



BRICS Agribusiness sectors and the 15th BRICS Summit

The much awaited 15th BRICS Summit and attendant DTIC-BRICS Business Council (BBC) events have been held from 13-23 August 2023. Heads of state from all BRICS States except Russia are attending in person, together with business and governmental delegations. The BRICS Summits allows the agribusiness sectors across BRICS an opportunity to profile agriculture and agro-processing and seek agreement on measures and commitments to facilitate trade.

BRICS Business Council structures include a number of sectoral Working Groups (WG). The 2023 Agribusiness WG is chaired by Wandile Sihlobo, and comprises representatives of agribusiness from all five BRICS members. After a number of pre-Summit meetings, the Agribusiness WG on Monday this week made recommendations to the BRICS Business Council AGM.

Agribusiness WG recommendations:

The following points were presented by the WG Chair with the support of agribusiness from the five BRICS members:

- i. The advancement of agricultural trade amongst the BRICS countries through the lowering of tariffs and the promotion of products.
- ii. A focus on intra-BRICS sanitary and phytosanitary (SPS) measures and processes to improve trade within the group.
- iii. BRICS also intend to improve fertiliser availability and use amongst BRICS countries and the broader African continent. This entails addressing tariffs and promoting information sharing amongst various producers and users of fertiliser within BRICS, and greater Africa.
- iv. BRICS countries to work to share best practice of sustainable agricultural development and climate smart agriculture.

The BBC Global Chair has now presented the points from the various sectoral member groups to the Presidents of the BRICS countries for discussion. Once the governments have decided what will be adopted, the various countries' government departments would start with relevant technical work.

In the key focal areas for the agricultural sector is one of **SPS coordination and administration**. Prior to the Summit and BBC meetings Agbiz Fruit and Agbiz submitted a SPS proposal on Intra-BRICS SPS Coordination to the DTIC and DALLRD. This was met with provisional support.

The proposal is that intra-BRICS agreement be reached on deeper coordination on SPS administrative processes. This would not be a trade agreement, but an agreement on

administrative cooperation and coordination. None of the proposed coordination aims to reduce necessary SPS technical processes or procedures related to plant, animal or human health. The idea is to facilitate the expansion of intra-BRICS agricultural product trade and SA as host can thereby contribute towards building a commercial side to BRICS. It will advance the commercial interests of SA agricultural exporters, given that the alternative option of Free Trade Agreements carries attendant timelines and risks to other sectors. Such SPS approvals are often extremely long winded, for example access for SA apples to China took 15 years to conclude, and for pears the process took 19 years. Access for Indian mangoes to SA took 13 years. China and India have already during 2023 expressed support for greater coordination around SPS matters and processing.

The concept further falls within the BRICS Business Council’s Shared Trade and Investment thematic area, specifically to:

- “Foster regulatory harmonization to increase trade between member countries”; and
- “... identification of trade barriers within specific industries, and Recommendations on how these barriers may be overcome through multilateral or bilateral solutions.”

Initial trade outcomes for agriculture from the Summit

The Summit has already delivered trade outcomes for some agricultural sectors, with bilateral deals signed for market access for SA red meat and avocados, between SA and China. These sector have been attempting to secure such access for a number of years (10 years for avocados), with SPS considerations a key hurdle.

Room to improve trade balances

These efforts are geared towards improving the trade balances SA has with its BRICS partners.

As observed by Agbiz in previous Newsletters and member briefings, South Africa is a small player currently in terms of BRICS member states global agricultural imports. Other BRICS members in turn account for a relatively small share of South Africa's agriculture exports – an average of 8% over the past 10 years in annual average SA agricultural exports of US\$9,9 billion. As Agbiz’s Chief Economist has observed before, BRICS overall imported an average of US\$241 billion worth of agricultural products from the world market annually over the last decade. The US\$764 million imported by BRIC from South Africa on average over the same period thus makes South Africa a small player in the agricultural trade of this grouping – with room to grow!

This offers significant room for expansion of agricultural trade for SA producers within the group. Such expansion will improve our trade balance with other BRICS states.

in terms of All Products traded across the economy (manufacturing agri, chemicals etc.) SA currently runs a positive balance with the World, but a negative trade balance with BRIC, and all BRIC states as can be seen in the table below:

BRICS Partners - All Products	Trade Balance in value in 2022	Exported value in 2022	Imported value in 2022
<i>World</i>	11736605	123614816	111878211
Brazil, Russia, India and China (BRIC) Aggregation	-15161546	17862364	33023910

China	-10573796	11942859	22516655
India	-3222535	5137314	8359849
Brazil	-1100766	497203	1597969
Russian Federation	-264449	284988	549437

Source: ITC Trade Map, Unit : US Dollar thousand

With respect to Agricultural Products (excluding agro-processed products), SA currently runs a positive balance with the World, a small negative trade balance with BRIC, and Brazil and India specifically, but runs a positive trade balance with China and Russia.

BRICS Partners – Agricultural Products	Balance in value in 2022	Exported value in 2022	Imported value in 2022
<i>World</i>	5531872	12891777	7359905
Brazil, Russia, India and China (BRIC) Aggregation	-14674	1070082	1084756
China	267447	693077	425630
Russian Federation	230545	252054	21509
India	-109319	113017	222336
Brazil	-403347	11934	415281

Source: ITC Trade Map, Unit : US Dollar thousand

The aim of SA agribusiness has therefore been to build on the momentum created over successive BRICS Summits and use the expanded policy space offered by the 2023 15th BRICS Summit to strengthen trade with our BRICS partners. This also goes a long way towards achieving a key trade policy goal of the sector, namely to diversify SA's global trade profile, not at the expense of its traditional exports, but in addition to them.

By Agbiz Fruit Desk General Manager Wolfe Braude.