

EU's Farm to Fork Green Deal could hurt South African agriculture unless production adjustments are made

The European Union – among a host of other countries – is seeking to implement urgent policy measures to combat the effects of climate change. In its 2030 climate target plan, the EU aims to [reduce greenhouse gas emissions](#) by 55% from 1990 levels.

To that end, the EU has crafted the [“Farm to Fork strategy”](#). Launched in 2020, it is a new approach that ensures that agriculture, fisheries, and the entire food system effectively contributes to achieving the target. The strategy is at the core of a broader initiative, the [European Green Deal](#). Its aim is to reduce the environmental and carbon footprint in the way food is produced and consumed.

The strategy lists 27 actions. These cover food production, processing, retailing, and waste. They aren't expected to be implemented until 2022, to give regulators and food system actors time to transition into the new policy regime.

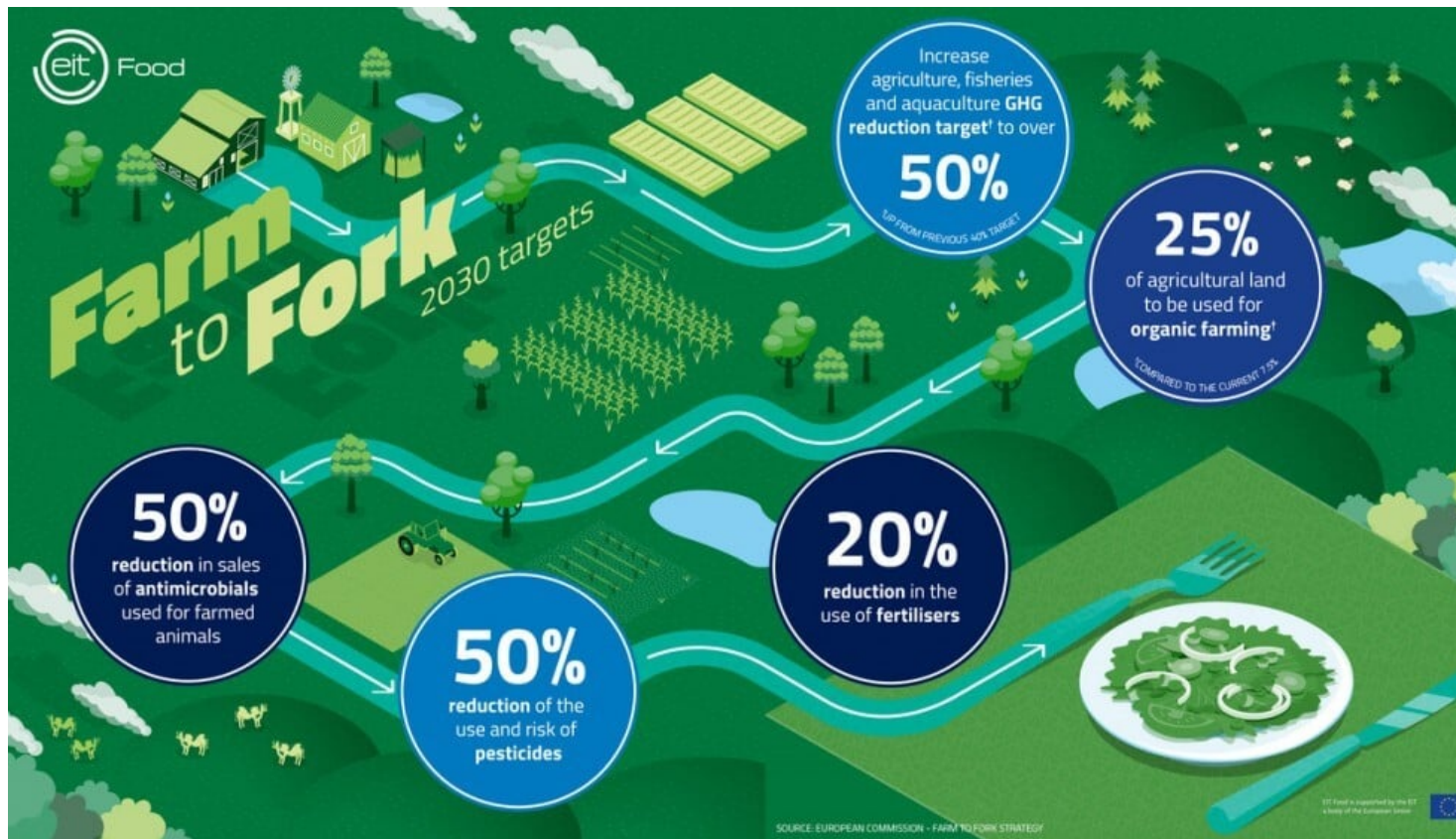
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It has four broad pillars:

- **Consumer demand.** This focuses on nutritional labelling and creating a sustainable labelling framework that covers nutrition, climate, environment and social aspects of food products. The labelling requirements are intended to empower consumers to make conscious decisions about health and sustainability.
- **Food production.** This sets out the fundamentals for sustainable production by setting targets that reduce the use of fertilisers and pesticides and the revision of legislation covering feed additives and animal welfare.
- **Industry behaviour.** This seeks concrete commitments from agribusiness and other food-system actors concerning health and sustainability. The EU will develop a code of conduct on the development of business and marketing practices and require agribusiness to integrate sustainability into their corporate strategies.
- **Trade policy.** This seeks commitment from third countries on the use of pesticides and animal welfare and the fight against microbial resistance.

The EU is seeking to compel other countries, including South Africa, to adhere to new regulations if they want to continue to access its lucrative market. This raises questions about the capacity and potential for South Africa to adapt, as well as the risks and opportunities that the regulations present to future access to the EU market.



Credit: EIT Food

The challenges?

South African producers – as well as those in the rest of [Southern African Customs Union](#) and Mozambique – may face several challenges. These include:

Regulatory and policy uncertainty: It might take some time for regulators and food-system actors to align their policy, regulations, and business decisions to the emerging requirements of the food system. Policy cycles and political processes can impose a lag-time of anywhere between 3 and 5 years. This is likely to lead to a transition phase of regulatory and policy uncertainty.

High costs of compliance: Over the years, South African agribusinesses have had to conform to stringent EU regulatory standards. There has also been an ever-increasing set of private standards. These range from traceability, to exposure to allergens, good farming practice and child labour, to name just a few. It also includes various kinds of certification. Resource-poor farming households can seldom afford such high costs of adopting new regulations and certification. Without financial support, most smallholder farmers will inevitably be excluded from participating in export markets.

But there are opportunities too.

Potential growth points

One area in which there may be room for South Africa to grow market share is in genetically modified (GM) foods. South Africa produces [some GM crops](#). But the EU currently has very tight restrictions on the GM imports. However, it is currently [reviewing](#) its GM regulations. It has released [a study](#) confirming that new genomic techniques products have the potential to contribute to sustainable agri-food systems in line with the objectives of the European Green Deal and Farm to Fork Strategy.

A change in its policy could open up new export avenues for South Africa.

Another area of growth is in high value organically produced food. South Africa has existing commercially driven export value chains that already conform to emerging rules in this sector. However, these foods are still targeted at niche markets in the EU. But the Farm to Fork Strategy seeks to make them mainstream. This is can be an opportunity for South Africa if farmers can begin to produce higher volumes at a relatively competitive price.



Credit: Africa On The Rise

Another opportunity arises from projections that [global food demand will increase by as much as 60% by 2050](#). Few EU member states can allocate enough land to produce and match supply to meet this demand. The assumption, therefore, is that the EU will increasingly depend on food imports.

South Africa has at least [1.3 million hectares](#) of additional cropland that can be sustainably brought into production.

Against this backdrop, South Africa can continue to expand its production to meet an increasingly significant portion of the EU's food needs. This is especially so if local food systems adapt and align to standards to meet any new regulatory standards.

But the country's agricultural sector will also have to up its game when it comes to technological innovation. Technical change will have to involve the adoption of technologies that will reduce the carbon footprint of the agro-food system as well as increase yields in a sustainable way.

Part of that process will be to expand the adoption of high-yielding, drought- and pest-tolerant genetically engineered crops. These will enable farmers to use less land to produce more food. This will also allow for more land to be set aside for preservation and increase the potential for carbon sequestration.

The risks

Increased inequality: There need to be deliberate and strategic interventions that support regulatory compliance. Without these there is a real chance that resource-poor farmers will be left out of the new “sustainable agro-food system” due to their lack of financial and technical capacity to conform to new standards.

This will only serve to deepen the inequality gap and widen the divergence between the informal and formal food systems. The first mover advantage for EU value-chain actors may potentially displace sub-Saharan African exporters in markets if adoption of regulations takes more time than initially envisaged.

Off-shoring of “bad production” to South Africa: Food producers who cannot comply with the provisions of the Farm to Fork strategy could potentially relocate parts of their value chain to South Africa, targeting exports to the Middle East, and the Far East and Asia where food standards are far less stringent. Without any pressure to comply to environmental sustainability, the types of technologies that will be implemented in South Africa may hurt the continent in the long run.

Next steps

The four key factors that will drive the re-set of the food system through the Farm to Fork strategy will be:

- technical change;
- business model innovation;
- growing food demand; and

- policy and regulation.

The EU and the private sector may need to provide significant technical and financial support to facilitate South Africa's transition and align its regulatory environment with the focus on health and sustainability.

In the long run, the expectation is that with the harmonisation of standards and practices will also come structural change of the food system in such a way that value chain profits are not disproportionately accumulated at the expense of farmers. This will require higher levels of transparency across all parts and aspects of the South African food system.

Wandile Sihlobo is the Chief Economist of the Agricultural Business Chamber of South Africa (Agbiz) and the author of "Finding Common Ground: Land, Equity, and Agriculture." Find Wandile on Twitter [@WandileSihlobo](#)

Tinashe Kapuya is a development economist with experience in trade and investment policy and value chain analysis. Find Tinashe on Twitter [@TinasheKapuya](#)

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