

Farming helps pull South Africa out of recession, says Agri SA

The South African agricultural sector was a major driver behind the country's economic growth in the second quarter of the year, according to farming association Agri SA.



It said the economy was now out of recession after experiencing second quarter gross domestic product (GDP) growth of 2.5% year-on-year.

"GDP contracted by 0.7% in the first quarter of 2017, following a decrease of 0.3% in the fourth quarter of 2016 pushing the country into a technical recession," the group said.

"Although this is much-needed growth that will be welcomed by all South Africans, Agri SA is concerned that it will have a limited positive effect on the economy as longer-term indicators suggest subdued growth."

The association highlighted the country was still battling with record high unemployment and poverty levels, low investment confidence and uncertainty in the policy environment.

"South Africa has not achieved three consecutive quarters of growth since 2014/15, making it one of the worst performers among emerging market economies," it said.

"This is due to its unstable political environment and the associated policy uncertainty, corruption and a lack of economic and political leadership."

However, it said it was "very pleased" with the agriculture's second consecutive quarter of positive growth and its broader positive impact on the economy.

"Despite the low output in the Western and Eastern Capes, due to the persisting drought, the agricultural sector increased its production by 33.6% in the second quarter of 2017," it said.

"This was driven by the production of field crops and horticultural products."

Agri SA said it foresaw a "positive outlook" for agriculture's growth in the coming quarters, but noted ongoing drought conditions remained a concern.

"Accordingly, the agricultural sector has played a significant role in taking the economy out of recession," it said.

"Agri SA, as a federation of agricultural organisations and an organisation committed to the development of agriculture in South Africa, continues in its endeavours to reach out to government to make the development of agriculture a national priority."

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