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EXPLORING OPPORTUNITIES OF VARIOUS AGRICULTURAL COMMODITIES IN THE RECENTLY SIGNED **AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA)** AGREEMENT

agriculture, land reform & rural development
Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

NAMC
Promoting market access for South African agriculture

FOREWORD

Welcome to the ninetieth (90th) issue of the Trade Probe publication produced under the Markets and Economic Research Centre (MERC) of the National Agricultural Marketing Council (NAMC). The Trade Probe is co-produced by the NAMC and the Department of Agriculture, Land Reform and Rural Development (DALRRD). The focus of this issue is on the impact of global dynamics and geopolitical conflicts and their impacts on South Africa's food system. Some of the specific topics covered in this issue include assessing the opportunities available to South Africa within the African Continental Free Trade Area (AfCFTA) agreement. AfCFTA came into force on the 1st of January 2021 to create a single market that promotes the continent's economic prosperity, drive investments and raise levels of income, creating jobs and lessen poverty. The AfCFTA agreement also seeks to create an African market for all commodities, with free movement of business persons and investments and also pave the way for accelerating the establishment of the Customs Union while expanding intra-African trade through better harmonization and coordination of trade liberalization and facilitation. In addition, this market will bring together about 54 African countries with a combined population of more than one billion people and a combined gross domestic product (GDP) of more than US $3.4 trillion. The African Union also highlighted that the agreement is expected to increase Africa's income by US$450 billion by 2035. As of August 2022, 53 countries had ratified the agreement and members could start trading under the agreement by the 1st of January 2022. Guided by the mandate of the National Agricultural Marketing Council (NAMC), the current issue of the Trade Probe seeks to inform policymakers, producers, traders and other stakeholders about the factors impacting the food system, identify export market opportunities and potential products demanded in the African continent.

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Agricultural products bound to be affected by Rules of Origin under the AfCFTA

By Moses ***Lubinga***

The African Continental Free Trade Area (AfCFTA) is the world's largest free trade area comprising of eight (8) Regional Economic Communities (RECs) and 55 states of the Africa Union. Individual countries negotiated the AfCFTA through their respective RECs and continue to engage to finalise outstanding protocols such as the free movement of persons and the Rules of Origin ((RoOs). As at August 2022, whereas some RECs such as the East African Community (EAC) have progressed to the extent that they submitted revised tariff offers for non-sensitive products (Category A) for consideration by other RECs, negotiations for the Southern African Customs Union (SACU) member states to which South Africa ascribes are almost finalised (Agbiz, 2022). This implicitly means that South Africa on its own cannot trade under the AfCFTA's preferential treatment arrangement with countries in other RECs. The essence of the trade negotiations is to ensure there is a win-win situation so as to gain from the anticipated preferential trade across the continent.

Non-tariff barriers (NTBs) are reckoned to be more critical in bolstering intra-Africa trade – especially through reduced costs associated with movement of goods and people across borders (African Union, 2022). RoOs are a major NTBs since they are tailored to avoid transhipment and trade deflection across areas with preferential trade arrangements (Kniahin & de Melo, 2022). This article highlights the South Africa's trade performance in coffee, tea and species classified under chapter 09 of the tariff book that must meet a set criterion of the AfCFTA's RoOs.

Overview of RoOs under AfCFTA

RoOs are legal provisions used to determine the nationality of a product in the terms of international trade. RoOs in part also recommend the minimum level of processing and other criteria that must be met for a specific product to benefit from preferential trade. Under the AfCFTA framework, RoOs were negotiated on a sector-by-sector basis thereby ensuring that the rules are not generic. Although this approach is complex and tedious, the set of criteria for RoOs arising out of the process takes into consideration of sector specific dynamics (Tralac, 2021a), and it is bound to respond to the needs of a given REC in a specific sector.

In the case of the agricultural sector, a country of origin of a good is determined based on whether the good is grown, produced/manufactured in that country. This means that the agricultural product is grown, harvested and processed within that locality (region/country) using locally available inputs (soil, sea, …etc). For products processed using inputs sourced from beyond the borders of a specific country, there is a need to prove that the inputs sourced from elsewhere have been significantly transformed within the country that is claiming to be the origin of the final product. Therefore, the AfCFTA takes cognisance of two types of RoO, i.e., existing RoOs that were established under the RECs and the new RoOs that govern trade between countries that are not in an established REC relationship. For the later, Tralac (2021a) exemplifies that case of South Africa trading with Kenya.

Trade performance of chapter 09 agricultural products affected by RoOs under AfCFTA

The agreed upon RoOs cover all agricultural products, including fish, molluscs, crustaceans (Chapter 03 & some products under chapter 16); sugar and sugar confectionery (Chapter 17), coffee, tea, mate & spices (Chapter 09); and tobacco & all its derived products (Chapter 24), among others. For example, according to Tralac (2021b), the RoOs agreed upon require that all materials for products under chapters 09 and 24 must be wholly obtained in an AfCFTA member state. Hence, for this section, focus is drawn on products under chapter 9, i.e., coffee, tea, mate and spices.

South Africa is net exporter of products classified under chapter 09, including coffee, tea, mate and spices. During the year 2021, the value of South Africa's exports of products under chapter 09 were 2-folds when compared with imports, while net exports increased by 30% since the year 2017. Whereas Botswana, Namibia and Eswatini were the major net importers of products under chapter 09 during the year 2021 (Table 1), Zimbabwe was the largest contributor (496%) to the increasing growth rate in the positive trade balance between 2017 and 2021.

Table 1: Top importers of coffee, mate, tea & spices (Chapter 09 products) supplied by South Africa (R' million)

	REC	2017	2018	2019	2020	2021
Africa Aggregation		1 388	1 458	1 461	1 427	1 518
Botswana	SACU	363	391	408	435	439
Namibia	SACU	317	343	347	310	336
Eswatini	SACU	140	157	164	179	201
Lesotho	SACU	138	146	151	161	166
Mozambique	--	115	115	126	110	139
Zambia	COMESA	141	141	115	109	95
Zimbabwe	COMESA	87	60	34	32	33
Malawi	COMESA	16	18	21	19	27
Nigeria	ECOWAS	4	2	4	10	19

Source: Trade Map (2022)

According to Table 1, it is clear that South Africa's products classified under chapter 09 are largely destined for SACU member states. Therefore, since South Africa is also a member of SACU, the set of criteria for meeting the RoOs for these products is not bound to affect South Africa's exports. However, South Africa's products destined for Zambia, Malawi, and Nigeria must meet the set of criteria for RoOs since South Africa is neither a member of COMESA nor ECOWAS. For Mozambique, which neither ascribes to any of the RECs, the applicable set of criteria is governed by trade rules between countries that are not in an established REC relationship.

Conclusion

Sector based RoOs within the AfCFTA framework take cognisance of the existing RECs and also provide for countries that do not ascribe to any REC to partake in beneficial intra-Africa trade. South Africa's exports of products under chapter 09 (Coffee, tea, mate & spices) are likely not to be negatively affected by the implementation of RoOs since most of the products (75% of exports) are destined for SACU member countries.

What the African Continental Free Trade Area agreement means for South Africa's maize

*By Onele **Tshitiza***

South Africa exported maize worth R3.77 billion to the rest of Africa in 2021, making it one of the largest exported agricultural commodities by South Africa to the rest of the continent. Maize was followed by fresh apples which amounted to R 2.4 billion as well as food preparations worth R2.12 billion. South Africa is a net exporter of maize and the domestic production averages 12.813 million tons per annum over the last 10 years (SAGIS, 2021). Intra-Africa trade has been noted to be lower than what Africa trades with the rest of the world, where it accounted for 18% of total exports in 2016 (UNECA, 2022). This has been attributable to tariff barriers and largely non-tariff barriers including poor infrastructure (roads, customs etc), high transaction costs, low trade facilitation among others (Viljoen, 2015). The AfCFTA agreement was established by African Union member states to promote intra-Africa trade through harmonisation and liberalisation across Africa and also to reduce some of these barriers crippling the member states. The AfCFTA is predicted to increase intra-Africa trade by between 15% to 25% in value by 2040 through elimination of import duties and reducing non-tariff barriers (UNECA, 2022).

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There are currently still negotiations on preferential tariff concessions and rules of origin. Some countries have finalised their tariffs and can begin trading with countries they are in agreement with. Although Africa is ripe with opportunities especially for what the AfCFTA promises, it is important for South Africa to position itself by seizing realistic trade opportunities in light of the existing trade barriers as they are likely to persist in the short to medium term.

The Export Market Finder (EMF) is an economic modelling tool that can shed light into the realistic export opportunities and markets that South Africa can tap into in the future. The tool uses the Trade-DSM methodology of the North-West University to analyse trade data using various variables such as market economics, logistics, tariffs, risks, import demand patterns, market concentrations among others (Trade Advisory Research, 2022). The tool also includes macroeconomic factors, political risks, size and growth of the market, competition in the market, the capacity of the exporting country to export, among others.

Looking at the realistic export opportunities available for South Africa in cereals (Figure 1), the EMF notes that maize is the largest opportunity for South Africa with an export potential of R 6.065 billion and has 8 markets it has potential to export to in Africa (Trade Advisory Research, 2022). It further highlights that South Africa already has 62.5% share in the targeted export markets, however, large opportunities remain to be explored. The remaining 37.5% is markets where South Africa has no trade yet and may need export development and investment in order to access these opportunities. The largest potential market for South Africa is stated to be Egypt, with an export potential of R4.426 billion of the R6.065 billion overall potential for maize, followed by Morocco at R1.19 billion, Libya R308 million and Zimbabwe R133 million. Currently, South Africa is only supplying R36 million worth of maize to Egypt and not supplying to Morocco and Libya. Egypt currently imposes no duty for maize from South Africa.

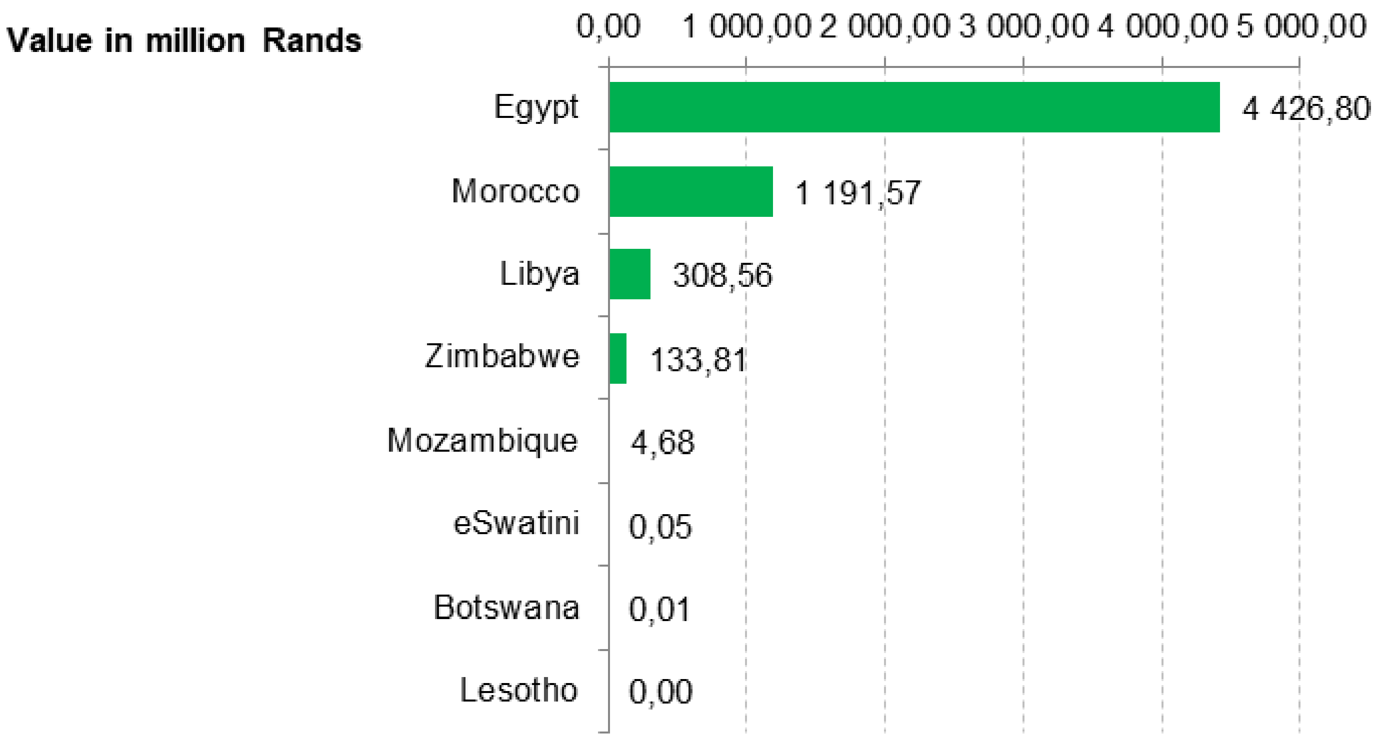

Figure 1: Identified potential export market destinations

Source: Market Finder (2022)

Overall, Egypt is identified to source maize from various markets, meaning it is open to new entrants and there has been a strong positive trajectory for maize in the last 2 years. There is a potential for competition from those who are already supplying to the market. Mature exporters of maize are encouraged to pursue the market for diversification if they are willing to invest in developing the market using their time, effort and costs. Egypt's largest suppliers of maize were Argentina, Ukraine and Brazil, supplying about 89% of the imports over the last 5 years from 2020.

In terms of Morocco, the EMF finds that the country shows positive growth. Morocco gets its maize supplied by various markets, meaning it is open for trade, although not sourcing from South Africa. South Africa faces a tariff of 3% into Morocco. The opportunity in Morocco will need the same investment as Egypt to tap into that market. Argentina, Brazil and the United States of America accounted for 93% of Morocco's imports of maize over the last 5 years from 2020. As it stands, Egypt has submitted its provisional tariff concession under the AfCFTA and the country is open to trade with other African countries under the agreement, while Southern African Customs Union, which South Africa is a part has not finalised its tariff offer. A deeper analysis is required in terms of how to enter the untapped potential markets and promote a product such as maize from South Africa.

In conclusion, South Africa has potential to export its maize to the African region and diversify its exports if its capacity for producing maize increases to meet import demand from countries signed under the AfCFTA agreement. Tapping into new markets will require investment in scoping the markets and unlocking the untapped potential by exporters. Exporters can partner with government to unlock the untapped potential through export promotion exercises such as trade shows and market exploration.

The African Continental Free Trade Agreement could improve export opportunities for South Africa's poultry producers

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The poultry industry is the largest amongst the South Africa's animal and animal product subsector in terms of value and volume. The South African poultry industry has faced a number of challenges in recent years, including an increase in the importation of cheap poultry meat from countries like Brazil, Denmark, Ireland, Poland, and Spain. In 2021 the industry lobbied for tariff protection to safeguard the local industry. As a result, the South African Revenue Services (SARS), following the investigation and recommendation by ITAC, implemented temporary tariffs with effect from 17 December 2021 up to and including 14 June 2022 (Government Gazette No. 46001, 2022). The application for anti-dumping duty by South Africa was criticized by some European Union (EU) member states and raised a concern about the industry's ability to compete in the global context (Krzysztof, 2021). However, the Bureau for Food and Agricultural Policy (BFAP) stated that South African producers are competitive globally. Local producers can produce a kilogram of chicken meat at a lower cost relative to the European producers, despite European farmers receiving subsides.

South Africa is not a major exporter of poultry meat and its main markets are neighbouring countries, most of which are SADC members. The local market is very important and the suspension of anti-dumping tariffs will likely erode the competitiveness of the domestic producers against the constantly rising imports of poultry meat. Although the country has duty-free access to the EU markets under the EPA conditions, the local producers have been unable to capitalise on this export opportunity due to a limited infrastructure to process and export cooked meat and biosecurity issues on raw meat, which all constrain the ability of the country to comply with stringent sanitary and phytosanitary measures in the EU market.

At the regional market, that is SADC, the demand for chicken meat and its by-products is anticipated to increase over the coming years due to increasing health awareness and household incomes among consumers. Poultry farming has potential to be one of the biggest business opportunities on the continent due to the growing demand for affordable protein in Africa. Poultry meat is considered as the most affordable animal protein source for consumers, which makes it a popular choice for low- and middle-income households.

The poultry master plan identified a number of key interventions to support the industry's ability to compete with imported chicken meat. This includes the export of cooked and raw meat to SADC and other African states, the EU and the Middle East. Recently, the South African government has successfully negotiated a new export certificate for the United Arab Emirates (UAE). The integration of trade in Africa has long been seen by African policymakers as an instrument for fostering sustainable socio-economic development. According to SARS (2021), the AfCFTA is of substantial economic interest to South Africa as well as the African continent, hence the continent provides a market of over 1 billion people with a GDP of over US$2.6 trillion. The World Bank report (2020) indicated that the AfCFTA presents a major opportunity for African countries to lift 30 million people out of poverty and it will also help in raising the incomes of around 68 million individuals who are living on an amount of less than $5.50 per day.

AfCFTA has potential to improve the livelihoods of producers and traders, at the same time as decreasing the continent's large food import bill. These can also be supported by the fact that in 2015 African countries spent about US$63 billion on food imports (Biteye &Songwe, 2018). A very small share of this had been accounted for by intra-African trade. The African Development Bank estimated that if Africans continue importing food, the bill has the potential to reach US$110

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billion by 2025. The African poultry market is estimated to be worth US$15 billion with much growth expected in Cote d'Ivoire, South Africa, Ghana, Angola, Ethiopia, Kenya, Ghana, Rwanda, Uganda, Angola, Malawi and Senegal (Oirere, 2020). The AfCFTA agreement will improve access to existing markets and lead to the creation of new ones. Large poultry businesses can sell final products (meat and eggs) as well as inputs, such as day-old chicks to other African trade partners.

One of the major issues is the huge differentials in tariffs among African poultry producers and conflicting import regulations that have been linked to smuggling across the countries' borders (UNCTA,2021). This has negatively affected the growth in other markets with huge potential for expansion. Moreover, infrastructural problems also continue to challenge many parts of Africa. Land-locked countries are challenged with lack of adequate transport infrastructure. One of the significant roles of poultry products in AfCFTA is to address food security in Africa. The free trade in food security products assist in easing the effect of agricultural supply shocks that may increasingly occur as a result of climate change. Another way is through its potential contributions to the continent's economic development by prioritising market access for African producers, processors and traders.

In conclusion, the demand for South African poultry meat can be expanded if favourable access conditions to African markets can be achieved under the AfCFTA. South African poultry farmers should collaborate with all relevant parties to ensure they seize export opportunities presented by the AfCFTA. The agreement could also play a role in meeting food needs when domestic supply is lacking. However, it would require both availability of food surpluses, and the ability for those surpluses to be stored and transported efficiently. To solve logistic related issues there is a need for African countries that are involved in the free trade areas to boost infrastructure development.

An analysis of South Africa's poultry export market

*By Thabile **Nkunjana**, Phathisisa **Thobindlala** and Khodani **Madula***

South Africa has a sizable domestic poultry industry producing 1.12 million (4.5% higher) broiler and 25.5 million layers birds per annum (SAPA, 2020), making it ideally positioned to increase exports and generate employment in the country. However, there are several bottlenecks in the poultry value chain that constrain the sector from reaching its full potential. According to AgriSETA (2022), the poultry industries in South Africa contributes 43% to animal products value added, and directly and indirectly employs close to 110 000 people. South Africa is experiencing a growth in poultry consumption, just like the rest of the world. But despite a 1.2% (SAPA, 2022) increase in production between 2020 and 2021, the country continues to be a net importer of poultry products. The industry has many difficulties such as high cost of feed, biosecurity threats and others, which are exacerbated by the rising import and limited competition in the industry (Trade Map, 2022).

Despite an increase in poultry production over time, South Africa is unable to enter important and lucrative markets like the EU because it does not adhere to EU-set health and safety standards. As a result, the majority of South Africa's poultry exports go to African countries. The domestic poultry industry is examined in this article in light of ongoing disease outbreaks, rising feed prices, and probable repercussions for its export market.

South Africa's poultry trade covering the period between 2015 and 2022 are shown in Figure 2. Poultry imports fell by 10% between 2015 and 2021 dropping from 477 904 tons to 431 308 tons. During the same period, exports decreased from 74 918 tons to 51 747 tons, equivalent to decline of 31%. Despite the country's overall exports and imports showing a decline in the medium-term (i.e., 2015 to 2022), the poultry imports and exports in the first five months of 2022 were 11.2% and 1.2% higher, respectively as compared to the corresponding period in 2021. The domestic production is unlikely to satisfy the local consumption, hence, imports are rising. BFAP (2022) estimates that domestic production will increase at rate of 1.7% per annum while consumption will grow at faster pace of 20% by 2030.

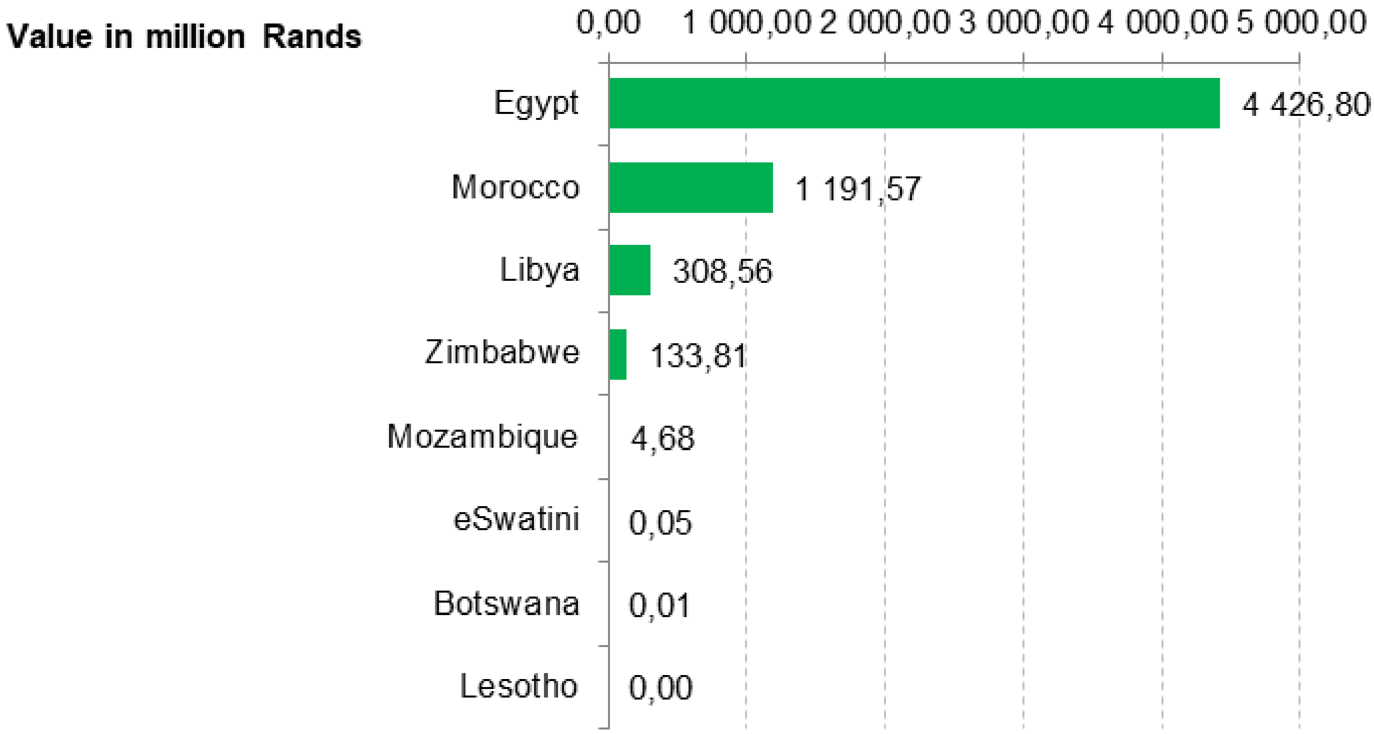

Figure 2: South African poultry imports and exports

Source: Trade Map (2022)

The Southern African Customs Union (SACU), which is composed of Botswana, Eswatini, Lesotho, Namibia, and South Africa, is the main destination market for South African poultry exports. The SACU market accounted for 83% of South Africa's poultry exports in 2021, an increase of 18% as compared to the previous year. Table 2 provides South Africa's percentage (%) growth rate of the primary market destination for chicken exported by South Africa between 2020 and 2021 and the first five (5) months of 2022 against 2021 to support the analysis shown in graphical form above. Table 2 also shows the average annual poultry imports from South Africa to the listed countries during the past seven years, from 2015 to 2021.

Lesotho, Mozambique and Namibia are the most significant markets for South Africa's poultry exports. Over the time period under consideration, imports of chicken have increased noticeably from these countries. Lesotho has averaged 21 637 tons of imports between 2015 and 2021, followed by Mozambique (14 656 tons), and Namibia (10 301 tons). Other significant markets for South African poultry include Botswana, Eswatini, Zimbabwe, and Zambia; during the study period, all of these countries imported at least 2 200 tons of poultry.

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Table 2: Countries Importing from South Africa

	Growth rate 2020-2021	Growth rate 2021 (May) to 2022 (May)	Annual average exports from 2015 to 2021
Lesotho	21	18	21 637
Namibia	19	-15	10 301
Mozambique	-61	1013	14 656
Botswana	81	2	3 008
Eswatini	4	31	2 216
Zimbabwe	525	-	3 174
Ghana	182	-59	128
Saint Helena	-68	2567	37
Malawi	-44	-28	107
Ethiopia	88	16	150
Nigeria	-50	43	38
Congo, DRC	-2	64	1 017
Zambia	-42	-	2 669

Source: Trade map, 2022

As of May 2022, Zambia and Zimbabwe had imported insignificant poultry quantities

Conclusion

The arrival of Covid-19 pandemic coupled with conflict between Russia and Ukraine and the intensifying climate change problem have all weakened the global economy, more so in developing and underdeveloped countries. These global economic shocks have restrained the ability of a consumer to afford food; hence the number of people living under poverty line in the world has risen with Africa the most affected region according to the United Nations Conference on Trade and Development (UNCTAD) (2021). As of December 2021, about 490 million people in Africa live below the poverty line. This is 37 million more when compared to numbers recorded in 2019 (UNCTAD, 2021). In South Africa, approximately 25% of the population lives under extreme poverty line. The poultry product is well known to be the most affordable source of animal protein and has gained popularity amongst the low- and middle-income households in the recent past. BFAP (2022) projects a rise of 20% in local poultry consumption by 2030, while USDA (2022) anticipate a 5% rise in demand for poultry meat globally in the next decade. South Africa is amongst the top producers of poultry product in the African continent and is expected to increase its footprint in the exportation of poultry meat capitalising on the benefits of the AfCFTA that promotes free trade in the continent. For South Africa to fully realise its potential of expanding poultry export, there is a need to upscale biosecurity control measures and reduce the cost of feed to gain competitiveness. Support for small-scale poultry farmers to enhance inclusivity and expansion to rural and land reform areas will further boost local production, thus ensuring the country has sufficient supply for both local and regional markets.

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The African Continental Free Trade Area will provide new opportunities for the South African citrus industry

*By Bhekani **Zondo** and Sifiso **Ntombela***

Citrus production and exports are an important business for South African farmers. The bulk of South Africa's citrus exports are destined for the European Union (EU) markets, and during the 2020/21 season, the EU accounted for 36% of oranges and 35% of grapefruits exports from South Africa (SA), while soft citrus and lemons accounted for 26% and 37%, respectively (CGA, 2022a). However, the constantly changing sanitary and phytosanitary (SPS) regulations by the EU are impacting the sustainability of the domestic industry and risking the investments made by farmers in the past decade. Between 2012 and 2019, farmers planted 23 488 new citrus hectares which exceeded the National Development Plan (NDP) target of 15 000 hectares. In value terms, this is equivalent to R23.4 billion invested in the citrus industry creating nearly 30 000 new jobs at the farm level and up-and-down stream levels.

Some citrus production regions in South Africa have the presence of Citrus Black Spot (CBS), which is a regulated disease in the EU and other markets. In 2012, the EU imposed stringent SPS measures to avoid the introduction of CBS on citrus imports originating from SA (Tralac, 2017). According to Citrus Growers Association (CGA), the cost of complying with the 2012 EU SPS measures is about R4 billion per annum, which erodes the profitability of farmers. Despite these high costs, the industry has been able to comply and put a comprehensive risk management system to reduce the spread of CBS on citrus exports to the EU.

Recently in July 2022, the EU imposed new regulations that require cold treatment for citrus originating from SA and destined for the EU. These new measures are aimed at protecting EU member states from the spread of other phytosanitary risks like False Coddling Moth (FCM) to other crops (including citrus) (Tridge, 2022). This was implemented during the peak of the South African citrus export season, thereby affording very limited and no time to adjust to the new regulations. As a result, it is estimated that about R650 million worth of citrus exports were impacted by the new regulation causing significant financial losses to farmers (CGA, 2022b). These new measures meant that SA needs to invest in new extreme cold treatment procedures despite the existing systems in place that ensure compliance with the pre-existing EU SPS measures in line with the prevention of CBS and FCM. As part of mitigating the situation, the South African government triggered a dispute against the EU using the World Trade Organization (WTO) dispute mechanism.

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While awaiting the WTO dispute outcome, the local citrus industry needs to expand its market base by prioritizing other export markets outside the EU. Trade data presented in Table 3 below shows the value of citrus fruits exported by SA to the rest of the African continent and those exported to the 27 member states of the EU (EU (27)) market. In 2021, South Africa's citrus fruit export destined for the EU were valued at R8.6 billion compared to R614 million exported to Africa. Encouraging is that the value of South Africa's citrus exports to Africa grew at a rate of 62% between 2017 and 2021; while the value of exports to the EU grew by 39% during the same period. This analysis reveals that the African market for South Africa's citrus exports has the potential to grow given the removal of technical and logistical barriers and the improvement of infrastructure restricting intra-Africa trade.

Table 3: Value of citrus fruits exported by South Africa from 2017 to 2021

Export Destination	Value of South Africa's citrus exports in R' Million					% Growth Rate
	2017	2018	2019	2020	2021	
Africa	378	405	449	568	614	62%
EU (27)	5266	5936	5961	9249	8641	39%

Source: Trade Map (2022)

Whereas the exports to the African markets are still constrained by a number of non-tariff barriers (NTBs) and tariffs, the recently enacted AfCFTA agreement might provide the much-needed market diversification opportunities for South Africa's citrus products. The AfCFTA agreement presents large export opportunities for citrus and other agricultural products from South Africa.

In conclusion, the AfCFTA aims to reduce and eliminate customs duties and other technical trade barriers limiting the trade of commodities between African countries. This will also reduce transactional costs and increase regional demand for African commodities. Given the prohibitive measures in the major export markets for citrus such as the EU, the African markets should be considered to absorb some volumes and help diversify the current export destination markets. Exports to the African markets under the AfCFTA condition could also benefit small-scale farmers that are unable to comply and afford the cost of exporting to the EU and other deep-sea markets like China. Therefore, a single market like the AfCFTA will ensure increased participation of marginalized players. This will also mean the creation of more jobs within the citrus industry and hence, improvement of the livelihoods of the people within the country.

China lifts ban on SA wool exports

China has lifted restrictions on the import of wool from South Africa, the Department of Agriculture, Land Reform and Rural Development said on Tuesday afternoon. The value of wool produced in SA is around R5 billion per annum. Usually, between 70% and 80% is exported to China. In April this year, China imposed an import ban on South African wool following outbreaks of foot-and-mouth disease (FMD) in parts of the country.

There was already a sharp fall in prices at the recent first auction of SA's new wool auction for this season due to the Chinese ban. Leon de Beer, CEO of the National Wool Growers Association of SA (NWGA), warned at the time of an even greater impact if the Chinese ban remained in place.

Apart from about 8 000 commercial sheep farmers, there are about 40 000 communal smallholder farmers who contribute 14% to SA's total wool exports. The SA wool industry estimated it had so far lost an estimated R734 million in wool exports to China.

Minister of Agriculture, Land Reform and Rural Development Thoko Didiza and Minister of Trade Industry and Competition Ebrahim Patel said in a statement that they welcomed China's decision to lift the ban.

Link: https://www.news24.com/fin24/economy/just-in-china-lifts-ban-on-sa-wool-exports-20220823

South Africa initiates WTO dispute complaint challenging EU citrus fruit measures

South Africa has requested WTO dispute consultations with the European Union concerning certain measures imposed by the European Union on the importation of South African citrus fruit. The request was circulated to WTO members on 29 July.

South Africa is challenging recently enacted changes to EU phytosanitary requirements for the importation of oranges and other citrus products related to the pest Thaumatotibia leucotreta, known as false codling moth. South Africa claims the EU measures appear to be inconsistent with various provisions of the WTO's Agreement on the Application of Sanitary and Phytosanitary Measures and the General Agreement on Tariffs and Trade 1994.

This is the first-ever WTO dispute settlement case initiated by South Africa.

Further information is available in document WT/DS613/1

Link: https://www.wto.org/english/news_e/news22_e/ds613rfc_29jul22_e.htm

Botswana and Namibia ban import of SA produce

Botswana and Namibia have made the decision to block a number of South African agricultural commodities from entering their borders.

Agri SA says it has written to the Minister of Agriculture, Land Reform, and Rural Development Thoko Didiza to request her urgent intervention.

Executive Director Christo van der Rheede says the decision does not stem from any wrongdoing but the countries have cited the need to protect their own local production, even as they continue to export their produce to South Africa.

He says the bans currently include tomatoes, potatoes, beetroot, cabbage and coloured peppers, to name a few.

Van der Rheede says the government only plans to review the bans in two years and indicated that the list of banned produce will likely expand.

Agri SA expressed its concern over the threat these bans will pose to the South African economy.

Link: https://www.algoafm.co.za/agriculture/botswana-and-namibia-ban-import-of-sa-produce

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