

Agricultural development key to driving economic growth

Budgetary allocations emanating from the 2019 National Budget Speech are expected to reinforce the importance of the agricultural sector in the South African economy, according to Wessel Lemmer, senior agricultural economist at Retail and Business Banking, Absa Group.



Finance Minister Tito Mboweni ([Photo: GCS](#))

He noted that budgetary allocations need to be targeted at the expansion of exports, ease of doing business, land restitution, the support of food producers that have been impacted by power outages, supporting emerging farmers, with a particular focus on developing the potential of agriculture to create jobs and grow the economy.

“The SONA as delivered by President Ramaphosa is regarded as very compelling by many economists. The importance of agriculture in the economy was highlighted several times. Consequently, there is an expectation from the agricultural industry that budgetary allocations for South Africa’s agricultural industry should not only increase, but be directed at areas of growth,” said Lemmer.

He further expanded on his analysis stating that Ramaphosa had acknowledged that the competitiveness of agricultural exports needed improvement, as well as the costs of electricity, trade, communications and transport. The focus from government should be on high value agricultural products with export potential such as fruit, wine and vegetables as well as poultry and meat.

Attracting investment

Government is also expected to undertake addressing the ease of doing business in South Africa. This is imperative in attracting further investment in agriculture. To rank amongst the top 50 global performers within three years, producers need policy certainty on land ownership and improved agricultural services.

“In addition to direct jobs, the food and agricultural industries are amongst other export industries that could generate two million more jobs in the next 12 years. Government will deepen the partnership with agribusiness to realise this vision,” Lemmer continues.

As part of the stimulus package in agriculture, government has invested significantly in comprehensive farmer development support to ensure that restituted and communal land is productively utilised. Priority will be given to develop targeted skills and to build the capacity of smallholder and emerging black farmers.

Agriculture, as with most other sectors, keenly anticipates a budgetary roadmap for lower energy costs and a firm plan for the stabilisation of the country’s electricity supply.

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