

## Agro-processing Quarterly Brief: No. 1, 2022

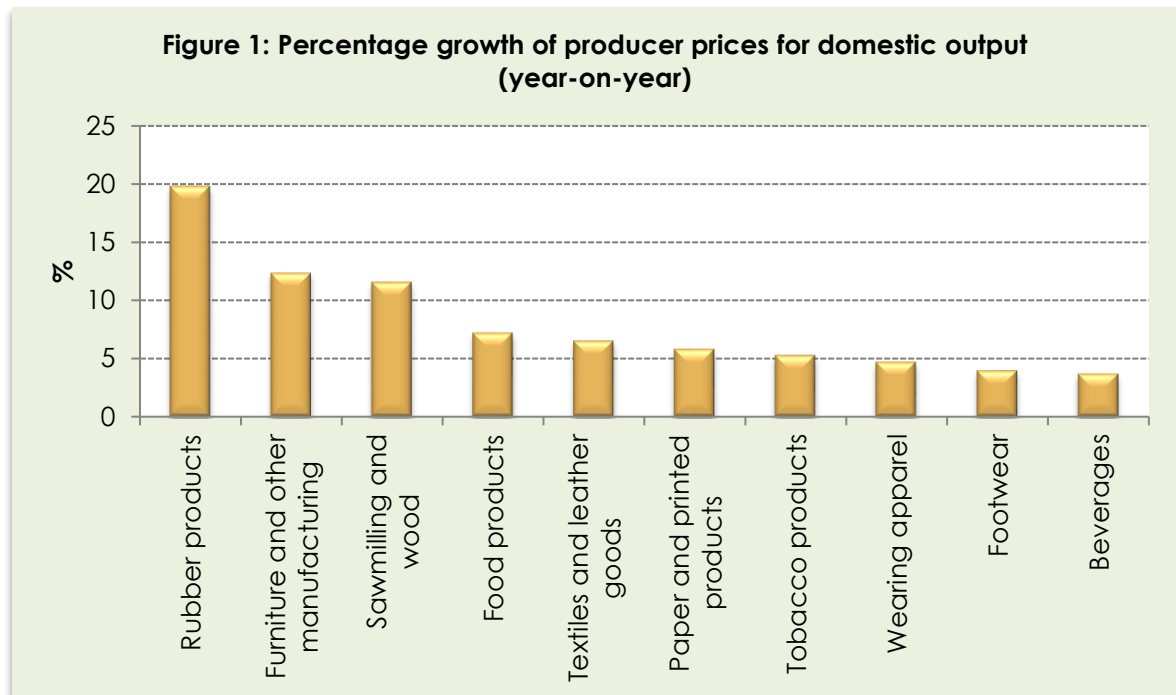
Directorate: Agro-processing Support

Highlights of 2022: Q1 (January to March)

- In 2022: Q1, the year-on-year producer price inflation for final manufactured goods was 3,1% from a 2,9% growth recorded in the preceding quarter. Similarly, it grew quarter-to-quarter by 10,8% in 2022: Q1 from a 4,2% growth in the last quarter. The producer price inflation increased for rubber products, furniture, food products, textiles, paper and printed products and beverages. However, it moderated for sawmilling, tobacco products and wearing apparel divisions. The producer price inflation for footwear division stagnated, while for textiles it remained unchanged during 2022: Q1.
- During 2022: Q1, the quarter-to-quarter seasonally adjusted volume of production for the agro-processing industry moderated by 0,8% from a 4,6% growth in the last quarter. The seasonally adjusted volume of production contracted for furniture, wood and wood products, textiles and paper and paper products. However, for rubber products, leather and leather products and food products it increased, while for footwear it rebounded. On the other hand, the seasonally adjusted volume of production for beverages and wearing apparel moderated in 2022: Q1.
- The seasonally adjusted value of sales for agro-processing industry moderated by 3,8% in 2022: Q1 from a 5,8% growth in the last quarter. Therefore sales increased to R228 846,8 million in 2022: Q1 from about R220 432,9 million in 2021: Q4. The seasonally adjusted value of sales rebounded for leather and leather products, food products and footwear division. Beverages, wearing apparel, furniture and textiles divisions, it moderated in growth during 2022: Q1, while for paper and paper products and rubber products divisions it contracted, respectively. However, the seasonally adjusted value of sales for wood and wood products increased in 2022: Q1.
- The trade deficit of the agro-processing industry widened from R10 641,8 million in 2021: Q4 to R16 932,6 million in 2022: Q1. The divisions that recorded trade deficits were: leather and leather products (R154,8 million), furniture (R156,8 million), paper and paper products (R520,8 million), footwear (R1 910,1 million), textiles (R2 389,3 million), rubber products (R2 582,1 million), food (R4 650,6 million) and wearing apparel (R7 241,3 million). However, beverages, tobacco products and wood and wood products divisions recorded a positive trade balance of R2 509,8 million, R117,1 million and R46,4 million, respectively in 2022: Q1.

- During 2022: Q1, the formal employment in the agro-processing industry moderated by 1,3% as compared to a 2,4% growth registered in the last quarter. However, it grew by 2,0% year-on-year. Formal employment contracted for paper and paper products, footwear, wood and wood products and furniture. The formal employment for, rubber products and food moderated in growth. However, formal employment for wearing apparel and leather and leather products rebounded, while it grew for textiles and beverages and tobacco divisions.

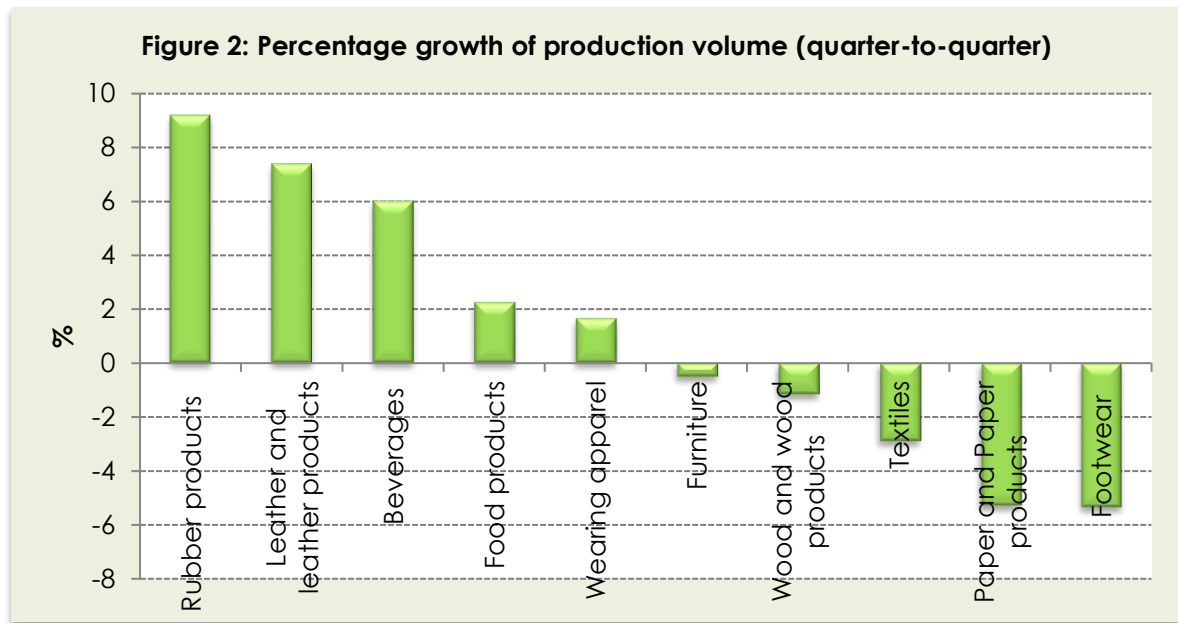
## Producer Prices



.Source: Statistics SA, 2022

In 2022: Q1, the year-on-year producer price inflation for final manufactured goods grew by 3,1% from a 2,9% growth recorded in the preceding quarter. Similarly, it increased quarter-to-quarter by 10,8% in 2022: Q1 from a 4,2% growth in the last quarter. The producer price inflation increased for rubber (19,8%), furniture (12,3%), food products (7,2%), textiles (6,5%), paper and printed products (5,8%) and beverages (3,7%). However, it moderated for sawmilling, tobacco products and wearing apparel division by 11,5%, 53% and 4,7%, respectively. The producer price inflation for footwear division stagnated by 3,9% while for textiles it remained unchanged during the period under review (see figure 1).

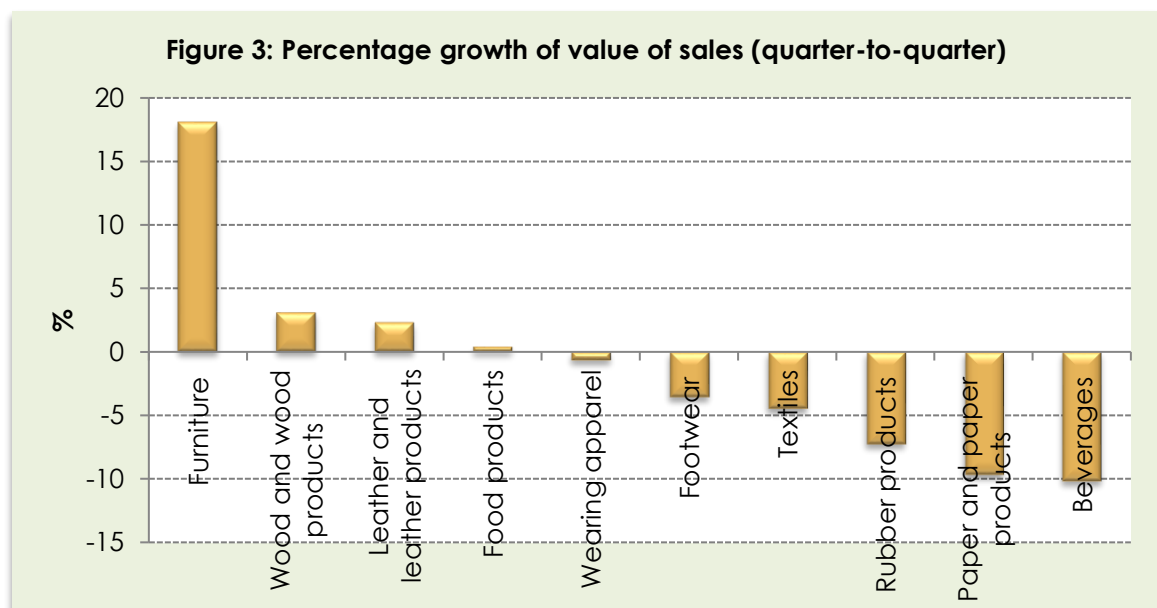
Volume of Production



Source: Statistics SA, 2022  
 \*tobacco data not supplied

Figure 2 above shows the seasonally adjusted physical volume of production for the agro-processing divisions in 2022: Q1. The agro-processing industry's volume of production moderated by 0,8% from a 4,6% growth in the last quarter. The seasonally adjusted physical volume of production contracted for furniture (0,5%), wood and wood products (1,2%), textiles (2,9%) and paper and paper products (5,3%). However, it increased for rubber products, leather and leather products and food products by by 9,2%, 7,4% and 2,3%, respectively, while it rebounded for footwear division by 5,4%. On the other hand, beverages and wearing apparel, it moderated by 6,0% and 1,7%, respectively, in 2022: Q1.

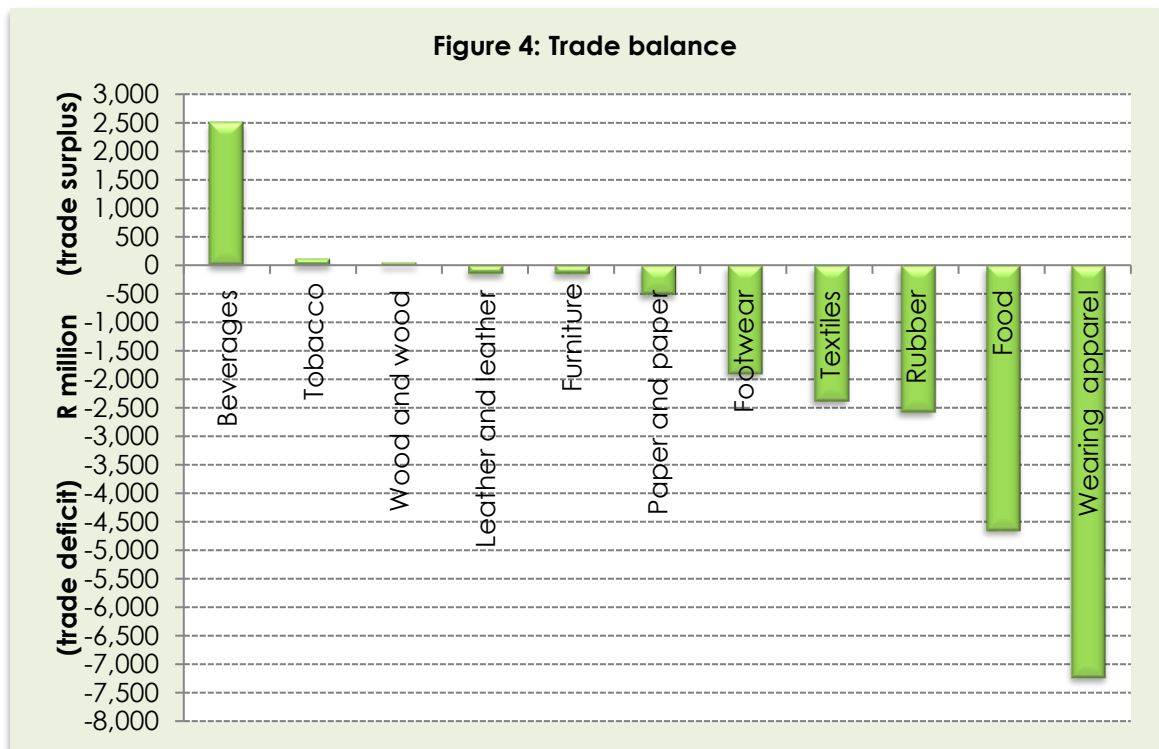
Value of Sales



Source: Statistics SA, 2022

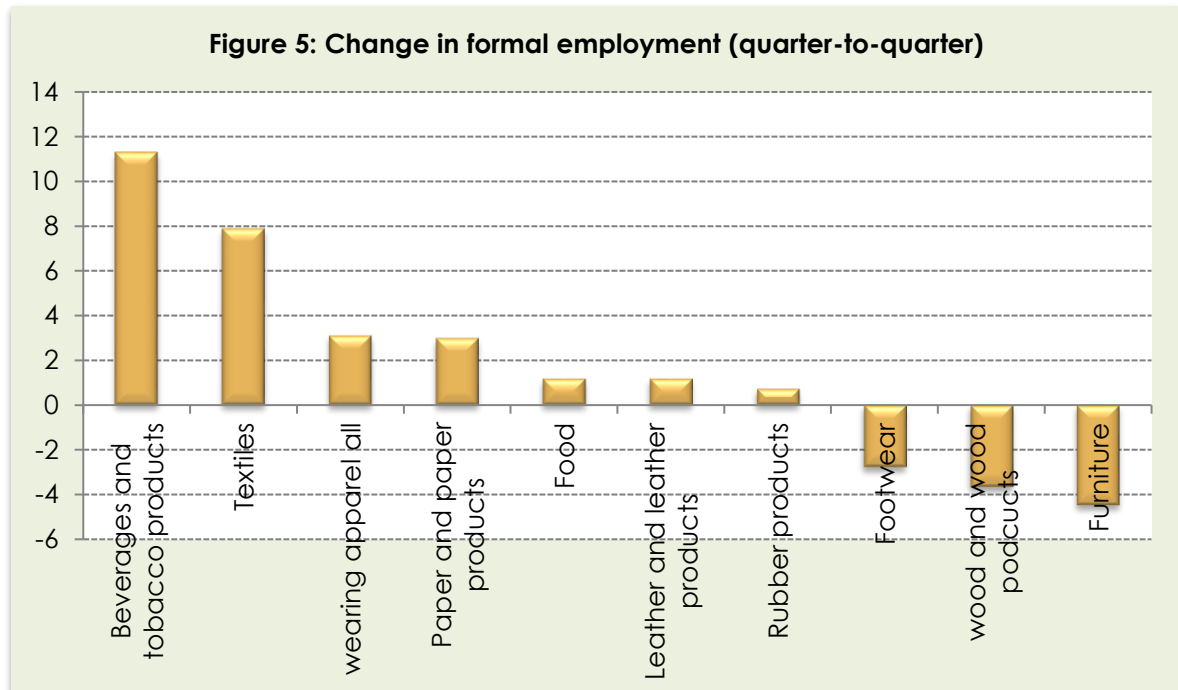
Figure 3 above shows the seasonally adjusted value of sales for the agro-processing divisions in 2022: Q1. The seasonally adjusted value of sales for agro-processing industry moderated by 3,8% in 2021: Q1 from a 5,8% growth in the last quarter. This represented an increased in nominal value of sales from R220 432,9 million in 2021: Q4 to R228 846,8 million in 2022: Q1. The seasonally adjusted value of sales rebounded for the following divisions: leather and leather products, food and footwear divisions by 8,1%, 4,2% and 2,9%, respectively. Beverages, wearing apparel, furniture and textiles divisions, it moderated by 5,8%, 5,5%, 3,9% and 2,4%, respectively, while for paper and paper products and rubber products divisions it contracted by 0,4% and 5,4%, respectively, during 2022: Q1. However, wood and wood products recorded an increased of about 4,3% in value of sales.

## Trade



Source: Quantec, 2022

During 2022: Q1, the trade deficit of the agro-processing industry widened from R10 641,8 million in 2021: Q4 to R16 932,6 million in 2022: Q1. The divisions that recorded trade deficits were: leather and leather products (R154,8 million), furniture (R156,8 million), paper and paper products (R520,8 million), footwear (R1 910,1 million), textiles (R2 389,3 million), rubber products (R2 582,1 million), food (R4 650,6 million) and wearing apparel (R7 241,3 million). However, beverages, tobacco products and wood and wood products divisions recorded a positive trade balance of R2 509,8 million, R117,1 million and R46,4 million, respectively, in 2022: Q1 (see Figure 4).



Source: Stats SA, 2022

During 2022: Q1, the agro-processing industry recorded about 448 852 jobs from 442 213 jobs in 2021: Q4, representing 5 639 jobs gained. This can be attributed to job gains recorded in the following divisions: textiles (4 787), beverages and tobacco (4761), food (2 639), wearing apparel (1 035) and rubber (87). However, furniture (1 159), wood and wood products (1 611), footwear (180), leather and leather products (54) and paper and paper products (50) divisions shed jobs during the period under review (see Figure 5).

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