

# GDP statistics: Agriculture is the economy's backbone

The gross domestic product (GDP) statistics released by Stats SA has indicated a decline of 51% in the second quarter of 2020. This is the fourth consecutive quarter decline since the second quarter of 2019 catapulted South Africa's economy into a recession.



Andreas Krappweis via [Freelimages](#)

"It is important to realise that the South African economy was already in a recession before the government implemented the lockdown. The contraction in GDP during the second quarter of 2020 was not due to the outbreak of Covid-19 itself. It was rather due to the lockdown regulations that the government enforced. The lockdown regulations are among the strictest in the world, bringing many other industries to their knees," said Christo van der Rheede, deputy executive director of Agri SA.

## GDP growth despite the pandemic

According to Stats SA, due to increased production of field crops and horticultural and animal products, the agricultural sector expanded by 15,1%. This sector was the only positive contributor, contributing 0,3% to GDP during the second quarter of 2020.

According to Van der Rheede, the agricultural sector was very fortunate in that it was declared an essential service. "For that we are grateful. It helped to strengthen food security in our country."

The lockdown regulations forced many stakeholders across various industries to work together to address vital issues that affected all South Africans. "It is through collective efforts and constructive engagement with government that the sector could overcome obstacles," he said.

## Lessons learned during the lockdown

Van der Rheede explained that the pandemic has taught the sector valuable lessons. "What we have learned from the

pandemic is that we can overcome challenges at public and private sector or farm level together. Agri SA intervened in several important aspects with regard to agriculture and the trading of essential goods. Members could continue to use helicopters for anti-poaching operations and they could move game. Blockages at harbours were also resolved through constructive engagement with Transnet leadership.

"We have enabled our members to move goods and services across provinces and metropolitan districts. Farmers could get hold of farming equipment required to do essential maintenance and get access to essential raw agriculture materials needed to manufacture agriculture products.

"We were also able to add the production of numerous agricultural commodities to the lockdown regulations such as wool, barley, forestry, ostrich, cotton and many more. The harvesting of grapes, production of beer and export of wine were also reinstated during the lockdown.

"We want to thank all our members and relevant stakeholders for working together to resolve critical shortcomings in the regulations. Everyone was willing to collaborate on important issues and that is something we can take with us into the future."

## **A resilient sector**

The GDP statistics once again emphasise the important role agriculture plays in our economy. Agriculture is deeply interconnected and central to many other industries and their operations.

"The agricultural industry is the only sector within the South African economy that succeeded in recording positive growth figures during the Covid-19 lockdown. It deserves recognition for its ability to survive and make a positive contribution to the economy during this time. Instead of appreciating this contribution, politicians have used political rhetoric that creates uncertainty and further detracts from the country's ability to grow economically.

"Policy certainty will contribute to further economic growth and could help to develop the potential of the agricultural sector. The political arena should take note of this and act accordingly," added Nicol Jansen, chairperson of the economics and trade centre of excellence at Agri SA.