

Developments in SA Trade Policy & logistics

Agbiz Media Day
1 December 2023



SA is a fairly small, open trading economy



Where does Agbiz engage?

- Agbiz CEO is current convenor of NEDLAC's Trade & Industry Chamber
- Agbiz sits on NEDLAC's trade committee – Teselico
- Agbiz sits on DALLRD's Agricultural Trade Forum
- BUSA Trade, Transport & Logistics SubComm & EconPol Comm
- Agbiz Fruit Desk sits on Fruit Industry Value Chain Roundtable Trade Working Group – dtic, DALLRD, DIRCO, industry
- Agbiz Trade & Supply Chains Coordinating Committee – sector

Fruit sector and trade

- Fruit = around 35% of SA's agricultural exports.
Top products citrus, grapes, apples, pears and avocados.
- **2nd** largest citrus exporter;
- **4th** largest grape exporter
- **6th** largest pear producer;
- **8th** largest apple exporter,
- **9th** largest avos exporter.

Other sectors

- World's **largest** macadamia nut exporter
- World's **largest** chicory root producer
- **3rd** largest abalone producer
- **6th** largest wool producer (clean equivalent)
- **8th** largest wine producer

Current developments – US market

- **Annual AGOA Eligibility Review** (current). BUSA, Agbiz, FruitSA and CGA written submissions. Hearings, Ministerial visit, final decision January 2024.
- **Renewal of AGOA**. Business via BUSA seeks renewal and lobbying strategy. Ministerial Forum held Nov 2023.. Agbiz & members on Business Forum panel.
- **Risk remains** of loss of AGOA access. No GSP backup.
- Haven't fully realised potential of AGOA
- Market entry – citrus & avo awaiting approvals

Current developments – EU market

- **SADC-EU EPA Review**: parties still differ on methodology & scope after 2 years. EU insisted on an implementation study. Progress likely in 2024.
- **EU-citrus FCM WTO matter** unresolved. Need for Panel to be triggered. Citrus Black Spot now contentious as well. Industry has called for 2nd WTO dispute to be lodged.
- Possible risk of agriculture being directly included in future under CBAM. Current risk in terms of MRLs limits. EU Farm to Fork programme.

Current developments – African market

- SACU AfCFTA tariff offer submitted. Vetted by AfCFTA Secretariat, will now enter SACU member state tariff books once gazetted.
- AfCFTA making steady progress. Trade possible in 2024. Pilot - Guided Trade Initiative. Agbiz & Agbiz Fruit pushed for agri product inclusion. **SA a member by mid 2024.**
- Tripartite Free Trade Area (TFTA) still being negotiated. Possible trade in 2024.
- SACU border closures – limited options politically for reform

Proposal for BRICS cooperation on concurrent consideration of SPS applications

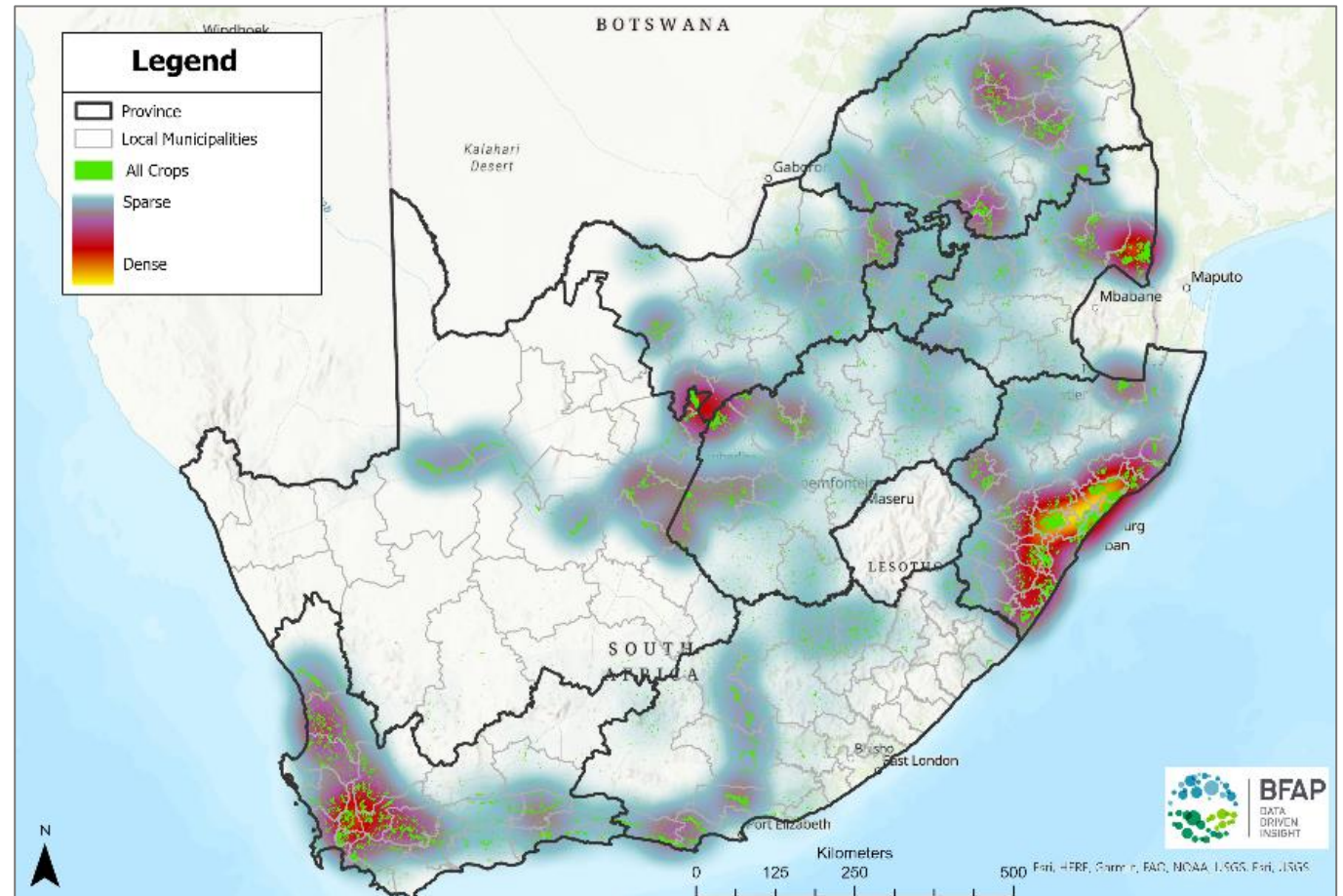
- BRICS Summit. **Agbiz proposal**: for intra-BRICS agreement on coordination on SPS administrative processes. Not be a trade agreement, just an agreement on administrative cooperation and coordination.
- **BUT** – has potential to greatly reduce SPS approval timelines
- Some products 10 to 15 years. E.g. apples to China, avos to India
- Proposal viewed by political heads. Included in work for 2024.
- News BRICS members – of interest: S Arabia, Iran, UAE, Ethiopia

Other developments

- **SACU-India PTA.** Renewed negotiations in 2023?
- **Proposal for Agricultural Value Chain focused PTAs**, in East Asia – discussions held with dtic, DALLRD, FSA. Next step, research study by 3rd party into sub-set of potential markets; managed by Agbiz & DALLRD. Then dtic will undertake corroborating research.
- **Review of South Africa's Trade Policy** –engagement via NEDLAC. Changed global trade landscape. SA needs to diversify trade partnerships & retain current.
- **Criteria for new trade agreements; align business & govt priorities; joint planning for trade missions; pros & cons/evidence based;**

Logistics

Agricultural distribution requires national agri logistics approach.
Total agri value chain including support ecosystems and value chain **estimated @ 15% of GDP**



Logistics – Agbiz & the NLCC

- Agbiz-Transnet Interface Agreement, pre-NLCC
- OV Freight Logistics Roadmap (Stabilise Transnet; Split TFR – operator & stock; Shorten rail network; Independent Rail regulator; port equipment; Landlord vs operating divisions; Independent Port Regulator.) OV work now merged into NLCC.
 - Possible Roadmap approval December 2023.
- NLCC implementation structure confirmed. Agbiz participating.

Logistics, continued...

- **8 Workstreams.** Private sector currently indicated members of:
- **WS 1:** “Improving performance of the multimodal and bulk freight rail network and port system” (Rail & Port users)
- **WS 2:** “Improving road transport operations and border transit” (Road transport users)
- **WS 7:** “Security” (Rail & Port users)
- **WS 8:** Communications (BUSA)

Logistics & NLCC, continued...

- Agbiz pushed successfully for broader NLCC WS1 Substream scope – to **include agricultural & WC & EC ports focus**. Implementing ToR changed, now seek NLCC ToR change. **Why?**
 - 35% of SA fruit exported via CT. 1/3 of all SA agri exports -fruit.
 - Together citrus, grapes, apples, pears, quinces = slightly higher in value than manganese or chrome.
 - **Total SA agri exports** are nearly 2 x iron ore value, 4 x chrome, 3 x manganese. Nearly 2 x SA's iron and steel exports / 2 x SA's machinery exports. **Higher than vehicle exports.**

Is Cape Town Container Terminal stabilising?

- Ongoing struggles with performance and equipment. In 2021/22 season Grapes lost R600mIn & Deciduous: R1.5 bln loss (late arrival in market, reduced prices/reduced quality), overlapping seasons).
- Additional deciduous R50mIn to use other ports/trucking. Reputation loss, market share loss.
 - Some container freight has moved to Multi-Purpose Terminal
 - Full deciduous fruit and table grape season peak still on their way (grapes 12% more volume this year).

Is Cape Town Container Terminal now ok? Cont...

- Some tables grapes have moved to Walvis Bay (R24k per truck additional. Namibian govt has launched a dedicated table grape corridor for SA grapes.
- Industry switching to conventional reefer vs container where possible.
- Feeder vessel service running between CT and Mauritius, shuttling fruit to large ships waiting in Mauritius
- Some vessels have started omitting Dbn port, others CT port.

Path forward – recovery!

- Transnet moving as rapidly as possible to increase spares availability, equipment readiness, equipment availability.
- 7 RTGS – Rubber Tyred Gantries, 2nd hand, on way from US to CT.
- Tenders for spares, maintenance, new equipment, all underway or being finalised. Dbn Pier 2 concession coming online early '24.
- Agbiz and wider industry working closely with Transnet where possible, to support efforts to restore & improve port operations
- NLCC process offers excellent opportunity for structured progress

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