

# Agri SA

## Media Release

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### **AGRICULTURE IS A SHINING LIGHT IN A DECLINING ECONOMY**

The news by Statistic South Africa that the South Africa's Gross domestic product (GDP) contracted by 0.7% for the first quarter of 2017, following a decrease of 0,3% in the fourth quarter of 2016 indicates that the country has fallen into a technical recession. This is a big concern for all South African's as this could lead to high unemployment, falling average incomes, increased inequality, higher government borrowing and increased taxes.

Agri SA is concerned that if South Africa's economic growth slips further into the negative territory in the second quarter, it would mean the country is in full recession. This will have an adverse impact on employment creation as it was revealed recently by Statistics South Africa that unemployment in the country reached a record high, 27.7% in the first quarter of 2017 from 26.5 percent in the previous period. Furthermore, as a result of the recession, businesses will not be able to make profit, consequently government will receive lower corporate tax. Moreover, income levels will fall leading to government collecting less income tax from the labour force.

Agri SA is also, concerned that the recession will lead to lower investment, and therefore to the undesirable damage in the long-term productive capacity of the economy.

From a global perspective, South Africa's economic growth rates are not on par with international benchmarks. However, because of key issues such the unstable political environment resulting in policy uncertainty; corruption and lack of economic and political leadership, growth in the South African economy will remain in dire straits.

Agri SA as a federation of agricultural organizations and an organization committed to the development of agriculture in South Africa, is quite pleased with the positive performance of the sector. The situation could have been far worse had it not been for the agricultural sector's contribution to GDP and a year on year growth rate of 22% upwards.

This speaks volume of the importance of the sector in the economy and therefore as Agri SA we continue in our endeavours to reach out to government to make agriculture development a national priority. Most importantly we appeal for clear policy certainty with regards to land ownership as we are concerned that without security of tenure the South African economy and food security will be compromised further.

Issued by Agri SA, Directorate: Corporate Liaison

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