

# Wise men once said...

**1952 : “A HUNGRY MAN IS NOT A FREE MAN.”**

— Adlai Ewing Stevenson II

**1985 : “ONLY A FREE MAN CAN NEGOTIATE.”**

— Nelson Mandela

## 2015 : LAND REFORM MUST ALSO DELIVER FOOD SECURITY

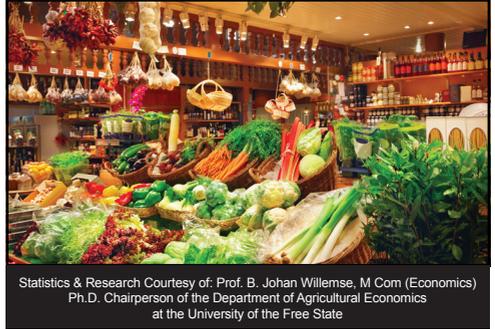
Land ownership in South Africa has been at the centre of political debate since the late 1800s. With land claims in the spotlight again it is worth taking a look at the realities of commercial agriculture in South Africa, a sector that will be indispensable in the delivery of long-term food security for the nation.

There are an estimated 40 000 commercial producers and around 150 000 small scale producers also producing commercially, who contribute to the country's total agricultural output. In addition, there are in excess of 2 million subsistence households that are active in this sector. Only a very small percentage of South Africa's surface area can be used for crop production and high-potential arable land comprises only 22% of the total arable land available. The fact that the largest part of available agricultural land is semi-arid and therefore only suitable for extensive production, presents a further challenge. The most important factor that limits agricultural production however, is a shortage of water. With steadily increasing pressure on the usage of this scarce resource, additional pressure on intensive agricultural production is inevitable.

As a result of the country's open trade policy, producers are compelled to continuously consolidate their holdings to meet the requirements of economies of scale and to keep overhead costs as low as possible in order to remain internationally competitive. The yearly import/export value of agricultural products is equal to around 60-70% of the country's agricultural production value. Larger and financially stronger economic units are better able to gain access to finance and the latest research and technology.

Since 1994 an estimated 6.5 million hectares of commercial farmland have been transferred for use to previously disadvantaged individuals and communities through the government's various reform projects.

Sadly, indications are that about 90% of these previously productive units are no longer successfully producing commercially. Government has launched several recapitalising programmes in an effort to get these units productive again, but so far these programmes have had limited success. One of the main reasons for the failure of these programmes is that new users only have usage rights for the land in question, while ownership usually resides with the state – an issue that severely limits access to finance for these individuals.



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This also limits incentives, as it is extremely difficult to build up capital by improving the property if short-term rental or usage contracts are involved. Other reasons for the decline of commercial production on these once fertile grounds include inadequate research, support and guidance, as well as lack of modern farming expertise.

According to census statistics, large-scale urbanisation and migration from the countryside to urban areas in South Africa, have been taking place since the beginning of the 1990s. An estimated two-thirds of SA's population have been urbanised, resulting in a dependence on affordable and adequate food through the commercial food supply chain in urban and township areas. This means that the ability to deal with limited and diminishing arable land in commercial agricultural production, to provide people with food, is increasingly critical.

The fact that the South African economy is under pressure and has both a shortage of savings and foreign exchange, makes it necessary to question the ability of the country to keep paying for food imports at ever increasing import costs. Current policies pertaining to agriculture and property rights do not contribute to food security and creates a climate of agricultural business uncertainty.

All of this effectively means that South Africa is dependent on a narrow and dwindling base for its domestic production and that disruption of that base might have dire consequences. Policy debate in South Africa should therefore focus on how the country can provide its increasingly urbanised population with affordable, nutritious food while dwindling foreign exchange and local agricultural resources are placed under increasing pressure.

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WHO FEED OUR COUNTRY. DO YOU?**