



# Boosting Organic Trade in Africa

Market analysis and recommended strategic interventions to boost organic trade in and from Africa

COUNTRY MARKET BRIEF FOR SOUTH AFRICA

This Market brief series is based on a study commissioned by IFOAM – Organics International in 2020 in order to better understand possible interventions that can promote market development and trade of organic produce in Africa.

The study was financed in the framework of the global project “Knowledge Centre for Organic Agriculture in Africa” (KCOA). The objective of the project is to establish five knowledge hubs that promote organic agriculture in Africa by disseminating knowledge on the production, processing and marketing of organic products as well as shaping a continental network. The project is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Ministry of Economic Cooperation and Development (BMZ) as part of the special initiative ONE WORLD – No Hunger.

## **Imprint**

### **Published by the**

Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

### **Registered offices**

Bonn and Eschborn, Germany  
Global project Knowledge Centre for  
Organic Agriculture in Africa  
Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn, Germany  
T +49 61 96 79-0  
F +49 61 96 79-11 15  
E [info@giz.de](mailto:info@giz.de)  
I [www.giz.de/en](http://www.giz.de/en)

### **As at**

Bonn / Eschborn, 2020

### **Design**

DIAMOND media GmbH  
Neunkirchen-Seelscheid

### **Photo credits**

iStock.com (Rich Townsend)

### **Text**

ProFound Advisers in Development, Utrecht & Organics & Development, Markus Arbenz, Winterthur  
Responsible: Dorith von Behaim, Eschborn

### **Referencing this report:**

ProFound Advisers in Development, Organics & Development, Markus Arbenz (2020),  
Boosting Organic Trade in Africa, IFOAM – Organics International, Bonn /  
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn / Eschborn.

GIZ is responsible for the content of this publication.

### **On behalf of the**

German Federal Ministry for Economic Cooperation and Development (BMZ)  
Division 124 – Rural Development, Land Rights, Forests  
Dr. Maria Tekülve, Berlin



# INTRODUCTION

*Stalls with fruits and vegetables on the roadside in Nelspruit*

This South Africa Market brief is part of a series with 12 specific Market briefs. They include information on the status of the organic sector and on the development of organic agricultural production and trade. They also provide deeper insight into how the market is organised: supply and demand dynamics including trends, supporting functions available and rules and regulations. All this is relevant information when trading with or in African organic markets.

The objective of the Market briefs is to inform national, regional and international specialists and interested public about the potentials of trade in organic products in and with African countries. The insights gained will facilitate the identification of possible interventions and opportunities and help to further build the organic sector in Africa.

This Market brief focuses on the organic market of **South Africa**. The complete series includes the following Market briefs:

**1 Regional Market brief** covering the 5 regions of the African continent: Southern, Eastern, Central, West and North Africa.

**8 Country Market briefs** covering the countries: Burkina Faso, Egypt, Kenya, Morocco, South Africa, Togo, Tunisia, Uganda

**3 Product Market briefs** covering the value chains: Coffee, Tropical fruits, Shea

## Overview and development

South Africa has a well-developed commercial agricultural sector and produces certified organic products. The country's varied climatic zones and soils allow for diversified production. Key crops include herbs for herbal teas (rooibos, honeybush), citrus fruits, grapes (wine), tropical fruits, vegetables, cereals and various medical and aromatic plants. South Africa has a long history of involvement in organics, with a number of organic producers and associations in existence since the 1970s. In fact, the Organic Soil Association of South Africa was one of the five founders of IFOAM – Organics International in 1972. Despite this, South Africa has not integrated organic agriculture into agricultural or trade policies. Historically, there has been opposition to organic agriculture from agribusiness lobby, government and the Agricultural Research Council (ARC). National organic standards development failed twice, the last time in 2015. More recently, the South Africa Organic Sector Organisation (SAOSO) developed its own organic standard and there appears to be a new openness to organic agriculture. Additionally, there has been strong advocacy and contributions to policy dialogue from NGOs to finalise the draft Organic Policy and the draft Agroecology Policy, and include them in official agricultural policies, especially in view of the climate emergency unfolding in Africa.<sup>1</sup>

Organic agriculture is not mentioned in extension planning papers, but there is a sector plan for organics, which calls for the initial training of 50 agroecology specialist extension officers, and integration of organic agriculture training into the agricultural extension curriculum in universities and training colleges.<sup>2</sup>

The absence of South African organic standards until the SAOSO organic standard was launched in 2018, is seen as one of the reasons that Participatory Guarantee Systems (PGS)<sup>3</sup> currently play a major role in South Africa's organic sector. The development of PGS, short value chains and sustainable community investment programmes have helped farmer groups to realise better prices, and to build solidarity with local consumers; PGS SA works closely with SAOSO.<sup>4</sup> Around 3,000 farmers are involved in PGS.<sup>5</sup>

At international level, organic exports have been growing. South African farmers can use certifiers accepted in the European Union (EU) or North America to access those markets and South Africa has become one of the leading African countries supplying the EU market. In 2020, SAOSO licensed Control Union to certify locally according to the SAOSO organic standard.

The Knowledge Hub for Organic Agriculture in Southern Africa so far involves the following countries: Namibia, South Africa and Zambia with the expectation of including Malawi in the future. The Sustainability Institute (SI) is the lead coordinating agency of the project in the region and Participatory Ecological Land Use Management (PELUM) Zambia is co-host. Finally, there are two local trade fair organisers active in South Africa and beyond:  **Organic & Natural Products Expo Africa** and  **CANI**.

<sup>1</sup> Auerbach, R., Oelofse, M., Mentz-LaGrange, S., Ross, A. and De Grassi, A. (2019). Assessment for the African Union Commission of North, West, Central and Southern Africa, with a view to mainstreaming Ecological Organic Agriculture.

<sup>2</sup> Auerbach, R. (editor). (2019). Organic Food Systems. Meeting the Needs of Southern Africa.

<sup>3</sup> Participatory Guarantee Systems (PGS) are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange. More information can be found here: [www.ifoam.bio/pgs](http://www.ifoam.bio/pgs)

<sup>4</sup> Auerbach, R. (editor), 2019. Organic Food Systems: Meeting the needs of Southern Africa.

<sup>5</sup> Kelly and Metelerkamp, 2015. Smallholder farmers and organic agriculture in South Africa.



An agricultural entrepreneur with her freshly harvested vegetables

## South Africa's organic production

Infographic South Africa's organic production



Organic certified agriculture land:  
**82,818 ha** (converted and under conversion)



Organic certified other areas (wild collection):  
**1,538,832 ha**



Percentage of Agriculture (% organic agriculture land in total agriculture land):  
**0.09%**



Organic producers:  
**430** including around 300 commercial farmers<sup>6</sup>

<sup>6</sup> Kelly & Metelerkamp, 2015. Smallholder farmers and organic agriculture in South Africa.

### List of main products (up to 20 products) that are produced:

- **Herbal teas** (incl. around 80 rooibos farmers certified by Ecocert, and honeybush)
- **Medicinal and Aromatic Plants** (incl. around 30-40 essential oils suppliers, 4 aloe suppliers and 2 devil's claw suppliers<sup>7</sup>)
- **Citrus fruits** (incl. around 20 suppliers of oranges, lemons, grapefruits, clementines<sup>8</sup>)
- **Grapes** (including 25 organic wine producers and 3 biodynamic wine producers<sup>9</sup>)
- **Vegetables** (incl. 4 suppliers of pumpkins<sup>10</sup>)
- **Tropical fruits** (incl. mangoes and avocados)
- **Cereals**



### List of certification bodies operational in South Africa:

- Ecocert ■ Kiwa BCS Öko-Garantie ■ Société Générale de Surveillance (SGS) ■ Control Union
- Afrisco ■ Bio-dynamic and Organic Certification Authority (BDOCA)/Debio

<sup>7</sup> USDA AMS, 2020. Organic integrity database

<sup>8</sup> Biodynamic Organic Wine South Africa, 2020

<sup>9</sup> Biodynamic Organic Wine South Africa, 2020

<sup>10</sup> USDA AMS, 2020. Organic integrity database

Data in above table are based on FiBL (2018) statistics unless mentioned otherwise.

**Table: Products and production in South Africa**

Products	Area (ha)	Volume (t)	Export value (CIF in €)	Remarks
Grapes (wine)	a) 4,023	n/a.	n/a.	
Vegetables	a) 1,310	n/a.	n/a.	
Citrus fruit	a) 1,032	n/a.	n/a.	
Coffee	a) 4,095	n/a.	n/a.	No coffee production according to Ecocert
Rooibos (cultivated)	a) 2,864	n/a.	n/a.	
Rooibos (wild-collected)	a) 360,537	n/a.	n/a.	
Rose hips	a) 15,425	n/a.	n/a.	Most rose hip production in Lesotho according to Ecocert
Medicinal and Aromatic Plants (wild-collected; excl. rooibos and rose hip)	a) 1,162,859	n/a.	n/a.	
Tropical fruits (only mangoes)	a) 25	n/a.	n/a.	

a) FiBL (2018) statistics

## Analysis

The uptake of organic farming has remained relatively low due to the absence of a structure at national level and various organisations advocating for conventional farming and the use of biotechnology to achieve higher production levels. Most farmers consider the inputs for organic farming and certification too expensive. Only a few, mostly large export-oriented companies have had the interest and resources to obtain organic certification. Smallholders have found the barriers to certification too difficult to overcome. PGS is now being supported by the Knowledge Hub for Organic Agriculture in Southern Africa as part of the global project Knowledge Centre for Organic Agriculture in Africa, as well as several other programmes, and training of smallholder PGS in South Africa is expanding rapidly.

In South Africa, processors play a relatively large role in the organic sector. 60% of certified operators are processors and only 40% are farmers. In the case of producer groups, the processors manage the certification. For example, in the rooibos sector, one of the major sectors within the organic market,

processors often organise and pay for the organic certification of the farmers who supply rooibos to them.

South Africa has some of the most advanced processors in Africa. For example, many food processors have advanced food safety management systems, which are demanded by European and US American customers and are not widely available in other Southern African countries. Besides, South Africa boasts the only organically certified cosmetic contract manufacturing facility, the only organic and Fair Wild and FSSC22000<sup>11</sup>-certified baobab processing facility and the only organic contract essential oil distillation facility in the region. To illustrate the scale of this industrial advantage, although South Africa only produces some 15 tonnes of organic baobab powder itself, at least 250 tonnes of organic baobab powder were sold from South Africa in 2018 from raw material imported from Tanzania, Malawi, Mozambique, Zimbabwe, Angola and Namibia, comprising 50% of the total production from Africa.

<sup>11</sup> Food Safety System Certification 22000 is a standard for ensuring food safety in the production of food.

*A farm worker packing freshly picked produce into a vehicle*



## South Africa's organic market

### Infographic South Africa's organic market



Main products for interregional export markets:  
**Citrus fruit, wine, rooibos, essential oils, fruit**  
 (fresh or dried excl. citrus & tropical fruit)



Main products for domestic and regional markets:  
**Fruit, fresh or dried, excl. citrus & tropical fruit, vegetables, wine**



Total volume of the exports<sup>12</sup>:  
**25,430 tonnes in 2019 to EU**



Total value of the exports:  
**1.1 million USD to USA in 2019<sup>13</sup>**



Total value of the domestic market with local products:  
**Around 20% of total production according to Ecocert**



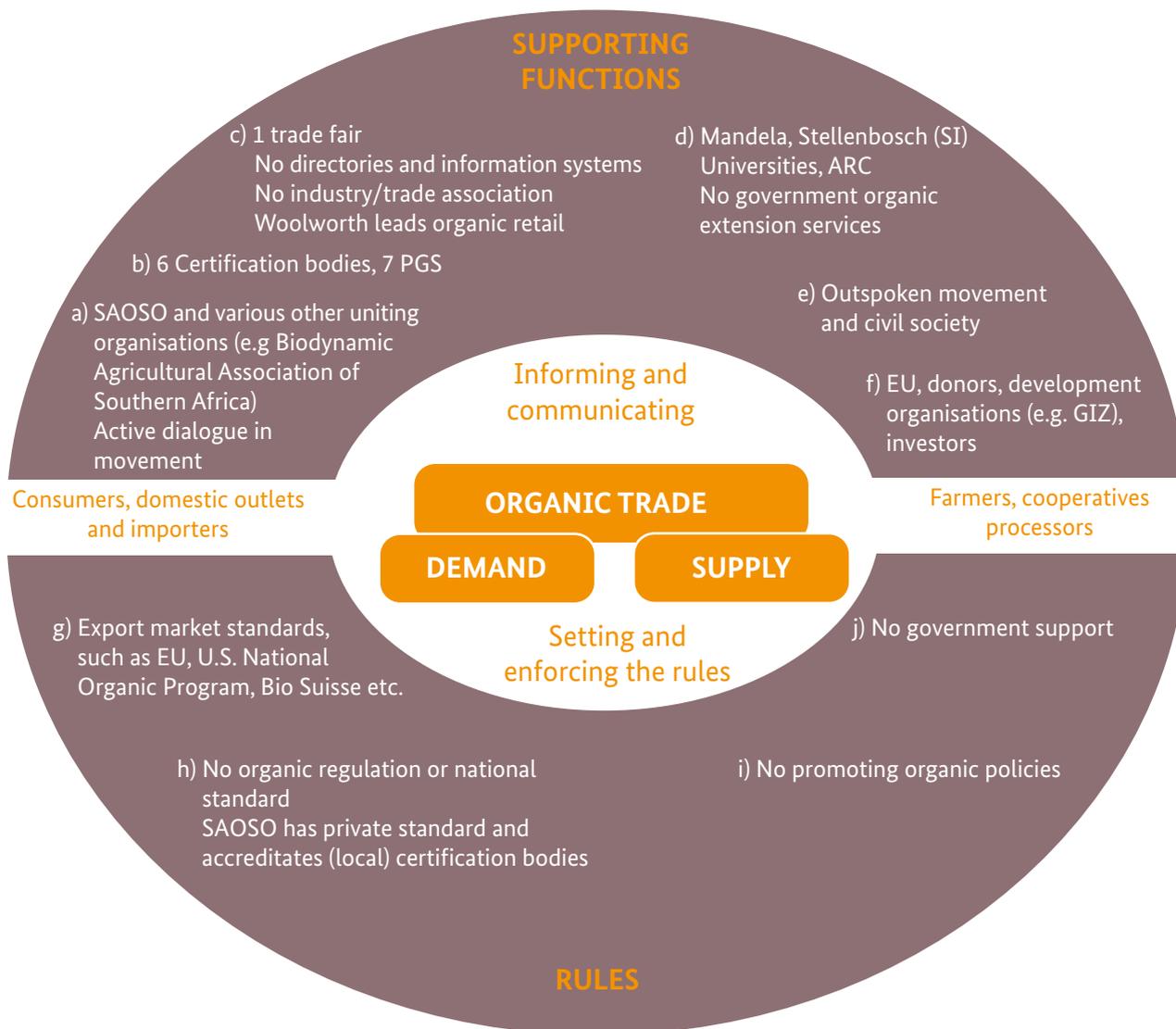
Number of specialised/overall outlets in the domestic market:  
**Woolworths (648 non-specialised outlets)**



Number of operators that are exporting from South Africa: **122**

<sup>12</sup> European Commission (2020). EU Agricultural Markets Briefs.

<sup>13</sup> USDA FAS, 2020. Global Agricultural Trade System (GATS).



- Letters in the doughnut refer to:**
- a) Organic umbrella
  - b) Certification, Internal Control Systems & PGS
  - c) Trade Facilitation
  - d) Research and Advise
  - e) Advocacy
  - f) Promotion & PR
  - g) Export Standards
  - h) Private Standards & Regulation
  - i) Promoting Policies
  - j) Trade Governance

## Supply chains' demand

Demand for South African organic products comes from both local and export markets. Demand from both markets is growing and exceeds supply. It is estimated that South Africa has the largest demand for organic products in Africa, however, compared to countries in Europe and the USA, organic consumption is still relatively low. South Africa shows the most diversification and innovation of organic consumer products within the region. From organic wine, cheese and olives through to baby care skin products, clothing ranges, household cleaning products and even pet food, the array of organically certified products on the South African market is very diverse. Major food and personal care retail chains (e.g. Woolworths, Checkers, Pick n Pay, Clicks) all have dedicated sections for organic produce, and consumer awareness levels of the health benefits of organic are relatively high. At the same time, the mainstreaming of organic produce has been hindered by a persistent market mismatch between the demand from large-scale, nationwide retailers for reliable supply at low prices, and the supplies from small-scale producers that are often unpredictable and at higher than average price levels. As a result, and consistent with the trends towards “craft” and “home-produced” food and beverage, there has been strong growth in the informal sector, with organic producers increasingly seeking informal sales opportunities.

In the export markets of the EU and USA, South Africa has the advantage of being able to produce organic products during the European and North American winter season. In 2019, South Africa supplied 46% of EU organic citrus fruit imports.<sup>14</sup>

<sup>14</sup> European Commission (2020). EU Agricultural Markets Briefs.



Vegetables offered at Oranjezicht Farmers Market in Cape Town

## Supply chains' supply

The lack of strong policies for organic agriculture has hampered growth of supply in South Africa. Many producers lack support to apply organic farming methods successfully.

In terms of supply from smallholders, it should be noted that compatibility issues with retail giants, such as Pick n Pay and Woolworths, could be causing a significant market mismatch. In short, supply of organic food may exist, but not in the right quantity, quality and variety at the right times and at the right price to match current demand. Smallholders seek out simpler and more profitable marketing channels in the informal sector.

There is a strong movement (PGS-SA) aligned with SAOSO, and seven active PGS groups are operating around the country (about 450 farmers involved), with several more in the planning stage.<sup>15</sup>

## Market place

In local markets, there is a clear distinction between formal and informal markets. In the formal market, large retail chain Woolworths dominates. Other retail chains such as Pick 'n Pay and Spar offer far fewer organic products and the number of specialised organic shops is limited. In the informal market, channels include 'bakkie traders' (selling from the back of a pick-up truck), direct sales, box schemes, specialised restaurants and farmers' markets.

Next to BIOFACH in Germany, where South Africa is well-represented with a country pavilion, the following trade fair events take place in South Africa:

👉 **Organic & Natural Products** Expo Africa in Johannesburg is supported by SAOSO, the Health Products Association (HPA), Slow Food South Africa and the Cosmetic Export Council of South Africa (CECOSA). They plan to invite organic sector stakeholders from other African countries through the Intercontinental Network of Organic Farmers' Organisations (INOFO). This Expo was scheduled to take place in May 2020, but cancelled due to the COVID-19 pandemic, and the Expo has been postponed to 2021.

The Conference on Natural Ingredients 👉 **CANI** took place in November 2020 and is amongst others supported by the city of Durban. For 2021 it is planning to scale up and partner with the Intra-African Trade Fair IATF planned for September and taking place in Kigali, Rwanda.

<sup>15</sup> Auerbach, R., Oelofse, M., Mentz-LaGrange, S., Ross, A. and De Grassi, A. (2019). Assessment for the African Union Commission of North, West, Central and Southern Africa, with a view to mainstreaming Ecological Organic Agriculture.

## Supporting functions

**Organic umbrella:** There is a strong National Organic Agriculture Movement (NOAM) called the South Africa Organic Sector Organisation (SAOSO). SAOSO is a voluntary organisation with no funding. The scope and range of their work is extremely inhibited. Nonetheless, SAOSO lobbies government, organises trainings, has developed organic standards, and is active in research, training, marketing and sector development.

**Trade Facilitation Services:** Information about the South African organic market is scarce. The Research Institute of Organic Agriculture (FiBL) is the only organisation that regularly collects data from certifiers. In 2020, SAOSO announced there would be a directory with service and product providers. Due to the coronavirus, the first edition in 2020 had to be rescheduled.

**Certification, ICS<sup>16</sup> and PGS:** Two certification bodies were set up in South Africa (Afrisco and the Bio-Dynamic and Organic Certification Authority); by 2015, both had ceased to function, as exporters were using European certifiers (Ecocert, BCS, SGS, Control Union, Soil Association, Ceres).<sup>17</sup>

PGS plays a very significant role in the South African organic sector with around 3,000 farmers involved in such schemes and 7 schemes listed in the  IFOAM PGS map. Several NGOs use PGS as a platform to assist emerging small-scale farmers to enter the market with value added through organic processing and quality management. With assistance from GIZ's Employment for Sustainable Development in Africa (E4D) project, several training workshops have been held around the country in 2017 and 2018.

**Advocacy:** There has recently been a move by the South African government to promote conservation agriculture, however moves towards organic conservation agriculture have been labelled as “unrealistic”.

SAOSO continues to raise awareness and lobby for organic agriculture together with NGOs, which are promoting organic agriculture as part of a solution to climate change.

**Promotion and PR:** Promotion of organic products to South African consumers is very limited.

SAOSO is in the process of launching the South African component of the Knowledge Hub for Organic Africa in Southern Africa with funding from GIZ / BMZ and participation of IFOAM – Organics International.

**Research and Advice:** The Agricultural Research Council (ARC) has done very little research on organic farming systems. Information from the ARC on organic production methods appropriate to the circumstances and needs of resource-poor farmers are non-existent or very limited. ARC-Roodeplaas, as part of its research programme for commercial vegetables, has initiated research into organic farming systems to assess the possibility of providing the emerging farmers with appropriate technologies to facilitate their entry into the organic market sector.

In 2016, ARC Vision 2050 was published, calling for a more sustainable approach to agriculture and natural resource management. In 2014, the National Research Foundation funded the long-term Mandela Trials to compare organic and conventional farming systems.<sup>18</sup>

<sup>16</sup> Internal Control Systems

<sup>17</sup> Auerbach, R., Oelofse, M., Mentz-LaGrange, S., Ross, A. and De Grassi, A. (2019). Assessment for the African Union Commission of North, West, Central and Southern Africa, with a view to mainstreaming Ecological Organic Agriculture.

<sup>18</sup> Auerbach, R. (editor), 2019. Organic Food Systems: Meeting the needs of Southern Africa.



*Stalls with fruits and vegetables in Nelspruit*

## Rules

**Export Standards:** The following export standards are in use: EU organic regulations, U.S. National Organic Program (NOP), International Demeter Guidelines.

**Promoting Policies:** South Africa does not have a policy to promote organic agriculture. The government promotes biotechnology, genetically modified organisms (GMOs) and farmer input subsidy programmes. South Africa is the only country in the world whose staple food (maize) is predominantly GMO.

**Private Standards and Regulations:** SAOSO has developed the private Standard for Organic Production and Processing based on the IFOAM standard which was adopted into the IFOAM Family of Standards in 2017. SAOSO recently licensed Control Union to certify against the SAOSO standards.

**Trade Governance:** The Department of Trade, Industry and Competition (DTIC) is mandated with export promotion. With support from the Swiss Import Promotion Programme (SIPPO), DTIC is currently building its capacity to improve its export promotion services for companies in the processed foods and natural ingredients sectors. Since 2020, one of DTIC's main services to support trade in organic products is the organisation of a country pavilion for South African companies at the annual BIOFACH trade fair in Germany.

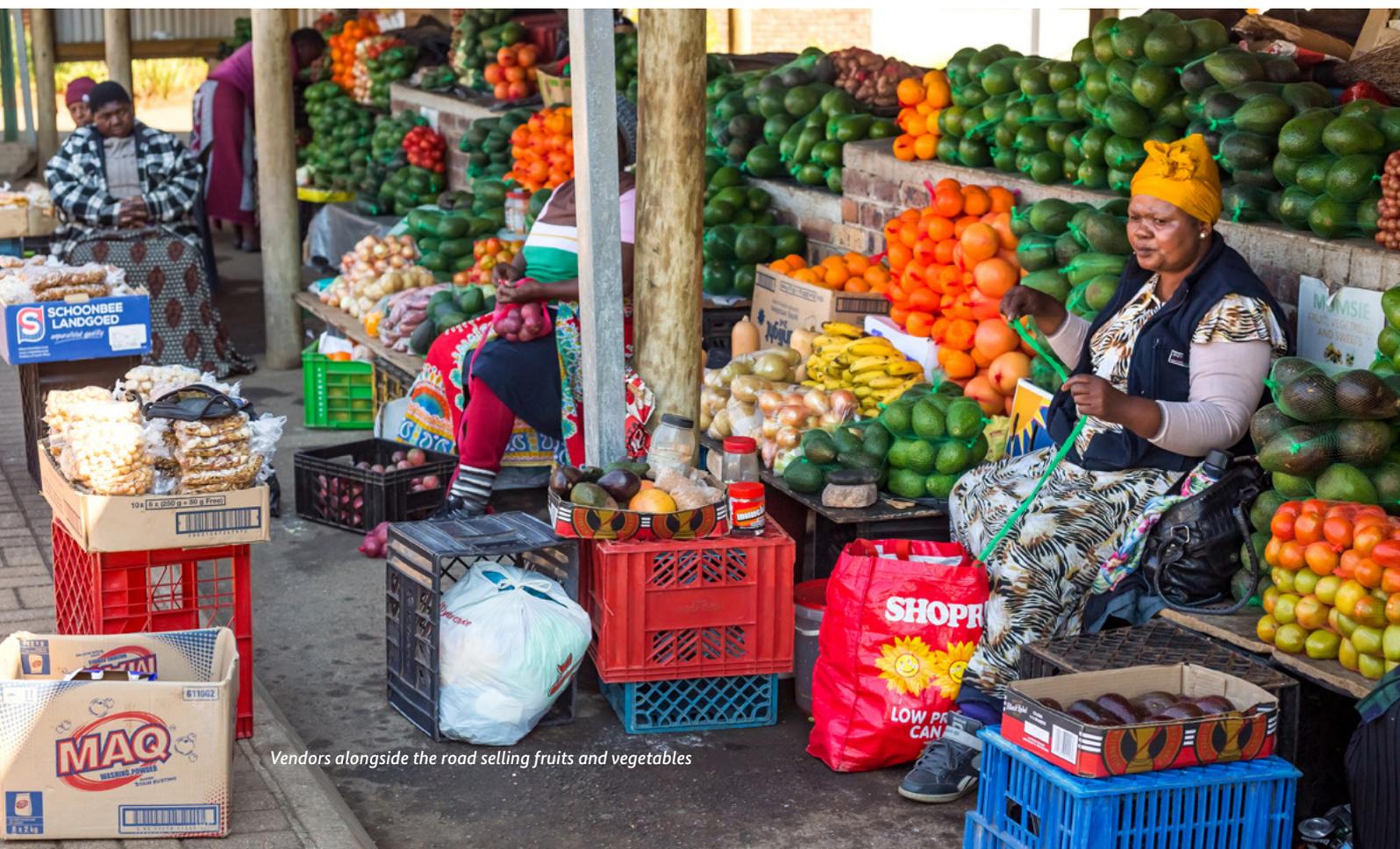
Comprehensive regulations for organic agriculture in South Africa are not in place.

## Conclusions

South Africa has the potential to play a much bigger role in the African organic market than it currently does. The country has a strong agricultural export sector that can produce a variety of products in different climatic zones and soils and there is strong demand for organic products locally and internationally.

Despite many lobby efforts of SAOSO, there is no organic policy in place in South Africa. Biotechnology, GMOs and farmer input subsidy programmes are the basis for achieving food security. Organic agriculture remains a niche for the few companies operating in favourable conditions and with the necessary resources to invest in organic agriculture. Most other companies find it difficult to obtain information or support and consider the inputs and certification too expensive.

In this context, PGS emerged as a promising alternative to third-party certified organic agriculture. In terms of number of participants, South Africa has the second largest PGS sector after Uganda. New developments such as the licensing of an accredited certification body to certify against SAOSO's private standard, the pending publication of an organic directory by SAOSO, the launch of a trade fair in South Africa for natural and organic products and the new country pavilion of South Africa at BIOFACH in Nuremberg clearly indicate that private actors are still stimulating the organic sector. Appointment of two agroecological researchers to the new Board of the ARC, and major research funding for organic research, indicate that the government is taking the need for research into climate resilient and sustainable production of healthy food more seriously. With the creation of a more conducive environment, the sector has much potential to become one of the leading organic sectors in Africa.



Vendors alongside the road selling fruits and vegetables