



**Western Cape  
Government**

Agriculture

**BETTER TOGETHER.**

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# **Agriculture in the Garden Route: Towards resilience post-COVID19**

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## **EXECUTIVE SUMMARY**

The Garden Route in the Western Cape is a well-known District in which various agricultural production and agritourism activities take place. This is due to the unique combination of the inland, semi-arid Klein Karoo region, home to the largest ostrich population in the world and the coastal, more temperate climate being highly suitable for intensive production of milk, sheep and horticultural crops. The onset of the global pandemic caused by the rapid spread of the coronavirus (COVID-19) is set have a major immediate and medium term impact on the regional Garden Route economy. In an attempt to mitigate, plan and steer the local economy towards a post-COVID recovery, local authorities is in need of detailed information on agricultural production and opportunities to assist decision making and planning.

This report provides a detailed analysis of the agricultural economy in the Garden Route and sets out to assess the impact of COVID-19 on the various sub-sectors at the time of writing. In drafting recovery interventions, it is important to have insights into the particular areas of strength which could drive resilience and investment in agriculture to ultimately unlock economic opportunities and job creation. Since the agricultural sector has been one of the least affected sectors owing to its status during lockdown as "essential service", it is now well placed to drive the economic recovery. One area of concern, however, is the devastating impact of COVID-19 on agritourism in the region, with tourist numbers not expected to get to normalise anytime soon.

# 1. INTRODUCTION

The Garden Route District in the Western Cape is one of the regions with significant potential to boost opportunities for economic growth and development (GRDM & EDP, 2020). The various towns located in the district are unique and often visited by local and international tourists, whilst a diverse range of agricultural production takes place in the region. Recently, some key thematic areas of priority have been identified that will unlock economic development. In a collaborative process, assisted by research, policy analysis and stakeholder engagements, the GR District Municipality is developing an integrated growth and development strategy with the following focus areas: 1) a water secure future; 2) a circular economy; 3) resilient agriculture; 4) sustainable tourism; 5) supporting wellbeing and resilience and 6) a connected economy (GRDM & EDP, 2020). The regional agriculture value chain, which also sustains and enables agritourism and agri processing value addition, plays a significant role in generating income and creating jobs in the GR.

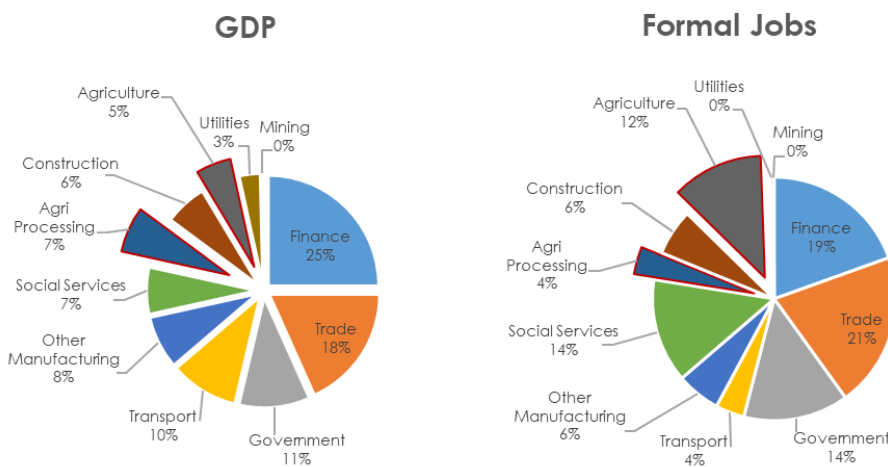
The sudden onset of the global pandemic caused by the coronavirus, COVID-19, has caused widespread turmoil and volatility throughout the global economy. In many aspects, the devastating impact on people's health and livelihoods are unprecedented in recent history. In an attempt to stop the spread of the virus, lockdown measures imposed around the globe have decimated economic performance (BFAP, 2020). The latest projections for global economic growth for 2020 in the form of Gross Domestic Product (GDP) is set at -4.5%, whilst that of South Africa is much worse at -11.5% (OECD, 2020). The various measures introduced by the South African government to ease the economic fallout have made a significant difference, but it is becoming clear that further fiscal support cannot be sustained. There is therefore a need for local solutions to be set out in comprehensive economic recovery plans, suited for specific regions and sectors. In the Western Cape, the provincial and municipal government has initiated the drafting of a series of economic recovery plans in an attempt to rebuild and initiate growth in the wake of the lost income and jobs. As part of the Western Cape Department of Agriculture's (WCDoA) input into this process, there is a need to support the GR district with agricultural economic inputs to support the recovery planning currently in progress.

This report provides a detailed assessment of the status of the agricultural sector in the GR, specifically aggregated into two main sub-regions, inland and coastal. Since the agricultural sector is central in the district's growth and development strategy, the economic analysis presented in this report will shed some light on the impact of COVID-19

on specific agricultural sectors. Starting with the macroeconomic overview of the GR, the importance of agriculture is contextualised, thereafter, detailed breakdowns of production is provided for each area.

## 2. AGRICULTURE IN THE GARDEN ROUTE

The starting point to understand the importance of the agricultural sector in the GR is to look at its contribution to the economy and jobs. Figure 1 gives this breakdown of both the Gross Value Added (GVA) and formal jobs according to the various sectors in the GR economy in 2018 (Quantec, 2020a). The GR's GVA was around R45 billion, with the primary farming sector contributing 5%, whilst the downstream agri processing sector another 7%. The latest release from the commercial farming census (StatsSA, 2020a) suggest that the farming contribution could well be higher than previously thought and probably closer to 7%. From a formal jobs perspective, agriculture's share was 12% and agri processing 4% of the total GR labour force, confirming the importance of job opportunities within agricultural value chains in this area.

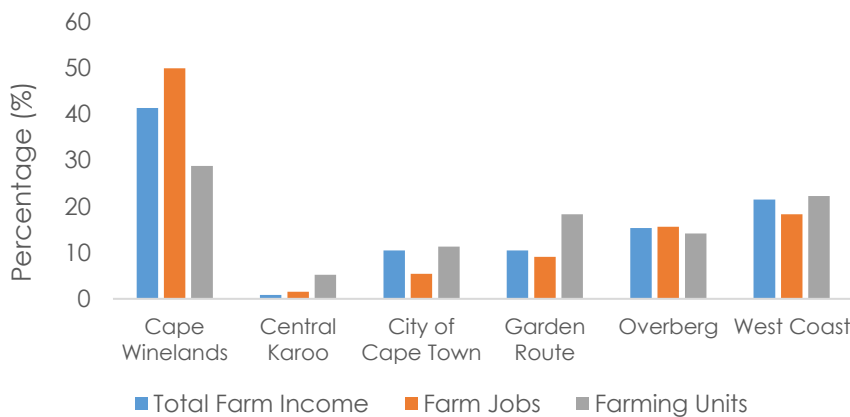


**Figure 1: The Garden Route economy by GDP and formal jobs, 2018**

Source: Quantec, 2020

In order to effectively plan for a post-COVID recovery, it is important to understand the complexity that exists within the Western Cape and the GR agricultural economy. Figure 2 shows the differences between districts in the Western Cape in terms of the percentage share of gross farm income, farm jobs and farming units (StatsSA, 2020a). The GR district's share of total farm income in the Western Cape was around 10%, whilst it employed 9% of all farm labour. The fact that the GR has a much larger proportion of farming units (18%) is a result of the intensive nature of production especially in the coastal regions, whereby production

takes place on smaller pieces of land such as alternative crops under irrigation and intensive livestock systems.



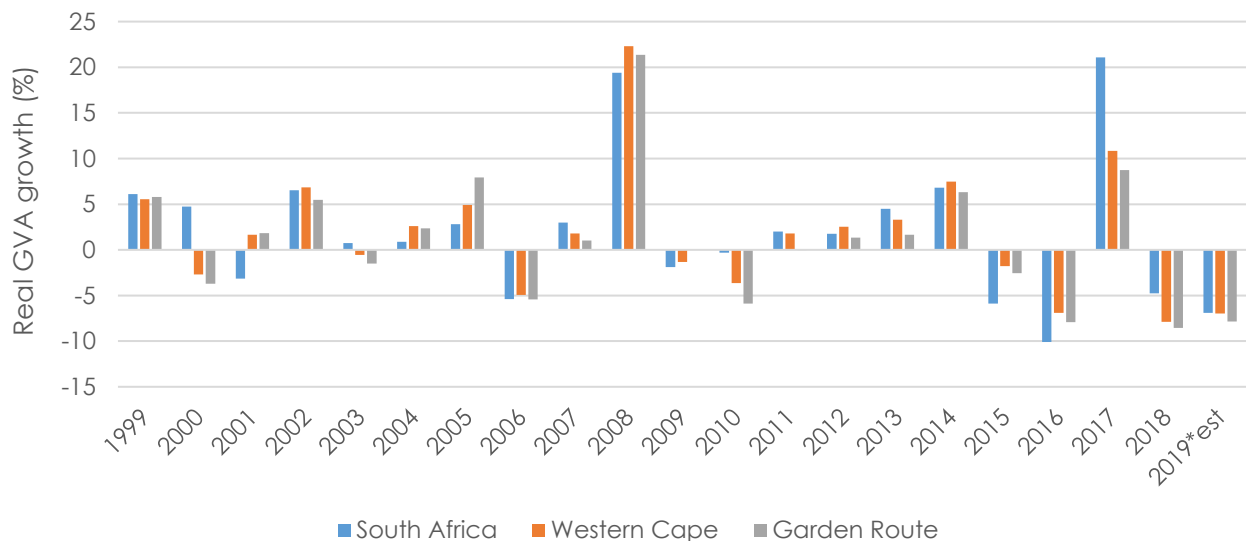
**Figure 2: Agriculture in the Western Cape per district in 2017**

Source: StatsSA, 2020a

The past two years have been extremely challenging years for farming in the province, owing to persistent drought conditions, of which some regions in the GR is still experiencing.. Figure 3 shows the trends for agricultural GVA for the country, the Western Cape and the GR<sup>1</sup> District. In setting post-COVID targets, these realities should guide the process in formulating interventions to support plausible growth. The figure also highlights the volatile nature of agricultural operations and the risk associated to farming that is created by policy changes and weather conditions. Using the most recent official GVA for 2018, the average, annual and real growth in GVA for the GR district was 1.2% for the 20 years. In previous decade, from 2008 to 2018, the growth was negative (-0.8%) and the past 5 years was -1.5% (Quantec, 2020a).

The reasons for the sluggish growth in the past two seasons, 2018 and 2019, is attributed to widespread drought conditions and animal diseases. The outbreak of avian influenza and the resultant challenges to access international markets for exporting ostrich meat is one of the major factors.

<sup>1</sup> District-level GVA are not published by StatsSA as official regional economic activity, but is rather estimated by Quantec based on a number of indicators (Quantec, 2020b). The 2019 values are also estimated from Quantec.



**Figure 3: Agricultural GVA in the Western Cape per district in 2017**

Source: Quantec, 2020

On a more positive note, it seems that large parts of the Western Cape is finally recovering from the drought and based on the available data, sign of an agricultural recovery is imminent for both the Western Cape and the GR district. The latest release for the second quarter of 2020 showed that the agricultural, forestry and fisheries sector grew by 15.1% on an annualised, quarter-on-quarter basis compared to 2019's quarter 2 (StatsSA, 2020b). This comes off the back of already good growth in quarter 1 of 29%, despite the debilitating impacts of COVID-19 on almost all other sectors of the economy. The production accounts for the agricultural sector further affirms this good performance is driven by much-improved harvests for horticulture's exported products, as well as near record harvests in the winter field crops. Output performance in the animal and animal products category was somewhat more affected by the nationwide lockdown's closure of restaurants and other food service outlets. This has driven local demand much lower than is the norm (DALRRD, 2020). The specific outlook for the agricultural performance of the GR will be discussed in the next section, but a detailed breakdown of farming in the GR is first needed to do so.

The recently released census of commercial agriculture (2020a) provides the best indication of the structure of the agricultural economy. The total gross farm income in 2017 was R6.6 billion with the animal industries making out 46% of the total, followed by field crops (26%) and horticulture (17%). Non-farm income (which includes agritourism), services and forestry & fisheries income on farms make up the remaining 10% (StatsSA, 2020a). These values are given in Table 1 below together with the total farm employment of 18 274 jobs disaggregated into the different occupations. The majority of the jobs created by agricultural production in the GR is for full-time farmworkers (49%), followed by seasonal

workers (36%) and the rest were owners, managers or admin staff. The number of people dependent on farm employment to sustain livelihoods are estimated to be around 76 000, based on the average household size of 4.2 for farmworker households in the GR (WCDoA, 2018).

**Table 1: Garden Route commercial agricultural income & jobs**

Item	Total Value R (million)	Percentage
Animal & Animal Products	3 043	46.2
Field crops	1 704	25.9
Horticulture	1 129	17.2
Non-farm Income	516	7.8
Services Income	170	2.6
Other Agriculture income	18	0.3
<b>Total</b>	<b>6 581</b>	<b>100</b>

Source: StatsSA, 2020

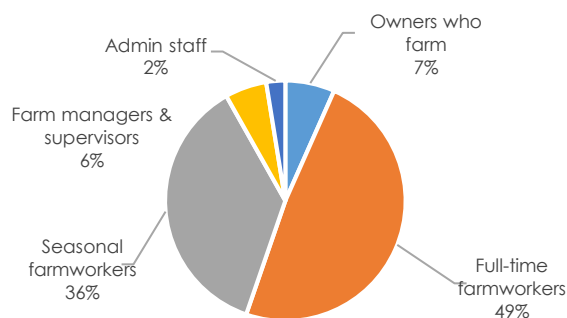


Table 2 and 3 provides more details on the scale of production, broken down into the various major agricultural industries for livestock and crops. Starting with the farming of animals, Table 2 gives the number of livestock on farms and compares the 2007 statistic to that of 2017, whilst the figure on the right disaggregates gross income generated from the selling of animal & animal products for the GR. The major livestock industries in the GR region was dairy cattle, sheep and ostrich production, with beef and ostrich meat, milk and ostrich products making up a combined 80% of total sales. The latter is unique in the sense that the area surrounding Oudtshoorn is the largest ostrich production area in the world, with an entire value chain built on products from ostriches (meat, feather, skins, shells) (Barends-Jones & Pienaar, 2020).

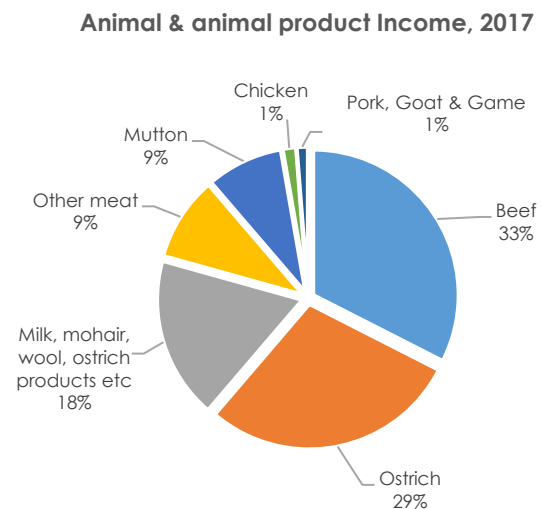
Although the number of chickens seems high compared to the other categories, this is a relatively small proportion compared to other regions in the Western Cape (0.8%). In terms of growth, the number of cattle on farms have increased by around 17% in the past decade, whilst the sheep numbers declined by 24%. As expected, the ostrich population has shrank due to disease and export limitations, with goats, pigs and game numbers making up the rest of the smaller livestock industries. It is important to note that livestock numbers are not necessarily an indication of economic performance, since farmers often allocate their land, capital and labour towards a combination of agricultural activities and these are very dependent on the prevailing market prices.



**Table 2: Garden Route livestock on farms**

Number of livestock on farms	2007	2017	% Difference
Dairy Cattle	107 703	103 189	16.8
Beef Cattle		22 665	
Wool Sheep	276 419	117 222	- 24.1
Non-wool Sheep		92 497	
Ostriches	170 451	108 938	- 36.1
Chicken broilers	248 850	15 695	-16.3
Chicken layers		192 616	
Goats	-	17 465	-
Game	-	2 096	-
Pigs	2 616	1 469	- 43.8

Source: StatsSA, 2007; StatsSA, 2020a



Looking at crop production, the results of the Flyover information of the area planted between 2014 and 2018 gives a quick indication of the major crops produced in the GR (WCDoA, 2018). Winter grains (wheat & barley) and summer grains used the largest land area and both had good area expansion in this period. Oilseeds (mostly canola) is also an important crop, which is often used in rotation with the winter grains and are mostly processed near Swellendam. There were around 3 600 hectares of vegetables planted in the GR in 2014, but this total declined substantially due to the drought in 2018 and hence the 24.5% decline. Pome and stone fruit is important industries, mainly situated in the Klein Karoo areas where the area planted has been under pressure due to drought and profitability considerations.

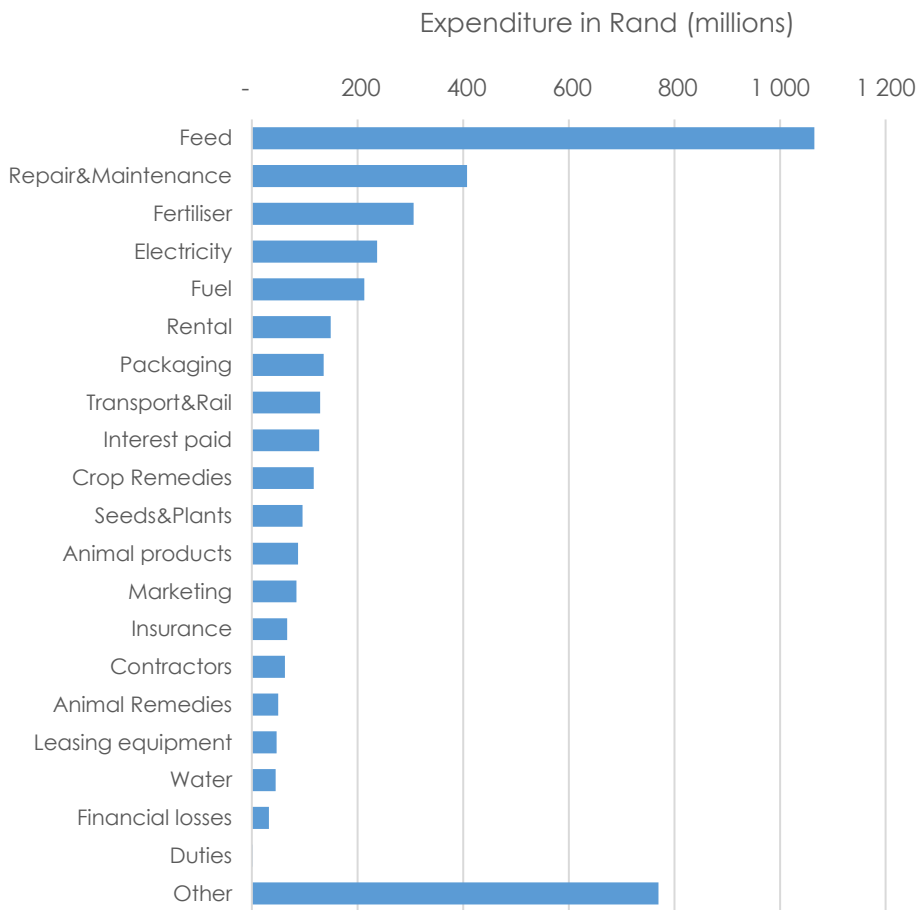
One of the standout growth sectors has been the berry industry, where investments in blueberries, raspberries and strawberries has been made in George. Berry orchards have increased from 182 ha in 2014 to 363 ha in 2018 and has resulted in large investments and job creation in the process. The mountainous area of the Outeniqua pass is also known for its production of hops; an important input into the beverage value chain. The flower industry in the GR is another important sub-sector in the District, consisting amongst others in production of proteas and cut flowers destined for major export markets. Although wine grape area has been declining in the GR, this is a trend seen elsewhere in the Western Cape, whilst sub-tropical fruit in the form of avocados has increased in recent years (WCDoA, 2018).

**Table 3: Garden Route crop area planted**

Land Use	2013/14	2017/18	% Difference
Winter Grains	47 885	56 424	17.8
Summer Grains	24 445	37 803	54.6
Oilseeds	19 820	19 895	0.4
Vegetables	3 694	2 787	-24.5
Pome Fruit	1 950	1 847	-5.3
Stone Fruit	1 796	1 654	-7.9
Olives	799	923	15.4
Nuts	423	604	42.7
Hops	442	462	4.4
Berries	182	363	99.8
Flowers	313	347	10.8
Sub-tropical Fruit	183	313	70.9
Wine Grapes	190	160	-16.2

Source: WCDoA, 2018

Not only do these agricultural activities generate revenue and jobs, but the linkages with upstream sectors by means of utilising goods and services in the process of production is crucial for economic growth in various other sectors of the rural economy in the GR district. Figure 4 sheds some light on these value chain linkages by showing the expenditure by the farming sector in the GR on various items in 2017. Total farm expenditure was R3.2 billion and the largest input purchased by farms was for animal feed valued at R1.1 billion. This is expected due to the large proportion of income being generated from livestock enterprises. Other notable expenditure items were that of repairs & maintenance (R407 million), fertiliser (R306 million) and electricity (R237 million). In terms of location, it is important to note that the GR farming sector also spends around R342 million per annum on logistical costs (fuel, transport & rail) which is mainly a result of having to transport goods either to Cape Town ports or to markets located in the metro. Then expenditure on services used in farming operations such as marketing, insurance, contractors were valued at R214 million, and the rest of the list can be seen in Figure 3.



**Figure 4: GR expenditure on farms**

StatsSA, 2020a

In terms of the economic recovery that is needed, agriculture is in a good position to buffer the impacts of COVID-19 if the sector is in a position to drive growth in the District. However, it is also important to note vast difference in terms of agricultural production that exist within the GR, mainly due to agro-ecological and climatic differences. In concluding this section, the District is sub-divided into the municipalities that are primarily located on the coastal side of the mountain ranges (Outeniqua, Swartberge and Tsitsikamma mountains) and those inland (Klein Karoo). This allows planners to identify agricultural products or industries with potential to make the biggest impact on the economic recovery and to propose interventions to drive this growth.

Table 4 gives the area planted in hectares of the major crops grown in the inland and coastal regions. Lucerne production and planted pastures make a large proportion of land use in both these areas. For the inland region, these activities are done in support of ostrich production in and around Oudtshoorn, whilst the coastal regions mainly to support dairy and small-stock livestock systems. The table also shows the changes in land use between 2014 and 2018, which was heavily affected by drought conditions. Although large parts of

the Western Cape have seen relief in the form of good rains recently, the Klein Karoo area remains in a critical water shortage situation. In both these areas, vegetable production takes place, with the inland area focussing primarily on onions, carrots, broccoli and tomatoes, whilst the coastal area on onions, Brussel sprouts, potatoes, broccoli and cauliflower.

**Table 4: Major crops planted per region in the GR**

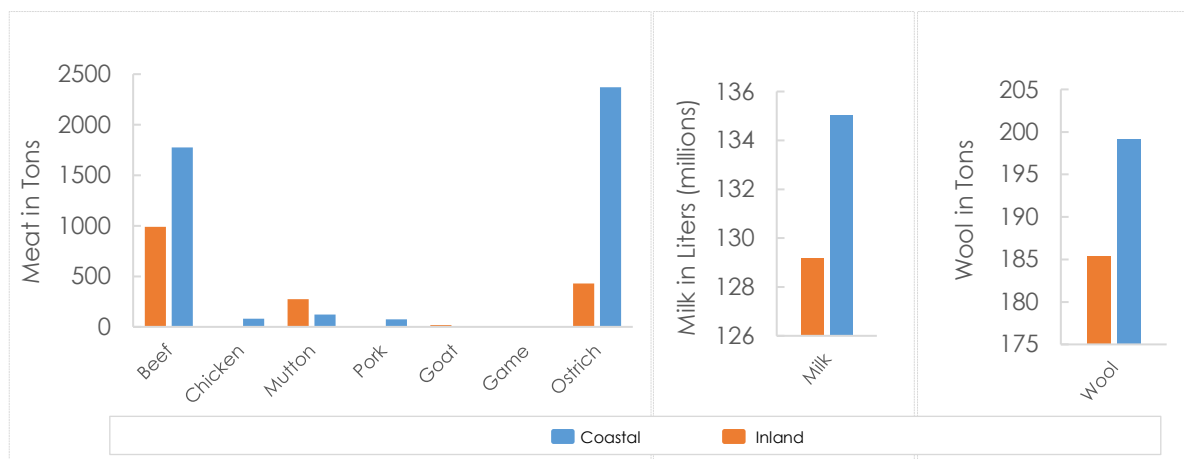
Crops	Inland		Crops	Coastal	
	2013	2017		2013	2017
Lucerne	92509	106399	Lucerne	31689	60181
Wheat	31638	33981	Pastures	63684	31795
Canola	18914	18163	Wheat	2621	4284
Barley	12421	17988	Maize	386	1441
Pastures	24280	17940	Apple	1513	1409
Vegetables	1897	1107	Vegetables	1862	1674
Wine Grapes	1263	1054	Canola	872	1219
Olive	750	875	Soyabeans	34	465
Apricot	719	549	Hops	442	462
Lupines	528	507	Nuts	225	408
Plum	331	345	Pear	363	358
Peach	349	328	Blueberry	140	264
Nuts	166	161	Wine Grapes	121	208
Maize	455	148	Proteas	110	196
Table Grapes	164	144	Plum	119	170
Pomegranate	182	136	Avocado	82	164
Proteas	9	112	Barley	158	147
Naartjies	72	99	Peach	152	141
Pear	70	76	Apricot	72	74
Avocado	48	63	Lupines	0	72
Soyabeans	0	48	Guava	43	58
Figs	28	34	Strawberry	35	50
Flowers	1	27	Figs	11	49
Prickly pear	10	22	Olive	49	48
Lemon	9	15	Raspberry	6	46
Watermelon	0	10	Pomegranate	18	42
Other	1062	574	Other	469	464

Source: WCDoA, 2018

An important feature of land use in the coastal GR region is the many alternative crops grown there, of which many has increased in the area planted. Crops such as avocados, proteas, strawberries, blueberries, raspberries and pomegranates are all high-valued

exported crops and quite labour intensive. Unfortunately, many of these agricultural businesses utilise flights to export products and there is a lot of agritourism taking place to support these industries. Both of these are heavily impacted by COVID-19, whilst the hops and barley industries could also be impacted by the long ban on alcohol industry during the lock-down. The expansion in nut and avocado production provides additional opportunities agri processing in this area.

In terms of animal and animal products, the two regions in the GR are also very unique, mainly owing to extremely different climatic zones. The arid conditions inland toward Oudtshoorn is specifically well suited for ostrich production, and has therefore the largest concentration of ostriches in the world. The reason that the coastal area is high in the tons of meat produced is because the largest abattoir for ostrich meat is located in near Mosselbay. Inland, the Hessequa municipality has quite a bit of sheep production, whilst the coastal area remains one of the major milking areas in the Western Cape.



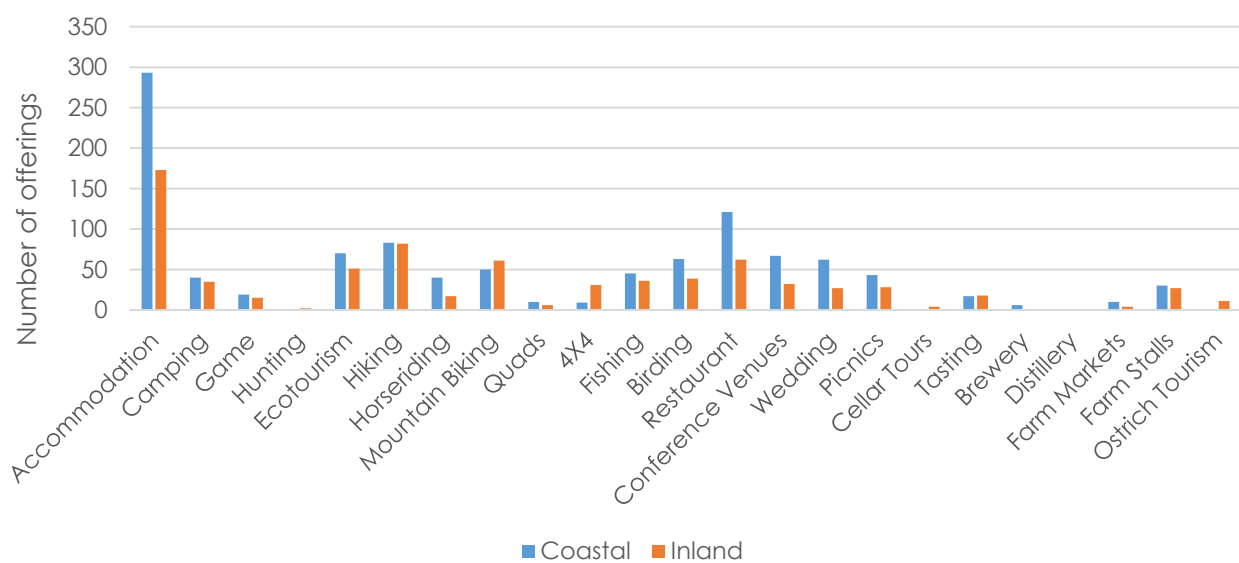
**Figure 5: Production of animal products in the GR**

StatsSA, 2020

On a positive note for inland farming is that there is some evidence that ostrich farm income is improving quite dramatically. This is owed to the fact that ostrich meat can be exported again after the market was closed for several months due to South Africa not meeting the EU standards for lab testing. Compared to 2019, the 2020 year-to-date export value for heat-treated ostrich meat (January to July) has grown from R11.7 million to R31.2 million (ITC, 2020). The most recent information of the South African agricultural income published by the DALRRD (2020) confirms this trend with very big improvement in ostrich farm income.

An important sub-sector of the agricultural economy in the GR, which is currently heavily affected by COVID-19, is the agritourism sector. In order to get a sense of the importance of this industry, the number of agritourism offerings are disaggregated between the inland

and coastal areas the GR. Farm accommodation remains the biggest agritourism offering in both the inland and coastal areas. Two well-known tourist routes run through these areas, the N2 and the R62, and are very popular for local and international tourists to visit. Furthermore, some of the major agritourism activities are restaurants, hiking, eco-tourism and mountain biking. In total, the coastal region had 1 080 different offerings, whilst the inland area had fewer, 762, but still a significant number. As will be discussed in the next section, these activities that provides farmers a diversification strategy and additional farm income will be severely impacted until international tourist arrivals get back to pre-COVID-19 levels, which could take some time.



**Figure 6: Agritourism offerings in the GR in 2018**

Source: WCDoA, 2018

### 3. THE IMPACT OF COVID-19 ON GR AGRICULTURE

At the time of writing the impact of COVID-19 on the agricultural sector in South Africa seems to be somewhat shielded compared to other sectors of the economy. Part of the reason being that agriculture was declared essential and therefore permitted to continue operating during the lockdown, but added to this is the fact that the sector is recovery from two years of being impacted by droughts (mainly the Western Cape) and animal diseases (foot & mouth disease and avian influenza). There are however some industries that were negatively affected by the lockdown measures and therefore affected by COVID-19, wine, flowers and agri tourism are examples. The industries were all impacted by regulations to stop the spread of the virus.

At the start of the pandemic when lockdown measures were imposed in most nations to curb the spread of the virus, the expected impact on agricultural value chains were highlighted (Troskie, 2020; Pienaar, 2020 & BFAP, 2020). During the early stages the major concerns were the supply of labour, inefficiencies in agricultural support services (auctions, transport, packaging, veterinary & advisory services, security, port facilities, fresh produce markets etc.) and strong movements in the exchange rate<sup>2</sup>. With excellent coordination by various industry stakeholders, many of the COVID-19 related issues have not had significant impact and that it is highly likely that the agricultural sector in South Africa will have a good production year. This is indeed reflected in the latest GDP results released from StatsSA (2020) which shows that amongst all the ten major sectors in the economy, only agriculture managed to grow in quarter 2. The rest all recorded historic contractions, making quarter 2 one of the worse GDP number ever recorded in the country. On a positive note, the agriculture, forestry and fisheries sector grew by 29% in quarter 1 and another 15% in quarter 2 of 2020 (StatsSA, 2020b). Figure 5 highlights the quarterly and annualised results for each sector during quarter 2.



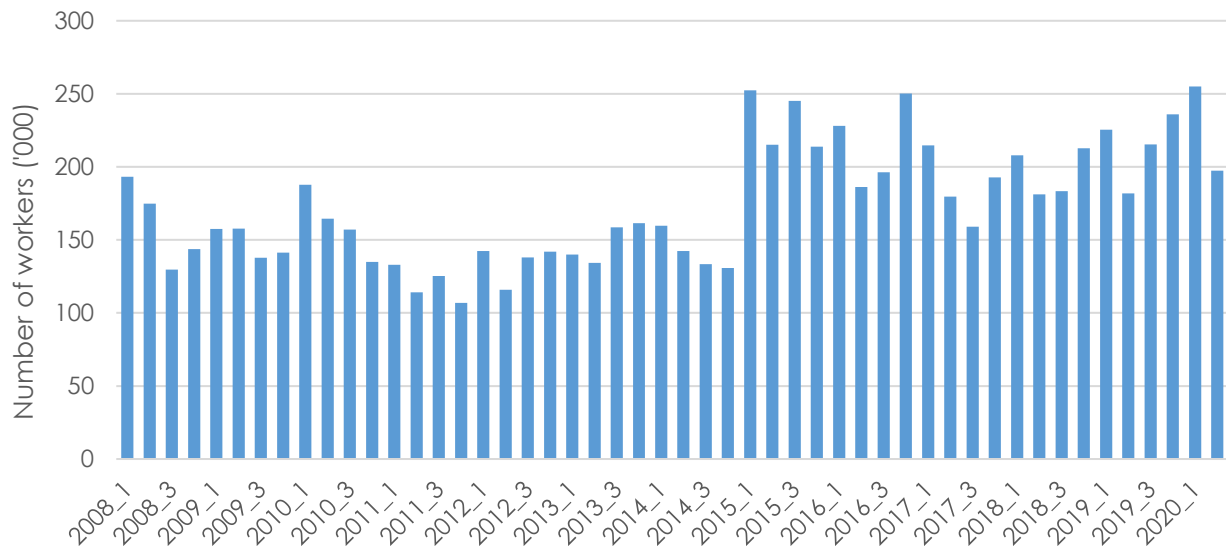
**Figure 7: Agriculture in the Western Cape per district in 2017**

Source: StatsSA, 2020b

As previously noted, this has been due to good performance in horticulture and field crops. Despite this good performance, the agricultural sector has not been able to escape job losses. The latest iteration of the quarterly labour force statistics suggest that the South African agricultural sector shed some 43 000 jobs compared to quarter 2 in 2019 and 66 000 compared to quarter 2 (StatsSA, 2020c). This is however a small fraction compared to the

<sup>2</sup> Although a weaker Rand supports higher income for exporting agricultural firms, the downside is that a majority of agricultural inputs are imported and therefore at a higher price.

total job losses of 2.2 million during the COVID crises. The Western Cape agricultural jobs trends in Figure 6 shows the steady quarterly drop, but this quarters' numbers is still higher than the 182 000 jobs in 2019 quarter 2. Perhaps the impact of the regulations that affected the wine, agritourism and flower industries will only show up in the third-quarter numbers.



**Figure 8: Western Cape employment numbers for agriculture, forestry and fisheries**  
 Source: StatsSA, 2020c

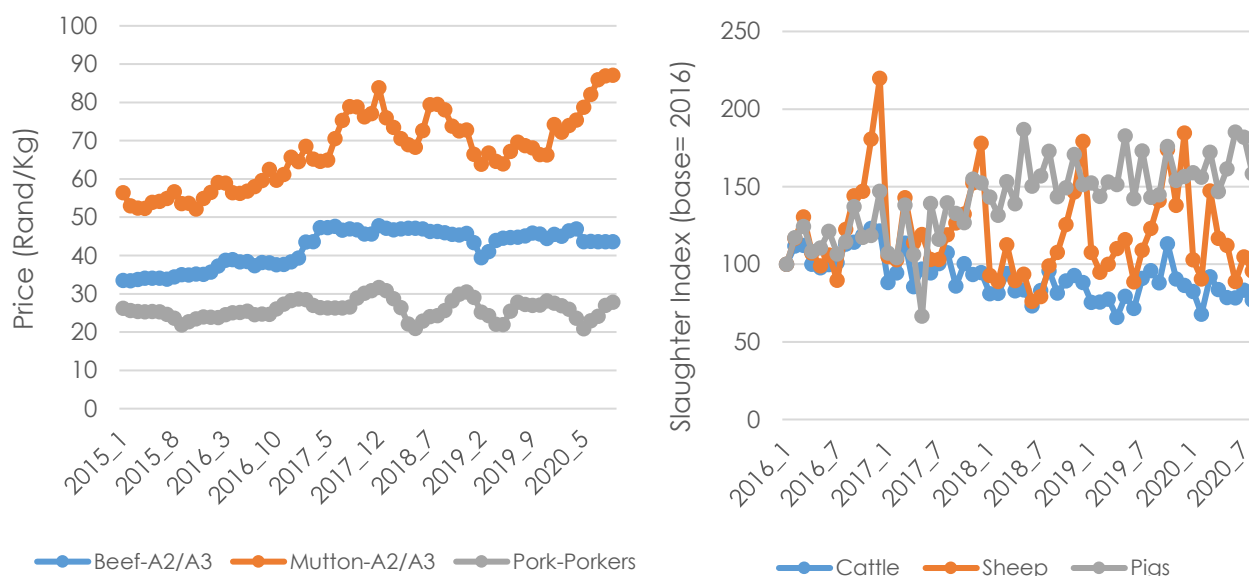
### 3.1 ANIMALS AND ANIMAL PRODUCTS IN THE GARDEN ROUTE

As noted earlier in this report, livestock farming make out around 46% of total farm income in the GR. The impact of COVID-19 has had, and will continue to have, a profound impact on the performance of animal and animal product sale in South Africa. Whilst the impact of sudden “panic buying” meant a spike in meat demand just prior to the lockdown, the demand for meat has plummeted since then (BFAP, 2020). This is due to the impact of COVID on consumer’s spending ability and the closure of the food service sector. Beef is very dependent on sales via restaurants, which was heavily affected when lockdown measures closed these outlets. Furthermore, a slower economy normally translates into subdued demand for all animal protein, especially beef and lamb.

To gauge the impact of COVID-19 on the major livestock sector in the GR, price movements in South Africa (on the left) is given, as well as the Western Cape slaughter numbers (on the right) in Figure 9. Beef and pork prices declined during lockdown, whereas lamb meat has been increasing throughout 2020. The slaughter numbers suggest that in 2020, fewer sheep and cattle have gone to the market, whilst the seemingly uptick in pork slaughtering and recent price increase is likely driven by consumer substituting to cheaper animal protein



options. Unfortunately, the GR is not a major pork-producing region, but will rather be negatively impacted by trends in beef and sheep prices. The detail presented in Figure 9 suggest that income from beef and mutton could be under pressure in the coming months.

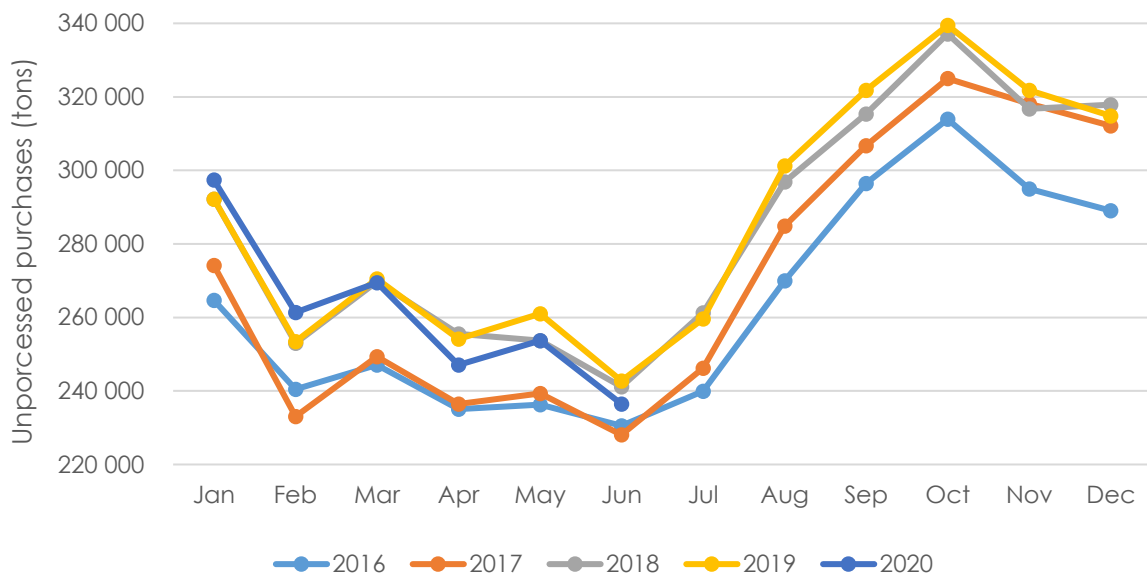


**Figure 9: South African meat prices and Western Cape slaughter monthly and annualised changes**

Source: Nowers, 2020; Levyadmin, 2020

Since the production of chicken meat and eggs are not large industries in the GR region, the main focus will be on ostrich production. Some good news for farmers and agri businesses in this industry is the better trading conditions in ostrich products recently as already discussed.

Finally, in terms of milk production, which is prominent in the coastal areas of the GR, the production volumes does not seem to be heavily affected by COVID-19. Figure 10 gives South Africa total unprocessed milk purchases up until June 2020 and although 2020 numbers are marginally lower than 2018 and 2019, recent price increases should support the sales to such an extent that the industry will continue to grow in 2020. This industry has over the past decade undergone some consolidation, with the number of farming operations declining over time in search for increased efficiency and optimal use of technology to boost productivity (BFAP, 2020).

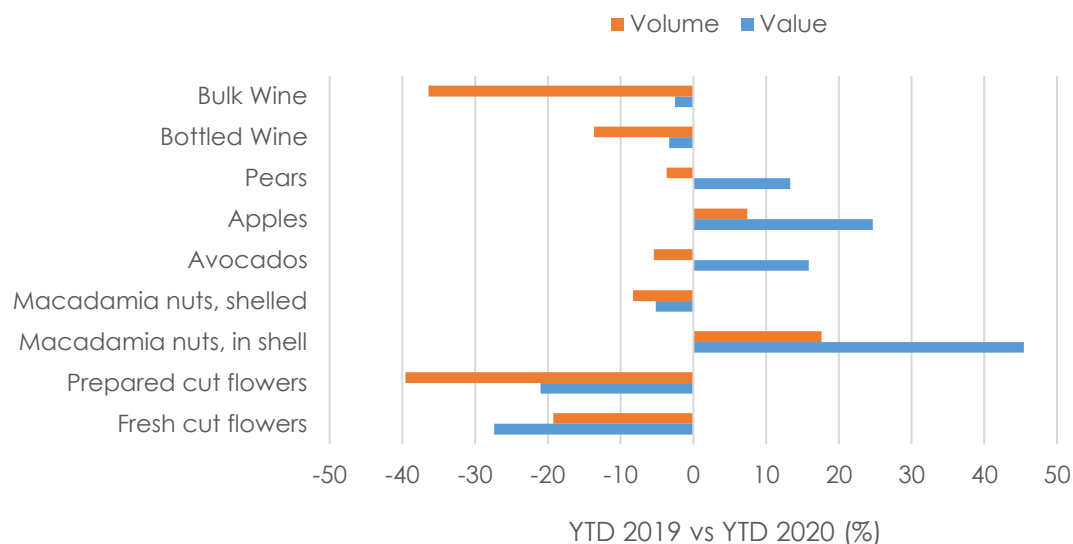


**Figure 10: South African unprocessed milk purchases**

Source: MilkSA, 2020

### 3.2 HORTICULTURE IN THE GARDEN ROUTE

The coastal areas of the GR is well known for the intensive cultivation of fruits and vegetables under irrigation. At this point in time, the best indication of economic performance can be found in the tracking of exports for the major fruit products grown in the GR. Figure 11 makes an comparison of the export value and volumes of 2020 from January to August, with the same period for 2019. The fruit industries particularly affected by COVID-19 has been the flower and the wine industry, as the trade of both were affected by the lockdown. In volume terms there is a big backlog of bulk (-36%) and bottled wine (-14%) compared to 2019, but in value terms the impact has been less. The reason for this is that the wine that has at this point been exported is trading at slightly higher prices compared to last year. The same does not apply to the flower industry whose export values and volumes are down by more than 20%. The majority of flowers is exported by using air transport of which the cost during COVID-19 has escalated due to much less flight entering South African airports. The flower industry will therefore face considerable hardship until demand for these products improve and tourist travel reaching normal levels.



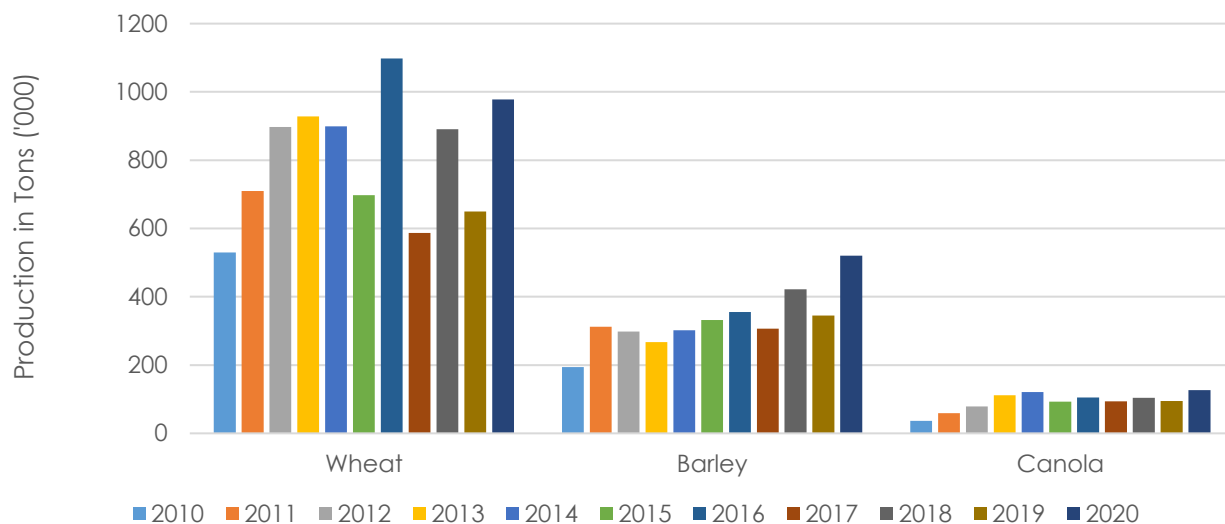
**Figure 11: Selected exports of South African fruit, Year-to-date 2019 vs 2020**

Source: SARS, 2020

Despite COVID-19, some industries such as apples, pears and macadamia and avocado exports has been performing well, partly assisted by the depreciation of the South Africa Rand and stable production during the season. In terms of the exports of berries, the main part of the season is now approaching for most of the berry types and it is too early to see any major changes from the previous year.

### 3.3 FIELD CROPS IN THE GARDEN ROUTE

In terms of agricultural performance in the GR area, the good rains during the winter bodes well for the winter grain crops, as well as the coming fruit season starting in November. Since the GR has a large area under winter grains, the outcome of the current harvest has relevance. The crop estimates committee (2020) has just released its second forecast for 2020 in terms of production volumes and the production performance for the past decade is summarised in Figure 12. Clearly, winter grain production in the Western Cape is set to have an excellent year, with barley and canola aiming at record harvests. This good production year is further strengthened by good prices currently prevailing in the market for grains, as given in Figure 12. BFAP (2020) supports the notion that higher wheat prices (16% higher than 2019) are likely in 2020, since the country is a net importer of wheat and the world reference price is still below the threshold at which the variable import tariff is triggered and prices are expected to be boosted by the weak Rand. There might be some downward pressure on prices because of the big harvest coming in, but the overall level of prices for all of the winter crops are higher than the past two seasons.

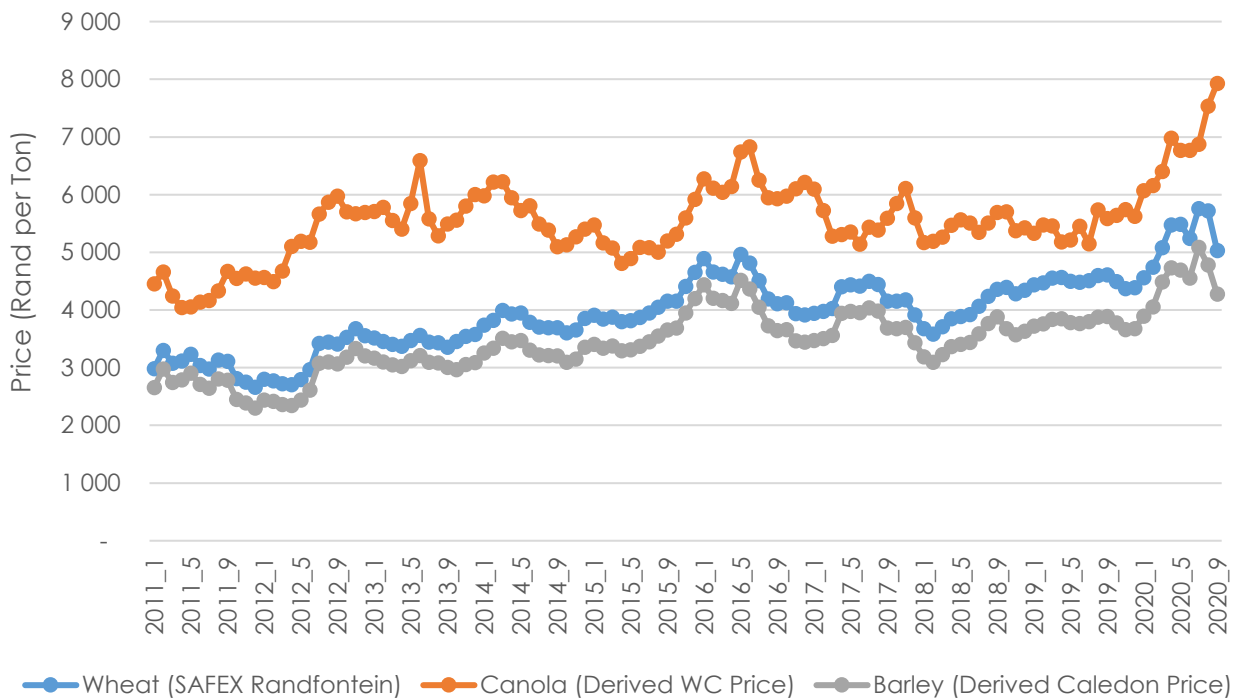


**Figure 12: Western Cape winter grain production in tons**

Source: CEC, 2020

The expected higher price levels for wheat is good news to barley growers since the barley price is mainly derived from the wheat price. However, the industry is expecting a record harvest of 520 thousand tons, but malting activities were outlawed during stage 5 and 4 of the lockdown and has meant that stock levels has increased dramatically (Sihlobo, 2020). It is at this stage uncertain how this will affect the demand for barley in the short term, and especially for the next season, but there is potential for the industry to explore export opportunities and farmers might plant less barley in 2021 if indications from the breweries suggest smaller demand for the coming season.

The picture of winter grains in the GR is one that suggests good agricultural performance expected in 2020, and although these industries are not very labour intensive, will be important growth industries to support the economic recovery.



**Figure 13: Average monthly winter grain prices**

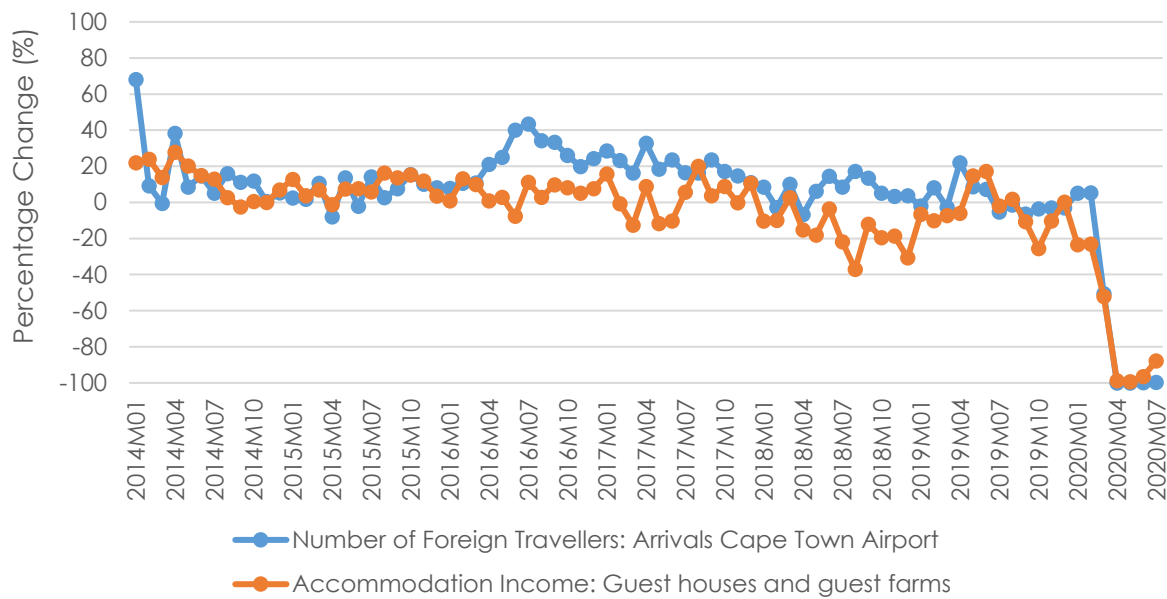
Source: Agbiz, 2020

### 3.3 AGRITOURISM IN THE GARDEN ROUTE

One of the worst affected industries by COVID-19 has been the sudden and prolonged restrictions on the tourism travel industry. Since many countries have closed its borders for extended period, South Africa has also not allowed international visitors to enter the country. As noted earlier, the GR has a vibrant tourism sector, providing farm accommodation and a host of agritourism activities, often visited by international tourists. Figure 14 shows the monthly percentage change in income generated from accommodation for guesthouses and on-farm accommodation and the change in the number of foreign tourists arriving at Cape Town International Airport. Clearly, the two trends correlate and suggest that almost all economic opportunities provided by tourism activities has come to a complete halt since lockdown started.

This is a serious concern for agritourism in the GR and since international travel will not reach pre-COVID-19 levels any time soon, the lost income for the farming sector will be significant. According to Wagner et al., (2020), the agritourism industry will need to adapt to the changes brought about by the pandemic, increasing accessibility and affordability to the domestic market. This should be done in combination with increased health and safety measures and potentially appeal to offerings with smaller groups of people. Since infections

around the world has been more pronounced in urban centres, rural tourism activities could be well placed to provide safer leisure opportunities.



**Figure 14: Average monthly winter grain prices**

Source: StatsSA, 2020d; StatsSA, 2020e

## 4. CONCLUSION

This report has purposed to provide a detailed analysis of agriculture production in the GR and to assess the COVID-19 impacts on the various agricultural sub sectors. The results confirms the important role that the agriculture and agri processing sector play in the GR economy and that the farming sector is expected to do well in 2020, despite the debilitating impact of COVID-19 on almost every other sector. The good rains and trading conditions for the horticulture and field crop industries located in the GR will drive the economic recovery, whilst some industries such as flowers, wine and agritourism will experience significant income and job losses. Decision makers and local planners can use the information provided in this report draft economic recovery plans and further engagements with specific industries could inform post-COVID interventions in the region.

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