

# WHAT ARE THE POTENTIAL IMPLICATIONS OF **VEGETABLE** IMPORTS **BAN** FROM SOUTH AFRICA BY BOTSWANA AND NAMIBIA?

*South Africa's agricultural export season for year 2022 is mirrored by a multitude of challenges ranging from port inefficiency challenges in Cape Town and Durban harbours, export ban on vegetables by some SACU countries, and on wool by China due to the outbreak of the Foot and Mouth Disease as well as phytosanitary and sanitary challenges in Europe for citrus exports. The impact of Russia-Ukraine conflict on the availability and cost of export vessels have compounded the cost to export in the current season. These export market challenges are expected to impact the size of volumes exported to international markets thus affecting the profitability of farmers.*



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**T**he ban on selected products, mainly vegetables by SACU countries in particular Namibia and Botswana are justified on protecting the infant industries in these countries. However, these bans go against the principles of a custom union and affects the regional value chain, in which farmers and agribusinesses in South Africa have invested heavily to ensure there is sufficient supply of food in the SACU market.

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In Africa, South Africa is amongst the top suppliers of food underpinned by century long investments in agricultural finance, irrigation infrastructure, technology and skill development across a number of agricultural commodities and diverse climate. Moreover, South African government deregulated the sector thus creating a conducive environment for private sector to invest and expand production to service both the local and international markets.

Additional to servicing the domestic market, a relatively large quantities of South Africa's vegetable products are exported to countries in the SACU region and beyond. Botswana and Namibia together make up an undeniably significant market share of vegetables exported to SACU, hence the decision by these two countries to ban imports from South Africa is causing challenges for South African farmers and agribusinesses.

From 2017 up until 2021, SA's potato exports to the global market have averaged R705 million per year, with 97% of that amount generated from the African countries. During this period, potato imports averaged R125 million for Namibia and R108 million for Botswana implying trade between South Africa and SACU countries is benefiting all SACU countries as South Africa act as both a supplier and market for agricultural products. Over and above, SACU, Mozambique, Zimbabwe, Angola, and Zambia are some of SA's top export destinations for potatoes.

After potatoes, onions are the second most exported vegetable from South Africa to the rest of the African continent, with exports averaging R447 million per year from 2017 to 2021. Africa contributed for at least 93% of this value. For the same period, annual onion exports to Botswana and Namibia averaged R43 million and R27 million, respectively, and onion exports to the global market have grown by 22% during this time. Zambia, Mozambique, and Angola are among of SA's other major onion export destinations.

The total exports of potatoes (HS:0701), onions (HS:0703), tomatoes (HS:0702), and cabbage (HS:0704) from South Africa for the first five months of 2022 were valued at R630 million collectively.

In the same period, Botswana and Namibia accounted for 32% for cabbage exports, 27% for potatoes, 25% for tomatoes, 11% for carrots, and 9% for onions. These figures highlight how crucial these two countries are to SA's vegetable exports.

According to data from the International Trade Center (ITC), Botswana and Namibia hardly export any of these vegetables to South Africa or export little to nothing to other countries. This is because they produce less than what is necessary to meet their local consumption, hence they had to import considerable amounts of potatoes, onions, cabbage, and tomatoes largely from South Africa. As a result, to maintain domestic consumption, both countries needed to keep trade open and hold the principles of SACU union and free movement of goods and persons.

This is unfortunate and raises greater concerns about creating the "Africa We Want" – the aspiration of the Africa Agenda 2063 which is promoted through the African Continental Free Trade Agreement, Comprehensive Africa Agricultural Development Programme and other tools that the African Union is promoting to create a single market that caters for all Africans.

The government of Botswana has implemented the "Impact Accelerator Subsidy" scheme for farmers to boost vegetable output nationwide since the ban was implemented. Similarly, the Namibian government has developed farmer schemes to promote local production for vegetables. While these farmer support schemes are crucial and encouraged to upscale production of vegetables in other SACU countries, they must be implemented while open trade is retained to ensure welfare gain to consumers in Botswana and Namibia. Restricting trade could erode competitiveness and result in consumers in these SACU countries paying much higher for basic vegetable products when compared to other SACU countries like Lesotho and Eswatini. All SACU countries must ensure they retain open trade practices and the current bans instituted by Botswana and Namibia must be lifted to promote intra-African trade.