

■ OPINION

THABILE NKUNJANA: SA agricultural exports not yet at risk from Middle East war

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by THABILE NKUNJANA



Where does the escalating Middle East conflict leave SA farmers, agribusiness and exporters who are involved in the Middle Eastern market, the writer asks. Picture: NARDUS ENGELBRECHT/GALLO IMAGES

The Middle East conflict seems to be intensifying, which could affect international supply networks and trade.

Middle Eastern countries are the source of important global inputs, including fertilisers and crude oil. Due to the uncertainties surrounding the world's oil supply after Iran's attack on Israel, international crude oil prices climbed 7.9%, between September 30 and October 4, from \$68.17 to \$73.57 a barrel.

Since the start of the war there have been worries that it may extend throughout the region, particularly if Iran becomes involved considering its past relations with the Western countries that support Israel. Indeed, Iran fired missiles into southern Israel on October 1, further fuelling tensions in the region.

But on October 3 Israel attacked Beirut in Lebanon, rather than Iran, as many had predicted would happen in reprisal for Iran's earlier attack. This gives rise to even more conjecture and doubt over the war's future course.

The question now is where the escalating war position leaves SA farmers, agribusiness and exporters who are involved in the Middle Eastern market, which is becoming increasingly important for SA's agricultural exports.

SA's key markets for agricultural products in Middle East

For SA the Middle East is a modest but important and rising market. In 2023 SA's agricultural exports to the world were valued at \$13.2bn, of which 7%, or \$966m, went to the Middle East.

The Middle East market consists of 17 countries when the Palestinian territories of Gaza and the West Bank are included, though they are not officially recognised as separate countries by the UN. SA's agricultural exports remain concentrated to a few of these.

The countries and territories that are directly involved in the conflict — Palestine, Lebanon, Yemen, Syria and Iran — are negligible markets for SA's agricultural products apart from Israel, which is the fifth-largest market for SA's agricultural products in the Middle East.

The United Arab Emirates accounted for 52% of SA's agricultural exports to the Middle East in 2023, making it the region's biggest single market for SA. Saudi Arabia, with a 14% market share in 2023, was the second largest market, followed by Kuwait (7%), Qatar (6%), Israel (4%), Jordan (4%) and Iraq (4%). For the same period exports to Palestine, Lebanon, Yemen, Syria and Iran amounted to less than 1% each.

Agricultural products exported by SA to the Middle East

Even though the Middle East accounted for only 7% of SA's total agricultural exports in 2023, some products are more dependent on the Middle East market than others. Among these are animal products, citrus, apples, pears, grapes and berries, a significant share of which are exported to the Middle East.

For instance, in 2023 the Middle East received at least 96% of all lamb carcasses and half carcasses sent from SA to the world, along with

86% of fresh and frozen beef and 43% of frozen boneless beef.

In value terms, in 2023 at least 22% (\$150.8m) of oranges and 19% (\$78.9m) of lemons from SA were exported to the Middle East, including about 67% of the fresh raspberries, blackberries, mulberries and loganberries (all together), 19% of pears, 17% of plums, 12% of fresh cranberry and bilberry s combination, 10% of apples and 7% of grapes.

Typically, a vessel leaves the port of Durban every week to deliver agricultural products from SA to the Middle East market. These primarily includes fruits and animal products.

As previously mentioned, as things stands there is little risk to SA's agricultural exports associated with the war, and therefore there won't be much of an affect on associated export revenues this year. The citrus marketing season, which is crucial for that region's exports, is almost over for this year.

This also holds true for apple and pear exports to the Middle East, as well as other agricultural products. However, for value-added products such as orange juice, chocolate, grapefruit juice, jam and citrus fruit juice exported to Israel, the risk could increase if the war continues, since Israel's economy is likely to be affected sooner or later.

This includes grapes, a significant export for SA that was banned from being imported by certain Israeli companies early this year due to consumer protests after SA's case against Israel at the International Court of Justice.

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