

SA-Saudi State Visit 15/16 October 2022

By Wolfe Braude, manager: Agbiz Fruit

In a striking example of collaboration between two G20 states, South Africa and the Kingdom of Saudi Arabia (KSA), both anchor economies in their respective regions, have signed 17 MoUs worth around \$15 bln or R274 bln covering areas as diverse as mining, ICT, pharmaceuticals, renewable energy, tourism and agriculture, agro-food processing and food security. President Ramaphosa led a large ministerial delegation on a state visit to the KSA comprising Minister Didiza of Agriculture, Land Reform and Rural Development (DALRRD); Minister Mantashe of Mineral Resources and Energy; Minister Mbalula of Transport; Minister Patel of Trade, Industry and Competition; and Minister Mosie of Defense and Military Veterans. Accompanying the President were senior officials such as the director general of DALRRD. A large business delegation of over 80 people accompanied the president and ministers. Agbiz was invited to participate in the trip and assisted DALRRD in the lead-up to the visit. The agricultural contingent comprised the largest component of the business delegation.

The visit was held on 15 and 16 October 20 and included government-to-government meetings, business-to-business meetings, panel discussions, and the official opening of a new hypermarket in the Lulu chain, which operates stores across the Gulf. This particular store stocks over 500 South African products, and the store was festooned with signage and banners proclaiming the proudly South African nature of the line-up. SA fruit and vegetables were prominently displayed, and in the case of citrus and berries, comprised the bulk of even 100% of the fresh produce available. President Ramaphosa did a walkabout through the store and was particularly pleased to note this evidence of increased SA-KSA trade. For exporters in agriculture, the supermarket chain operates a South African office in the Western Cape that assists with compliance with Saudi labelling, packaging and halaal requirements.

The dedicated MoU on agriculture will support South African producers and exporters to facilitate and expand trade flows. An example of the potential unlocked by the discussions is that entry for South African red meat (beef, lamb and goat) into KSA is finally moving ahead, after previous efforts over years to achieve this. This is the value inherent in such high-level political engagements, they allow officials to resolve outstanding matters and reach agreement on technical collaboration. As a result, Saudi officials will visit South Africa in the next month to assess animal health and food safety systems.

The agri sector has significant room for growth as a component of the bilateral trade between the two countries, with South African agri exports to Saudi Arabia comprising less than 2% of South African agri exports to the world. Saudi Arabia itself is amongst the top 20 global agricultural importers. DALRRD modelling estimates that core agricultural exports to KSA could triple from over R2bln to R6bln. The potential is supported by strong growth across South African agricultural sectors over the last decade, with 2021 a record year for agri exports, reaching \$12.4bln. The focus on Saudi Arabia is opportune, as it coincides with

the sector's push for diversified trade opportunities. The two countries have largely complementary trade profiles, sectoral and investment needs, and it was clear from the visit that KSA is determined to diversify its economy away from oil under its Vision 2030 development plan. For those agricultural and food processing subsectors that seek to invest on a larger scale, KSA has completed and is launching, a set of special economic zones linked to dedicated ports and is offering investors very favourable terms. For agri exporters in general, an additional piece of good news to conclude with is that direct shipping and airfreight links will now be established between South Africa and KSA.