

## SA's agriculture holds the potential for job creation

On May 16, 2023, we received encouraging job data in South Africa's agriculture. Statistics South Africa indicated that in the first quarter of 2023, about 888 000 people were employed in primary agriculture, up 3% quarter-on-quarter and 5% year-on-year. This is well above the long-term agricultural employment of 780 000.

From a regional perspective, the Western Cape, KwaZulu-Natal, and Gauteng were the significant drivers of this employment. At the same time, other provinces showed a slight decline compared to levels seen in the first quarter of 2022.

The robust production conditions of various field crops, fruits, forestry and aquaculture were behind the improvement in agricultural jobs in the first quarter. Meanwhile, the livestock industry saw a decline in employment, which is unsurprising given the pressures presented by the higher feed costs at the start of the year and animal diseases for much of 2022 and into 2023.

In 2022, the South African cattle industry faced the worse foot-and-mouth disease outbreak in history, with six of our nine provinces reporting it.

While the foot-and-mouth disease outbreak was in cattle, the sheep industry also suffered by association, with China temporarily blocking wool exports in the first half of 2022. This adversely affected the financial conditions of wool farmers in the Eastern Cape and various wool-growing regions. Although the wool ban was lifted months after, the trade disruptions and economic impact were long-lasting.

Admittedly, while the agricultural season, mainly field crops and fruits, is promising, the start of the year was on a rough patch. The excessive rains, high input costs (fertilizer, agrichemicals and fuel), and persistent load-shedding presented various risks to farmers. As a result, crop planting in different regions of the country was delayed by roughly a month, threatening yield prospects.

But the warm weather at the end of January and much of February helped improve conditions on the farms. Moreover, various interventions to ease the load-shedding burden on farmers, such as load curtailment, expansion of the diesel rebate to the food value chain, and, most recently, the launch of the Agro-Energy Fund, all support the production conditions.

Hence, the 2022/23 maize harvest is estimated at 15,9 million, 3% higher than the 2021/22 season's harvest and the third-largest harvest on record. In addition, the soybeans harvest is estimated at a record 2,8 million tonnes. South Africa's sugar cane crop will likely increase by 3% to 18,5 million tonnes in 2023/24. Other field crops and fruits also show prospects for decent harvest this season, which supports better employment prospects in the sector. From now on, the rising geopolitical tensions, deteriorating infrastructure, crime, and the general impact of these factors on trade are key issues we will monitor as they will influence farm profitability and job prospects. An export-oriented agricultural sector like South Africa

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requires a favourable global environment, increasing investment, and efficient logistics to thrive.

### **Long-term policy focus**

From a policy perspective, the outlook for the medium-to-long term hinges on the level of investment in the sector, improvement in rural infrastructure (roads and water), agricultural productivity, expansion of export markets, promotion of labour-intensive agriculture subsectors, and an increase in the area farmed where possible.

The potential for the expansion of productive farmland lies in the underutilized land in the former homelands and underperforming land reform farms. By labour-intensive subsectors, I am referring to the horticulture and field crop subsectors, which currently employ roughly two-thirds of the primary agricultural labour force of 888 000. The other subsector – livestock – can also be prioritized, specifically in areas where environmental factors do not permit horticulture and field crops.

This could all happen when there is a growing demand for horticultural, and protein-rich diets in the global market, underpinned by the changing consumer patterns towards high protein and healthier diets.

KwaZulu-Natal, the Eastern Cape and Limpopo are the provinces containing former homelands that still have vast tracts of underutilized and arable land that can be prioritized for agricultural expansion. These provinces collectively have between 1.6 million to 1.8 million hectares of underutilized land.

The focus for provinces with extensive farming could be increasing productivity on restituted and redistributed farms and ensuring export markets for products being produced.

Overall, South Africa's agricultural sector holds potential for employment. Still, the national and provincial government and municipalities must do their job and improve infrastructure and address rising crime, all of which could lead to increased private sector participation and investment in the sector.