

Agricultural Trade and Employment in Southern Africa

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In South African agriculture, the story is one of widespread substitution of labour for capital over the last four decades

But this must be assessed against: (a) a dualistic sector with < 40,000 commercial farmers and >1.2 million subsistence farmers.

(b) The distortions inherited from the apartheid era

- (c) significant reforms since the mid 1990s and
- (d) Poor employment data, accentuated by the seasonal nature

Employment on farms fell by 50% or 800,000 workers from 1968 to 2003, and since 2003 almost another 200,000 have been jobs have been lost in primary agriculture.

Reviews – concentrate more upon liberalisation and poverty reduction

General finding that liberalisation alone was not sufficient to reduce unemployment and poverty, especially not amongst the unskilled and rural poor

Linkages between growth, employment and poverty

Liberalisation Process is well understood

Extent well documented (but still not universally
accepted as being complete)

But the **impact** remains more difficult to assess

Our contribution – we use two different models to assess future

GTAP global model looking at an agriculture-only FTA for entire Eastern Africa.

Gives increases in agricultural employment in the primary sector of 1% and 1.5% in secondary sector.

- in response to general output price increases of around 0.5% in the agricultural sector.

PROVIDE – single country CGE model.

Approximated GTAP results to feed into PROVIDE.

Increases in agri employment of around 1.5%.

- oriented towards females and non-whites

Big Questions

- Why are we getting a model result that shows employment increasing in the face of the data that shows a steady decline over a long period of time?
 - * data is very poor
 - * did the apartheid regime distort the structures to the extent that it accentuated the job losses associated with productivity changes once the regime changed?

continued

- * the acute duality of South African agriculture accentuates the poor data problem in that many of the folk in agriculture are delinked from the forces in play in the commercial sector.
- * we also need to recognise that South African agriculture has changed little (the exports are the same as they were at **end of 19th Century**)

continued

- * during the reform process which largely coincided with end of apartheid there were significant land reforms and labour market reforms – did they accentuate job losses?
- * finally, with modeling we must recognise that the **results always faithfully reflect the assumptions** used in the model. We have done a lot of work in other papers looking at labour in GTAP to show this.