National Agricultural Marketing Council
Strategic positioning of South African Agriculture in dynamic global markets

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TradeProbe is a joint initiative by the NAMC and the Department of Agriculture's Directorate: International Trade. The aim of this initiative is to create knowledge of trade-related topics by discussing/reporting trade statistics, inviting perspectives from people working in related sectors, reporting on trade-related research and stimulating debate.

This issue of TradeProbe covers the following topics:

- Trade profile
  - ✓ Fresh or dried bananas and plantains
- Contributed articles
  - ✓ Surge in South African agricultural import
  - ✓ South African agricultural trade with the rest of Africa (excluding SADC)

SECTION 1 – TRADE PROFILE

1.1 FRESH OR DRIED BANANAS AND PLANTAINS (HS - 0803)

Table 1 shows the top ten global exporters of bananas and plantains in 2007, expressed in value terms.

These countries accounted for 80.9 % of the value of world exports. The top three were Costa Rica, Belgium and Ecuador, accounting for 19.2 %, 16.0 % and 15.8 %, respectively. Cameroon was the only African country in the list of the top ten exporters ranking number seven and accounted for 3.1 % of global exports. South Africa ranked number 78.

Table 1: Leading exporters of fresh or dried bananas and plantains in 2007 (HS - 0803)

Exporters	Value exported in 2007, in US$ thousands	Share in world exports: %
Total world exports	8 250 852	100
Costa Rica	1 579 945	19.2
Belgium	1 322 328	16.0
Ecuador	1 302 739	15.8
Colombia	569 624	6.9
Germany	454 107	5.5
Philippines	401 446	4.9
Guatemala	326 292	4.0
Cameroon	258 799	3.1
USA	253 478	3.1
Dominican Republic	202 696	2.5

Source: Trade Map

Table 2 shows the top ten global importers of bananas and plantains in 2007, expressed in value terms.

These countries accounted for 71.7 % of the value of world imports. The top three importers were USA, Belgium and Germany, accounting for 15.1 %, 14.8 % and 10.2 % of the value of exports, respectively. The fact that Belgium features prominently at importer and exporter indicates a high level of intra-regional trade.

Notably, there was no African country on the list of top ten world importers of bananas and plantains. South Africa ranked number 71.

Table 2: Leading importers of fresh or dried bananas and plantains in 2007 (HS - 0803)

Importers	Value imported in 2007, in US$ thousands	Share in world imports: %
Total world imports	10 103 600	100
USA	1 525 385	15.1
Belgium	1 494 395	14.8
Germany	1 034 239	10.2
United Kingdom	727 877	7.2
Russian Federation	584 671	5.8
Japan	584 475	5.8
Italy	480 938	4.8
France	374 045	3.7
Canada	237 609	2.4
Poland	195 709	2.0

Source: Trade Map

In 2007 South Africa was a net importer of bananas and plantains. Table 3 shows the countries from where South Africa imported this product.

Mozambique was by far the largest origin of imports, accounting for 85.5 % of total imports. Zimbabwe and the Philippines followed distantly, accounting for 7.4 % and 4.3 % of imports, respectively.

Table 3: Leading sources of bananas and plantains imported by South Africa in 2007

Exporters	**Imported value 2007, US$ thousand**	**Share in South Africa's imports, %**
SA imports	3777	100
Mozambique	3231	85.5
Zimbabwe	281	7.4
Philippines	161	4.3
United Kingdom	45	1.2
Netherlands	20	0.5
Ecuador	19	0.5
Ghana	13	0.3
Zambia	5	0.1

Source: Trade Map

SECTION 2 - CONTRIBUTED ARTICLES

2.1 Main agricultural imports by South Africa[1]

The top 10 agricultural imports (at HS8-digit level) from 1998 to 2007 are discussed in this section. This section also highlights possible factors that contributed to the increase of imports into South Africa.

Table 4 shows the 10 most important agricultural imports into South Africa, their country of origin and contribution, annual growth and the applied tariffs.

By and large, rice then wheat and oilcake, were the three leading agricultural imports to South Africa for the period 1998-2007. Rice was mainly sourced from Thailand and wheat from Argentina and the USA. Almost all imported oilcake was sourced from Argentina.

Most of the cereal crops imported originated from Argentina. This makes South Africa vulnerable towards policy changes by Argentina as far as the exports of cereal crops are concerned as was demonstrated during the last year when Argentina introduced export restrictions on many crops.

Excellent potential exist in other SADC countries to produce grains, but this potential has not been utilised. This situation needs further investigation to unlock the potential that exist in the region in order to comply with the food security needs in the region.

Table 4: Value of South Africa's top ten imports (1998-2007) at 8-digit level of the harmonised system(HS)

HS-Code	Product	Country	Share of all 2007 Agric	2007 Values	Average year-on-year Growth (1998-2007)	Tariff (as at 2008/09/11)
			%	R Billion	%	
10063000	Rice	Thailand - 57 %	7.03	2.06	12	Free
10019000	Wheat	Argentina - 29 %	6.21	1.82	46	2 %*
		USA - 25 %				
23040000	Soya Oilcake	Argentina - 96 %	5.03	1.47	22	7 %
15119000	Palm Oil	Malaysia - 63 %	4.71	1.38	85	10 %
22083010	Whiskey	UK - 83 %	4.86	1.42	18	3.3 - 7%+
10059000	Maize (Corn)	Argentina - 67 %	4.86	1.42	303	0 %
52010020	Cotton	Zimbabwe - 27 %	1.30	0.38	6	0 %++
		Zambia - 33 %				
24012000	Tobacco	Zimbabwe - 27 %	1.64	0.48	18	0 %++
		Brazil - 25 %				15 %
21069090	Food Preparations	USA - 28 %	2.47	0.72	20	20 %
		UK - 22 %				10 %+
15121100	Sunflower Oil	Argentina - 94 %	2.69	0.79	154	10 %
			41	11.96		

Source: South African Customs and Excise
+Preferential tariff of the SACU-EU TDCA to be reduced to zero by 2012
++SADC Free Trade Area protocol
* the tariff has since changed to the old formula

Table 5 shows the difference between the unit values of the top ten agricultural imports and exports from 1998 to 2007. Indications are that the unit value (i.e. *Rand per Kilogram* for all or *Rand per Litre* for wine and alcohol) of some imports increased more than that of exports. Between 2005 and 2007, the export unit value of two of the top import products (i.e. rice and wheat) increased by 15 % and 85 %, respectively. The two top exports (i.e. wine and oranges) increased by only 18 % and 43 %, respectively.

Interestingly, maize appears as both a major import and export, which is indicative of a high level of intra-regional trade. The export unit value of maize increased by 109 % while maize imports increased by 120 % between 1998 and 2007. The majority of maize exported by South Africa (i.e. 80 %) is destined for land-locked SADC countries using land transport. Almost 53 % of maize was exported to Zimbabwe.

[1] Author: Mr B A Mohapi. Assistant Director, Directorate International Trade, Department of Agriculture.

Table 5: Unit values of the top 10 export and imports of South Africa (1998 & 2007)

EXPORTS		UNIT VALUES^		IMPORTS		UNIT VALUES^	
HS8	PRODUCT	1998	2007	HS8	PRODUCT	1998	2007
22042140	Wine**	12.04	15.49	10063000	Rice	1.60	2.18
08051000	Oranges	1.88	2.73	10019000	Wheat	0.82	1.67
08061000	Grapes	5.33	7.68	23040000	Soya Oil-cake	0.94	1.56
17011100	Raw-Cane	1.11	3.13	22083010	Whiskey	27.37	56.46
08081000	Apples	2.53	4.47	15119000	Palm oil*	1.80*	4.61
10059000	Maize	0.71	1.90	10059000	Maize	0.46	1.15
17019900	Sugar	1.59	2.10	52010020	Cotton	8.87	8.85
22071000	Alcohol****	2.77	3.85	24012000	Tobacco	16.37	26.19
51011100	Wool	12.14	33.98	21069090	Food preparations	24.35	44.41
22042940	Wine***	4.67	3.79	15121100	Sunflower oil	3.18	5.22

Source: South African customs and excise
^ Rand per Kilogram or Rand per Litre for wine and alcohol
**Year 2000*
***Unfortified in containers holding 2ℓ or less*
****Other unfortified*
*****Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher*

Possible factors contributing to the increase in imports

(a) *Decline in production of staple food:* Between 1971 and 2007, area planted with wheat decreased from 2 010 thousand ha to 632 thousand ha, whilst that of maize decreased from 4 968 thousand ha to 2 897 thousand ha. In the long run production of these two crops moved more or less sideways, indicating productivity gains. Nevertheless, crop production has not responded to increasing demand, e.g. since 1991 to 2007 overall volume of crop production declined by 19 %. *(See Abstract for Agricultural Statistics for more details)*

(b) *Population Growth.* Total agricultural production increased by only 10 % between 1991 and 2007. At the same time population growth from 1991 to 2007 was 32 % (not taking into account illegal immigrants in the country). In other words, population growth has outstripped agricultural production, in particular field crop production, by far. In addition, increasing per capita incomes contributed to the increasing demand for food.

(c) *Profitability of production:* In recent years the profitability of agricultural production has been under constant pressure. High commodity prices over the past year have brought some relief, but in the long run the cost squeeze will remain a serious challenge for the agricultural sector to expand production. In short, production is not likely to expand significantly if current trends in input costs continue.

(d) *Processed food imports:* Local production of processed food is not keeping up with the demand for it. There is a need to critically evaluate the potential to increase the production of processed food in South Africa. Profitability and massive investment in the processing sector will be prerequisites to increase the supply of locally produced processed food.

2.2 South Africa agricultural trade with the rest of Africa (excluding SADC)[2]

Background

South Africa's global economic strategy can be viewed through the lens of a reinvigorated Africa - part of the goal of the New Partnership for Africa's Development (Nepad). As a result, trade relations with African states are politically important, and also of growing economic importance to South Africa. In particular, South Africa has strong and mutually dependent economic links with Southern African states through SACU and SADC. South Africa's trade relations with the rest of Africa, excluding SACU/SADC, take place informally and are also facilitated by formalised Bilateral Economic Cooperation agreements with individual African countries. This section provides an overview of South Africa's agricultural trade with the rest of Africa outside of SACU and SADC.

Trade flows

An analysis of trade flows with other regional groupings[3] in Africa indicates that South Africa enjoys a trade surplus. In terms of COMESA South Africa exported agricultural products to the value of nearly R2.5 billion, while imports amounted to just over R1.4 billion. Trade with ECOWAS and EAC are very small relative to that of COMESA. **Table 6** indicates the products traded with each regional grouping.

[2] Author: Mr SM Maluleka, Assistant Director: Africa, Directorate International Trade, Department of Agriculture

[3] Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS) and East African Community (EAC).

Table 6: SA Trade with Rest of Africa (excl SADC)

Economic Community	South Africa's leading exports	South Africa's leading imports
CEMAC: Cameroon, Gabon, Congo, Equatorial Guinea	Beverages, Sugar, Edible Fruit and Nuts, Tobacco, Meat, Misc. Grain, Seed	Tobacco, Spices, Coffee, Tea, Live Animals, Vegetables, Beverages, Fats and Oils
COMESA: Angola, Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe, Ethiopia	Cereals, Malt, Starch, Sugars, Beverages, Miscellaneous Food, Fats and Oils, Preserved Food, Tobacco, Misc. Grain	Tobacco, Spices, Coffee, Tea, Misc. Grain, Seed, Sugars, Prepared Meat, Fish, Food Waste, Edible Fruit and Nuts
EAC: Kenya, Tanzania, Uganda	Sugar, Beverages, Cereals, Miscellaneous Food, Edible Fruit and Nuts, Misc. Grain, Seed, Preserved Food	Spices, Coffee, Tea, Tobacco, Edible Fruit and Nuts, Food Waste, Vegetables, Live Trees and Plants, Cotton (Not Carded or Combed), Preserved Food, Raw Hides & Skins of Bovine or Equine Animals, Misc. Grain, Seed
ECOWAS: Benin, Ghana, Mali, Nigeria, Cote d'Ivoire, Guinea, Senegal, Togo, Sierra Leone, Mauritius	Beverages, Tobacco, Miscellaneous Food, Sugar, Edible Fruit and Nuts, Cereals, Preserved Food, Milling, Malt, Starch, Meat, Waste Food	Cocoa, Food Waste, Spices, Coffee, Tea, Misc. Grain, Seed, Fats and Oils, Tobacco, Vegetables, Live Animals, Glues Based On Starches, Dextrin etc., Cotton (Not Carded or Combed)