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Farmers' discontent and threats to trade

- There is a growing sense of unhappiness amongst farmers globally. In Europe, protests against stringent environmental laws, calls for protectionism against imports, and increased producer support are some of the issues farmers continue to highlight.¹ We now see news of protests in India where farmers demand guaranteed crop prices and increased government producer support.²
- These events are far from us in South Africa but have relevance. For example, the big win for farmers in the E.U. so far was the agreement by lawmakers to review the environmental policy -- with the "Farm to Fork Strategy" -- aimed at reducing the use of chemicals and fertilizers, threatening agricultural productivity.³
- The chemical and fertilizer use reduction that the E.U. lawmakers proposed would not apply only to the region but also to trading partners such as South Africa. The E.U. is the 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. Thus, the positive outcome of E.U. lawmakers' willingness to review the environmental laws is a welcome development for South Africa.⁴
- Still, the rising talk about a need for protectionism in crucial agricultural export markets for South Africa is worrying. We see this reality in the E.U. through recent stringent plant health measures that aim to reduce South Africa's citrus exports to the region.⁵ With India, South Africa is not deeply integrated in its export markets with the country yet, as is the case with the E.U. India is the 24th largest export market for South Africa. According to data from Trade Map, the country accounts for only 1% of South Africa's agricultural exports of US\$12,8 billion in 2022. With that said, we continue to watch the farmers' protests in India and the government's response to their calls for increased farmers' support and the minimum crop price.

¹ Sihlobo, W. "Why the EU farmers' protests have relevance in South Africa", February 4, 2024. Read more here: <https://www.dailymaverick.co.za/opinionista/2024-02-04-why-the-eu-farmers-protests-have-relevance-in-south-africa/>

² BBC, "India farmers' protest: Tear gas fired as thousands march on fortress Delhi", February 13, 2024. Read more here: <https://www.bbc.com/news/world-asia-india-68271356>

³ More information about the EU's Farm to Fork Strategy is here: https://food.ec.europa.eu/system/files/2020-05/f2f_action-plan_2020_strategy-info_en.pdf

⁴ BBC, "Europe farmers protests: EU scraps plans to halve pesticide use", February 6, 2024. Read more here: <https://www.bbc.com/news/world-europe-68218907>

⁵ EU Parliament, "Imports of citrus fruit from South Africa are breaching the EU's plant health rules", September 14, 2023. Read more here: https://www.europarl.europa.eu/doceo/document/E-9-2023-002658_EN.html#:~:text=European%20Parliament-Imports%20of%20citrus%20fruit%20from%20South%20Africa,the%20EU's%20plant%20health%20rules&text=Agricultural%20organisations%20in%20the%20EU,organisms%20have%20tripled%20since%202022.

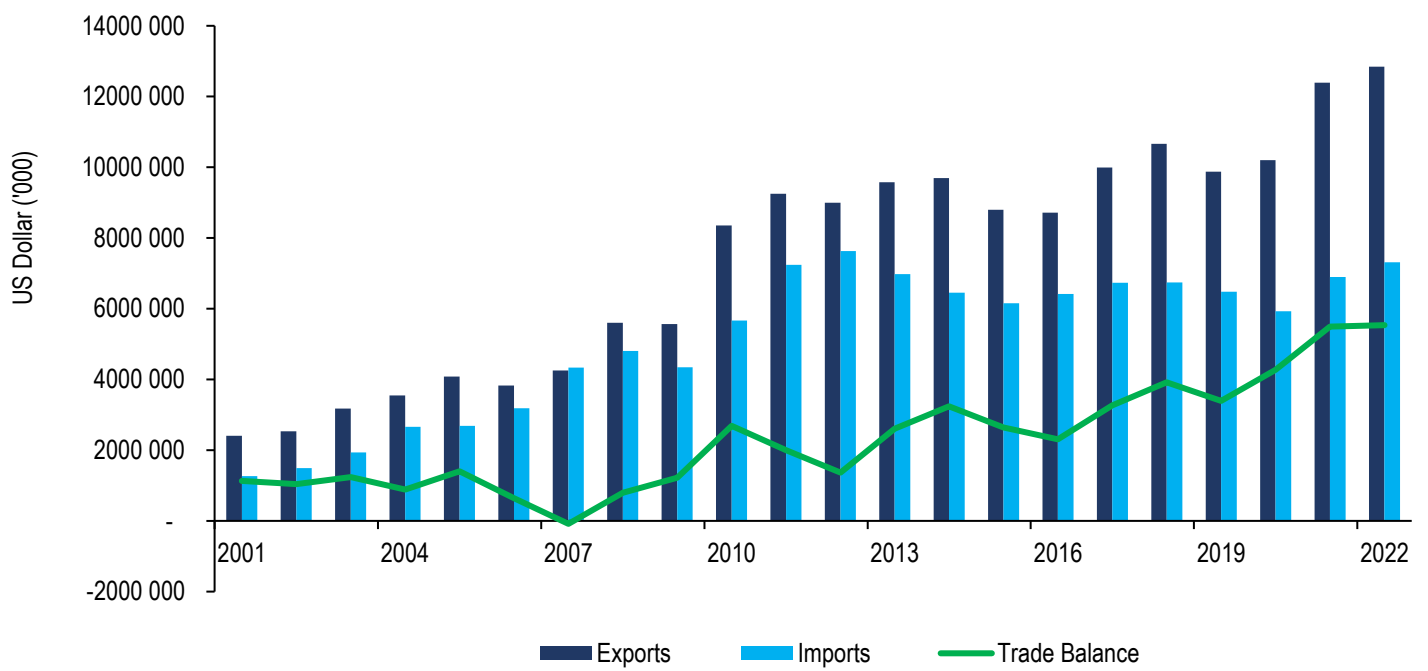
- With India being among the countries South Africa aims to expand its agricultural footprint to within the BRICS+ grouping, its food and agricultural policy environment is vital to South Africa. South Africa's desire would be for the trade policy in India to remain relatively open and flexible so that the exchange of goods between the countries could be deepened over time. South Africa primarily focuses on India, China and Saudi Arabia within the BRICS+ countries to advance its agricultural export strategy.
- It is unclear if the farmers' discomfort in India is mainly linked to the looming elections or the continuation of the discomfort from the previous year's protests. Whatever the broader goal, this area is worth monitoring from the perspective of South African agribusinesses and trade authorities.
- The fundamental agricultural export drive for South Africa also stems from the fact that the country has the potential to expand production in the underutilized government and communal land. But this produce will have to be for export markets as the country already exports roughly half its agricultural produce in value terms. This time, the export drive will occur in an increasingly hostile environment with farmers demanding protection across the major export markets, such as the E.U., and potentially large markets, such as India.
- Closer to home, the farmers' discomfort shows through increasingly inward-looking government policies. For example, Botswana and Namibia have banned the imports of vegetables from South Africa for an extended period, as they claim to be under pressure to build their industries.⁶ The African continent is a vital market for South Africa, with roughly 40% of the country's agricultural exports going to the continent. While there is no widespread hostility to South Africa's agricultural exports to the region, the aspects of growing farmers' protests and protectionism are worth continuous monitoring.

Policy considerations

- Given the rising discontent of farmers and protectionism worldwide, South African agribusinesses and governments should work to diversify their export markets for agriculture. Some key growing markets and higher populations are within BRICS+, such as China, India and Saudi Arabia.
- Still, South Africa must look broadly and deepen its agricultural trade with South Korea, Japan, the USA, Vietnam, Taiwan, India, Saudi Arabia, Mexico, the Philippines, and Bangladesh. This export expansion should happen while South Africa works to maintain its access to the existing critical markets in the EU, Africa and various countries in Asia and America.

⁶ DTIC, "Contextualizing The Ban On South African Vegetables By Namibia & Botswana Within The Prism Of Regional Integration". Available here: <https://www.thedtic.gov.za/wp-content/uploads/SACU-Opinion-Piece.pdf>

Exhibit I: South Africa's agricultural exports



Source: Trade Map and Agbiz Research