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This issue of *TradeProbe* covers the following topics:

- Product profile of South African spices (HS 09)
- Possible impact of citrus black spot (CBS) on South Africa's citrus fruit exports
- Market profile for SADC Forestry
- Country profile: China
- Trade profile: Olive oil – HS 1509

1. PRODUCT PROFILE OF SOUTH AFRICAN SPICES¹ (HS 09)

Spices are often referred to as the non-leafy parts of plants which are used for seasoning and flavouring food, whilst herbs are generally considered to be the leafy parts. Over and above flavouring food, spices are also used for medicines, perfumes, preservatives and even in sacred rituals. They are normally dried and are harvested from various parts of the plant, including the seeds, fruit, roots, bark, stems, rhizomes or flowers, such as saffron (TIPS & AusAID).

The SADC has an ideal climate, overall, for the production of spices and herbs, especially along the east coast. Generally black pepper, the capsicum family, cardamom, caraway, cloves, cinnamon, nutmeg and mace, pimento, turmeric and vanilla all prefer humid tropical climates. Black pepper and cardamom enjoy higher altitudes, and will require production in the highlands such as those in Tanzania, Malawi, Zambia and Zimbabwe.

Pepper is a tropical plant that grows in hot humid areas with a high rainfall. In South Africa it can only be grown in the Lowveld and along the northern coastal areas of KwaZulu-Natal. Ginger and coriander can be produced in a variety of climates, even though ginger requires good, well-distributed rainfall, while coriander tolerates drier climates. Mediterranean or temperate climates are ideal for aniseed, bay leaves, saffron and cumin, which will tolerate some of the drier regions of the SADC as long as temperatures remain at around 25°C. Potentially good farming areas for these spices and herbs could include South Africa's Western Cape Province.

This article provides an overview of South Africa's main spice products. It also provides an overview of South Africa's international exports and imports of spice products and the performance of its spice exports on world markets.

Figure 1 shows that most South African spices are exported under the HS 0910 classification, which includes the following spices: ginger, saffron, turmeric, thyme, bay leaves and curry leaves. The top three main destinations for South Africa's spices in 2012 were Zambia with 23 % share, followed by Zimbabwe with a share of 22 % and Malawi with a share of 9 %. Other top exported spices include pepper, classified under HS 0904, which is the second most traded spice product in the country.

The top three destinations for South African pepper in 2012 were the United States of America with a share of 27 %, Australia with 17 % and United Kingdom with a share of 11 %. Vanilla beans classified under (HS 0905) have been rated the third most traded spice product for a period of four years. In 2012 the top three destinations for South African vanilla were Sweden with a share of 46 %, followed by Germany with a share of 40 % and the United States of America with a share of 4 %.

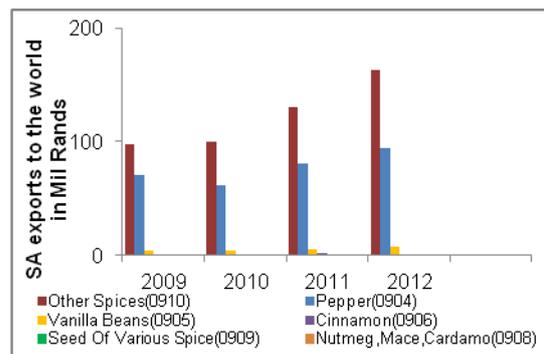


Figure 1: List of spice products exported by South Africa
Source: World trade Atlas and ITC Trade Map, 2013

Figure 2 shows that the most imported product under spices is pepper (HS 0904). The top three main suppliers of pepper to South Africa in 2012 were India with 29 % share, followed by Vietnam with a share of 28 % and Singapore with a share of 13 %. Other spices (HS 0910) are the second most traded products, and the top three suppliers of other spices in 2012 were India with a share of 61.4 %, China with 11 % and Nigeria with a share of 5.6 %. Seeds of various spices (HS 0905) are rated the third most traded spices, and include seeds of anise, badian and fennel. In 2012, the top three suppliers of seeds of various spices were India with a share of 76 %, followed by Bulgaria with a share of 4.5 % and China with a share of 4 %.

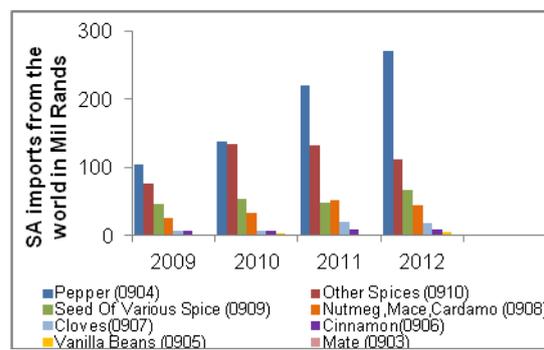


Figure 2: List of spice products imported by South Africa
Source: World trade Atlas & ITC Trade Map, 2013

Table 1 in **Appendix A** evaluates the trade performance of South African spice products for the period 2008 to 2012. 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 %. Products, whose world

¹ This article was compiled by Ms Heidi Phahlane of the NAMC

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 (see Appendix A: Table 1).

Figure 3 (see Appendix B) presents South African export performance of spices for 2008–2012. 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 2006 and 2010 (vertical axis).

To be precise and specific to the type of spices, **Figure 3 (see Appendix B)** represents the export performance of the top ten spices at HS 6 level. Therefore, according to the bubble graph, the product located in the quadrant winners in growing sectors is pepper of the genus piper, except cubeb pepper, either crushed or ground (HS 090411). Pepper has an annual increase in world market share of 3.33 % and annual growth of world imports of 20 %, South Africa is a net importer of pepper. Spices nes (HS 091099) is between the two quadrants, it has an annual increase in world market share of 21.15 % and an annual growth of world imports of 4 %, South Africa is a net exporter of spice nes.

Under quadrant winners in declining market, vanilla beans (HS 090500) have the largest bubble with 24.51 % share and an annual growth of world imports of 2 %. South Africa is a net exporter of vanilla beans. Coriander and saffron are located in this quadrant also; both have negative annual world imports of 2 % and 7 % respectively. South Africa is a net importer of these products. These are products in which South Africa has gained world market share while the world market has declined.

Under quadrant losers in growing markets, mixtures of two/more of the products of different headings to this chapter (HS 091091) have a bigger bubble. They have an annual increase in world market share of -7 % and an annual growth of world imports of 13 %. South Africa is a net exporter of mixtures of two/more of the products of different headings. Fruits of genus capsicum (HS 090420), pepper of the genus piper (HS 090412) and ginger (HS 091010) are also located in this quadrant; South Africa is a net importer of these products. These are products in which South Africa has lost world sector share while the world market has grown. Reasons for underperformance may include various constraints to supply capacity, product quality issues and market access barriers.

2. POSSIBLE IMPACT OF CITRUS BLACK SPOT (CBS) ON SOUTH AFRICA'S CITRUS FRUIT EXPORTS²

Introduction

The forever evolving and tightening non-tariff measures such as minimum residue levels (MRLs); Sanitary and Phyto-Sanitary measures are increasingly threatening the market access for South African agricultural products. The recent changes in minimum allowable citrus fruits affected by Citrus Black Spot (CBS) into the European markets have caused a big concern for South African citrus industry. Certain areas of South African citrus growing regions are affected by the CBS disease and this suggests that South Africa could possibly lose its access should they exceed the minimum allowable quantity into the EU markets.

CBS was first found in South East Asia and today the pathogen is widespread throughout the world. The countries that are most badly affected by CBS are Argentina, Australia, Bhutan, Brazil, China, Ghana, India, Mozambique, Swaziland, the USA and South Africa. The presence of CBS has not been recorded in Mediterranean and European countries (Paul, *et al*, 2005).

The presence of Citrus Black Spot (CBS) in South Africa was discovered in 1929, which has led Europeans to establish CBS standards. However, the presence of CBS is attributed to a climatic condition that allows the disease to germinate. In 1993, the EU market declared CBS as an important phytosanitary measure because of its reoccurrence on their imports. They emphasised that if spotty fruit were found, the consignment would be impounded.

Since the introduction of CBS standards, South Africa has been in compliance with the standard. The South African citrus industry has also invested heavily in research to understand the cause, distribution and control of the disease. For example, during the 1995 season, the South African government spent between R11 and R16.5 million and in the 1997 season R30 to R50 million was spent on pre-harvest costs and research. The citrus Citrus Growers Association (CGA) has various programmes that promote the understanding, control and better management of CBS through research and development.

Importance of Citrus Black Spot (CBS)

According to Kotze (1981) and Korsten (2001), citrus black spot is defined as a primary disease that infects the leaves and stems of the plant. The presence of CBS is easily identifiable in lemon fruits because they are more susceptible to CBS than other citrus fruits. Fruit that are affected by CBS

² Article was compiled by Ms Yolanda Potelwa of the NAMC

show four different spot types, which are hard spot, melanose spot, freckle spot, and virulent spot. The spread of CBS is also influenced by climatic conditions, presence of the inoculums, and life cycle of the tree, and the age of the tree influences its susceptibility to the infection (Kiely, 1940 cited in USDA, 2011).

Large trading countries such as the Netherlands and the United Kingdom consider CBS as a significant phytosanitary measure due to the role it has in the international market (Halueendo, 2008). CBS disease has two direct impacts on the citrus industry. Firstly, there is the pre-harvest effect where the citrus tree that is affected by CBS bears less fruit, subsequently decreasing yields. The second impact is visible on the fruit that is harvested. The after harvesting effects of CBS are not always hidden, and there is likelihood that export citrus fruit may develop CBS while being transferred to fruit ports (Truter, 2010). The control of citrus programmes are very costly, and include quarantine, sanitations, chemical control and spraying.

South African Citrus Industry

The South African citrus industry is the third largest horticultural industry. It is estimated that 70 % of the total citrus production is exported, 8 % processed and 22 % is locally consumed as fresh fruit (CGA, 2012). South Africa's citrus sector is estimated to employ about 100 000 people. This indicates that the South African citrus industry is largely export oriented and an employing sector among agricultural sectors.

The citrus production area in South Africa is estimated to be about 60 355 hectares of land area. Citrus producing areas are Limpopo with 42 % land area, followed by Eastern Cape (21 %), Western Cape (15 %), Mpumalanga (11 %), KZN (6 %), Swaziland (3 %) and Northern Cape (2 %).

South African is at 13th place among citrus producing countries. Oranges, lemons and grapefruit are among the top produced citrus products in South Africa. Oranges are estimated to produce about 1.45 million tons, followed by grapefruit with 406 thousand tons and lemons with 255 thousand tons in 2012. (Quantec, 2013)

South Africa is ranked 4th among citrus exporting countries with a 7.5 % market share in 2012 (ITC, 2013). The top exported citrus products include oranges which accounted about 64.69 %, followed by mandarins (12.55 %), lemons (12.23 %) and grapefruit (10.33 %) in 2012. The main markets that South Africa supplies with citrus exports are the Netherlands (17.73 %), Russia (10.63 %), Saudi Arabia (8.05 %), the UAE (7.90 %) and the UK (6.22 %).

Performance of South African citrus exports

Figure 4 shows the performance of South African citrus exports to the world over the past 12 years. Over the reviewed period, it is clear that South Africa is a net exporter of citrus fruit. In 2012 citrus industry showed a positive trade balance of R7 billion (WTA, 2013). The ITC, (2013) indicated that more than 40 % of citrus exports go to the Euro Zone. This can be attributed to the Trade Development Cooperation Agreement between South Africa and the European Union which came into effect in 2002. Since liberalisation of export-import tariffs between the two parties, growth in citrus exports has been increasing. Among the importing countries in the Euro zone, Netherlands is ranked as number one with the market share of 17.8 %. The UK is the second largest importer with an 8.9 % share, followed by Italy with share of 5.7 %, Portugal with a share of 1.6 % respectively (see Figure 4).

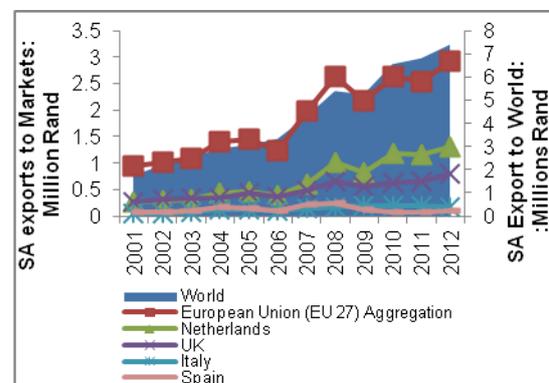


Figure 4: Export performance of citrus from South Africa to the World
Source: WTA, 2013

European interception

Europe has indicated that the first two months of the season usual do not intercept the CBS on exported citrus by South Africans. Figure 5 depicts citrus black spot interception for the recent years. The CBS interception has been increasing since 2010. The increase of citrus interception has raised concerns for European market. However, studies have indicated that CBS cannot spread in the EU due to their climatic condition and also there is no scientific evidence that proves CBS can spread in the EU (Carstens, *et al.*, 2012).

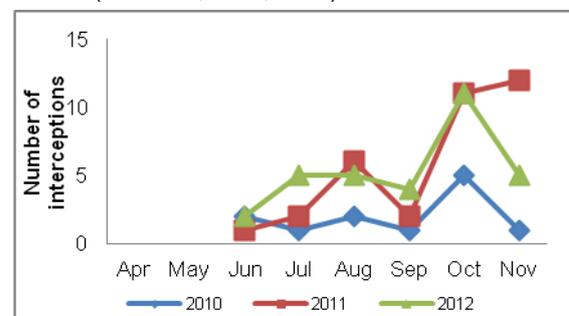


Figure 5: CBS interception by Europeans: 2010–2013
Source: European commission, 2013

The season has begun – what now?

Figure 6 illustrates citrus export performance in the 2012 and 2013 seasons to the European market. Compared with the previous season, citrus exports

to the European market showed a decrease. Oranges show a decline of 11.87 %, grapefruit decreased by about 3.26 % and lemons increased by about 26.85 % compared to the previous seasons.

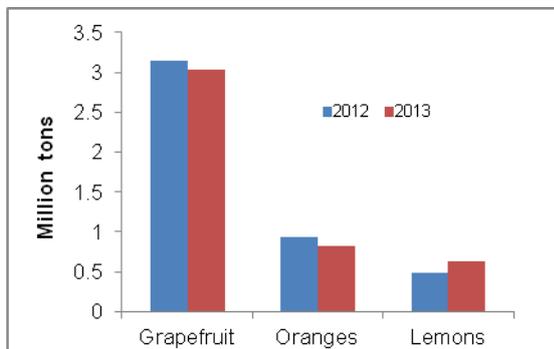


Figure 6: South African Citrus exports for 2012- 2013
Source: CGA, 2013

To date there have not been any consignments from South Africa intercepted for CBS in the EU. This indicates that South African producers are trying their best to make sure that they comply with the standards newly proposed by the EU market.

Conclusion

The emphasis of this article illustrates the potential impact on South African citrus industry should the EU markets close down due to non-compliance to CBS standards. The CBS issues have gained momentum in recent years and it is fast become a biggest barrier to access European markets by South African citrus exporters.

The standards that are set by the Europeans have added cost compliance to citrus producers and exporters. However the failure to comply with CBS standards will affect the image and the competitiveness of the citrus industry. The reduction of competitiveness will slow the citrus industry through the decrease of export earnings and job losses.

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3. MARKET PROFILE FOR SADC FORESTRY³

Background

The Southern African Development Community (SADC) is comprised of Angola, Botswana, Democratic Republic of Congo (DRC) Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Intra-SADC trade is encouraged by the SADC Free Trade Agreement. Trade Agreements within the region provide market access opportunities for its members through the following:

- Elimination of import tariffs,
- Elimination of non-tariffs barriers,
- Harmonisation of product standards and technical regulations,
- Trade facilitative rules of origin (RoO), and
- Benefits and opportunities.

Most of the countries in the SADC region are part of the global trade network, importing and exporting wood. Basically trade is driven by demand from Europe and Asia. The ITC, (2013) indicated that intra-regional trade is low, primarily due to lack of information on markets, and poor transport infrastructure. Most forest products, particularly from natural forests, are either unprocessed or primarily processed. High value-added products constitute the bulk of the import bill while the low value primarily processed products dominate the export market.

Forests are estimated to cover 357 million hectares of land area in the SADC region. In most countries within the SADC region, forestry is comprised of natural forest and plantations. Plantations account for about 2.5 million hectares of forest in the region. It is estimated that about 75 % of commercial

³ This article was compiled by Ms Yolanda Potelwa of the NAMC

plantations are managed in South Africa, Zimbabwe and Swaziland.

Trade performance in the SADC region

Figure 7 shows SADC forestry trade between 2008 and 2012. Imports grew faster between 2008 and 2012 and exports have been decreasing starting from 2010. SADC forestry exports declined by 30 % in 2012 whereas imports grew by 4.5 % in 2012. This illustrates that the SADC is becoming a net importer of forestry products.

In 2012, exports and imports accounted for 0.60 % and 0.87 % share to the world respectively. This can be attributed to the fact that SADC forestry products are not globally certified for export and import. Most of the imported products from the SADC region are books and brochures (HS 490199) with 0.17 % share, unused postage, stamps and cheque, and paper board (HS 490700) with 0.1 % share and paper and paperboard (HS 481159) with 0.06 % share. The most exported forestry products from the SADC region include chemical wood pulp (HS 470200) with 0.3 % share, paper & Kraftliner (HS 480419) with 0.1 % share and wood chips (HS 440122) with 0.8 % share. South Africa accounted for 51 % and 75 % share on imports and exports respectively to the SADC forestry account in 2012.

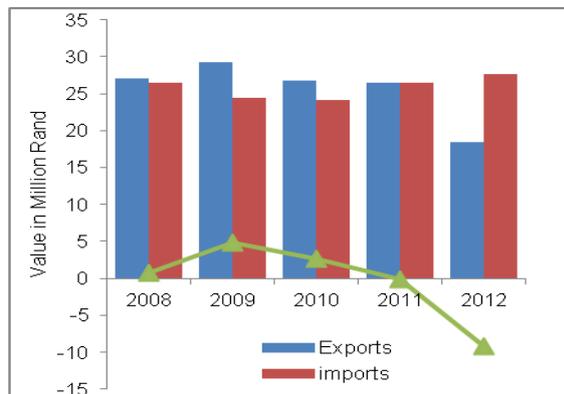


Figure 7: SADC forestry trade
Source: ITC, Trade Map, 2013

Table 2 indicates the main markets for SADC forestry exports. Forestry exports from the SADC region to the world showed a decline of 13.74 % in 2012. China, Japan and Indonesia are the top three main markets for forestry exports from the SADC region, collectively holding a market share of 45.95 % in 2012. The ITC (2013) indicated that most of the forestry exports go to Asian and European markets. Among the 8 top main markets, there were two markets within the SADC region which are Zambia (4.16 %) and Botswana (8.09 %). The growth of exports has been increasing into these two markets with a positive growth of 7.23 % for Botswana and 22.59 % for Zambia. Table 1 shows the world imports growth and South Africa's share in the world exports. South Africa appears among the important exporters to SADC and to the

world. It is ranked 21st major exporter to the world (see Table 1 in the Appendix).

Table 2: Main markets for forestry exports

| Importers | Value in Rand (Millions) | | Growth value | Market share |
|----------------------|--------------------------|-------------|---------------|---------------|
| | 2011 | 2012 | 2012 | 2012 |
| World Exports | 21.2 | 18.3 | -13.74 | 100.00 |
| China | 3 | 4.1 | 33.26 | 22.26 |
| Japan | 2.3 | 2.2 | -5.19 | 11.92 |
| Indonesia | 2.3 | 2.15 | -8.24 | 11.77 |
| Botswana | 1.4 | 1.5 | 7.23 | 8.09 |
| Belgium | 0.8 | 0.8 | -2.60 | 4.42 |
| Zambia | 0.6 | 0.76 | 22.59 | 4.16 |
| Thailand | 0.7 | 0.74 | -2.04 | 4.08 |
| UK | 0.78 | 0.73 | -6.00 | 4.01 |

Source: ITC, Trade Map, 2013

Table 3 indicates the main suppliers of forestry into the SADC region. China is ranked number one main market for forestry products with the positive growth of 13 % in 2012. South Africa, Germany, Portugal and United Kingdom showed a positive growth of forestry exports in the period under review, with Portugal registering a high growth increase of 22.78 % of forestry exports in 2012 compared with 2011. Although countries exporting to the SADC region showed a positive growth of exports, the growth of forestry imports to the SADC region showed a decline of 15 % in 2012.

Table 3: Main suppliers of forestry products into SADC

| Rank | Exporters | Values in Rand (Millions) | | Growth value | Market share (%) |
|----------------------|-----------|---------------------------|-------------|--------------|------------------|
| | | 2011 | 2012 | 2011-2012 | 2012 |
| World imports | | 30 | 25.6 | -15 | 100 |
| 1 | China | 3.2 | 3.6 | 13.7 | 14.2 |
| 2 | SA | 2.9 | 3.1 | 7.7 | 12.2 |
| 3 | Germany | 2.3 | 2.3 | 0.9 | 8.9 |
| 4 | Portugal | 1.3 | 1.6 | 22.8 | 6.2 |
| 5 | UK | 1.28 | 1.4 | 11.4 | 5.57 |

Source: ITC, Trade Map, 2013

The emphasis of this article highlights that forestry trade in the SADC region has been declining. The decline of trade is attributed to the following factors:

- Forest trade policies that are not in place (FAO, 2001).
- Deforestation and forest degradation, particularly in the context of climate change
- Lack of conservation and management of trans-boundary forest areas
- Valuation of the forest resources.

4. COUNTRY PROFILE: China⁴

China is ranked as the largest economy globally after the United States of America, when measured in terms of Purchasing Power Parity (PPP). Since

⁴ This article was compiled by Ms Masego Moobi of the National Agricultural Marketing Council

its economic reformation (1978), it has increased its annual average GDP by 9.9 %.⁵ Growth of this country may be attributed to its openness to trade and abundance of low cost labour. Its global market share increased from 1 % to 9.1 % in 1980 and 2010 respectively⁶. It has been able to feed approximately 20 % of the world's population utilising 9 % and 6 % of the world's cultivated land and fresh water respectively⁷.

Through trade the country was able to access technology hence it is has one of the fastest factor productivity growth rates (even faster than some developed countries). The economy of this country has enhanced livelihoods of 672 million citizens since 1978. China's agricultural production contributed 11 % to its GDP while employing almost half of its population⁸.

China's agricultural trade

Of China's total trade, agricultural trade has declined from a share of 4.2 % in 2002 to 2 % in 2012, while agricultural imports (relative to total imports) have remained stable at 3.7 %. This indicates that China has been increasing exports of other sectors while reducing the agricultural sector, given the fact that agriculture plays a relatively small role in the country's total trade. In 2009 China was the second biggest importer from the world after the USA.

The agricultural products most imported by China in 2012 were cotton, HS 520100 (18.1 %) palm oil, HS 151190 (10 %) and wool, HS 510111 (3.7 %). **Table 4 (see Appendix A)** highlights China's export trends in 2002 and 2012. This comparison attempts to examine China's diversification of agricultural exports. China exported a value of R140 billion agricultural products which grew at the rate of 142.6 % by 2012. **Table 4** also highlights China's shift towards exporting a larger portion of secondary agriculture while reducing exports of primary agriculture. This may be due to

- Higher returns generated from secondary agriculture
- China's technology & infrastructure that allows the country to process its products, and
- Increased global demands for secondary products as a result of rising incomes and urbanisation.

Of China's agricultural exports, maize was the most exported in 2002, while in 2012 garlic was the

leading export product. China increased exports of apple juice, animal guts and animal feed by 415 %, 197 % and 839 % respectively between 2002 and 2012, making these products rank among the 5 products most exported by China. This is an indication that China has been able to break into other enterprises. Product diversification is helpful to a country as it reduces uncertainties that arise from demand shocks.

China penetrated into (or increased its exports to) Vietnam and Thailand, which were not in the top 10 countries that China exported to in 2002. Japan and Hong Kong are still China's leading export markets although exports share to these countries have been declining (see **Table 5, Appendix A**).

Bilateral trade between South Africa and China

China's exports of agricultural products to South Africa have tripled over a period of 10 years. China is the second biggest exporter of agricultural products to South Africa after Argentina, accounting for a market share of 9.3 % in 2012. Although China is among leading exporters in the South African market, South Africa ranks 31st on the list of countries that China exports to. The products most imported from China in 2012 were kidney beans & white peas (22.8 %)⁹, animal guts (13.2 %) and apple juice (11.7 %).

South African exports to China have been on an increase, exporting 4.5 % of its agricultural exports to China. South Africa exported products valued at R86 million and R2.3 billion in 2002 and 2012 respectively. In 2012, China was the 6th leading export destination for South African agricultural exports. The agricultural products most exported from SA to China in 2012 were wool (63 %),¹⁰ wine (9.9 %) and flour meal & pellet of fish (9 %) respectively.

As shown in **Figure 8**, China predominantly exported secondary agricultural products into South Africa, (2012) while exporting only a quarter of primary good. Contrary to this South Africa exported a value of R1.6 billion worth of primary good into China in 2012 (**see Figure 9**). This to some extent implies that South Africa is a supplier of raw materials to China's processing industry.

⁵ Morrison, W. (2013). China's economic rise: Historic, Trends, Challenges, and implications for the United States. Congress Research Services

⁶ Dorrucchi E, Pula G, Santabarbara. D, (2013). China's economic growth and rebalancing. European Central Bank

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⁸ United States International Trade Commission (2011). China's Agricultural Trade: Competitive conditions and the effects on U.S exports

⁹ Import ratio relative to total agricultural imports from China to South Africa

¹⁰ Export ratio relative to total agricultural exports from South Africa to China

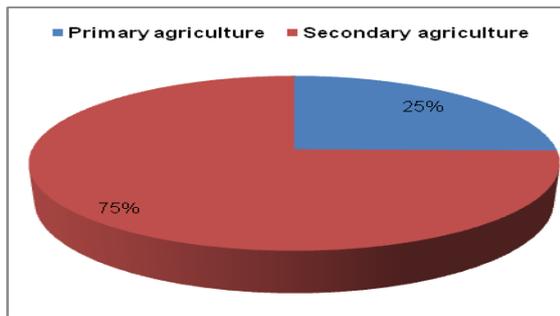


Figure 8: Distribution pattern of China's agricultural exports into SA in 2012
Source: Global Trade Atlas, 2013

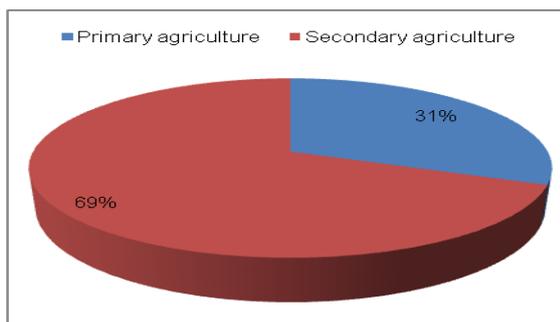


Figure 9: Distribution pattern of South African agricultural exports into China in 2012
Source: Global Trade Atlas, 2013

5. TRADE PROFILE: OLIVE OIL – HS 1509¹¹

Olive oil is obtained from the olive tree (*Olea europaea*; family *Oleaceae*). The oil is produced by grinding whole olives and extracting the oil by mechanical or chemical means. It is commonly used in cooking, cosmetics, pharmaceuticals, and soaps and as a fuel for traditional oil lamps. The bulk of world's olive oil is produced from Mediterranean countries where the climate is favourable for olive tree growth.

Figure 10 presents the trend on global olive oil production in the past seven years. According to International Olive Oil Council (IOOC) the EU block is the largest producer of olive oil, followed by individual countries such as Morocco, Syria, Tunisia and Turkey. The IOOC also reports that the bulk of olive oil is consumed by the largest producers. Over and above, the five mentioned producers; olive oil is also heavily consumed in countries such as the USA, Canada, Russia and Brazil.

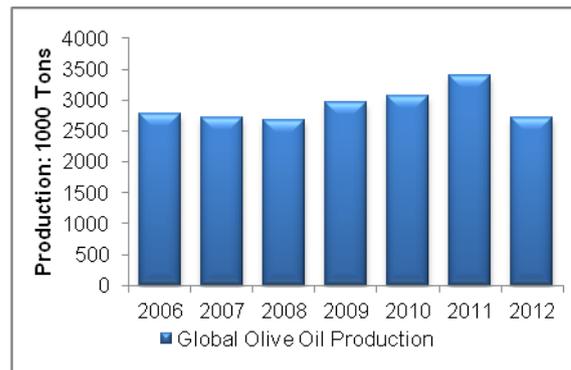


Figure 10: Trends in global olive oil production
Source: International Olive Oil Council

Table 6 (See Appendix A) shows the leading importers and exporters of olive oil in the world. It is worth noting that the both global imports and exports grew significantly between 2006 and 2012, indicating a growing global demand for this product.

South Africa is one of the countries that produce olive oil. However, the olive industry in South Africa is relatively young, compared to Mediterranean countries, where olives have been cultivated for centuries. As of today the country's olive industry has approximately over 300 olive growers and producers. The Western Cape Province is one of the most popular areas in South Africa for the cultivation of olives, because of the climate, which is very similar to that of Mediterranean countries.

Olive farming in the country is growing at a rate of at least 20 % per annum, making it one of the fastest growing sub-sectors in agriculture (SA Olive Industry Association – SAOIA). Traditionally, South Africa has concentrated on table olive plantings, but this has swung in favour of olive oil cultivars in recent years. At present the plantings consist of 75 80 % oil varieties and the rest is grown for table olive purposes. The consumption of olive oil in the country is increasing significantly driven by changing consumer preferences towards healthier and fresh oils.

The SAOIA argues that domestic supply of oil industry is not keeping up with the fast increasing local demand for olive oils. This is supported by import data which show that South Africa olive oil imports have been growing by an annual average rate of 14 % over the last 12 years, growing from R43 million in 2000 to R162 million in 2012 (see **Figure 11**). The main suppliers of olive oil into South African markets are Italy, Spain, Greece, Portugal and Tunisia, collectively accounting for 99 % of total imports. This suggests that South African imports are very concentrated to only five supplying countries.

¹¹ This article was compiled by Mr Sifiso Ntombela of the NAMC

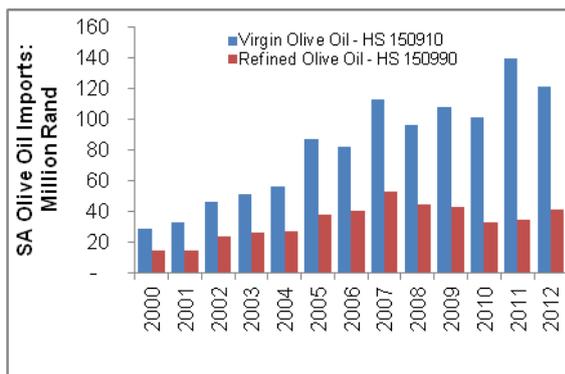


Figure 11: South African Olive Oil Imports
Source: WTA, 2013

Figure 12 shows the South African olive oil exports to the world. It is evident that the country is a net importer of olive oil. The main destination markets for South African olive oil are the SADC region and the United Kingdom. Approximately 70 % of country's olive oil exports are destined for the

SADC and nearly 23 % is shipped to the UK market.

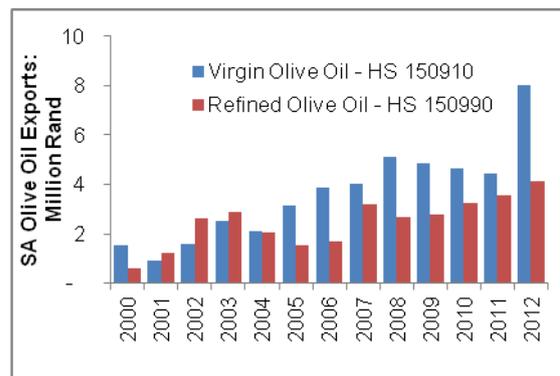


Figure 12: South African Olive Oil Exports
Source: WTA, 2013

Appendix A.

Table 1: Interpreting export performance graphs

| | | |
|-----------------------------------|--|--|
| <p>Growth of world imports, %</p> | <p>Losers in growing sectors:</p> <ul style="list-style-type: none"> • Products in which South Africa has lost world sector share while the world market has grown. • Entrepreneurs and trade promoters: determine how resources might be invested to profit from growing international demand. • Policy makers: Opportunities for trade promotion and other efforts. • Reasons for underperformance may include | <p>Winners in growing sectors:</p> <ul style="list-style-type: none"> • Products in which South Africa has gained market share while the world market has grown. • Products have proven their international competitiveness over the period. • Promotional efforts in these products might consider broadening supply capacity. |
| | <p>Losers in declining sectors:</p> <ul style="list-style-type: none"> • Products in which South Africa has lost world market share while the world market has declined. • Trade promotion efforts for product groups in this category face difficulty. • Identify and resolve bottlenecks in supply and demand. | <p>Winners in declining sectors:</p> <ul style="list-style-type: none"> • Products in which South Africa has gained world market share while the world market has declined. • Niche-marketing strategies might help in pin-pointing the positive trade performance of specific products from the overall decline in these markets. |

Increase in South Africa's share of world exports, %

Source: Adapted from International Trade Centre methodology, 2013

Table 4: China's export trend in 2002 and 2012

| Rank | 2002 | | | | 2012 | | | |
|------|---------|-------------------------------|-----------------------|------------------------------|---------|---------------------------------|-----------------------|------------------------------|
| | HS code | Product description | Value in billion Rand | Product share in exports (%) | HS code | Product description | Value in billion Rand | Product share in exports (%) |
| | | Agricultural exports | 140.88 | 100 | | Agricultural exports | 341.71 | 100 |
| | | Primary | 52.22 | 33.08 | | Primary | 91.93 | 25.08 |
| | | Secondary | 105.64 | 66.92 | | Secondary | 274.57 | 74.92 |
| 1 | 100590 | Maize | 12.05 | 8.56 | 070320 | Garlic, Fresh or Chilled | 11.42 | 3.34 |
| 2 | 160232 | Chicken Meat or Offal | 4.62 | 3.28 | 160232 | Chicken Meat or Offal | 9.91 | 2.90 |
| 3 | 070320 | Garlic | 3.61 | 2.56 | 200979 | Apple Juice, | 9.26 | 2.71 |
| 4 | 100630 | Rice | 3.54 | 2.51 | 050400 | Animal Guts, Bladders, Stomachs | 9.01 | 2.64 |
| 5 | 020714 | Chicken Cuts and Edible Offal | 3.53 | 2.51 | 230990 | Animal Feed | 8.12 | 2.38 |

Source: Global Trade Atlas, 2013

Table 5: China's export destination trends in 2002 and 2012

| 2002 | | | 2012 | | |
|-------------|-----------------------|------------------------------|-----------|-----------------------|------------------------------|
| Country | Value in million Rand | Product share in exports (%) | Country | Value in million Rand | Product share in exports (%) |
| Japan | 37.12 | 26.35 | Japan | 61.64 | 18.04 |
| Hong Kong | 18.91 | 13.42 | Hong Kong | 35.48 | 10.38 |
| S. Korea | 14.09 | 10.00 | USA | 32.94 | 9.64 |
| USA | 8.67 | 6.15 | S. Korea | 20.57 | 6.02 |
| Malaysia | 5.74 | 4.07 | Indonesia | 12.70 | 3.72 |
| Indonesia | 5.43 | 3.85 | Vietnam | 12.68 | 3.71 |
| Russia | 4.18 | 2.97 | Thailand | 11.94 | 3.49 |
| Germany | 3.86 | 2.74 | Malaysia | 11.03 | 3.23 |
| Netherlands | 3.07 | 2.18 | Germany | 11.02 | 3.22 |
| Taiwan | 2.50 | 1.77 | Russia | 10.97 | 3.21 |

Source: Global Trade Atlas, 2013

Table 6: Leading exporters and importers of Olive Oil in the World: Thousand Rand

| Exporters | | | Importers | | |
|--------------|-----------------|-----------------|--------------|-----------------|-----------------|
| | 2006 Value | 2012 Value | | 2006 Value | 2012 Value |
| World | 38271436 | 44637382 | World | 32542662 | 46189748 |
| Spain | 14533233 | 19439224 | Italy | 10536441 | 11691836 |
| Italy | 10775482 | 12641473 | USA | 5668605 | 7981945 |
| Greece | 3393468 | 3392075 | France | 2297782 | 3076189 |
| Tunisia | 4207527 | 2854702 | Brazil | 675485 | 2549440 |
| Portugal | 790613 | 2773822 | Portugal | 1314204 | 2078069 |

Source: ITC-Trade Map, 2013

Appendix B

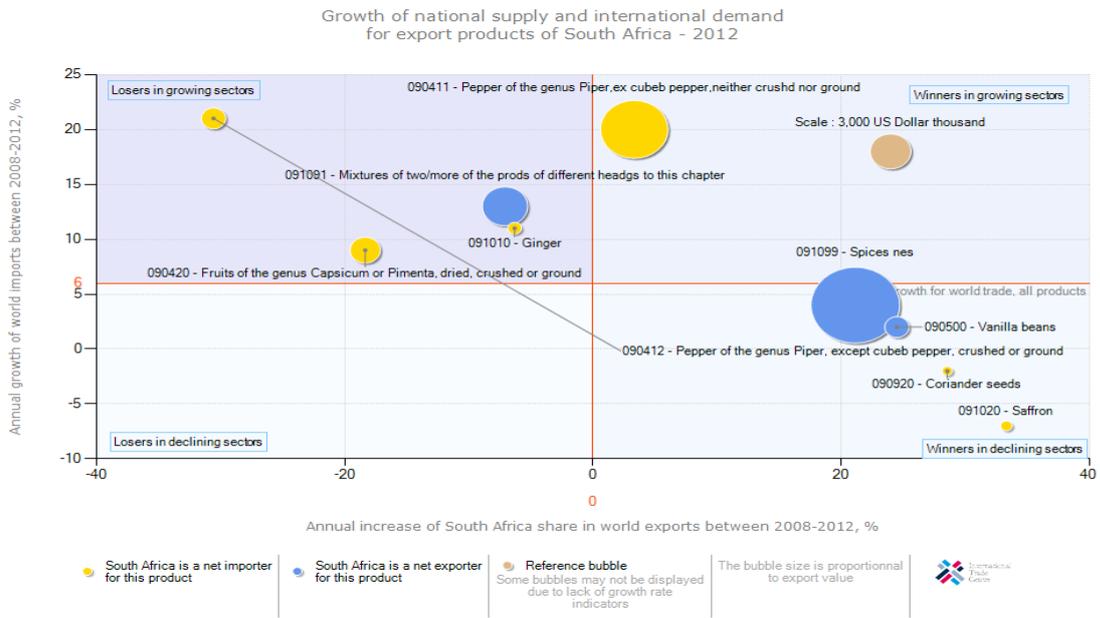


Figure 3: South Africa exports performance of spices, 2008–2012.
Source: ITC Trade Map, 2013.

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