

'Do not sacrifice' other farm sectors for sugar

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Efforts to get the European Union (EU) to give the sugar industry privileged access to its market should not sacrifice other key farming segments, an expert has warned.

The government announced this month it had thrown its weight behind the South African sugar industry's quest for preferential access to European markets.

Equal footing

If granted, this would put SA on an equal trade footing with other sugar-producing, developing economies for the first time since the industry lost access during apartheid.

International policy analyst John Maré, of Finsbury, said it would be a bonus if sugar in SA got something out of the regional Economic Partnership Agreement being negotiated with the EU, as it could help "strengthen the Southern African Customs Union market into a homogenised trading bloc".

"But I hope the EU privileged access does not come with a sacrifice of some other key sectors where beneficiated agriculture could lose out ... a stronger agro-processing sector in SA can drive agriculture development in Africa on all levels."

He said the Department of Trade and Industry, the key negotiator of the agreement, needed to remain focused on ensuring that it benefited a variety of South African agro-processing industries.

Canned fruit trade

The canned fruit industry, which employs thousands of people in rural areas, was also lobbying for expanded access.

About 80% of the South African production of canned fruit is exported, about 50% to Europe.

The South African beneficiated agro industry is competing with producers from Chile, which have tariff-free access to the EU.

EU beneficiated agri-goods entering the South African market enjoy zero tariffs while South African agriculture contends with tariffs on most of its exports to the EU.

South African canned fruit entering the EU is a very small percentage of total EU trade, about 1%, and does not threaten EU producers.

SA's agricultural sector was hoping that the economic partnership negotiations would support the beneficated agricultural industry.

Trade imbalance

Lobby groups such as AgriSA and the Agricultural Business Chamber have argued that, in terms of the Trade Development and Co-operation Agreement with the EU, there is an imbalance in trade in beneficated agriculture and that this should be corrected.

A review of the agreement has been finalised, but the trade aspect has now become part of the negotiations involving the Southern African Development Community.

According to Prof Richard Mkandawire, adviser for agriculture at the Planning and Co-ordinating Agency of the New Partnership for Africa's Development (Nepad), the continent could develop a stronger beneficated agricultural sector.

Nepad believes this would create possibilities for growth in African countries and support regional economic integration by expanding the variety of goods traded.

Source: Business Day

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