OVERVIEW OF SOUTH AFRICA’S AGRI-FOOD TRADE WITH AFRICA

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Weakening competitive advantage

Agric imports as % of world trade

Agric exports as % of world trade

Exports Imports Linear (Exports Linear (Imports))
Produce Subsidy Estimates 1988 to 2007

% PSEs South Africa v.s the OECD


PSE OECD
PSE SA
RSA AGRI-FOOD TRADE WITH AFRICA VS THE WORLD
(1998-2008) (BILLIONS OF RSA RANDS)
RSA AGRI-FOOD TRADE WITH AFRICA VS THE WORLD
(1998-2008) (BILLIONS OF RSA RANDS)
Structural shifts: Increased food dependency

PROCESSED AGRICULTURE TRADE, 1990-2008

- Strong spending and growth in the SA middle class
- Government income support to target vulnerable groups/poor
- Strong currency (from 2003 to 2007) that favoured imports
  - Rand was largely over valued due to foreign speculation.
- Population increase in recent years including immigrant influx
- Prices of many primary products peaked in 2007 (droughts elsewhere e.g. Australia > low levels of world stocks / panic/ export taxes)
- 2007 was a dry year in the summer rainfall areas – overall both volumes and prices went up
Change in structure of exports to regions

Exports to Africa expand at the expense of exports to the EU.
Change in structure of import to regions

IMPORTS OF AGRICULTURAL PRODUCTS BY REGION, 1998 & 2008

- EU
- Rest of Europe & Central Asia
- Asia & Pacific
- Americas
- Middle East
- SADC
- Rest of Africa
- Middle East

Percentage contribution

Year

1998

2008

0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
A6. Structural shifts in export basket (over 10 years)

EXPORT COMPOSITION OF AGRICULTURAL PRODUCTS, 2008

- Wine & Beverages: 18%
- Cereals: 15%
- Sugar & Confectionary: 5%
- Tobacco: 3%
- Rest: 6%
- Meat: 3%
- Fruit & Veg: 30%
- Processed: 11%
- Oilseeds & Oils: 6%
- Fibres: 3%

Oilseed: +2%
Beverage: +7%
Meat: +1%
Fruit: +1%
Sugar: -11%
Cereals: -7%
Process: -1%
A6. Structural shifts in import basket (over 10 years)

**IMPORT COMPOSITION OF AGRICULTURAL PRODUCTS, 2008**

- **Cereals**: 23% (Increase of +4%)
- **Processed**: 10% (Increase of +3%)
- **Oilseed**: 19% (Increase of +1%)
- **Sugar**: 5% (Increase of +1%)
- **Beverage**: 8% (Decrease of -1%)
- **Fibre**: 1% (Decrease of -4%)
- **Tobacco**: 3%
- **Wine & Beverages**: 8%
- **Fruit & Veg**: 7%
- **Rest**: 20%
- **Meat**: 4%

**Processing:**
- Cereals +4%
- Processed +3%
- Oilseeds +1%
- Sugar +1%
- Tobacco -4%
- Beverages -1%
TOP 13 AGRI-FOOD EXPORTS FROM RSA TO AFRICA
(62% OF TOTAL R14 BILLION AGRIC-FOOD EXPORTS IN 2008)

- Corn (Maize), Other Than Seed Corn
- Wheat (Other Than Durum Wheat), And Meslin
- Cane/Beet Sug Chem Pure Sucrose Refind Nesoi
- Food Preparations Nesoi
- Apples, Fresh
- Waters, Incl Mineral & Aerated, Sweetnd Or Flavord
- Groats And Meal Of Corn (Maize)
- Cane Sugar, Raw, Solid Form, W/O Added Flav/Color
- Ethyl Alcohol, Undenat, Alchol Not Un 80% By Volum
- Cigarettes Containing Tobacco
- Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters
- Beer Made From Malt
- Soups And Broths And Preparations Therefor
- Sunflower-Seed Or Safflower Oil, Refine, Fract Etc
TOP 13 AGRI-FOOD IMPORTS FROM AFRICA TO RSA
(73% OF TOTAL R2 BILLION AGRIC-FOOD IMPORTS IN 2008)

- Cotton, Not Carded Or Combed: 27%
- Tobacco, Partly Or Wholly Stemmed/Stripped: 13%
- Black Tea Fermdt & Other Partly Fermentd Tea Nesoi: 9%
- Cotton Seed Oilcake & Oth Solid Residue W/N Ground: 8%
- Cocoa Paste, Not Defatted: 5%
- Bran Sharps & Oth Residue Derived Frm Millng Wheat: 3%
- Cotton Seeds, Whether Or Not Broken: 2%
- Coffee, Not Roasted, Not Decaffeinated: 2%
- Bananas And Plantains, Fresh Or Dried: 2%
- Tobacco, Not Stemmed/Stripped: 2%
- Kidney Beans & White Pea Beans, Dri Shel, Inc Seed: 2%
- Cane Molasses From Extraction Or Refining Of Sugar: 2%
- Cocoa Butter, Fat And Oil: 2%
## TRENDS IN SOUTH AFRICA’S AGRI-FOOD EXPORT MARKETS
### (BILLIONS OF RSA RANDS)

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<thead>
<tr>
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<tbody>
<tr>
<td>Export Market</td>
<td>Share in RSA total Agri-food exports</td>
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<tr>
<td>United Kingdom</td>
<td>13 %</td>
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<tr>
<td>Netherlands</td>
<td>12 %</td>
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<tr>
<td>Germany</td>
<td>5 %</td>
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<tr>
<td>Mozambique</td>
<td>5 %</td>
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<td>USA</td>
<td>4 %</td>
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<td>Japan</td>
<td>3 %</td>
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<tr>
<td>Angola</td>
<td>3 %</td>
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# TRENDS IN SOUTH AFRICA’S AGRI-FOOD IMPORT MARKETS (BILLIONS OF RSA RANDS)

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<tr>
<td></td>
<td>Import Value</td>
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<td>Major Imports</td>
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<tr>
<td></td>
<td>Share in RSA total Agri-food imports</td>
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<tr>
<td>Argentina</td>
<td>19%</td>
<td>Argentina</td>
<td>16%</td>
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<td>6370</td>
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<td>6282</td>
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<tr>
<td></td>
<td>Soybean Oils, Wheat and Chicken Cuts</td>
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<tr>
<td>Brazil</td>
<td>9%</td>
<td>Brazil</td>
<td>10%</td>
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<td>3155</td>
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<td>3989</td>
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<td>Chicken Cuts, Soybean, Sunflower Oils and Tobacco</td>
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<tr>
<td>Thailand</td>
<td>8%</td>
<td>Thailand</td>
<td>9%</td>
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<td>2567</td>
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<td>3368</td>
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<tr>
<td></td>
<td>Rice, Starches &amp; Cereals</td>
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<tr>
<td>United States of America</td>
<td>7%</td>
<td>United States of America</td>
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<td>2384</td>
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<td>2308</td>
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<tr>
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<td>Wheat, Whiskies and Food Preparations</td>
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<tr>
<td>United Kingdom</td>
<td>5%</td>
<td>China</td>
<td>5%</td>
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<td>1843</td>
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<td>2082</td>
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<tr>
<td></td>
<td>Kidney and White Pea, Beans, Animal Guts</td>
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<tr>
<td>Malaysia</td>
<td>5%</td>
<td>United Kingdom</td>
<td>5%</td>
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<td></td>
<td>1789</td>
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<td>1988</td>
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<td>Whiskies, Rum &amp; Tafia, Food prep</td>
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<tr>
<td>China</td>
<td>5%</td>
<td>Malaysia</td>
<td>5%</td>
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<td>1557</td>
<td></td>
<td>1899</td>
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<tr>
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<td>Edible fats, oil, Cocoa butter &amp; Animal feeds</td>
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Trade between SACU and Mozambique, Egypt and Sudan

Mozambique:
- SA imports: R179 Million (2009)
  - Mainly: Bran 42, Fruit&Nuts 41, Sugar 38, grain seed 26, Tobacco 10, Vegetables 8
- SA export: R 2 070 Million (2009)
  - Sugar 579, Food+preserved 225+118, Cereals 183, Beverages 138, Dairy 136

Egypt
- SA import: R 32 Million (2009)
  - Fruit&nuts 13, Food &preserved 7, vegetables 4, sugars 2
- SA export: R 328 Million
  - Tobacco 277, Cocoa 18, meat 11, fruit&nuts 10

Sudan
- SA import: R 263 177 (2009)
  - Vegetable saps, Grain seed
- SA export: R 207 Million (2009)
  - Sugar 135, Grain seed 38, beverages 8, fruit&nuts 8, cereals 7, food 2
STANDARDS CAN FACILITATE EXPORT GROWTH BUT CAN ALSO BE A BARRIER TO TRADE

- **Standards can be catalyst for export growth:**
  - Grades and standards generally facilitate trade between countries with diverging norms
  - Provide a bridge between producers in developing countries and consumers in high income markets
  - Standards reduce transaction costs
  - Standards promote consumer confidence and can be used as competitive advantage

- **Standards can be technical barriers:**
  - Due to low capacity in developing countries on food safety the cost of compliance can be higher for developing countries
  - Requires substantial investment to reach required standards and could undermine competitive capacity
  - Cost of HACCP programs not high: about 3% in some cases
  - Cost of non-compliance can be very high due to bans, border detentions, forgone earnings and damaging reputation

- **Discriminatory use of standards**
  - Can be used as protectionist tool if:
    - Import standards is higher than local standards
    - Apply different measures to different import countries (and if not science based)
    - If applied to protect industries and not health/ environment