



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

2023

DIRECTORATE: AGRO-PROCESSING SUPPORT



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
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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
GVA	Gross value added

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: 2023”*, evaluates the performance of the food and beverages divisions in 2023. The main economic indicators reviewed are the changes 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 6,0% year-on-year in 2023. The decline was notable in the primary sector, which decelerated by 5,0%. However, the secondary sector receded further by 0,1%, while the tertiary sector moderated by 1,0% (Reserve Bank, 2024).

In 2023, the agro-processing sectors' seasonally adjusted volume of production rebounded by 0,6% from a 1,2% contraction in the previous year. Most of the divisions in the sector bounced back during the period under review.

In 2023, the annual agro-processing sector's seasonally adjusted value of sales rose by 9,6% from an 8,0% growth in 2022. Therefore, sales increased from R421 529,4 million in 2022 to about R461 842,5 million in 2023. Most divisions in the sector moderated in growth in the period under review except for food products, beverages, rubber products and furniture.

The agro-processing sector trade deficit grew by 30,0% in 2023 from a 24,5% growth in 2022. As a result, the trade deficit widened from R62 133,7 million in 2022 to R43 492,1 million in 2023. Most divisions were at a positive trade balance except for the paper and paper products, beverages, wood and tobacco divisions.

Employment in the agro-processing sector moderated by 1,6% in 2023 following a 4,2% growth recorded in 2022. This represents a further addition of 7 456 jobs in 2023 from 18 465 jobs created in 2022. Most divisions in the sector created jobs in the period under review except for the wood and wood products, footwear and wearing apparel divisions that shed jobs

1. INTRODUCTION

The South African economy moderated year-on-year during 2023. This is mainly due to a deceleration in real output of the primary sector and a decline in output of both the agricultural and mining sectors. However, the manufacturing sector rebounded in 2023 (South African Reserve Bank, 2024).

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 overview of the global and domestic economic situation on the 11 divisions of 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 0,6% year-on-year in 2023 as compared to 1,9% growth in 2022. Real output of the primary sector decelerated year-on-year by 5,0% in 2023 following a contraction of 4,1% in 2022. On an annual basis, the real GVA by the agricultural sector contracted by 12,2% in 2023 following three successive years of expansion. Activity was hampered by the deepened electricity load-shedding, the outbreak of avian influenza that compressed the poultry industry, as well as challenging operating conditions, including rising fuel costs and logistical limitations. Apart from the annual contraction in output, the level of real GVA by the agricultural sector in 2023 was 12,2% higher than the pre-pandemic level in 2019.

The annual increase of the manufacturing sector was largely driven by higher production volumes of, amongst other sectors, wood and wood products, paper, publishing and printing (South African Reserve Bank, 2024).

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

	2022					2023				
Sector	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3	Q4	Year*
Primary sector	-2,0	-6,5	12,5	-2,7	-4,1	-5,3	1,8	-5,2	-2,0	-5,0
Agriculture	-0,9	-11,8	31,3	-2,4	0,9	-14,3	3,7	-11,7	-9,7	-12,2
Mining	-2,6	-3,1	1,9	-3,0	-7,1	1,4	0,6	-1,0	2,4	-0,3
Secondary sector	3,3	-4,6	1,4	-1,1	-1,1	0,8	1,4	-1,3	0,2	-0,1
Manufacturing	4,3	-5,6	1,6	-1,2	-0,4	1,0	2,1	-1,1	0,2	0,6
Construction sector	-0,6	-2,6	4,1	0,4	-3,4	1,0	-0,1	-3,3	-1,4	0,6
Tertiary sector	1,5	0,7	0,8	-0,9	3,4	0,8	0,4	0,6	0,2	1,3
Non-primary sector	1,9	-0,3	0,9	-1,0	2,5	0,8	0,6	0,9	0,6	1,8
Non-agricultural sector	1,6	-0,5	1,0	-1,1	2,0	0,8	0,6	0,2	0,3	1,0
Total	1,5	-0,8	1,8	-1,1	1,9	0,3	0,7	-0,2	0,1	0,6

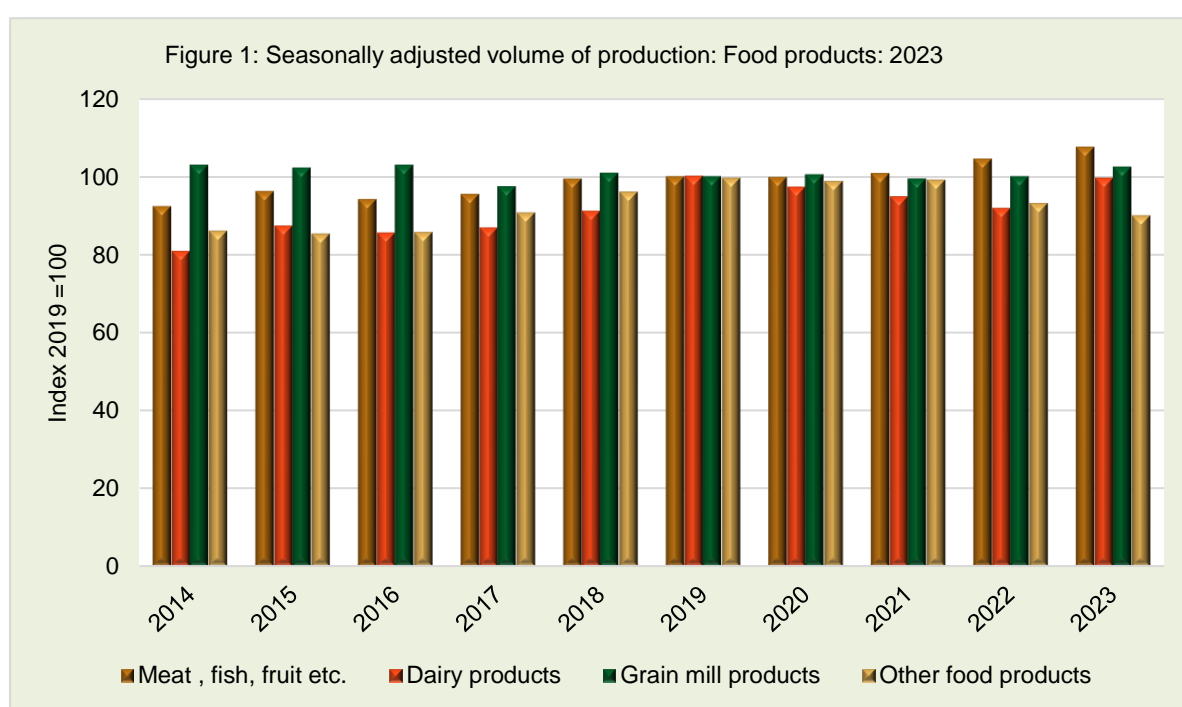
Source: South African Reserve Bank (2024)

- 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 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.

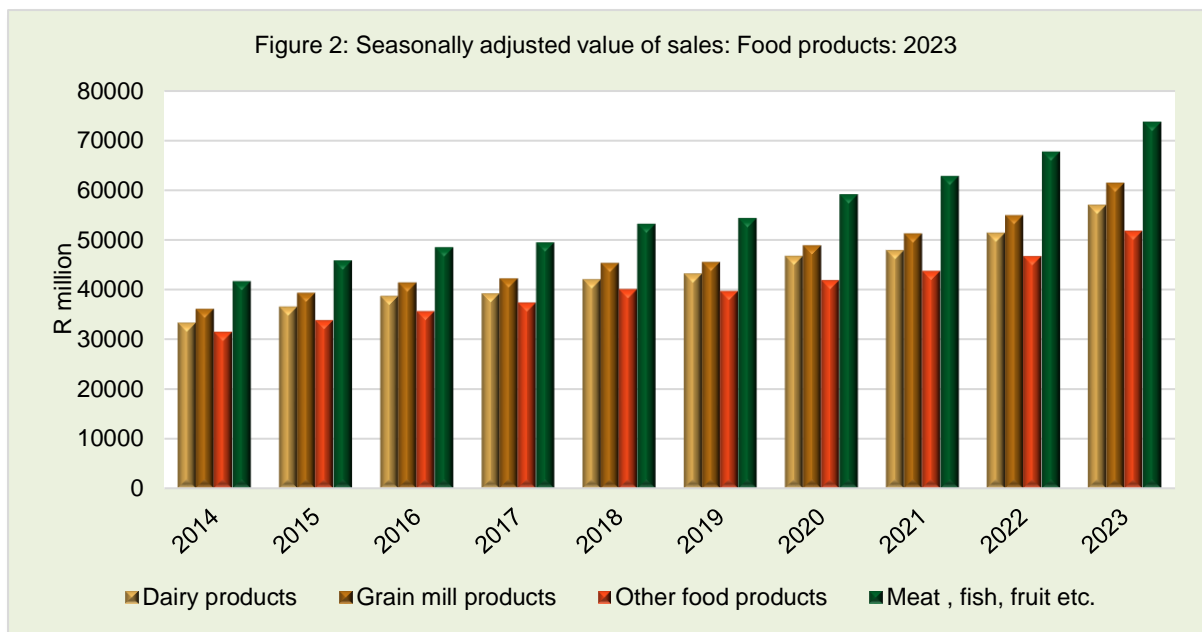
3.1 FOOD¹ PRODUCTS



Source: Quantec (2024)

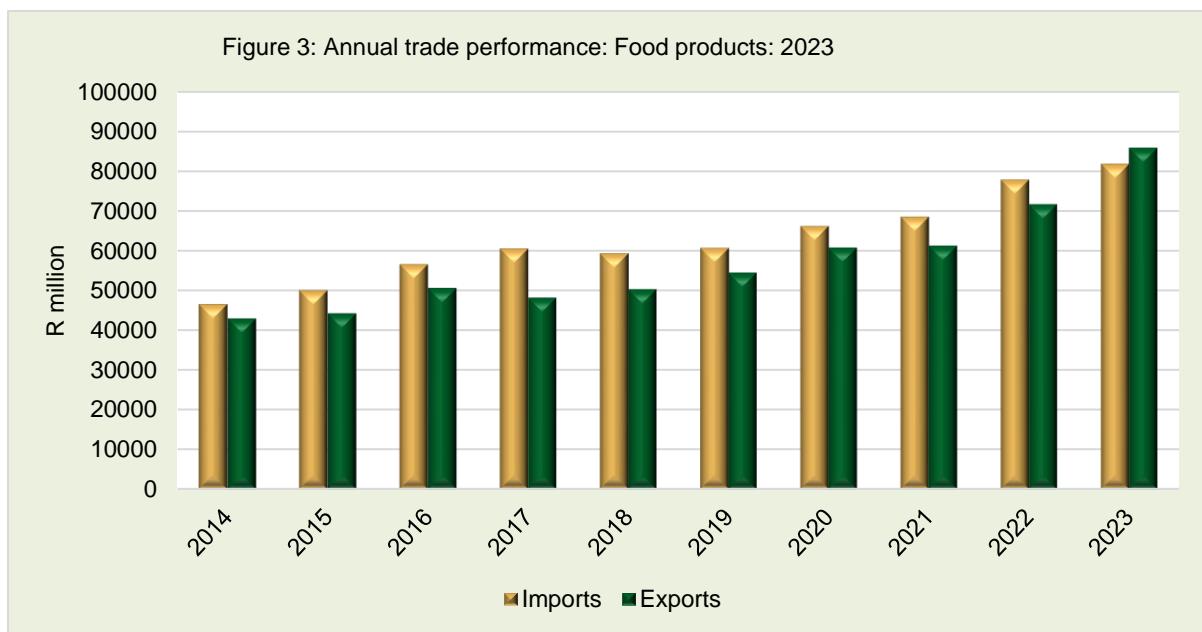
Figure 1 above depicts the average annual seasonally adjusted volume of production in the food products division of the agro-processing sector. In 2023, the output in the meat, fish, fruit, etc. division moderated by 2,9% from a 3,7% growth in 2022. Dairy products rebounded by 8,4% from a 3,1% contraction in 2022, grain mill products expanded by 2,4% following a 0,6% growth in 2022, while “other food products” receded further by 3,3% following a 6,1% contraction in 2022. The division as a whole rebounded by 2,6% in 2023 from a 1,2% contraction in 2022.

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



Source: Quantec (2024)

Figure 2 above shows the seasonally adjusted value of sales in the food products division, which is comprised of meat, fish, fruit, etc., dairy products, grain mill products and “other food products”. In 2023, sales for meat, fish, fruit, etc., and dairy products rose by 8,9% and 10,9% as compared to a 7,8% and 7,2% growth in 2022, respectively. Similarly, sales for grain mill products and “other food products” rose by 11,9% and 10,9% from a 7,2% and 6,8% growth in 2023, respectively. The division in its entirety rose by 10,6% from a 7,3% growth in 2022. The value of sales amounted to R243 963,6 million in 2023.



Source: Quantec (2024)

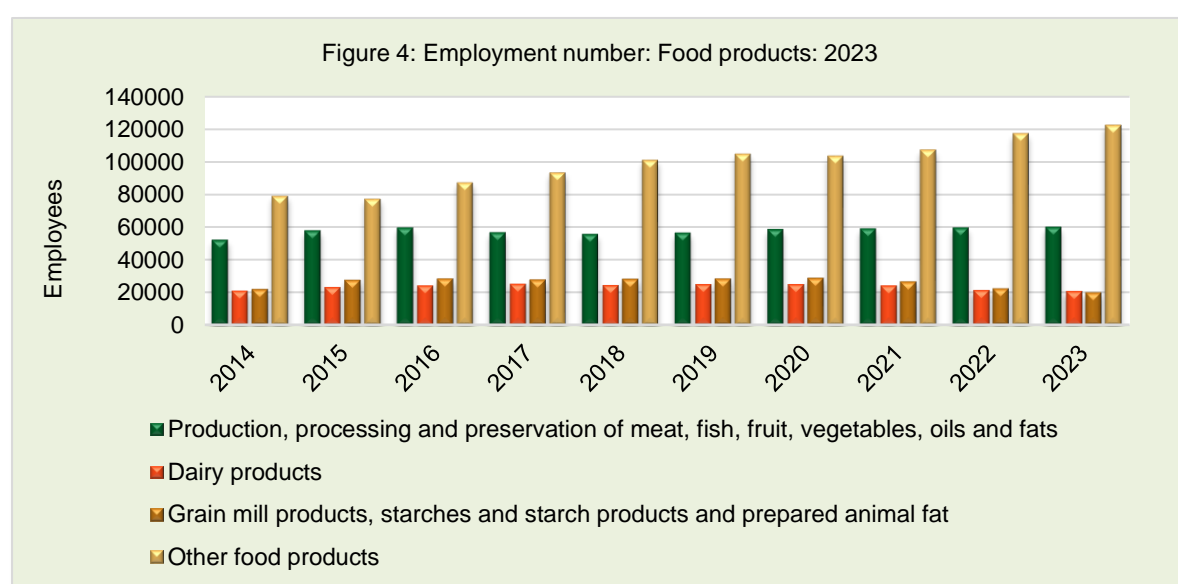
In 2023, exports for the food products rose by 19,8% from a 17,0% growth in 2022. Conversely, the food products imports moderated by 5,1% as compared to a 13,6% growth in 2022 (see Figure 3). As a result, the trade surplus of about R4 061,5 million was recorded in 2023 as compared to a trade deficit of R6 189,9 million in 2022.

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2021	79,2	20,9	2,3	0,8	0,2	10,1	7,5
2022	81,3	18,7	2,6	0,9	0,2	10,2	5,0
2023	81,7	18,3	1,9	1,0	0,3	9,4	5,8

Source: Statistics SA (2024)

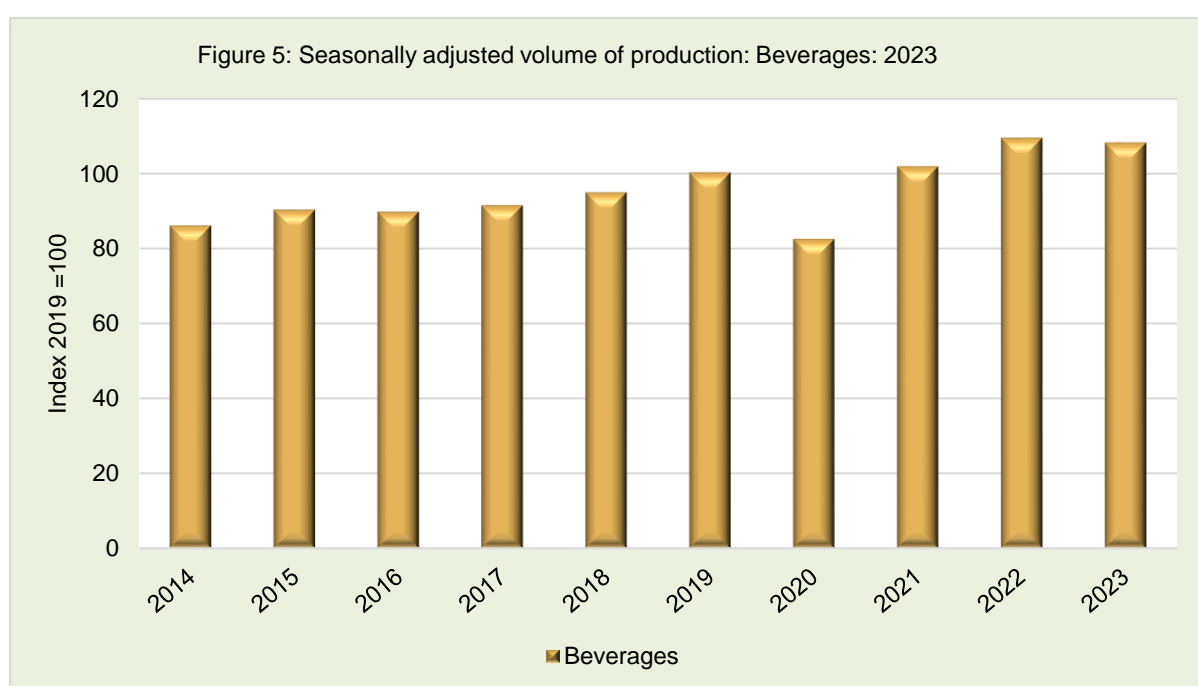
The utilisation of production capacity by large enterprises in the food products division increased in 2023 to 81,7% from 81,3% in 2022. This represents an increase of 0,4 percentage points. The main reason for underutilisation during 2023 was due to insufficient demand, followed by other reasons such as seasonal factors (see Table 2).



Source: Quantec (2024)

Figure 4 above depicts employment in the food products division during 2023. The employment in the production, processing and preservation of the meat, fish, fruit, vegetables, oils and fats and “other food products” moderated by 0,5% and 4,4% in 2023 from a 0,9% and 9,3% growth, respectively, in 2022. The dairy products and grain mill products divisions, on the other hand, receded further by 3,1% and 10,8% from an 11,5% and 15,5% contraction in 2022, respectively. The division as a whole moderated by 1,1% in 2023 following a 1,7% growth in 2022. As a result, the division created a further 2 419 jobs in 2023 as compared to 3 736 jobs created in 2022.

3.2 BEVERAGES



Source: Quantec (2024)

Figure 5 shows the average seasonally adjusted volume of production in the beverages division. In 2023, the output for the beverages division contracted by 1,1% from a growth of 7,5% recorded in 2022. Output was highest in 2022 and lowest in 2020.



Source: Quantec (2024)

Figure 6 above depicts the seasonally adjusted value of sales for the beverages division. In 2023, sales for the beverages division expanded by 14,4% as compared to a growth of 2,7% in 2022. Sales for the division were highest in 2023 and lowest in 2014. The value of sales amounted to R41 970,6 million in 2023.



Source: Quantec (2024)

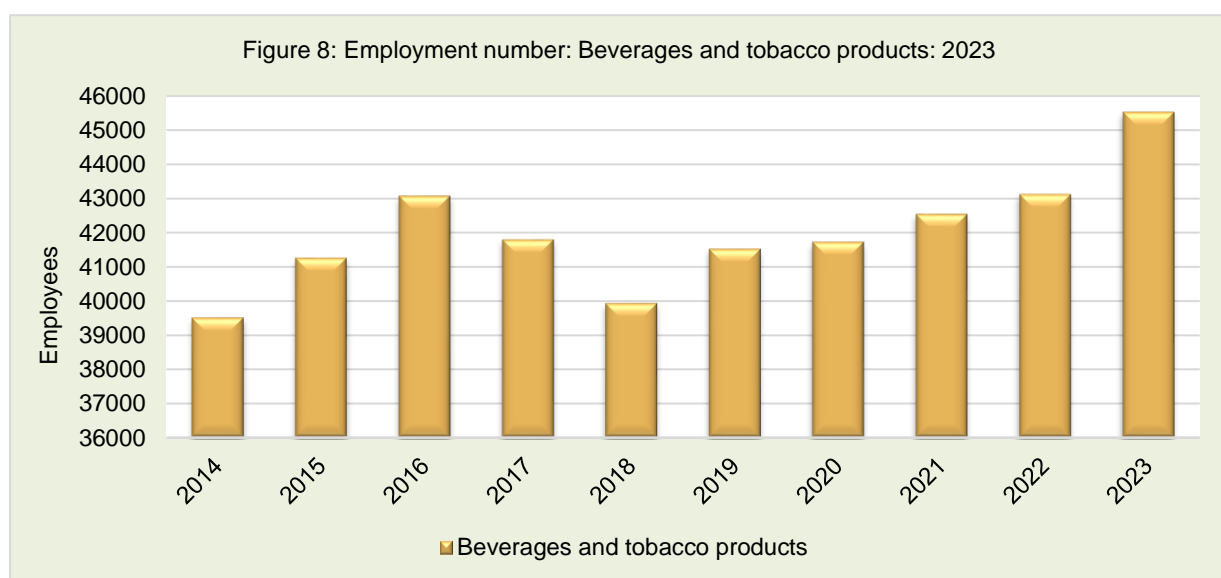
In 2023, the exports for the beverages division moderated by 5,9% in 2023 following a 15,0% growth in 2022. Similarly, the beverages imports moderated by 21,7% following a growth of 24,6% in 2022. As a result, the trade surplus narrowed from R10 692,0 million in 2022 to R9 689,3 million in 2023 (see Figure 7).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
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
2023	82,5	17,6	2,5	3,2	0,2	9,6	2,2

Source: Statistics SA (2024)

The utilisation of production capacity increased to 82,5% in 2023 from 81,0% in 2022, this translates to an increase of about 1,5 percentage points as shown in Table 3 above. The main reason for underutilisation was insufficient demand, followed by other reasons such as shortage of skilled labour.



Source: Quantec (2024)

Figure 8 above shows the number of employees in the beverages and tobacco division from 2014 to 2023. In 2023, the employment in the beverages and tobacco division rose by 5,6% as compared to a 1,4% growth in 2022. As a result, 2 409 more jobs were created in 2023 as compared to 580 jobs created in 2022.

3.3 TOBACCO



Source: Quantec (2024)

In 2023, the exports of the tobacco division expanded by 51,3% from a 9,1% growth in 2022. However, imports of the tobacco division moderated by 6,3% following a 42,3% growth in 2022. As a result, the trade surplus widened from R609,8 million in 2022 to R1 930,7 million in 2023 (see Figure 9).

3.4 TEXTILES



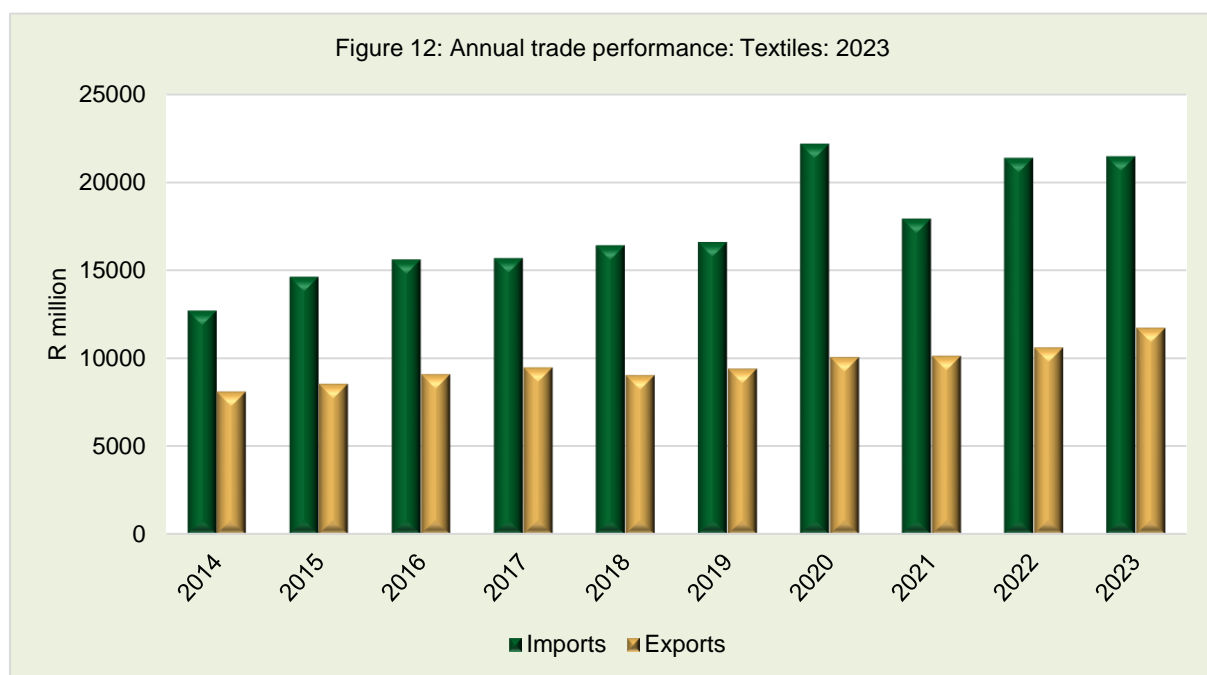
Source: Quantec (2024)

In 2023, the volume of production for the textiles divisions receded further by 5,2% following a 5,7% contraction in 2022. However, “other textiles” contracted by 1,9% from a 3,9% growth in 2022. The division as a whole receded further by 3,5% in 2023 from a 14,6% contraction in 2022. The output for “other textiles” was highest in 2014 and lowest in 2020 (Figure 10). Textiles output, however, was highest in 2022 and lowest in 2020.



Source: Quantec (2024)

Figure 11 above depicts the seasonally adjusted value of sales for the textile division. In 2023, the seasonally adjusted value of sales in the textile and “other textile” division moderated by 6,7% and 6,5% following a growth of 10,5% and 10,6% in 2022, respectively. Sales for the division as a whole division moderated by 6,5% in 2023 following a 10,6% growth in 2022. Sales for the textiles division were highest in 2023 and lowest in 2014. However, sales for the “other textiles” division, on the other hand, were highest in 2023 and lowest in 2020. The division’s value of sales as a whole amounted to R46 273,1 million in 2023.



Source: Quantec (2024)

In 2023, textile exports and imports moderated by 10,6% and 0,4% from a 4,7% and 19,2% growth in 2022, respectively. As a result, the trade deficit narrowed from R10 786,3 million in 2022 to R9 739,7 million in 2023 (see Figure 12).

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

Period	Utilisation	Reasons for underutilisation			
			Shortage of		Insufficient demand
				Labour	

		Total underutilisation	Raw materials	Skilled	Semi- and unskilled		
2021	66,2	33,9	3,5	1,3	0,3	23,7	5,1
2022	67,2	32,8	1,7	1,0	0,1	23,4	6,6
2023	66,6	33,4	2,1	0,6	0,0	23,9	6,9

Source: Statistics SA (2024)

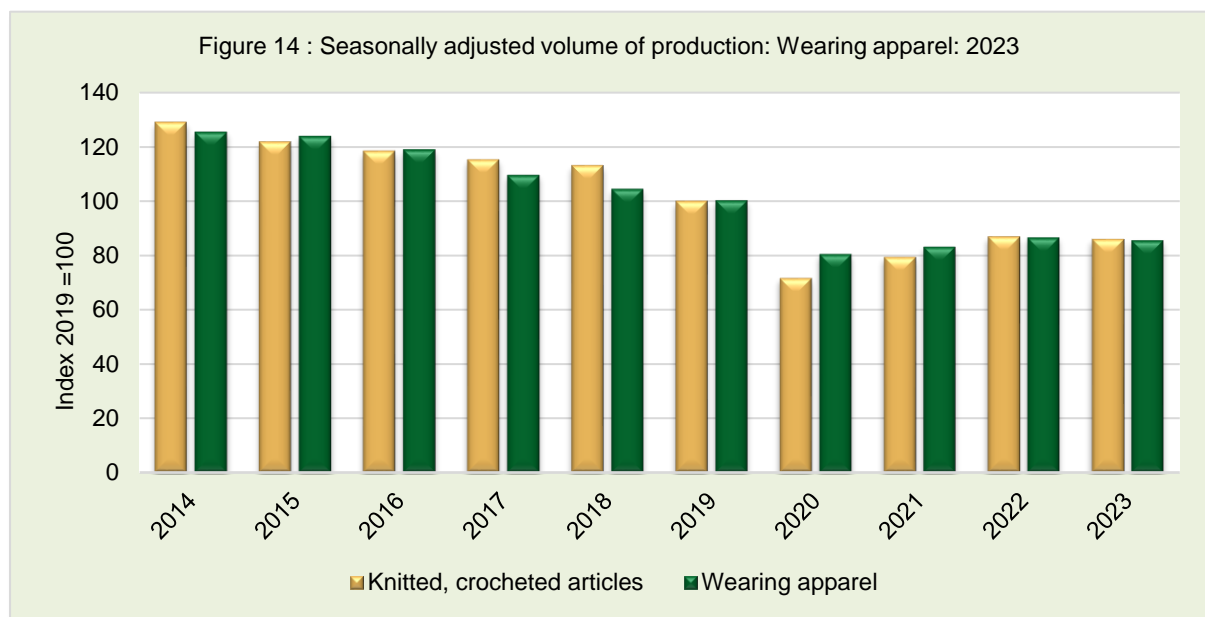
Table 4 illustrates the utilisation capacity by large enterprises in the textiles division. The utilisation capacity declined in 2023 to 66,6% from 67,2% in 2022. This translates to a decline of about 0,6 percentage points. Insufficient demand remains the main reason for underutilisation in 2023, followed by other reasons such as seasonal factors.



Source: Quantec (2024)

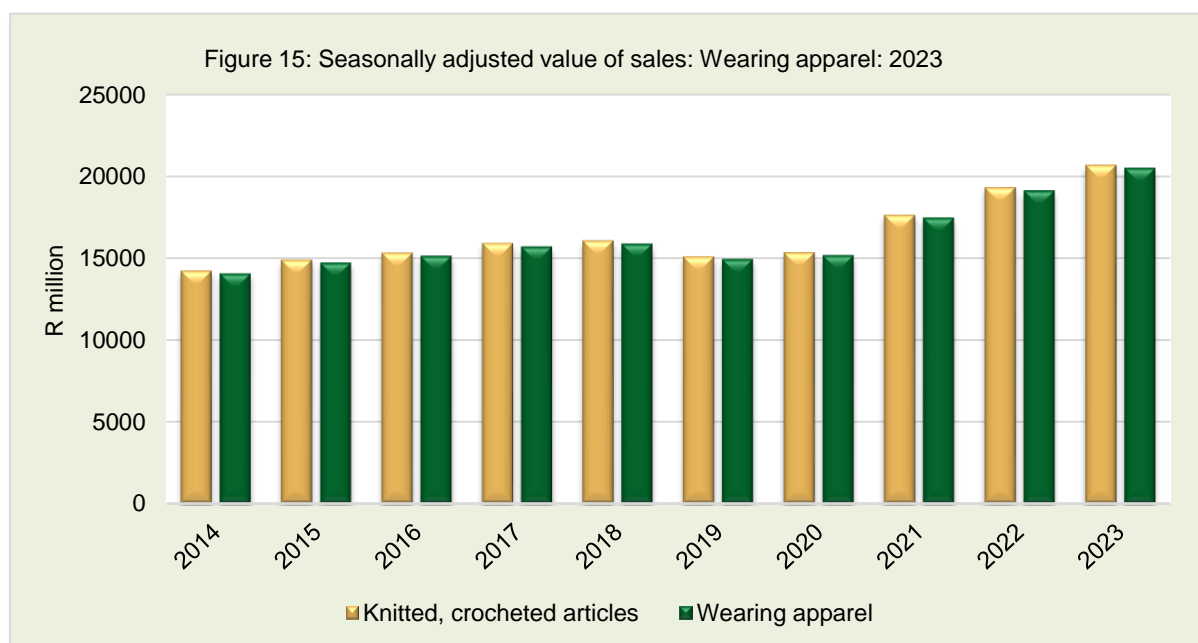
Figure 13 above shows the number of employees in the textiles division in 2023. The employment in the preparation and spinning of textiles division contracted by 0,8% from a 3,2% growth in 2022. However, “other textiles” moderated by 8,0% following a 11,5% growth in 2022. The division as a whole moderated by 5,7% in 2023 as compared to a 9,3% growth in 2022. As a result, the division gained 1 600 more jobs in 2023 as compared to 2 363 jobs gained in 2022.

3.5 WEARING APPAREL



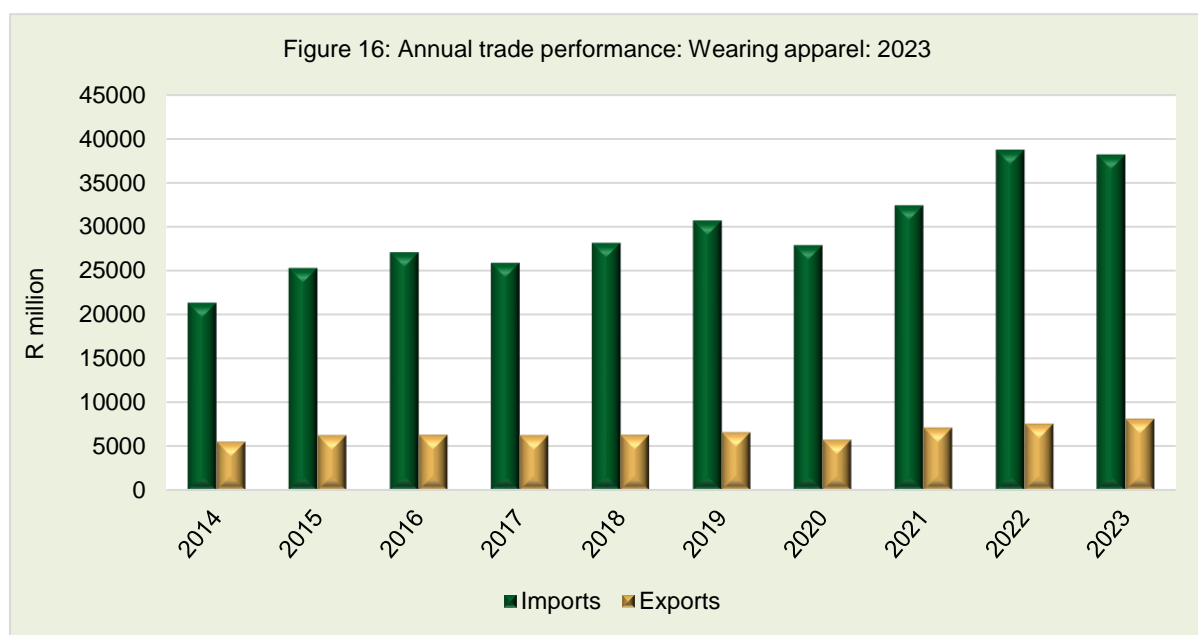
Source: Quantec (2024)

During 2023, the annual seasonally adjusted volume of production in the knitted, crocheted articles and wearing apparel divisions contracted by 1,2% and 1,3% from a 9,5% and 4,1% growth in 2022, respectively. The division in its entirety contracted by 7,0% in 2023 from a 5,5% growth in 2022. Output for wearing apparel was highest in 2014 and lowest in 2020. However, output for the knitted, crocheted articles was highest in 2014 and lowest in 2020 (see Figure 14).



Source: Quantec (2024)

In 2023, the annual seasonally adjusted value of sales in the knitted and crocheted articles and wearing apparel division rose by 7,1% and 7,2% from a 9,6% and 9,5% growth in 2022, respectively. Value of sales for the wearing apparel division were highest in 2023 and lowest in 2014. The value of sales of the division as a whole amounted to R46 273,1 million in 2023 (see Figure 15).



Source: Quantec (2024)

In 2023, the wearing apparel division exports rose by 7,4% from a growth of 6,3% in 2022, however, imports contracted by 1,4% in 2023 from a 19,5% growth in 2022. As a result, the trade deficit narrowed from R32 234,2 million in 2022 to R30 148,9 million in 2023 (see Figure 16).

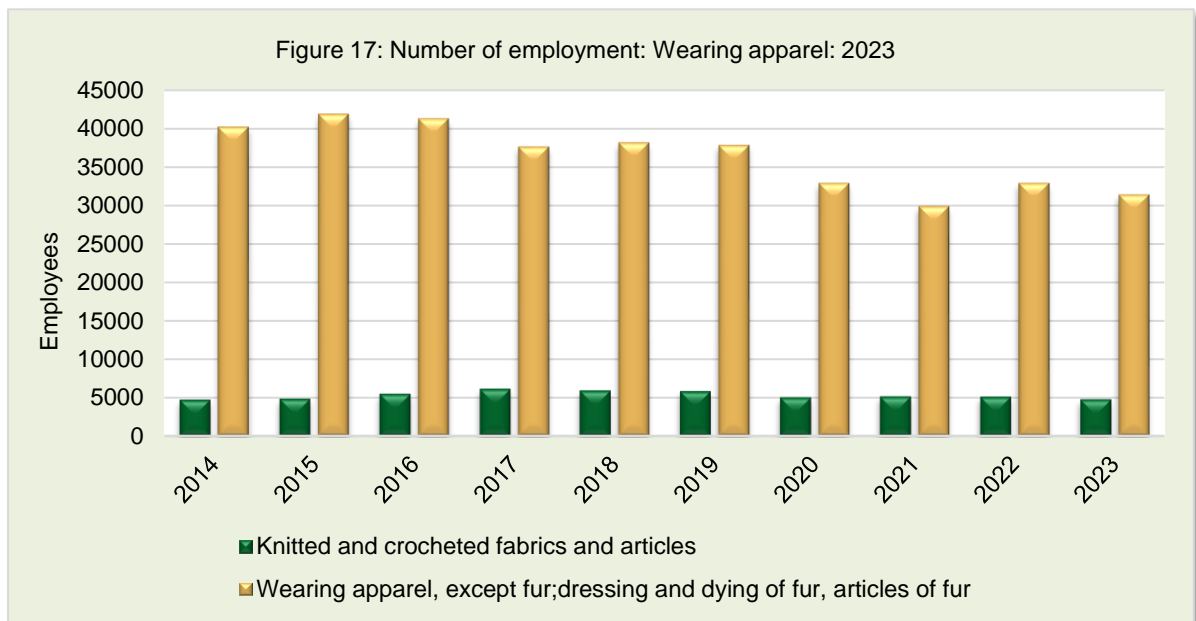
Table 5: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wearing apparel (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2021	72,6	27,5	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
2023	73,9	26,2	0,6	1,5	0,8	18,5	4,7

Source: Statistics SA (2024)

Table 5 above shows that the utilisation capacity declined in 2023. The utilisation capacity declined to 73,9% in 2023 from 74,0% in 2022. This represents a 1,3 percentage points decline in 2023. Insufficient demand remains the main reason for underutilisation of production capacity during 2022, followed by other reasons such as lower production.



Source: Quantec (2024)

In 2023, the employment number in the knitted and crocheted articles division decelerated by 6,9% from a 0,7% contraction in 2022. However, the wearing apparel division contracted by 4,5% in 2023 as compared to a 10,1% growth in 2022. The employment for the division as a whole contracted by 4,8% in 2023 following an 8,5% growth in 2022. As a result, 1 835 jobs were shed in 2023 as compared to 2 967 jobs created in 2022 (see Figure 17).

3.6 LEATHER AND LEATHER PRODUCTS



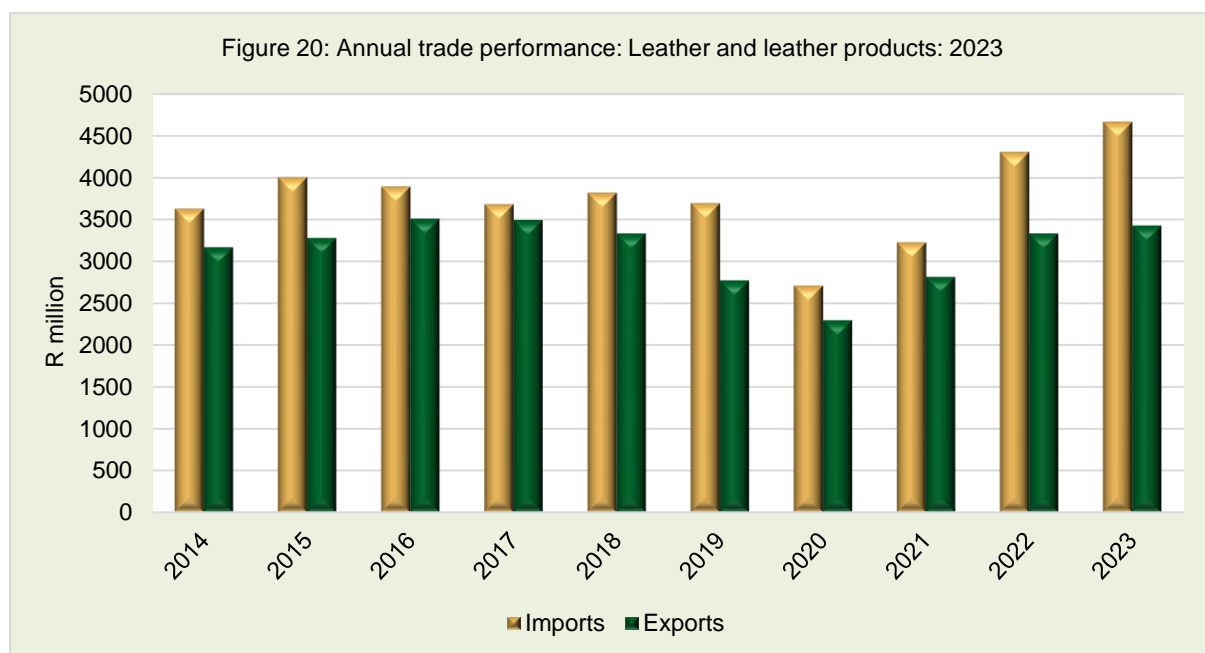
Source: Quantec (2024)

Figure 18 above illustrates the seasonally adjusted volume of production in the leather and leather products division. In 2023, the seasonally adjusted volume of production of leather and leather products contracted by 8,3% from a 4,1% growth in 2022. The output for the leather and leather products division was highest in 2014 and lowest in 2020.



Source: Quantec (2024)

Figure 19 above presents the value of sales in the leather and leather products division. In 2023, the seasonally adjusted value of sales in the leather and leather products division moderated by 7,6% following an 11,8% growth in 2022. The value of sales for the leather and leather products division amounted to R18 568,9 million in 2023.



Source: Quantec (2024)

In 2023, the exports and imports of the leather and leather products division moderated by 2,8% and 8,4% from an 18,5% and 33,6% growth registered in 2022, respectively. As a result, the trade deficit widened from R977,2 million in 2022 to R1 245,9 million in 2023 (see Figure 20).

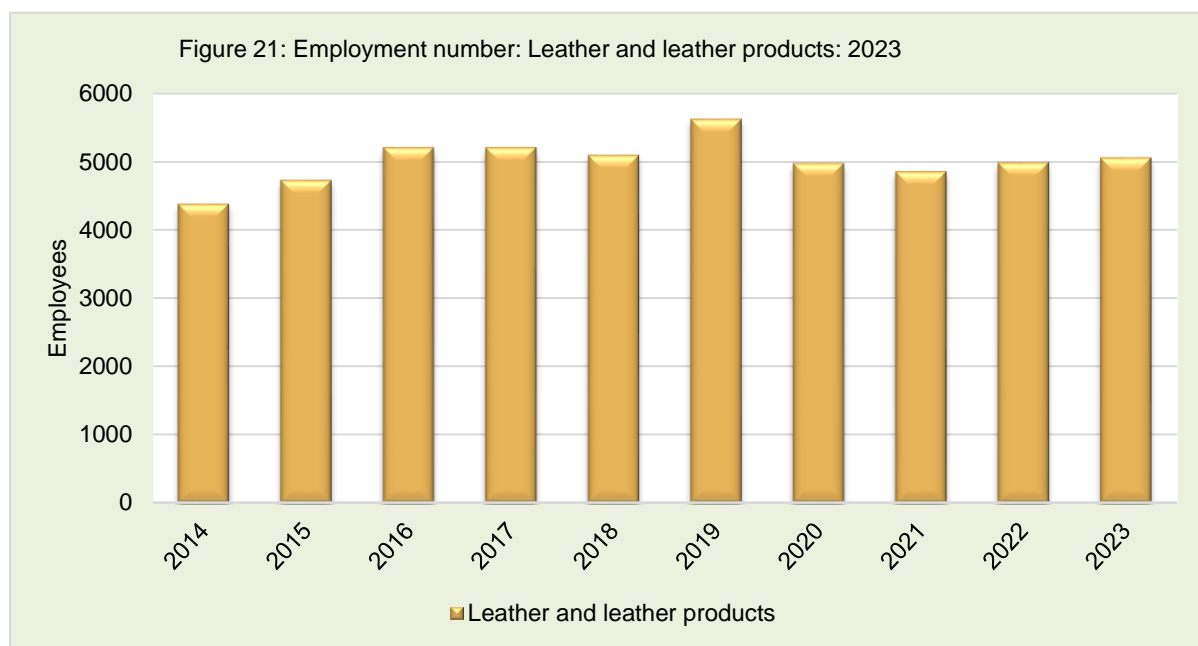
Table 6: Utilisation and reasons for underutilisation of production capacity by large enterprises: Leather and leather products (percentage)

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

2023	61,8	38,3	4,3	0,5	0,9	30,8	1,8
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Source: Statistics SA (2024)

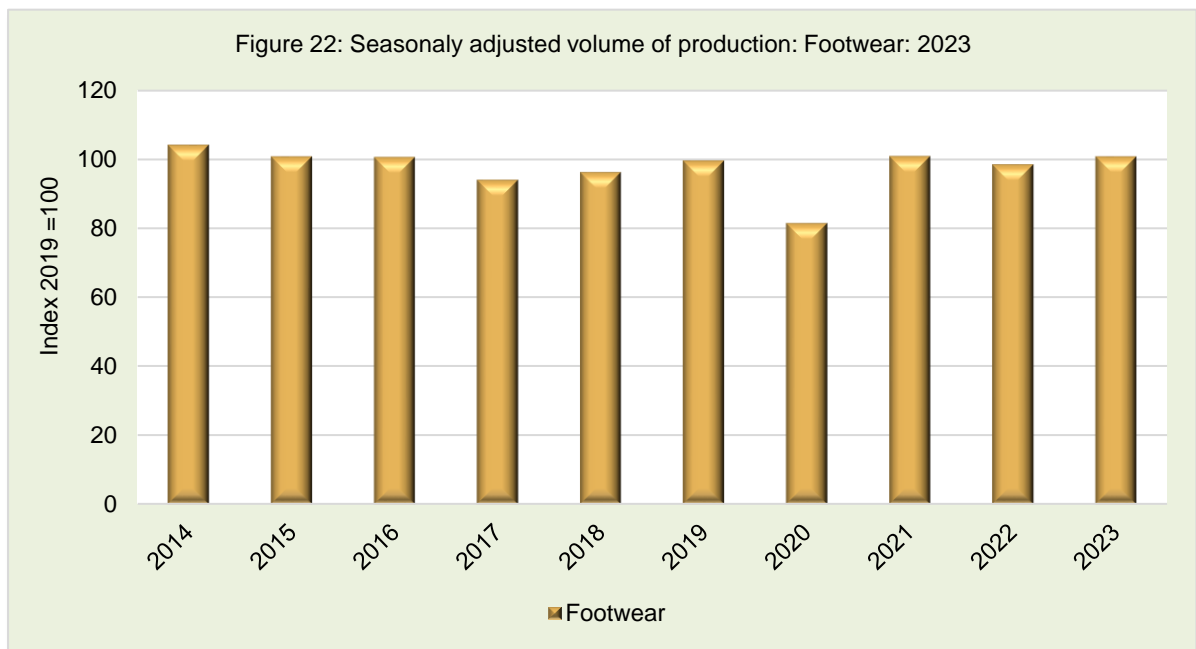
The utilisation of production capacity in the leather and leather products division decreased in 2023 to 61,8% from 64,9% in 2022. This represents a 4,6 percentage points decrease in 2023 (see Table 6). Insufficient demand remained the main reason for underutilisation, followed by other reasons such as shortage of raw materials.



Source: Quantec (2024)

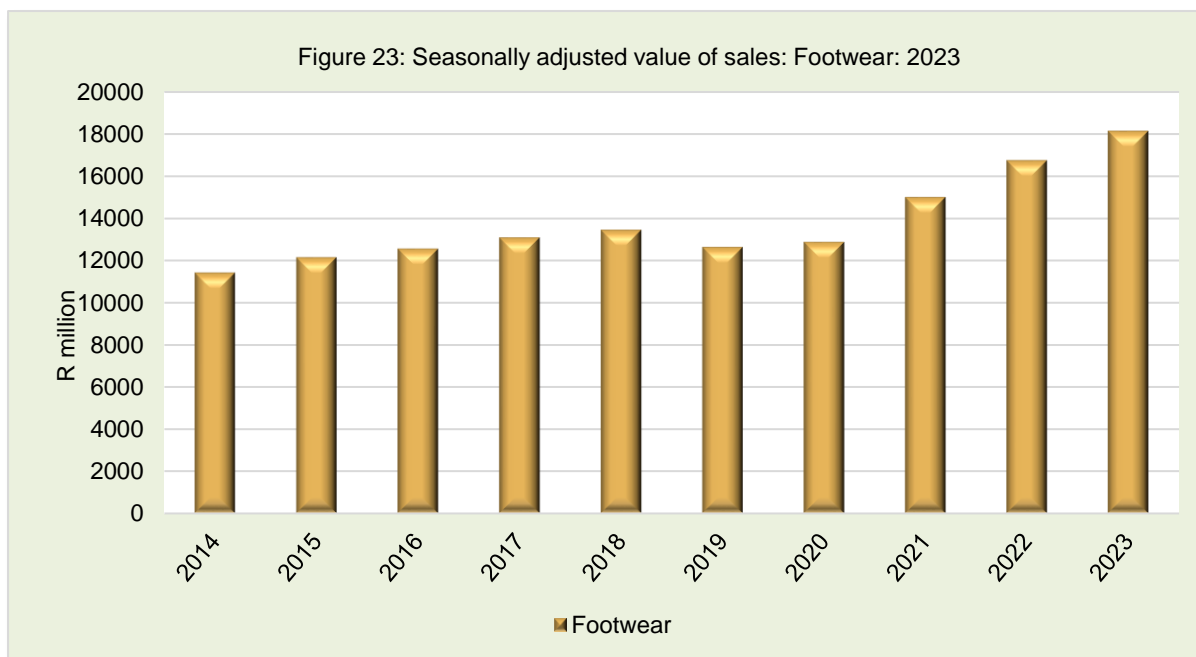
Figure 21 above shows the number of employees in the leather and leather products division in 2023. The employment in the leather and leather products division moderated by 1,4% in 2023 from a 2,7% growth registered in 2022. As a result, 70 more jobs were created in the division in 2023 as compared to 131 jobs created in 2022.

3.7 FOOTWEAR



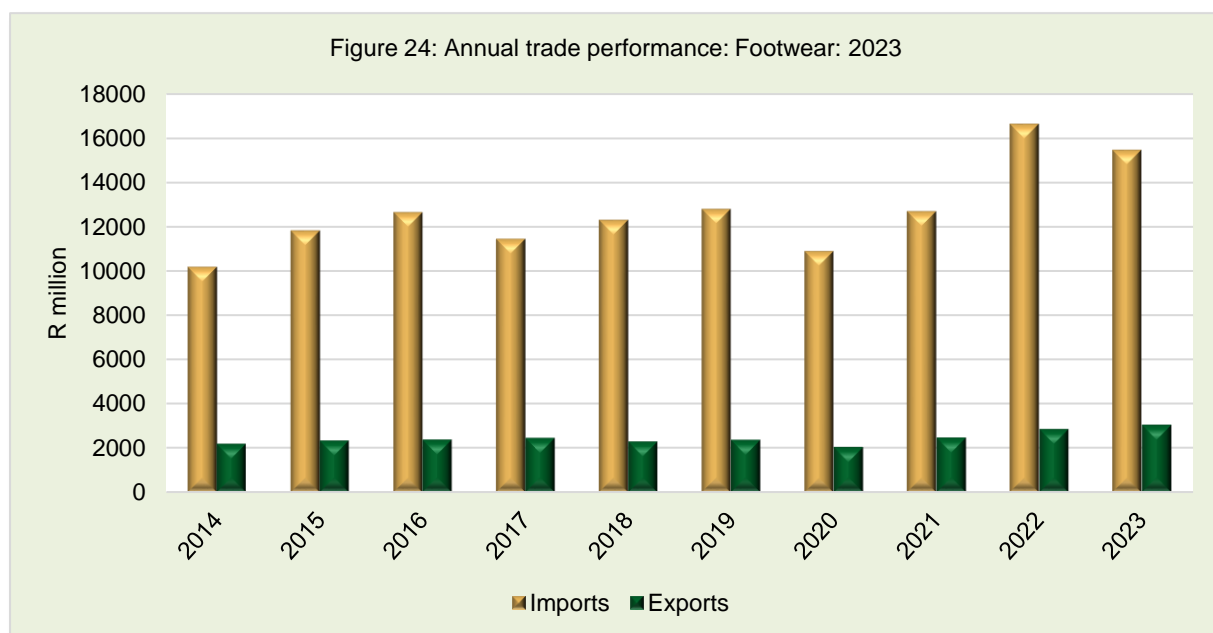
Source: Quantec (2024)

Figure 22 above shows the seasonally adjusted volume of production in the footwear division. In 2023, the volume of production for the footwear division rebounded by 2,4% as compared to a 2,4% contraction in 2022. The volume was highest in 2014 and lowest in 2020.



Source: Quantec (2024)

The seasonally adjusted value of sales in the footwear division moderated by 8,3% in 2023 as compared to a growth of 11,7% in 2022. The value of sales for the footwear division was approximately R18 151,8 million in 2023. Sales were highest in 2023 and lowest in 2014 (see Figure 23).



Source: Quantec (2024)

In 2023, the exports of the footwear division moderated by 6,5% following a 15,2% growth in 2022. However, the imports of the footwear division contracted by 7,1% in 2023 as compared to a 31,1% growth registered in 2022. As a result, the trade deficit narrowed from R13 815,2 million in 2022 to R12 459,0 million in 2023 (see Figure 24).

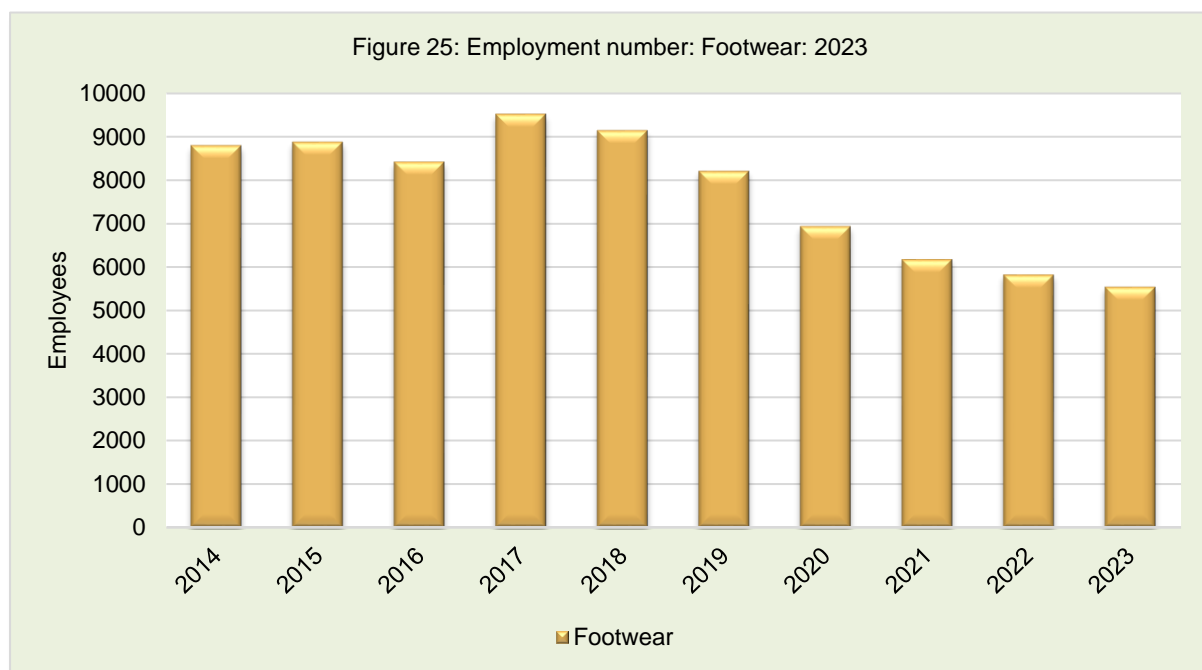
Table 7: Utilisation and reasons for underutilisation of production capacity by large enterprises: Footwear (percentage)

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

2023	83,7	16,3	4,3	1,0	0,1	11,0	0,0
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Source: Quantec (2024)

The utilisation of production capacity in the footwear division increased to 83,7% in 2023 from 83,5% in 2022. This represents a 0,7 percentage points increase in 2023 (see Table 7). Insufficient demand remained the key reason for underutilisation during the period, followed by shortage of raw materials.



Source: Quantec (2024)

Figure 25 above shows the number of employees in the footwear division. In 2023, the employment in the footwear division receded further by 4,8% from a 5,7% contraction in 2022. As a result, a further 281 jobs were shed in the division in 2023 as compared to 354 jobs lost in 2022.

3.8 WOOD AND WOOD PRODUCTS



Source: Quantec (2024)

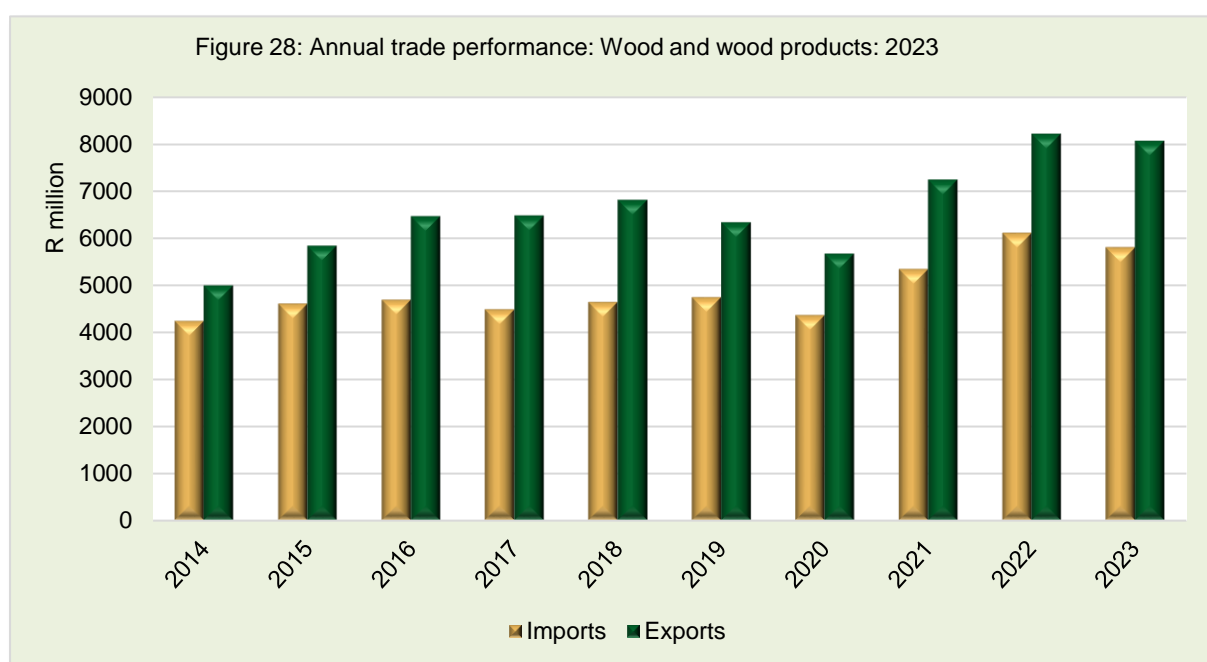
In 2023, the seasonally adjusted volume of production in the sawmilling and planing of wood division rose by 5,3% from a 1,8% growth in 2022. However, the products of wood rebounded by 10,9% in 2023 from an 0,7% contraction registered in 2022. The division as a whole rebounded by 10,0% in 2022 from a 4,4% contraction in 2022 (see Figure 26).



Source: Quantec (2024)

As shown in Figure 27, the value of sales for sawmilling and planing of wood and products of wood moderated by 8,4% and 8,0% from an 11,8% and 10,9% growth, respectively, in 2022.

Sales for the division as a whole moderated by 8,2% following an 11,3% growth in 2022. The value of sales for the products of wood division as a whole was about R33 215,78 million in 2023.



Source: Quantec (2024)

In 2023, the exports and imports of wood and wood products division contracted by 1,8% and 5,0% as compared to a 13,0% and 14,4% growth in 2022, respectively. As a result, the trade surplus increased from R2 096,4 million in 2022 to R2 259,8 million in 2023 (see Figure 28).



Source: Quantec (2024)

In 2023, the employment in the sawmilling and planning of wood division contracted by 7,9% following a growth of 2,4% in 2022. However, products of wood decelerated by 1,7% as compared to a 1,0% contraction in 2022. The division as a whole contracted by 3,8% from a 0,1% growth in 2022. Consequently, about 1 680 jobs were shed in 2023 as compared to 58 jobs created in 2022 (see Figure 29).

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

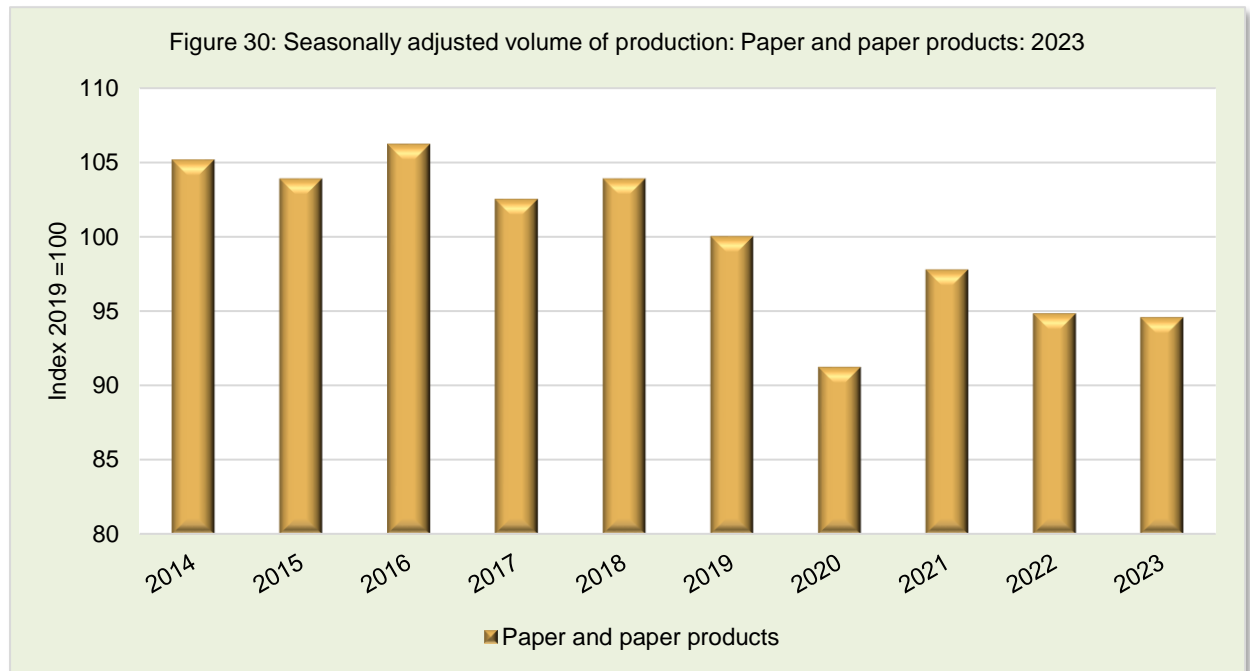
Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2021	83,7	16,3	2,1	0,8	0,0	9,4	4,1
2022	77,8	22,3	2,6	0,9	0,0	8,7	10,2
2023	81,0	19,0	2,5	0,8	0,1	9,1	6,5

Source: Statistics SA (2024)

Table 8 shows that the utilisation of production capacity for wood and wood products division increased in 2023 to 81,0% from a 77,8% in 2022. This represents an increase of about 2,7

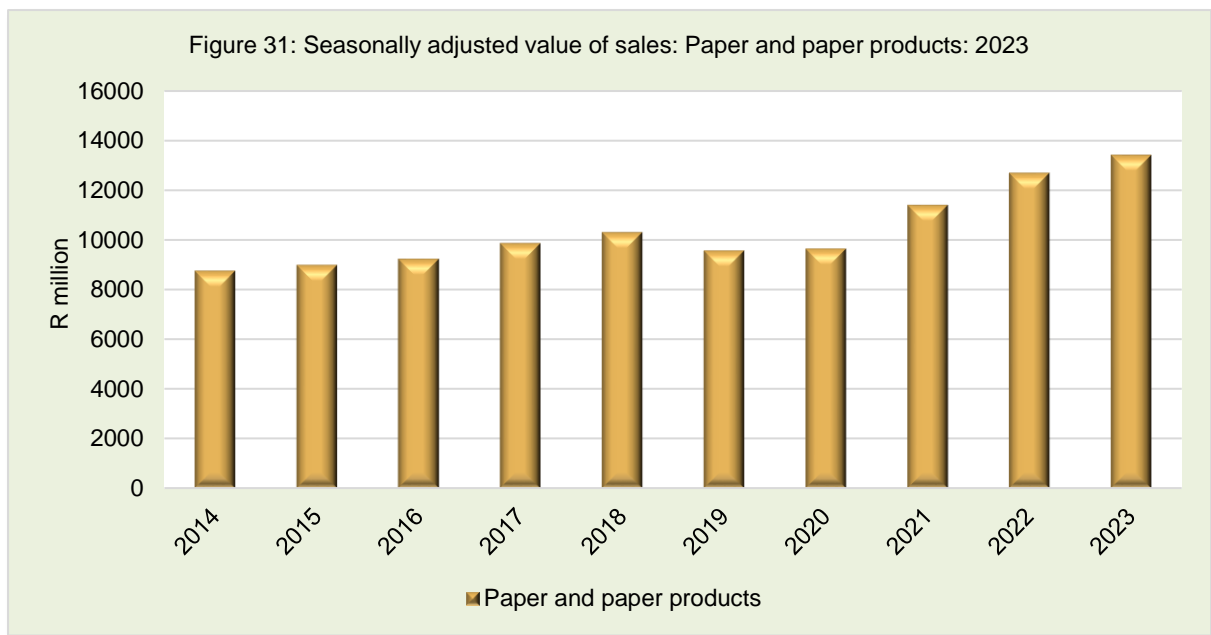
percentage points in 2023. Other reasons such seasonal factors were the main reason for underutilisation during the period.

3.9 PAPER AND PAPER PRODUCTS



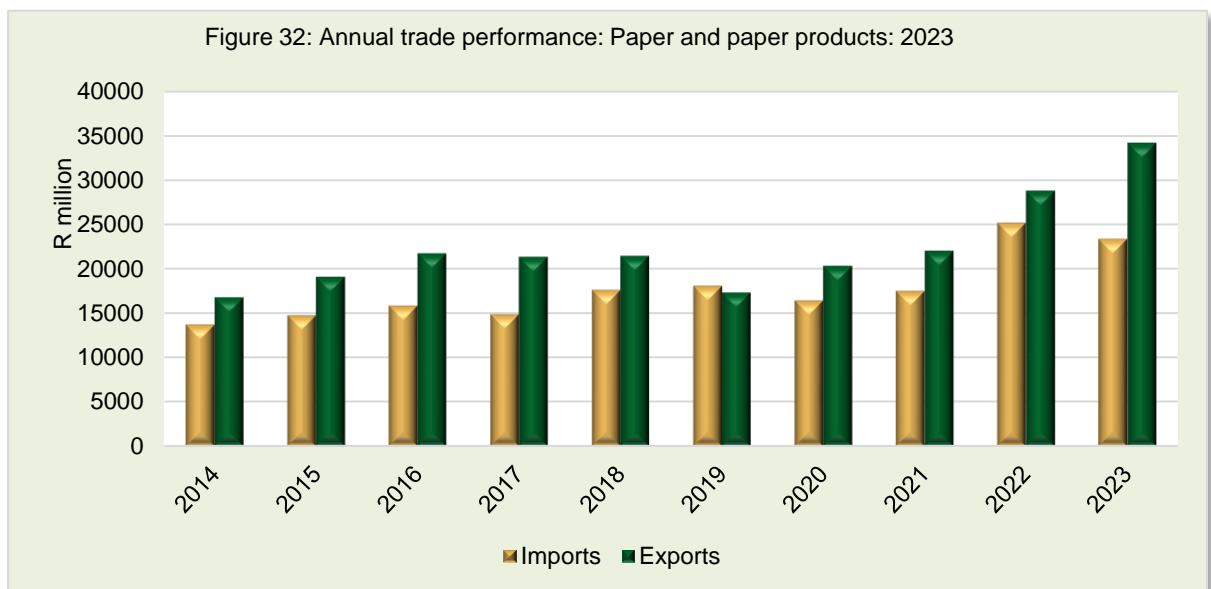
Source: Quantec (2024)

Figure 30 above shows the annual 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 receded further by 0,3% in 2023 from a 3,0% contraction in 2022. The division's output was highest in 2016 and lowest in 2020.



Source: Quantec (2024)

In 2023, the value of sales in the paper and paper products division moderated by 5,7% as compared to an 11,4% growth recorded in 2022. The value of sales of paper and paper products division amounted to about R13 405,9 million in 2023 (see Figure 31).



Source: Quantec (2024)

In 2023, the exports of paper and paper products division moderated by 18,6% from a 30,8% growth in 2022. However, imports of paper and paper products, on the other hand, contracted

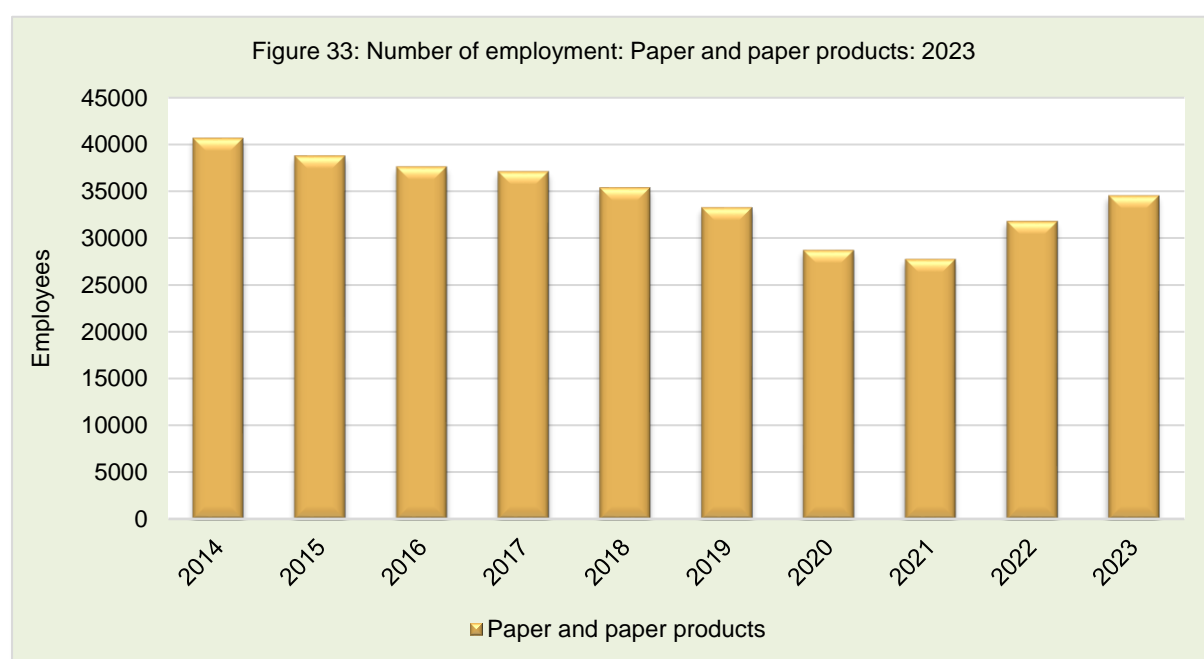
by 7,2% from a 43,8% growth in 2022. As a result, the trade surplus widened from R3 588,2 million in 2022 to R10 764,2 million in 2023 (see Figure 32).

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		
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
2023	80,6	19,4	0,9	0,9	0,2	9,0	8,5

Source: Statistics SA (2024)

The utilisation of production capacity by large enterprises in the paper and paper products division decreased to 80,6% in 2023 from 84,3% in 2022. This represents a 6,1 percentage points decrease in 2023 (see Table 9). Insufficient demand remained the main reason for underutilisation of production capacity, followed by other reasons such as seasonal factors.



Source: Quantec (2024)

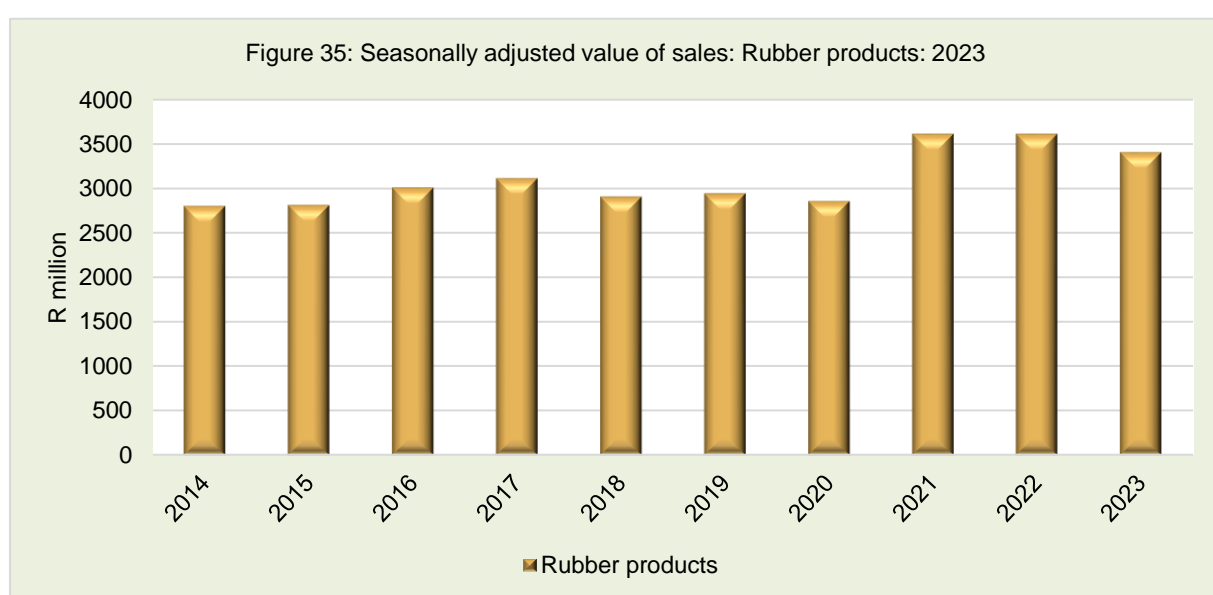
In 2023, the number of employees in the paper and paper products division moderated by 8,6% following a 14,6% growth in 2022. As a result, a further 2 723 jobs were created in 2023 as compared to 4 046 jobs created in 2022 (see Figure 33).

3.10 RUBBER PRODUCTS



Source: Quantec (2024)

As shown in Figure 34 above, the volume of production in the rubber products division moderated by 0,6% in 2023 from a 1,5% growth in 2022. The output for the division was highest in 2014 and lowest in 2020.



Source: Quantec (2024)

Figure 35 above demonstrates the seasonally adjusted value of sales in the rubber products division. In 2023, the value of sales in the rubber products division contracted by 5,8% as unchanged growth in 2022. The value of sales of the rubber products division were highest in 2021 and lowest in 2014. In 2023, the value of sales for the rubber products division was approximately R3 397,9 million.



Source: Quantec (2024)

In 2023, the exports and imports of the rubber products division moderated by 6,6% and 11,8% following a 27,2% and 12,1% growth in 2022, respectively (see Figure 36). Therefore, the trade deficit widened to R13 848,5 million in 2023 from R11 996,5 million in 2022.

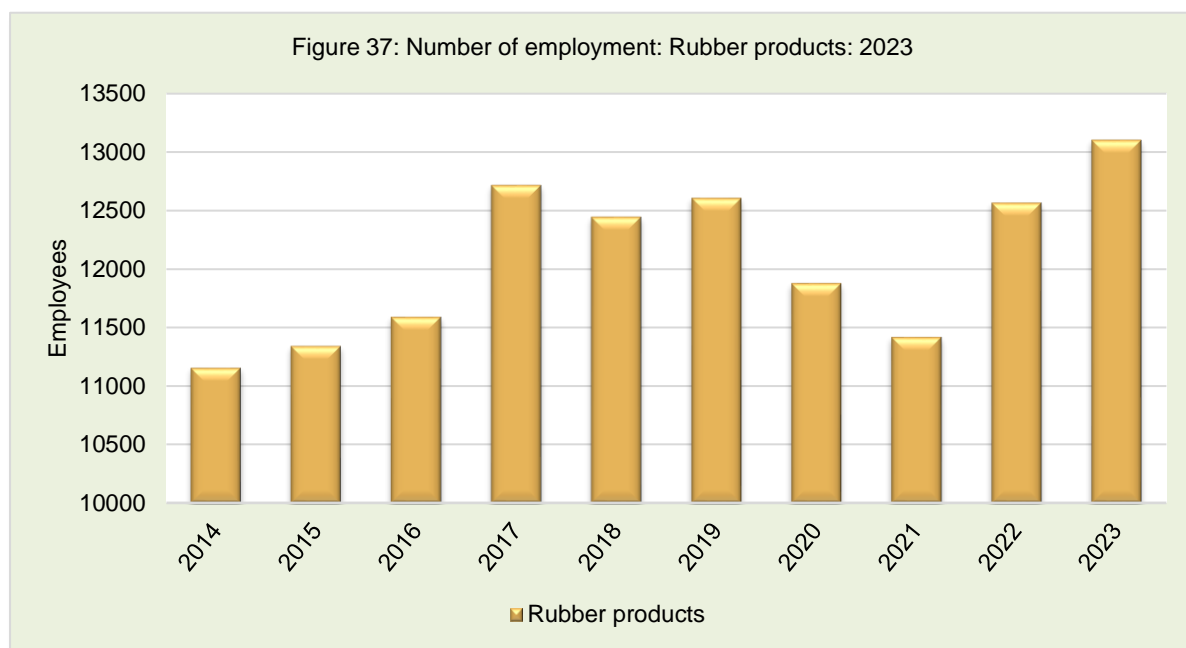
Table 10: Utilisation and reasons for underutilisation of production capacity by large enterprises: Rubber products (percentage)

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

2023	77,5	22,6	1,1	1,3	0,4	11,9	8,0
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Source: Statistics SA (2024)

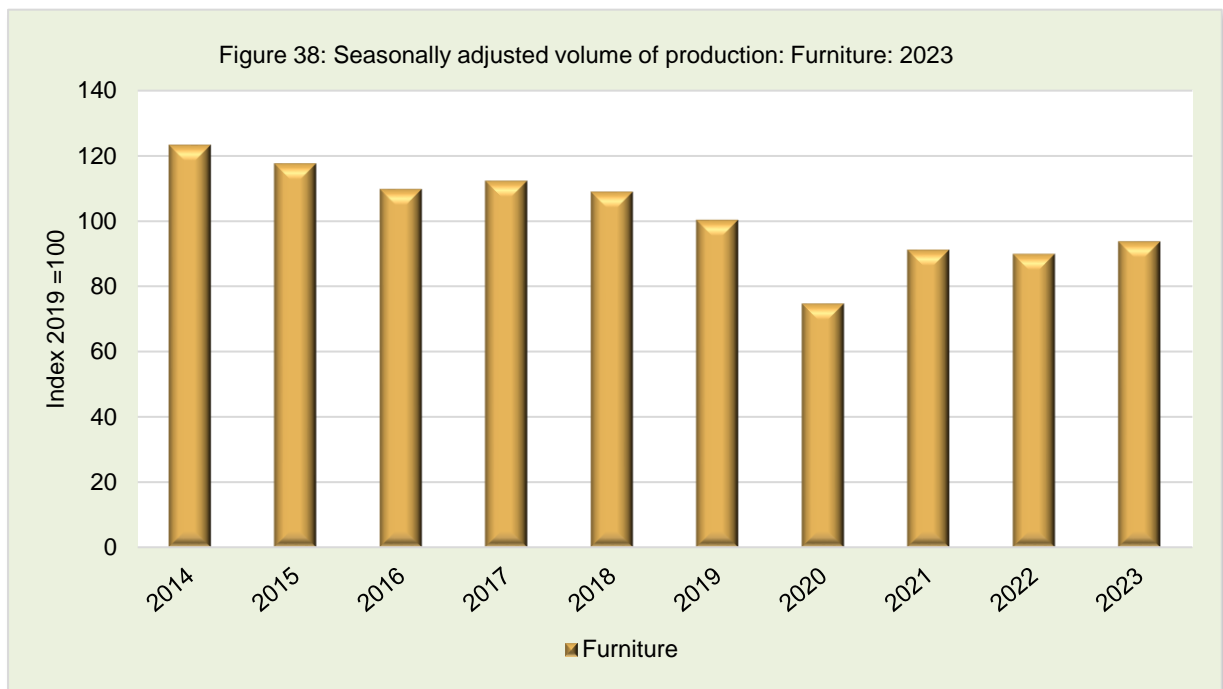
The utilisation of production capacity for the rubber products division decreased to 77,5% in 2023 from 79,8% in 2022. This represents a 4,4 percentage points decrease in 2023 (see Table 10). Insufficient demand remains the main reason for underutilisation of production capacity in the division in 2023, followed by other reasons such as seasonal factors.



Source: Quantec (2024)

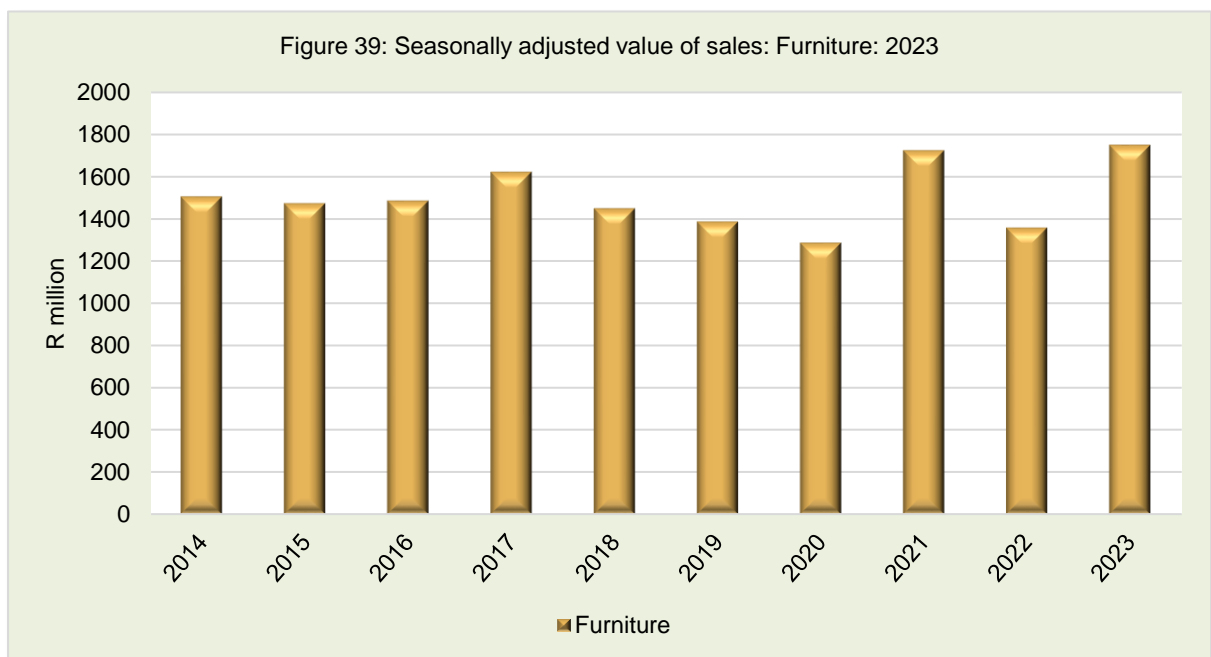
Figure 37 above illustrates the number of employees in the rubber products division. In 2023, the employment in the rubber products division moderated by 4,3% from a 10,0% growth in 2022. As a result, a further 537 jobs were created in the division in 2023 as compared to 1 145 jobs created in 2022.

3.11 FURNITURE



Source: Quantec (2024)

Figure 38 illustrates the seasonally adjusted annual volume of production in the furniture division. In 2023, the volume of production in the furniture division rebounded by 4,2% from a 1,4% contraction in 2022. The furniture division volume of production was lowest in 2020 but reached its peak in 2014.



Source: Quantec (2024)

As illustrated in Figure 39, the value of sales in the furniture division rebounded approximately by 28,9% in 2023 from a 21,2% growth in 2022. The value of sales reached its peak around 2023, however, the lowest sales value was recorded in 2020. Sales of the furniture division amounted to R1 748,9 million in 2023.



Source: Quantec (2024)

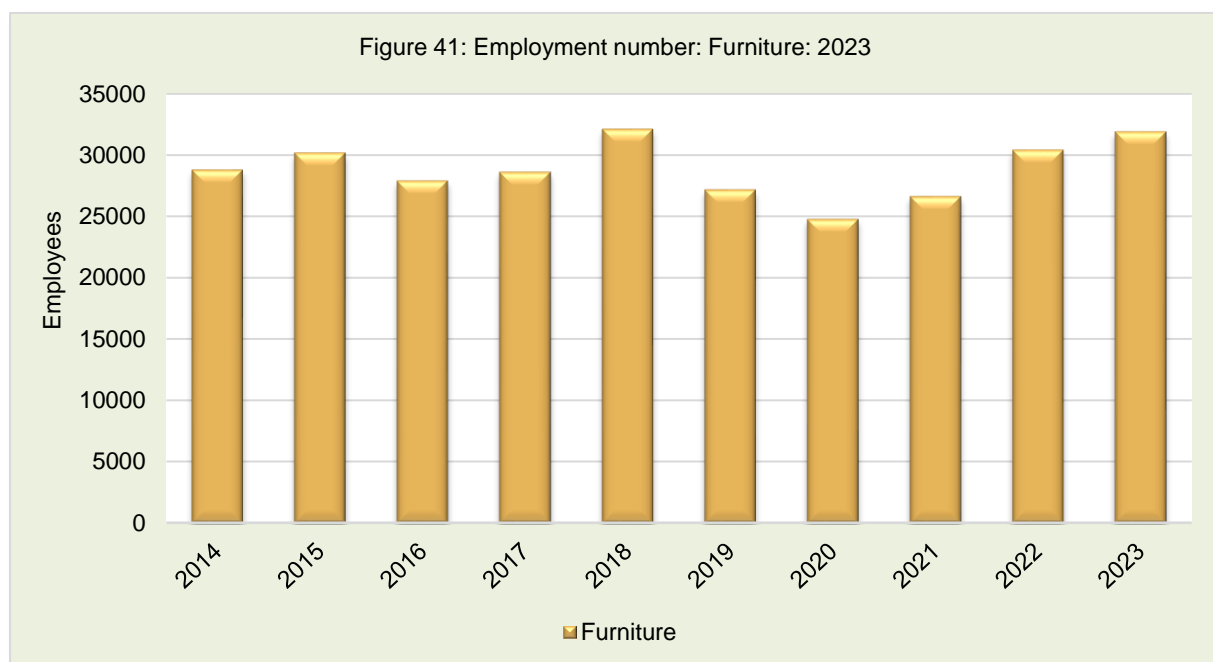
In 2023, the exports of the furniture division moderated by 4,1% as compared to a 25,9% growth in 2022. However, imports rose by 9,6% in 2023 from a 4,3% growth in 2022. As a result, the trade deficit widened from R4 137,3 million in 2022 to R4 728,8 million in 2023 (see Figure 40)

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
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
2023	76,2	23,8	1,9	0,0	0,0	22,0	0,0

Source: Statistics SA (2024)

In 2023, the utilisation capacity in the furniture division decreased to 76,2% in 2023 from 77,0% in 2022. This represents a 1,8 percentage points decrease in 2023. Insufficient demand was the main reason for underutilisation of production capacity in 2023, followed by shortage of raw materials (see Table 11).



Source: Quantec (2024)

Figure 41 depicts the number of employees in the furniture division in 2023. The number of employees in the furniture division moderated by 4,9% in 2023 as compared to a growth of 14,3% in 2022. As a result, a further 1 495 jobs were created in the division in 2023 as compared to 3 794 jobs created in 2022.

4. CONCLUSION

The South African economy moderated by 6,0% year-on-year in 2023. The agro-processing sectors' seasonally adjusted volume of production rebounded by 0,6% from a 1,2% contraction in the previous year. The annual agro-processing sector's seasonally adjusted value of sales rose by 9,6% from an 8,0% growth in 2022.

The agro-processing sector trade deficit grew by 30,0% in 2023 from a 24,5% growth in 2022. The employment in the agro-processing sector moderated by 1,6% in 2023 following a 4,2% growth recorded in 2022, representing 7 456 jobs created in the year.

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