

SOUTH AFRICAN FARMERS EXCEL IN FOOD SECURITY

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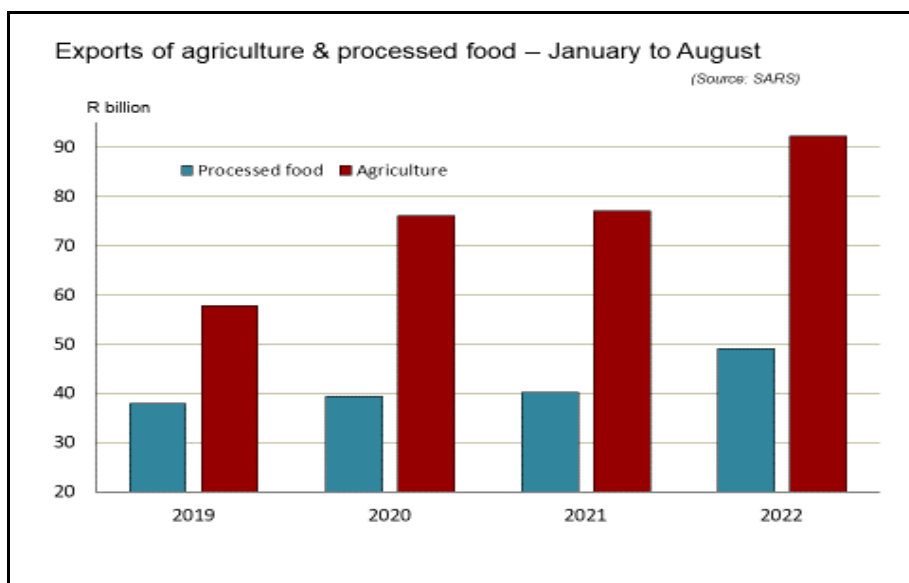
In the midst of the frustration with electricity rationing, higher inflation and a global economic slowdown, South Africans can find some cheer in the remarkable performance of the country's agriculture sector.

The establishment of the United Nations Food and Agriculture Organization 77 years ago was recently commemorated with the annual World Food Day, providing an opportunity to assess the global disposition towards food security. The Global Food Security Index, compiled by *The Economist* and sponsored by Corteva, represents the global benchmark for international comparisons.

The 2022 index shows that South Africa has recorded a record leap, namely from 70th position in 2021 to 59th. South Africa is now the most food secure country on the African continent, with Tunisia in second place at 62nd. Only 113 countries possess agriculture sectors that are worthy of inclusion in the index, based on the extent of their development, diversity and sophistication in meeting the demand for food.

South Africa's improvement is especially evident in three of the four sub-indices, namely food availability, food quality & safety and sustainability & adaption. Despite the existence of daunting challenges facing the agriculture sector, most notably unpredictable weather, crime, poor infrastructure and high levels of global protectionism, it is abundantly clear that South African farmers are in a class of their own.

Apart from providing ample food to 60 million citizens and several million other residents, the country's farmers also help to feed people in dozens of other countries, especially in Southern Africa. Except for the Cape Verde Islands and Eritrea, South Africa exports food to every country in Africa.



During the first eight months of the year, exports of agriculture products increased by more than 20%, whilst the increase in exports of processed food was even more impressive, namely 22%. In the

process, the contribution by the agriculture and food industries to the country's trade surplus increased from R51-billion in 2021 to more than R60-billion – a new record for the first eight months of the year.

Unfortunately, South African food exporters remain under threat from high levels of agricultural subsidies by governments around the globe, particularly in the European Union and Scandinavia.

Agricultural support as % of gross farm receipts - 2021 (selected countries)			
Country	%	Country	%
Norway	49.6	Indonesia	17.2
South Korea	48.7	China	16.2
Switzerland	48.7	Turkey	15.1
Japan	37.5	Canada	11.7
Philippines	28.9	Mexico	8.1
UK	23.4	Brazil	3.4
European Union	17.6	Australia	2.8
<i>Source: OECD</i>			

Government subsidisation takes on many different forms, including direct financial assistance via grants and concessional loans, price guarantees, fee waivers, the provision of supportive infrastructure, a large variety of non-tariff barriers to trade and high import levies. The latter group serves to elevate the price of imported products above world market levels, enabling local producers to ask for higher prices and still remain competitive.

The European Union is notorious for its long-standing use of a plethora of non-tariff barriers to trade, including regular amendments to labelling requirements on processed food and phytosanitary regulations. Recently, the latter was evident in the banning of exports of South African citrus, due to new requirements for cooling and also unsubstantiated claims of the presence of false codling moth (an indigenous wasp).

Although the latest OECD data on global agricultural subsidy levels still contains a marginal positive rate of subsidisation for South African farmers, this does not adequately account for the additional costs incurred as a result of decaying infrastructure, most notably in the areas of electricity supply, roads and harbours.

When the costs associated with load-shedding (generators & fuel), vehicle repairs (due to pot-holes) and stock losses (due to inefficient harbours) are factored in, it is clear that South African farmers are faced with a negative rate of subsidisation.

Although the country's agriculture sector currently rates as one of the best in the developing world, the message is clear: Unless government elevates the priority afforded to agricultural policy, the sterling performance of the country's farmers may eventually start to dissipate and, as an inference, will lead to a reversal of the gains achieved in food security status.