Brics countries offer export opportunities to SA’s booming agricultural sector

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South African agricultural stakeholders want to increase exports to BRIC(S) countries. This message came sharply in a hybrid event the Agricultural Business Chamber of SA (Agbiz) had with its members, commodity organizations and government representatives on March 19. The event's primary focus was to explore how South Africa's agriculture and agribusiness sectors could gain more traction within BRICS. This theme is premised on the observation that South Africa's agricultural sector is expanding and is ripe to contest more international markets.

In the next few years, the sector could enjoy a growth spurt, especially if the support by government policies, including the master plan on agriculture and agro-processing, come into play. To get a sense of how South Africa's agricultural sector has expanded in the recent past decade, consider the sector's production volume since 2010, which has grown by 19%. Notably, the Bureau for Food and Agricultural Policy's long-term projections also present an optimistic picture of South Africa's agricultural output growth going to 2030. The key message here is that South Africa's agriculture is growing, and export markets should be diversified and expanded to accommodate the fields' output volumes.

Bolstering the proposal for export-market expansion is that some of South Africa's agricultural products outputs have already surpassed targets set out in the National Development Plan (NDP) in 2012. These include citrus, macadamias, dairy and pork, amongst others. Meanwhile, the soybeans, avocados, apples, and table grapes are fast approaching the NDP levels. This added production and expected growth in other major crops, fruits, vegetables, and livestock need new and growing markets. The new markets that the sector should be looking more at are in BRICS. The industry should hone a BRICS strategy complemented by robust bilateral engagements with each of the countries.

I've recently noted in this column that South Africa's agricultural sector is highly export-orientated, with exports accounting for roughly half of the production in value terms, about US$10,2 billion in 2020. Notably, just last week, colleagues from the citrus industry announced that the "South African citrus industry would likely break all previous export season records with an estimated 158,7 million cartons in 2021. If the estimate is reached, it will represent a third consecutive season of record export volumes, with 130 million cartons exported in 2019, followed by 146 million cartons in 2020." Moreover, the industry estimates indicate that the available citrus for exports could increase by 300 000 tonnes over the next three years.

The expected growth in South Africa's agriculture and export markets also calls for increased attention to logistical efficiencies at the ports. South Africa has thus far managed to achieve some efficiency gains. The industry has been working with the government and other stakeholders, such as Transnet, to smooth the ports' flow. There is ongoing work at Transnet to decongest the Durban port. The multi-stakeholder cooperation was vital in enabling higher export volumes during a pandemic, and this saw South Africa recording the aforementioned second-largest value on record of about US$10,2 billion in 2020.

Back to the BRICS story, the attractive markets within this grouping are China and India. This is because they account for sizeable agricultural import volumes, have growing populations, fast-growing economies, and changing consumer taste. South African policymakers' engagements with their BRIC(S) counterparts should be to lower tariffs for certain agricultural products and address the non-tariff barriers. Consider wine trade in China – the likes of Australia and Chile accessed the Chinese market at 0% preferential tariffs. Meanwhile, South African producers face 14% import tariffs. Hence, competition has been challenging for the wine industry and a range of agricultural products. It is also crucial that the industry pays closer attention to geopolitical developments in this region. China has sanctioned Australia for criticizing some of its policy positions. These sanctions entail trade restrictions. Other countries have been able to take advantage of Australia's gap to meet China's import demand.

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