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How the agricultural economics research community can support the sector

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Agriculture is a key sector of the South African economy. Research institutions play a crucial role in generating evidence that can inform decision-making across this critical sector.

Introduction

Agriculture contributes about 2.5% to national GDP (Stats SA, 2024). It is a dynamic system driven by farmers, consumers, financial institutions, processors, and retailers. Research institutions play a critical role by generating evidence that supports decision-making across agricultural value chains (Laurie et al., 2017). Within this landscape, agricultural economics stands out as a discipline focused on farm efficiency, farmer and consumer welfare, market performance, and policy design that ensures a fair and competitive environment (Rahman, 2015). The discipline has more than 60 years of history in South Africa and continues to expand through investment in applied and policy-focused research (Maredia & Byerlee, 2018).

These themes dominated discussions at the 62nd Annual Conference of the Agricultural Economics Association of South Africa, held in Pretoria late last year. The conference theme, “*Market Concentration and Competition Law in Agriculture: Experience and Lessons*,” provided an important opportunity for reflecting on structural challenges affecting agricultural markets and value chains. Rather than simply presenting research outputs, the conference highlighted broader concerns regarding market power, trade policy, and digital transformation in agriculture.

Agricultural economists, represented by the Agricultural Economics Association of South Africa (AEASA), convened the annual conference to share insights on emerging challenges in the sector (AEASA, 2025). Held in Pretoria, the 62nd Annual Conference brought together

researchers from across the continent to reflect on competition law, market concentration, and agribusiness transformation.

Research participation

The 2025 conference attracted 129 research paper submissions from universities, research institutions, and policy organizations across Southern Africa. This strong participation reflects growing interest in agricultural economics research addressing food systems, rural development, and global trade dynamics. Several institutions played a leading role in the conference: **Figure 1**.

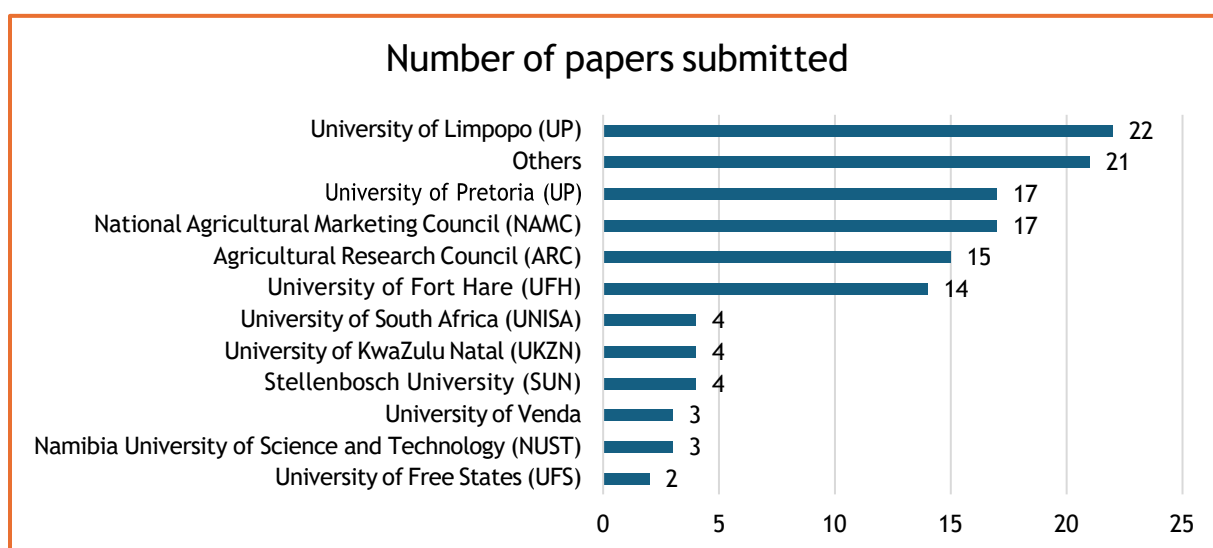


Figure 1: Institutional contributions to AEASA conference (2025)

Importantly, it highlighted the expanding research ecosystem in South African agricultural economics. Institutions such as the National Agricultural Marketing Council and the Agricultural Research Council play an important role in bridging academic research with policy and industry needs. Beyond numbers, the diversity of research topics from competition policy to digital agriculture signals an increasing recognition that agricultural development depends on well-functioning markets and evidence-based policymaking.

Market concentration and competition in agricultural value chains

A central issue discussed at the conference was market concentration within agricultural value chains. Increasing consolidation in processing, input supply, and retail sectors has raised concerns about unequal bargaining power between farmers and large agribusiness firms. Research presented during the conference highlighted that concentration in some segments of the agri-food sector can limit market access for emerging farmers and influence pricing dynamics along the value chain. Findings from the Competition Commission's Fresh

Produce Market Inquiry emphasize that inefficiencies and structural barriers in fresh produce markets continue to affect competition and price discovery. In concentrated markets, a small number of dominant firms can shape supply chains, influence contract terms, and affect the distribution of value between producers and retailers (see **Figure 2**). For smallholder and land reform beneficiaries, these dynamics can create significant barriers to participation in formal markets.

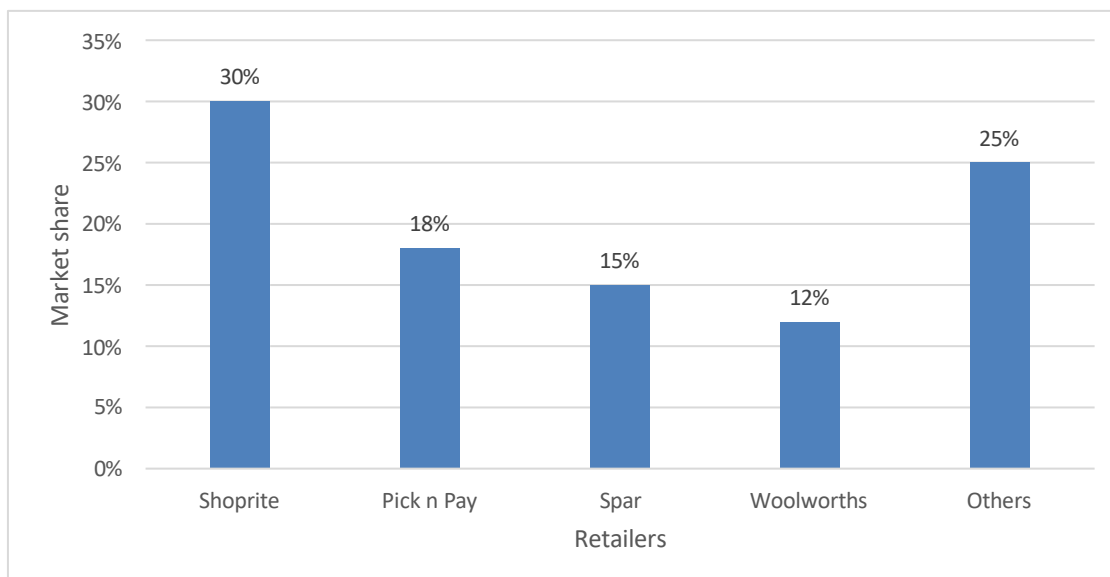


Figure 2: Market concentration in South African food retail sector

The significance of the AEASA conference in South Africa's agricultural landscape

The AEASA Conference functions as more than an academic forum: it is a policy-adjacent space where researchers, state institutions, and the private sector converge to interpret new challenges in food markets, competition law, and global trade. Three elements underscore its growing significance:

1. Linking research and national policy priority areas

This year's theme, *Market Concentration and Competition Law in Agriculture*, aligns directly with ongoing investigations by the Competition Commission, which has uncovered inefficiencies and bottlenecks in key value chains such as fresh produce (Competition Commission, 2024).

The conference thus served as a timely opportunity to scrutinize:

- The dominance of a few firms in seed, fertilizer, and agro-processing markets.
- How concentrated retail structures influence farm-gate prices and consumer welfare.

- The implications of market power for emerging farmers and agribusiness transformation.

2. Strengthening South Africa's voice in global agricultural governance

The focus on WTO trade architecture, the G20 agricultural track, and African trade integration also demonstrates the sector's increasing entanglement with global policy systems (WTO, 2025; G20 Secretariat, 2025).

Through these discussions, South African economists contribute to shaping:

- Negotiating positions on agricultural subsidies
- Responses to trade sanctions and tariff shocks
- Strategies for export market diversification

3. Building the next generation of agricultural economists

The high participation from the University of Limpopo, ARC, UFH, and UP reflects a growing research community addressing issues from smallholder support to digitalisation, trade, and climate resilience. This strengthens the pipeline of economists equipped to respond to structural sector challenges.

Trade policy and global market dynamics

Another major theme emerging from the conference was the impact of global trade policies on South African agriculture. With agricultural exports exceeding US\$13 billion annually, international markets remain critical for the country's agricultural growth. A notable research contribution examined the economy-wide implications of tariffs imposed by the United States. Using a Computable General Equilibrium (CGE) model, the study explored how tariff adjustments could influence trade flows and agricultural competitiveness.

The results suggested that tariff changes could lead to trade diversion, where exports shift toward alternative markets when barriers increase in traditional destinations. While such adjustments may create opportunities in new markets, they may also increase uncertainty for producers who rely heavily on stable export channels. Trade dynamics are also evolving due to environmental regulations. Research examining the European Union Green Deal highlighted how sustainability requirements, while environmentally beneficial, can create compliance costs for exporters in developing countries. For South African fruit exporters, meeting these regulatory standards requires investments in traceability, certification, and climate-smart production practices. Without adequate support, such requirements could disproportionately affect small and medium producers.

Implications for the agricultural sector

Several key insights emerge from the conference discussions:

1. Market concentration remains a structural challenge in South African food systems, with implications for competition and farmer participation.
2. Trade policies and global regulations increasingly shape agricultural competitiveness, requiring producers to adapt to evolving international standards.
3. Digital transformation presents opportunities for improving market access, particularly for emerging and smallholder farmers.
4. Collaborative research platforms remain essential for translating evidence into policy solutions.

Addressing these challenges will require coordinated action across government, research institutions, and the private sector.

Conclusion

The 62nd AEASA conference demonstrated the growing importance of agricultural economics in addressing the structural and policy challenges facing modern food systems. By bringing together researchers, policymakers, and industry stakeholders, the conference provided an important forum for examining how competition policy, global trade dynamics, and digital innovation are reshaping agricultural markets. For South Africa, strengthening market institutions, improving competition in value chains, and supporting inclusive participation in global trade will be critical for ensuring that agricultural growth translates into broad-based rural development and food system resilience.

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