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Agriculture Outlook FY24-25

Overview

of the Agricultural Sector

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1. Introduction and Foreword

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The agricultural sector has been affected by various factors that have affected it negatively in the last few years. These include the COVID 19 pandemic, adverse weather conditions, the consistent outbreak of diseases that have particularly affected the livestock sectors and in recent years load shedding.

The sector has fairly recovered post COVID 19. However, diseases remain a constant threat but are under control. Weather patterns have been erratic which has cast doubt on the level of output that can be reached in 2025. Added to this scenario, are the developing global geopolitical issues with the new Trump administration. Of concern to the South African agricultural sector, is the possible termination of South Africa's AGOA eligibility which could negatively affect approximately 4% of South Africa's total agricultural exports by value.

It is against this background that this agricultural outlook presents what is likely to happen in various agricultural subsectors in 2025. Section 2 presents the global and domestic economic overview and the potential impact of the termination of AGOA. The commodities outlook is presented in section 3.

2. Economic Overview

2.1 Global Economic Growth Outlook

The latest International Monetary Fund (IMF) global economic outlook projects the global economy to grow by 3.3% in 2025 and 2026. This projection remains unchanged from October 2024 and below the historical average of 3.7% between 2000 and 2019. Economic growth in the United States is expected to reach 2.7% in 2025 supported by robust demand, favourable financial conditions and an accommodative monetary policy stance.

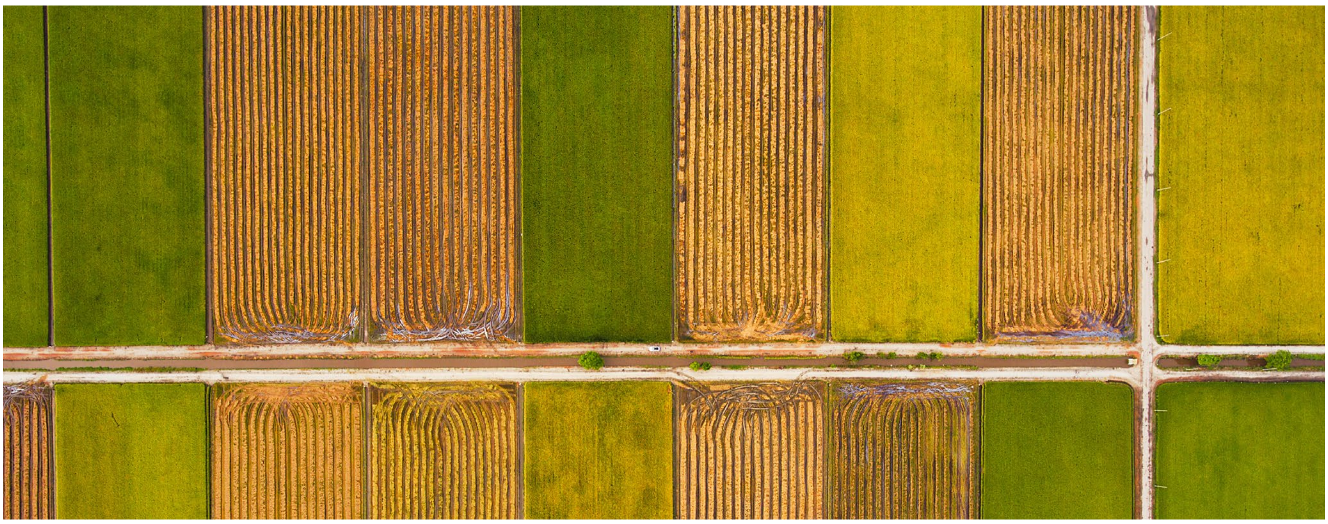
The Euro area is expected to grow by 1% in 2025, weighed down by negative sentiments as a result of geopolitical tensions. Nonetheless, growth in the Euro area is expected to grow by 1.4% in 2026 supported by strong domestic demand as financial conditions improve. In the emerging and developing economies growth will remain unchanged from 2024, at 4.1%. China is expected to growth by 4.6% and 4.5% in 2025 and 2026, respectively. The IMF notes that the risk to the global economic growth outlook is the proliferation of protectionist policies such as new tariffs which could lead to trade wars. These protectionist policies are likely to lead to trade wars which will distort trade flows, disrupt global supply chains and lower investment. According to the IMF, the protectionist environment is likely to affect global growth in the near and medium term.

The IMF January 2025 global economic outlook forecasts the global economy to grow by 3.3% in both 2025 and 2026 **(see Table 4, below)**. The World Bank's January 2025 World Economic Prospects Report forecasts the global economy to grow by 2.7% in 2025 and 2026, respectively as outlined below.

Table 1 Global GDP Yearly Growth Forecasts (%)

Agency	IMF			World Bank		
Year	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
World	3.2	3.3	3.3	2.7	2.7	2.7
Advanced economies	1.7	1.9	1.8	1.7	1.7	1.8
Emerging markets & developing economies	4.2	4.2	4.3	4.1	4.1	4.0

Source: IMF, World Bank & Land Bank AEA.



2.2 South Africa's Economic Growth

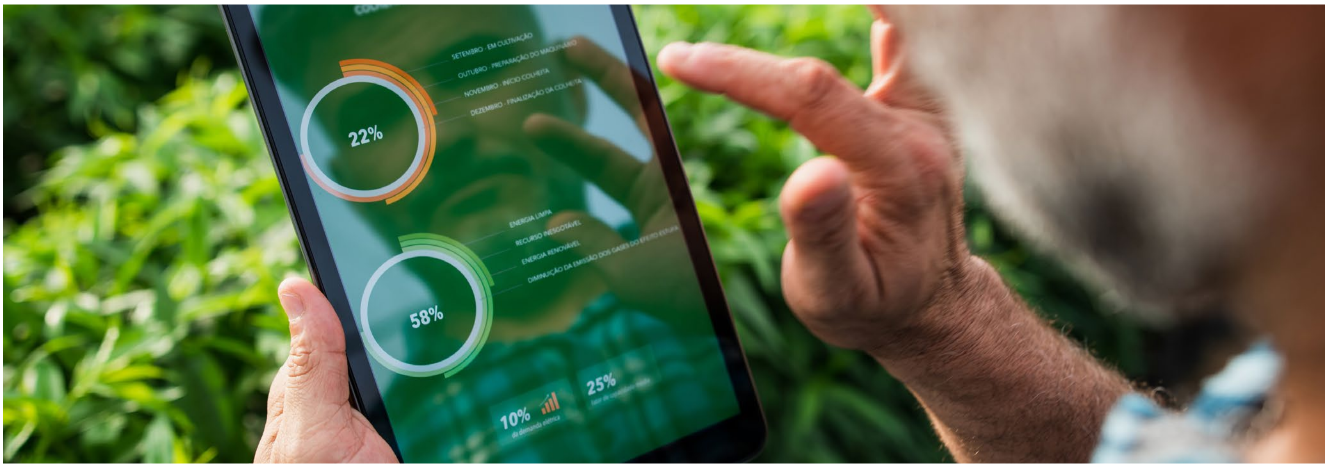
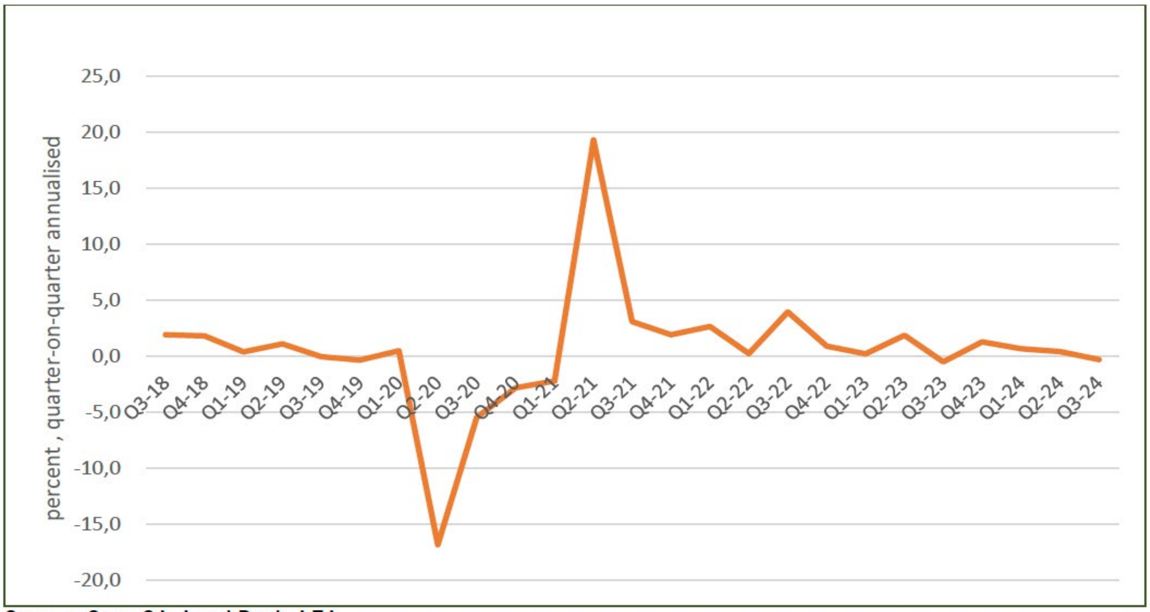


Figure 1: Quarterly SA GDP Growth



Source: Stats SA, Land Bank AEA.

Having grown by 0.4% (quarter-on-quarter, seasonally adjusted and annualised) in Q2 2024, the South African economy contracted by 0.3% (quarter-on-quarter, seasonally adjusted and annualised) in Q3 2024. Four out of ten sectors recorded negative growth in Q3 2024.

These included Agriculture, Forestry & Fisheries (-28.8%)1, Transport, storage & communication (-1.6%), Trade, Catering & accommodation (-0.4%) and General government services (0.1%).

Figure 1 above, shows the trends in quarterly GDP growth from Q3 2018 to Q3 2024. Nonetheless, In its January Monetary Policy Committee Statement, the South African Reserve Bank (SARB) forecasts the economy to grow by 2.5% in 2024. The growth in the economy will mostly be supported by improvements in electricity supply and logistics, which constrained most of the post-pandemic economic performance. The SARB further expects the economy to grow by 3.1% in 2025 and 3.2% in 2026 **(see Table 2, below).**

Table 2: Real GDP yearly forecasts

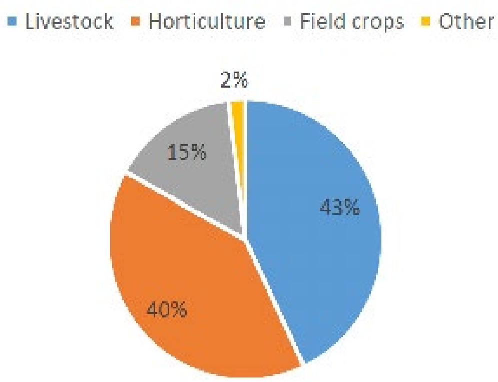
Year	2024	2025	2026
Real GDP (%)	2.6	3.1	3.2

Source: Stats SA, Land Bank AEA.

2.3 Agricultural GDP

The agricultural sector accounts for 3.2% of South Africa's gross domestic product (GDP) (see Figure 2 below). In 2022/23 the gross value of agriculture was R435.1 billion. The main agricultural sub-sectors by income in 2022/23 were Livestock (43%), Horticulture (40%) and Field crops (15%) and others (2%) **(see Figure 3 below).**

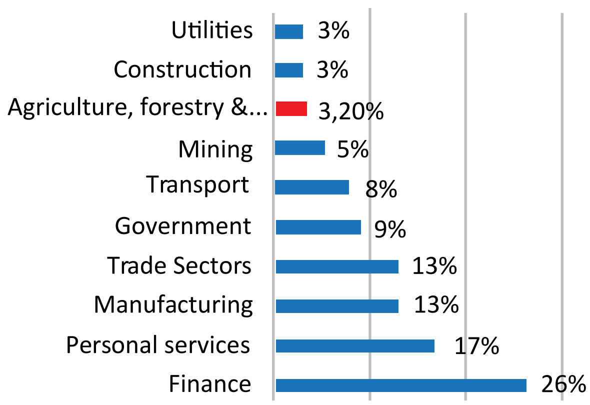
Figure 3: Share of agriculture income per subsector, 2022/23



Source: Stats SA, DALRRD, Land Bank AEA.

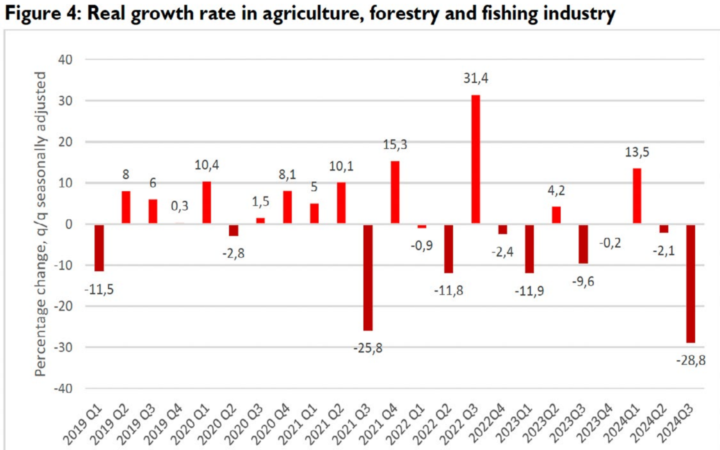
Having contracted by 2.1% (quarter-on-quarter, seasonally adjusted and annualised) in Q2 2024, the agricultural sector further contracted by 28.8% (quarter-on-quarter, seasonally adjusted and annualised) in Q3 2024 **(see Figure 2).** This contraction in agriculture contributed -0.7 percentage points to the overall negative GDP growth in Q3 2024. The contraction in the agricultural sector was mainly due to the decrease in economic activity in field crops. Statistics South Africa (StatsSA) noted that drought affected the output of field crops such as maize, soya beans, and sunflower.

Figure 2: SA GDP share per sector



Statistics South Africa (StatsSA) noted that drought affected the output of field crops such as maize, soya beans, and sunflower. The dry weather conditions also affected the production of subtropical fruits, deciduous fruits and vegetables in some parts of the country. The decline in agricultural production in Q3 2024 was more severe than expected. It is worth noting that agricultural production has been quite volatile in recent quarters **(see Figure 4, below).**

Figure 4: Real growth rate in agriculture, forestry and fishing industry



Source: Stats SA, Land Bank AEA.

The Bureau of Economic Research (BER) notes that the significant revisions of historical data have also fed into the volatility. BER further notes that experts in the field have expressed concern about the extent of the Q3 contraction in agricultural production and warn that there could be (another) large revision to the growth stats as other measures of activity in the sector are not nearly as bleak.

2.4 Inflation

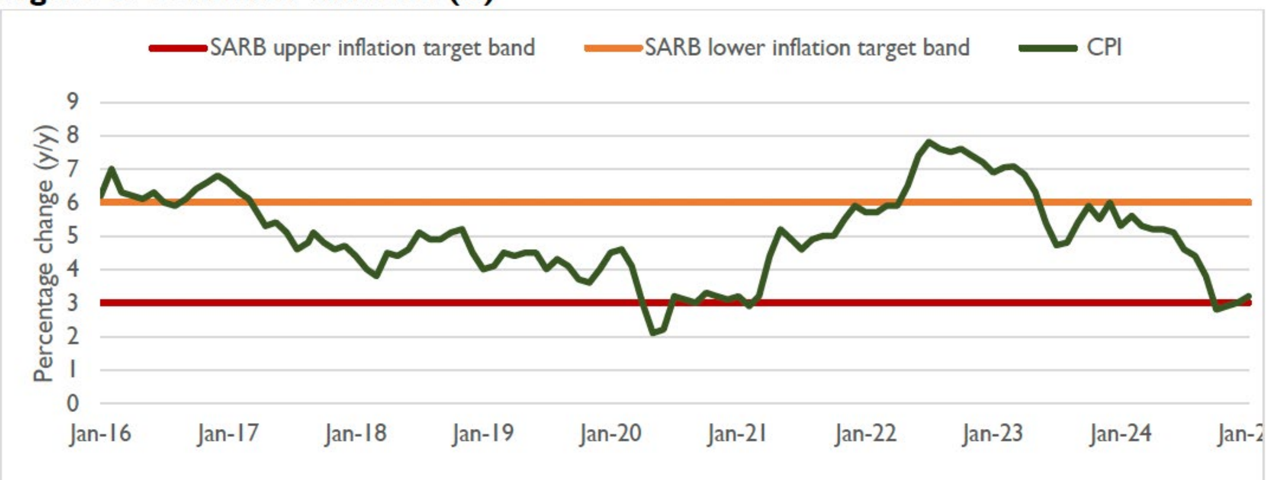
In January 2025, the IMF noted that global disinflation continues in most countries driven by wage growth moderation, continued labour market normalisation and the decline in core goods inflation which has fallen to below trend. According to the IMF global median inflation has been just above 2% in the last few months.

The major risk to global inflation is the ongoing trade war characterised by retaliatory import tariffs fuelled by the United States.

Trade wars have the potential to raise the prices of globally traded goods.

The CPI increased further to 3.2% year-on-year (y/y) in January 2025 from 3.0% y/y the previous month (see Figure 1, below). This is a third month of moderate upticks in the CPI. The increase in inflation was influenced by a less deflationary fuel component which was -4.5% in January 2025 compared to -10.2% in December 2024. Nonetheless, this increase is still lower than the SARB's midpoint of 4.5%.

Figure 5: Consumer Inflation (%)



Source: Stats SA, Land Bank AEA.

The 2024 CPI average of 4.4% is almost in line with the South African Reserve Bank's (SARB) forecast. In the last MPC meeting, held in January 2025, the SARB forecast indicated that headline CPI would average 3.9% in 2025 and 4.6% for 2026, respectively. SARB expects inflation to remain in the bottom half of the target range during the first half of 2025.

Nonetheless, its medium term projections are closer to 4.5%. The Bureau of Economic Research (BER) forecast average CPI to be 4.2% for 2025 and 4.3% for 2026 **(see Table 3 below).**

Table 3: CPI Forecasts

Year	2024	2025	2026
CPI forecast (%)	4.4	4.2	4.3

Since November 2024, the inflation rate bottomed out. The increase in electricity tariffs by the National Energy Regulator of South Africa (NERSA) is yet to feed into domestic inflation as the effect is likely to be felt in the next few months. The risk to global inflation remains the Trump's administration's trade protectionism rethoric which are causing global trade tensions.

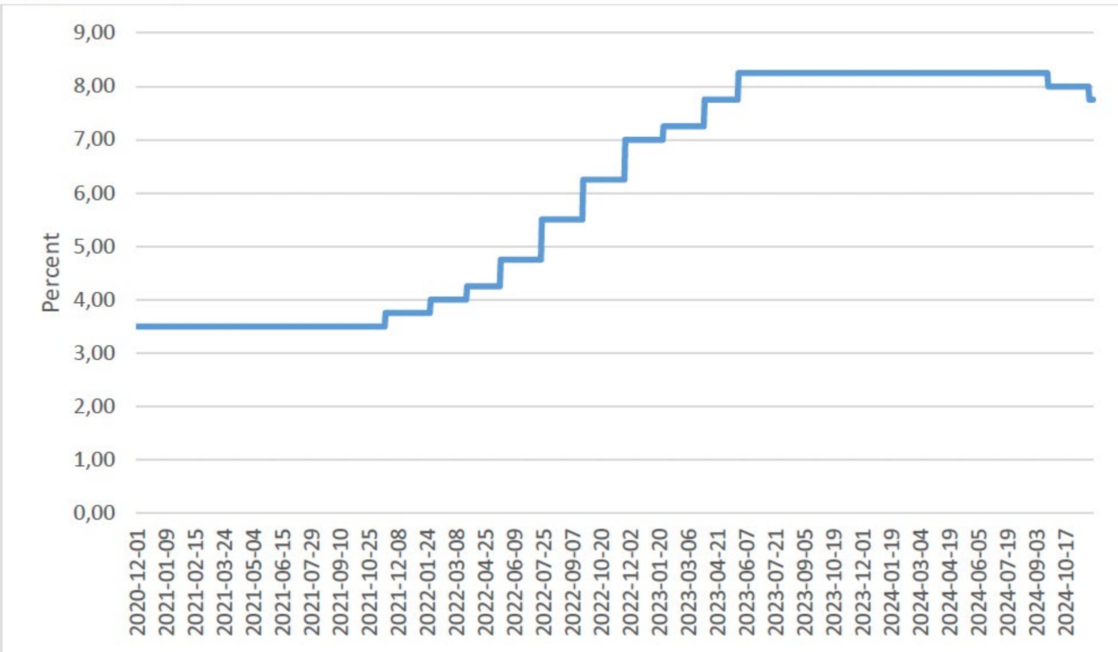
Trade wars through retaliatory tariffs are likely to limit global trade flows. This has the potential to lead to increase in global prices of traded goods and services and consequently global inflation. Nonetheless, although quite fragile, the Israel Hamas ceasefire agreement may bode well for global inflation expectations. The developments around the Ukraine-Russia war may further keep global inflation expections low.

2.5 Interest Rates

On January 30, 2025, SARB's MPC announced a 25-basis-point reduction in the repo rate, lowering it from 7.75% to 7.50%. This decision was widely expected by market analysts given the low interest rate environment.

As discussed above, domestic inflation is expected to increase moderately in the next few months. Most analysts expect one more interest rate cut in 2025.

Figure 6: Repo rate movements



Source: SARB, Land Bank AEA.

2.6 AGOA Uncertainty and Geopolitical Impact on SA Agriculture

The African Growth and Opportunity Act (AGOA) is a United States Trade Act, enacted on 18 May 2000 as Public Law 106 of the 200th Congress. The Act originally covered the 8 years from October 2000 to September 2008, but legislative amendments signed into law by United States President George Bush in July 2004 extended AGOA to 2015. At the same time, a special dispensation relating to apparel was extended by three years to 2007; in December 2006 these were further extended to 2012. AGOA has since been renewed to September 2025, when AGOA will be up for renewal.

It is worth noting that AGOA is not a trade agreement but a unilateral, non-reciprocal preferential trade arrangement by the United States to qualifying Sub-Saharan African (SSA) countries. The qualifying criteria for AGOA is based on a set of conditions contained in the AGOA legislation.
To qualify and remain eligible, each country must be working to improve its rule of law, and human rights and respect core labour standards. The 2025 extension of AGOA will happen under different domestic and international contexts than those that prevailed under President Obama's administration. Domestically, South Africa is under the Government of National Unity (GNU) after the African National Congress (ANC) failed to secure an outright majority in the last elections. Nonetheless, government policies have not changed substantially since the inception of the GNU.

In the United States, Trump was elected as the president and through several executive decrees, the United States has recently imposed import tariffs on goods from countries such as Canada, Mexico, the European Union (EU) and China. Several countries have retaliated by imposing import tariffs on goods from the United States.

The Trump administration has also halted the activities of the United States Agency for International Development (USAID) suspending aid to several countries including South Africa. Specific to South Africa, the United States reacted to the Expropriation Bill signed by President Ramaphosa by cancelling all aid to South

Africa. The United States further alleged that South Africa through this bill was discriminating against the minority Afrikaner constituency and therefore offered a refugee programme for their settlement in the United States.

International relations analysts argue that the United States' actions are not a result of the Expropriation Bill but a result of South Africa's foreign policy posture. In line with its unalignment position, South Africa pursues economic and trade relations with both the East and West, a term referred to as "strategic foreign policy" based on a country's economic interests.

However, the United States has been unhappy with South Africa's support of Hamas and the several applications brought by South Africa to the International Court of Justice (ICJ) against Israel in the war in Gaza. South Africa also has military and political ties with Russia and China. South Africa has also taken a non-alignment posture in the Russia-Ukraine conflict. South Africa together with Brazil, Russia, India and China are the founding members of BRICS.

The United States – South Africa Bilateral Relations Review Act was tabled in Congress in February 2024 which claimed that South Africa siding with malign actors that include China, Russia and Hamas. However, several members of Congress opposed that Bill arguing that South Africa has a strong commitment to democracy and human rights.

These developments cast doubt on whether South Africa's AGOA status will be renewed under Trump's administration.

2.6.1 Eligible products

AGOA builds on existing United States trade programmes by expanding the (duty-free) benefits previously available only under the country's Generalised System of Preferences (GSP) programme. The concept was that extending such unilateral duty-free access would create an enabling trading environment for developing countries. Duty-free access to the United States market under the combined AGOA/GSP programme stands at approximately 6 500 product tariff lines, including the tariff lines that were added by the AGOA legislation.
The newly added "AGOA products" include items such as apparel and footwear, wine, certain motor vehicle components, a variety of agricultural products, chemicals, steel and many others. The list of eligible products includes most of the agricultural products exported by South Africa including citrus, tree nuts and wine.

2.6.2 South Africa's exports to the United States

South Africa's total agricultural exports to the world by value reached R244 billion in 2023, reflecting steady growth from R141.8 billion in 2019. This represents a 72.0% increase over five years, highlighting the resilience and competitiveness of the country's agricultural sector. The United States accounted for 3.8% of South Africa's agricultural exports in 2023, with a total export value of R9.17 billion.

While this represents a slight decline from R8.71 billion in 2022, the US remains a key market. Over the past five years, South African agricultural exports to the US have fluctuated between 3.7% and 4.4% of total exports, maintaining a relatively stable position.

Data from TradeMap **(see Figure 7)** shows that South Africa's trade in agricultural products with the United States by nominal value to the United States (HS21 to HS22, excluding HS63). As shown in **Figure 1** below, South Africa's agricultural exports to the United States have grown substantially between 2003 and 2023.

During this period exports grew at a compounded annual growth rate (CAGR) of 11.6%, from R1.1 billion to R9.8 billion in 2023. As shown in **Figure 7,** South Africa is a net exporter of agricultural products with the United States.

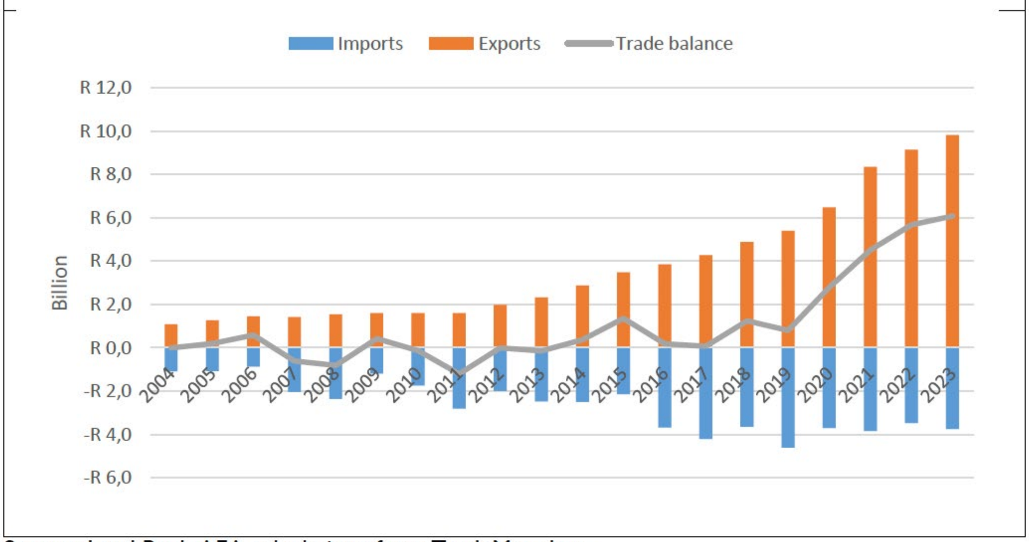
In 2003 South Africa's trade balance with the United

Table 4: South African Agricultural exports to the world by value (Billion rand)

Country	2019	2020	2021	2022	2023	Share 2023
Netherlands	12.03	17.05	18.71	21.41	24.00	9.8%
United Kingdom	10.64	13.27	13.43	13.82	16.20	6.6%
Botswana	10.60	10.37	11.43	12.71	14.52	5.9%
China	8.04	10.18	15.01	11.35	14.42	5.9%
Namibia	9.93	9.49	10.37	11.91	13.27	5.4%
Mozambique	8.06	8.30	7.92	10.12	12.88	5.3%
Zimbabwe	2.83	7.30	7.04	8.59	12.19	5.0%
United Arab Emirates	4.04	5.39	5.60	7.36	9.25	3.8%
United States of America	5.21	6.30	8.03	8.71	9.17	3.8%
Lesotho	5.48	5.74	6.40	7.38	7.18	2.9%
Other	64.99	74.49	77.89	97.25	110.96	45.5%
World	**141.85**	**167.88**	**181.84**	**210.60**	**244.03**	**100.0%**

Source: ITC Trade Map, Land Bank AEA

Figure 7: South Africa's food exports to the United States, 2004 -2023



Source: Land Bank AEA calculations from TradeMap data.

States was R6.1 billion. According to the United States Department of Commerce, in 2022 AGOA accounted for approximately 67% of South Africa's total agricultural exports to the United States by value.

Table 5 below, shows South Africa's top 10 food product exports to the United States in 2013 at the four-digit level. As shown in Table 5 below, South Africa's main food exports to the United States in 2023 included Edible Fruits (mainly citrus) (42.6%), Nuts (13.4%), Wine (12.8%), Seafood (10.3%), Processed food (8.0%) and sugar (5.9%), amongst others. According to the Trade Law Centre (Tralac) (2023), 79% of citrus fruit exports and 99% of wine exports from South Africa enter the United States duty-free under AGOA. The total value of citrus and wine exports to the United States in 2023 was R4.2 billion and R1.3 billion, respectively.

Table 5: South Africa's top 10 food exports (HS 4) to the United States, 2004 -2023

Product	Share
Edible fruit and nuts; peel of citrus fruit or melons	42.6%
Preparations of vegetables, fruit, nuts or other parts of plants	13.4%
Beverages, spirits and vinegar	12.8%
Fish and crustaceans, molluscs and other aquatic invertebrates	10.3%
Miscellaneous edible preparations	8.0%
Sugars and sugar confectionery	5.9%
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	2.5%
Coffee, tea, maté and spices	1.2%
Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats	1.0%
Cereals	0.6%
Total	**100.0%**

Source: Land Bank AEA's calculations from TradeMap data.

2.6.3 South Africa's preferential access to the United States and usage

South Africa's preferential access to the United States is through AGOA and GPS. These are interlinked non-reciprocal tariff regimes offered to South Africa and other qualifying countries. Countries must be GSP eligible to receive AGOA benefits. GSP was first implemented in 1974 and has been renewed several times. However, it has not been renewed since 2020.

Table 6 below, shows that South Africa's agricultural exports to the United States cover approximately 2 438 tariff lines. Approximately 90% (2 193 lines) of these tariff lines enter the United States duty-free and approximately 62.5% (1 524 lines) are under AGOA/GSP. Therefore, the termination of South Africa's eligibility to AGOA is likely to affect approximately 1 524 tariff lines.

Table 6: SA's preferential access to US market, through AGOA and GSP (number of tariff lines, HTS 2022)

HS code	Total tariff lines	Free duty (no duty)	AGOA only	AGOA/ GSP/ LDC only	AGOA/ GSP developing country	GSP developing country only	GSP LDC only (No SA preferential access)	No Preferential access
(S01) Live animals, animal products	721	298	0	253	80	0	0	90
(S02) Vegetable products	594	155	17	157	257	0	1	7
(S03) Animal or vegetable fats & oils	85	18	0	34	32	0	0	1
(S04) Food, beverages & tobacco	807	156	11	216	289	1	3	131
(S08) Raw hides	231	42	18	30	130	0	0	11
Total	**2 438**	**669**	**46**	**690**	**788**	**1**	**4**	**240**

Africa Growth Initiative at Brookings

Table 7 below, shows average tariff rate rates by regime i.e. AGOA, GSP and MFN. The preferential trade-weighted tariffs tend on average to be below 2% under AGOA and GPS, and slightly above 2% under MFN. However, preferential unweighted trade tariffs tend on average to be above 4% under AGOA and GSP; and above 5% under MFN.

Generally, processed food products i.e. Food, beverages & tobacco tend to attract higher tariff rates across tariff regimes. Therefore, with the ending of AGOA, South Africa's agricultural exports to the United States are likely to attract an average tariff rate of 6%.

Table 7: Average import tariffs for United States imports from South Africa, by tariff regime, HTS 2022

	Trade weighted			Unweighted		
HS Code	**MFN**	**AGOA**	**GSP**	**MFN**	**AGOA**	**GSP**
(S01) Live animals, animal products	0.0%	0.0%	0.0%	6.6%	3.1%	6.1%
(S02) Vegetable products	1.2%	0.1%	1.0%	4.3%	1.2%	2.6%
(S03) Animal or vegetable fats & oils	1.1%	0.0%	0.0%	2.9%	0.1%	1.7%
(S04) Food, beverages & tobacco	7.2%	1.2%	6.6%	10.4%	5.9%	8.4%
(S08) Raw hides	2.2%	0.1%	0.3%	4.9%	0.6%	1.9%
Total average	**2.3%**	**0.3%**	**1.6%**	**5.8%**	**2.2%**	**4.1%**

Source: Africa Growth Initiative at Brookings.

2.6.3 Impact on South Africa's agriculture

It is worth noting that before the current geopolitical situation that South Africa finds itself in, there were issues with South Africa's eligibility for AGOA. Previously South Africa's eligibility was questioned based on its level of development and industrialisation. Several United States administrations have kept South Africa on AGOA mainly due to United States geopolitical considerations and its economic interests. That said, it should be noted that if South Africa is removed from AGOA, South Africa's exports to the United States will default to the most favoured nation (MFN) tariffs.

Non-preferential United States import duties on South Africa's food exports average between 2.3% (weighted) and 5.8% (unweighted) and these are likely to affect approximately 1 524 tariff lines. The immediate impact is that South Africa's exports to the United States will become uncompetitive. Therefore, South Africa's exports to the United States of citrus, wine, nuts (mainly macadamia), seafood, table grapes and certain processed foods are likely to be impacted. As discussed above, in 2023 the United States accounted for 4.2% of South Africa's total agricultural exports by value. Even in a worst-case scenario, it is unlikely that the entire 4.2% would be negatively affected.

An alternative to the United States would be increasing market access to existing trade partners and in BRICS-plus countries. It should be noted that in 2023, South Africa's major agricultural export markets included Africa (38%), Asia (28%), the EU (19%), the Americas (6%) and other countries (9%). The BRICS-plus countries that could potentially replace AGOA include China, India and Saudi Arabia. Other market opportunities exist in countries such as Japan, Vietnam, Mexico, Bangladesh, Taiwan, Philippines and South Korea. Therefore, South Africa's export expansion strategy should target these countries.

3. Commodity Overview

3.1 Grains Industry Overview

Agricultural Commodity Outlook for 2025: Rainfall and Implications

The ENSO state is still a weak La Niña according to some institutions such as the NOAA Climate Prediction Centre and the IRI. La Niña conditions are expected to persist through February-April 2025. Certain institutions, such as the Australian Bureau of Meteorology however still classify this summer as ENSO Neutral (Neither El Niño nor La Niña) based on the reasoning that several indicators are not consistently within the La Niña threshold.

According to the Agricultural Research Council's latest weather update, following drought risk concerns in the northeastern regions of the country during September 2024, welcome rainfall brought relief during November and December, with conditions becoming more pronounced in January 2025. Weather maps highlights widespread wet conditions across Limpopo and parts of Mpumalanga. With the summer rainfall season in full swing, these favourable conditions may benefit agriculture. Rainfall conditions in January 2025 showed a significant improvement with most of the summer rainfall region experiencing rain.

The weather estimate continued to indicate that in contrast, the Karoo region experienced moderate to severe drought conditions over the 6-month period to January 2025. This area is particularly vulnerable to multi-year droughts, raising concerns for the agri-cultural sector.

Grain Sector Outlook in South Africa

In 2024, the grain sector in South Africa faced significant pressure due to supply challenges, weather variability, and strong regional demand.

Grains Market Dynamics

- The 2024 local maize market faces notable pressure due to supply shortages, compounded by strong export demand from neighbouring countries, particularly Zimbabwe. Grain prices have as a result risen.
- The South African white maize (WM) prices saw a sharp increase during the latter part of 2024 due to the concerns about WM stocks being tight moving closer to the end of the season. White maize prices in South Africa are likely to remain high during the first quarter of 2025, with some relief expected in the second quarter of 2025. Between January 2024 and January 2025, yellow maize prices increased by 52% (from R3,680/ton to R5,604/ton), while white maize prices rose by a sharper 76% (from R3,889/ ton to R6,831/ton), driven by tight supplies. These trends are depicted in Figure 8, below.
- As a result of tight supplies, South Africa resorted to the importation of maize to meet domestic demand.

Production conditions and outlook

- Good and continuous rain for the new 2024/25 production season finally started shortly before Christmas in most growing regions. This rainfall provided much-needed relief following the very hot conditions experienced in November and early December. Additionally, it supported planting activities in key crop production regions. Most plantings have since been completed and earlier plantings that suffered from the November /December 2024 heatwave have in most cases recovered nicely or replanting had to be done by some farmers.

- Recent rainfall raises hopes for improved yields in key farming regions, but inconsistent and delayed rain in certain areas creates uncertainty around early maize deliveries and total production volumes. The 2023/24 summer production season saw a 23% year-on-conditions during February and March of 2024.

Recovery Potential: A forecasted La Niña weather pattern for the 2024/25 planting season provides hope for improved rainfall and cooler temperatures, which could boost yields and stabilize the market.

Winter Grains

Production Performance

- The 2024/25 winter crop production is expected to reach 2.65 million tons, reflecting a 2.6% year-on-year decline due to challenges such as delayed rainfall, poor crop development, and reduced yields in certain areas.
- Wheat production in the Western Cape, South Africa's leading wheat-producing region, is expected to decline slightly, despite a slight increase in the area planted. Other regions like the Northern Cape, Free State and Limpopo faced challenges due to reduced plantings and adverse weather.
- Farmers in the Swartland area of the Western Cape faced challenges during the harvest season, with below-average-to-average yields expected. Delayed rainfall, cold and wet conditions disrupted crop development and reduced yields. Therefore, poor wheat grain quality has been experienced on some farms. Canola has been especially hard-hit, with some fields producing almost no yield, leaving farmers in a difficult situation.

Recovery Prospects

- If La Niña conditions materialize, improved rainfall and cooler temperatures could help farmers recover during the new 2024/25 summer production season and support better yields for winter crops in the next season.

Conclusion

South Africa's grain sector remains under pressure, with summer grains facing tight supplies and high prices, while winter grains face production and quality challenges. Both sectors are highly dependent on weather conditions, with the potential for recovery tied to the expected La Niña pattern (favourable rainfalls) in 2024/25. Strategic stock management and early deliveries will be crucial in mitigating supply risks and stabilizing the market. **Figures 8 and 9** underscore the price volatility in the grain and oilseed markets, reflecting the challenges faced by farmers and the broader agricultural sector.

Figure 8: Domestic grain prices R/ton (Wheat RHA[i]

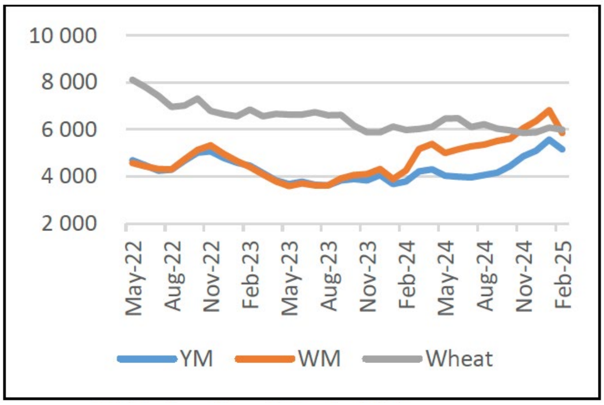
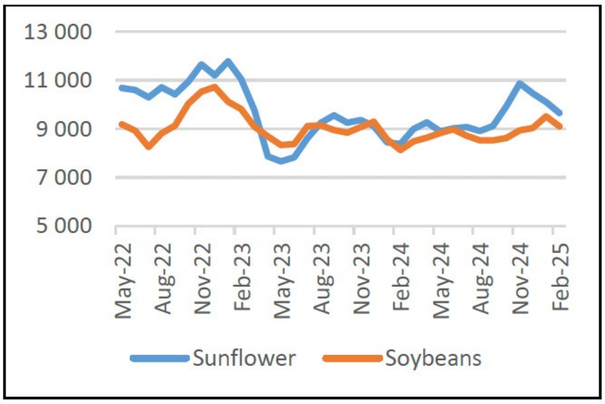


Figure 9: Domestic oilseed prices R/ton



Source: JSE Safex, Land Bank AEA

Table 8 above, shows the commodity prices for 2024 and their annual percentage changes compared to 2023. While white maize saw a significant price increase of +31.63%, wheat experienced the largest decline at -6.07%. Soybeans and sunflower prices remained stable with minor changes.

Table 8: Commodity Prices (2024) and Annual Percentage Change (2023–2024)

Commodity	Price (2024) (R/ton)	Annual % Change (2023–2024)
Sunflower	9 268	+0.06%
Soybeans	8 663	-4.51%
Yellow Maize	4 217	+6.9%
White Maize	5 251	+31.8%
Wheat	6 089	-6.07%

Source: JSE Safex

Fertilizer prices have shown signs of relief

Fertilizer prices in 2024 showed a noteworthy year-on-year decline across all major categories, reflecting improved global supply conditions and easing cost pressures in the agricultural input market, signalling relief for farmers who rely on these inputs **(see Table 9 below).** Ureum (46) experienced the smallest decrease (-5.1%). Fertilizer prices were also, on average, lower at the beginning of the season when farmers were preparing for new season planting. Additionally, fuel prices were on average 4.4% lower in 2024 than in 2023, further reducing input costs for farmers. While these factors may ease production costs, challenges like delayed plantings and erratic rainfall could still affect overall production output and consequently profitability at the farm level.

Table 9: Domestic Fertilizer Prices Year on Year and Month on Month

Fertilizer	Price (Dec-24) (R/ton)	YOY % Change (Dec-23 to Dec-24)
Kan (28)	9 344	-11.6%
Ureum (46)	10 285	-5.1%
MAP	14 201	-11.7%
Kalioumchloried	9 049	-17.7%

Source: JSE Safex

3.2 Livestock Industry Update

Livestock price trends

Overview of the Livestock Industry in South Africa – 2024/25

The livestock industry remains the largest contributor to South Africa's agricultural GDP, yet it continues to face significant challenges from persistent animal disease outbreaks, deteriorating grazing conditions and economic pressures. Despite these hurdles, there are signs of recovery and growth in specific areas, supported by improved export opportunities.

Key Challenges and trends within the livestock industry

Animal Disease Outbreaks: Animal diseases continue to be a challenge to sustainable livestock farming in South Africa. South Africa continues to battle open outbreak cases of Foot and Mouth Disease (FMD), highly pathogenic avian influenza (HPAI) and African Swine Fever (ASF).

Foot and Mouth Disease (FMD): FMD outbreaks have persisted in South Africa for over five years, affecting seven provinces since 2019. At the end of January 2024, there were 178 open cases. FMD outbreaks persist in the Eastern Cape (38 open outbreaks) and KwaZulu-Natal (140 open outbreaks), though other provinces have resolved their cases with ongoing efforts to contain the disease in these areas. The disease has disrupted livestock movement, dairy production, and trade, requiring strict biosecurity protocols, movement restrictions, and quarantines to limit spread.

Highly Pathogenic Avian Influenza (HPAI): The South African poultry industry is on track for recovery in 2025 following significant disruptions caused by the 2023 outbreak of highly pathogenic avian influenza (HPAI). Production is expected to increase as breeder flocks recover, however, preventing another outbreak remains critical for long-term stability.

Economic Pressures: Constrained consumer spending due to low disposable income is likely to affect demand for livestock products. High costs of animal feed and production inputs continue to strain profit margins for farmers, despite some relief from improved electricity supply.

Impact of higher grain prices: The grain sector's tight supply conditions and elevated prices have direct implications for the livestock sector, particularly for the broiler and feed industries. Yellow maize and soybean meal, the primary ingredients for animal feed, have experienced significant price increases due to reduced local production and strong competition for imports. High feed costs may strain small-scale farmers, particularly those unable to produce or mix their feed.

The livestock sector's recovery will depend on two critical factors; improved local grain production in the 2024/25 season and the continued availability of affordable imports. The anticipated La Niña conditions provide hope for better grain yields, which would help ease feed costs and stabilize the sector. However, until the new crop is harvested, livestock producers will continue to face challenges

Grazing and Feed Challenges: A mid-summer drought in the past year and harsh winter conditions significantly reduced grazing availability and

quality, forcing farmers to market animals earlier than planned. Veld fires during winter further worsened pasture conditions, increasing pressure on livestock health and maintenance.
The combination of these factors has added a bearish tone to the livestock market, making rainfall in the coming months critical for vegetation recovery.

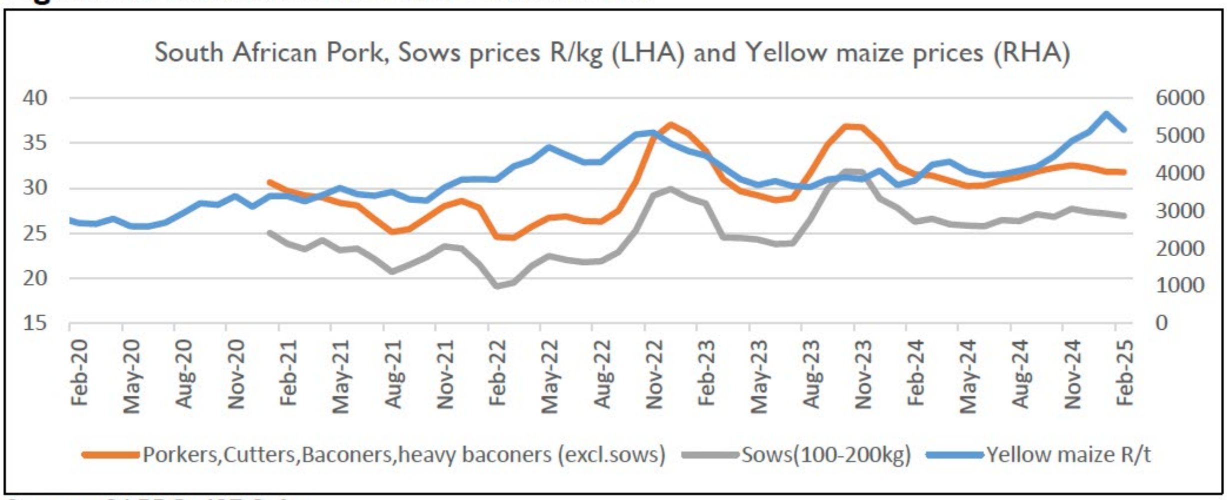
Power supplies: on the 31st of January 2025, after over 10 months of uninterrupted electricity supply due to the success of Eskom's Generation Recovery Plan, the utility issued an alert about a high risk of load-shedding but indicated that the Summer Outlook remains the same.
Eskom described this as a potentially temporary setback, as structural improvements in the generation fleet have significantly reduced the frequency of load-shedding. The agricultural sector as a whole had been benefiting from consistent electricity supply in its daily operations. Any recurrence of load-shedding could disrupt these operations, increasing production costs and disrupting supply chains. Stability in electricity supply remains essential for sustaining growth, productivity and resilience in the agricultural industry. The latest Eskom Summer Outlook is broadly positive for the agricultural industry. Consistent electricity supply, as seen during the load-shedding-free winter and the likely continuation into summer, ensures uninterrupted operation of critical agricultural processes.

Producers are enhancing biosecurity measures and adopting technologies like traceability systems to monitor livestock, ensuring quick responses to outbreaks. These initiatives aim to improve efficiency and meet strict export standards. In a significant development, the initial phase of the red meat traceability system has been launched by the Red Meat Industry Services.
The platform was launched on 1st November 2024 and is designed to improve transparency, efficiency, and competitiveness in South Africa's red meat industry.
Another set of positive news is that new export opportunities, including the resumption of the Saudi Arabia market after a 21-year ban, are expected to boost the sector. Maintaining access to these markets will require effective biosecurity and sustainable practices..

Pork Industry Outlook 2025

The pork industry remains highly dependent on consumer affordability and spending power, limiting profit margins. With weak economic growth forecasted, consumers will have limited spending power increase in 2025. Pork is already considered an affordable protein option, leaving little room for further price increases. The ongoing presence of ASF continues to pose risks to pork production, adding to the biosecurity concerns for the sector. A better 2025 crop which could ease feed prices, could provide a slight cost pressure relief to the sector. SAPPO has reported that the larger carcass sizes driven by genetics are necessitating innovation in processing to handle the bigger cuts and get more pork to lower-income consumers that dominate the market. But additional processing does not translate into higher profitability given the consumer demand constraints. **Figure 10** below, shows price trends within the pork industry.

Figure 10: South African Pork Price trends



Source: SAPPO, JSE Safex

Poultry Industry

Layers

South Africa's egg production has shown signs of recovery after the devastating outbreaks of HPAI in 2023. Around 6.06 million laying hens were culled during the outbreaks, leading to significant disruptions in production. However, no culls have been reported in 2024 and the industry has been steadily rebuilding. By January 2025, the laying flock showed signs of recovery, increasing by 12.4% to 23.4 million hens as production resumed **(see table 10)**.

Table 10: Annual average number of laying hens

Year	Total Cases	% Change	Avg. Cases/ Wk	% Change
2021	23,555,454		451,815	
2022	24,102,396	2.3	462,200	2.3
2023	20,393,636	-15.4	391,401	-15.3
2024	18,276,759	-10.4	349,568	-10.7
2025 Jan	1,731,552		390,996	11.9

Source: SAPA, Land Bank

The bird flu outbreak in 2023 had a significant impact on egg production, with total production declining by 15.4% to 20.4 million cases, compared to 24.1 million cases in 2022 **(See table 11)**. The effects carried into 2024, as annual production further declined by 10.4% to 18.3 million cases.

Table 11: Annual egg production

Year	No. Hens	% Change	Age (weeks)	% Change
2021	26,845,629		47.3	
2022	27,403,108	2.1	47.5	0.4
2023	23,283,019	-15.0	48.0	1.1
2024	20,814,092	-10.6	47.5	-1.0
2025 Jan	23,400,855	12.4	43.7	-8.0

Source: SAPA, Land Bank

However, signs of recovery appeared by January 2025, with total cases up by 11.2% compared to January 2024, reaching 1.73 million cases. This recovery phase reflects the rebuilding of the laying flock and improved production capacity following the severe disruptions caused by the 2023 outbreak. The gradual upward trend in early 2025 indicates the industry's efforts to stabilize and return to pre-crisis levels.

Looking ahead, the South African layer industry is on track for recovery in 2025, with production expected to increase as breeder flocks recover. However, preventing another HPAI outbreak remains critical for ensuring long-term stability and sustained growth in the sector.

The swift removal of infected and high-risk birds during the HPAI outbreaks helped limit the spread of the virus and prevent further losses. To address the resulting supply gap, South Africa strategically imported eggs during the crisis. This move helped stabilize the market and prevent acute shortages. Meanwhile, domestic producers worked to rebuild laying flocks by ramping up day-old pullet production. These efforts collectively helped stabilize the industry.

Although production is recovering, it has not yet returned to pre-HPAI levels which continues to exert upward pressure on prices. The ongoing avian influenza outbreaks in other countries have also disrupted global poultry and egg markets, keeping international prices elevated. Average producer egg prices rose steadily from 2020 to 20244, with a significant spike in 2023 due to supply constraints caused by the bird flu outbreak. In 2021, prices increased by 14.2% to R16.80/dozen, followed by a slower 5.5% rise to R17.73/dozen in 2022. However, in 2023, the bird flu outbreak led to a sharp 29.3% increase, pushing prices to R22.93/dozen as reduced supply impacted the market. By 2024, prices continued to rise by 17.2% to R26.88/dozen.

Broilers

The South African broiler industry demonstrated a strong recovery in production throughout 2024. Looking at the average broiler production per week, there was a noticeable upward trend, particularly in the later part of the year. The average weekly production increased from about 18.9 million at the end of 2023 to around 22.3 million at the end of 2024.

If one were to look at the annual picture for broilers that were produced, a significant rebound can be noted. In 2023, there was a -4.4% decrease in total broilers produced compared to the previous year. However, the "to Nov 2024" data shows a 5.2% increase in average weekly production, which is a positive sign **(see Table 12)**. The absence of reported bird flu outbreaks in 2024 likely played a crucial role in this recovery, allowing producers to operate without the disruptions and losses experienced in previous years.

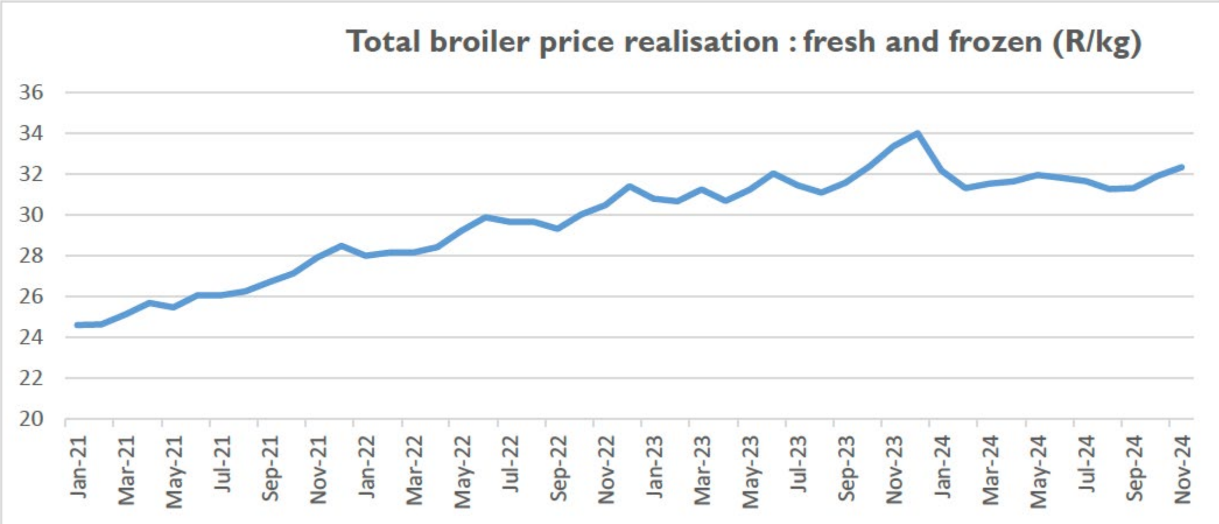
Table 12 : Annual broilers produced

Year	Total	% Change	Avg./ Week	% Change
2020	1,069,645,984		20,452,676	
2021	1,090,271,728	1.9	20,923,753	2.3
2022	1,112,718,865	2.1	21,334,419	2.0
2023	1,063,395,564	-4.4	20,388,792	-4.4
to Nov 2024	1,026,614,911		21,449,299	5.2

Source: SAPA, Land Bank

The 2023 bird flu outbreak caused an 8% annual price increase during 2023 as supply constraints impacted the market, particularly in fresh broiler prices (+10.4%). By 2024, with no reported bird flu cases, the industry stabilized at R31.71/kg, showing no growth compared to the previous year, as the market balanced supply and demand.

Figure 11: Total broiler sales realisation

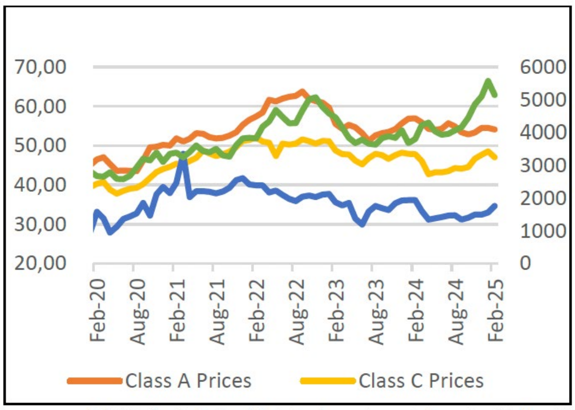


Source: SAPA, Land Bank

Beef and Sheep Industry

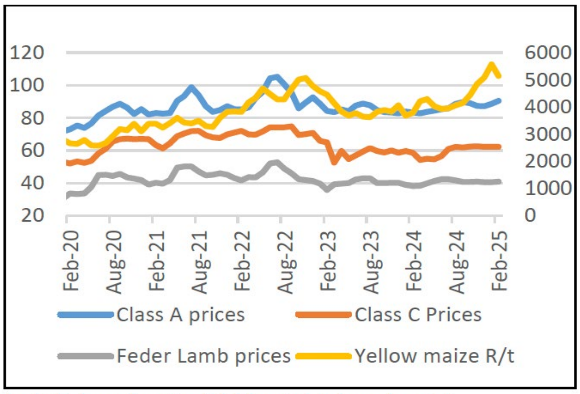
Domestic demand remains constrained by consumer spending pressures. Beef prices have fluctuated **(see Figure 12, below)**, with recent increases driven by recovering demand. Export opportunities, particularly to the Middle East, provide growth potential but hinge on maintaining biosecurity and market access. Figure 13 shows that the price of sheep meat in South Africa has been steadily increasing up until around the middle of 2022 when prices peaked. Class A lamb prices then declined through late 2022 and most of 2023, hitting a low of 82.83 per kg in December 2023.

Figure 12: South African beef, weaner prices R/kg (LHA) and Yellow maize prices (RHA)



Source: RMAA, RPO, JSE Safex, Land Bank AEA (LH

Figure 13: South African sheep meat, feeder lamb prices R/kg (LHA) and Yellow maize prices (RHA)



IA: left-hand axis, RHA: right-hand axis)

Since then, prices have rebounded, reaching 90.44 per kg in February 2025, a 9.2% increase over the December 2023 low. Domestic consumers in South Africa are highly sensitive to price increases, making affordability a key factor in consumption patterns.

Opportunities and Concerns

Opportunities include leveraging export markets to mitigate weak domestic demand and exploring niche markets for premium cuts. However, animal disease outbreaks, such as foot-and-mouth disease (FMD), pose significant risks to market access and export reliability.

Wool and Mohair Industry

Wool Outlook

Following a challenging period in 2022, South Africa's wool exports demonstrated a recovery in terms of quantity. The temporary closure of the Chinese market in 2022, due to concerns about Foot-and-Mouth Disease, led to a significant disruption. However, the market reopened in late August 2022, which helped prevent further losses.

In 2023, there was a notable rebound in the quantity of wool exports. While the 2024 data shows a slight decrease to 48,084 tons, this still indicates a mild increase from the 49,205 tons exported in 2020. China remains a key player, importing 38,580 (80%) tons in 2024 . (**see table 13 below**)

Table 13: South African Wool Exports to the world

South African iwool exports						
Importers	**2020**	**2021**	**2022**	**2023**	**2024**	**Share of exports in 2024 (%)**
World	49205	51716	41410	50553	48084	
China	39169	39176	26753	39074	38580	80,2
Germany	125	2104	7109	5781	5225	10,9
Italy	1467	2315	2674	2952	2345	4,9
India	385	1239	1308	1036	893	1,9
Bulgaria	1965	797	2043	848	531	1,1
Egypt	509	1264	1055	594	389	0,8
Other	5585	4821	468	268	121	0,3

Source : ITC Trade Map

According to Cape Wools SA, the 2023/2024 wool season experienced a gradual increase in price throughout the season, with the Cape Wools' Merino indicator reaching a seasonal high of R176,02/kg (clean) and closed 0,7% down, compared to the closing sale of the previous season. The season average decreased 6,7% compared to that of the previous season. **See table 14.**

Table 14: Cape Wools Merino Indicator

Cape Wool Marino Indicator Movement					
Seasons	Open	Close	High	Low	Average
2022/23	16374	17141	19867	15438	17629
2023/24	16845	17027	17602	15574	16450
Change	2,9%	-0,7%	-11,4%	0,9%	-67%

Source: Cape Wool SA

In the Wool sector, opportunities lie in expanding market access through sustainability certifications and niche demand for high-quality wool. However, climate variability and disease outbreaks remain persistent threats.

Mohair Outlook

South Africa, as the world's leading mohair producer, is expected to maintain its strong position despite global market uncertainties.The 2024 Mohair winter season ended on a positive note, with prices improving slightly and demand remaining strong. South Africa continues to export over 95% of its mohair globally, with Italy and China being major buyers.

The Responsible Mohair Standard (RMS) in the Mohair industry, emphasizing animal welfare and environmental responsibility, is critical to maintaining competitiveness amid rising global sustainability demands. Opportunities include leveraging the RMS to access premium markets and ensuring price stability.

Outlook

The South African livestock industry faces challenges in 2025, including animal diseases, deteriorating grazing conditions, and economic pressures. Rising input costs, particularly feed, continue to strain profitability, while limited consumer spending constrains price increases, especially for pork and poultry, which are seen as affordable protein options. Despite these hurdles, there is cautious optimism for recovery and growth in specific areas: the poultry sector is expected to fully recover by mid-2025, stabilizing egg supply and prices; beef and lamb markets are likely to benefit from improved Easter demand and new export opportunities, such as the reopening of the Saudi Arabian market for red meat, are poised to strengthen sector resilience.

Rainfall in the coming months will be critical in improving grazing conditions and livestock health, while the continued emphasis on biosecurity, disease management and sustainable practices will be essential to safeguarding South Africa's livestock assets and ensuring long-term growth. It remains to be seen whether load-shedding and unreliable power supply are definitive issues of the past, but the industry benefited from more than 10 months of uninterrupted electricity supply.

The latest Eskom summer outlook is broadly positive for the agricultural industry. Consistent electricity supply, as seen during the load shedding-free winter and the likely continuation into summer, ensures the uninterrupted operation of critical agricultural processes.

3.3 Fruit Industry Overview

Avocado Industry Overview

South Africa plays a modest yet important role in the global avocado market, contributing approximately 2% of global exports in 2023. While its share is small compared to major exporters like Mexico, which dominates with 37% and Peru with 18%, South Africa remains a key player, particularly in supplying high-quality avocados to niche markets.

The avocado industry in South Africa continues to expand steadily. Since 2009, total plantings have increased due to a growing consumer demand. Although the South African industry is export-orientated, the domestic market also plays a significant role with demand having grown considerably over the past few years. Consistent availability will keep prices relatively affordable in major markets, further boosting the popularity of avocados among consumers.

Breakthroughs in Market Access

The year 2024 marked a significant milestone for South Africa's avocado industry, as the country successfully shipped its first consignments to major Asian markets, including China, India and Japan.
These new markets hold immense potential, but challenges such as high import tariffs and stringent phytosanitary protocols remain. Some trends were observed during the 2024 season.

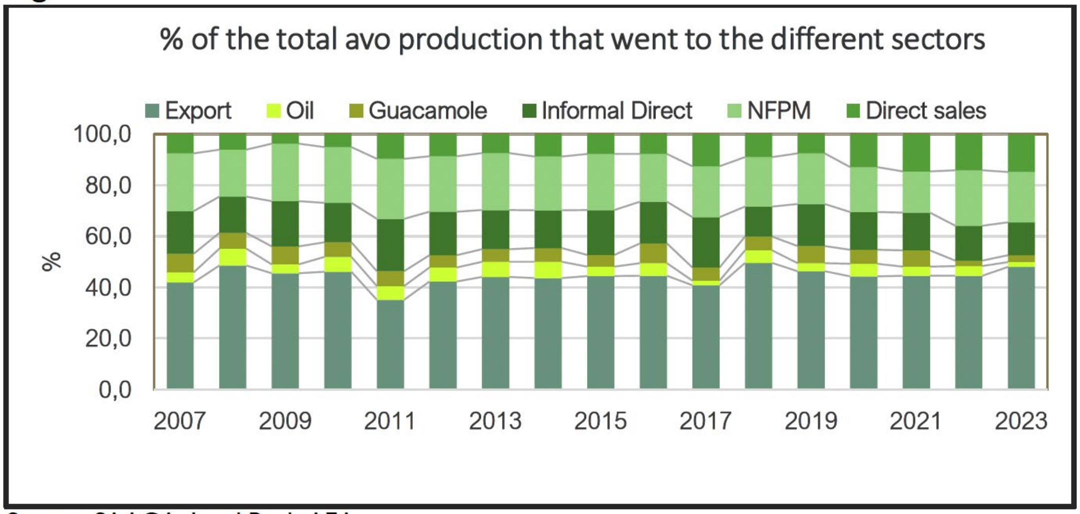
Some trends were observed during the 2024 season

- South Africa's avocado industry faced oversupply in the European market due to increased volumes from Spain, Israel and Morocco, leading to price decreases. Additionally, the war in Ukraine reduced opportunities in Russia, while competition from Kenya and limited demand in the Middle East remain significant hurdles.
- Meeting trade requirements and ensuring quality are critical issues, especially in newer markets like China, where South Africa is working to establish a strong foothold.
- Efforts are focused on diversifying markets, with new opportunities in China, Japan and India, alongside existing EU markets.
- Improved avocado production, supported by an "on" year for alternate bearing trees and newly planted orchards, is driving growth. However, domestic expansion is limited by economic pressures.

South Africa's annual avocado production is currently around 154 949 tonnes, with a peak of 169 243 tonnes recorded in 2018. In 2023, approximately 48% of the total production was allocated for export, followed by 19.7% which was directed to the domestic fresh produce market **(See Figure 14 below)**.

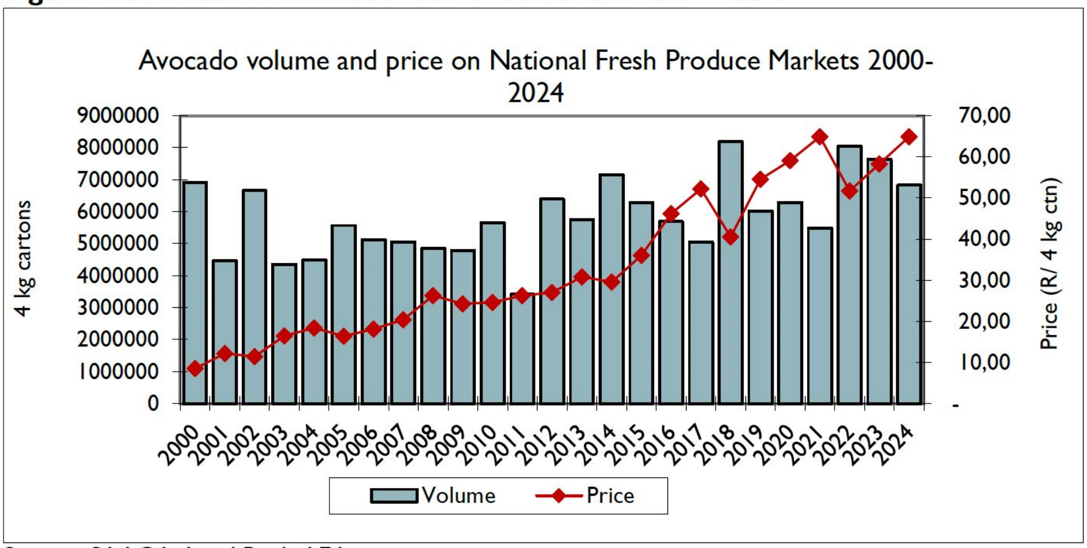
Figure 15 below illustrates the trends in avocado volumes and prices on National Fresh Produce Markets from 2000 to 2024. The recent high prices amid stable volumes highlight the strong demand in the domestic market.

Figure 14: South African Avocado Trends



Source: SAAGA, Land Bank AEA

Figure 15: Avocado National Fresh Produce Market Trends



Source: SAAGA, Land Bank AEA

Table 15: South African avocado exports by unit value, R/tons

South African "wool exports								
Importers	**2019**	**2020**	**2021**	**2022**	**2023**	**Exported value in 2023**	**Exported quantity in 2023, Tons**	**% exported quantity**
World	21299	26596	30887	30718	37575	26 65 475.51	70938	
Netherlands	19689	25219	29334	30092	36847	1 926 094.74	52273	74%
United Kingdom	21047	26236	31752	31386	39337	328 228.66	8344	12%
Russian Federation	26738	30342	28776	31431	38132	103 566.76	2716	4%
Germany	43646	19970	33525	39459	56370	78 241.84	1388	2%
Spain	32990	32210	28980	27527	34865	44 069.78	1264	2%
Other							4 953	7%

Source: ITC TradeMap, Land Bank AEA

Table 15 above shows that South Africa exports avocados of around 70 000 tonnes to the world and the average export unit value for 2023 was R37.58/kg. South Africa is facing rising competition from other African countries, particularly Kenya, which has been significantly expanding its avocado production. To remain competitive with Kenya, Uganda, Tanzania, Zimbabwe and Ethiopia, South Africa must maintain high-quality production and ensure consistent reliability.

Outlook

South Africa's avocado industry, though modest in global market share, plays a vital role in supplying high-quality avocados to niche and emerging markets. With steady growth in production, increasing consumer demand, and recent breakthroughs in accessing Asian markets such as China, Japan and India, the industry is well-positioned for expansion.

However, challenges such as rising competition from other African producers, oversupply in traditional European markets and strict trade requirements in new markets must be carefully managed. By focusing on quality, market diversification, and consistency in supply, South Africa can strengthen its competitiveness and continue contributing meaningfully to both domestic and global avocado markets.

Citrus Industry Overview

South Africa's citrus industry faced a turbulent 2024, navigating extreme weather events including heat-waves, frosts, droughts, floods and strong winds, which disrupted production. Logistical inefficiencies, port delays and escalating input costs compounded the challenges of meeting increased phytosanitary requirements in the EU, particularly concerning citrus black spot (CBS) and false codling moth (FCM).

Additionally, attractive prices in the orange juice industry diverted some fruit to processing, further impacting export volumes. Despite these obstacles, the sector demonstrated resilience, with efforts underway to resolve EU trade disputes at the World Trade Organisation (WTO) and improve infrastructure to sustain long-term growth.

Diversification into emerging markets like Vietnam also shows potential for offsetting traditional market challenges. The looming threat of losing tariff-free access to the United States under the AGOA poses a critical risk to the citrus industry.

AGOA ensures competitiveness against rivals like Peru and Chile by eliminating tariffs, but its potential cancellation could cost export revenue. Losing AGOA would leave the industry vulnerable to market loss and rising competition, underscoring the urgency for South Africa to secure alternative markets and negotiate resilient trade agreements. (See the section on 'AGOA Uncertainty and Geopolitical Impact on SA Agriculture' above, for further context.

Table 16 shows us that the main destinations for South Africa's citrus exports are the Netherlands, the United Arab Emirates, the United Kingdom, the Russian Federation and the United Kingdom.

export opportunities for South African farmers who face challenges in traditional markets such as the EU.

Table 16: South African Citrus exports by unit value, R/tons

Importers	2019	2020	2021	2022	2023	Exported value in 2023	Exported quantity in 2023, Tons	%Exported quantity
World	9440	11 842	10 455	10 780	12 988	34 376 183.26	2 646 764	
Netherlands	8697	11 067	10 017	10 227	12 841	7847 886.85	611 179	23%
United Arab Emirates	9426	11 919	9 759	10 063	11 827	3 173 706.48	268 339	10%
United Kingdom	10 655	12 889	12 127	11 141	14 534	2 970 443.59	204 385	8%
Russian Federation	9 682	11 987	10 103	11 526	12 361	269 5924.4	218 108	8%
United States of America	12 964	16 044	18 117	14 685	21 163	2 482 302.98	117 295	4%
China	7595	10 969	10 057	11 271	12 575	1 972 062.97	156 829	6%
Canada	11 794	14 649	11 898	13 624	15 301	1 690 982.16	110 516	4%
Portugal	8527	10 316	91 38	9882	12 586	1425 457.56	113 259	4%
Hong Kong, China	12 154	13 051	11 619	12 379	13 490	1 082 317.79	80 234	3%
Saudi Arabia	9454	11 395	9484	9642	11 860	1 043 777.47	88 006	3%
Other							678 614	26%

Source: ITC Trade Map, Land Bank AEA

The South African citrus industry is facing challenges due to stringent phytosanitary regulations imposed by the EU, particularly concerning CBS, a fungal disease that affects citrus fruit. In response, the South African government has sought consultations with both the EU and the WTO to resolve the issue.

New and expanding market access

South African citrus growers are strategically targeting Vietnam, capitalizing on the country's increasing demand for premium citrus fruits as its middle-class expands. As Vietnam becomes a growing player in the Asian fruit import market, this move aims to expand

With the rising middle-class in Vietnam and a shift toward healthier food options, the demand for high-quality produce is growing, making it an ideal market for South African citrus.

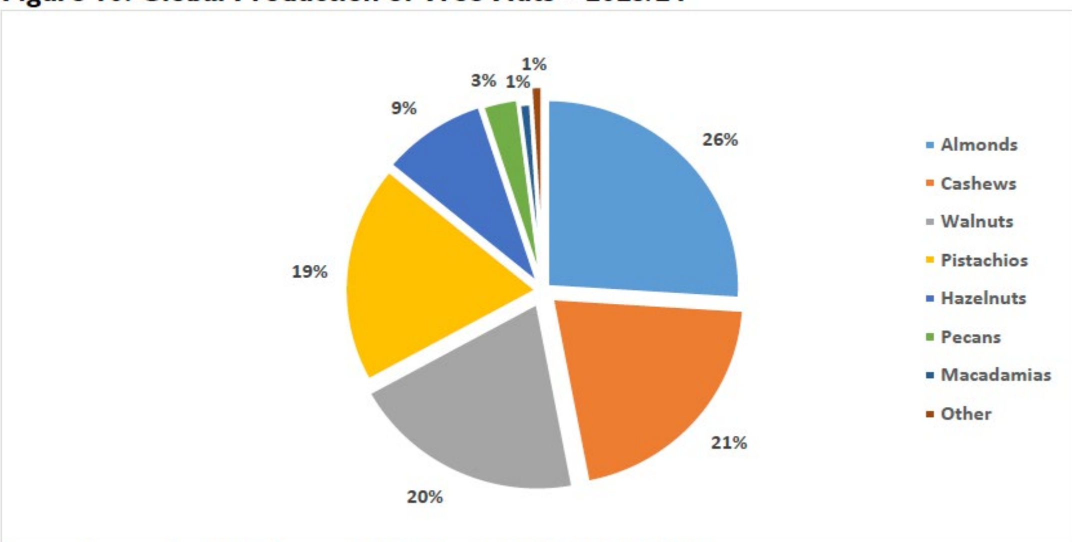
Outlook

South Africa's citrus industry endured a challenging 2024, impacted by extreme weather events, logistical inefficiencies, and escalating input costs. Export growth was further constrained by stringent EU phytosanitary regulations targeting citrus black spot (CBS) and false codling moth (FCM). While attractive prices in the orange juice industry diverted some fruit to processing, the sector showed resilience through ongoing WTO consultations to resolve EU trade barriers and efforts to improve infrastructure.

Diversifying into emerging markets, such as Vietnam, offers the potential to offset challenges in traditional markets, with Vietnam's growing middle-class driving demand for premium citrus. However, the looming threat of losing tariff-free access to the United States under AGOA remains a concern.

3.4 Nut Industry Overview

Figure 16: Global Production of Tree Nuts – 2023/24



Source: International Nut Council (INC); Statistical Yearbook 2024

Figure 16 above, shows the global production percentages of various tree nuts for the 2023/2024 season. Almonds rank first, making up 26% of the total, while cashews and walnuts follow with 21% and 20%, respectively. Pistachios contribute 19%, hazelnuts 9% and pecans 3%. Macadamias and other nuts each account for 1% of the total production.

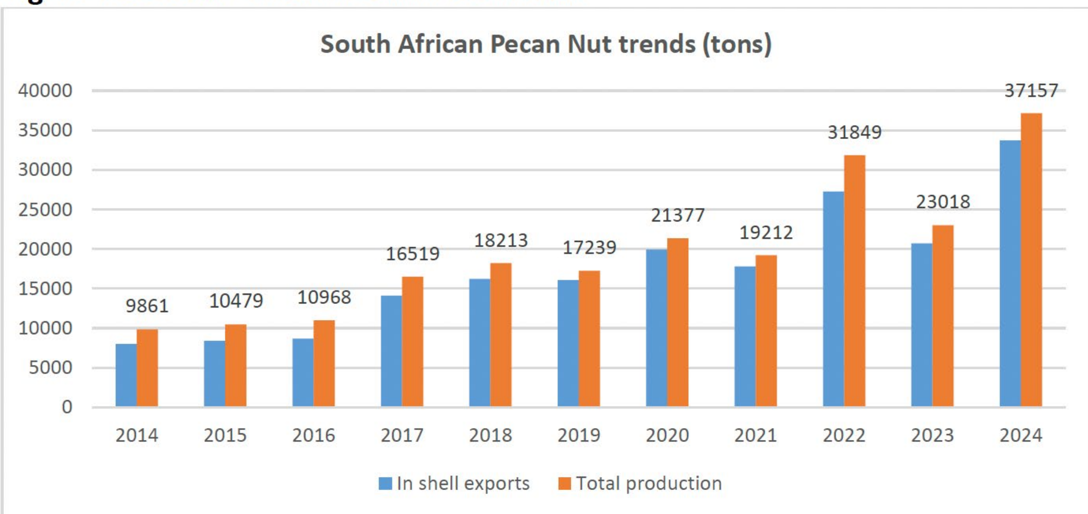
Pecan Nut Industry Update

South African pecan production trends Pecan nuts, like many tree crops, experience alternate bearing, where production alternates between "on years" (high yields) and "off years" (low yields). In 2022, a bumper crop was produced, followed by an "off year" in 2023, with a 28% decline in production. In 2024, production rebounded during an "on year," with harvesting beginning in early May and peaking by mid-June. The 2024 harvest reached 37 157 tonnes **(see Figure 17).**

In the 2023 season, the pecan nut industry faced significant challenges due to frequent power cuts, which disrupted irrigation and fertigation in many orchards. In contrast, the 2024 season benefited from over 10 months of uninterrupted electricity supply due to Eskom's Generation Recovery Plan. However, on January 31, 2025, Eskom issued an alert about a high risk of load-shedding at short notice.

While described as a temporary setback, structural improvements in the generation fleet have significantly reduced the frequency of load-shedding, and the summer outlook remains unchanged. Irrigation during the critical September to March period is essential for optimal pecan nut production, and it is hoped that power interruptions will remain minimal.

Figure 17: South African Pecan Nut Trends



Source: SAPPA, ITC Trade Map, Land Bank AEA

The South African pecan nut industry has promising prospects due to the health benefits associated with pecan nuts and the underdeveloped local market. Demand for pecans is expected to continue to grow in the coming years, driven by increasing health awareness and the popularity of pecans as a snack. The industry is well-positioned to meet this demand, with a strong production base and a focus on export markets.

Data from the International Nut Council shows that in 2021, China was the primary in-shell market, accounting for 52% of global imports. In turn, nearly half (49%) of the in-shell pecans imported by China came from South Africa. Mexico and the United States continue to lead global production trends, followed by South Africa. Minor producers such as China and Brazil continued to gradually increase their output.

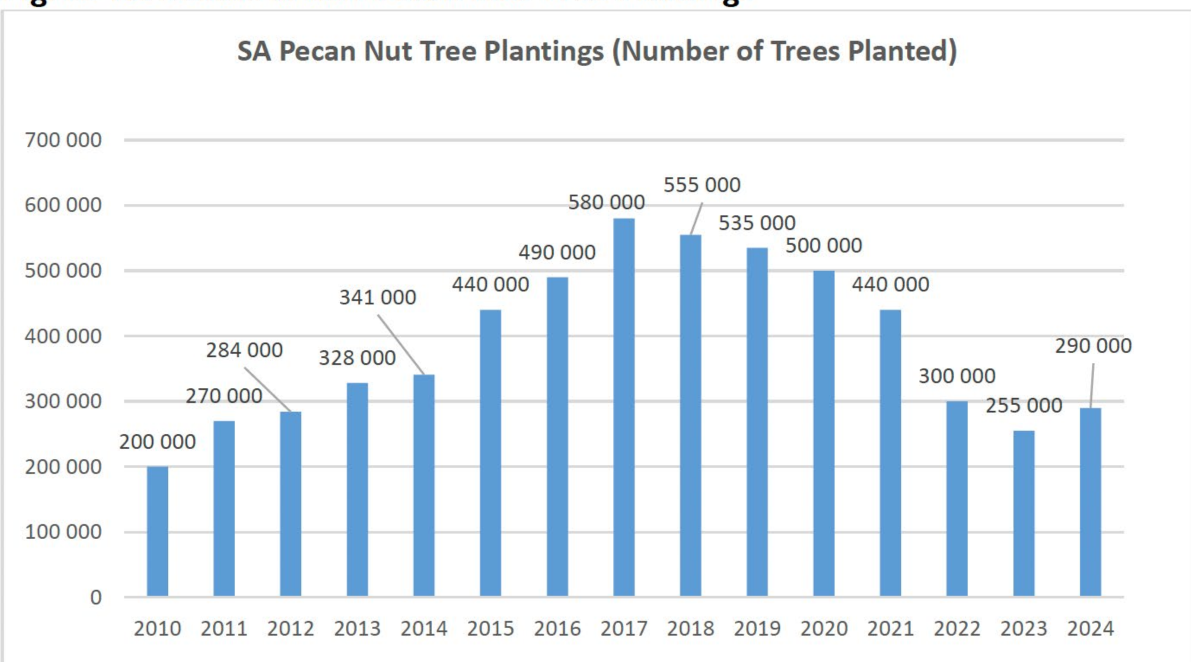
Around six years ago, high pecan nut prices led to increased plantings and industry growth. However, as prices normalized, new plantings declined. Despite this, the South African Pecan Nut Association (SAPPA) expects production to continue increasing. The impact of reduced plantings may only be felt around 2050, as pecan trees take 7 to 13 years to reach full production. **Figure 18** shows pecan nut tree planting trends from 2010 to 2024.

The main challenge remains the fact that over 90% of the South African market is focused on China **(as depicted in Table 17 below)**. China's demand for South African pecans has been remarkably robust. **Table 17** below shows the main export destinations for South African Pecans in 2023.

Table 17: South Africa's pecan nut exports

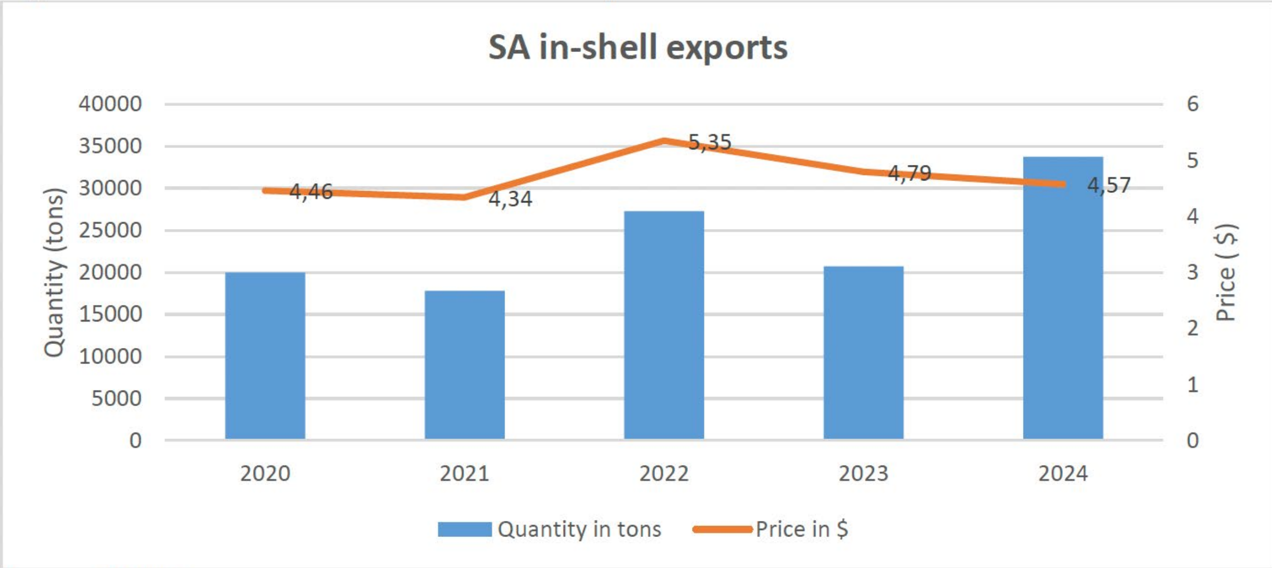
Importers	2022 Exported unit value, Rand/Ton	2023 Exported unit value, R/ton	Exported value in 2023, R'000z	Exported quantity in 2022, Tons	Exported quantity in 2023, Tons	% of Exported Quantity 2023
World	89 844	91 217	2 214 198	27 522	24 274	
China	90 057	88 538	2 021 773	26 115	22 835	94.07%
United Kingdom	112 917	152 038	62 944	76	414	1.71%
Germany	113 299	157 153	47 775	61	304	1.25%
Other				**1270**	**721**	**2.97%**

Figure 18: South African Pecan Nut Tree Plantings



Source: SAPPA, Land Bank AEA

Figure 19: South African Pecan Nut Exports



Source: SAPPA

There is always a concentration risk involved in over-dependence on one market. Given the high-quality pecans produced in South Africa and their strong demand within the country, China is anticipated to continue being the primary export market for South African pecans. Value addition is one area that the industry should explore. Currently cracking facilities are being developed to produce more kernels. South African in-shell pecan exports remained strong from 2020 to 2024, with higher yields in 2024 contributing to high exports **(as depicted in Figure 19).**

Outlook

South Africa's pecan industry continues to grow, with production rebounding in 2024 after a challenging 2023 marked by lower yields and power disruptions. China remains the dominant export market, accounting for over 94% of exports in 2023, though this reliance poses a concentration risk. Rising global demand, driven by health awareness and the popularity of pecans as a snack, offers growth opportunities. Efforts to add value through cracking facilities and expanding markets aim to strengthen the industry. Despite reduced new plantings, production is expected to increase, positioning South Africa as a key global producer.

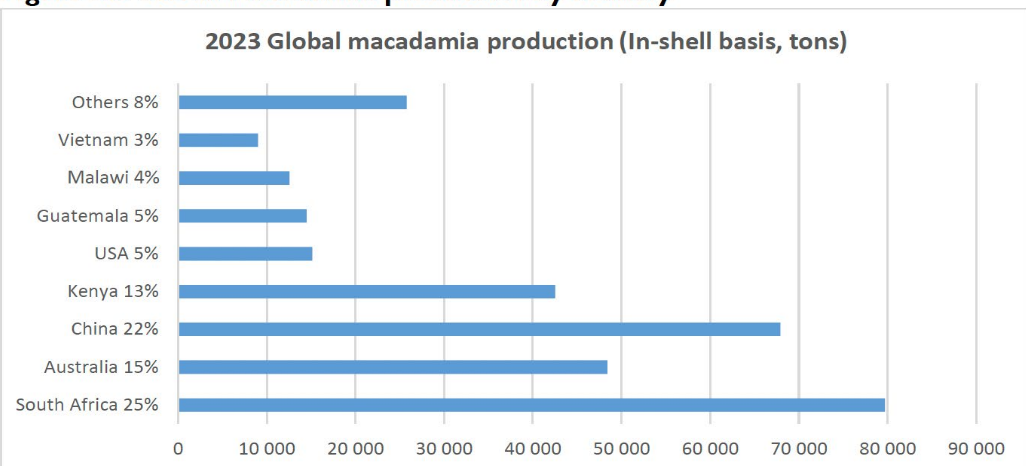
Macadamia Industry

Macadamia global trends

Data from the Australian Macadamia Society shows that 2023 was a year of dramatic market volatility that saw buyers respond strongly to lower prices with strong demand in both in-shell and kernel markets. Record levels of inventory were consumed, with 2022's inventory overhang cleared. The 2024 season commenced with low stock levels at most origins and healthy market momentum.

The forecast for 2024 global macadamia production has been set to 339 200 tonnes (in-shell at 3.5% moisture), a 7.5% increase on the 2023 crop. South Africa, China and Australia are expected to deliver most of the global crop at 25%, 22% and 15% respectively. China has significantly increased its macadamia plantings and accounted for 22% of global production in 2023 **(see figure 20 below)**.

Figure 20: Global Macadamia production by country



Source: INC, Land Bank AEA

Macadamia Domestic Trends

The South Africa macadamia crop for 2024 is approximately 87 370 tonnes of dry-nut-in-shell (DNIS), showing a 11.9% increase compared to the 2023 crop of 78 110 tonnes. Despite the challenges posed by the El Niño phenomenon, favourable weather conditions have led to a significant increase in production compared with 2023. This growth is primarily attributed to the maturation of many orchards established in late 2010. The overall nut quality has improved markedly. Due to the prices received in 2023, many farmers lacked the cash flow to reinvest in the 2024 crop which has impacted yield and quality.

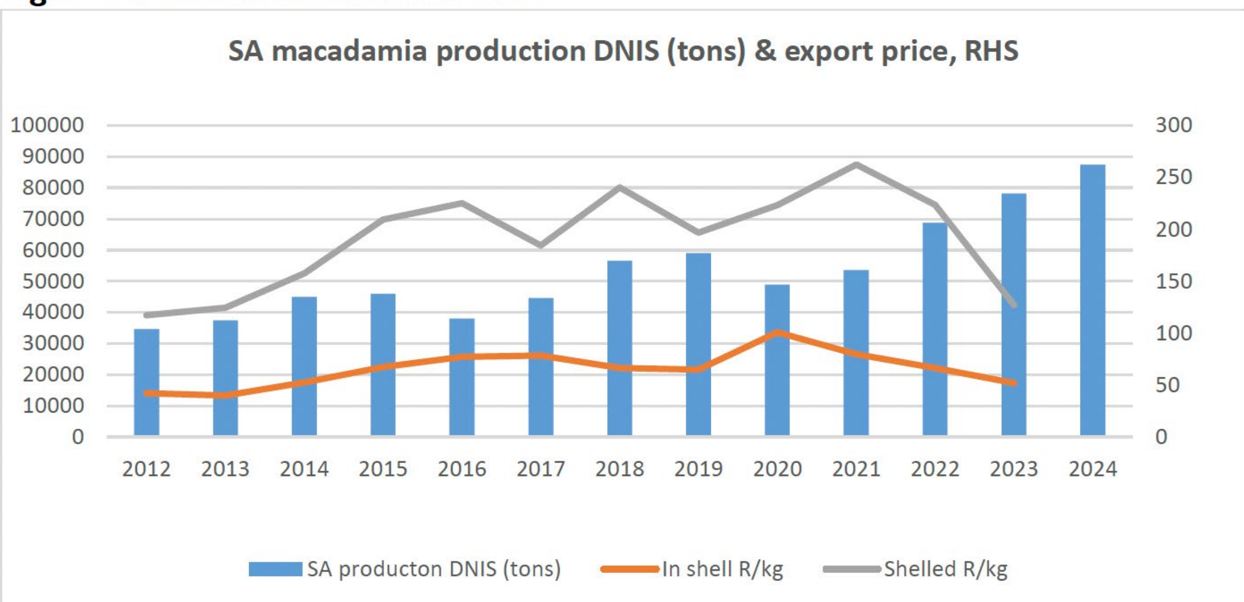
Figure 21 below, shows the export Unit values (Total Value/ total quantities) for macadamia as reported by TradeMap. These can be used as an indicator of market trends. From 2021 to 2023, macadamia unit values in South Africa exhibited a notable decline, particularly in both in-shell and shelled categories. In-shell prices dropped from R80/kg in 2021 to R52/kg in 2023, while shelled prices fell significantly from R262/kg to R127/kg during the same period. This downward trend contrasts with the substantial increase in production, which rose from 53 585 tons in 2021 to 78 110 tons in 2023. The price decline suggests an oversupply in the market, with production outpacing demand. This aligns with international trends, where global macadamia prices have been declining for three years due to rising input costs and reduced consumer spending post-COVID-19.

The key destination for South African macadamia nut-in-shell exports in 2023 was China, accounting for 96% of the exports **(see table 18)**. China is therefore a crucial market for South Africa's macadamia exports. Besides the traditional Chinese in-shell market, the macadamia industry is actively investing in processing infrastructure to expand the kernel market, which is expected to grow.

The China market has seen an abundance of macadamia product innovation recently, driven largely by changing demographics. Younger consumers are eager to try new products that deliver on flavour innovation, including 'puff coated' snacks and bakery products containing macadamias. While the kernel is growing, it's expected that in-shell will remain a popular product, particularly if the price remains favourable.

Self-Sufficiency Concerns: China is expanding its macadamia production, which could reduce demand for imports from South Africa. Sudden reductions in Chinese imports or increases in tariffs and non-tariff barriers could severely impact the macadamia industry.

Figure 21: Local Macadamia trends



Source: ITC Trade Map, SAMAC, Land Bank AEA

Table 18: Local Macadamia Nut-in-shell exports, tonnes

Destination	2018	2019	2020	2021	2022	2023	% 2023 exports
World	24,861	21,172	17,069	19,329	27,207	43,135	
China	3 865	6153	6,046	10,596	24,946	41,437	96.1%
Lithuania				45	103	505	1.2%
Hong Kong, China	13,809	11,698	7214	4810	737	502	1.2%
Viet Nam	5 737	2765	3303	3589	967	283	0.7%
United States of America	305	275	119	35	87	223	0.5%
Other	1 145	281	387	299	470	185	0.4%

Table 19: South Africa's shelled macadamia exports, tonnes

Destination	2018	2019	2020	2021	2022	2023	% 2023 exports
World	10,231	16,268	12,535	12,054	12,868	19,289	
China	104	564	1 128	542	1 629	7 284	37.76%
United States of America	5 002	6 171	3 168	3 977	5 718	4 117	21.34%
Germany	711	815	1099	1 360	885	1 205	6.25%
Netherlands	933	671	625	883	748	1 089	5.65%
Spain	561	470	368	598	472	653	3.39%
Taipei, Chinese	140	157	201	312	258	638	3.31%
Other	2 780	7 420	5 946	4 382	3158	4 303	22.31%

Shelled macadamia exports have also seen growth, reaching 19 289 tons in 2023, with China emerging as the largest market at 37.76% **(see table 19)**. While China is a growing market for shelled exports, the United States and Europe remain crucial for spreading market risk and maintaining stability.

Outlook

The South African macadamia industry has a pressing need to diversify markets and reduce its dependence on China. Expanding into other regions outside of China like the Middle East and developing the kernel market are essential for long-term stability. While the Chinese market offers quick returns, overreliance exposes the sector to risks such as reduced demand, tariff increases, or non-tariff barriers.

Maintaining the premium status of South African macadamias will be critical for attracting high-paying consumers. Additionally, the industry must focus on stabilizing prices over the long term by exploring new markets (e.g., ingredients and product ranges) and improving efficiency across the value chain.

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