

SA agriculture registers mild quarterly expansion

By [Wandile Sihlobo](#)

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The numbers released by Statistics South Africa show that in the first quarter of 2022, agriculture gross value added grew by 0,8% quarter-on-quarter (seasonally adjusted). We believe that this quarterly growth is on the back of improved activity in the horticulture industry and some field crops such as soybeans and sunflower seeds, amongst others.

While the 2021/22 agricultural production season started on a downbeat footing, with excessive rains damaging some crop and vegetable fields, a breather from mid-January allowed for replanting and recovery in some fields. In addition to these improvements, we have had a decent deciduous fruit harvest. Moreover, there are expectations of a large citrus harvest.



Image source: [Gallo/Getty](#)

Nevertheless, South Africa's agriculture quarterly gross value-added figures tend to be quite volatile; hence our recent communication focused on the annual performance. We expect a mild contraction of between 3-5% year-on-year in 2022. This will mainly be on the back of a decline in some field crop harvests, combined with the base effects after two years of solid growth where the sector expanded by 14,9% year-on-year in 2020 and 8,8% year-on-year in 2021 (revised figures).

By field crops, we are not only referring to summer grains but also sugar cane, which experienced sizable damage from the recent heavy floods in KwaZulu-Natal. This impact will likely show in the second quarter data. Moreover, the livestock subsector, which accounts for a substantial share of the South African agricultural value-added, also faces numerous challenges this year, such as rising feed costs and the outbreaks of foot-and-mouth, which has led to an export ban to various markets.

Overall, while we are downbeat about South Africa's agriculture growth prospects this year, this sector still has potential for growth in the coming years. Notably, this year's possible underperformance does not mean that the sector is in bad shape per se; the output in a range of commodities is well above the long-term levels, which speaks to the exceptional performance of the past two years rather than the current production conditions.



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From a policy position, the sector's recently launched an Agriculture and Agro-processing Master Plan to drive long-term inclusive growth and help unlock barriers that currently constrain performance. Some of the barriers require collaboration with the line departments, specifically the need to boost the efficiency of municipalities and the much-needed network industries, mainly the roads, rail, ports, water, and electricity.

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