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FOR YOU

Agriculture

AGRICULTURE'S ROLE IN AFRICAN INDUSTRIALISATION POLICY REFORMS

Minister Ivan Meyer

15 November 2022

PRESENTATION OUTLINE

- **Introduction**
  - Agriculture's share of GDP per region
  - Standard of living per region
- **Macro-economic overview of Africa**
- **Agricultural policies' relevance to industrialisation reform**
- **Agricultural trade perspective**
  - Africa's major agricultural imports from the world
  - South Africa's major agricultural exports to Africa
  - Western Cape agricultural trade with Africa

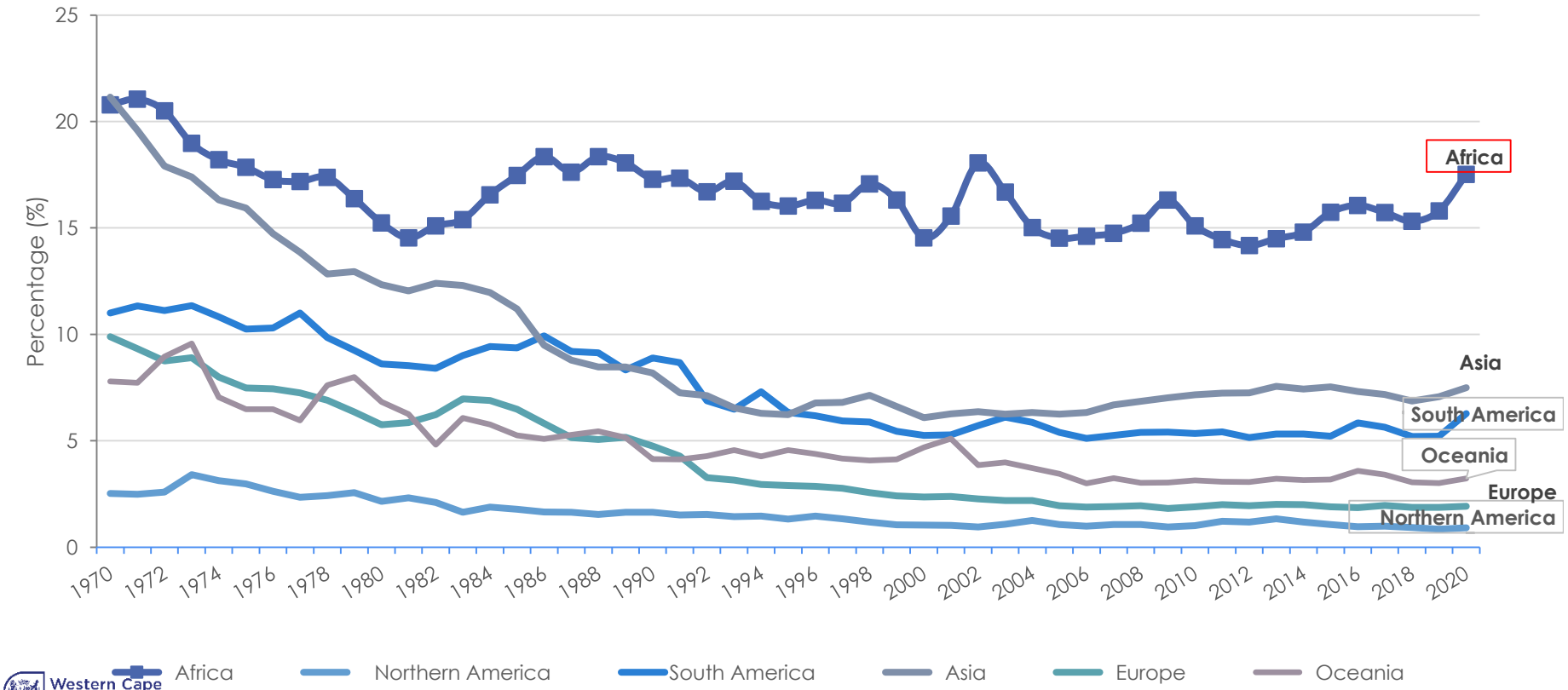
INTRODUCTION

- **Some aspirations of the AU Commission for the 2063 agenda:**
  - A prosperous Africa: Inclusive growth & sustainable development.
  - Integrate and politically unite the African continent.
  - Ensure good governance, respect for human rights, justice & the rule of law.
  - To build a continent that is united and an influential global player & partner.

- **The agricultural sector is central to Africa's development agenda.**
  - Africa has the **second largest population** in the world after Asia.
  - More than 50% of the African population still resides in **rural areas**.
  - **Primary agriculture** still accounts for a significant share of the GDP.

AGRICULTURE'S SHARE OF THE GDP AT THE REGIONAL LEVEL

- Agriculture =17% of Africa's GDP (2021). Comparable to that of Asia in 1972.
- The disparity between Africa and other regions (e.g. Asia) can be attributed to the slow pace of industrialisation among other factors.



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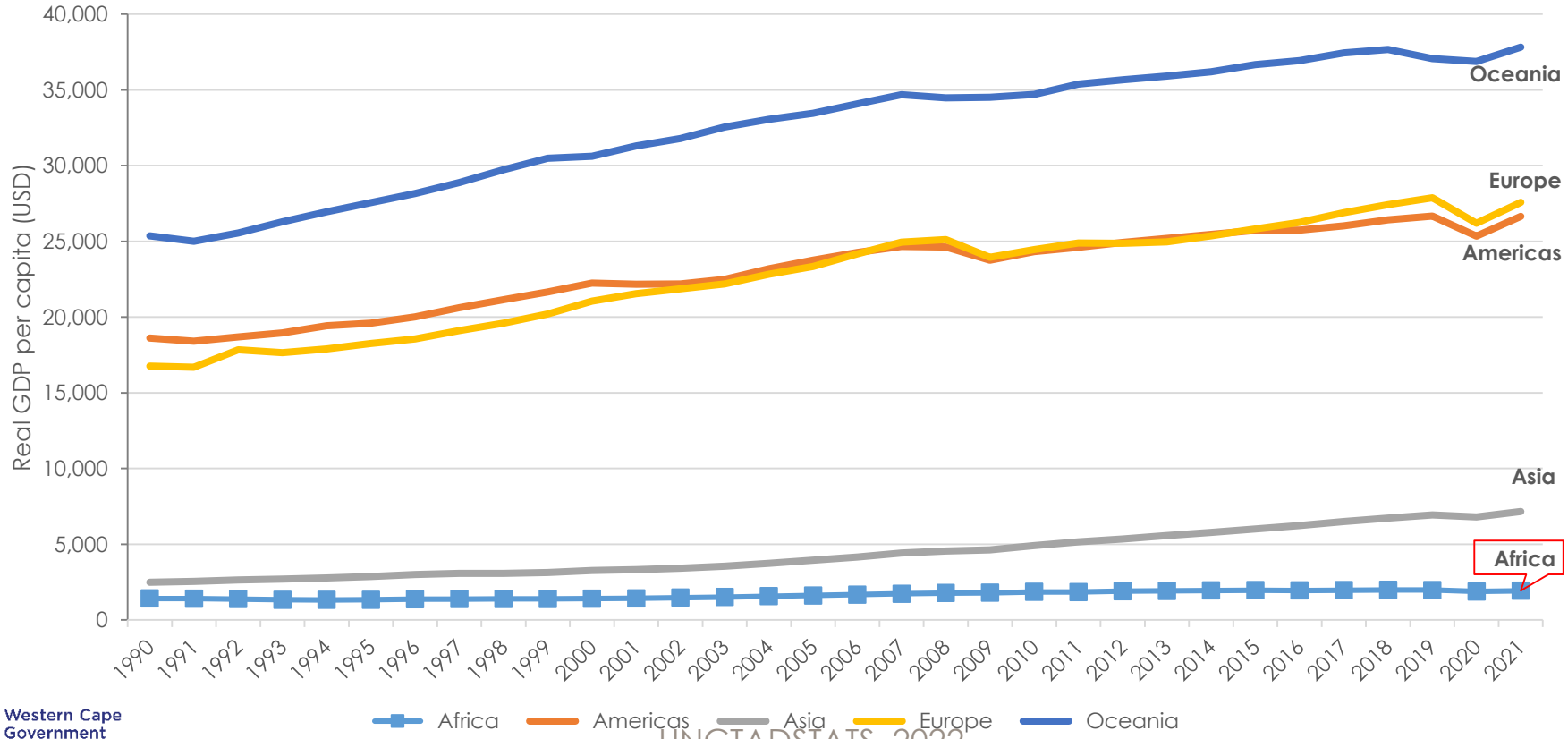
THE WORLD'S REGIONS STANDARD OF LIVING (GDP per capita)

- Although agriculture in Africa constitutes a large share of GDP, this has not improved the average standard of living (Food security is still a major concern in Africa)

- Africa has the lowest GDP per capita in the world and to overcome this, the **economy** will have to **grow faster than the population.**



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FACTORS LIMITING THE PERFORMANCE OF AGRICULTURE IN AFRICA

- **The WC Africa Strategy for the Prov. Agric. Sector, highlighted the factors affecting the performance of agriculture as:**
  - Access and use of agricultural inputs
  - Infrastructure and logistics challenges
  - Lack and asymmetric access to information
  - Ability to access and the adoption of new technology
  - Forging of technology partnership
  - Investment and expansion of services (financing and insurance)
  - Skills development and training
  - Scaling Climate Smart agriculture

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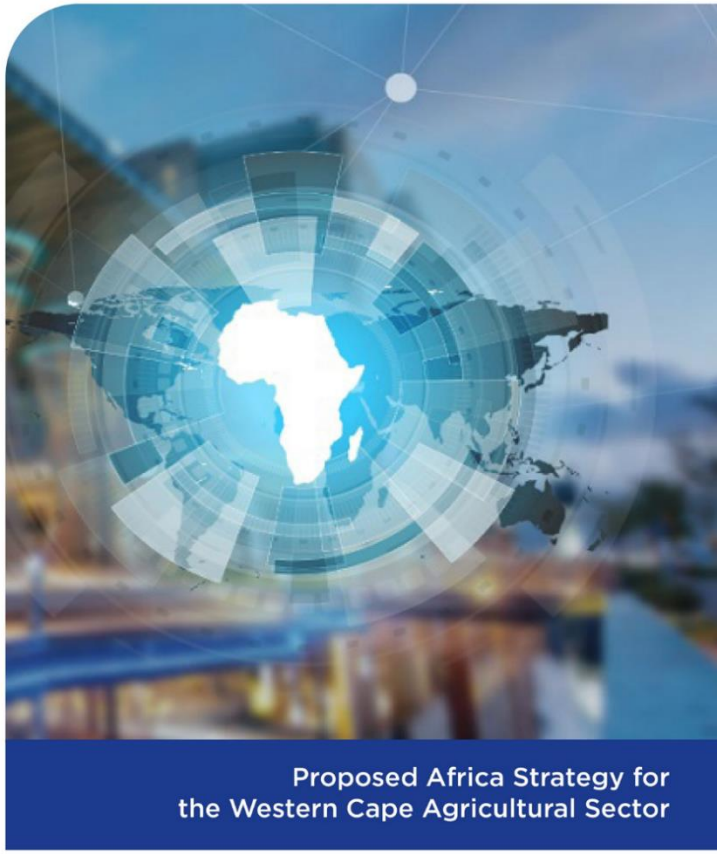

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MACRO-ECONOMIC OVERVIEW OF AFRICA

- Size of the world economy : 3.1%
- GDP per capita : $1 954
- Annual avg GDP growth rate (2015-2021) : 2.03%
- Urbanisation as % of total population : 44%
- Share of total world imports : 2.8%

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KEY AGRICULTURAL POLICIES IN AFRICA AND INDUSTRIALISATION

Government expenditure is one of the key agricultural policy instruments

- The Maputo Declaration attest to this, since African Heads of State agreed to commit 10% of their budget to agriculture under CAAPP (Comprehensive Africa Agricultural Development Programme)

African Continental Free Trade Agreement (AfCFTA)

- Seeks to deepen market integration
- Boost intra-Africa trade, and
- Promote regional value chains towards economic transformation through **industrialisation**
    - AfCFTA is expected to bring over 30 million people out of poverty
    - Eliminate tariff and non-tariff barriers
    - Accelerate deep reforms that will enhance growth

KEY AGRICULTURAL POLICIES IN AFRICA AND INDUSTRIALISATION

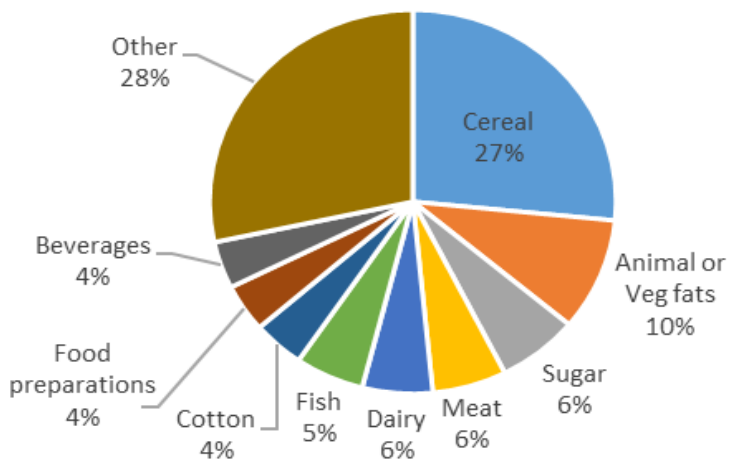
- **The 25th Ordinary Session of the Heads of State and Government of the Organisation of African Unity (OAU) and The United National General Assembly (UNGA) has since in 1989, set 20 November aside as Africa Industrialisation Day.**

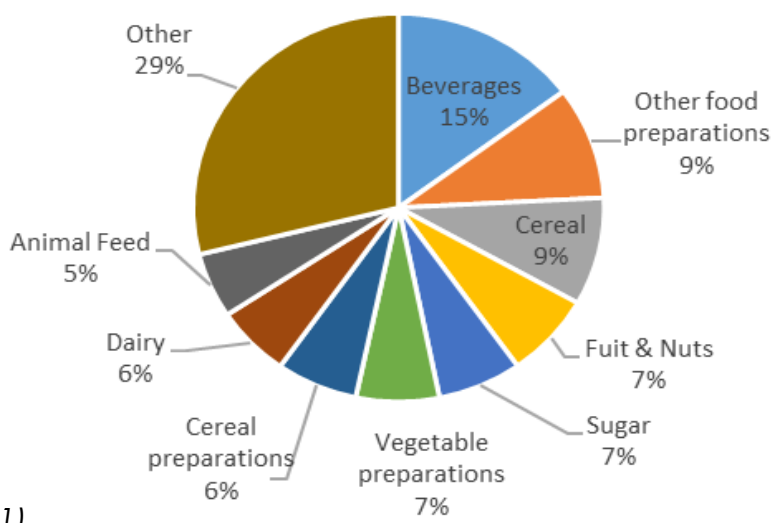
- **The Africa Industrialisation Week (AIW) aims to :**
  - Reinforce the development of regional industrial value chains towards employment creation and entrepreneurial opportunities.
  - Provide high-level political support to drive globally competitive Africa-Industrialisation programs through public-private alliances, at the national, regional, continental level, and
  - Align global policy coherence, coordination, and linkage investment financing.

Agricultural trade perspective

AFRICA's MAJOR AGRICULTURAL IMPORTS AND RSA AGRICULTURAL EXPORTS

- It is evident that Africa relies on other regions of the world for imports of cereals (27%); animal or vegetable fats (10%), sugar, meat, and dairy, 6% each.
- Hence the Russia and Ukraine war affected wheat supply and posed a major threat to Africa's food security.
- South Africa also exports products with expansion potential, especially beverages; food preparations; sugar & dairy.

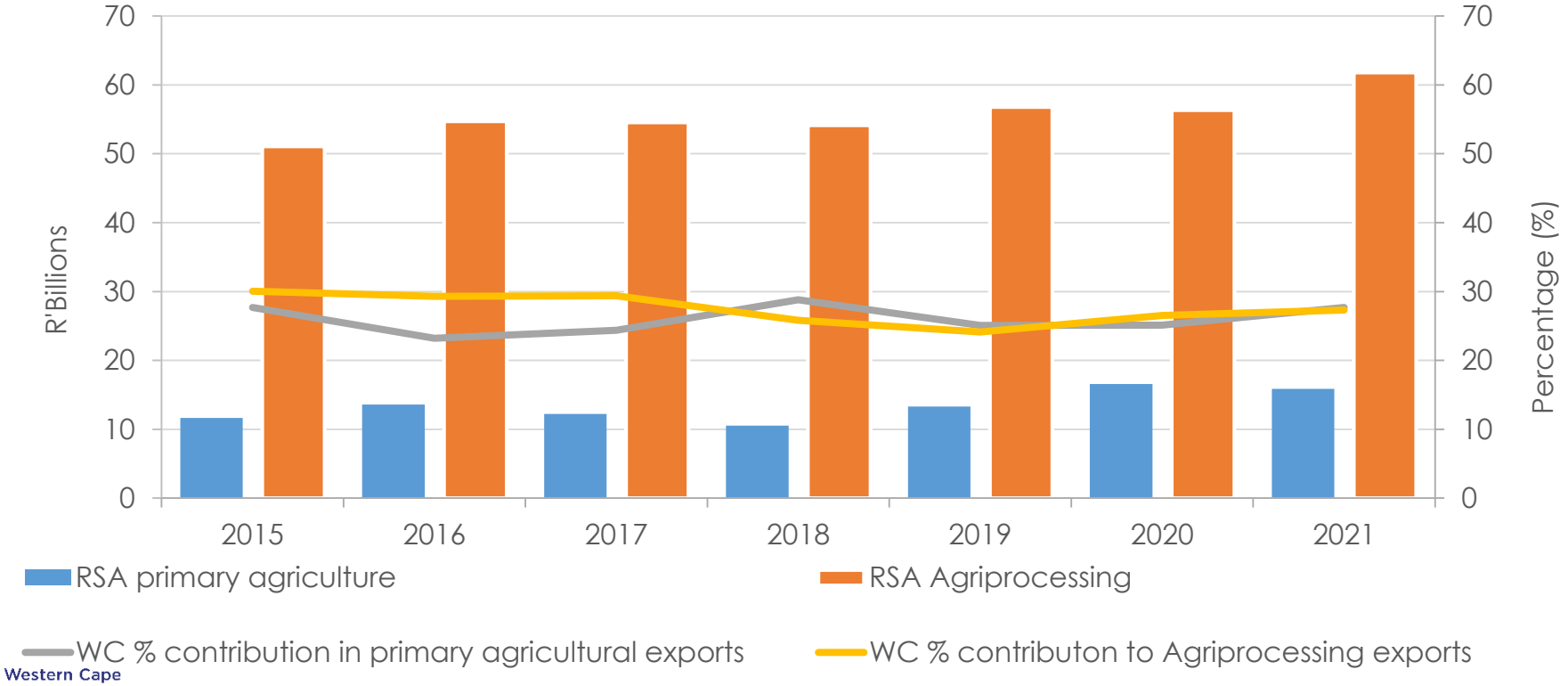




Source: Morokong, Pienaar & Sihlobo (2021)

WESTERN CAPE CONTRIBUTION TO NATIONAL AGRICULTURAL EXPORTS IN AFRICA

- The African market accounts for 41% of SA's agricultural exports to the world.
- SA's agricultural exports in Africa increased at an annual average growth rate of 3% in the past 5-years, and 2% in food, beverage and tobacco products.
- In 2021, the WC contributed 27% to national primary agricultural export to Africa. With the same share for agri-processing products (Food, beverage and tobacco).



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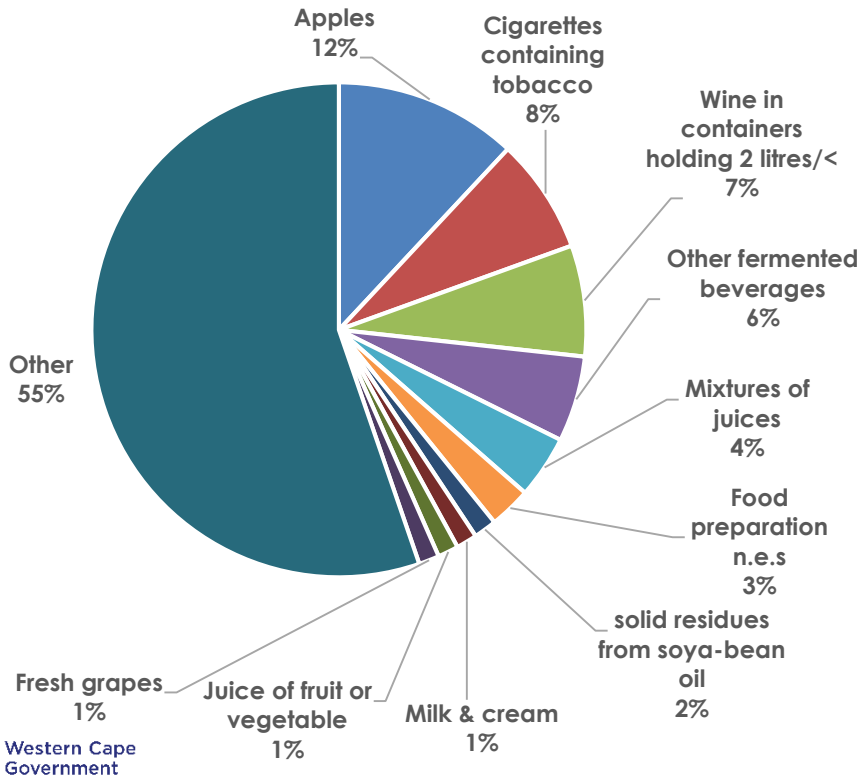
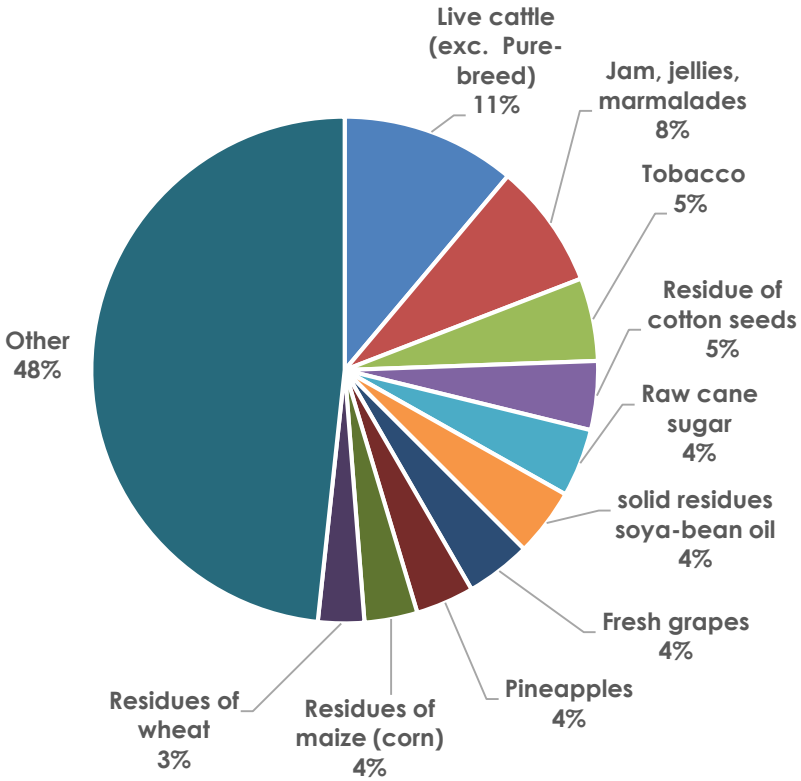
WESTERN CAPE TOP TEN AGRICULTURAL PRODUCTS TRADED IN AFRICA

- Top 3 WC agric export products to Africa are Apples (12%), Cigarettes (8%) & Wine(7%)
- Top 3 WC agric import products from Africa are live cattle (11%), Jams, Jellies (8%) & Tobacco, (5%)

Western Cape top 10 agric exports to Africa (2021)



Western Cape top 10 agric imports form Africa (2021)



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WESTERN CAPE TOP 20 KEY AFRICAN COUNTRIES FOR AGRICULTURAL TRADE

Survey country selection compared to Country Priority Index	Rating	Country Priority Index Score (Annandale) compared to survey	Rating	WC Attractiveness Index (WCDoA) - compared to survey	Rating	Countries featuring on all 3 lists
Kenya	1.00	Mauritius	1	Namibia	1	Namibia
Ghana	2.00	Seychelles	2	Botswana	2	Botswana
Nigeria	3.00	Namibia	3	Nigeria	3	
Angola	4.00	Botswana	4	Kenya	4	Kenya
Zambia	5.00	Rwanda	5	Mauritius	5	Mauritius
Namibia	6.00	Morocco	6	Egypt	6	
Botswana	7.00	Egypt	7	Tanzania	7	Tanzania
Uganda	8.00	Kenya	8	Rwanda	8	Rwanda
Congo, Dem. Rep.	9.00	Tunisia	9	Zambia	9	Zambia
Mozambique	10.00	Cote d'Ivoire (Ivory Coast)	10	Côte d'Ivoire	10	Côte d'Ivoire
Lesotho	11.00	Cabo Verde (Cape Verde)	11	Mozambique	11	
Senegal	12.00	Ghana	12	Angola	12	
Tanzania	13.00	Eswatini	13	Morocco	13	
Cameroon	14.00	Senegal	14	Togo	14	
Zimbabwe	15.00	Sao Tome & Principe	15	Somalia	15	
Cote d'Ivoire	16.00	Zambia	16	Ghana	16	Ghana
Mauritius	17.00	Tanzania	17	Djibouti	17	
Rwanda	18.00	Djibouti	18	Sao Tome and Princip	18	
Ethiopia	19.00	Benin	19	Uganda	19	
Malawi	20.00	Togo	20	Malawi	20	

Source: WCDoA, 2022

CONCLUDING REMARKS

- **The African continent presents enormous potential for economic growth.**
  - Increased primary production requires investment in post farm gate value addition (agri-processing).
  - Adoption of new technologies will contribute to improved productivity.
  - A significant share of the population is youth, which can join the labour force.

CONCLUDING REMARKS

- **The African Free Continental Trade Area will promote increased intra-Africa trade and incentivise investment in trade facilitation.**

(e.g. ports improvement, transport infrastructure & harmonisation of trade agreements)

- **Africa is a strategic market for SA & the WC**
  - Africa accounts for 41% of SA's agricultural exports to the world.
  - The WC contributed 27% to national primary agricultural export to Africa.
  - Political stability & ethical leadership

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