



# Annual Economic Review of the Agro-processing Industry in South Africa

2021

DIRECTORATE: AGRO-PROCESSING SUPPORT



agriculture, land reform  
& rural development

Department:  
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## LIST OF ACRONYMS

DALRRD	Department of Agriculture, Land Reform and Rural Development
GDP	Gross Domestic Product
SA	South Africa
IPAP	Industrial Policy Action Plan
FAO	Food and Agriculture Organization

## PREFACE

The National Development Plan (NDP) identifies the agro-processing industry for its potential to spur economic growth and create sustainable employment. The agriculture and agro-industries are postulated as having the latent potential to contribute to inclusive economic growth through forward and backward linkages by providing various opportunities for earning income in the food production, processing, distribution and retailing phases of the agro/food value chain. At policy level, the Medium-Term Strategic Framework (MTSF), **specifically outcome 1: Economic transformation and job creation**, notes the agro-processing industry as a key pillar for inclusive economic growth. At sector level, the Agriculture and Agro-processing Master Plan (AAMP), **specifically pillars 5 and 6**, notes the crucial role the agro-processing industry should play towards mitigating post-harvest losses, providing access to markets for farmers and ensuring household food security. At operational level, the competitive performance of agribusinesses is directly linked to the competitiveness of the industry and the sector.

Consequently, the Department of Agriculture, Land Reform and Rural Development (DALRRD) established the Directorate: Agro-processing Support within the Branch: Economic Development, Trade and Marketing (EDTM) to develop and facilitate implementation of policies and strategies to enhance competitive performance of agro-processing agribusinesses. Among others, the function of the directorate is to provide timely and updated agro-processing, economic and statistical information geared to monitor the performance of the industry and provide insight into the effects of economic policies and exogenous factors. To achieve this purpose, the directorate publishes regular quarterly reviews of the agro-processing industry.

This publication, "*Annual economic review of the agro-processing sector in South Africa: 2021*", evaluates the performance of the food and beverages divisions during 2021. The main economic indicators reviewed are the changes in producer price, production volume, value of sales, capacity utilisation by large enterprises, formal employment and trade balance.

Any comments and suggestions on the content of this publication are welcome.

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## EXECUTIVE SUMMARY

The South African economy rebounded by 4,9% at the end of 2021 from a 6,4% contraction in 2020. The economic growth was notable from mining, manufacturing and construction sectors which rebounded by 11,8% 4,6% and 6,6% respectively from 11,9%, 12,8% and 12,3% contractions, respectively in the preceding year (SA Reserve Bank, 2022).

In 2021, the seasonally adjusted volume of production for the agro-processing industry rebounded by 22,4% from a 25,3% contraction in the previous year. The following divisions rebounded in growth: textiles (44,2%), wearing apparel (39,8%), wood and wood products (37,0%), beverages (24,0%), footwear (23,7%), furniture (22,4%), rubber (7,9%), paper and paper products (7,2%) and leather and leather products (5,9%), except for food which receded further by 0,4% from a 0,9% contraction in the last year.

In 2021, the value of sales for agro-processing industry increased by 10,1% from a 4,8% growth in 2020. This translates to a nominal growth of R347 875,6 million in 2020 to R383 117,4 million in 2021. Sales increased for most of the divisions in the agro-processing industry. Those divisions were: paper and paper products (20,0%), footwear (17,8%), wood and wood products (17,6%), leather and leather products (16,2%) wearing apparel (16,1%) and textiles (14,9%). However, sales for furniture, rubber and beverages divisions rebounded by 36,1%, 27,8% and 15,8%, respectively. The food division's sales moderated by 4,5%.

The trade deficit for the agro-processing industry increased from R41 419,8 million in 2020 to R41 884,14 million in 2021. The following divisions registered a positive trade balance: beverages, paper and paper products and footwear. However, the following divisions registered a negative trade balance: textiles, rubber products, food, tobacco, leather and leather products, furniture, wearing apparel and wood and wood products.

Employment in the agro-processing industry receded further by 0,9% following a 4,3% contraction recorded in 2020. This represents a further decline of 3 793 jobs in 2021 as compared to 40 309 jobs lost in 2020. The following divisions recorded job: wearing apparel (3 944), paper and paper products (1 136), footwear (713), textiles (563), rubber (480) and leather and leather products (257). However, the food (1 634), wood and wood products (775), beverages and tobacco (649) and furniture (243) divisions gained jobs

## 1. INTRODUCTION

The South African economy rebounded by 4,9% at the end of 2021 from contracted growth in 2020. The growth in the economy was notable in mining, manufacturing and construction sectors which rebounded from respective contractions in the preceding year (SA Reserve Bank, 2022). This annual review is organised as follows: the first section presents an overview of the state of the domestic economy to provide an insight into the growth in domestic demand, which is largely determined by growth of the economy, employment and inflation. The second section gives a brief effect of the global and domestic economic situation on the 11 divisions of the agro-processing industry and, lastly, it is the conclusion. The variables that are analyzed in the review are the volume of production, sales, trade, employment and utilisation capacity of the 11 agro-processing divisions.

## 2. THE STATE OF THE DOMESTIC ECONOMY

Table 3.1 shows that the South African economy rebounded by 4,9% at the end of 2021 as compared to a contraction of 6,4% in the previous year. The growth in the GDP is notably from the primary, secondary and tertiary sectors, all bouncing back from the previous year's contraction. Primary sector growth, notably from mining, rebounded by 11,8% and agriculture moderated by 8,3%. The secondary sector rebound in growth was as a result of the rebound in the manufacturing sector. The manufacturing sector rebounded by 6,6%, while the construction sector contracted by 1,9%. The tertiary sector, both the non-primary sector and non-agricultural sector rebounded by 4,2% and 4,6%, respectively, in 2021 (South African Reserve Bank, 2021).

Table 1: South African economic growth rate (percentage change at seasonally adjusted annualised rates)

	2020					2021				
Sector	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	Year
<b>Primary sector</b>	0,1	-21,4	25,0	1,8	-3,7	4,1	5,2	8,4	2,1	10,5
Agriculture	9,8	-4,3	-0,1	6,6	13,4	5,6	10,1	-20,6	12,2	8,3
Mining	-4,7	-31,1	45,0	-0,9	-11,9	3,3	2,3	-0,6	-3,1	11,8
<b>Secondary sector</b>	-1,0	-28,5	28,3	4,0	-12,8	0,3	-1,1	-3,0	1,2	4,6

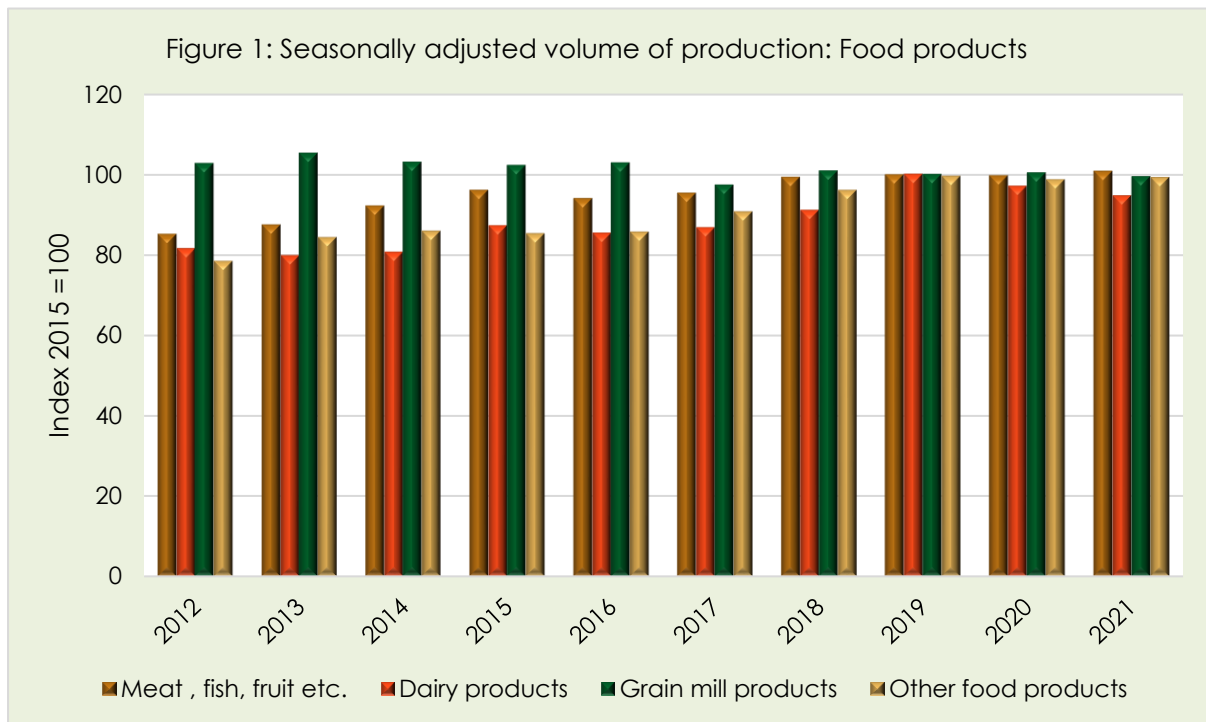
Manufacturing	-0,6	-31,4	35,3	5,3	-12,3	0,4	-1,5	-4,2	2,8	6,6
Construction sector	-2,5	-13,1	16,0	1,9	-19,8	0,5	-0,8	-0,6	-2,2	-1,9
<b>Tertiary sector</b>	0,6	-29,9	9,1	2,0	-4,3	0,8	1,5	-0,6	1,1	4,2
Non-primary sector	0,3	-16,3	12,4	2,4	-6,1	0,7	1,0	-1,1	1,1	4,2
Non-agricultural sector	0,0	-17,1	13,9	2,2	-6,4	0,8	1,1	-1,1	0,8	4,6
<b>Total</b>	0,1	-17,4	13,9	2,5	-6,4	0,1	1,3	-1,7	1,2	4,9

Source: Reserve Bank (2022)

### 3. THE AGRO-PROCESSING INDUSTRY

The agro-processing industry is defined as a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector (FAO,1997). Therefore, the agro-processing industry basically transforms products originating from the agriculture, forestry and fisheries sectors. According to the Standard Industrial Classification, the agro-processing industry comprises of the following 11 divisions: food products, beverages, tobacco, textiles, wearing apparel, leather and leather products, footwear, paper and paper products, wood and wood products, rubber and furniture.

### 3.1 FOOD<sup>1</sup> PRODUCTS

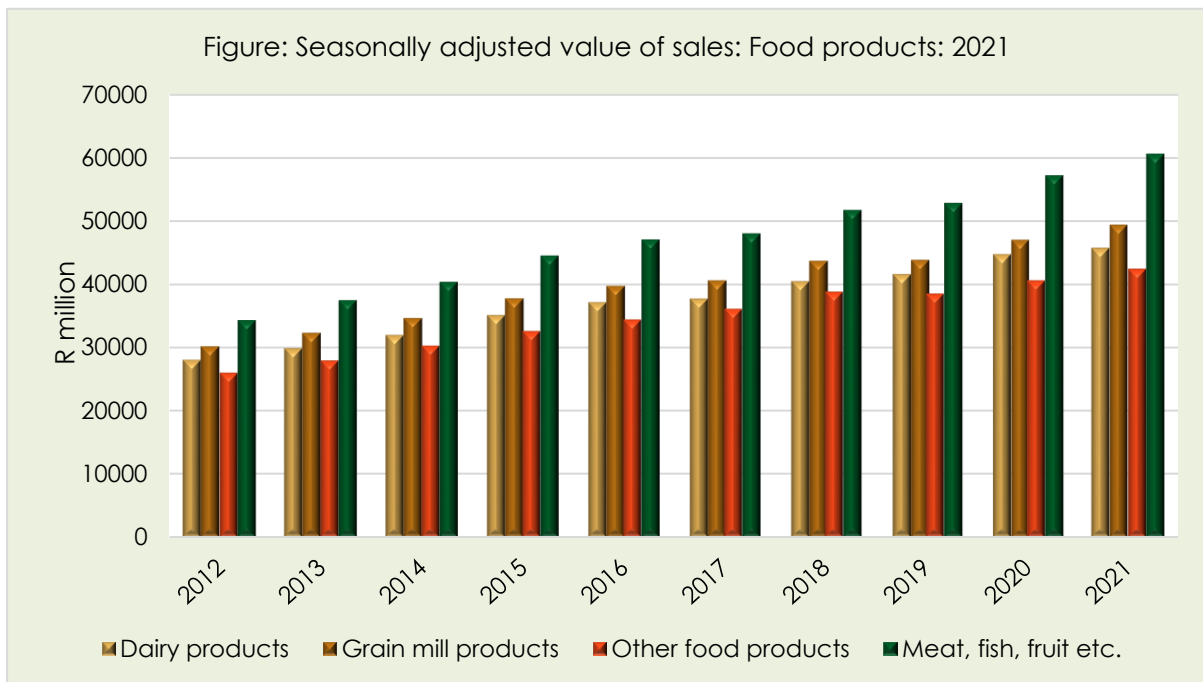


Source: Quantec (2022)

Figure 1 above depicts the average annual seasonally adjusted volume of production in the food products division of the agro-processing sector. In 2021, output in the meat, fish, fruit, etc. and "other food products" division rebounded by 1,1% and 0,5% from a 0,3% and 0,9% contraction recorded in the previous year, respectively. The output of grain mill products, on the other hand, contracted by 1,0% in 2021 following a 0,4% growth registered in 2020, while dairy products further contracted by 2,4% following a 2,9% contraction in 2020. The output for the food division as a whole contracted further by 0,4% in 2021 from a 0,9% contraction in 2020.

<sup>1</sup> Food products in this case will include meat, fish, fruit etc., dairy products, grain mill products and "other food products"





Source: Quantec (2022)

Figure 2 above shows the seasonally adjusted value of sales in the food products division, which is comprised of meat, fish, fruit, etc.; dairy products; grain mill products and “other food products”. In 2021, sales for meat, fish, fruit, etc., and dairy products moderated by 6,0% and 2,2% as compared to an increase of about an 8,2% and 7,6% in 2020, respectively. Similarly, sales for grain mill products and “other food products” divisions moderated by 5,0% and 4,6% in 2021 from a 7,1% and 5,4% growth in 2020, respectively. Sales for the food division as a whole moderated by 4,5% in 2021 from a 7,2% growth in 2020.



Source: Quantec (2022)

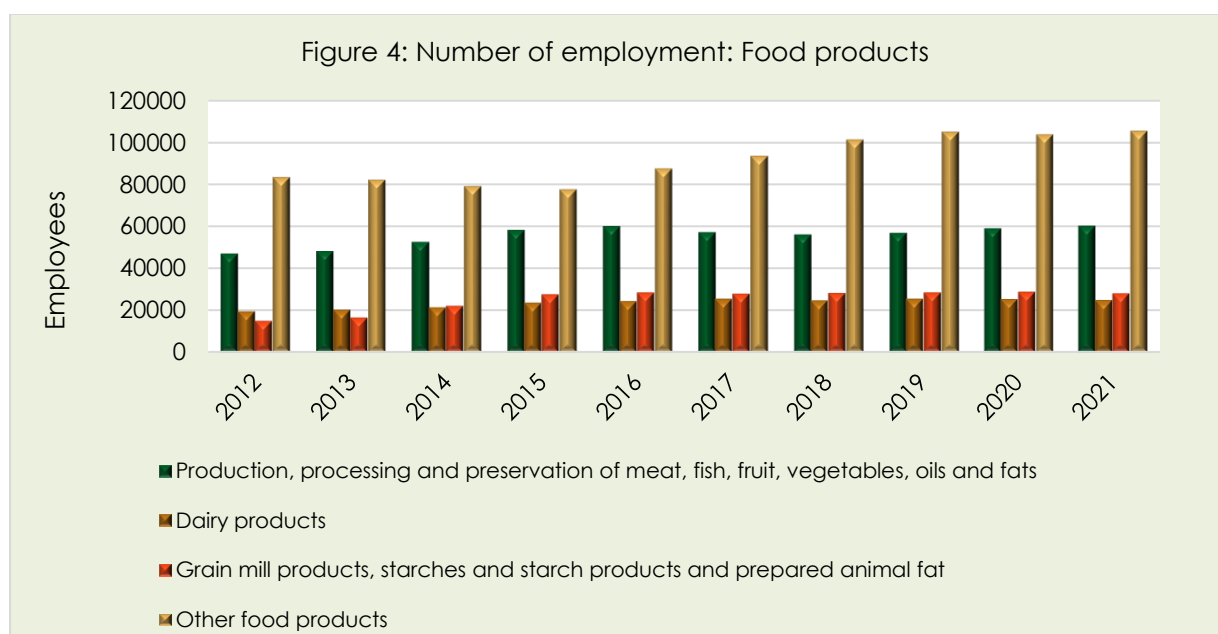
Figure 3 presents exports and imports of food products. In 2021, food exports moderated by 0,1% from a 11,3% growth in 2020. Similarly, food imports moderated by 3,6% as compared to an 8,8% growth in 2020. As a result, the trade deficit widened to R8 508,6 million in 2021 from R6 214,2 million in 2020.

Table 2: Utilisation and reasons for underutilisation of production capacity by large enterprises: Food products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2019	82,2	17,8	1,9	1,1	0,3	10,2	4,4
2020	78,3	21,7	1,9	0,9	0,2	11,3	7,5
2021	70,0	30,0	1,6	0,7	0,3	10,4	17,1

Source: Statistics SA (2022)

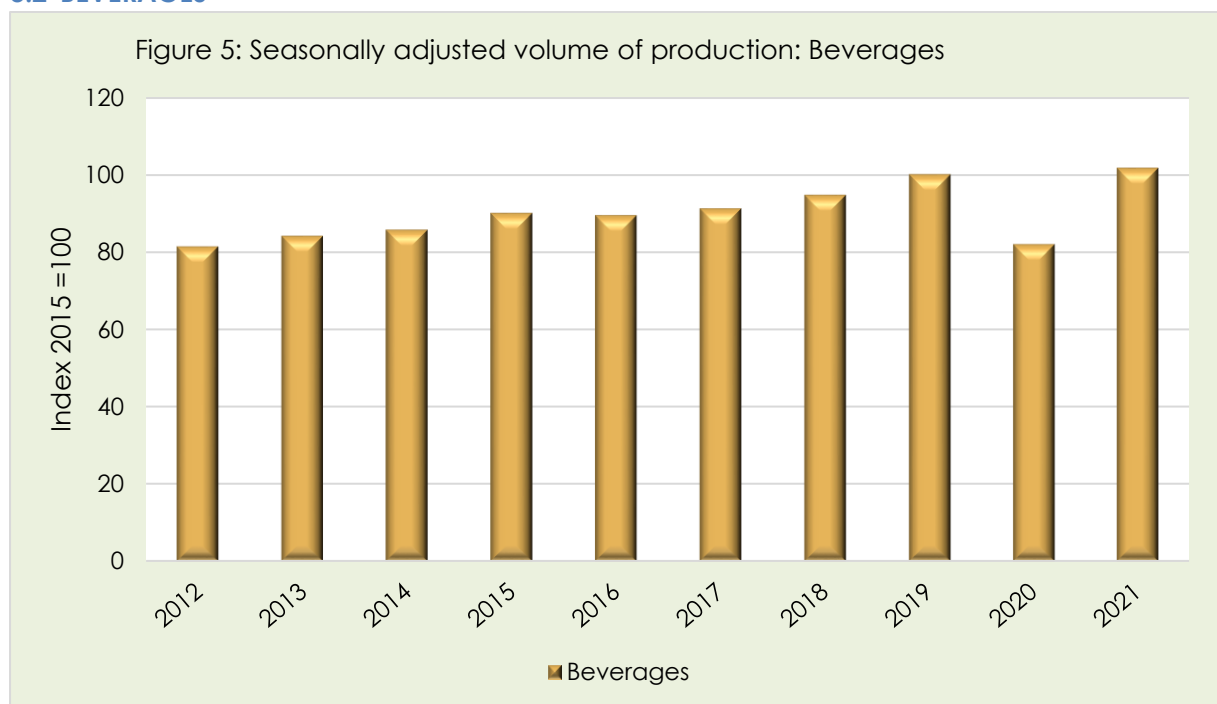
The utilisation of production capacity by large enterprises in the food products division decreased in 2021 as compared to 2020. The decrease was by 8,3 percentage points. However, the main reason for underutilisation during 2021 was other reasons such as lower productivity followed by insufficient demand (Table 2).



Source: Quantec (2022)

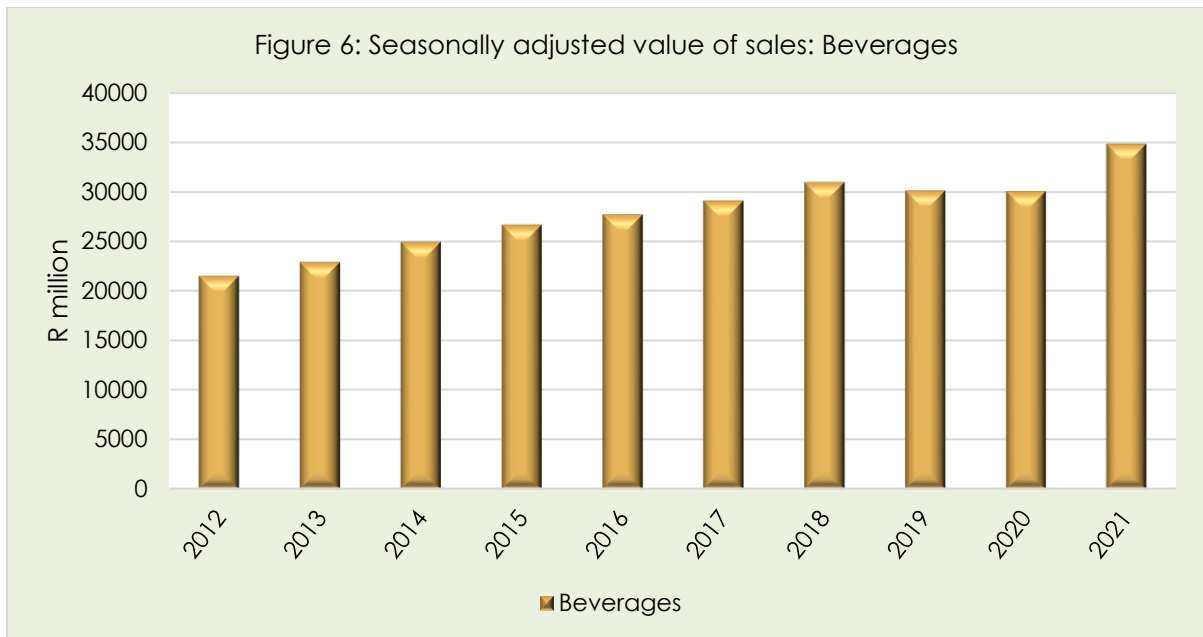
Figure 4 above depicts employment in the food products division in 2021. Employment in the production, processing and preservation of the meat, fish, fruit, vegetables, oils and fats products divisions moderated by 2,1% in 2021 from a growth of 3,8%, while in dairy products it decelerated by 2,2% following a 0,2% contraction in 2020. However, employment in the grain mill division contracted by 2,5% in 2021 as compared to a growth of 0,9% in the preceding year. "Other food products" division, on the other hand, it rebounded by 1,6% from a contraction of 1,2% recorded in 2020. Employment in the food division as a whole increased by 0,8% in 2021 following a 0,5% growth in 2020. As a result, they were about 1 635 jobs created in the food division.

### 3.2 BEVERAGES



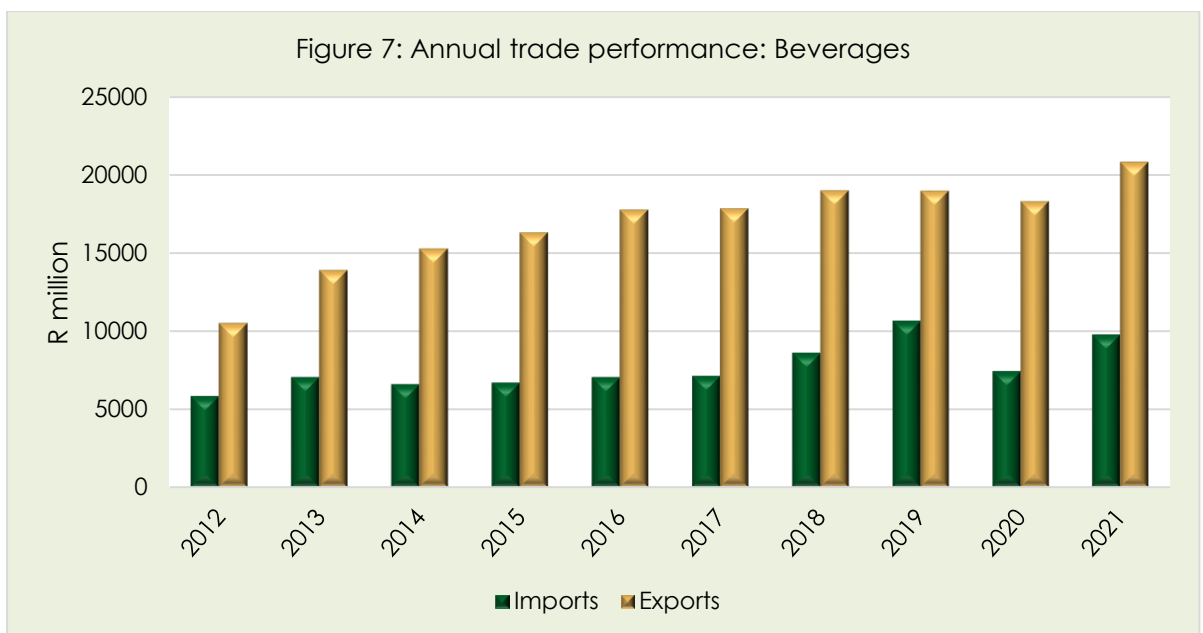
Source: Quantec (2022)

Figure 5 shows the average seasonally adjusted volume of production in the beverages division. In 2021, the output for beverages division rebounded by 24,0% from a contraction of 18,0% recorded in 2020. Since 2011, the highest recorded volume of production for beverages is in 2021 with 2020 being the lowest.



Source: Quantec (2022)

Figure 6 above depicts the seasonally adjusted value of sales for the beverages division. In 2021, sales for the beverages division rebounded by 15,8% as compared to a contraction of 0,2% in 2020. Therefore, the seasonally adjusted value of sales for the division increased from in R30 052,4 million in 2020 to about R34 800,1 million in 2021.



Source: Quantec (2022)

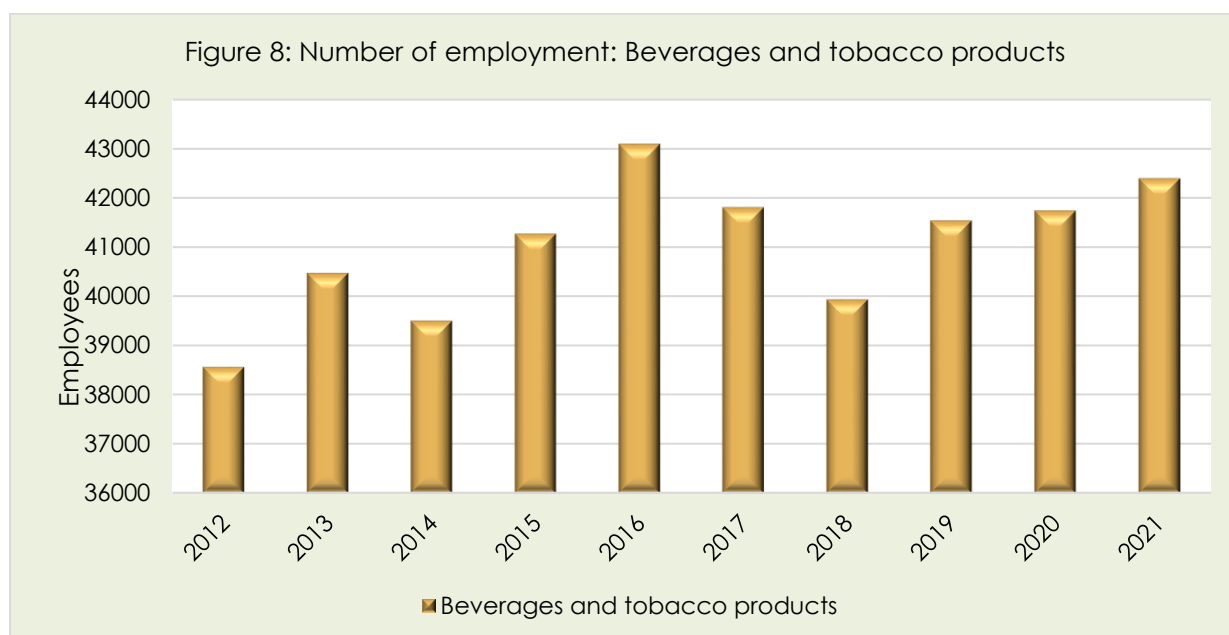
In 2021, beverages exports rebounded by 13,8% in 2021 following a 3,6% contraction in 2020. Likewise, beverages imports rebounded by 31,3% in 2021 following a contraction of 30,2% in the previous year. As a result, the trade surplus increased from R10 828,5 million in 2020 to R11 016,7 million in 2021 ( Figure 7).

Table 3: Utilisation and reasons for underutilisation of production capacity by large enterprises: Beverages (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2019	85.2	14.8	3.0	0.9	0.2	8.7	2.0
2020	64.5	35.5	3.2	1.9	0.3	19.1	11.1
2021	75.4	24.6	1.1	0.7	0.2	17.1	5.6

Source: Statistics SA (2022)

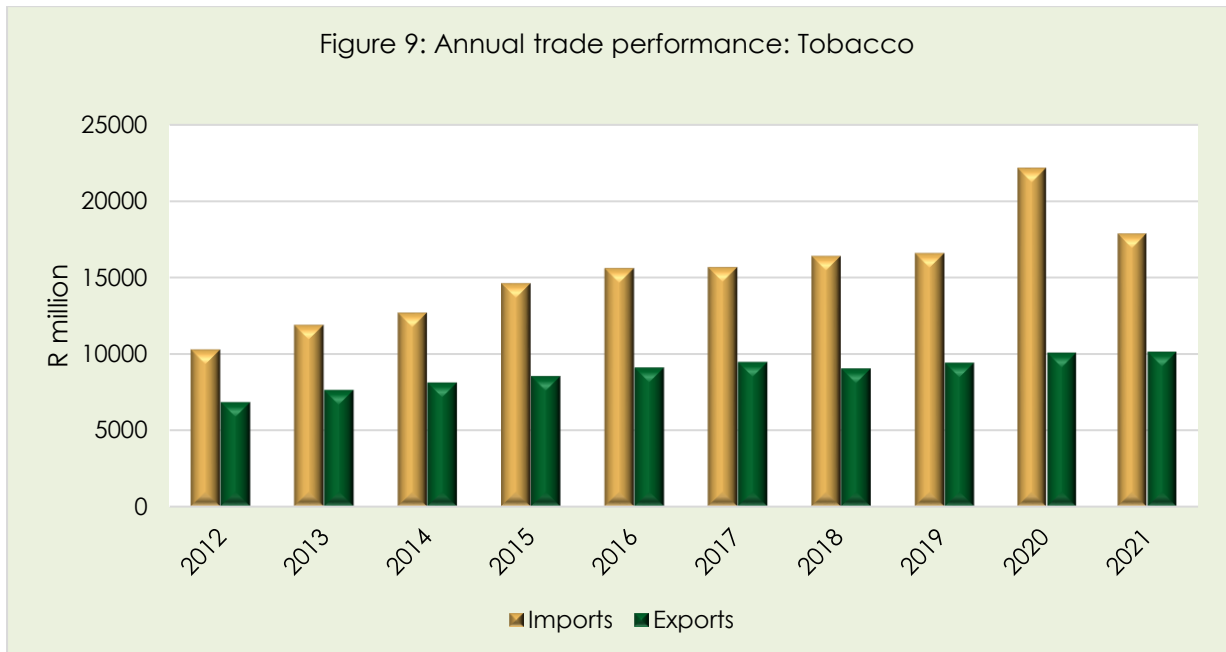
The utilisation of production capacity by large enterprises in the beverages division increased from 64,5% in 2020 to about 75,4% in 2021. This is an increase of about 10,9 percentage points in 2021. The main reasons for underutilisation were insufficient demand, followed by other reasons (such as seasonal factors or covid 19 lockdown regulations) (Table 3).



Source: Quantec (2022)

Figure 8 above shows employment in the beverages and tobacco division from 2012 to 2021. In 2021, employment in the beverages and tobacco division increased by 1,6% as compared to a 0,5% growth in 2020. As a result, 649 jobs were created in 2021 as compared to 206 jobs created in 2020.

### 3.3 TOBACCO



Source: Quantec (2022)

In 2021, tobacco exports moderated by 0,6% from a 6,9% growth recorded in 2020. However, tobacco imports contracted by 19,4% from a 33,7% growth in 2020. As a result, the trade deficit narrowed from R12 127,6 million in 2020 to R7 774,5 million in 2021 (Figure 9).

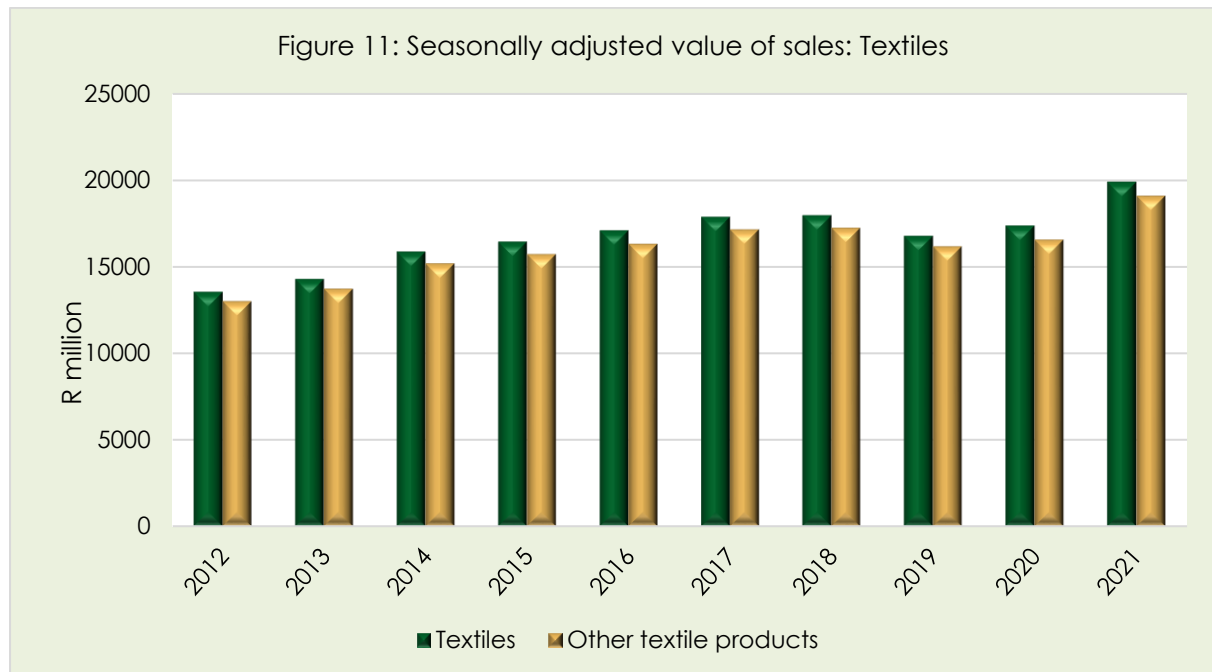
### 3.3 TEXTILES



Source: Quantec (2022)

The seasonal adjusted volume of production for the textiles and "other textiles" divisions rebounded by 24,5% and 21,2% in 2021 from a 7,4% and 26,4% contraction, respectively, in the

preceding year. The textile divisions combined rebounded by 44,2% in 2021 from an 18,3% contraction in 2020.



Source: Quantec (2022)

Figure 11 above presents the seasonally adjusted value of sales for the textile division. In 2021, the seasonally adjusted value of sales in the textile and "other textile division" increased by 14,4% and 15,4% following a growth of 3,5% and 2,4% in 2020, respectively. Sales for the division as a whole increased by 14,9% in 2021 following a 3,0% growth in 2020. Sales for the textiles and "other textiles" division were at their highest in 2021. The value of sales for the textile division as a whole amounted to approximately R38 990,0 million in 2021.



Source: Quantec (2022)

In 2021, textile exports rebounded by 23,6% as compared to a 12,8% contraction registered in 2020. Similarly, textile imports rebounded by 14,8% from a 9,0% contraction recorded in the previous year. Therefore, the trade deficit widened from R21 591,2 million in 2020 to R24 299,4 million in 2021 (Figure 12).

Table 4: Utilisation and reasons for underutilisation of production capacity by large enterprises: Textiles (percentage)

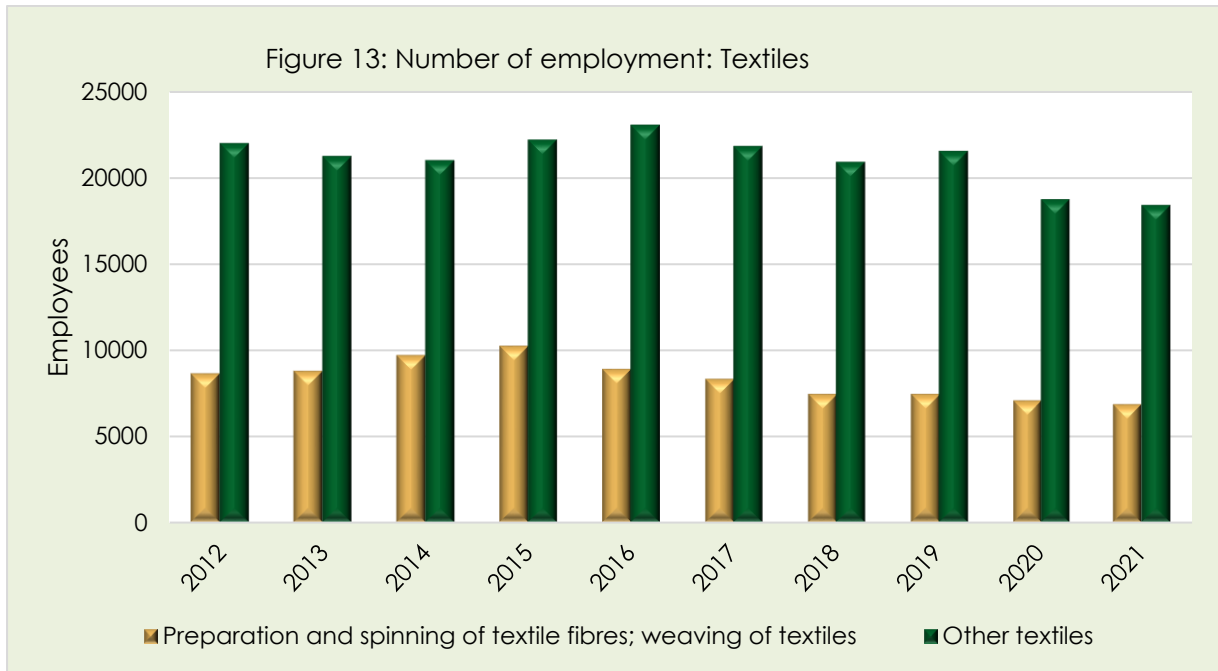
Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
			Skilled	Semi- and unskilled			
2019	66,7	33,4	1,6	0,7	0,0	28,0	3,1
2020	60,4	39,6	2,8	0,8	0,1	28,1	7,8
2021	65,3	34,7	3,7	1,1	0,4	24,2	5,4

Source: Statistics SA (2022)

Table 4 shows the utilisation capacity by large enterprises in the textiles division. The utilisation capacity increased from 60,4% in 2020 to about 65,3% in 2021. This represents an increase of about 4,9 percentage points. Consequently, total underutilisation was around 34,7%. The main



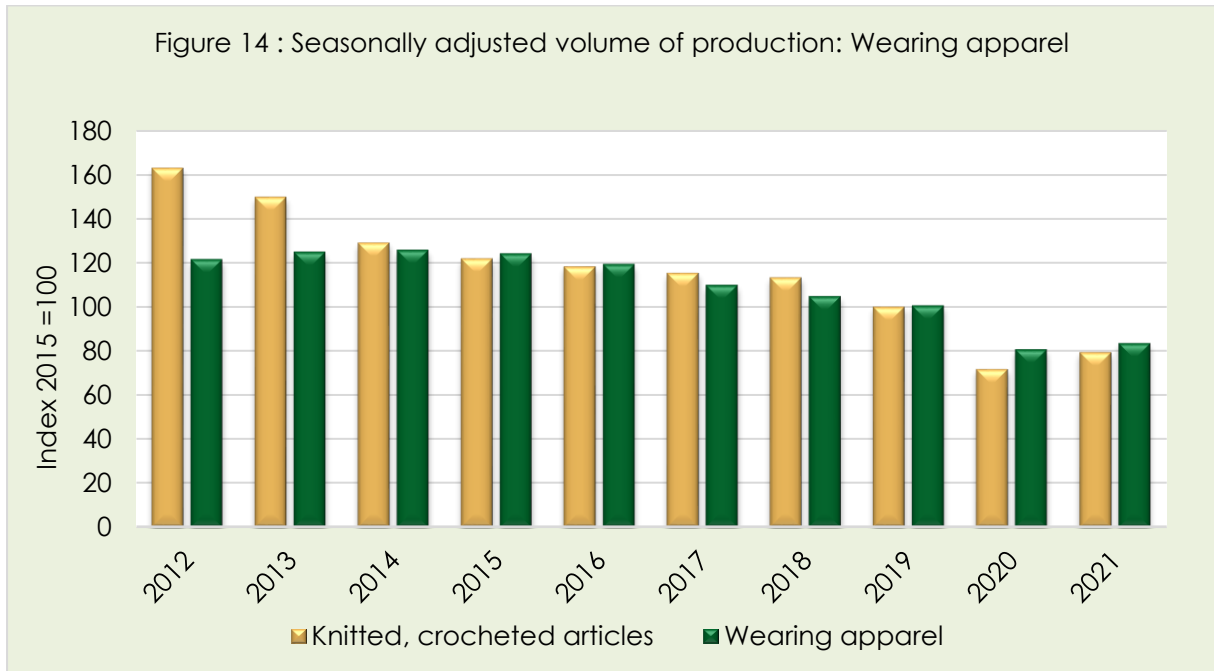
reason for underutilisation is Insufficient demand, followed by other reasons (such as seasonal factors) and shortage of raw materials.



Source: Quantec (2022)

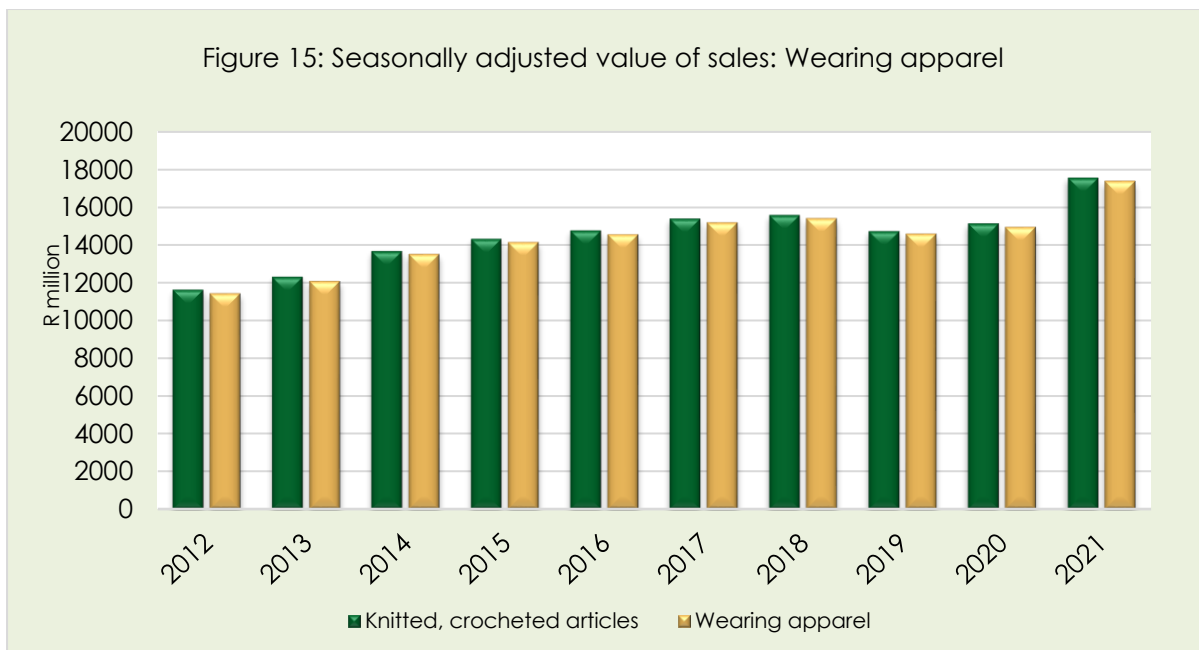
Figure 13 above shows employment in the textiles division in 2021. Employment in the preparation and spinning of textiles and "other textiles" further contracted by 3,3% and 1,8% in 2021 as compared to a 5,0% and 12,9% contraction in 2020. Consequently, employment for the textiles division as a whole contracted by 2,2% in 2021 from a 10,9% contraction registered in the previous year. As a result, the textiles division as a whole shed about 563 jobs in 2021 as compared to 3 156 jobs lost in 2020.

### 3.4 WEARING APPAREL



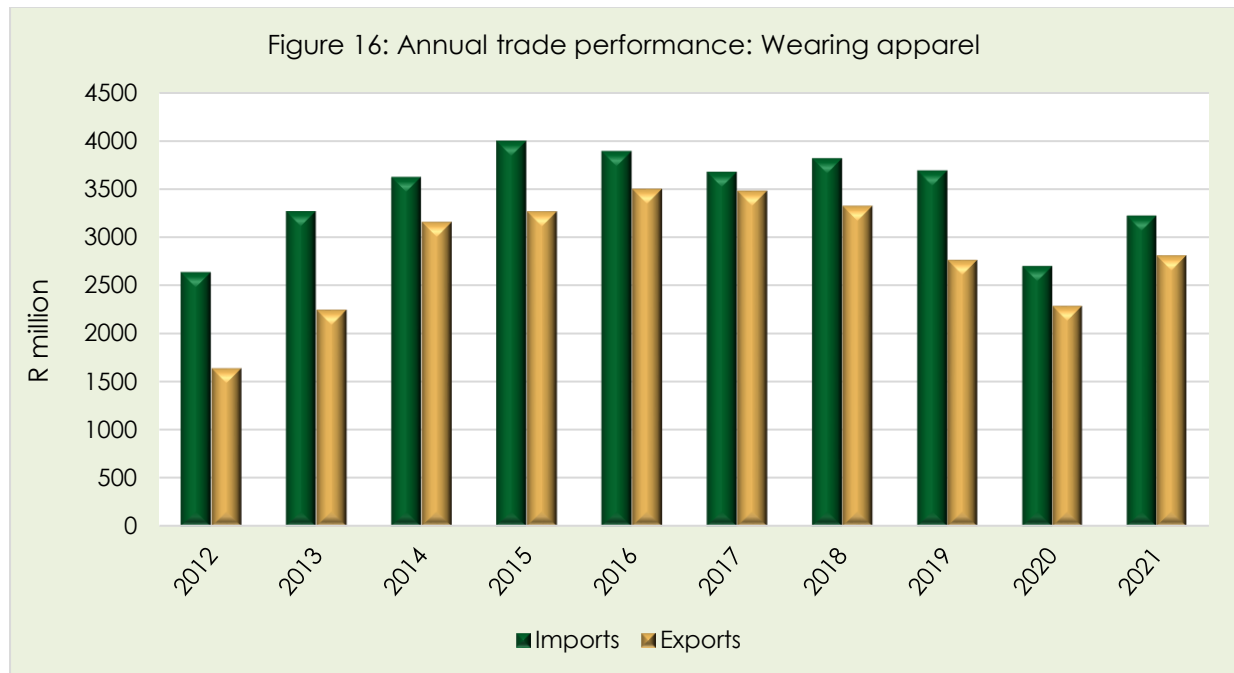
Source: Quantec (2022)

In 2021, the annual seasonally adjusted volume of production in the knitted, crocheted articles division rebounded by 10,6% from a 28,2% contraction in the preceding year. Similarly, the volume of production for wearing apparel rebounded by 3,5% in 2021 following a 19,7% contraction in 2020. The division as a whole rebounded by 39,8% in 2021 from a 34,2% contraction in 2020. The output of the knitted and crocheted articles and wearing apparel divisions appears to be in decline, albeit at a slower pace (Figure 14).



Source: Quantec (2022)

In 2021, the annual seasonally adjusted value of sales in the knitted and crocheted articles and wearing apparel division increased by 15,9% and 16,2% from a 2,8% and 2,5% growth in 2020, respectively. The sales for the division as a whole increased by 16,1% in 2021 from a 2,75 growth in 2020. The knitted and crocheted articles division sales were highest in 2021 and lowest in 2012. Similarly, sales for the wearing apparel division were highest in 2021 and lowest in 2012. The combined value of sales for the division as a whole amounted to R34 920,0 million in 2021 (Figure 15).



Source: Quantec (2022)

In 2021, wearing apparel exports rebounded by 22,7% from a 17,2% contraction in 2020. Likewise, wearing apparel division imports bounced back by 19,3% in 2021 from a contraction of 26,7% in 2020. As a result, the trade deficit widened from R413,6 million in 2020 to R414,6 million in 2021 as Figure 16 shows.

Table 5: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wearing apparel (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of		Insufficient demand	Other	
			Raw materials	Labour			
				Skilled			Semi- and unskilled

2019	75.3	24.8	0.6	1.5	0.4	18.6	3.7
2020	59.4	40.6	0.5	1.5	0.4	26.1	12.1
2021	73.5	26.5	1.0	1.9	0.4	19.0	4.2

Source: Statistics SA (2022)

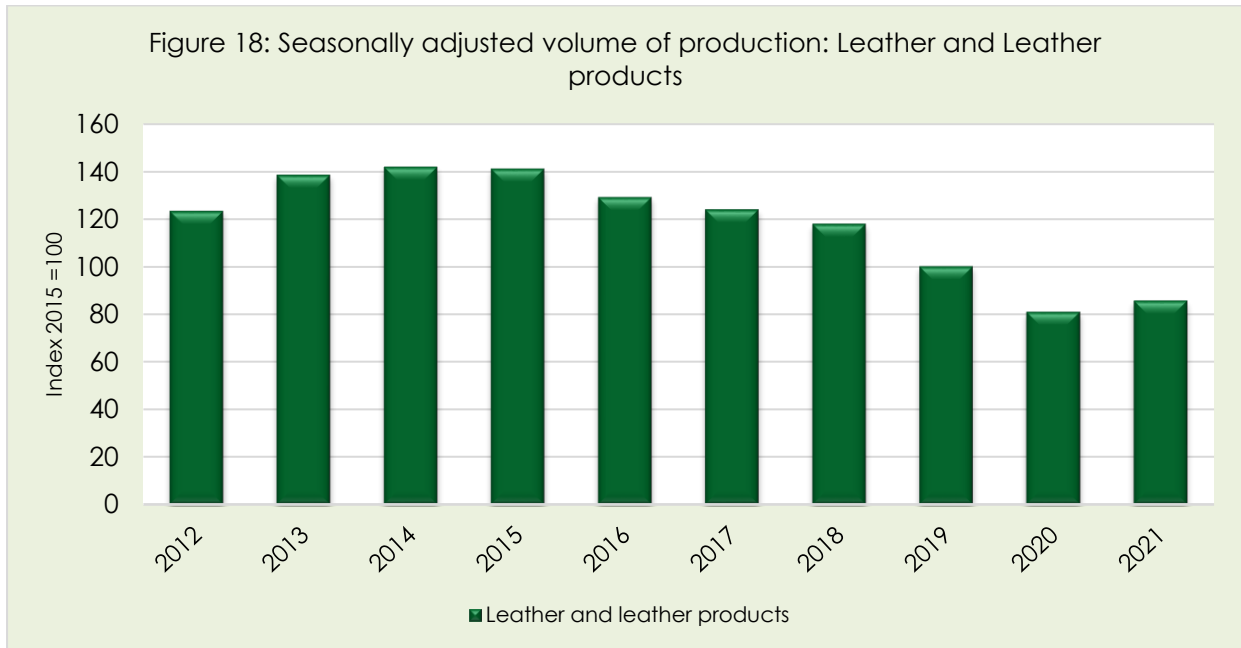
Table 5 above shows the utilization of production capacity by large enterprises in wearing apparel in 2021. It increased from 59,4% in 2020 to about 73,5% in 2021. This represented an increase of about 14,1 percentage points. Total underutilization improved to about 26,5% in 2021 as compared to 40,6% in 2020. The main reasons for underutilisation were Insufficient demand, followed by other reasons (such as seasonal factors).



Source: Quantec (2022)

In 2021, employment in the knitted and crocheted articles division rebounded by 1,6% from a 14,0% contraction in 2020. However, employment in wearing apparel division (except fur; dressing and dying of fur, articles of fur) receded further by 12,2% in 2021 as compared to a 13,1% contraction in 2020. Employment for the wearing apparel division as a whole receded further by 10,4% in 2021 following a 13,2% contraction in 2020. As a result, about 3 944 jobs were shed in 2021 from 5 736 jobs lost in 2020 (Figure 17).

### 3.5 LEATHER AND LEATHER PRODUCTS



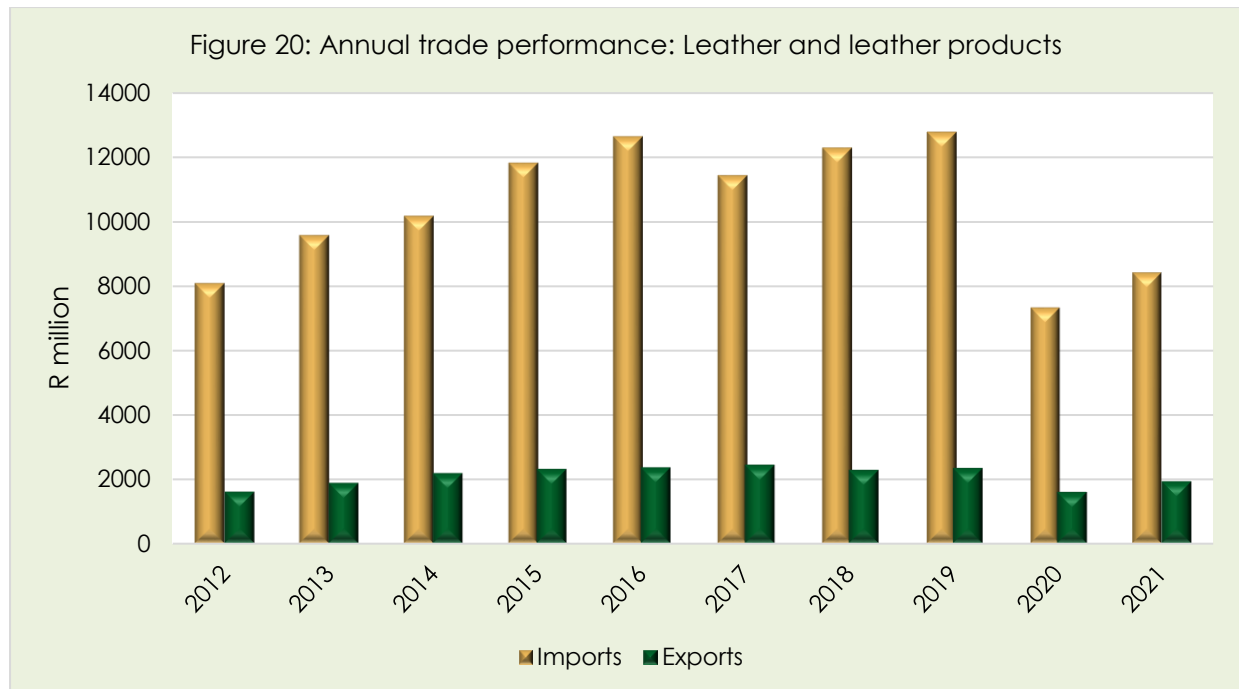
Source: Quantec (2022)

Figure 18 shows the seasonally adjusted volume of production in the leather and leather products division. In 2021, the output in the leather and leather products division rebounded by 5,9% from a 19,1% contraction in 2020. The seasonally adjusted volume of production in the leather and leather products shows a declining trend.



Source: Quantec (2022)

Figure 19 presents the value of sales in the leather and leather products division. During 2021, the seasonally adjusted value of sales in the leather and leather products division increased by 16,2% following a 3,6% growth in 2020. Therefore, the value of sales in the leather and leather products division increased from R13 466 million in 2020 to about R15 649,5 million in 2021.



Source: Quantec (2022)

In 2021, exports of leather and leather products rebounded by 20,3% as compared to a 31,7% contraction in 2020. Similarly, imports of leather and leather products rebounded by 14,8% in 2021 from a 42,5% contraction registered in 2020. As a result, the trade deficit widened to R6 517,8 million in 2021 from R5 753,5 million in 2020 (Figure 20).

Table 6: Utilisation and reasons for underutilisation of production capacity by large enterprises: Leather and leather products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2019	61,9	38,2	3,4	0,6	1,2	29,0	4,1
2020	54,7	45,4	2,7	0,7	1,4	32,1	8,6

2021	63,8	36,2	3,0	0,6	1,2	26,7	4,8
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Source: Statistics SA (2022)

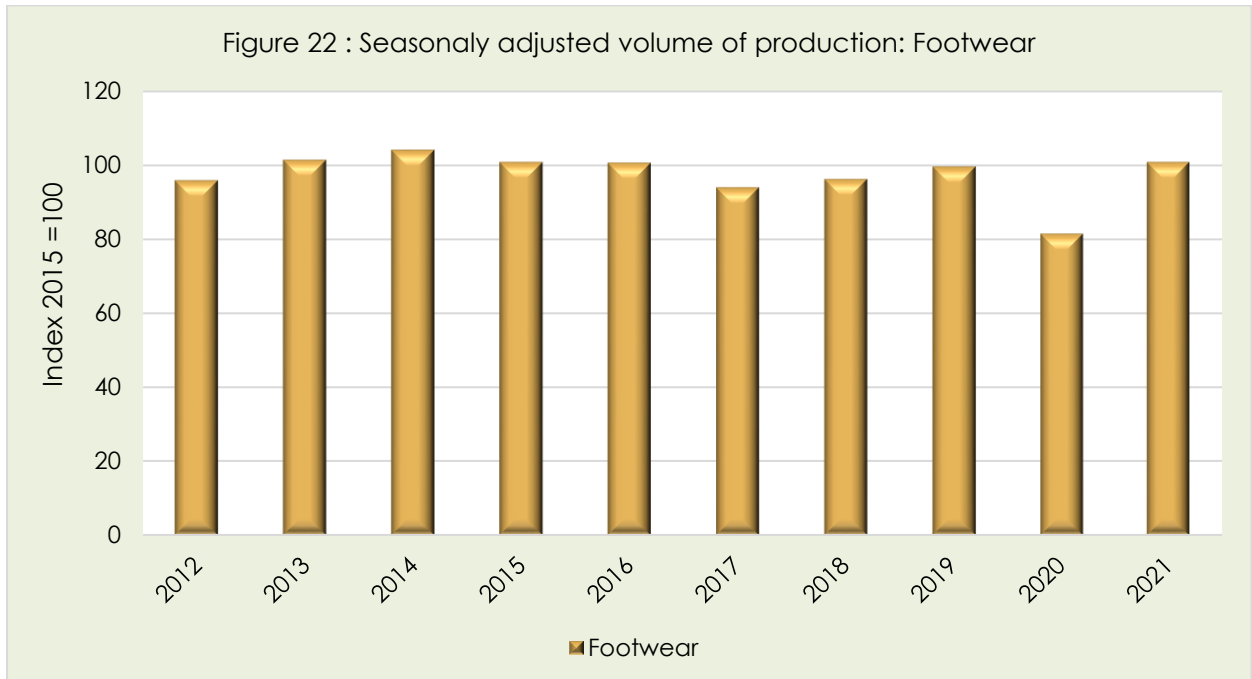
The utilisation of production capacity in the leather and leather products division increased from 54,7% 2020 to approximately 63,8% in 2021. This represented an increase of about 9,1 percentage points). The total underutilization of production capacity was around 36,2% in 2021. The main reason for underutilization was insufficient demand remained, followed by other reasons (such as lower production) as presented in Table 6.



Source: Quantec (2022)

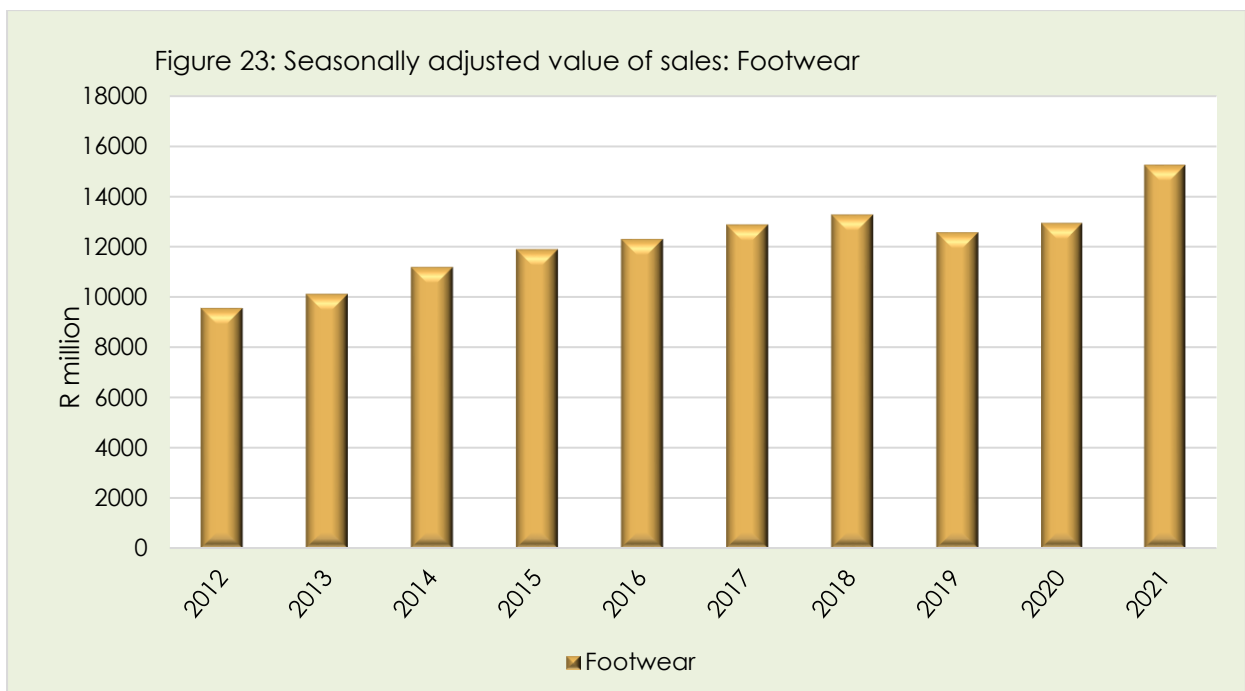
Figure 21 presents employment in the leather and leather products division in 2021. Employment in the leather and leather products division further contracted by 5,2% in 2021 from an 11,5% contraction registered in 2020. As a result, about 258 jobs were lost in the division in 2021 as compared to 644 jobs lost in 2020.

### 3.6 FOOTWEAR



Source: Quantec (2022)

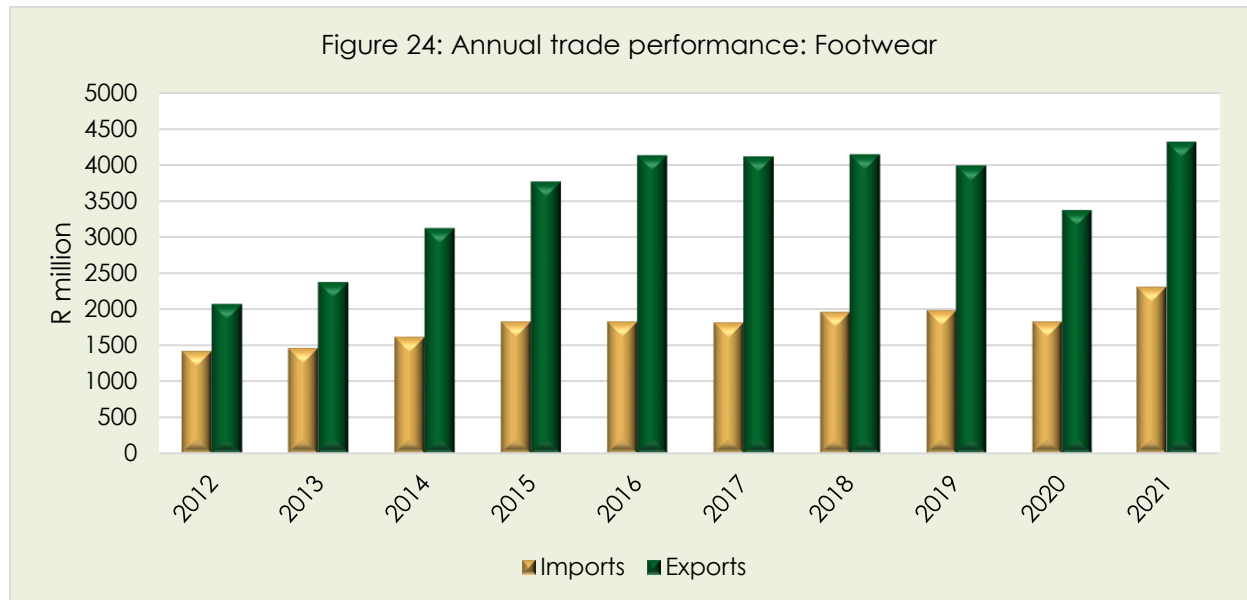
Figure 22 shows the seasonally adjusted volume of production in the footwear division. In 2021, the volume of production in the footwear division rebounded by 23,7% as compared to an 18,2% contraction in 2020. The volume of production in the footwear division has been characterised by fluctuations over the past ten years, which peaked in 2014, while the lowest volume of production was recorded in 2020.



Source: Quantec (2022)



The seasonally adjusted value of sales in the footwear division in 2021 increased by 17,8% as compared to a growth of 2,9% in the preceding year. The value of sales in the footwear division reached approximately R15 238,4 million in 2021 from about R12 932,9 in 2020 (Figure 23).



Source: Quantec (2022)

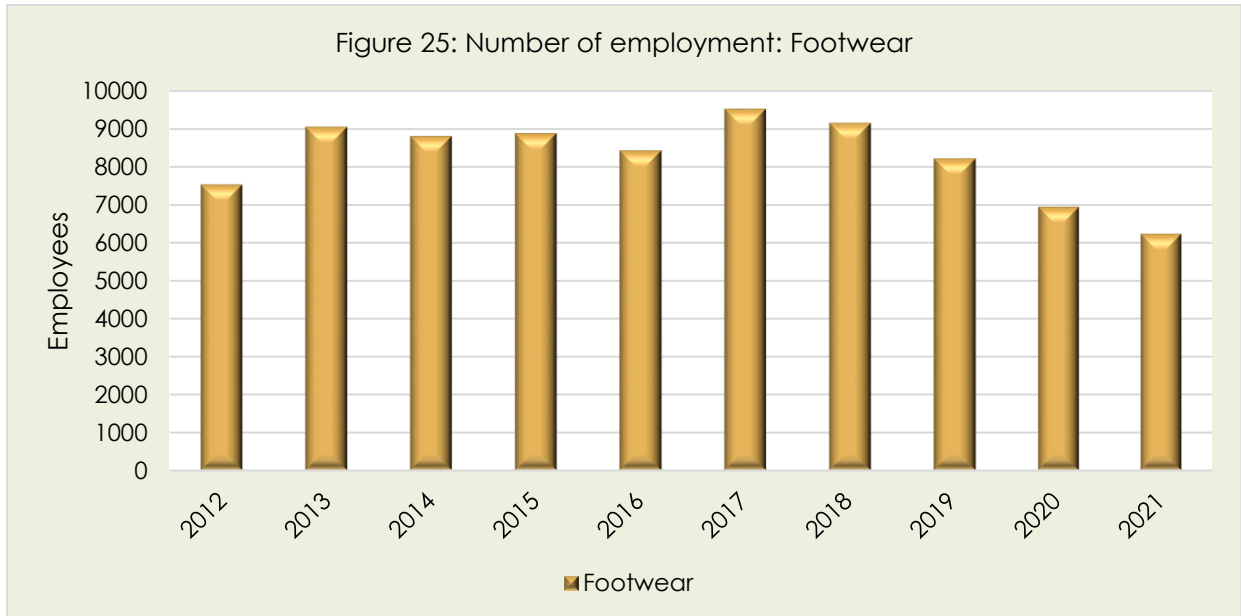
In 2021, footwear exports rebounded by 28,1% as compared to a 15,5% contraction registered in the previous year. Same as exports, imports of footwear rebounded by 26,3% following a 7,9% contraction in 2020. Therefore, the trade surplus widened from R1 540,1 million in 2020 to R2 006,5 million in 2021 (Figure 24).

Table 7: Utilisation and reasons for underutilisation of production capacity by large enterprises: Footwear (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2019	86,7	13,3	1,6	0,9	0,0	10,0	0,8
2020	78,2	21,9	1,2	1,3	0,0	15,9	3,6
2021	81,1	18,9	1,9	1,0	0,0	14,2	1,9

Source: Quantec (2022)

The utilisation of production capacity in the footwear division increased by 2,9 percentage points in 2021 (Table 7). In 2021, total underutilisation of production capacity was around 18,9%. The key reason for underutilisation was Insufficient demand remained, followed by shortage of raw materials.



Source: Quantec (2022)

Figure 25 shows employment in the footwear division. In 2021, employment in the footwear division further contracted by 10,3% from a 15,5% contraction in 2020. As a result, a further 713 jobs were shed in the division in 2021 as compared to about 1 270 jobs lost in 2020.

### 3.7 WOOD AND WOOD PRODUCT



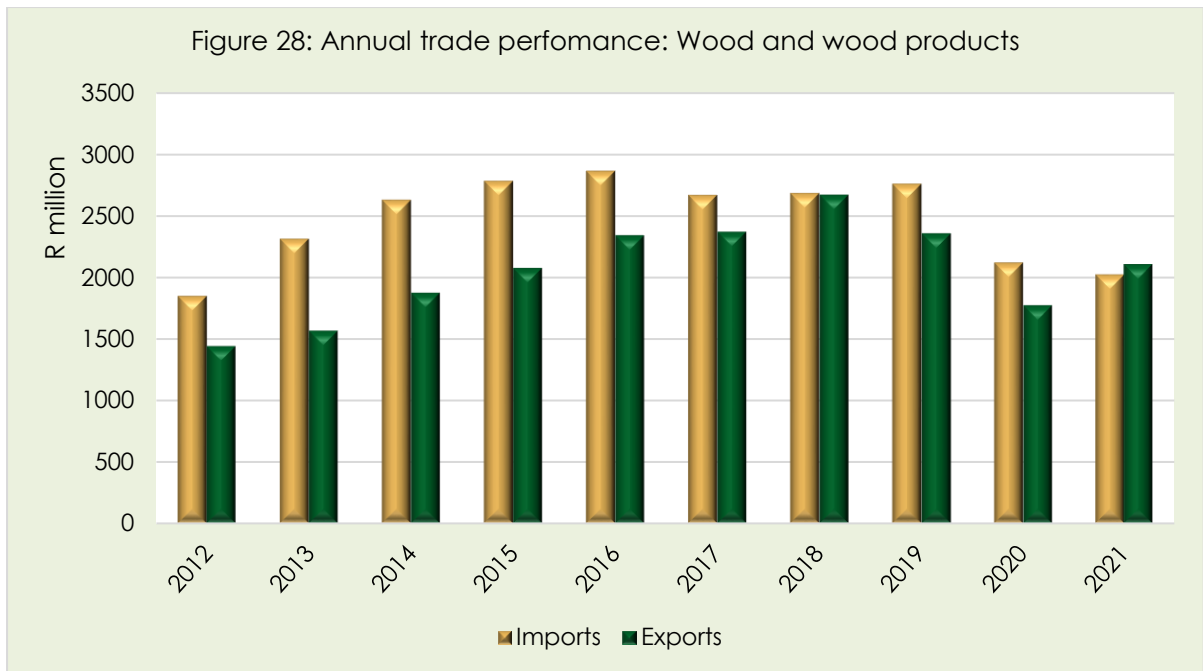
Source: Quantec (2022)

In 2021, the seasonally adjusted volume of production in the sawmilling and planing of wood division rebounded by 11,8% from a 19,5% contraction in 2020. Similarly, the volume of production for products of wood rebounded by 16,3% in 2021 from an 11,5% contraction registered in 2020. The division as a whole rebounded by 37,0% in 2021 from a 22,5% contraction in 2020 (Figure 26).



Source: Quantec (2022)

As shown in Figure 27, the value of sales for sawmilling and planing of wood and products of wood grew by 17,9% and 17,2% in 2021 following a growth of 3,6% and 3,2 in 2020, respectively. The division as a whole grew by 17,6% in 2021 from a growth of 3,4% in 2020. Therefore, the value of sales for wood and wood products division increased from around R24 036,6 million in 2020 to about R28 271,7 million in 2021.



Source: Quantec (2022)

The wood and wood products exports rebounded by 18,9% in 2021 as compared to a 24,8% contraction registered in 2020. Likewise, wood and wood products imports contracted by 4,6% following a 23,1% contraction in the preceding year. As a result, the division registered a trade surplus of about R78,2 million in 2021 as compared to a trade deficit of R353,9 million in 2020 (Figure 28).



Source: Quantec (2022)

Employment in the sawmilling and planing of wood division rebounded by 2,9% in 2021 as compared to a 9,4% contraction in 2020. Similarly, employment in products of wood, cork,

straw and plaiting materials division rebounded by 1,3% from a contraction of 3,6% registered in 2020. Employment for the division as a whole rebounded by 1,8% in 2021 from a contraction of 5,6% in 2020. Consequently, about 775 jobs were created in 2021 as compared to 2 549 jobs lost in 2020 (Figure 29).

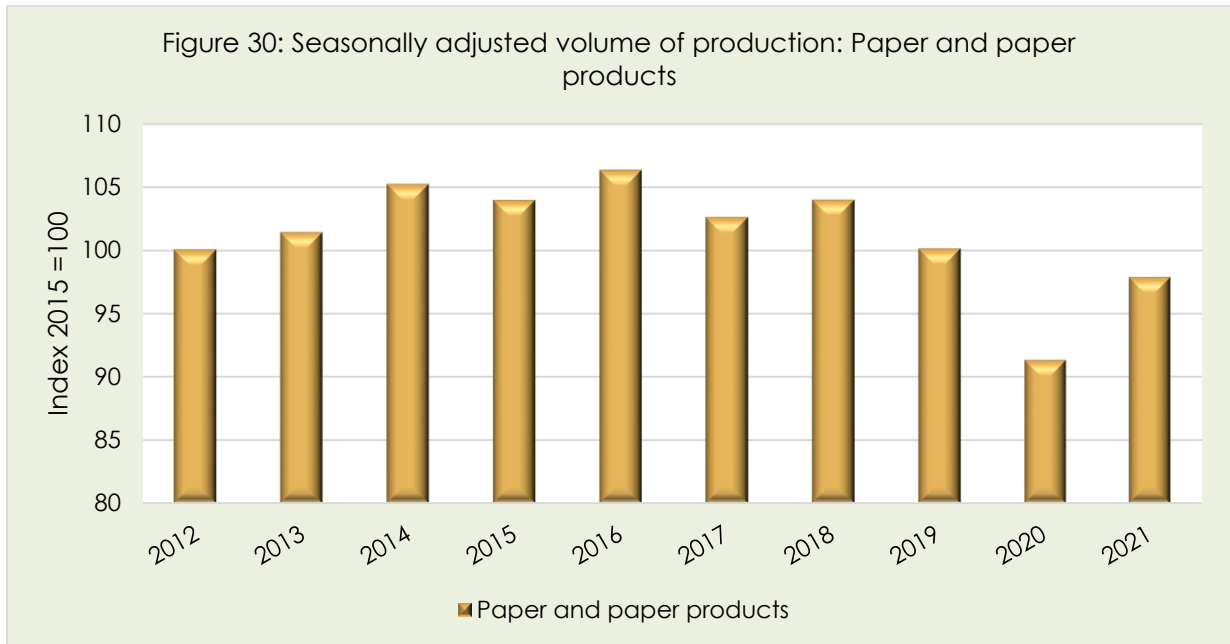
Table 8: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wood and wood products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2019	82,3	17,7	1,8	1,0	0,0	10,1	4,9
2020	75,2	24,8	2,5	1,1	0,0	12,9	8,4
2021	83,7	16,3	1,9	0,8	0,0	9,2	4,3

Source: Statistics SA (2022)

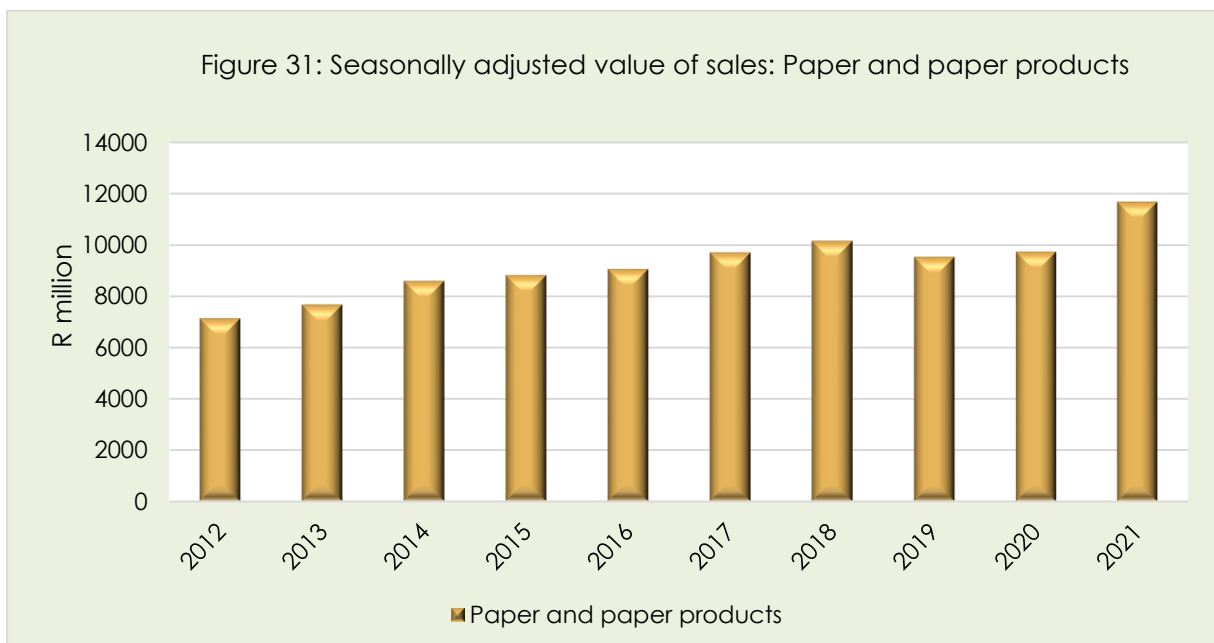
Table 8 shows that the utilisation of production capacity for wood and wood products division increased in 2021. It increased from about 75,2% in 2020 to about 83,7% in 2021. This was an increase of about 8,5 percentage points. Total underutilisation was around 16,3%, it was an improvement as compared to around 24,8% recorded in 2020. The key reason for underutilisation was Insufficient demand, followed by other reasons (such as seasonal factors or covid 19 regulations).

### 3.8 PAPER AND PAPER PRODUCTS



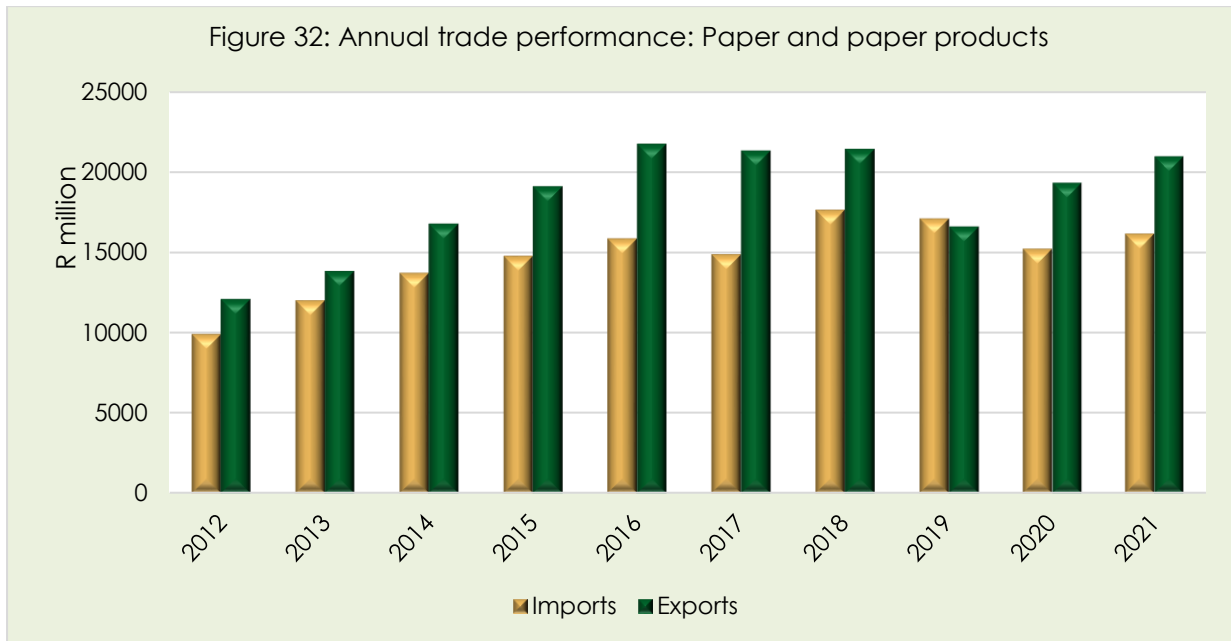
Source: Quantec (2022)

Figure 30 above shows the annual seasonally adjusted volume of production in the paper and paper products division. The seasonally adjusted volume of production in the paper and paper products division rebounded by 7,2% in 2021 from a contraction of 8,8% in 2020. The division's output was highest in 2016 and lowest in 2020.



Source: Quantec (2022)

During 2021, the value of sales in the paper and paper products division accelerated by 20,0% as compared to a 2,1% growth recorded in 2020. Sales of paper and paper products increased to about R11 680,6 million in 2021 as compared to R9 732,3 million recorded in 2020 (Figure 31).



Source: Quantec (2022)

In 2021, exports of paper and paper products moderated by 8,5% in 2021 from a growth of 16,3% in 2020. However, the imports of paper and paper products division rebounded by 6,1% in 2021 from a 10,9% contraction in 2020. As a result, the trade surplus increased from R4 067,8 million in 2020 to R4 774,7 million in 2021 (Figure 32).

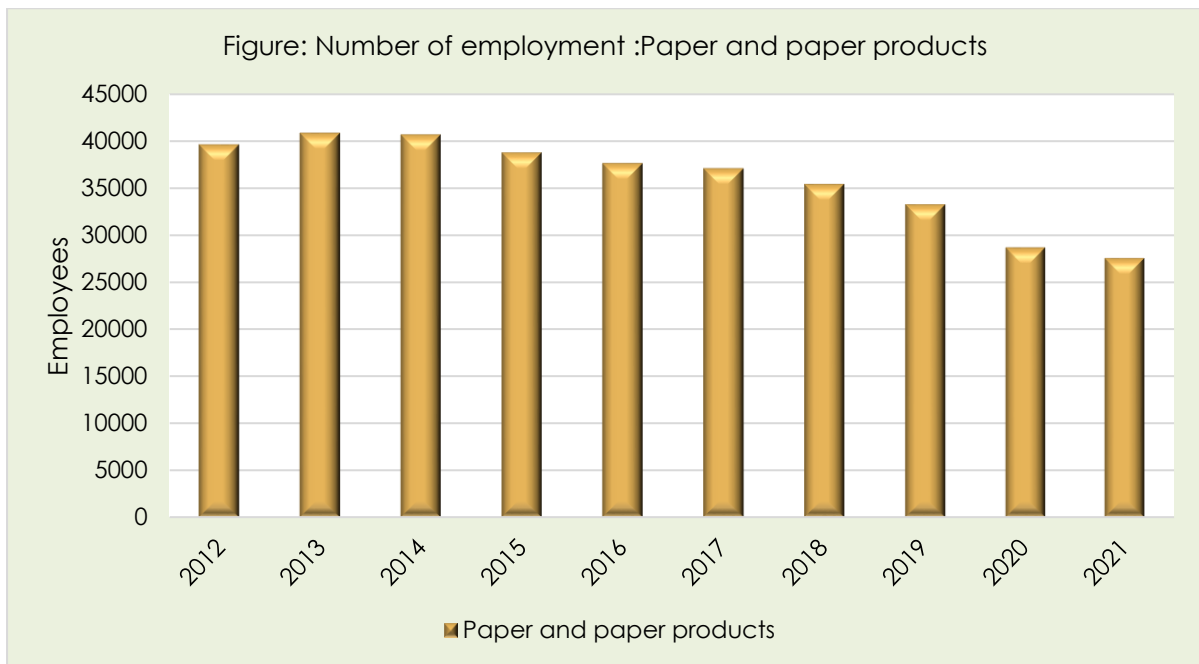
Table 9: Utilisation and reasons for underutilisation of production capacity by large enterprises: Paper and paper products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
			Skilled	Semi- and unskilled			
2019	85,8	14,2	0,6	1,3	0,0	7,2	5,1
2020	78,5	21,5	0,8	1,0	0,1	11,5	8,2
2021	85,3	14,7	0,6	0,6	0,0	7,9	5,5

Source: Statistics SA (2022)

The utilisation of production capacity by large enterprises in the paper and paper products division increased by 6,8 percentage points in 2021 (Table 9). Insufficient demand remained

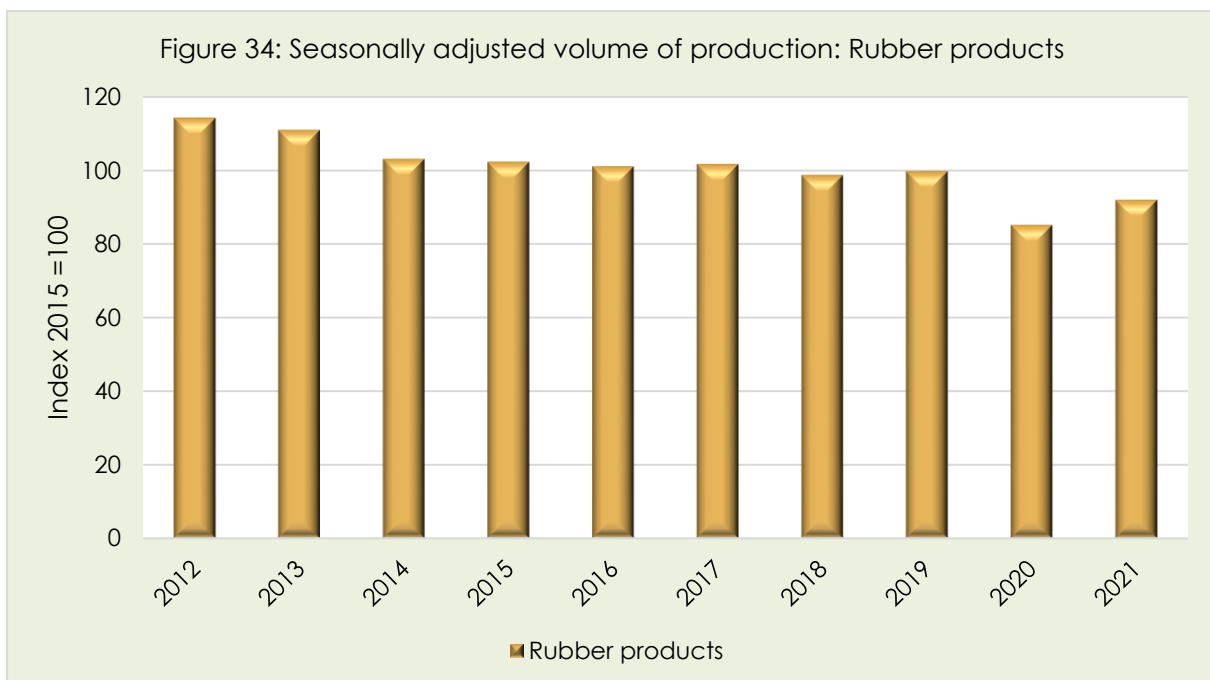
the main reason for underutilisation of production capacity, followed by other reasons such as seasonal factors.



Source: Quantec (2022)

In 2021, employment in the paper and paper products division declined by approximately 4.0% following a 13.7% contraction in 2020. As a result, 1 137 jobs were lost in 2021 from a further 4 563 jobs lost in the division in 2020 (Figure 33).

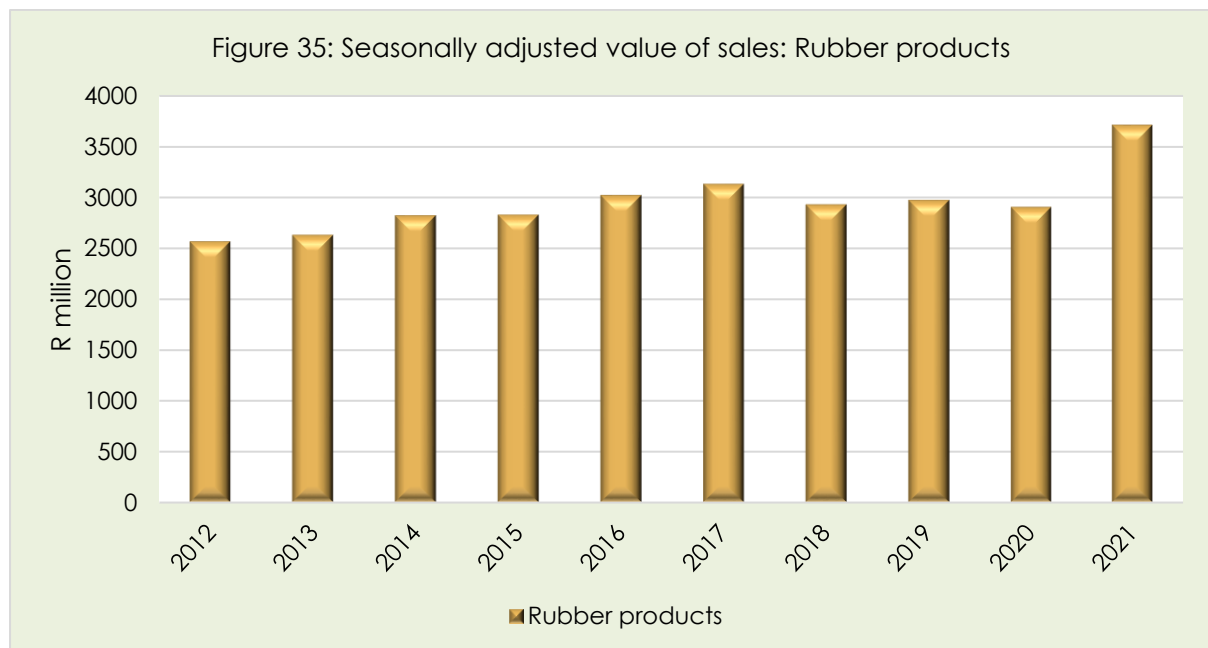
### 3.9 RUBBER PRODUCTS



Source: Quantec (2022)

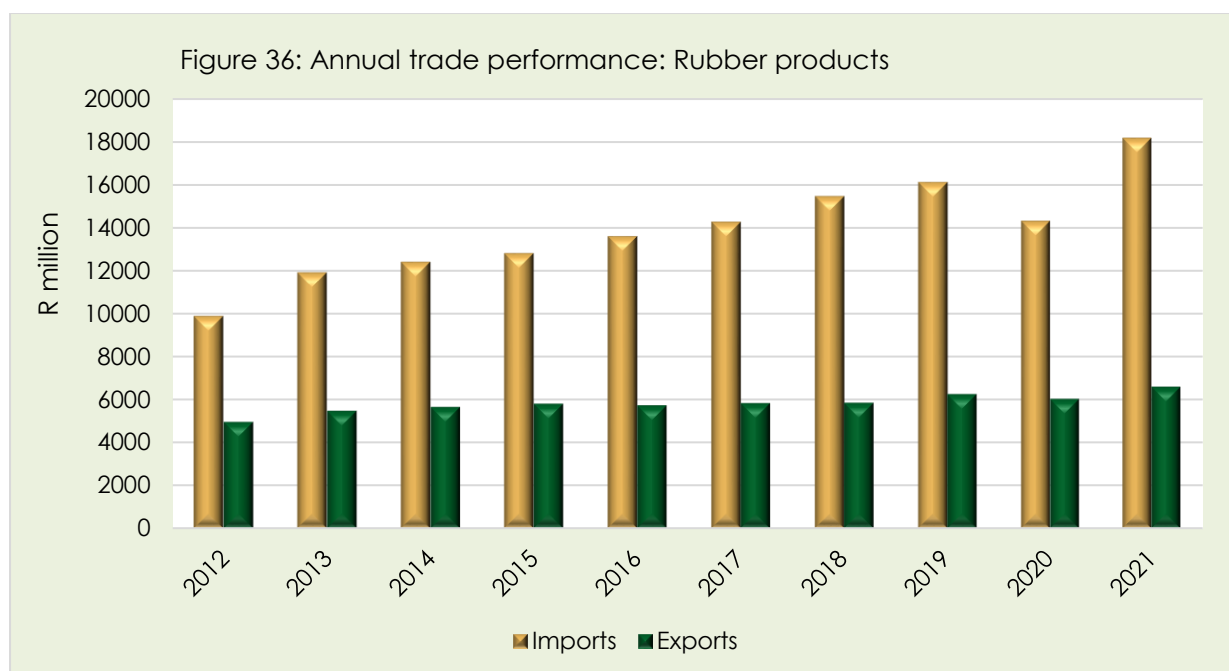


As shown in Figure 34 above, the volume of production in the rubber division rebounded by 7,9% in 2021 from a 14,5% contraction in 2020. The output for the division was highest in 2012 and lowest in 2020.



Source: Quantec (2022)

Figure 35 above presents the seasonally adjusted value of sales in the rubber products division. In 2021, the value of sales in the rubber products division bounced back by 27,8% as compared to a 2,4% contraction in 2020. Therefore, the value of sales for rubber products increased from approximately R2 903,0 million in 2020 to about R3 711,2 million in 2021.



Source: Quantec (2022)

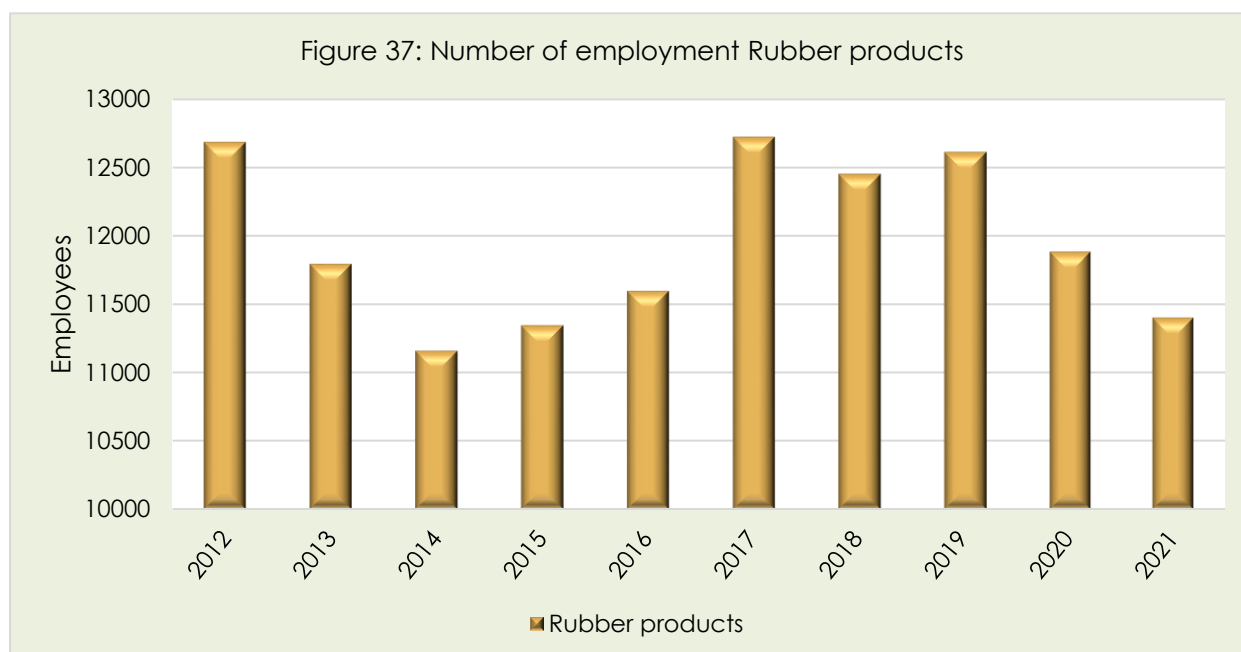
As Figure 36 shows, exports of rubber products rebounded by 9,6% in 2021 from a contraction of 3,6% in 2020. Similarly, the imports of rubber products rebounded by 27,0% in 2021 following a 11,3% contraction in 2020. Therefore, the trade deficit increased to R11 578,1 million in 2021 from about R8 294,5 million in 2020.

Table 10: Utilisation and reasons for underutilisation of production capacity by large enterprises: Rubber products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2019	83,5	16,5	1,2	4,2	0,0	9,7	1,5
2020	70,2	29,8	2,5	5,4	0,1	12,9	8,9
2021	82,0	18,0	3,4	8,0	0,4	6,2	0,0

Source: Statistics SA (2022)

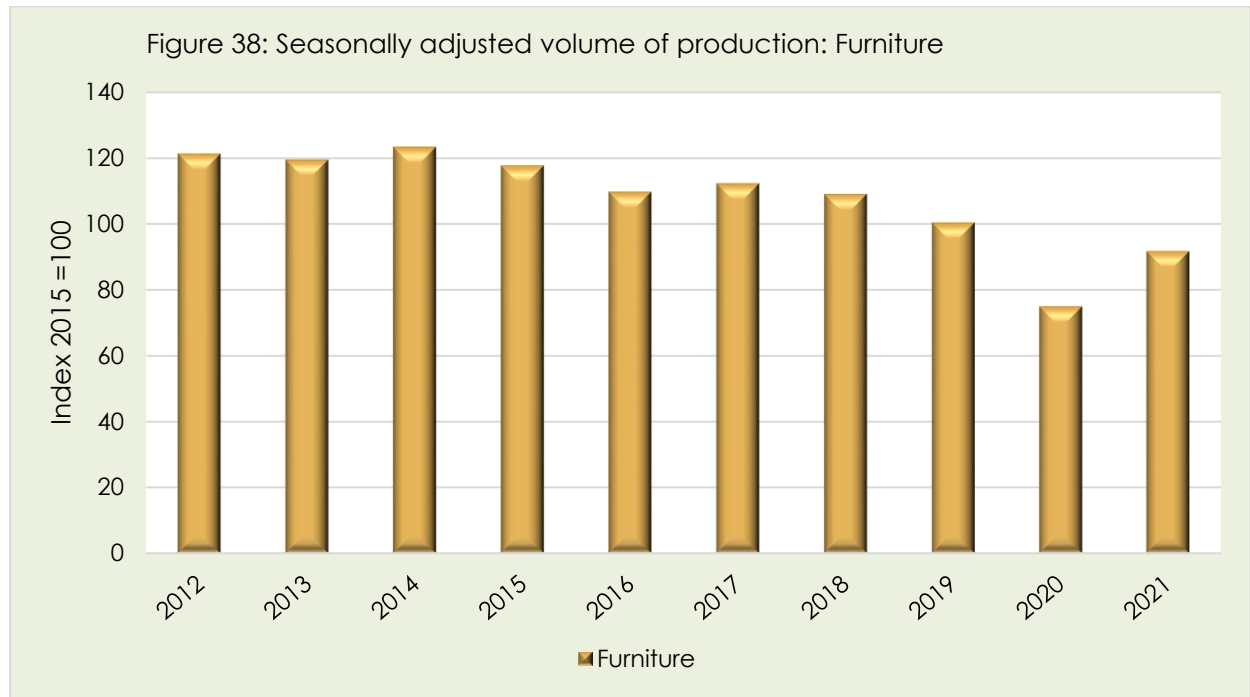
The utilisation of production capacity for rubber products division increased by 11,8 percentage points (Table 10). Insufficient demand remains the main reason for underutilisation of production capacity in the division in 2021, followed by other reasons such as shortage of raw material.



Source: Quantec (2022)

Figure 37 above illustrates employment in the rubber products division. In 2021, the employment in the rubber products division receded further by 4,0% following a 5,8% contraction in the preceding year. As a result, 480 jobs were shed in 2021.

### 3.11 FURNITURE



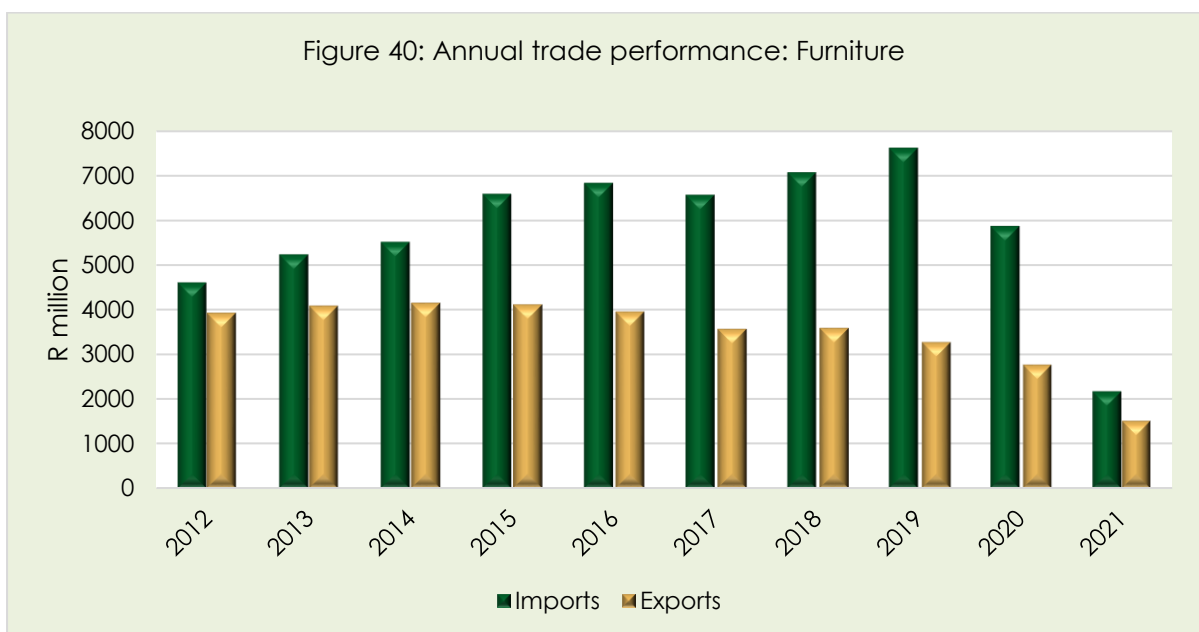
Source: Quantec (2022)

Figure 38 illustrates the seasonally adjusted annual volume of production in the furniture division. The volume of production in the furniture division rebounded by 22,4% in 2021 from a 25,3% contraction in 2020. The furniture division volume of production was lowest in 2020 but reached its peak in 2014.



Source: Quantec (2022)

As illustrated in Figure 39, the value of sales in the furniture division rebounded by approximately 36,1% in 2021 as compared to a contraction of about 5,7% in 2020. The value of sales reached its peak around 2020, however, the lowest sales value was recorded in 2013. Sales of the furniture division amounted to R1 864,6 million in 2021.



Source: Quantec (2022)

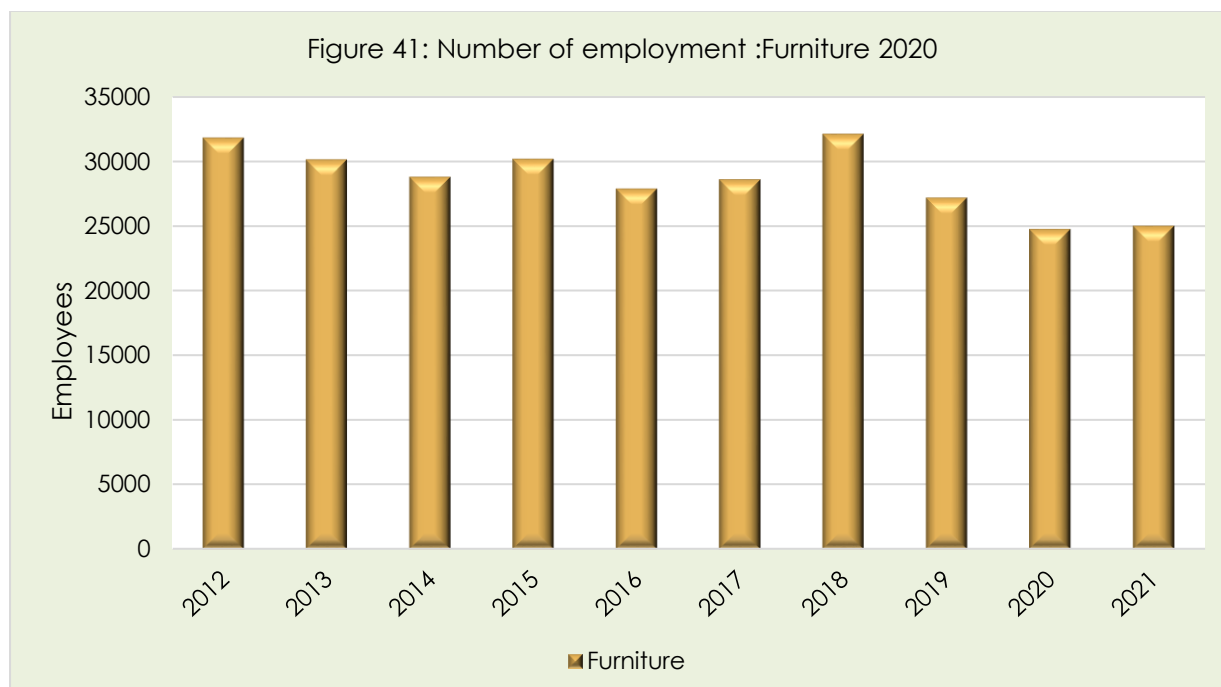
In 2021, exports of furniture decelerated by 45,4% from a 15,5% contraction in 2020. Similarly, the imports of furniture decelerated by 63,0% in 2021 as compared to a 22,9% contraction in 2020. As a result, the trade deficit declined from R3 108,8 million in 2020 to R667,3 million in 2021.

Table 11: Utilisation and reasons for underutilisation of production capacity by large enterprises: Furniture (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2019	82,4	17,7	0,8	0,0	1,7	15,2	0,0
2020	67,9	32,2	0,7	1,1	0,2	26,9	3,3
2021	76,7	23,3	2,9	0,0	2,0	18,4	0,0

Source: Statistics SA (2022)

In 2021, the utilisation of production capacity by large enterprises in the furniture division was around 76,7%. This was an improvement by 8,8 percentage points as compared to 67,9% recorded in 2020. Insufficient demand was the main reason for underutilisation of production capacity in 2021, followed by shortage of raw materials (Table 11).



Source: Quantec (2022)

Figure 41 depicts employment in the furniture division in 2021. The employment in the furniture division rebounded by about 1,0% in 2021 as compared to a contraction of 8,9% in 2020. As a result, about 243 jobs were gained in the division in 2021 as compared to 2 420 jobs lost in 2020.

## 4. CONCLUSION

South Africa's economy grew in 2021 as compared to the previous year. The growth was notably from all sectors of the economy. The manufacturing sector, which had meaningful expanded activities in 2021, and the agro-processing sector as component of it, had its seasonally adjusted volume of production rebounding by 22,4% from a 25,3% contraction in the previous year. Most of the divisions' seasonally adjusted volume of production rebounded in growth, except for food products which receded further by 0,4% from a 0,9% contraction in the last year.

Due to the increase in the seasonally adjusted volume of production, the annual agro-processing value of sales grew by 10,1% in 2021 from a 4,8% growth in 2020. Similarly, most of the divisions in the agro-processing sector sales grew during this period except for furniture, rubber and beverages divisions which rebounded, while food division moderated in growth during this period.

The agro-processing sector trade deficit rebounded by 1,1% in 2021 from a 23,0% contraction in 2020. However, the agro-processing sector employment receded further by 0,9% in 2021 following an 4,3% contraction recorded in 2020. This represents a further decline of 3 793 jobs in 2021.

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