

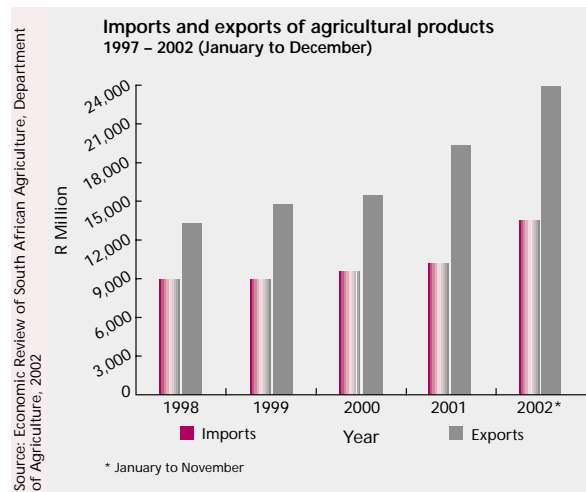


South Africa has an essentially dual agricultural economy, comprising a well-developed commercial sector and a predominantly subsistence-oriented sector in the rural areas.

Only about 13% of South Africa's surface area can be used for crop production, of which just 22% can be classified as high-potential land. Some 1,3 million hectares (ha) are under irrigation.

The most important factor limiting agricultural production is the availability of water. Rainfall is distributed unevenly across the country, with almost 50% of water being used for agricultural purposes.

Primary agriculture contributes about 2,6% to the gross domestic product (GDP) of South Africa and almost 9% of formal employment. However, there are strong backward and forward linkages into the economy, so that the agro-industrial sector is estimated to comprise 15% of GDP. For the past five years, agricultural exports have contributed on average approximately 8% (7% in 2001) of total South African exports.



Today, South Africa is not only self-sufficient in virtually all major agricultural products, but in a normal year it is also a net food exporter. However, with very low average rainfall and high variability within and between seasons, agriculture is vulnerable to the effects of drought.

In good years, though, the contribution of agriculture can be vital to lifting the economy. During 2001, the seasonally adjusted real value added by the agriculture, forestry and fishing industry declined by 3,1% compared with 2000. However, in 2002, the sector rebounded by an annualised 4%.

Agribusiness is big business. There are close to 1 000 primary agricultural co-operatives and agribusinesses throughout the country, and 15 central co-operatives. Since 1994, when the agriculture sector was deregulated, the structure of agribusiness has changed substantially, with many co-operatives transforming themselves into private companies. In 2000, expenditure on agricultural input and services amounted to more than R21 billion, with farm feeds, fuel, fixed improvements and fertilizer

being major items handled by agribusinesses.

Normally, South Africa is a net exporter of agricultural products in Rand value. The largest export groups are raw sugar, fresh grapes, citrus, nectarines, wine and deciduous fruit. Other important exports include avocados, plums, maize, black tea, groundnuts, meat, pineapples, tobacco, wool and cotton.

## **Production**

In general, the prices of agricultural products increased by 13% from 2000 to 2001. Prices of field crops rose by 23%, horticultural products by 6%, and prices of livestock products by 11%.

The net income of the farming sector increased from R6,5 billion in 2000 to R9,6 billion in 2001. The country is self-sufficient in primary foods, with the exception of wheat, oil-seeds, rice, tea and coffee.

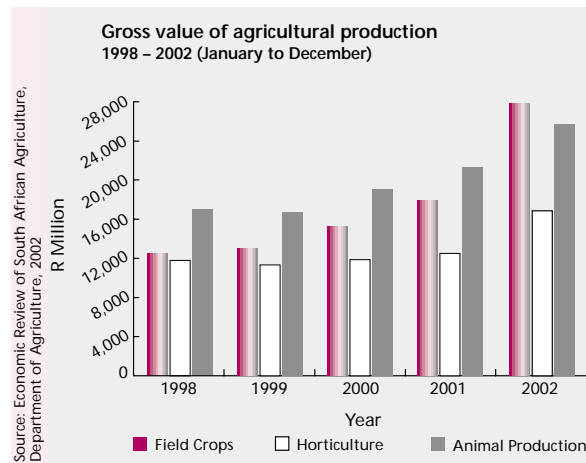
The largest area of farmland is planted with maize, followed by wheat and, to an extent, sugar-cane and sunflowers. Maize is the largest locally produced field crop and most important source of carbohydrates for human and animal consumption. Average production per year is approximately 9 million tons (mt). Local consumption is some 7,4 mt.

South Africa is the world's 11th-largest producer of sunflower seed and the world's 12th-biggest sugar-cane producer. Sugar-cane production amounts to some 2,5 mt per season. About 50% of this is marketed in southern Africa. The remainder is exported.

Deciduous fruit export earnings account for 15% of the country's total earnings from agricultural exports. In 2001, apples made up the largest percentage of the crop (43%), followed by grapes 21% and pears 19%.

South Africa is ranked as the eighth-largest wine producer in the world, with a harvest of 7,5 hectolitres of which 65% is used in wine-making. Some 53 000 people owe their livelihoods to wine production.

The export of white wine increased from 20 million litres (ml) in 1992 to 177 ml in 2001.



Livestock is farmed in most parts of South Africa. The latest estimates for cattle and sheep are 13,5 million and 28,8 million respectively. South Africa normally produces 85% of its meat requirements.

The dairy industry is an important employer with 4 300 milk producers employing about 60 000 farm workers and indirectly providing jobs to some 40 000 people. Milk production for 2001/02 was estimated at 1,97 ml.

South Africa's poultry meat production is estimated at 980 000 t. The gross value of broilers and other fowls slaughtered in 2001 was some R9,3 billion, which makes it the most important contributor to the value of agricultural production in South Africa.

## Policy

In recent years, agriculture has undergone drastic changes. Several processes have reversed the impact of discriminatory legislation, while other initiatives have deregulated and liberalised the sector.

The main policy shifts include:

- liberalising agricultural trade and deregulating the marketing of agricultural products

- implementing land reform policies and programmes
- abolishing certain tax concessions and reducing direct subsidisation
- introducing a minimum wage for farm workers.

In terms of legislation enacted in 1996, the control boards for each sector of agriculture were to be abolished. With the task of closing down the boards almost complete, the National Agricultural Marketing Council is considering the integration of disadvantaged and small-scale participants into agriculture's mainstream.

The Department of Agriculture funds the National African Farmers' Union's (NAFU) capacity-building programme. Further funding is provided by the United States' Department of Agriculture. Co-operatives aimed at economic empowerment are also co-ordinated by the Department.

To consolidate gains and address remaining weaknesses, the departments of Agriculture and Land Affairs, in collaboration with NAFU and Agri SA, have developed a common long-term vision of a united and prosperous agricultural sector. The medium-term goal is to generate equitable access and participation in a globally competitive, profitable and sustainable agricultural sector. Planning to achieve this goal began in 2002.

South Africa, at most times, is able to meet its own food requirements, with considerable food exportation. However, the inherent limitations of the natural resource base and variable climate require land users to be very circumspect in how they use and manage these resources so as to retain their productive capacity. Ninety percent of South Africa can be regarded as arid, semi-arid and dry subhumid, and it is these areas where desertification can occur.

The national Department of Agriculture exercises control over the utilisation of South Africa's natural agricultural resources. Legislation provides for the conservation of natural agricultural resources through maintaining the land's production potential; combating and preventing erosion; and protecting vegetation and combating weeds and invader plants.

Specific requirements and prohibitions apply to land-users, and certain activities, such as the cultivation of virgin land and burning of veld, are subject to prior approval, while others are prescribed as 'best practice' in the interest of sustainable land use. In order to promote natural agricultural resource conservation, policies, norms, standards and guidelines have been developed.

The United Nations Framework Convention on Climate Change and the Convention to Combat Desertification requires South Africa to draw up a National Action Programme, which will be integrated into a regional programme for the Southern African Development Community (SADC) region.

The sharp increase in food prices during 2002 is one of the most important issues facing the Department, due to the impact it has had on the poor and on food security in the southern African region as a whole.

Government's response has centred on a package of relief measures to supplement the income of the poor, contain price pressures on basic foods, and strengthen the ability of the poor to grow their own food. These measures have helped to cushion the impact of inflation on vulnerable groups.

Social grants have been increased by an average of 15,2%, and the private sector has also responded through limited maize subsidies. Government's interventions were effected through the 2002/03 Adjusted Estimates, which set aside R400 million for targeted food relief to the most vulnerable. The funds will go mainly towards food parcel distribution on the domestic front (R230 million), and 100 000 tons of white maize for affected SADC countries (R170 million).

Government is also examining the feasibility of a longer-term food security programme to provide households with seeds and tools for subsistence agriculture. In addition, a Food Pricing Monitoring Committee has been established to monitor the prices of a basket of basic food items.

## **National LandCare Programme (NLP)**

The vision of the Department's NLP is to have communities and individuals adopt an ecologically sustainable approach to the management of South Africa's environment and natural resources, while improving their quality of life. This means people use the soil, water and vegetation resources in a responsible manner to ensure that future generations will also be able to use them to their benefit.

LandCare is implementing integrated approaches to natural resource management which are efficient, sustainable and equitable.

Serious concerns about land and water degradation, which impact on sustainable resource use, are identified in each province, and specific projects address these issues. In some cases, physical control structures are needed to ensure that water run-off control takes place.

## **Forestry**

Indigenous forests are indispensable to the country's heritage, beauty, wildlife and environment, while commercial forests provide jobs and economic opportunities for many people in the rural areas.

South Africa has one of the largest cultivated forestry resources in the world. Production from these plantations was 16,7 million m<sup>3</sup>, valued at almost R2,6 billion in 2000.

Together with processed products, the total industry turnover was approximately R12,8 billion in 2000, including R9,1 billion worth of products made from wood pulp. More than 9,5 million t (pulpwood, mining timber, matchwood and charcoal) and 5,2 million m<sup>3</sup> (sawlogs, veneer and poles) were sold in this period.

The industry was a net exporter to the value of over R5,4 billion in 2001, over 55% of which was in the form of converted value-added products. The forest products industry contributed 4,29% to the total exports in 2001, and 1,86% of total imports.

Exports are dominated by the pulp – R2,614 billion in 2001 – and value-added solid-wood sector – R1,628 in 2001 (74% of all timber industry exports), the balance being made up of exports of sawn lumber, paper, wood chips, wattle extract and a variety of other products.

### **Plantations**

Of the 1 330 943 ha of plantations in 2001, 53% were softwood species and 47% hardwood species. Thirty-eight percent of the plantation area was managed mainly for saw-log production, 57% for pulpwood and 7% for mining timber, while the balance of 4% was grown for the production of poles, matchwood (poplar) and other minor products. Capital investment in the industry amounted to some R16,3 billion in 2001 and R9,7 billion in 1999, having grown at an annual real rate of close to 5% since 1980. The turnover of the industry amounted to an annualised R12,8 billion in 2001.

The two main pulp and paper manufacturing companies in South Africa, Sappi and Mondi, rank among the largest in the southern hemisphere and own assets in many parts of the world. Collectively, the forestry sector employs about 100 000 people.

About half of the 1 100 indigenous tree species found in South Africa grow along the south and east coasts and on the southern and south-eastern slopes of inland mountains. The other half is spread over the interior plateaux.

The yellowwood tree (*Podocarpus species*) is South Africa's national tree.

The commercial forestry industry in South Africa is committed to practising Sustainable Forest Management and is a world leader in forest certification. This is demonstrated by the fact that over one million ha, or over three-quarters of the entire area of commercial forestry plantations in South Africa, are currently certified by the Forest Stewardship Council (FSC) and the ISO 14001 certification schemes as being sustainably managed.

High forest covers only about 360 000 ha of the



country's surface. The Department is responsible for the management of between 180 000 ha and 200 000 ha of these forests, which occur mainly on the eastern and southern slopes of mountain ranges from the Cape Peninsula in the Western Cape to the Soutpansberg in Limpopo.

High forest is normally found in isolated pockets, varying in size from only a few hectares to several thousand hectares. The largest area of high forest (36 000 ha) lies within a strip some 220 km long and 26 km wide between the Outeniqua and Tsitsikamma mountain ranges and the sea, extending from Mossel Bay in the Western Cape through Knysna to the Humansdorp district in the Eastern Cape.

### **Forestry restructuring**

The Department of Water Affairs and Forestry (DWAF) is pursuing a reform programme in the forestry sector which will see the Government leasing State-owned forest land to private-sector operators. The Department will move from the management of plantations towards promoting, regulating and developing the forest industry. The restructuring of the Department's commercial forests has been extremely successful. The plantations were divided into three categories, Category A which were bigger packaged with SAFCOL forests and sold as five packages, Category B forests which are only DWAF forests and will be sold as smaller packages targeting smaller players in the industry and communities and the Category C forests which are community woodlots and will be transferred to the management of communities with a period of State support – financial and technical.

By February 2003, approximately 375 workers (9%) and communities (10%) had obtained share ownership in two forestry packages worth R150 million. Communities identified as rightful owners of the land will also receive market-related rentals on an annual basis

The process with regard to Category B forests has begun, with expressions of interest called for in Novem-

ber 2002. The process of soliciting bids for these forests will take place during 2003.

The forestry industry is promoting rural development and economic empowerment through a small-grower afforestation programme. Currently, there are more than 18 000 emerging small black timber growers. These growers, most of whom are women, cultivate 48 000 ha of plantations.

### **Land reform**

The Chief Directorate: Land Reform Implementation Management and Co-ordination in the Department of Land Affairs is concerned with the delivery of land and tenure reform.

This is primarily done through nine provincial Land Reform offices and 36 operational regions.

Recently, important policy and systems developments have enhanced delivery and will further broaden the scope of delivery. Since 1994, 1 433 260 ha of land have been redistributed. In the same period 36 279 restitution claims have been settled, restoring 512 912 ha.

The Land Redistribution for Agricultural Development (LRAD) Programme was officially launched in August 2001. The Nkomazi Project involved 241 LRAD grant beneficiaries. The main objective of the LRAD Programme, in line with the Department's mission to provide access to land and to extend land rights to the previously disadvantaged communities, is to redistribute white-owned agricultural land to black people.

By June 2002, 4 823 beneficiaries had received LRAD grants, resulting in the delivery of 100 000 ha of land or 164 farms. There were also 136 beneficiaries who had received a combination of grant and loan components from the Land Bank with the delivery of 2 203 ha of land.

Delivery by provincial Land Reform offices for the 2001/02 financial year involved 418 projects that benefited in excess of 83 530 beneficiaries and/or households. The Land Bank (which had a loan portfolio of R16,5 billion in 2001) approved 152 loan applications in the year to end March 2002.