South African citrus exporters monitor EU-Mercosur trade deal impact

South Africa's citrus exporters could face increasing pressure in Europe as the European Union moves closer to a new trade agreement with South American countries.

The warning comes from Wandile Sihlobo, South Africa's Presidential Envoy on Agriculture and Land and chief economist of the Agricultural Business Chamber of South Africa.

According to Sihlobo, the proposed EU-Mercosur agreement could increase competition in one of South Africa's main export markets. The Mercosur bloc includes Argentina, Brazil, Paraguay, Uruguay, and Bolivia.

The agreement would gradually remove tariffs on around 90% of goods traded between the EU and Mercosur countries over roughly 12 years.

The EU currently accounts for nearly 20% of South Africa's agricultural exports. South Africa exports citrus to Europe as part of its higher-value fresh produce offering.

"Growing competition from South America in the EU market is something we must watch closely following this deal," Sihlobo warned in his blog.

While Brazil and Argentina currently focus more heavily on grains, oilseeds, and beef exports, Sihlobo said the broader effect of increased competition could still affect South African citrus exporters over time.

"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," he said.

South Africa exported roughly half of its agricultural production in 2023, valued at around US$13 billion.

With local agricultural production expected to expand further, Sihlobo said the country would need access to additional export destinations. He stressed that diversification should not replace existing trade relationships with Europe.

"The new markets are not meant to replace the EU and other existing markets; they should be a means of diversification," he said.

Sihlobo identified BRICS countries as a potential opportunity for future agricultural exports, despite barriers such as tariffs and phytosanitary restrictions.

The warning also comes amid ongoing trade tensions between South Africa and the European Union, including the long-running citrus dispute currently before the World Trade Organization.

Source: The South African (https://www.thesouthafrican.com/news/new-eu-trade-deal-could-be-major-blow-for-sa-wine-citrus/)
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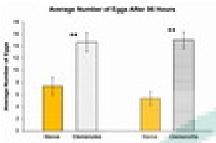

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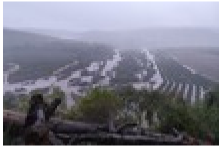

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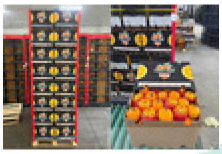

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