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### **Long-term agricultural growth and resilience strategies needed**

The current drought has arguably been the most pronounced factor to have negatively affected the South African agricultural and agribusiness landscapes in recent history. The impact on crop and livestock production has been devastating and these industries are expected to continue to bear the brunt of the drought for years to come.

Having said that, we need to remember that droughts are interspersed with several good production seasons, and already, a number of weather forecasters are suggesting that there is a 65% chance of the occurrence of a La Niña weather pattern towards the end of this year. With La Niña, one can expect rainfall to normalise throughout the country and it could even exceed the historical averages from the latter months of 2016.

The focus of the agricultural role-players now needs to be redirected to the long-term growth and resilience strategies for the sector, besides the tactical focus of managing the immediate crisis. This long-term strategic planning is necessary particularly for crops such as maize that have thrived for years - enjoying access to a number of export markets.

At the moment, there are large maize supplies in the market, which will present some level of competition for South African exporters. In fact, over the recent past South Africa's maize export trend seemed to be irregular and inconsistent, regardless of production volumes.

In a recent research study with the University of Stellenbosch, I evaluated the competitiveness of South African maize exports relative to that of global exporters. More specifically, the study aimed to assess whether South Africa can increase its market share in existing maize market. Additionally, it tried to identify other unexploited potential markets for the South African maize industry.

The key assumption underlying the research was that maize is homogeneous, as trade databases do not offer more nuanced product differentiation and, as a result, both yellow and white maize statistics conflate into a single product. To address this issue, I used the International Trade Centre's (ITC) Harmonized Systems classification data, which essentially treats maize as a homogeneous product.

Different growth, trade and market indices were applied to assess the competitiveness of South African maize exports, and the scope to expand the market share in existing markets and to identify unexploited and attractive markets.

The study found that South African maize exports are competitive relative to leading global exporters (USA, Argentina, Brazil, Ukraine, India, France, Romania, Hungary and Russia). However, production costs analysis showed that South Africa is less competitive relative to Argentina, Brazil, the USA and Ukraine.

Japan, Mexico, Taiwan, the United Arab Emirates, Thailand and Zimbabwe were identified as high-potential and attractive markets that South Africa should prioritise to increase its export share in the short to medium term. Moreover, the Market Attractiveness Index showed that Indonesia, Nigeria, Malaysia, Saudi Arabia, Mauritius, the United Arab Emirates, Taiwan, Iran, the Democratic Republic of Congo and Yemen are the top ten most attractive markets for South African maize exports.

In order to achieve this, there is a need to design an industry export strategy that will prioritise these markets in line with business interests and to explore existing potential. Such an initiative can be carried out on a public-private partnership, where private sector can provide business intelligence and government can handle the diplomatic trade relations. Current South African maize exports are concentrated and there is scope to access new markets.

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## **ENQUIRIES**

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