion USD in PPPs)	347	761	0.9%	0.7%
Population (million)	44	59	1.0%	1.1%
Land area (thousand km²)	1 213	1 213	1.5%	1.4%
Agricultural area (AA) (thousand ha)	98 125	96 341	3.2%	3.2%
			All countries[1]	
Population density (inhabitants/km²)	37	48	53	63
GDP per capita (USD in PPPs)	7 715	12 999	9 265	21 975
Trade as % of GDP	19	25	12.3	14.6
Agriculture in the economy			**All countries[1]**	
Agriculture in GDP (%)	3.3	2.1	2.9	3.5
Agriculture share in employment (%)	9.9	5.1	-	-
Agro-food exports (% of total exports)	8.5	11.3	6.2	7.3
Agro-food imports (% of total imports)	5.2	7.2	5.5	6.7
Characteristics of the agricultural sector			**All countries[1]**	
Crop in total agricultural production (%)	56	52	-	-
Livestock in total agricultural production (%)	44	48	-	-
Share of arable land in AA (%)	14	12	32	34

Notes: *or closest available year.
1. Average of all countries covered in this report.
Sources: OECD statistical databases; UN Comtrade; World Bank, WDI and national data.

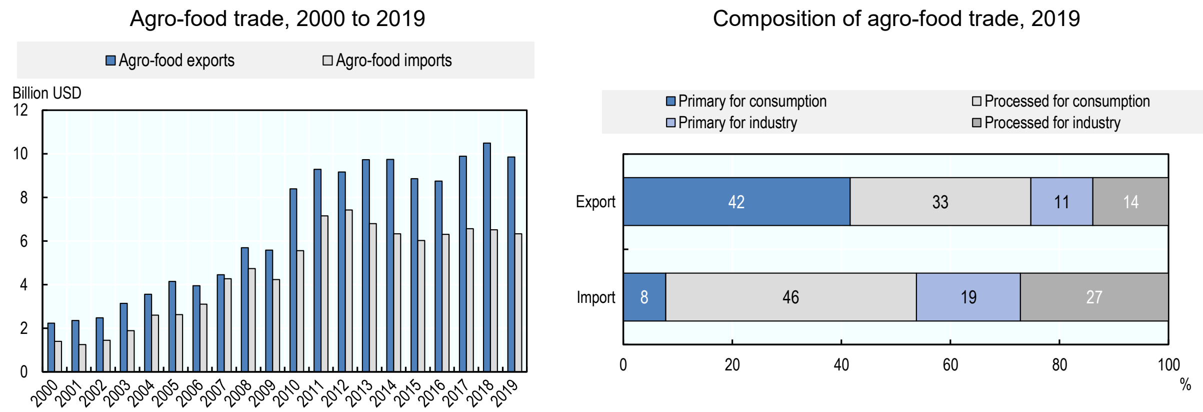
Figure 24.5. South Africa: Main economic indicators, 2000 to 2020



Sources: OECD statistical databases; World Bank, WDI; ILO estimates and projections; and Statistics South Africa.

South Africa is a consistent net exporter of agro-food products (Figure 24.6). The share of agro-food exports in total exports was around 11%, while the share of agro-food imports was around 7% in recent years (Table 24.3). Three-quarters of agro-food exports are for final consumption, both of primary and processed products. Around three-quarters of agro-food imports are processed products (Figure 24.6).

Figure 24.6. South Africa: Agro-food trade

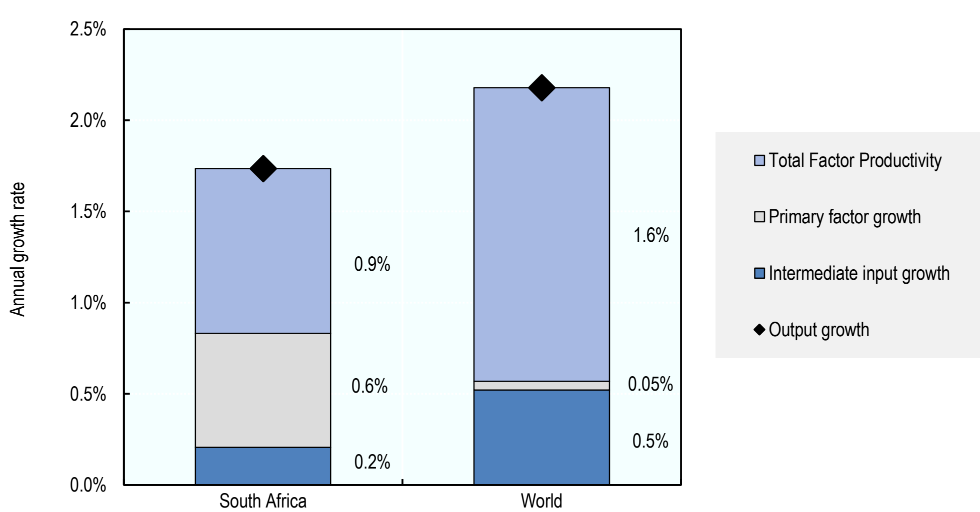


Note: Numbers may not add up to 100 due to rounding.
Source: UN Comtrade Database.

Growth in total factor productivity (TFP) contributes most to agricultural output growth in South Africa (Figure 24.7). However, TFP growth has slowed significantly relative to the 1990s and averaged 0.9% per year during 2007-16. As for output growth overall, TFP growth has therefore been well below the world average. Increased use primary factors and moderate growth in intermediate input use also contributed to the increase in output (Table 24.4).

Phosphorus and nitrate balances are very low and negative, respectively and well below the OECD average. Although agriculture uses almost 60% of abstracted water, only a few regions have irrigated land, and water resources are scarce in most of the agricultural areas (Table 24.4). The livestock sector is another important user of water in agriculture. Agriculture's share in energy use has increased and remains above the OECD average.

Figure 24.7. South Africa: Composition of agricultural output growth, 2007-16



Note: Primary factors comprise labour, land, livestock and machinery.
Source: USDA Economic Research Service Agricultural Productivity database.

Table 24.4. South Africa: Productivity and environmental indicators

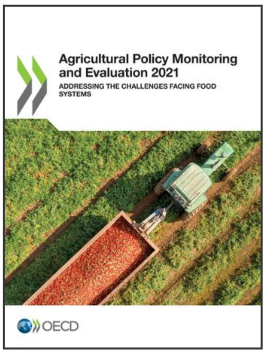
	South Africa		International comparison	
	1991-2000	2007-2016	1991-2000	2007-2016
			World	
TFP annual growth rate (%)	3.0%	0.9%	1.6%	1.6%
			OECD average	
Environmental indicators	**2000***	**2019***	**2000***	**2019***
Nitrogen balance, kg/ha	-2.5	-4.3	33.2	28.9
Phosphorus balance, kg/ha	0.2	0.2	3.4	2.6
Agriculture share of total energy use (%)	2.6	3.1	1.7	2.0
Agriculture share of GHG emissions (%)	..	..	8.4	9.5
Share of irrigated land in AA (%)	1.5	1.7	-	-
Share of agriculture in water abstractions (%)	61.3	58.8	46.0	43.4
Water stress indicator	41.7	..	9.3	8.5

Notes: * or closest available year.
Sources: USDA Economic Research Service, Agricultural Productivity database; OECD statistical databases; FAO database and national data.

Notes

[1] The SACU members are: Botswana, Lesotho, Namibia, Swatini (former Swaziland) and South Africa.

[2] The SADC member countries are: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swatini, Tanzania, Zambia and Zimbabwe.



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