

Agro-processing Quarterly Brief: No. 2, 2012

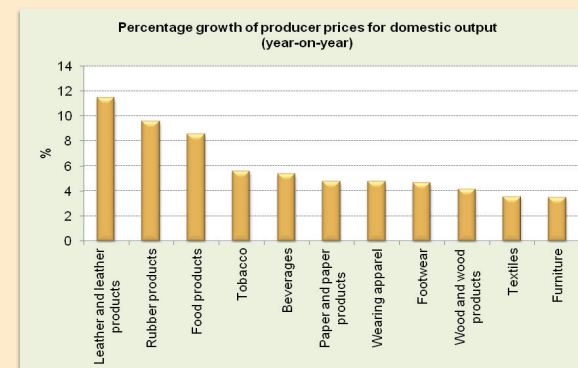
Directorate: Agro-processing Support



Highlights of quarter 2, 2012 (April-June)

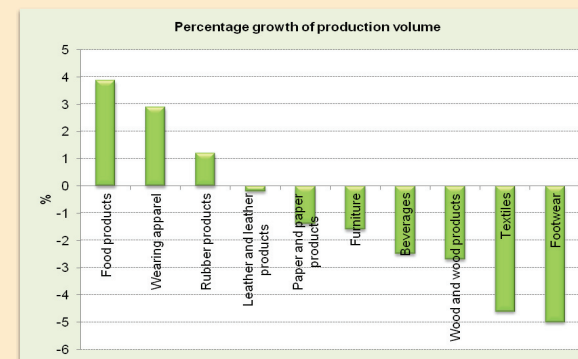
- The average producer and consumer prices have increased by 6,6% and 5,8%, respectively. The growth of the average producer and consumer price inflation was lower when compared to food (8,6%), rubber (9,6%), and leather product (11,5%) prices. However, both average producer and consumer inflations were higher than the producer price inflation for the remaining agro-processing divisions whose growth ranges from 3,5% to 5,6%.
- Agro-processing production subsided in most divisions compared to the previous quarter. Moderate growth in the production was recorded only for food products (2,9%), wearing apparel (2,9%) and rubber products (1,2%). For all the remaining divisions, production growth has declined.
- Following the decline in production, total formal employment in agro-processing has slid down from the previous quarter by 6 258 jobs. Among the divisions that generated formal jobs were furniture (2 763) and footwear (281). All other divisions, however, shed jobs, most notably, wearing apparel (1 056), beverages and tobacco (1 977) and food products (4 320).
- Despite feeble global economy, the exports of agro-processing have been robust for most divisions. Imports, on the other hand, declined for most divisions. As a result, the trade balance of most divisions, except for four divisions (wood, paper, rubber and furniture) has improved compared to the previous quarter,

The producer price for domestic output of agro-processing showed a growth above the average producer price growth (6,6%) for leather and leather products (11,5%), rubber products (9,6%) and manufactured food (8,6%). Others showed a lower growth rate when compared to the average producer and consumer price (5,8%). These are tobacco (5,6%), beverages (5,4%), paper products (4,8%), wearing apparel (4,8%), footwear (4,7%), wood products (4,2%), textiles (3,5%) and furniture (3,5%).



Source: Statistics SA

Compared to the previous quarter, food products and wearing apparel showed a moderate production growth of 3,9% and 2,9%, respectively. Production growth was modest for rubber products (1,2%) and declined marginally for leather and leather products (-0,2%). It, however, subsided for paper products (-0,5%), furniture (-1,6%), beverages (-2,5%), wood products (-2,7%), textiles (-4,6%) and footwear (-5%).



Source: Statistics SA

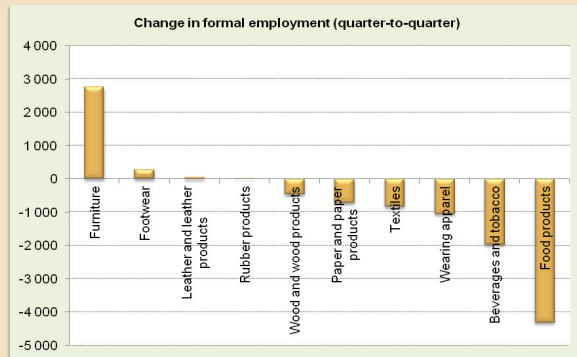
On a quarter-to-quarter growth, 6 258 formal jobs were lost in agro-processing, after creating 2 571 jobs in the previous quarter. Among the divisions, formal employment was created in the furniture (2 763 jobs) and footwear (281 jobs) divisions. The leather (66 jobs) and rubber products (13 jobs) divisions have also added a few jobs. However, formal jobs were lost in wood products (471 jobs), paper and paper products (719 jobs), textiles (838 jobs), wearing apparel (1 056 jobs), bever-



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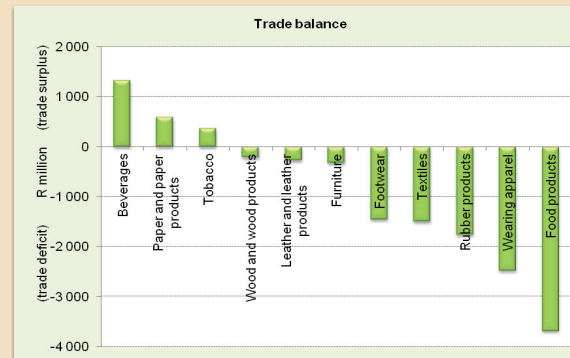
ages and tobacco (1 977 jobs) and food products (4 320 jobs).



Source: Statistics SA

Despite feeble global economy, exports of agro-processing have been robust for most divisions. A firm quarter-to-quarter export growth was recorded for tobacco (37,8%), wearing apparel (30,8%), food (24,6%) and beverages (17,4%). Growth was moderate for textiles (8%), leather products (7,6%), rubber products (7%) and footwear (6,4%). Exports receded significantly in wood products (-34%) and mildly in paper products (-3,5%).

Imports also showed a decline for most divisions. However, imports of tobacco showed a substantial growth of 35% and imports of furniture and rubber products have increased by 14% and 6%, respectively. The growth of the food and beverages imports was insignificant and it has slid down for the remaining divisions: footwear (-22,8%), wood products (-16%), wearing apparel (-26%), leather and leather products (-4,3%), textiles (-3,6%), paper and paper products (-3,9%).



Source: Quantec EasyData

As a result of a remarkable export performance for most divisions, the trade balance of most divisions has improved compared to the previous quarter, except for four divisions (wood, paper, rubber and furniture). For the entire agro-processing industry, the trade deficit has narrowed from R12 139 million in 2012: Q1 to R9 435 million in 2012: Q2. However, the current trade deficit is still notably higher from the R6 982 million deficit recorded in 2011: Q2.



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