agriculture, forestry & fisheries

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National Agricultural Marketing Council
Strategic positioning of South African Agriculture in dynamic global markets

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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 aims of this initiative are to create knowledge of trade-related topics by discussing or reporting trade statistics, to invite perspectives from people working in related sectors, to report on trade-related research and to stimulate debate.

THIS ISSUE OF THE TRADEPROBE COVERS THE FOLLOWING TOPICS:

1. Lemon/Lime Market Overview (HS – 080550)
2. Tea Trade profile (HS – 0902)
3. Guavas, Fresh or Dried (HS - 080450)
4. South Africa's Agricultural Trade with South Korea
5. South Africa's Agricultural Trade with BRIC

1. Lemon/Lime Market Overview (HS – 080550)[1]

This section explores marketing trends in the South African lemon and lime market. **Figure 1** shows that South Africa's production of lemon and lime increased steadily from 2001/02 to 2004/05 after which production dropped in the following season, but recovered again. Production reached a record high of 230 thousand tons in the 2008/2009 season.

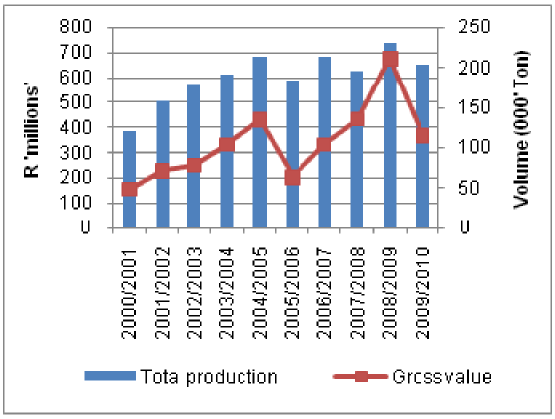

Figure 1: South African lemon and lime production
Source: DAFF (2011).

In the 2009/10 season, the production of lemons declined by 9 % from the previous season. The real gross value of lemon and lime production showed a sharp decline of 46 % between 2008/09 and 2009/10.

Figure 2 shows the quantities of lemons and limes sold on local markets between 2000/01 and 2009/10.

Domestic sales show an increasing trend, and peaked at 13 316 tons during the 2008/09 season. Real average prices showed an increasing trend from R1 032/ton in 2000/01 to R2 453/ton in 2009/10. Over the past ten seasons, on average, volumes sold on domestic markets increased by 4.8 % per year and real prices increased by 138 % over the depicted period.

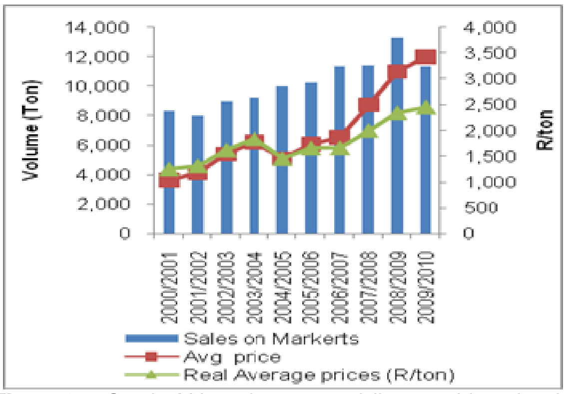

Figure 2: South African lemons and limes sold on local markets
Source: DAFF (2011).

Figure 3 illustrates the quantities of lemons and limes sold to manufacturing for processing, within the period under review. From season 2001/02 to 2009/2010, volumes sold for processing showed a growth rate of 2.02 % per year. Real average prices increased by 11.78 % per year.

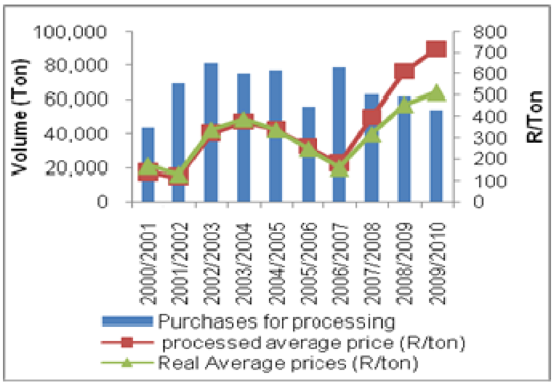

Figure 3: South African lemon and limes sold on the local markets
Source: DAFF (2011).

[1] This article was compiled by Ms Heidi Phahlane (of the NAMC)

Figure 4 shows the value of South Africa's lemon and lime imports and exports since 2000. The value of South African exports depicts a fluctuating but increasing trend over the depicted period. The leading markets for South Africa's lemons and limes, in 2010, were the United Arab Emirates, the Netherlands, and Russia, accounting for an 18 %, 16 % and 13 % share of the value of South Africa's total exports of these products, respectively.

South Africa imported low volumes (hence low values) of lemons and limes for the period under review. The leading suppliers of South Africa's imports of lemons and limes, in 2010, were Egypt, El Salvador and Israel, representing a 68 %, 17 % and 11 % share of the value of South Africa's total imports, respectively.

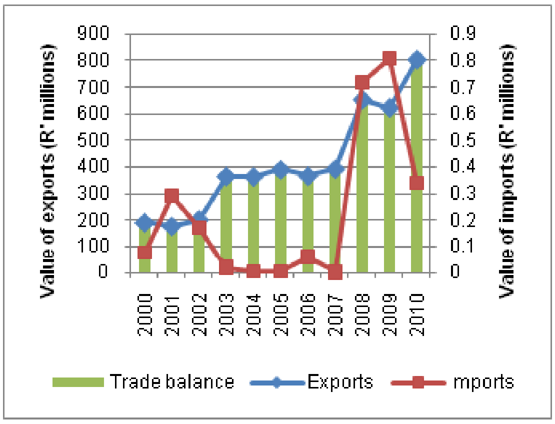

Figure 4: South African trade balance of lemons and limes
Source: World Trade Atlas (2011).

2. Tea Trade Profile (HS – 0902)[2]

Figure 5 shows South Africa's tea production over a period of thirty years. The observed production trend can be summarised as follows:

- From 1981 to early 1989, there was a steady increase in tea production,
- From 1989 to 2002, tea production moved more or less sideways, but with high variability during the early and mid-1990s, and
- Since 2002, tea production declined further until 2009 with the exception of 2005 when there was a bumper crop.

As tea production continued its decreasing trend, the value of imports of tea continued to increase, while the value of export moved more or less sideways since 2007. The value of imports of tea increased from R181 million in 2007 to R345 million in 2010. This result was a worsening trade balance over this period from -R111 million in 2007 to -R241 million in 2010 (See **Figure 6**).

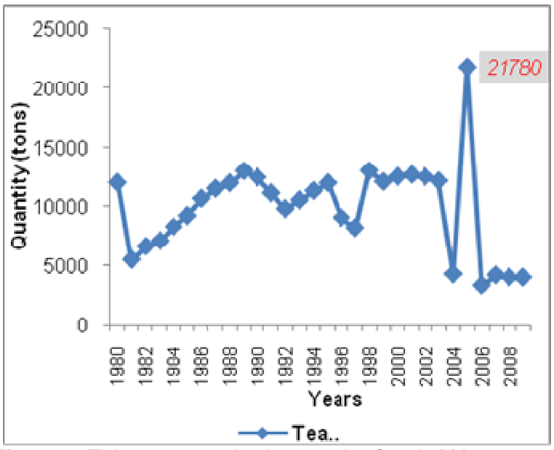

Figure 5: Thirty year production trend – South Africa
Source: FOA (2011).

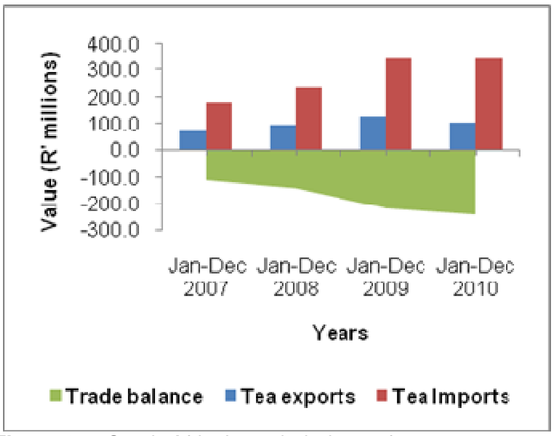

Figure 6: South Africa's trade balance for tea, expressed in values
Source: WTA (2011).

Within the ambit of promoting South African trade with Africa, it is noteworthy that there are more than three African countries in the top ten list of suppliers of tea to South Africa. (see **Table 1**). In 2010, the top ten were led by Malawi, followed by Tanzania and Zimbabwe, accounting respectively for a 54.4 %, 12.9 % and 10.9 % share of South Africa's total value of imports.

Table 1: Leading suppliers of South Africa's imports of tea in 2010

Imports	Import Value (R millions)	% Share 2010	% Change (2009/10)
South Africa imports	**344.9**	**100**	**0.07**
Malawi	187.8	54.4	-8.0
Tanzania	44.4	12.9	-11.8
Zimbabwe	37.4	10.9	55.1
Sri Lanka	33.4	9.7	22.8
Kenya	17.2	5.0	1.1
China	7.4	2.2	5.0
UAE[3]	3.0	0.9	-1.4
UK	2.5	0.7	5.6
India	2.5	0.7	51.2
Argentina	2.4	0.7	1161.1

Source: WTA (2011).

[2] This article was compiled by Mr. Bonani Nyhodo (of the NAMC)

[3] United Arab Emirates

Table 2 presents a list of the top ten destinations for tea exported by South Africa in 2010, expressed in value terms. In the top ten, three African countries rank among the top five. The leading destinations were Mozambique, Zambia and the UK, accounting for 34.1 %, 12.1 % and 10.2 %, respectively. South Africa's exports of tea are relatively concentrated among the top ten destinations.

Table 2: Leading destinations of South Africa's exports of tea in 2010

Exports	Export Value (R millions)	% Share 2010	% Change (2009/10)
South Africa exports	**104.2**	**100**	**-18.86**
Mozambique	35.6	34.1	3.7
Zambia	12.7	12.1	48.5
UK	10.6	10.2	-27.0
Zimbabwe	7.4	7.1	-16.4
China	7.1	6.8	29.4
Netherlands	5.1	4.9	-28.3
Pakistan	3.3	3.2	-58.0
United States	2.5	2.4	-61.5
Germany	2.3	2.3	2.4
Egypt	1.8	1.7	821.6

Source: WTA (2011).

3. Guavas Fresh or Dried (HS - 080450)[4]

Figure 7 shows the value of South Africa's imports and exports of guavas and mangoes between 1996 and 2010. Imports remained at relatively low levels over this period, peaking at 823 tons in 2007. The value of guava and mango exports showed an increasing trend until 2003, peaking at 21 000 tons, but has since declined to 2 500 tons in 2010.

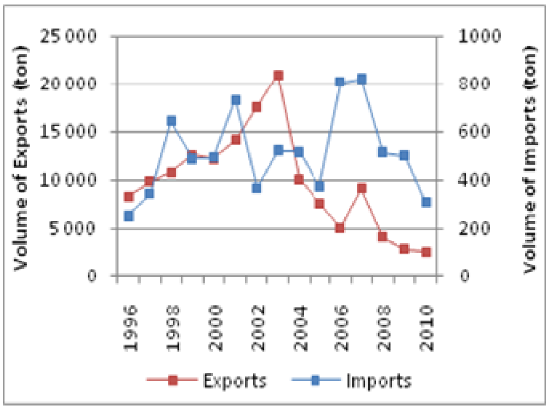

Figure 7: South African imports and exports of mangoes and guavas

Source: Global Trade Atlas (2011).

Table 3 lists the top ten world exporters of guavas and mangoes in 2010, expressed in value terms. The top ten exporters accounted for 74.5 % of the total value of global exports of these products in 2010. The leading exporters were Mexico, the Netherlands and Brazil, respectively accounting for 15.9 %, 14.8 % and 11.7 % of the total value of exports in 2010.

Table 3: Leading exporters of guavas and mangoes in 2010

Exporters	Exported value (in US$ million)	Share in world exports (%)
World	1031.1	100
Mexico	163.5	15.9
Netherlands	152.7	14.8
Brazil	120.3	11.7
Peru	89.3	8.7
Thailand	80.4	7.8
Philippines	43.8	4.2
Ecuador	32.9	3.2
Egypt	32.6	3.2
Pakistan	28.4	2.8
Côte d'Ivoire	23.1	2.2

Source: ITC Trademap (2011).

Table 4 shows the ten leading world importers of guavas and mangoes in 2010, expressed in value terms. The top ten importers accounted for 77.6 % of the total value of world imports of these products in 2010. The leading importers were the United States of America (USA), the Netherlands and China, respectively accounting for 24.3 %, 13.8 % and 10.9 % of the total value of imports in 2010.

Table 4: Leading importers of guavas and mangoes in 2010

Importers	Imported value (in US$ million)	Share in world imports (%)
World	1419.5	100
USA	345.4	24.3
Netherlands	195.7	13.8
China	154.6	10.9
Germany	88.0	6.2
United Kingdom	74.7	5.3
Canada	62.9	4.4
France	60.3	4.2
Japan	47.1	3.3
Hong Kong	37.7	2.7
Spain	35.4	2.5

Source: ITC Trademap (2011).

Table 5 shows South Africa's leading export destinations for guavas and mangoes in 2010, expressed in value terms. The top ten markets accounted for 88.1 % of the total value of South Africa's exports of these products in 2010. The leading importers were Switzerland, the USA and the United Kingdom, respectively accounting for 27 %, 12.7 % and 11.6 % of the total value of exports in 2010.

Table 5: Leading importers of South African guavas and mangoes in 2010.

Importers	Exported value (in Rand million)	Share in South Africa's exports (%)
South Africa exports	**56.8**	**100**
Switzerland	15.4	27.0
USA	7.2	12.7
United Kingdom	6.6	11.6
France	4.6	8.1
Netherlands	4.4	7.7
Germany	3.0	5.2
Belgium	2.8	5.0
Spain	2.7	4.7
United Arab Emirates	1.9	3.3
Saudi Arabia	1.6	2.8

Source: Global Trade Atlas (2011).

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

4. South African Agricultural Trade with South Korea[5]

South Korea is a high-income, developing country with a population in 2011 of 48.7 million (CIA, 2011). About 83 % of the population reside in the urban areas. The high level of urbanisation was facilitated by rapid migration from the rural areas during the country's quick economic expansion in the 1970s, 1980s and 1990s.

South Koreans have a relatively high household income, averaging at US $30 000 per capita in 2010. The country's economic size is ranked 14th in the world by nominal GDP and 12th by purchasing power parity (PPP). The country's economy is largely dependent on international trade, and in 2010 it was the tenth largest importer in the world.

The agricultural sector plays a less critical role in South Korea's economy. Agriculture contributes around 3 % to national GDP, about 6 % to total imports and roughly 1.5 % to total exports (CIA, 2011). The trading relationship between South Africa and South Korea over the last 15 years is reflected in **Figure 8**. South Korea is the 14th largest supplier and receiver of South Africa's imports and exports. South Africa was a net exporter to South Korea from 1996 to 2003, and then became a net importer from 2004 till 2010. The main products imported from South Korea include vehicles, electrical equipment, plastics, iron and steel.

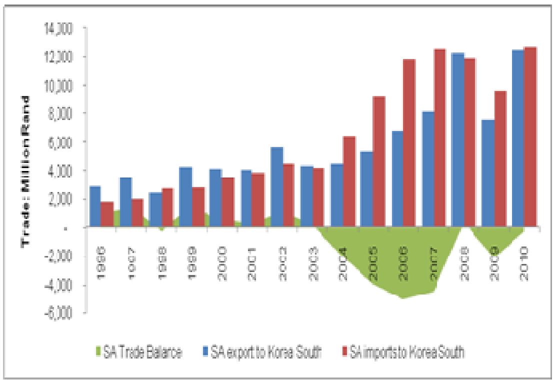

Figure 8: Trading relationship between South African and South Korea: 1996–2010
Source: WTA (2011).

Looking at the top 30 product lines supplied to South Africa, there are no agricultural products, showing that South Korea's exports are concentrated on minerals, equipment and mining products. When analysing South African exports to South Korea, a slightly different picture is observed. Although minerals, copper and steel products are still ranked at the top, some agricultural products, such as cereals, wood, hides and skin, as well as beverages, also appear amongst the top 20 products exported to South Korea.

Figure 9 shows the potential trade presented by South Korea for South African exports. It is evident that South Korea is a large importer of agricultural products. The main agricultural products imported by South Korea from the world include cereals, fish, meat, wood, oil seeds, fruits and sugar. South Africa is also an important supplier of these products to the world, but exports relatively small volumes to South Korea.

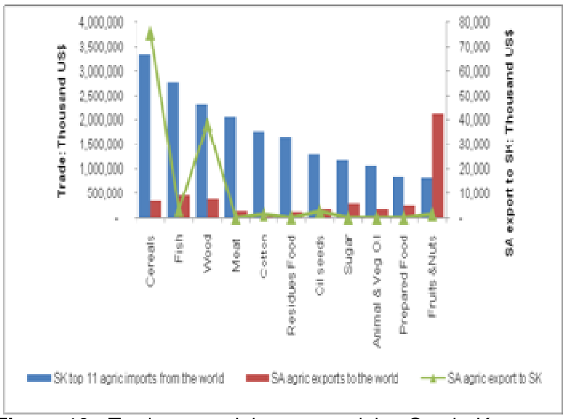

Figure 10: Trade potential presented by South Korea to South Africa
Source: WTA (2011).

South African agricultural exports to South Korea have remained at around 2 % of total agricultural exports over the last 15 years. Sub-sectors that show the largest potential for expansion include cotton, wood and fish, as they face low tariffs in the South Korean market (see Table 6). Other sub-sectors that could potentially increase their exports if tariff rates can be reduced include cereals, fruits, meat and oil seeds.

Table 6 shows the tariffs faced by agricultural exports to South Korea. Cotton and wood are the least protected sub-sectors in South Korea, with the two sub-sectors facing an *ad valorem* tariff of 6.7 % and 5.8 %, respectively. The oil seed sub-sector is the most protected sub-sector with a tariff rate of 380.4 %, followed by fruits with 36 % tariff, cereals with 32.8 % and meat with 28.5 %.

Table 6: South Africa's top agricultural exports to South Korea and tariffs applied.

Sub-Sector	SA exports to South Korea: US$000 in 2010	Annual growth in value: 2006-2010	Tariff applied to South Africa exports (%)
Cereals	75 659		32.8
Fish	3 186	28	15.5
Wood	38 342	767	5.8
Meat	-		28.5
Cotton	1 513	128	6.7
Residues Food	97	7	3.5
Oil seeds	2 765	36	380.4
Sugar	-	0	15.5
Animal & Vegetable Oil	2	-54	10.2
Prepared Food	34	-10	10.6
Fruits &Nuts	1 535	-1	36

Source: International Trade Centre (2011).

[5] This article was compiled by Mr. Sifiso Ntombela (of the NAMC)

South Korea presents significant trade opportunities when measured in terms of import size and consumer incomes. The country is a net importer of food products from the world. South Africa has an opportunity to increase its export to South Korea in sub-sectors such as fish, cotton, wood, cereals, meat and fruits. However, South Africa's export growth potential is constrained by the high tariff rates applied by South Korea.

5. South Africa's Agricultural Trade with the BRIC Countries[6]

Table 7 indicates South Africa's imports of Agriculture, Forestry and Fisheries (AFF) products from BRIC countries between 2006 and 2010. China was South Africa's largest source of AFF imports in 2010 valued at US$ 405 million. China was followed by Brazil, India and Russia with imports valued at US$ 388 million, US$ 158 million and US$ 13 million, respectively. Imports from BRIC countries increased from US$ 655 million in 2006 to US$ 966 million during 2010. The share of BRIC imports in South Africa's total AFF imports, however, has remained stable over the last five years.

Table 7: South African Agriculture, Forestry and Fisheries (AFF) imports from BRIC countries, 2006–2010

Partner Country	Value (US$ million)				
	2006	2007	2008	2009	2010
China	212	273	301	344	406
Brazil	293	412	459	435	389
India	147	178	148	112	158
Russia	2	2	3	22	13
BRIC	655	865	911	913	966
Total AFF imports	3958	5208	5710	5105	5766
BRIC /Total	16.5 %	16.6 %	15.9 %	17.8 %	16.7 %

Source: Global Trade Atlas (2011).

Table 8 shows South Africa's exports of AFF products to BRIC countries between 2006 and 2010. Similar to imports, China was South Africa's largest export destination in 2010, with exports valued at US$ 281 million. China was followed by Russia, India and Brazil, importing AFF products from South Africa to the value of US$ 167 million, US$ 99 million and US$ 18 million respectively. Exports to BRIC countries have increased from US$ 228 million in 2006 to US$ 567 million during 2010. In contrast to South Africa's imports from BRIC countries, the share of AFF exports to BRIC countries by South Africa has shown an increasing trend.

Table 8: South African AFF exports to BRIC countries, 2006-2010

Partner Country	Value, US$ million				
	2006	2007	2008	2009	2010
China	86.4	149.9	201.3	249.3	281.7
Russia	69.2	89.1	123.3	123.5	167.3
India	60.4	93.9	91.6	59.8	99.8
Brazil	11.8	11.9	13.2	11.6	18.3
BRIC	228	344.9	429.6	444.4	567.3
Total AFF imports	5110	5464	6903	6836	8023
BRIC /Total	4.4 %	6.3 %	6.2 %	6.5 %	7 %

Source: Global Trade Atlas (2011).

- **Brazil**

Table 9 indicates AFF trade between South Africa and Brazil in 2010. Total AFF imports from Brazil amounted to US$ 388 million, consisting mainly of chicken meat, tobacco, cane/beet sugar and turkey meat. Frozen chicken meat represented 40.1 % of total AFF imports from Brazil. Total AFF exports to Brazil amounted to US$18 million, consisting mainly of liqueurs and cordials, wine, corrugated paper products, dried grapes and animal products not intended for human consumption. Liqueurs and cordials represented 25.8 % of total AFF exports to Brazil.

Table 9: South African AFF trade with Brazil, 2010

	Commodity	Description	Value, USD million
Imports		AFF products	388.73
	020714	Chicken cuts & edible offal	108.56
	020712	Meat & offal of chickens	47.63
	240120	Tobacco, stemmed	46.14
	170199	Cane/beet sugar	27.33
	020727	Turkey cuts and edible offal	21.50
Exports		AFF products	18.37
	220870	Liqueurs and cordials	4.75
	220421	Wine, <= 2 litre containers	3.96
	481910	Cartons, boxes and cases	3.18
	080620	Grapes, dried (inc raisins)	1.86
	051199	Animal products	0.48

Source: Global Trade Atlas (2011).

- **Russia**

Table 10 shows AFF trade between South Africa and Russia during 2010. Total AFF imports from Russia amounted to US$ 13.18 million, consisting mainly of sunflower-seed oil, casein, wheat gluten, laminated wood and newsprint. Sunflower oil represented 83.9 % of total AFF imports from Russia. Total AFF exports to Russia amounted to US$ 167 million, consisting mainly of oranges, pears and quinces, grapes, lemons and limes as well as grapefruit. Oranges represented 45.4 % of total AFF exports to Russia.

Table 10: South African AFF trade with Russia, 2010

	Commodity	Description	Value, USD million
Imports		AFF products	13.18
	151211	Sunflower-seed oil	11.07
	350110	Casein	1.03
	110900	Wheat gluten	0.47
	441299	Laminated wood	0.28
	480100	Newsprint	0.16
Exports		AFF products	167.39
	080510	Oranges, fresh	76.02
	080820	Pears & quinces	16.02
	080610	Grapes, fresh	15.06
	080550	Lemons & limes	14.19
	080540	Grapefruit	10.98

Source: Global Trade Atlas (2011).

- **India**

Table 11 shows AFF trade between South Africa and India during 2010. Total AFF imports from India amounted to US$ 158 million, consisting mainly of tobacco, rice, turmeric and roasted coffee substitutes.

[6] This article was compiled by Mr. Nico Scheltema (of the NAMC)

Tobacco represented 22.7 % of total AFF imports from India. Total AFF exports to India amounted to US$ 99 million, consisting mainly of wood pulp, wool, oranges, pears and quinces as well as cane/beet sugar. Chemical wood pulp represented 52.9 % of total AFF exports to India.

Table 11: South African AFF trade with India, 2010

	Commodity	Description	Value, USD million
Imports		AFF products	158.40
	240120	Tobacco, stemmed	28.27
	100630	Rice	19.98
	240110	Tobacco, not stemmed	7.81
	091030	Turmeric	7.58
	210130	Roasted chicory & coffee	7.42
Exports		AFF products	99.88
	470200	Chemical wood pulp	52.90
	510111	Wool	30.81
	080510	Oranges, fresh	2.35
	080820	Pears & quinces, fresh	1.99
	170199	Cane/beet sugar	1.73

Source: Global Trade Atlas (2011).

- **China**

Table 12 illustrates AFF trade between South Africa and China, the largest trading partner among the BRIC countries, during 2010. Total AFF imports from China amounted to US$405 million, consisting mainly of kidney and white pea beans, animal guts and bladders, apple juice, peptones and fine paper. Kidney and white pea beans represented 13.5 % of total AFF imports from China. Total AFF exports to China amounted to US$ 281 million, consisting mainly of wood pulp, wool, flour meal and sheep skins. Chemical wood pulp represented 35.1 % of total AFF exports to China.

Table 12: South African AFF trade with China, 2010

	Commodity	Description	Value, USD million
Imports		AFF products	405.76
	071333	Kidney beans	54.91
	050400	Animal (not fish) guts	43.14
	200979	Apple juice	30.28
	350400	Peptones	23.58
	481029	Fine paper	14.79
Exports		AFF products	281.70
	470200	Chemical wood pulp	68.86
	510111	Wool	62.53
	230120	Flour, meal & pellets of fish	38.10
	470329	Chemical wood pulp	29.97
	410210	Sheep and lamb skins	12.22

Source: Global Trade Atlas (2011).