



Wandile Sihlobo | Chief Economist | Email: [wandile@agbiz.co.za](mailto:wandile@agbiz.co.za)

17 March 2025

## Continuously building friendships should be SA's agricultural trade approach

- At a time of heightened geoeconomic tensions, it is tempting to argue that countries, industries and businesses must align with particular interests or regions. For businesses and industries, the ideal path should be to remain neutral and continue to broaden business activity with a wider range of countries. This is especially critical for South Africa's agriculture. The sector is export-oriented, with exports reaching a record US\$13,7 billion in 2024, up 3% year-on-year. The export markets and products are varied, with the African continent absorbing nearly half, while the EU, Middle and Asia, and the UK are also sizable markets. South Africa should not rest on this success, but should maintain deepen trade relations in regions where capacity remains.
- The EU-South Africa agricultural trade has had a few frictions, mainly related to citrus. There is growing sentiment amongst the EU farmers that the region must manage its imports and protect the domestic producers. We don't believe the EU policymakers would respond to farmers' needs through tariffs or stronger policies discouraging imports. Still, there remains a chance that we could see occasional non-tariff barriers raised in sensitive products. Critically, the EU market may not offer a lot of growth opportunities for South Africa in our view. Still, maintaining openness and friendship with the EU is vital and key to keeping the current access to agricultural exports that South Africa currently enjoys in this region.
- The Middle East promises more potential for expansion, as it is not as saturated as what we observe in the EU, and there are no domestic competing farmer interests in this region. While a significant share of South Africa's agricultural products are already exported to the Middle East, the presence of South African agriculture in this region is arguably still peripheral. For example, according to Trade Map data, Saudi Arabia imports roughly US\$25 billion of agricultural products a year. South Africa is one of the most minor exporters, accounting for a mere 1% of the Saudi Arabian imports, and ranks 31st in the agricultural imports list.
- Moreover, the UAE is a large agricultural market that imports roughly US\$22 billion of agricultural products annually. South Africa has a 2% share and is the 16th largest supplier. Qatar imports about US\$4 billion of agricultural products a year. But here, South Africa also plays a minor role, ranking 10th in the list of suppliers to Qatar and having a 2% market share in Qatar's agricultural imports.

- The countries that occupied a larger market share in these Middle Eastern countries were India, Brazil, Australia, the United States, Canada, New Zealand, United Kingdom, Denmark, Netherlands, Italy, Spain, Argentina, Russia, France, and Turkey. Regarding the products, the Middle East primarily imports various meat products, grains, oilseeds, and fruits, amongst other products.
- Given this peripheral participation and the possibility of increasing South Africa's agricultural production in the coming years, there remains room for greater participation in the Middle-East market. There is a need for targeted promotion and marketing of products, along with government support, to nudge the Middle Eastern countries to address any remaining phytosanitary barriers and tariffs for South African products in these countries.
- Equally, South Africa must work to retain the current access for agricultural products and other products in the US market through the African Growth and Opportunity Act (AGOA). However, a framework for a post-AGOA path must focus on a free trade agreement.
- The African continent, which remains an anchor of South Africa's agricultural exports, also requires continuous engagements to strengthen relations. This is ideal to avoid the friction we observed with the vegetable export ban in Botswana (now resolved and reopened) and Namibia (restrictions have not been lifted).
- Overall, South Africa should take a long-term vision and appreciate that industry growth relies on relationships with varied countries. The government should lead these efforts collaboratively with businesses to open the export markets continuously. The growth, inclusiveness, and job creation all hinge on the sector's ability to open as many export markets as possible.