

## “Brexit” vote not an immediate game changer for RSA Agricultural Exports – 24 June 2016

- Britain’s decision to vote to leave the European Union (EU) has sparked wider concerns regarding its existing trade engagements under the EU. For South African agriculture, the most exposed sectors to the British market are fruit and wine industries. Overall, **South Africa’s agricultural exports to Britain have averaged R7.4 billion over the period 2013 and 2015**. This equates to 25% of total EU agricultural imports from South Africa (figure 1).
- Of South Africa’s fruit exports to the EU market, Britain consumes a share of **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** (figure 2, blue bars).
- South Africa currently enjoys preferential market access into the EU (including Britain) through the Trade and Development Cooperation Agreement (TDCA), which is set to be replaced by the EU-SADC Economic Partnership Agreement (EPA). The vote by Britain to depart from the EU will take a period of least two years, as negotiations of an exit are negotiated. Therefore, **we do not foresee any immediate changes in South Africa’s exports to Britain during this period**.
- Meanwhile, Britain has enjoyed preferential market access into the South African market under the under the TDCA. Agricultural exports to South Africa average at **R4 billion per annum**, with key products being **whiskies (R2.2 billion), poultry (R409 million), cheese (R69 million), and milk powder (R48 million)**.
- Going forward, we expect Britain to work towards establishing new trade agreements, with the European countries and other countries, including South Africa. An exit of Britain will benefit **some sectors in South Africa, such as the citrus industry**, as they will no longer have to comply with some of the tough EU quality standards and regulation. However, South Africa’s **bottled wine exports might be negatively** affected due to a gap in the wine quota, which might be left unfilled.

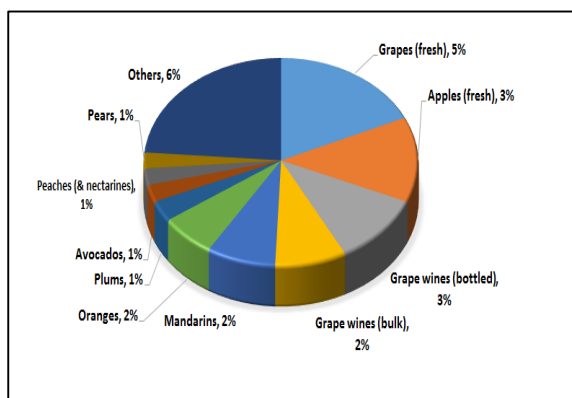


Figure 1: Composition of RSA’s agricultural exports into Britain

Source: Trade Map Stats, Agbiz Research

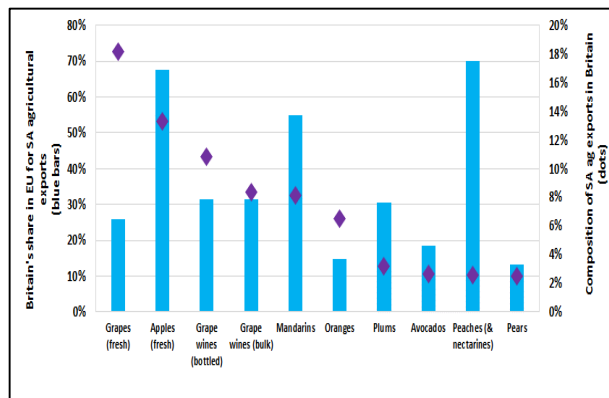


Figure 2: Britain’s share of EU agricultural imports from South Africa

Source: Trade Map Stats, Agbiz Research

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