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This issue of *TradeProbe* covers the following topics:

- South Africa's trade relations with Egypt
- South Africa's trade relations with Iran
- Rwandan agricultural trade
- Product profile of strawberries (HS 081010)
- Trade profile of fresh watermelon (HS 080711)
- South Africa's exports of apples (HS 080810) and imports of apples juice (HS 200979 & HS 200971)
- Trade profile of urea – (HS-310210)
- Trade profile of coconut - desiccated (HS code: 080111)

1. SOUTH AFRICA'S TRADE RELATIONS WITH EGYPT¹

This section provides an overview of South Africa's agriculture, forestry and fisheries trade with Egypt. The aim is to investigate the opportunities for maximising trade between the two countries. Egypt is ranked 4th in Africa as South Africa's trading partner in agriculture, forestry and fisheries products, after Zimbabwe, Malawi and Nigeria.

Egypt is a member of COMESA and is the largest economy within a region of 19 countries. Egypt's GDP constitutes about 44% of the regional GDP and it has a population of about 83 million people. Egypt is the second largest economy in Africa after South with a GDP of US\$254.4 billion. On the other hand, South Africa is a member of the SADC and is the largest economy within the region and in the African continent. SA and Egypt currently participate in the negotiations to conclude the Tripartite Free Trade Agreements (FTA)² between the Member States of COMESA, SADC and EAC. This FTA is envisaged to be concluded by the year 2014. This agreement will allow the free movement of goods on "substantially all trade" around 85% product coverage.

Table 1 shows South Africa's exports to Egypt with regard to agriculture, forestry and fisheries products over the past five years. There is no formal trade agreement such as an FTA between the two countries. Trade takes place under MFN trade regime. Trade between 2008-2012 favoured South Africa with a huge trade balance recorded by South Africa. SA's major exports to Egypt are wool, meat, animal gut, dog and cat food and fresh fruits. The MFN duties applied by Egypt for various products are low, which gives opportunities to South African exporters to expand trade. However, there are tariff lines which still attract high duties. The major challenge faced by South Africa is the stiff competition from economies such as Australia, Lebanon, Brazil, USA, Spain, Russia, France and others.

¹ This article was compiled by Ms Nandipha Mjijima from DAFF.

Sources of data & information: Economist Intelligence Unit 2013, ITC Trade map 2013 & Global Trade Atlas 2013.

² Tripartite FTA comprises of 26 Member States, that is, 14 Southern African Development Community, 19 Common Market Eastern & Southern Africa & 5 East Africa Community. However, other countries hold dual membership of these regional groupings.

Table 1: SA's agriculture, forestry and fisheries exports to Egypt [2008-2012]

| HS code | Product description | Value (Million Rands) | MFN rates (%) | SA's key competitors |
|---------|-----------------------|-----------------------|---------------|----------------------|
| | SA's Exports to Egypt | 168.3 | | |
| 510111 | Wool | 13 | 0 | Australia |
| 080610 | Grapes | 4 | 20 | Lebanon |
| 020130 | Meat | 4 | 0 | Denmark |
| 050400 | Animal | 3 | 2 | Spain |
| 230910 | Dog Food | 2 | 30 | Hungary |
| 020230 | Meat | 2 | 0 | Brazil |
| 081090 | Fruits | 1 | 5 | USA |
| 510121 | Wool | 0 | 0 | Australia |
| 510129 | Wool | 0 | 0 | Russian Federation |
| 080620 | Grapes | 0 | 20 | Iran |

Source: Global Trade Atlas and ITC MacMap 2013

Table 2 illustrates some of the products imported by South Africa from Egypt. These include potatoes, grapes, strawberries, food preparations and chocolates. Of the top ten products imported by South Africa from Egypt, the highest MFN applied rate is 20% on potatoes and chocolates.

Table 2: SA's agriculture, forestry and fisheries imports from Egypt [2008-2012]

| HS code | Product description | Value (Million Rands) | MFN rates (%) |
|---------|-------------------------|-----------------------|---------------|
| | SA's imports from Egypt | 64.7 | |
| 200410 | Potatoes | 12 | 20 |
| 080610 | Fresh Grapes | 12 | 4 |
| 081010 | Strawberries | 4 | 15 |
| 210390 | Sauces | 2 | 20 |
| 210690 | Food Preparations | 2 | 0 |
| 071310 | Dried Peas | 1 | 15 |
| 200880 | Strawberries | 1 | 5 |
| 121190 | Plants & Parts | 1 | 0 |
| 180632 | Chocolates | 0 | 20 |
| 180631 | Chocolates & others | 0 | 20 |

Source: Global Trade Atlas and MacMap 2013

Figure 1 indicates that in 2008-2010 South Africa was a net exporter of agriculture, forestry and fisheries products to Egypt. However, in 2011 exports declined, creating a trade deficit, although, since 2012 exports have been relatively constant.

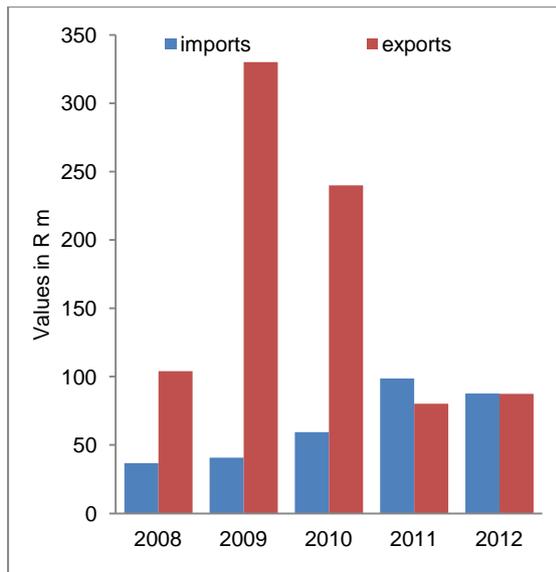


Figure 1: Agriculture, forestry and fisheries trade between South Africa and Egypt [2008-2012]
Source: Global Trade Atlas, 2013

Conclusion

The major observations from the analysis include the fact that Egypt is the largest economy in the COMESA region, both in terms of the GDP and the population sizes. Trade between South Africa and Egypt is through the MFN trade regime. The MFN rates that currently apply between the two countries show that there is scope for liberalising trade and thereby helping increase intra-Africa trade. The currently negotiated Tripartite FTA between COMESA, EAC and SADC presents a good potential opportunity for South Africa to further increase and diversify its export markets. This could entail increasing exports of value-added agriculture, forestry & fisheries products which are in line with the strategic objectives of SA’s industrial development policy. However, this FTA could also pose challenges to the South African sectors where Egypt is highly competitive, for example in products such as potatoes and fresh fruits.

2. SOUTH AFRICA’S TRADE RELATIONS WITH IRAN³

Iran, formerly called Persia, is a country located in the Middle East region. It has an estimated population of 79 million people with a relatively high literacy rate of about 80%. Iran is one of the major oil producing countries: oil and gas remain the driving forces of Iran’s economy. The climatic conditions of the country are arid and semi-arid, which indicates a strong limitation in agricultural production capacity. Owing to global United Nations (UN) sanctions against Iran, it remains highly isolated from the world and there are very few trade activities taking place between Iran and South Africa, when measured in value terms.

In 2012 South African exports to Iran were recorded at R372 million, a decline of 46.7% as compared to previous year. Imports into South Africa amounted to R10.1 billion, which was a decline equivalent to

³ This article is compiled by Mr Sifiso Ntombela from NAMC

63% as compared to 2011. **Figure 2** shows the bilateral trade performance between South Africa and Iran over the last decade. It is evident that Iran has been enjoying the positive trade balance which can be attributed to heavy exports dominated by oil, fertilizers and gas commodities. These three commodities account for nearly 98% of Iran’s exports to South Africa. The 63% decline in total imports from Iran is largely due to the decline in oil imported from Iran in 2012. On the other side, South Africa’s exports to Iran are dominated by machinery, tobacco, materials (e.g. iron, steel, railways and electrical equipment), fruits and nuts. In the area of agriculture, South Africa has immense opportunities to increase food exports to Iran, given Iran’s limitation in food production.

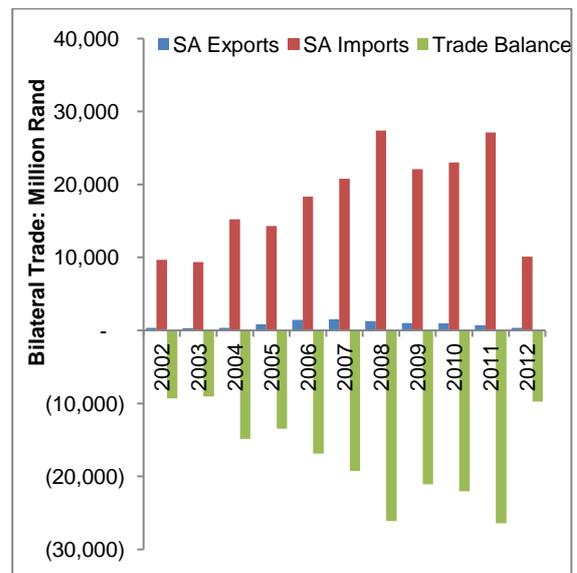


Figure 2: Bilateral trade between Iran and South Africa: 2002-2012
Source: WTA, 2013

Table 3 (see appendix A) shows the top 10 products imported by Iran in 2012 from the world. It is evident that Iran is a major consumer of maize, wheat and rice grain products. The imports of these three grain products amounted to US\$3.9 billion in 2012. It must be noted that trade figures show a quick shift from wheat towards maize imports which indicates a great opportunity for South Africa (being a major producer and exporter of maize). Other agricultural products heavily imported by Iran are sugar, sunflower oil and soybean oil, of which South Africa has a strong production and export comparative advantage, thereby presenting great opportunities for South Africa. Given the recent investments in South Africa’s soybean processing capability, the country should view Iran as one of the potential markets for processed soyabean.

Table 4 shows the biggest suppliers of the top 10 recorded import products into Iran. It is very clear that the bulk of Iran’s food imports originate from BRICS countries. However, South Africa and China are the only BRICS countries currently not exporting and taking advantages of opportunities represented by Iran. Although there are current UN sanctions

against Iran which discourage South African exporters, a close look at the Iranian market will prove beneficial in the long run. The strong presence of other BRICS countries (i.e. Brazil, Russia and India) in the Iranian food market should trigger South Africa's attention to look beyond the frames of UN sanctions and strategically position the country to be relevant in the market, should sanctions be lifted.

Table 4: Top 3 suppliers of agricultural products into Iran

| HS Code | Product Description | Top 3 Suppliers (Market Share in Iran) |
|---------|-------------------------|--|
| 1001 | Wheat | Germany (23%); Russia (18%) & Australia (16%) |
| 1005 | Maize | Brazil (65%); Ukraine (31%) & Russia (2%) |
| 1006 | Rice | |
| 2304 | Soyabean oil cake | Argentina (46%); Brazil (37%) & India (17%) |
| 1511 | Palm Oil | |
| 1507 | Soyabean oil & fraction | Argentina (46%); Brazil (37%) & India (17%) |
| 1701 | Sugar | Brazil (81%); India (18%) & Belgium (1%) |
| 0202 | Meat of bovine | Brazil (70%); India (28%) & Pakistan (1%) |
| 1003 | Barley | Russia (33%); Kazakhstan (15%) & Romania (15%) |
| 1512 | Sunflower Oil | Ukraine (88%); Russia (8%) & Argentina (3%) |

Source: ITC-TradeMap, 2013

3. RWANDAN AGRICULTURAL TRADE⁴

Rwanda is an Eastern African country bordering Burundi, the Democratic Republic of Congo, Uganda and Tanzania. Agriculture is one of the main economic activities in the country, contributing approximately 36% to the country's GDP, and employing roughly 79% of the working force in 2010⁵. The Rwandan agricultural sector grew by 7.7% in 2009, growing faster than all the other economic sectors, and this was attributed to increased investments in seeds, fertilizers and improved extension services (World Bank, 2011). The highest volumes of agricultural crops produced by the country in 2011 were plantains (3 036 273 MT), cassava (2 579 399 MT) and potatoes (2 171 517 MT) in 2011⁶. Plantains are a staple food for the people of Rwanda and they are the world's 4th largest producer of this product. However, according to the World Bank (2011), the country needs to increase its agricultural production so as to shift towards a more commercial sector.

As stated, agriculture plays an important role in the country's GDP; this however may be a reflection of low performance of the processing industry. Lack of value addition is mainly attributable to lack of, or slow paced, infrastructural development. Approximately 1 051 km roads are major roads used for external trade and of that, only 271 km of

roads are paved, while 870 remain unpaved⁷. Refrigerated distribution canals are only used for frozen fish. The Rwandan processing industry is relatively small with only small-scale manufactures of biscuits, juice and beer. An improvement in the country's infrastructure may increase the country's GDP.

In 2012 Rwanda's total merchandise export was valued at \$505.7 million, which grew by 21.2% from 2011. Agricultural exports accounted for 47.7% of total merchandise trade. According to the World Bank (2011), on average the sector contributed 1.1% to the GDP. There is a heavy reliance on the exports of black tea and coffee; collectively these two commodities accounted for 82% of agricultural exports in 2012 (see figure 3). According to the World Bank (2011), Rwandan tea is of a very high quality, though the volumes in exports are modest as the country is ranked 33rd in tea world exports. Rwandans only consume 1% of their tea production and the rest is exported (Promar consulting, 2012). According to Promar Consulting (2012), approximately 60 000 farmers are tea producers and there are 11 tea factories in the country. It is further explained that the tea industry is the second most important foreign exchange earner (minerals – tin and tantalum being the first). Rwanda exported its tea mainly to Kenya (85%) and Uganda (15%) and its coffee to Tanzania (42%), Uganda (38%), Kenya (17%) and Switzerland (3%).

There is also informal agricultural and fishery trade taking place between Rwanda and DRC, Tanzania and Uganda (Promar Consulting, 2012). Rwandan informal trade amounted to \$51.7 million with DRC receiving approximately 80% of those products (Promar consulting, 2012).

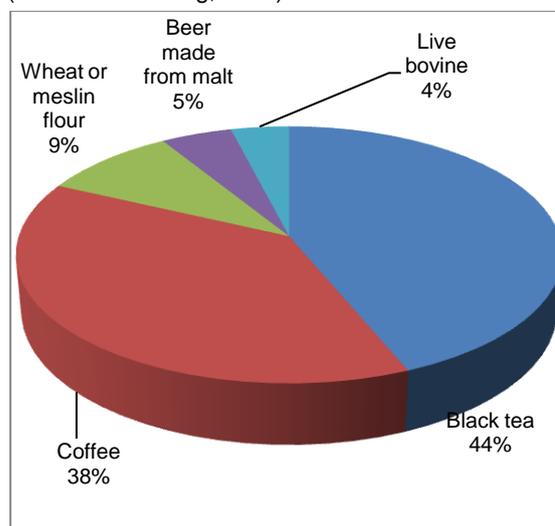


Figure 1: List of agricultural exports from Rwanda: 2012

Source: ITC, Trade Map (2013)

In 2012 Rwanda had an agricultural trade deficit of \$49 million, with agricultural imports valued at \$290 million. The most imported products imported by Rwanda are outlined in Figure 4. Rwanda imported its agricultural products from Uganda (33%),

⁴ This article is compiled by Ms Masego Moobi from the ,NAMC

⁵ The World Bank (2011). Rwanda Economic Update: Seeds for higher growth. Rwanda

⁶ FAO Stats (2013). <http://faostat.fao.org/site/339/default.aspx> accessed 03/09/2013

⁷ Promar consulting. Agriculture, Forestry and Fisheries of Rwanda.

Tanzania (9%), Kenya (9%), India (7%) and Russia (5%) (2012).

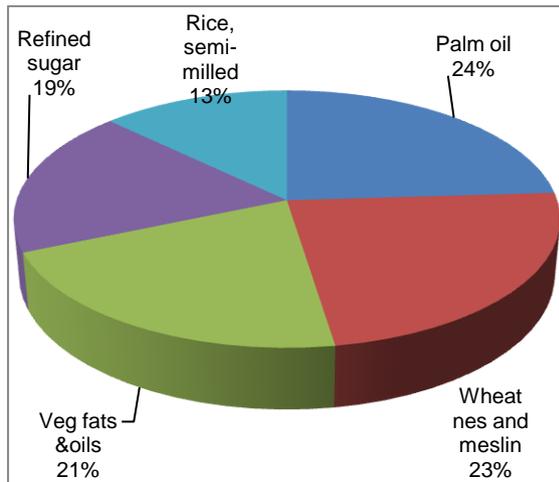


Figure 4: List of agricultural imports into Rwanda: 2012
Source: ITC, Trade Map (2013)

Rwanda is playing a significant role in regional trade (Eastern Africa). The country needs to look into product diversification; the heavy reliance on coffee and tea may lead to a setback in its economic growth if global prices of these commodities fall or if there is increased competition from other countries. Rwanda also needs to increase its exports to more countries. Diversification bears a potential to hasten infrastructural development and create jobs for Rwandans. As stated by the World Bank (2011), there are attempts that are being made to ensure that the country's exports are more diversified (there is a potential for horticultural production).

4. PRODUCT PROFILE OF STRAWBERRIES (HS 081010⁸)

Strawberry is among the most widely consumed fruits throughout the world. The world annual consumption for strawberries is estimated to be 7 billion pounds. Most strawberry cultivars grow well under cool climatic conditions. However, temperatures below -0.5°C can cause severe damage to full blooms. Temperatures in European countries such as the Netherlands, Belgium, the United Kingdom (UK) and Germany are below freezing point for a prolonged period of time during winter. Spain and Italy also have very cold winters. Farmers in these countries have adopted various methods of "forced cultivation" for off-season strawberry production to take advantage of the high market prices during winter. In Holland and Belgium strawberries are grown in glasshouses throughout winter, using bags and pots filled with a peat-based substrate. Strawberries are also grown under polyethylene tunnels in Spain, Italy, France, U.K. and Germany. In South Africa, owing to its climatic diversity, strawberries are grown mostly in coastal areas. Strawberries are also grown in Gauteng province where the extreme temperature variation between summer and winter is a major issue.

⁸ This article was compiled by Ms Heidi Phahlane from the ,NAMC

Figure 5 shows the production trends (i.e. yield per hectare and annual production volumes) for strawberry in South Africa for the previous 11 years. Production volumes over the years have shown significant variations: years 2000 and 2008 mark the highest volumes, while the areas harvested remain fairly constant.

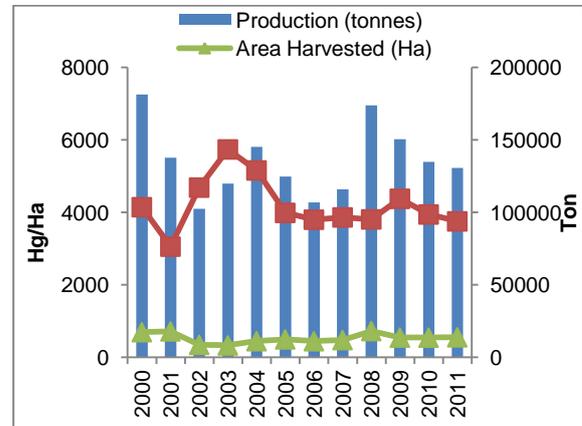


Figure 5: Production trends of strawberries between 2000 and 2011

Source: FAO, 2013. **World Trade characteristics for selected product**

The world exports of strawberry (HS 081010) in 2012 amounted to US\$2.3 billion. The top three world exporters of strawberries are Spain, USA and the Netherlands, with market shares of 28%, 18.3% and 15%, respectively. Notably, Egypt is within the top six with a market share of 3% in the world market. The world imports of strawberry in 2012 amounted to US\$2.4 billion, which resulted in a negative trade balance of US\$148 thousand. The top three world importers of strawberries are USA, Canada and Germany, respectively, with market shares of 14%, 13% and 11%, respectively, in 2012. Between 2008 and 2012, the USA experienced a quantity growth rate of 23% and a positive growth rate of 28%, when measured in value terms during the same period.

Table 6 (see appendix A) illustrates South Africa's imports and exports of Strawberry in 2012. The top three suppliers are Zimbabwe, Egypt and Italy, collectively accounting for more than 90% of total imports. Notably among the top four suppliers, Italy has the highest unit value of 5000 USD. The top three countries importing South African strawberry are Angola, Mozambique and Zambia, respectively accounting for 37%, 27% and 10% of the total exports in 2012. Worth mentioning is the unit value of 6000 USD that Angola pays for South African strawberry under a tariff of 10% faced by South Africa. This indicates that Angola is a high value market for South Africa's strawberry exports.

Figure 6 (appendix A) presents South African exports performance of strawberries in comparison with various berries products between 2008 and 2012. The chart shows the export value of each product (size of the bubbles), and compares South Africa's annual increase in world import market share between 2008 and 2012 (horizontal axis), with the annual growth of international demand between 2008 and 2012 (vertical axis).

It should be noted that the criterion for distinguishing growing and declining products in this chart is the annual average nominal growth rate of total world imports from 2008 to 2012, which was 6% (red horizontal reference line). Products, whose world imports have grown below this rate (i.e. 6% annually), are classified as declining products, as their shares in world trade are declining, while products located in the upper quadrants are growing products, as they are growing faster than the world market. Moreover, the vertical line indicates the 0% growth of South Africa's world market share (red vertical reference line).

Even though the various berries products were considered in the export performance bubble graph for comparison purposes, the focus is on strawberries (HS 081010). Therefore, according to the bubble graph, strawberries are located in the quadrant Losers in growing sectors. South Africa is a net importer of strawberries. This is because South Africa has lost world market share of negative 24% and annual growth in world imports is a positive 8%, which is evidence that world market has grown. On the other hand, other berries in HS 081040 (cranberries, bilberries and other fruits of the genus *vaccinium*, fresh) and HS 081020 (raspberries, blackberries, mulberries and loganberries) are in quadrant winners in the growing sector. These are products in which South Africa has gained market share of 41% and 38%, respectively, while the annual world market imports have grown respectively by 17% and 13%. These products have proven their international competitiveness over the period. Therefore, South Africa needs to determine how resources might be invested to profit from growing international demand of strawberries, given the fact that South Africa has better climatic conditions compared to other European countries. Furthermore, the other reasons for under performance should be considered, which include supply capacity constraints, product quality issues and market access barriers.

5. TRADE PROFILE OF FRESH WATERMELON (080711)⁹

Locally, watermelon is planted in most warm areas of the country including Mpumalanga Lowveld, Limpopo, North West and in some parts of the Eastern Cape. Watermelon is one of the most popularly grown citrus fruits in South Africa.

⁹ This article was compiled by Ms Nokwanele Phetshula From DAFF

Trade analysis

Table 7 (appendix A) represents the top ten world leading exporters and importers of watermelon in 2012. Mexico had the biggest share of the world exports in the watermelon market with 23.9%, followed by Spain 22.6%, USA 10.6%, Italy 6.8.1% and the Netherlands with 5.9%. South Africa is ranked the 31st largest exporter of watermelons in the world. However, the country is ranked highly in other citrus products such as oranges, lemons and soft citrus.

The top 10 leading world importers of watermelon in 2012 included the USA with a share of 23.6%, Germany 13.7%, Canada 10.4%, France 6.2% and the Netherlands 5.8%. In 2012, SA only imported watermelon to the value of US\$5 000, all from Spain, indicating the country is not a significant consumer of watermelons.

Table 8 shows the top ten leading markets for South Africa's exports of watermelon and the tariffs that were faced by South Africa in 2012. The top three leading markets for South African watermelon in 2012 were the Netherlands, the United Kingdom and Switzerland, with shares of 45.3%, 30.9% and 9.5%, respectively. This accounts for a combined share of over 85% of all South African watermelon exports. South Africa enjoys duty-free market access in all of its top export markets.

Table 8 South Africa's leading export markets for fresh watermelon in 2012

| Importers | Exported value in 2012 (US\$'000) | Share in South Africa's Exports (%) | MFN Rate (%) |
|-------------------------|-----------------------------------|-------------------------------------|--------------|
| World | 2,641 | 100 | - |
| Netherlands | 1,197 | 45.3 | 0.00 |
| United Kingdom | 816 | 30.9 | 0.00 |
| Switzerland | 252 | 9.5 | 0.00 |
| Mozambique | 84 | 3.2 | 0.00 |
| Seychelles | 84 | 3.2 | 0.00 |
| Mauritius | 78 | 3 | 0.00 |
| Zimbabwe | 63 | 2.4 | 0.00 |
| Ship stores and Bunkers | 22 | 0.8 | - |
| United Arab Emirates | 13 | 0.5 | 0.00 |
| Zambia | 8 | 0.3 | 0.00 |

Source: ITC Trademap, 2013

Conclusion

The analysis of the watermelon trade shows that South Africa is not a major player in the watermelon global trade as it has a share of only 0.2% in world exports and has an insignificant share in world imports. However, South Africa remains a strong player in global trade (specifically exports) in other citrus fruits, such as oranges, lemons and soft citrus.

6. SOUTH AFRICA'S EXPORTS OF APPLES (HS 080810) AND IMPORTS OF APPLES JUICE (HS 200979 and HS 200971)¹⁰

South Africa has a very strong proven advantage in horticultural production and export. Of South Africa's horticultural products, apples were the 3rd most produced (accounting 13% of total production) after grapes (ranked first and accounting for 32%) and oranges (ranked second with production share of 27%) in 2012¹¹. South Africa produced a volume of 790 636 tons of apples in 2012, with 28.7% being consumed locally, 29.5% processed and 41.9% exported to the global market¹². Apples are further processed into apple juice.

The USA is a leading apple exporter while South Africa ranks 1st in the continent and 7th in the world (see figure 7). In 2012 South Africa exported a value of R2.6 billion to the world, commanding a global share of 4.5%.

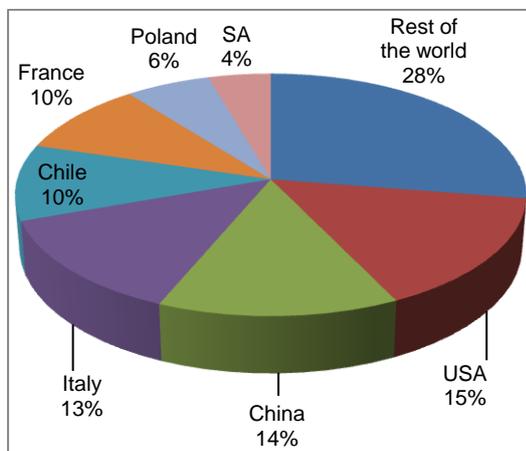


Figure 7: World's exporter of apples in 2012
Source: ITC, Trade Map (2013)

South Africa's apple exports have grown significantly over the last ten years, recording a 195% growth rate. The UK still remains a leading market for South Africa's exports. Approximately 26.8% of South Africa's apples are exported to the UK. Benin and Angola were among the top 10 destination markets for South Africa apple exports in 2002. Interestingly, South Africa's apple exports to African markets (i.e. Benin, Angola, Ghana and Nigeria) are increasing in recent years, which is an indication that SA is exploring the African market. The ITC Trade Map (2013) indicates that South Africa exported a value of R883 million to Africa, which is 34% of its apple world exports, as compared to 17% in 2002.

South Africa has been able to diversify its market with regard to exports of this product. Only 5 countries in the 2002 list still appear in the 2012 list of leading markets (see table 9); this shows that South Africa has lost its market share in other

countries owing to global competition and/or custom duties, while it has gained market share in other countries. Increased exports may be largely attributed to increases in domestic production of apples. South Africa increased its apple production by 159% over the last ten years.

Table 9: Leading South African apple export markets in 2002 and 2012

| Rank | Leading apple markets in 2002 | Million Rand | Leading SA apple markets in 2012 | Million Rand |
|------------|-------------------------------|--------------|----------------------------------|--------------|
| SA exports | | 879.9 | SA exports | 2595.4 |
| 1 | UK (1)* | 298.2 | UK | 696.7 |
| 2 | Netherlands (6) | 82.7 | Malaysia | 309.6 |
| 3 | Belgium (62) | 67.1 | Benin | 177.2 |
| 4 | Malaysia (2) | 55.9 | Angola | 147.6 |
| 5 | Benin (3) | 31.5 | UAE | 131.5 |
| 6 | Hong Kong (25) | 25.9 | Netherlands | 103.6 |
| 7 | Germany (34) | 25.6 | Singapore | 85.8 |
| 8 | Canada (26) | 23.7 | Ghana | 82.7 |
| 9 | Angola (4) | 21.2 | Bangladesh | 69.7 |
| 10 | S. Arabia (22) | 17.1 | Nigeria | 59.8 |

*Values in parenthesis shows country's rank in 2012
Source: WTA, 2013

Apple juice¹³

Apple juice covered in this article is juice of a brix value over (HS 200979) and under 20 (HS 200971) combined. In 2012 South Africa imported R457.9 million worth of apple juice, with China commanding the largest share in the SA market, followed by Argentina (see figure 8).

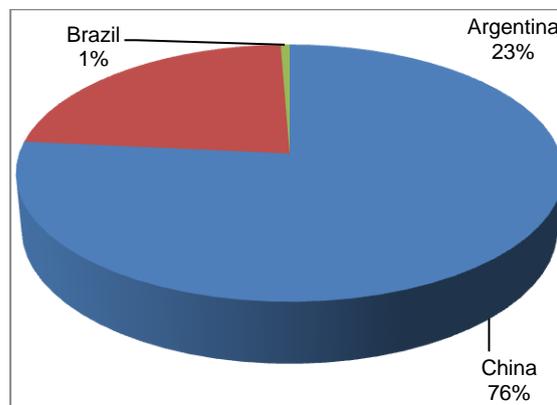


Figure 8: Countries supplying South Africa with apple juice (2012)
Source: WTA (2013)

This section seeks to highlight the contradiction that is taking place in the trading of primary and secondary products of apples. Figure 9 highlights South African apple exports and apple juice imports. Even though there is still a huge gap between the two commodities, the growth rate of apple juice imports far exceeds that of apple exports. South African apple juice imports grew by 3362.2% (60% year on year) while apple exports grew by 195.9% (12.7% year on year) between 2002 and 2012.

¹⁰ This article was compiled by Ms. Masego Moobi from the ,NAMC

¹¹ Easy Data. Quantec (2013) and authors calculations

¹² Hortgro (2012)

¹³ (For more reading on apple juice trade refer to TradeProbe issue 41 www.namc.co.za)

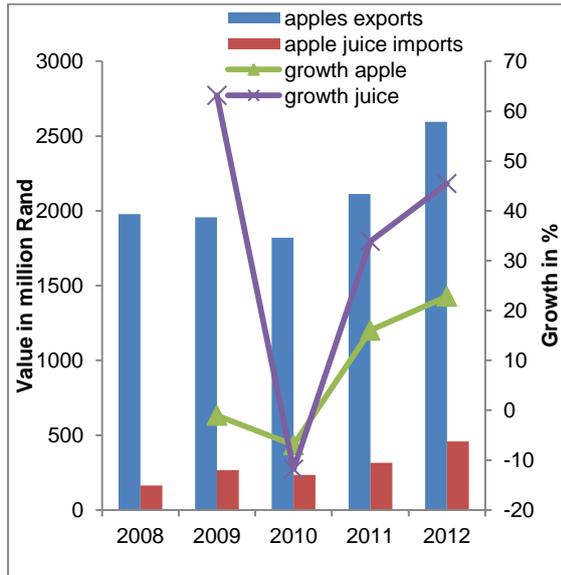


Figure 9: South African apple and apple juice trade trends: 2008-2012
Source: WTA (2013)

Figure 10 shows trade balances of apple juice. There are processing facilities in South Africa that further process apples into juice. However, South Africa is a net importer of apple juice as shown in figure 10.

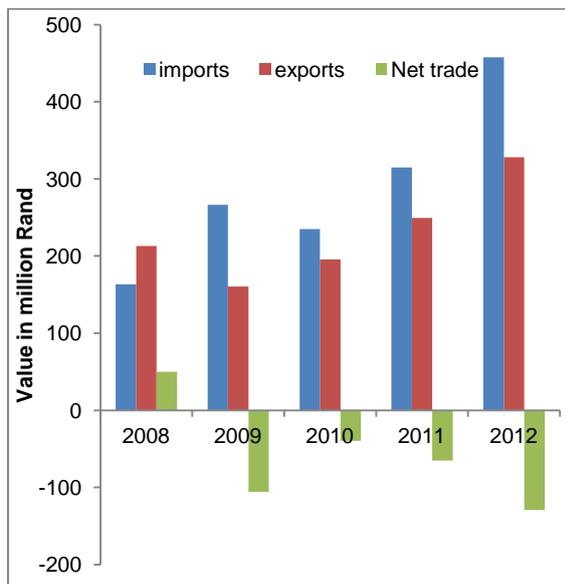


Figure 10: South African apple juice trade trend: 2008-2012
Source: WTA (2013)

SA exported apples, valued at R103.6 million in 2012, while importing juice, valued at R474 million, to and from the Netherlands. This shows that South Africa may be a source of raw material for the Netherlands' processing industry. The other challenge that leads South Africa to export apples in raw state is the high returns generated by farmers from exporting apples, rather than taking them for processing. There is a contradiction in this industry in that South Africa is the 7th highest producer of apples and production has been increasing

significantly over the years, yet South Africa continues to import apple juice. Of the 7 leading agricultural exporters of apples, South Africa is the only net importer of juice.

7. TRADE PROFILE OF UREA¹⁴ – (HS-310210)

Urea is a chemical fertilizer that contains about 45 – 46% of nitrogen. Urea is the most common commercial nitrogen fertilizer used by farmers. Nitrogen is an important plant nutrient that is often most limiting to efficient and profitable crop production. Lack of nitrogen in the soil results in slow plant growth, depressed protein levels, poor yields of low quality produce, and inefficient water use. Nitrogen-stressed plants often have greater disease susceptibility, compared with properly nourished plants. However, large quantities of nitrogen in the soil can be detrimental to crop growth and quality, in addition to causing unwanted environmental impacts.

This article provides an overview of the trade performance of urea fertilizer; it also provides an overview of South African exports and imports to international markets and its export and import performance for urea fertilizer in the world market.

The ITC (2013) has indicated that the total world exports of urea amounted to R148 billion, with a growth rate of 29.8% between 2008 and 2012. China was ranked as the largest exporter of urea with a share of 14.5% in 2012. Russia is the second largest with a share of 10.4%, followed by Qatar with a share of 8.2% in 2012. South Africa was ranked at 40th place with a positive growth of 21% between 2011 and 2012.

Table 10 gives an overview of the growth of urea imports between 2008 and 2012 in the world. The world imports grew about 5%, with USA as the largest importer of urea. USA was followed by India and Brazil, importing 14% and 6.8% shares of the world imports, respectively. The top three importers of urea show a positive growth increase between 2008 and 2012.

Table 10: Leading world Importers of Urea between 2008 - 2012

| Importers | Imported value in million Rand | | Growth Value 2008-2012 |
|-----------|--------------------------------|--------|------------------------|
| | 2008 | 2012 | |
| World | 147200 | 154128 | 5 |
| USA | 23255 | 27570 | 19 |
| India | 19354 | 21626 | 12 |
| Brazil | 9956 | 10537 | 6 |
| Thailand | 8061 | 8627 | 7 |
| Australia | 4126 | 5477 | 33 |
| Mexico | 4533 | 5223 | 15 |
| France | 4818 | 4674 | -3 |
| Turkey | 4582 | 4273 | -7 |

Source: ITC, 2013

Figure 11 represents the top five exporters of urea to the South African market during 2012. South Africa imported a total amount of R2.8 billion of urea from the world. The three leading suppliers of urea to South Africa were Saudi Arabia, Qatar and

¹⁴ This article is compiled by Ms Yolanda Potelwa from the NAMC

Russia. These three importers collectively had a market share of 79.2% in 2012.

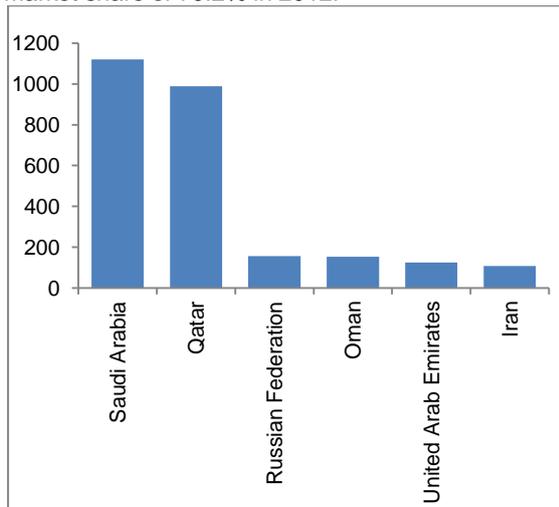


Figure 11: Top suppliers of urea into South Africa
 Source: Global Trade Atlas, 2013

Table 11 shows the main destination for South African urea exports in 2012. The main three destinations for South African exports are located within the SADC region, comprising Mozambique, Zambia, and Zimbabwe. These three markets in the SADC region collectively accounted for 83% in 2012. Zimbabwe and Congo imposed 5% tariff level on South African exports (see table 2).

Table 11: South African main markets for Urea exports in 2012

| | Exported value in 2012 | Market share in 2012 | MFN (%) |
|--------------|------------------------|----------------------|---------|
| World | 124782.4 | | - |
| Mozambique | 69862 | 56 | 0 |
| Zambia | 2168 | 17.7 | 0 |
| Zimbabwe | 20250 | 16.2 | 5 |
| Angola | 4858 | 3.9 | 2 |
| France | 4007 | 3.2 | 0 |
| Congo | 2380 | 1.9 | 5 |

Source: ITC, 2013

Figure 12 indicates that South Africa's urea imports and exports have shown an increasing trend between 2009 and 2012. South African urea imports showed a sharp increase from R57 million during 2005 to R142 million during 2006. Imports also showed a significant decline of 59.1% between 2008 and 2009.

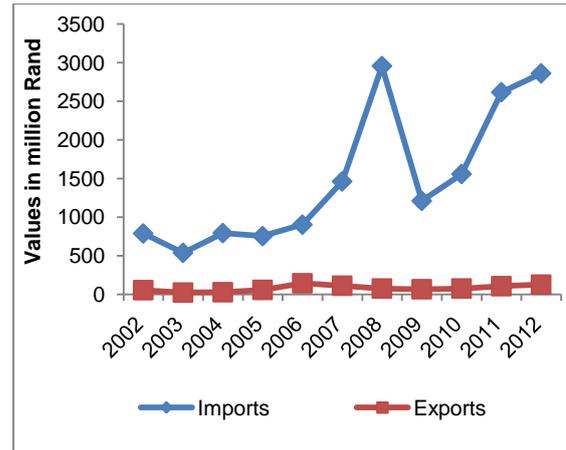


Figure 12: Growth of South African exports and imports (2002-2012)

Source: Global Trade Atlas, 2013

8. COCONUT- DESICCATED (HS code: 080111)¹⁵

Background information about the product

Desiccated coconut is coconut meat which has been shredded or flaked and then dried to remove as much moisture as possible. There are a number of different styles of desiccated coconut used around the world, and availability of this coconut product varies, depending on the region where one is shopping. If desiccated coconut is not available, regular dried coconut can be used as a replacement, although dried content tends to have higher moisture content, despite the "dried" in the name.

One of the most common forms of desiccated coconut is an unsweetened, very powdery product which is produced by drying shredded coconut and then grinding the shreds. It is also possible to find coarser desiccated coconut, such as desiccated shreds and even flakes of coconut. Many producers also make sweetened versions. The label should clearly specify whether or not the coconut has been sweetened.

South Africa's total trade in desiccated coconut

Figure 12 presents the annual trend, in value terms, of South Africa's exports and imports from 2008 to 2012. Following a decline from 2008 to 2009, imports remained constant in 2009 and 2010 and then increased substantially in 2011. Exports remained below imports throughout the period under review, which is a clear indication that South Africa has been experiencing a trade deficit. South Africa is a net importer of desiccated coconut.

¹⁵ This article was compiled by Mr Mokgoshi Mamashila from DAFF.

Sources of information & data: ITC Trade map 2013,

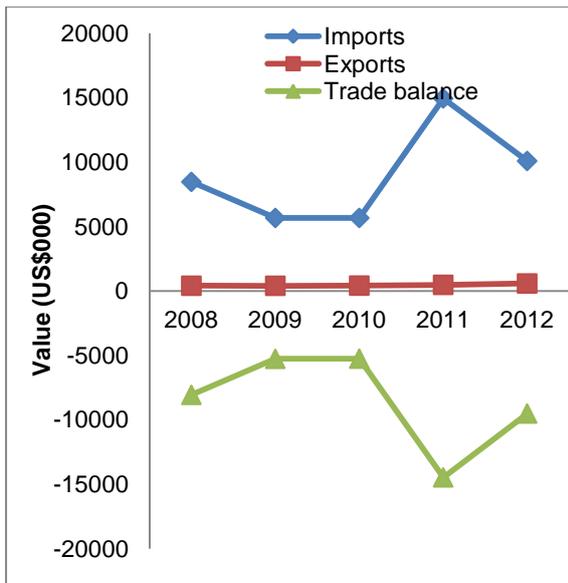


Figure 12: South Africa's total trade in desiccated coconut (HS 080111) from 2008 to 2012
Source: ITC Trade Map, 2012

Table 12 together with **figure 13** shows the leading global exporters of desiccated coconut in 2012, expressed in value terms. Among the top ten leading exporters of desiccated coconut, Philippines ranked number one at 36% of global desiccated coconut exports, followed by Indonesia and Sri Lanka around 15% and 12.2%, respectively. The top ten exporters of desiccated coconut accounted for 92.4% of the total value of world exports. In 2012, South Africa did not feature among the top ten exporting countries in the world with its share of 0.1% of the world exports.

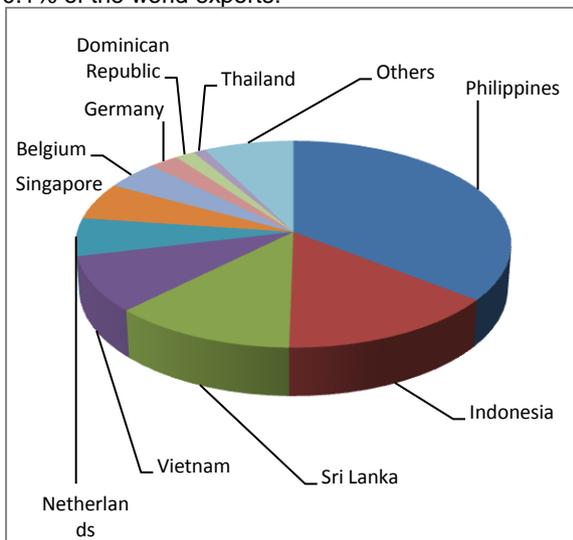


Figure 13: World leading exporters of desiccated coconut (HS 080111), 2012
Source: ITC Trade Map, 2012

Table 12: World's leading exporters of desiccated coconut (HS 080111), 2012

| Exporters | Value exports in 2012, in USD thousand | Share in world exports, % |
|--------------------|--|---------------------------|
| World export | 552 706 | 100 |
| Philippines | 196 997 | 35.6 |
| Indonesia | 80 900 | 14.6 |
| Sri Lanka | 67 634 | 12.2 |
| Viet Nam | 48 338 | 8.7 |
| Netherlands | 32 774 | 5.9 |
| Singapore | 31 949 | 5.8 |
| Belgium | 24 426 | 4.4 |
| Germany | 13 613 | 2.5 |
| Dominican Republic | 9 167 | 1.7 |
| Thailand | 5 555 | 1 |
| Others | 41 353 | 7 |

Source: ITC Trade Map, 2012

Table 13 together with **figure 14** represents the top ten importers of desiccated coconut in 2012, expressed in value terms. The top ten importing countries imported a significant share of the total value of exports, in 2012. Of the top ten importers, the United States of America, Belgium and the Netherlands were the three leading importers, absorbing 17%, 6.4% and 5.5% respectively, of the total value of world imports. South Africa ranked number sixteen among world importers of the product.

Egypt is the only African country featured among the top ten importers. This could provide a better opportunity for South Africa to tap into the Egyptian market once the currently negotiated Tripartite FTA is implemented.

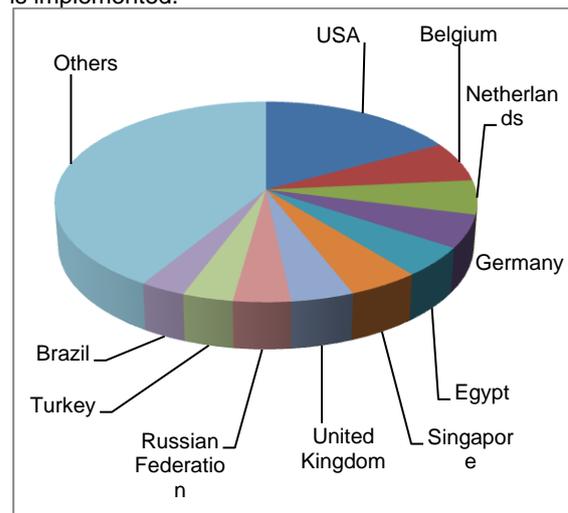


Figure 14: World leading importers of desiccated coconut (HS 080111), 2012
Source: ITC Trade Map, 2012

Table 13: World leading importers of desiccated coconut (HS 080111), 2012

| Importers | Value Imported in 2012, in USD thousand | Share in world exports, % |
|--------------------|---|---------------------------|
| World import | 583 067 | 100 |
| USA | 99 234 | 17 |
| Belgium | 37 566 | 6.4 |
| Netherlands | 32 078 | 5.5 |
| Germany | 31 024 | 5.3 |
| Egypt | 28 391 | 4.9 |
| Singapore | 28 300 | 4.9 |
| UK | 25 074 | 4.3 |
| Russian Federation | 22 832 | 3.9 |
| Turkey | 20 153 | 3.5 |
| Brazil | 18 101 | 3.1 |
| Others | 240 314 | 41.2 |

Source: ITC Trade Map, 2012

Table 14 illustrates the top ten leading export destinations for South African desiccated coconut in 2012, expressed in value terms. The three leading export destinations were Mozambique, Zambia and Angola, accounting respectively for 51.3%, 17.4% and 15.7% of South Africa's total desiccated coconut exports in 2012. The top ten leading export destinations for South African desiccated coconut accounted for 99.2% of the total value of these exports.

SADC Member States dominate in the top ten leading export destinations for the South African exports. This could provide South Africa with an opportunity to increase its market share, both through the SADC FTA and the currently negotiated Tripartite FTA. Thus, improving the production capacity could enable SA to optimise these opportunities. It is worth noting that the United States of America did not feature in the category of leading export destinations for South Africa's desiccated coconut, despite being the leading importer of desiccated coconut in the world markets in 2012.

Trade 14: Leading export destinations for South Africa's desiccated coconut (HS 080111), 2012

| Importers | Exported value (USD thousands) | Share in South African exports, % |
|--------------|--------------------------------|-----------------------------------|
| World import | 581 | 100 |
| Mozambique | 298 | 51.3 |
| Zambia | 101 | 17.4 |
| Angola | 91 | 15.7 |
| Zimbabwe | 30 | 5.2 |
| UK | 27 | 4.6 |
| Malawi | 15 | 2.6 |
| Ghana | 5 | 0.9 |
| Tanzania | 5 | 0.9 |
| DRC | 2 | 0.3 |
| Madagascar | 2 | 0.3 |

Source: ITC Trade Map, 2012

Table 15 lists the top ten world sources of South African desiccated coconut in 2012. The total value of imports by South Africa amounted to US\$ 10 088 thousand; Indonesia (US\$ 3 127 thousand) was the main region, followed by Vietnam (US\$ 3 109) and Philippines (US\$ 2 987), accounting for 31%, 30.8% and 29.6% respectively.

Table 15 clearly shows that approximately 91.4% of South African desiccated coconut comes from Asian countries.

Table 15: Sources of South Africa's imports of desiccated coconuts (HS 080111), 2012

| Exporters | Imported value (US\$ thousands) | Share in South African imports, % |
|--------------|---------------------------------|-----------------------------------|
| World import | 10 088 | 100 |
| Indonesia | 3 127 | 31 |
| Vietnam | 3 109 | 30.8 |
| Philippines | 2 987 | 29.6 |
| Sri Lanka | 519 | 5.1 |
| China | 178 | 1.8 |
| India | 58 | 0.6 |
| Malaysia | 28 | 0.3 |
| USA | 23 | 0.2 |
| Switzerland | 19 | 0.2 |
| France | 17 | 0.2 |

Source: ITC Trade Map, 2013

Conclusion

South African exports have received limited representation in dynamic world markets (top importers). During the period from 2008 to 2012, South Africa was a net importer of desiccated coconut, despite the slight increase in exports from 2010 to 2012. The analysis reveals that most South African's exports are

Appendix A.

Table 3: Top 10 Agricultural Imports by Iran from the World in 2012

| HS Code | Product Description | 2012 Import Value: 1000 US\$ | 2012 Trade Balance: 1000 US\$ | % Value Growth Rate: 2008-2012 | Share in the World Imports: % | Ranking in World Imports |
|---------|-------------------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------|
| 1001 | Wheat | 1,719,211 | (1,718,856) | -30 | 3.5 | 8 |
| 1005 | Maize | 1,221,361 | (1,221,359) | 21 | 3.2 | 8 |
| 1006 | Rice | 980,664 | (980,422) | 10 | 4.4 | 3 |
| 2304 | Soyabean oil cake | 929,166 | (928,913) | 34 | 3.2 | 9 |
| 1511 | Palm Oil | 797,712 | (796,668) | 14 | 2 | 11 |
| 1507 | Soyabean oil & fraction | 579,496 | (579,496) | 25 | 5.1 | 3 |
| 1701 | Sugar | 539,121 | (535,837) | 33 | 1.6 | 19 |
| 0202 | Meat of bovine | 463,060 | (463,056) | 15 | 2.6 | 9 |
| 1003 | Barley | 440,451 | (440,445) | 9 | 5.7 | 5 |
| 1512 | Sunflower Oil | 352,738 | (352,415) | 29 | 3.1 | 10 |

Source: ITC-TradeMap, 2013

Table 5: World's leading exporters and importers of strawberry in 2012.

| World exporters of strawberry in 2012 | | | | World importers of strawberry in 2012 | | | |
|---------------------------------------|---------------------------------------|----------------------------|-----------------------|---------------------------------------|---------------------------------------|----------------------------|-----------------------|
| Exporters | Value exported in 2012 (USD thousand) | Share in world exports (%) | Unit value (USD/unit) | Importers | Value imported in 2012 (USD thousand) | Share in world imports (%) | Unit value (USD/unit) |
| Spain | 670631 | 28.5 | 2352 | USA | 359345 | 14.4 | 2255 |
| USA | 429403 | 18.3 | 2849 | Canada | 333260 | 13.3 | 2624 |
| Netherlands | 350820 | 14.9 | 5054 | Germany | 264089 | 10.6 | 2439 |
| Mexico | 210986 | 9 | 1857 | France | 255265 | 10.2 | 2448 |
| Belgium | 164650 | 7 | 3828 | UK | 191640 | 7.7 | 3919 |
| Egypt | 77199 | 3.3 | 3363 | Netherlands | 143748 | 5.8 | 4898 |

Source: ITC Trade Map, 2013

Table 6: South Africa imports and exports of strawberry in 2012.

| List of supplying markets for the product imported by South Africa in 2012 | | | | | List of importing markets for the product exported by South Africa in 2012 | | | | |
|--|-----------------------|-----------------------|-------------------------------------|--|--|-----------------------|-----------------------|-------------------------------------|--|
| Exporters | Exported value in USD | Unit value (USD/unit) | Share in South Africa's imports (%) | Tariff (estimated) applied by South Africa (%) | Importers | Imported value in USD | Unit value (USD/unit) | Share in South Africa's exports (%) | Tariff (estimated) faced by South Africa (%) |
| Zimbabwe | 2886 | 2892 | 82.1 | 0 | Angola | 96 | 6000 | 37.2 | 10 |
| Egypt | 618 | 1341 | 17.6 | 15 | Mozambique | 70 | 2593 | 27.1 | 0 |
| Italy | 5 | 5000 | 0.1 | 0 | Zambia | 27 | 4500 | 10.5 | 0 |
| Kenya | 5 | 2500 | 0.1 | 15 | Mauritius | 25 | 3571 | 9.7 | 0 |

Source: ITC Trade map, 2013.

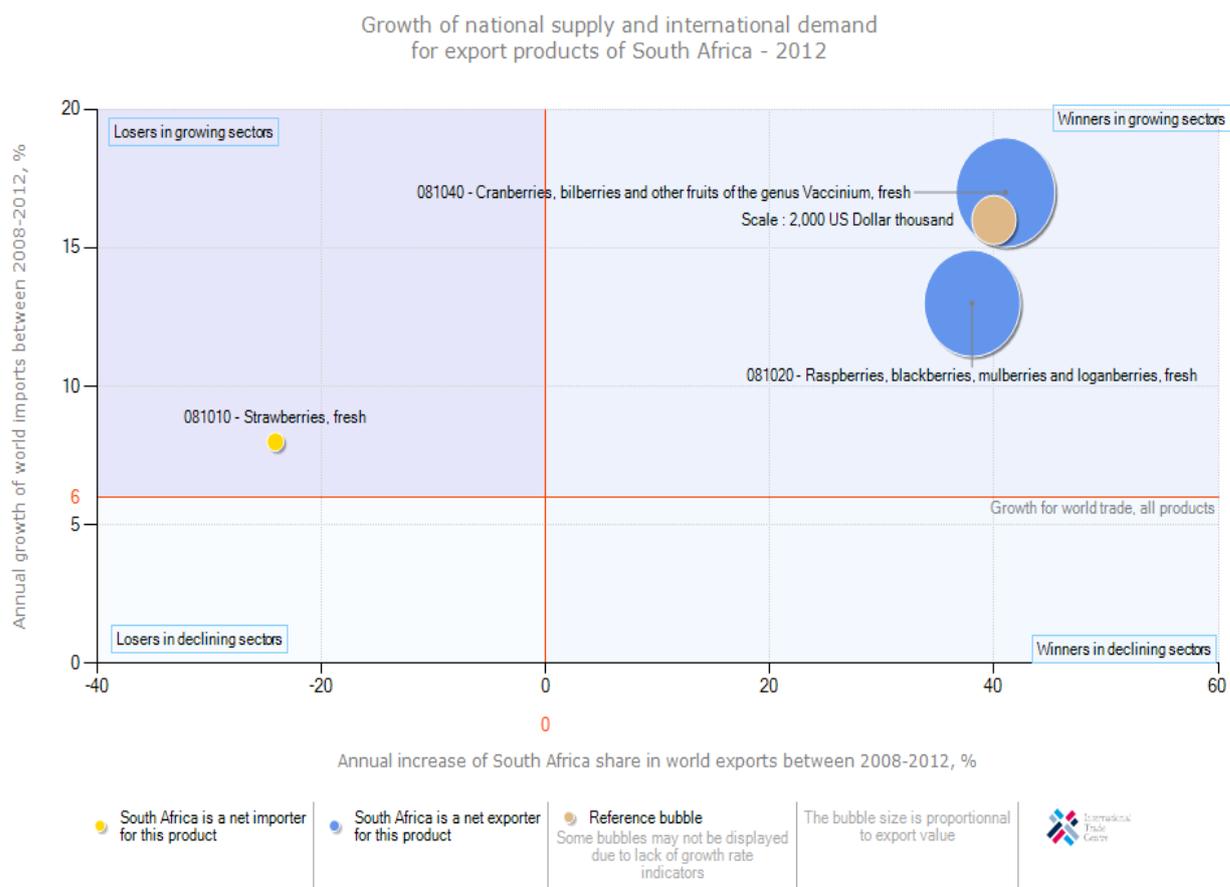


Figure 6: SA exports performance of strawberries in comparison with other berries, 2008-2012.

Source: ITC Trade map, 2013.

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