



INTERNATIONAL *TradeProbe*

No. 32, March 2011

The *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, invite perspectives from people working in related sectors, and report on trade-related research and stimulating debate.

THIS ISSUE OF *TradeProbe* COVERS THE FOLLOWING TOPICS:

- Trade profiles
 - Fresh or chilled mushrooms (HS code 070951)
 - Milk (HS code: 0401)
 - Fisheries
- South Africa's imports of agriculture, forestry and fishery products: Are they worth noting?
- Sainsbury's sourcing of fresh produce in South Africa
- Gender perspectives on agriculture and the global economy

1. MUSHROOMS – FRESH OR CHILLED (HS code: 070951)¹

Background information about the product

Mushrooms are defined as a macro fungus with a distinctive fruiting body which can be either above ground (epigeous) or below ground (hypogeous).

A mushroom is a type of fungus characterised by spore-bearing gills on the underside of the umbrella- or cone-shaped cap. For thousands of years, mushrooms have been used both for food and medicinal purposes.

Mushrooms contain about 80 % water and are very low in calories. For this reason, they are an ideal food for persons following a weight management programme or diet for hypertension. Furthermore, mushrooms are an excellent source of potassium, a mineral that helps lower elevated blood pressure, thereby reducing the risk of strokes.

Background to the South African mushroom industry

The South African mushroom industry produces mainly the white button and brown mushrooms, both of which belong to the genus *Agaricus*. The bulk of

mushrooms produced in South Africa are consumed as a fresh product, with a small percentage being processed (SAMFA, 2010).

The South African Mushroom Farmers' Association (SAMFA) is a formal industry body that oversees the operations of the industry. It has a total of 17 members (all active mushroom producers), collectively producing between 16 and 19 million kilograms per annum. This accounts for 95 % of domestic production, with another 5 % produced by smallholder farmers.

The major challenges to introduce more smallholder farmers into this sub-sector include skills development and market access. This sector also produces exotic mushrooms like Shiitake and King Oyster, which are on the higher value end of the market and are retailed mainly through Woolworths.

Challenges faced by South African mushroom growers

- High cost of imported peat from Europe.
- Lack of educated and skilled growers and staff.
- Lack of capacity to meet international standards and methods.
- High costs of exporting mushrooms to world markets.

Opportunities for South African mushroom growers

- Creating awareness of the nutritional and health benefits of mushrooms in the market.

South Africa's total trade in mushrooms

Figure 1 presents the annual trend, in value terms, of South Africa's mushroom exports and imports from 2001 to 2009. From 2001 to 2004, exports increased significantly from US\$ 1.8 million to US\$ 3.4 million, but then followed a decreasing trend until 2009 (US\$ 1.6 million).

¹ This article was compiled by Mr. Sizwe Simelane (of DAFF)

South Africa's mushroom imports were less than US\$ 500 000 between 2001 and 2009. During the period depicted South Africa had a positive trade balance, despite the decrease in exports, thus making South Africa a net exporter of fresh and chilled mushrooms.

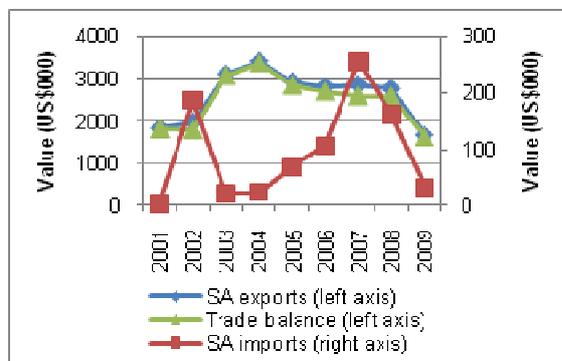


Figure 1: South Africa's total trade in mushrooms (HS 070951) from 2001 to 2009
Source: ITC TradeMap (2010)

Leading exporters of fresh or chilled mushrooms

Table 1 shows the leading global exporters of mushrooms in 2009, expressed in value terms. Among the top ten leading exporters of mushrooms, Poland ranked number one at 28 % of global mushroom exports, followed by the Netherlands and Ireland at 26 % and 15 % respectively. The top ten exporters of mushrooms collectively accounted for 95.3 % of the total value of world mushroom exports.

In 2009, South Africa's mushroom export was worth US\$ 1.6 million (with 0.1% world export share) and as a result it did not feature among the top ten exporting countries in the world.

Table 1: Leading exporters of mushrooms (HS 070951), 2009

Exporters	Exported value (US\$ '000)	Share in world exports (%)
World exports	914 905	100
Poland	257 658	28.2
Netherlands	237 438	25.9
Ireland	139 319	15.2
Canada	69 245	7.5
Belgium	59 744	6.5
Lithuania	50 731	5.5
USA	26 342	2.8
Hungary	16 039	1.8
Germany	12 466	1.3
Mexico	5 502	0.6
South Africa (21)	1 657	0.1

Source: ITC TradeMap (2010)

Leading importer countries of fresh or chilled mushrooms

Table 2 represents the top ten world importers of mushrooms in 2009, expressed in value terms. The top ten importing countries imported a significant share of world exports, i.e. they accounted for 89.4 % of the total value of exports in 2009. Of the top ten importers, the United Kingdom, Germany and the United States of America (USA) were the three

leading importers, absorbing 22.9 %, 20.7 % and 9.3 %, respectively, of the total value of world imports.

Table 2: Leading importers of mushrooms (HS 070951), 2009

Importers	Imported value (US\$ '000)	Share in world imports (%)
World imports	852 372	100
United Kingdom	195 214	22.9
Germany	120 991	20.7
USA	79 218	9.3
Netherlands	77 105	9.0
France	63 321	7.4
Russian Federation	49 567	5.8
Ireland	38 909	4.6
Belgium	34 571	4.1
Lithuania	27 116	3.1
Sweden	21 484	2.5

Source: ITC TradeMap (2010)

Leading export destinations for South Africa's mushrooms

Table 3 illustrates the ten leading export destinations of South African mushrooms in 2009, expressed in value terms. The three leading export destinations for South African mushrooms were Germany, Switzerland and Mauritius, accounting respectively for 39.2 %, 20.0 % and 11.7 % of the value of South Africa's total mushroom exports in 2009. The ten leading export destinations for South African mushrooms together accounted for 95.4 % of the total value of these exports.

It is worth noting that the United Kingdom did not feature in the category of leading exporting destinations for South African mushrooms, despite being the leading importer of mushrooms in world markets in 2009. For this reason, further detailed study is necessary to identify the existing industry export (supply) bottlenecks.

Table 3: Leading export destinations for South Africa's mushrooms (HS 070951), 2009

Importers	Exported value (US\$ '000)	Share in South African exports (%)
South African exports	1 657	100
Germany	651	39.2
Switzerland	332	20.0
Mauritius	195	11.7
USA	152	9.2
Kenya	68	4.1
Mozambique	54	3.3
Zambia	46	2.7
Netherlands	34	2.0
Zimbabwe	33	1.9
Angola	21	1.3

Source: ITC TradeMap (2010)

Conclusion and recommendations

South African exports received limited representation in dynamic world markets. During the period from 2001 to 2009, South Africa, however, was a net exporter despite the declining annual trend in mushroom exports (see figure 1). The declining trend is a concern in light of the export achievements during 2003 and 2004.

During the period under review, the Netherlands, the USA, and the United Kingdom presented themselves as ideal market diversification prospects for South African mushroom exports. South African mushroom growers and exporters will continue to encounter the challenges mentioned above unless both the private sector and government intervene by extending assistance to properly address these challenges.

The importance of ensuring that mushroom exporters meet international health and food safety standards should be emphasised, as this can enable them to improve market access to foreign markets and increase their market share.

2. MILK AND CREAM, NOT CONCENTRATED NOR SWEETENED (HS CODE: 0401)²³

The South African dairy industry is a capital intensive industry categorised into 60 % liquid and 40 % concentrated products in terms of market. There has been a 61 % producer drop out rate between 1997 and 2010 (Lacto Data, 2010). This can amongst others be attributed to the deteriorating terms of trade (cost-price squeeze effect) and changing market dynamics (e.g. cheaper imported dairy products) (Unsworth, 2010). The number of milk buyers declined by 53 % between 2003 and 2010.

Table 4 shows the leading exporters of milk globally in 2009, expressed in value terms. Germany topped the list, with an export value of US\$ 1.4 billion followed by France at US\$ 687 million and Belgium at US\$ 488 million, accounting respectively for 23.3 %, 11.4 % and 8.5 % of market share in the world.

Table 4: World's leading exporters of milk, 2009

Exporters	Value exported in 2009, in USD thousand	Share in world exports, %
World	6 016 494	100
Germany	1 400 844	23.3
France	687 505	11.4
Belgium	513 377	8.5
Netherlands	488 530	8.1
Austria	338 468	5.6
United Kingdom	302 540	5.0
Czech Republic	263 152	4.4
Spain	211 349	3.5
Denmark	176 971	2.9
Poland	171 632	2.9

Source: ITC TradeMap, 2010

According to **Table 5**, the value of milk imports globally amounted to USD\$ 5.8 billion. The leading importer of milk globally in 2009 was Italy, with an import value of US\$ 1 billion, followed by Germany (US\$ 881 million), France (US\$ 560 million) and Belgium (US\$ 525 million). The top ten importers of milk were all European countries, with no African country among them.

² This article was compiled by Mr. Lindikhaya Myeki (of the NAMC)

³ Note that this product is different from Milk and cream – concentrated or sweetened (HS Code 0402) and hence have a different trade mix.

Table 5: World's leading importers of milk, 2009

Importers	Value imported in 2009, in USD thousand	Share in world imports, %
World	5 881 342	100
Italy	1 046 168	17.8
Germany	881 192	15.0
France	560 413	9.5
Belgium	525 122	8.9
Spain	406 698	6.9
Netherlands	334 466	5.7
Greece	157 110	2.7
Portugal	124 116	2.1
Ireland	117 979	2.0
United Kingdom	116 774	2.0

Source: ITC TradeMap, 2010

Table 6 reveals that South Africa's top eight export markets were mostly African countries. Zimbabwe topped the list with an import value of US\$ 8.7 million, followed by Mozambique at US\$ 5 million and Tanzania at US\$ 1.4. Mauritius, Comoros and Malawi were also among the top eight export markets for South African milk. According to the World Trade Atlas (2010), between 2009 and 2010 the market share of milk exports for South Africa to Mozambique and Malawi increased respectively by 57 % and 44 %.

Table 6: Top eight export markets for South African milk, 2009

Exporters	Imported value 2009, USD millions	Share in SA's imports, %
World	17 811	100
Zimbabwe	8 723	48.98
Mozambique	5 020	28.19
Tanzania	1 461	8.20
Ships & Aircraft Stores	508	2.85
Mauritius	485	2.72
Comoros	394	2.21
Malawi	328	1.84
Zambia	228	1.28

Source: World Trade Atlas, 2010

Table 7 lists the top four world sources of South African milk imports in 2009. The total value of imports by South Africa amounted to US\$ 7.5 million, Argentina (US\$ 5.2 million) was the main origin, followed by Uruguay (US\$ 1.9 million) and Brazil (US\$ 163 thousand), respectively accounting for 70.28 %, 25.42 % and 2.17 % of the total share of imports in 2010. Table 7 shows that approximately 95 % of South African milk comes from the South American continent.

Table 7: Top four sources of South African milk imports, 2009

Importers	Exported value 2009, USD thousand	Share in SA's exports, %
World	7 539	100
Argentina	5 298	70.28
Uruguay	1 916	25.42
Brazil	163	2.17
United Kingdom	103	1.37

Source: World Trade Atlas, 2010

3. FISHERIES⁴

This section provides trends in trade pertaining to the fisheries sector. **Figure 2** shows that South Africa has a positive trade balance, i.e. the value of fishery products exceed the value of imports of fishery imports. The positive trade balance decreased in 2009, but improved again in 2010.

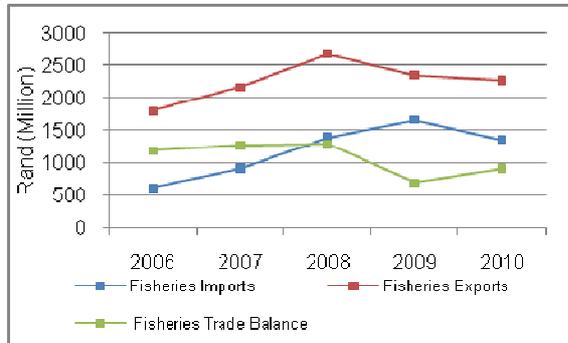


Figure 2: South Africa's fishery imports, exports and trade balance; 2008-2010

Source: World Trade Atlas, 2010

Table 8 indicates that total value of imports of fishery products during 2010 amounted to R1.35 billion and that the quantity of imports had grown by 84.9 % since 2006. The five leading sources provided 77.5 % of South Africa's total fishery imports. This level of concentration could make South Africa vulnerable to policy changes or sudden market fluctuations in these countries. **Figure 3** shows that Thailand (52 %), China (12 %), New Zealand (6 %), Norway (4.5 %) and Spain (3 %) were the leading sources of South African fishery products during 2010. The value of South African imports from four of the five leading markets has increased since 2008.

Sardines and Tuna, together with Cuttlefish and Squid, were the leading import products and constituted 66.5 % of imports. The concentration of Sardine (81 %) and Tuna (96 %) imports from Thailand should be noted. Sardine (2179.7 %), Hake (2368.2 %) and Mackerel (143.2 %) imports have experienced significant growth since 2006.

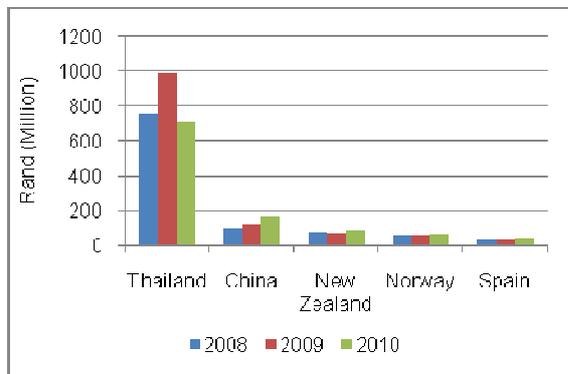


Figure 3: South Africa's top import markets, 2008-2010

Source: World Trade Atlas, 2010

Table 9 shows that total exports of fishery products during 2010 amounted to R 2.26 billion and the volume of imports grew by 4.9 % from 2006. The five leading destinations demanded 62 % of South Africa's total fishery exports. This level of concentration is generally not optimal and South Africa should ideally diversify its export markets more.

Figure 4 illustrates that Spain (25 %), Italy (16 %), Hong Kong (9 %), the United States (7 %) and Portugal (5 %) were the leading export destinations for South African fishery products during 2010. The value of South African exports to four of the five leading markets have declined over the past three years.

Cuttlefish and Squid, Frozen Fish (NES) and Lobsters were the leading export products and constituted 44.3 % of exports. Hong Kong constitutes the largest market for Lobster exports (60 %). Frozen Fish (300.7 %), Lobster (3 685.2 %) and Prepared Mollusc (332.7 %) exports experienced significant growth since 2006.

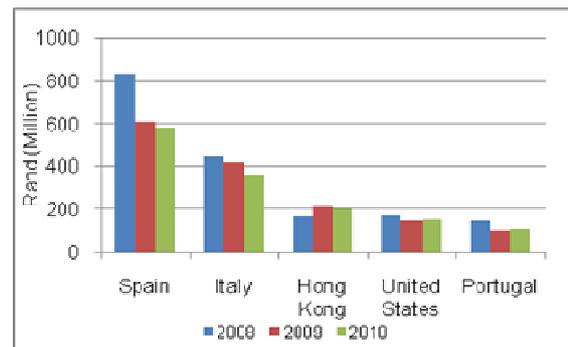


Figure 4: South Africa's top export markets, 2008-2010

Source: World Trade Atlas, 2010

⁴ This article was compiled by Mr. Nico Scheltema (of the NAMC)

Table 8: South African fishery imports: 2010

HS Code 6	Product	Value, (R million)	Quantity, (Tons)	Top 5 countries of origin (share in value of SA imports)	Growth in volume, 2006-2010
	Total Fisheries	1356.7	84 292	Thailand (52 %), China (12 %), New Zealand (6 %), Norway (4.5 %), Spain (3 %)	84.9 %
160413	Sardines	539.1	36 486	Thailand (81 %), China (12 %), Indonesia (4 %), Portugal (1 %), Philippines (0.8 %)	2 179.7 %
160414	Tunas	246.5	12 356	Thailand (96 %), Philippines (2 %), Taiwan (0.5 %), Singapore (0.3 %), Portugal (0.2 %)	25.4 %
030749	Cuttlefish and Squid	117.9	7 795	China (30 %), Spain (27 %), Falkland Islands (16 %), Peru (15 %), Taiwan (4 %)	-10.6 %
030379	Fish, NES	110.8	12 443	New Zealand (68 %), Japan (7 %), China (5 %), Taiwan (4 %), Mauritius (3.8 %)	-6.1 %
160590	Molluscs	62.0	2 717	China (65 %), Indonesia (12 %), New Zealand (11 %), Spain (6 %), Chile (2 %)	103.3 %
030212	Salmon	48.0	1 568	Norway (88 %), United Kingdom (11 %), China (0.3 %), Faroe Islands (0.1 %), Hong Kong (0.05 %)	99.8 %
160520	Shrimps and Prawns	45.4	1 221	India (60 %), Thailand (26 %), Malaysia (5 %), China (4 %), Singapore (3 %)	-19.0 %
030378	Hake	24.8	2 372	Argentina (44 %), United States (22 %), Spain (16 %), Uruguay (15 %), Brazil (3 %)	2 368.2 %
160411	Salmon	21.0	626	United States (58 %), Chile (12.1 %), United Kingdom (12 %), Thailand (7.3 %), Canada (7 %)	-14.9 %
160415	Mackerel	16.7	1 177	China (48 %), Thailand (36 %), Malaysia (7 %), Germany (5 %), Portugal (4 %)	143.2 %

NES= Not Elsewhere Specified
Source: World Trade Atlas, 2010

Table 9: South African fishery exports, 2010

HS-6 Code	Product	Value, (R million)	Quantity, (Tons)	Top 5 countries of origin (share in value of SA exports)	Growth in volume, 2006-2010
	Total Fisheries	2 264.7	102 732	Spain (25 %), Italy (16 %), Hong Kong (9 %), United States (7 %), Portugal (5 %)	4.9 %
030749	Cuttle Fish and Squid	485.1	14 033	Italy (43 %), Spain (38 %), Greece (8 %), Portugal (3 %), Croatia (2 %)	11.1 %
030379	Fish, NES, Frozen	300.9	26 368	Cameroon (25 %), Angola (15 %), Italy (15 %), Portugal (12 %), Singapore (6 %)	300.7 %
030622	Lobsters	217.9	925	Hong Kong (60 %), China (31 %), Japan (4 %), Italy (2 %), France (1 %)	3 685.2 %
030269	Fish, NES, Fresh Or Chilled	214.1	10 713	Spain (86 %), United Kingdom (12 %), Germany (0.6 %), United States (0.22 %), France (0.21 %)	-36. %
030378	Hake	191.8	10 197	Spain (46 %), Portugal (33 %), Italy (12 %), China (2 %), United Kingdom (2 %)	-1.5 %
030611	Rock Lobster	170.5	486	United States (68 %), Japan (28 %), Switzerland (3 %), Hong Kong (0.2 %), Germany (0.19 %)	-61.9 %
030341	Tunas	123.7	6 657	Spain (76 %), France (15 %), Seychelles (7 %), Greece (2 %), Thailand (0.5 %)	75.2 %
030371	Sardines	117.2	16 054	Fiji (50 %), Mauritius (23 %), Ships and Aircraft Stores (7 %), Malaysia (6 %), Singapore (4 %)	-15.9 %
160419	Fish, NES, Prepared or Preserved	93.8	2 558	Italy (46 %), Germany (40.6 %), Australia (7 %), United States (2 %), Mauritius (2 %)	12.2 %
160590	Molluscs, Prepared	63.3	429	Hong Kong (83 %), Singapore (12 %), Malaysia (4 %), Zambia (1 %), Zimbabwe (0.5 %)	332.7 %

NES= Not Elsewhere Specified
Source: World Trade Atlas, 2010

4. SOUTH AFRICA'S IMPORTS OF AGRICULTURE, FORESTRY AND FISHERY PRODUCTS: ARE THEY WORTH NOTING?⁵

As was reported in 2010, for 2009 figures, South Africa remains a net exporter of unprocessed agricultural products, forestry and fishery products, and a net importer of processed agricultural products. Ideally, this situation regarding processed agricultural products, is not desirable for an upper middle income economy such as South Africa.

South Africa's agricultural trade profile is not helping much in terms of employment creation. For example, soybeans are among the top ten exports (unprocessed) while soybean oil cake (processed) is among the top ten imports. It needs to be noted, however, that a negative trade balance, at times, is not an indication of failure of the domestic role players. It could be an indication of rapid expansion of the domestic market for such products.

What does South Africa need, ideally, regarding agricultural trade?

- Expansion of the food processing base – processing of raw products;
- Diversification, in terms of products and origins, of South Africa's imports;
- Increasing the positive trade balance for forestry and fisheries;
- Improving the trade balance for processed agricultural products;
- Maintaining the positive trade balance for unprocessed agricultural products;
- Consider increasing imports of unprocessed agricultural products from other African countries for further processing in South Africa.

Table 10 presents South Africa's trade balance for 2009 and 2010. The trade balance for South Africa improved for all product categories except for unprocessed agricultural imports.

Table 10: Trade balances for 2009 and 2010

Category	2009	2010	Trade Balance
Processed agriculture	- R6. billion	-R4,0 billion	Increase
Unprocessed agriculture	R16,3 billion	R15,4 billion	Decrease
Forestry	R6,6 billion	R8,3 billion	Increase
Fisheries	R692 million	R928 million	Increase

Source: WTA (2010) and authors' own calculations

Primary agricultural imports (see Table 11)

- South Africa's imports of primary agricultural products was **R7.2 billion** in 2010;
- About 51 % of that value of imports originated from five countries;
- Wheat, as a leading product, accounted for a 28 % share of the total value of imports;

- The top three imported products were wheat, tobacco and kidney beans;
- The top ten products accounted for a 72 % share of the total value of imports;
- Imports of primary agricultural products are highly concentrated in the top ten products – high vulnerability;
- No African country featured in the top 5 list of import origins, but some African countries feature in the top 5 list for certain imported products.

Secondary agricultural imports (see Table 12)

- South Africa's imports of secondary agricultural products, in 2010, was **R28.5 billion**;
- About 46 % of that value of imports of these products originated from the top five countries;
- The leading product by value was rice, accounting for a 11 % share of the total value of processed agricultural imports;
- The leading products imported were rice, soya bean oil cake and palm oil;
- The top ten products accounted for a 52 % share of the total value of processed agricultural imports; and
- No African country featured in the list of top 5 importers.

Forestry Imports (see Table 13)

- South Africa's imports of forestry products, in 2010, was **R6.5 billion**;
- About 52 % of the total value of forestry imports originated from five countries;
- The leading product was books, accounting for 20 % share of the total value of forestry products;
- The top three products were books, sanitary articles and fine paper;
- The top ten products accounted for a 58 % share of the total value of imports;
- Imports of forestry products are highly concentrated in the top ten products – high vulnerability;
- No African countries are among the top ten origins for these imports.

Fisheries Products (see Table 14)

- South Africa's imports of fisheries products, in 2010, was **R1.3 billion**;
- About 76 % of the total value of imports of these products originated from five countries;
- The leading product was sardines, accounting for a 40 % share of the total value of fisheries imports;
- The top three leading products were sardines, tuna and cuttlefish;
- The top ten products accounted for a 92 % share of the total value of imports;
- In the list of the top five sources of South Africa's imports of these products, there are no African countries.

⁵ This article was compiled by Bonani Nyhodo, Nico Scheltema and Sifiso Ntombela (of the NAMC)

Table 11: List of the top ten primary agricultural imports imported by South Africa in 2010

HS Code	Product Description	Jan-Dec: 2010 Import Value: Million Rand	Share of Total Imports	Top 5 Suppliers for SA Imports -Share in SA imports	Concentration (top 5)
	Primary Agriculture Products	7 293	100	Germany (13 %); Brazil (12 %); USA (11 %); China (8 %); and India (7 %)	51 %
100190	Wheat	2 003	27.5	Germany (44 %); USA (27 %); Canada (10 %); Brazil (7 %); and Australia (5 %)	93 %
240120	Tobacco – Stemmed	1 045	14.3	Brazil (33 %); Zimbabwe (22 %); India (19 %); Germany (4 %); and Uganda (4 %)	82 %
071333	Kidney Beans	437	6	China (92 %); Ethiopia (5 %); Kyrgyzstan (1 %); Singapore (0.5 %), and USA (0.4 %)	99 %
520100	Cotton	372	5.1	Zambia (59 %); Zimbabwe (4 %); Malawi (3 %); Mozambique (0.2 %); and India (0.1 %)	67 %
090111	Coffee	372	5	Vietnam (43 %); Indonesia (13 %); Brazil (9 %); Colombia (5 %); and Guatemala (4 %)	74 %
090240	Black Tea	326	4.5	Malawi (58 %); Tanzania (14 %); Zimbabwe (11 %); Sri Lanka (9 %); and Kenya (5 %)	97 %
170199	Refined Sugar	221	3	Brazil (90 %); UAE (4 %); Poland (0.9 %); and Netherlands (0.7 %)	96 %
170111	Raw Sugar	195	2.7	Brazil (60 %); India (5 %); and USA (2 %)	68 %
120991	Vegetable Seeds	169	2.3	Netherlands (30 %); France (18 %); USA (15 %); New Zealand (6 %); China (4 %)	73 %
240110	Tobacco – Not Stemmed	145	2	India (38 %); Philippines (20 %); Zambia (10 %); Paraguay (9 %); and Turkey (6 %)	83 %
	Top 10 Imports	5 285	72.4		

Source: WTA (2010) and authors' own calculations

Table 12: List of the top ten secondary agricultural products imported by South Africa in 2010

HS Code	Product Description	Jan-Dec: 2010 Import Value: Million Rand	Share of Total Imports	Top 5 Suppliers for SA Imports -Share in SA imports	Concentration (top 5)
	Secondary Agriculture	28 548	100	Argentina (14); Thailand (12 %); UK (7 %); Malaysia (6 %); and Brazil (6 %)	46 %
100630	Rice	2 985	10.5	Thailand (78 %); Pakistan (11 %); India (5 %); Vietnam (2 %); and China (2 %)	98 %
230400	Soya Bean Oil Cake	2 477	8.7	Argentina (99 %); and Zambia (1 %)	100 %
151190	Palm Oil, Crude	2 188	7.7	Malaysia (51 %); Indonesia (48 %); and Argentina (1 %)	100 %
220830	Whiskies	1 904	6.7	UK (81 %); Ireland (9 %); USA (7 %); Canada (2 %); and France (1 %)	100 %
150790	Soya Bean Oil	1 616	5.7	Germany (40 %); Argentina (22 %); Netherlands (22 %); Spain (9 %); and Brazil (5 %)	99 %
020714	Chicken And Capon Cuts	1 076	3.8	Brazil (74 %); Canada (10 %); Argentina (7 %); UK (2 %); and USA (2 %)	96 %
210690	Food Preparations	943	3.3	USA (22 %); Netherlands (11 %); Ireland (9 %); Germany (7 %); and Canada (6 %)	54 %
151211	Sunflower-Seed	749	2.6	Argentina (74 %); Russia (11 %); Ukraine (7 %); Netherlands (5 %); and Bolivia (3 %)	99 %
160413	Sardines	539	1.9	Thailand (81 %); China (12 %); Indonesia (4 %); Portugal (1 %); and Philippines (1 %)	99 %
050400	Guts, Bladders and Stomachs of Animals Except Fish	504	1.8	China (63 %); Germany (10 %); Brazil (9 %); USA (8 %); and Australia (4 %)	93 %
	Top 10 Imports	14 981	52.4		

Source: WTA (2010) and authors' own calculations

Table 13: List of the top ten forestry products imported by South Africa in 2010

HS Code	Description	Jan-Dec 2010	Share of total imports	Origins of SA imports	Concentration (top 5)
	Total imports	6 586.9	100	UK (14 %), China (13 %), USA (13 %), Germany (8 %), Sweden (5 %)	52 %
490199	Books, Brochures, Leaflets	1 297.3	19.7	UK (48 %), US (25 %), China (7 %), Singapore (3 %), Sweden (3 %)	86 %
481840	Sanitary Articles of Paper	728.9	11.1	Hungary (21 %), Poland (20 %), China (14 %), Turkey (10 %), Germany (7 %)	72 %
481029	Paper, Fine	377.6	5.7	Finland (43 %), China (29 %), Spain (11 %), South Korea (7 %), Indonesia (2 %)	92 %
470321	Chemical Wood Pulp	287.8	4.4	Argentina (46 %), USA (45 %), Finland (7 %), Switzerland (1 %), Austria (1 %)	99.9 %
490110	Brochures and Leaflets	235.3	3.6	Ireland (77 %), Germany (8 %), UK (5 %), USA (3 %), Singapore (1 %)	93 %
481190	Paper	230.3	3.5	Germany (32 %), Austria (12 %), Italy (12 %), Japan (11 %), China (6 %)	73 %
481039	Paper, Kraft	184.6	2.8	Sweden (73 %), USA (19 %), Brazil (7 %), Germany (0.1 %), Indonesia (0.1 %)	98 %
441600	Casks, Barrels	167.2	2.5	France (85 %), US (8 %), Australia (2 %), Chile (2 %), Hungary (0.7 %)	99 %
480920	Paper, Self-Copy	161.0	2.4	USA (43 %), Germany (21 %), Thailand (19 %), Indonesia (13 %), China (4 %)	99.6 %
440890	Veneer	150.4	2.3	Brazil (26 %), USA (14 %), Germany (12 %), UK (10 %), China (7 %)	69 %
	Top 10 imports	3 820.4	58.0		

Source: WTA (2010) and authors' own calculations

Table 14: List of the top ten fishery products imported by South Africa in 2010

HS Code	Description	Jan-Dec 2010	Share of total imports	Origins of SA imports	Concentration (top 5)
	Total imports	1 356.7	100	Thailand (52 %), China (12 %), New Zealand (6 %), Norway (4.5 %), Spain (3 %)	77.5 %
160413	Sardines	539.1	40	Thailand (81 %), China (12 %), Indonesia (4 %), Portugal (1 %), Philippines (0.8 %)	98.8 %
160414	Tunas	246.5	18	Thailand (96 %), Philippines (2 %), Taiwan (0.5 %), Singapore (0.3 %), Portugal (0.2 %)	99 %
030749	Cuttle Fish and Squid	117.9	9	China (30 %), Spain (27 %), Falkland Islands (16 %), Peru (15 %), Taiwan (4 %)	92 %
030379	Fish, Not elsewhere specified	110.8	8	New Zealand (68 %), Japan (7 %), China (5 %), Taiwan (4 %), Mauritius (3.8 %)	87.8 %
160590	Molluscs	62.0	5	China (65 %), Indonesia (12 %), New Zealand (11 %), Spain (6 %), Chile (2.5 %)	96.5 %
030212	Salmon	48.0	4	Norway (88 %), United Kingdom (11 %), China (0.3 %), Faroe Islands (0.1 %), Hong Kong (0.05 %)	99.5 %
160520	Shrimps and Prawns	45.4	3	India (60 %), Thailand (26 %), Malaysia (5 %), China (4 %), Singapore (3 %)	98 %
030378	Hake	24.8	2	Argentina (44 %), United States (22 %), Spain (16 %), Uruguay (15 %), Brazil (3 %)	100 %
160411	Salmon	21.0	2	United States (58 %), Chile (12.1 %), United Kingdom (12 %), Thailand (7.3 %), Canada (7 %)	96.4 %
160415	Mackerel	16.7	1	China (48 %), Thailand (36 %), Malaysia (7 %), Germany (5 %), Portugal (4 %)	100 %
	Top 10 imports	1 232.2	92		

Source: WTA (2010) and authors' own calculations

5. SAINSBURY'S SOURCING OF FRESH PRODUCE IN SOUTH AFRICA – HOW DO WE IDENTIFY AND OVERCOME POTENTIAL BARRIERS TO INCREASING OUR TRADE?⁶

Note that this contribution was submitted on invitation by the NAMC in order to create insight into the views of a major international retailer on sourcing fresh produce from South Africa. This contribution was submitted by Ms. Erica Zimmer of Sainsbury's Supermarkets.

South African produce is important to Sainsbury's and we are committed to sourcing even more in the future. However, we have identified some potential barriers that prevent us from sourcing all the produce that we would wish to buy. This paper is not intended to be critical of the South African Government or any other organisations, but rather our intention is to try to identify the problems so that we can grow our trade with South Africa, which we believe will be of mutual benefit.

Here are some key statistics on Sainsbury's

- We began our business in London in 1869;
- We have over 870 stores, of which 335 are convenience (small neighbourhood stores);
- We have 150 000 employees;
- We serve over 20 million customers a week;
- We have a market share in the UK of over 16 %, making us the third largest supermarket in the UK;
- We are the world's largest Fairtrade retailer;
- We have around 30 000 food and drink products (half of which are Sainsbury's own-brand); and
- We have over 2 000 direct suppliers in the UK and worldwide, and many more indirect suppliers.

"Sourcing with Integrity" is one of our five Corporate Responsibility values that underpin the way we do business at Sainsbury's. In practice, this means working with our suppliers to ensure the sustainability of our products, taking into account their economic, environmental and social impacts. We have a long history of supporting farmers in the UK and overseas to raise capability and skills, so that we help create sustainable businesses and long-term relationships. Our trade with overseas farmers and processors is important to us and to our customers, and we want to work more closely with all partners within our supply chains.

Sainsbury's and South Africa

South Africa is a major trading partner of Sainsbury's. Our total retail sales of South African produce are expected to be around £100million in 2010. South Africa ranks number 5 in our produce sourcing after the UK, Spain, Kenya and the Netherlands.

- We source the following products from South Africa: floral, vegetables, prepared vegetables,

salads, prepared fruit, and other fruit, as well as wine.

- Most of the South African produce we source is fruit. South African fruit accounts for almost 12 % of all fruit sales in Sainsbury's. In fruit alone, South Africa ranks number 3 after Spain and the UK. The South African fruit we source, in order of size is: apples, oranges/soft citrus, grapes, pears, stone fruit, lemons, grapefruit, exotics (e.g. passion fruit);
- South Africa would be our first choice Southern Hemisphere source for the products it produces. As varietal and agronomical developments have meant that the start and the end of the South African season for most products have been extended, we would foresee sourcing from South Africa continuing to grow in preference to other countries, and because South Africa helps us to fill seasonal gaps in supply between the Northern Hemisphere and the switch-over to the Southern Hemisphere;
- South Africa is also actively developing the product categories it can produce such as soft fruit, melons and cherries; and
- Increasingly we are working directly with growers in South Africa to supply Sainsbury's directly rather than through pack-houses and other middle-men. We are aware that this is not always feasible, particularly for smaller growers. However, our aim is to have closer working relationships with all farmers and growers, whatever the ultimate supply chain model.

Potential barriers that prevent us sourcing more from South Africa

We have identified a number of issues that we believe need addressing.

Exports of sub Class 1 produce

To a large extent, exports of fresh produce are still dependant on access to varietal licences that are owned by bodies like Outspan. Sainsbury's and the grower will pay a fee to the licence owner to be able to grow the produce but a decision is still made in South Africa as to the export of that produce. In the past the relevant Control Board would decide what might or might not be exported. These boards have been abolished but their legacy continues through other bodies. This is a particular issue for citrus fruit but also, to a lesser extent, for top fruit (e.g. apples).

A problem arises when the relevant regulatory body decides that the crop, or part of the crop, is not of sufficiently high standard for Class 1 and is therefore deemed not a good enough quality to be exported. We know that we can sell products that are sub Class 1; in fact there is a good market for such products.

At Sainsbury's we offer our customers three tiers of own-brand products across all our food range, including fresh produce: *basics*, which offers everyday value to our customers shopping on a budget; *Taste the Difference*, which offers premium quality products at a higher price point; and our standard range which sits in the middle of these two ranges. We call this

⁶ Ms. Erica Zimmer of Sainsbury's Supermarkets can be contacted at the following e-mail address: Erica.Zimmer@sainsburys.co.uk

universal appeal, by offering our customers “good, better, best” products. The cost differential for *basics* varies by crop, but broadly the range would be 15-25 %, i.e., the grower producing for our *basics* range would receive 15-25 % less than for Class 1 produce.

In recent years, our *basics* range has grown, in order to cater for customers shopping on a budget, or who simply find that they like the value and quality that *basics* products give them. *Basics* was launched in 2005 with 300 lines, and we now have over 600 lines. *Basics* represents about 5 % of our total produce sales, and 7 % by volume.

Through our *Nectar* loyalty card scheme, we have evidence that our customers’ shopping baskets will regularly contain both *basics* and *Taste the Difference*, so we know that customers are consistently buying both our budget range and our premium range. Over the last year, over 11 % of Sainsbury’s shoppers had both *Taste the Difference* and *basics* products in their baskets. Throughout the year, *basics* appears in more baskets than *Taste the Difference*, though in the lead up to Christmas *Taste the Difference* becomes more prominent as customers trade up for the festive season.

Class 1 produce goes into our standard or *Taste the Difference* ranges, where we have exceptional tasting produce, either through varietal development or origin. Produce that does not meet the high standards of Class 1 can go into our *basics* range. Our customers do not mind that the look of *basics* produce is not as good as for class 1, since they recognise that they are getting good value for money. Quite often our customers use *basics* for cooking.

Too much red tape?

Although in recent years there have been changes in South Africa that have sought to deregulate the export market, e.g. the removal of the Trading Boards, there still seems to be a legacy of bureaucracy. This makes it difficult for a business like Sainsbury’s – and our suppliers in South Africa – to develop and expand our trade with South Africa.

We have not been able to identify all the relevant bodies in South Africa that may be critical to decisions about what may or may not be exported. A key body seems to be the Perishable Products Export Control Board (PPECB) which was set up in 1926, operates under the aegis of the Department of Agriculture, Forestry and Fisheries and, according to its website, controls all perishable exports from South Africa.

However, there seem to be other organisations that play a key role in decisions about export too, including numerous trade bodies. It has been difficult to get a complete list of such organisations and how their various functions impact on our business in South Africa.

EU barriers?

We recognise that there are also potential barriers within the EU, for example restrictions on the use of permitted pesticides. Pesticides that are not permitted for specific crops in South Africa but permitted elsewhere may limit the opportunity for exports of crops such as cherries and figs. The issue here is the length of time it takes to get approval for these applications in South Africa, so they cannot be Global Gap accredited.

The issue of banned pesticides in the EU being used on South African crops is only a legal issue by exception where the residues exceed the limits of detection. Similarly, there are processing aids such as Morpholine, which is used as a “wetting agent” in the waxing of citrus fruit in South Africa, that are banned in the EU.

Conclusion

Sainsbury’s trade with South Africa is important to us and to our customers. We wish to develop this trade even more including by buying “through the crop” so that not only Class 1 but “sub-standard” produce is exported because we know there is a good market for this in the UK. However there seem to be barriers that are getting in the way of such an expansion at the moment. We would like to identify where the blockages are and then work with key stakeholders in the South African Government (National and Provincial) and in the industry to remove those blockages.

6. GENDER PERSPECTIVE ON AGRICULTURE AND THE GLOBAL ECONOMY⁷

Gender, that is, socially constructed relations between men and women, is an organising element of existing farming systems worldwide and a determining factor for the future of agricultural development.

– IAASTD Synthesis Report 2008⁸

Agricultural Renaissance

Acknowledgement of the agricultural sector as a central pillar for sustaining livelihoods of the rural poor and the pursuit of the Millennium Development Goals (MDGs) has become common cause in international development circles in recent years. This rhetorical about-face, following decades of decline in investment and development assistance to the sector, can essentially be ascribed to the 2008 global food price crisis, which saw the world’s hungry increase by some 100 million people, elevating the total number of chronically undernourished to nearly one billion⁹.

⁷ This article was compiled by Ms. Stephanie van der Walt (of the NAMC)

⁸ 2008 Synthesis Report, Executive summary, International Assessment of Agricultural Knowledge, Science and Technology for Development, <http://www.greenfacts.org/en/agriculture-iaastd/l-2/9-women-agriculture.htm> (Last visited: 8 March 2011).

⁹ Mehra & Joras, ‘Women, food security and agriculture’, ICRW (2008) at p. 3.

Reports of several international agencies, including the World Bank¹⁰ and the United Nations Conference on Trade and Development¹¹ ('UNCTAD'), have highlighted the agricultural sector's potential as an engine for sustainable economic growth as well as its vital role in reducing poverty and food insecurity, with sub-Saharan Africa¹² ('SSA'), which accounts for 12 percent of the world's farmers¹³, garnering particular interest.

Policy makers, galvanised by the economic crisis, food price instability, rising poverty and increased public unrest, have taken note, resulting in a reprioritisation of the agricultural sector by governments and donors alike. One notable example is the Comprehensive Africa Agricultural Development Programme (CAADP) of the New Partnership for Africa's Development (NEPAD), urging African governments to increase spending on agriculture to 10 % of national budgets from an average of 4.2 % across the region¹⁴.

One key issue consistently missing from these discussions and decision points, however, is an acknowledgement of the unique and encompassing gender dynamics at work in the agricultural economy – an oversight, which may well prove detrimental to the development gains these policies are intended to achieve.

An Invisible Majority

In developing countries in particular, the face of agriculture is predominantly female, with women playing a critical role in agricultural production. In low-income countries, where agriculture accounts for an average 32 percent of the growth in gross domestic product ('GDP') and in which an average 70 percent of the countries' poor live and work in rural areas, women's contributions to agricultural production and post-harvest activities range from 20 to 70 %¹⁵.

Females also account for a substantial majority of the agricultural workforce and produce the bulk of locally consumed foodstuffs, making them the *principal* agents of food security and household welfare in rural

areas and therefore key agents of expansion and development in the sector¹⁶.

More often than not, however, women's contributions to society are categorised within the so-called 'reproductive economy' – i.e. activities to which no market value is assigned and are therefore not logged in national accounts – which means that the bulk of female production goes unrecognised. Reasons for this omission abound. As **Figure 5** illustrates, conventional survey techniques, which rely heavily on official data, run the risk of overlooking gender sensitive economic activity, obscuring the significance of women's contribution to national productivity and consequently curbing the allocation of resources needed to take advantage of development opportunities.

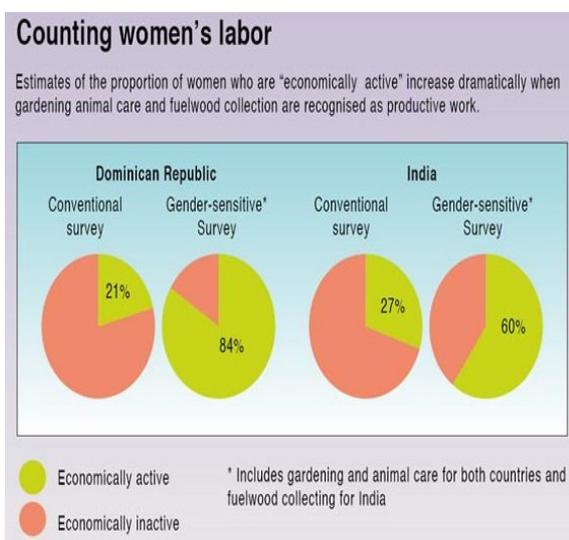


Figure 5: Women's contribution to national productivity: Dominican Republic and India
Source: FAO

Far more insidious, however, is the pervasive attitude in patriarchal societies that women's efforts are simply not worthy of compensation. Few small-scale women farmers are paid for their labour, and societal views of women's roles restrict their input in household decisions¹⁷. Such beliefs further limit access to land ownership, farm equipment and credit – all of which are necessary to be economically successful. Targeted extension support is also extremely limited, as shown by **Figure 6**.

These obstacles ultimately inhibit women's ability to produce, and can make it difficult for them to escape poverty or provide food for their families.

¹⁰ World Development Report 2008, 'Agriculture for development', World Bank Press (2008), Washington DC, USA http://siteresources.worldbank.org/INTWDR2008/Resources/WDR_0_0_book.pdf (Last visited: 1 March 2011).

¹¹ World Investment Report 2009, 'Transnational corporations, agricultural production and development', UNCTAD (2009), Geneva, Switzerland http://www.unctad.org/en/docs/wir2009_en.pdf (Last visited: 1 March 2011).

¹² Note 2 *supra*.

¹³ Jensen *et al*, 'Sugar: the implications of trade liberalisation for eastern and southern Africa', TRALAC working paper March 2011, TRALAC (2011), Stellenbosch, South Africa at p. 17 http://www.givengain.com/cause_data/images/1694/D11WP05_Vink_SugarTradeLiberalisation_20110309.pdf (Last visited: 14 March 2011).

¹⁴ Akroyd & Smith, 'Review of public spending to agriculture', World Bank & DFID working paper January 2007, Oxford Centre for Policy Management (2007) at p. 5 <http://www1.worldbank.org/publicsector/pe/pfma07/OPMReview.pdf> (Last visited: 4 March 2011).

¹⁵ Ashby *et al*, 'Investing in women as drivers of agricultural growth', World Bank, IFAD & FAO joint project on agriculture and rural development, <http://www.ifad.org/gender/pub/sourcebook/flyer.pdf> (Last visited: 12 March 2011).

¹⁶ *Ibid*.

¹⁷ World Bank, FAO & IFAD, 'The gender in agriculture source book', World Bank Press (2009), Washington DC, USA at p.27.

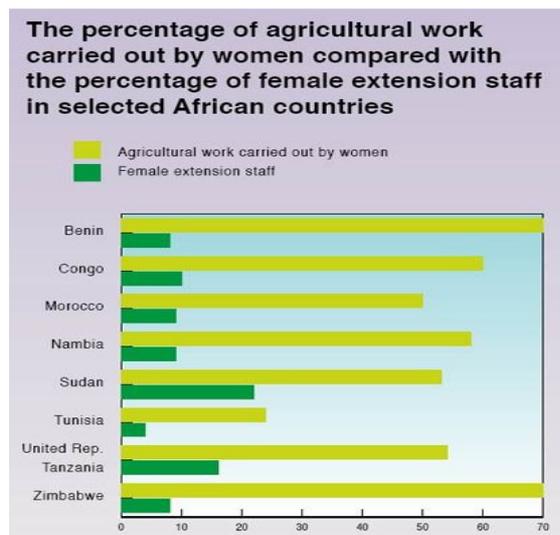


Figure 6: Women's contribution to agricultural activities
Source: FAO

Globalisation and much-vaunted free trade policies have also done precious little to advance the position of rural female producers. Escalating competition in the agricultural market arena, growing pressure on and conflicts over natural resources, diminishing support by governments for small-scale farming operations and the reallocation of economic resources in favour of large agro-enterprises undermine, rather than advance the development potential of rural agriculture and that of women producers in particular.

Other factors include increasing exposure to risks related to natural disasters and environmental changes, worsening access to water, increasing occupational and health risks.

Gender Dynamics of Development and Trade

Studies show that when impoverished countries improve their agricultural productivity, GDP increases along with *per capita* income – i.e. economic growth is achieved¹⁸. While economic growth on its own is certainly a step in the right direction, it must be distinguished from 'development', which may be broadly defined as a sustained improvement in living standard for the majority of the population. Empirical evidence suggests that social gains from economic expansion are most notable when women farmers have the opportunity to earn and control income¹⁹.

The explanation for this trend is a matter of social psychology: women, as primary caregivers, are more likely to focus spending on their children's nutrition, education and health, while men are more likely to spend extra earnings on leisure activities, such as gambling, or on inessentials such as candy and alcohol²⁰. In addition, women are integral to alleviating hunger and malnutrition, as they are primarily responsible for ensuring that food for their

¹⁸ *Ibid.*

¹⁹ *Ibid.*

²⁰ *Ibid.*

families is reliably available, accessible and nutritionally balanced²¹.

As stated above, development requires gains to be sustainable, which in turn requires continued growth. Once essential household needs have been satisfied, the next step is to increase production and enter into the agricultural market arena to maximise profit, which, in today's globalised economy, is no easy feat.

A gender-sensitive analysis of the functioning of agricultural trade is intrinsically linked with an understanding of globalisation as a process of transnationalisation of capital and expansion of the market economy²². Decisions about resource allocation and economic specialisations are no longer restricted to national borders, with large-scale economic actors, such as trans-national corporations (TNCs), playing significant roles in food processing and marketing. It is in this context that states and traditional national stakeholders face the redefinition of their conventional roles²³.

Trade in agricultural commodities take place in a complex environment, where multiple market arrangements and agreements coexist. Liberalisation of specific commodity markets may favour some producer countries and certain categories of farmers²⁴, while others may lose their market share, and face further restrictions as their import capacity and purchasing power are affected by the decline in export revenues²⁵.

The ongoing Doha Development Round (DDR) of negotiations regarding liberalisation of agricultural trade call for substantial reforms in agricultural policies, including the elimination of export subsidies, reductions in trade-distorting support and in all domestic support. However, reforms must be balanced with existing international commitments and national policies adopted to protect fundamental rights, such as the right to food,²⁶ or risk broadening the development gap rather than closing it.

The impact of the current and proposed future multilateral trade regime for agriculture on national and household food security and rural economies are of crucial concern for development, especially for the ways in which existing social and gender disparities stand to be exacerbated if domestic policy makers neglect to take rectifying steps tailored to their local situation²⁷.

²¹ *Ibid.*

²² Garcia, 'Agriculture, trade negotiations and gender', FAO Gender and Population Division 2004 <http://www.fao.org/docrep/009/a0493e/a0493e06.htm#bm6.1> (Last visited: 12 March 2011).

²³ *Ibid.*

²⁴ *Ibid.*

²⁵ *Ibid.*

²⁶ Universal Declaration on Human Rights, art. 25; International Convention on Economic, Social and Cultural Rights, art 11; Convention on the Elimination of all forms of Discrimination against Women, art. 14.

²⁷ Note 15 *supra*.

Policy Challenges

Multiple economic, social and political initiatives aimed at empowering women have been undertaken over the last three decades, yet women's participation in public decision-making is still very low²⁸. In agriculture, their participation in policy-making is even more restricted due to the situation discussed above whereby women's role as farmers in their own right seldom receives recognition²⁹. Agricultural planning institutions and farmers' organisations have very few women in decision-making positions and agricultural policies generally do not integrate women's concerns or take account of gender-specific factors associated with agriculture and rural development³⁰. The failure of domestic agricultural policies to consider gender concerns is then reflected in the absence of gender considerations in the formulation of trade policies³¹. The contribution women make to the rural economy and social reproduction remains largely unacknowledged.

Trade negotiations have tended to undervalue the fundamental issues of human development and social reproduction, in which other important economic factors, such as the nurturing of human capital and labour, knowledge, social stability, and of individuals' active participation in the economy as producers and consumers, are also rooted³². Likewise, discourse on economic development has a tendency to focus on economic growth and factor productivity, while human development and well-being are relegated to the background.

As developing economies are further integrated into the global economy, individual countries and even households will become more sensitive to fluctuations in the international market. In this context, social policy acquires increasing relevance as an instrument to ensure social equity and development³³. The progressive elimination of border trade barriers and the reduction of protective measures for domestic farming in developing countries pose a broader challenge to governments to compensate the loss of the population groups that are displaced and driven out of their farms due to external shocks and market reforms.

The loss of traditional social safety nets in rural areas tend to be exacerbated by increased migration and labour mobility resulting from the decline of the family farm and the demand for employment in export-oriented commercial production³⁴. The migration of relatives heightens the vulnerability of rural families and in particular increases the burden on women, who are increasingly isolated, yet increasingly pressured to act in the dual role of caregiver and provider.

Experience has shown that greater integration into the global economy results in a loss of traditional support systems, the ability to retreat to subsistence production, close family links and support from the community usually with the social security systems needed to accommodate a modern industrial economy not in place to fill the gap³⁵.

Conclusion

Shifts in global policies, coupled with the recent food crisis and economic recession, have created a sense of urgency to improve food and agricultural productivity in low-income countries.

It is critical that women are viewed as primary food providers for their families as well as key players in efforts to expand commercial agriculture to grow nations' economies. Doing so also will improve the well-being of women, their families and their countries.

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²⁸ *Ibid*; Note 10 *supra* at 36.

²⁹ *Ibid*.

³⁰ *Ibid*.

³¹ *Ibid*.

³² *Ibid*.

³³ *Ibid*.

³⁴ *Ibid*.

³⁵ Stewart, 'Social Policy in an Era of Trade Intensification', Asia Gender and Trade Network, 1998.