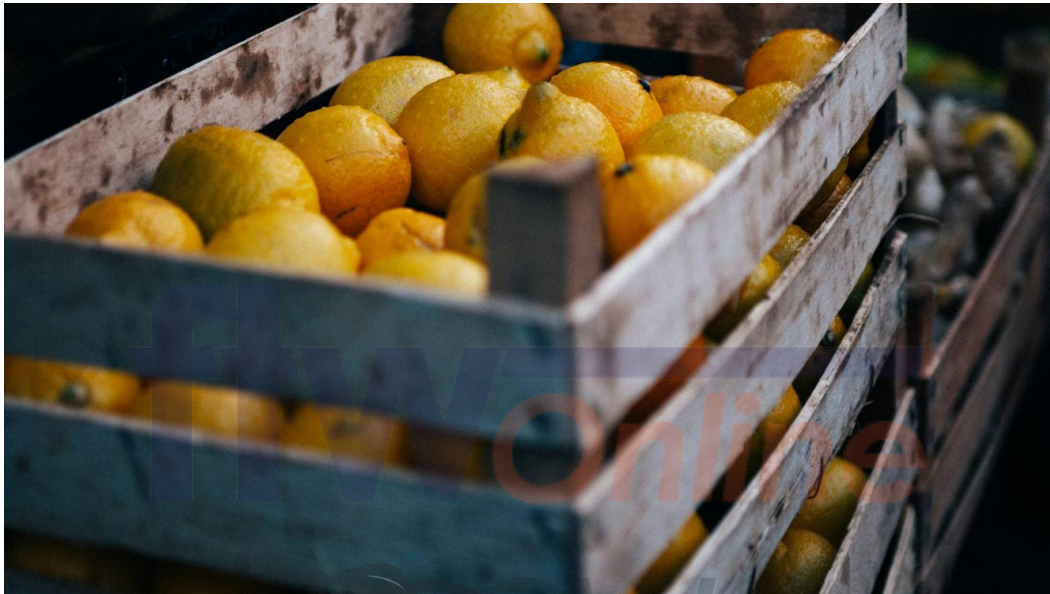


ECONOMY / FREIGHT & TRADING WEEKLY / INTERNATIONAL / ROAD/RAIL FREIGHT
/ TRADE/INVESTMENT

EU deal signals rising competition for SA exports

6 May 2026 - By Staff reporter



South African agriculture faces growing competition in its key European Union market as the EU moves closer to finalising a major trade agreement with countries in South America.

This was the cautionary note raised by South Africa's Presidential Envoy on Agriculture and Land and Chief Economist of the Agricultural Business Chamber of South Africa, Wandile Sihlobo, in his blog.

The deal with Mercosur (Southern Common Market), which has been under negotiation for some time, will remove tariffs on around 90% of trade in goods between the two blocs, phased in over up to roughly 12 years. Agricultural exports from Mercosur will enter under gradually rising quotas.

The trading bloc comprises Argentina, Brazil, Paraguay, Uruguay and Bolivia. Venezuela was suspended from the bloc in 2016 due to concerns about trade and human rights but discussion regarding its return is expected in the coming weeks.

Sihlobo said the development was important for South Africa as the EU accounted for nearly 20% of agricultural exports.

“Growing competition from South America in the EU market is something we must watch closely following this deal.”

South Africa’s agricultural exports to the EU are predominantly high-value products.

“For example, citrus, fruit juices, wine, dates, figs, pineapples, avocados, mangoes, nuts, apples and pears, berries, cut flowers and wool are amongst the primary agricultural products South Africa exports to the EU,” he said.

In contrast, exports from key Mercosur countries such as Brazil and Argentina centre mainly on grains, oilseeds and beef.

While the immediate overlap may be limited, Sihlobo cautioned that broader competitive pressures were set to increase.

“The issue of generally increased competition, even if not at the initial stages, underscores the point I have made before that South Africa must consistently seek new export markets for its agricultural exports,” he said.

South Africa already exports about half of its agricultural produce, valued at US\$13 billion in 2023, with expectations of rising domestic production in the coming years. New output will require expanded market access beyond traditional destinations.

Sihlobo emphasised that diversification did not mean abandoning existing partners.

“The new markets are not meant to replace the EU and other existing markets; they should be a means of diversification.”

He pointed to Brics countries as a priority area for deeper trade ties.

“The original Brics members only account for 8% of South Africa’s agricultural exports. Yet, the Brics countries are big agricultural importers.”

Key barriers to expanded Brics trade include higher import tariffs and phytosanitary requirements.

It was important to address these challenges while maintaining strong relations with current markets, he said. “These regions are crucial to South Africa’s agriculture, and the country must nurture its relations with them and agricultural trade.”

The push for diversification comes against a backdrop of rising protectionism in traditional markets. This included recent EU farm

protests, which highlighted concerns over imports and ongoing trade frictions such as the citrus dispute between South Africa and the EU, which was now before the World Trade Organization, he said.

“While South Africa needs to maintain these existing trade relationships, it is equally important to diversify to new regions; thus, we are discussing deepening trade with Brics countries,” Sihlobo said.

