

INTERNATIONAL TradeProbe

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

This issue of TradeProbe covers the following topics:

- Trade profile
 - ✓ Natural honey
- Contributed articles
 - ✓ Country brief – Turkey
 - ✓ NEPAD approach to regional trade integration in Africa

SECTION 1 – TRADE PROFILE

1.1 Natural honey (HS - 0409)

Table 1 presents a list of the top ten exporters of natural honey in 2007, expressed in value terms. The top ten exporters of natural honey accounted for 99.87 % of world exports. Leading the list was Argentina, China and Germany representing 14.93 %, 10.50 % and 9.55 % of the value of exports, respectively. There was no African country on the list of top ten exporters. South Africa came through at number 64, accounting for 0.02 % of the value of world exports.

Table 1: Leading exporters of natural honey in 2007 (HS-0409)

Exporters	Value exported in 2007, in USD thousand	Share in world exports, %
Total world exports	898 754	100
Argentina	134 153	14.93
China	94 383	10.50
Germany	85 805	9.55
Hungary	59 588	6.63
Mexico	56 454	6.28
Spain	44 863	4.99
New Zealand	40 097	4.46
Canada	36 182	4.03
Vietnam	26 839	2.99
France	26 149	2.91
South Africa (64)	157	0.02

Source: ITC calculations based on COMTRADE statistics

Table 2 shows the top ten leading importers of natural honey in 2007, expressed in value terms. The leading (top ten) natural honey importers accounted for 76.84 % of the value of world imports of natural honey. The top three importers were Germany, the US and the UK, representing 20.96 %, 19.07 % and 9.09 % of the value of exports, respectively. Notably, there was no African country on the list of top ten world importers of natural honey. South Africa ranked number 37 and accounted for 0.25 % of the value of world imports. South Africa is a net importer of natural honey.

Table 2: Leading importers of natural honey in 2007 (HS-0409)

Importers	Value imported in 2007, in USD thousand	Share in world imports, %
Total world imports	916 197	100
Germany	192 036	20.96
US	174 692	19.07
UK	83 299	9.09
Japan	67 053	7.32
France	63 929	6.98
Saudi Arabia	27 127	2.96
Netherlands	26 149	2.85
Italy	24 716	2.70
Spain	23 266	2.54
Switzerland	21 755	2.37
South Africa (37)	2 297	0.25

Source: ITC calculations based on COMTRADE statistics

Table 3 presents the leading export destinations for South African natural honey in 2007. The first observation is that there is no non-African country on the list. The top five export destinations for South Africa's natural honey account for 89.39 % of the value of South Africa's exports. The top three destinations in 2007 were Zimbabwe, ships and aircraft stores (i.e. not at destination yet), and Angola, accounting for 30.31 %, 29.34 % and 15.78 % of the value of South Africa's exports, respectively.

Table 3: Leading export destinations for natural honey exported by South Africa in 2007

Country	Value exported in 2007, in USD thousand	Share in South Africa's exports
Total exports from South Africa	157.96	89.39
Zimbabwe	47.88	30.31
Ships & aircraft stores	46.34	29.34
Angola	24.93	15.78
Mozambique	12.28	7.77
Malawi	9.78	6.19

Source: World Trade Atlas

SECTION 2 - CONTRIBUTED ARTICLES

2.1 Country brief: Turkey¹

Economic overview^{2 3}

Turkey abandoned import substitution and opted for an open economy after the 1970s. Although the liberalisation of the domestic economy has begun, it remains mixed, with the state still playing a major role. Despite some privatisation, the infrastructure, some utilities, many basic industries, some food-processing industries and about 30 % of the banking sector (in asset terms) are still controlled by the state. As recommended by the IMF and the World Bank, privatisation and liberalisation have begun or are imminent in most of these areas.

Clothing and textiles (mainly cotton) remains Turkey's most important export commodity, accounting for about 23 % of total exports by value in 2006. Processed and unprocessed agricultural products, headed by dried and fresh fruit and nuts, especially hazelnuts, account for about 9 % of exports. About 70 % of imports into Turkey are intermediate goods. These are mainly comprised of inputs for Turkish industry and business materials such as steel and plastics (and even traditionally home-grown cotton and tobacco) and semi-finished goods such as electronic components.

Tables 4 to 6 shows selected country facts, as well as the main and comparative economic indicators.

Table 4: Selected country facts

Capital City:	Ankara
Language:	Turkish
Currency:	Turkish lira
Population:	75.2 m (2007) [third-largest population in Europe, after Russia and Germany]
Land Area:	783 562 sq km (including lakes and islands), of which 30 % is arable land, 3 % orchards, olive groves and vineyards, and 26 % classified as forest.

1 Contribution by Gert van Rensburg - Assistant Director, Directorate: International Trade, Department of Agriculture

2 www.eiu.com Economist Intelligence Unit, Country Profile – 2007 Turkey

3 www.eiu.com Economist Intelligence Unit, Country Report – August 2008 Turkey

Table 5: Main economic indicators

Main economic indicators	2007
Nominal GDP (US\$ m)	657 103
Real GDP growth (%)	4.5
Consumer price inflation (average; %)	8.7
Current-account balance (% of GDP)	-5.7
Exchange rate (average; YTL:US\$)	1.30

Source: Economist Intelligence Unit

Table 6: Comparative economic indicators, 2006

Item	Turkey ^a	Germany ^a	Spain ^a	Poland ^b	Egypt ^a
GDP (US\$ bn)	403.5	2897.1	1225.8	338.7	107.9
GDP per head	5 433	25 090	27 207	8 880	1 430

Source: ^a - Economist Intelligence Unit estimates; ^b - Actual

Trade⁴

There are significant exports of agricultural products from Turkey, especially of dried fruits and to a lesser extent tobacco, as well as hazelnuts. Turkey is the world's largest supplier of hazelnuts. By contrast, imports have partly replaced local production of crops such as cotton, oilseeds, pulses and rice. There are significant imports of non-oriental tobaccos. Turkey's trade with the world in agricultural and forestry products has traditionally been in surplus.

However, deficits have been recorded in some years since 2000. Reductions in subsidies or tariff barriers in other countries, as a result of European Union (EU) or World Trade Organisation (WTO) commitments, may improve Turkey's competitiveness in some areas, but Turkey may also have to make concessions⁵.

Tables 7, 8 and 9 show agricultural related trade between Turkey and South Africa, as well as the agricultural trade balance between the two countries.

Table 7: Top 10 SA agricultural exports to Turkey, 2007 (Millions of Rand)

HS	Description	2005	2006	2007
Total export value		115.1	122.5	140.5
410210	Sheep/Lamb Skins, Wool On, Fresh, Etc., Not Tanned	57.4	82.8	75.6
230120	Flour, Meal & Pellets Of Fish, Crustaceans, Etc., Inedib	12.9	5.3	34.8
410150	Whole Hides & Skins Of A Wt >16Kg Bovine/Equine	3.2	4.5	13.0
410221	Sheep/Lamb Skins, Without Wool On, Pickled W/N Split	20.7	7.0	3.9
410390	Raw Hides % Skins, Nesoi, Fresh Or Salted, Etc.	3.7	3.9	3.9
240310	Smoking Tobacco, Whether Or Not Containing Substitutes	0.0	0.006	1.9
230910	Dog & Cat Food, Put Up For Retail Sale	0.8	3.8	1.2
220421	Wine, Fr Grape, Nesoi & Gr Must W Alc, Nov 2 Litres	0.5	0.4	1.1
081340	Fruit, Dried, Nesoi, Ex That Of Heading 0801-0806	0.0	0.0	0.7
410120	Wl Hides & Skins, Wt/Ski<=8Kg Drd/10 Dry-Salt/16 Frh	0.8	0.0	0.6

Source: World Trade Atlas

4 World Trade Atlas

5 www.eiu.com Economist Intelligence Unit, Country Profile – 2007 Turkey

Table 8: Top 10 SA agricultural imports from Turkey, 2007 (Millions of Rand)

HS	Description	2005	2006	2007
Total import value			91.6	125.5
200819	Nuts (Excl. Peanuts) & Seeds, Prepared, Etc., Nesoi	26.7	20.6	27.2
080222	Hazelnuts Or Filberts, Fresh Or Dried, Shelled	26.0	21.9	13.7
150910	Olive Oil/Fractions, Virgin, Not Chem Modified	4.4	3.9	8.0
190219	Pasta, Uncooked, Not Stuffed, Etc., Nesoi	2.1	3.1	7.4
220300	Beer Made From Malt	0.0	0.6	6.6
240110	Tobacco, Not Stemmed/Stripped	8.9	1.8	6.4
170410	Chewing Gum, Whether Or Not Sugar Coated	0.3	0.3	5.6
170250	Chemically Pure Fructose In Solid Form	0.0	0.0	4.8
170490	Sugar Confection (Incl. Wh Choc), No Cocoa, Nesoi	1.5	5.5	4.4
081310	Apricots, Dried	2.4	2.3	3.8

Data source: World Trade Atlas

Table 9: Agricultural trade balance between SA and Turkey (Millions of Rand)

	2005	2006	2007
Export Value	115.11	122.46	140.49
Import Value	111.11	91.64	125.52
Trade Balance	3.99	30.82	14.98

A draft agreement of cooperation in the veterinary field, specifically animal and veterinary health and the prevention and control of animal diseases and the spreading thereof, is under consideration in the Department of Agriculture.

2.2 NEPAD approach to regional trade integration in Africa⁶⁷

NEPAD is based on a number of principles of economic policy. Economic integration of Africa, emphasis on trade as an engine of growth, focus on markets, privatisation and the role of governments underpin NEPAD economic principles (Mohamed, 2005). For purposes of this discussion, the focus will be on the challenge of greater regional integration in African trade. This will provide an analysis of the progress made under NEPAD in advancing the current state of regional integration to another level.

⁶ Contribution by Siphon Maluleka, Assistant Director, Africa Trade Relations, Directorate: International Trade, Department of Agriculture

⁷ The discussion in this section is based on the following references: **Economic Commission for Africa (2004).** *Assessing Regional Integration in Africa: UNECA Policy Research Report.* UN Economic Commission for Africa, Addis Ababa. **Economic Commission for Africa (2008).** *Economic Report on Africa.* ECA Policy Research, Addis Ababa. **Mohammed, I.J. (2005).** NEPAD: The socio-economic framework, initiatives, progress and challenges. *The African Finance Journal*, 7(2): 64-80. **NEPAD (2001).** *The New Partnership for African Development.* Abuja, Nigeria.

Regional market integration was one strategy that was identified to improve efficiency, and it also allows African countries to raise a stronger voice internationally. The emphasis on the regional integration approach as a strategy to achieve some of the objectives of NEPAD is a result of the realisation that most African economies are small and need to benefit from economies of scale. This requires commitment and buy-in by African governments to pool their resources to enhance regional development. The focus on intra-Africa integration also implies that African economies must be given policy space to control their own development path.

Challenges for greater regional integration in Africa

Despite decades of integration efforts in Africa, regional integration has not yielded the expected outcomes. There are many challenges that need to be addressed, including the following:

(a) Overlapping membership

Overlapping membership of regional trade arrangements is a major stumbling block for greater regional integration. The problem with this multiple membership is the use of common external tariffs agreed upon by members; this means that technically a country cannot belong to two custom unions. The danger of overlapping membership is that obligations under various regional trading arrangements could collide, which would undermine regional integration efforts and possibly lead to trade disputes.

(b) High tariffs and underdeveloped infrastructure

It can be seen from Figure 1 that tariffs continue to be an impediment to greater intra-Africa trade (37%). The reason for these high tariffs is that they are a source of revenue for most African countries and they delay the move to high levels of integration. In addition to high tariff levels, supply-side constraints such as deficient transportation networks, moribund communications and energy infrastructure and poor port facilities are a major challenge to regional integration.

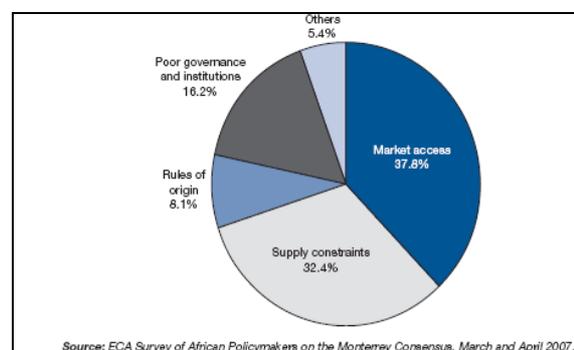


Figure 1: Tariff levels

Conclusion

An analysis of the challenges for greater regional integration indicates that Africa continues to lag behind, despite the existence of regional groupings for many years. The NEPAD framework provides solutions to some of the challenges to greater intra-Africa trade. African countries need to develop the necessary capabilities, particularly human and infrastructure capacities, to exploit the potential of intra-regional trade. Regional integration as envisaged by NEPAD can play an essential role in stimulating economic development in Africa and in facilitating the integration of the continent into the global economy.

Policy considerations

- To increase intra-Africa trade, African governments have to remove obstacles to trade.
- Governments should diversify their production and export composition to reduce vulnerability to external shocks.
- Governments need to harmonise legislation among Africa's regional groupings.
- Economic groupings should strive to promote and increase private sector participation in intra-Africa trade and trade facilitation.
- Broadening and expanding institutional mechanisms for private and public cooperation is essential.
- There must be investment in supply capacity as one of the main constraints to intra-Africa trade.

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