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Economic remedies need as much urgency as the pandemic



In a media statement, Prof. Raymond Parsons of the North-West University Business School says the bad GDP figures for 2Q 2020 come as no surprise and confirm the devastating impact which the Covid-19 lockdown has had on the South African economy. Measured quarter on quarter, South Africa's GDP fell by a huge amount over that period, having now declined for four successive quarters and pushing the economy in a deep recession. On present evidence it looks as if South Africa will experience a negative GDP growth of about -10% in 2020 as a whole, which is broadly in line with most authoritative forecasts. Looking ahead, growth might eventually recover to about 2% to 3% next year if the situation 'normalizes'. How countries fare post-Covid-19 will be determined by how quickly their economies and societies recover from their respective lockdowns. Please [click here](#) to peruse.

SA farm economy on a firm footing



South Africa's agricultural sector was the only shining light in the second quarter of this year. The sector's gross value-added expanded by 15.1% q/q on a seasonally adjusted and annualised basis following an expansion of 27.8% q/q in the first quarter. This is, in part, because most of the sector was classified as essential and didn't close down during the strict lockdown period, whose effect extended to the second quarter. Most importantly it is due to the fact that this is a recovery year in agricultural output across all subsectors (field crops, horticulture and livestock) following prolonged periods of drought, and a surge in exports (supported by the weak exchange rate). These were also the key drivers of the expansion in the first quarter of the year. Agbiz chief economist Wandile Sihlobo discusses this subject in the [linked article](#), as well as in the [linked interview](#)

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broadcast on Newzroom Africa. Also read BFAP's perspective on agriculture's performance in quarter 2 of 2020 in the [linked report](#).

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Synergies between anti-corruption and human rights agendas

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Business at OECD (BIAC), of which BUSA is a member, and the International Organisation of Employers (IOE) have just published one of the first guides to help companies leverage corruption and human rights agendas. Please click [Connecting the anti-corruption and human rights agendas: Guide for business and employers organisations](#) to peruse. Given the widespread and systemic corruption culture in government and parts of the business community in South Africa being exposed daily, this guide is also of importance to the agribusiness sector in order to understand the linkages between corruption and human rights abuses. Corrupt practices and human rights abuses share many of the same root causes, frequently occur in areas with weak governance, and pose similar

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reputational, financial, operational, and legal risks to companies. Responses to corruption and human rights issues, however, often involve different actors, laws, regulatory considerations, business standards and practices. As a result, separate, and often siloed-government and company approaches emerge, limiting the potential for a shared response to these significant societal challenges. The new IOE and Business at OECD guide aims to break down these silos and provide companies with non-prescriptive suggestions on potential synergies between human rights and anti-corruption agendas while recognising that there is no one-size-fits all. Specifically, the guide proposes ideas for how companies can leverage existing synergies, implement a more coordinated approach to risk assessments, where appropriate, and foster experience and information sharing between those working on anti-corruption and those working on human rights by presenting a number of questions for self-assessment. It also provides an overview of the vast array of instruments and resources that exists in the fields of anti-corruption and human rights. The guide outlines examples of companies that have already embedded a more coordinated approach to human rights and anti-corruption in their operations.

POLICY AND LEGISLATION

Loading capacity clarified for staff buses under AL2



When the Minister of Cooperative Governance and Traditional Affairs published the Regulations moving South Africa to alert level 2, provision was made for public transport services, including buses and taxis, to load 100% capacity for trips of less than 200 km but were still required to adhere to a 70% limit for long-distance travel. Throughout the lockdown, uncertainty persisted regarding private buses used by employers to

transport staff to and from work. Despite being buses, they would likely be regarded as private vehicles because they are privately owned and not used as

public transport. For the first couple of weeks of lockdown level 2 this created a lot of confusion as the limits relating to private vehicles remained from level 3 at 70% capacity. It was thus unclear whether a private bus would be deemed 'public transport' and could load 100% capacity for short trips or whether it would be regarded as a 'private vehicle' and had to adhere to the 70% limit. Fortunately, the minister clarified the situation last week when [new directions](#) were issued on 2 September lifting the limit on private vehicles to 100% capacity. It is still unclear exactly which category a private bus would fall into, but the question is now largely irrelevant since both possible categories are allowed to operate at 100% capacity for short distance travel (less than 200 km).

AGRIBUSINESS RESEARCH

SA agriculture machinery sales on a firm footing in August 2020



South Africa's tractor sales maintained the positive path in August 2020, which has been underway since June, although showing a marginal increase of 0.2% y/y, with 430 units sold. Meanwhile, there were 13 units sold of combine harvesters compared to no sales in August 2019. This is still boosted, to a certain extent, by improved farmers' financial position following a large summer grains harvest

in the 2019/20 production season and combined with relatively higher commodity prices. As we highlighted in the previous notes, South Africa's 2019/20 maize, sunflower seed, and soybeans harvests are up 38% y/y, 16% y/y and 8% y/y, estimated at 15.5 million tonnes, 785 910 tonnes and 1.3 million tonnes, respectively. Agbiz chief economist Wandile Sihlobo discusses the latest data in the [linked article](#).

SA's agricultural trade surplus expanded by 32% y/y in the second quarter of 2020



The ongoing Covid-19 crisis has brought uncertainty in global trade because of disruptions it is causing in global supply chains and weakening demand. South Africa's agricultural sector, which is export-orientated, is one of the sectors we had feared would be disrupted by the pandemic, as we witnessed a couple of disruptions in some of the local ports. But the data shows that the country has managed to maintain trade as shown by

the agricultural trade surplus which expanded by 32% y/y in Q2, 2020 to US\$1.05 billion. Exports remained flat compared to last year, while imports declined notably. The growth in exports was underpinned by citrus, wine, maize, apples, sugar cane, pears, avocados, grapes and macadamia nuts, amongst other agricultural products. These products will continue underpinning South Africa's agricultural exports in the next two quarters of 2020. Read more in Wandile Sihlobo's [linked blogpost](#).

SA is flush with barley and needs to find new export markets for it



The South African barley industry is set to face a demand slump emanating from the coronavirus-induced alcohol ban, when there is a predicted record 2020/2021 farm production harvest. South Africa could produce about 505 215 tonnes of barley in 2020/2021, up 46% from the previous season. This is a result of increased area plantings and expected higher yields following

favourable rainfall in the Western Cape. The alcohol ban added to South Africa's barley bounty, and the government needs to prioritise countries for export, such as China, amid strong competition. Read more in the [linked article](#) by Wandile Sihlobo and Dr Tinashe Kapuya, written for and first published in *Business Day*.

LABOUR

Paying attention to social aspects will benefit your business



If the Covid-19 pandemic has taught us anything, it is very easy to get swallowed up in the thinking that industrialisation will lead to mechanisation and fewer workers, and fewer issues with people becoming ill and thus hampering operations. The truth is far more complex than that. Though it is quite clear, especially in the agricultural sector, that certain kinds of menial labour will be replaced by machines as technology becomes cheaper and more

accessible, blanket mechanisation in a country with a catastrophic unemployment rate such as ours can never be a viable option. The social instability South Africans experience can be traced to economic vulnerability and income inequality and a concerted push by employers, workers and other role players will be needed to address these problems. Over and above those points, there are specific reasons why employers should focus on the social aspects around a business. Jahni de Villiers of Labour Amplified discusses this subject in the [linked article](#).

AGBIZ GRAIN

Agbiz Grain in the news



Lise Roberts of *Plaas TV* and *RSG Landbou* spoke to Wessel Lemmer, general manager of Agbiz Grain, about what his new position at Agbiz Grain entails and how his background in the banking sector prepared him for this career move. He also elaborated on the projects and activities in which Agbiz Grain is involved. Please [click here](#) to

view the interview.

OTHER NEWS

Profitability of farming in the spotlight



Agbiz CEO Dr John Purchase was a guest in the first episode of Bayer TV. The discussion focused on the profitability of agriculture and the importance of farming sustainably. He elaborated on the most important factors farmers should take into consideration in order to farm successfully and sustainably. Please [click here](#) to view the interview.

Recovery plan for agriculture post-Covid-19



Agbiz chief economist Wandile Sihlobo shared his views on an economic recovery plan for the agricultural sector post Covid-19 and highlighted which aspects government, business and other stakeholders will have to focus on to achieve this, during an interview with Nedbank. Please [click here](#) to view the interview.

TIPS Tracker: the economy and the pandemic



One of the key findings in *TIPS Tracker* for the period 24 August to 6 September 2020, is that studies of steel and tourism underscore that economic recovery will require more than broad government measures to control the pandemic, stimulate demand and fix the electricity supply. In many industries, new business models are required to survive, and that imposes tough choices around write-offs of assets and employment. The

particularly stark challenges facing tourism help explain the relatively slow recovery of the Western Cape economy. The *TIPS Tracker* on the economy and the pandemic highlights important trends in the Covid-19 pandemic in South Africa, and how they affect the economy. It analyses publicly available data, research and media reports to identify current developments, and reflect on the prognosis for the contagion, the economy, and policy responses. Please [click here](#) for the latest report.

The devastating impact of Covid-19 lockdown is now crystal clear



Real economic activity deteriorated significantly in the second quarter mainly due to the Covid-19 lockdown restrictions. All sectors registered declines, with the exception of the agriculture sector. Agriculture made a positive contribution to GDP, growing by a 15% q-o-q, adding 0.3 percentage points to the quarterly number, mainly as a result of an increase in field crops, horticultural and animal production. By

contrast, the mining sector plummeted by 73.1%, subtracting a significant 6.0 percentage points from the overall figure. The sector was pulled down by a sharp fall in platinum group metals (PGMs), gold, iron ore and coal - dampened by shrinking global demand and subdued commodity prices mainly due to the

impact of global Covid-19 lockdowns. Mining production remains vulnerable as the global outlook remains uncertain and disruptions to local power supply are expected to intensify over the next 12 months. Read more in the [linked article](#) by Nedbank.

Citrus industry gets green light to export to the Philippines



After 11 years of negotiations, the South African citrus industry has been given the go-ahead to export to the Philippines after the signing of a workplan between the Department Agriculture, Land Reform and Rural Development (DALRRD) and the Philippines Bureau of Plant and Industry (BPI). With the Philippines importing around 117 000 tons of citrus between 2016 and 2018, this new market

will help keep the local industry on its strong growth trajectory. Overall, we expect the citrus industry to grow by a further 500 000 tons over the next three to five years, resulting in more job opportunities and foreign exchange revenue for South Africa. Read more in the [linked media statement](#).

Weekly newsletter from CGA

Justin Chadwick, CEO of the Citrus Growers' Association of Southern African, shares the latest news in the citrus industry in his weekly update - *From the desk of the CEO*. Please [click here](#) to peruse.

The latest news from the pork industry

Read more about the latest developments and news in the pork industry in the South African Pork Producers' Organisation's (SAPPO) newsletter, [SAPPO Weekly Update](#).

UPCOMING EVENTS



For more information, please visit the [congress web page](#).

2020 AgriAllAfrica Agribusiness Conference

Theme: "Imagined responses to Covid-19: Progress with the development of solutions"

29 October 2020 | CSIR | Pretoria (live event tbc)

Enquiries: Marianna.duplessis@gmail.com | +27 063 076 9135

MPO Virtual Annual National Congress

4 November 2020

Contact Julie McLachlan: julie@mpo.co.za or 083 740 2720

Agbiz Congress 2021

Theme: "Building resilient and sustainable agri-food ecosystems".

7-9 April 2021 | Sun City Convention Centre | South Africa

[More information](#)

Second International Congress of Biological Control (ICBC2)

26-30 April 2021 | Davos, Switzerland

[More information](#)

AGBIZ MEMBERSHIP

Why join Agbiz?

- Agbiz is the only organisation that serves the broader and common over-arching business interests of agribusinesses in South Africa.
- Agbiz addresses the legislative and policy environment on the many fronts that it impacts on the agribusiness environment.
- Agbiz facilitates considerable top-level networking opportunities so that South African agribusinesses can play an active and creative role within the local and international organised business environment.
- Agbiz research provides sector-specific information for informed decision-making.
- Agbiz newsletter publishes members' press releases and member product announcements.

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