

Food Processing Industry

The food-processing sector is the largest manufacturing sector in employment terms, with an estimated 183 502 employees and contributes a significant 3,1% of manufacturing value add as percentage of gross domestic product. The production processes include beverages, juices, canning, wine, jams, spices, sauces, olive oil, condiments, snacks and various pastes.

Large and small-scale farmers produce fruit and vegetables countrywide. The fresh produce is either sold wholesale to produce markets, or sold wholesale to processors who create sauces, pastes, and other food preparations with the fresh produce. Although there are a lot of food production companies in South Africa, new entrants and SMMEs play an important role to ensure a dynamic food processing environment in South Africa. Small companies depend on formal retail chains to sell their manufactured products. Some multinationals companies do not have processing facilities but have arrangements with local manufacturers.

Food-processing trends

Global overview of trends which link to developing a sustainable food chain:

- Climate neutral and robust food systems that include circulatory and resource efficiency particularly regarding minimization of food waste;
- Strengthening of innovation and business earning capacity;
- Vegetarian and vegan alternatives for animal products in high demand.



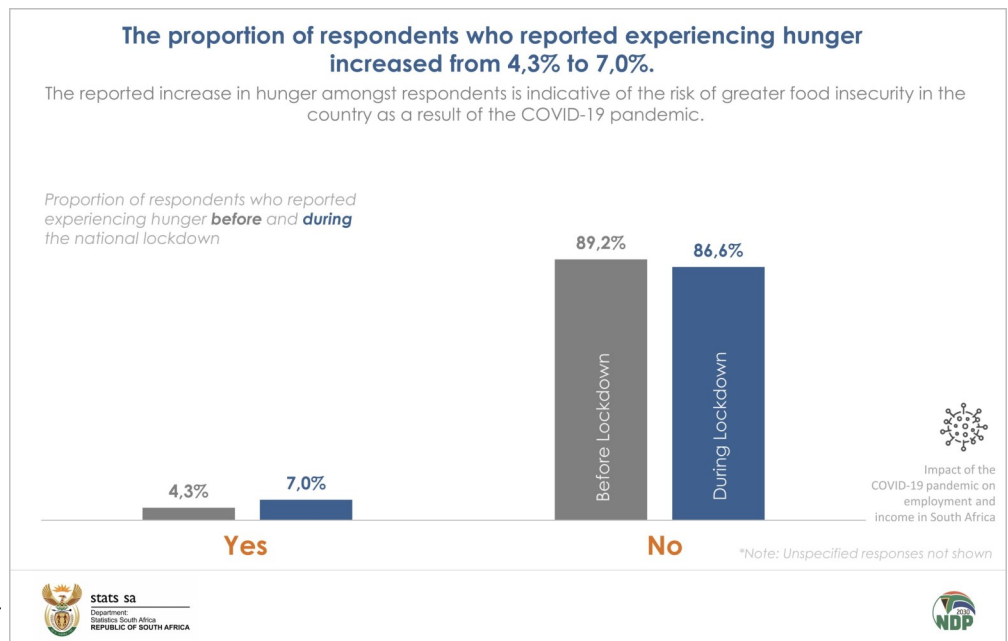
Underpinning all trends is a movement towards precision farming, and the integration of 4IR approaches. Technologies could be particularly relevant in the following fields:

- Smart usage of crop varieties;
- Reduction of postharvest losses;
- Cold chain logistics (more efficient production and distribution processes);
- More efficient production and distribution processes;
- Optimal water usage in production & processing (re-use of waste water and less consumption);
- Optimal usage of residual flow;
- Reduction of and innovations in packaging.

Impact of Covid-19

Food security emerged as a vulnerability during the pandemic. While food vulnerability has always been a priority, the impact of lockdown on the manufacturing, and agri-processing, sector has highlighted the extent of households that are at risk. StatsSA data collection during the sixth week of the national lockdown between 29 April and 6 May 2020 indicated the following regarding hunger and loss of income:

With regard to hunger, the proportion of respondents who reported experiencing hunger since the start of lockdown increased from 4,3% to 7,0%. Based on the General Household Survey 1 (GHS) data, we know that hunger in the country is notably higher than as measured in [this] survey results which reflects the possible selection bias. Nevertheless, the reported increase in hunger amongst respondents is indicative of the risk of greater food insecurity in the country as a result of the COVID-19 pandemic.



When examining the subset of respondents who reported that their income has decreased since the start of the national lockdown, we actually find higher levels of hunger with roughly 11,4% of those respondents (roughly one out of every ten) reporting that they have experienced hunger

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