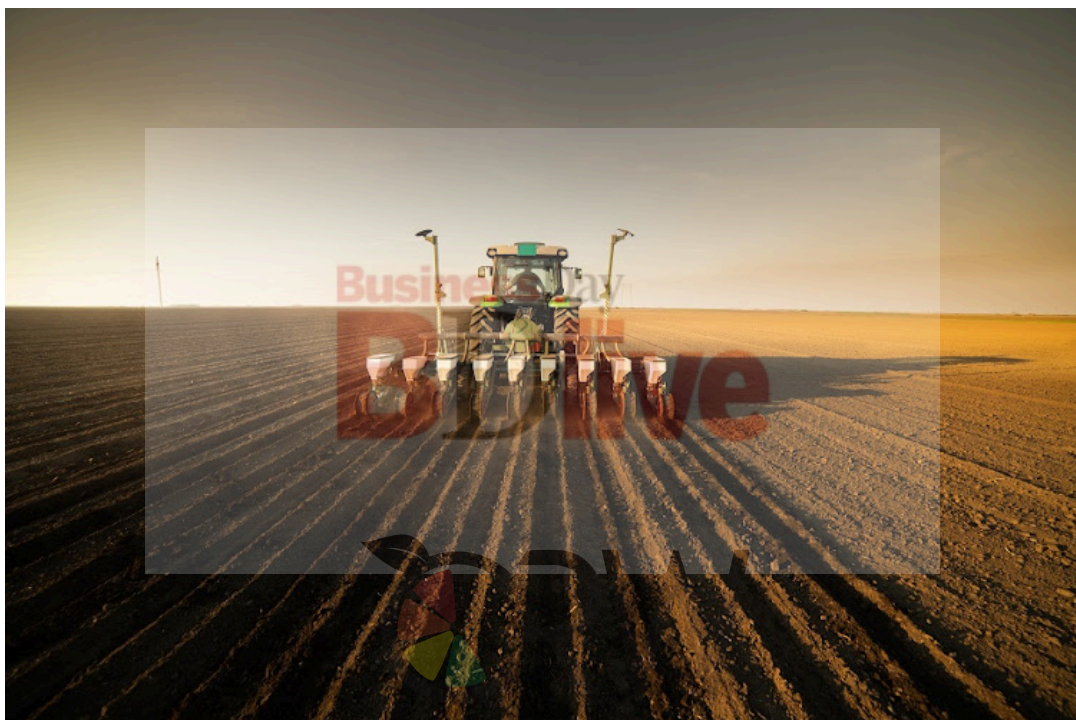


■ OPINION

WANDILE SIHLOBO: Continuously building friendships should be SA's agricultural trade approach

The government and business should build new relationships to open export market opportunities

19 MARCH 2025 - 05:00



Picture: 123RF

At a time of heightened geoeconomic tension it is tempting to argue that countries, industries and businesses must align with particular interests or regions. For businesses and industries, the ideal path should be to remain neutral and continue to broaden business activity with a wider range of countries.

This is especially critical for SA agriculture. The sector is export-orientated, with exports reaching a record \$13.7bn in 2024, up 3% year on year. The export markets and products are varied, with the African continent absorbing nearly half, while the EU, Middle East, Asia and the UK are also sizeable markets. SA should not rest on this success, but should strive to maintain and deepen trade relations in regions where capacity remains.

The EU-SA agricultural trade has had a few frictions, mainly related to citrus. There is a growing sentiment among farmers in the EU that the region must manage its imports and protect domestic producers. We don't believe EU policymakers will respond to farmers' needs through tariffs or stronger policies discouraging imports, but there remains a chance that we could see occasional non-tariff barriers raised for sensitive products.

Critically, the EU market may not offer a lot of growth opportunities for SA in future. Still, maintaining openness and friendship with the EU is vital, and key to keeping the access to agricultural exports SA enjoys in this region.

The Middle East has more potential for expansion, as it is not as saturated as in the EU and there are no domestic competing farmer interests in this region. While a big share of SA's agricultural products are already exported to the Middle East, the presence of SA agriculture in this region is arguably still peripheral.

For example, according to Trade Map data Saudi Arabia imports about \$25bn of agricultural products a year. SA is one of the smaller exporters, accounting for a mere 1% of that country's imports, ranking 31st in its agricultural imports list.

Moreover, the United Arab Emirates is a large agricultural market that imports roughly \$22bn of agricultural products annually. SA has a 2% share and is the 16th largest supplier. Qatar imports about \$4bn of agricultural products a year. But here SA also plays a minor role, ranking 10th in the list of suppliers and having a 2% market share in Qatar's agricultural imports.

The countries that have a larger market share in these Middle Eastern countries are India, Brazil, Australia, the US, Canada, New Zealand, the UK, Denmark, Netherlands, Italy, Spain, Argentina, Russia, France and Turkey. The Middle East primarily imports various meat products, grains, oilseeds and fruit.

Given SA's peripheral participation and the possibility of increasing the country's agricultural production in the coming years, there is room for greater participation in the Middle East market. There is a need for targeted promotion and marketing of products, along with government support, to nudge the Middle Eastern countries to

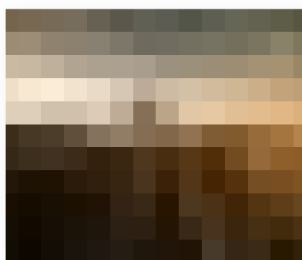
address any remaining phytosanitary barriers and tariffs on SA products.

Equally, SA must work to retain the access for agricultural and other products in the US market through the African Growth & Opportunity Act (Agoa). A framework for a post-Agoa path should focus on a free-trade agreement.

The continent, which remains an anchor for SA's agricultural exports, also requires continuous engagement to strengthen relations. This is ideal to avoid the friction we observed with the vegetable export ban in Botswana (now resolved and reopened) and Namibia (restrictions have not been lifted).

Overall, SA should take a long-term vision and appreciate that industry growth relies on relationships with varied countries. The government should lead these efforts collaboratively with businesses to work on opening new export markets continuously. Growth, inclusiveness and job creation all hinge on the sector's ability to open and expand as many export markets as possible.

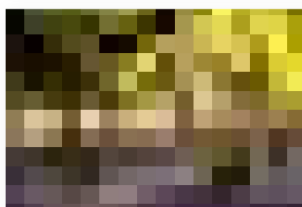
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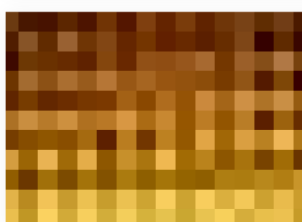
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