



AGRICULTURAL ECONOMIC SUMMARY: 1st QUARTER 2025

1. Introduction

In the first quarter of 2025 (Q1_2025), South Africa's economy experienced a growth of 0.1% quarter-on-quarter (Q1_2025 vs Q4_2024) (q/q) and 0.8% on a year-on-year (Q1_2025 vs Q1_2024) (y/y). The sectors that led this growth include agriculture, which grew by 15.8% (q/q) and contributed 0.4% to the economy. The transport sector (incl. storage & communication) increased by 2.4% and contributed 0.2%.

In addition, the trade grew by 0.5%, contributed 0.1% to the economy, and the financial sector, which includes real estate and business services, grew by 0.2%, contributing 0.1%. On the contrary, the General government services and other key sectors such as personal services, manufacturing, utilities, construction and mining experienced a decline in terms of growth and contribution to the economy. The strong growth in agriculture was underpinned by a notable increase in economic activities in the horticulture and animal products sub-sectors. The Western Cape is the dominant player in the horticulture sub-sector and accounts for more than half of the national primary agricultural exports to the world.

Economic growth is crucially important for improving the socio-economic condition of the population and advancing the country's development. South Africa's agricultural sector remains the backbone of the economy, and the next sections provide a detailed analysis of its performance, focusing on its contribution to the economy, major agricultural sub-sector gross income, and a breakdown of horticultural industries. This will be followed by a discussion of the agricultural jobs in the first quarter of 2025, along with an overview of changes in food prices.

2. Agricultural sector performance

South Africa's agricultural sector showed the strongest growth in the first quarter of 2025, contributing 0.4% to GDP (q/q) and -0.87% (y/y). Figure 1 highlights trends in agricultural quarter-on-quarter adjusted economic contribution to the economy over time (2015_Q1 to 2025_Q1). This period demonstrated fluctuations in agriculture's contribution to the economy, with a notable contraction in the third quarter of 2021, followed by a rebound in the same quarter of 2022. These reflect the volatility of the global economy, which many sectors are currently experiencing due to ongoing geopolitical tensions affecting agricultural input prices, market access, and overall market uncertainty. Additionally, the sector faces challenges of extreme environmental conditions, including phytosanitary and biosecurity concerns.

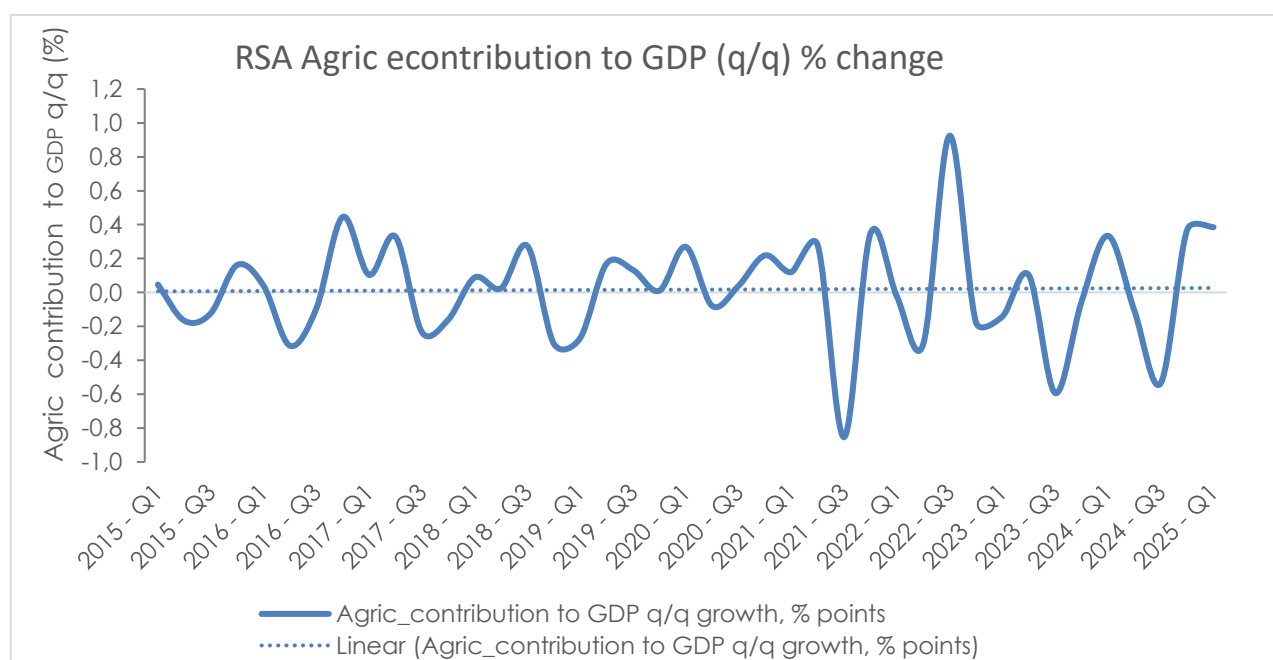


Figure 1: South Africa's agriculture contribution to GDP q/q growth, % points

Source: (StatsSA, 2025)

Figure 2 illustrates South Africa's quarterly nominal gross farm income from three major agricultural sub-sectors (field crops, horticulture and animal products) for the period Q3_2022 to Q1_2025 (nominal terms) (DALRRD, 2025). As illustrated in the figure, at the national level, the livestock sector accounts for a large share of the total gross income from agriculture, followed by horticulture and field crops. Whereas, in the Western Cape, the horticulture sub-sector is the most dominant in value terms.

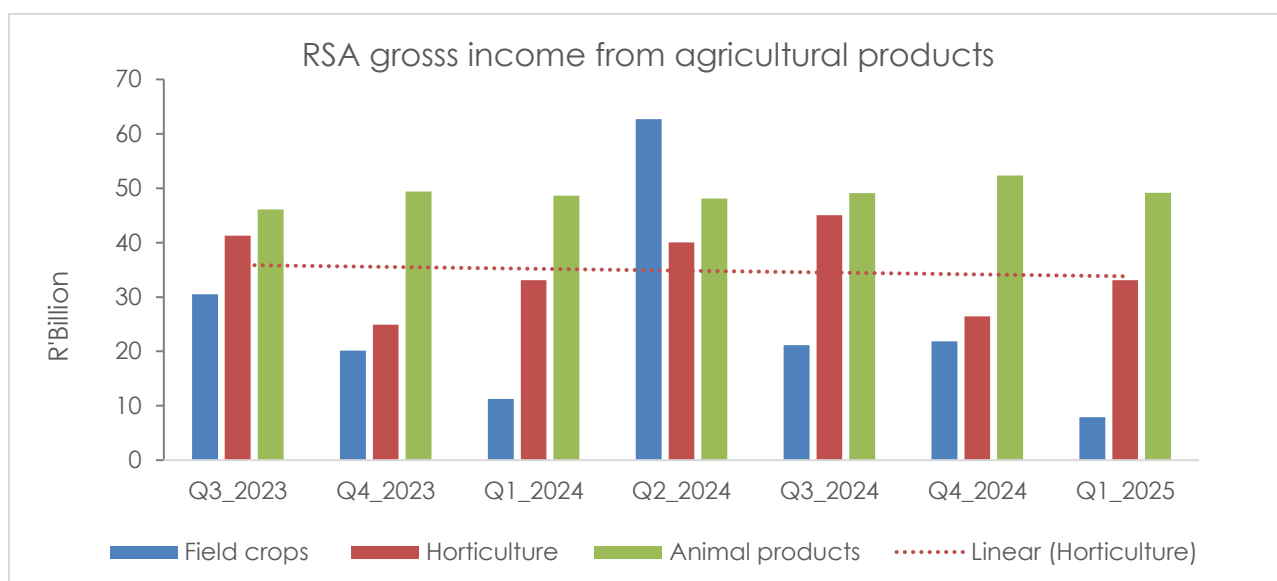


Figure 2: RSA gross income from agricultural Products, Q3_2023-Q1_2025

Source: (DALRRD, 2025)

In the first quarter of 2025, South Africa's horticultural sub-sector generated a gross income of R33 billion. Table 1 below provides a breakdown of horticultural Industries that are ranked by their quarterly gross income, as well as their quarterly and annual growth rates for the same period. Key industries with substantial quarterly growth were dried fruits (1602%), deciduous and other fruits (122%), and citrus (68%). Annually, subtropical fruits' gross income rose by 24% and dried fruits by 9%.

Table 1: RSA nominal gross income from horticultural products, Q1-2025

Horticultural products	Q1_2025 (R'000)	q/q % change	y/y% change
Deciduous and other fruit	17 121 568	122%	-2%
Vegetables	10 054 877	-19%	-4%
Dried fruit	2 252 397	1602%	9%
Subtropical fruit	1 892 614	-24%	24%
Citrus fruit	988 324	68%	-21%
Flowers and bulbs	476 445	-39%	-4%
Rooibos tea	232 450	-	-16%
Other horticultural products	73 622	-21%	-1%
Viticulture	-	-100%	-
Tea	-	-	-
Nuts	-	-100%	-
Total	33 092 297	25,3%	-0,002%

Source: (DALRRD, 2025)

3. Agricultural labour market performance

South Africa's agricultural industry recorded 930 100 jobs in the first quarter of 2025, with the Western Cape contributing 26% (244 100) to total national primary agricultural jobs (see Figure 3).

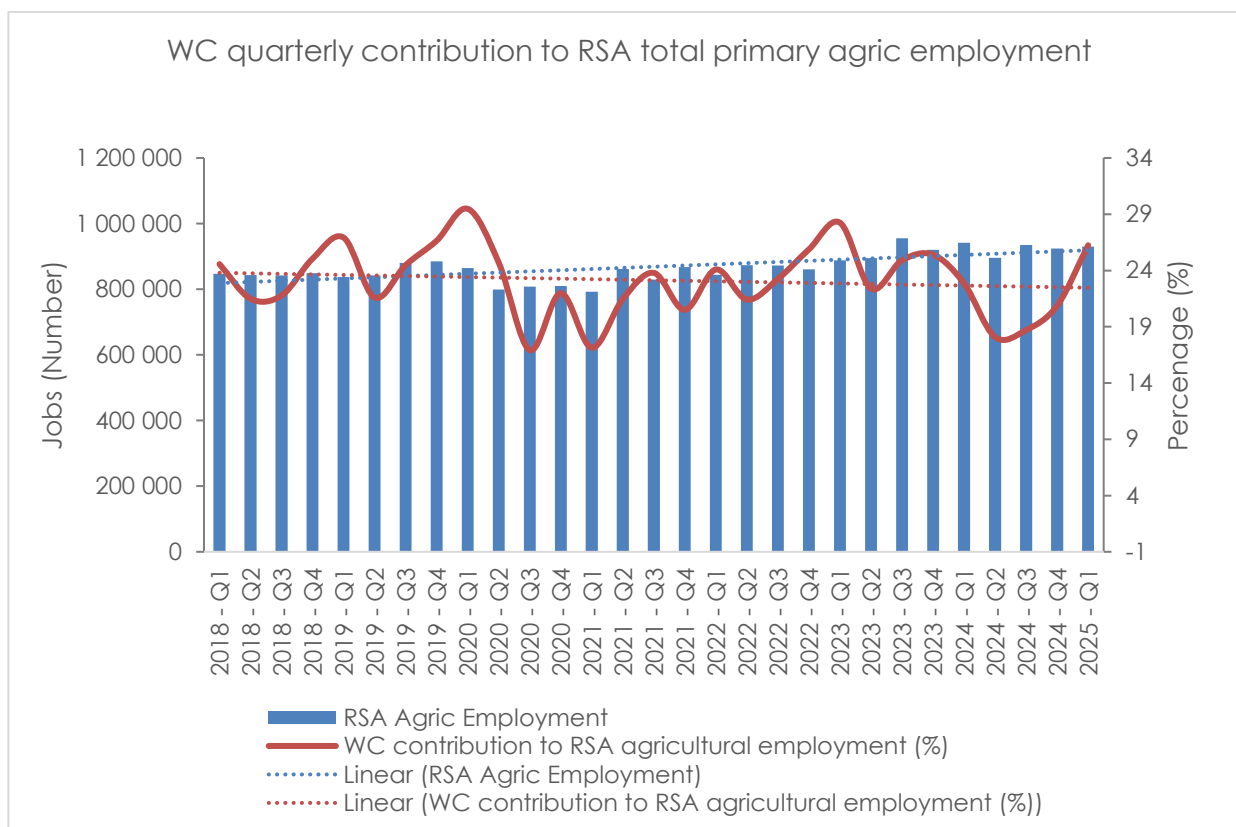


Figure 3: Western Cape contribution to national primary agricultural jobs, Q1_2018-Q1_2025

Source: own compilation based on Stats SA data

Figure 4 illustrates the performance of the Western Cape agriculture and agri-processing labour market. The province's primary agricultural jobs increased at 27% (51 282 jobs) (q/q) and 13% (28 994 jobs) (y/y). This growth is primarily driven by 34% employment growth in crop farming and 1% in animal farming. In contrast, jobs in the agri-processing sector declined by -4% (4 737) q/q and 7% (9 061) y/y. This decrease was mainly attributed to job losses in agri-processing industries, specifically in the production, processing and preservation of meat, fish and fruits, which saw an 8% decline (3 021 jobs) q/q and a 37% drop (19 878 jobs) y/y. Additionally, the manufacture of beverages experienced a 21% (5 759 jobs) q/q reduction and a 28% (8 815 jobs) y/y. However, the dairy industry recorded an

increase of 33% (1 346 jobs) q/q and 42% (1 584 jobs) y/y/. The tobacco industry also saw growth, with a 36% rise (750 jobs) q/q.

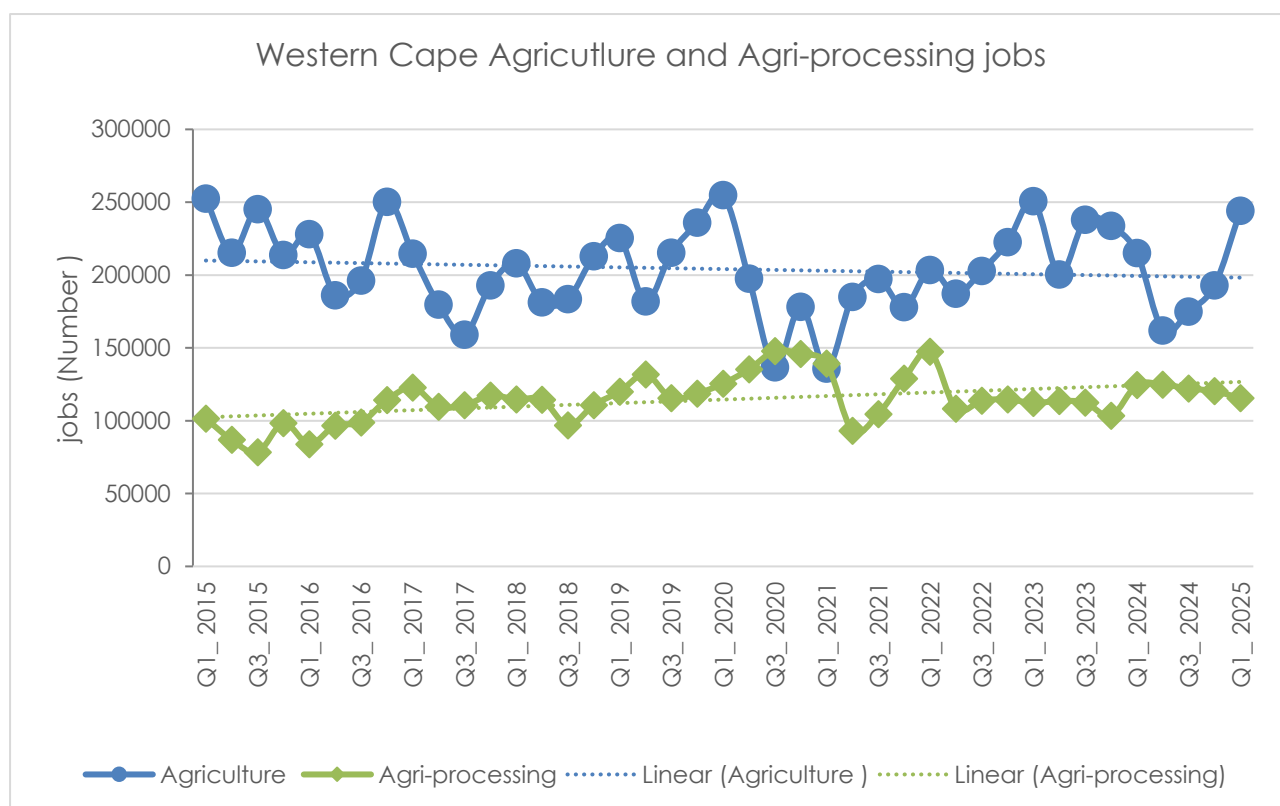


Figure 4: Western Cape agriculture & agri-processing employment

Source: Own compilation based on Stats SA data

4. Food price changes

South Africa faces significant household food insecurity, mainly due to low income, which limits access to food. The annual headline inflation in April 2025 was at 2.8%, slightly higher than 2.7% reported in March 2025(month-on-month). Figure 5 illustrates South Africa and the Western Cape quarterly inflation on all items and food products for the period April 2012 until April 2025. The national quarterly inflation was driven by an increase the prices of vegetables (6.9%), wine (3.4%) meat (2.0%), and oils and fats (1.9%), sugary products (1.5%) and other food products at the national. The Western Cape average prices for all items in the first quarter of 2025 were at 3.5%, which is lower than the national average price of 8.3% recorded in the same quarter.

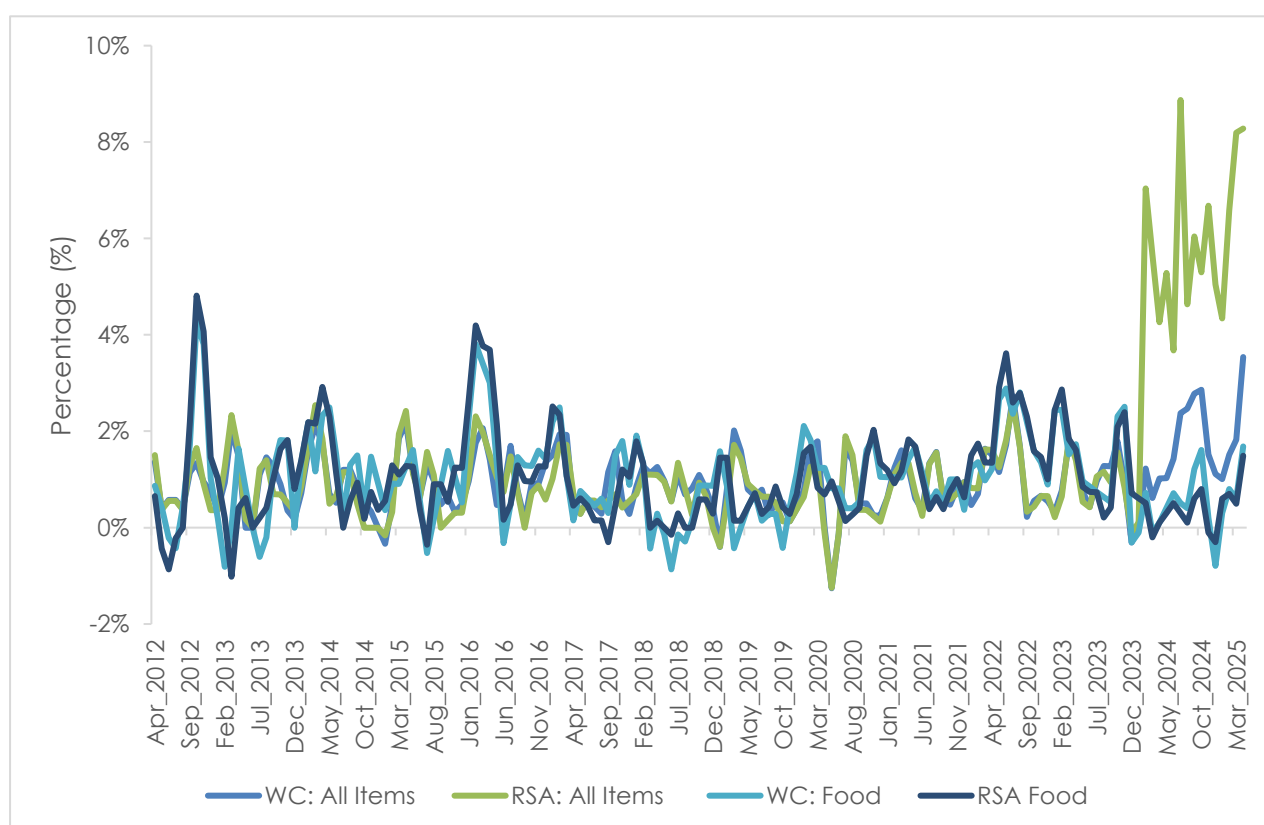


Figure 5: South African and Western Cape quarter-on-quarter inflation rate 2025

Source: (StatsSA, 2025)

5. Concluding remarks

- In the first quarter of 2025, the agricultural sector remains the key driver of the economy, growing by 15.8% (q/q) and contributing .4% to the GDP.
- The growth was largely ascribed to the horticultural and animal production sub-sectors, with the Western Cape playing a dominant role in the horticultural subsector.
- The economic growth in the horticultural sector also explains the employment growth noted in the Western Cape for the same quarter. The province contributed 26% of the national primary agricultural employment.
- The food inflation remains a concern, with national prices noted to increase for vegetables, meat and oils. The Western Cape inflation rate for all items was lower than the national average, however, food price pressure continues to affect households.

6. Policy considerations

- The disconnect between positive economic growth and jobs in the primary agriculture sector and the decline in agri-processing jobs needs to be addressed to unlock job opportunities through investment in the agricultural sectors.
- Climate and biosecurity need to be prioritised to ensure persistent and uninterrupted agricultural growth.
- Market access and diversification are essential for South Africa's agricultural sector, considering global shifts in the trade environment.
- Economic growth is essential to create more job opportunities and reduce household-level food insecurity with no or low incomes.
- The application of monetary and fiscal policy will be monitored closely to drive economic growth.

7. Reference

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