

Agbiz, BFAP says SA's agriculture sector is stabilising

Experts in the agricultural sector are confident that the introduction of level 3 lockdown restrictions will bring relief to the food supply chain, which has experienced significant disruptions over the past two months.



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Professor Ferdi Meyer, Managing Director of the Bureau for Food and Agricultural Policy (BFAP), says that disruptions experienced by the agro-food chain during Levels 4 and 5 include decreased sales as a result of restaurant closures, lower overall demand due to reduced economic activity, and challenges at ports causing considerable congestion in exports.

"However, since mid-May, most agribusinesses reported that they were operating at 80% capacity and weren't wasting significantly more product compared to the business-as-usual scenario," he says.

SA remains a net exporter

Despite these disruptions, Dr John Purchase, CEO of the Agricultural Business Chamber (Agbiz), says that South Africa's agricultural sector is not expected to be as hard hit by the Covid-19 pandemic as the global agricultural sector; in fact, we could see a 10% year-on-year recovery in GDP in the sector for 2020 because of bumper grain and fruit harvests.

"For example, the current maize harvest is up 38% from the 2018/19 harvest and is the second-largest harvest on record. This essentially means that South Africa would remain a net exporter of maize and could also export maize beyond the

African continent to markets such as Japan, Taiwan, Vietnam and South Korea that were not prominent in previous years," says Purchase.

However, both Meyer and Purchase agree that medium-to-long-term strategies are needed to further stimulate agricultural growth and job creation in South Africa. These include expansion of primary agriculture in the regions with higher poverty levels such as KwaZulu-Natal, the Eastern Cape and Limpopo Province; improvement of land governance in the former homelands; enhanced ability of state funding institutions to attract private capital; and improved local government delivery.

Purchase and Meyer will discuss the impact of Covid-19 on South Africa's agricultural sector as well as learnings from the pandemic and the way forward in an agriculture webinar hosted by Nedbank Business Banking on Thursday, 4 June.

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