

OPINION PIECE:

Weather holds cards for agricultural sector

By Wandile Sihlobo, [Business Day](#), 07 August 2019

It is almost certain that SA's agricultural economy will contract in 2019, mainly as a result of the poor summer crop harvest coming after drought.

The Western Cape, which typically provides a cushion when there is a drought in summer-rainfall areas, was not in good shape in the 2018/2019 season, particularly the horticulture sector. The case in point is the wine-grape harvest, down 2% from 2018, when it was already 14% lower than the long-term average.

But there is cause for hope with SA's 2020 agricultural performance. While it will be months before we have a better sense of whether summer crops will be good, we have some tentative evidence from the Western Cape winter crops, horticulture and wine grapes.

On July 30, the SA Weather Service indicated that the winter-rainfall areas, mainly the Western Cape, could get above-normal rain from August to November. This comes after the Western Cape's recent good showers, improving moisture and dam levels.

Latest figures from the Western Cape government show that on August 5 the province's dams averaged 61% full, the highest level in four years. I do recognise, however, that some areas in the province have received far more rainfall than others, and dam levels vary across regions.

Also encouraging is the fact that while horticulture fields need some rainfall throughout the year, the crucial months for next season's harvest size are August and September, especially for wine grapes. Given that these months fall in a period when there are expectations of rain in the Western Cape, it is reason to be hopeful about 2019's wine production.

Of course, I am always uneasy when I read that rainfall will be "above normal" as this also means there could be excessive moisture. But this would be rare for the Western Cape. If experience is anything to go by, the expected rainfall might be just enough to restore moisture levels.

Apart from the agricultural economic fortunes that could be boosted by good production in the Western Cape, employment could also receive a boost. Of the 842,000 jobs in the SA agricultural sector in the second quarter of 2019, the Western Cape accounted for 22%, or 182,000 jobs. This number could rise at least 10% in the first quarter of 2020 when the harvest season is in full swing due to the addition of seasonal labour. That would not be an anomaly as Western Cape agricultural jobs totalled about 223,000 before the 2017 drought, and the sector is still recovering.

Apart from horticulture, wheat, barley and canola plantings will also benefit from improved moisture. The Western Cape accounts for 60% of SA's winter wheat plantings, which means a potential improvement in the province's winter crop could have a positive spillover for the country's wheat fortunes.

The Western Cape has lifted wheat planting 2% from the area planted in 2018. While this is marginal, as farmers were cautious of erratic weather conditions at the start of the season, it is nonetheless encouraging. I must qualify that while wheat production could increase marginally in the 2019/2020 season, SA will remain a net importer of wheat. Our import needs are typically half of what we consume a year, so no marginal uptick in production can make a significant difference.

The full picture of 2020's agricultural economic fortunes will also depend on the weather outlook for the 2019/2020 summer season. If rainfall normalises SA will be in full positive growth mode.

Preliminary estimates from the International Grains Council put SA's 2019/2020 maize harvest at 12.5-million tons, up 17% year on year. This is not inconceivable, being in line with average long-term production. Such a harvest, added to developments in the Western Cape, would mean SA's agricultural economy is back in positive territory. This is what we hope for. The future lies in the weather developments over the coming months.

- *Sihlobo is chief economist of the Agricultural Business Chamber of SA (Agbiz).*