

11 May 2017

### **Transforming fertile grounds into fertile agribusiness**

On the 2<sup>nd</sup> May 2017, the Swedish Embassy hosted an event in Pretoria to engage South African agricultural stakeholders on the factors that are affecting competitiveness, value addition, and the investment environment in the sector. The general manager for Agbiz Grain, Mariana Purnell, moderated the discussion.

In attendance was the Swedish Ambassador to South Africa Cecilia Julin, and Deputy Minister for Agriculture Elisabeth Backteman. Also in attendance were agricultural associations – namely Agbiz and AgriSA, government stakeholders – namely Midvaal Municipality officials, and the Department of Agriculture, Forestry and Fisheries (DAFF), as well as several companies such as Delaval, Scania and Munters.

Sweden accounts for an average of 3% of South Africa's total overall agricultural exports to the EU. In 2016, South Africa's agricultural exports to Sweden were R797 million, which was 12% more than 2015 exports (R709 million). On average, 70% of South Africa's agricultural exports are wine, with 11% being citrus fruit.

Meanwhile, on average, South Africa accounts for 5% of Sweden's agricultural exports to Africa. In 2016, Sweden exported R93 million worth of agricultural products, but this was a 30% decline from 2015 exports of R130 million. Over 60% of Sweden's exports to South Africa are alcoholic products such as whiskies, ciders and beer.

Overall, bilateral agricultural trade between South Africa and Sweden has averaged over R900 million between 2014-2016, with South Africa's agricultural sector enjoying a positive trade balance.

Against a modest level of agricultural trade, the meeting between Swedish and South African stakeholders interrogated questions of how to improve competitiveness, agro-processing and value addition, as well as the potential to increase trade and investment.

Stakeholders noted the broad trends affecting the trade and investment environment in South Africa, which included political and policy uncertainty, as well as uncertainty around land reform. Stakeholders also noted the importance of the youth bulge, and the general lack

of increased participation of young people in a new agricultural economy that is geared for the future.

The previous season's drought as well as concerns around climate change, and the need to become water efficient were also discussed. The region's vulnerability to the El Niño weather phenomenon was noted as one of the biggest challenges of our time.

As the purpose of the meeting was to also promote information sharing and fostering synergies between public and private stakeholders, many participants were able to provide views and perspectives that gave an insight into the challenges and opportunities that exist in Africa in general, and South African agriculture in particular.

Noted was the increasing demand for certified organic agricultural products in Sweden, which is creating space for new opportunities for South Africa to grow and expand its organic agricultural exports. While previously imagined as a niche market, the organic food market in Sweden is predicted to grow significantly in the coming years, to the extent that it will become main stream. Consumption of organic food products is anticipated to become a new norm. This could be a key consideration for wine, citrus, mutton and ostrich meat producers in South Africa when viewing the Swedish market.

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