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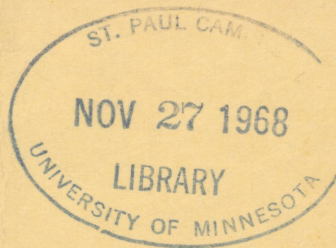
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A line graph is plotted on a grid background. The line starts at the bottom left, rises to a peak, falls to a trough, rises to a second peak, falls to a second trough, and then rises steeply to the top right. The word "Agrekon" is written in large, bold, blue letters across the lower left portion of the grid, partially overlapping the line graph.

Agrekon

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A review of the changes in the structure composition and destinations of South African agricultural exports

by

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The study of the history of agricultural exports is important for the following reasons:

1. It enables us to identify trends and project them into the future.
2. It shows up the dependence of the South African economy on gold and the future importance of agriculture and manufacturing in the event of the very likely decline in the importance of gold mining, particularly as an earner of foreign exchange.
3. It is important in relation to the nutritional and other needs of our own population; agriculture supplying both food and fibre for consumers as well as raw materials for industry.

THE PERIOD FROM 1861 TO 1910

Before 1860 the only exports from South Africa were agricultural products. Until about 1820 the emphasis had been on wine farming in the Cape, but thereafter hides and skins and specially wool began to grow rapidly as items of exports. From 1861 to 1865 all the exports still consisted of agricultural products and these were mainly wool, hides and skins, ostrich feathers and mohair. (Schumann 1938).

As may be seen from Table 1 and Figure 1 the diamond era began in 1886 and by the time gold was discovered in 1886 diamonds were nearly as important as agricultural products in the total value of export. From 1871 until 1905 the total value of agricultural products exported remained relatively constant and by 1910 gold had clearly come to dominate the export trade when almost two-thirds of the total exports consisted of gold while diamond mining and agriculture contributed equally to the total export earnings at 17 per cent each.

THE PERIOD FROM 1910 TO 1954

This period includes the First World War, the Great Depression from 1929 to 1933 and then the Second World War from 1939 to 1945. It is marked by a decline in the relative position of wool and mining, other than gold. In the predepression

period there was an increase in the export of agricultural products but a fairly sharp decline during the Depression until the early nineteen thirties.

A notable feature of Table 2 and Figure 2, where the values of exports are expressed in constant 1938 prices, is the very marked increase by 1954 in other products, which are mainly manufactured products, to nearly 50 per cent of all exports, apart from gold. Gold before the Second World War was generally more than twice the value of all other exports combined, but in the post-war period it began to decline in relative importance.

TABLE 1 - Exports of South African products, in averages of five-year periods, 1861-1910

Years	Agri- culture	Diamonds	Gold	Total
£1,000				
1861-65	1,996	-	-	1,996
1866-70	2,364	36	-	2,400
1871-75	4,040	1,306	12	5,358
1876-80	3,833	2,269	30	6,132
1881-85	4,172	3,242	35	7,449
1886-90	4,012	4,091	890	8,994
1891-95	4,041	3,938	5,636	13,616
1896-00	4,139	4,247	9,871	18,257
1901-05	4,395	5,802	12,226	22,423
1906-10	7,746	7,575	30,411	45,732
Percentages				
1861-65	100	-	-	100
1866-70	99	1	-	100
1871-75	75	24	1	100
1876-80	62	37	1	100
1881-85	56	43	1	100
1886-90	45	45	10	100
1891-95	30	29	41	100
1896-00	23	23	54	100
1901-05	20	26	54	100
1906-10	17	17	66	100

Source: SCHUMANN, C. G. W., *Structural changes and business cycles in South Africa, 1938*. P.S. King and Sons, London.

* The writer expresses his appreciation to Mr. W.L. Nieuwoudt for assistance with some of the statistical calculations.

FIG 1 - Uitvoer van Suid-Afrikaanse produkte, vyfjaar-gemiddeldes 1861-1910
Exports of South African products, five-year averages 1861-1910

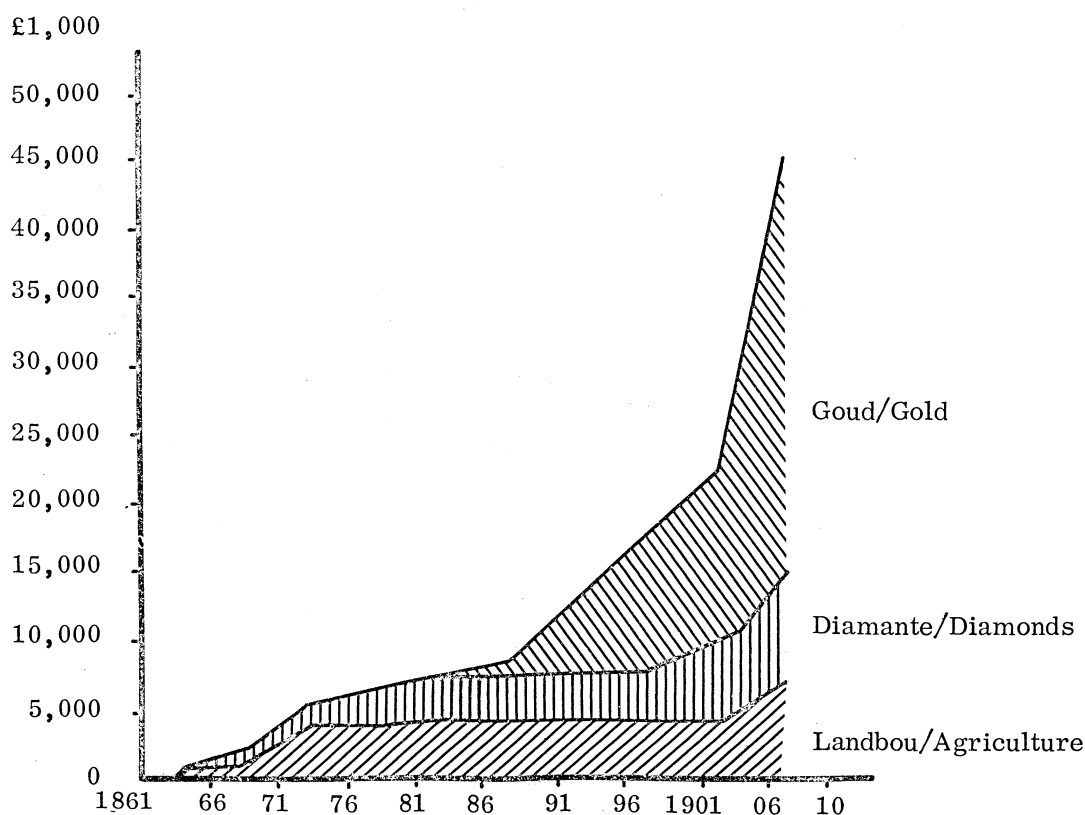


Figure 3 shows that the physical volumes of fruit and all other agricultural and pastoral product exports in the post-war period have been increasing more rapidly than wool, which in the past had been the mainstay of our agricultural export trade. Mining, with the exception of gold has also shown a rapid advance, but the most spectacular increase in overseas marketing has been in respect of manufactured products which constitute the balance of the total of the exports shown in the graph.

THE PERIOD FROM 1955

Exports by Sectors

Comparing the two four-year periods, 1957 to 1960, and 1961 to 1964 mining and quarrying is shown in Table 3 as being less than 30 per cent of the total exports and declining in relative importance from 29 per cent to 24 per cent from the one period to the other. Agriculture, forestry and fishing on the other hand increased in importance from 25 to 29 per cent while manufacturing also showed a small gain from 46 to 47 per cent of the total value of exports.

TOTAL EXPORTS

Table 4 shows the total exports from South Africa by continents for the same two periods. Total exports at market prices show a fairly large increase and the percentages of exports going to the various parts of the world changed in relative importance.

THE EXPANSION IN AGRICULTURAL EXPORTS

The expansion in agricultural exports over the last few years is shown in Table 5. Comparing two five-year periods, 1956-60 and 1961-65, agricultural products as percentages of total exports, excluding gold, increased from 40 to 42, while other South African products declined from 60 to 58 per cent. The upper part of the table shows that the increase in exports of agricultural products came mainly from unprocessed products which increased relatively from 58 to 61 per cent, while processed agricultural products decreased from 42 to 39 per cent. Gold still shows up strongly as an export amounting to 72 per cent of all other exports in the 1961-65 period and this percentage was greater than for the earlier period when the figure was 57 per cent.

RELATIVE IMPORTANCE OF DIFFERENT AGRICULTURAL PRODUCTS

Relatively, pastoral products have declined in relation to other agricultural products during the last few years as shown in Table 6. This is with the exception of mohair which increased from 1.9 to 2.2 per cent of all agricultural products. On the other hand, maize and maize products, all fruits, including processed fruits, and ground-nuts have increased in importance while the remaining agricultural products have decreased relatively from 20 to 17 per cent of total exports of farm products.

TABLE 2 - Exports of South African products in averages of five-year periods, 1910 to 1954

Years	Wool	Fruit	Other agri- cultural and pastoral	Mining (excl. gold)	All other	Total (excl. gold)	Gold
£1,000 at 1938 prices							
1910-14	4,858	63	6,195	11,611	949	23,676	55,336
1915-19	8,048	89	6,802	6,741	1,495	23,175	-
1920-24	9,333	472	6,324	6,037	1,703	23,869	52,228
1925-29	12,866	893	10,822	10,505	2,152	37,238	53,432
1930-34	10,899	2,310	7,827	4,393	2,339	27,768	56,771
1935-39	9,349	3,190	8,497	3,969	5,093	30,098	63,886
1940-44	6,580	1,149	9,422	6,404	12,107	35,662	-
1945-49	8,030	2,396	14,682	10,981	19,031	55,120	134,669
1950-54	10,102	5,861	24,634	14,907	50,304	105,808	57,262
Percentages							
1910-14	21	0	26	49	4	100	234
1915-19	35	0	29	29	6	100	-
1920-24	39	2	26	25	7	100	219
1925-29	35	2	29	28	6	100	143
1930-34	39	8	28	16	8	100	204
1935-39	31	11	28	13	17	100	212
1940-44	18	3	26	18	34	100	-
1945-49	14	4	27	20	35	100	244
1950-54	10	5	23	14	48	100	54
Index numbers							
1910-14	52	2	73	293	19	79	87
1915-19	86	3	80	170	29	77	-
1920-24	100	15	74	152	33	79	82
1925-29	138	28	127	265	42	124	84
1930-34	116	72	92	111	46	92	89
1935-39	100	100	100	100	100	100	100
1940-44	70	36	111	161	238	118	-
1945-49	86	75	173	277	374	183	211
1950-54	108	184	290	375	988	352	90

Source: Bureau of Statistics, 1960. Union Statistics for fifty years.

TABLE 4 - Total exports from South Africa, by continents, in averages of four-year periods, 1957-1964

Continents	R million		Percentages	
	1957-60	1961-64	1957-60	1961-64
Africa	144	117	18.6	13.1
Europe:				
Common market	139	184	17.9	20.4
U.K. and rest of Europe	248	303	32.0	33.8
America	68	95	8.8	10.6
Asia	51	104	6.6	11.6
Unspecified	125	94	16.1	10.5
Total	775	897	100.0	100.0

Source: Bureau of Statistics. Statistical year book, 1966

TABLE 3 - Total exports from South Africa, by sectors, in averages of four-year periods, 1957-1964

Sectors	R million		Percentages	
	1957-60	1961-64	1957-60	1961-64
Agriculture, forestry and fishing	193	264	25	29
Mining and quarrying	222	213	29	24
Manufacturing	399	420	46	47
Total	774	897	100	100

Source: Bureau of Statistics. Statistical year book, 1966.

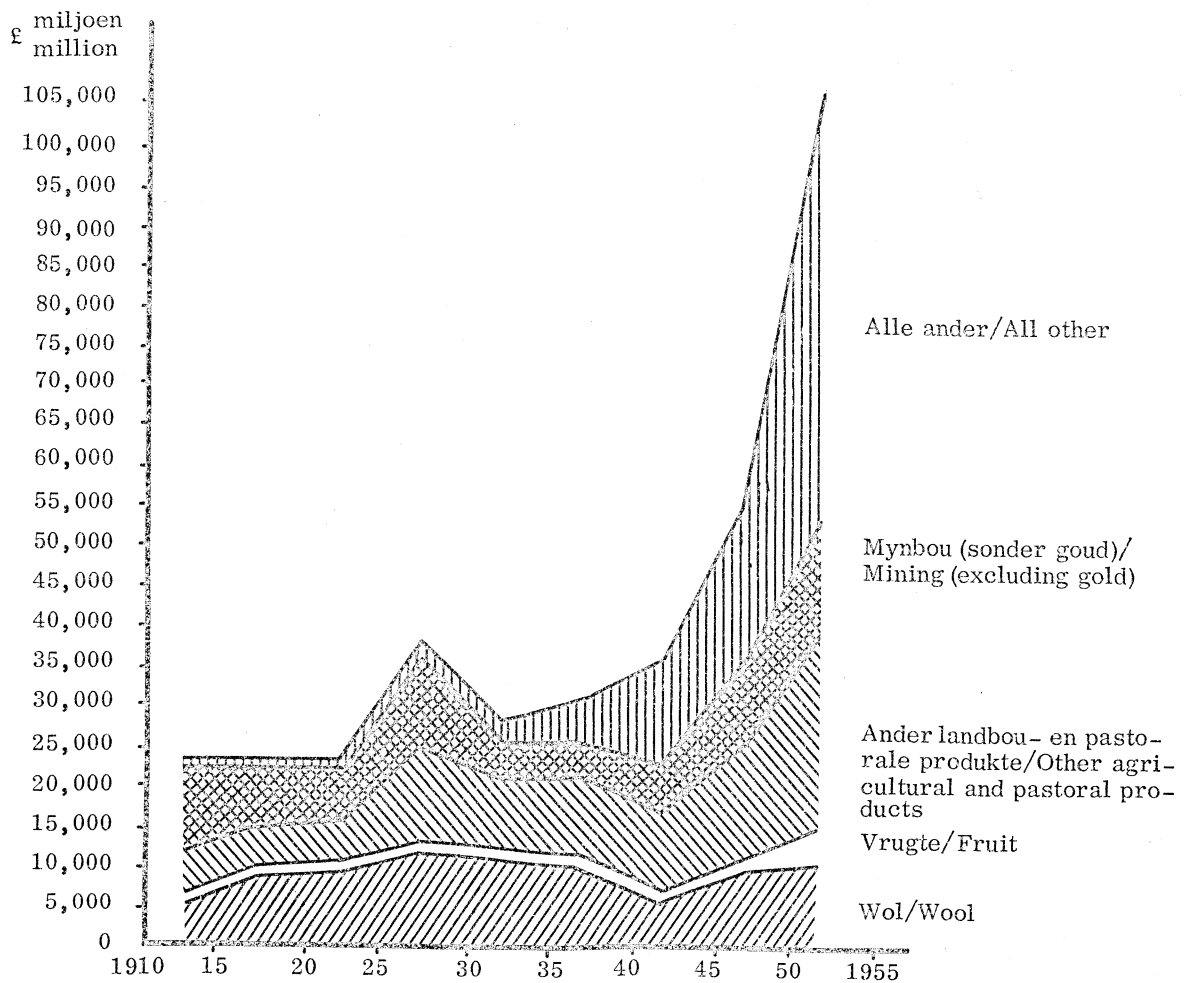


FIG 2 Suid-Afrikaanse uitvoer, gemiddeldes vir vyf jaar teen 1938-pryse, 1910 tot 1954
South African exports, averages for five years at 1938 prices, 1910 to 1954

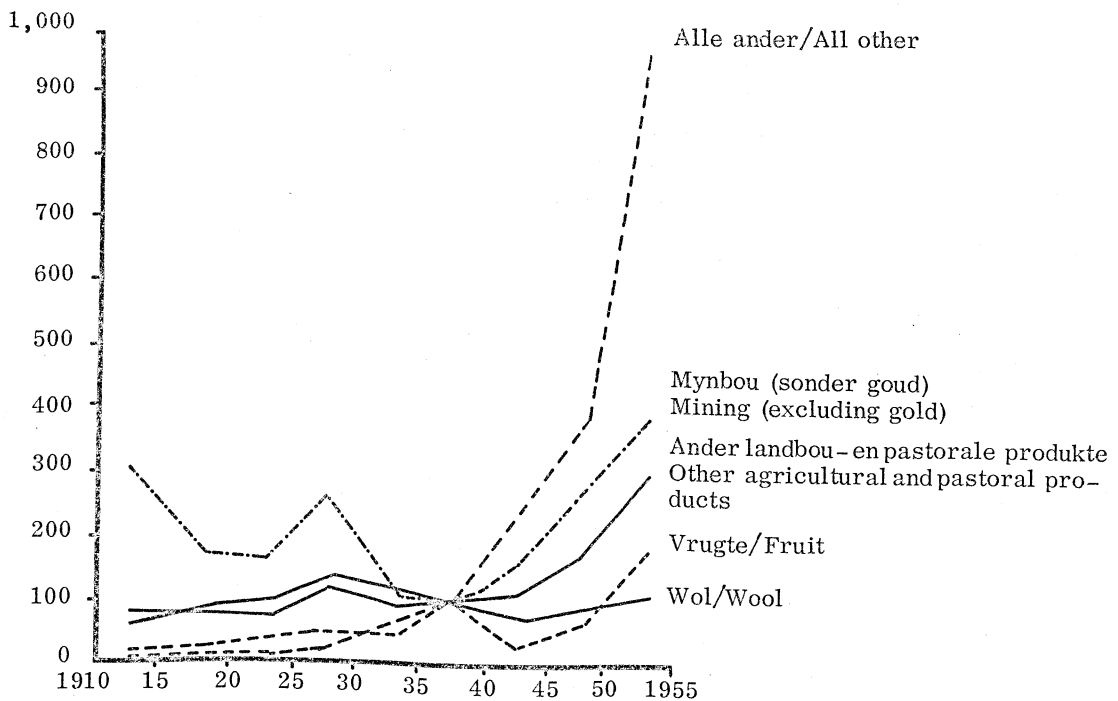


FIG 3 - Indeksse van uitvoer van Suid-Afrikaanse produkte, gemiddeldes vir vyf jaar, 1910 tot 1954
(1935-39=100)
Index numbers of exports of South African products in averages of five-year periods, 1910 to 1954 (1935-39=100)

TABLE 5 - Total value of exports from South Africa, in averages of five-year periods, 1956-1965

	R million		Percentages	
	1956-60	1961-65	1956-60	1961-65
Unprocessed agricultural products	184	238	58	61
Processed agricultural products	135	154	42	39
Total	319	392	100	100
Agricultural products	319	392	40	42
Other S.A. products, excluding gold	487	548	60	58
Total products, excluding gold	806	940	100	100
Gold	459	679	57	72

Source: Annual Report of Secretary for Agricultural Economics and Marketing, 1965-66, and Foreign Trade Statistics.

TABLE 6 - Exports of agricultural products in five-year periods, 1956 to 1965

	R million		Percentages	
	1956-60	1961-65	1956-60	1961-65
Wool	109.0	114.0	34.2	29.1
Mohair	6.2	8.5	1.9	2.2
Karakul pelts	8.7	9.8	2.7	2.5
Hides and skins	16.5	17.0	5.2	4.3
Sub-total (pastoral)	140.4	149.3	44.0	38.1
Maize and maize products	34.3	57.4	10.8	14.6
Preserved fruit and jams	25.2	32.3	7.9	8.2
Sugar	12.9	28.1	4.0	7.2
Citrus fruit	21.7	27.1	6.8	6.9
Deciduous fruit	15.5	23.4	4.9	6.0
Groundnuts	6.2	7.9	1.9	2.0
All other	62.8	66.5	19.7	17.0
Total	319.0	392.0	100.0	100.0

Source: Annual Report of Secretary for Agricultural Economics and Marketing, 1965-66.

DESTINATIONS OF SOME IMPORTANT AGRICULTURAL PRODUCTS

While the trend over the last few years has been to diversify our export outlets in overseas countries these tendencies are rather difficult to identify for particular products in Table 7. Taking the three years 1963 to 1965 maize ex-

ports, on account of a succession of poor crops during the latter two years, declined but the main export outlets would appear to be the United Kingdom and Japan with Japan apparently readily able to take a large proportion of the total crop that goes overseas.

TABLE 7 - Export destinations of important South African agricultural products

	R million		
	1963	1964	1965
<u>Maize</u>			
U.K.	28.3	19.3	8.1
Italy	8.4	4.9	2.5
Japan	27.8	22.0	0.7
German Fed. Rep.	6.7	1.3	-
Other	17.1	6.1	2.7
Total	88.3	53.6	14.0
<u>Oranges and grape-fruit</u>			
U.K.	10.4	12.0	12.0
Belgium	1.2	1.2	1.1
Netherlands	1.4	1.2	1.2
German Fed. Rep.	2.5	5.0	5.2
France	3.6	6.2	5.4
Other	4.8	4.9	4.6
Total	23.9	30.5	29.5
<u>Sugar</u>			
U.K.	10.7	9.0	0.8
Canada	5.1	5.7	5.1
U.S.A.	6.3	6.1	3.4
Japan	10.4	13.8	13.4
Other	3.1	0.1	0.1
Total	35.6	34.7	22.8
<u>Wool (grease and scoured, excluding Karakul)</u>			
U.K.	15.0	19.3	17.0
Belgium	4.7	3.8	2.7
German Fed. Rep.	15.3	17.5	14.7
France	19.7	18.2	17.7
Italy	16.3	15.8	14.0
U.S.A.	13.8	14.3	15.7
Japan	11.6	14.6	15.0
Other	6.9	6.2	5.4
Total	103.3	109.7	102.2

The United Kingdom is clearly the main market for citrus, although more fruit is now being sold in Western Germany and in France. In the case of sugar, Japan is now taking somewhat greater proportions of the crop while the United Kingdom is apparently declining in importance. Japan and the United States of America nevertheless remain fairly important outlets. The United States of America as a destination of sugar exports has, however, an uncertain long-term future because it is dependent on the United States of America's relationships with Cuba, which is the biggest producer and exporter of sugar in the world.

The United Kingdom, Germany, France, Italy, U.S.A. and Japan are all important outlets for wool exports, France being the main buyer over the three-year period. The total wool sales, in value, manifest greater stability than in the cases of the other three products listed in the table. Wool may hence be looked upon as a healthy stabilizing factor of the export trade.

DISCUSSION AND CONCLUSION

The above statistical analysis shows a number of significant features. The first, is that agricultural exports have tended latterly to increase in relation to manufacturing and mining. Yet the growth rate of agricultural production at around 3 per cent a year has been slower than the growth rate of industrial production which has approximated 7 per cent a year.

The Economic Development Programme set in 1964 a growth rate of 5½ per cent a year. It cannot be expected of agriculture in a growing economy that it can keep pace with other sectors, yet at the same time it has an important role to fulfil. A valuable analysis¹⁾ made by Du Plessis (1965) shows that manufacturing makes a greater use of foreign exchange for the purchase of foreign raw materials and equipment than either mining or agriculture. In fact, the value of the exports of mining and agriculture adequately pay for all the imported raw materials and equipment that these industries use.

The following figures, as noted by Du Plessis, show that the future growth rate is expected to depend relatively more on agriculture than it has in the recent past:

	Growth rates 1955/56 to 1963/64	E.D.P. projected growth rates, 1964-69
	per cent	
Agriculture	2.6	4.3
Gold mining	7.9	2.5
Manufacturing	7.0	7.1

1) Du Plessis, J.C., "Investment and the balance of payments of South Africa." S.A. Journal of Economics, 33, 311 to 340.

The dependence of manufacturing on imported raw materials places a ceiling on development because of the drainage of foreign exchange which has to be earned by agriculture and mining which are relatively slow-growing industries. While we are pinning our faith on secondary industry for the growth of the economy its development may be impeded by the slow growth rate of the other sectors.

With the relative decline in the mining industry and in order to save on foreign exchange, the country may have to rely more on locally produced raw materials, and agricultural production then justifiably becomes more important. After all is considered, locally produced raw materials are cheaper than imported materials. Newer developments in industry should perhaps be along the lines of processing more agricultural products and basing our exports on products for which we have a relative advantage compared with many branches of industry that have to be protected by import tariffs.

Indications are that in the promotion of our export trade, whether in agricultural or industrial products, there is a need for a competitive approach through the purchase of raw materials in the lower priced markets and through exporting to higher priced markets. To quote from Du Plessis: "The maximum benefits will only be obtained from exports if full advantage is taken of the so-called 'Kindleberger effect', i.e. if the structure of a country's foreign trade is continuously adapted to exploit changes in foreign supply conditions of imports and demand conditions relating to exports; such a policy will result in more favourable terms of trade and a higher rate of growth, unless the rule is ignored that 'resources should be invested so that they earn the same at the margin in all industries'".

Agriculture has frequently been regarded as the Cinderella in our family of industries. It may yet be proved that the ugly sisters are to be found amongst certain of our secondary industries that exist under the shelter of an import tariff and depend for their raw materials on semi-processed imports.

Our concern is with agriculture, where the signs are clear that we cannot neglect our farming.