

SA agricultural jobs down 1% y/y in Q4, 2022

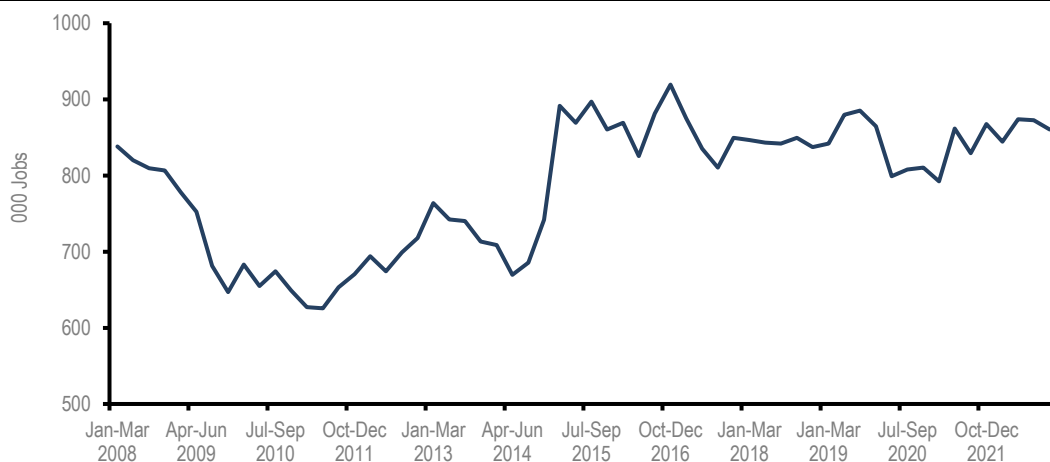
South Africa's agricultural sector has had a broadly better-than-expected performance in 2022. The exports reached a record US\$12,8 billion, and agricultural machinery sales, such as tractors, were at the highest level in 40 years. This materialised despite the range of challenges that faced the sector, such as excessive rains at the start of the 2021/22 summer crop season, disease outbreaks in the livestock industry, trade barriers in fruits and wool, and logistical challenges at our ports, particularly in the first half of 2022.

The data released this morning by Statistics South Africa also paints a broadly comforting picture, showing that in the last quarter of 2022, there were about 860 000 people employed in primary agriculture, which is well above the long-term agricultural employment of 780 000. Admittedly, some of the factors we mentioned did weigh on the sector as employment fell by 1% yearly and roughly the same rate from the third quarter of the year. Except for summer crops and forestry, the decline in employment was in all subsectors with a significant decline in the livestock sector, which underscores the animal disease challenge we noted above. Furthermore, the higher feed cost was, and remains, an additional challenge for the livestock industry, along with a decline in red meat prices, all of which add pressure on farming businesses.

From a regional perspective, except for the Western Cape, Northern Cape and Free State, all provinces registered a mild decline in agricultural employment in the last quarter of 2022 compared with the corresponding period in 2021.

While the previous years have delivered solid employment conditions in the sector, the outlook remains uncertain. The farming business is challenged by persistent load-shedding, which has increased input costs as some seek various means of energy generation that require extra capital. Moreover, the recent increases in minimum wages are a concern, specifically for the fruit industry. The farming input costs, such as fertilisers and agrochemicals, although having moderated somewhat from levels we saw in much of last year, remain fairly higher. All these will be added pressures on the farmers that could weigh on employment conditions.

Exhibit 1: South Africa's agriculture employment



Source: Stats SA and Agbiz Research

28 February 2023

Wandile Sihlobo
Chief Economist
+27 12 807 6686
wandile@agbiz.co.za

www.agbiz.co.za

Disclaimer:

Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any loss or damage incurred due to the usage of this information.