

Promoting Circular Practices in SA-EU Food Trade

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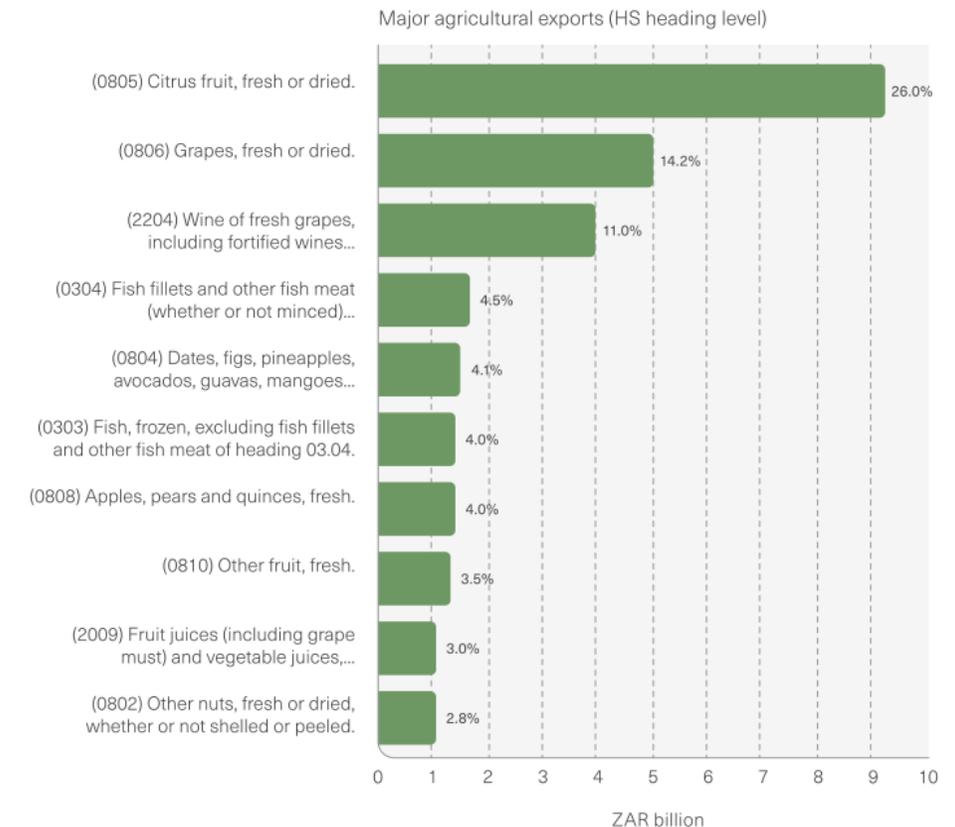
TIPS FORUM 2021

RECONSTRUCTION AND RECOVERY: RETHINKING INCLUSIVE INDUSTRIALISATION IN RESPONSE TO COVID-19

SA- EU Food Trade: A Snapshot

- The EU is South Africa's largest trading partner, accounting for 22% of total trade. Between 2019 and 2020, SA recorded a 28% increase in agricultural exports to the EU. So even with the impact of the COVID- 19 pandemic in 2020, South African exports have been resilient and have grown by 7.5%.
- South Africa has remained a net exporter of agri-food products to the EU, with a positive trade balance of R6.6 billion in 2020, R4.7 billion more than in 2019.
- Food and beverage products are a particularly important category of South African exports to the EU. These products are estimated to represent about 21% of South Africa's overall food exports.
- The three largest agricultural commodities exported to the EU are citrus, grapes and wine, accounting for over 40% of agri- exports in 2020.
- The departure point for the country's post- COVID recovery efforts should be to safeguard the performance of this sector by maintaining access to lucrative markets and leverage innovation as a lever of adaptation.

SA's Top Agricultural Exports to the EU (2020)



Source: 2020 EU- SA Annual Digest

Evolving EU-SA Food Trade Landscape

- The 2021 EU trade policy review prioritises circular, responsible and sustainable value chains and identifies trade as a critical tool in the recovery from the COVID pandemic.
- The European Green Deal and related strategies have set out to address environmental challenges through a new way of doing things and transform the European economy into a resource-efficient, sustainable, and competitive economy.
- The implementation of the Circular Economy Action Plan, the Farm to Fork Strategy and related EU policy instruments will naturally have a bearing on our horticultural industry, given the sheer size of our agri- exports and the number of EU- destined value chains.
- The role of the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the Fresh Produce Exporters' Forum (FPEF).
- Agricultural commodities exported to the EU will compel South African exporters in the horticultural industry to fulfil increasingly demanding regulatory requirements on, among others, sustainable food packaging.

Circularity Prioritised in the EU

- There are requirements for chemicals, materials, food and other products that are placed on the EU market to comply with relevant EU regulations and standards. Regulations and guidelines have been developed for certain single-use and non-recyclable materials used in traded products.
- In July 2021, the long-awaited list of ten single-use plastics which are banned in the EU was released. This is a milestone in the implementation of the EU Single-Use Plastics Directive. Items made from expanded polystyrene are a no-go!
- Guiding questions for the research:
 - i. the impact of specific EU policies and other identified drivers influencing the behaviour of SA's exporters;
 - ii. the barriers which have contributed to a low uptake of circular practices in EU- SA trade;
 - iii. exemplary EU- SA cooperation models which have supported local adoption of circular practices



Drivers of Circularity for SA Exporters

Drivers in SA	Drivers in the EU
Extended producer responsibility (EPR) Scheme	Packaging and Packaging Waste Directive
The 2019 White Paper on Science, Technology and Innovation	European Strategy for Plastics in a Circular Economy (2018)
Plastics Industry 2022 Masterplan for Growth	Food Contact Materials (FCMs) Regulation
South African Plastic Pact	Single- Use Plastics Directive
South African Food Loss and Waste Voluntary Agreement.	Private Retail Standards

Barriers in the CE Transition

- Cost as a deterrent to move towards sustainable packaging; infrastructure costs are high; the issue of packaging tends to be seen as a benefit to society, with no immediate benefits (profit- related) for producers.
- Fear of losing consumer demand due to certain types of packaging. Producers fear that adopting more sustainable packaging will lower the economic value of the product in the eyes of the consumer, resulting in a loss of premium sales.
- Trade-off between food safety and recyclable packaging. The primary concern is to ensure food arrives fresh to the consumer. South African exporters in the horticultural sector have expressed concerns over balancing the move towards more recyclable packaging/ the use of less packaging inputs, and maintaining food safety and freshness, and avoiding food waste.

Recommendations

General recommendations which the EU has pursued through its trade facilitation support mechanisms:

- ✓ Facilitate opportunities for South African actors to provide input into EU policy processes
- ✓ Conduct circular economy tours and other activities for knowledge exchange and matchmaking
- ✓ Advocate for Domestic Frameworks to inform EU interventions

Specific recommendations for SA public & private sectors:

- ✓ Supporting industry- level research to inform the transition to a circular economy
- ✓ Leverage the SADC- EU EPA to Promote Trade- Related Development Cooperation
- ✓ Facilitate an Enabling Environment Through Government Support
- ✓ Collaborating to promote circular economy principles internationally

Trade & Industrial Policy Strategies

Supporting policy development through research and dialogue

The TIPS Annual Forum is a vehicle to help to create and sustain a network of researchers in the area of trade and industry and other related fields. It provides a platform for dialogue between researchers, policymakers and other stakeholders around policy-relevant issues resulting from research.

The TIPS Forum 2021 is being held in partnership with the South African Research Chair in Industrial Development (SARChI) at the University of Johannesburg, and in association with the Department of Trade, Industry and Competition (the dtic).

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