

# What are the implications for Western Cape agriculture as drought conditions continue?

While the agriculture sector as a whole has managed to survive the worst of the recent drought, the Western Cape has not been as fortunate with dam levels remaining critically low and the lack of rain leading to a decrease in soil moisture which is threatening production.



Paul Makube

The Department of Water and Sanitation (DWS) reported that dam levels have eased marginally as we approach the end of the rainy season in the summer production areas, reaching 73.7% full versus 54.8% last year during the week ended 3 April 2017. In contrast, the summer rainfall areas of the Western Cape did not receive sufficient rainfall and dam levels remain critically low at 24.2% full compared to 31.2% last year this time.

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“Recent weather forecasts indicate that we might see a return of the El Niño weather pattern in the new season (2017/18), however, it is early days as the situation may improve. Already, the weather forecasts have signaled a possibility of above normal rainfall for late autumn to mid-winter which is a welcome relief for the Western Cape winter crop areas,” says Paul Makube, senior agricultural economist at FNB Business.

## Makube shares some implications from the drought that is gripping the agricultural sector in the Western Cape:

**Wine:** production volumes have declined. However, the drier conditions, in general, mean improved quality of wine. The lower volumes may lead to a modest increase in prices to the benefit of the producers.

**Fruit and vegetables:** not all areas in the Western Cape are badly affected by the drought - an example is the Ceres region which is reportedly doing fine. We must, however, differentiate between water available for human consumption and that for irrigation. Although the situation with dam levels is dire, some farmers have on-farm water storage capacity for irrigation which is not for human consumption. Nonetheless, some vegetable farmers who do not have this capacity are expected to face a bleak future if it does not rain sooner.

**Grain production:** the rainy season normally starts beginning of May, so everything is not yet lost. Fortunately, the rainfall outlook has since improved with the possibility of above-normal showers in the winter ahead which will be beneficial for wheat and other winter crops. This will also help alleviate the current water shortages across the Western Cape. Some farmers have opted to diversify into barley production, a product only produced in the southern Cape in the past.

**Livestock:** the persistent drought conditions are devastating for livestock producers especially for beef, dairy, and culling. Stock reduction will result in elevated prices. During a drought, animals lose condition and production suffers which erodes the farmer's margins.

“While both the overall SA producer and consumer inflation are expected to moderate in the coming months, local trends may remain stubbornly high if the drought conditions persist. The agri-value chain may come under pressure and impede potential job growth in the sector. With that said we remain hopeful that the much-needed rains will return in the coming month,” concludes Makube.

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