

SOUTH AFRICA's AGRICULTURAL, FORESTRY AND FISHERIES (AFF) TRADE PERFORMANCE WITH ASEAN

PURPOSE

The document is a desktop analysis of South Africa (SA)'s AFF trade performance with the Association of South-East Asian Nations (ASEAN) countries in 2018. The document filters and highlights ASEAN Countries with a greater AFF trade, shares and growth with SA.

1. ASEAN Overview

ASEAN also known as ASEAN 10¹ is a group of ten South East Asia countries that was established in August 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. The group meets to discuss economic and political matters concerning the region.

The grouping expanded to ten and established an ASEAN Free Trade Area (AFTA) through a Common Effective Preferential Tariff (CEPT) Scheme. The scheme required member countries to have tariffs within the 0-5 percent tariff band by 2010².

The ASEAN economic community was the third largest economy in Asia and the seventh largest in the world, offering a market of US\$2.6 trillion and over 622 million people, in 2014³.

2. SOUTH AFRICA AFF TRADE WITH ASEAN: 2014 TO 2018

ASEAN countries supplied on average 12% of total SA AFF imports from the World from 2014 to 2018. Conversely, ASEAN absorbed on average 5% of total SA AFF exports to the World. During the period 2017 to 2018, SA's AFF imports from ASEAN declined by 0.49% (from R15.3 billion in 2017 to R15.2 billion in 2018), whilst SA AFF exports to ASEAN grew by 27% (from R8.6 billion in 2017 to R11 billion in 2018).

¹ Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam

² According to the Association of South East Asian Nations, "ASEAN Free Trade Area (AFTA) has now been virtually established. ASEAN Member Countries have made significant progress in the lowering of intra-regional tariffs through the Common Effective Preferential Tariff (CEPT) Scheme for AFTA. More than 99 percent of the products in the CEPT Inclusion List (IL) of ASEAN-6, comprising Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, have been brought down to the 0-5 percent tariff range.

ASEAN's newer members, namely Cambodia, Laos, Myanmar and Viet Nam, are not far behind in the implementation of their CEPT commitments with almost 80 percent of their products having been moved into their respective CEPT ILS. Of these items, about 66 percent already have tariffs within the 0-5 percent tariff band. Viet Nam has until 2006 to bring down tariff of products in the Inclusion List to no more than 5 percent duties, Laos and Myanmar in 2008 and Cambodia in 2010".

³ <https://asean.org/asean-economic-community/asean-free-trade-area-afta-council>

Figure 1 below shows that from 2014 to 2018, SA had on average, a negative AFF trade balance with ASEAN of R5,54 billion (i.e. R8.4 billion exports to and 13.94 billion imports from ASEAN respectively).

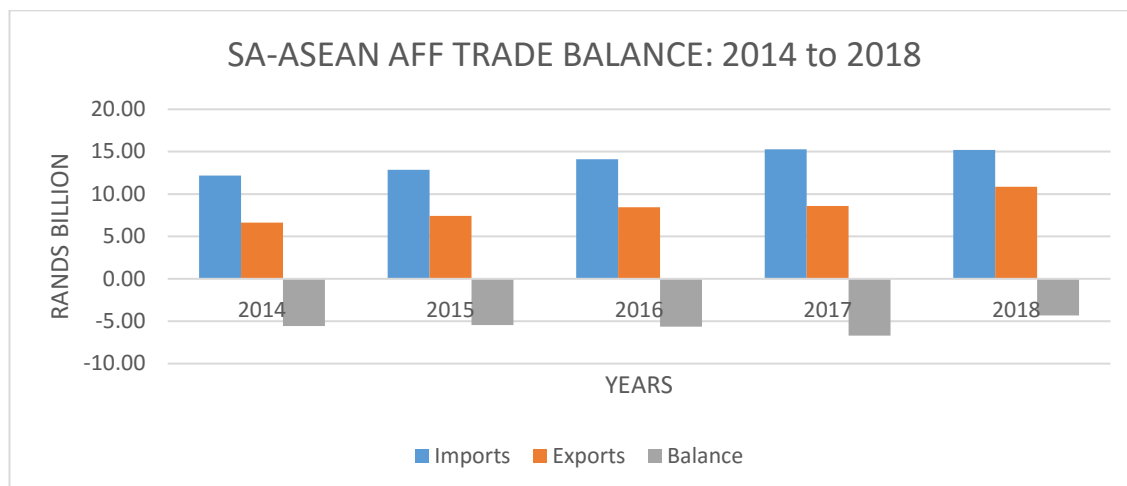


Figure 1: Source: Global Trade Atlas, 2019

Observations on exports

- SA AFF exports to ASEAN from 2014 to 2018 were on average 5% (i.e. R8.4b) of total average (R158b) SA AFF exports to the World.
- SA AFF exports to ASEAN grew by 64% from R6.66b in 2014 to R10.88b in 2018.
- Cambodia (320%), Brunei Darussalam (86%); Vietnam (76%); Malaysia (54%); and Philippines (22%), were SA's five largest growing AFF exports destinations in ASEAN.
- From 2017 to 2018, SA's exports to ASEAN grew by 27% from R8.58b to R10.88b.
- 95% of SA's AFF exports to ASEAN during 2018 were absorbed by Vietnam (22%); Malaysia (19%); Singapore (13%); Thailand (15%) and Indonesia (26%), see figure 2 below:

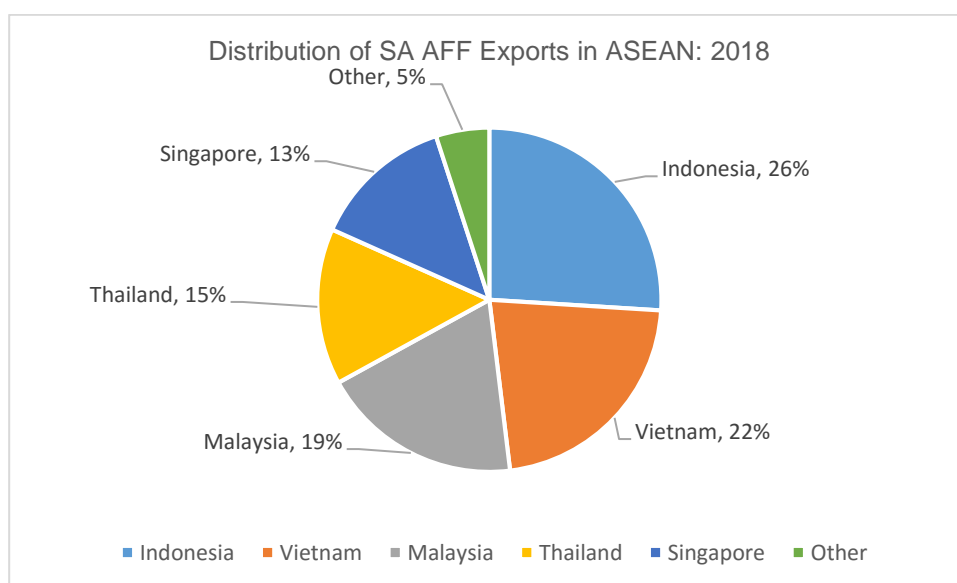


Figure 2: Source Global Trade Atlas 2019

Observations on imports

- During the period 2014 to 2018, SA's AFF imports from ASEAN increased by 25% (i.e. from R12.2b in 2014 to R15.15b in 2018). During the same period, SA AFF imports from the World increased by 40% from R92.7b in 2014 to R129.45b in 2018.
- SA's annual average AFF imports from ASEAN between 2014 and 2018 were 12.39% (i.e. R13.98b) of total (i.e. R112b) annual average SA AFF imports from the World.
- 90.2% of SA AFF imports from ASEAN in 2018 emanated from Thailand (45.9%); Indonesia (24.5%); and Malaysia (19.8%), see Figure 3.

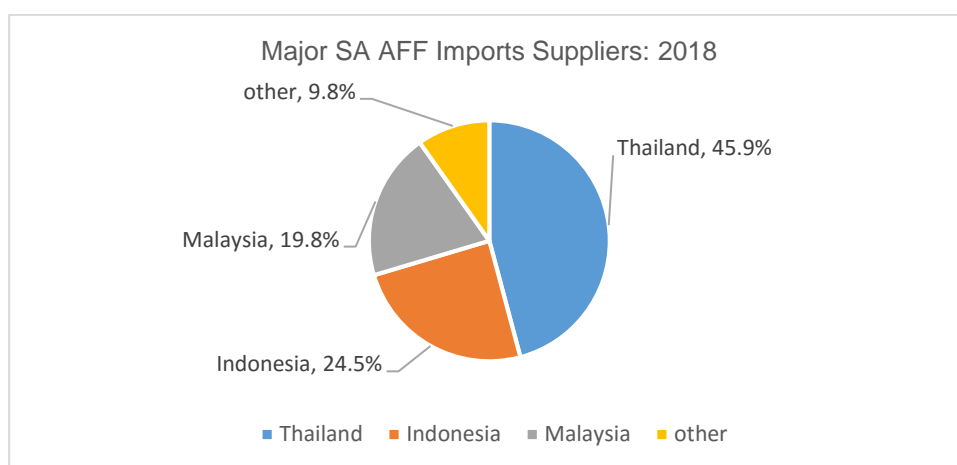


Figure 3: Source: Global Trade Atlas 2019

3. Total SA AFF imports from ASEAN decreased by 0.5% from R15.28b in 2017 to R15.21b in 2018. **Analysis of South Africa's Top 5 AFF ASEAN destinations: 2017 to 2018**

Table 1: South Africa's top 3 AFF export products to top 5 ASEAN countries by value from 2017 to 2018

Calendar year 2017			Calendar year 2018				
ASEAN Market Rank	Export value (billion Rand)	Share in SA total AFF exports to World (%)	ASEAN Market Rank	Export value (billion Rand)	Share in SA total AFF exports to World (%)	Export Growth 2017/18 (%)	Top 3 products exported into major markets
Indonesia	2,35	1,40	Vietnam	3,29	1,85	76,06	Cereals; Edible fruit & nuts; citrus fruit or melon peel; Food industry residues & waste; prep animal feed
Vietnam	1,87	1,12	Malaysia	2,27	1,28	54,20	Edible fruit & nuts; citrus fruit or melon peel; Sugars and sugar confectionary;

							Food industry residues & waste; prep animal feed
Malaysia	1,47	0,88	Indonesia	2,16	1,22	-7,87	Wood pulp etc; recovered (waste & scrap) ppr & pprbd; Edible fruit & nuts; citrus fruit or melon peel; Prep vegetables, fruit, nuts or other plant parts
Thailand	1,37	0,82	Thailand	1,46	0,82	6,49	Wood pulp etc; recovd (waste & scrap) paper & pprbd; Cereals; Prep vegetables, fruit, nuts or other plant parts
Singapore	1,09	0,65	Singapore	1,17	0,66	6,50	Edible fruit & nuts; citrus fruit or melon peel; Beverages, spirits and vinegar; Cereals

Source: Global Trade Atlas, 2019

3.1. Export analysis at country level 2017/18

Table 1 above shows that:

- During 2018, Vietnam, Malaysia, Indonesia, Thailand and Singapore, were SA's largest AFF export destinations in ASEAN countries, absorbing 5.84% SA's total AFF exports to the World.
- Vietnam, with a growth of 76% from R1.9billion in 2017 to R3.2billion in 2018, overtook Indonesia to largest SA AFF export destination in 2018 from second largest in 2017.
- Malaysia's ranking as SA's AFF export destination in ASEAN improved from third largest in 2017 to second largest in 2018. Malaysia was also the second largest growing SA's AFF exports destination in ASEAN, with a growth of 54% (from R1.47b in 2017 to R2.27b in 2018).
- Indonesia with a decline of 7.87% (from R2.35 in 2017 to R2.16b in 2018) moved from being the largest SA AFF export destination in ASEAN during 2017 to being the third largest SA AFF export products destination in 2018.
- The most popular SA AFF export product to ASEAN in 2018 was Edible fruit & nuts; citrus fruit or melon peel.

3.2. Export Growth/Decline Analysis during 2017/18

Table 2: South Africa's top growing and shrinking AFF markets and products in ASEAN during 2017/18

Growing ASEAN export markets	
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Ranking	Market	Export Growth (%)	Top products driving total export growth & their individual growth percentage		
1	Cambodia	320,45	Edible fruit & nuts; citrus fruit or melon peel 34%		
2	Brunei Darussalam	85,64	Edible fruit & nuts; citrus fruit or melon peel, 11,6%	Prep vegetables, fruit, nuts or other plant parts, 47%	
3	Vietnam	76,06	Cereals 71 974%	Food Industry Residues & Waste; Prep Animal Feed 7871%	Vegetable Plaiting Materials & Products Nesoi 156%
Shrinking ASEAN export markets			Top products driving total export shrinkage & their individual shrinkage percentage ⁴		
Rank	Market	Export Decline (%)			
1	Laos	-55,35	Beverages, spirits, and vinegar – (55.8%)		
2	Indonesia	-7,87	Live animals, (43%)	Edible fruit & nuts; citrus fruit or melon peel, (26%)	Prep vegetables, fruit, nuts or other plant parts, - (24%)

Source: Global Trade Atlas, 2019

- Cambodia, with a growth of 320% from R4.5m in 2017 to R18.8m, was the largest growing SA AFF exports destination in the ASEAN during 2017/18. Cambodia was followed Brunei Darussalam at 86%, and Vietnam at 76%.
- SA AFF export products to ASEAN with the highest growth were cereals destined for Vietnam at 71 974% during the 2017/2018 period.
- Laos and Indonesia were the only two declining SA AFF products export destinations with 55%, and 8%, respectively from 2017 to 2018.
- The highest declining SA AFF export product to ASEAN was beverages, spirits and vinegar destined to Laos at 55%.

4. Export market analysis at sub-sector level during 2017/18.

Table 3: SA's top 10 AFF exports to ASEAN at HS 2 level: 2017/18

Sub-sector Description ⁵ (HS 2)	Exported value in 2017 (R' billion)	Exported value in 2018 (R' billion)	Sub-sector growth between 2017/18 (%)	Top 3 products exported within the sub-sector in 2018	Top % share in ASEAN export markets by the sub-sector in 2018
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⁴ Only products trading for ≥R1000 000.00 for 2017 and 2018 were considered.

47 Wood pulp etc; recovd (waste & scrap) ppr & pprbd	3,41	3,43	0,77	Chemical woodpulp, dissolving grades, Chemical woodpulp, soda or sulfate, Waste and scrap of paper or paperboard	Indonesia, 56% Thailand, 37%
08 Edible fruit & nuts; citrus fruit or melon peel	3,43	2,87	-16,33	Apples, pears and quinces, fresh, Citrus fruit, fresh or dried, Nuts nesoi, fresh or dried paper or paperboard	Malaysia, 44% Vietnam, 29% Singapore, 19%
10 Cereals	0,08	2,09	2437,66	Corn (maize); Buckwheat, millet and canary seeds, other cereals; Oats,	Vietnam, 89% Singapore, 7%
22 Beverages, spirits and vinegar	0,39	0,30	-24,04	Ethyl alcohol, undenatured, nun80% alc; alcohol, denat; Ethyl alcohol, undenatured, und80% alc; spirit beverage; Waters, sweetened etc & other nonalc beverages nesoi.	Philippines, 8% Singapore, 70% Thailand, 10%
23 Food industry residues & waste; prep animal feed	0,06	0,25	294,48	Bran, sharps etc from working cereals & leg plants; Preparations used in animal feeding; Flour, meal etc. of meat etc. not for human; greavs,	Vietnam, 59% Malaysia, 20% Philippines, 18%
20 Prep vegetables, fruit, nuts or other plant parts	0,29	0,23	-19,78	Fruit, nuts etc prepared or preserved nesoi, Fruit juice nt frtfd w vit/mnl veg juice no spirit, Jams, fruit jellies, marmalades etc, cooked,	Singapore, 31% Philippines, 21% Vietnam, 18% Thailand, 16%
44 Wood and articles of wood; wood charcoal	0,10	0,12	16,45	Wood in the rough, stripped or not of sapwood etc, Wood sawn or chipped length, sliced etc, ov6mm; Fuel wood in logs etc; wood in chips, etc.	Vietnam, 65% Philippines, 27% Malaysia, 5%
03 Fish, crustaceans & aquatic invertebrates	0,24	0,09	-62,57	Fish, frozen (no fish fillets or other fish meat); Molluscs live fresh etc; smoked; flours etc. edible; Crustaceans live fresh etc. smoked/cooked flours etc.	Singapore, 63% Vietnam, 22% Thailand, 11%

24 Tobacco and manufactured tobacco substitutes	0,03	0,07	144,57	Tobacco, unmanufactured; tobacco refuse; Tobacco & tobacco substance manufactures; tobacco process etc.; Cigars, cigarettes etc., of tobacco or substitutes,	Singapore, 32% Vietnam, 31% Indonesia, 21% Cambodia, 16%
02 Meat and edible meat offal	0,11	0,07	-32,49	Meat of bovine animals, frozen; Meat & edible offal salted, dried etc. & flour & meal; Edible offal, bovine, swine, sheep, goat, horse, etc.	Vietnam, 98%

Source: Global Trade Atlas, 2019

Table 3 above shows that:

- During 2018, HS47 (Wood pulp etc.; recovered waste and scrap of paper and paperboard) was SA's highest ranked AFF sub-sector export to ASEAN, absorbed mainly by Indonesia (56%), and Thailand (37%). The sub-sector grew by 0.77% from R3.41 billion in 2017 to R3.43 billion in 2018.
- HS10 – cereals was SA's highest growing HS2 subsector exports to ASEAN at 2437% (from R80 million in 2017 to R2.1 billion in 2018) in the top 10 SA AFF export products to ASEAN. The top 3 SA export products to ASEAN in this subsector were corn (maize); buckwheat, millet and canary seeds, other cereals; and oats. Vietnam absorbed 89% of SA HS10 exports products to ASEAN.
- The highest declining SA AFF product export to ASEAN for the period 2017 to 2018 was HS03 (fish, crustaceans & aquatic invertebrates) at 62%. SA's exports of these products were mainly absorbed by Singapore (63%), Vietnam (22%), and Thailand (11%)
- Vietnam dominated in the absorption of SA AFF exports of (HS02) – meat and edible meat offal, absorbing 98% of SA's HS02 exports to ASEAN.

5. Analysis of South Africa's major AFF product imports from ASEAN

5.1. Import analysis at country level 2017/18

Table 4: South Africa's top 3 AFF import products from top 5 ASEAN countries by value from 2017/18

Calendar year 2017			Calendar year 2018				Top 3 products imported from major markets (2018)
Ranked ASEAN	Import value	Share in total SA AFF	Ranked ASEAN	Import value	Share in total SA AFF	% Import	

import markets	(billion Rand)	World imports (%)	import markets	(billion Rand)	World imports (%)	Growth 2017/18	
Thailand	6,61	5,63	Thailand	6,97	5,39	5,57	Cereals; Prep or pres fish; caviar & caviar substitutes; Sugars and sugar confectionary
Indonesia	4,19	3,57	Indonesia	3,73	2,88	-10,80	Animal or vegetable fats, oils etc. & waxes; Paper & paperboard & articles (inc paper pulp artl); Wood and articles of wood; wood charcoal
Malaysia	3,07	2,62	Malaysia	3,01	2,33	-1,84	Animal or vegetable fats, oils etc. & waxes Wood and articles of wood; wood charcoal Prep cereal, flour, starch or milk; bakers wares.
Vietnam	0,91	0,78	Vietnam	0,94	0,72	2,42	Coffee, tea, mate & spices; Edible fruit & nuts; citrus fruit or melon peel; Fish, crustaceans & aquatic invertebrates
Singapore	0,35	0,30	Singapore	0,45	0,35	27,57	Printed books, newspapers etc.; manuscripts etc.; Cocoa and cocoa preparations; Paper & paperboard & articles (including paper pulp articles)

Source: Global Trade Atlas, 2019

Table 4 above shows that:

- From 2017 to 2018, Thailand was SA's AFF products largest supplier in ASEAN, with an increase of 5.6% from R6.61b in 2017 to R6.97b in 2018. Cereals, prepared or preserved fish, caviar substitutes; sugar and sugar confectionaries were the top products imported from Thailand during 2018.
- Indonesia, despite the largest decline of 11% from R4.2 billion in 2017 to R 3.7 billion in 2018, remained SA's second largest AFF supplier in 2018, whilst Malaysia, Vietnam, and Singapore remained in 3rd, 4th and 5th SA AFF suppliers respectively for 2017 and 2018.
- Amongst the top 5 SA AFF suppliers, Indonesia experienced the largest increase of 28% (from R0.35b in 2017 to R0.45b in 2018), but remained the 5th largest SA AFF supplier in ASEAN during 2018.

Table 5: South Africa's growing and shrinking AFF import products from ASEAN during 2017/18⁶

Growing ASEAN import markets			Top products driving total import growth & their individual growth percentage
Ranking	Market	Import Growth %	

⁶ Please note: only imports with minimum value of R1m and above for 2017 and 2018 were considered.

1	Singapore	27,57	Printed books, newspapers etc; manuscripts etc. – 128%	Dairy prods; birds eggs; honey; ed animal – 101%	Paper & paperboard & articles (inc paper pulp – 97%
2	Thailand	5,57	Coffee, tea, mate & spices – 858%	Lac; gums, resins & other vegetable sap & extract – 105%	Edible fruit & nuts; citrus fruit or melon peel – 58%
3	Vietnam	2,42	Prep vegetables, fruit, nuts or other plant parts – 262%	Crustaceans, molluscs etc. Prepared or preserved – 134%	Milling Products; Malt; Starch; Inulin; Wht Gluten – 121%
Shrinking ASEAN import markets			Top products driving total import shrinkage & their individual shrinkage percentage		
Ranking	Market	Import Shrinkage (%)			
3	Myanmar	-40,50	Edible Vegetables & Certain Roots & Tubers – (81%)	Fish, Crustaceans & Aquatic Invertebrates – (23%)	

Source: Global Trade Atlas, 2018

Table 5 above shows that:

Singapore, Thailand, and Vietnam registered the largest growths of 28%, 6%, and 2%, respectively, as SA's AFF products suppliers in ASEAN from 2017 to 2018. The biggest SA growing AFF import products from ASEAN were coffee, tea, mate and spices; and preparation of vegetables, fruit, nuts or plant parts at 858% and 262% respectively.

On the other hand, Myanmar experienced the highest SA AFF import products shrinkages of 40% for the period stated above. Edible vegetables and certain roots (81%) and tubers, followed by fish, crustaceans and aquatic invertebrates (23%) were the largest shrinking SA AFF import products from this market.

5.2. Imports analysis at sub-sector level during 2017/18

Table 6: SA's top 10 major AFF import sub-sectors by value from ASEAN during 2017/18

Sub-sector Description (HS2)	Imported value in 2017 (billion Rand)	Imported value in 2018 (billion Rand)	Sub-sector growth between 2017-2018 (%)	Top 3 products imported within the sub-sector	ASEAN import share by the sub- sector (2018)
10 Cereals	4,59	4,69	2,15	Rice, Grain sorghum, Buckwheat, millet and canary seeds; other cereals)	Thailand (99%)
15 Animal or vegetable fats, oils etc. & waxes	5,19	4,67	-10,00	Palm oil & its fractions, not chemically modified; Coconut, palm kernel or babassu oil etc.; Animal or veg fats & oils, hydrogen etc. not fur prep	Indonesia, 58% Malaysia, 40%
1604 Prep or pres fish; caviar & caviar substitutes	1,05	1,28	21,70	Sardines/Sardinella/brisling prep/preserved, not minced; Tunas/skipjack/bonito prep/pres not minced; Fish, prepared or preserved,	Thailand 99.6%
44 Wood and articles of wood; wood charcoal	0,76	0,82	8,72	Wood sawn or chipped length, sliced etc. ov6mm thin; Builders' joinery and carpentry of wood; Fibreboard of wood or other ligneous materials	Indonesia, 31% Malaysia, 58%
48 Paper & paperboard & articles (inc papr pulp artl)	0,52	0,71	35,21	Paper, uncoat, for writing etc. rolls; handmade paper; Paper, carbon, self-copy etc. rolls etc.; Paper, paperboard, wad etc, coat etc nesoi, rl etc	Indonesia (59%) Thailand (21%) Singapore (10%)
09 Coffee, tea, mate & spices	0,72	0,55	-23,97	Coffee; coffee husks etc; substitutes with coffee; Pepper, genus piper; genus capsicum or pimenta; Nutmeg, mace and cardamoms	Vietnam (78%) Indonesia (8%) Singapore (6%) Thailand (6%)
18 Cocoa and cocoa preparations	0,43	0,40	-6,19	Cocoa butter, fat and oil; Cocoa powder, not sweetened; Chocolate & other food products containing cocoa	Indonesia (40%) Malaysia (39%) Singapore (20%)
19 Prep cereal, flour, starch or milk; bakers wares	0,23	0,27	19,46	Bread, pastry, cakes etc.; Pasta, prepared or not; couscous, prepared or not; Malt ext; food prep of flour etc. un 40% cocoa etc.	Malaysia (58%) Thailand (17%) Indonesia (16%)
08 Edible fruit & nuts; citrus fruit or melon peel	0,24	0,27	10,71	Coconuts, Brazil nuts & cashew nuts, fresh or dry; Fruit & nuts (raw or cooked by steam etc), frozen; Nuts nesoi, fresh or dried	Vietnam (59%) Indonesia (20%) Philippines (16%)

17 Sugars and sugar confectionary	0,29	0,26	-10,54	<u>Cane or beet sugar & chemical pure sucrose, solid form;</u> <u>Sugar confection (incl white chocolate), no cocoa;</u> <u>Sugars nesoi, incl chem pure lactose etc: caramel;</u>	Thailand
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Source: Global Trade Atlas, 2019

Table 6 above shows that:

- Cereals (HS10) were SA's largest AFF subsector imports from ASEAN in 2018, with a 2.15% increase in value from R4.59b in 2017 to R4.69b in 2018. Rice; grain sorghum; and buckwheat, millet and canary seeds, were the top three SA AFF imports from ASEAN. Thailand was the dominant ASEAN supplier of this sub-sector to SA at 99%.
- Notwithstanding a decrease in value of 10% from R5.19b in 2017 to R4.67b in 2018, animal or vegetable fats and oils (HS15) remained SA's 2nd largest AFF sub-sector products imported from ASEAN in 2018. SA's top suppliers of the sub-sector in ASEAN were Indonesia (58%) and Malaysia (40%).
- The largest growing SA AFF subsector imports from ASEAN with 35% from R520 million in 2017 to R710 million in 2018 was HS48 – Paper, paper board and articles supplied mainly in ASEAN by Indonesia (59%), Thailand (21%), and Singapore (10%)

Enquiries:

Directorate: International Trade (DITR@dalrrd.gov.za)

Author: BA Mohapi

Tel: 012 319 8022 **Email:** AlfredM@dalrrd.gov.za

Data Source: Global Trade Atlas