

Trends to shape South African Agribusinesses in 2016

By Pieter Spies

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Any country's health is founded on its agriculture sector - as has been the way for millennia. However, if agriculture is to have a sustainable future, we cannot keep on doing things the way they have always been done in a world that is constantly changing. The United Nations projects that the global population is expected to reach 9.7 billion by 2050. We need people in agriculture in South Africa and around the world who work in ways no one ever thought possible to meet the increasing demand for food and to make food accessible to all.



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Sustainable thinking

Specific realities will take further shape in 2016 affecting not only the focus of agri-business but also consumers and buying patterns. Leading this is the current drought that is expected to stretch into 2016, coupled with rising input costs and a weakened rand.

Farmers will continue to shift their focus to longer-term crops and water and other resource efficiencies. Precision farming under irrigation and in dry land areas, as well as for livestock farming, will continue to be increasingly important to optimise returns for sustainability.

New developments in technology for agriculture will accelerate further with a focus on improved efficiency, precision planning, along with remote access to and control over specialised equipment and facilities.

Research, specifically on improved resource management, will support moves towards sustainability. This will include further seed cultivar enhancement to decrease water dependability, along with a strong focus on less resource-dependant food production. The increased importance of biotechnology and environmentally-friendly practices will also continue to feature on the agenda.

Value chain management will become increasingly important, with farmers partnering with companies that can add value on the farm while also ensuring the best market channels for agricultural products locally and abroad, unlocking value for farmers and consumers alike.

Agriculture has already achieved high levels of sophistication and specialisation. This will continue to make it an attractive industry for top talent as we already see more and more young people wanting to be involved in the food supply chain and the primary agriculture supply chain.

Origin matters

The modern consumer is not only cognisant of ingredients present in food, but also demands to know the origin of produce, and the story behind the farms where produce originates from. The new benchmark for quality is transparent communication about where produce originates and how these are grown or raised. Transparent companies will continue to benefit, as more suppliers and retailers continue to align their marketing to consumers in line with this trend.



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Consumer market shifts

The middle class in South Africa and abroad is growing, amplified by improved humanitarian efforts, better education and communication, improved infrastructure and improved access to basic necessities. Increasing protein consumption and other shifts in buying ability and food choice go hand-in-hand with increased wealth.

However, the influence of the drought experienced in South Africa leading into 2016, coupled with economic uncertainty and pressure in our country will flow through to consumers in 2016 with a sharp rise in food inflation. The impact of the drought on food production, supply and pricing will stabilise only after at least two years of sufficient rain.

What's ahead for agriculture in 2016?

Agriculture will remain in the news in 2016 due to the drought, economic factors, the increasing need for sustainable food security and social change in South Africa.

Agri-innovation as a trend will continue to gain momentum, making this space a dynamic investment opportunity and draw card for media attention.

In South Africa, the focus on establishing emerging farmers as commercial farmers and transformation of the agricultural sector will remain topical. The importance of farming will also continue to become an increasingly topical conversation point as we see a global shift in attention to farmers and the important work they do.

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