



Agro-processing Quarterly Brief: No. 4, 2021

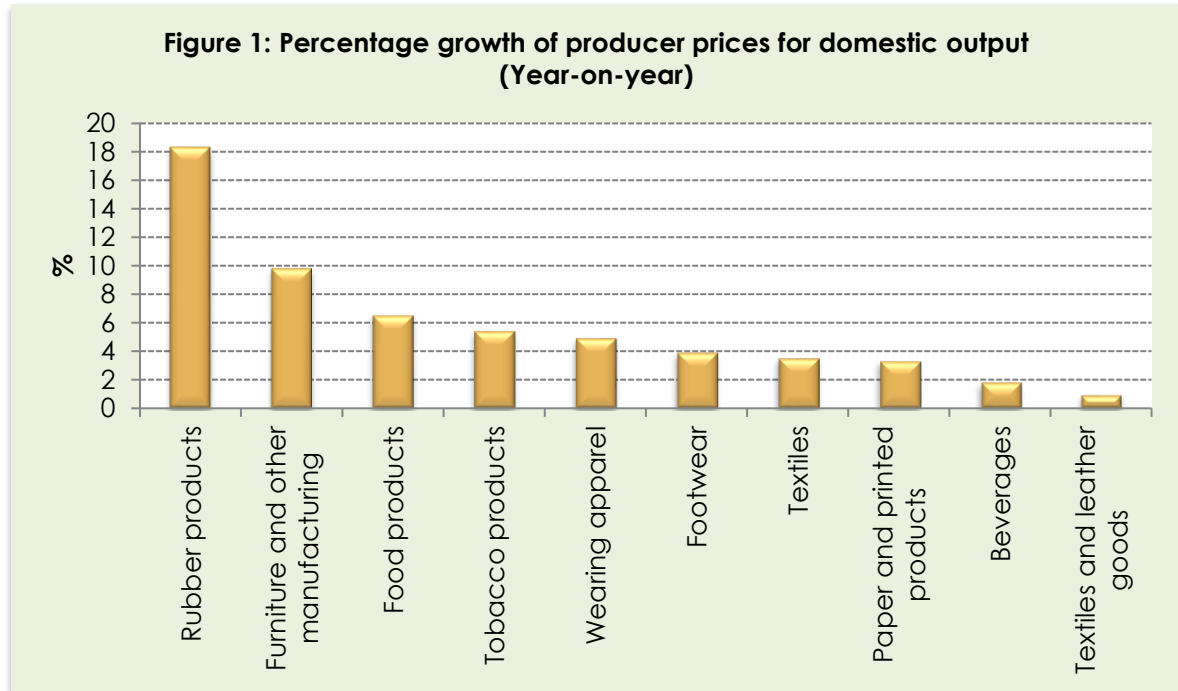
Directorate: Agro-processing Support

Highlights of 2021: Q4 (October to December)

- In 2021: Q4, the year-on-year producer price inflation for all manufactured goods grew by 9,5% following a 7,4% growth recorded in the last quarter, while quarter-to-quarter it increased by 2,9% from a 2,1% growth in the last quarter. Similarly, it increased year-on-year for furniture and other manufacturing and clothing divisions by 9,8% and 4,9%, respectively. The producer price for the following divisions: rubber, food, tobacco, paper and printed products and beverages divisions moderated in 2021: Q4, while for footwear and textiles divisions it stagnated year-on-year at 3,9% and 3,5%, respectively, in 2021: Q4.
- During 2021: Q4, the seasonally adjusted physical volume of production for agro-processed goods grew by 2,7% as compared to a 1,8% growth in the preceding quarter. Similarly, it increased for leather and leather products and paper and paper products divisions during the period under review. However, it moderated for textiles and food products divisions, while for wood and wood products, furniture and wearing apparel divisions it rebounded by 5,1%, 3,8% and 2,1%, respectively. The rubber products and footwear divisions, on the other hand, it receded further by 1,6% and 6,5%, respectively, during 2021: Q4, while for beverages division it decelerated by 4,3%.
- The value of sales in the agro-processing industry in 2021: Q4 rebounded by 3,3% from a contraction of 1,7% in the previous quarter, representing a nominal value of R423 350,1 million in 2021: Q4 from R409 864,9 million in the preceding quarter. Sales for leather and leather products, textiles, wearing apparel, wood and wood products, food and rubber products divisions rebounded during the period under review, while for furniture and paper and paper products divisions it moderated by 4,8% and 0,8%, respectively. However, sales for footwear and beverages divisions contracted by 9,5% and 16,5%, respectively, in 2021: Q4.
- During 2021: Q4, trade balance of the agro-processing industry contracted quarter-to-quarter and year-on-year by 11,8% and 10,2% from a growth of 45,3% and 88,1%, in the preceding quarter, respectively. As a result, the trade deficit narrowed from R11 682,5 million in the last quarter to R10 307,5 million in the current quarter. The divisions that had a positive trade balance during the period under review were: beverages (R3 534,0 million), paper and paper products (R2 014,6 million), wood and wood products (R546,3 million) and tobacco (R392,6 million) divisions. However, leather and leather products (R271,3 million), furniture (R310,9 million), footwear (R1 698,4 million), textiles (R2 111,2 million), food (R2 611,5 million), rubber (R3 060,2 million) and clothing (R6 731,5 million) divisions have negative trade balance.
- During 2021: Q4, employment for the rubber products, textiles, beverages and tobacco, footwear and food divisions rebounded. The employment increased for

the paper and paper products division, however, it decelerated for wearing apparel and leather and leather products divisions. Employment of furniture division, on the other hand, moderated, while it contracted for wood and wood products division.

Producer Prices

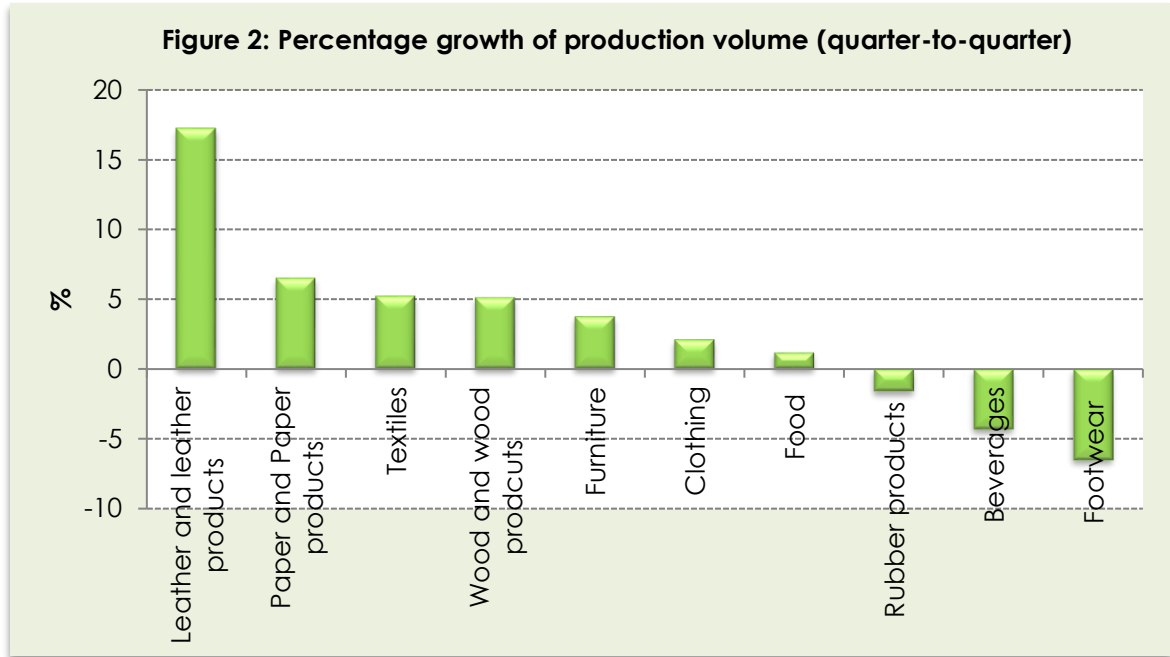


Source: Statistics SA, 2022

*Data for wood and paper products not provided

In 2021: Q4, the year-on-year producer price inflation for all manufactured goods grew by 9,5% following a 7,4% growth recorded in the last quarter. Similarly, it increased for furniture and other manufacturing and clothing divisions by 9,8% and 4,9%, respectively. However, the producer price moderated for the following divisions: rubber (18,3%), food products (6,5%), tobacco (5,4%), paper and printed products (3,3%) and beverages (1,8%), while for footwear and textiles divisions it stagnated at 3,9% and 3,5%, respectively, in 2021:Q4 (see Figure 1).

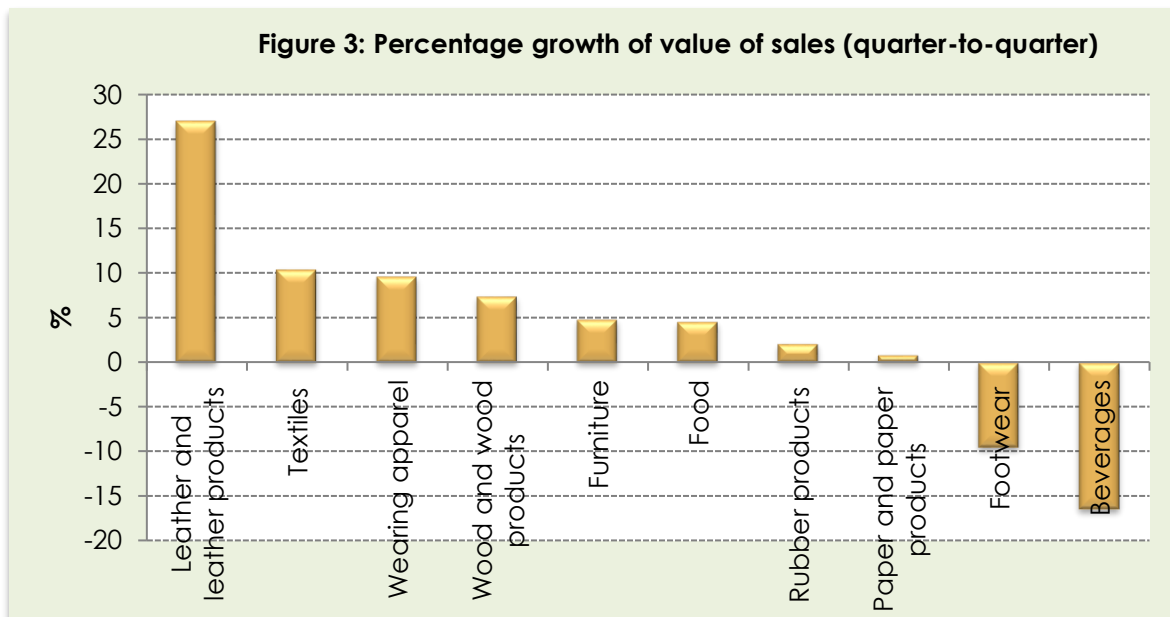
Volume of Production



Source: Quantec,,2022

Figure 2 above shows the physical volume of production for the agro-processing divisions in 2021: Q4. The volume of production for the agro-processing industry increased by 2,7% as compared to a 1,8% growth in the preceding quarter. Similarly, for leather and leather products and paper and paper products divisions it increased by 17,2% and 6,5%, respectively. However, for textiles and food products divisions it moderated during the quarter under review by 5,2% and 1,2%, respectively. It rebounded for wood and wood products, furniture and wearing apparel divisions by 5,1%, 3,8% and 2,1%,respectively. In contrast, it decelerated for beverages division by 4,3%. The rubber products and footwear divisions, on the other hand, it receded further by 1,6% and 6,5%, respectively, during 2021: Q4.

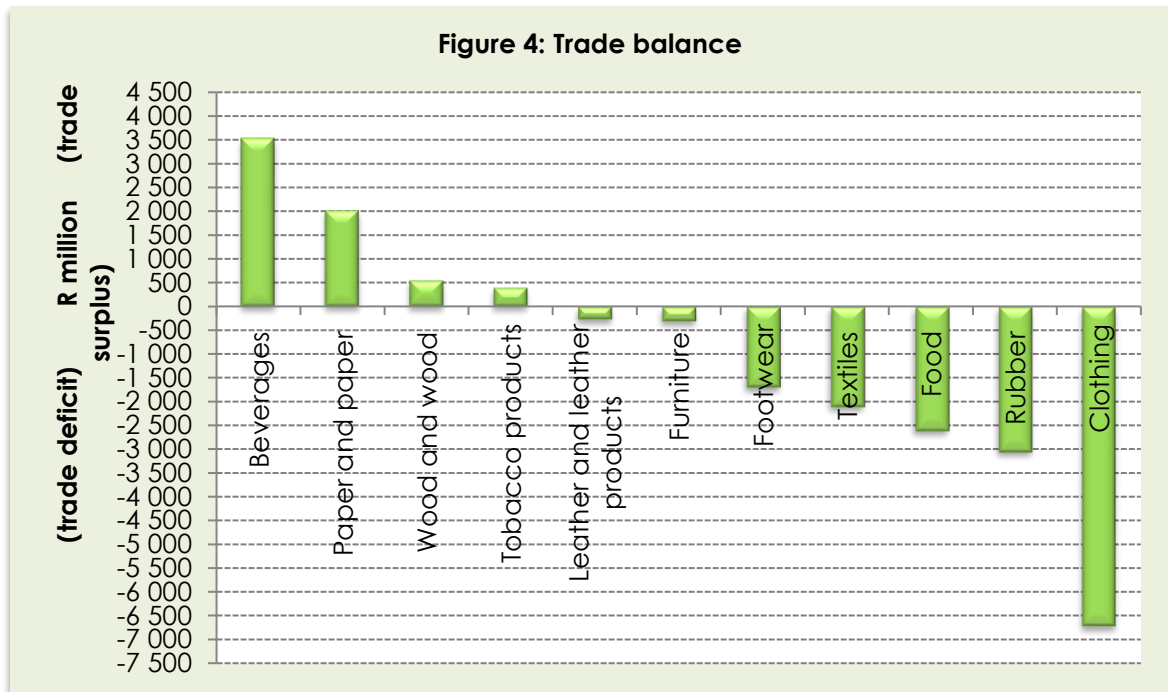
Value of Sales



Source: Quantec, 2022

During 2021: Q4, the value of sales in the agro-processing industry rebounded by 3,3% following a contraction of 1,7% in the previous quarter. Similarly, sales for leather and leather products, textiles, clothing, wood and wood products, food and rubber products divisions rebounded by 27,0%, 10,4%, 9,6%, 7,4%, 4,6% and 2,1%, respectively, during the period under review. Sales for furniture and paper and paper products divisions, however, moderated by 4,8% and 0,8%, respectively. Sales for footwear and beverages divisions, on the other hand, contracted by 9,5% and 16,5%, respectively, in 2021: Q4 (see Figure 3).

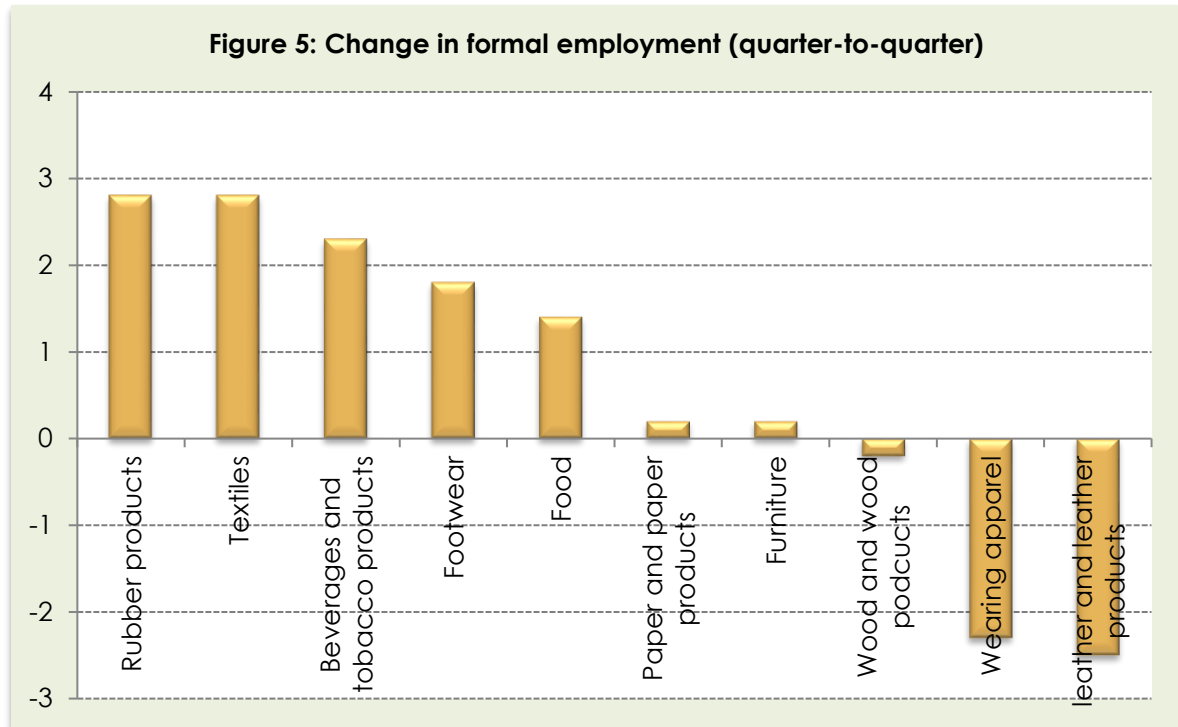
Trade



Source: Quantec, 2022

During 2021: Q4, trade balance of the agro-processing industry contracted quarter-to-quarter and year-on-year by 11,8% and 10,2% from a growth of 45,3% and 88,1% in the preceding quarter, respectively. As a result, the trade deficit narrowed from R11 682,5 million in the last quarter to R10 307,5 million in the current quarter. The divisions that had a positive trade balance during the period were: beverages (R3 534,0 million), paper and paper products (R2 014,6 million), wood and wood products (R546,3 million) and tobacco (R392,6 million). However, leather and leather products (R271,3 million), furniture (R310,9 million), footwear (R1 698,4 million), textiles (R2 111,2 million), food (R2 611,5 million), rubber (R3 060,2 million) and clothing (R6 731,5 million) divisions were at a negative trade balance (see Figure 4).

Formal Employment



Source: Stats SA (2022)

During 2021: Q4, the agro-processing industry recorded about 436 901 jobs from 432 814 jobs in 2021: Q3, representing 4 087 jobs lost. This can be attributed to job losses recorded in the following divisions: wearing apparel (784 jobs), wood and wood products (343 jobs) and leather and leather products (120 jobs). However, jobs were gained in the following divisions: food (3 029), textiles (1 357), beverages and tobacco (415 jobs), rubber products (315 jobs), footwear (112 jobs), paper and paper products (63 jobs) and furniture (43 jobs) in 2021: Q4 (see Figure 5).

All correspondence can be addressed to:

Director: Agro-processing Support
Private Bag X416, Pretoria, 0001, South Africa
Tel.: +27 12 319 8457/8311 • Fax: +27 12 319 8093 • E-mail: VictorTH@dalrrd.gov.za

This publication is also available on the internet at:
<http://www.dalrrd.gov.za>

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