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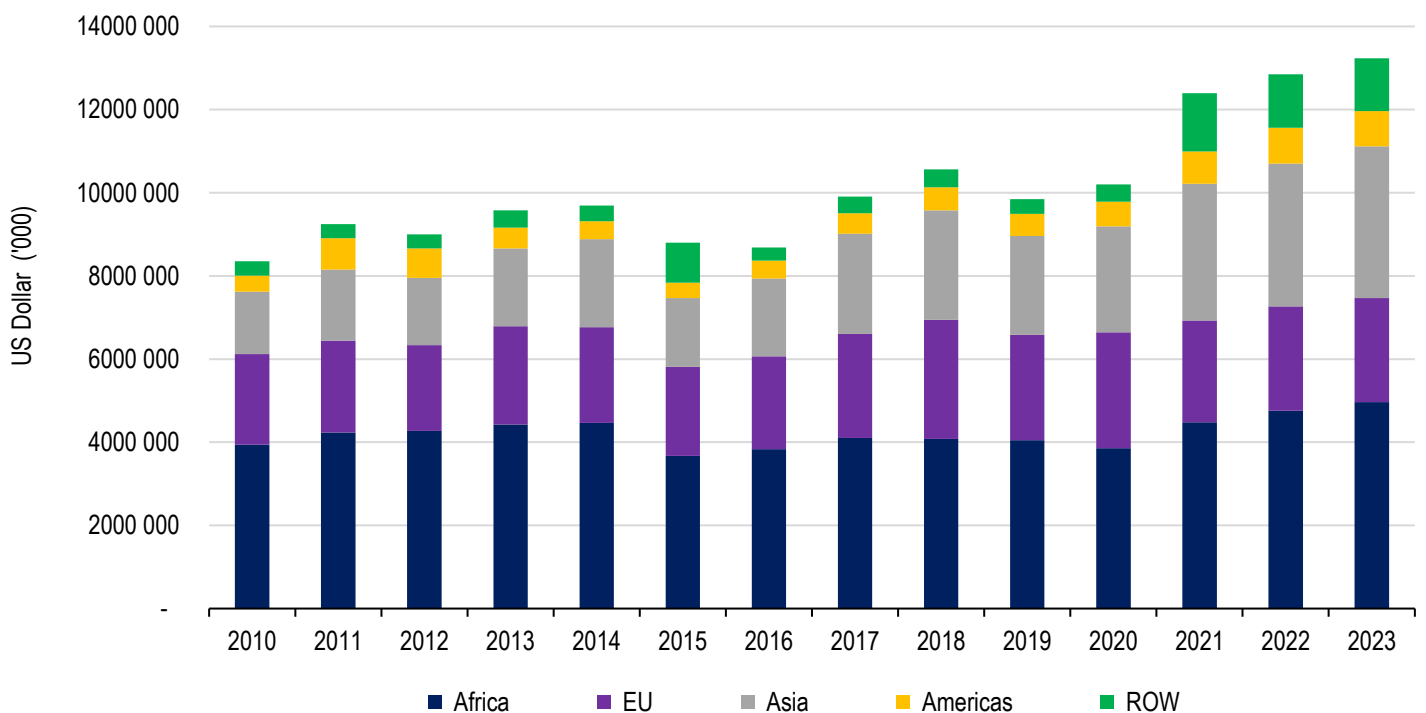
## Easing agricultural trade friction in SACU is crucial

- The Southern Africa region has experienced agricultural trade friction in the past few years. Namibia and Botswana placed a ban on the imports of South African vegetables and citrus. Simply put, the rationale from both Namibia and Botswana officials was that the import ban ensures that their domestic producers are not exposed to the South African competition, thus having space to rebuild for self-sufficiency.
- With all these countries under the Southern African Customs Union (SACU), such policy positions are outside the spirit of free trade. While South African fruit exports could be redirected to other markets worldwide, the vegetable industry had to bear the financial impact of the reduced regional demand. Beyond the trade restrictions being outside of spirit of the customs union, Botswana and Namibia also have limitations regarding their potential ability to produce sufficient high-quality vegetable products. Thus, there have been various reports of food inflation challenges in these countries.
- Fortunately, South Africa did not react with counter measures to the ban. We believe that the major objective should always be to enhance regional agricultural production and discourage the fragmentation these bans introduce. With a new administration under President Duma Boko, there is an opportunity to reverse the prohibitions of the previous administration and encourage stronger regional agricultural production and trade. The priority should be to ensure that the people of Botswana can access high-quality agriculture and food products.
- In the medium-to-long term, the focus could be on satisfying Botswana's ambition of increasing its domestic production where land capabilities permit. However, domestic ambitions should not trump the need for regional agricultural approach. If anything, Botswana could benefit from some of South Africa's technologies to improve its agriculture. We already have some cases of various countries in the region that benefit from South Africa's agricultural technologies. A case in point is the citrus industry, where research is primarily done in South Africa and shared with the Citrus Growers Association of Southern Africa members. Similarly, South Africa has imported some vaccines for the livestock industry from Botswana in the past few months.
- This example shows that cooperation could lead to effective regional agricultural development. The approach from each country should be to communicate its ambitions and not resort to trade-distorting mechanisms that undermine consumer welfare. Equally, South Africa, as a significant agricultural producer in the region, should continuously seek to broaden export markets in other areas, such as

Asia and the Middle East, to benefit the Southern Africa region. The export growth in the coming years should focus on the Middle East while maintaining access to the existing markets. The Southern African countries are working to expand their agricultural production, so South Africa must focus on broadening access to new regions with potentially more robust demand. But this will not be an overnight effort, especially in the current climate of trade fragmentation.

- In essence, the Southern Africa region has an opportunity to reset its agricultural trade and production collaboration. The new administration in Botswana should ideally remove the ban on vegetable and fruit imports to ease domestic food inflation concerns. A similar approach from Namibia is critical. After that, the Ministers of Agriculture in the region should encourage knowledge sharing amongst agricultural stakeholders so the countries that intend to boost their production in the coming years can easily access the best technologies and know-how.
- If any SACU countries believe their agricultural industries are under pressure from exports from South Africa, there should be clear communication about such a matter so the exporters can provide space for domestic supplies. Southern Africa's agricultural collaboration could have been achieved without the trade confrontation. South Africa, as a large agricultural producer, should start the conversations with both the governments of Botswana and Namibia. The South African Department of Trade, Industry and Competition, along with the Department of Agriculture, must be at the forefront, supported by the Department of International Relations and Cooperation.

**Exhibit I: South Africa's agricultural exports to various regions of the world**



Source: Trade Map and Agbiz Research  
**ROW** represents the Rest of the World