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## **TRADE PROFILE OF SOUTH AFRICA'S AGRO-PROCESSING PRODUCTS TO BRIC COUNTRIES**

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# TRADE PROFILE OF SOUTH AFRICA'S AGRO-PROCESSING PRODUCTS TO BRIC COUNTRIES<sup>1</sup>

## Abstract

*This purpose of this research is to assess the trade profile of South African agro-processing products with the BRIC countries during the past decade. The trade pattern during the period shows that South Africa is a net importer of overall agro-processing products with BRIC. The share of agro-processing products exported to BRIC increased from 2,5% (R1,1 billion) in 2002 to 6,6% (R3,6 billion) in 2012, while the share of imports from BRIC increased markedly from 21% (R6,1 billion) in 2002 to 37% (R38 billion) in 2012. As a result, the South African trade deficit increased from R5,1 billion in 2002 to R34,4 billion in 2012. Among the agro-processing products, South Africa maintained a trade surplus with BRIC for beverages and paper products, while the trade balance is a deficit for food, tobacco, textiles, wearing apparel, leather products, footwear, wood products, furniture and rubber products.*

## 1. Introduction

BRIC, which is an acronym for Brazil, Russia, India and China, is a group of emerging economies with fast economic growth. The group officially became a political entity in 2006, after these countries were grouped by Jim O'Neil as BRIC in 2001. BRIC countries share common features in terms of population, GDP growth and investments. BRIC's economic growth matches that of developed economies and they are expected to replace them in the near future (Arkhangelskaya, 2011). In 2011, BRIC accounted for 25% of the world GDP, up from 11% registered in 1990 (Gauteng Provincial Treasury, 2013).

South Africa became the member of the group in 2011, after it was formally invited to join the group and the name was then extended to BRICS. However, South Africa's inclusion in the group gave rise to many debates as the country seems not to match up with the group in terms of economic size and trade performance (Sandrey, 2011). According to Bloomberg (2010), South Africa has a smaller economy than the BRIC countries, with a GDP of around

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<sup>1</sup> Compiled by Yemane Gebrehiwet and Kamohelo Mathibeli

one quarter of the Indian and Russian economies. South Africa's population of 50 million is also far less than that of China (1,34 billion), India (1,24 billion), Brazil (194 million) and Russia (142 million). South Africa's inclusion in the group is attributed to it being the largest economy in Sub-Saharan Africa, its improved infrastructure, better policy environment, vastness concerning natural resources, stable micro and macroeconomic finance and political stability (Gauteng Provincial Treasury, 2013).

However, there are concerns that South Africa's involvement with BRIC will not improve or increase trade view for the country and the rest of Africa; instead it could inhibit regional integration processes (International Centre for Trade and Sustainable Development, 2012). Nevertheless, if South Africa's strategic development interests are on the agenda of BRICS and the country's trade negotiations or deals with BRIC members are such that they will result in employment creation, then South Africa will benefit from joining the group (Sandrey *et al.*, 2013). Furthermore, South Africa is expected to attract FDI from BRIC countries, gain access to the markets and receive global exposure in order to increase its competitiveness (Gauteng Provincial Treasury, 2013).

In 2011, the ministers of agriculture and agrarian development of BRICS concluded an agreement on various actions, in respect to agricultural cooperation. These actions formed the core of BRICS' Action Plan for Agricultural Cooperation (2012-2016). The actions include; creation of an agricultural information base system, development of a general strategy for ensuring access to food for the most vulnerable part of the population, reduction of the negative impact of climate change on food security and adaptation of agriculture to climate change and enhancing agricultural cooperation and innovation (KPMG, 2013). Despite the criticism that this action plan is not addressing the short-term challenges facing farmers, it clearly indicates the role that agriculture could play in economic development. Therefore, investing in the agriculture and agro-processing sectors appears to be the best solution because BRICS countries have potential markets as they represent more than a quarter of the world's population (KPMG, 2013).

According to Sandrey (2013) South Africa's trade of agricultural products with BRIC has been moderately increasing in recent years. South African exports of agricultural products to BRIC countries moderately increased from 1,3% in 2000 to 6,1% in 2011. The major export destination is China, followed by Russia, India and Brazil (Sandrey & Fundira, 2013). This

study attempts to assess the trade pattern for the entire value chain of primary agricultural products by analysing the trade profile of South African processed agricultural products with BRIC countries.

## **2. Agro-processing products**

Agro-processing could be defined as set of techno-economic activities carried out for conservation and handling of agricultural produce and to make it usable as food, feed, fibre, fuel or industrial raw material. Hence, the scope of the agro-processing industry encompasses all operations from the stage of harvest till the material reaches the end users in the desired form, packaging, quantity, quality and price (Kachru, 2010).

In 2011, South African agro-processing industry contributes to 30,5% the real value added (GDP) by the manufacturing sector and it comprise 14% of the total manufacturing exports. During the same period, agro-processing industry employed 39,2% (525 593) of the total employment in the manufacturing sector. Agro-processing industry encompasses the following sub-sectors: food, beverages and tobacco, textiles, clothing, leather, footwear; wood products; paper and paper products, rubber products and furniture products.

### **2.1 Food products**

South Africa exported only 3,3% of processed food to BRIC in 2012, which increased from the 0,7% a decade ago. During the period under review, South African exports of processed food to the world increased by an average annual growth rate of 5,4%, while it grew by 23,3% to BRIC. Despite a remarkable average annual growth from 2002 to 2012, the food exports to BRIC are moderate (see Table 2.1). Among BRIC, China accounts for the major share of processed food exports, followed by Russia. Processed food exports to India and Brazil, however, are marginal.

**Table 2.1: South African exports of processed food to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	11 837,6	9 655,5	15 255,8	20 043,3	5,4
Brazil	3,2	3,6	7,0	46,7	30,7
China	43,5	176,4	229,6	468,1	26,8
India	6,2	66,9	54,4	36,4	19,4
Russia	27,6	25,6	71,2	102,9	14,1
BRIC	80,6	272,5	362,3	654,1	23,3
BRIC %	0,7	2,8	2,4	3,3	

Source: Quantec EasyData (2013)

**Table 2.2: South African imports of processed food from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	8 283,9	10 754,1	26 063,7	38 294,3	16,5
Brazil	681,3	1 842,7	3 203,6	3 005,3	16
China	106,3	272,9	888,9	3 290,5	41
India	539,4	688,4	946,6	1 817,6	13
Russia	6,2	6,4	23,1	10,8	5,7
BRIC	1 333,2	2 810,5	5 062,2	8 124,2	19,8
BRIC %	16,1	26,1	19,4	21,2	

Source: Quantec EasyData (2013)

Table 2.2 depicts that 21,2% of the total South African imports of processed food during 2012 came from the BRIC countries, an increase from the 16,1% in 2002. The South African imports of processed food from BRIC countries increased by an average annual growth rate of 19,8% between 2002 and 2012, which outpaced the growth of imports from the world during the same period. In 2012, China and Brazil were the major sources of imports of food from the BRIC countries and each accounted for 40,5% and 37,0% of the total imports from the BRIC countries, respectively. Import of processed food from India was modest and it remained negligible from Russia during 2012. As a result of substantial South African

imports of processed food from BRIC compared to exports, the trade deficit of processed food increased from R1,2 billion in 2002 to R7,5 billion in 2012.

## 2.2 Beverages

Table 2.3 illustrates that South African exports of beverages to BRIC have been steadily increasing over the past decade. During 2012, BRIC accounted for 5,3% of South Africa's total beverage exports, which is substantially higher than the 0,4% share it had in 2002. While beverages export to Brazil and India is modest, China is becoming a major export destination for beverages among the BRIC countries.

**Table 2.3: South African exports of beverages to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	4 774,9	4 996,8	8 598,8	8 996,1	6,5
Brazil	9,6	19,2	37,3	62,3	20,5
China	3,5	13,7	50,4	238,4	52,7
India	0,4	1,1	8,0	9,6	37
Russia	6,1	16,7	116,7	164,1	39
BRIC	19,6	50,7	212,4	474,4	37,5
BRIC %	0,4	1,0	2,5	5,3	

Source: Quantec EasyData (2013)

**Table 2.4: South Africa's imports of beverages from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	1 234,6	1 627,7	4 103,6	4 622,2	14,1
Brazil	6,7	0,1	30,8	107,2	31,9
China	0,3	1,3	3,4	5,2	32,7
India	0,0	2,1	0,9	1,4	205
Russia	0,0	1,0	1,2	0,4	61
BRIC	7,1	4,6	36,3	114,1	32
BRIC %	0,6	0,3	0,9	2,5	

Source: Quantec EasyData (2013)

Approximately 2,5% of South Africa's total imports of beverages was sourced from BRIC countries in 2012. In 2012, the total import value from the BRIC countries showed an average annual growth rate of 32% since 2002. Brazil accounted for 94% of the total imports of beverages from the BRIC countries while it remained moderate from the remaining countries (see Table 2.4). As a result of remarkable export growth to BRIC during the past decade South Africa maintained a trade surplus of R360 million in 2012, which increased from a R12,5 million surplus in 2002.

### 2.3 Tobacco

Table 2.5 reveals that South Africa's exports of tobacco to BRIC were insignificant during the past decade, even though export increased by an average annual growth rate of 11% between 2002 and 2012.

**Table 2.5: South African exports of tobacco to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	539,2	821,9	926,5	1 541,2	11,1
Brazil	0,0	0,0	0,0	0,0	0,0
China	0,0	0,2	0,1	0,0	0,0
India	0,0	0,0	0,0	0,0	0,0
Russia	0,0	0,0	0,1	0,1	0,0
BRIC	0,0	0,2	0,2	0,1	0,0
BRIC %	0,0	0,0	0,0	0,0	0,0

Source: Quantec EasyData (2013)

**Table 2.6: South Africa's imports of tobacco from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	62,7	159,9	296,6	470,0	22,3
Brazil	3,8	2,5	10,1	8,1	7,8
China	0,0	2,4	30,1	18,8	218

	2002	2005	2008	2012	Average annual growth (2002-2012)
India	0,2	0,2	17,2	25,8	61,6
Russia	0,0	0,8	0,0	12,0	0,0
BRIC	4,0	5,9	57,4	64,7	32
BRIC %	6,4	3,7	19,4	13,8	

Source: Quantec EasyData (2013)

South Africa imported 13,8% of the total tobacco imports from BRIC in 2012 (see Table 2.6). Tobacco imports from BRIC showed an average annual growth rate of 32% between 2002 and 2012. China was the major source of imports for tobacco in 2008, however, India took over in 2012. Mainly as a result of the growth in imports from India and China, the trade deficit widened to R64,7 billion in 2012, from the R4 billion it registered in 2002.

## 2.4 Textiles

South Africa's exports of textiles to the rest of the world have been declining by an annual average rate of 1,4% since 2002. During 2012, South Africa exported 6,5% of its total exports to the BRIC countries, which has modestly increased from the 5,9% it registered in 2002. Nevertheless, South Africa's overall exports of textiles to BRIC countries declined marginally by an annual average of 0,4% since 2002. Among BRIC countries, textile exports subsided to all, except to China, which showed a 2% average annual growth (see Table 2.7).

**Table 2.7: South African exports of textiles to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	2 824,5	2 007,7	2 693,9	2 462,5	-1,4
Brazil	35,7	22,2	14,7	12,3	-10,1
China	103,7	87,1	110,0	126,6	2,0
India	20,5	14,4	20,8	16,5	-2,1
Russia	7,0	3,9	5,8	4,1	-5,2
BRIC	166,8	127,5	151,3	159,6	-0,4
BRIC %	5,9	6,4	5,6	6,5	

Source: Quantec EasyData (2013)



**Table 2.8: South African imports of textiles from BRIC (R million)**

	<b>2002</b>	<b>2005</b>	<b>2008</b>	<b>2012</b>	<b>Average annual growth (2002-2012)</b>
World	4 494,1	4 742,9	7 076,7	9 305,5	7,5
Brazil	18,3	26,9	61,2	56,5	12
China	787,9	1 508,9	2 402,0	4 028,9	17,7
India	272,7	384,1	545,5	811,5	11,5
Russia	0,6	2,0	0,6	0,2	-8,6
BRIC	1 079,4	1 921,8	3 009,2	4 897,2	16,3
BRIC %	24,0	40,5	42,5	52,6	

Source: Quantec EasyData (2013)

South Africa sourced more than half of its textiles imports from BRIC countries (see Table 2.8). Between 2002 and 2012, South Africa's imports of textiles increased by an average annual growth rate of 16,3%. During 2012, 82,3% of the total imports of textiles from the BRIC countries was sourced from China. Furthermore, imports from China showed the highest average annual growth rate. As a result of a substantial imports and contraction of exports to BRIC countries, trade deficit of textiles with BRIC has widened from R913 million in 2002 to R4,7 billion in 2012.

## **2.5 Wearing apparel**

Despite a contraction of wearing apparel exports to the world, South Africa's exports to BRIC grew by an average annual growth rate of 5,3% between 2002 and 2012. Hence, the share of wearing apparel exports to BRIC increased from 0,7% in 2002 to 3,8% in 2012. Russia accounted for 54,0% of the overall South African exports of wearing apparel to the BRIC countries during 2012, followed by China (36,1%). During the period under review, exports of wearing apparel to China and Brazil declined by an average annual growth rate of 4,1% and 8,7%, respectively. On the other hand, exports of wearing apparel to Russia increased by an average annual growth rate of 48% (see Table 2.9).

**Table 2.9: South Africa's exports of wearing apparel to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	2 746,9	1 114,2	958,5	847,4	-11
Brazil	0,9	3,1	0,3	0,4	-8,7
China	17,8	2,0	13,4	11,7	-4,1
India	0,2	0,9	3,5	2,8	29,4
Russia	0,4	0,1	2,5	17,5	47,8
BRIC	19,3	6,1	19,6	32,3	5,3
BRIC %	0,7	0,5	2,0	3,8	

Source: Quantec EasyData (2013)

**Table 2.10: South Africa's imports of wearing apparel from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	2 478,7	5 495,4	8 477,6	13 519,3	18,5
Brazil	0,8	10,2	10,3	14,2	32,8
China	1 162,7	3 860,0	5 106,9	8 838,7	22,5
India	123,9	340,1	427,3	554,0	16,2
Russia	0,0	0,1	0,3	1,3	70,4
BRIC	1 287,4	4 210,4	5 544,8	9 408,3	22,0
BRIC %	51,9	76,6	65,4	69,6	

Source: Quantec EasyData (2013)

South Africa imported 69,6% of the total wearing apparel imports from the BRIC countries in 2012, an increase from 51,9% in 2002. In addition, South Africa imports grew spectacularly during the past decade and 93,9% of total imports from the BRIC countries during 2012 came from China. As exports dropped significantly and imports rose sharply, South Africa's wearing apparel trade deficit with BRIC increased from R 1,2 billion in 2002 to R 9,4 billion in 2012 (see Table 2.10).

## 2.6 Leather and leather products

Exports of leather and leather products to BRIC are increasing at an average annual growth rate of 23%, while exports to the world are shrinking by 1,7% (see Table 2.11). In 2012, South Africa exported 16,0% of leather and leather products to BRIC, up from the 1,7% it recorded in 2002. China (73,8%) and Brazil (24,6%) absorbed the largest share of South Africa's exports to the BRIC countries during 2012. However, exports to India and Russia were negligible during the same period.

**Table 2.11: South African exports of leather and leather products to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	1 089,6	743,3	654,3	918,0	-1,7
Brazil	0,1	0,0	0,1	36,2	87
China	14,6	36,9	44,3	108,6	22
India	3,1	3,3	0,3	1,7	-5,6
Russia	0,6	0,1	0,1	0,6	0,0
BRIC	18,3	40,4	44,8	147,1	23,2
BRIC %	1,7	5,4	6,8	16,0	

Source: Quantec EasyData (2013)

**Table 2.12: South African imports of leather and leather products from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	1 003,8	1 118,6	2 100,1	2 583,3	9,9
Brazil	111,6	110,9	176,0	137,0	2,1
China	218,9	430,7	1 030,5	1 558,5	21,7
India	169,8	120,1	171,4	215,6	2,4
Russia	0,0	0,0	0,0	1,0	93
BRIC	500,4	661,8	1 378,0	1 911,9	14,3
BRIC %	49,8	59,2	65,6	74,0	

Source: Quantec EasyData (2013)

South Africa sourced 74% of leather and leather product imports from the BRIC countries in 2012, up from 49,8% a decade ago. The import growth from the BRIC countries increased more than from the world. China accounted for 81,5% of the total imports from the BRIC countries, followed by Brazil with 11,3% in 2012. As a result of huge imports relative to exports, South Africa's trade deficit of leather and leather products with BRIC increased significantly from R482 million in 2002 to R1,7 billion in 2012 (see Table 2.12).

## 2.7 Footwear

South Africa exported only 2,3% of its total footwear exports to BRIC. In spite of the higher average annual growth registered for exports to the BRIC, their value still remained insignificant (see Table 2.13).

**Table 2.13: South African exports of footwear to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	151,3	103,7	155,4	266,7	5,8
Brazil	0,0	0,6	0,3	0,5	38,1
China	0,0	0,0	0,2	0,7	51,4
India	0,1	0,0	0,3	0,6	16,7
Russia	0,0	0,0	0,0	4,2	--
BRIC	0,2	0,7	0,8	6,0	44,3
BRIC %	0,1	0,7	0,5	2,3	

Source: Quantec EasyData (2013)

**Table 2.14: South Africa's imports of footwear from BRIC (million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	2 000,4	3 099,1	4 789,3	7 833,8	14,6
Brazil	44,0	96,6	66,2	94,0	7,8
China	1 266,5	2 278,9	3 630,9	5 725,7	16,3
India	35,3	59,3	98,9	161,4	16,4

	2002	2005	2008	2012	Average annual growth (2002-2012)
Russia	0,3	0,3	0,4	0,4	3,3
BRIC	1 346,1	2 435,1	3 796,4	5 981,5	16,1
BRIC %	67,3	78,6	79,3	76,4	

Source: Quantec EasyData (2013)

Unlike the exports trend of footwear to BRIC, South Africa imported 76,4% of the total footwear imports from BRIC and the average annual growth of imports from BRIC outpaced those from the world during the past decade. China is the major trading partner of footwear within the group and it accounted for 95,7% of the total imports from the BRIC countries in 2012. Imports from China reached R5,7 billion in 2012, which is nearly five times the value registered in 2002 (R1,3 billion). The trade deficit of footwear with BRIC, therefore, increased from R1,3 billion recorded 10 years ago to R6,0 billion in 2012.

## 2.8 Wood and wood products

South Africa exported 1,5% of its total exports of wood and wood products to the BRIC countries in 2012, which is up from the 0,8% registered in 2002 (see Table 2.15). Total exports to BRIC countries increased by an average annual growth rate of 2,4% over the past 10 years, mainly because of the increase in exports to China during this period. Exports to the rest of the BRIC countries were insignificant during 2012. Exports of wood and wood products to the world also declined by an average annual growth rate of 4%.

**Table 2.15: South Africa's exports of wood and wood products to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	3 442,8	3 284,9	3 173,7	2 315,2	-3,9
Brazil	6,3	0,0	0,7	0,2	-30,1
China	19,2	54,6	3,0	35,1	6,2
India	0,3	0,3	0,6	0,0	-17,6
Russia	2,0	0,3	0,8	0,0	-38,6
BRIC	27,8	55,1	5,1	35,3	2,4
BRIC %	0,8	1,7	0,2	1,5	

Source: Quantec EasyData (2013)

**Table 2.16: South Africa's imports of wood and wood products from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	1 726,8	2 156,3	2 970,5	2 882,4	5,3
Brazil	57,4	103,9	133,4	279,5	17,2
China	59,4	183,8	415,3	592,6	25,8
India	5,7	13,3	11,2	13,9	9,3
Russia	2,3	1,3	8,3	6,4	10,6
BRIC	124,9	302,3	568,3	892,5	21,7
BRIC %	7,2	14,0	19,1	31,0	

Source: Quantec EasyData (2013)

Table 2.16 shows that approximately 31,0% of South Africa's total imports of wood and wood products came from BRIC in 2012, a substantial increase from the 7,2% share it had in 2002. The growth of wood and wood product imports from BRIC countries (21,7%) outpaced substantially the growth from the world (5,3%) during the decade. China and Brazil are the major import sources for wood and wood products, with each accounting for 66,4% and 31,3% respectively, of the total imports from BRIC in 2012. Owing to the influx of imports of wood and wood products from China and Brazil, the trade deficit with the BRIC countries in 2012 widened to R857,2 million, from R97,1 million a decade ago.

## 2.9 Paper and paper products

South Africa exported 18,3% of the total paper and paper products exports to BRIC, which is nearly twice the share it exported (9,8%) in 2002 (see Table 2.17). Between 2002 and 2012, total exports of paper and paper products to BRIC countries grew by 10,3%, while it increased by 3,6% to the world. China is the major export destination as it absorbed 72,7% of the total exports to BRIC in 2012. Furthermore, exports to China showed a substantial increase of 20,3%, whereas exports to Brazil and Russia declined and showed a modest growth to India.

**Table 2.17: South Africa's exports of paper and paper products to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	7 204,8	5 696,2	11 240,0	10 321,1	3,6
Brazil	57,4	22,9	47,6	41,8	-3,1
China	216,2	77,2	677,5	1375,3	20,3
India	411,2	306,4	502,8	473,8	1,4
Russia	22,2	0,0	0,0	0,0	-64,8
BRIC	707,1	406,5	1227,9	1890,9	10,3
BRIC %	9,8	7,1	10,9	18,3	

Source: Quantec EasyData (2013)

**Table 2.18: South Africa's imports of paper and paper products from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	3 839,2	4 039,2	8 293,3	8 718,2	8,5
Brazil	81,1	100,0	180,1	230,2	11,0
China	21,2	75,4	429,0	933,0	46,0
India	16,0	19,1	73,7	181,9	27,5
Russia	2,4	0,1	3,8	1,4	-5,3
BRIC	120,7	194,6	686,6	1 346,6	27,3
BRIC %	3,1	4,8	8,3	15,4	

Source: Quantec EasyData (2013)

About 15,4% of South Africa's paper and paper product imports originated from the BRIC countries in 2012, up from 3,1% a decade ago (see Table 2.18). In 2012, China was the leading source of imports and constituted about 69,3% of the total imports from BRIC followed by Brazil (17,1%) and India (13,5%). The total imports sourced from the BRIC grew by 27,5% between 2002 and 2012 and outpaced the import growth from the world (8,5% during the same period). Because of a massive increase in imports of paper products as compared to exports, South Africa's trade surplus with the BRIC countries contracted to R544.4 million in 2012, from the R586.4 million registered a decade ago.

## 2.10 Rubber products

BRIC countries accounted for 4,9% of the total South African exports of rubber products in 2012, which increased from 0,5% share in 2002. Despite the fact that the exports of rubber products to BRIC countries were modest, impressive growth has been recorded over the past decade. Most of the exports to BRIC countries went to Brazil, as it accounted for 78,2% of the total exports to BRIC in 2012, followed by India (17%) (see Table 2.19).

**Table 2.19: South African exports of rubber products to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	1 932,2	1 694,3	2 560,1	3 112,8	4,9
Brazil	5,1	5,5	12,8	119,1	37,1
China	0,3	1,6	2,9	1,1	12,7
India	4,6	3,0	20,6	26,2	19,1
Russia	0,6	0,1	0,1	5,9	25,9
BRIC	10,6	10,2	36,4	152,3	30,6
BRIC %	0,5	0,6	1,4	4,9	

Source: Quantec EasyData (2013)

**Table 2.20: South Africa's imports of rubber products from BRIC countries (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	2 837,2	3 655,9	6 760,6	9 951,9	13,4
Brazil	21,6	43,8	53,2	110,3	17,7
China	136,2	394,0	1 136,4	2 214,2	32,2
India	55,1	107,9	304,7	420,8	22,5
Russia	2,5	1,2	8,4	1,0	-8,9
BRIC	215,5	546,9	1 502,7	2 746,3	28,9
BRIC %	7,6	15,0	22,2	27,6	

Source: Quantec EasyData (2013)



Table 2.20 shows that South Africa's rubber product imports have been increasing over the past decade and the growth from BRIC exceeded that from the world. In 2002, South Africa imported only 7,6% of the total rubber products from BRIC and the percentage considerably increased to 27,6% in 2012. The huge growth of rubber product imports from BRIC countries over the last decade is mainly the result of a massive growth in imports from China. As a result of influx of imports from China, South Africa's trade balance with BRIC widened from a trade deficit of R204,9 million in 2002 to R2,6 billion in 2012.

## 2.11 Furniture

As depicted in Table 1.21 below, only 0,1% of South Africa's total exports of furniture went to BRIC countries in 2012. The exports of furniture to BRIC countries marginally declined by an average annual growth rate of 1%, while it contracted by 5% to the world between 2002 and 2012. The decline in exports to BRIC countries during the period reviewed is attributed to a drop in exports to both China and Russia. Exports to India, which is the leading export destination for furniture, grew markedly.

**Table 2.21: South African exports of furniture to BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	4 680,3	3 499,9	4 029,1	2 760,7	-5,1
Brazil	0,1	0,0	1,2	0,5	22,9
China	1,3	2,5	3,3	0,4	-10,4
India	0,1	0,7	0,6	1,2	27,6
Russia	1,1	0,1	0,4	0,2	-16,6
BRIC	2,5	3,3	5,5	2,3	-1,0
BRIC %	0,1	0,1	0,1	0,1	

Source: Quantec EasyData (2013)

**Table 2.22: South Africa's imports of furniture from BRIC (R million)**

	2002	2005	2008	2012	Average annual growth (2002-2012)
World	1 328,0	2 273,5	3 998,4	4 611,4	13,3
Brazil	5,3	23,4	44,5	35,6	20,9
China	110,5	633,2	1 460,3	2 428,1	36,2
India	14,3	24,0	39,4	66,9	16,6
Russia	0,1	0,1	0,0	0,0	-31,6
BRIC	130,3	680,7	1 544,1	2 530,7	34,5
BRIC %	9,8	29,9	38,6	54,9	

Source: Quantec EasyData (2013)

South Africa sourced 54,9% of its total imports of furniture from the BRIC countries in 2012, significantly higher than the 9,8% share it had in 2002 (see Table 2.22). China accounted for 95,9% of the total furniture imports from the BRIC and imports from the country increased by an average annual growth rate of 36,2% between 2002 and 2012. Furthermore, South Africa's imports of furniture from Brazil and India also showed substantial growth during the past decade. As a result of a massive increase in imports and marginal exports to the BRIC, the trade deficit widened from R127,8 million to R2,5 billion in 2012.

### 3. Conclusion

South African overall imports of agro-processing products from BRIC grew by an annual average growth rate of 20% while exports to BRIC showed a growth rate of 13% between 2002 and 2012. Hence, the share of agro-processing products exported to BRIC increased moderately from 2,5% (R1,1 billion) in 2002 to 6,6% (R3,6 billion) in 2012, while the share of imports from BRIC increased markedly from 21% (R6,1 billion) in 2002 to 37% (R38 billion) in 2012. Among BRIC countries, China is South Africa's major source of agro-processing imports by accounting for the 78% of the total imports in 2012 followed by Brazil and India, where each accounted for 11% of the total imports. Imports from Russia, however, remained marginal. China also accounts for 67% of the total agro-processing product exports to BRIC followed by India (16%), Brazil (9%) and Russia (8%). As a result of massive growth of imports from BRIC over the decade compared to exports, the South African trade deficit increased from a trade R5,1 billion in 2002 to R34,4 billion in 2012.

Among the agro-processing products, South Africa maintained a trade surplus with BRIC for beverages and paper products, while the trade balance is a deficit for the remaining agro-processing products (food, tobacco, textiles, wearing apparel, leather products, footwear, wood products, rubber products and furniture). The South African trade balance of agro-processing products with each country showed that South Africa is in a trade deficit with China (R27,2 billion), Brazil (R3,8 billion) and India (R3,7 billion). However, it registered a trade surplus of R264 million with Russia. The four agro-processing products that contributed for the huge trade deficit are textiles, wearing apparel, leather products and footwear.

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