

# Agri GDP growth under pressure

By Glenneis Kriel | 6 March 2024 | 1:40 pm

*The agricultural, forestry and fisheries industry shrunk by 9,7% in the fourth quarter of 2023, and 12,2% year-on-year, according to the latest GDP results released by Statistics South Africa.*



Based on the statistics, South Africa narrowly escaped a recession, thanks to real gross domestic product increasing by 0,1% in the fourth quarter of 2023, following a 0,2% contraction in the third quarter of 2023. Year-on-year, the economy grew by 0,6%, which is slower than last year's rate of 1,9%.

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Six industries recorded growth in the fourth quarter. These industries contributed between 0% and 0,2% to GDP growth.

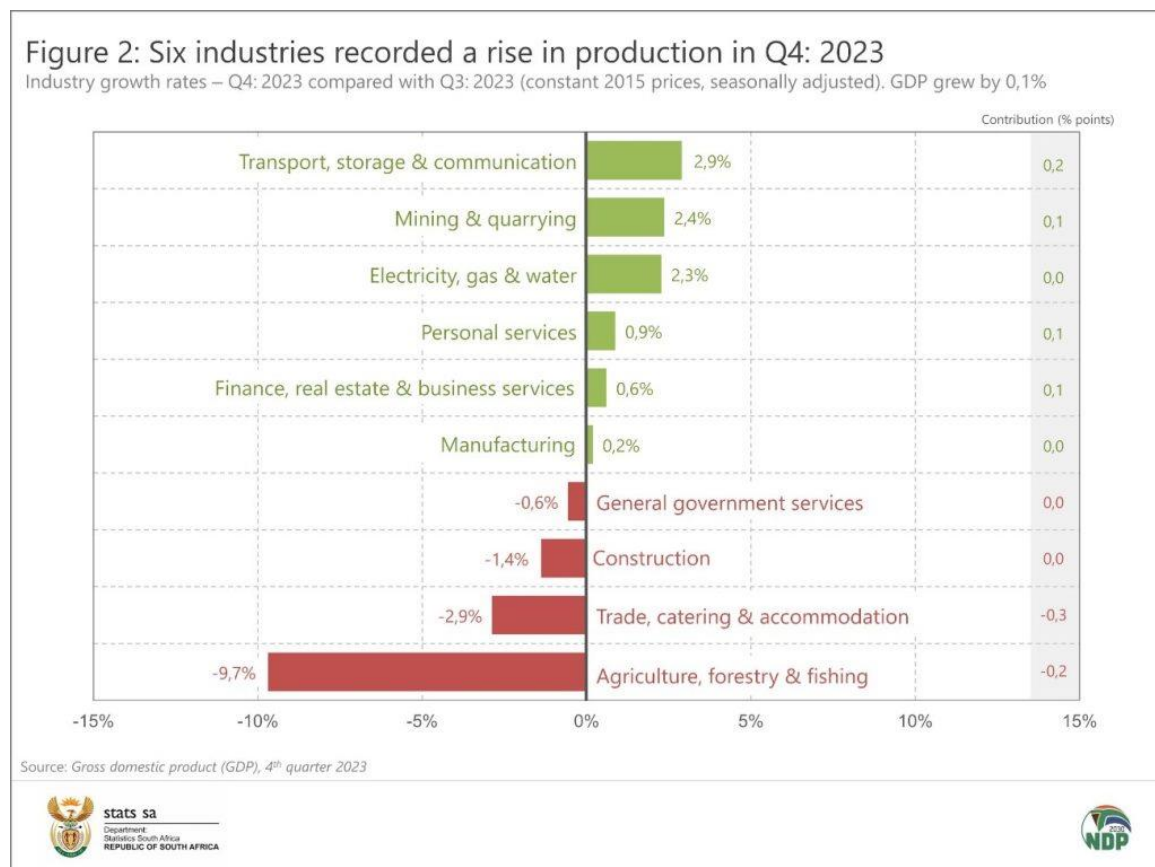
- Mining industry grew by 2,4%, e
- Electricity, gas and water by 2,3%,
- Transport and communications by 2,9%,

- Finance, real estate and business services by 0,6%,
- Personal services by 0,9%,
- Manufacturing by 0,2%.

Four industries shrunk:

- Agriculture, forestry and fisheries by 9,7%,
- Construction by 1,4%,
- Trade, catering and accommodation by 2,9%,
- General government services by 0,6%.

The contribution of agriculture, forestry and fisheries to the GDP declined by 2%, that of trade, catering and accommodation by 0,3%, and construction and general government services provided zero towards GDP growth.



The agriculture, forestry and fisheries industry recorded a negative growth of 14,3% in the first quarter of 2023, 3,7% growth in the second quarter, and negative growth of 11,7% in the third quarter. Year-on-year, the industry recorded negative growth of 12,2%.

Dawie Maree, head of agriculture information and marketing at FNB South Africa, said this was the first time the industry recorded negative year-on-year growth since 2019. In 2019, the industry shrank by 6,5%, while it recorded growth of 17,8% in 2020, 7,4% in 2021, and 0,9% in 2022.

Maree said negative growth in the agricultural industry should be seen in perspective. “We are coming from a relatively high base due to favourable production conditions in the summer rainfall areas.”

He added that animal diseases, such as avian influenza and foot-and-mouth disease, also took its toll on the livestock sectors.

Maree expects agricultural growth to remain negative in 2024, but GDP to increase by between 1% to 1,2%.

He pointed out that climatic conditions had become less favourable in the summer rainfall area due to the development of the El Niño phenomenon, which was associated with drought conditions in some parts of South Africa.

The Crop Estimates Committee also recently adjusted its summer crop outlook down by 13,48% year-on-year to 17,4 million tons, due to certain regions not receiving sufficient follow-up rain and excessive heat following the planting season.

This was despite farmers increasing their area under production by 1,2% year-on-year to 4,44 million hectares because of favourable climatic conditions at the time of planting.

Other factors that threaten agricultural growth include load-shedding and the negative impact of logistical and port challenges on exports.