



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

2022

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 of the United Nations

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: 2022”*, evaluates the performance of the food and beverages divisions in 2022. 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 moderated by 2,0% year-on-year in 2022. This decline was notably from the primary and secondary sectors alongside slower growth in the tertiary sector; this followed a strong rebound in annual output growth to 4,9% in 2021 after the COVID-19-induced contraction of 6,3% in 2020 (*Reserve Bank, 2023*).

In 2022, the agro-processing sectors' seasonally adjusted volume of production contracted by 1,3% from a 13,3% growth in the previous year. The following divisions contracted in 2022: textiles (5,5%), wearing apparel (3,4%), wood and wood products (12,9%), rubber (0,7%) and furniture (3,0%). The beverages, footwear and paper and paper products divisions however moderated by 7,6%, 4,2% and 1,8%, respectively. The food division decelerated by 1,2%, while the leather and leather products division grew by 4,1%.

In 2022, the agro-processing sector's seasonally adjusted value of sales moderated by 10,5% from a 13,4% growth in 2021. Therefore, sales increased from R866 148,7 million in 2021 to about R956 778,0 million in 2022. Sales for most of the divisions in the agro-processing sector moderated during the period under review. These divisions were: rubber products (12,0%), beverages (10,6%), textiles (8,7%), leather and leather products (8,0%), paper and paper products (7,1%), footwear (4,8%) and furniture (4,1%). However, food products and wearing apparel divisions, sales increased by 11,3% and 10,7%, respectively.

The agro-processing sector's trade deficit grew by 24,8% in 2022 from a 12,6% growth in 2021. This translates to a trade deficit widening from R49,937,7 million in 2021 to R62 313,8 million in 2022. The following divisions registered a positive trade balance during this period: beverages (R10,6 billion), paper and paper products (R3,3 billion), wood and wood products (R2,1 billion) and tobacco (R0,6 billion). However, wearing apparel (R31,2 billion), footwear (R13,7 billion), rubber products (R11,9 billion), textiles (R10,7 billion), food (R6,1 billion), furniture (R4,1 billion) and leather and leather products (R0,9 billion) divisions had a trade deficit in 2022.

Employment in the agro-processing sector rebounded by 1,9% in 2022 following a 0,9% contraction recorded in 2021. This represents an increase of about 8 271 jobs in 2022 as compared to 3 739 jobs lost in 2021. In 2022, the employment in the agro-processing divisions were as follows: food products (221 008), beverages (42 484), wood and wood products (42 783), wearing apparel (33 890), paper and paper products (31 032), textiles (26 854), furniture (24 583), rubber (12 435), footwear (5 960) and leather and leather products (4 571).

1. INTRODUCTION

South Africa's economy moderated by 2,0% at the end of 2022 as compared to a growth of 4,9% in the previous year. The primary and secondary sectors contracted by 4,3% and 0,9%, respectively, as compared to the previous year. The contraction in the primary sector was notably in the mining sector, which contracted by 7,0%. However, the decline in the secondary sectors was mainly from the contraction in the manufacturing sector and decelerated growth noted from the construction sector of 0,1% and 3,5%, respectively (South African Reserve Bank, 2023).

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 in the agro-processing industry and lastly, the conclusion. The variables that are analysed 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 moderated by 2,0% year-on-year in 2022. Real output of the primary sector contracted by 4,3% in 2022 following a substantial increase of 10,8% in 2021 as growth in the real gross value added (GVA) by the agricultural sector moderated sharply as a result of the activities in the agricultural sector further suppressed by abnormal weather conditions, rising input costs, intensified electricity load-shedding and supply chain disruptions related to geopolitical tensions, while that of the mining sector contracted. The tertiary sector similarly moderated by 3,6% from a 4,1% growth as compared to the previous year. The non-primary and non-agricultural sectors moderated by 2,7% and 2,1%, respectively, year-on-year in 2022. (South African Reserve Bank, 2023).

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

	2021					2022				
Sector	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3	Q4	Year*
Primary sector	4.9	5,5	-10,5	3.4	10,8	-2,2	-6,7	11,9	-3,2	-4,3
Agriculture	6,1	11,3	-24,7	16,4	8,8	-1,8	-12,8	30,5	-3,3	0,3
Mining	4,1	2,0	-1,1	-3,2	12,0	-2,4	-3,0	1,6	-3,2	-7,0
Secondary sector	0,2	-1,4	-3,2	0,8	4,5	3,5	-4,6	1,3	-0,8	-0,9
Manufacturing	0,4	-1,8	-4,3	2,4	6,5	4,6	-5,5	1,6	-0,9	-0,1
Construction sector	0,2	-1,6	-1,1	-2,6	-2,2	-0,5	-2,9	3,9	0,5	-3,5
Tertiary sector	0,4	1,7	-0,5	1,3	4,1	1,6	0,8	0,9	-1,2	3,6
Non-primary sector	0,4	1,0	-1,0	1,2	4,2	2,0	-0,3	1,0	-1,1	2,7
Non-agricultural sector	0,6	1,1	-1,0	0,9	4,6	1,8	-0,4	1,0	-1,2	2,1
Total	0,8	1,4	-1,8	1,4	4,9	1,6	-0,8	1,8	-1,3	2,0

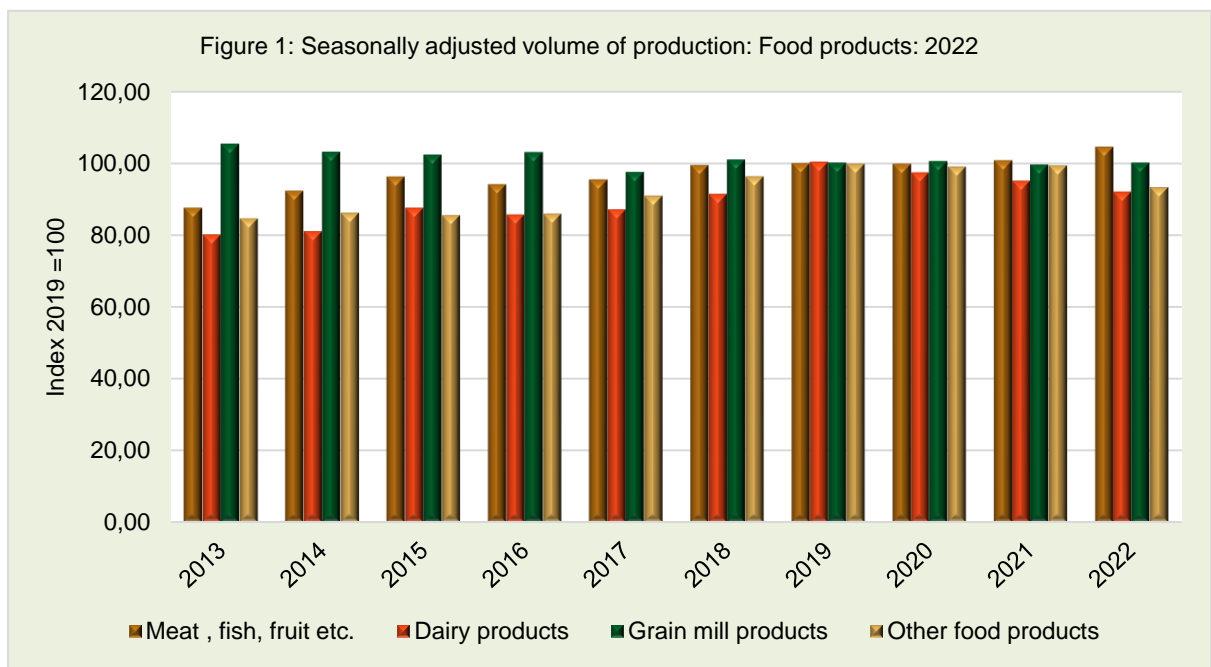
Source: South African Reserve Bank (2023)

- Percentage change over a year
- The non-primary sector represents total GVA, excluding agriculture and mining.
- The non-agricultural sector represents total GVA, excluding agriculture.

3. THE AGRO-PROCESSING INDUSTRY

The Food and Agriculture Organization of the United Nations (FAO, 1997) defines agro-processing as a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. 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 FOOD¹ PRODUCTS

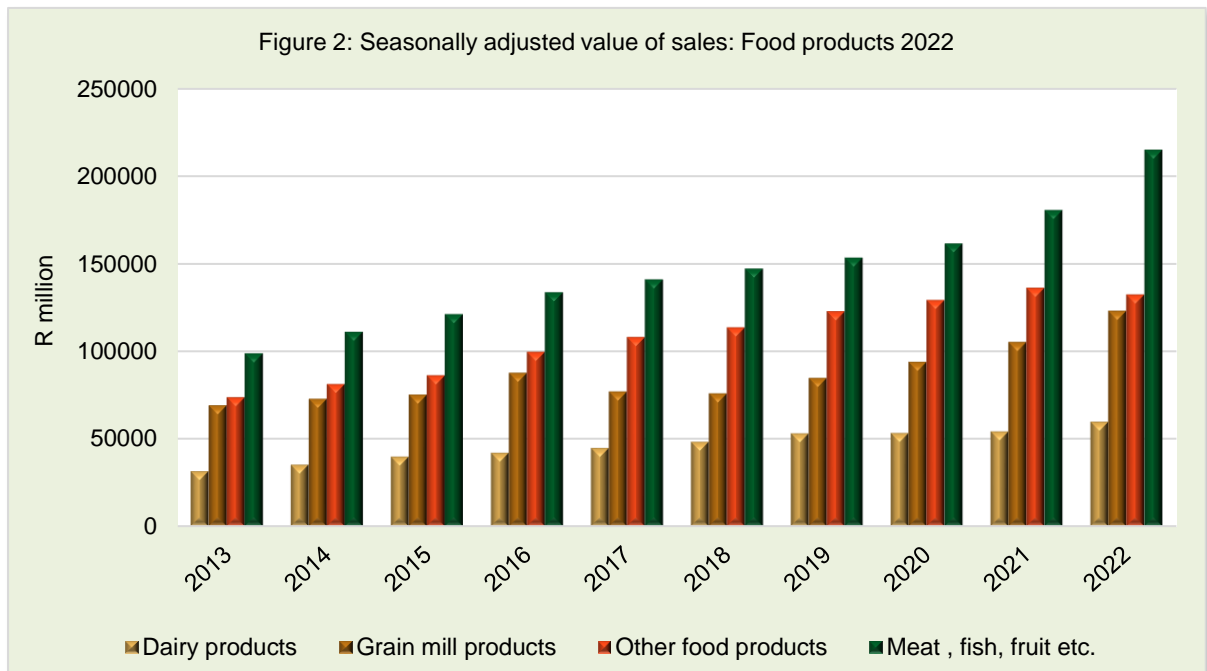


Source: Quantec (2023)

Figure 1 above depicts seasonally adjusted volume of production in the food products division. During 2022, production of the meat, fish, fruit, etc. division increased by 3,7% from a 1,0% growth in 2021. However, production of dairy products decelerated by 3,2% from a 2,4% contraction in 2021. Conversely, grain mill products production rebounded by 0,6% following a 1,0% growth in 2021, while for “other food products” it contracted by 6,1% following a 0,4%

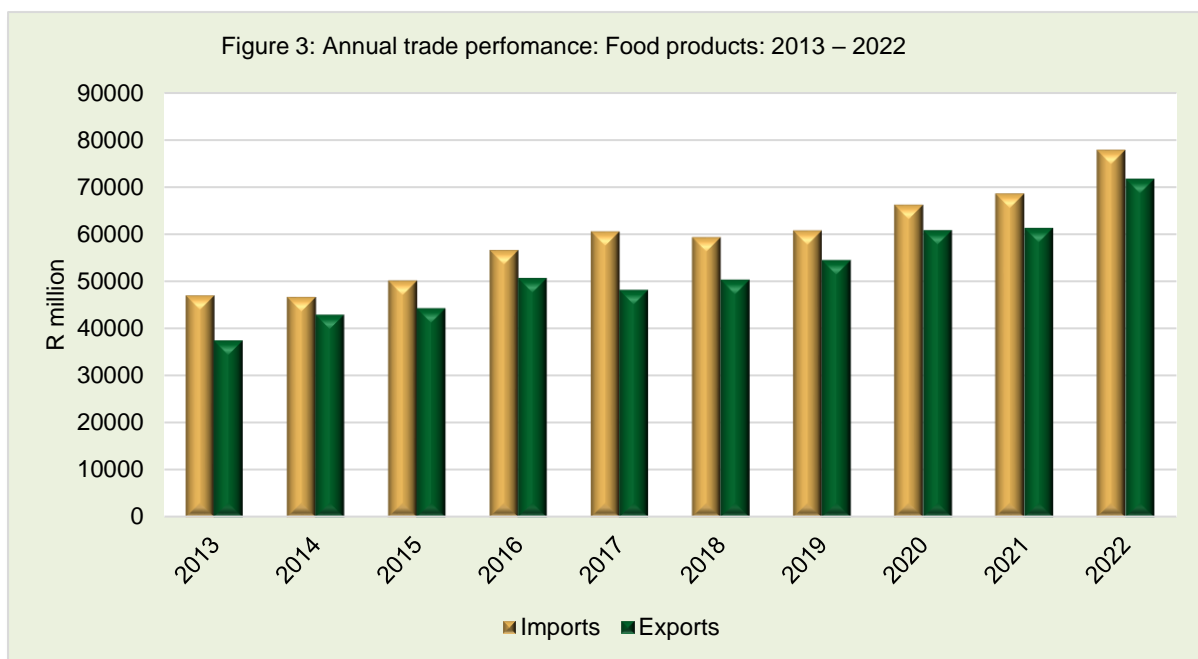
¹ Food products in this case will include meat, fish, fruit etc., dairy products, grain mill products and “other food products”.

growth in 2021. The food products production receded further by 1,2% in 2022 from a 0,5% contraction in 2021.



Source: Quantec (2023)

Figure 2 above shows the seasonally adjusted value of sales of food products division, which is comprised of meat, fish, fruit, etc.; dairy products; grain mill products and “other food products”. In 2022, sales for meat, fish, fruit, etc., and dairy products increased by 19,1% and 10,1% as compared to an 11,8% and 1,7% growth in 2021, respectively. Similarly, sales for grain mill products grew by 17,0% in 2022 following an 11,9% growth in 2021. However, sales for “other food products” contracted by 2,9% in 2022 following a 5,5% growth in 2021. Sales for the division as a whole increased by 11,3% in 2022 from an 8,7% growth in 2021, which amounted to R538 618,3 million in 2022.



Source: Quantec (2023)

Exports of food products increased by 17,1% in 2022 from a 0,7% growth in 2021 as presented in Figure 3. Similarly, imports of food products grew by 13,5% in 2022 as compared to a 3,6% growth in 2021. As a result, the trade deficit narrowed to R6 108,5 million in 2022 from R7 296,4 million in 2021.

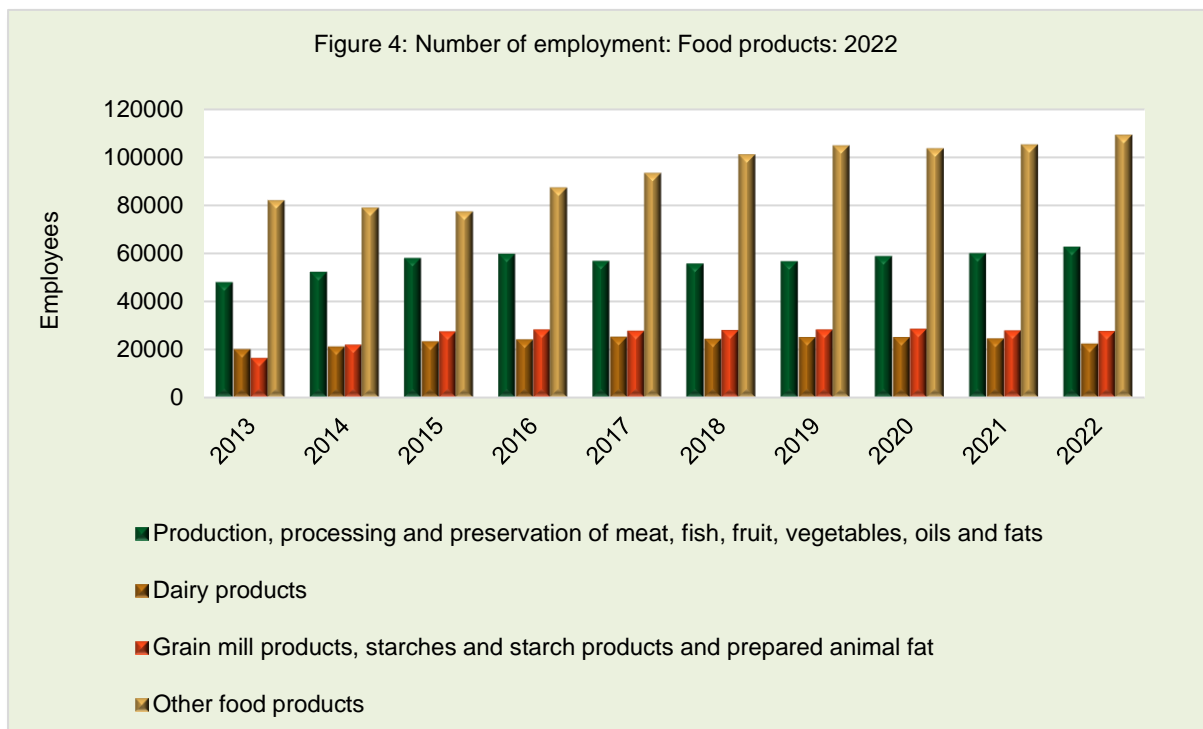
Table 2: Utilisation and reasons for underutilisation of production capacity by large enterprises: Food products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2020	78,3	21,7	1,9	0,9	0,2	11,3	7,4
2021	79,1	20,9	2,3	0,9	0,2	10,0	7,6
2022	81,3	18,7	2,6	0,9	0,2	10,1	5,1

Source: Statistics SA (2022)

The utilisation of production capacity by large enterprises in the food products division increased in 2022 as compared to 2021. The increase was 2,2 percentage points. The main

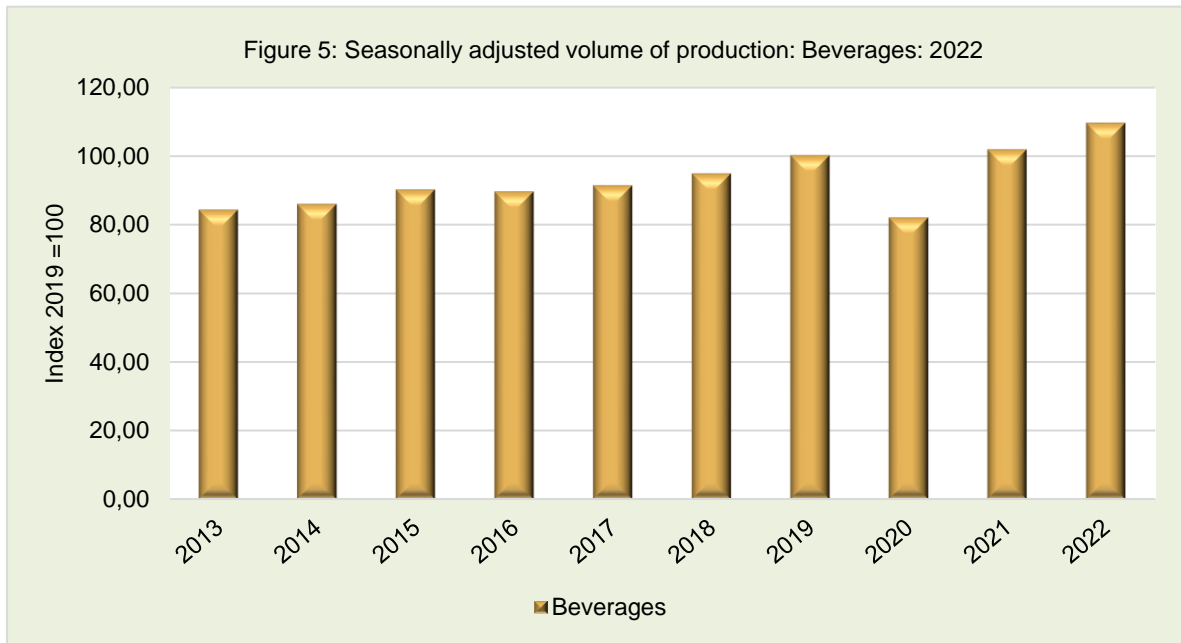
reason for underutilisation during 2022 was due to insufficient demand, followed by other reasons such as seasonal factors (see Table 2).



Source: Quantec (2023)

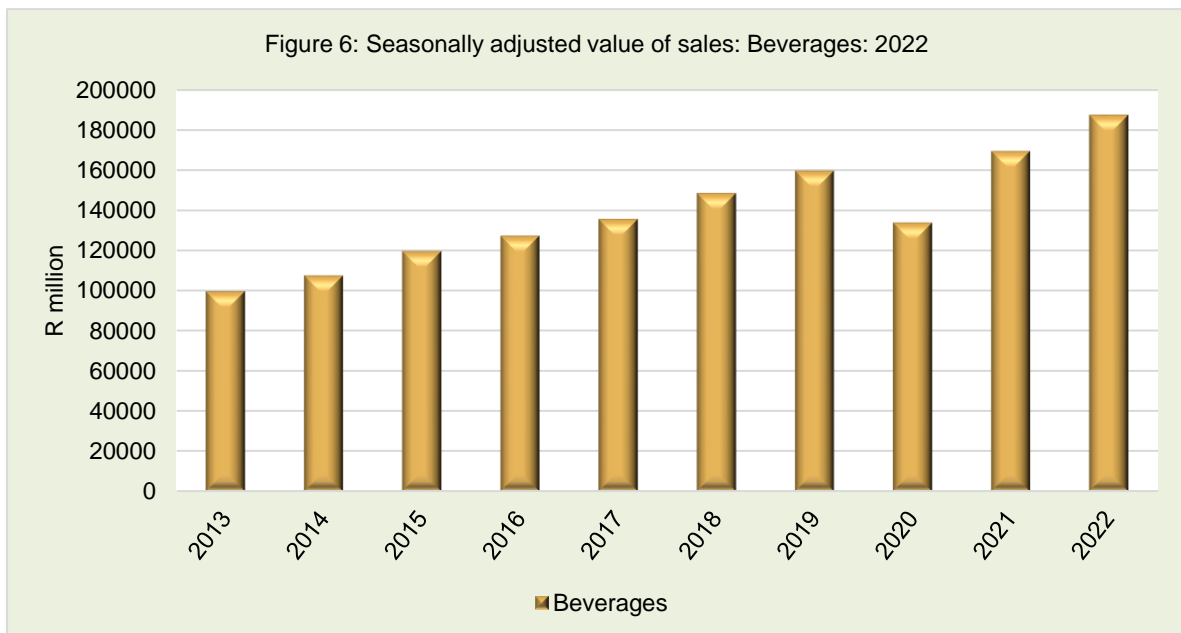
Figure 4 above depicts employment in the food products division during 2022. The employment in the production, processing and preservation of the meat, fish, fruit, vegetables, oils and fats; and “other food products” increased by 4,4% and 3,8% in 2022 from a 2,1% and 1,6% growth, respectively, in 2021. Conversely, employment in the dairy products division decelerated by 9,0% in 2022 from a 2,2% contraction in 2021. Employment in the grain mill products, on the other hand, receded further by 1,3% in 2022 following a 2,5% contraction in 2021. The food division’s employment increased by 1,9% in 2022 from a 0,8% growth in 2021. As a result, a further 4 160 jobs were created in 2022 as compared to 1 635 jobs created in 2021.

3.2 BEVERAGES



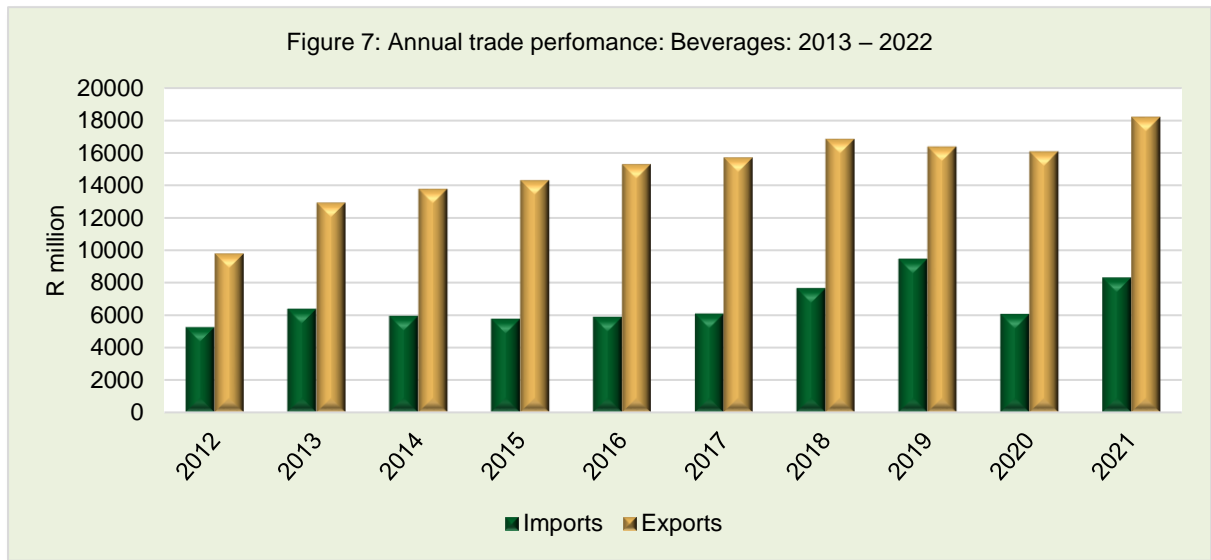
Source: Quantec (2023)

Figure 5 shows the seasonally adjusted volume of production in the beverages division. In 2022, the seasonally adjusted volume of production for beverages division moderated by 7,6% from a growth of 24,1% recorded in 2021.



Source: Quantec (2023)

Figure 6 above depicts the seasonally adjusted value of sales for the beverages division. In 2022, the seasonally adjusted value of sales for beverages division moderated by 10,6% as compared to a growth of 26,6% in 2021. Consequently, seasonally adjusted value of sales for the beverages were around R187 560,8 million in 2022.



Source: Quantec (2023)

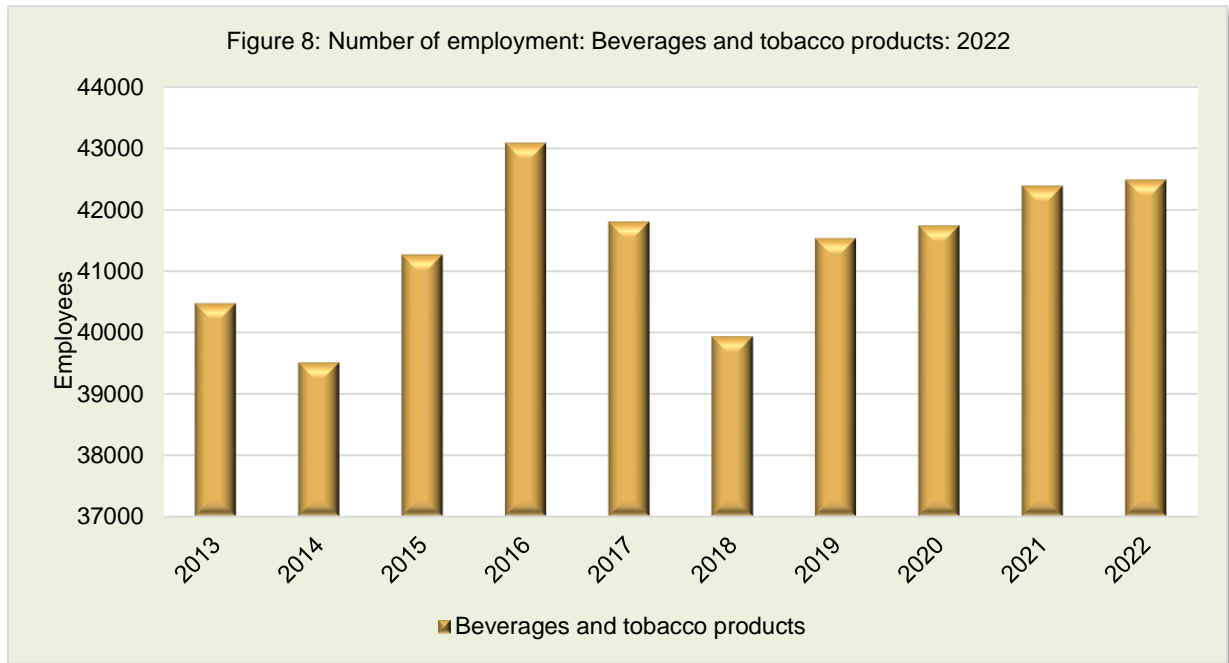
Exports of beverages increased by 15,0% in 2022 following a 13,2% growth in 2021. However, import of beverages moderated by 24,6% in 2022 following a growth of 36,9% in 2021. As a result, the trade surplus of beverages widened from R9 985,4 million in 2021 to R10 695,2 million in 2022 (see Figure 7).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2020	64,5	35,5	3,2	1,9	0,3	19,1	11,1
2021	81,0	19,0	2,3	1,3	0,2	12,4	3,0
2022	81,0	19,0	3,4	2,8	0,2	11,0	1,8

Source: Statistics SA (2023)

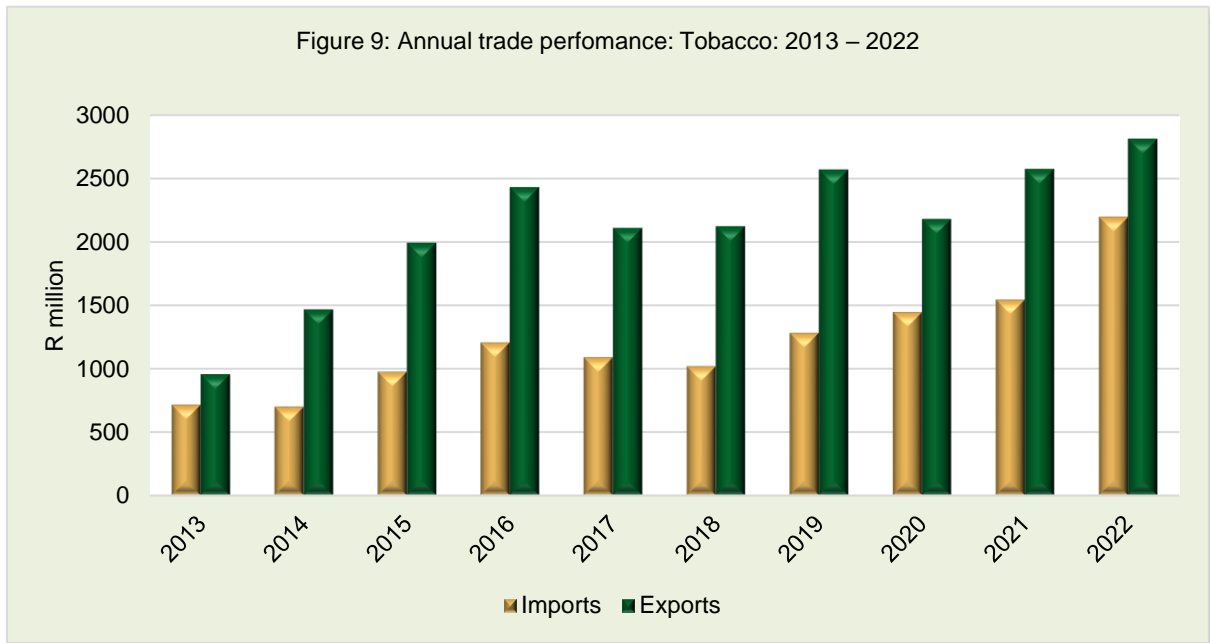
The utilisation of production capacity stagnated at 81,0% points in 2022 as compared to the preceding year (see Table 3). The main reason for underutilisation was insufficient demand, followed by shortage of raw materials.



Source: Quantec (2023)

Figure 8 above shows employment in the beverages and tobacco division from 2013 to 2022. During 2022, employment in the beverages and tobacco division moderated by 0,2% as compared to a 1,6% growth in 2021. As a result, 98 more jobs were created in 2022 from 649 jobs created in 2021.

3.3 TOBACCO



Source: Quantec (2023)

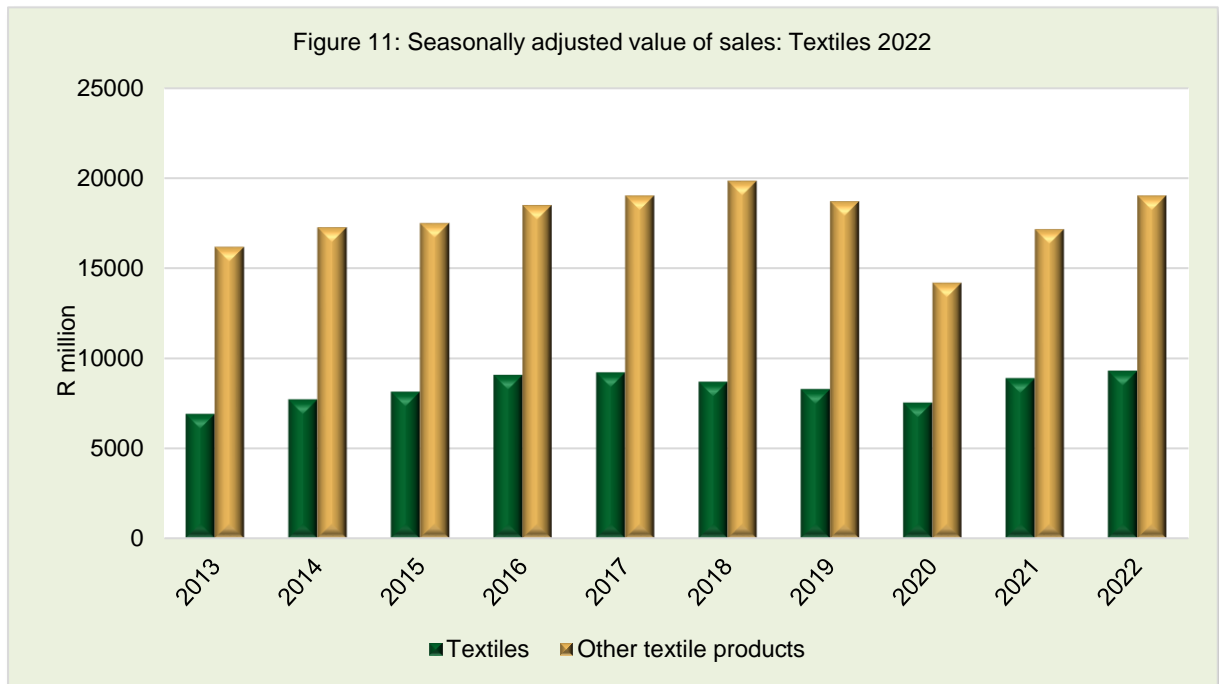
In 2022, tobacco imports accelerated by 42,2% from a 6,9% growth in 2021. However, tobacco exports moderated by 9,2% from an 18,1% growth recorded in 2021. As a result, the trade surplus narrowed from R1 028,7 million in 2021 to R613,2 million in 2022 (see Figure 9).

3.4 TEXTILES



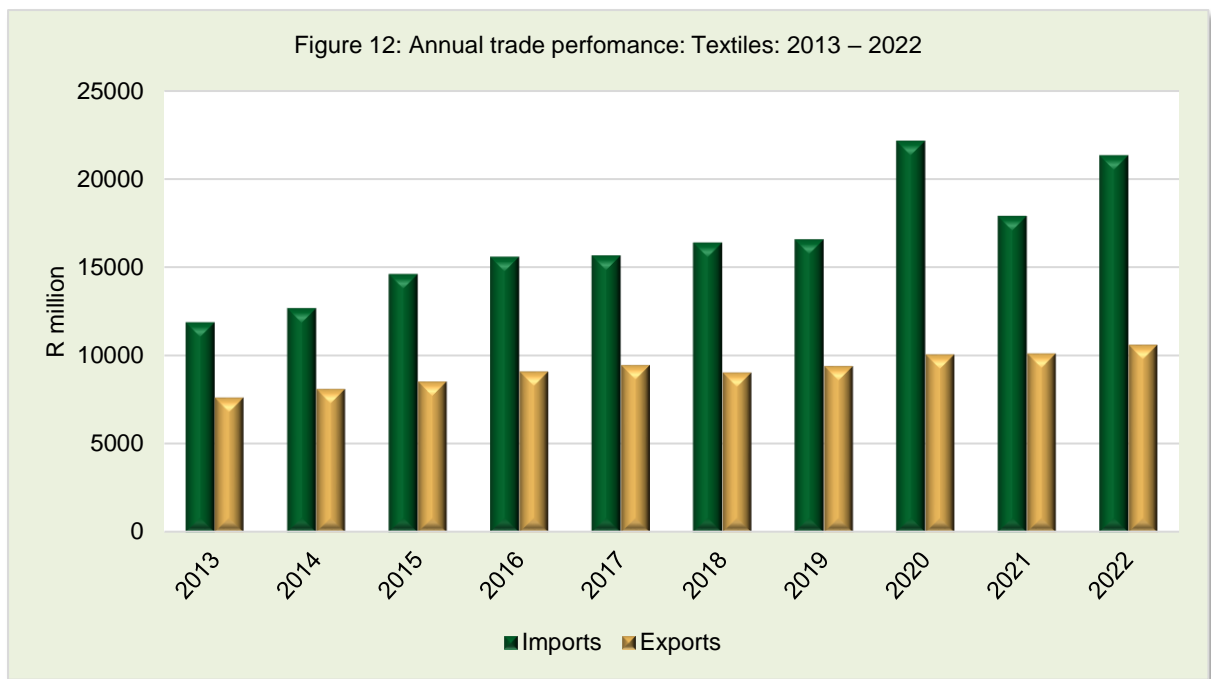
Source: Quantec (2023)

During 2022, seasonally adjusted volume of production for the textiles division moderated by 0,6% following a 6,9% growth in 2021. However, seasonally adjusted volume of production for other textiles products contracted by 5,8% from a 24,5% growth in 2021. The textiles division as a whole contracted by 5,5% in 2022 from a 23,5% growth in 2021.



Source: Quantec (2023)

Figure 11 above depicts the seasonally adjusted value of sales for the textile division. During 2022, the seasonally adjusted value of sales in the textile and “other textile” division moderated by 4,6% and 10,9% following a growth of 18,1% and 20,9% in 2021, respectively. Sales for the division as a whole moderated by 8,7% in 2022 following a 20,0% growth in 2021. As a results, The seasonally adjusted value of sales for the textile division amounted to R28 301,3 million in 2022.



Source: Quantec (2023)

Textiles exports increased by 4,8% in 2022 as compared to a 0,7% growth registered in 2021. However, textiles imports rebounded by 19,2% in 2022 from a 19,2% contraction recorded in 2021. As a result, the trade deficit widened from R7 808,0 million in 2021 to R10 760,9 million in 2022 (see Figure 12).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2020	60,4	39,7	2,8	0,8	0,1	28,3	7,7
2021	66,2	33,8	3,5	1,3	0,3	23,6	5,2
2022	67,2	32,8	1,7	1,0	0,1	23,3	6,7

Source: Statistics SA (2023)

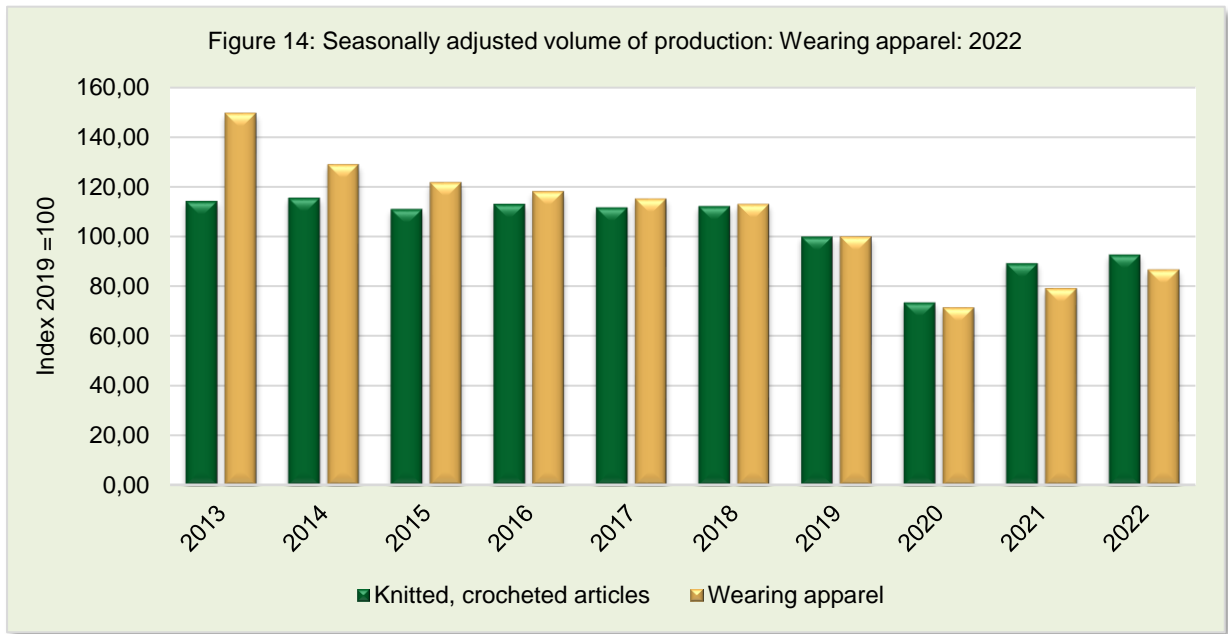
Table 4 illustrates the utilisation capacity by large enterprises in the textiles division. The utilisation capacity increased in 2022 as compared to 2021 by 1 percentage point. Insufficient demand remains the main reason for underutilisation in 2022, followed by other reasons such as lower productivity.



Source: Quantec (2023)

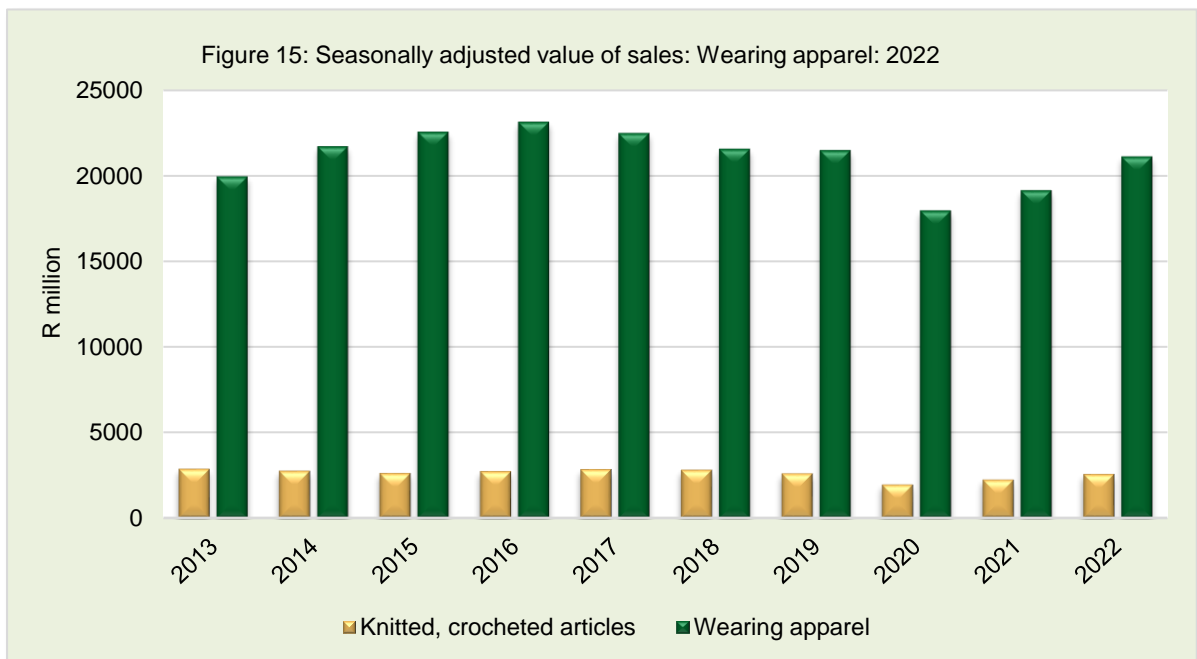
Figure 13 above shows employment in the textiles division in 2022. Employment in the preparation and spinning of textiles and “other textiles” division rebounded by 1,2% and 8,3% in 2022 from a 3,3% and 1,8% contraction, respectively, in 2021. The employment for the divisions as a whole rebounded by 6,4% in 2022 from a 2,2% contraction registered in 2021. As a result, the textiles division as a whole gained 1 616 more jobs in 2022 as compared to 563 jobs lost in 2021.

3.5 WEARING APPAREL



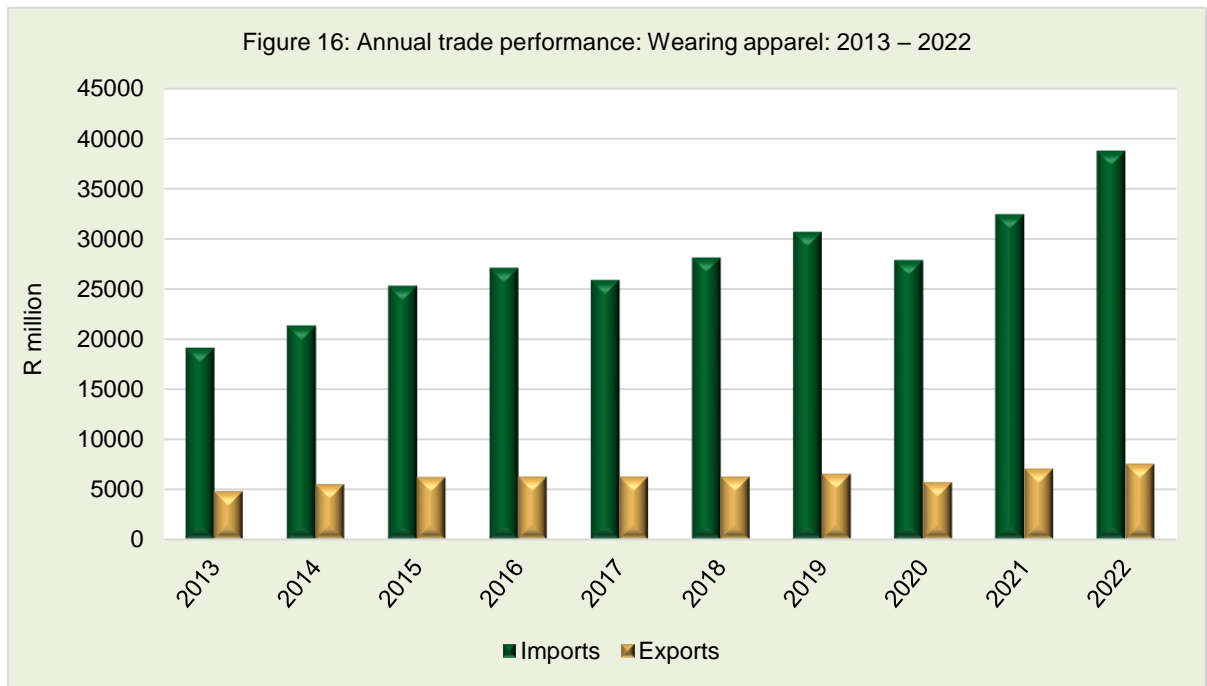
Source: Quantec (2023)

During 2022, the seasonally adjusted volume of production in the knitted, crocheted articles and wearing apparel divisions moderated by 3,9% and 9,4% from a 21,3% and 10,9% growth, respectively, in 2021. The seasonally adjusted volume of production for the wearing apparel division in its entirety contracted by 3,4% in 2022 from a 60,1% growth in 2021.



Source: Quantec (2023)

In 2022, the seasonally adjusted value of sales in the knitted, crocheted articles and wearing apparel divisions increased by 14,4% and 10,2% from a 14,3% and 6,6% growth in 2021, respectively. Seasonally adjusted value of sales for wearing apparel division as a whole grew by 10,7% in 2022 from a 7,5% growth in 2021. Consequently, seasonally adjusted value of sales for wearing apparel division amounted to R23 635,9 million in 2022 (see Figure 15).



Source: Quantec (2023)

In 2022, exports of wearing apparel moderated by 6,5% in 2022 from a 23,6% growth in 2021. However, imports of wearing apparel division imports increased by 19,4% in 2022 from a growth of 16,4% in 2021. As a result, the trade deficit of wearing apparel widened from R25 413,5 million in 2021 to 31 255,2 million in 2022, as depicted in Figure 16.

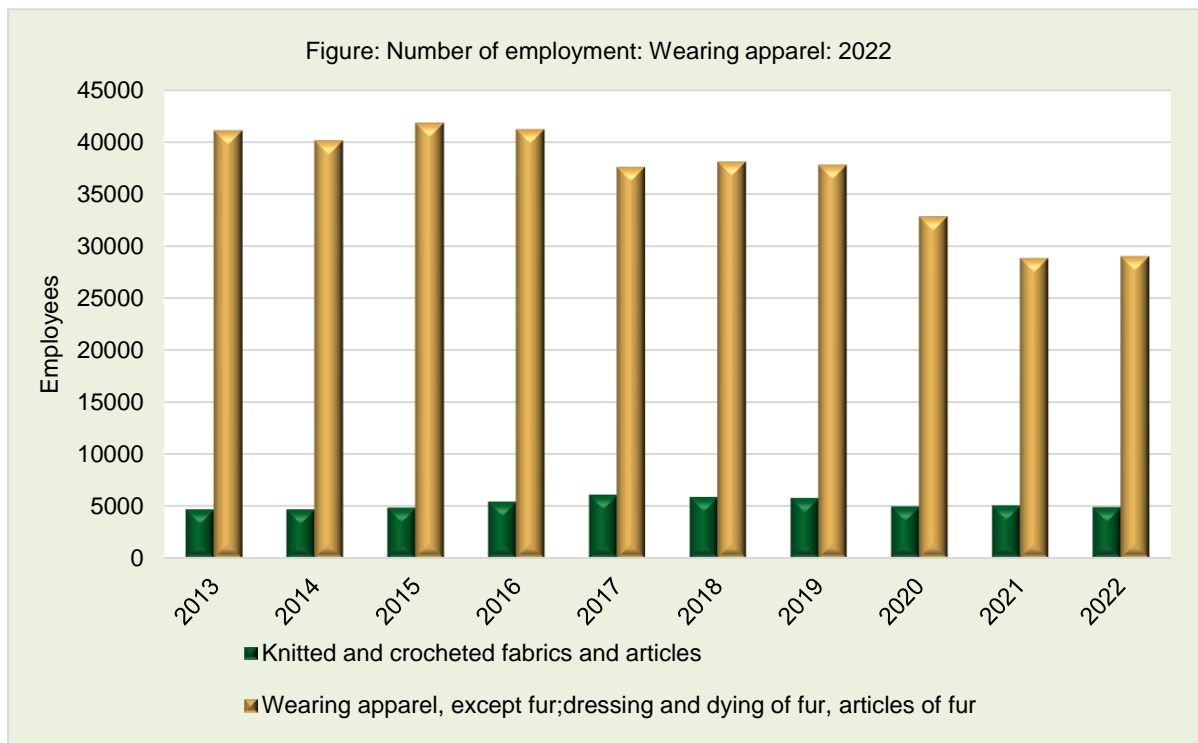
Table 5: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wearing apparel (percentage)

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

2020	59,4	40,6	0,5	1,5	0,4	26,0	12,1
2021	72,6	27,4	1,1	1,7	0,4	20,1	4,3
2022	74,0	26,0	1,2	1,6	0,6	18,4	4,2

Source: Statistics SA (2023)

Table 5 above shows that the utilisation of production capacity by large enterprises in wearing apparel division increased in 2022. It grew by 1,4 percentage points. Insufficient demand remains the main reason for underutilisation of production capacity during 2022, followed by other reasons such as lower production.



Source: Quantec (2023)

During 2022, the employment in the knitted and crocheted articles division contracted by 2,9% from a 1,6% growth in 2021. However, employment in wearing apparel division rebounded by 0,6% in 2022 as compared to a 12,2% contraction in 2021. Employment for the division as a whole rebounded by 0,1% in 2022 following a 10,4% contraction in 2021. As a result, 37 jobs were created in 2022 as compared to 3 944 jobs lost in 2021 (see Figure 17).

3.6 LEATHER AND LEATHER PRODUCTS



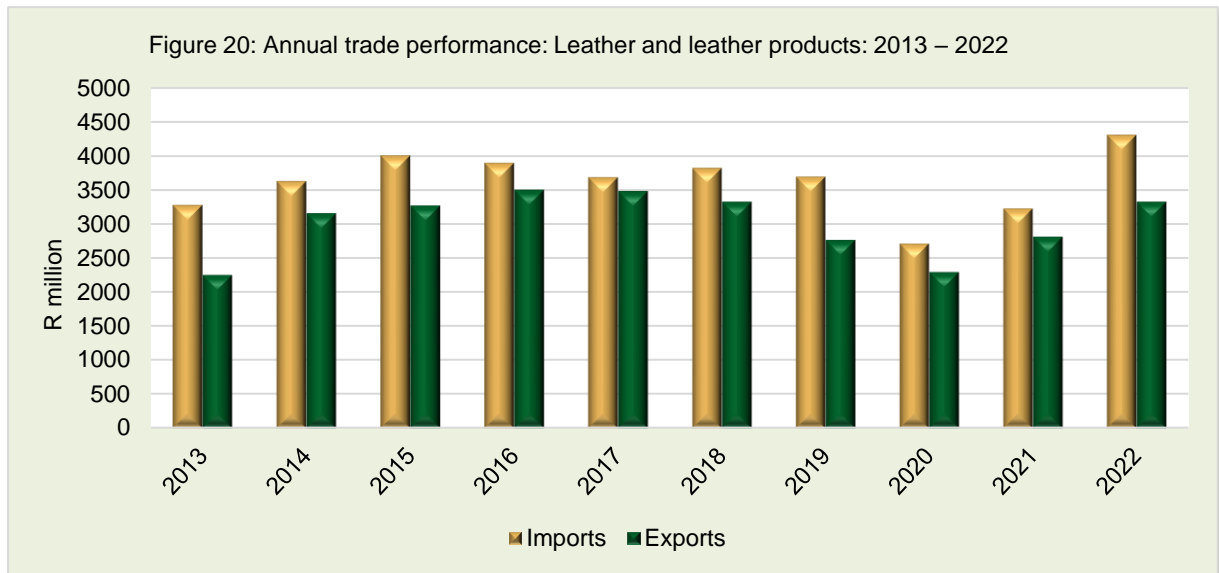
Source: Quantec (2023)

Figure 18 above illustrates the seasonally adjusted volume of production in the leather and leather products division. During 2022, seasonally adjusted volume of production in the leather and leather products division grew by 4,1% from a 3,4% growth in 2021.



Source: Quantec (2023)

Figure 19 above presents the value of sales in the leather and leather products division. In 2022, the seasonally adjusted value of sales in the leather and leather products division moderated by 8,0% following a 10,0% growth in 2021. Sales of the leather and leather products amounted to R6 031,3 million in 2022.



Source: Quantec (2023)

In 2022, exports of leather and leather products moderated by 18,3% in 2022 as compared to a 22,7% growth in 2021. However, the imports of leather and leather products grew by 33,5% from a 19,1% growth registered in 2021. As a result, the trade deficit widened to R977,2 million in 2022 from R411,2 million in 2021 (see 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		
2020	54,7	45,4	2,7	0,7	1,4	32,1	8,6
2021	57,2	42,8	7,1	0,5	1,4	23,4	10,5
2022	64,9	35,1	7,9	0,5	1,1	21,5	4,1

Source: Statistics SA (2023)

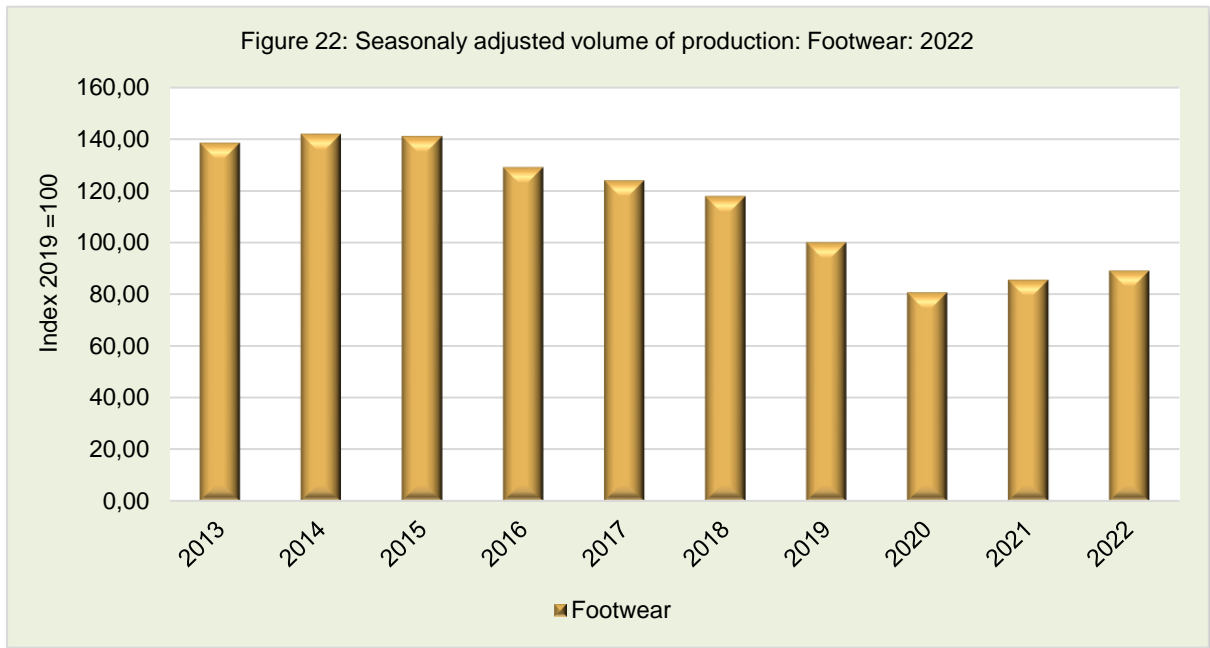
The utilisation of production capacity in the leather and leather products division by large enterprises increased in 2022 by 7,7 percentage points (see Table 6). Insufficient demand remained the main reason for underutilisation, followed by a shortage of raw materials.



Source: Quantec (2023)

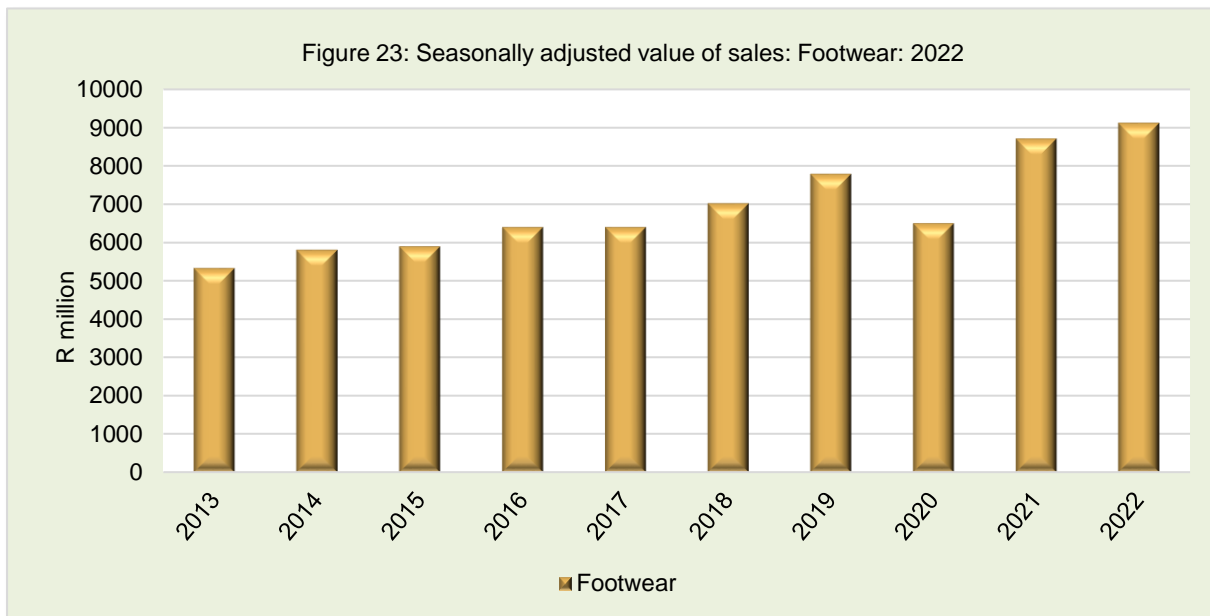
Figure 21 above shows employment in the leather and leather products division in 2022. Employment in the leather and leather products division receded further by 4,2% in 2022 from a 5,2% contraction registered in 2021. As a result, 199 jobs were lost in the division in 2022 from 257 further jobs lost in 2021.

3.7 FOOTWEAR



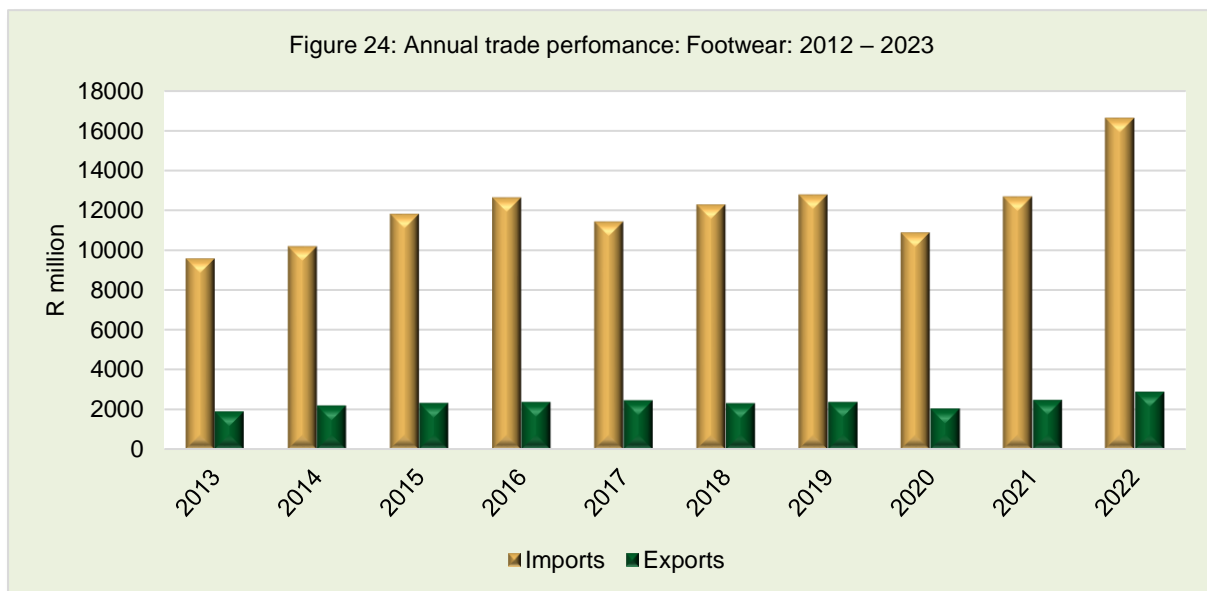
Source: Quantec (2023)

Figure 22 above shows the seasonally adjusted volume of production in the footwear division. In 2022, the volume of production for the footwear division moderated by 4,2% as compared to a 6,0% growth in 2021.



Source: Quantec (2023)

The seasonally adjusted value of sales in the footwear division moderated by 4,8% in 2022 as compared to a growth of 33,9% in 2021. The value of sales for the footwear division was approximately R9 119,6 million in 2022. Sales were highest in 2022 and lowest in 2013 (see Figure 23).



Source: Quantec (2023)

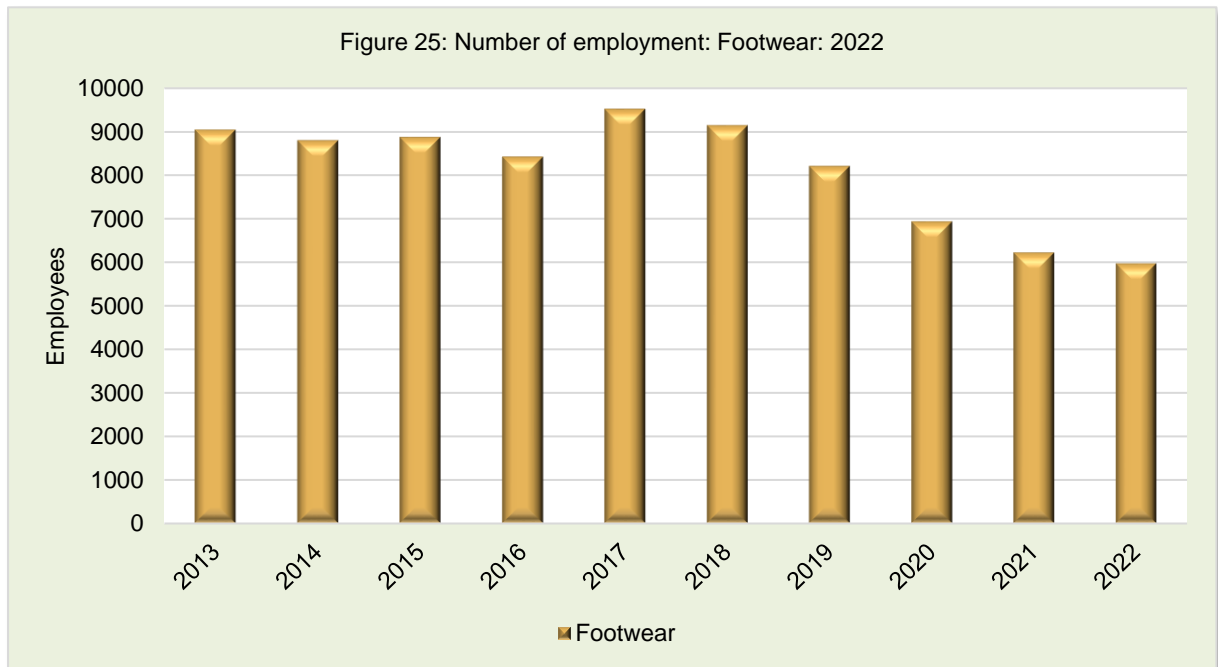
In 2022, the imports of footwear grew by 31,3% following a 16,5% growth 2021. However, the exports of footwear moderated by 16,3% in 2022 as compared to a 20,9% growth registered in 2021. As a result, the trade surplus widened from R10 247,3 million in 2020 to R13 797,7 million in 2022 (see Figure 24).

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		
2020	78,2	21,9	1,2	1,3	0,0	15,9	3,6
2021	83,0	17,0	2,8	0,8	0,0	12,7	0,7
2022	83,5	16,6	2,4	0,5	0,0	13,2	0,5

Source: Quantec (2023)

The utilisation of production capacity by large enterprises in the footwear division increased by 0,5 percentage point in 2022 (see Table 7). Insufficient demand remained the key reason for underutilisation during the period under review, followed by shortage of raw materials.



Source: Quantec (2023)

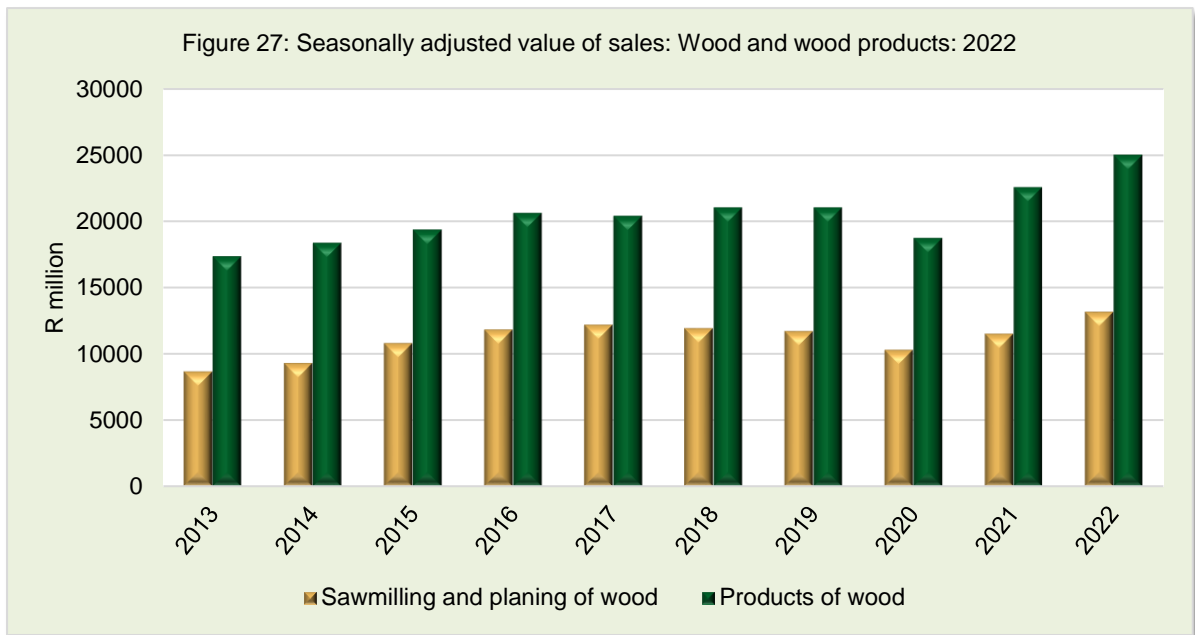
Figure 25 above shows employment in the footwear division. In 2022, employment in the footwear division receded further by 4,0% from a 10,3% contraction in 2021. As a result, a further 215 jobs were shed in the division in 2022 from about 713 further jobs lost in 2021.

3.8 WOOD AND WOOD PRODUCTS



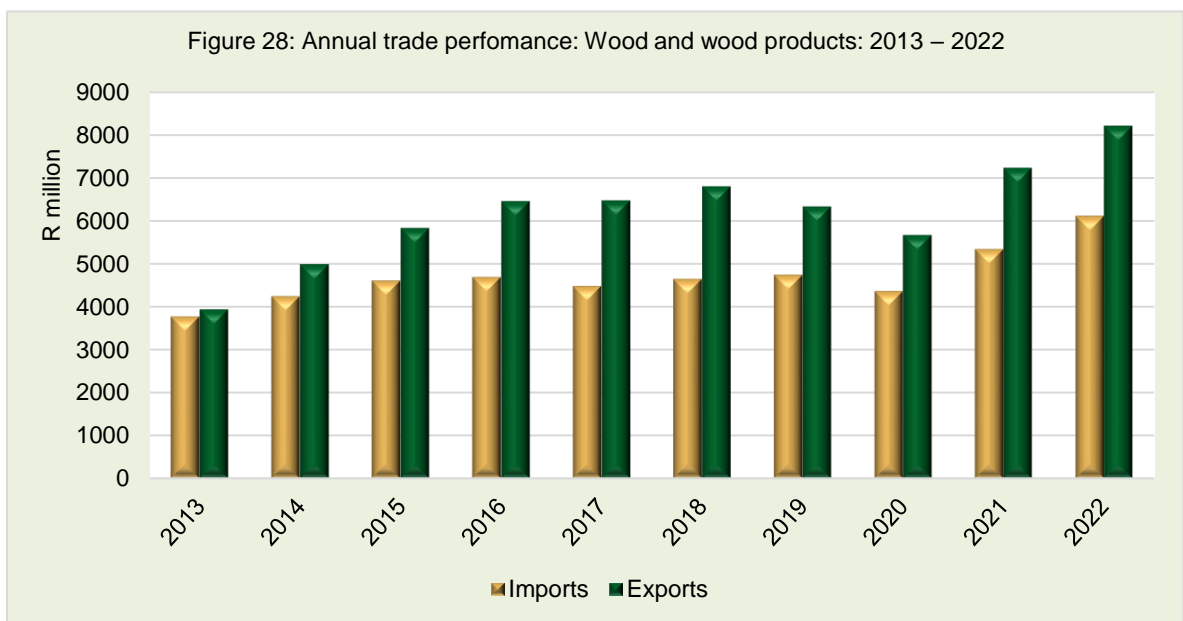
Source: Quantec (2023)

In 2022, the seasonally adjusted volume of production in the sawmilling and planing of wood division contracted by 2,4% from a 23,9% growth in 2021. However, products of wood's seasonally adjusted volume of production moderated by 0,6% in 2022 from a 13,2% growth registered in 2021. The seasonally adjusted volume of production for wood and wood products division contracted by 12,9% in 2022 from a 49,8% growth in 2021 (see Figure 26).



Source: Quantec (2023)

As shown in Figure 27, the value of sales for sawmilling and planing of wood grew by 14,4% as compared to a growth of 11,8% in 2021, however, products of wood moderated by 10,8% in 2022 from a 20,4% growth in 2021. Seasonally adjusted value of sales for wood and wood products moderated by 12,0% following a 17,5% growth in 2021. Seasonally adjusted value of sales for wood and wood products amounted to R38 084,9 million in 2022.



Source: Quantec (2023)

In 2022, the imports of wood and wood products moderated by 14,4% following a 22,4% growth in 2021. Similarly, the exports of wood and wood products moderated by 13,5% in 2022 as compared to a 27,7% growth registered in 2021. As a result, the trade surplus increased from R1 895,4 million in 2021 to R2 101,8 million in 2022 (see Figure 28).



Source: Quantec (2023)

In 2022, the employment in the sawmilling and planing of wood division, as well as in products of wood, cork, straw and plaiting materials contracted by 0,5% and 4,1% as compared to a contraction of 2,9% and 1,3% growth, respectively, in 2021. Employment in wood and wood products division contracted by 2,9% in 2022 from a growth of 1,8% in 2021. Consequently, about 1 294 jobs were shed in 2022 from 775 jobs created in 2021 (see Figure 29).

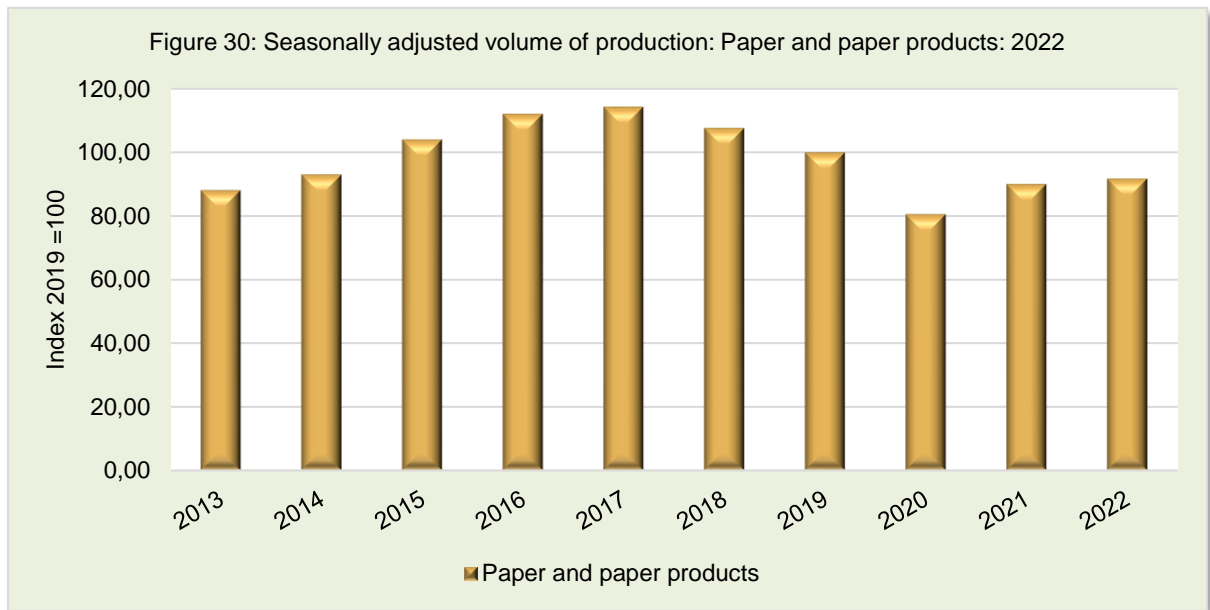
Table 8: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wood and wood products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2020	75,3	24,8	2,5	1,0	0,0	12,9	8,3
2021	83,7	16,3	2,1	0,8	0,0	9,4	4,1
2022	77,7	22,3	2,5	0,9	0,0	8,7	10,3

Source: Statistics SA (2023)

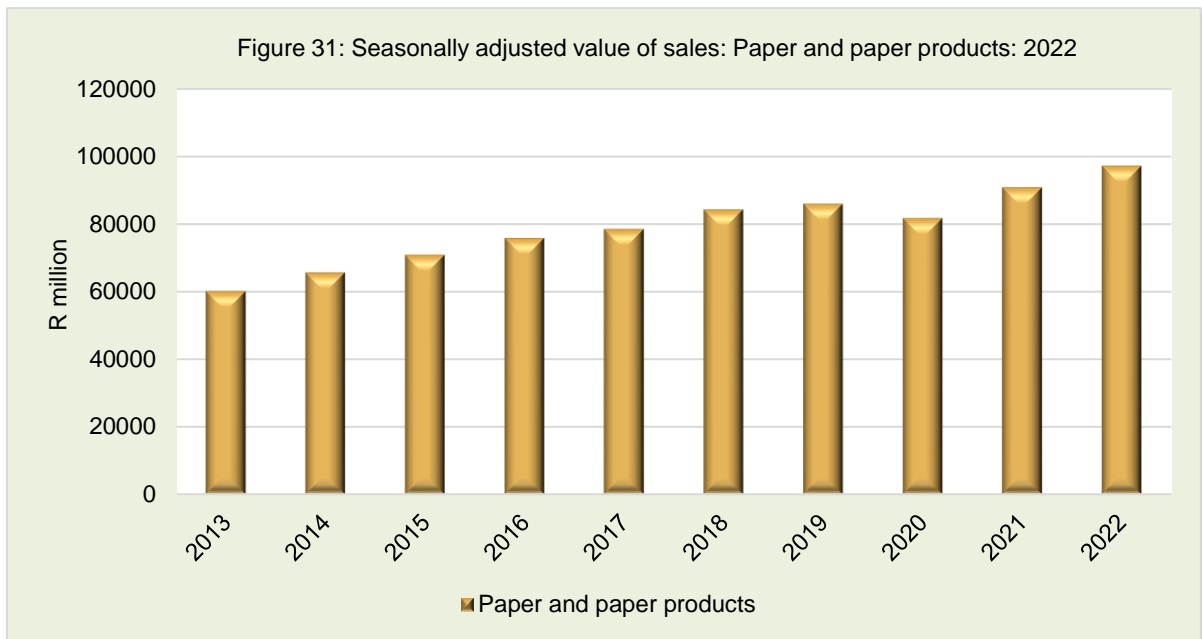
Table 8 shows that the utilisation of production capacity by large enterprises for the wood and wood products division decreased in 2022. It is a decline of about 6,0 percentage points. Other reasons, such as lower productivity, was the main reason for underutilisation during the period under review.

3.9 PAPER AND PAPER PRODUCTS



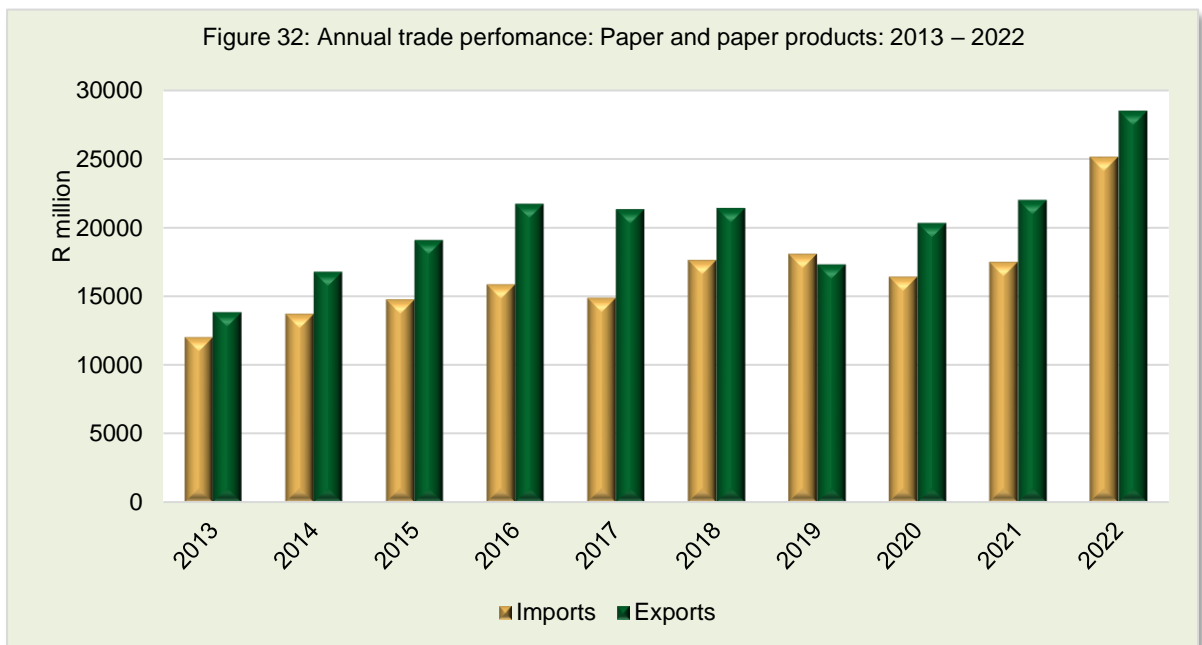
Source: Quantec (2023)

Figure 30 above shows the 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 moderated by 1,8% in 2022 from a growth of 11,8% in 2021. The division's output was highest in 2017 and lowest in 2020.



Source: Quantec (2023)

In 2021, the seasonally adjusted value of sales in the paper and paper products division moderated by 7,1% as compared to an 11,1% growth recorded in 2021. The seasonally adjusted value of sales of paper and paper products amounted to about R96 979,8 million in 2022 (see Figure 31).



Source: Quantec (2023)

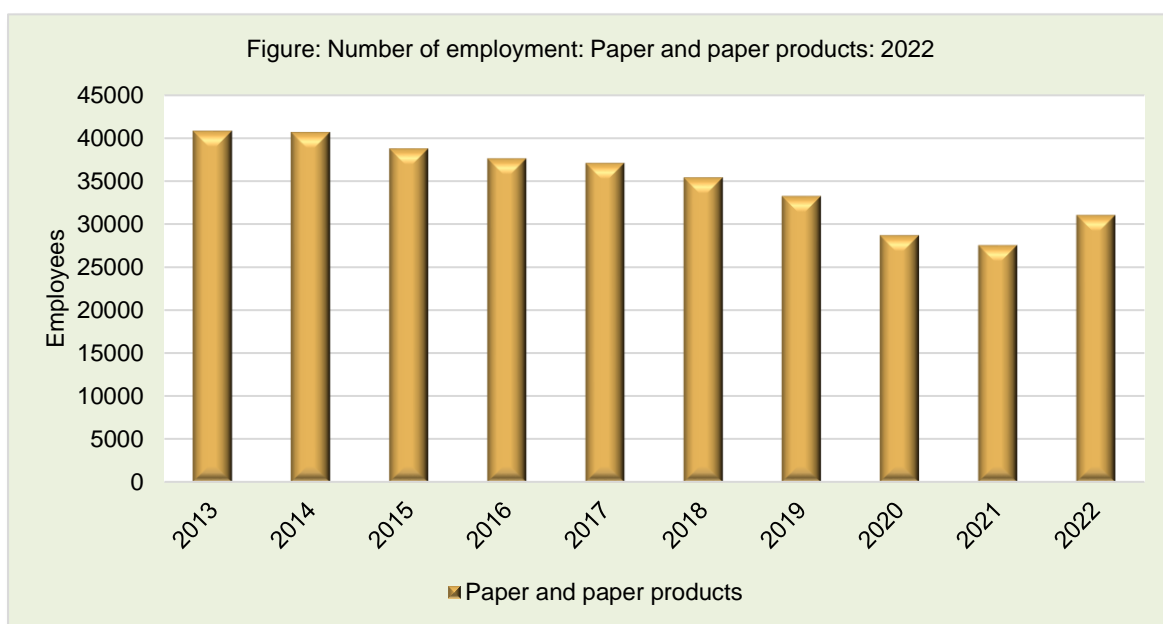
In 2022, the imports of paper and paper products division accelerated by 43,8% from a 6,4% growth in 2021. However, exports of paper and paper products accelerated by 29,6% in 2022 from a growth of 8,2% in 2021. As a result, the trade surplus narrowed from R4 479,0 million in 2021 to R3 313,5 million in 2022 (see 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		
2020	78,5	21,5	0,8	1,0	0,1	11,5	8,2
2021	86,7	13,3	0,8	0,7	0,0	6,8	5,0
2022	84,3	15,7	1,5	0,8	0,2	7,4	5,9

Source: Statistics SA (2023)

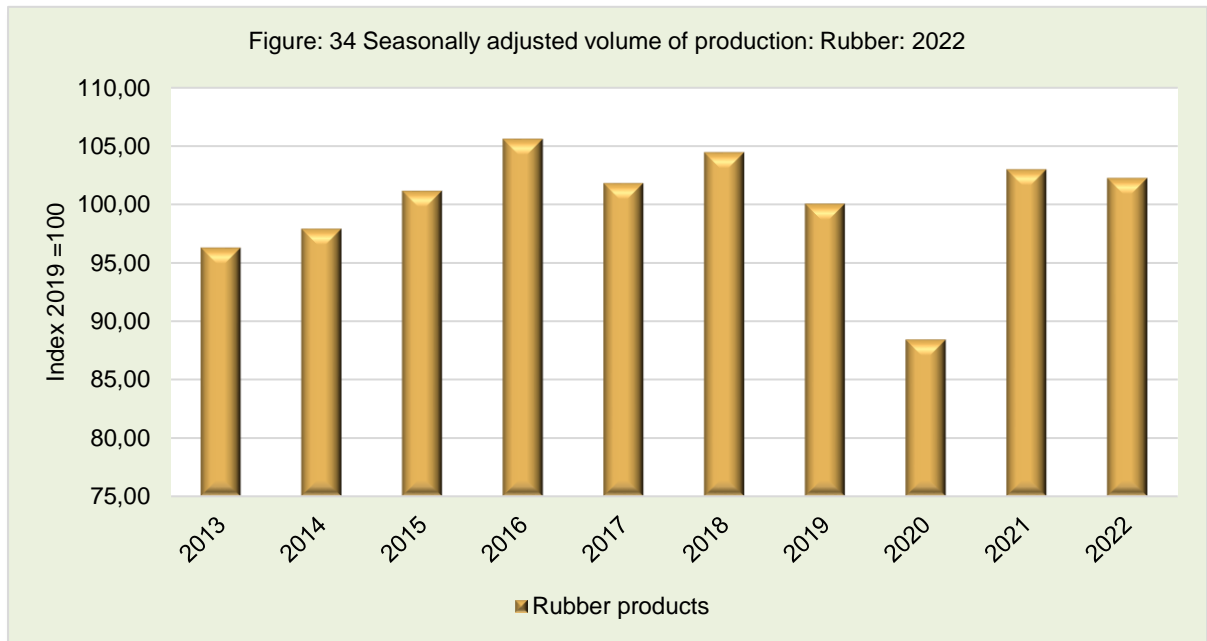
The utilisation of production capacity by large enterprises in the paper and paper products division decreased by 2,4 percentage points in 2022 (see Table 9). Insufficient demand remained the main reason for underutilisation of production capacity, followed by other reasons such as seasonal factors.



Source: Quantec (2023)

During 2022, employment in the paper and paper products division rebounded by 12,7% following a 4,0% contraction in 2021. As a result, 3 501 jobs were created in 2022 as compared to 1 136 jobs lost in 2021 (see Figure 33).

3.10 RUBBER PRODUCTS



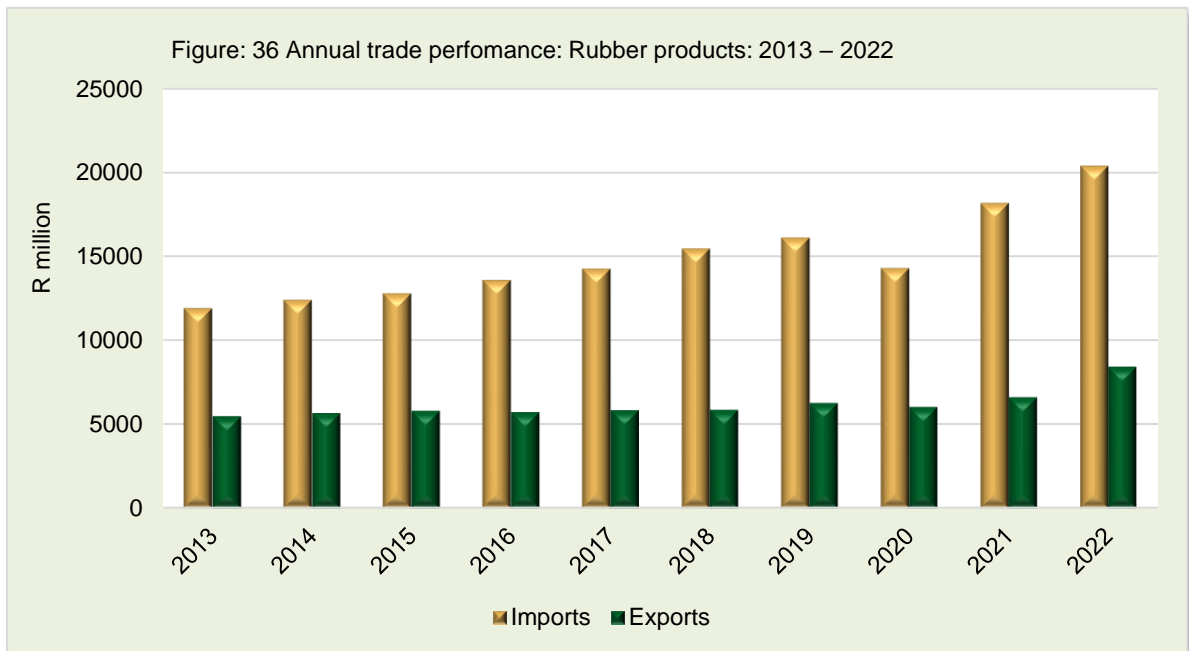
Source: Quantec (2023)

As shown in Figure 34 above, the seasonally adjusted volume of production in the rubber products division contracted by 0,7% in 2022 from a 16,4% growth in 2021. The output for the division was highest in 2016 and lowest in 2020, possible due to the effects of covid. However, it has somewhat recovered to pre-covid levels.



Source: Quantec (2023)

Figure 35 above demonstrates the seasonally adjusted value of sales in the rubber products division. In 2022, the seasonally adjusted value of sales in the rubber products division moderated by 12,0% as compared to a 14,3% growth in 2021. The seasonally adjusted value of sales for rubber products was approximately R21 112,0 million in 2022.



Source: Quantec (2023)

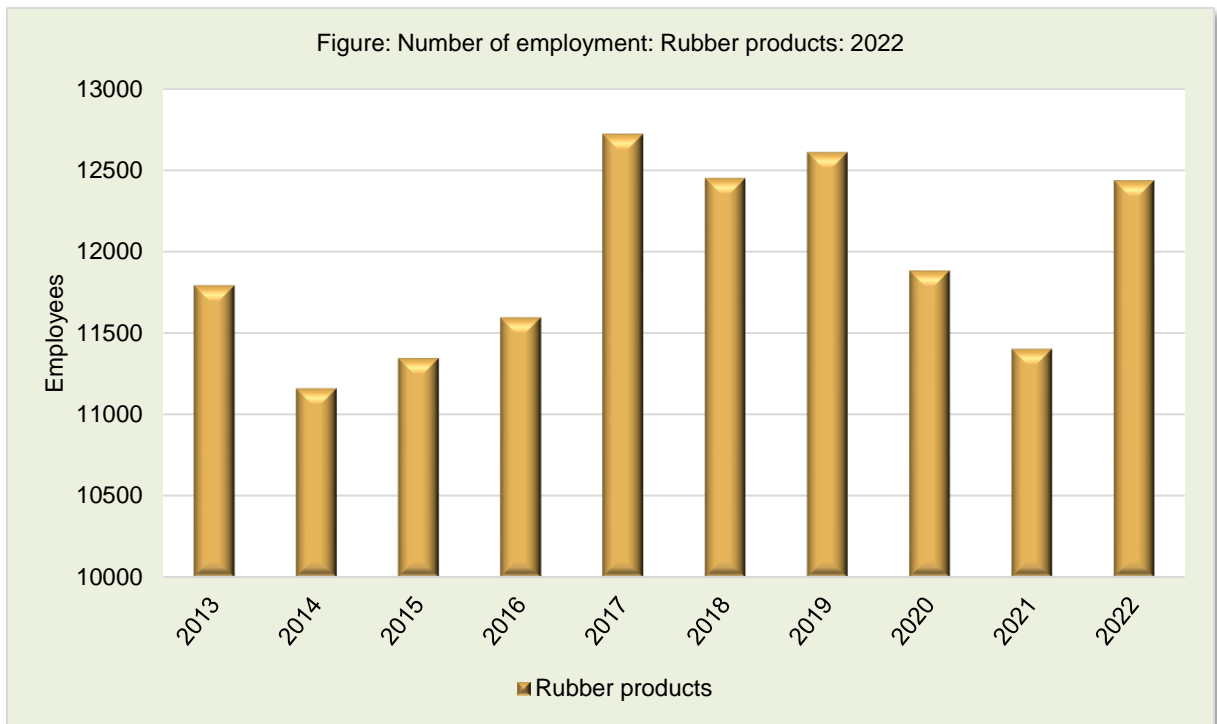
In 2022, the imports of rubber products moderated by 12,1% following a 27,0% growth in 2021. However, rubber products exports accelerated by 27,4% in 2022 from a growth of 9,5% in 2021 (see Figure 36). Therefore, the trade deficit widened to R11 997,1 million in 2022 from R11 592,4 million in 2021.

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		
2020	70,2	29,8	2,5	5,4	0,1	12,9	8,9
2021	81,9	18,1	6,0	4,0	0,2	3,9	4,1
2022	79,8	20,2	3,4	0,9	0,2	8,5	7,3

Source: Statistics SA (2023)

The utilisation of production capacity by large enterprises for rubber products division decreased by 2,8 percentage points (see Table 10). Insufficient demand remains the main reason for underutilisation of production capacity in the division in 2022, followed by other reasons such as shortage of raw material.



Source: Quantec (2023)

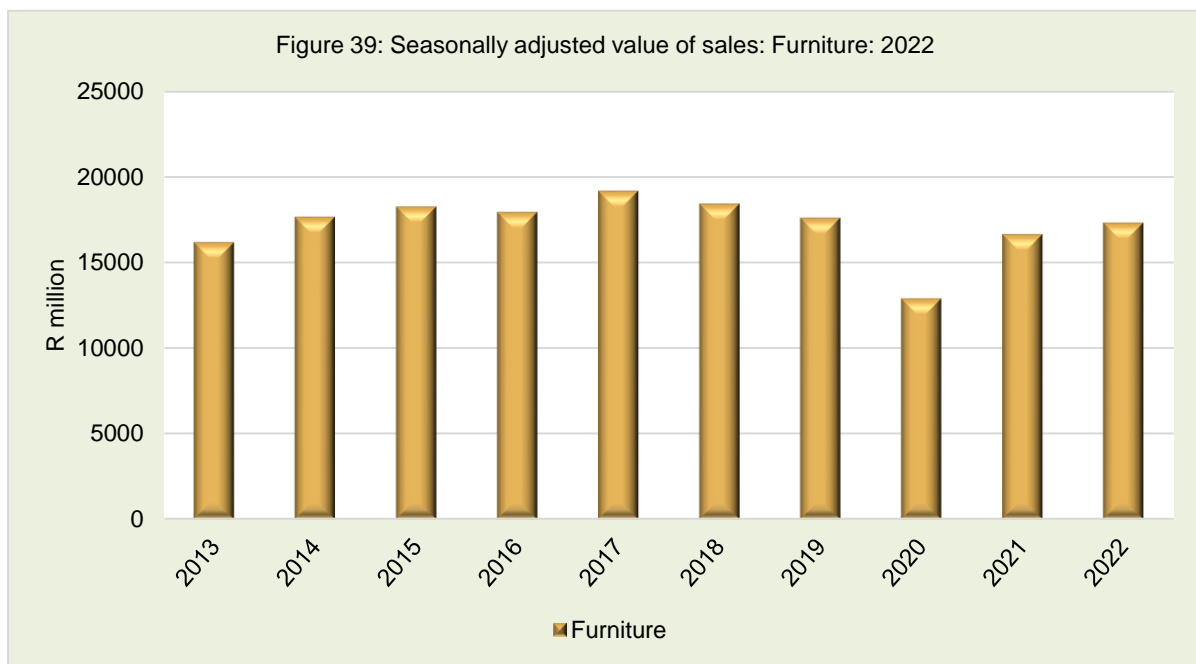
Figure 37 above illustrates employment in the rubber products division. In 2022, the employment in the rubber products division rebounded by 9,1% from a 4,0% contraction in 2021. As a result, 1 034 jobs were created in rubber products division in 2022 as compared to 480 jobs lost in 2021.

3.11 FURNITURE



Source: Quantec (2023)

Figure 38 illustrates the seasonally adjusted volume of production in the furniture division. During 2022, the seasonally adjusted volume of production in the furniture division contracted by 3,0% from a 7,1% growth in 2021. The furniture division volume of production was lowest in 2020 but reached its peak in 2016.



Source: Quantec (2023)

As illustrated in Figure 39, the seasonally adjusted value of sales in the furniture division moderated by approximately 4,1% in 2022 from a 29,0% growth in 2021. The value of sales reached its peak around 2017, however, the lowest sales value was recorded in 2020. The seasonally adjusted value of sales in the furniture division amounted to R17 333,8 million in 2022.



Source: Quantec (2023)

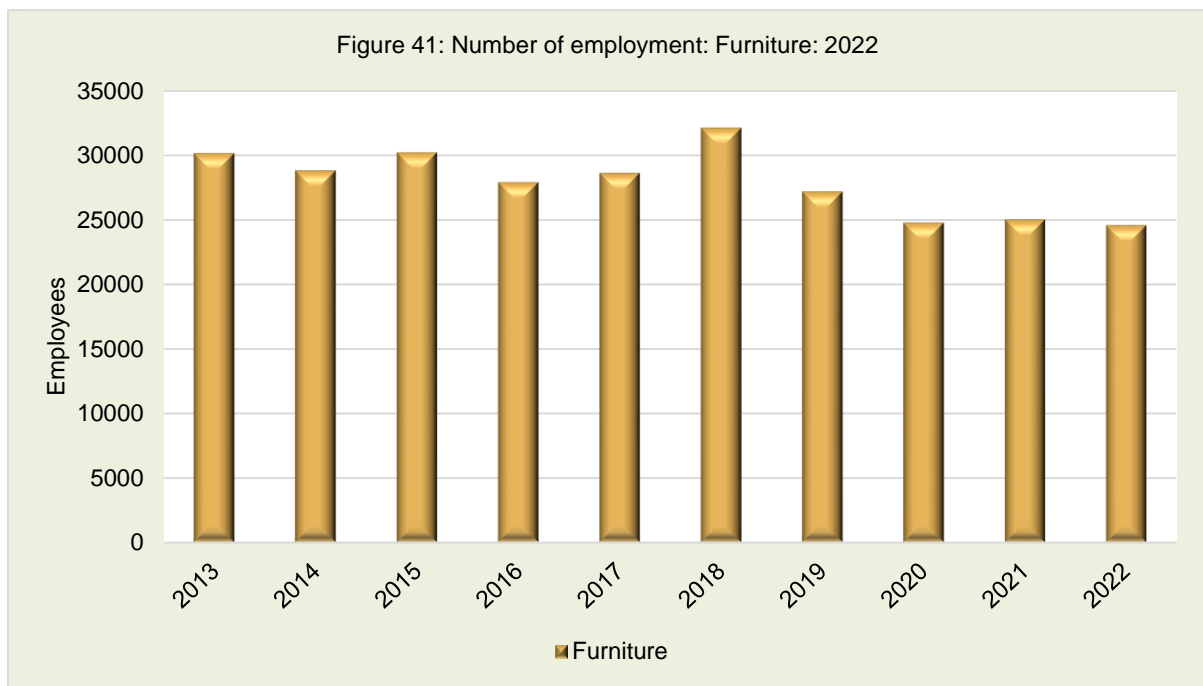
In 2022, the imports of furniture moderated by 4,4% as compared to a 26,2% growth in 2021, however, exports accelerated by 26,0% in 2022 from a 3,2% growth in 2020. As a result, the trade deficit narrowed from R4 557,2 million in 2021 to R4 140,7 million in 2022 (see Figure 40)

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2020	67,9	32,2	0,7	1,1	0,2	26,9	3,3
2021	78,0	22,0	2,6	0,0	1,2	18,2	0,0
2022	77,0	23,1	1,7	0,0	0,3	21,0	0,0

Source: Statistics SA (2023)

During 2022, the utilisation capacity by large enterprises in the furniture division decreased by 1,0 percentage point. Insufficient demand was the main reason for underutilisation of production capacity in 2022, followed by shortage of raw materials (see Table 11).



Source: Quantec (2022)

Figure 41 depicts employment for the furniture division in 2022. The employment in the furniture division contracted by 1,7% in 2022 as compared to a growth of 1,0% in 2021. As a result, 430 jobs were lost in the division in 2022 as compared to 243 jobs created in 2021.

4. CONCLUSION

South Africa's economy moderated at the end of 2022. The growth was notably from all primary and secondary growth coupled with slow growth from the tertiary sector. The annual growth in agricultural output moderated markedly to 0,3% in 2022, mainly due to lower field crop harvests, especially of maize and sugar cane. In 2022, the agro-processing sector's seasonally adjusted volume of production contracted as compared to the preceding year. However, sales of the agro-processing sector sales moderated in growth during the period under review.

The agro-processing sector's trade deficit grew by 24,8% in 2022 from a 12,6% growth in 2021. However, the employment in the agro-processing sector rebounded by 1,9% in 2022 following a 0,9% contraction in 2021. This represented an increase of about 8 271 jobs in 2022 as compared to 3 937 jobs lost in 2021.

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