



**TRADE FORWARD**  
SOUTHERN AFRICA



# TFSA Sector Work in South Africa

The Trade Forward Southern Africa (TFSA) programme set out to enhance the participation of SMEs in regional and global value chains in high potential sectors. Working through implementing partners and business support organisations (BSOs) in South Africa, TFSA has delivered sector specific interventions designed to address Non-Tariff Barriers (NTBs) and facilitate compliance with regulatory and standards requirements, as well as the less tangible barriers related to distance to market.



Through this sector specific training, and business and product development support, TFSA has helped empower BSOs and SMEs throughout South Africa to improve business operations, and product output and quality to meet international standards and regulations. For many, this means having the ability to demand higher prices, and a business and products ready for international markets.

**TFSA Priority Sectors in South Africa**

- Aquaculture
- Fruits, nuts and vegetables
- Cosmetics and natural ingredients
- Green technology & renewable energy

All sectors have a significant presence of SMEs. The government's development and transformation agenda identifies support to SMEs as a tool to address inequalities in the economy.

**TFSA Support to the Aquaculture Sector**

With growing production and competition in traditional export markets for shellfish and molluscs, there is an urgent need for South African aquaculture farmers to access new international markets, particularly in Europe. However, South African producers face significant challenges in complying with the European market's safety and quality standards. For example, South African abalone farmers have yet to pass an EU audit of their produce, essentially cutting them out of the market.

Working with implementing partner, Imani Development, TFSA designed a range of activities to support the aquaculture industry in South Africa:

- [EU regulatory compliance guidelines](#), developed for use by farmers and the competent authorities, outlining the sanitary requirements and referencing the applicable regulatory instruments, and the testing and certification requirements for complying with the regulations.
- [The regional laboratory capability matrix](#) lays out the testing requirements, as presented in the compliance guidelines, and matches them with accredited laboratories – both to streamline the testing process and to identify the gaps in the control system that need addressing.
- [The Roadmap towards European Union Compliance report](#) is based on a review of the officially documented shellfish monitoring programmes in South Africa and contains recommendations for improving control systems to align with EU regulations.
- [The GAP analysis on South Africa's Legislative Infrastructure on Aquaculture](#) was conducted as part of the review of the proposed Aquaculture Bill for South Africa to be tabled before Parliament in 2023 to help inform private sector contribution in ensuring that the Bill, when eventually passed, is aligned with EU and UK market regulatory requirement.
- [Training on the identification of harmful algal blooms](#) delivered to lab technicians and government officials involved in early warning systems. [The training](#) was designed to build the necessary skills to identify harmful organisms in water or products to ensure adequate food safety standards are met, as per sanitary and phytosanitary (SPS) requirements in domestic and export markets.



*I wanted to thank you, on behalf of Amanzi Biosecurity. The staff really enjoyed the training and were impressed with the level of knowledge provided to them. They will be transferring skills internally to the other 2-3 technicians that assist with daily phytoplankton monitoring. Amanzi is undergoing the first SANAS accreditation process now, focussing on the phytoplankton methodology, so the training couldn't have come at a better time! The industry, and Amanzi, is very grateful.*

*-Board Member, Amanzi Bio-Security*

*HAB training participants during the 8-day intensive end-run hosted by the Namibian Ministries of Fisheries and Marine Resources*

Some of these vital resources produced by TFSA were introduced to regional industry stakeholders at the Aquaculture Association of Southern Africa (AASA) 14th annual conference in Stellenbosch, July 2022. Keynote speakers, George Barrett, from TFSA's project sponsor, Foreign Commonwealth & Development Office (FCDO), and Etienne Hinrichsen from AquaEco, who led on much of TFSA's aquaculture work, spoke to the UK Government's support to the sector, and the standards and regulations involved in accessing the European market, respectively.

These interventions have provided relevant support to the entire aquaculture value chain to address compliance issues and put in place appropriate control systems at every level. TFSA identified a number of recommendations for industry stakeholders to sustain and scale up the work undertaken:

## Key Recommendations for Future Actions

1. [Supporting the national competent authorities to implement the steps outlined in the Roadmap to European Compliance report to develop control systems aligned with EU regulations and prepare the industry for EU audits.](#)
2. [Supporting laboratories to develop their capacities to conduct tests in alignment with EU regulations.](#)
3. [Regular skills development efforts on technical aspects such as HAB to ensure continuous professional development.](#)

## TFSA Support to the Cosmetics and Natural Ingredients Sector

Increased consumer awareness and concerns about sustainability and the use of harmful ingredients has led to a growing market for cosmetics made with natural ingredients. Europe has the largest cosmetics market globally, and the demand for natural ingredients is increasing. The natural cosmetics sub-sector only has a 5% market share of the European market (CBI) but is growing faster than the overall cosmetics market. This presents South African producers and exporters with great opportunities given the country's abundance of many of the natural ingredients used in cosmetics, such as baobab and marula, as well as essential oils derived from plants harvested naturally as well as in farming settings. The sector is well established in South Africa, with a growing number of SMEs, and enjoys a thriving domestic market thanks to the sizeable hospitality industry. Many SMEs produce through third-party contract manufacturing, which can pose challenges in terms of ensuring compliances. Other barriers to export faced by SMEs include product formulation and testing, and other requirements such as correct product labelling.

TFSA worked with business support partners: the Cosmetic Export Council of South Africa (CECOSA); Eastern Cape Development Corporation (ECDC); Southern African Essential Oil Producers' Association (SAEOPA); and Western Cape Tourism, Trade and Investment Promotion Agency (WESGRO) on a range of activities to improve the abilities of growers and manufacturers to meet the sector/sub-sector specific standards and regulatory requirements necessary for both domestic and export market (mainly EU, UK, US) access:

- **Improve SMEs' access to information** by helping CECOSA develop a member-only information portal, featuring market and funding opportunities, export guidelines, compliance requirements and links to application processes.
- **Facilitate testing of products** in accredited EU laboratory (microbial activity, labelling and packaging claims, stability and safety assessments), and developing of accompanying product information files (PIFs). PIFs are cosmetic products dossiers, containing information on ingredients, product safety demonstration etc., and is one of the most important legal requirements for export to the EU.
- **Build manufacturing and product readiness** through training on Harmonized Systems (HS) codes – specifically in relation to SACU tariff schedules and moving products across borders – and provision of HS reference guides. Training on key regulations, including Hazard Analysis and Critical Control Points (HACCP) principles, Global Good Agricultural Practices (GGAP), and EC No 1907/2006 on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), and labelling and packaging requirements.
- **Build company and marketing readiness** through introduction to logistics, market research, costings and contract negotiations, and developing of basic export marketing plans. Follow-up mentoring included site visits and situational analysis to assess the company's status, as well as action plans to address issues identified. Development of online profiles for SAEOPA members to improve marketing of their businesses and products internationally, as well as training on how to effectively use these online profiles to participate in trade shows and market, showcase and advertise on an international level. Support to WESGRO members to create individual exporter files for onboarding onto the [Cape Trade Portal](#).



*The support we have had through CECOSA and TFSA has just been incredible. The testing process is not easy on your own. We had previously tested nine products, and it was a nightmare, sending samples to three different countries and trying to deal with three different laboratories. It was also costly, with testing alone ending up around 35,000 ZAR per product. Through CECOSA, we tested four new products, all in one lab in Ireland, who were so amazing and helpful to deal with. We got the PIFs just one week after submitting the final information and have already got quotes from them for testing more of our products. Not only were they helpful and efficient, the testing will cost almost half of what we paid in the past, which makes a huge difference for us.*

**- Carolyn Berman, Co-founder & Director, Katavi Botanicals**

A mix of the above activities was delivered to the respective BSOs' members, who vary in size and setup, and operate across a number of sub-sectors. Recommendations to sustain and scale up interventions include:

### Key Recommendations for Future Actions

1. **Common mistakes in product formulation should be documented and shared with wider BSO members (and externally), to help more firms improve their product formulation to streamline and ensure cost effectiveness in the product testing process.**
2. **Follow-up support to firms showing strong potential should be included in training delivery, for example refreshers on more complex regulations (such as REACH) to ensure certification is achieved, to finalise export marketing plan, support in product development/testing, complete SARS Customs registration, ensure online profiles are maintained etc.**
3. **Ongoing dissemination – through usual means of communication/platforms – of changes in HS classifications ensures the SMEs have access to the most recent and relevant information.**
4. **Support that culminates in linkage to markets have proved to be highly motivating and can incentivise the complete implementation of practices and strategies. This support coupled with building the capacity of the firms to engage on a business level and in coming up with strategic partnership models would help accelerate the high numbers of SMEs and the start-ups in the sector to grow towards export.**

### TFSA Support to the Fruits, Nuts and Vegetables Sector

In line with the Department of Trade, Industry and Competition's (DTIC) Broad-Based Black Economic Empowerment Commission, which seeks to promote an equal opportunity economy, TFSA's work in this sector has focused on improving the positioning of black farmers and growers – and women in particular – in global supply chains. Activities were designed to address challenges faced by this group, including compliance with required standards and regulations that hinders their access to high-value markets, as well as the ability to better meet the growing global demand for fair labour practices and environmental sustainability. Whether the goal is to export directly or supply into larger export companies, putting in place the required standards and practices ensures access to premium prices. In addition, SMEs producing packaged and processed goods were supported to improve their export readiness.

Focusing on high-demand produce such as citrus, macadamia and raisins, TFSA has worked with business support partners: the Citrus Growers Association-Grower Development Company (CGA-GDC); the Deciduous Fruit Development Chamber (DFDC-SA); ECDC; Raisins SA and Macadamias South Africa (SAMAC) to deliver a range of activities to farmers and growers in the key producing regions throughout South Africa.

- **Training to smallholder citrus farmers on the principles and requirements to comply with the [Sustainability Initiative for South Africa \(SIZA\) code](#).** Follow-up support on implementing SIZA requirements in preparation for assurance and certification audits, including health and safety and environmental assessment to identify gaps, as well as the development of management plans and risk assessments.
- **Training on operations management** for effective and efficient processes that enable export marketing, including corporate governance, a major challenge for farms with multiple owners; financial management to improve tax compliance and access to funding; and agro processing covering fruit handling protocols, operational systems and packaging.
- **Improving SME export readiness** through training on HS classifications and key regulations applicable in the sector, including ISO Quality Management Systems, HACCP and GGAP principles and requirements. Support to develop basic export marketing plans, including site visits and situational analysis to assess the company's status, as well as action plans to address issues identified.
- **Training on international trade, processes, logistics and compliances** for raisins exports as related to the various standards and regulations (GAP, SIZA, food safety etc.) that apply in the value chain. Industry tours were arranged for farmers to meet key actors, including input suppliers, packing house processors and retailers, and to observe logistics around exports in practice.
- **Building marketing readiness** through development of industry brochures and [company profiles](#) to improve farmers' abilities to engage with buyers and market actors.

- Processes and procedures for product development to comply with GGAP regulations. Macadamia growers were trained in GGAP regulation principles and their applications, and how the GGAP Crops Base can be implemented at farm level, including control points and compliance criteria. Support included site visits for internal audits in preparation for 3rd party certification audits to identify any gaps in current practices and plan how to address these



*I have learnt that, when you put your mind to something, anything is possible. These trainings were very educational and helped us make a positive difference in our workplace and our community. They helped us be more productive in our workplace, and I'm now more focused when it comes to my employees, especially regarding their safety. By giving us women farmers sufficient training, we can also be very successful in agriculture and help grow the economy in South Africa.*

- Rebecca Mouton (women-owned raisin vineyard), Northern Cape



All 6 farms trained by SAMAC achieved GGAP certification.

*The training was very useful to me – it opened my eyes! We used to grow this macadamia nut, harvest them, sell them on the street, but always running a loss. But now, through this training, I think things will change a lot, because we will be able to get our product overseas if we follow what we have been taught. The knowledge that I've gained, I'm going to share it with my neighbour, because I'm not the only one – we're so many struggling to grow in this orchard. They will come here, and I will teach them what they can do to improve.*

- Matodzi Nelson Nthangeni, Khobo Orchard, Limpopo (pre-audit)

All 15 farms trained by CGA-GDC passed the audits, were certified and registered on the SIZA platform.

*Thanks so much for this opportunity to participate in the SIZA training. We found every piece of information very interesting and super helpful. We now have a clear idea of what SIZA is all about. The audit report was most helpful as it gives us a clear indication of where we can do better and excel and what systems we need to put into place to ensure sustainability.*

- Liezl Janse van Rensburg, Administration Clerk, Luthando Farm (pre-audit)

During implementation, TFSA and partners identified a number of recommendations to sustain and scale up interventions.

### Key Recommendations for Future Actions

1. Follow up support should be included in the design of training activities to assist participants implement practices and concepts and to ensure farmers capitalise on their certification (SIZA, GGAP) in expanding market access.
2. Support that culminates in linkage to markets have proved to be highly motivating and can incentivise the complete implementation of practices and strategies.
3. Training participants often engage on a business level; agree on deals or discuss pooling of resources. BSOs should follow-up to assist and keep momentum, for example by developing a pooling model that can be used to support future export start-ups.
4. Most farmers would benefit from financial support to conduct necessary testing and implement requirements for certification, as well as training over a longer period than the TFSA timeframe allowed, as not all will be able to achieve certification over the relatively short period of 4 months that TFSA activities ran training sessions and on-site support.

### TFSA Support to the Renewable Energy Sector

The green technology and renewable energy sector is still new in the region. With the government's Renewable Energy Masterplan and institutions in place to develop the sector, South Africa is making promising strides towards establishing itself as a leader on the continent. Internationally, South Africa is a relatively small player, yet its geographical location presents great opportunities as a supplier into the Sub-Saharan African market as countries increasingly are looking to move away from coal-fuelled economies. TFSA's support of the sector has focused on mapping the potential for South African renewable energy products, build the capacities of local companies to supply into the region and foster investment into the sector by facilitating navigation of the regulatory environment and supporting supply and demand alignment.

TFSA worked with implementing partner, Africa House, and business support partners: Atlantis SEZ; GreenCape; and the South African Electrotechnical Export Council (SAEEC) to deliver a wide range of interventions.

- **Facilitate linkages between SMEs and the renewable energy market** through development of digital marketing content for firms to participate in virtual events, use on own websites and social media, and for pitches, sales opportunities, exhibitions and trade fairs. Company profiles were added to the SAEEC website members directory, and selected SMEs were supported to participate in in-person industry events.
- **Processes and procedures for accessing duty exemptions** to enable competitive manufacturing through the development of the [Navigating Duty Exemptions for the Renewables Sector](#) guide for manufacturers of and investors in renewable energy equipment and components. The guide lays out the criteria and compliance requirements for duty exemptions and the duty exemption process for imported components used in the manufacturing and/or assembling of renewable energy equipment in South Africa.
- **Creation of the Renewable Energy Projects database** to support exports from South Africa into the region by providing indications of demand for renewable energy equipment and parts. Mapping over 500 Sub-Saharan African wind, solar and hydrogen projects, valued at nearly US\$90bn at the time of development, the database helps investors and suppliers to identify new opportunities and markets by detailing the size, input requirements, costs, status, country, applicable regional trade agreements and location of projects.
- **Hosting of the South African Renewable Energy Product & Expertise Showcase** hybrid event in July 2022 to disseminate the duty exemption guide and projects database to key industry stakeholders. The event featured keynote speakers from the DTIC, GreenCape, Atlantis SEZ, SAEEC, the Manufacturing Circle and the UK Government, and panel discussions and more than 120 b2b matchmaking sessions.



*We were very happy with the promotional video and have had a positive social media response on b2b platforms, especially with potential distributors, installers and end-clients. The video has helped showcase operations of Solar MD in South Africa and has served as an introduction to distributors and clients who are unable to physically visit our facilities.*

**- Deandra Hickey, Market Development, Solar MD**

Considering the nascent stage of the sector, significant support and initiatives will be required to grow South Africa's role. Under the scope of work delivered by TFSA and partners, a number of recommendations were identified.

### Key Recommendations for Future Actions

1. Develop and implement a renewable energy database maintenance and dissemination plan for continuous updating of the database as well as sharing on a wide scale with industry stakeholders to ensure its continued use.
2. Working with SARS to develop tariff codes specific to goods traded in the renewable energy sector. This will allow the industry as a whole, and BSOs and companies specifically, to better understand the size and growth of the sector and to strategise for either investment into South Africa as a manufacturing base for the region, or for existing suppliers to better understand the market size and potential for growth externally.
3. Extending the SEZ guide to other SEZs with a green technology mandate and supporting them to use the duty exemption guide to raise awareness on the benefits of investing in the SEZs in support of the broad export agenda for the sector.
4. Continued facilitation of private and public sector engagements (dialogue sessions/workshops) to share outputs from the activities above as well as get industry feedback at targeted events as a means of widening the scale of dissemination.
5. SMEs may require continued support to maintain/update and maximise the use of promotional digital content.



South African Renewable Energy Product & Expertise Showcase in July 2022



## About TFSA

Trade Forward Southern Africa is a UK Government funded initiative that supports the SACU+M business community to grow regional and international export trade through a diverse range of free exporter focused tools, training and resources designed to provide a broad overview of important trade and customs related subjects. Learn more on the [Trade and Information Hub](#), and follow us on [LinkedIn](#), [Twitter](#) and [Facebook](#) for ongoing updates.



## TFSA Business Support Partners in South Africa



[CECOSA](#) is a non-profit organisation working with the DTIC to strengthen industry and export within the cosmetic sector.



[CGA-GDC](#) is the non-profit arm of the citrus industry's commodity organisation (CGA), established in 2016 to drive the transformation and facilitate inclusion of black growers in the industry.



[DFDC-SA](#) is the transformation division of HORTGRO, South Africa's umbrella body for deciduous fruit growers, responsible for driving the inclusion of black farmers and other role players in the value chain.



[ECDC](#) is the provincial government development agency of the Eastern Cape province. The agency represents businesses from all economic sectors and runs various business support programmes targeted at firms at different stages of development.



[Raisins SA](#) is a non-profit organisation representing over 700 growers, of which 120 are classified as black emerging growers. Their mission is to generate value through the creation and sharing of knowledge amongst value chain members.



[SAEEC](#) is a public-private-partnership between South African businesses and the DTIC to facilitate export growth and internationalisation of companies in the electrotechnical sector.



[SAEOPA](#) is a non-profit organisation promoting the production, processing and export of essential and vegetable oils.



[SAMAC](#) provides marketing and production support to its members, and drives transformation in the industry by assisting smallholder growers in developing the necessary skills to achieve the global standards levels to comply with market demands.



[WESGRO](#) supports small, medium and large companies operating in any economic sector in the Western Cape province and offers services to assist in accessing export markets, among other things.



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