

## **Saudi talks bode well for South Africa's agricultural exports**

*By Wandile Sihlobo, [Business Day](#), 06 March 2019*

Last week SA's ministry of agriculture, forestry and fisheries published a [media statement](#) following a visit to the country by Saudi Arabian agriculture minister Abdulrahman bin Abdulmohsen Al-Fadhli.

The [statement](#) essentially summarised the objective of the visit, but had one particularly interesting line: "The Saudi delegation expressed a desire to lease land in SA to produce a wide range of agricultural commodities, provided they can sign a lease of 99 years or more."

I [posted](#) this on Twitter, and a number of South Africans pushed back on the idea, suggesting the Saudis should rather import the agricultural products they need and not look at leasing land. Subsequent discussions I had with senior government officials echoed that sentiment. Setting aside the merits of these statements, my sense is that it overshadowed some important matters that were discussed during the visit that are worth highlighting.

As a start, the main purpose of the visit was to discuss a memorandum of understanding on technical co-operation in the field of agriculture, fisheries and aquaculture, and also to identify potential areas for investment. To this end, SA and Saudi Arabia agreed that the focus should be on trade, investment, capacity building, research and development in the fields of agriculture, fisheries and aquaculture.

This is an important development because the Kingdom of Saudi Arabia is an important player in the global agricultural trade, being ranked the world's 20th-largest importer of agricultural products in 2017. Therefore, last week's engagement between SA and the kingdom's agriculture minister is of particular interest as it focused on key areas SA is already pursuing as a way to ignite inclusive growth within the agricultural sector. These are trade, investment, capacity building and research & development in the field of agriculture, as noted previously.

In terms of trade, over the past five years Saudi Arabia imported on average \$21bn worth of agricultural products. Of that SA was a small player, accounting for less than 2% of all the imports. The key exportable products to the Saudi kingdom were oranges, lemons, pears, grapes, mandarins, apples, plums, grapes and avocados. The dominant suppliers of agricultural products to Saudi Arabia are Brazil, India, the US, the United Arab Emirates, Germany, France, Turkey and Egypt. The top imported agricultural products were meat and edible offal, rice, barley, milk and cream, cigars, cheese, live sheep and goats, sugar cane, maize, chocolate, citrus, palm oil, oilcake, bananas, tea, vegetables and fruit juices.

SA is already a net exporter of some of the aforementioned products, albeit mainly concentrated in European, African and Asian markets. The recent visit could, therefore, be a first step towards expanding SA's agricultural presence in Saudi Arabia and the Middle-East region at large. The products SA would have to prioritise are horticulture, grains and livestock.

Furthermore, SA's [desire to expand its agricultural production in areas of underutilised land](#), such as the former homelands, could be boosted if new markets are found for the products that will be produced. Saudi Arabia could be one such market given its size in the global agricultural trade.

The other objectives of the visit — investment, capacity building and research & development in the field of agriculture — are also an essential part of the SA agricultural sector's growth strategy. At this stage, the agriculture ministers have only discussed a memorandum of understanding on co-operation on the aforementioned subjects. Hopefully, this will be followed by a more ambitious engagement that will seek to open the market for SA agricultural products and attract investment.

*\*Written for and first [published](#) on Business Day on 06 March 2019.*