

Emerging risks shake up SA agriculture sector

While climate change and weather volatility remain significant concerns among agricultural businesses, increasing infrastructure degradation, a widening critical skills gap, as well as sustained input costs are increasingly keeping farmers awake at night.

By [Daniel Stevens](#)

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Weather volatility remains a risk

The 2024-2025 Santam Insurance Barometer Report, a biennial study that tracks emerging risks across South Africa, revealed that 64% of agricultural businesses ranked climate volatility as their concern, up from 45% in 2023.

Typically, an insurer will offer Agri-Crop policies as well as more general commercial cover to help farmers mitigate risks.

While agricultural commercial insurance products typically offer comprehensive protection across multiple sections, including cover for buildings, machinery, farming operations, vehicles, as well as business interruption and product liability, crop insurance policies are purchased to safeguard against crop damage due to adverse weather conditions, most specifically damage caused by extensive h

While the Report revealed that 57% of agricultural businesses said that they had bought crop cover, there is also a trend among large commercial farmers to self-insure or diversify by spreading their risk. This is often done by planting different crops in various geographic regions.

Heavy seasonal rainfall contributes to industry-wide debate about what broader weather cycle trend may signal for South Africa. Much depends on the timing and distribution of rainfall, and changing weather patterns continue to disrupt the planting season.

Infrastructure risks an increasing concern

Farmers face a host of complex, interlinked risks. Concerns over infrastructure degradation in areas such as roads, rail, and water are also an increasing stumbling block for farmers. The report highlighted that 25% of all respondents flagged this as a growing risk.

Inadequate road maintenance, which is particularly poor in rural areas where potholes are common, significantly hinders the transportation of crops from farms to silos and to ports for international export.

In some instances, farming communities have been forced to step in and repair unusable main roads themselves, adding to their already high input costs.

Consistent, affordable power also remains a concern. While the threat of loadshedding, highlighted in the 2022-2023 Insurance Barometer eased somewhat, it remained a significant challenge for farmers in 2024.

Persistent disruptions continued to pose operational risks, particularly for farmers reliant on energy-intensive irrigation systems, cold storage, and processing facilities, where outages contributed to higher spoilage rates for perishable goods.

Power surges led to increased equipment and machinery damage claims for automated systems, cooling units, and pumps. In response, many farmers invested in alternative energy solutions, including solar and diesel generators, placing additional strain on already narrow margins and resulting in a rise in fuel theft and generator failure claims.

The state of South Africa's water infrastructure is also a risk for farmers. Almost 10% of commercial and corporate respondents were concerned about interruptions to water supply.

For irrigation farmers, the main concern is not water availability but rather poor water quality, as the rivers they rely on are often polluted due to inadequate municipal service delivery. It is an emerging trend in the context of the percentage of domestic crops produced under some level of irrigation, including maize, soybean, and wheat.

Rising input costs squeeze agri margins

Our interactions with the industry also revealed that the sustained rise in essential input costs is a significant concern for the sector. Farmers feel the “pinch” immediately when inflation rises or production costs like fertiliser, fuel, and labour go up.

These increases – which show no signs of easing – are largely driven by global geopolitical factors including the Russia-Ukraine conflict and the latest international trade tariffs imposed by the United States.

The jury is still out on whether the African Growth and Opportunity Act (AGOA) deal between the US and South African exporters will be renewed.

Agricultural businesses may find themselves facing margin pressures or having to seek out new export markets for their produce if the agreement is not reinstated or if trade tariffs become unsustainable.

On a positive note, the US only accounts for roughly 4% of South Africa’s estimated \$13bn in annual agricultural exports, with exports consisting mainly of citrus fruit, nuts, and wine. To counter the US trade challenge, producers will need to explore new trade partners with the support of government.

The Brics countries present opportunities, particularly China and Saudi Arabia, though it can take government years to open up new export markets.

Skilled labour shortages threaten the future of farming

One of the most pressing challenges facing the agricultural sector, both locally and globally, is the shortage of skilled labour. The skills gap is particularly prevalent in specialised areas such as farm management, agri-tech adoption, precision agriculture, and data-driven farming.

An ageing workforce, with many experienced farmers retiring and few young professionals entering the field, compounds the issue.

At the same time, modern farming is increasingly reliant on technologies like drones, sensors, AI-driven decision-making tools, and automation, yet many farm workers lack the training to operate or interpret these tools effectively.

Without the right skills, farms are unable to fully realise the productivity and sustainability benefits these tech innovations offer. A further concern is that agricultural education and training programs struggle to keep pace with the rapid advancement of agri-tech.

Farmers cannot influence the arrival of a hailstorm, the timing of rainfall, or the fallout from geopolitical developments that raise input costs or close off export opportunities. That is precisely why access to reliable, well-priced risk transfer remains critical for South Africa’s commercial farmers.

As the risk landscape evolves, so too must the tools that insurers and brokers offer to the sector. Whether through more effective use of geocoding, the introduction of parametric solutions, or de-

engagement with co-ops and brokers, Santam's focus remains on ensuring access to sustainable well-structured crop insurance, but the growing skills shortage must be addressed.

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