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DATE: 18 DECEMBER 2024

BOTSWANA LIFTS IMPORT RESTRICTIONS ON VEGETABLES FROM SOUTH AFRICA

The newly elected government of Botswana under President Duma Boko has taken a positive trade step by lifting restrictions on imports of vegetables from South Africa. This was announced on 13 December 2024 that Botswana was immediately lifting import restrictions on vegetables from South Africa. The process to phase out the import restrictions on vegetables will be 2 - phased. The initial part includes the immediate lifting of import restrictions on the following vegetables: turmeric, patty pan, pumpkin, sweet potatoes, green peas, mushroom, and eggplant. The 2nd phase will take effect on April 2025 on vegetables such as beetroot, butternut, onion, tomatoes, sweer pepper, potatoes, and watermelon will be lifted.

The effects of Botswana's import restrictions were felt at various levels: (i) loss of export earnings by South Africa as net exporter of edible vegetables, roots and tubers; (ii) likely food insecurity in Botswana's considering comparative disadvantages; (iii) disruption of fragile food systems; (iv) uncertainty of the single tariff regime as envisioned by Southern African Custom Union (SACU). A key feature of SACU is the application of a single tariff regime i.e. the common external tariff (CET). This means the member states form a single customs territory which provides for a free movement of goods where tariffs and other barriers are eliminated on all trade between and amongst them. The CET applies to goods imported from all territories that are not members of SACU; and (v) potential inability for SACU as block to fully exploit trade opportunities that accrue and emanates from the Africa Free Trade Continental Agreement.

The inter-dependence and connectedness of the region is depicted by the trade statistics amongst member countries. Botswana is a major market for South Africa's vegetable exports. Contributing up to 15% of total exports in 2021 at a value of USD33.8 million

(R498.8 million). Vegetable exports to Botswana decreased by more than half to USD14.7 million (R272.4 million) in 2023, down 8% from 2021.

Due to amongst others the adverse impact of the import restrictions by Botswana on vegetables from South Africa's. The total vegetable exports fell to 2016 levels from a record high of USD224.3 million in 2021 to USD190.4 million in 2023. The impact of import restrictions further contributed adversely to the agricultural economy.

For example, the agricultural sector contributed 0.7% of the 0.3% GDP loss of South Africa during the third quarter of 2024. Moreover, vegetable exports decreased by 35% in Rand value in the third quarter of 2024 compared to the second quarter of the same year, and by 0.9% in comparison to the third quarter of 2024 compared to the third quarter of 2023.

The impact on farmers can be observed by looking at the general inflation of vegetables. Vegetable prices, for example, have dropped 4.0% month-on-month and 2.6% year-on-year as of November 2024. This can be a sign of surplus of some veggies as per the economic theory of supply and demand. This puts downwards pressure on prices.

Inflationary vegetable costs were noted as a major challenge for Botswana's consumers. Further adding to the strain and threatening food insecurity for lower and some middle-income households.

The food index, for instance, rose sharply from 107.2 in January 2021 to 143.1 in February 2024. Also, the vegetable index increased significantly from 129.5 in February 2023 to 142.4 in February 2024.

The expected April 2025 lifting of the restriction on the other vegetable products would be fantastic. Since potatoes, onions, carrots, tomatoes, and cabbage are the most popular vegetables exported from South Africa to Botswana and other markets.

At a regional level, the importance and significance of SACU framework is partly demonstrated by the depiction of recent trade data above in terms of the significance of inter-dependence and coexistence of member States. South Africa is a significant factor in SACU and/or the Africa Union (AU). The country is a crucial market for SACU member countries. In 2023 for instance, the South African market accounted for at least 95% of all agricultural exports from Lesotho. Whilst South Africa received 80%, 61%, and 41% of agricultural exports from Botswana, Eswatini, and Namibia, respectively. Therefore, a significant percentage of agricultural products from SADC region are exported to South Africa. In fact, South Africa is the only country from Africa amongst the top 40 world agricultural exporters ranked 34 in 2023. It is unrealistic to expect Botswana, for instance, to gain as much as South Africa. Albeit efforts to develop infant industries should be based on win-win approach.

At the continental level, policymakers and analysts should take these dynamics into account, particularly considering potential opportunities from the African Continental Free Trade Area's (AfCFTA) and other bi/multilateral trade agreements.

In conclusion, the announcement by the government of Botswana to lift import restrictions of vegetable from South Africa is welcomed. The aspirations of the Africa Agenda 2063 that is promoted through: (i) the AfCFTA; (ii) the Comprehensive Africa Agricultural Development Programme (CAADP); and other tools within the African Union should promote the creation of single market that caters for all member States. Therefore, SACU countries should ensure open trade practices. Namibia should take cue from Botswana to promote intra-Africa Trade.

The End.

Issued by the National Agricultural Marketing Council

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