

## Low-hanging fruit: Unpacking SA's exports

**New foreign markets for SA agricultural products are expected to not only bring benefits for the economy but also reduce unemployment.**

SA's agricultural sector, identified by President Cyril Ramaphosa during his state of the nation address last week as one of the sectors with the "greatest potential for growth", is exploring new export markets in an effort to stimulate the economy and create much-needed jobs.

Agriculture minister Thoko Didiza's spokesperson, Reggie Ngcobo, tells the FM that SA is in negotiations for market access to export pears to China and Taiwan, table grapes to South Korea and Vietnam, avocados to Japan, India and the US, apples to Thailand, pome fruit to Mexico and citrus to the Philippines.

Agricultural Business Chamber chief economist Wandile Sihlobo explains that SA's 7% year-on-year growth in agricultural exports, to \$10.6bn in 2018, was largely due to increased exports of oranges, grapes, wine, apples, wool, lemons, mandarins and pears, among other products.

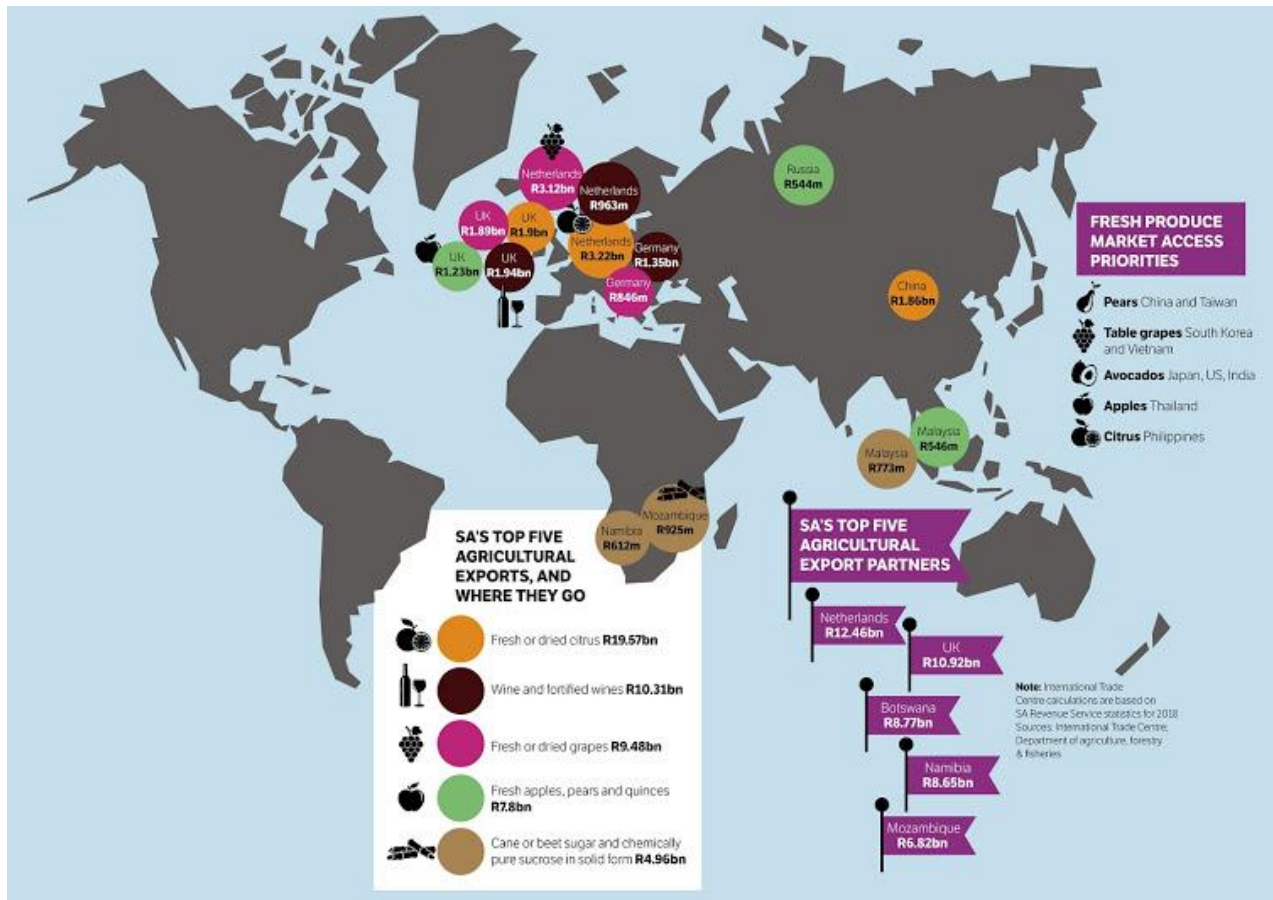
Sihlobo says access to new markets is important for SA, given that the country's agricultural sector is export dependent. "If we are to bring new entrants into farming and create jobs, that cannot happen if exports are not prioritised in the process," he tells the FM. "SA's opening up of all these export markets is key to further expansion of the industry."

Sihlobo says the agriculture sector is experiencing "a bit of momentum" as far as exports are concerned.

In part, this is thanks to the efforts of the government, says Absa Agribusiness senior agricultural economist Wessel Lemmer. "The support from the agriculture department in getting access to those



markets is commendable. It's the right thing to do because it's supporting primary agriculture, which in turn will lead to job creation and economic growth."



In 2018, the top five importers of SA agricultural products and the value of the imports were:

- The Netherlands — mostly citrus, wine, fruit juices, vegetable juices, dates, figs, pineapples, avocados and guavas, worth R12.46bn;
- The UK — primarily wine, apples, pears, quinces, strawberries, raspberries and citrus, worth R10.92bn;
- Botswana — fruit juices, cane/beet sugar, sucrose and rice, worth R8.77bn;
- Namibia — maize, wine and cigars, worth R8.65bn; and
- Mozambique — cane/beet sugar and maize, worth R6.82bn.

Rounding out SA's top 10 agricultural export markets were China (R4.9bn), Lesotho (R4.5bn), the US (R4.4bn), Eswatini (R3.8bn) and Malaysia (2.1bn).

While the department of agriculture, forestry & fisheries says complete export data for 2019 will be available only next month, the



International Trade Centre, drawing on SA Revenue Service (Sars) statistics, puts SA's top agricultural exports for the year as the following:

- Citrus (R19.51bn);
- Wine (R9.54bn);
- Fresh or dried grapes (R9.4bn);
- Apples, pears and quinces (R8.05bn); and
- Cane/beet sugar and solid, chemically pure sucrose (R7.07bn).

In the broader agricultural sector, SA exported a combined 30,000t of fresh and frozen beef in 2018, to the value of about R1.8bn — a notable increase from the 8,200t exported in 2001. Of the 14,044t of fresh beef SA exported in 2018, most went to Kuwait, the United Arab Emirates (UAE), Jordan, Eswatini and Mozambique.

Zwivelile Mandla Mandela, chair of parliament's agriculture portfolio committee, has welcomed the development of new markets for SA agricultural products, noting that SA also began exporting poultry to the UAE, sheep to Kuwait, beef to Oman and China, and live cattle, sheep and goats to Qatar in the 2019/2020 financial year.

Standard Bank Agribusiness head Nico Groenewald believes the country needs to look outwards for agricultural opportunities. Increased export markets mean more opportunities for financial institutions such as banks "to facilitate those trades", he says.

"Let's hope we can turn those initiatives into practical opportunities so that we can export [more]."

For his part, Ngcobo is optimistic about new options arising from the African Continental Free Trade Area (AfCFTA), which comes into effect this year. He believes it will be a game-changer for the continent, bringing together all AU member states to create a market of more than 1.2-billion people, "including a growing middle class, with a combined GDP of more than \$3.4-trillion".

Ngcobo says the AfCFTA brings with it the prospect of new export opportunities for SA in Central, West, North and East Africa.





The trade agreement will also help create a "larger regional market and improved prospects for increased investment in the continent".

In addition to legal certainty and market predictability, Ngcobo says, the agreement will lay the ground for a rules-based multilateral system in Africa and a fair and impartial dispute settlement system.

It will also increase trade in agricultural products and allow for export market diversification.

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