



INTERNATIONAL TradeProbe

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TradeProbe is a joint initiative by the NAMC and the Department of Agriculture, Forestry and Fisheries, 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:

1. Trade profile: Garlic - fresh or chilled (HS Code: 070320)
2. South Africa's pork/swine imports from Brazil
3. South Africa's agriculture, forestry and fisheries trade performance during quarter four of 2010
4. Identification of Attractive Markets for South African Table Grapes Using the ITC's Composite Indices

1. GARLIC: FRESH OR CHILLED (HS CODE: 070320)¹

Garlic has been used for many years as a food and condiment, and for medicinal purposes. Recently, sales to processors for medicinal or health food uses have increased. This has led to widespread growing of garlic throughout the world as a vegetable crop, mostly classified as a herb or medicinal plant. This section discusses both the world and South African trade statistics of garlic (fresh or chilled). The data used was gathered from two sources, namely, the ITC Trade Map (for world trade statistics) and the World Trade Atlas (for domestic trade statistics).

Table 1 shows the top ten global exporters of garlic in 2009, expressed in value terms. The world value of exports was at US\$ 1.54 billion and the leading (top ten) garlic exporters accounted for 97.1 % of the market share of world exports of garlic, with China commanding the largest market share of 71 %.

Other countries making the list of top ten exporters were Spain that contributed 9 % (US\$ 138 million) to the value of global garlic exports, Argentina that contributed 7 % (US\$ 112 million) and the Netherlands at US\$ 50 million.

Table 1: World's leading exporters of garlic (fresh or chilled): 2009

Exporters	Value exported in 2009, in USD thousand	Share in world exports, %
World	1 541 067	100
China	1 086 308	71
Spain	138 822	9
Argentina	112 383	7
Netherlands	49 927	3
France	38 026	3
Italy	31 318	2
United States	12 592	1
Mexico	11 200	1
Chile	9 757	1
India	6 965	1

Source: ITC Trade Map, 2010

Table 2 presents the list of the top ten leading importers of garlic in 2009, expressed in value terms. The world value of imports amounted to US\$ 1.23 billion. Leading the list were Indonesia, Brazil and the United States, accounting for 13 %, 10 % and 6 % respectively of the value of global imports of garlic in 2009.

Table 2: World's leading importers of garlic: 2009

Importers	Value imported in 2009, in USD thousand	Share in world imports, %
World	1 237 910	100
Indonesia	166 372	13
Brazil	118 168	10
United States	75 300	6
Malaysia	62 916	5
Bangladesh	62 149	5
Italy	55 885	5
Vietnam	52 824	4
Germany	52 223	4
France	52 155	4
Pakistan	37 361	3

Source: ITC Trade Map, 2010.

¹ This article was compiled by Mr. Lindikhaya Myeki (of the NAMC)

Table 3 lists the leading export destinations of garlic exported by South Africa in 2010, expressed in value terms. The first observation is that there is no African country in the top ten list. China (at R12.9 million) topped the list followed by Unidentified countries (R12.3 million) and the United States (R10.5 million) presenting a market share of 10.12 %, 9.68% and 8.29% of South African exports, respectively.

Table 3: Top ten export markets for South African garlic (fresh or chilled): 2010

Destinations	Export value (in Rand' million)	Share in SA's exports, %
SA exports	127 819 034	100
China	12 939 511	10
Unidentified Countries	12 377 921	9
United States	10 595 583	8
Germany	9 703 170	8
Japan	9 623 747	8
United Kingdom	6 765 976	5
India	4 654 496	4
Netherlands	4 544 753	4
Switzerland	3 103 358	2
South Korea	2 589 868	2

Source: World Trade Atlas, 2010

Table 4 shows South Africa's imports of garlic (fresh or chilled) in 2010. These imports amounted to a total value of US\$ 585 million. The leading sources of garlic imports for South Africa were China at R 84 million, followed by Germany, accounting for R 66 million, and the United States at R 41 million, representing a market share of 14.36 %, 11.29 % and 7.15 % of South African imports, respectively. Notably, Nigeria is the only country in Africa making the list of top ten sources of garlic imports for South Africa. Other countries making the top list include Japan (R30 million), Saudi Arabia (R23 million) and Iran (R23 million).

Table 4: Top ten import markets of garlic by South Africa: 2010

Importers	Exported value (in R'000)	Share in SA's exports, %
SA imports	585 694	100
China	84 084	15
Germany	66 116	11
United States	41 869	7
Japan	30 990	5
Saudi Arabia	23 710	4
Iran	23 002	4
United Kingdom	22 013	4
India	20 737	4
France	17 106	3
Nigeria	16 079	3

Source: World Trade Atlas, 2010

2. SOUTH AFRICA'S PORK/SWINE IMPORTS FROM BRAZIL²

South Africa imports swine/pork meat from a number of countries in the world. These imports consist mainly of *swine cuts, frozen* (HS Code 020329), at an annual average value of R 2.2 billion, followed by *swine edible offal, frozen* (HS Code 020629) at R 199 million and *swine meat & meat offal excl. livers/ incl. mixtures, prepared or preserved* (HS Code 160249) at R 198 million (see **Table 5**). Table 5 shows that Brazil, Canada, France, Italy, and Spain are the leading suppliers of pork to South Africa between 2002 and 2009.

Brazil dominated the categories *Swine carcasses and half carcasses, frozen* (HS Code 020321) and *Bellies, streaky and cuts thereof of swine, cured* (HS Code 021012), with a share of 98 % and 78 % of total imports, respectively. Canada dominated the categories *Swine edible offal, frozen* (HS Code 020649) and *Hams, shoulders and cuts thereof, of swine, bone in, frozen* (HS Code 020322), with a share of 59 % for both.

Table 6 gives a breakdown of South Africa's imports of pork/swine products from Brazil. Note that *Swine cuts, frozen* (HS Code 020329), *Hams, shoulders and cuts thereof, of swine, bone in, frozen* (HS Code 020322) were the most important pork/swine products exported by Brazil to South Africa between 2003 and 2005. From 2006 to 2009, 78 % of all pork/swine product imports were discontinued from Brazil because an outbreak of Foot and Mouth Disease (FMD), while the other products' imports declined substantially.

Figure 1 shows that between 1994/95 and 2002/03 production and consumption³ was more or less in balance and moved mainly sideways. During this period, prices were increasing at a steady rate. From 2003/04 onwards consumption started outpacing domestic production. While prices dropped somewhat and moved sideways until 2005/06, it started a sharp rally upwards (i.e. from R 10.20/kg to R 16/kg or 60 %) until the end of the depicted period. The former period of sideways movement in prices coincided with significant imports from Brazil, while the period of rallying prices coincided with the ban on imports from Brazil due to sanitary reasons.

Figure 2 shows that, from 2002 to 2005, South Africa's imports of pork and pork products from Brazil grew from 0.25 % (i.e. 25 tons) to 49 % (i.e. 17 355 tons) of South Africa's total imports of pork and pork products from the World. Imports from Brazil declined by 99 % from 2005 to 2006 (i.e. from 17 355 tons to 149 tons), when Brazil declared an outbreak of FMD. From 2006 to 2009, South Africa's imports of pork/swine from Brazil averaged 0.69 % of South Africa's total imports of pork/swine and pork/swine products.

² This article was compiled by Mr. Alfred Mohapi and Mr. Sphamandla Mazibuko (of DAFF – Directorate: International Trade)

³ Consumption includes both locally produced and imported products.

An important conclusion that can be drawn from the above analysis is that animal diseases can significantly impede on a country's access to foreign

markets, but probably more important is the loss in market share to competitors in a market that appears to be growing with good returns.

Table 5: Value of SA Pork/Swine imports from the World 2002–2009 (R '000 000)

HS Code	Description	Average value per year	Brazil % Share in SA imports	Other Large Supply Sources
020329	Swine cuts, frozen	2 287	19	France: 31%; Canada: 16%; Spain: 9%
020649	Swine offal, frozen	199	3	Canada: 59%; Spain: 12%; Ireland: 10%
160249	Swine meat, prepared or preserved	198	8	Zimbabwe: 91%; Italy: 1%
020322	Frozen Hams, shoulders and cuts	157	28	Canada: 59%; USA: 8%; Chile: 1%
021019	Swine meat, cured	59	6	Italy: 69%; Zimbabwe: 16%; Spain: 5%
020319	Swine cuts, fresh or chilled	38	24	France: 31%; Spain: 11%; Italy: 11%
020321	Frozen Swine	22	98	Argentina: 1%; New Zealand: 1%
021012	Bellies, streaky and cuts, cured	12	78	Canada: 10%; Italy: 9%; France: 3%
020312	Hams, shoulders and cuts with bone	0.485	57	Canada: 14.5%; Italy: 10.29%; UK: 8.46%

Sources: ITC calculations based on COMTRADE statistics.

Table 6: Value of South African pork/swine imports from Brazil (2002–2009) (R '000 000)

HS Code	Description	2002	2003	2004	2005	2006	2007	2008	2009	Ave
20329	Swine cuts, frozen	0.27	39.32	105.43	197.62	0.79	1.15	1.04	0.34	43.25
20322	Hams, shoulders and cuts thereof, of swine, bone in, frozen	0	1.10	17.8	17.29	0	0	0	0	4.52
20321	Swine carcasses and half carcasses, frozen	0	11.09	4.84	1.22	0	0	0	0	2.14
160249	Swine meat & meat offal, prepared or preserved	0	0	0	0	2.03	7.24	2.7	0	1.49
21012	Bellies Streaky and cuts, cured	0	0.17	1.27	6.21	0	0	0	0	0.95
20319	cuts, fresh or chilled,	0	1.11	1.01	4.03	0	1.04	0	0	0.90
20649	Swine edible offal, frozen	0	0.47	1.57	2.26	0	0.03	0	0	0.54
21019	Swine meat, cured	0	0.60	2.43	0	0	0	0	0	0.38
20312	Hams, shoulders and cuts with bone in,	0	1.39	0	0.87	0	0	0	0	0.28

Sources: ITC calculations based on COMTRADE statistics.

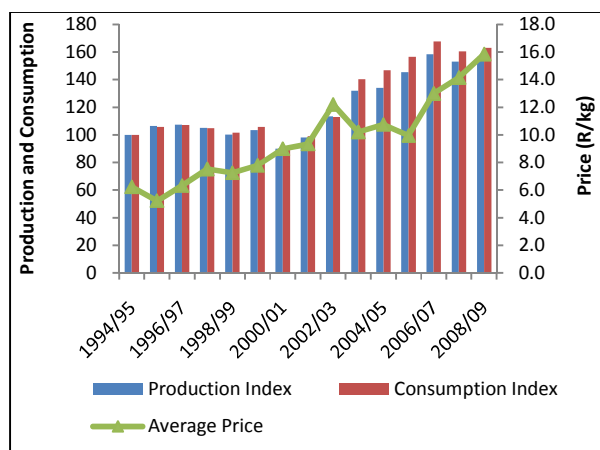


Figure 1: SA Pork Consumption versus Production
Source: SA Abstract of Agriculture: Agricultural Statistics (2010)

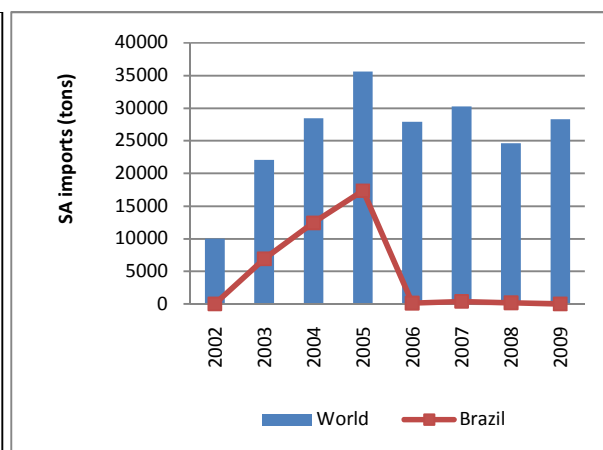


Figure 2: SA pork imports, 2002–2009
Source: SA Abstract of Agriculture: Agricultural Statistics (2010)

3. SOUTH AFRICA'S AGRICULTURE, FORESTRY AND FISHERIES TRADE PERFORMANCE DURING QUARTER FOUR OF 2010⁴

The value of primary agricultural exports shows a clear trend where there is an increase from the first quarter to the third quarter followed by a significant decline in the fourth quarter (see **Figure 3**). Primary exports declined significantly, from R 7.5 billion in quarter three to R 4.2 billion in quarter four of 2010. Primary agricultural imports moved more or less sideways over the depicted period. The result is that the trade surplus varies over time in a similar way than the value of primary exports. The trade surplus of primary products declined from R 5.2 billion to R 2.2 billion between the third and fourth quarter of 2010. South Africa has been able to maintain its net primary product exporter status over the past decade.

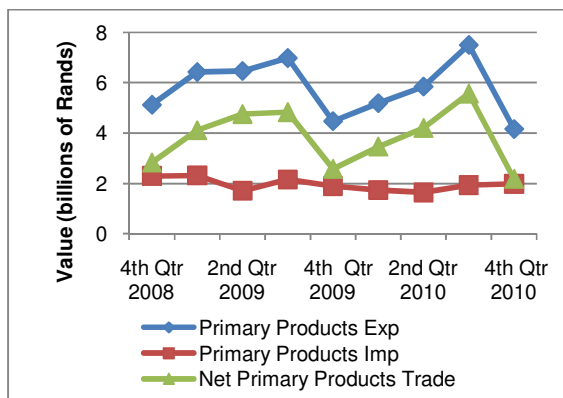


Figure 3: South Africa's primary agricultural products trade on a quarterly basis (2008–2010)
Source: World Trade Atlas, 2011

South Africa was a net exporter of processed products between 1998 and 2005, whereafter it became a net importer (**Figure 4**). Despite the recovery experienced in quarter two of 2010, processed agricultural exports, in general, continued to fall short of processed imports. The gap widened even further during quarters three and four of 2010.

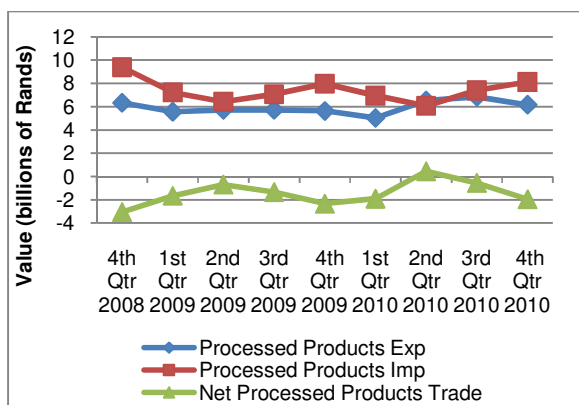


Figure 4: South Africa's processed agricultural products trade on a quarterly basis (2008–2010)
Source: World Trade Atlas, 2011

With respect to trade in forestry products, South Africa maintained a positive trade balance with the world (**Figure 5**). Forestry exports peaked at a high of R 2.6 billion in the fourth quarter of 2010, while imports were lower at around R 1.5 billion in the same quarter. This resulted in widening the trade surplus to R 1.1 billion in quarter four of 2010.

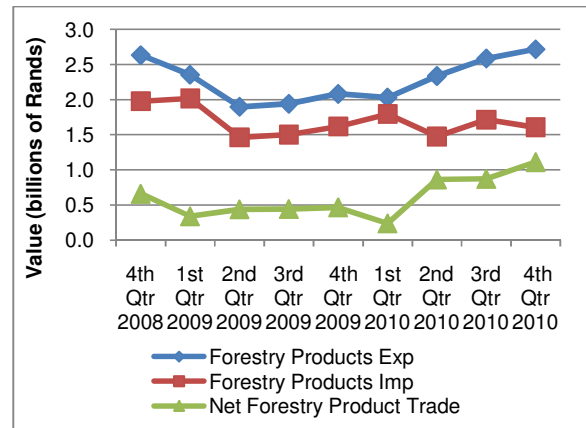


Figure 5: South Africa's forestry products trade on a quarterly basis (2008–2010)
Source: World Trade Atlas, 2011

Figure 6 indicates that South Africa maintained a positive trade balance with respect to trade in fisheries products. Fisheries exports and imports followed a declining trend over the period depicted. Net trade in fisheries remained constant at about R 0.2 billion on a quarterly basis except for the second quarter of 2010.

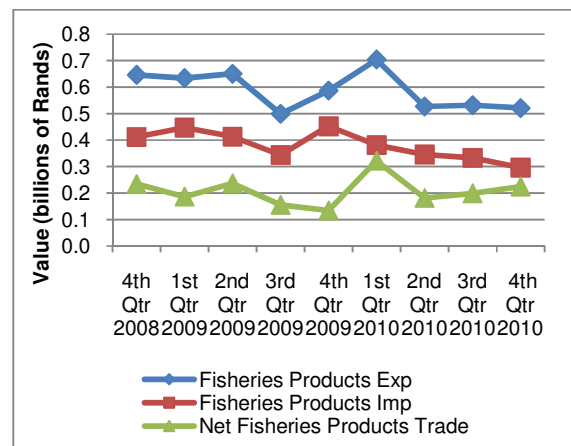


Figure 6: South Africa's fisheries products trade on a quarterly basis (2008–2010)
Source: World Trade Atlas, 2011

Table 7 shows South Africa's top ten major agricultural and food export markets and products by value in 2009 and 2010. The **Netherlands** was South Africa's largest market for agricultural and food exports and within the European Union in 2010. South Africa's agricultural and food exports to the Netherlands increased by 12 % in value between 2009 and 2010. Its share in South Africa's total agricultural and food exports increased from 10 to 11 % during the period.

⁴ This article was compiled by Mr. Sam Legare (of DAFF – Directorate International Trade)

The top five major agricultural and food products that South Africa exported to the Netherlands in 2010 were grapes, oranges, grape wines, pears and avocados. The value of exports of oranges to the Netherlands increased substantially, by 52 %, during the period.

The **United Kingdom** ranked the second largest market for South African agricultural and food exports in 2010, though it declined in terms of share and value. South Africa's agricultural and food exports to the United Kingdom declined by 7 % during the period measured. The top five agricultural and food products that South Africa exported to the United Kingdom during 2010 were grape wines, fresh grapes, fresh apples, fresh oranges and mandarins. Exports of grape wines and fresh apples to the United Kingdom declined by 25 and 18 % respectively.

Zimbabwe ranked as the third largest export market for South African agricultural and food products in the world and the largest market in Africa. South Africa's agricultural and food exports to Zimbabwe remained stable at R 3.5 billion during the period under consideration. South Africa's top five major agricultural and food exports to Zimbabwe in 2010 were sunflower seeds and oils, wheat, sugar, maize and chicken cuts. Sunflower seeds and oils as well as wheat exports to Zimbabwe increased substantially, by 57 and 48 % respectively during the period under consideration.

Mozambique ranked the second largest export market for South African agricultural and food products in Africa. South Africa's total agricultural and food exports to Mozambique increased substantially, by 41 %, from R 2.0 billion in 2009 to R 3.0 billion in 2010. The top five major products exported by South Africa to Mozambique during this period were ethyl alcohol, sugar, food preparations, maize and oranges.

South Africa's agricultural and food exports to **Germany** remained stable during the period under consideration. The top five major products that South Africa exported to Germany during this period were grape wines, ostrich meat, grapes, apricots as well as prepared fruits and vegetables. Exports of ostrich meat from South Africa to Germany increased by 35 %, whilst that of grapes decreased by 38 % during the same period.

Table 8 below indicates that, of all South Africa's agricultural and food export partners in the world, Mozambique, Japan and the Netherlands topped the list in terms of export growth between the 2009 and 2010. Exports of ethyl alcohol to Mozambique, groundnuts to Japan and avocados to the Netherlands registered the highest growth. The table further shows that Angola, China and the United Kingdom registered the highest negative growth during the same period, with refined sugar to Angola, wool to China and fruit preparations to the United Kingdom declining the most.

Table 7: South Africa's top ten major agricultural and food export markets and product drivers by value in 2009 and 2010.

Calendar Year 2009			Calendar Year 2010			
Major export markets	Share in SA total agric exports	Exports Value (Billion Rand)	Major export markets	Share in SA total agric exports	Exports value (Billion Rand)	Top 3 products exported into major markets
United Kingdom	10	4.7	Netherlands	11	5.1	Grapes , Oranges and Grape wines
Netherlands	10	4.6	United Kingdom	9	4.4	Grape wines, Grapes and Apples
Zimbabwe	8	3.6	Zimbabwe	8	3.6	Sunflower seeds & Oils, Wheat and Sugar
Kenya	6	2.8	Mozambique	6	2.9	Ethyl alcohol, Sugar and Food preparations
Mozambique	4	2.1	Germany	4	1.9	Grape wines, Meat and Grapes
Germany	4	1.9	USA	3	1.6	Grape wines, Oranges and Macadamia Nuts
USA	3	1.6	Japan	3	1.5	Sugar, Grapefruit and Maize
Angola	3	1.5	United Arab Emirates	3	1.3	Oranges, Grapes and Apples
United Arab Emirates	3	1.4	Angola	3	1.3	Fermented Beverages, Cigarettes and Whiskies
China	2	1.3	China	3	1.2	Wool, Fish Meal Flour and Grape wine

Source: World Trade Atlas, 2011

Table 8: South Africa's growing and declining agricultural export markets during 2009 and 2010

Growing Export Markets			Top 3 products driving total export growth and their individual growth percentage		
Ranking	Growing Markets	Total Exports Growth (%)			
1	Mozambique	41	Ethyl Alcohol (2147%)	Cigarettes (136%)	Maize Meal (75%)
2	Japan	18	Groundnuts (61%)	Pears (60%)	Oranges (37%)
3	Netherlands	12	Avocados (53%)	Oranges (52%)	Macadamia Nuts (27%)

Shrinking Export Markets			Top 3 products driving total import shrinkage and their individual shrinkage percentage		
Ranking	Shrinking Markets	Total Import shrinkage (%)			
1	Angola	-12	Refined Sugar (-66%)	Yogurt (-62%)	Maize Meal (-44%)
2	China	-7	Wool (-49%)	Grape Wines (-31%)	Animal Skins (-28%)
3	United Kingdom	-6	Fruit Preparations (-32%)	Grape Wines (-25%)	Apples (-18%)

Source: World Trade Atlas, 2011

Table 9 shows South Africa's top 10 major agricultural and food export sub-sectors by value in 2010.

Edible Fruits and Nuts remained South Africa's top export sub-sector by value in both 2009 and 2010. Exports in this sub-sector grew substantially, by 14 %, from R 13.6 billion in 2009 to R 15.5 billion in 2010. The share of this sub-sector in South Africa's total agricultural and food exports also increased from 29 to 33 % between the two years under consideration. The top five major products exported within the sub-sector in 2010 were oranges, grapes, apples, pears and lemons. These top five products accounted for 73 % of the total sub-sector exports in 2010. Exports of oranges and lemons showed the highest growth within the sub-sector, with oranges growing by 31 % and lemons by 29 % between the two years.

Beverages, spirits and vinegar also remained firm as South Africa's second largest sub-sector exports by value in both 2009 and 2010. Exports for this sub-sector remained stable at R 8.6 billion during the period observed. The share of this sub-sector in South Africa's total agricultural and food exports also remained firm at 18 % for the two years under observation. Major products exported by South Africa within this sub-sector in 2010 were grape wines and ethyl alcohol, both accounting for 80 % of the total sub-sector exports. Exports of grape wines alone in 2010 amounted to R 5 billion, while that of ethyl alcohol reached a high of R 1 billion. However, exports of grape wines in 2010 declined by 8 % when compared to 2009.

Exports of **Preserved Food** rose by 7 %, to rank third in South Africa's total agricultural exports by value in 2010, after ranking fifth in 2009. However, the share of this sub-sector remained stagnant at 7 % during the two years considered. Major products exported by South Africa under this sub-sector were prepared peaches, fruit and vegetable mixtures and juices, prepared pears and prepared apricots.

South Africa's exports of **Fish and Fish Products** remained stable at R 3.3 billion during the period under consideration. Major products exported by South Africa in this sub-sector were frozen fish fillets and squid, representing 20 and 15 % shares respectively within the sub-sector during 2010. Exports of lobster and crayfish showed the highest growth within the sub-sector, with lobster growing by 21 % and crayfish by 10 % between the two years.

South Africa's total exports of **Cereals** declined significantly, by 42 %, from R4.2 in 2009 to R2.4

billion in 2010. The share of cereals in South Africa's total agricultural and food exports also declined heavily, from 9 % to 5 % between the two years under observation. This was mainly driven by exponential decreases in exports of wheat, maize and maize seed, which declined by 81 %, 44 % and 19 % respectively between the two years under observation. Exports of maize alone accounted for 80 % and 79 % of the total sub-sector exports in 2009 and 2010 respectively.

Table 10 shows South Africa's top ten major agricultural and food import sources and product drivers by value in 2009 and 2010.

Argentina ranked South Africa's number one import source for agricultural and food products during the two years under consideration. However, agricultural and food imports from Argentina declined by 16 % during the same period and its share in South Africa's total agricultural imports from the world also decreased by 2 % from 14 % in 2009 to 12 % in 2010. A decline in total agricultural and food imports from Argentina was largely driven by decreases in imports of sunflower seeds and oils as well as chicken meat, which declined by 19 % and 38 % respectively during the period.

Despite a 16 % decline in South Africa's total agricultural and food imports from **Thailand**, Thailand remained South Africa's second largest import source by value during the two years under consideration. Its share in South Africa's total agricultural and food imports from the world also declined. However, trade analysis further shows that Thailand has become South Africa's largest import source for rice, contributing 75 % of South Africa's total demand for rice in 2010.

South Africa's total agri-food imports from **Brazil** declined. This decline was mainly driven by a decrease in imports of tobacco and refined sugar, which fell by 51 % and 23 % respectively during the period. However, imports of chicken meat rose exponentially, by 390 %, during the same period.

South Africa's total agricultural and food imports from **Germany** increased significantly from R 2.1 billion to R 2.5 billion between 2009 and 2010. Its share in South Africa's total agricultural and food imports from the world also increased from 6 % to 7 % during the same period. This trend was mostly driven by an increase in imports of swine meat and coffee extracts, which increased by 132 % and 21 % respectively between the two years.

South Africa's agricultural and food imports from **China** remained stable in terms of value and share during the period under consideration. The top five main products that South Africa imported from China during the period were kidney and white pea beans, animal offal, apple juice, peptones and sardines.

How-ever, imports of apple juice declined by 16 % during the period.

No **African** countries appeared in South Africa's list of top ten import markets by value in either 2009 and 2010.

Table 9: South Africa's top 10 major agricultural and food export sub-sectors by value in 2010

Sub-sector Description (HS-2)	Exported value 2010 (billion Rand)	Sub-sector growth between 2009 & 2010	Top 3 products exported by the sub-sector	Top 3 export markets for the sub-sector
Edible Fresh Fruits and Nuts	15.5	14%	Oranges Grapes Apples	Netherlands United Kingdom Russia
Beverages, Spirits and Vinegar	8.6	-1%	Grape Wines Ethyl Alcohol Liqueurs and Cordials	United Kingdom Germany Mozambique
Vegetable, Fruit and Nut Preparations (Preserved Food)	3.5	7%	Prepared Peaches Fruit Mixtures Prepared Pears	China Italy Belgium
Fish and Seafood	3.3	1%	Fish Fillets Squid Sea Crayfish	Spain Italy Hong Kong
Cereals	2.4	-42%	Maize Maize Seeds Rice	South Korea Kenya Zimbabwe
Sugars and Sugar Confectioneries	2.1	-39%	Sucrose Sugarcane (Raw) Sugar Confectionery	Mozambique Zimbabwe Japan
Tobacco and Manufactured Tobacco Substitutes	1.8	-5%	Cigarettes Tobacco Tobacco Extracts	Yemen Belgium Egypt
Miscellaneous Edible Food Preparations	1.8	14%	Soya Sauce Soups & Broths Ice Cream	Zimbabwe Mozambique Nigeria
Animal or Vegetable Fats and Oils	1.3	39%	Sunflower Extracts Soya-bean Extracts Margarine	Zimbabwe Mozambique Zambia
Miscellaneous Grains, Seeds and Fruits	1.2	-8%	Soya Beans Groundnuts Oil Seeds Flours	Malaysia Indonesia Netherlands

Source: World Trade Atlas, 2011

Table 10: South Africa's top ten major agricultural and food import sources and product drivers by value in 2009 and 2010

2009			2010			
Major import sources	Share in SA total agric imports (%)	Imports value (billion Rand)	Major import markets	Share in SA total agric imports (%)	Imports value (billion Rand)	Top 3 products imported from major markets
Argentina	14	5.1	Argentina	12	4.3	Soybean, Sunflower Seeds & Oils and Chicken Meat
Thailand	11	4.0	Thailand	9	3.4	Rice, Fish, Cereals and Starches
Brazil	9	3.5	Brazil	7	2.7	Chicken Meat, Tobacco & Sugar
China	6	2.2	Germany	7	2.5	Wheat, Soybean Oils and Swine Meat
Germany	6	2.1	China	6	2.2	Beans, Animal Offal and Apple Juice
United Kingdom	5	1.8	United Kingdom	6	2.1	Whiskies, Rum and Tafia & Food Preparations
Netherlands	5	1.7	United States of America	5	1.9	Wheat, Food Preparations, and Whiskies
Malaysia	4	1.6	Malaysia	5	1.8	Palm Oil, Cocoa Butter and Vegetable Fats & Oils
United States of America	4	1.4	Netherlands	4	1.4	Soya-Bean Oils, Food Preparations and Malt Beer
Indonesia	4	1.3	Indonesia	4	1.4	Palm Oil, Coffee & Cocoa Powder

Source: World Trade Atlas, 2011

Table 11 indicates that, of all South Africa's agricultural and food import partners in the world, the United States of America, Germany and the United Kingdom topped the list in terms of import growth between 2009 and 2010. Imports of wheat from the USA, swine meat from Germany and meat flour from the United Kingdom registered the highest growth.

The table further shows that Brazil, the Netherlands and Thailand registered the highest negative growth during the same period, with tobacco from Brazil, malt beer from the Netherlands and sardines from Thailand, labelled the worst import performers.

Table 11: South Africa's growing and shrinking agricultural and food import markets and products during 2009 and 2010

Growing Import Markets			Top 3 products driving total import growth and their individual growth percentage		
Ranking	Growing Markets	Total Import growth (%)			
1	United States of America	35	Wheat (512 %)	Animal Offal (16 %)	Food Stuffs (5 %)
2	Germany	17	Swine Meat (132 %)	Coffee Extracts (21 %)	Food Stuffs (1 %)
3	United Kingdom	16	Meat Flour (65 %)	Confectionaries (30 %)	Oats & Flakes (27 %)

Shrinking Import Markets			Top 3 products driving total import shrinkage and their individual growth percentage		
Ranking	Shrinking Markets	Total Import shrinkage (%)			
1	Brazil	- 24	Tobacco (-51 %)	Raw Sugar (-47 %)	Refined Sugar (-23 %)
2	Netherlands	- 18	Malt Beer (-90 %)	Bulbs & Tubers (-17 %)	Food Stuffs (-13 %)
3	Thailand	-16	Sardines (-37 %)	Tunas (-14 %)	Rise (-13 %)

Source: World Trade Atlas, 2011

Table 12 shows South Africa's top 10 major agricultural and food import sub-sectors by value in 2010. South Africa's total imports of **Animal or Vegetable Fats and Oils** increased by 31 % between 2009 and 2010. The share of this sub-sector in South Africa's total agricultural and food imports also increased, from 13 % in 2009 to 17 % in 2010. Major products imported by South Africa in 2010 under this sub-sector were palm oils, soybean oils, and sunflower seeds or oils. These products accounted for 80 % of the total sub-sector imports in 2010 and were mostly imported from Asian countries such as Indonesia and Malaysia as well as from Argentina in South America.

South Africa's total imports of **Cereals** declined by 17 %, from R 6.4 billion in 2009 to R 5.3 billion in 2010. Much of this decrease was due to decreases in imports of maize seeds, rice and wheat, which fell by 67 %, 19 % and 14 % respectively during the observed period. Imports of wheat and rice alone accounted for over 90 % of the total sub-sector imports in 2009 and 2010. South Africa imports cereals mostly from the USA, Thailand, Germany and Argentina. Imports of maize seeds from the USA declined by 54 %, rice from Thailand declined by 13 % and wheat from Germany and Argentina declined by 34 % and 85 % respectively during the period.

Imports of **Food Residues and Waste** improved from ranking the fourth in South Africa's total agricultural and food sector imports by value in 2009 to rank third in 2010. Imports in this sub-sector increased by 4 %, from R 3.5 billion in 2009 to R 3.7 billion in 2010. This positive move was mainly driven by exponential

increase in imports of meat meal flours and pellets as well as dog and cat food from France. However imports of dog and cat food from Netherlands declined by 5 % during the period.

Beverages, Spirits and Vinegar declined from ranking third in South Africa's total agricultural and food imports by value in 2009 to rank fourth in 2010. Imports in this product category decreased by 20 %, from R3.8 billion in 2009 to R3.0 billion in 2010. Much of this decrease was due to a decrease in imports of malt beer from the Netherlands, which declined substantially by 90 % between the two years under consideration. Imports of mineral waters also contributed significantly to this trend after falling by 12 % over the two years.

South Africa's total imports of **Meat and Edible Meat Products** increased by 7 % in value between 2009 and 2010. Imports of frozen chicken and pork contributed significantly to this increase. Imports of frozen chickens from Brazil increased significantly, by 390 %, whilst frozen pork imports increased by 131 % between 2009 and 2010.

Table 12: South Africa's top 10 major agricultural and food import sub-sectors by value in 2010

Sub-sector Description (HS-2)	Imported value 2010 (Bill Rand)	Sub-sector growth between 2009 & 2010 (%)	Top 3 products imported within the sub-sector	Top 3 import markets by the sub-sector
Animal or Vegetable Fats and Oils	6.1	31	Palm Oils Soya-bean Oils Sunflower-seeds	Malaysia Argentina USA
Cereals	5.3	-17	Rice Wheat Barley	Thailand Germany USA
Food Waste and Residues (Animal Feed)	3.7	4	Soybean Residues Dog and Cat Food Meat Meal Flours	Argentina Netherlands France
Beverages, Spirits and Vinegar	3.0	-20	Whiskies Mineral Waters Malt Beer	United Kingdom USA Ireland
Meat and meat products	2.6	7	Chicken Meat Swine Meat Turkey Meat	Brazil Canada Australia
Tobacco and Manufactured Tobacco Substitutes	1.6	-20	Tobacco Cigarettes Tobacco Refuse	Brazil Zimbabwe India
Miscellaneous Edible Food Preparations	1.5	3	Infants food Instant Coffee Sauces	USA Netherlands Germany
Coffee, Tea, Maté and Spices	1.2	16	Coffee (Raw) Black Tea Capsicum or Pimento	Vietnam Malawi India
Vegetables, Fruits and Nuts Preparations (Preserved Food)	1.2	-1	Prepared Potatoes Apple Juice Grape Juice	China Italy Belgium
Sugar and sugar confectioneries	1.1	-7	Sugar Confectionery Sucrose Sugar Cane (Raw)	Brazil China USA

4. IDENTIFICATION OF ATTRACTIVE MARKETS FOR SOUTH AFRICAN TABLE GRAPES USING THE ITC'S COMPOSITE INDICES⁵

4.1 Background on global table grape exports

Between 2005 and 2009, global table grape exports increased by 4 % and 8 %, measured in terms of quantity and value respectively, indicating a growing global demand. During the same period, exports from the Southern Hemisphere countries (excluding South Africa) increased by 3.8 % and 14 %, while South African exports increased by 2 % and 6 %, measured in terms of quantity and value respectively. The significant growth in global exports of table grapes could be attributed to (i) changing consumer lifestyles – triggering a demand for products with inherent health benefits, (ii) improving supply chain technologies; and (iii) the development and opening of the emerging eastern markets.

4.2 Southern Hemisphere export performance

Figure 7 shows the share of Southern Hemisphere exports of world table grapes, measured in value terms. Chile is by far the largest exporter of table grapes in the Southern Hemisphere, accounting for a 20 % share of world exports of table grapes in 2010. South Africa's global share declined from 9 % in 2004 to 7 % in 2010, while Peru increased its global share from less than 1 % in 2001 to 2.5 % in 2010. The

decline in the South African share can be attributed to rising competition from other Southern Hemisphere suppliers, increasing production and export costs, as well as inadequate market diversification.

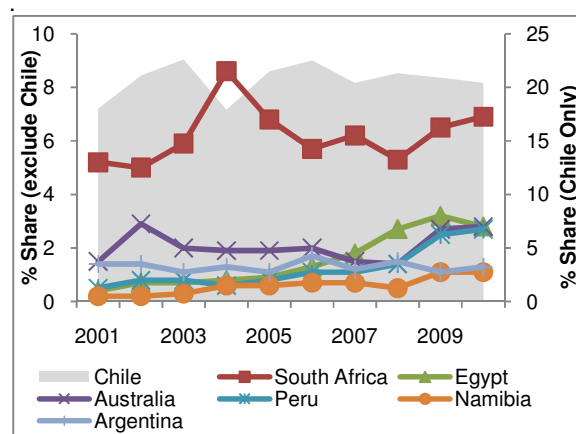


Figure 7: Countries' share in world exports: 2001–2010
Source: ITC-Trade Map, 2011

Figure 8 presents the ITC's export performance index for Southern Hemisphere countries in the 2009/2010 season. The export performance index⁶ takes into account export volume, export growth, export price

⁵ This article was compiled by Mr. Sifiso Ntombela (of the NAMC)

⁶ Export volume is measured in value terms, i.e. a large export value indicates large export volume. Export dynamism refers to the export percentage change between the 2008/2009 and 2009/2010 seasons, i.e. a large percentage change indicates strong export dynamism.

and export dynamism. In terms of this index, South Africa's export performance ranked fifth amongst Southern Hemisphere countries during the 2009/2010 season, behind Chile, Peru, Egypt and Australia. The top four performers were superior in terms of their adequate export diversification, strong export growth rate and large export volumes.

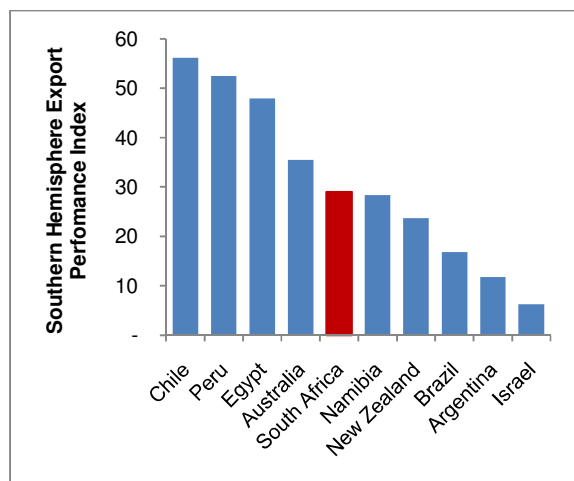


Figure 8: Southern Hemisphere export performance index for 2009/2010 season
Source: Own calculation using ITC's composite indices

4.3 Identification of attractive markets

South Africa faces stiff competition within the ambit of dynamic market conditions. One potential option to be followed by South Africa is to diversify its table grape exports to markets other than its traditional markets (i.e. the EU). In order to explore this issue further, the ITC composite indices were used to explore attractive alternative markets for the South African table grapes. The methodology used by the ITC takes into account the size of the market, dynamism of the market, market access condition (i.e. tariffs and non-tariff barriers), distance to market, and socio-economic status of the market. Using these criteria, markets to which South Africa currently exports and attractive alternative markets to which South Africa could possibly export can be identified.

Table 13 presents the results.

- *Traditional markets:* Russia has the highest index⁷ of 87, based on the criteria mentioned. The Netherlands and the United Kingdom rank second and third as attractive traditional markets, respectively. Other existing attractive markets that showed high potential are Hong Kong and China. Note that although China is not (yet) a typical traditional market, it is categorised in this category, since South Africa has market access and already exports table grapes to this market.
- *Attractive alternative markets:* Finland shows the highest index, followed by Austria and Slovakia. Thailand also shows large potential for South African exports. South Africa lost market access in Thailand in 2008, and since then no exports

have occurred. This suggests that South Africa should intensify its efforts of regain its access to Thailand. Kazakhstan is also among the top markets that present a market opportunity for South Africa. In all identified markets, Chile, Peru, Argentina, Namibia and Brazil are the main competitors.

Table 14 shows how each market scores under each sub-index (i.e. market size, market dynamism, distance to market and market access condition). It is clear that South Africa enjoys tariff and distance advantages in the European markets, as compared to competitors.

The model's results shows that European markets will remain important for South African exports due to factors such as geographical location (i.e. shorter shipping distances to the EU), duty-free access to the EU and the high socio-economic status in the EU. However, increasing production and export costs, paralleled by intensifying competition and low consumption growth in the EU, will increase the number of challenges South African table grape producers and exporters face in the EU market, particularly in the case of small-scale producers. This suggests that considerable attention should be afforded to improving market access of table grapes to markets outside the EU, i.e. alternative markets not currently being utilised optimally.

Markets in the East (i.e. Hong Kong, Kazakhstan, China and Thailand) are increasingly becoming important markets. These markets also have less stringent non-tariff measures (i.e. Ethical; Sanitary and Phytosanitary – SPS; as well as Technical Barriers to Trade – TBT) as compared to the EU markets.

In order to take advantage of alternative market outlets, a starting point could be to:

- Introduce a class action approach that involves all stakeholders in the table grape industry (including government) to address challenges that currently restrict exports.
- Considerable attention must be directed to improving supply to the Eastern and domestic markets, where producers will face less fierce competition as well as less stringent non-tariff measures.

The focus should be on developing innovative products (product differentiation) for developed markets in order to retain or increase global market share. Investment in promotional activities especially of a generic nature is critical to enhance the country's profile.

⁷ The index scale is 0 to 100. Values closer to 100 represent highest attractiveness, while values closer to zero represent lowest attractiveness.

Table 13: Market Attractiveness: Traditional and new markets for South African table grapes

Import Market	Market Attractive Index	2009 Import Value: Million \$	World Market Share: %	05-09 Value Growth: %	Tariff Applied to SA: %	Tariff Advantage against top 5 competitors	Competitor 1: Market Share & Tariff Applied	Competitor 2: Market Share & Tariff Applied	Competitor 3: Market Share & Tariff Applied
Attractive Traditional Markets: South Africa already exports to these markets									
Russia	87	451	6.9	21	4	0	Chile (11.2 %; 3.8 %)	Argentina (3 %; 3.8 %)	Peru (1.5 %; 3.8 %)
Netherlands	86	702	10.8	16	3	0	Chile (30 %; 0 %)	Brazil (6.5 %; 7 %)	Namibia (4.7 %; 0)
UK	82	559	8.6	4	3	0	Chile (19 %; 0 %)	Brazil (6 %; 7 %)	Namibia (2.2 %; 0 %)
Hong Kong	76	225	3.9	15	0	0	Chile (32.8 %; 0 %)	Australia (22.8 %; 0 %)	Peru (6.8 %; 0 %)
China	58	170	2.6	19	13	-2	Chile (55.2 %; 6.5 %)	Peru (7.3 %; 13 %)	USA (33.3 %; 13 %)
Attractive New Markets: South Africa does not export to these markets									
Finland	45	60	1.0	23	3	0	Brazil (9.8 %; 7 %)	Chile (3.9 %; 0 %)	Peru (1 %; 0 %)
Austria	43	76	1.2	12	3	-3	Chile (5.4 %; 0 %)	Brazil (4.6 %; 7 %)	Argentina (2.8 %; 7 %)
Slovakia	35	30	0.4	15	3	0	Brazil (2 %; 7 %)	Chile (1 %; 0 %)	Peru (1 %; 0 %)
Thailand	32	56	0.9	33	49	-27	Chile (4.3 %; 49 %)	Peru (0.8 %; 49 %)	Australia (22 %; 30 %)
Kazakhstan	30	3	0.1	130	5	-1	Chile (7.6 %; 3.8 %)	Argentina (6.2 %; 3.8 %)	Namibia (1 %; 3.8 %)

Source: ITC Trade Map and own calculation

Table 14: Market Prioritisation: Traditional and new markets for South African table grapes

Market Status	Market Attractive Index	Market Size Sub-Index	Market Dynamism Sub-Index	Market Access Condition Sub-Index	Distance Sub-Index	Socio-Economic Growth: GDP/Capita:US\$	Consumption Growth Rate: %	Non Tariff Barriers
Attractive Traditional Markets: South already exports to these markets								
Russia	87	100	81	67	41	18 702	8	Technical & Environmental
UK	82	100	61	68	42	51 697	0.5	Ethical, Technical & Environmental
China	58	52	80	48	17	10 378	11	Technical & Psychological
Attractive New Markets: South Africa does not export to these markets								
Finland	45	19	72	71	37	50 560	12	Technical & Environmental
Austria	43	23	56	64	48	48 121	4	Technical & Environmental
Thailand	32	17	86	15	42	15 548	36	Technical & Psychological

Source: ITC Trade Map, World Bank, USDA and own calculation

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