

## **Causality Relationship between Agricultural Exports and Economic Growth: Evidence from South Africa**

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**ABSTRACT** This study examines the export-led growth hypothesis via agricultural export in South Africa. The causality direction between processed and unprocessed agricultural exports and economic growth is examined for the time period 1975-2012. The empirical investigation indicates that there is no existence of causality between the agricultural export components and GDP. Thus, export-led growth hypothesis through agricultural exports is not valid for the case of South Africa. The non-causality between agricultural export components and economic growth in South Africa indicates that the level of agricultural export in the past was insufficient to stimulate economic growth, and the present economic growth in South Africa either does not exclusively rely on the level of processed and unprocessed agricultural export. Experiencing an export-led growth from agricultural sector, necessitates an increase in domestic and foreign investment, including agricultural export participation through strategic incentives.