



USAID SOUTHERN AFRICA TRADE HUB

SADC SPS AWARENESS CREATION WORKSHOP: CASE STUDY ON REGIONAL SUPPLY CHAINS - GROUNDNUTS

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OVERVIEW

- The Case
- Industry overview
- Trade Potential
- Regional opportunity
- Challenges
- The WTO SPS Agreement
- Private sector response and Lessons

The Case

- South Africa is experiencing its smallest crop (43,000MT in 2012)
- Production has dropped in last 10yrs from 120,000MT annually
- Presents a challenge for exporters as a substantial portion of the South African groundnut production is exported for use in the coating industry
- 20,000MT of groundnuts are being exported annually from SA
- 15,000MT are imported annually

The Groundnut Industry

- US\$ 1bn per year export industry
- EU being the largest importer of raw groundnuts, accounting for 42% of world imports
- Averaging between 600-700,000mt
- Strong market - it imports large quantities and grows very little groundnuts (on average 10,000mt per annum)

TRADE POTENTIAL WITH SSA

- Down to 2% from 90%
- Reasons:
 - Loss of competitiveness
 - Inability to meet emerging demand for consistent volumes and quality and inability to meet the regulatory limits for aflatoxin residues

Regional opportunity

- South African Demand for Groundnuts is 100,000MT annually
- Declining production has pushed prices to 800US\$/T
- There is a price incentive for regional supply if they can improve their quality and meet export specifications

MAJOR CHALLENGES AN EXPORTER FACES TODAY

- Food safety in preventing aflatoxin contamination



- In terms of SPS Aflatoxin is recognized as food safety issues because it impacts on trade and human health by causing human liver cancer and economic losses

Maximum Limits of mycotoxins allowed

Country	Total Aflatoxin	Comments
South Africa	10 -15 ppb	Cereals, peanuts and other nuts
Zambia	10ppb	Cereals, peanuts and other nuts
Malawi	5 ppb	Cereals, peanuts and other nuts
Zimbabwe	5 ppb	Cereals, peanuts and other nuts
Kenya	10ppb	Cereals, peanuts and other nuts
Egypt	10ppb	Cereals, peanuts and other nuts

Private Sector Response

- SAGL joint venture with a commercial Laboratory in Zambia, Vet lab to establish a commercially accredited private lab
- CASS/SAGM joint venture with Jungle beat to create a regional supply chain

Private sector response

- Changing the system dynamics to allow for regional production bases to emerge
- Catalyzing improvements in product quality
- Mobilizing private sector investments both upstream and down stream including;
 - Process upgrading
 - Private sector accreditation in regional production bases
- Establish confidence in trade and retain market share

Food safety is an important consideration in the emergence of regional supply chains.

Industry is investing in mitigating food safety risks such as mycotoxin/aflatoxin contamination; for industry, this is purely market driven.

Importance of inter firm cooperation and private public cooperation in developing competitiveness



THANK YOU

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