

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

# South Africa

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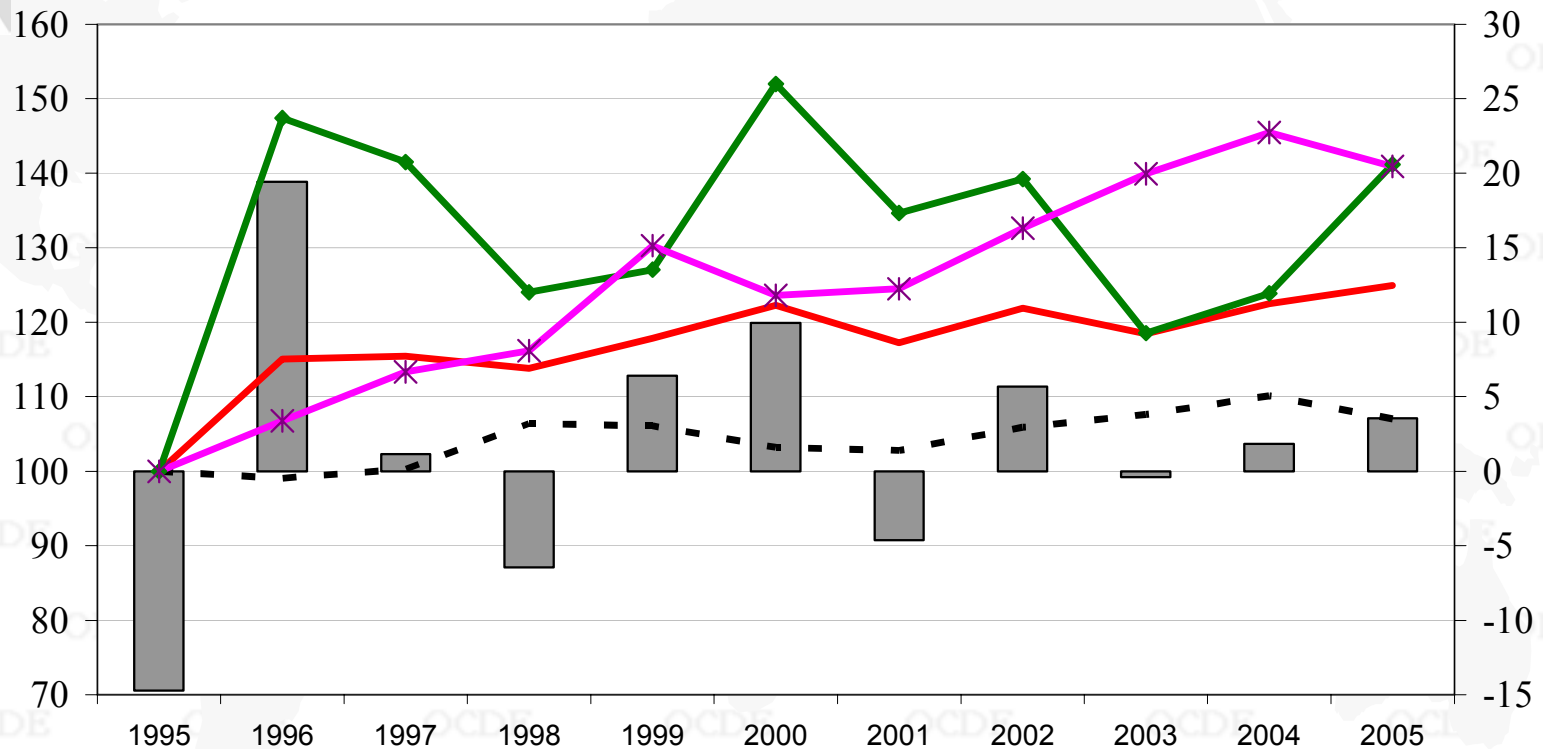
## Policy context

- Agriculture is a relatively small (3% of GDP) but export oriented sector (10% of total exports)
- Relatively stable macroeconomic context
- Growth in agro-food exports and imports, with positive trade balance
- Dualistic farming structure (10% of formal employment)
- Completion of the land reform and economic empowerment of the black population are the main policy challenges

# Growth fluctuations driven mainly by field production

1995 = 100

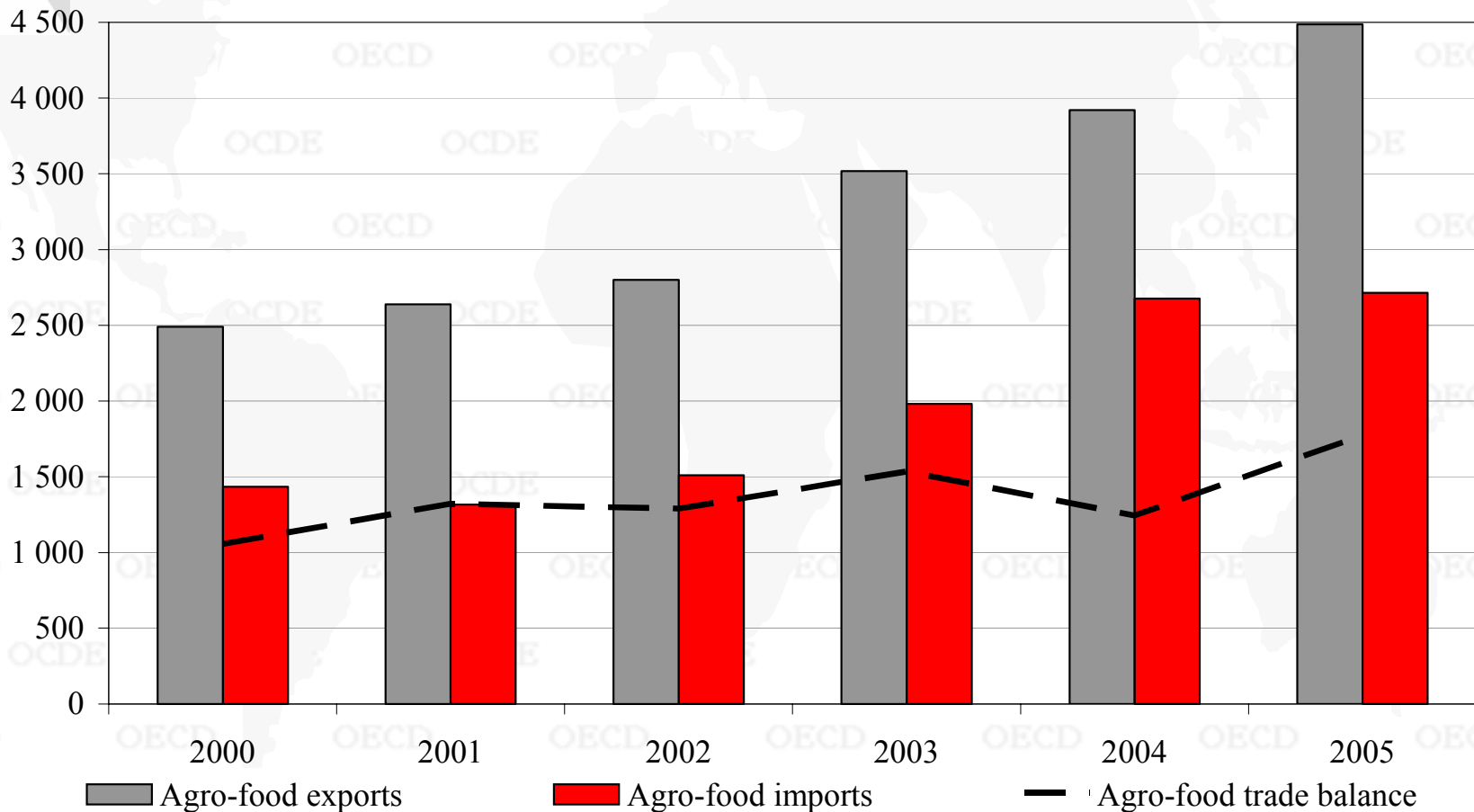
Annual rate of growth, %



- Total GAO annual rate of growth (right scale)
- ◆— Field Crops (left scale)
- \*— Horticulture (left scale)
- Total GAO (left scale)
- - - Animal production (left scale)

# Agro-food trade rises and maintains a positive trade balance

Million USD





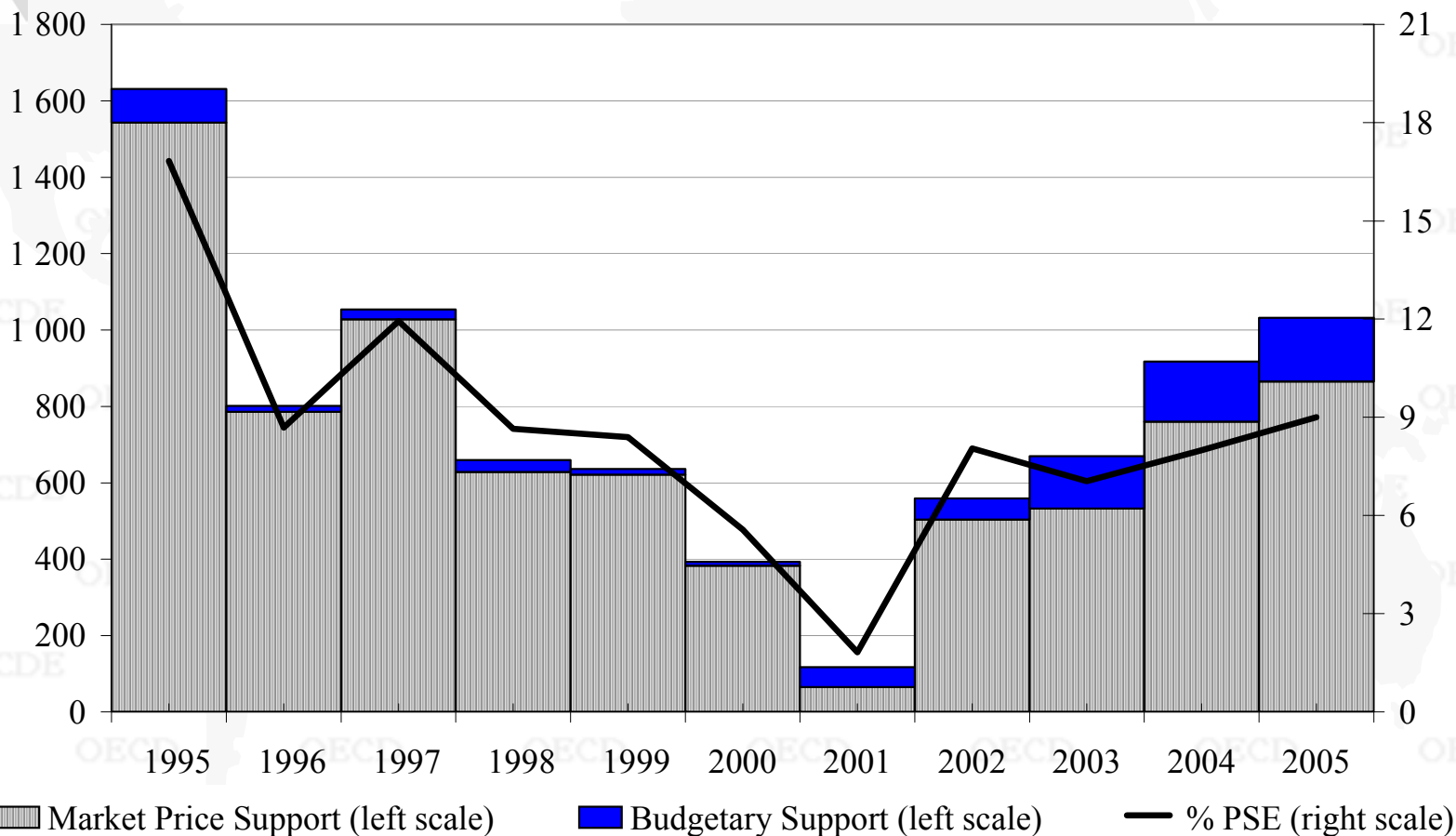
## Recent policy developments

- Maintaining of largely liberalised markets
- Start of the implementation of the Black Economic Empowerment in the agro-food sector
- Continuation of the Land reform with emphasis to speed up the land redistribution
- Implementation of programmes supporting development of viable businesses targeted to farms emerging from the land reform

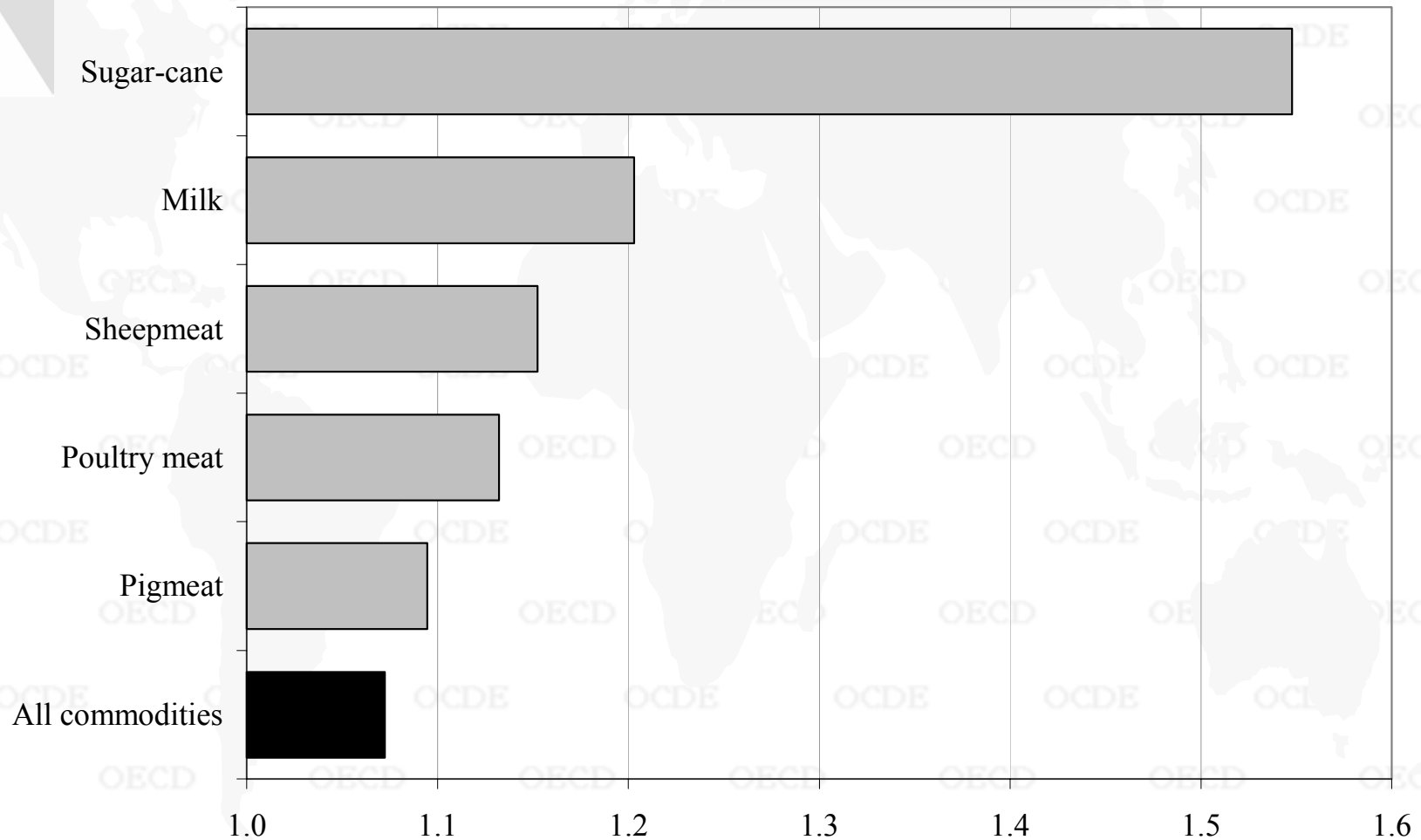
# PSE level and composition over time

MPS and Budgetary Support, million USD

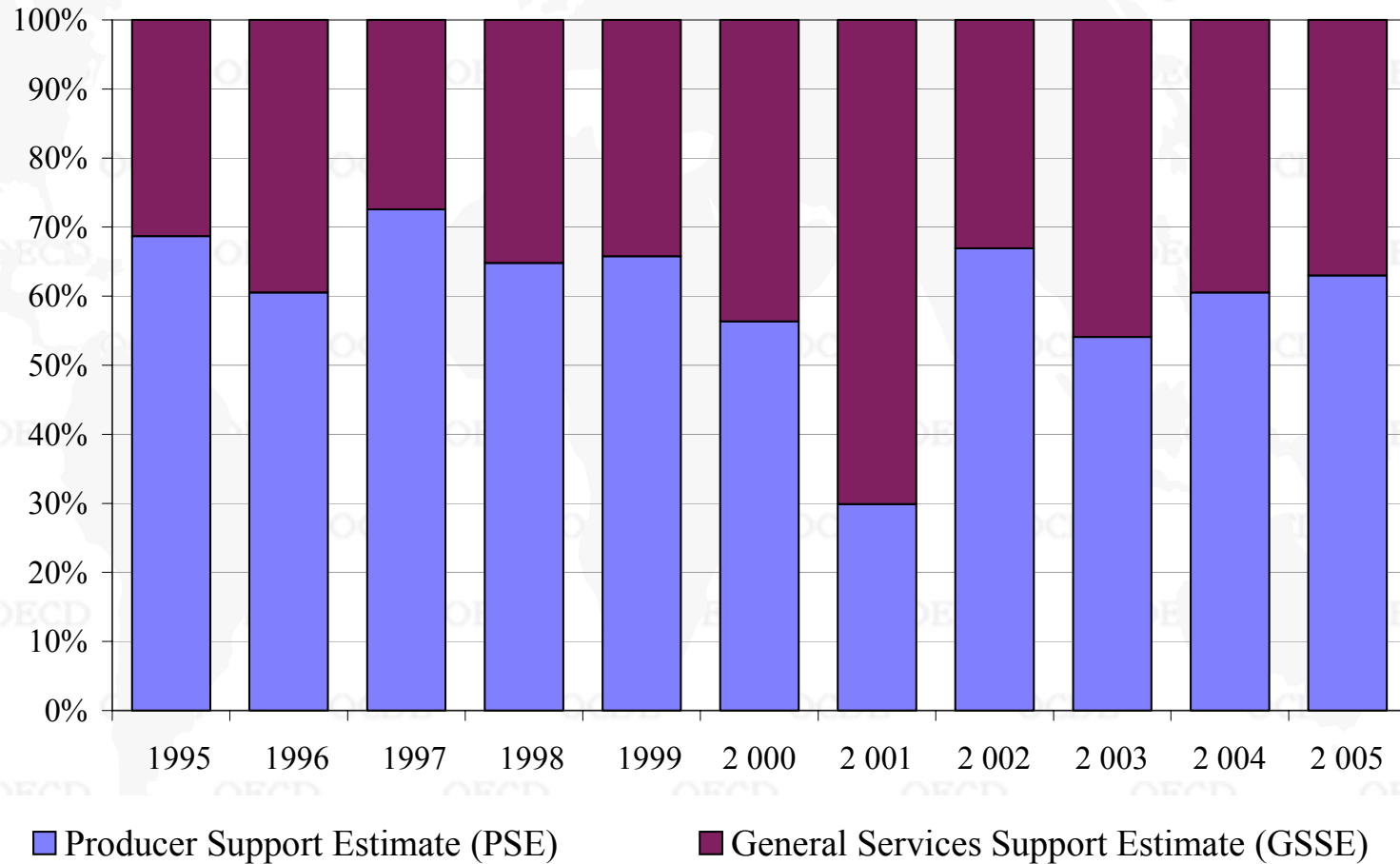
% PSE



# Producer NPC by commodity 2003-05 average



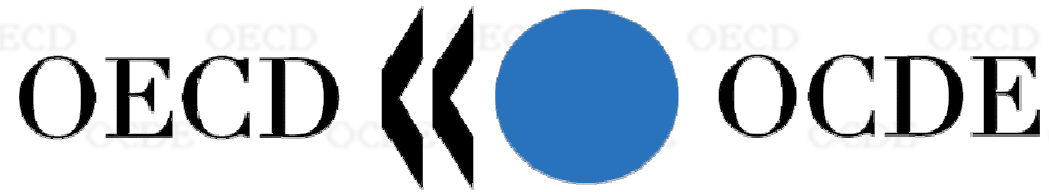
# TSE composition over time





# Policy evaluation and recommendations

- Slight increase in support in most recent years, but support remains low compared to most OECD countries
- Most of the budgetary payments are devoted to the implementation of the land reform and to support its beneficiaries
- Targeting and tailoring of such programmes is important in order to achieve the desired outcome
- Public investment to rural infrastructure and education and training capacities are important in this context



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**Thank You**