

EU-SA Agri-food Trade Roundtable

10 October 2024

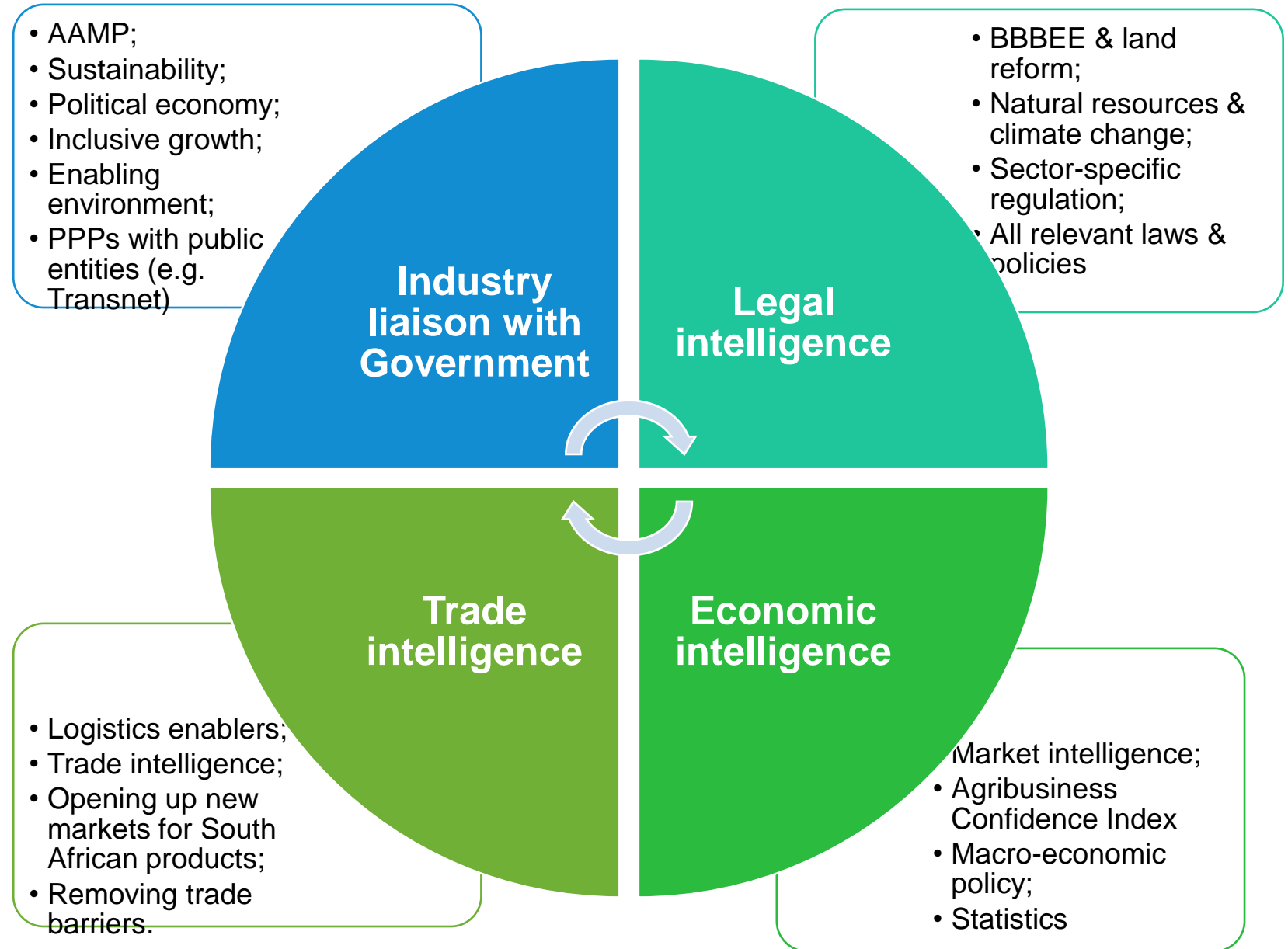
Wolfe Braude

Agricultural Business
Chamber of SA

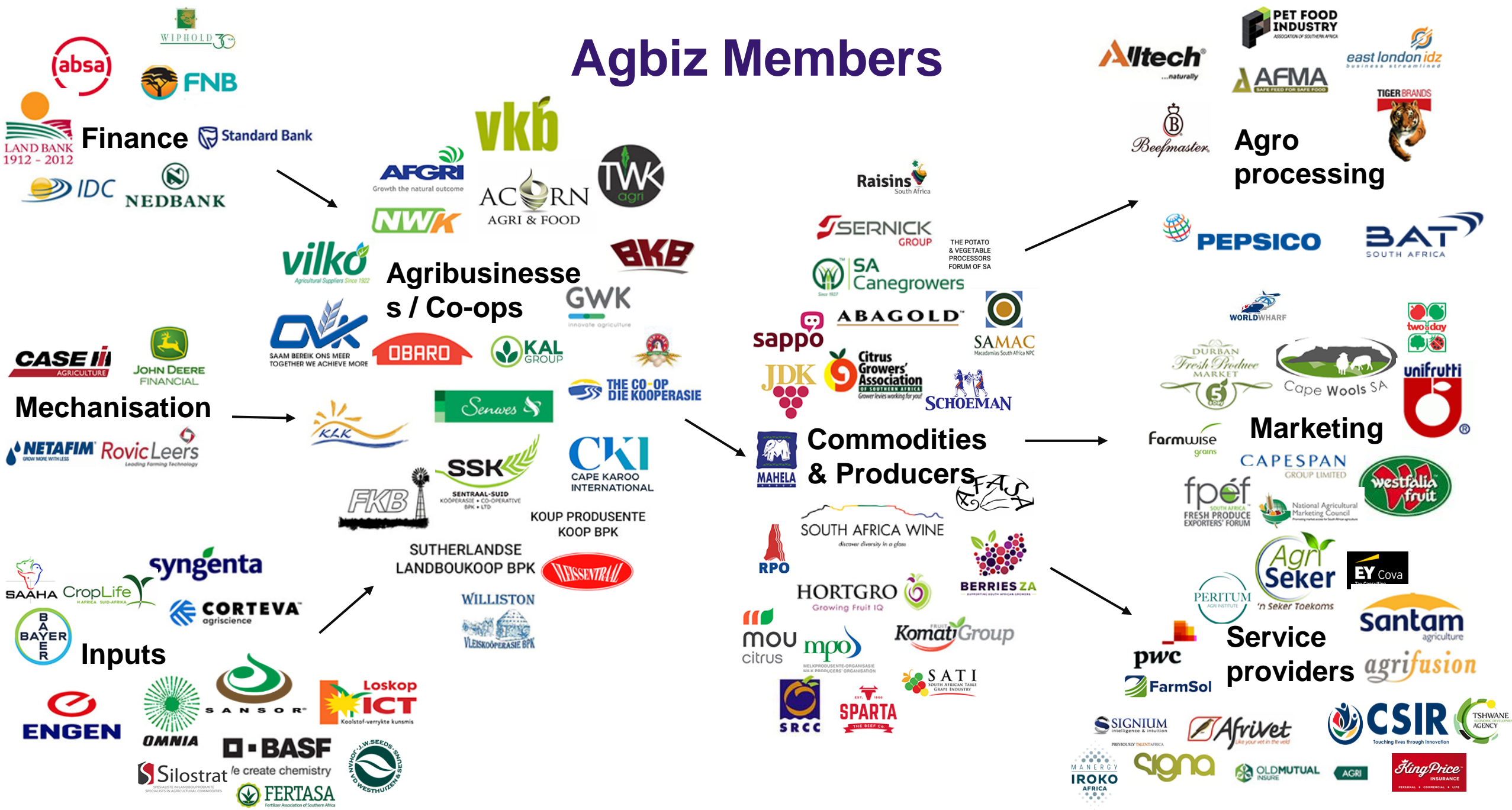


Who we are

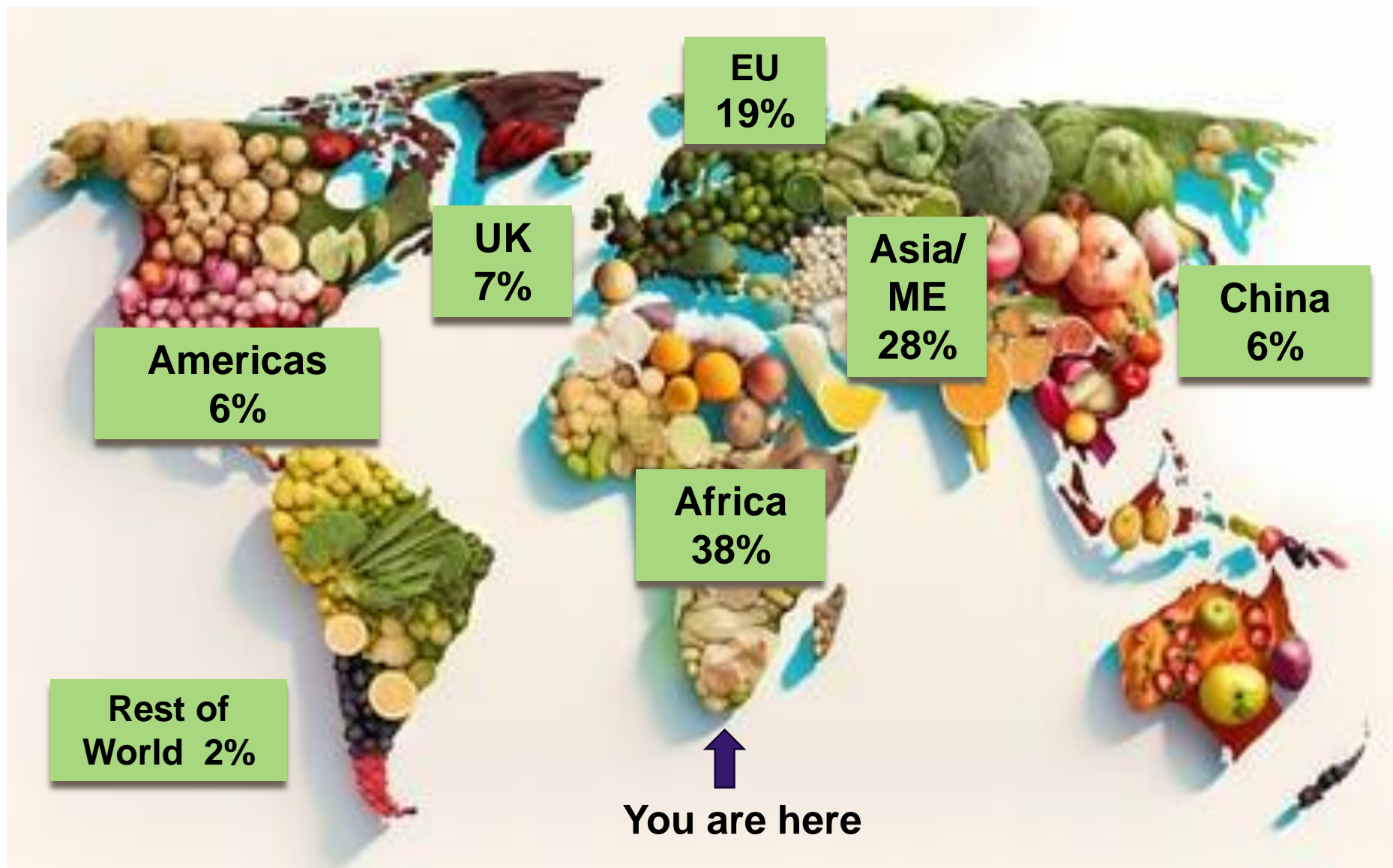
- Established 1947 as the Cooperatives Council
- **Apex body representing approximately 80 companies & 20 industry associations in the agricultural value chain**
- Mandate to represent industry & advocate for an enabling environment
- Promote agribusinesses in South Africa and abroad
- Grain & Fruit Desks.



Agbiz Members



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Agricultural product export values (2022)

Agricultural sector underpins around 13% of SA GDP

Total SA agri exports by export value =

- 2 x iron ore export value
- ... 4 x chrome, 3 x manganese
- ... almost 2 x SA's iron & steel export value
- ... 2 x SA's machinery export value
- ... equal to vehicle export value
- ... citrus/grapes/apples/pears as a group = slightly higher export value than either SA manganese or SA chrome

Sectoral trade highlights (2022)

Fruit

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

Other commodity highlights

- **Largest** macadamia nut exporter
- **Largest** chicory root producer
- **Largest** Maize meal exporter
- **3rd** largest abalone producer
- **6th** largest wool producer (clean equivalent)
- **8th** largest wine producer

SA can therefore remain a highly reliable, and growing supplier of agribusiness products to the EU

Sectoral challenges

Abalone & mussels (potential access)

- SA not on the [list of approved countries](#) to export animals and animal products to the EU;
- EU authorities concluded physical audit of SA abalone & mussels mid 2023;
- Findings related to:
 - Laboratory infrastructure;
 - Capacity of the SA National Regulator for Compulsory Standards (NRCS) to be recognized as the competent authority;
 - **These concerns have been addressed, & documentation submitted, SA may be listed to export abalone by end 2024.**
- Increased phytosanitary testing frequency required by EU even where risk profile is low – excessive. But SA will continue testing as a commitment to the process until a dataset established.
- Industry has a well-established, robust food safety and export compliance culture (20+ years) included accredited quality standard specifications
- **Illegitimate trade (poaching) remains a significant industry risk in South Africa**
- **Increased cooperation to boost Legitimate trade needed to 'crowd out' the illegitimate trade**

Sectoral challenges

Meat industry & Pet Food (potential access)

- SA lost its Bovine Spongiform Encephalopathy (BSE) free status with World Organisation for Animal Health (WOAH) due to FMD in cattle;
- Limited risk in **pet food** and some meats (i.e. lamb carcasses); but EU not accepting compartmentalisation approach (only restrict exports from affected regions);
- **Auditable traceability** is a factor in being able to acquire such a status – in both meat and in pet food sectors
- As a result, there is less effort from **beef** industry to open EU market for meat as other jurisdictions are open to protocols such as compartmentalization, vaccination etc
- EU market access for **boneless chicken meat** (breasts and thighs) and **high value lamb portions** not finalised. All required docs submitted for chicken, but feedback delayed
- **Residue monitoring** is also still a domestic challenge, impacting both meat and pet food exports to EU; more support for capacity for SA laboratories would greatly assist.
- The **EU support** already provided in terms of traceability and residue monitoring is highly appreciated.
- WOAH allows for self declaration once disease clear. Increased **capacity for reducing long lead times to re-open SA markets** when closed for diseases is needed.

Wine (existing access)

- SADC – EU EPA TRQ caters for a 70 / 30 split between bottled & bulk wine exports to EU
- South Africa struggles to fill the quota for bottled wine but can exceed the TRQ for bulk
- Due to – changing consumer preferences, brand awareness etc.
- Industry has called for a 50/50 bulk/bottled split, to be evaluated annually.
- This will benefit both wine exporters in SA & bottlers / brands in the EU;
- Would allow for lower transport carbon footprint, as bulk now includes high quality wines en route to bottling.
- **Does not necessitate an amendment of the EPA but can be a decision of the SADC-EU Joint Council of the Parties.**

Sectoral challenges

Potatoes (potential access)

- Unable to access EU market yet
- SA could be supplier of fresh potatoes to the EU, filling supply gaps from EU and others, due to SA's year round production
- Price competitive, ability to increase supply
- SPS constraints – need to establish compliant independent certification and testing systems and regimes.
- Then negotiate entry onto list of permitted countries

Composite products

- Refer to presentation by Consumer Goods Council of SA.

Raisins (existing access)

- Reductions in MRLs do not take into account transition times for dried fruit, & its long shelf life
- It is requested that EU engage with the sector regarding relevant transition times.

Could we also say thank you to the EU-SADC EPA Support Programme for support provided to emerging deciduous & citrus growers, the Strawberry Growers Association and Potatoes SA, amongst others.

Sectoral challenges –Tariff Rate Quota list

SADC-EU EPA Export Quota Utilisation

- Export Quota List needs to be revised, no longer fit for purpose.
- 60% of commodity TRQs (e.g. strawberries, skimmed milk, apple juice, citrus jam, tropical canned fruit, crystalline powder yeast, butter, etc) are under utilised or not utilised **at all**.
- Why? Institutional industry constraints, incorrect specifications, production constraints, or complete lack of SA production, EU market margins, failure to separate UK quota, collated HS codes.
- **Solutions: adjust within commodity groupings, e.g. switch apple to pineapple juice or frozen orange, adjust specifications, merge or split quotas, or substitute products.**
- Can be addressed under EU-SADC EPA Review

Deforestation regulations

Context

- Detailed audits & proof required that selected commodities do not contribute to deforestation:
- Cotton, cattle, cocoa, coffee, rubber & timber;
- South Africa less affected due to commodity mix & historical development (little virgin land left);
- The idea & purpose is supported but it may have unintended consequences for other African nations.

Recurring issue of audit and verification costs to access EU market, across initiatives such as quality assurance, CBAM, etc

Proposals

- **Allowing accreditation of auditors via local accreditation bodies (costs NB)**
- **Some grace for least developed nations who are in the early stages of developing their commercial agricultural sectors**
- **Adopt the concept of a common vision but differentiated responsibility (akin to UNFCCC)**

EU ETS shipping regulations

Context

- EU Emissions Trading System (ETS) directive to include shipping from 2024.
- Three-year phase-in period, 2024 to 2027. Applies to cargo and passenger ships above 5000 GT from 2024 and offshore ships above 5000 GT from 2027.
- 50% of emissions on voyages into or out of the EU/EEA, are subject to the EU ETS
- SA agricultural goods shipped to the EU would seemingly fall under the Offshore ship category.

Proposals

- **Some grace for developing & least developed nations, given the significant role played by agriculture in employment and rural livelihoods. (Deferred implementation, staggered targets depending on country of origin)**
- **Adopt the concept of a common vision but differentiated responsibility (akin to UNFCCC)**

Thank you

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