



INTERNATIONAL *TradeProbe*

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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 and reporting on trade statistics, to invite perspectives from people working in related sectors, to report on trade-related research and to stimulate debate.

THIS ISSUE OF *TradeProbe* COVERS THE FOLLOWING TOPICS:

- Trends in international shipping costs
- Identification of attractive markets for South African fresh apples (HS 080810)
- Agriculture, forestry and fisheries trade between South Africa and Indonesia
- Trends in South African fruits and vegetables: Export vs. Domestic markets
- South Africa's agricultural, forestry and fisheries trade performance, 2011

1. TRENDS IN INTERNATIONAL SHIPPING COSTS¹

A significant quantity of traded agricultural products is transported by ship. Shipping freight rates are therefore frequently used as an indication of the changes in the cost of transporting agricultural products across the globe. This section provides more insight into shipping costs of bulk and container cargo. **Figure 1** shows the *Baltic Dry Index (BDI)* and the *HARPEX Shipping Index* from January 2009 to December 2011.

The BDI measures international freight rates for dry bulk cargo, and is significantly influenced by the demand to move raw materials internationally and the supply of shipping capacity. The annual average BDI for 2011 was 1549 index points, a 44.1 % decrease from the annual average of 2774 index points in 2010.

The HARPEX shipping index measures weekly container shipping rate changes for eight classes of all-container ships. It therefore provides insights into a much wider base of commercial goods than commodities alone. The annual average for the HARPEX shipping index for 2011 was 700 index points, a 27.1 % increase from the annual average of 550 index points in 2010. Although the average HARPEX Index was higher in 2011 than in 2010, the HARPEX Index showed a decreasing trend in 2011.

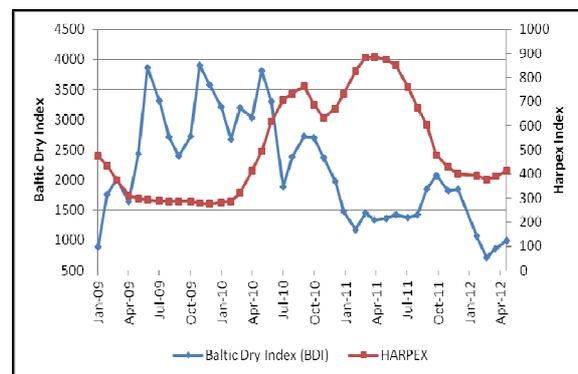


Figure 1: Trends in the Baltic Dry Index (BDI) and the HARPEX Shipping Index

Source: Harper Peterson and Co., 2012; SAGIS, 2012

2. IDENTIFICATION OF ATTRACTIVE MARKETS FOR SOUTH AFRICAN FRESH APPLES (HS 080810)²

Between 2006 and 2010, global fresh apple imports increased by 2 % and 5 %, measured in quantity and value terms respectively, indicating a growing global demand. In 2010, Russia was the largest importer of fresh apples with a share of 9.2 % of the value of world imports. Other main importers included Germany, the UK, Iraq and the Netherlands - collectively they accounted for a 25.5 % share in the value of world imports.

The markets outside Europe are also showing significant growth in the importation of fresh apples. For example, between 2006 and 2010, Indonesia and the United Arab Emirates both increased their fresh apple imports, by an annual average rate of 15 % and 21 % respectively, measured in value terms.

The production of apples from selected Southern Hemisphere countries showed increases of 3 % year-on-year between 2006 and 2010 (see **Figure 2**). Chile was the largest producer of apples with a total of 1.5 million tons produced in 2010, followed by Brazil with 1.2 million tons. Argentina and South Africa occupied third and fourth position respectively in the production of fresh apples. Worth noting is the double digit growth in production showed by most

¹ This article was compiled by Mr Nico Scheltema from the NAMC.

² This article was compiled by Mr Sifiso Ntombela from the NAMC.

Southern Hemisphere countries, except Argentina and Australia, which recorded a 7 % and 1 % decline in production respectively between 2006 and 2010.

The agricultural policies (i.e. export restrictions) adopted by Argentina in 2008, which aimed to ensure food security, have had negative impacts on agricultural exports from Argentina. These policies have discouraged exports, and as a result of declining exports production has also suffered.

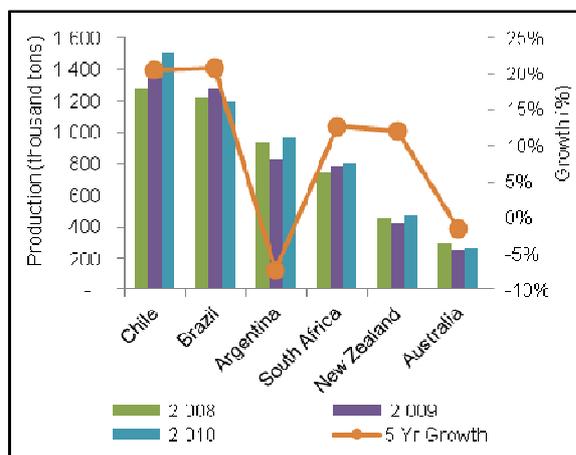


Figure 2: Production of fresh apples from selected Southern Hemisphere countries
Source: USDA, 2011

Figure 3 shows the share of selected Southern Hemisphere countries in world exports of fresh apples between 2001 and 2010. Chile, the largest exporter of fresh apples from the Southern Hemisphere, has retained a 10 % share in world exports over the last 10 years. New Zealand's share in world exports increased from 5.5 % in 2001 to 8 % in 2004, thereafter declining gradually to reach 3.7 % in 2010.

South Africa, the second biggest exporter of fresh apples from the Southern Hemisphere, has gradually increased its share in world exports, from 2.9 % in 2001 to 3.9 % in 2010. It is clear from **Figure 3** that exports of fresh apples from the selected Southern Hemisphere countries have remained at more or less the same level for the past five years. This stagnation in exports growth can be attributed to concentrated traditional export markets, increasing export costs, tightening export conditions and growing demand in domestic markets.

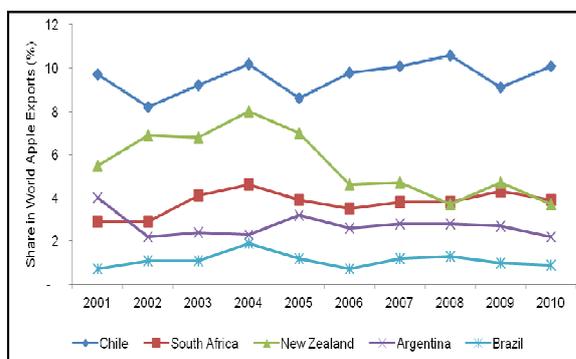


Figure 3: Selected Southern Hemisphere countries export share in the world apple exports
Source: ITC-Trade Map, 2011

Figure 4 shows the Revealed Comparative Advantage (RCA)³ for fresh apples in selected Southern Hemisphere countries. This trade performance indicator calculates the ratio of a country's export share of a commodity in the international market to the country's export share of all other commodities.

An RCA index greater than 1 indicates that the country has a comparative advantage in the commodity under consideration, since it has a strong export sector. The result shows that the competitiveness of selected Southern Hemisphere countries has remained the same in the last five years, with the exception in New Zealand, which shows an improvement in global competitiveness.

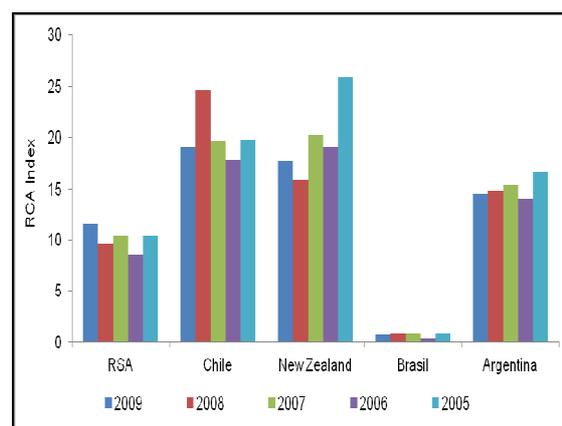


Figure 4: Competitiveness of the apple industry in the selected Southern Hemisphere countries
Source: ITC Competitiveness Map

This section also considers the research done on competitiveness by Desmond O'Rourke in 2011. His survey measured the international competitiveness of fresh apples from 29 major producing countries in the world. It focused on three sub-categories of efficiencies that indicate a country's competitiveness level. These are (i) production efficiency; (ii) industry infrastructure and inputs efficiency; and (iii) financial and market efficiencies. For further explanation of the methodology employed in the study, see Desmond O'Rourke, *The World Apple Report*, 2011. Available online: <http://www.e-belrose.com/index.html>.

The study results presented in **Table 1** support the results of the RCA presented in **Figure 4**. Chile appears to be the most dominant or competitive country in the world in producing and exporting apples. Chile was ranked number 1 in overall rankings, indicating the high efficiency of this Southern Hemisphere country in producing and exporting apples.

From the selected Southern Hemisphere countries, New Zealand comes second; however, it is fourth in the global rankings when including other countries from the Northern Hemisphere. South Africa was

³ The RCA was first formulated by Balassa (1965) and then modified by Vollrath (1991) to avoid double counting between pairs of countries. A number of studies – both international (Latruffe, 2010; Nogami, 2008; Froberg & Hartmann, 1997) and local (Bahta & Jooste, 2005; Esterhuizen, 2006) – have used the RCA to measure the competitiveness of various economic sectors.

ranked third in the Southern Hemisphere but 12th in the global rankings. South Africa scored relatively high in production efficiencies but low in financial and market efficiencies. This suggests the need for South Africa to find alternative markets for its exports.

Table 1: International Competitiveness Rankings

Country	Overall Ranking	Production Efficiency	Infrastructure and Inputs	Financial and Markets
Chile	1	2	1	3
New Zealand	4	7	3	10
South Africa	12	8	9	17
Brazil	13	6	6	22
Argentina	18	15	5	24

Source: World Apple Report, 2011

South Africa faces stiff competition within the ambit of dynamic market conditions. One potential option to be followed by South Africa is to further diversify its fresh apple exports to markets other than its traditional markets (i.e. the EU). In order to explore this issue further, the ITC composite indices were used to explore alternative attractive markets for South African fresh apples.

The methodology used by the ITC takes into account the size and dynamism of the market, market access conditions (i.e. tariffs and non-tariff barriers), distance to market, and socio-economic status of the market. Using these criteria, markets to which South Africa currently exports and alternative attractive markets to which South Africa could possibly export can be identified. **Table 2** presents the following results:

- **Traditional markets:** Russia has the highest index⁴ of 74, based on the criteria mentioned. The Netherlands and the United States of America (USA) ranked second and third as traditional attractive markets, respectively. Other existing attractive markets that show high potential are the United Kingdom and the United Arab Emirates. Note that South African fresh apple exports to the USA declined from R48 million in 1998 to less than R1 million in 2010.

- The US market still presents large opportunities when assessed in terms of market size, zero tariff barriers, higher export prices received and market development. The continued tightening non-tariff measures (e.g. Phytosanitary and Sanitary issues and other private standards) and growing competition from Chile has discouraged South African exports to this market.

- There are other attractive markets which are fast gaining share in South African apple exports. These include markets such as Malaysia, Benin, Kenya, Angola and Singapore. These markets rank low in the attractiveness index; however, they are becoming important to South Africa when one looks at export growth to these markets in the last three years.

- **Alternative attractive markets:** Kazakhstan shows the highest index, followed by Thailand and the Ukraine. In all identified markets, Chile, Argentina and New Zealand appear to be the main direct competitors to South African exports.

The model's results show that European markets will remain important for South African exports due to factors such as geographical location (i.e. shorter shipping distances to the EU), duty-free access to the EU and high socio-economic status in the EU. However, increasing production from other Southern Hemisphere countries and rising export costs and stagnating consumption growth in the EU, will increase the number of challenges South African fresh apples producers and exporters face in the EU market.

This suggests that considerable attention should be afforded to improving market access of fresh apples to markets outside the EU and the USA. Markets in the East (e.g. UAE, Kazakhstan, Malaysia, Singapore and Thailand) and in Africa (e.g. Benin, Angola and Kenya) are increasingly becoming important markets for fresh apples. These markets also have less stringent non-tariff measures (i.e. Ethical; Sanitary and Phytosanitary – SPS; as well as Technical Barriers to Trade – TBT) as compared to the EU and USA markets.

⁴ The index scale is 0 to 100. Values closer to 100 represent highest attractiveness, while values close to zero represent lowest attractiveness.

Table 2: Market Attractiveness: Traditional and new markets for South African Fresh Apples (HS 080810)

Import Market	Market Attractive Index	2010 SA Exports: 1000 US\$	2006–2010 Import Growth from World:%	Tariff Applied to SA:%
Attractive Traditional Markets: South Africa already exports to these markets				
Russia	74	3 279	16	41
Netherlands	70	12 529	-4	14
USA	62	111	4	0
UAE	59	10 583	13	0
UK	58	74 247	-4	14
Ranked low in Market Attractive Index, but gaining share in SA apple exports				
Malaysia	37	29 516	27	5
Benin	23	17 500	31	20
Singapore	34	9 364	10	0
Angola	15	8 785	11	10
Kenya	18	5 575	29	25
Attractive New Markets: South Africa does not export to these markets				
Kazakhstan	47	0	145	5
Ukraine	46	35	38	87
Thailand	46	0	20	10
China	38	21	23	10
Algeria	37	0	23	30

Source: ITC Trade Map and own calculation

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

- Introduce a class action approach that involves all stakeholders in the apple industry (including government) to address challenges that currently restrict exports.
- Considerable attention must be directed at improving supply to the Eastern and domestic markets, where producers will face less fierce competition as well as less stringent non-tariff measures.
- Focus on developing innovative products (i.e. product differentiation) for developed markets in order to retain or increase global market share.
- Attention should be directed to processing apples in apple products

3. AGRICULTURE, FORESTRY AND FISHERIES TRADE BETWEEN SOUTH AFRICA AND INDONESIA⁵

This section provides an overview of South Africa's agriculture, forestry and fisheries trade and cooperation with Indonesia. It also explores the opportunities for cementing this relationship and maximising trade between the two countries. Indonesia is ranked 5th as a trade partner of South Africa in agriculture, forestry and fisheries products.

Agriculture plays an important role in the Indonesian economy, providing employment for over 38 million people.

Agriculture receives special government assistance, which reflects the government's concern about food security and the view that this can best be met by achieving self-sufficiency in food staples, in particular rice. Rice, as the main staple food, remains a sensitive commodity, subject to both import and export control. The contribution of the sector to the GDP has been fluctuating between 3.8 % and 5 % over the past five years (Economist Intelligence Unit, 2012).

Indonesia negotiates market access with a special focus on the problems faced by poor farmers. This is done through the use of Special Products (SPs) and the Special Safeguard Mechanism (SSM). Regarding special products, the government has verifiable indicators by which the products are prioritised. Regarding the Special Safeguard Mechanism, Indonesia needs to be more flexible in developing solutions with respect to the import volume and product price criteria (volume and price triggers).

The government regulates trade in priority agricultural products and the prices thereof. Another challenge of Indonesia is allocation of land between forests and agriculture. Indonesia is recognised as one of the few seriously responsible countries to maintain natural forests in good health for the sake of reducing the total carbon emissions globally.

Bilateral trade in agricultural products is mainly in raw materials for further processing, but while Indonesia's exports to South Africa are concentrated in palm oil and coffee, South Africa's exports to Indonesia are more diverse albeit around a third of the quantity of imports (See Table 3).

⁵ The author Solly Molepo is a Senior Agricultural Economist at the Directorate International Trade, Department of Agriculture, Forestry and Fisheries.

Table 3: Top five SA-Indonesia trade in agriculture products, 2005-2010

South African Exports to Indonesia [2005 – 2010]			South African Imports from Indonesia [2005 – 2010]		
Product	Value (Rand Million)	MFN rate, %	Product	Value (Rand Million)	MFN rate, %
Total exports	339		Total imports	969	
Soya beans (HS 120100)	56	8	Palm oil (HS 151190)	666	10
Maize (HS 100590)	28	5	Palm kernel oil (HS 151329)	82	0
Pears and Quinces, fresh (HS 080820)	10	5	Coffee (HS 090111)	81	0
Cane sugar (HS 170199)	7	26	Cocoa powder (HS 180500)	16	0
Cocoa preparations HS 180690)	6	7	Palm nut/ kernel oilcake (HS 230660)	7	7

Source: Global Trade Atlas and Market Access Map 2012

While increased agricultural production is seen as contrary to forest protection, the government is trying to educate the people about the merits of preserving the forests in terms of water supply, pollination (insects) and climate control. Indonesia exports timber to developed countries, but there is a need for expansion of legally and sustainably produced timber for the export market. Bilateral trade with South Africa is shown in **Table 4** below.

South Africa is ranked 63 as a supplier of forestry products to Indonesia. The three leading suppliers to Indonesia are Spain, Italy and Hong Kong. South Africa is a net exporter of intermediate forestry products to Indonesia, while its basket of imports is dominated by finished products. SA's top 5 export

items constituted an average of 99 % of the total basket of exports to Indonesia. The trade balance of R1169.7 m was in favour of South Africa over the period of 6 years.

Indonesia is ranked 6th as the exporter of fish products (canned / processed) to South Africa. The three leading suppliers to SA are Thailand, China and New Zealand. Indonesia's fisheries exports to South Africa constitute an average of 2.2 % of South Africa's total fisheries imports. The trade balance of -R1.9 million is in favour of Indonesia. South Africa exports only small quantities of fresh or frozen whole fish to Indonesia. Bilateral trade in fisheries is shown in **Table 5**.

Table 4: Top five SA-Indonesia trade in forestry, 2005–2010

South African Exports to Indonesia [2005–2010]			South African Imports from Indonesia [2005–2010]		
Product	Value (Rand Million)	MFN rate, %	Product	Value (Rand Million)	MFN rate ⁶ , %
Total exports	1192.7		Total imports	23	
Chemical wood pulp, dissolving grade (HS 470200)	1124.0	0	Doors, frames and thresholds (HS 441820)	8.7	5
Chemical wood pulp (HS 470329)	45.5	0	Kraft Paper (HS 480431)	3.6	5
Waste and scrap paper (HS 470730)	8.3	0	Self copy paper (HS 480920)	2.2	5
Chemical wood pulp (HS 470311)	2.0	0	Self copy paper (HS 481620)	1.1	5
Paper and paper articles (HS 482390)	0.09	0.54	Paper/Paper board (HS 481029)	0.5	4

Source: Global Trade Atlas and Market Access Map 2012

Table 5: Top five SA-Indonesia trade in fisheries

South African Exports to Indonesia [2005 – 2010]			South African Imports from Indonesia [2005 – 2010]		
Product	Value (Rand Million)	MFN rate (%)	Product	Value (Rand Million)	MFN rate (%)
Total exports	0.2		Total imports	2.1	
Sardines except fillet, liver, roes, fresh, chilled (HS 030261)	0.004	0	Sardines (HS 160413)	0.9	5
Albacore (HS 030341)	0.1	0	Molluscs (HS 160590)	0.7	5
Sardines except fillet, livers and roes, frozen (HS 030371)	0.05	0	Fish, Ornamental, Live (HS 030110)	0.1	3.33
Mackerel except filets, livers and roes frozen (HS 030374)	0.007	0	Fish, with bones, frozen (HS 030379)	0.09	5.83
Fish, with bones, frozen (HS 030379)	0.01	0	Shrimps/ Prawns (HS 160520)	0.07	5

Source: Global Trade Atlas and Market Access Map 2012

⁶ South Africa applies MFN rates for forestry imports from Indonesia.

Table 6 shows that the five leading agriculture, forestry and fisheries products to Indonesia (mostly raw material) account for 82 % of the total trade. The Netherlands, the United Kingdom and Zimbabwe are South Africa's major competitors in the Indonesian market.

Table 7 indicates that South Africa's top 5 agricultural, forestry and fisheries imports are dominated by finished products and make up 80 % of the total, while palm oil remains on top.

Table 6: South Africa's top 5 exports of agriculture, forestry and fish to Indonesia [2005 – 2010]

HS Code	Description	Value (Rand million)	MFN rate (%)	Competitors
	Agri/Fish/Forest Products	1533.0		Netherlands, United Kingdom and Zimbabwe
470200	Chemical Wood pulp, Dissolving Grades	1123.9	0	Thailand, China and India
120100	Soybeans	55.7	8	Malaysia, China and Sri Lanka
470329	Chemical Wood pulp, Soda, etc.	45.6	0	South Korea, China and Thailand
100590	Corn (Maize), other than seed corn	28.1	5	South Korea, Kenya and Japan
170199	Cane sugar	6.6	26.4	Mozambique, Madagascar and Kenya

Source: Global Trade Atlas and MacMap 2012

Table 7: South Africa's top 5 agriculture, forestry and fish imports from Indonesia [2005 – 2010]

HS Code	Description	Value (Rand Million)	MFN rate (%)	Competitors
	Agri/Fish/Forest Products	1142.0		Argentina, United Kingdom and Germany
151190	Palm oil, refined but not chemically modified	665.6	10	Malaysia, Argentina and Singapore
151329	Palm kernel or babassu oil	82.3	0	Malaysia, United States and Argentina
441820	Doors and their frames and thresholds, of wood	63.7	5	Malaysia, Zimbabwe and China
090111	Coffee, not roasted, not decaffeinated	81.1	5	Vietnam, Brazil and Colombia
230660	Palm nut or kernel oilcake	7.5	5	Ghana, Nigeria and Turkey

Source: Global Trade Atlas and MacMap 2012

Figure 5 indicates that South Africa is a net exporter of agriculture, forestry and fisheries products to Indonesia. In 2008, the trade balance was in favour of Indonesia, with imports R212 million more than exports. The exports trend has been fairly constant over a period of three years (2005 to 2007), while 2008 showed a trade deficit and in 2009 exports rose to over R 2 billion, creating a surplus.

Based on current statistics, Indonesia shows to be a potential market for both primary and value added products of agriculture and forestry. The MFN duties applied by Indonesia for various primary and intermediate products are low, which gives opportunities to South African producers and exporters to expand the existing trade. The major challenges could be limited capacity on the part of South Africa, local competition and non-tariff barriers (i.e. government intervention in agricultural market and access to the Indonesian market for value added food and beverages).

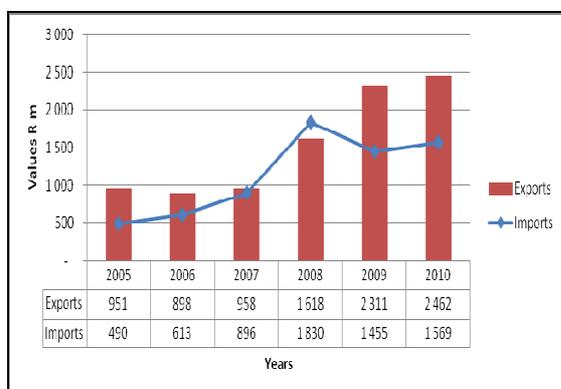


Figure 5: Agriculture, forestry and fisheries trade balance between SA and Indonesia

Source: Global Trade Atlas 2012

4. TRENDS IN SOUTH AFRICAN FRUITS AND VEGETABLES: EXPORT VS. DOMESTIC MARKETS⁷

Within the framework of the Industrial Policy Action Plan – IPAP 2, fruits and vegetables are the most important commodities in the agro-processing sector. Both are high value sub-sectors and have large labour multipliers. They also constitute a significant percentage of South African agricultural exports. The main fruit produced in South Africa include grapes, oranges, lemons, apples, pears, avocados and mangoes.

South Africa is also a major producer of vegetables such as potatoes, tomato, onions and cabbages. This section seeks to review the trends (i.e. production, exports and domestic sales) on both fruit and vegetables for the past 10 years.

Fruit production increased from 3.6 million tons in 1996 to 5.5 million tons in 2009, recording an average growth rate of 3 % year on year (see **Figure 6**). Growing export demand and better fruit production practices are among the leading factors behind the growth in fruit production.

Vegetable production has also experienced a significant growth; particularly in the last eight years (see **Figure 6**). Vegetable production is largely driven by expanding domestic demand, which is attributed to rising middle-class consumers in South Africa. Processing and storage technology improvements are also stimulating vegetable production.

⁷ This article was compiled by Mr Sifiso Ntombela from the NAMC.

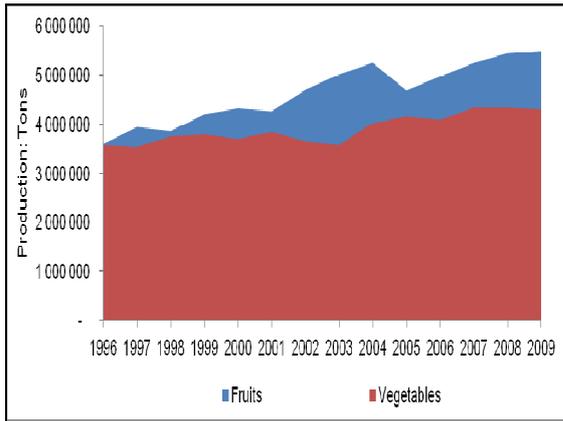


Figure 6: South Africa's fruit and vegetable production: 1996–2009

Source: DAFF, 2011

Figure 7 shows the trends on fruit exports and domestic fruit sales measured in value and quantity. It is clear that the bulk of fruit production is exported, mainly to European markets. However, in the last six years exports to emerging markets (e.g. Far East and Africa) have started to grow. Between 2002 and 2011, the value of fruit exports increased by an average rate of 12 %, while domestic value grew by a rate of 9 % year-on-year.

The value of exports is influenced by external factors such as exchange rates, competitors' marketing strategies, market saturation, market access conditions and product quality. Due to these external factors, exports are highly volatile but tend to yield high returns as compared to domestic sales. The quantity of fruit sold in the domestic market over the reviewed period has remained relatively constant at 803 248 tons per year.

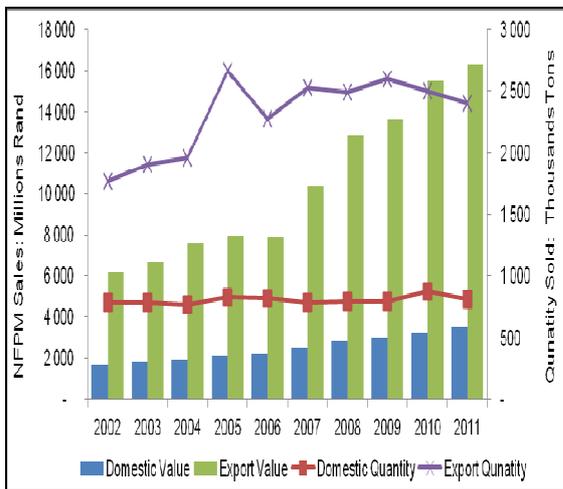


Figure 7: South Africa's fruit exports and domestic sales

Source: DAFF and WTA, 2012

The impact of the economic recession in Western countries resulted in an appreciation of the South African Rand against the Western countries' currencies. It furthermore resulted in the export price rising faster than the domestic price. This is evident when looking at **Figure 8**, where the gap between export price and domestic price rose from R448 per ton in 2005 to R1 633 per ton in 2008 and R2 526 per ton in 2010.

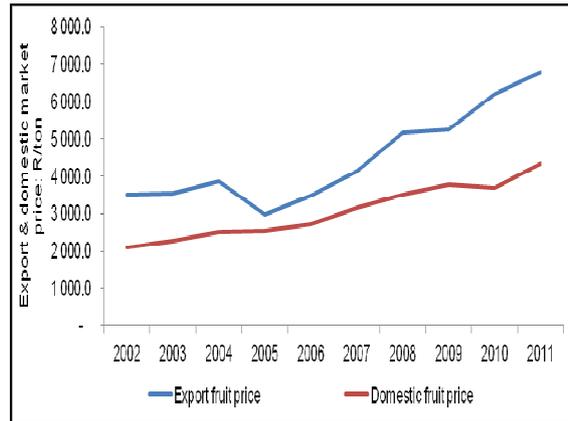


Figure 8: Difference between fruit export price and domestic price

Source: DAFF and WTA, 2012

The bulk of vegetables produced is sold in the domestic market and only small amounts are exported annually (see **Figure 9**). Although, the quantity of vegetables sold in both domestic and export markets have remained relatively constant, the value of the domestic market increased significantly between 2006 and 2011. Consumer preference for healthy products has stimulated vegetables sales.

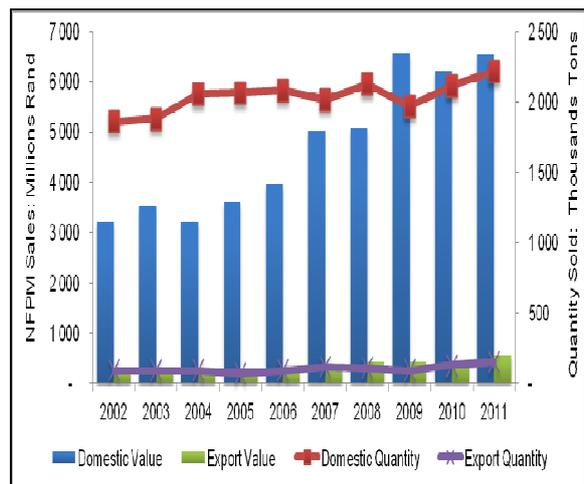


Figure 9: South Africa's vegetables export and domestic sales

Source: DAFF and WTA, 2012

Figure 10 shows the narrowing gap between vegetable exports and domestic prices. One can postulate that domestic prices have gained strength in recent years, which in turn makes the local market more attractive to vegetables producers.

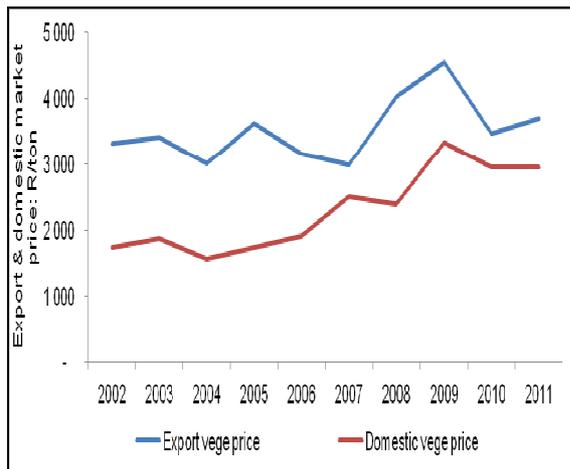


Figure 10: Difference between vegetables export and domestic price

Source: DAFF and WTA, 2012

5. SOUTH AFRICA'S AGRICULTURAL, FORESTRY & FISHERIES TRADE PERFORMANCE, 2011⁸

The purpose of this section is to inform stakeholders of the status of South Africa's agricultural, forestry and fisheries trade performance.

Observations on exports:

- South Africa is a net exporter of agriculture, forestry and fisheries (AFF) products.
- South Africa is a net exporter of primary agricultural products.
- South Africa's exports of sugar declined by 38 % and 16 % in value terms during 2010 and 2011 respectively.
- Exports of cereals experienced high growth (153 %) during 2011.
- Fruits and Nuts constitute the largest export sub-sector by value in South Africa's total agriculture, forestry and fisheries exports.
- The Netherlands is South Africa's largest export destination by value for agricultural, forestry and fisheries exports.

Observations on imports:

- South Africa is a net importer of processed agricultural products.
- Paper and Paper boards is the largest sub-sector of imports in South Africa's total AFF imports.
- Cereals and Meat imports grew with the highest rate, 63 % and 50 % respectively, during 2011.
- Imports of Meat and Fish preparations declined by 8 % in value terms during 2011.
- Most of South Africa's AFF imports originate from Argentina.

Table 8 shows South Africa's top ten largest export destinations for agricultural, forestry and fisheries products by value during 2011.

The **Netherlands** remained South Africa's largest export market for agricultural, forestry and fisheries

products by value during both 2010 and 2011. South Africa's agricultural, forestry and fisheries exports to the Netherlands increased by 5 % in value terms between 2010 and 2011. However, its share in South Africa's total agricultural, forestry and fisheries exports remained constant at 9 %.

The top five products exported by South Africa to the Netherlands during 2011, constituting 60 % of South Africa's total agricultural, forestry and fisheries exports to the Netherlands, were grapes, oranges, grape wines, pears & quinces and grapefruit. Exports of grapefruit and pears & quinces to the Netherlands increased substantially by 23 % and 18 % during 2011.

The **United Kingdom** ranked the second largest export market for South Africa's agricultural, forestry and fisheries products during 2010 and 2011. South Africa's exports of these products to the United Kingdom however declined by 2 % over the two calendar years. The top five products that South Africa exported to the United Kingdom during 2011 were grape wines, grapes, apples, mandarins and oranges. Exports of these five products constituted 50 % of South Africa's total agricultural, forestry and fisheries exports to the United Kingdom during 2011. Whilst exports of fresh grapes increased by 9 %, exports of grape wines declined by almost 50 % in value terms during 2011.

Zimbabwe ranked the third largest export market for South Africa's agricultural, forestry and fisheries products and the largest export market in Africa during 2011. Although its share in South Africa's total agricultural, forestry and fisheries exports remained stable at 7 %, South Africa's exports to Zimbabwe increased by 14 % in value terms between 2010 and 2011.

⁸ This article was compiled by Mr Sam Legare from the Department of Agriculture, Forestry and Fisheries.

Table 8: South Africa's top ten largest export destinations for agricultural, forestry and fisheries products by value during 2011

Top 10 export markets	Share in SA total agric exports (%)	Export value (Billion Rand)	Top 3 products exported into major markets
Netherlands	9	5.5	Grapes, Oranges and Grape Wines
United Kingdom	8	5.0	Grape Wines, Grapes and Apples
Zimbabwe	7	4.7	Soybean Oils, Sunflower seeds and Oils, and Wheat
China	5	2.9	Wool, Wood Pulp and Grape Wines
Mozambique	5	2.9	Sugar, Maize and Soups and Broths
Indonesia	5	2.9	Wood Pulp, Grapes, Pears and Quinces
Mexico	4	2.8	Maize, Liqueurs and Cordials, and Grape Wines
Germany	3	2.1	Grape Wines, Paper and Wood Pulp
Korea, South	3	2.0	Maize, Wood Pulp and Paper
Angola	3	1.9	Sugar, Maize and Beverages

Source: World Trade Atlas, 2012

South Africa's top five major exports to Zimbabwe during 2011 were soybean oils, sunflower seeds and oils, wheat, food preparations and sugar. Exports of sugar and soybean oils to Zimbabwe increased by 275 % and 192 % respectively during 2011.

South Africa's agricultural, forestry and fisheries exports to **China** increased substantially by 42 % between 2010 and 2011. This increase contributed to China to become the fourth largest export market for South Africa during in 2011 after ranking seventh in 2010.

The top five products exported by South Africa to China during 2011 were wool, wood pulp, grape wines, fish meal and sheep skins. Exports of wood pulp and grape wines increased substantially by 143 % and 111 % respectively during 2011.

Mozambique ranked the fifth largest export market for South Africa's agricultural, forestry and fisheries products and the second largest export market in Africa during 2011. South Africa's exports to

Mozambique increased by 5 % from R2.7 billion during 2010 to R2.9 billion during 2011. The top five products exported by South Africa to Mozambique during 2011 were sugar, maize, soups and broths, food preparations and milk. Exports of food preparations and milk increased by 60 % during 2011.

Table 9 indicates that Mexico, South Korea and China were the fastest growing of all South Africa's agricultural, forestry and fisheries export markets in 2010 and 2011. Exports of maize to Mexico, Kraft liner paper to South Korea and grapefruit to China registered the highest growth during 2011.

Table 9 further indicates that Kenya, Belgium and Saudi Arabia showed the highest negative growth during the same period, with maize to Kenya, tobacco to Belgium and peaches to Saudi Arabia declining the most.

Table 9: South Africa's growing and declining agricultural, forestry and fisheries export markets between 2010 and 2011 calendar years

Growing Export Markets				
Top 3 Growing Markets	Export Growth	Top 3 products driving export growth and their individual growth percentage		
Mexico	17 655 %	Maize (2 535 %)	Wood Pulp (1 337 %)	Vegetable Products (895 %)
Korea, South	93 %	Kraft Liner Papers (348 %)	Fish (231 %)	Juices (27 %)
China	42 %	Grapefruit (231 %)	Wood Pulp (143 %)	Grape Wines (111 %)
Shrinking Export Markets				
Top 3 Shrinking Markets	Export shrinkage	Top 3 products driving total import shrinkage and their individual shrinkage percentage		
Kenya	-33 %	Maize (-99 %)	Kraft Liner Paper (-45 %)	Newsprints (-39 %)
Belgium	-30 %	Tobacco (-97 %)	Fresh Grapes (-92 %)	Fresh Apples (-72 %)
Saudi Arabia	-25 %	Peaches (-40 %)	Plums (-19 %)	Mandarins (-9 %)

Source: World Trade Atlas, 2012

Table 10 shows the major agricultural, forestry and fisheries export sub-sectors by value during 2011. From 1996 to 2011, **Edible Fruits and Nuts** were the largest South African export sub-sector by value. Exports in this sub-sector grew by 5 % from R15.5 billion to R16.3 billion between 2010 and 2011.

However, the share of this sub-sector in South Africa's total agriculture, forestry and fisheries exports decreased slightly from 27 % to 25 % between 2010 and 2011. The top five major products exported by South Africa within this sub-sector during 2011 were oranges, grapes, apples, pears and lemons.

These products accounted for 72 % of the total sub-sector exports during 2011. Whilst exports of oranges declined slightly by 2 %, exports of lemons and apples grew substantially by 21 % and 15 % respectively over the two years observed.

The Netherlands, the United Kingdom, Russia, Hong Kong and the United Arab Emirates ranked the top five largest export markets for South Africa's edible fruits and nuts by value during 2011. Sub-sector exports to Hong Kong grew by 39 %, whilst exports to the United Arab Emirates declined by 6 % during 2011.

Table 10: South Africa's top 10 major agricultural, forestry and fisheries export sub-sectors by value during 2011

Product	Value 2011 (Billion Rand)	Growth 2010–2011	Top 3 products exported within the sub-sector	Top 3 export markets by value during 2011
Edible Fresh Fruits and Nuts	16.3	5 %	Oranges, Grapes and Apples	Netherlands, United Kingdom, and Russia
Beverages, Spirits and Vinegar	8.1	0 %	Wines, Liqueurs and Cordials, and Ethyl Alcohol	U K, Germany, and Sweden
Wood Pulp	7.1	28 %	Chemical Wood Pulp , Non-Coniferous Wood, and Mechanical Wood Pulp	Indonesia, China , and Thailand
Cereals	6.1	153 %	Maize, Rice and Wheat	Mexico, South Korea and Italy
Paper and Paperboards	4.6	-2 %	Kraft Liner, Uncoated Paper and Newsprint	Zimbabwe, Zambia and Mozambique
Preserved Fruits and Vegetable	3.6	4 %	Preserved Peaches, Fruit Mixtures and Grapefruit Juice	Japan, Netherlands and Germany
Fish and Seafood	3.5	7 %	Fish Fillets , Squid and Crawfish	Spain, Italy and Hong Kong
Wood	2.7	2 %	Wood Chips, Door Frames and Wood Charcoal	Japan, United Kingdom and Australia
Miscellaneous Foods	2.2	25 %	Soups and Broths, Ice Cream, and Protein Concentrate	Zimbabwe, Mozambique and Nigeria
Sugars and Sugar Confectioneries	1.7	-16 %	Sucrose, Raw Sugar, and Glucose	Mozambique, Angola, and Zimbabwe

Source: World Trade Atlas, 2012

Beverages, spirits and vinegar remained firm as South Africa's second largest sub-sector exports by value from 2006 to 2011. Exports in this sub-sector remained stable at around R8.0 billion during the past four years. The share of this sub-sector in South Africa's total agriculture, forestry and fisheries exports declined slightly from 14 % to 13 % between 2010 and 2011. This was due to an increase in total agriculture, forestry and fisheries exports to the world.

Major products exported by South Africa within this sub-sector during 2011 were grape wines, liqueurs and cordials, ethyl alcohol as well as mineral waters, together accounting for 88 % of the total sub-sector exports.

The United Kingdom, Germany, Sweden, Angola and the Netherlands ranked as the top five major export markets for South Africa's sub-sector exports by value during 2011. Sub-sector exports to the United Kingdom fell by 25 % whilst exports into Angola grew by 16 % during 2011.

South Africa's exports of **Wood Pulp** increased substantially by 28 % from R5.5 billion during 2010 to R7.1 billion in 2011. Major products exported by South Africa under this sub-sector were chemical wood pulp and non-coniferous wood, representing 80 % and 17 % shares respectively within the sub-sector during 2011.

Indonesia, China, Thailand, India and South Korea ranked as South Africa's top five major export markets for the sub-sector by value during 2011. Sub-sector exports into China, India and Indonesia grew substantially by 79 %, 40 % and 36 % respectively during 2011.

Cereal exports registered the highest growth during 2011. The sub-sector exports grew by 153 % from R2.4 billion during 2010 to R6.1 billion in 2011. The share of cereals in South Africa's total sector exports also increased substantially from 4 % to 10 % between the two years under observation. This was mainly driven by increases in exports of maize and maize seed, which increased by 120 % between 2010 and 2011. Exports of maize and maize seed

alone accounted for over 90 % of the total sub-sector exports.

Mexico, South Korea, Italy, Taiwan and Zimbabwe ranked the top five export markets for the sub-sector by value during 2011. The sub-sector exports to Mexico and South Korea represented a 45 % and 24 % market share respectively during 2011.

Exports of **Paper and Paperboards Products** ranked the fifth largest sub-sector for exports by value during 2011. However, exports of this sub-sector declined by 2 % from R4.7 billion during 2010 to R4.6 billion in 2011. The share of this sub-sector in South Africa's total agricultural, forestry and fisheries exports also declined from 8 % to 7 % share during 2010 and 2011 respectively. This was mainly driven by a decrease in exports of uncoated paper, which declined by 30 % over the two years.

Zimbabwe, Zambia, Mozambique, the United Kingdom and Nigeria ranked as South Africa's top five export markets for the sub-sector by value during 2011. Exports of this sub-sector to the United Kingdom and Nigeria declined by 20 % and 25 % respectively between 2010 and 2011, whilst exports to Mozambique, Zimbabwe and Zambia increased by 25 %, 13 % and 14 % respectively during the same period.

Table 11 shows Africa's top five imports markets for agricultural, forestry and fisheries (AFF) products by value during 2011.

Argentina ranked as South Africa's number one import market for agricultural, forestry and fisheries products during 2010 and 2011. Although its share in South Africa's total agricultural, forestry and fisheries imports remained stable at 11 %, imports from Argentina increased by 29 % between 2010 and 2011. This increase in total agricultural, forestry and fisheries imports from Argentina was largely driven by an increase in the value of wheat imports, which grew by 2 264 % and to a lesser extent, imports of soybean oils which increased by 5 % between 2010 and 2011.

Table 11: South Africa's top five imports markets for agricultural, forestry and fisheries (AFF) products by value during 2011

Top 10 import markets	Share in SA total AFF imports	Import value (Billion Rand)	Top 3 products imported from major markets
Argentina	11 %	5.7	Soybean Oils, Wheat and Sunflower Seeds and Oils
USA	8 %	4.0	Whiskies, Books and Newspapers
Brazil	7 %	3.8	Chicken Meat, Sugar and Rice
United Kingdom	7 %	3.5	Whiskies, Books and Chicken Meat
Germany	6 %	3.3	Soybean Oils, Wheat and Swine Meat

Source: World Trade Atlas, 2012

Imports of agricultural, forestry and fisheries products from **the USA** increased significantly during 2011. This led to the USA becoming the world's second largest import market for South Africa by value during 2011, up from ranking seventh in 2010.

Its share in South Africa's total imports of agricultural, forestry and fisheries products also increased from 7 % to 8 % between 2010 and 2011. The growth in total agricultural, forestry and fisheries imports from the USA was mainly driven by an increase in imports of wheat and whiskies, which grew by 122 % and 21 % respectively between 2010 and 2011.

Imports of agricultural, forestry and fisheries products from **Brazil** increased significantly by 44 % from R2.8 to R3.8 billion during 2011. Its share in South Africa's total imports of agricultural, forestry and fisheries products remained firm at 7 % during 2010 and 2011.

This growth was mainly driven by an increase in imports of rice and sugar, which grew by 1 899 % and 372 % respectively between 2010 and 2011.

Imports of chicken meat, constituting more than 20 % of the total agricultural, forestry and fisheries imports from Brazil, grew moderately by 2 % during 2011.

The **United Kingdom** ranked the fourth largest import market for South Africa's agricultural, forestry and fisheries products by value during 2011. Its share in South Africa's total imports of agricultural, forestry and fisheries products remained firm at 7 % during 2010 and 2011.

South Africa's total imports of agricultural, forestry and fisheries products from the United Kingdom grew by 17 % between the two years. This growth was mainly driven by an increase in imports of whiskies and printed material which grew by 10 % and 9 % respectively during 2011.

South Africa's total agricultural, forestry and fisheries imports from **Germany** increased slightly from R3.0 billion to R3.3 billion between 2010 and 2011. However, Germany's market share in South Africa's total agricultural, forestry and fisheries imports decreased from 7 % to 6 % during the same period. This trend was largely driven by decreases in imports of wheat, which declined by 40 % over the two years.

No **African** countries appeared in South Africa's top ten import markets by value during both 2010 and 2011 calendar years.

Table 12 provides an indication of South Africa's growing and declining agricultural, forestry and fisheries imports markets during 2010 and 2011. Of all South Africa's agricultural, forestry and fisheries import markets, Australia, Zimbabwe and USA ranked the highest in terms of import growth between 2010 and 2011. Imports of wheat from Australia and the USA as well as cotton from Zimbabwe registered the highest growth. Cote d'Ivoire, Columbia and Uganda declined significantly during the same period, with cocoa butter, fats and oils from Cote d'Ivoire, fruits and vegetable juices from Columbia as well as tobacco from Uganda, declining the most.

Table 12: South Africa's growing and shrinking agricultural, forestry and fisheries import source markets and products during 2010 and 2011 calendar years

Growing Import Markets				
Top 3 Growing Markets	Import growth	Top 3 products driving total import growth and their individual growth percentage		
Australia	80 %	Wheat (461 %)	Coffee (386 %)	Kraft Liner Paper (252 %)
Zimbabwe	56 %	Cotton (179 %)	Tobacco (60 %)	Cotton Seeds (3 %)
USA	44 %	Wheat (122 %)	Bovine Fats (29 %)	Almonds Nuts (27 %)
Shrinking Import Markets				
Top 3 Shrinking Markets	Import shrinkage	Top products driving total import shrinkage and their individual shrinking percentage		
Cote d'Ivoire	-53 %	Cocoa Butter, Fats and Oils (-93 %)		Cocoa Paste (-52 %)
Columbia	-35 %	Fruit and Vegetable Juices (-86 %)		Chewing Gums (-45 %)
Uganda	-29 %	Tobacco (-92 %)		Live Plants (-81 %)

Source: World Trade Atlas, 2012

Table 13 shows South Africa's major agricultural, forestry and fisheries import sub-sectors by value during 2011.

Although the share of **Animal or Vegetable Fats and Oils** in South Africa's total imports of agricultural,

forestry and fisheries remained stable at 15 % during 2010 and 2011, imports of this sub-sector grew by 29 % from R6.1 billion during 2010 to R7.9 billion in 2011. Major products imported by South Africa during 2011 under this sub-sector were palm oils, soybean oils, and sunflower seeds or oils.

These products accounted for 80 % of the total sub-sector imports by value during 2011 and were mostly imported from Asian countries such as Malaysia and Indonesia and to a lesser extent from Spain, Germany and Argentina. Imports from Spain, Germany and Indonesia grew significantly by 215 %, 35 % and 30 % respectively whilst imports from Argentina declined by 46 % during 2011.

Although the share of **Paper and Paperboards** sub-sector in South Africa's total agricultural, forestry and fisheries imports decreased from 17 % in 2010 to 14 % in 2011, the value of imports increased by 9 % from R7.0 billion to R7.6 billion between the two years under observation. Major products imported by South Africa under this sub-sector during 2011 were sanitary napkins, diapers, uncoated and coated papers and paperboards. These products were mostly imported from Germany, China, Finland, Sweden and the USA.

Imports of **Food Residues and Waste** improved slightly in value terms after increasing by 10 % from R3.7 billion in 2010 to R4.0 billion in 2011. The share of this sub-sector in South Africa's total agricultural, forestry and fisheries imports remained firm at 8 % between 2010 and 2011. This slight positive move was mainly driven by an increase in imports of dog and cat food as well as meat offal, mainly from Argentina, the Netherlands, France and China.

Imports of **Meat and Meat Products** increased substantially by 50 % from R2.7 billion in 2010 to R4.0 billion in 2011. The share of this sub-sector in South Africa's total agricultural, forestry and fisheries imports also increased from 6 % to 8 % between the two years considered. Much of this increase was due to an increase in imports of chicken meat from Brazil and to lesser extent bovine meat from Australia.

South Africa's total imports of **Cereals** increased by 63 % from R5.3 billion in 2010 to R8.6 billion in 2011. The share of this sub-sector in South Africa's total agricultural, forestry and fisheries imports also increased from 13 % to 16 % between the two years under observation. Much of this increase was due to increased imports of wheat and rice, which increased by 116 % and 17 % respectively during 2011.

Imports of wheat and rice alone accounted for over 90 % of the total sub-sector imports over the past three years. South Africa imports these cereals mostly from Thailand, Argentina, the USA, Australia and Germany. Cereal imports from Argentina, Australia and the USA grew significantly by 1 516 %, 507 % and 109 % respectively, whilst imports from Germany declined by 41 % during 2011.

Table 13: South Africa's top 10 major agricultural, forestry and fisheries import sub-sectors by value during 2011

Product	Exported value 2011 (Billion Rand)	Growth 2010–2011	Top 3 products exported within the sub-sector	Top 3 export markets by value during 2011
Cereals	8.6	63 %	Wheat, Rice and Barley	Thailand Argentina USA
Fats and Oils	7.9	29 %	Palm Oils, Soybean Oils and Sunflower-seeds and Oils	Malaysia Indonesia Spain
Paper and Paperboards	7.6	9 %	Sanitary Articles, Paper and Paperboards	Germany China Finland
Food Waste and Residues (Animal Feeds)	4.0	10 %	Soybean Residues, Pet Food and Cotton Seeds	Argentina Netherlands France
Meat and meat products	4.0	51 %	Chicken Meat, Turkey Meat and Bovine Meat	Brazil Australia Germany
Beverages, Spirits and Vinegar	3.5	16 %	Whiskies, Mineral Waters and Malt Beer	United Kingdom USA Ireland
Wood	2.4	19 %	Coated Wood, Wood Products and Clothes Hangers	Malaysia China Brazil
Books, Newspapers and Manuscripts	2.1	1 %	Paper Sheets, Picture Designs and Children's Books	United Kingdom USA China
Miscellaneous Edible Food Preparations	2.0	28 %	Coffee Extracts, Sauces and Yeasts	USA Germany Netherlands
Preserved Food	1.6	35 %	Apple Juice, Grape Juice and Preserved Potatoes	China Argentina Italy

Source: World Trade Atlas, 2012

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