

KwaZulu-Natal Provincial

Agri-processing Fact Sheet

2024

Prepared by Sifiso Kheswa
Position: Agriculture and Agri-processing (Intern)
Unit: Knowledge Management
Date: 03/09/2024
Contact: 087 049 6686

KwaZulu-Natal Office

🏠 Trade & Investment House, 1 Arundel Close,
Kingsmead Office Park, Durban, 4001,
South Africa
✉ PO Box 4245, Durban, 4000, South Africa
📞 +27 (0) 31 368 9600
📠 +27 (0) 31 368 5888

Gauteng Office

🏠 Financial Place, 99 George Storrar Avenue,
Groenkloof, Pretoria, 0181
📞 +27 (0) 12 346 4386/6763
📠 +27 (0) 12 346 4774
✉ info@tikzn.co.za
🌐 www.tikzn.co.za / www.exportkzn.co.za

DIRECTORS: K S Shandu (Interim Chairperson), U Maharaj, D Naidoo, E M Nkosi, E B Mkhize, S K Mpungose, R N Ngcamu (Acting CEO),
X Cele (Acting CFO)



Table of Contents

1. Introduction.....3

2. South African Agriculture and Agro-processing Outlook.....4

3. KwaZulu-Natal Agro-processing Industry Outlook.....5

4. Industry Value Chain.....10

5. Provincial Trade Overview.....10

6. Conclusion.....13

References

Annexure

Executive Summary

The province of KwaZulu-Natal is the second largest manufacturing region in South Africa After Gauteng province, for the year 2023 the province of KwaZulu-Natal had a GDP figure of R766 billion, with the manufacturing sector contributing 13,5% and agriculture, forestry, and fisheries contributing 4,3%. The province imported manufacturing machinery worth R366,1 million for the year 2023. Trends have been observed in labour productivity with steady growth to double over the past two decades in the agri-processing sectors. On the other hand, capital productivity has remained constant with slight increases over the past two decades and the gross fixed capital formation has shown quite a remarkable growth of 86% in agriculture and 16,9% in manufacturing reflecting mainly brownfield investment within the province of KwaZulu-Natal

1. Introduction

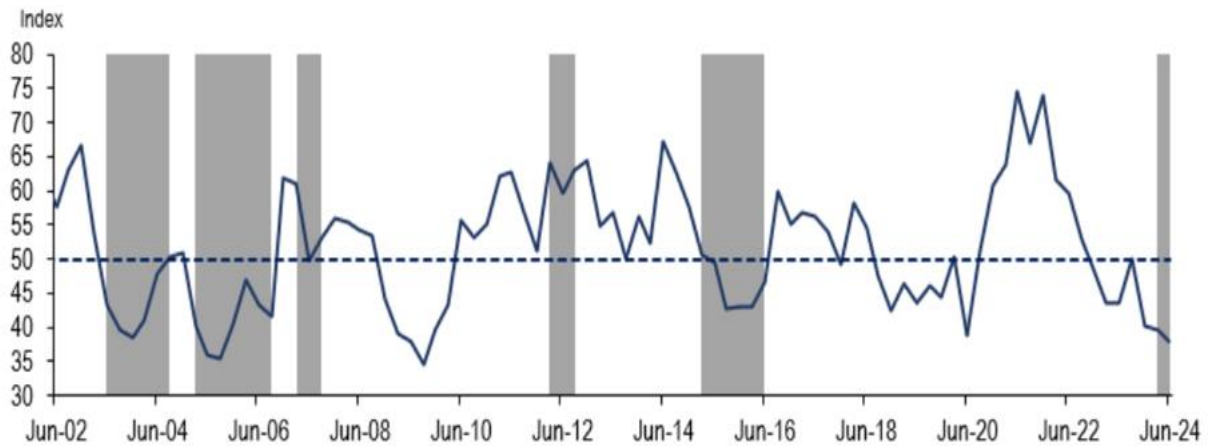
Agriculture in KwaZulu-Natal is extremely diverse, which is reflected in the patterns of its topography. Most of the world's agricultural activities may be practiced here. Given the region's good and reliable rainfall, together with fertile soils, KwaZulu-Natal's agricultural sector has become extremely productive and is known for its specialist capabilities across several types of farming. KwaZulu-Natal has a total of 6,5 million hectares of land for farming purposes, of which 82% is suitable for extensive livestock production, while 18% comprises arable land.

In line with the KwaZulu-Natal Agriculture and Rural Development Strategy 2015-2020, the strategic priorities for the Provincial Growth and Development Strategy and Provincial Growth and Development Plan inform the way forward for the province. KwaZulu-Natal is the second-largest manufacturing province after Gauteng. The modern manufacturing sector has its roots in the inception of industrialization and continues to be an important sector with great socio-economic and environmental impact. KwaZulu Natal Province continues to invest in the Agro-processing subsector to improve and localize agro-beneficiation in the province and create both direct and indirect jobs, through the processing of agricultural output and intermediate inputs.

Agro-processing refers to the manufacturing subsector that beneficiates primary materials and intermediate goods from agricultural, fisheries, and forestry-based sectors. This sector has a firm backward linkage with the primary sector and forward linkages with the secondary as well as tertiary sectors of the economy. The upstream sector is characterized by phases such as pre-feasibility, feasibility, business planning and production the entire production processes. The downstream sector consists of sorting, grading, packaging, processing, drying facilities, wholesalers, and restaurants.

2. South African Agriculture and Agro-processing Outlook

Figure 1: Agbiz/IDC Agribusiness Confidence Index (June 2002-June 2024)



Source: Agbiz Research, South African Weather Service
(Shaded areas indicate periods indicate periods of drought in South Africa.)

Figure 1 above shows the South African Agbiz/IDC Agribusiness Confidence Index, a tool for Agribusiness to support business decisions. Amid the 2022/2023 Socio-Economic and Environmental events such as Geopolitics, post Covid-19 pandemic effects, Russia-Ukraine and Israel-Palestine war, climate change-related Biosecurity issues such as Eli Nino and Cases of foot and mouth (FMD) disease, avian influenza, African swine fever, and Brucellosis have led to huge costs to farming businesses resulting in Agbiz/IDC Agribusiness Confidence Index falling to 38 points by the end of Q2 2024 from peaking in the year 2021. The lowest level since 2009 reflects a huge loss in the industry in terms of productive animals, lost earnings of high-value exports, and high energy and farming input costs. Despite the recent economic and environmental conditions, the agricultural and agri-processing have registered High employment rates to surpass the pre-pandemic level of employment in the sector.

At the base of the agricultural and Agri-processing sectors is the National Development Plan 2030 with several sector-specific socio-economic policies to faster sector resilience, innovation, and inclusive economic growth at national, provincial, and local levels. One most recent and all-inclusive economic policies are the Agricultural and Agri-processing Sector Master Plan (AAMP May 2022), accompanied by a subsector master plan (Sugar, Poultry, textile, and furniture). It offers the government and the private sector a framework to grow the sectors, build competitiveness, attract more investment, improve inclusion, and create jobs.

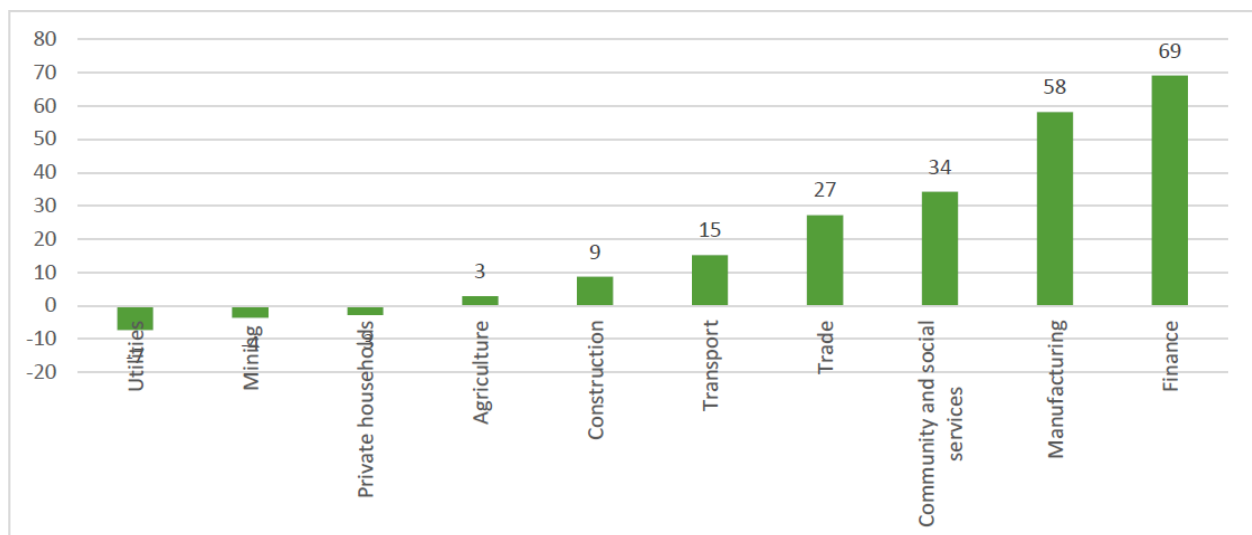
In the Marketing period, 2023/2024 the National Department of Agriculture Land Reform and Rural Development working together with private Sector Organizations such as the Red Meat Industry Association, the Citrus Growers Association, South African Avocado Association have been able to negotiate for export

market opportunities with Countries such as the Saudi Arabia and China (Red Meat Exports), Vietnam (Citrus Exports), Japan (avocado Export) respectively guided by existing and trade Agreements. Collaboration and Inclusion are among the crucial policy tools of the AAMP, 2022 to foster Public and Private Partnerships to attract and sustain foreign trade agreements such as the Africa Continental Free Trade Agreement, the European-Eastern Southern Africa Economic Partnership Agreement (EU-ESA EPA), The Africa Growth and Opportunity Act (AGOA) and BRICS+PLUS and Southern African Development Community. Under these trade Agreements and many others, the South African Agricultural and Agro-processing sectors stand chance of being a globally recognized brand in trade, innovation, and investment. This should build confidence in investment in industry Research and Development relating to Biotechnology, Biosecurity, Digitization, and IA as well as climate-smart farming.

3. KwaZulu-Natal Agro-processing Industry Outlook

The KwaZulu-Natal provincial manufacturing sector exhibited robust growth, with a substantial 18.0% year-on-year increase, adding 58,000 jobs over the period April 2022 to June 2023. This sectoral growth suggests a strengthening industrial activity, potentially driven by increased demand for manufactured goods or successful industrial policies. Agriculture on the other hand has added 3000 jobs in the same period under review.

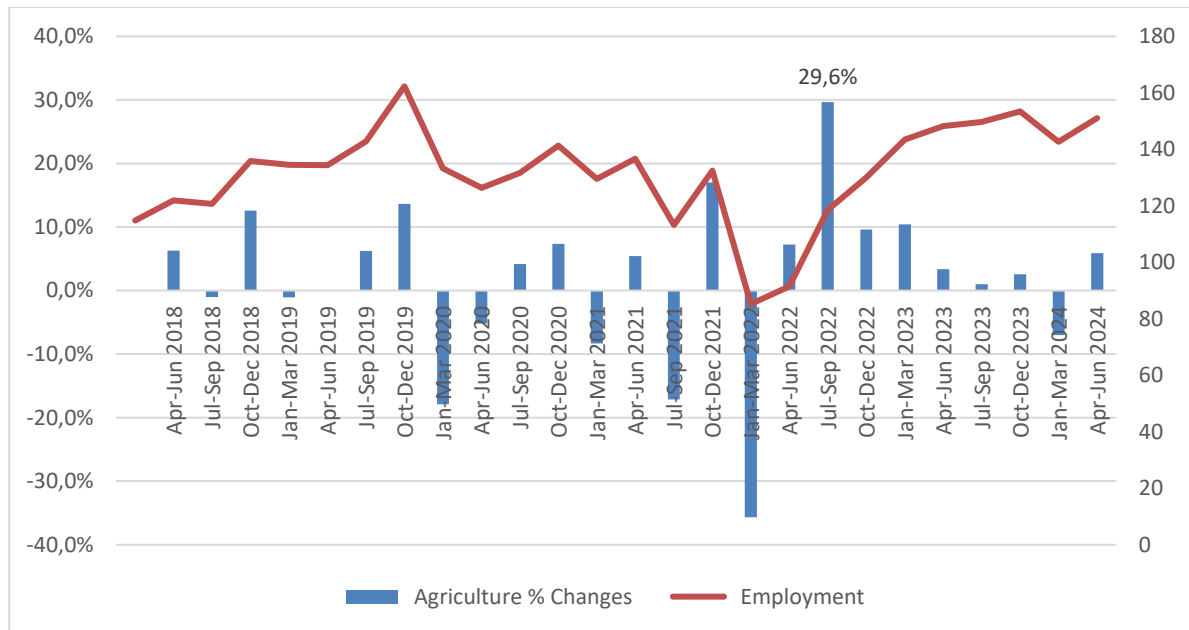
Figure 2: Year-on-year absolute change in employment across different sectors for the year 2023 April to June 2024.



Below (figure) is the quarterly provincial employment percentage changes which shows a dramatic pattern represented by a blue bar charts with two extremes within the observed period 2018 quarter2 and 2024 quarter 2. The percentage changes in provincial agricultural employment range between -35,6 % and 29,6% extremes which were observed in the first Quarter of 2022 amidst the Geopolitics and Trade

disruptions resulting from the Russia-Ukraine War reaching -35,6 to bounce back in the following Quarter (2) by 7.3% and a further sharp increase of 29,6% in quarter 3 2022 reflecting export opportunities in the grains export markets as well depreciation in the rand value.

Figure 3: KZN Agricultural Quarterly Sector Employment % Changes

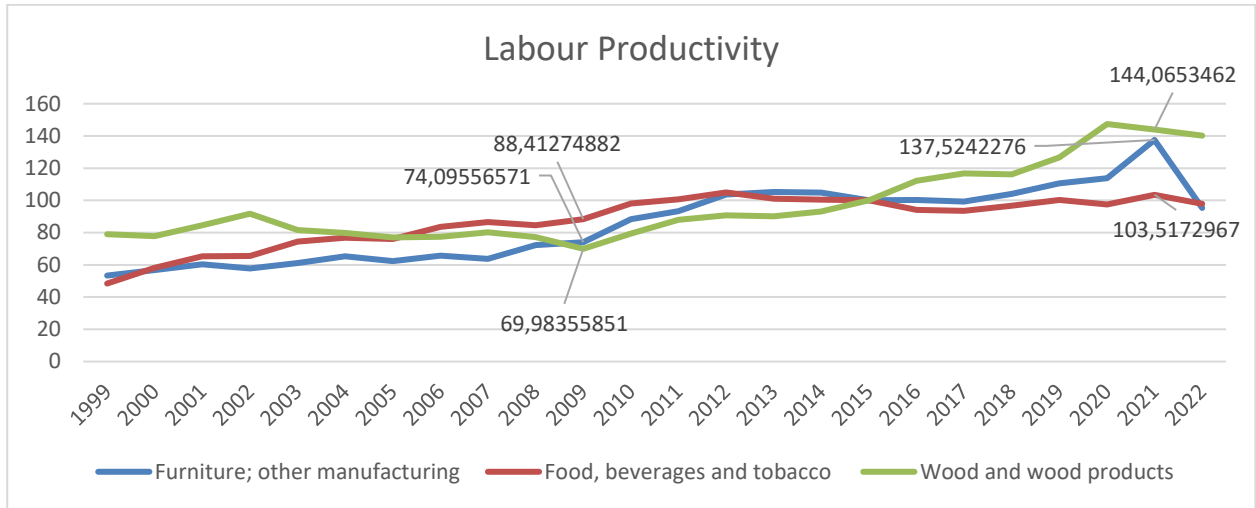


Source: Quantec, 2024

The KwaZulu-Natal labour market exhibited varied trends for the year to June 2024, reflecting both positive developments and persistent challenges. Over this period, the population aged 15-64 years gradually increased from 7.53 million to 7.63 million, indicating a steady growth of 1.4% year-on-year. These trends suggest that while the overall economic environment remains challenging, certain sectors are adapting and finding growth opportunities.

Provincial Agri-processing Labour Productivity has been growing steadily upwards on the three subsectors as wood and wood products peaking at 144,06, followed by furniture and other manufacturing (137,5) and food beverages, and tobacco at 103,5. However, labour productivity at a provincial Agricultural sector and Agri-processing sectors can be improved through the continued implementation of programmes such as the supplier enterprise development programme through public and private partnerships for skills development and training. This means prioritizing new and traditional skills in the primary and secondary sectors of the agricultural industry to align with changing global trends that focus on digital means of manufacturing with facilities using robotics and AI in the production processes.

Figure 4: KZN Provincial Labour Productivity (1999-2022)

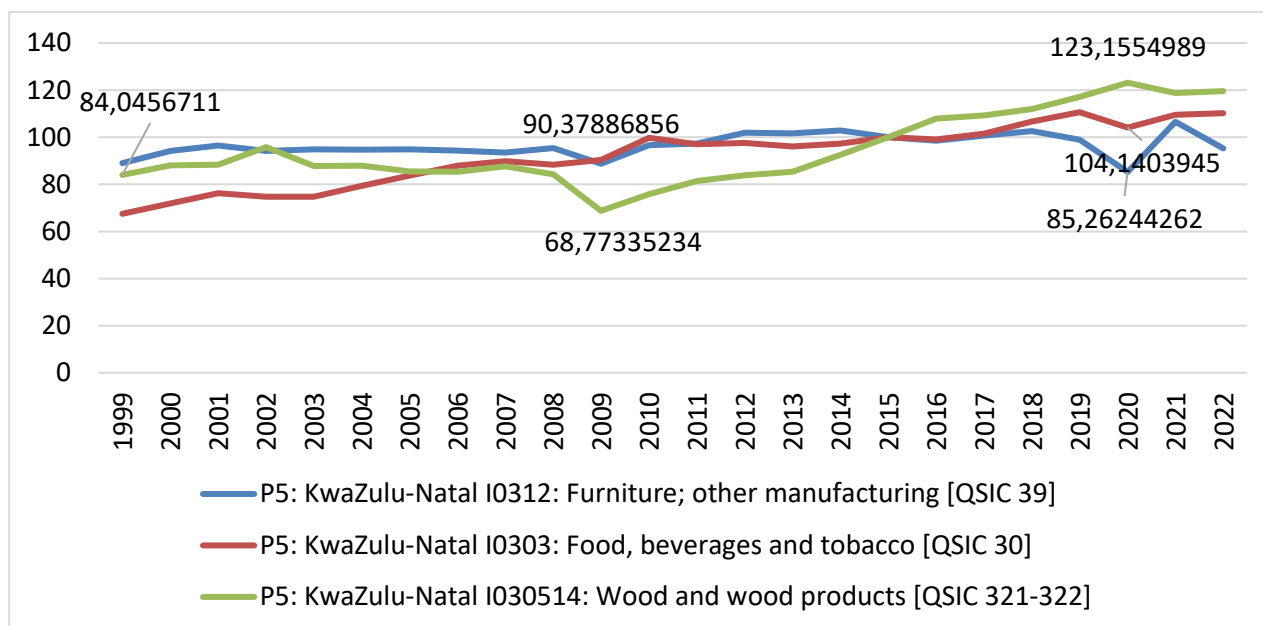


Source: Quantec, 2024

Below are provincial Agro-processing subsector Capital productivity trends for the period 1999 to 2022 which depict rather flat trends and minor fluctuations during major economic events such as the 2008/2009 global financial crises that saw wood and products capital productivity drop far below its initial levels to remain at 68,7 with furniture and other manufacturing slightly declining to reach 90,37. Also saw a slight decline in the furniture subsector lending at 85,26 which is below its 1999 level, with food, beverage, and tobacco falling slightly to 104,14, whilst wood and wood products capital productivity peaking at 123, 155 remained constant.

KZN is a capital-deficient province as most of the capital machinery and equipment used in the agriculture and related sectors are not manufactured locally and are mainly imported into the Country. Approximately 40 percent of imports valued by South Africa consist of capital goods. This continues to have negative implications for the provincial incomes as the demand for goods increases.

Figure 5: KZN Provincial Agro-processing Subsector Capital Productivity (1999-2022)



Source: Quantec, 2024

The agricultural industry is a combination of capital and labour intensive with the primary sector being most labour intensive with a large percentage of low-skilled labour being and the secondary sectors (agri-processing) being more capital-intensive and a larger percentage of skilled labour. The transition to digitalized and technologically driven production methods would require skilled labour in all segments of the Provincial Agricultural Industry Value Chains in order to attract investments and remain international competitive.

Figure 1: KZN Gross Fixed Capital Formation (R millions current prices)

SECTORS	2019	2020	2021	2022	2023	% CHANGE 2018-2023
Agriculture	R9 290	R12 148	R12 968	R15 672	R17 297	86,2%
Manufacturing	R23 332	R19 416	R18 529	R22 353	R27 265	16,9%
Food (%)	0,7	0,6	0,5	0,4	0,4	
Beverages and Tobacco (%)	0,3	0,2	0,2	0,1	0,1	
Wood and Wood Products (%)	0,1	0,1	0,1	0,1	0,1	

Source: Quantec, 2024

Provincial Gross fixed capital formation (i.e. “Investment”) can either be in the form of greenfield investment or brownfield investment, however, greenfield investments in the agricultural sector has declined since 2014 with the most prominent investment being brownfield investment through business expansion. As can be observed in the table below the Agricultural sector has increased its gross fixed capital formation by 86,2% over the past 5 years (2018-2023), which reflects increasing investment in the sector

at an increasing rate. Manufacturing sector has a higher fixed capital formation compared to the agricultural sector with a rather slower growth rate (17%) compared to the agricultural sector provincially.

Table 2: KZN GDP and Contributions by Sector (billion)

Industry	2018	2019	2020	2021	2022	2023	Sector Contr. %
Gross domestic product (GDPR)	R753 610	R754 831	R717 721	R753 215	R761 922	R766 734	
% Change		0,2%	-4,9%	4,9%	1,2%	0,6%	
Manufacturing (GVA)	107474,9	R106 583	R96 080	R103 934	R103 003	R103 274	13,5%
% Change		-0,8%	-9,9%	8,2%	-0,9%	0,3%	
Agriculture, forestry and fishing(GVA)	30708,98	R28 861	R32 776	R35 241	R35 308	R33 279	4,3%
% Change		-6,0%	13,6%	7,5%	0,2%	-5,7%	

Source: Quantec, 2024

The Provincial Total Gross Domestic Products is at R766 734 million with the manufacturing sector contributing 13,5% and the Agriculture, Forestry, and Fisheries at 4,3%, see table above.

Table 3: GVA By Agri-processing Subsectors

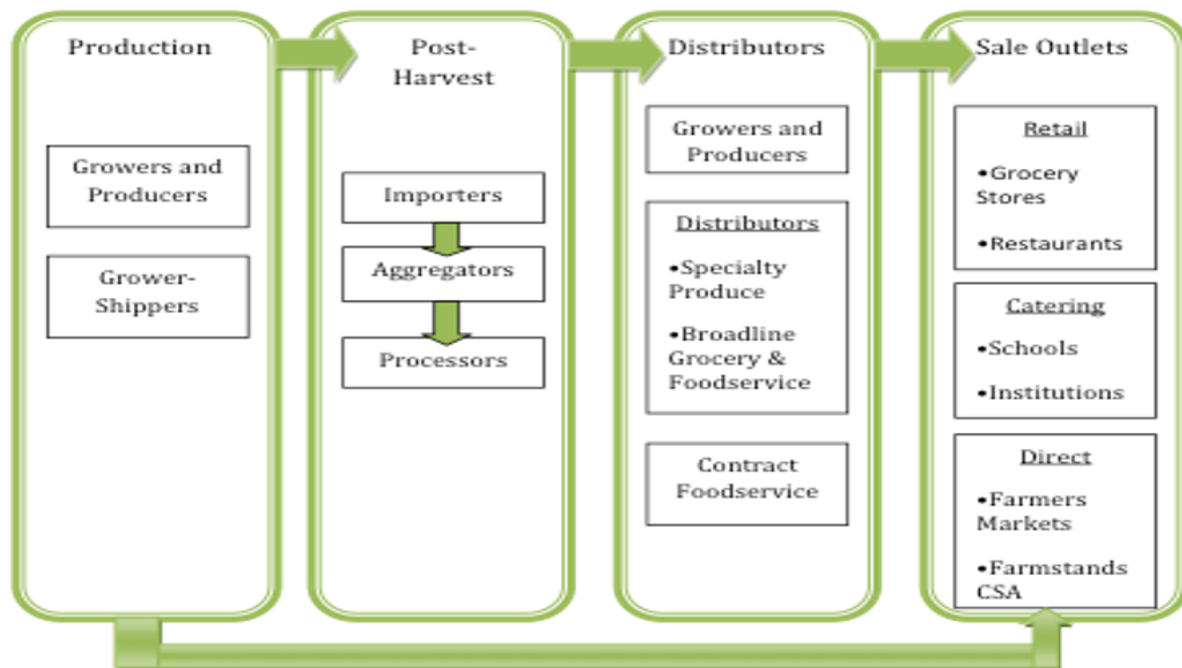
Subsector	South Africa		KwaZulu-Natal	
	R 'Million	2018-2023 % Change	R 'Million	2018-2023 % Change
Food, beverages, and tobacco	R210 892	52.0	R39 385	53.0%
Furniture	R6 229	20.0%	R1 440	27.0%
Wood and Paper	R86 403	30.0%	R25 627	36.0%

Source: Quantec, 2024

The food Beverages and tobacco subsectors have the highest Gross Value-Added having doubled over the 6 years followed by wood and paper both nationally and provincially with furniture gross value added having increased by 20% nationally and 27% provincially as can be observed above.

4. Industry Value Chain

Figure 6: Agriculture and Agro-processing Industry Value-Chain



Source: Dalrrd

Agri-processing is the largest single sub-sector in manufacturing, with relatively rapid growth in sales and employment in the agricultural industry value chain. The linkage with the farming sector is a crucial extension not only for product beneficiation purposes, but also in terms of labor composition and skills utilized ranging from unskilled, semi-skilled, skilled, and specialized labor. Labor, financial and physical capital, and entrepreneurship are key to capturing key opportunities in the global value chains in the food and freight industries.

The national proposed Agri-parks, a networked innovation system of agro-production, processing, logistics, marketing, training, and extension services, is to be located in a district municipality in KwaZulu-Natal. Enables a market-driven combination and integration of various agricultural activities and rural transformation services. The Agri-park comprises three distinct but interrelated basic components:

1. The Farmer Production Support Unit (FPSU)
2. The Agri-hub (AH)
3. The Rural-Urban Market Centre (RUMC)

5. Provincial Trade Overview

Of the top ten most exported commodities by the province of KwaZulu-Natal sugar and sugar confectioneries and cereals, paper and paperboard earned R8.3 billion, R6.4 billion, and Paper and R4.2 billion as the most exported agro-processing commodities positioned at number 5, 6, and 9 respectively.

Table 4: SA and KZN Imports of Processing Machinery

RSA and KZN Machinery Imports				
HST	ITEM	RSA Import Value of Machinery 2023 (R)	KZN % Share of Import Value (2023)	KZN % Change on Imported value of Machinery KZN 2019-2023
842230	Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags ; machinery for capsuling bottles, jars, tubes and similar containers; machinery for aerating beverages	1.95 Billion	4,6%	9,8%
843360	Machines for cleaning, sorting or grading eggs, fruit or other	338.2m	1,8%	5932,7%
843410	Milking machines	10.2m	6,2%	-95,8%
843420	Dairy machinery	29.0m	28,0%	-32,3%
843490	Parts	57.0m	27,2%	-34,0%
8435	Presses, crushers and similar machinery used in the	15.3m	0,2%	394,8%
843510	Machinery	119.0m	0,1%	202,1%
843590	Parts	34.0m	0,3%	1838,0%
843610	Machinery for preparing animal feedingstuffs	116.0m	2,3%	14,9%
843710	Machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables	84.0m	6,1%	-13,5%
843780	Other machinery	131.0m	12,0%	2746,4%
843790	Parts	208.1m	0,8%	-16,5%
843810	Bakery machinery and machinery for the manufacture of macaroni, spaghetti	411.08m	6,2%	4,0%
843820	Machinery for the manufacture of confectionery,	126.1m	1,6%	-12,6%
843830	Machinery for sugar manufacture	9.1m	28,6%	123,0%
843840	Brewery machinery	218.0m	0,2%	9,6%
843850	Machinery for the preparation of meat or poultry	453.2m	4,9%	38,9%
843860	Machinery for the preparation of fruits, nuts or vegetables	114.0m	1,1%	37,7%
843880	Other machinery	503.0m	14,1%	23,5%
843890	Parts	722.0m	13,1%	138,3%
847810	Machinery	176.0m	0,5%	323673,9%
847890	Parts	630.2m	1,3%	-26,4%
	TOTAL (R)	R6 023 680 191	R366 123 975	R26 275 449

Source: Quantec, 2024

Figure 4 above manufacturing machinery with KZN have varied percentage contributions in terms of machinery investment by sector with sugar 28.6% and dairy 28.0% subsectors as the most importing subsector and the overall import value at R366 123 975.

Provincial Agriculture Departments and Entities

- **Agriculture Rural Land Reform and Rural Development:**
- To accelerate land reform, catalyze rural development, and improve agricultural production to stimulate economic development and food security through
- **Department of Agriculture and Rural Development:**

To provide agricultural support services to farmers to ensure sustainable development and management of agricultural resources

- **Trade and Investment KwaZulu-Natal**

Trade and Investment KwaZulu-Natal, in line with such strategy Provincial Entities such as Trade & Investment KwaZulu-Natal's mandate, is to promote the province as a premier investment destination, which entails facilitating farming and agro-processing initiatives capable of attracting investment to KwaZulu-Natal through both foreign direct investment and local investment across the agricultural value chain

- **Richards Bay Industrial Development Zone (RBIDZ)**

RBIDZ is a state-owned company designated for agro-processing investments amongst other activities with tax and duty-free incentives, providing world-class infrastructure and competitive input costs. RBIDZ comprises two major categories: primary which involves activities such as crop-drying, shelling/threshing, cleaning, grading, and packaging, and Secondary which entails increasing the nutritional or market value of a commodity and changing the physical form or appearance of the commodity. Examples include milling grain into flour, grinding groundnuts into peanut butter, and pressing juice out of fruit.

- **Agribusiness Development Agency (ADA)**

ADA is a vehicle that facilitates the growth of a strong, transformed, diversified, dynamic, competitive, and sustainable agribusiness industry in KwaZulu-Natal focusing on projects that are catalytic in nature. Its main focus is agro-processing and industrial crops. It serves as an agent for facilitating agribusiness development in the province, by focusing on projects that are catalytic and have the following attributes:

Agricultural production is most dominant in the KwaZulu-Natal Province (KZN) and includes amongst others sugar cane production, fresh produce production, field crop production, livestock production, and forest plantations.

Table 4: KZN Agri-processing Drivers, Opportunities, Constraints and Major Agricultural Commodities

Drivers	Constraints
1. Growing Population and Rising Incomes	1. Climate change
2. Rising Urbanization and Shift in	2. Policy uncertainty (Land Re- form)
3. Labour Force to Non-Farm Employment	3. Trade distortions
4. Changing Tastes and Preferences	4. Infrastructure
5. Food Quality and Safety	
6. Mechanisation	
7. The Fourth Industrial Revolution	
Opportunities	KZN Top Ten Produced Products
1. Fruit and vegetable canning	1. Sugar cane
2. Sub-tropical and tropical fruit juice processing	2. Forestry
3. Oilseed production, edible oil processing, oilcake	3. Maize
4. Processing of soya-based products	4. Dairy and beef
5. Walnut farming and processing	5. Frozen fresh produce
6. Meat processing, including ostrich meat	6. Soya bean
7. Indigenous plants growing on a commercial scale	7. Leather production
8. Non-edible oil processing	8. Poultry and Pork
9. Commercial planting of Indigenous flowers	9. Avocado
10. Biotechnology and agricultural technology	

6. Conclusions

KwaZulu-Natal Agricultural sector is well integrated into global food value chains this creates opportunities for trade and international cooperation on innovation and for climate change-related challenges. These have a direct impact on the Agricultural and Agri-processing sectors such that an innovative agri-processing sector has the potential to produce processed commodities efficiently, at a lower cost fostering skills development for labour to utilize digitalized machinery and equipment. However, climate change mitigation might help to lower the impact of climate change lower thereby preventing animal and plant diseases. Therefore, the AAMP2022 in line with provincial policies serves as the blueprint for public-private partnership to foster inclusive economic growth in turn strengthening Investor confidence in the province of KwaZulu-Natal.

Reference

- Department of Agriculture Land Reform and Rural Development,2024
[Department of Agriculture, Land Reform and Rural development - FAQ \(dalrrd.gov.za\)](https://dalrrd.gov.za)
- Agricultural Business Chamber: Some unresolved animal health issues that require urgent review, August 4 2024
[Agricultural Business Chamber of South Africa \(agbiz.co.za\)](https://agbiz.co.za)
- International Trade Administration Commission of South Africa; Agro-processing markets and related trade trends: Opportunities and Challenges for South Africa; June 2016
[An Overview of ITAC](#)
- Trade and Industrial Policy Strategies; Manufacturing Subsectors. Food Processing March 2021
[TIPS - Company Profile](#)
- Statistics South Africa; Manufacturing: Production and Sales, December 20223
[Recently published | Statistics South Africa | Page 3 \(statssa.gov.za\)](#)

Data Sources and Websites

- Quantec
[EasyData - Quantec](#)
- Trade and Investment KwaZulu-Natal
[Trade & Investment Kwazulu-Natal Homepage \(tikzn.co.za\)](https://tikzn.co.za)
 - Agribusiness Development Agency
[Home - ADA-KZN](#)
 - Richards Bay Industrial Development Zone
[Richards Bay Industrial Development Zone \(rbidz.co.za\)](https://rbidz.co.za)

Annexure 1: Agri-processing Sector Companies in KZN

Company	Revenue	Physical address & web address	Email
FORTIFIED FOODS PRODUCTION AND DEVELOPMENT (PTY) LTD	\$8.87M	12 BLAIR RD DURBAN, KwaZulu-Natal, 3610 South Africa	
THIRSTY'S MANIA CC	\$8.33M	292 WAKESLEIGH RD DURBAN, KwaZulu-Natal, 4094 South Africa	
	\$8.33M	FIVE WALNUT RD DURBAN, KwaZulu-Natal, 4001 South Africa www.hulettssugar.co.za	
TRUDA FOODS (PTY) LTD	\$65.68M	LESTER BROWN RD, KWA-ZULU NATAL PIETERMARITZBURG, KwaZulu-Natal, 3201 www.trudafoods.co.za	
SANO MODERN ANIMAL NUTRITION (PTY) LTD	\$8.77M	23 BULMAN RD, KWA-ZULU NATAL PIETERMARITZBURG, KwaZulu-Natal, 3201 www.sano.co.za	
THE HONCHOS TRUST (TT11752010PMB)	\$8.33M	204 LANGALIBALELE STREET PIETERMARITZBURG, KwaZulu-Natal, 3201	
SGX TRANSPORT (PTY) LTD	\$8.33M	27 SURPRISE RD, KWA ZULU NATAL PINETOWN, KwaZulu-Natal, 3610	
UNIVERSAL EXTRACTION (PTY) LTD	\$8.15M	UNIT D2 OLD MUTUAL INDUSTRIAL PARK, HENDRED RD PINETOWN, KwaZulu-Natal, 3610	
BOERIE BITES (PTY) LTD	\$8.15M	1ST FLOOR DEODANT OFFICE BLDG, 12 PAYNE ST KWAZULU NATAL DURBAN, KwaZulu-Natal, 3610 South Africa	
TRUE NORTH AGRO PROCESSING (PTY) LTD	\$8.15M	382 H2, MPODLA ST KWA ZULU NATAL Richards Bay, KwaZulu-Natal, 3887	
TBZ AGRO PROCESSING (PTY) LTD	\$8.15M	3 CHLOORKRING ALTON, KWAZULU NATAL Richards Bay, KwaZulu-Natal, 3901 South Africa	
SAILORS COMMUNICATION SERVICES CC	\$8.15M	19 WAG N BIETJIE Richards Bay, KwaZulu-Natal, 3900 www.scssa.co.z	
BISMILLAH PROCESSED FOODS CC	\$8.15M	1 ZAKIR AV LADYSMITH, KwaZulu-Natal, 3370 South Africa	

NEAT PACKING CC	\$8.15M	118 FARGUHAR RD LADY-SMITH, KwaZulu-Natal, 3370 South Africa	
NYAMANE AGRO FOODS HOLDINGS (PTY) LTD	\$8.15M	1551 WEMBEZI LOC, WARD 3 ESTCOURT, KwaZulu-Natal, 3310 South Africa	
MMTHIYA AGRO PROCESSING (PTY) LTD	\$8.15	8 VALLEY, VIEW RD KWA-ZULU NATAL ESTCOURT, KwaZulu-Natal, 3310 South Africa	
AWETHU FARMS AND AGRO PROCESSING PRIMARY CO-OPERATIVE LIMITED	\$8.15	LOT 10335 GCILIMA RD, WARD 9 RAY NKONYENI MUNICIPALITY MARGATE, KwaZulu-Natal, 4275 South Africa	
BHELE BITES (PTY) LTD	\$8.15	SHOP 13B, NONGOMA SHOPPING CENTRE KWA-ZULU NATAL MAHLABATINI, KwaZulu-Natal, 3950 South Africa Employees (this site):	
KULU SNACKS (PTY) LTD	\$0.58M	5/7 MOODIE ST KOKSTAD, KwaZulu-Natal, 4680 South Africa	

