

South Africa's agricultural trade strategy in an increasingly fractured world

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In a world increasingly fractured by the ongoing wars, growing geopolitical tensions, and divisions on alignments to these tensions, South Africa's government and business must continuously work to open new export markets and diversify from the long-existing ones to spread the risks should the tensions be prolonged.

While this applies to most exporting industries in the South African economy, it is particularly relevant for the strongly export-oriented agricultural sector.

South Africa's relationship with the long-existing markets in the EU, the African continent, and some Asian and American countries must be nurtured. This is a crucial step as some countries may not outright block trade between countries in this fractured world but use non-tariff barriers.

The EU recently used non-tariff barriers by alleging a "False codling moth", a citrus pest, in South Africa and requiring that citrus products be kept at certain temperatures before accessing the EU market. This happens while South Africa has already treated the products to eliminate the chances of such pest occurrence. Even within the Southern African Customs Union, Namibia and Botswana are some countries that typically block South Africa's vegetable exports to protect their industries.

Disappointingly, the Namibia and Botswana bans typically happen without much clear and on-time communication to the authorities in neighbouring South Africa. Moreover, with the geopolitical tensions in the Middle East and South Africa's lack of alignment with some of its major trading partners, it is reasonable for some business owners in South Africa to worry about the economic implications of geopolitics.

Importantly, it is critical for South African authorities, specifically the trade ministry, to continuously engage with major trading partners and affirm the country's deep interest to maintain smooth trade even as geopolitical tensions are rising.

South Africa should send a firm message to neighbouring Namibia and Botswana about its interest in maintaining smooth trade within the Southern African Customs Union and that these countries should ease the current restrictions on vegetables.

If there are attempts to revive their domestic vegetable industries, such should be communicated clearly to South Africa, as an affected partner, with clear timeframes of these bans. Such information would be valuable in assisting the South African industry and government to plant appropriately for export markets to other regions when the ban is in place.

More importantly, South Africa's agriculture and trade ministries must intensify their efforts to widen the export markets to various regions of Asia and the Middle East. Countries such as India, China and Saudi Arabia should be on the top of the agenda for deepening trade and

cooperation. Still, these should not be at the expense of the existing trade partners but an addition. The political relationship established through BRICS+ is the first step, and South Africa should capitalize on it.

These countries have large populations and strong economic power. Notably, they collectively import over US\$270 billion of agricultural products a year, according to data from Trade Map. South Africa's participation in these countries remains small and should increase in the coming years.

The recent steps of opening exports for the South African beef industry in Saudi Arabia this past week and resumption of beef exports to China at the end of 2023, along with exports of maize and soybeans to China in 2023, are the first step of what should be a significant trade opportunity.

The South African authorities should work to open markets for the fruit, wine, and beef industries. These particular industries are growing in South Africa, and have risks in their traditional export markets in the increasingly fragmented world.

The failures in logistics at the South African ports, railway lines, and roads should not deter export drive and promotion.

Those responsible for logistics and roads should work on saving the country from the current slump, while the trade and agricultural authorities should do their part to open more markets.

The export promotion drive is even more relevant when considering the growth that is yet to be in the currently underutilized 2,5 million hectares of PLAS land. When that land gets into total production, primarily in fruit, vegetables, livestock, and poultry, South Africa will have to secure markets for the increased volumes of agricultural produce.

Therefore, export promotion is the best bet to diversify and minimize risk to industry in the fractured world and a long-term growth strategy for the country.

The organized agricultural stakeholders should all be vocal about trade and logistics in their various engagements with the authorities and collaborate with them to improve these areas for the long-term growth of this vital sector of the South African economy.

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