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WANDILE SIHLOBO: SA agricultural sector should be wary of EU protectionism

Non-tariff barriers may become more common as EU farmers believe they face unfair competition

08 JANUARY 2025 - 05:00



Picture: 123RF/KOSTIC DUSAN

Protectionism is on the rise in global agriculture. While the US and the import tariffs president-elect Donald Trump promised on the campaign trail attract most attention, the EU is another area worth monitoring.

To be fair, protectionism in the EU is not as brazen as in the US for most industries, though agriculture is the exception. This has implications for SA, since the EU is our second-largest agricultural trade bloc. We thus need to work to diversify our agricultural export markets. I am not saying we should disregard the EU as it remains vital. We must nurture that relationship while we work to diversify in other markets.

Headlines this week indicate that French farmers are again protesting. They are unhappy about the EU-South America trade agreement. The EU-Mercosur trade deal will remove tariffs on about 90% of trade in goods between the two sides, over a period of roughly 12 years. Agricultural exports from the Mercosur bloc will be subject to gradually rising quotas.

The French farmers say this is unfair competition, and that the EU authorities do not understand the “level of misery and distress farmers are going through at the moment”. This line of argument from farmers has found sympathetic ears in some corners. Writing in *The Spectator*, a weekly British magazine, on January 6, James Tidmarsh stated that: “The French press will dance around the elephant in the room, but the farmers know the truth. This is about Brussels, not Paris. The policies strangling French agriculture — crippling environmental regulations, predatory trade deals and dwindling subsidies — are made in the EU’s corridors of power.

“France, despite its posturing as Europe’s leader, doesn’t have the weight to shape Brussels’ decisions. For French farmers it has become painfully clear: their government isn’t calling the shots. The real power lies with Ursula von der Leyen and her ideological crusade for a greener, more globalised Europe.”

The EU farmers had gotten their way before after protesting against environmental policies that required a reduction in the use of pesticides and fertiliser. At the time I sympathised with them as I believed the strong push for green policies in agriculture with little consideration for the effect on agricultural productivity was dangerous.

This time around I am not on the side of the farmers. I believe the EU should maintain fairly open markets and use domestic production policies to ensure its farmers remain competitive.

Still, as SA we must pay attention to the changing tone about trade in the EU. We have gotten our fingers burnt in the recent past. The EU recently used non-tariff barriers to trade by insisting that the presence of “false codling moth” in SA required that our citrus products be kept at certain temperatures before they could access the EU market.

This happened when SA had already treated the products to eliminate the chances of such pest occurrence. It was clear that it was a subtle form of protectionism for Spanish farmers, which are major citrus producers within the EU market.

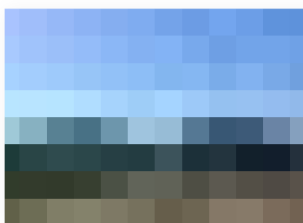
With farmer groupings in the EU making clear that they believe they face unfair competition in the global agricultural market, we worry that using such non-tariff barriers may become more common.

For this reason I have consistently argued that SA agribusinesses and the government should work to diversify our agricultural export markets.

Some growing markets with larger populations are within the Brics, such as China, India and Saudi Arabia, but SA must look broadly and deepen its agricultural trade with other countries too, including South Korea, Japan, the US, Vietnam, Taiwan, India, Mexico the Philippines and Bangladesh.

This export expansion should occur while SA works to maintain its access to critical markets in the EU, Africa and various Asian and American countries.

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