



DISCUSSION PAPER

Opportunities for South African emerging farmers in the European sustainable agricultural market

Cape Town, 19 February 2019



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DEFINITIONS

Organic production means a sustainable agricultural system respecting the environment and animal welfare, but also includes all other stages of the food supply chain.

Fair trade certified products protect producers with regard to fair terms of trade and fair prices, irrespective of conventional market prices. Producer organisations also receive a small premium for business or social development projects.

Ethical trade involves retailers and brands taking a series of internationally recognised steps (e.g. European Union Ethical Trade Policy, International Labour Organisation standards, and United Nations Guiding Principles on Business and Human Rights) to improve the conditions of workers throughout global supply chains and to respect the issue of human rights in business.

1. RATIONALE OF INITIATIVE

This high-level workshop on European market opportunities for emerging farmers in South Africa producing organic, fair and ethical (sustainable) agricultural products aims to enhance knowledge of an important and growing market. Government, emerging farmers, farmer and agricultural industry associations, and support agencies in South Africa stand to gain valuable insights into this niche market and its mechanisms.

The event will provide technical input and information on organic, fair and ethical trade, as well as illustrative case studies on which participants will have an opportunity to deliberate. It will also involve high-level input by policymakers: the Hon. Sfiso Buthelezi, Deputy Minister of Agriculture Forestry and Fisheries in the Government of South Africa; and the Hon. Cecilia Malmström, EU Trade Commissioner.

The event is organised by the EU-SA Partners for Growth project, funded by the European Union (EU), which aims at maximising bilateral trade and investment flows between the EU and South Africa.

Objectives

The workshop aims to:

- inform participants of the general concepts of organic/fair trade and EU ethical trade policy
- inform participants of market opportunities for organic/fair/ethical trade, primarily for the benefit of South African companies, including consumer potential in the EU and in South Africa for key product groups (food, textiles and other products)
- provide basic information on labels and certification requirements in the EU and compare these with South African certification requirements
- showcase four success stories through South African company presentations (mohair and wool, cut fynbos flowers, organic rooibos and citrus)
- launch the EU-SA Organic, Fair & Ethical Farmers' Initiative with follow-up activities to be defined (for example, networking and providing links to potential finance, technical support and contacts to EU retailers). These follow-up activities will be primarily web-based.

Target group

The primary intended beneficiaries will be emerging farmers and their associations. Several agricultural product associations have also been targeted. Additional targets will be the relevant government agencies supporting emerging farmers and other support agencies in the trade sphere working with emerging farmers. Academics working in the field of sustainable farming and rural development are also seen as an important constituency that will participate.

Expected outcome

The high-level meeting will provide information on opportunities for emerging farmers in South Africa to access lucrative niche markets for sustainable, ethical products within the European market.

Programme

Concurrently with the SADC-EU EPA Joint Council Meeting in Cape Town on 19 February 2019, the European Union Delegation (EUD) plans to host an event on organic/fair/ethical trade. The event will bring together participants from the South African Government, South African industry associations, farmers' associations, emerging farmers themselves, South African companies and experts in the fields of sustainable production. The event is scheduled for a full day, from 10h00 until 18h30, at the Cape Town International Convention Centre (CTICC). There will be four sessions.

Session 1

This introductory session will:

- set the scene, with technical information on the nature of the European market, opportunities within it for sustainable, ethical agricultural products, and access issues and requirements
- outline the size and dynamics of the European market for agricultural produce in general and sustainable, ethical agricultural products in particular; and
- address issues of labelling standards, accreditation and verification processes, and the challenges of obtaining market access.

There will be question and answer periods during Session 1.

Session 2

This session will:

- offer four short case studies relating to sustainable and ethically produced agricultural products (mohair and wool, cut fynbos flowers, rooibos and citrus)
- aim to provide momentum and enthusiasm.

Session 2 will also have a question and answer period.

Session 3

This session will:

- involve a group discussion, exploring key issues emerging from the technical input section
- explore issues that need to be resolved to access the EU market for sustainable, ethical agricultural products; and
- suggest ways to improve access to the EU market for sustainable, ethical agricultural products.

Session 4

This high-level session will:

- commence with brief feedback to the plenary on the main points (from the participants' perspective) emerging from the days' proceedings
- be followed by addresses by South Africa's Deputy Minister of Agriculture, Forestry and Fisheries, Sfiso Buthelezi, and the EU Commissioner for Trade, Cecilia Malmström.
- offer a summary of the event and possible options for following up
- formally conclude with an address by the EU Ambassador to South Africa; and
- be followed by a cheese-and-wine reception at the venue featuring produce from enterprises supported by the Western Cape Department of Agriculture.

2. INTRODUCTION

Consumers are increasingly concerned, not only with the quality and safety of products they buy, but with the social and environmental conditions in these products' supply chains. More and more consumers and civil society organisations are putting pressure on producers to comply with standards for organic, fair and ethical (sustainable) agricultural production.

The Sustainable Development Goals (SDGs) include many additional global targets that incorporate these environmental and social concerns to produce an inclusive set of targets for sustainable development. Target areas range from environmental to health, gender and human rights issues. The SDGs also include trade-related global indicators (SDG 17.10-13), aimed at significantly increasing the exports of developing countries and facilitating market access.

The Environment and Trade Hub of UN Environment aims to use trade and investment as vehicles to achieve the SDGs; realise trade opportunities arising from a transition to a greener economy; and strengthen the sustainability aspects of bilateral and regional trade and investment agreements.

These concerns have therefore become trade- and market-access issues and the large retailers, notably in Europe and the developed countries, have had to follow suit in their procurement processes. This means that producers have to adjust their production processes if they wish to retain market access.

Europe has been a leading region in the movement towards sustainable trade. While climate change has entered the popular lexicon in the last half decade, there is growing understanding that other environmental elements like biodiversity are also important in preserving the global ecosystem. Social elements relating to fair employment practices and gender issues are also of growing concern. The interaction between environmental (physical) and social or societal elements is increasingly perceived as key to building a sustainable future for all.

The "Fairtrade" movement and label played a pioneering role in addressing fair trade and employment practices. A case in point is the labelling of coffee produced in a non-exploitative way to appeal to the "market with a conscience". "Organic" production has also emerged as a global branding label that has enjoyed considerable success. The Forest Stewardship Council and the Rainforest Alliance were also examples of early Voluntary Sustainability Standards in the 1990s.

While Europe has played a leading role in the move towards sustainable production, the demand for sustainable products in developing countries like Brazil, China and India has grown even faster than in developed-country markets.¹

As far back as the 1970s, the South African organic sector pioneered private practices and systems in small informal groups to guide the public and private sectors on environmental and sustainability issues. However, it has not managed to increase its export potential because, among other reasons, there is no national legislation. In the wine sector, South Africa is the largest supplier of Fairtrade-accredited wines in the world. Stakeholders in the fruit industry have also worked together effectively to ensure strict compliance with global ethical standards.

For many products there appears to be a premium for sustainable, ethical goods, though this varies from product to product and is fairly modest at present. For some products, the issue is not so much the premium price obtainable but gaining market access. Producers are faced with a growing number of requirements from the sustainable European (and other) markets. Whether meeting these warrant the costs and effort involved is debatable. What is clear, however, is that demand for sustainable agricultural goods is on the rise and South Africa should not miss the boat.

¹ Unclassified Ref. Ares (2018)4895952 – 24/09/2018, EU Delegation to UN in Geneva, Daniel Aristi Gatztelumendi, writing about the New Delhi launch of the Third Flagship Report of the UN Forum on Sustainability Standards (UNFSS).

3. SADC-EU ECONOMIC PARTNERSHIP AGREEMENT

Under the Southern African Development Community-EU Economic Partnership Agreement (EPA), the EU has fully or partially removed customs duties on 98.7% of imports coming from South Africa, including most agricultural commodities.

In particular, the EPA has provided South Africa with an opportunity to access new markets, in addition to those it already has access to through the Trade Development and Cooperation Agreement (TDCA) on fisheries and 32 agricultural products. Many of these products are eligible for sustainable certification.

Duty free quota	Improved tariff rate quotas	New tariff rate quotas
Fisheries	Wine & spirits	Skimmed milk powder and butter
Oranges during shoulder season	Frozen orange juice and apple juice	Sugar
Lemons in season	Non-tropical canned fruit	Tropical canned fruit
Cut flowers		Some jams and purées
Whole milk powder, fermented milk products, whey, and other products with natural milk ingredients		Ethanol
Sweetened pineapple juice, and powdered and sweetened pear juice		Active yeast
Culture yeast and dried bakers' yeast		

The agreement provides space for SADC EPA countries to protect sensitive products from full market liberalisation. It also incorporates safeguards to mitigate against the rapid growth of imports. However, protectionist measures may be introduced only when the economic harm is serious.

It is expected that the EPA will boost bilateral and regional trade, thereby providing new opportunities to fulfil the objectives of the SA-EU Strategic Partnership.²

As with all modern agreements, the EPA provides for a chapter on sustainable development. The parties reconfirm their obligations under international conventions and agree to maintain these international standards in their own environmental and labour laws.

Underpinning these trade rules is a detailed development chapter that identifies trade-related areas that could benefit from funding.

The EU trade and investment policy supports sustainable development, fair and ethical trade as well as human rights. This provides an opportunity for emerging and established farmers alike.

² “Economic Partnership Agreement (EPA) between the European Union and the Southern African Development Community (SADC) EPA Group. Key Advantages”, June 2016.

4. EU-SOUTH AFRICA TRADE RELATIONSHIP

The EU is South Africa's main trading partner, accounting for 26% of all South Africa's trade. The EU is also the country's most stable post-apartheid partner, with exports to the EU systematically above 19% of South Africa's exports.

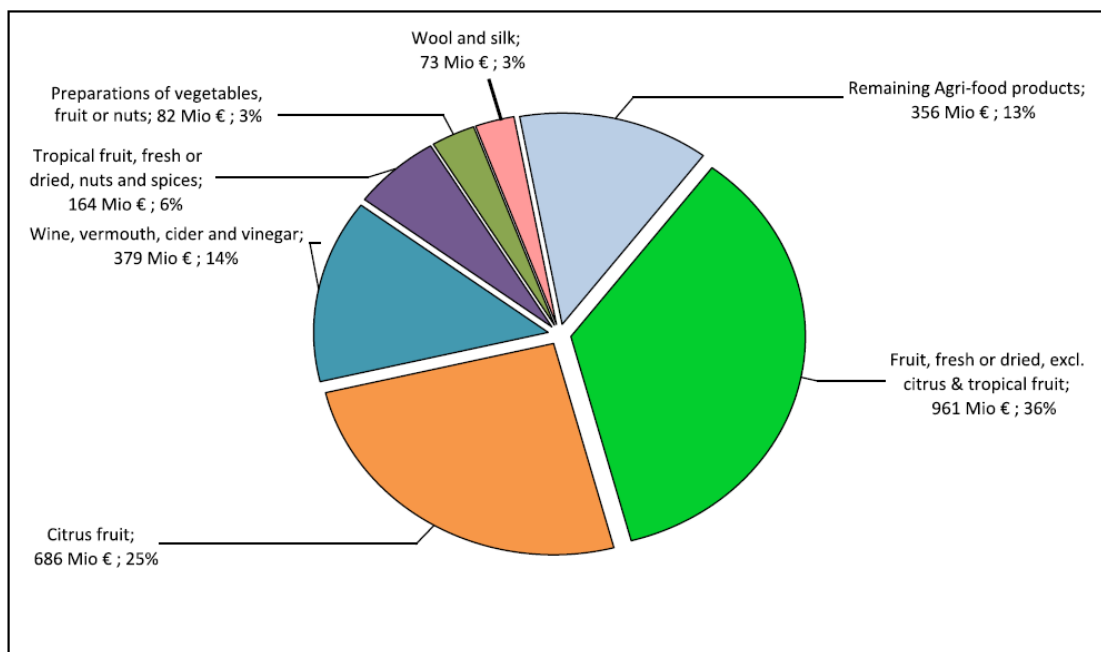
South Africa's exports to the EU are also far more diverse than to other partners, with raw materials accounting for less than half of the total. Machinery and vehicles alone account for 36% of South Africa's exports to the EU, followed by agriculture at 13%.

The deficit in favour of the EU has also been shrinking. It is now at R76 billion (down from R88 billion in 2016), though this is subject to yearly fluctuations.

In agriculture, South Africa has a surplus balance with the EU of almost €1billion. South Africa ranks 11th in the EU's top agricultural importing partners.

The graph below gives an overview of the main areas of trade with the EU and indicates where sustainable agricultural products have the highest chance of finding niche markets. Fruit and nuts account for 64% of total South African agricultural exports to the EU, of which 25% come from citrus alone, followed by wine and spirits with 14%. Wool and fibres account for only 3%, but this is a growing market.

Top EU Agri-food imports from South Africa in 2017



Essential oils, though with less than 0.5% of the total share, are also worth mentioning due to their market potential. Little meat is exported, largely because South Africa does not meet EU

sanitary requirements. However, exports could increase if efforts to address this impediment are successful and tastes for “free range” meat create a broader market for it.

In 2016 the consumption of organic food in the European Union generated sales worth €30.5 billion, 11.4% more than in the previous year. Other non-food products, such as organic skin care, have experienced phenomenal growth rates in recent years. Equally, the market for fair trade and ethical trade has shown continuous high growth rates.

5. SOUTH AFRICAN MARKET

The South African market is relatively small, with a highly unequal consumer base, making it difficult to expand production and sales without adapting to each customer segment. That said, South Africa is home to the largest local market for sustainable products in Africa, and is growing in line with international trends. While market trends highlight imminent business opportunities, it is important that producers identify and farm crops advantageous to the natural environment and resilient in the face of climate change.

Today there are more than 2.4 million organic producers worldwide, a 1 000% increase since 1999. Africa is home to about 30% of the world's organic producers, with the majority located in East Africa. Yet in South Africa there are only 0.034 million hectares of organic farmland and 198 organic producers, which suggests a massive growth potential in the sector.³

The South African market for organic products outstrips local supply and imports from the region. South Africa is one of the “leading consumers of certified organic produce in Africa but is a small player in production”.⁴ The high domestic demand provides the potential for this market. The limiting factor currently is the supply of organic produce on a regular basis. Organic foods already exist on market shelves in South Africa, but supply is erratic and does not meet demand.⁵ This means that producers of many organic products targeting the European market have a fall-back option of supplying the South African market if not successful abroad.

In South Africa there are two organic standards: the South African Bureau of Standards (SABS) and the South African Organic Sector Organisation (SAOSO). However, no organic regulation has been promulgated due to issues with the Agricultural Products Standards Act, 1990. The lack of legislation defining an “organic product” raises concerns about claims associated with the “organic” label in South Africa.

Nonetheless, many emerging organic markets are operating effectively without government intervention, through third party verification, but this is costly. Since the EU is one of the

³ Willer, H. and Lernoud, J. (Eds) (2017). “The World of Organic Agriculture – Statistics and Emerging Trends 2017”. Research Institute of Organic Agriculture (FiBL), Frick and IFOAM – Organics International, Bonn. Version 1.3 of 20 February 2017.

⁴ Russell, E M (2017). “Niche Markets for Small Scale and Household Farmers, Challenges and Opportunities”. Unpublished paper produced for the Innovations in Smallholder Agriculture in South Africa for Climate Change and Resilience (ISASAR) Project. Kelly, C and Metelerkamp, L (2015). “Smallholder Farmers and Organic Agriculture in South Africa”. Sustainability Institute Projects.

⁵ Communication with commercial food outlet and health shop owners.

major importers of South African organic products, the quality of such products must meet international – or at the very least, EU – standards.

Fair and ethical trade

South Africa does not have national regulation specifically for fair and ethical trade practices in agriculture, but it has strong credentials in important sectors where the private sector has taken the initiative and developed very successful frameworks. Ethical trade provides assurance to consumers that all the members of the supply chain comply with international standards.

The South African fruit industry, under the Sustainability Initiative of South Africa (SIZA), has been proactive in its response by initiating its own ethical trade programme, using the Global Social Compliance Programme (GSCP) reference code. The GSCP offers a globally accepted benchmark for its own standard, which is now 92% equivalent. The SIZA Code ensures that South African legislation on labour and the International Labour Organisation conventions are met. Members of SIZA include the Fresh Produce Exporters' Forum (subtropical fruit), the Citrus Growers' Association, Hortgro (deciduous fruit), and the South African Table Grape Industry (grapes).

The GSCP is an initiative of retailers (for example, Tesco, M&S, Ahold, Migros) to reduce duplication of audits and to develop a clear, consistent message on best practice for suppliers globally. The GSCP reference code combines all the principles of the international ethical codes (ETI, BSCI, SA8000) into a single reference code, serving as an international benchmark.

South African wineries have earned a reputation as ethical and environmentally responsible. The world-leading Integrity and Sustainability Certification from the Wines and Spirits Board sits on almost every bottle of exported South African wine, 94% of them at least. The Wine and Agricultural Ethical Trading Association (WIETA) is a multi-stakeholder, non-profit, voluntary organisation which actively promotes ethical trade in the wine industry value chain through training, technical assessment and audits to assess members' compliance with its code of good practice. Stakeholders include producers, retailers, trade unions, non-governmental organisations and the government.

Other relevant sustainability initiatives by South African industries include:

- the South African Sustainable Seafood Initiative (SASSI)
- the Marine Stewardship Council (MSC) certificate awarded to South Africa's hake trawling fishery, offering assurances to local stakeholders as well as international markets that its management is consistent with the MSC's stringent environmental sustainability measures.

- The Fairtrade Label South Africa (FLSA) established in 2009 to serve the interests and rights of farmers, workers and producers in South Africa.

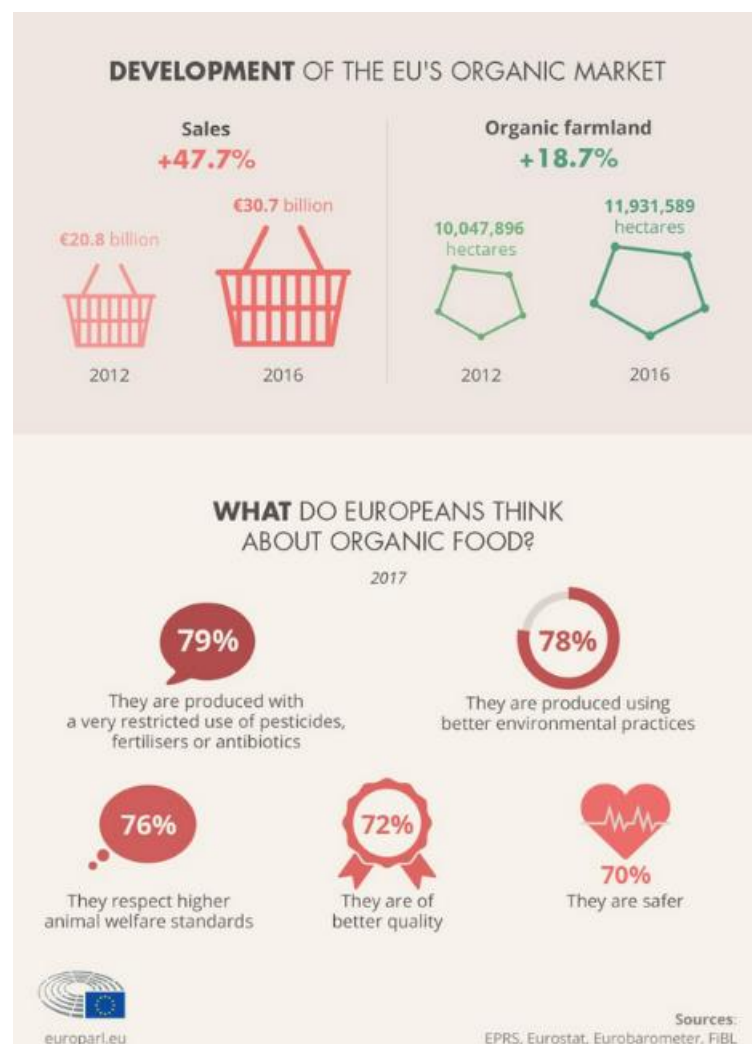
Nonetheless, it is recommended that South African producers certify their production processes against EU organic regulation. The advantage for South African producers is that one certification opens up 28 different markets with a population of more than 500 million.

6. THE EU MARKET FOR SUSTAINABLE AGRICULTURAL PRODUCTS

The market for sustainably and ethically produced products relies heavily on consumer awareness and sentiment. This translates into changes in the demands relating to production all along the value chain for products. This is most noticeable for products considered niche or luxury items.

GlobalData, in a report published in October 2017, notes that sustainability and ethics have grown in importance to European consumers since 2010. The report “TrendSights Analysis: Environmental Responsibility – Meeting consumers’ environmentally conscious expectations” confirms that in 2016, 71% of European consumers considered living an ethical or sustainable lifestyle to be very important or important in creating a feeling of wellbeing or wellness. This was a full 7% higher than in 2011.

Figure 1: European Sustainable and Ethical Opinions (GlobalData)



These findings lend strength to the argument that there is a “sea change” of opinion in Europe towards greater consideration of the ethical and sustainable nature of products on the market. To what extent this translates into a change in purchasing patterns by consumers, can be estimated from the growth in the organic market in Europe.

Organic

Developing organic production is an EU policy objective. The EU organic market is a very lucrative one, with more and more EU consumers buying products produced using natural substances and processes. Organic food is no longer a niche market, even though it still accounts for only a minor proportion of the total agricultural production in the EU.

Figure 2: What is organic farming?



The EU’s organic logo on food products guarantees that EU rules on organic production have been respected. It is compulsory for pre-packaged food. In the case of processed food, it means that at least 95% of the ingredients of agricultural origin are organic. Supermarkets and other retailers can label their products with the term “organic” only if they comply with the rules.

The EU is working on an update of existing rules on organic production and labelling (the current framework is from 2014) in response to major changes that have transformed the sector. Proposed alterations include:⁶

- **Stricter controls** All operators throughout the food supply chain (farmers, breeders, processors, traders, importers) are checked at least once a year.
- **Fairer competition** Producers from non-EU countries who want to sell their products in the EU need to comply with the same rules as producers in the EU.
- **Prevention of contamination with pesticides** Farmers must take precautionary measures to avoid accidental contamination with non-authorized pesticides or fertilisers. A product loses its organic status if the contamination is due to fraud or negligent behaviour. EU countries that have thresholds for non-authorized substances in organic food can continue applying them, but they must allow other organic foods from other EU countries in their markets. The European Commission (EC) will assess the anti-contamination rules in 2025.
- **Better supply of organic seeds and animals** A computer database on the availability of organic seeds and animals is set up in every EU country.
- **Mixed farms** Farmers are allowed to produce conventional products in addition to organic ones, but need to clearly separate their farming activities.
- **Certification procedures** for small farmers are made easier.
- **New products** such as salt, cork and essential oils are included. Others can be added later.

Fair and ethical

Unfair trading practices, or UTPs, are defined as business-to-business practices that deviate from good commercial contact and are contrary to good faith.

The agricultural sector is particularly at risk of UTPs due to the unequal balance in bargaining power between small and larger players. Often, as the EC points out, smaller operators and farmers lack the necessary leverage.

Some EU member states have laws protecting business from UTPs.

However, no pan-European legislation currently exists that addresses business-to-business relationships across the EU.

⁶ MEPs adopted the new rules on 19 April 2018. The agreed text still needs to be formally approved by the Council before it can enter into force. [http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/614743/EPRS_BRI\(2018\)614743_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/614743/EPRS_BRI(2018)614743_EN.pdf)

The EC is therefore proposing for the first time that there be a standard level of protection against UTPs across Europe – and wider. A new EU Directive on Unfair Trading Practices in the agricultural sector was approved in 2018.⁷

The EC proposes banning some of the most common UTPs faced by farmers in supply chains. These include:

- late payments for perishable food products.
- last-minute order cancellations.
- unilateral changes to contracts.

The EC has also proposed that each EU member state assign an authority to enforce the new rules and set out minimum enforcement powers.

Buyers will likely have to comply with the terms of the directive, including if they are sourcing from non-EU suppliers. Crucially, suppliers will be able to make a complaint about a UTP to relevant enforcement authorities. Producer organisations, unions and non-governmental organisations will also be able to do this on their behalf.

This offers new opportunities for South African producers and Fair and Ethical Initiatives, as they will have a better chance of supplying contracts with EU importers that need to comply with this new Directive.

Commodities with potential. As an annex please find an overview of examples of commodities for which demand is increasing in the EU, where South Africa's local conditions are particularly well suited for production and where niche markets for sustainable certification schemes could prosper. These products benefit from duty-free access to the EU.

⁷ See http://europa.eu/rapid/press-release_IP-18-6790_en.htm

7. KEY CHALLENGES AND RECOMMENDATIONS

Challenge

Navigating the complex terrain of standards, labels and accreditation is a great challenge for emerging farmers.

Recommendations: Farmer associations and professional bodies as well as the private sector and government support agencies need to be helped to assist emerging farmers. There should be engagement with the bodies controlling the accreditation systems, to explore approaches like group accreditation and reduced transaction costs. Workshops that bring key players together to agree on standards and approaches could play a major role in addressing the challenge, as could exchange visits allowing farmers and their support agencies to gain experience and engage with key value chain entities.

Challenge

Producing reliably and at scale is a large potential barrier for individual emerging farmers.

Recommendation: Emerging farmers need to collaborate to meet market demand. Marketing cooperatives have historically played an important role in this.

Challenge

Farming is a high-risk operation, and when emerging farmers are producing for a new type of market it can involve heightened perceived risks.

Recommendation: Some form of subsidised insurance to address this could provide support for emerging farmers.

Challenge

Farmers need to access the value chain in an equitable way. The Department of Rural Development and Land Reform's Agripark initiative is supposed to address this but has enjoyed limited success to date.

Recommendation: Government agencies could consider investing in value chain operations as shareholders on behalf of emerging farmers, holding places for emerging farmers on the boards of these companies.

Challenge

Access to farming land remains a challenge for many aspirant farmers.

Recommendation: A major initiative is currently underway to address the land access issue for deserving farmers. This needs urgent resolution.

Challenge

The effects of climate change are likely to provide an additional and difficult challenge for emerging farmers.

Recommendation: Extreme weather events and the changing natural environment will demand changes in farming practices. Changes in temperature and precipitation patterns are likely to require careful and targeted support for building farmer resilience. This could require abandoning many crops and farming practices in specific geographic locations.

Challenge

Besides ongoing research on resilience-building measures, support services for emerging farmers need to be strengthened.

Recommendation: A climate-linked insurance scheme for emerging farmers would make a significant difference.

8. SUCCESS STORY

Harkerville Agri & Forestry Projects: Proud & Passionate



What we do | Natural product cultivation

Honeybush. Grown under organic conditions, the site is managed by the Co-op. We pride ourselves on being part of the growing natural product industry in the Bitou Municipality.

Seasonal produce. Organically grown vegetables sold to Spaza shops and local restaurants that favour simple, local supply chains.

Developing expertise and experience, with a vision of a dynamic growing Co-op that directly contributes to our community's economic development.



What's next for us

Business expansion. Successfully managed pilot 1-hectare site. 2-Hectares has additionally been awarded for clearing and cultivation by the Bitou Municipality.

Next steps - Active and viable member of local honeybush industry as available land increases. Grow lemon geranium. Support and participate in local agroprocessing developments.



Who we are

Established 2015: Initiated by Western Cape Sub-Directorate: Biodiversity with Bitou Municipality, a local NPO and local communities.

Harkerville Agri and Forestry Projects is empowered through high-value natural product development and food security. We address **ecological restoration** of the Harkerville area.

We participate in the **bio-economy** while developing a sustainable local economy. We create job opportunities for women and youth.

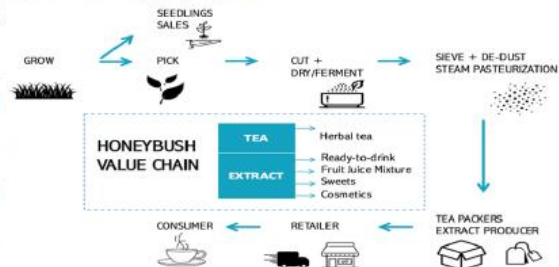


How and where

Located in the community of **Harkerville** in the Eden District Municipality, Western Cape South Africa.

1-Hectare currently supports **Honeybush** cultivation with three 80m **greenhouse tunnels** used for organic vegetables cultivation and seedling preparation.

Both the tunnels and croplands are fed with **fully functional irrigation system**. Water supplied from borehole supported by an electric pump system.



Connect with us

If you are interested in being part of our story, working with us or learning more, please contact us on the details below.

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9. ANNEXURE: COMMODITIES WITH POTENTIAL

Avocado pears

There has been a dramatic increase in the global demand for avocado pears over the last five years and a steep increase in prices fetched on global markets. However, this has led to a large increase in planting of avocado trees in many countries and concerns of oversupply of this sub-tropical fruit emerged in 2018.

Mexico is by far the largest producer of avocados in the world, producing 60% of global output. South Africa produces about 4% of globally marketed avocado pears.

However, the United States and China are discovering a new appetite for avocado pears and growth in demand in Europe and elsewhere is also encouraging. All this implies that, while avocado pears still provide a good opportunity for intensive commercial production in the sub-tropical northern and eastern regions of South Africa, the current price structure is likely to change.⁸ The domestic market remains an option for producers, and prices in the major centres and in the southern parts of the country are high. The export market still provides the most promise, as the South African rand has continued to weaken against the basket of foreign currencies in which export transactions are concluded.

Avocado oil also provides an opportunity, though this market has not really been addressed in South Africa.

The supply chain for sub-tropical fruit, as with many exported products, is complex and very competitive, and smaller producers operating alone will struggle. There are numerous logistical factors to address that require experienced professional assistance. Mangoes and litchis also provide a good opportunity in the European market, where demand is good. Processing the excess fruit into products like mango pickles (atchar) could also provide opportunities for collective operators.

Industry practices are currently under review in South Africa because historical production of avocado pears has been very water-intensive. Given that water is an increasingly scarce product, refined practices like the use of drip irrigation and root-applied watering are being encouraged by the industry.

⁸ Communication with Steven Beghin, CEO of Premier Fruit Exports.

Fynbos flowers

Fynbos is unique. The Cape Floristic Kingdom is the only floristic kingdom that is entirely located in a single country – and only in two provinces. It is also extremely rich in biodiversity terms, with a high number of endemic species. The flora and fauna are unique and provide considerable opportunities. However, they also necessitate careful management, as many plant species are threatened through expansion of unsustainable and damaging activities. This includes unsustainable harvesting of the natural resources.

The market for sustainably cut fynbos flowers was largely pioneered by the Flower Valley Conservation Trust, which participated in the Agulhas Biodiversity Initiative supported with Global Environment Facility funding by the United Nations Development Programme. Initially this looked at the sustainable management of the fynbos at landscape level on the Agulhas Plain, but has since broadened to include other fynbos areas like the Cape West Coast.

There is a good demand in Europe for sustainably harvested fynbos flowers, which can be dried and kept for a long time. While the premium in pricing for sustainably harvested products is modest this is likely to grow, and gaining market access is far easier for sustainably harvested flowers. Because of the finite nature and sensitivity of the natural resource base for fynbos flowers, the industry cannot grow exponentially, unless other current land uses are abandoned and areas are rehabilitated. With the spectre of increasingly devastating droughts associated with climate change, this is an emerging option. However, there is still currently room for new entrants to sustainable harvesting of fynbos. Increased efficiencies and developing ancillary activities like beekeeping provide additional opportunities.

Honeybush

Honeybush, *Cyclopia genistoides*, occurs only in the fynbos of the Western and Eastern Cape provinces of South Africa. This makes it an exclusively South African product. There is a growing market for honeybush in Europe. Both honeybush and rooibos infusions can be seen on many supermarket shelves as well as in specialist health shops in European countries.

There are increasing efforts to cultivate honeybush for export as tea. While there is a domestic market for it, the growing export market provides good incentives, as with rooibos and sub-tropical fruit like avocado pears. In addition, honeybush now holds geographic-indicator status under the EPA.

Development costs are not insignificant, but they are more modest than, for example, deciduous fruit trees. The process of growing, harvesting and processing honeybush is labour-intensive rather than heavily capital-intensive.

The Western Cape Government is supporting several organic honeybush growing projects with emerging farmer groups. This points to the fact that it can be a sustainable and rewarding product for emerging farmers to grow in the appropriate areas.

Again, the ancillary industry opportunities like cosmetics and pharmaceutical products made with honeybush provide additional opportunities. Honeybush is well located to take advantage of major food trends as an organic, specialty health products and value-added products such as iced-tea, green tea and baby products. There are opportunities for the traditional sustainable harvesting of wild honeybush as well as the organic cultivation of bushes.

The South African Honeybush Tea Association, which represents the industry, notes that, “Due to its growing popularity around the world, there are opportunities for more farmers to start growing this indigenous crop.”⁹

Honeybush cultivation and harvesting as well as processing provides a valuable opportunity for growth in the Western and Eastern Cape and creates promising opportunities for the participation of emerging farmers along the product value chain.

Mohair

While mohair production does not enjoy the same geographical advantage for South Africa that rooibos and honeybush do, it is nevertheless true that South Africa has a pre-eminent position in the production of mohair. Together with its neighbour, Lesotho, South Africa is responsible for over 50% of global mohair production. In South Africa this occurs largely in the Eastern Cape, which has a high poverty and unemployment rate. Over 90% of all mohair traded internationally goes through Port Elizabeth. Most mohair processing occurs at two companies in the Eastern Cape. Despite this potentially dominant position, South Africa has not taken full advantage of its potentially dominant position in the market.

Natural fibres have been enjoying something of a global renaissance and mohair, with its unique qualities, has also benefitted from this. Global prices for mohair, through the international auction in Port Elizabeth, have been rising impressively in US dollar terms for the past eight years. Despite this, the level of mohair production has fallen since the late twentieth century and more resources and effort need to go into marketing this high-value fibre and developing new applications beyond the exclusive clothing market.

⁹<https://www.sahta.co.za> January 2019.

However, there are efforts to grow production and the market. Being already a niche market product, South African mohair is well situated to benefit from transformation into a “green”, sustainably and ethically produced, high-value product that can realise consistently good prices. For this to succeed, both the market and production need to grow in tandem, and production processes need to change in line with the requirements of sustainable production and Voluntary Sustainability Standards. This means that new entrants need to come into production.

Angora goat farming is extensive in nature and generally occurs where there are limited other opportunities for agriculture. This is likely to become even more of a phenomenon as the impacts of climate change alter veld conditions in a way that further limit any reliable cropping or farming with cattle. Sheep and goats are complementary utilisers of the natural veld, as grazers and browsers. In principle, Angora goat farming could be expanded into many areas and production levels of the past (approximately double the current level) could be realised. This offers opportunities for emerging farmers and, if additional processing and even product manufacturing are supported, angora goat farming could create a significant number of jobs in economically depressed areas of South Africa.

For this to succeed there are several issues that need to be addressed. There should be increased resources to support initiatives like the Empowerment Trust of Mohair South Africa. Agencies like the Eastern Cape Rural Development Agency, AFASA and the Humansdorp Coop also need to come on board. In addition, agricultural extension services need to be fixed and made effective; research needs to be expanded; marketing needs additional focus, creativity and resourcing; land needs to be made available for emerging farmers; value-chain participation for farmers needs to be encouraged; and capacity-building of emerging farmers needs to be prioritised. Finally, research into climate-resilience measures should be supported at tertiary institutions in the region and resources like fibre testing and innovative processing approaches that were available through the CSIR should be rejuvenated.

This will require significant resources and political will, but the potential benefits are huge.

Rooibos infusion (tea)

Rooibos tea could be viewed as one of South Africa’s most successful exports and a new Geographical Indication (GI) product protected under the EPA. Rooibos only grows in the Citrusdale and Clanwilliam areas and up into the Cederberg Mountains of the Western and Northern Cape. Like honeybush, rooibos now holds geographic-indicator status.

Only growing naturally in a unique and environmentally sensitive area, rooibos requires careful harvesting or cultivation.

Approximately 50% of production is sold domestically, while the other half is exported. There is growing international demand, with Europe leading the way. The infusion is common on European supermarket and health shop shelves, where it is marketed as a herbal tea or infusion. Rooibos is very low in tannin and has specific health advantages that distinguish it from other, similar products. Germany, the Netherlands, Japan, the United Kingdom and the United States are the biggest importers of rooibos, but it is present on outlet shelves across Europe. Organic rooibos has been particularly successful in penetrating European markets.

There are clear geographic limitations on the cultivation of rooibos, which limit its employment potential on a national level. However, with greater production volumes of cultivated rooibos and more efficient processing, as well as value-adding through rooibos-based cosmetics, “red espressos” and “rooibos lattes”, the related number of jobs can be significantly increased.

The industry is represented by the South African Rooibos Council. The industry generally complies with international standards regarding environmental and employment practices.

Rooibos certainly offers opportunities for emerging farmers, but new entrants need specific knowledge and assistance. Climatic conditions have a big influence on production and the recent drought in the rooibos-growing region resulted in a significant reduction in wild rooibos harvesting as well as cultivated rooibos, even of the “organic” product. Climate change constitutes a major challenge for the industry, but it still presents an interesting opportunity for emerging farmers and additional employment and entrepreneurial possibilities.

Wool

Sheep farming has been an integral part of agriculture in South Africa for centuries. In the early nineteenth century it was the major driver of agriculture in South Africa. The introduction of high-quality Merino sheep has served to develop production for export. Michael Kenyon notes that the introduction of woolly sheep, “locked the Cape economy more firmly within the international industrial economy both as a supplier of raw materials to the mills of England and as an importer of woollen manufactures”.¹⁰

South Africa is a relatively small producer of wool on the global market, amounting to approximately 2% in 2015. However, with the growing popularity of natural fibres, there is potential for production growth in South Africa.

¹⁰ Kenyon, M (2017). “Pastoral farming in Amathole – ecology and historical experience”. Unpublished paper submitted to the ISASAR Project.

Entry into wool production is not very expensive. While sheep (particularly Merinos, renowned for their superior wool quality) are not cheap, they are not as expensive as cattle. Small livestock like sheep are not only potentially more lucrative than cattle, but are also easier to manage. However, small livestock theft has become an increasingly challenging problem in South Africa.

The wool industry provides assistance to emerging farmers, some of whom face considerable challenges. Accessibility to land is but one major challenge. Many emerging farmers have “cut their teeth” on communally-owned land (the “commons”), but this farming provides very stiff hurdles. The quality of the sheep is crucial and building-up the quality of the flock is difficult on the commons, where sheep from many farmers interact.

The National Wool Growers Association invest in training and development as well as stock supply for emerging farmers.

Agencies brokers like BKB and Cape Mohair and Wool also provide some technical support for farmers, relating to sustainable wool production, for example. They have a pool of shearers that are made available to farmers and they charge a commission for the range of services they provide.

Farming wool in a sustainable way with due accreditation through the Responsible Wool Standard definitely constitutes an opportunity for emerging farmers if the challenges related to land and fencing can be overcome. Sheep farming can be expanded to many areas of South Africa, beyond the current Eastern Cape and Free State.

In addition to the products listed above, there also appears to be significant opportunity for emerging farmers in the sustainable and ethical production of products like hemp, medicinal cannabis and essential oils.

This discussion paper will on the following website: <https://sadc-epa-outreach.com/publications>

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