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EU farms' protests have relevance in South Africa

- As the farmers' protests continue in various regions of Europe, the primary question on the minds of South African agriculturalists is what implications, if any, these will have on local production and exports. According to various media reports, the protests mainly centre on the declining EU's agricultural subsidies, the environmental policy to reduce chemicals and fertilizer use, and the need for protection against imports.¹ Whether or not the farmers are correct in raising their dissatisfaction about the EU's policies on these areas is a point of much discussion. But it is worth emphasizing that these events and the policy outcome in response to them will matter for South Africa's agriculture in two ways.
- First, South Africa's agricultural sector is strongly linked with the European Union (EU) through trade. The region is South Africa's second most important market for South Africa's agricultural products, accounting for 27% of the country's total agricultural exports, according to data from Trade Map. The EU and the rest of the world seek to implement urgent policy measures to combat the effects of climate change.
- In its 2030 climate target plan, the EU aims to reduce greenhouse gas emissions by 55% from 1990 levels. To that end, the EU has crafted the "Farm to Fork Strategy", a new approach that ensures that agriculture, fisheries, and the entire food system effectively contribute to achieving this target. The strategy seeks to ensure that farmers produce sustainably by setting targets that reduce the use of fertilizers and pesticides and revising legislation regarding feed additives and animal welfare. But these production changes will not only apply to EU farmers, but trading partners like South Africa as well. Hence, monitoring whether the farmers' protests make a dent in persuading EU lawmakers to adjust these regulations is vital for South African agricultural exporters.
- From a South African perspective, sustainable agricultural practice is cause worthy of our collective support, and various farmers domestically are pursuing better production methods to ensure soil and environmental health. To that end, attaining a balance between agro-chemical use and productivity in pursuit of environmental sustainability is critical. In that sense, a drastic reduction of agrochemicals use and fertilizers is not ideal as that would negatively impact the harvest quality and output. Hence, a reasonable transition under the framework of a moderate approach with feasible timelines, which EU farmers are advocating for, is worth supporting. Such a reasonable outcome would imply that the EU's trading partners do not have to significantly reduce agrochemicals and fertilizer use to lower

¹ The Economist, "Europe's grumpy farmers are a symptom of wider malaise", February 1, 2024. Access online: <https://www.economist.com/europe/2024/02/01/europes-grumpy-farmers-are-a-symptom-of-wider-malaise>

productivity levels. This would also ensure that trade between South Africa and the EU continues on the current terms.

- Second, there seems to be a growing protectionist sentiment among the various protesting farmers, arguing that EU lawmakers should consider protecting the farmers against unfair world competition. South Africa worries about this particular line of argument as an export-oriented sector with strong links with the EU. The South African agricultural sector has faced various protectionist tendencies in the EU market, particularly in citrus.
- For example, the EU recently used non-tariff barriers by alleging a "False codling moth", a citrus pest, in South Africa and requiring that citrus products be kept at certain temperatures before accessing the EU market. This happens while South Africa has already treated the products to eliminate the chances of such pest occurrence. This was a subtle form of protecting the Spanish farmers, who are also major citrus producers within the EU market. With an outright view from farmer groupings in the EU that they face unfair competition in the global agricultural market, we worry that using various non-tariff barriers may be common.
- The aspect of subsidies that the EU farmers also argued for is perhaps not mainly on top of mind for a South African farmer. Over nearly three decades, the South African agricultural sector has had to grow and be globally competitive with minimal government producer support relative to the EU and the US. The key aspects currently relevant for South Africa are matters pertaining to trade, which are environmental policies and the talk of unfair trade policies.
- Overall, the outcomes of the EU farm protests will be consequential to South Africa, mainly the fruit, wine and beef industries with a specific interest in deepening trade with the EU region. More importantly, the environmental laws in the EU, because of the importance and influence of the area in the world, will likely be applied in other regions over time. Such development would have notable implications for the exporting nations, again illustrating the importance and relevance of the ongoing developments in the EU.
- Beyond the EU challenges, what we observe today – rising tension within regions and countries and amongst regions and countries – implies that each country must always seek to diversify its markets. South Africa's primary reliance on the EU region is one such risk, so exploring markets such as China, South Korea, Japan, Vietnam, Taiwan, India, Saudi Arabia, Mexico, the Philippines, and Bangladesh is always essential. Notably, such market expansion should coincide with maintaining the EU market access – it remains vital and strategic to South Africa's agriculture.