Macroeconomic conditions, agricultural performance, inclusivity, and policy dynamics

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SAFA Conference

29 July 2026

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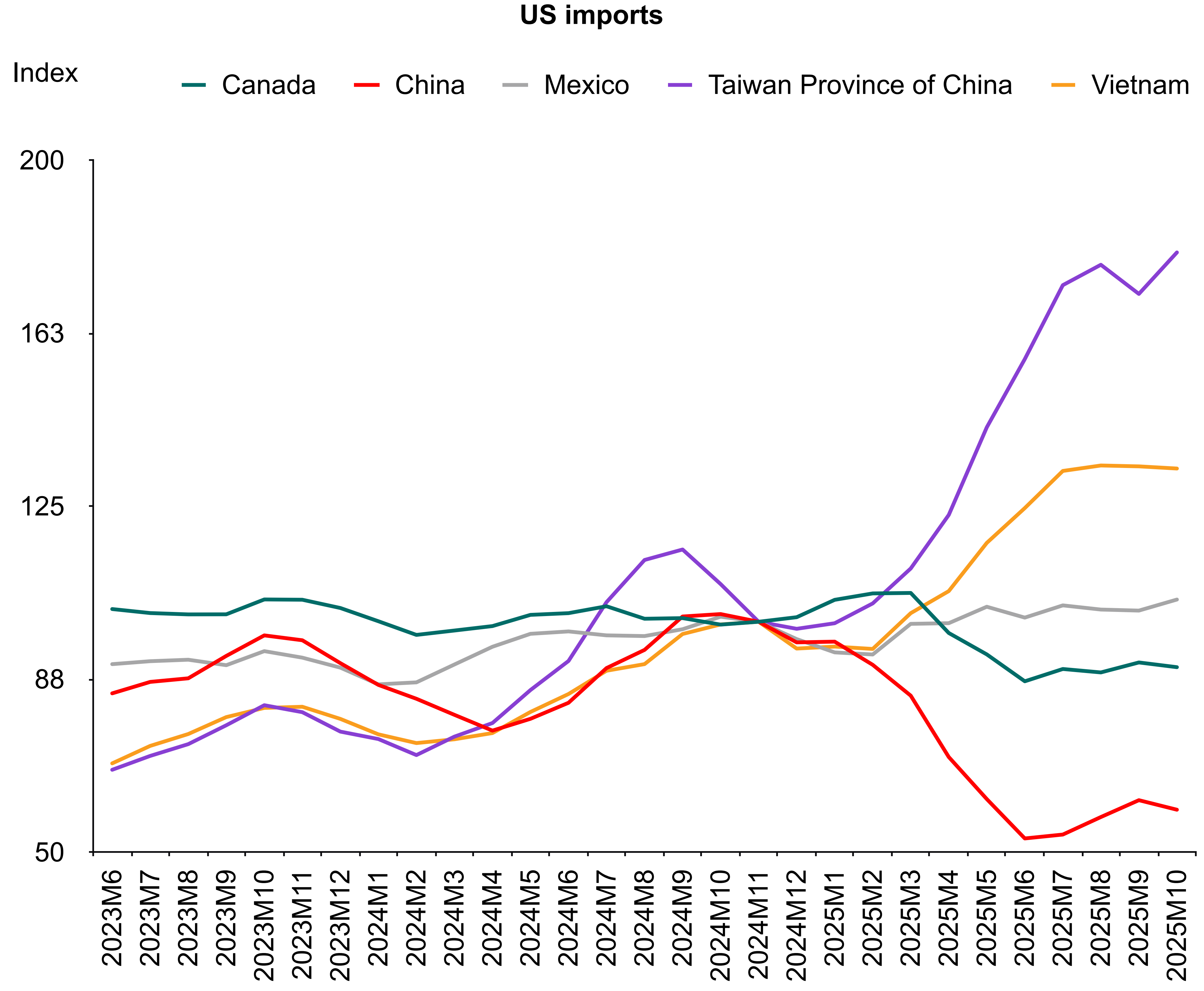
Macroeconomic conditions

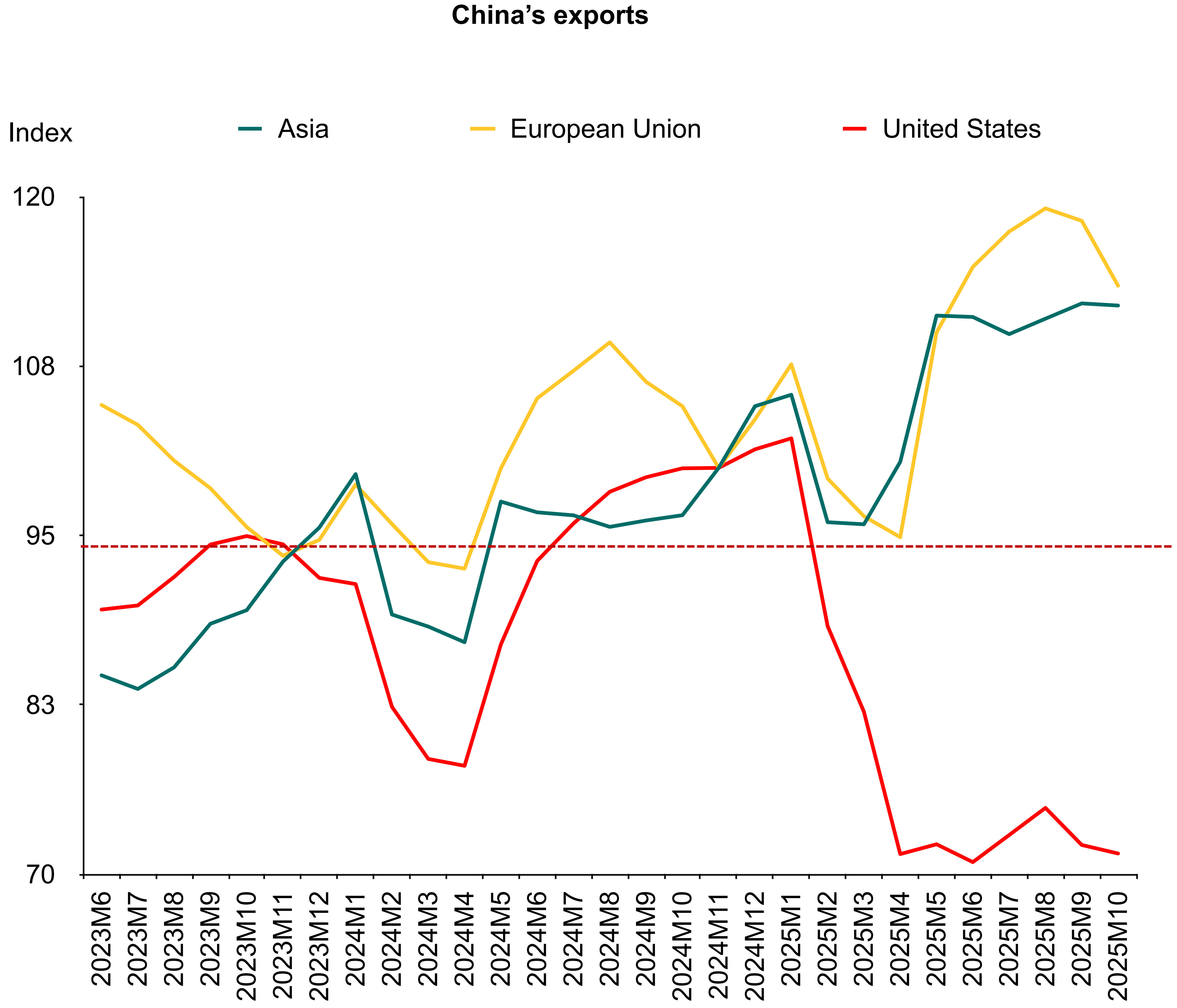
GLOBAL FRACTURING AND THE SHOCK OF WAR: UNCERTAIN AND PROFOUND IMPACT

US-IRAN CONFLICT AND TRANSMISSION TO GLOBAL ECONOMY

Source: IMF and Agbiz Research

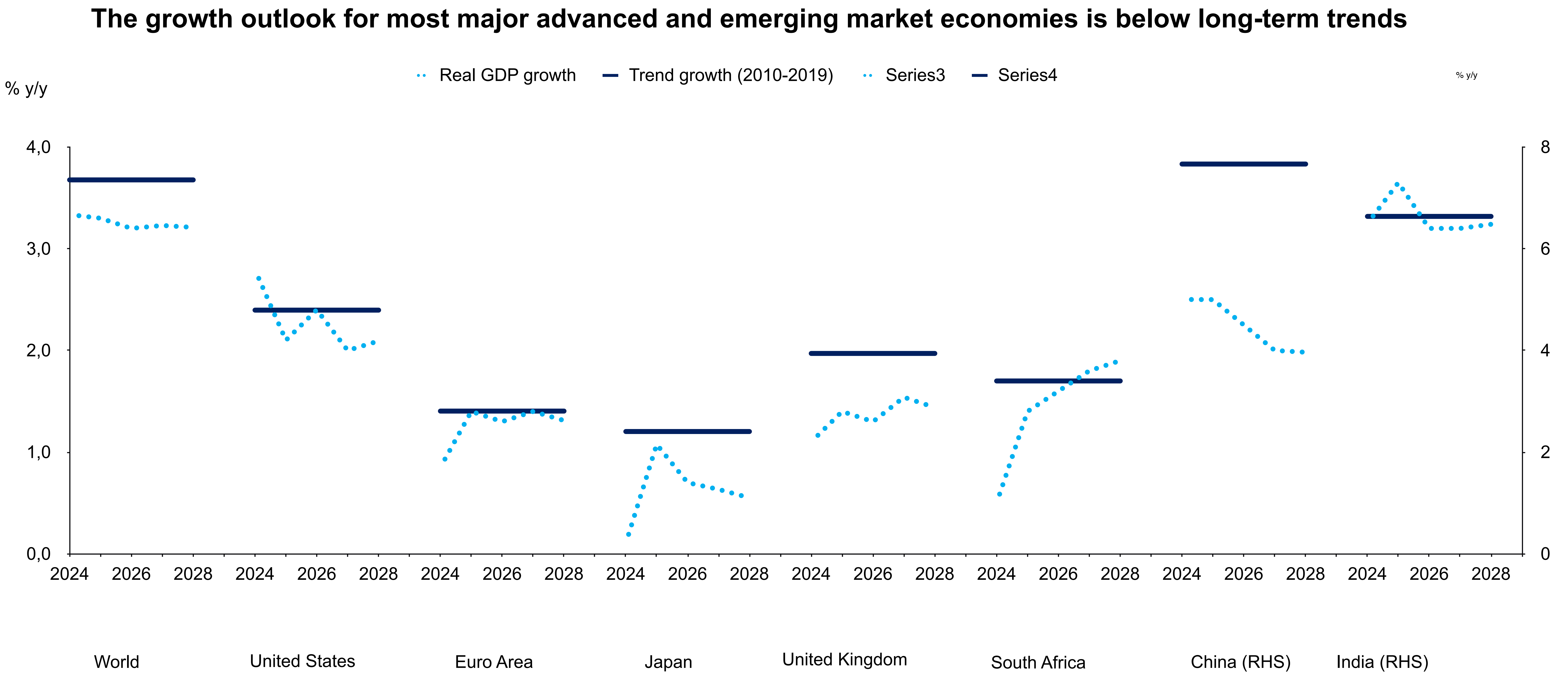
REORIENTATION OF GLOBAL TRADE





Source: IMF, RMB and Agbiz Research

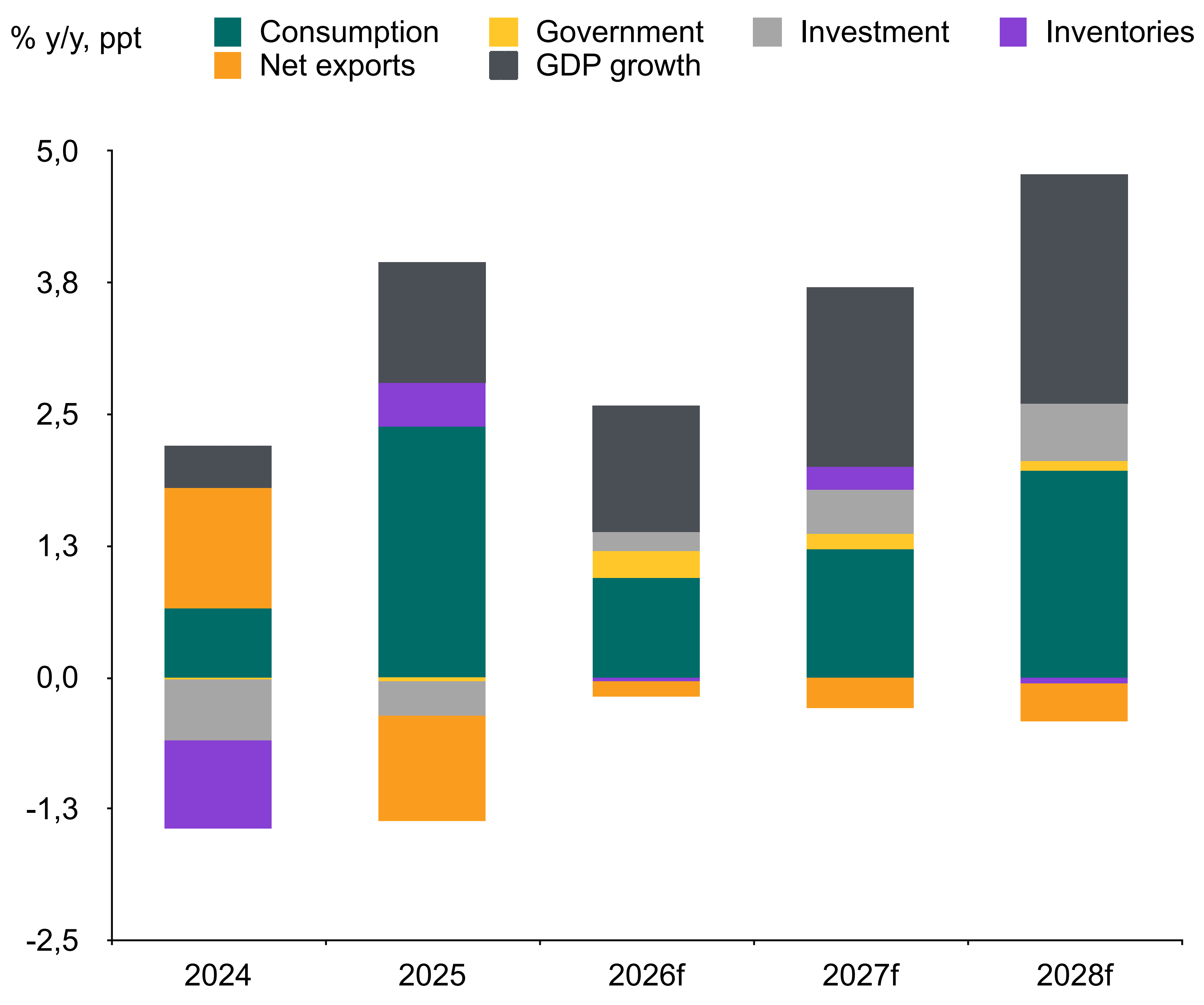
STEADY BUT SUBPAR GLOBAL GROWTH



Source: IMF, RMB Global Research, and Agbiz Research

SA GROWTH RECOVERY STALLS

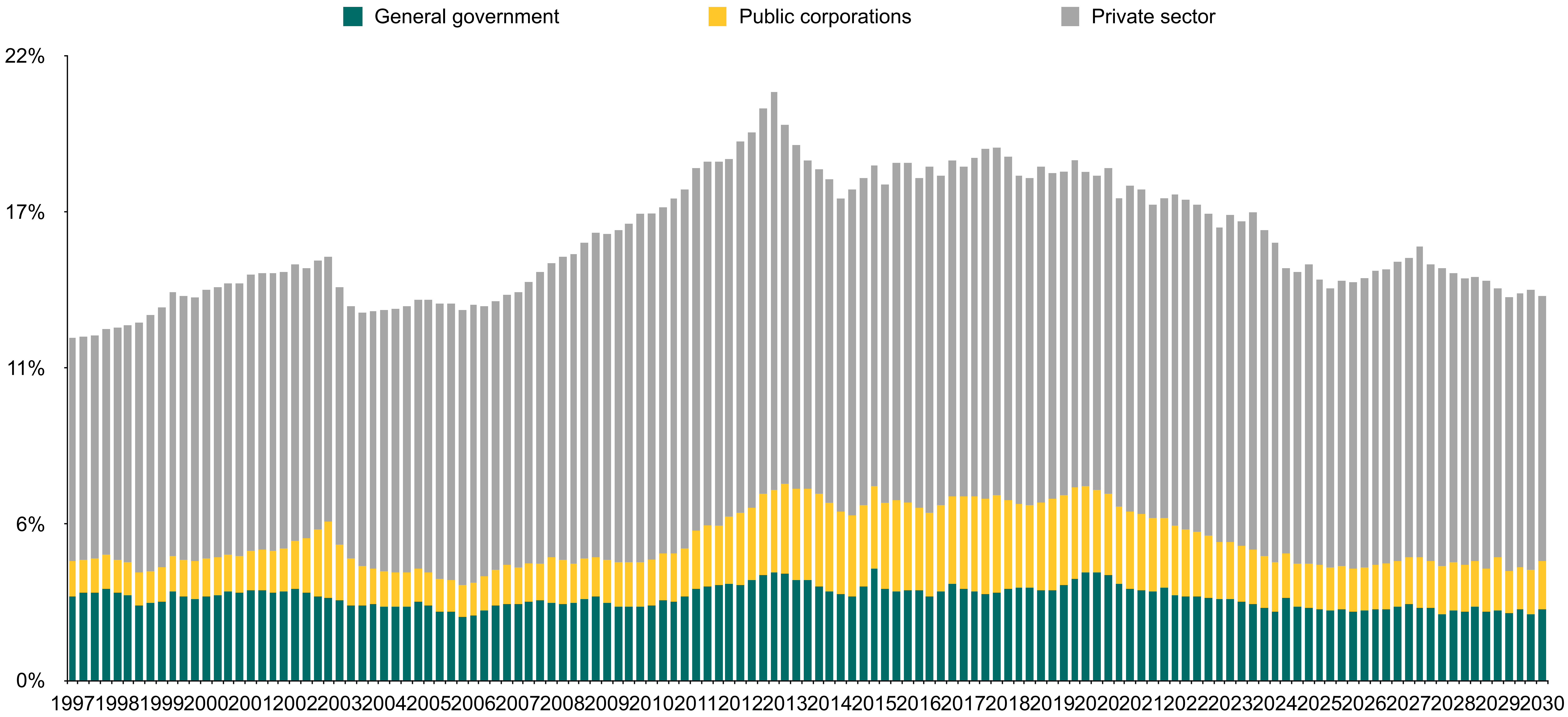
The composition GDP growth



Source: Stats SA, RMB Global Markets and Agbiz Research

- **The economy expanded by 1.1% in 2025,** with household consumption rising by 3.6% y/y and underpinning growth gains. Despite stronger investment spending in 2H25, gross fixed capital formation remains 12% down on its pre-pandemic high.
- **Higher oil prices act as a tax on growth**, as firms and households are forced to divert resources to pay higher fuel costs, leaving less available for discretionary spending and investment.
- **We expect the economic recovery to stall, with GDP growth little-changed at 1.2% in 2026 (prior: 1.6%),** mainly attributable to lower consumer spending. As oil prices decline, inflation slows and the SARB embarks on policy easing in 2027-2028, we expect growth to recover, rising to 1.7% in 2027 (prior: 1.8%) and 2.2% in 2028 (prior 1.9%), supported by robust consumer spending, and as energy and logistics reforms lift private investment and ease long-standing growth constraints.
- In the **permanent ceasefire scenario, GDP growth is stronger as uncertainty dissipates**, with the economy expanding by 1.5% in 2026 and rising towards 2% over the medium term. **The growth outlook suffers more in the event of a more adverse oil shock**, with GDP growth at 0.5% this year in the prolonged disruption scenario and the economy contracting in 2026 in the severe disruption scenario.

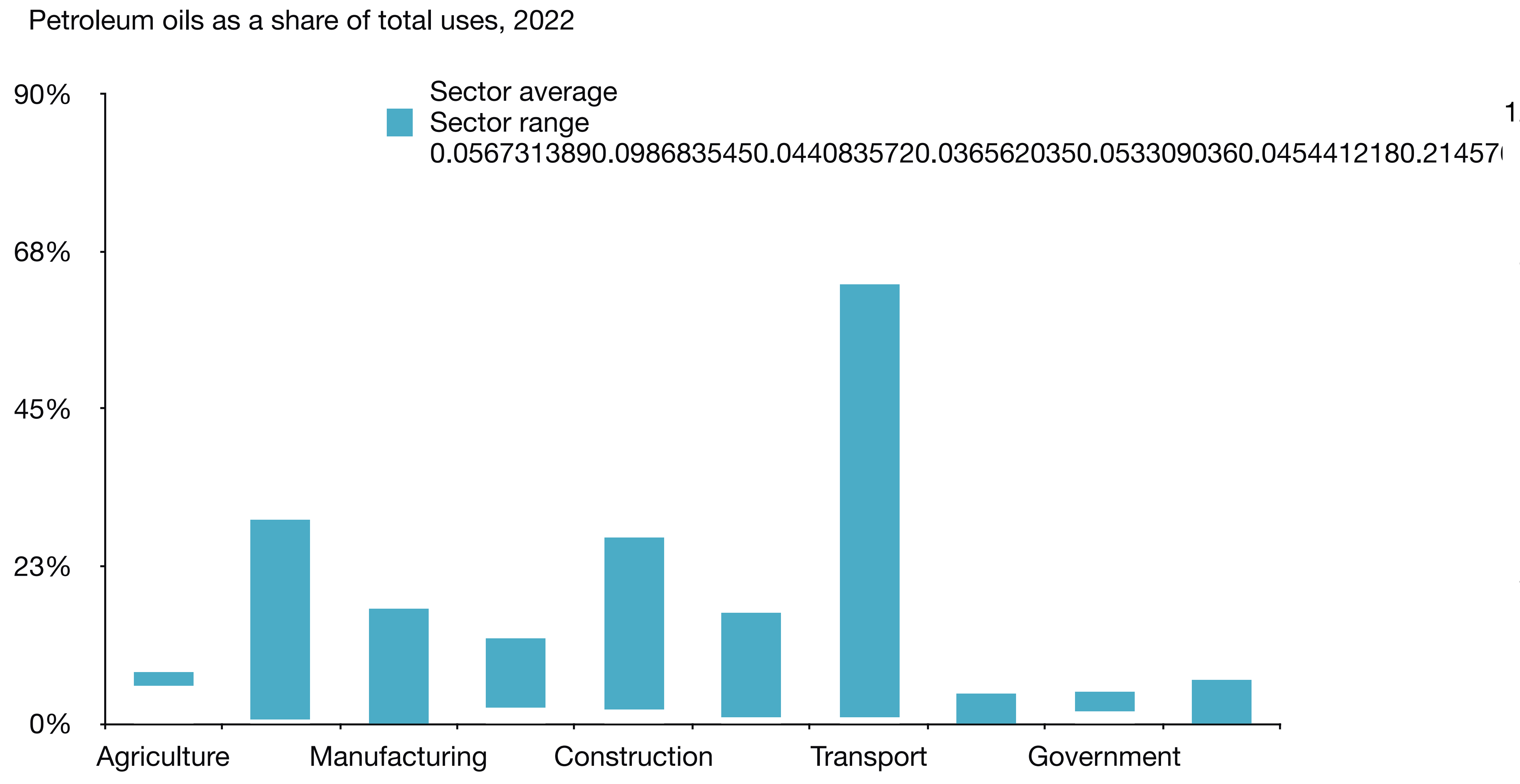
INVESTMENT TO STALL



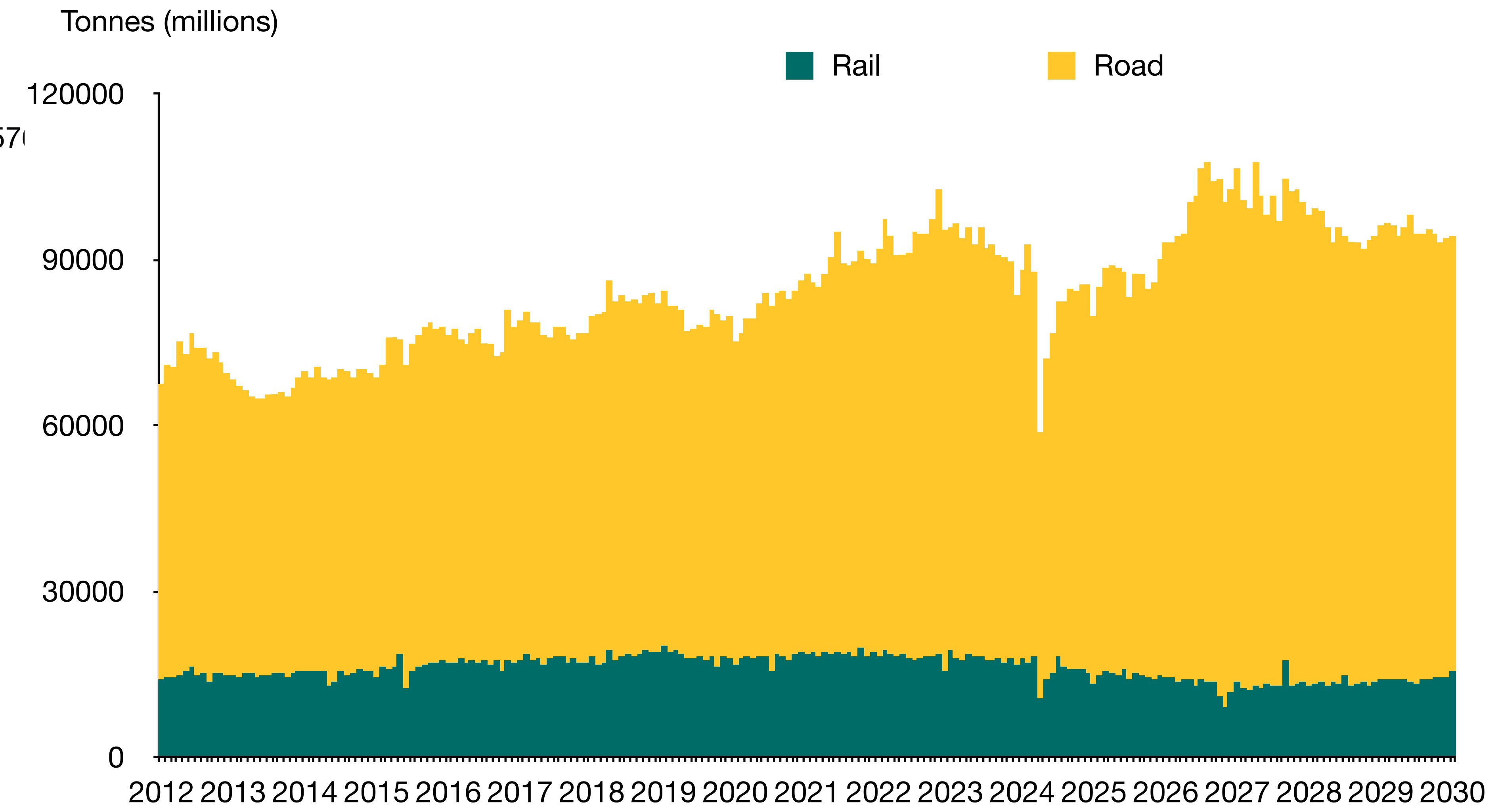
Source: Stats SA, RMB Global Markets and Agbiz Research

HIGHER OIL PRICES AS A TAX ON GROWTH

Fuel intensity by sector



Freight transport volumes



Source: Stats SA, RMB Global Markets and Agbiz Research

OPERATION VULINDLELA (OV) GAINS

Green shoots emerging in the South African context

		2023/4 Position	2025/Current
Energy	*98% reduction in loadshedding*	**290** days of loadshedding	**7 days** of loadshedding (2025)
Transport and logistics	*22Mt increase in annual freight railed*	**34%** drop in rail volumes[1]	**+15%** increase in rail volumes
Crime and corruption	*Removal from the FATF list*	**FATF Grey list** Deficient in 20/40 areas	SA **removed from FATF grey list**
Economic growth	*Moderate but improving GDP growth*	2024: **0.5%**	2025F: **1.2-1.6%** | 2026P: **1.4-1.9%**
Government bond yields (10-year)	*Bond yields benefited from improved sentiment*	Jan 2025: **10.38%**	YTD: **8.10%**
Inflation	*Inflation at a 21-year low*	2024: **4.4%**	2025: **3.2%**
Exchange rate	*Currency stability with the Rand appreciating*	End 2024: **R18.71/$**	YTD: **R16.13/$**
S&P credit rating	*First major rating upgrade in over 16 years*	Foreign currency: **BB-** Local: **BB**	Foreign currency: **BB** Local: **BB+** (positive outlook)

1 226Mt in FY17/18, vs R149Mt FY22/23
Sources: South African Reserve Bank; Investing.com; StatsSA, National Treasury, International Monetary Fund

Source: National Treasury

CAPE TOWN PORT REMAINS IN MAJOR CHALLENGES

- In an export-oriented sector, efficient logistics – ports, rails and roads – are everything. The South African agricultural sector is one such export-focused sector of the economy, with roughly half of its produce, in value terms, going to export markets.

- There were particularly some inefficiencies in the Port of Cape Town, leading to losses in quality and ultimately the value that the growers sell their produce at in the various export markets.

- The inefficiencies were a major challenge, forcing some growers and exporters to shift the volume of the crop they would typically export through the Port of Cape Town to the Eastern Cape ports.

- Evidently, the trade data from the South African Table Grape Industry show that the proportion of table grape exports shipped through the Port of Cape Town declined from 91% in the previous season to 76% in the 2025-26 season.

- Meanwhile, volumes shipped through Eastern Cape ports increased from 6% of total exports in 2024/25 to 21% this year.

FOCUS AREAS FOR OV PHASE II

Following through on existing reforms

Transform the electricity sector to achieve energy security

Create a world-class logistics system to support export growth

Ensure a secure and reliable supply of water

Reform the visa system to attract skills and investment

Expanding to new reform areas

Create dynamic and integrated cities to enable economic activity

Harness digital public infrastructure as a driver of growth and inclusion

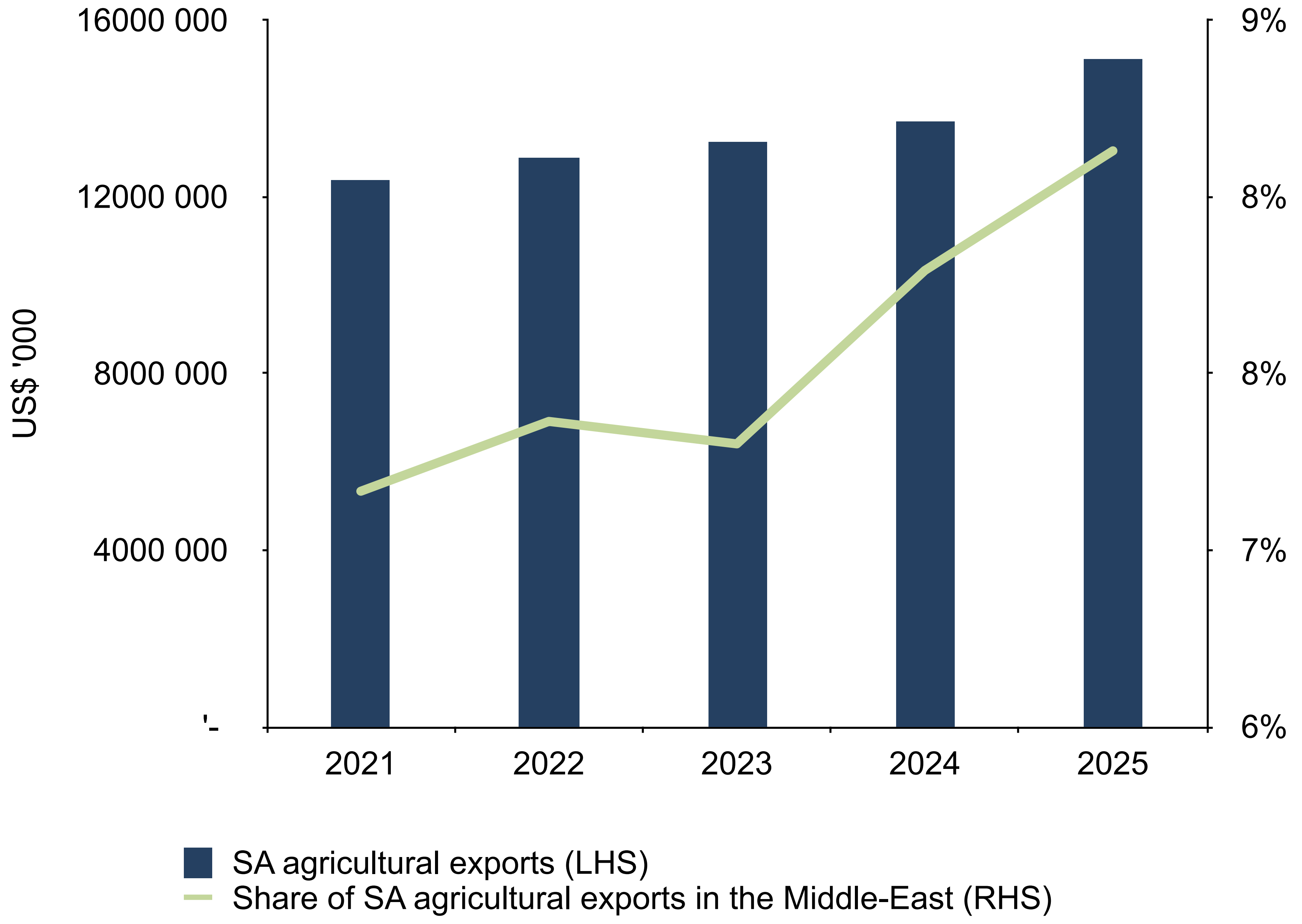
Strengthen local government and improve the delivery of basic services

Source: National Treasury

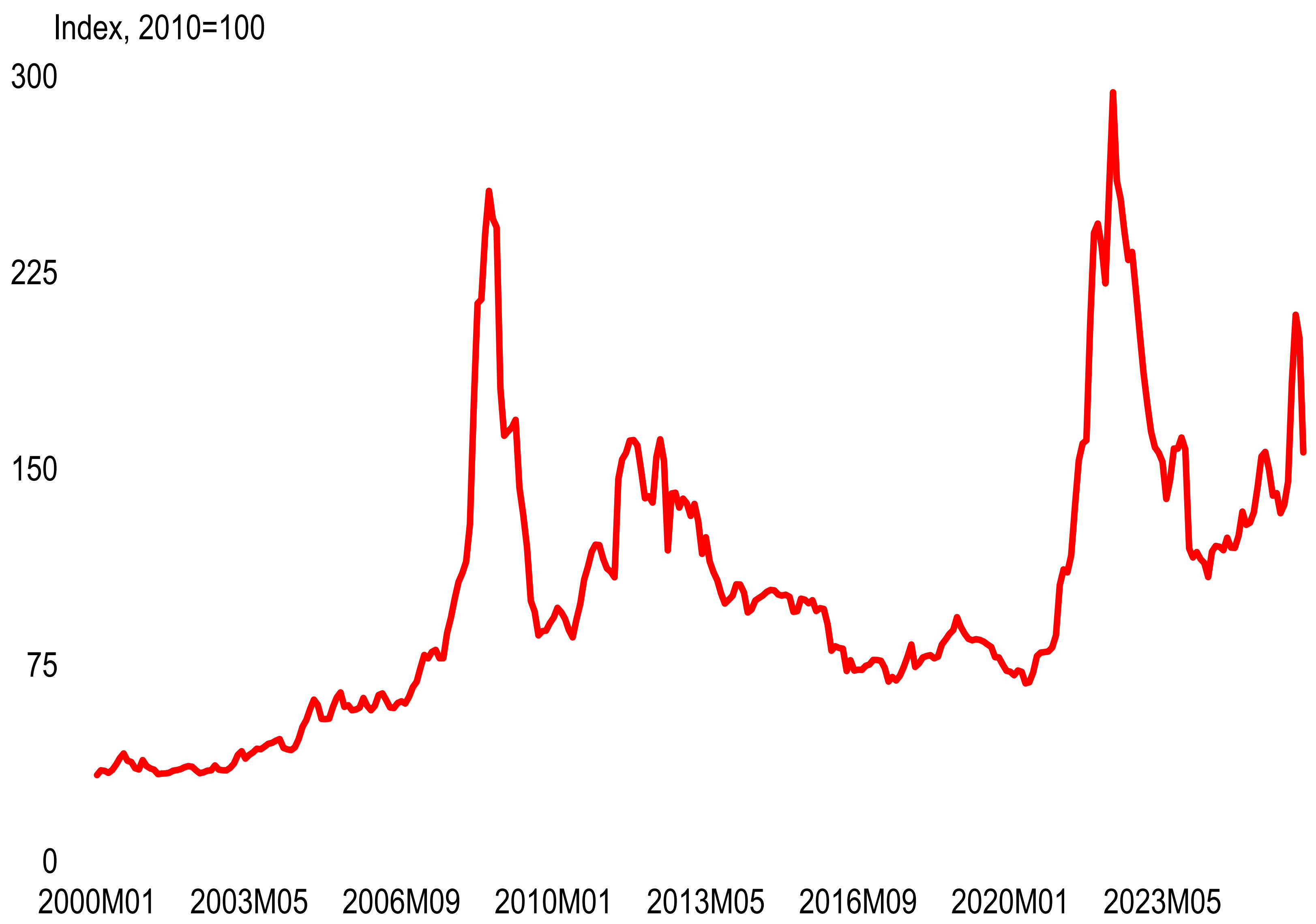
Agricultural matters

MIDDLE EAST DISRUPTIONS ON SA AGRICULTURAL SECTOR

SA agricultural exports, and exposure to the Middle East



Fertiliser price index

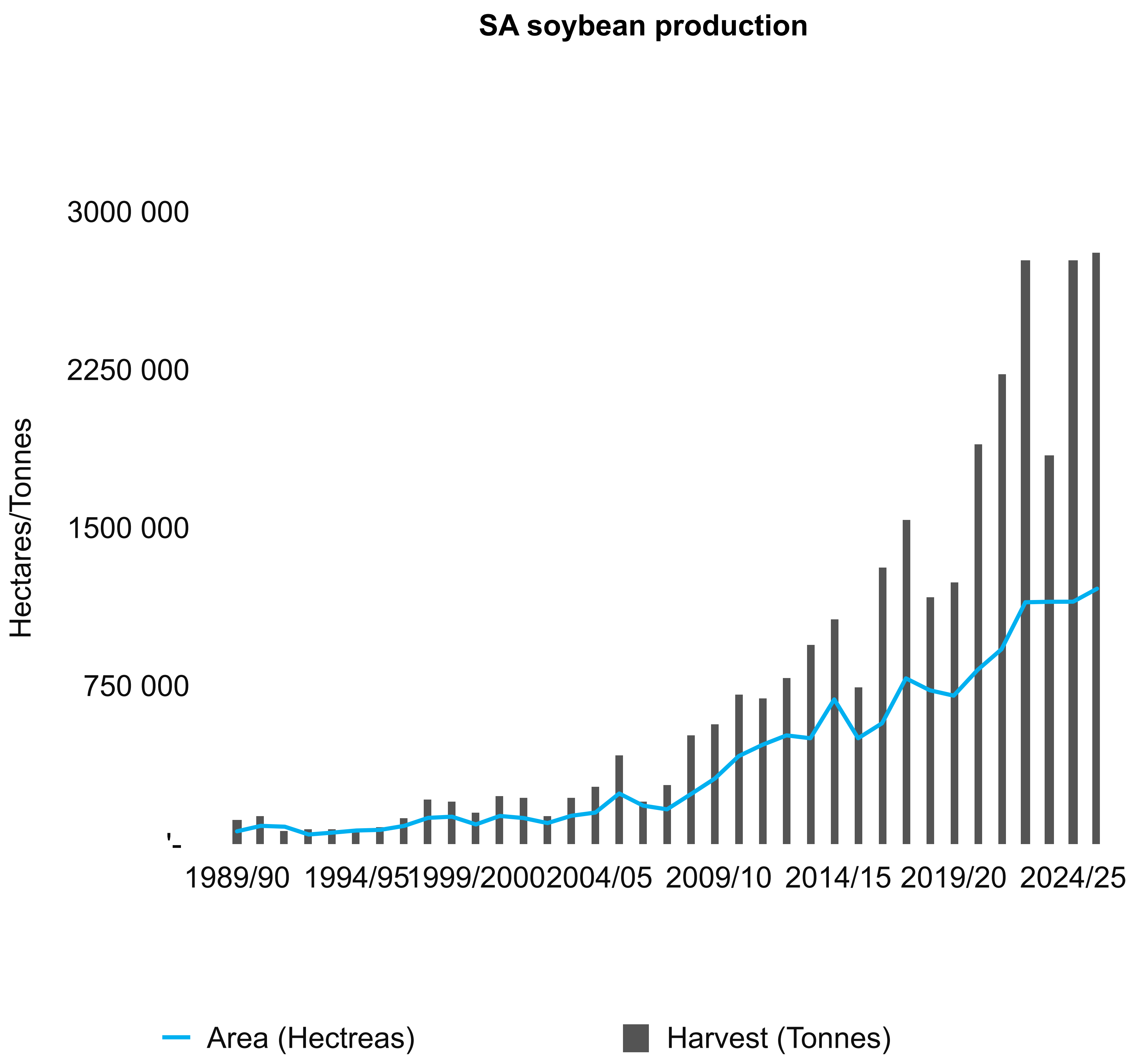


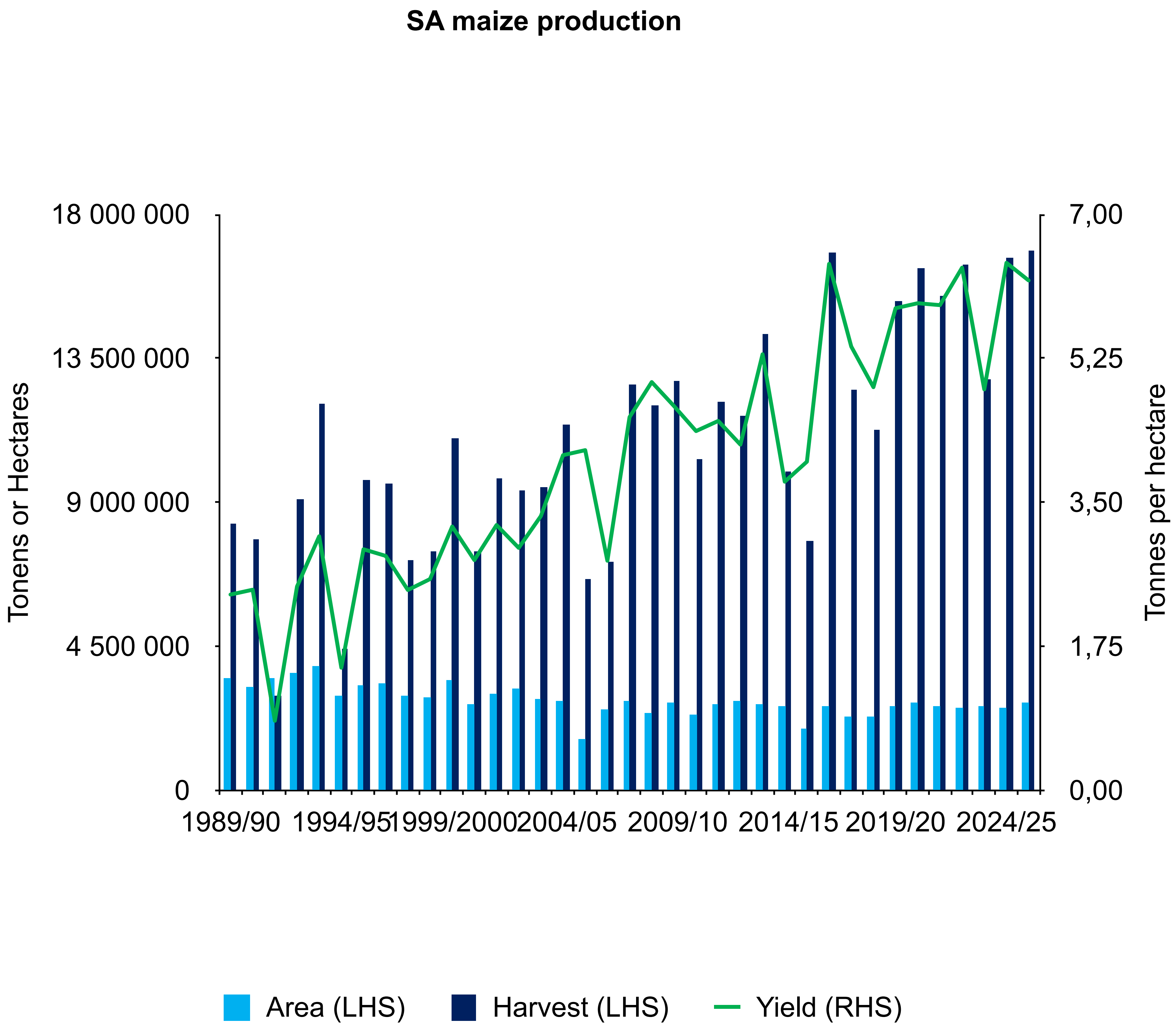
Source: Trade Map, World Bank and Agbiz Research

AGBIZ/IDC AGRIBUSINESS CONFIDENCE INDEX SLOWED FURTHER IN Q2 2026

Source: Agbiz Research, South African Weather Service
(Shaded areas indicate periods of drought in South Africa.)

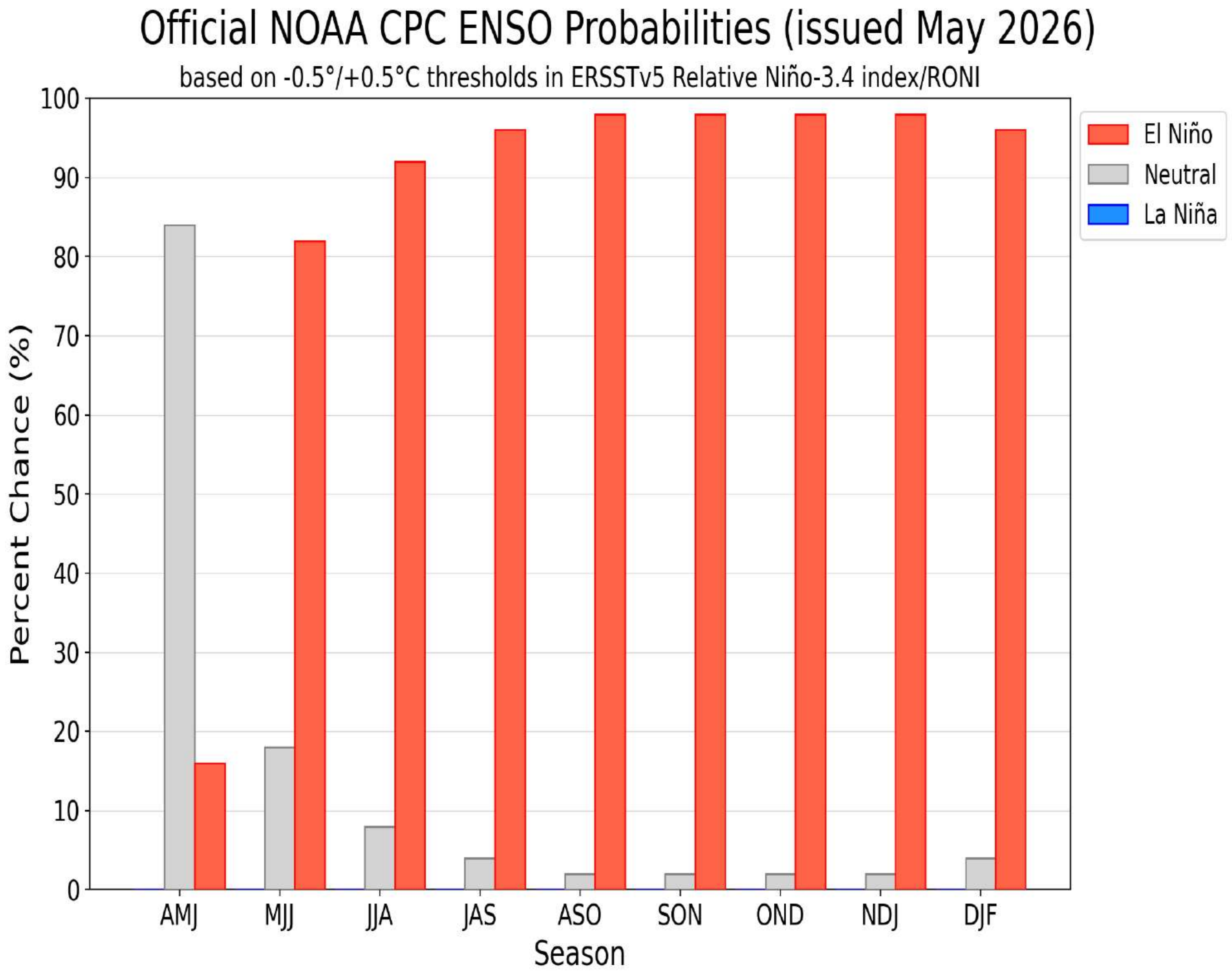
SA HAS AMPLE MAIZE AND SOYBEAN SUPPLIES, WHICH ARE GOOD FOR THE FEED INDUSTRY





Source: CEC and Agbiz Research

EL NIÑO IN THE 2026-27 SEASON PRESENTS RISKS FOR SOUTH AFRICA'S AGRICULTURE



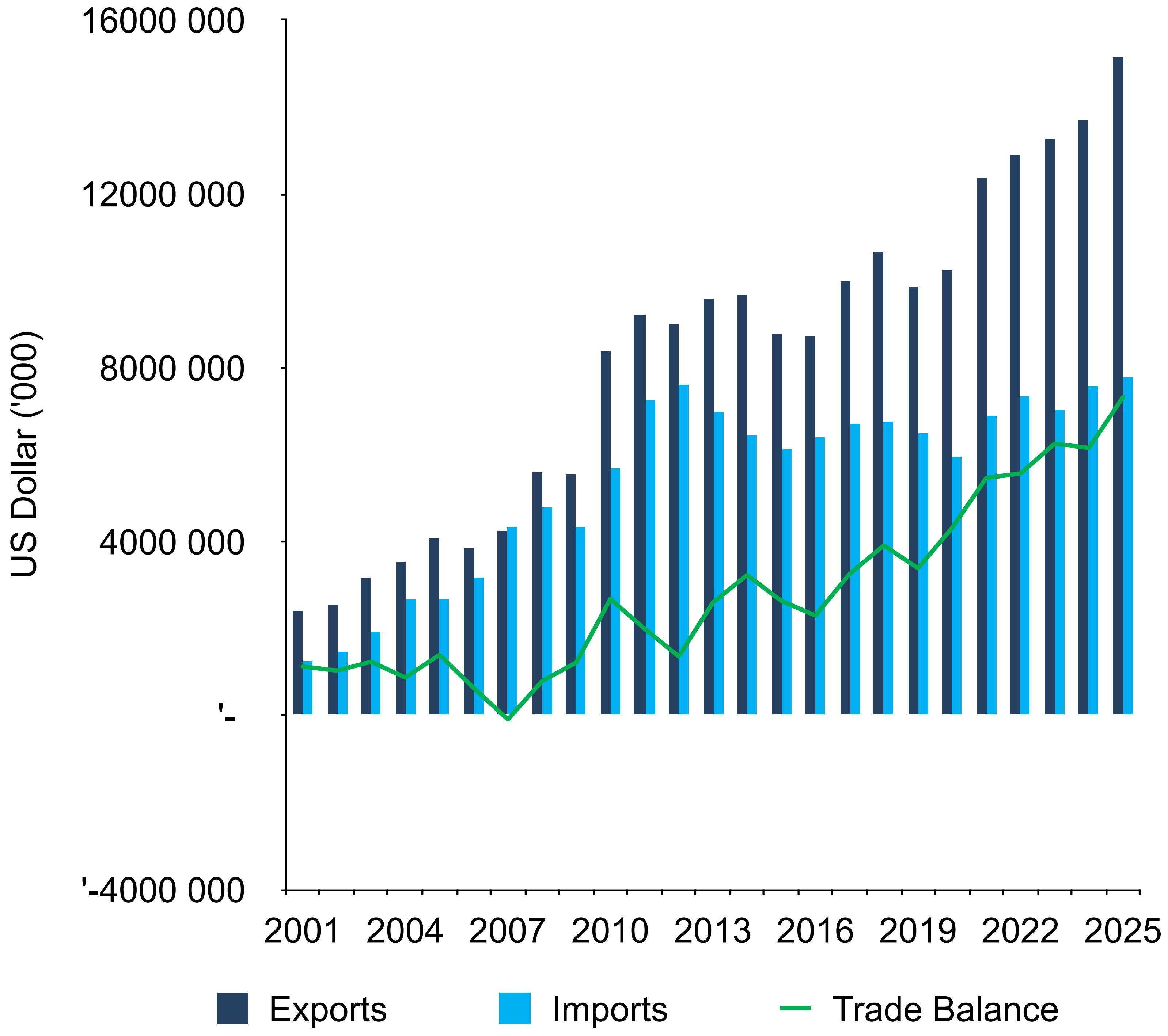
Source: International Research Institute for Climate and Society and Agbiz Research

- Early projections suggest that the La Niña weather phenomenon, which brought above-normal rainfall across the summer crop-growing areas of South Africa and much of Southern Africa, leading to higher crop yields, has ended.
- What may follow in the 2026-27 summer crop season, which starts in October 2026, presents some risks.
- The latest projections from the South African Weather Service (SAWS), the Australian Bureau of Meteorology, and the International Research Institute for Climate and Society (IRI) suggest that we are transitioning into an El Niño in late 2026 and through 2027.
- During such weather events, South Africa and the rest of Southern Africa typically receive below-average rainfall.
- In extreme cases, an El Niño brings a harsh drought. The impact of such drought conditions on summer grains, oilseeds, fruits, vegetables, and grazing veld, amongst other activities, is typically severe.

Agricultural policy dynamics

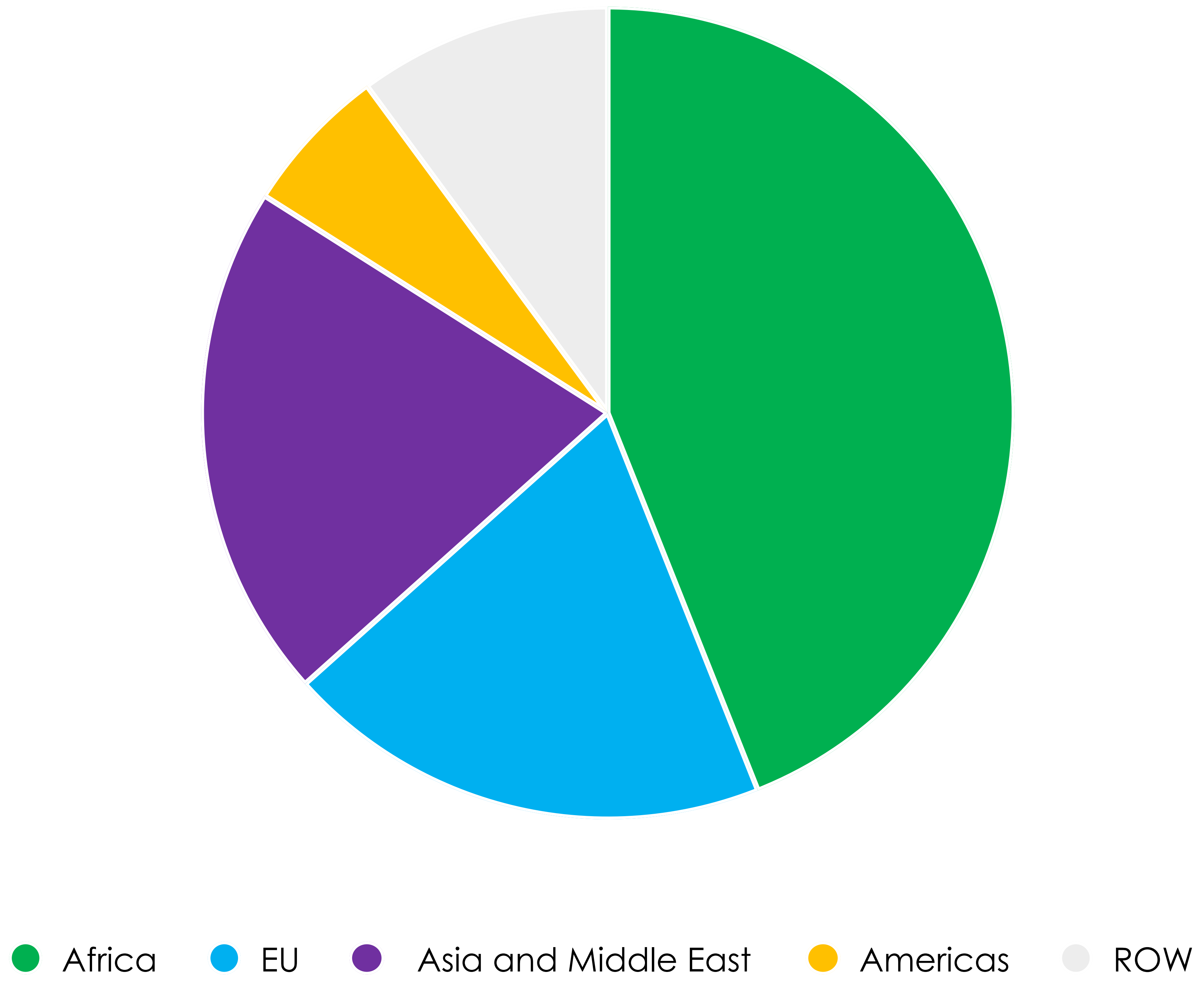
UNLOCKING NEW MARKETS IS FUNDAMENTAL TO ENSURING CONTINOUS GROWTH OF EXPORTS

SA's agriculture exports in 2025



Source: Trade Map and Agbiz Research

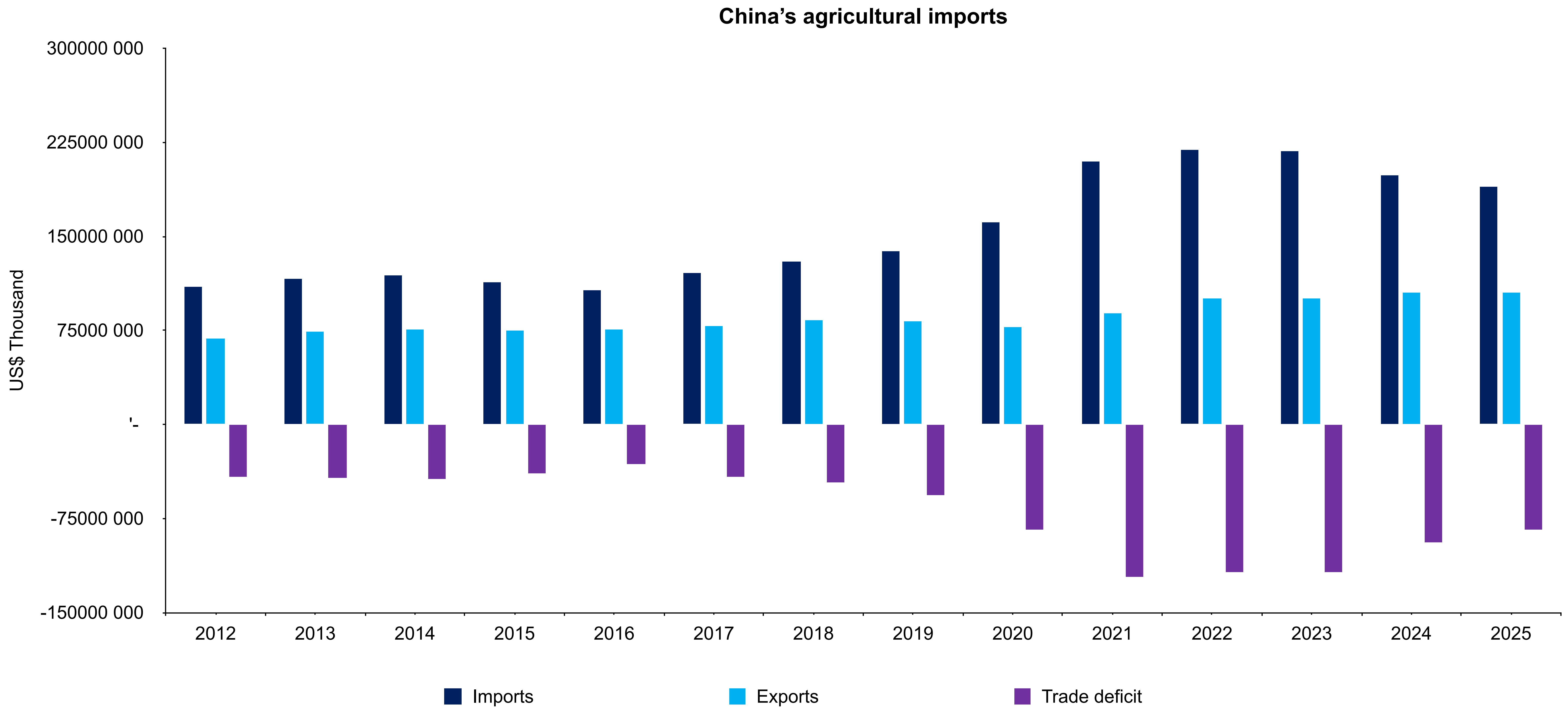
SA's agriculture exports by region in 2025



			RSA's Competitors					
		RSA	Australia	New Zealand	Peru	Chile	Argentina	Uruguay
Strategic Markets	China		Bilateral	Bilateral	Bilateral	Bilateral		
	Hong Kong					Bilateral		
	India	*SACU PTA			GSTP	Bilateral GSTP	GSTP Mercosur-India Bilateral	GSTP Mercosur-India Bilateral
	Indonesia		ASEAN - Australia-New Zealand	ASEAN - Australia-New Zealand	GSTP	GSTP	GSTP	
	Japan		Bilateral		Bilateral	Bilateral		
	South Korea		Bilateral		Bilateral GSTP PTN	Bilateral GSTP PTN	GSTP	PTN
	Malaysia		Bilateral ASEAN - Australia-New Zealand	Bilateral ASEAN - Australia-New Zealand	GSTP	Bilateral GSTP	GSTP	
	Philippines		ASEAN - Australia-New Zealand	ASEAN - Australia-New Zealand	GSTP PTN	GSTP PTN	GSTP	PTN
	Thailand		Bilateral ASEAN - Australia-New Zealand	Bilateral ASEAN - Australia-New Zealand	GSTP	GSTP	GSTP	
	Vietnam		ASEAN - Australia-New Zealand	Bilateral ASEAN - Australia-New Zealand	GSTP	Bilateral	GSTP	

Source: BFAP

CHINA PRESENTS A GROWTH OPPORTUNITY FOR SOUTH AFRICA'S AGRICULTURAL EXPORTS



Source: Trade Map and South African Weather Service

DIPLOMACY HAS A CRITICAL ROLE IN OUR TRADE APPROACH

PROBLEM STATEMENT:

- South Africa's voice on critical economic and trade matters is fragmented globally, presenting risks to the exporting industries.

- Agriculture is export oriented, with roughly half of the produce exported yearly, and there is hope for a further increase in exports in the coming years. Therefore, trade matters are central to the sector's growth and sustainability.

ECONOMIC DIPLOMACY:

- South Africa is embarking on a strategic reorientation of its economic diplomacy as part of a broader effort to revitalise the domestic economy and assert its leadership at both regional and global levels.

- This strategy seeks, above all, to improve the quality of life for South African citizens by attracting investment, stimulating growth, boosting exports, and creating jobs.

- These goals are consistent with the National Interest Framework, the National Development Plan (NDP), and the Medium-Term Development Plan (MTDP) 2024–2029. In line with the MTDP's focus on industrialisation, export diversification, and investment mobilisation.

Building an inclusive farming sector in South Africa

SOME FIGURES WORTH HIGHLIGHTING IN THE CONTEXT OF THE AAMP

Amongst other things, the AAMP prioritises **inclusive growth** and **job creation**. While not directly attributable to all AAMP-related interventions, the sector has experienced expansion and job creation in recent years.

- South Africa's agricultural employment has expanded by **86,000 or 9%** since the launch of the AAMP in Q2 2022, to **960,000 jobs in Q1, 2026**.

- South Africa's agricultural exports have increased by **US$ 2.3 billion** since 2022, or up **17%** to **US$15.1 billion** in 2025.

The question that lingers is: **where would we be had all the AAMP-related interventions been implemented systematically and effectively?**

We achieved growth amid geopolitical challenges that imposed cost pressures on the farming sector. At this time, there have also been profound domestic constraints.

AT THE PRESIDENCY, WE CONTINUE TO VIEW AGRICULTURE FROM THIS PERSPECTIVE

Growth in agriculture is, in general, **two to three times** more effective at reducing poverty than an equivalent amount of growth generated outside agriculture.

The advantage of agriculture in reducing poverty is largest for the poorest individuals in society and extends to other welfare outcomes, including food insecurity and malnutrition.

ROLE OF GOVERNMENT

- “to create an enabling environment “
- “to encourage private sector investment”
- “to take a much more proactive approach to engaging with the private sector”
- “to remove price distortions in both input and output markets”,
- “to promote effective competition in the marketplace”.
- “to reduce the risks inherent in agricultural investment through supporting technology generation, verification and transfer”.

SOME PRESSING CONSTRAINTS TO THE GROWTH OF THE SECTOR

1. The inefficiencies at the ports, particularly the port of Cape Town.

2. Failing rural municipalities and the lack of service delivery and infrastructure maintenance.

3. Biosecurity remains a constant issue; plant and animal health challenges.

4. Lacklustre embrace of new genetic technologies in seeds and agrochemicals.

5. Neglected roads and rain network, which ultimately add transaction costs.

6. Poor agricultural data systems, which may present shortcomings in policy design.

7. Inefficient coordination between the Department of Land Reform and Rural Development and the Department of Agriculture in supporting new entrant farmers.

8. Continuous need for innovative finance instruments for the sector and the new entrant farmers.

9. Inefficient coordination between the provincial and national governments on project and policy priorities.

10. Persistent lack of trust between organised agriculture and government.

PARTNERSHIP AS PART OF THE AAMP

1. The Presidency has directed the speedy release of the 2.5 million hectares of PLAS land with title deeds. The DoA, Land Bank, and organised agriculture must be part of efforts to support new entrant farmers.

2. On the Port issues, the Department of Agriculture, together with organised agriculture, must consider engaging with Transnet and the Presidency on a lasting solution to the port's issues.

   - Seasonal management partner
   - Sector donated >R2,8 in equipment;
   - Real changes are needed in management practices and the culture of efficiency.

3. Contracting models and political pressure are needed to encourage rural municipalities to embrace partnerships;

   - Unlock the skills, balance sheet and goodwill of the sector in a financially sustainable manner;

4. Secondment to capacitate key bottlenecks in the public service; aim:

   - + 5 trade negotiators for DTIC;
   - +3 trade and investment specialists at DIRCO for actioning economic diplomacy
   - + 3 specialists to draft SPS & export protocols;

SA AGRICULTURAL POLICY FOCUS IN 2026 AND BEYOND

- **LAND REFORM**: The South African government has roughly 2.5 million hectares of land. The starting point remains the speedy release of this land with title deeds**.**

- **EXPORT DIVERSIFICATION**: SA agriculture is export-oriented, with exports accounting for roughly half of output in value terms. We must improve efficiencies at ports but also work hard to open as many new export markets as possible to support the new entrants in the sector. **Export diversification is part of the sector's transformation strategy.**

- **REVIEW SACU**: Some countries may be reluctant to engage deeply with South Africa on trade due to the Southern African Customs Union (SACU). To potential partners, the customs union often appears opaque and unpredictable. Many are interested in South Africa itself, not the wider region.

- **PRIORITISE BIOSECURITY**: For South Africa's agriculture to thrive and access new export markets, we must ensure that our plant and animal health are top-notch.

- **ADDRESS RURAL CRIME AND STOCK THEFT**: While our agricultural sector has progressed over time, we cannot ignore the challenge of rural crime in SA. We often hear of farm killings and theft, which are devastating for the sector.

- **WATER POLICY AND INFRASTRUCTURE:** This will increasingly be a focus point in the sector. The likely drought will be added pressure to this conversation.

CONCLUDING REMARKS

- **The outlook for the 2025-26 production season is also fairly positive**, with La Niña rains supporting crop conditions in most regions of the country.

- **Trade matters will continue to dominate the conversation, and the refreshed economic diplomacy will have a sharper focus on trade**.

- Agriculture could play an important role in sustaining our rural communities. But **we must address some challenges that agriculture faces, starting with biosecurity, municipalities, and trade**. Collaboration should be at the heart of the interventions to resolve this challenge – with academia, industry, government, etc.

- Moreover, the biosecurity efforts **should not be limited to livestock and poultry**. While these industries have faced frequent challenges, **plant health** is another area requiring consistent monitoring.

- Ultimately, the success of South Africa's agriculture in delivering a national food-secure country that we enjoy, with nearly a million jobs in farming, and exports of about US$ 15.1 billion in 2025, **all hinge on biosecurity**.

- A **severe drought is expected**, and this will complicate our agricultural activities in 2027.

THANK YOU

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