

*Principles for inclusive and
sustainable growth of black
commercial farmers in South
Africa*

Wandile Sihlobo | AgBiz



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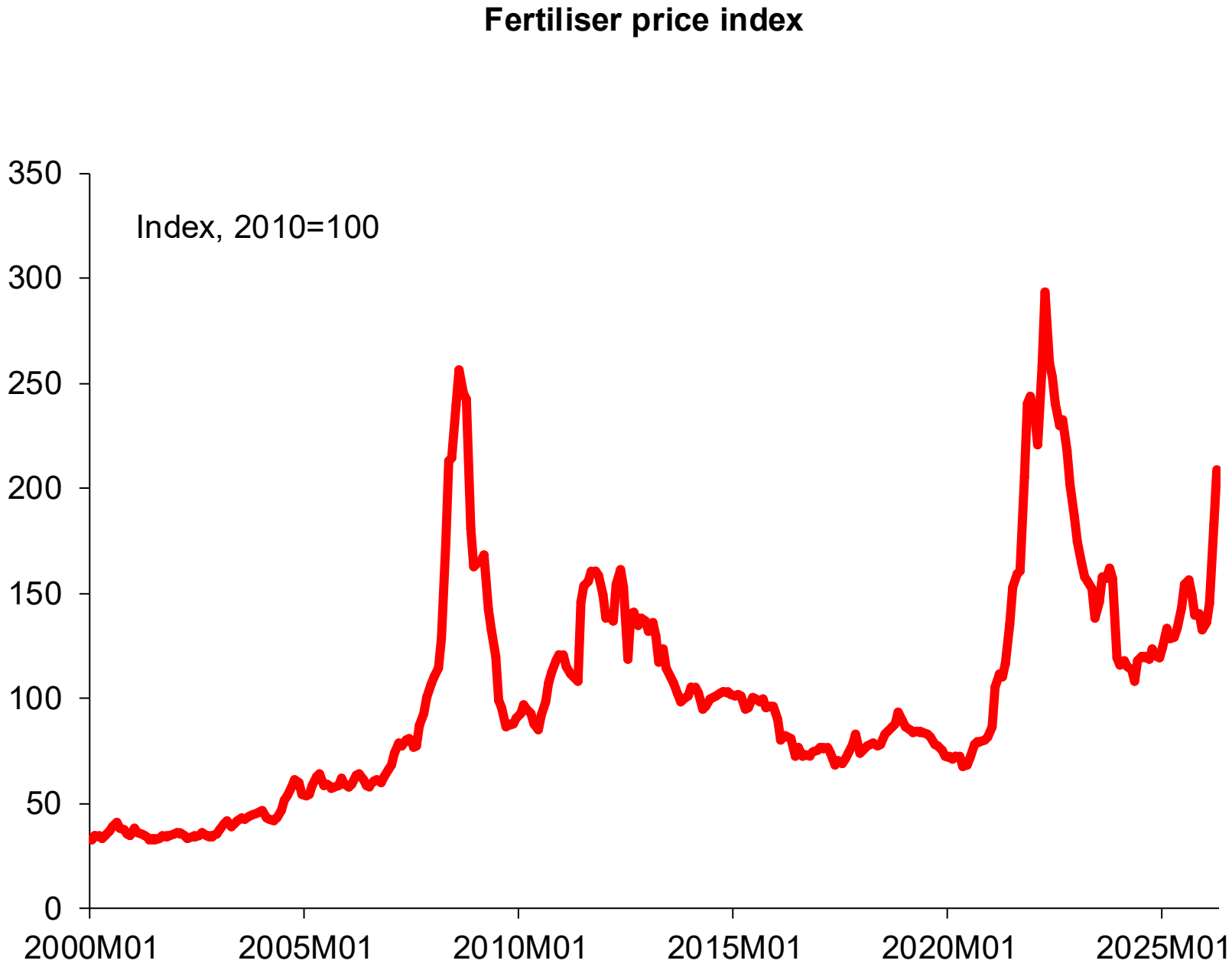
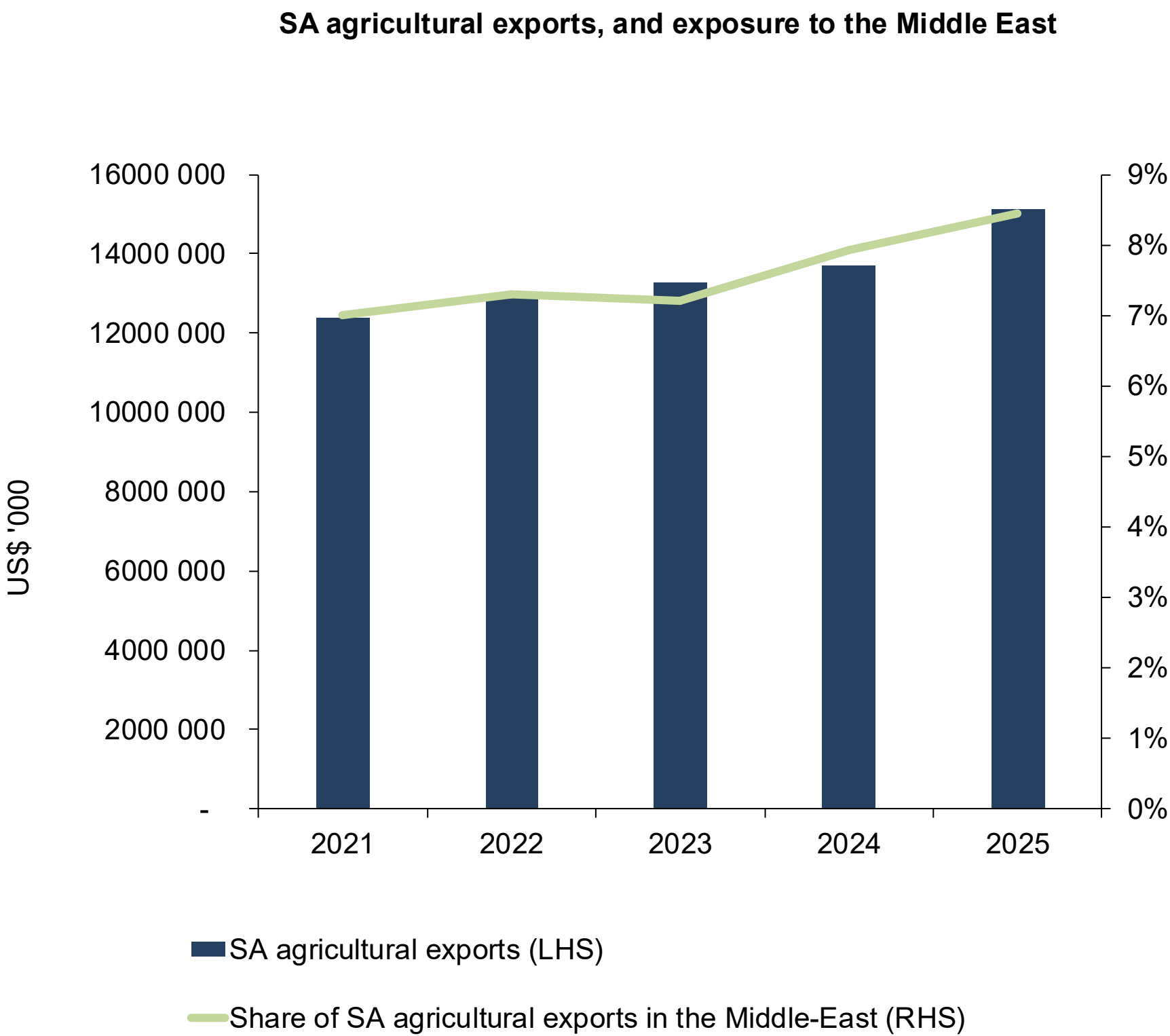
Hortgro Technical Symposium

25 May 2026

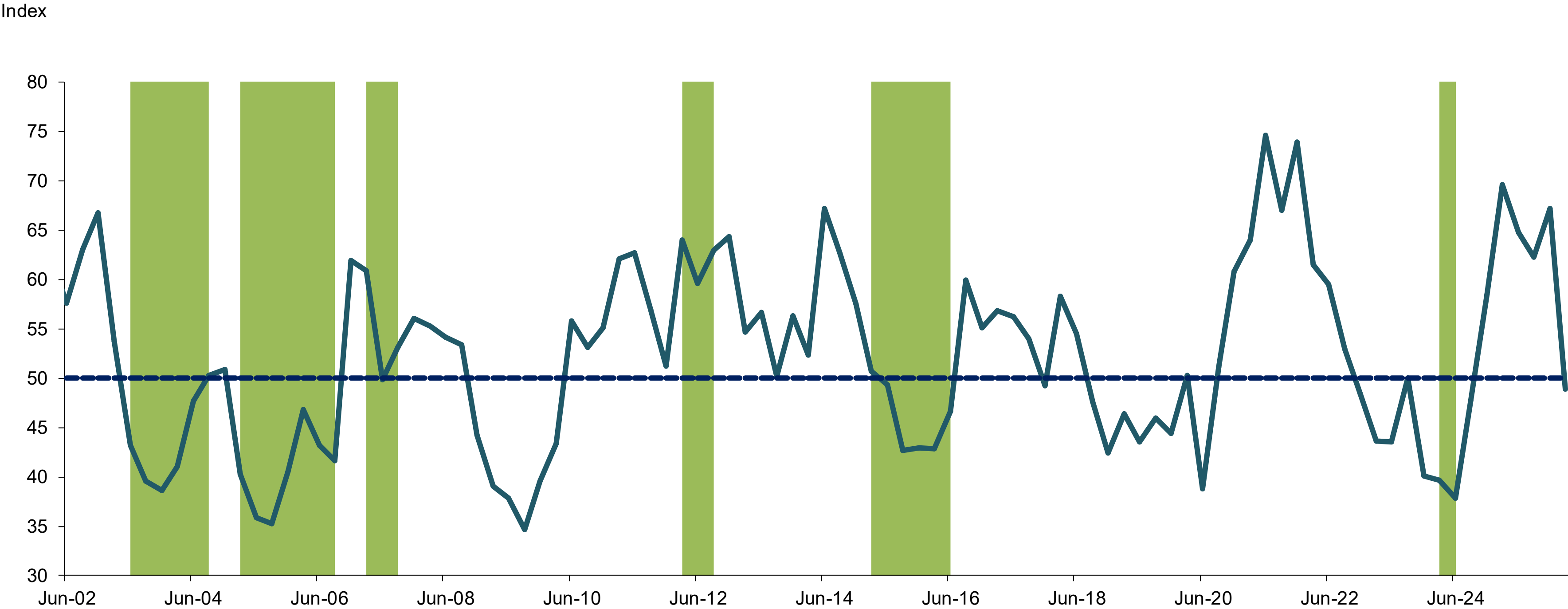


**First, some brief comments on the ongoing
developments that shape our farming
economy**

MIDDLE EAST DISRUPTIONS ON SA AGRICULTURAL SECTOR



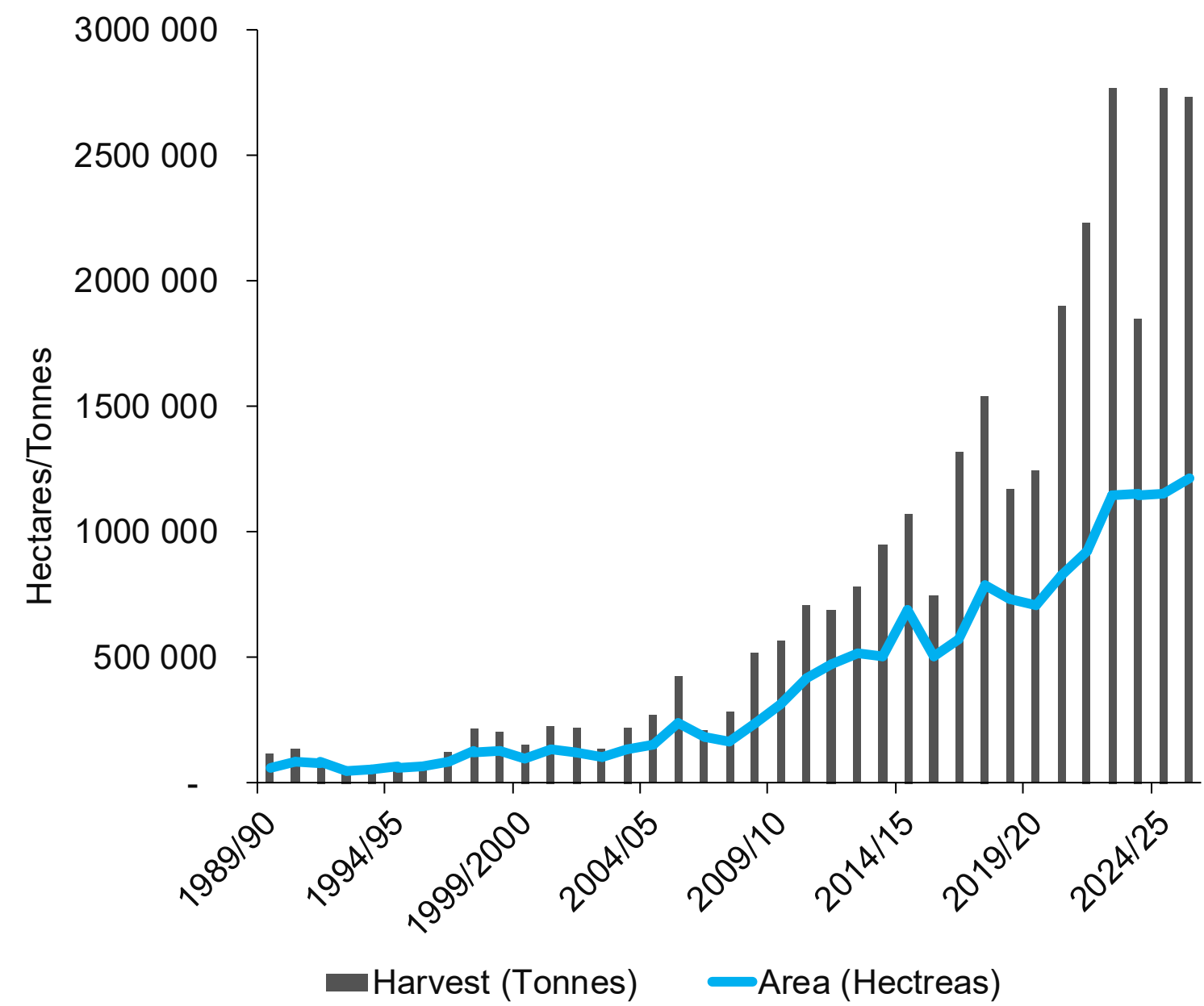
AGBIZ/IDC AGRIBUSINESS CONFIDENCE INDEX DECLINES NOTABLY IN Q1 2026



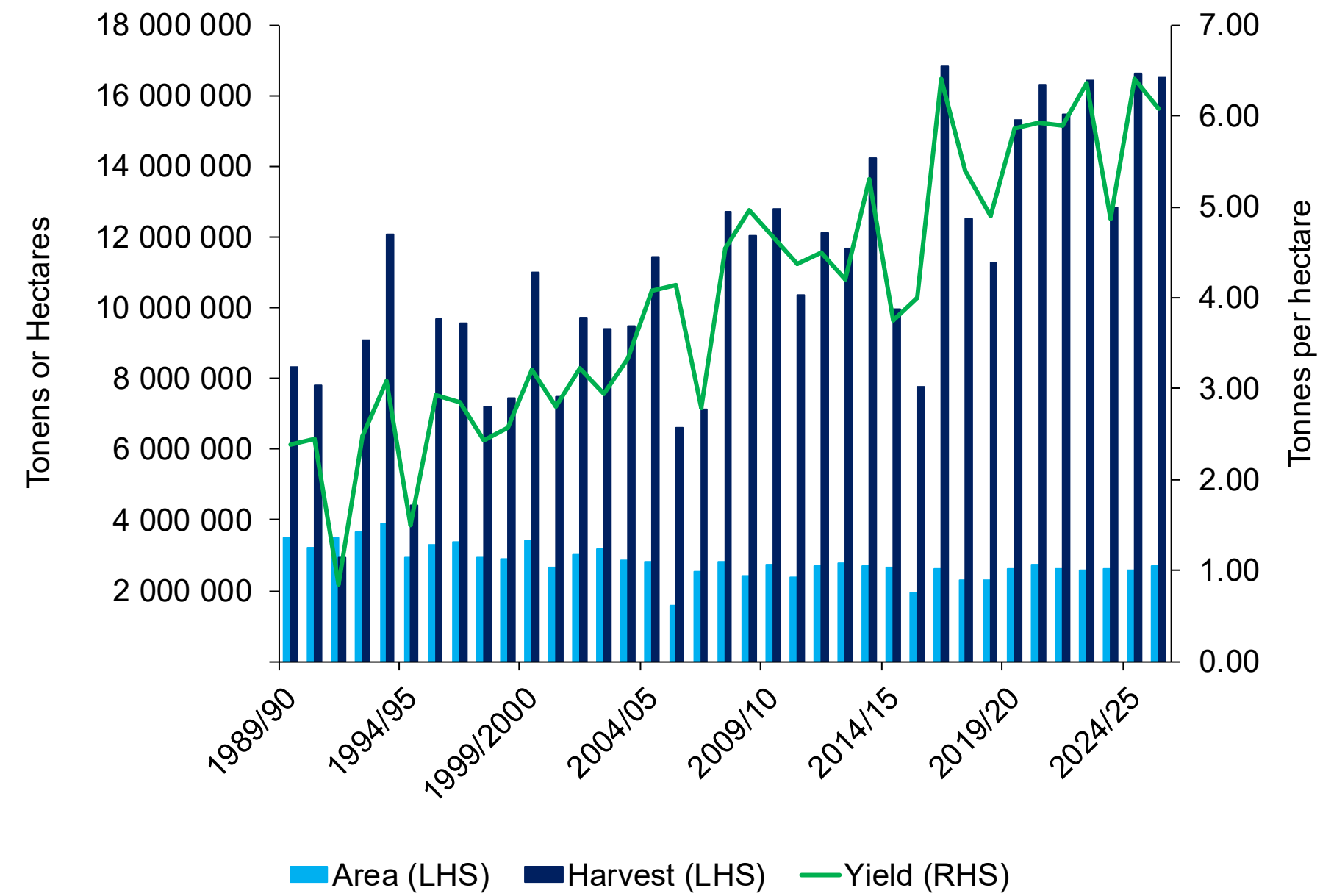
Source: Agbiz Research, South African Weather Service
(Shaded areas indicate periods of drought in South Africa.)

SA HAS AMPLE MAIZE AND SOYBEAN SUPPLIES, WHICH IS GOOD FOR THE POULTRY INDUSTRY

SA soybean production



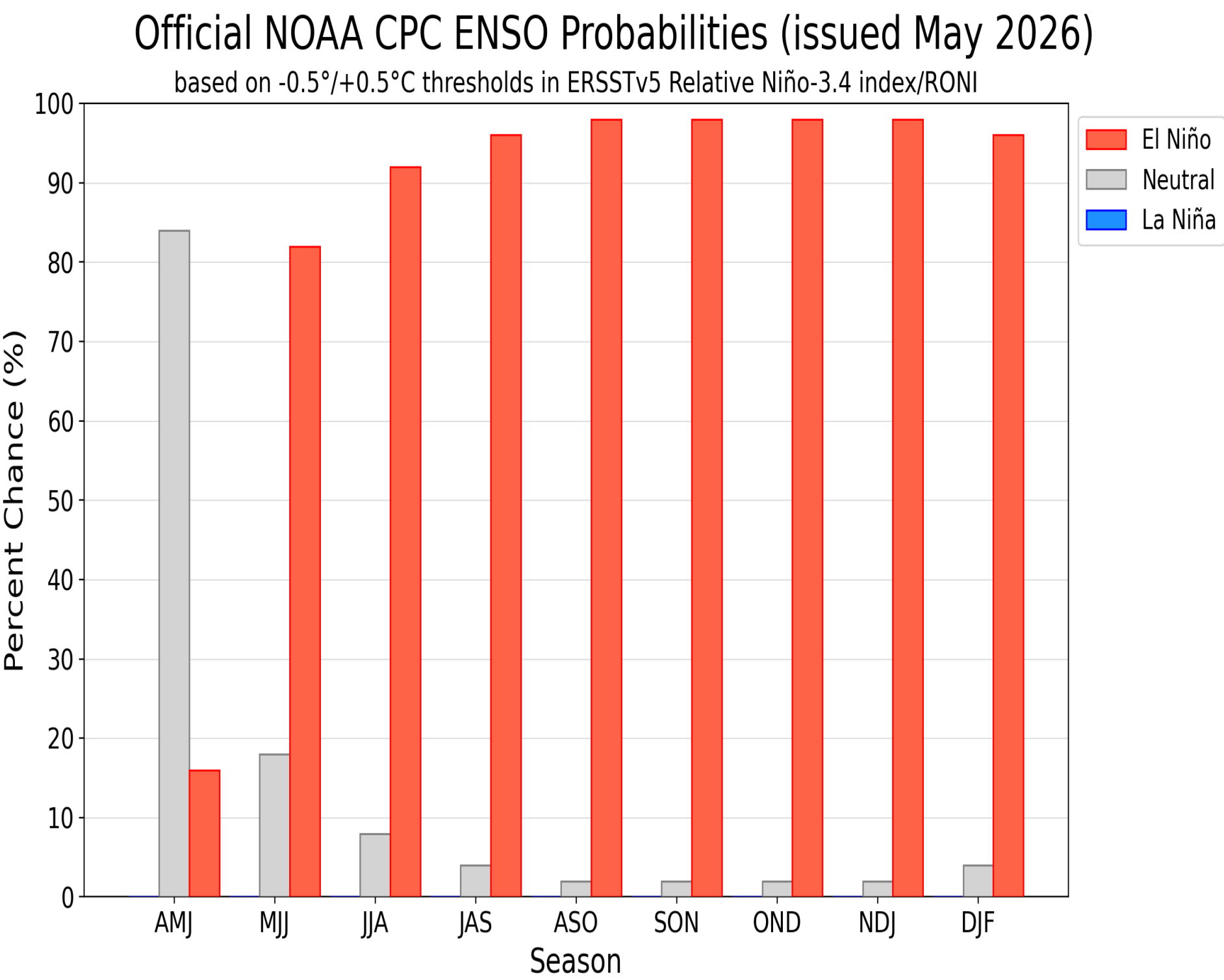
SA maize production



FIELD CROPS AND HORTICULTURE IN A FAIR CONDITION (BUT RECENT FLOODS PRESENT CHALLENGES)

- Since the start of the current 2025-26 production season, we received excellent La Niña rains, which have supported crop conditions, vegetable and fruit production, and the grazing veld.
- For field crops, South Africa's 2025-26 summer grains and oilseeds production is forecast at a record 20.8 million tonnes, up 1% from the 2024-25 season.
- In fruits, while the recent floods are destructive in parts of the Eastern and Western Cape, the country's fruit harvest is ample. We are even seeing strong exports of citrus, table grapes, and stone fruits, among others, due to a large domestic harvest.
- We also saw strong performance in the various fruit products. For example, the stone fruit and pome industries' export volumes have increased by 12% year on year, driven by a large harvest.
- Also, the figures recently released by the South African Table Grape Industry show that the final figures for the 2025-26 table grape season inspected for export were 81.25 million cartons (4.5 kg cartons), a 3% year-on-year increase. The production conditions for vegetables remain broadly favourable.

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



- 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.

Building an inclusive farming sector in South Africa

MY DEPARTURE POINTS FOR THE MORNING

- South Africa have been making many plans in agriculture for years and we can't seem to see the desired outcome
- Plans, strategies or workshops are often a disguise for 'real work or accomplishment', but they are really just the starting point
- Learn from history and experience
- Be clear on terminology – small-scale, vs commercial vs communal vs large scale vs emerging
- KISS – “Keep it straight and simple”

“Better few, but better”

WHY SHOULD WE PRIORITIZE AGRICULTURE IN RURAL AREAS?

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.

An important source of the poverty-reducing benefits of agricultural growth is the widespread adoption of innovations that increase producer returns and wage labour opportunities and reduce consumer prices.

Rising agricultural productivity not only reduces poverty by releasing agricultural labour to non-agricultural activities, but also by pulling surplus labour from less productive home production into commercial agriculture.



THE STRUCTURE OF SA FARMING SECTOR

Farm structure in South Africa, 2017

Category (Gross Farm Income)	Number of farming units	Share of commercial farming units (%)	Share of Total Gross Farm Income (%)
R22.5 million and more (large)	2 607	6.5	67.0
R13.5 million to R22.5 million (medium)	1 847	4.6	9.7
R2.5 million to R13.5 million (small)	10 712	26.7	18.5
R1 million to R2.5 Million (micro)	6 219	15.5	2.9
Less than R1 000 000 (micro)	18 737	46.7	1.9
Total (VAT registered farmers)	40 122	100	100

Source: Stats SA and Kirsten and Sihlobo, 2021



THE STRUCTURE OF SA FARMING SECTOR

STATISTICS SOUTH AFRICA

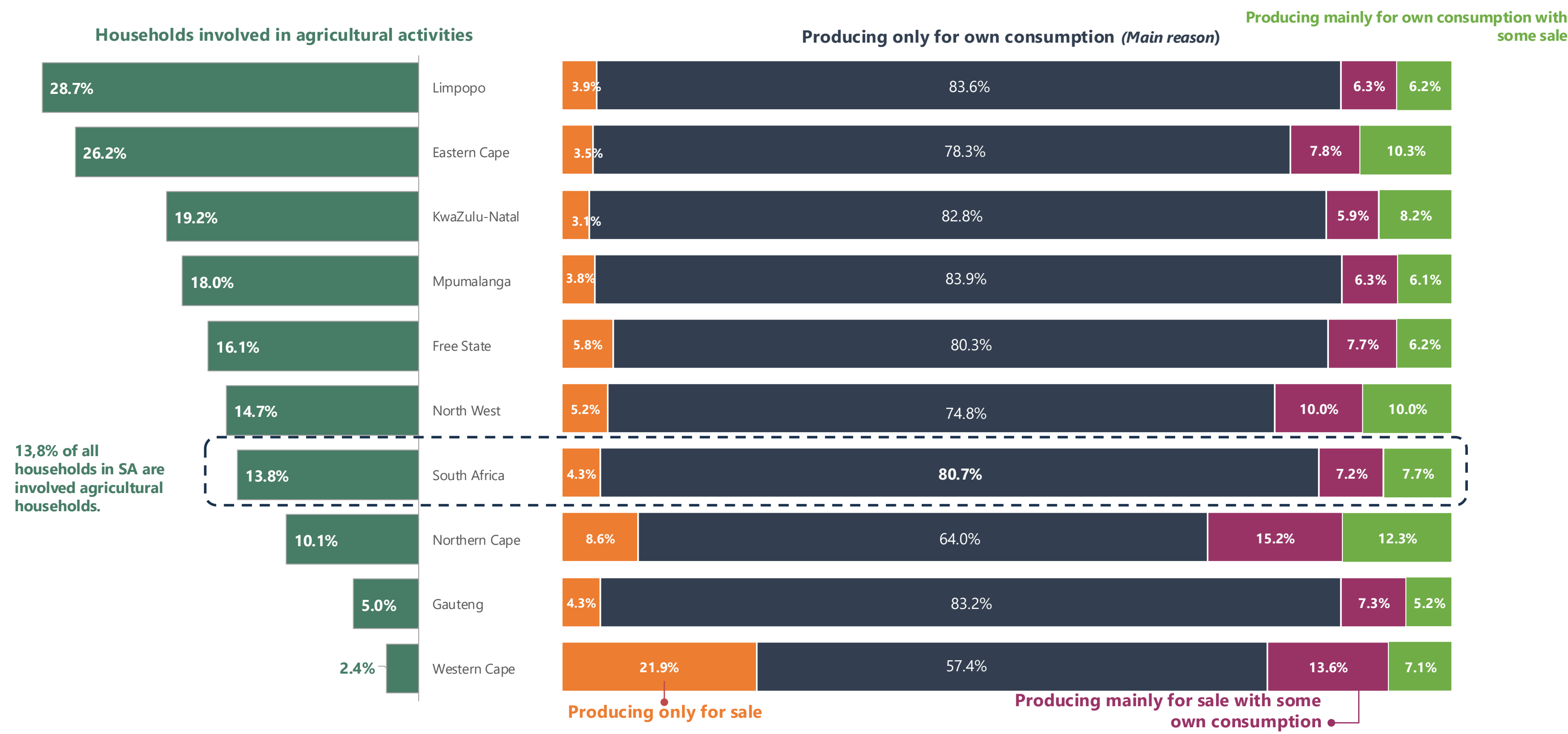
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Table 3.9 – Number of agricultural households by main purpose of involvement in agricultural activities and population group, 2022

Population group	Producing only for sale	Producing mainly for sale with some own consumption	Producing mainly for own consumption with some sales	Producing only for own consumption	Total number of households
Black African	64 232	143 974	171 354	1 854 308	2 233 868
Coloured	4 839	7 286	6 082	61 990	80 197
Indian or Asian	1 452	1 620	1 370	14 605	19 047
White	36 230	24 650	10 335	55 787	127 002
South Africa	106 753	177 530	189 141	1 986 690	2 460 114

Note: The figures exclude the 'other' population group and 'unspecified' main purpose of involvement in agricultural activities.

THE NEED FOR COMMERCIALISATION IS A NATION CHALLENGE



Source: Stats SA



LIMITED PROGRESS SO FAR

Commodity	Black Farmer Share in Output
Maize	4.7%
Soybeans	3.1%
Wheat	1.3%
Cotton	2.4%
Citrus	12.8%
Deciduous fruit	10.2%
Viticulture	1.6%
Potato	1.0%
Tomato	8.6%
Wool	11.0%
Mohair	12.8%
Cattle	34.0%
Poultry	4.2%

TRANSFORMATION OF THE AGRICULTURAL SECTOR AND INCLUSIVE GROWTH

- Moving agriculture from traditional, low-productivity, subsistence-based farming to a more modern, high-productivity, market-oriented, and sustainable system
- Key factors:
 - Increase productivity
 - Market orientation
 - Value addition and agribusiness
 - Modern technology and innovation
 - Access to finance
 - Institutional and policy reform
- This transformation requires collaboration between government, farmers' unions, private sector, communities, etc
- Much of what is needed requires “public goods” – therefore **effective government is critical!**

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 market place”.
- “to reduce the risks inherent in agricultural investment through supporting technology generation, verification and transfer”,

KEY CONSIDERATIONS FOR SUCCESS

Lessons from the early farmer settlement projects in South Africa in 1930-1950s (Key principles)

- State investment in land, infrastructure made available for settlement on clear conditions
- Support through extension services, finance, markets, family support (food and subsidy for 24 months) **BUT farmer has skin in the game and will be evaluated after 5 years**
- Principles:
 - Avoid project based and piecemeal approaches to support
 - Provide subsidies or on-farm infrastructure (bore holes, animal handling facilities, fences, dairy parlors, pig pens, poultry houses)
 - Fixed subsidy amount for items – farmer finance and build self and then claim subsidy after verification that it is in place (only 80% of costs)
 - Investment in climate smart practices or regenerative agriculture can also be supported on this basis
 - No free handouts of fertilizer, inputs or tractors – farmer needs to finance this through access to agricultural finance – land and agricultural bank or cooperatives

CONCLUDING POINTS ON KEY PRINCIPLES

The process of modernizing or transforming the agricultural sector to a market-oriented sector requires some key principles

- Carefully designed policy instruments that are aligned to incentives
- Enabling environment
- Farmers have to have skin in the game (helps with selection)
- Special reform measures to deal with land tenure, markets and distance to markets
- Public good provisions and removing constraints that prohibit integration into the market economy
- Ensure broad based and inclusive approach to support services with ease of application and qualification

SA AGRICULTURAL POLICY FOCUS IN 2026

- **LAND REFORM:** The South African government has roughly 2.5 million hectares of land. This land must be released to deserving beneficiaries with title deeds.
- **EXPORT DIVERSIFICATION:** South Africa's agriculture is export-oriented, with exports accounting for roughly half of output in value terms. We export to a range of markets across Africa, Asia, the Middle East, the EU, the UK, and the Americas. Still, there remains a considerable need to expand export markets into new areas.
- **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 South Africa. We often hear of farm killings and theft, which are devastating for the sector.

CONCLUDING REMARKS

- **The outlook for the 2025-26 production season is also fairly positive**, with La Nina rains supporting the crop conditions in most regions of the country.
- **Trade matters will continue to dominate the conversation, and the refreshed economic diplomacy, with 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 the 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**.
- There is a **heavy drought ahead**, and this will complicate our agricultural activities in 2027.

THANK YOU

CONTACT DETAILS

Wandile Sihlobo

Chief Economist, Agricultural Business Chamber of South Africa (Agbiz)

Email: wandile@agbiz.co.za

X: [@WandileSihlobo](https://twitter.com/WandileSihlobo)

www.agbiz.co.za

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