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South Africa's primary agricultural employment lifted in the first quarter of 2024

- While South Africa's agriculture has had a rough start to the year, characterised by El Niño-induced drought, the employment conditions remain encouraging. The data released by Statistics South Africa today shows that employment in primary agriculture lifted by 6% year-on-year to 941 000 in the first quarter of 2024. This is also up 2% from the last quarter of 2023. Admittedly, the significant drought damage has been concentrated on the summer grains and oilseed regions, not across all agricultural subsectors, which somewhat explains the resilience in job data. Moreover, there could also be a lag in fully accounting for agriculture's financial pressures and the impact on employment after that.
- We can observe from the current data that jobs generally increased across most subsectors of agriculture in the first quarter compared with the corresponding period last year. The decline in employment was only in the production of organic fertilisers, fishing, and fish hatcheries. Again, this could indicate the potential delay before the subsectors heavily impacted by the mid-summer dryness fully reflected the financial impact and subsequent jobs effect. We may have a complete picture of such in the second quarter jobs data.
- The Eastern Cape, Northern Cape, North West, Gauteng, and Mpumalanga were behind the annual uptick in agricultural employment. These provinces broadly comprised various agricultural commodities or value chains. Thus, the uptick in jobs is not primarily on the back of a particular value chain but spread across a range.
- Surprisingly, the Western Cape, KwaZulu Natal and Limpopo are amongst the provinces that recorded a mild decline in employment in the first quarter compared to 2023. These provinces are amongst those that hold significant shares of horticulture production, which benefitted from the irrigation throughout the harsh mid-summer season. Meanwhile, the mild reduction in employment in the Free State could be somewhat explained by the province's vast grains and oilseed production and the expected decline in production because of the drought.
- As we look in years ahead, the agricultural sector remains crucial for employment creation in South Africa's rural communities. But, the sector must be on a positive growth path to sustain and create new job opportunities. In the near term, a range of constraining factors for businesses require policymakers' attention to resolve for the sector to grow.
- These include the recent El Niño induced drought that devastated the summer grains and oilseed regions, and some distressed farmers may require government support. Moreover, the positive momentum in resolving the port inefficiencies should continue. The sector also struggles with poor rail and road infrastructure and worsening municipal service delivery. Rising incidents of crime, lingering

animal disease challenges, and increased geopolitical uncertainty remain top-of-mind challenges for agribusinesses.

- In a survey we conducted in March 2024, covering businesses operating in all agricultural subsectors across South Africa, the respondents raised the above challenges as the most troubling issues they face. Therefore, the South African government and the private sector should work collectively to address these issues, particularly the ones on the domestic policymakers' reach, to support long-term growth.
- We are closer to elections, with possibly limited action from the political leadership as they focus on nationwide campaigns. However, post-election, the agricultural sector should start with these factors.

Exhibit I: South Africa's agricultural jobs



Source: Statistics South Africa and Agbiz Research