

RSA-UK Agricultural Trade: Brexit implications?

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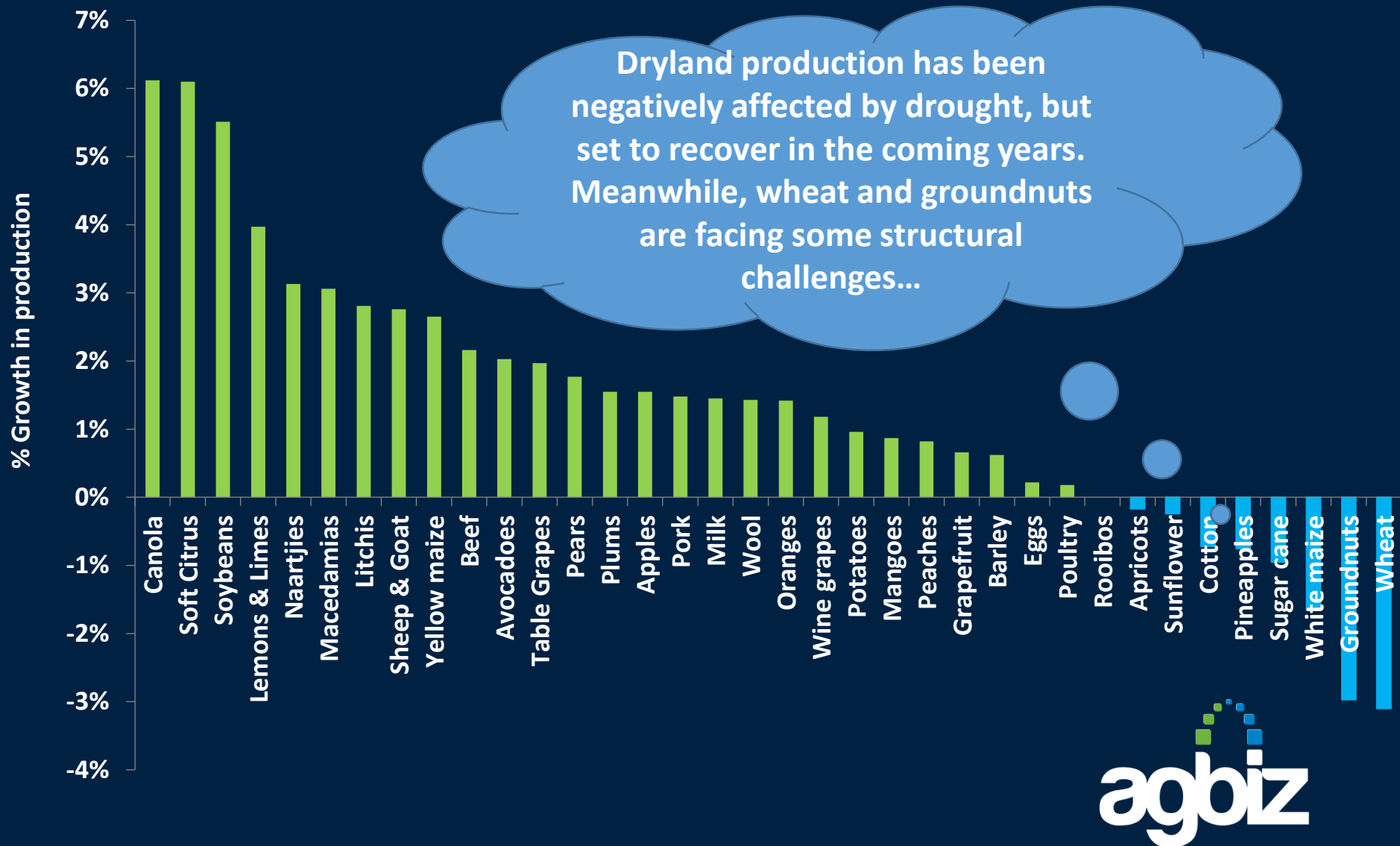
RMB, Johannesburg, RSA



Which RSA agricultural industries/products have much exposure to the UK market.....?

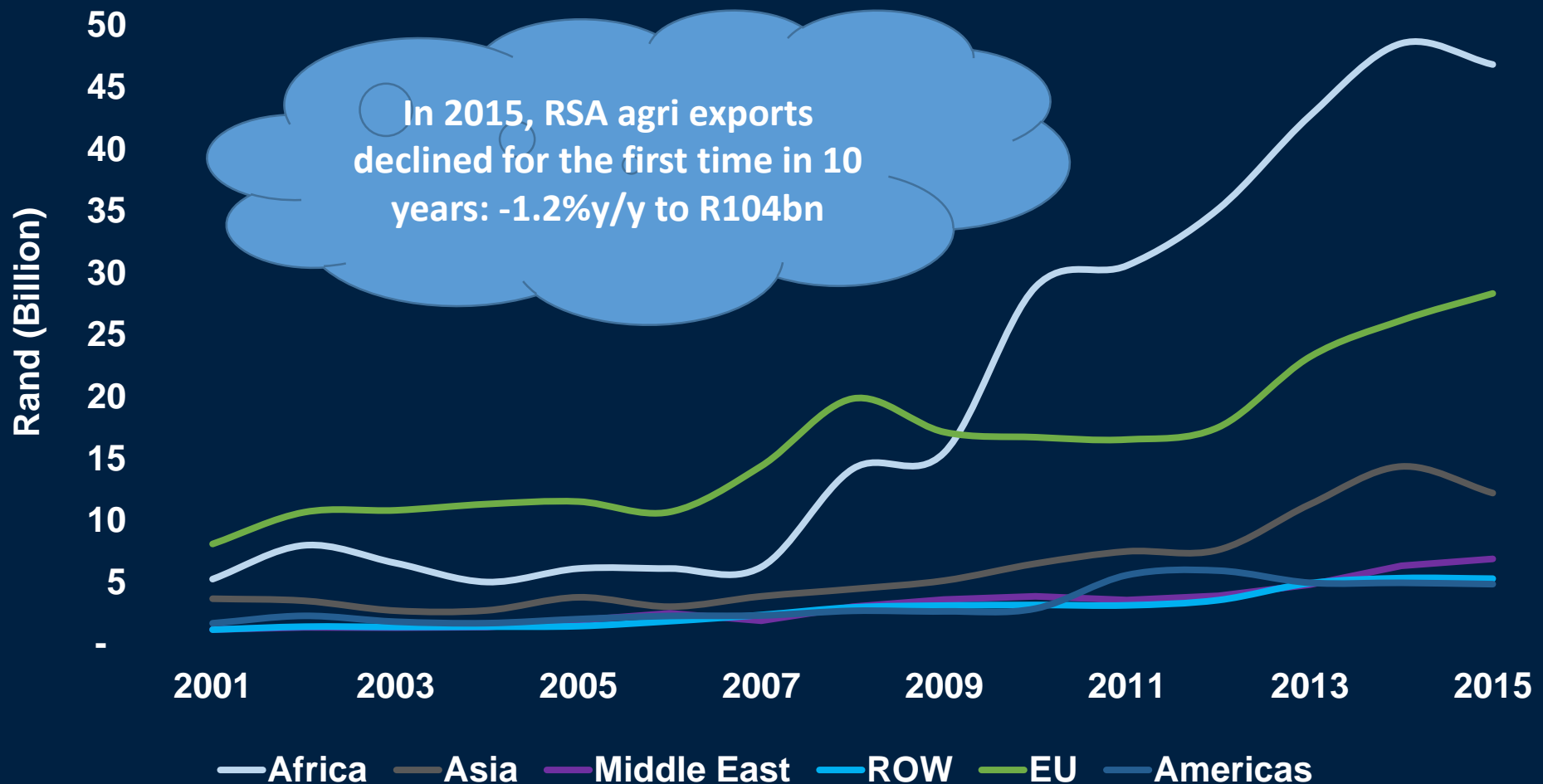


Perspective: RSA agricultural production performance (2011-2015)...



Source: BFAP, Agbiz Research

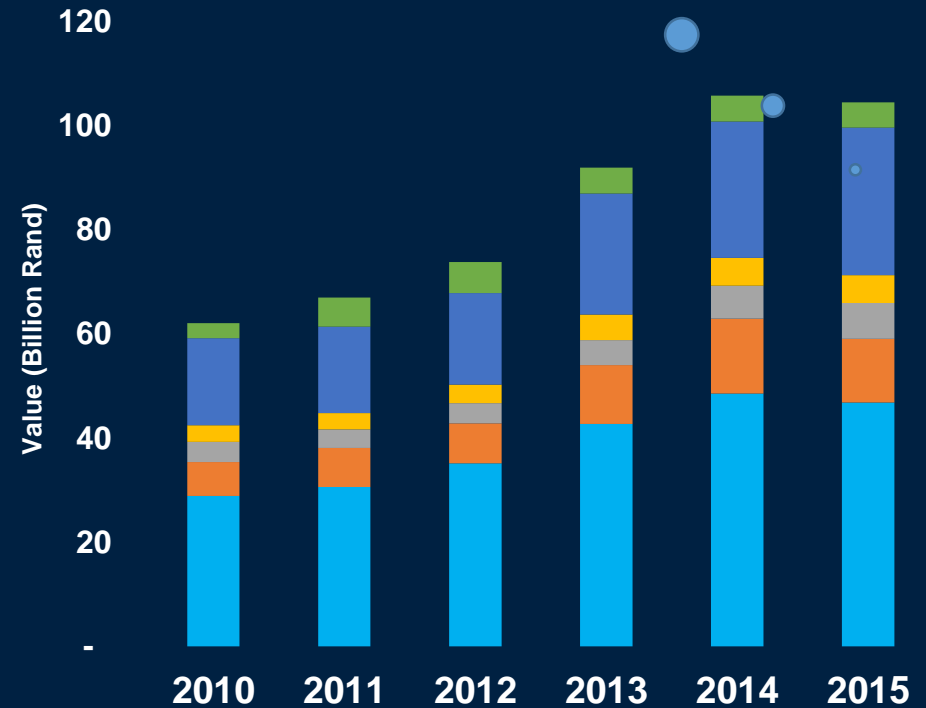
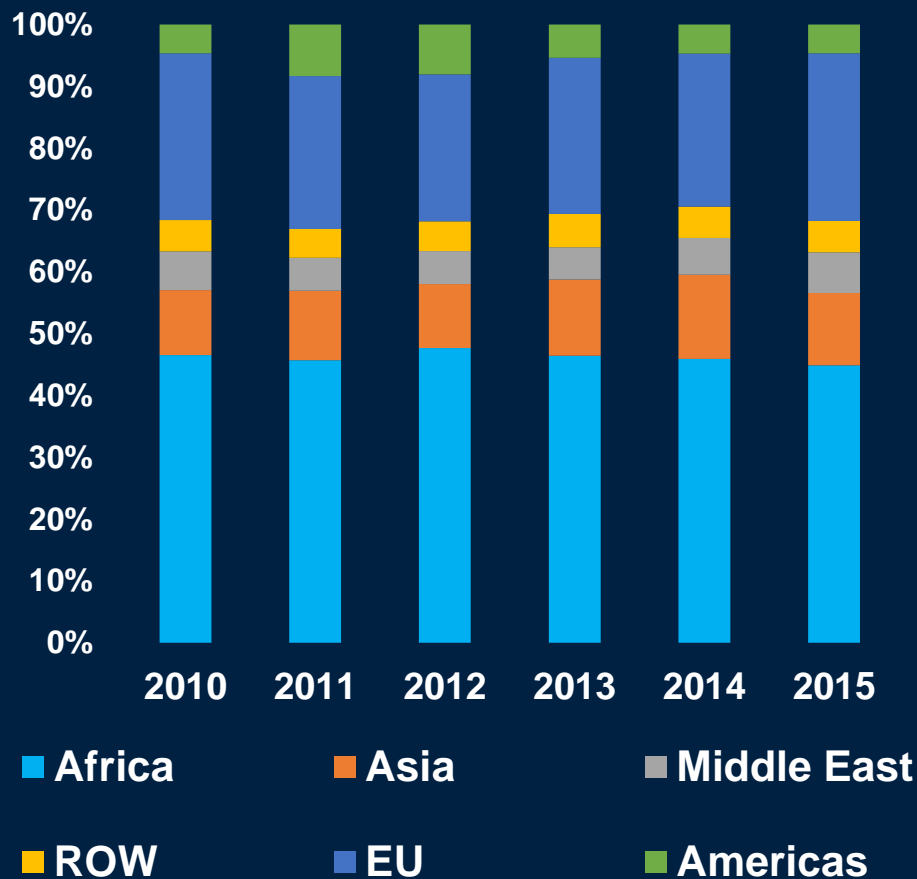
RSA agricultural exports per region...



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RSA agri exports to the EU made up 21% share of total agri exports over the past six years

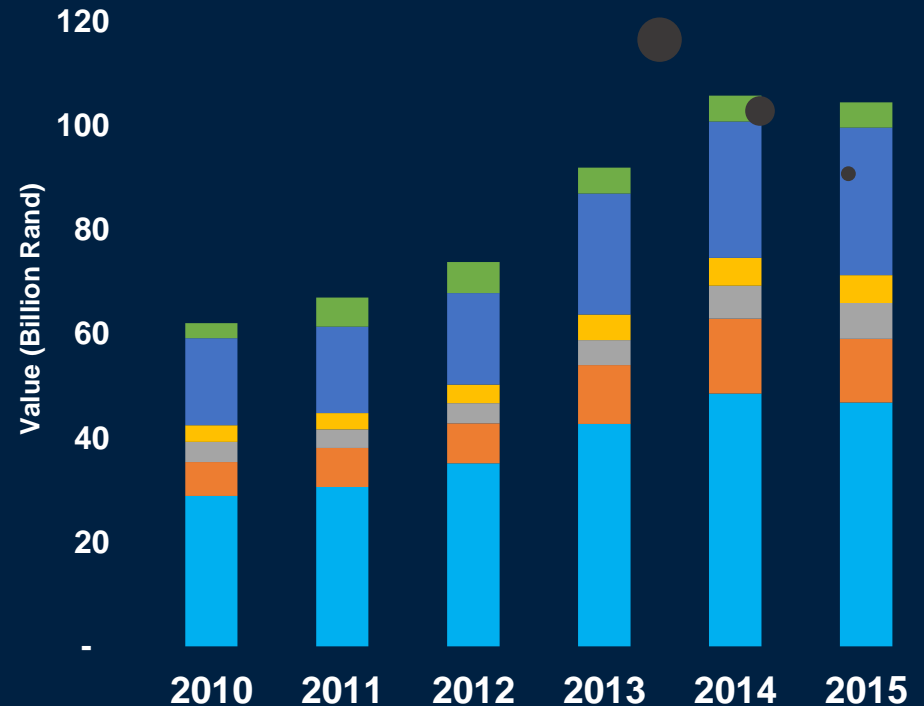
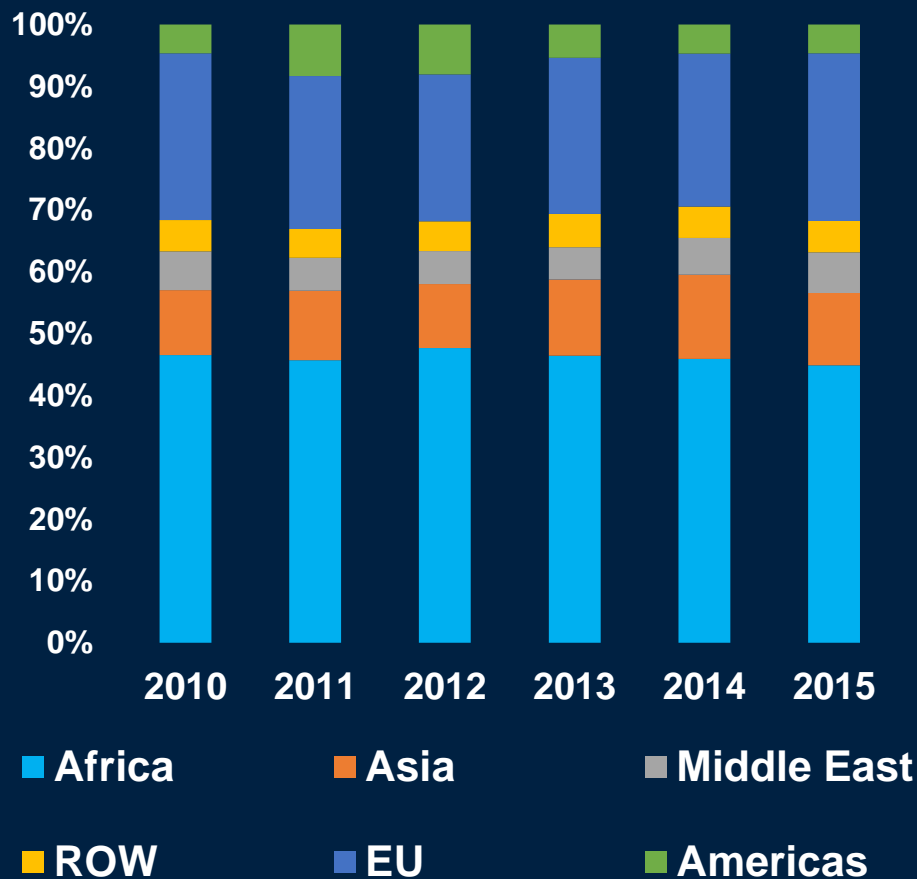
RSA agri exports to EU firmed by 8.3%, from R26.2bn in 2014 to R28.3bn in 2015



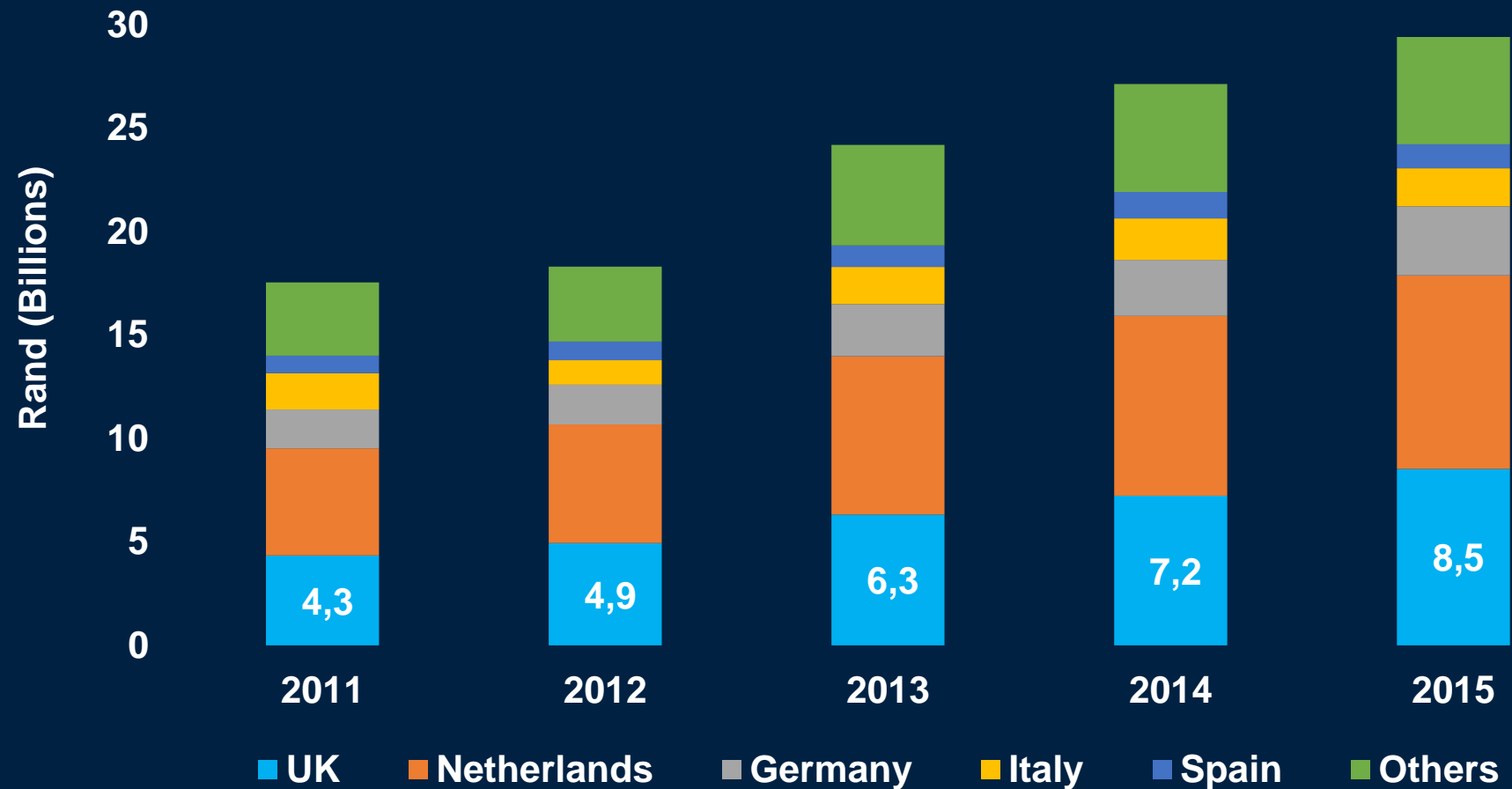
RSA agricultural exports per region...

RSA agri exports to the EU made up 21% share of total agri exports over the past six years

Of total RSA agri exports to the EU, about 29% went to the UK (2nd largest market after Netherlands)



RSA agricultural exports to the EU...

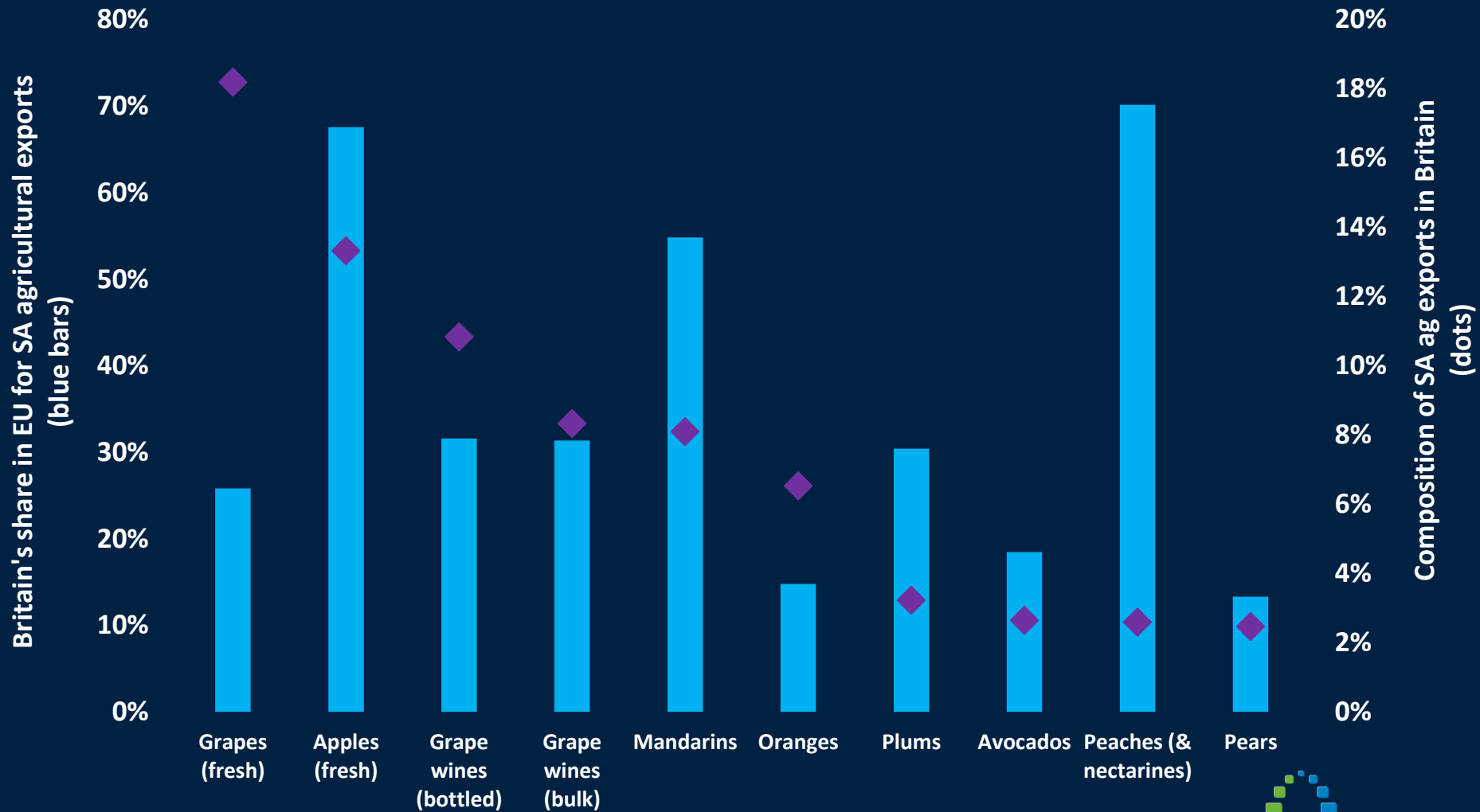


What is driving exports to the EU?...

- **Edible fruits** - accounted for 60% of the RSA agri exports to the EU.
 - Fresh grapes and Oranges
 - Fresh grapes increased by 40% from R3.9 billion in 2014 to R5.5 billion in 2015.
 - Oranges grew from R2.2 billion to R2.7 billion over the same period.
- **Wines** - accounted for 20% of the RSA agri exports to the EU.
- **Others:**
 - Meat and edible meat offal, dairy products and eggs, vegetables and tubers, tea, cereal and tobacco.

The UK saw a similar trend...

UK's share of EU agri imports from RSA...



What does Brexit mean for RSA agri exports?...

- **Potential reduction of the value of EU-SADC Economic Partnership Agreement (EPA):**

- Over the past 3-years (2013-2015) – RSA agri exports to the UK have averaged R7.4 billion.

- **What portion of RSA agri exports to the EU can potentially be affected?**

- UK imports account for roughly a third of RSA wine imports that enter the EU market.
 - As well as consumes a major portion of RSA fresh fruit:
 - *13% of pears, 15% of oranges, 18% avocados, 25% of lemons, 26% fresh grapes, 30% of the plums, 55% of the mandarins, 68% of fresh apples, and 70% of peaches.*

Flipside... UK agri exports to RSA?...

- UK major agri exports to RSA are worth an average of

R4 billion per annum, these include:

- UK whiskies (R2.2 billion)
- Poultry (R409 million)
- Cheese (R69 million)
- Milk powder (R48 million)

It's not all bad, some industries could benefit...

- An exit of Britain could benefit some sectors in South Africa, such as the citrus industry, as they will probably no longer have to comply with some of the strict EU's Sanitary and Phytosanitary (SPS) Measures.
- However, South Africa's bottled wine exports might be negatively affected due to a gap in the EU wine quota, which might be left unfilled.

RSA agricultural industries/products that will be affected by Brexit...



- Fresh grapes
- Apples
- Wines (bottled and bulk)
- Mandarins
- Oranges

Way forward...

- Essential to engage with the UK with the objective of negotiating a mutually beneficial trade agreement between SA (SACU/SADC) and the UK. This issue has also become very clear from comments made by the British Prime Minister, Ms Theresa May, at the current G20 meeting in China.
- Trade agreements take notoriously long to negotiate so imperative that such negotiation start as soon as possible.
- Current trade status can serve as basis for negotiation.

Thank you for your attention...

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