



INTERNATIONAL TradeProbe

No. 36, November 2011

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 THE TRADEPROBE COVERS THE FOLLOWING TOPICS:

- South African meat trade: Overview (2009–2011)
- Trade profile of essential oils (HS-3301)
- Food security and trade: A global overview
- Export performance of South African products between 2006 and 2010

1. SOUTH AFRICAN MEAT TRADE: OVERVIEW (2009–2011)¹

This section provides an overview of South Africa's trade performance in meat products from the first quarter of 2009 to the second quarter of 2011. The product lines considered in this section include:

- beef meat (HS 0201 and HS 0202);
- pig meat (HS 0203);
- sheep and goat meat (HS 0204); and
- poultry meat (HS 0207).

Over the period under review, the value of South Africa's exports was the highest for poultry meat, with an average of US\$ 8.3 million per quarter, followed by beef meat, valued at an average rate of US\$ 5.2 million per quarter. Pork meat exports were averaged at US\$ 1.4 million per quarter and sheep and goat meat was valued at an average rate of US\$ 0.6 million per quarter (see **Figure 1**).

Table 1 shows the main destinations of meat exports from South Africa. In the second quarter of 2011, Mozambique was the leading importer of South African meat products, accounting for a 49 % share of the total value of South Africa's exports of meat, followed by Zimbabwe with a 7 % share. The top ten countries collectively accounted for 87 % share of total meat exports from South Africa in the second quarter of 2011.

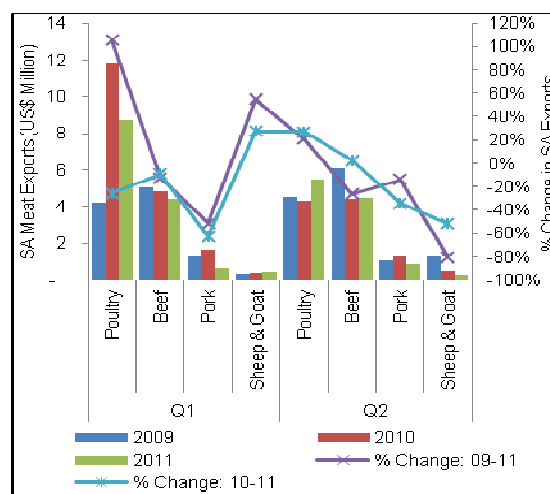


Figure 1: South African meat exports: 2009–2011

Source: WTA, 2011

Table 1: Top 10 export destinations for South African meat (Million US\$)

Rank	Country	2nd Qtr 2010	1st Qtr 2011	2nd Qtr 2011	Export share in Q2-2011
	World	25.3	29.6	14.9	
1	Mozambique	3.7	7.5	7.2	49 %
2	Zimbabwe	1.4	3.5	1.07	7 %
3	Nigeria	0.5	0.5	0.9	6 %
4	Belgium	3.0	2.7	0.7	5 %
5	Germany	3.6	5.1	0.7	5 %
6	United Kingdom	0.06	0.07	0.4	3 %
7	DRC	1	0.3	0.4	3 %
8	France	1.8	2	0.4	3 %
9	Switzerland	2.8	2.2	0.4	3 %
10	Ghana	0.1	0.3	0.3	2 %
Accumulative share of top 10 importers		18.4	24.5	12.9	87 %

Source: WTA, 2011

Figure 2 presents South Africa's meat imports between the first quarter of 2009 and the second quarter of 2011. Looking at **Figure 1** and **Figure 2**, it is clear that South Africa's meat imports exceed meat exports by far, expressed in value terms.

¹ This article was compiled by Mr Sifiso Ntombela of the NAMC.

In the first quarter of 2011, poultry meat imports grew by 145 % compared to the first quarter of 2009. The imports of meat products showed a double digit increase in the reviewed period, except for imports of sheep and goat meat. Sheep and goat meat imports declined by 11 % and 42 % respectively in the first and second quarters of 2011 in comparison to the same period in 2010. (see **Figure 2**).

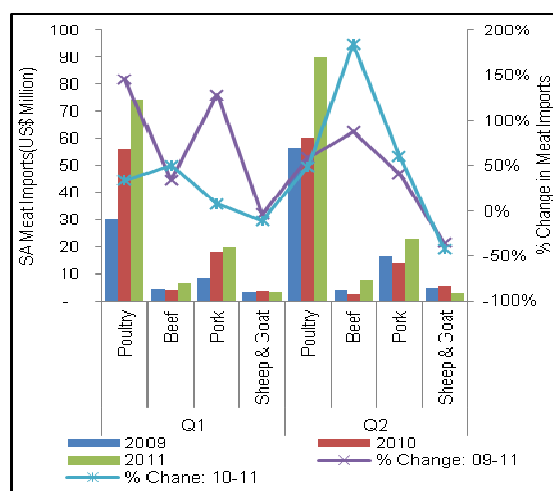


Figure 2: South African meat imports: 2009-2011
Source: WTA, 2011

Table 2 indicates that 90 % of South Africa's meat imports originate from ten countries. Brazil is the largest supplier of meat, accounting for a 41 % share of South Africa's total imports of meat in the second quarter of 2011. South Africa's meat imports from Brazil show a growing trend in the reviewed period. Following Brazil are Canada and Germany, together supplying meat products valued at US\$ 22.4 million in the second quarter of 2011.

Table 2: Top 10 meat suppliers to South Africa

Rank	Country	2nd Qtr 2010	1st Qtr 2011	2nd Qtr 2011	Export share in Q2-2011
	World	92.6	111	138.5	
1	Brazil	47.1	46.0	57.1	41 %
2	Canada	9.3	9.7	12.0	9 %
3	Germany	4.9	11.6	10.4	8 %
4	Australia	8.4	4.9	10.2	7 %
5	Argentina	5.1	7.4	10.0	7 %
6	New Zealand	5.3	3.8	6.9	5 %
7	Ireland	1.6	5.6	5.4	4 %
8	United Kingdom	0.7	5.6	5.2	4 %
9	France	2.8	2.4	3.9	3 %
10	Netherlands	0.06	1.8	3.5	3 %
Accumulative share of top 10 suppliers		85.6	99.1	125	90 %

Source: WTA, 2011

2. TRADE PROFILE OF ESSENTIAL OILS (HS-3301)²

The South African essential oils industry comprises of about one hundred producers. According to the South African Essential Oil Producers Association

(SAEOPA) there are approximately thirty-three commercial producers in operation in South Africa. Most oil production is in Mpumalanga, Kwazulu-Natal and the Eastern Cape. The most significant essential oils produced in South Africa are Eucalyptus, Citrus, Geranium and Buchu.

Table 3 indicates that the United States of America (USA) was the largest exporter of essential oils in the world in 2010, with a share of 15 % of world exports. The USA was followed by India and France, exporting 11 % and 9 % of world exports respectively. The top three exporters account for 35 % of world exports. South Africa has a share of 0.8 % of world exports.

Table 3: Leading world exporters of essential in 2010

Exporters	Exported value, US\$ million	Share in world exports (%)
World exports	2 953	100
USA	431	14.6
India	327	11.1
France	276	9.3
China	190	6.4
UK	189	6.4
Brazil	165	5.6
Germany	124	4.2
Indonesia	124	4.2
Argentina	120	4.1
Italy	104	3.5
South Africa	25	0.8

Source: ITC Trade Map 2011

Table 4 lists the ten leading world importers of essential oils in 2010. The three leading importers were the USA (19 %), France (10 %) and the UK (8 %). Jointly, the three leading importers accounted for 37 % of world imports.

Table 4: Leading world importers of essential oils in 2010

Importers	Imported value, US\$ million	Share in world imports (%)
World imports	2 967	100.0
USA	570	19.2
France	285	9.6
UK	236	8.0
Germany	202	6.8
Japan	156	5.3
Netherlands	145	4.9
Switzerland	135	4.6
China	120	4.0
Singapore	119	4.0
Spain	101	3.4
South Africa	15	0.5

Source: ITC Trade Map 2011

Table 5 shows the leading markets for South African essential oils in 2010. The top three markets for South African essential oils were the USA, the Netherlands and the United Kingdom, accounting for 35 %, 21 % and 12 % of South Africa's exports respectively. This means that 68 % of South Africa's essential oils were exported to three destinations.

² This article was compiled by Ms Asanda Languza, Directorate International Trade (DAFF).

Table 5: SA leading export markets for essential oils in 2010

Importers	Exported value, US\$ million	Share in South Africa's exports
World	25	100.0
USA	8	34.7
Netherlands	5	21.1
UK	3	11.9
Germany	2.0	8.4
France	0.7	2.8
Zimbabwe	0.6	2.5
Spain	0.6	2.4
Zambia	0.6	2.3
Australia	0.5	2.0
Switzerland	0.3	1.3

Source: ITC Trade Map, 2011

Figure 3 shows the seven most imported essential oil products in the world in 2010. Essential oils that were not elsewhere specified had the highest value of US\$ 1.2 billion, followed by distillations of essential oils valued at US\$ 462 million.

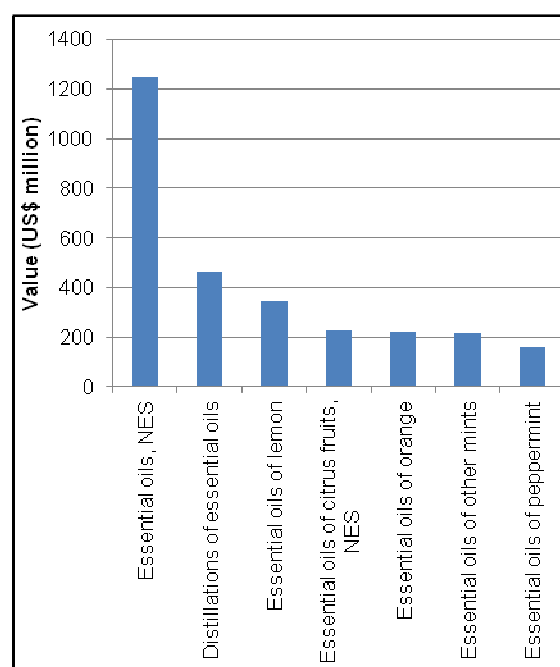


Figure 3: Value of leading essential oil product imports, 2010

Source: ITC Trade Map, 2011

*NES= Not elsewhere specified

Figure 4 shows the types of essential oils that were exported by South Africa in 2010. Essential oils of lemon and distillations of essential oils were South Africa's leading exports, representing 36.8 % and 19.3 % of all essential oil exports during 2010.

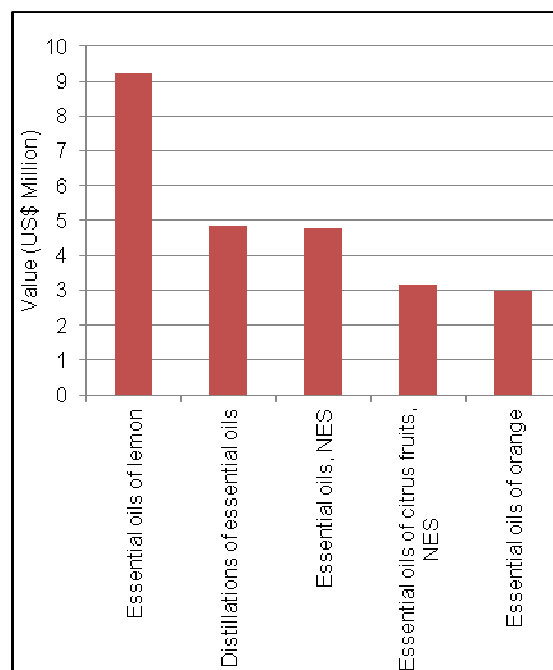


Figure 4: Value of leading essential oil product imports, 2010

Source: ITC Trade Map, 2011

*NES= Not elsewhere specified

Figure 5 in **Appendix A** shows the prospects of market diversification for essential oils exported by South Africa. According to this figure, South Africa is losing import market share in Switzerland, Australia and France (indicated by yellow bubbles). However, South African essential oil exports gained market share in the USA, the Netherlands, the United Kingdom and Germany (indicated by the blue bubbles). Even though the Netherlands is a smaller market compared to the USA, the import demand growth is higher than the USA's. Imports of essential oils into the Netherlands grew annually by 25 %, compared to the 5 % annual growth of imports experienced for the USA.

3 FOOD SECURITY AND TRADE: A GLOBAL OVERVIEW³

3.1 Introduction

Over the course of the last five decades, global agricultural production has steadily increased on a nearly annual basis, yet, as a result of a proliferation of factors ranging from political to environmental, the number of people suffering from chronic hunger has steadily increased to reach an estimated total of 1.02 billion in 2009.⁴ As a result, for the first time in human history, more than one billion people – many of them farmers themselves – are undernourished.⁵ Africa is among the world's regions most direly affected by hunger. More than

³ This article was compiled by Ms Stephanie van der Walt of the NAMC.

⁴ Kaufmann, C. & Ehler, C. (2009). 'International and domestic trade regulations to secure the food supply', University of Zurich, Zurich, Switzerland, pg. 1.

⁵ Ibid.

200 million people across the continent suffer from chronic malnutrition,⁶ with one in three Africans regularly not having enough to eat.⁷

With the threats of environmental degradation and climate change looming ever more clearly, more people than ever before are competing over limited and declining resources such as water, land and production inputs.⁸ Further complicating matters, is that the world population is (conservatively) expected to balloon to nearly nine billion by 2050,⁹ yet the majority of these people will not be living in rural areas as is currently the case. As Steve Wiggins of the United Kingdom-based Overseas Development Institute (ODI)¹⁰ notes, *"We may be observing the last time that the majority of the rural population of the world are farming: youth are, in their large numbers, not interested in small-scale agriculture"*¹¹ – not least as a result of the hardships endured by their forebears attempting to make a living in the sector. Thus, with the demand for food expected to increase substantially in the not too distant future, the number of people invested in production is declining.

While at present a limited percentage of the perishables appearing on our dinner tables have crossed borders, the reality is that food security will increasingly depend on a complex and inter-dependent global system of trade to ensure that food supply meets demand, particularly at the margins.¹² This focus on food security through global supply chains, rather than domestic food sovereignty, reflects a marked departure from the approach used by previous generations.¹³

In short: the role of agriculture in the global economy has changed and continues to evolve.

This market-driven system, while (theoretically) allowing countries to pursue comparative advantage and diversify their economies, has also increased exposure to the adverse effects of globalisation and international trade, particularly pertaining to price instability of agricultural commodities.

Agricultural commodities are unique in the global market in that both supply and demand curves are

highly inelastic, which means that supply and demand are largely unaffected by short-term fluctuations in price. Basic economics dictate that even slight shocks in supply or demand will thus result in sharp and often sudden price variances, and it is *this* uncertainty that perpetuates most constraints on investment into and empowerment of participants in the agricultural sector. As explained by Homi Kharas of the United States-based Brookings Institute: *"It is the rapid and unpredictable changes in food prices that wreak havoc on markets, politics and social stability, rather than long-term structural trends in food prices that we can prepare for and adjust to"*.¹⁴

The way in which agricultural trade flows are regulated, is a determining factor in the way in which society has been shaped. Every aspect of human interaction, from family dynamics in households to international relations between states is impacted by the interplay between demand for, supply of and prices levied for agricultural commodities.

The question posed to government and policy makers in the face of these challenges, is to determine methods in which the food supply may be managed to guarantee sustenance for all citizens, without unduly prejudicing the sustainability of value chains responsible for the production and distribution of food commodities, both domestically and abroad.

3.2 Key concepts: food security, trade, growth and development

3.2.1 Food security¹⁵

The World Food Summit of 1996 defined food security as existing *"when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life"*. Commonly, the concept of food security is defined as including both physical and economic access to food that meets people's dietary needs as well as their food preferences. Food security is built on three pillars:

- Food availability: sufficient quantities of food available on a consistent basis;
- Food access: having sufficient resources to obtain appropriate foods for a nutritious diet; and
- Nutrition: appropriate utilisation based on knowledge of basic bodily requirement, as well as adequate water and sanitation.

Food security is a complex sustainable development issue with an interdisciplinary impact

⁶ FAO Regional Office. (October 2010). World Food Day Report, viewed at http://www.fao.org/africa/raf-news/detail-news/en/item/46625/icode/?no_cache=1, [Accessed on 8 November 2010].

⁷ Ibid.

⁸ Ibid.

⁹ Potts, M. & Campbell, M. (May 2011). 'The myth of nine billion', *Foreign Policy Online*, last visited on 16 June 2011, at http://www.foreignpolicy.com/articles/2011/05/09/the_myth_of_9_billion?page=0,0

¹⁰ ODI Staff Profiles, Steve Wiggins. <http://www.odi.org.uk/about/staff/details.asp?id=92&name=steve-wiggins> [Accessed on 2 February 2011].

¹¹ Wiggins, S. (January 2011). 'Comments on IFAD's conference on new directions for small-holder agriculture'. Futures Agriculture Consortium Website. http://www.future-agricultures.org/index.php?option=com_easyblog&view=entry&id=48&Itemid=473 [Accessed on 2 February 2011].

¹² Ibid.

¹³ Ibid.

¹⁴ Kharas, H. (3 March 2011). 'Making sense of food price volatility'. The Brookings Institute, at http://www.brookings.edu/opinions/2011/0303_food_prices_kharas.aspx. [Accessed on 22 May 2011].

¹⁵ World Health Organisation. (2011). 'Trade, foreign policy, diplomacy and health'. WHO Homepage. <http://www.who.int/trade/glossary/story028/en/>. [Accessed on 20 October 2011].

and in order to be effective, policies must operate within the three spheres of sustainability, i.e:

- Economic: take into account the income generation required for maintenance of livelihoods as well as the national economy;
- Social: take into account the impact on society, including living standard, culture, gender roles, history and politics, etc.; and
- Environment: impact on the natural ecology as well as safety and sanitary issues with regard to utilisation of resources such as air, water, soil, etc.

The inter-sectoral nature of the three food security pillars is far-reaching: the obvious effects of malnutrition links it to health; the affordability-leg ties it to income generation and sustainable economic development; environmental concerns such as climate change threaten profound effects on the production and thus the availability of staple crops, while trade, particularly with regard to agricultural commodities and the regulation thereof, is a significant consideration in everything from infrastructure development, job creation and the preservation of rural livelihoods, to ensuring food supply.

Exacerbating the dilemma encountered by policy makers and private actors alike is that a great deal of debate is taking place around the actual status of worldwide food security, with the following arguments commonly put forward:

- There is enough food in the world to feed everyone adequately – the problem is distribution;
- Future food needs can - or cannot - be met by current levels of production;
- National food security is paramount - or no longer necessary because of global trade;
- Globalisation may - or may not - lead to the persistence of food insecurity and poverty in rural communities.

3.2.2 Trade

In its most basic incarnation, trade refers to the supply of something of value, to meet a demand backed by the willingness and ability to pay a price of comparable value, such as a monetary sum, in exchange for the utility of the item on offer. In the global sense, trade refers to the import of goods and services to be sold to people in a different country as the one where it was manufactured, or to the export of locally produced goods and services for consumption abroad. Trade is important for the generation of income in any country, with a variety of approaches and ideologies advocating various – and often conflicting – policies by which trade ought to be conducted if the maximum benefits are to be reaped. This is particularly true in the agricultural sector, not least due to the challenges of food insecurity.

Trade liberalisation¹⁶ remains the driving force behind international ideology however, due to market failure, distortion and continued use of prejudice policies, legal rules are required in the interest of 'fair' trade for as long as truly 'free' trade remains elusive. The legal regime governing trade in goods, including food, is made up of a complex system operating on four jurisdictional levels, i.e:

- Multilateral, through the mandate of the World Trade Organisation (WTO);
- Regional, through the conclusion of treaties by groupings of nations commonly – but not necessarily – linked by geographical proximity, as sanctioned by the WTO;
- Bilaterally on the basis of a treaty concluded between either individual countries of trading blocs; and
- Domestically, with rules that govern trade within the borders of a specific country, such as competition and consumer protection legislation in South Africa.

3.2.3 Growth and development through agriculture

Reports of several international agencies, including the World Bank¹⁷ and the United Nations Conference on Trade and Development¹⁸ (UNCTAD) have highlighted the agricultural sector's potential as engine for sustainable economic growth as well as its vital role in reducing poverty and food insecurity, with sub-Saharan Africa (SSA), which accounts for 12 percent of the world's farmers¹⁹, garnering particular interest. These studies show that when impoverished countries improve their agricultural productivity, the country's overall gross domestic product (GDP) increases along with income per person – i.e. economic growth is achieved²⁰. While economic growth on its own is certainly a step in the right direction, it must be distinguished from 'development', which may be broadly defined as a sustained improvement in living standard for the majority of the population.

Agriculture remains the largest employment sector in most developing countries and international agricultural agreements are crucial to a country's

¹⁶ Trade liberalisation may be defined as the process whereby a country opens up its markets to a wider range of suppliers, by reducing or abolishing tariffs and other limits, such as quotas or import licences, on products coming into the country from abroad.

¹⁷ World Development Report 2008, 'Agriculture for development', World Bank Press (2008). Washington DC, USA http://siteresources.worldbank.org/INTWDR2008/Resources/WDR_00_book.pdf (Last visited: 1 March 2011).

¹⁸ World Investment Report 2009. 'Transnational corporations, agricultural production and development'. UNCTAD (2009). Geneva, Switzerland. http://www.unctad.org/en/docs/wir2009_en.pdf [Accessed on 1 March 2011].

¹⁹ Jensen *et al.* 'Sugar: the implications of trade liberalisation for eastern and southern Africa', TRALAC working paper March 2011, TRALAC (2011), Stellenbosch, South Africa at p. 17 http://www.givengain.com/cause_data/images/1694/D11WP05_Vin_k_SugarTradeLiberalisation_20110309.pdf (Last visited: 14 March 2011).

²⁰ Ibid.

food security²¹. Some critics argue that trade liberalisation may reduce a country's food security by reducing agricultural employment levels, as consumers purchase cheap imports, making it difficult – if not impossible – for local farmers to remain in business.

Concern about this has led a group of WTO member states to recommend that current negotiations on agricultural agreements allow developing countries to re-evaluate and raise tariffs on key products to protect national food security and employment. They argue that WTO agreements, by pushing for the liberalisation of crucial markets, are threatening the food security of whole communities. Related concerns include:

- The net impact of further liberalisation of food and agricultural trade, considering the widely differing situations in developing countries;
- The extent to which domestic economic and social policies – and food, agricultural and rural development policies – can offset the diverse (and possibly negative) impacts of international policies, such as those relating to international trade;
- The degree to which the overall economic gains from trade may benefit those who are most likely to be suffering from food insecurity;
- Whether or not gains actually 'trickle down' to enhance economic access to food for the poor; and
- Ways in which food and agricultural production and trade ought to be restrained from the over-exploitation of natural resources that may jeopardise domestic food security in the long term.

3.3 International Governance

As the discussion above illustrates, policies regulating agricultural trade have a far-reaching impact on food security across the world, and particularly as far as developing countries are concerned. However, if policies on trade and food security are to be successful in promoting public policy goals such as poverty reduction, food security and sustainable economic and social development, it is imperative that the institutions and governance frameworks established and charged with delivery must be functional, effective and coherent.²² As the statistics mentioned in the introduction highlight, much room exists for improvement.

In the wake of the 2007–2008 food price crisis, characterised by a sudden, rapid increase in food prices by a global average of 53 %, ²³ the international community responded with a flurry of initiatives to address oversight challenges. The

United Nations (UN) Secretary General launched the High Level Task Force on the Global Food Security Crisis to improve coordination and communication among the many international agencies working on food security.²⁴ The so-called Group of Eight (G8), referring to a cluster of leading economies, dedicated themselves to increasing funding for agriculture, galvanising the FAO into reforming the Committee on World Food Security.²⁵ Considering all the changes that have been made in the last few years, the fact that 2011 has seen another dramatic spike in food prices begs the question: what are we (still) doing wrong?

In addressing this question, it is perhaps equally important to note what has been done right. Inroads have been made regarding the degree of coherence seen in the international community's responses to food crises, with a greater level of harmonisation achieved at present than at any other time during the previous three decades.²⁶ However, there still is much room for improvement when it concerns coordination and cooperation between the various international organisations working on addressing concerns related to food security, particularly between regulatory organisations such as the WTO, the monitoring entities like the FAO and the financiers like the World Bank.²⁷

Of the trade policy issues likely to affect price volatility, export restrictions have perhaps received the bulk of the WTO's attention in recent months. The current Doha Round agriculture draft modalities enhance the ability of the WTO Committee on Agriculture (CoA) to monitor export restrictions by including language that requires a notification within ninety days of the use of such measures and restricts their imposition to one year, with the possibility of extension to eighteen months provided that authorisation is granted by importing members.²⁸

A recent proposal from net food Importing Developing Countries has further developed language in this area by calling for limits on the ability of exporters to refuse food to them.²⁹ In a similar vein, a report to the Group of Twenty (G20) has called for controls on export restrictions in the event that such measures have an adverse effect on humanitarian relief efforts, such as the initiatives run by the World Food Programme.³⁰

²⁴ Note 20 *supra*.

²⁵ *Ibid*.

²⁶ Note 20 *supra*, pg. 13.

²⁷ *Ibid*.

²⁸ Revised Draft Modalities for Agriculture (2008), Committee on Agriculture Special Session, TN/AG/W/4/Rev.4, WTO Documents: Geneva, Switzerland.

²⁹ (6 April 2010), 'Agricultural Export Restrictions Spark Controversy at the WTO', Bridges Weekly Trade News Digest, ICTSD: Geneva: Switzerland.

³⁰ FAO *et al.* (2 June 2011). 'Price volatility in food and agricultural markets: policy responses', Presented in Geneva, Switzerland, pg. 22.

²¹ Note 13 *supra*.

²² Ahmad, M. (September 2011). 'Improving the international governance of food security and trade', ICTSD: Geneva, Switzerland, pg. 1.

²³ Note 2 *supra* pg. 2.

However, there is only so much that can be achieved with an exclusive focus on export restrictions. Other policy areas such as biofuels, as well as stocks and risk management tools, must also be explored.³¹ In his paper on the international governance of food security, Dr. Ahmed Manoor, ambassador of Pakistan to the WTO, notes that the “CoA should urgently examine all such measures to see that they conform with the provisions of the Agreement on Agriculture and that they give due consideration to the effects of such measures on other Members’ food security. Continuing to look beyond export restrictions, the CoA, for example, could be empowered with a simplified mechanism to look into trade and food security related complaints between Members”.

More broadly speaking, it is perhaps high time for the powers-that-be at the WTO to reconsider the way in which it negotiates its trade rules with regard to agriculture. The insistence on a single undertaking – i.e. “nothing is agreed until everything is agreed” – has driven the negotiating process into a stalemate. The “critical mass approach”³² of allowing an agreement to come into effect once a sufficient percentage of world trade is covered by its members, as proposed by the Warwick Commission,³³ may present an appropriate starting point. Ministerial Conferences of the WTO, which can issue binding resolutions, may also be worth examining instead of an approach that places all Members’ proverbial eggs in the single basket under the banner of a trade round.

One possible avenue in favour of food security, might come in the form of a Declaration at the 2011 WTO Ministerial Conference, to be held from 15 to 17 December in Geneva, excluding humanitarian purchases by the WFP from export restrictions. This is a course of action that has already been approved by the G20 during the meeting of Agricultural Ministers early this year.³⁴

4. EXPORT PERFORMANCE OF SOUTH AFRICAN PRODUCTS BETWEEN 2006 AND 2010³⁵

4.1 Introduction

This section provides an overview of South Africa’s export performance of selected product groups between 2006 and 2010. **Figure 6 in Appendix B1** provides an overview of how readers can interpret the figures that are referred to in this article.

4.2 Fruit and wine export performance

Figure 7 in Appendix B2 presents South Africa’s export performance for the ten leading fruit and wine products between 2006 and 2010.

All of the leading fruit and wine export products were identified as “winners in growing sectors” (see **Figure 7**). International markets that experienced exceptional growth were the markets for lemons and limes (HS-080550), edible nuts (HS-080290) and dried grapes (HS-080620), each market growing by 11 % annually. South Africa increased its world import market share by 14 % for pears and quinces (HS-080820), 11 % for edible nuts (HS-080290) and 9 % for lemons and limes (HS-080550) (see **Table 6**).

South Africa’s share in the world import market and the world market for oranges (HS-080510) itself both grew by 7 %. Although this growth is not as significant as the above-mentioned products, the size of South Africa’s orange exports (US\$600 million) makes orange exports a noteworthy performer.

When expanding the analysis to the twenty leading fruit and wine products, sparkling grape wine (HS-220410) can be identified as a “winner in a declining sector”. Even though the world import market for sparkling grape wines stagnated between 2006 and 2010, South African exports managed to annually increase market share by 38 %.

Table 6: South Africa’s export performance of the top ten leading fruit and wine products, 2006–2010

Product	Annual increase in world market share, %	Annual increase in world imports, %	Value of Exports, US\$ thousand
080290- Edible nuts, fresh or dried (not elsewhere specified)	11	11	98
080510- Oranges, fresh or dried	7	7	600
080520- Mandarins, fresh or dried	1	10	90
080550- Lemons and limes, fresh or dried	9	11	109
080610- Grapes, fresh	5	7	420
080620- Grapes, dried	4	11	79
080810- Apples, fresh	6	5	249
080820- Pears and quinces, fresh	14	7	160
220421- Grape wines not elsewhere specified, <=2 litre	3	4	549
220429- Grape wines not elsewhere specified, >2 litre	8	9	202

Source: International Trade Centre, 2011

³¹ Note 20 *supra*, pg. 14.

³² *Ibid.*

³³ Warwick Commission (2007). ‘The multilateral trade regime: which way forward?’ University of Warwick: Coventry, UK, pg. 14.

³⁴ Tran, M. (23 June 2011). ‘Main points from the G20 meeting of agricultural ministers’ The Guardian UK, <http://www.guardian.co.uk/global-development/2011/jun/23/g20-agriculture-summit-main-points>. [Accessed on 15 November 2011].

³⁵ This article was compiled by Ms Heidi Phahlane and Mr Nico Scheltema, both of the NAMC.

4.3 Livestock export performance

Figure 8 in Appendix B2 presents South Africa's export performance for ten leading livestock products between 2006 and 2010. Nine of the ten leading livestock export products were identified as "winners in growing sectors". Exports of chicken products performed exceptionally between 2006 and 2010. World import markets for fresh bird eggs (HS-040700), frozen fowl cuts and offal (HS-020714), and fresh or chilled fowl cuts and offal (HS-020713) experienced annual growth of 16 %, 15 % and 12 % respectively (see **Table 7**). South Africa also gained the greatest market share in these same products, annually increasing market share by 221 % in fresh or chilled fowl cuts and offal (HS-020713), 102 % in fresh bird eggs (HS-040700) and 61 % in frozen fowl cuts and offal (HS-020714).

Among the ten leading livestock products, concentrated milk and milk powder exceeding 1.5 % fat (HS-040229) were the only products that fell in the "winners in declining markets" grouping. However, even though the world import market for concentrated milk and milk powder exceeding 1.5 % fat has fallen by 10 %, South Africa exports still managed to annually increase market share by 44 %.

Table 7: South Africa's export performance of the top ten leading livestock products, 2006–2010

Product	Annual increase in world market share, %	Annual increase in world imports, %	Value of Exports, US Dollar Thousand
020890-Meat and edible meat offal, chilled or frozen	5	4	60
020120-Bovine cuts bone in, fresh or chilled	27	5	6.6
020713-Fowls, cuts and offal, fresh/chilled	221	12	17.4
020714-Fowls, cuts and offal, frozen	61	15	11.2
040120-Milk not concentrated and unsweetened exceeding 1 % not exceeding 6 % fat	45	7	10.5
040210-Milk powder not exceeding 1.5 % fat	8	6	6.4
040229-Milk and cream powder sweetened exceeding 1.5 % fat	44	-10	7.3
040310-Yogurt concentrated ,not sweetened or flavoured	11	3	8.6
040690-Cheese, not elsewhere specified	17	6	6.5
040700-Bird eggs, in shell, fresh, preserved or cooked	102	16	16.4

Source: International Trade Centre, 2011

When considering the twenty leading livestock export products, fresh or chilled boneless bovine cuts (HS-020130) and frozen bone-in bovine cuts (HS-020220) can be identified as "losers in growing markets". South Africa has therefore lost market share while the world import markets for these products have grown. The market share of South African exports of fresh or chilled boneless bovine cuts (HS-020130) has declined annually by 6 % while world import markets have grown annually by 4 %. Exports of frozen bone-in bovine cuts (HS-020220) annually lost 4 % market share while world import markets grew by 15 %.

4.4 Fisheries export performance

Figure 9 in Appendix B2 presents the export performance of leading South African fishery products between 2006 and 2010.

Three of the top ten fishery products were classified as "winners in growing sectors", namely prepared or preserved Mackerel (HS-160415), frozen fish with bones (HS-030379) and dried Cod(HS-030551) annually increased world import market share by 41 %, 30 % and 10 % respectively (see **Table 8**). South Africa has therefore gained market share in these products while the world market has showed positive annual growth between 2006 and 2010.

Table 8: South Africa's export performance of the top ten leading fishery products, 2006–2010

Product	Annual increase in world market share, %	Annual increase in world imports, %	Value of Exports, US Dollar Thousand
030110- Ornamental fish, Live	-9	1	2
030322- Frozen Atlantic Salmon, livers and roes	-20	5	6
030378 – Frozen Hake, excluding heading No 03.04, livers and roes	1	-2	26.3
030379- Frozen fish, livers and roes	10	9	41
030551- Dried Cod, whether or not salted but not smoked	30	9	56
030749- Cuttlefish and squid, shelled or not, frozen	-4	3	69.9
160411 - Salmon prepared or preserved, but not minced	10	3	84
160413 Sardines	-7	7	4.6
160415- Mackerel, prepared or preserved	41	5	449
160420 -Fish prepared or preserved	-7	3	3.1

Source: International Trade Centre, 2011

Among fisheries products, sardines (HS-160413) and cuttlefish and squid (HS-030749) were located in the upper left quadrant, indicating that these products were “losers in growing sectors”. South Africa’s market share for sardines (HS-160413) within the world import market has declined by 7 %, while global imports have increased by 7 %. World imports of cuttlefish and squid (HS-030749) grew at an average annual rate of 3 %, while South Africa’s market share declined annually by 4 %.

Frozen hake (HS-030378) was the only product among South Africa’s leading fishery export products that was identified as a “winner in a declining sector”. South Africa has managed to annually increase its world market share for frozen hake by 1 % while world imports declined by 2 %.

Ornamental fish (HS-030110) is the only product that was categorised as a “loser in a declining sector”. South Africa’s world market share of ornamental fish has declined by 9 %, while world import market has declined by 1 %.

4.5 Grains, sugar and oilseeds export performance

Figure 10 in Appendix B2 presents South Africa’s export performance of the grain, sugar and oilseed sectors between 2006 and 2010.

Six of the top ten products were identified as “winners in growing sectors”. Among these six products, South Africa gained the greatest market share in soya beans (HS-120100), flours or meals of oilseeds (HS-120890) and maize (HS-100590), gaining 386 %, 58 % and 53 % respectively (see **Table 9**).

Table 9: South Africa’s export performance of grains, sugar and oilseed products between 2006 and 2010

Product	Annual increase in world market share %	Annual increase in world imports, %	Value of exports ,US Dollar Thousand
100510- Maize seed	21	14	39.5
100590- Maize not elsewhere specified	53	7	265.9
120100- Soya beans	386	23	52.6
120220- Shelled ground nuts	23	13	25.6
120890- Flours and meals of oilseeds	58	16	23
120991- Vegetable seeds for sowing, not elsewhere specified	3	12	17.6
121299- Vegetable products for human consumption, not elsewhere specified	-26	22	20.6
170111- Raw	-21	15	116.9

cane sugar			
170199- Solid refined sugar not elsewhere specified	13	7	126.8
170490- Sugar confectionary not elsewhere specified	12	6	18,3

Source: International Trade Centre, 2011

The world market for soybeans (HS-120100), flours and meals of oilseeds (HS-120890) and maize seed (HS-100510) grew at exceptional annual rates of 23 %, 22 % and 14 % respectively (see **Table 9**).

Raw cane sugar (HS-170111) and vegetable products intended for human consumption (HS-121299) were found to be “losers in growing sectors”. South African world market share declined by 21 % in raw sugar cane (HS-170111) and 26 % for vegetable products intended for human consumption (HS-121299), while the world market has grown by 15 % and 22 % for these products respectively.

4.6 Forestry export performance

Figure 11 in Appendix B2 presents South Africa’s export performance of the leading forestry export products between 2006 and 2010.

Four of the top ten forestry products were classified as “winners in growing sectors” or products in which South Africa has gained world market share while the world market has grown. South Africa managed to increase market share in sanitary articles of paper (HS-481840) by 17 %; cartons, boxes and cases (HS-481920) by 16 %; and chemical wood pulp (HS-470329) by 14 % (see **Table 10**).

Chemical wood pulp (HS-470200) was found to be both the largest forestry export product and the only product identified as a “loser in a growing sector”. South Africa has annually lost 6 % of the country’s world market share while the world market has grown by 17 %.

The most notable product found to be a “winner in a declining sector” was newsprint (HS-480100). Even though the world import market for newsprint (HS-480100) has declined by 8 %, South Africa has managed to annually increase its world market share by 45 %.

Unbleached kraftliner (HS-480411) as well as wooden doors and their frames (HS-441820) were the only products among the leading forestry products found to be “losers in declining markets”. South Africa’s world market share for unbleached kraftliner (HS-480411) declined by 19 % while world import markets grew by 2 %. Even though the world import market for unbleached kraftliner (HS-480411) grew by 2 %, this growth was still below the 3 % growth rate of global trade. For wooden doors and their frames (HS-441820), South African market share and the world import market declined annually by 8 % and 5 % respectively.

Table 10: South Africa's export performance of the top ten forestry products between 2006 and 2010

Product	Annual increase in world market share %	Annual increase in world imports, %	Value of exports, US Dollar Thousand
470200 - Chemical wood pulp, dissolving grades	-6	17	597.6
470329 - Chemical wood pulp, non-coniferous, not elsewhere specified	14	7	147.4
481840 - Sanitary articles of paper	17	7	12.8
481920 - Cartons, boxes and cases, non-corrugated paper or paperboard	16	5	21.1
481910 - Cartons, boxes and cases, corrugated paper or paperboard	1	3	30.2
480411 - Kraftliner, unbleached and uncoated	-19	2	21.1
490199 - Books, brochures, leaflets not elsewhere specified	2	0	56.1
480419 - Kraftliner, bleached and uncoated	1	-3	165.6
441820 - Doors and their frames, wood	-8	-5	22.6
480100 - Newsprint, in rolls or sheets	45	-8	39.0

Source: International Trade Centre, 2011

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APPENDIX A:

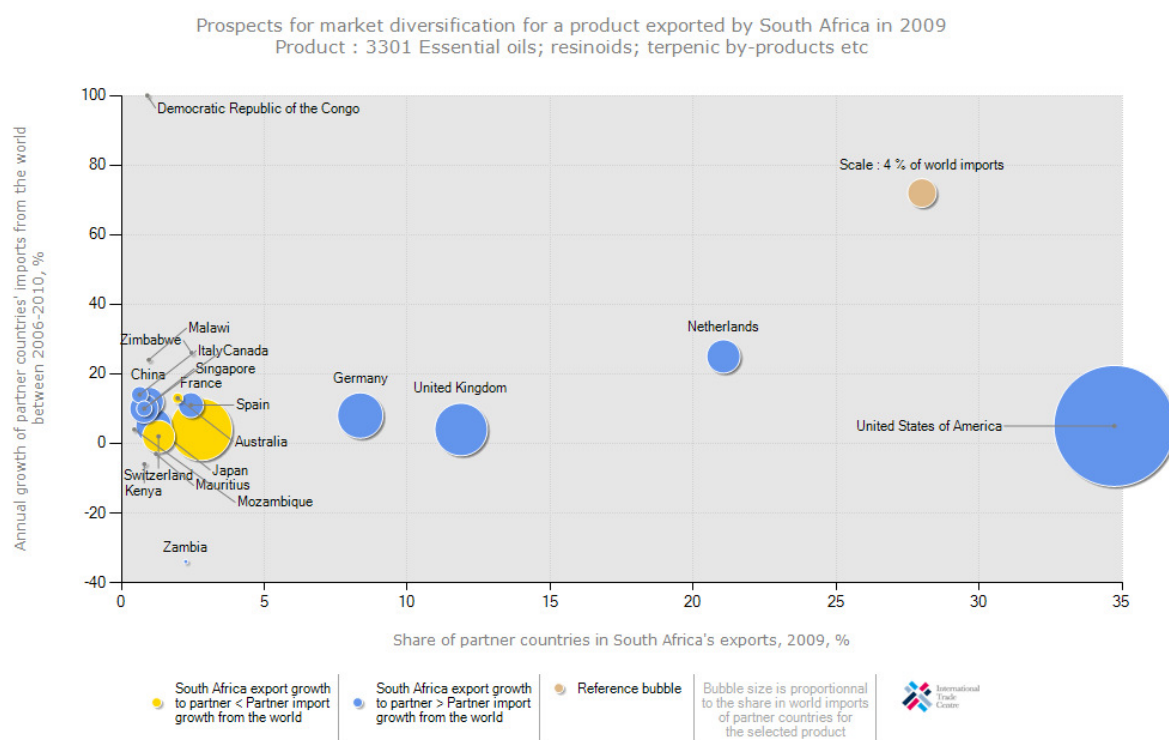


Figure 5: Bubble graph of prospects for market diversification for essential oil exports by South Africa in 2009

Source: ITC Trade Map, 2011

APPENDIX B1:

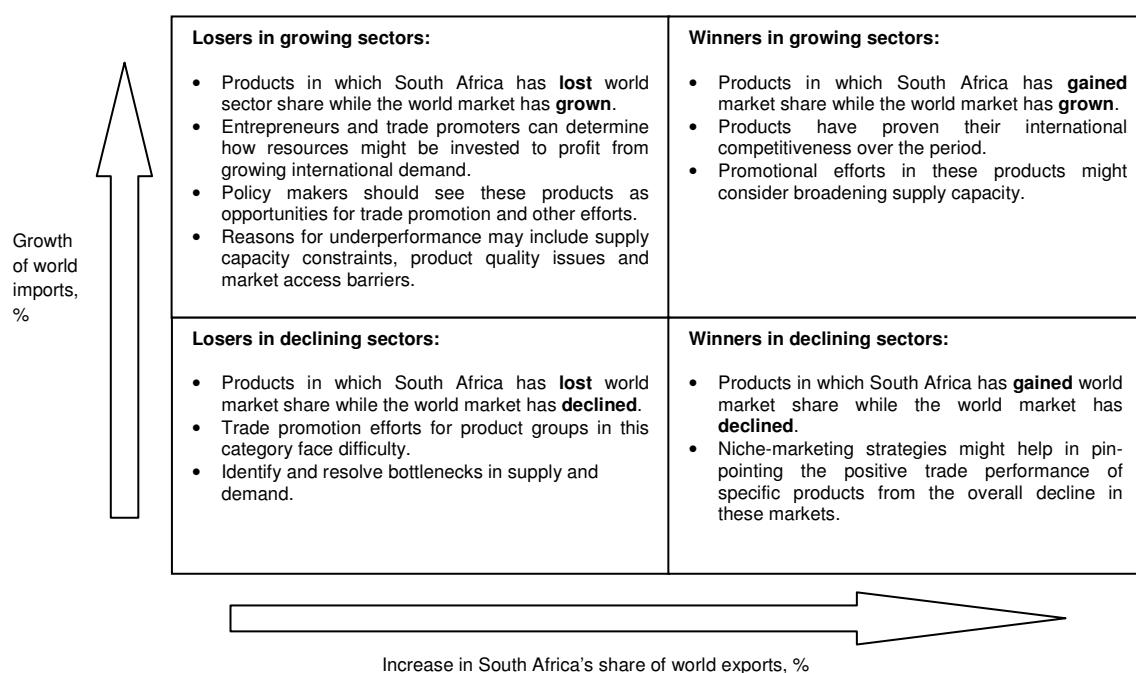


Figure 6: Interpreting export performance graphs

Source: Adapted from International Trade Centre methodology, 2011

Each figure shows the export value of each product (size of the bubbles), and compares South Africa's annual increase in world import market share between 2006 and 2010 (horizontal axis) with the annual growth of international demand between 2006 and 2010 (vertical axis). It should be noted that the criterion for distinguishing growing and declining products in the following figures is the annual average nominal growth rate of total world imports from 2006 to 2010, which was 3 % (red horizontal reference line). Products in which world imports have grown below this rate (i.e. 3 % annually), are classified as declining products, as their shares in world trade are declining, while products located in the upper quadrants are growing products, as they are growing faster than the world market. Moreover, the vertical line indicates the 0 % growth of South Africa's world market share (red vertical reference line).

APPENDIX B2:

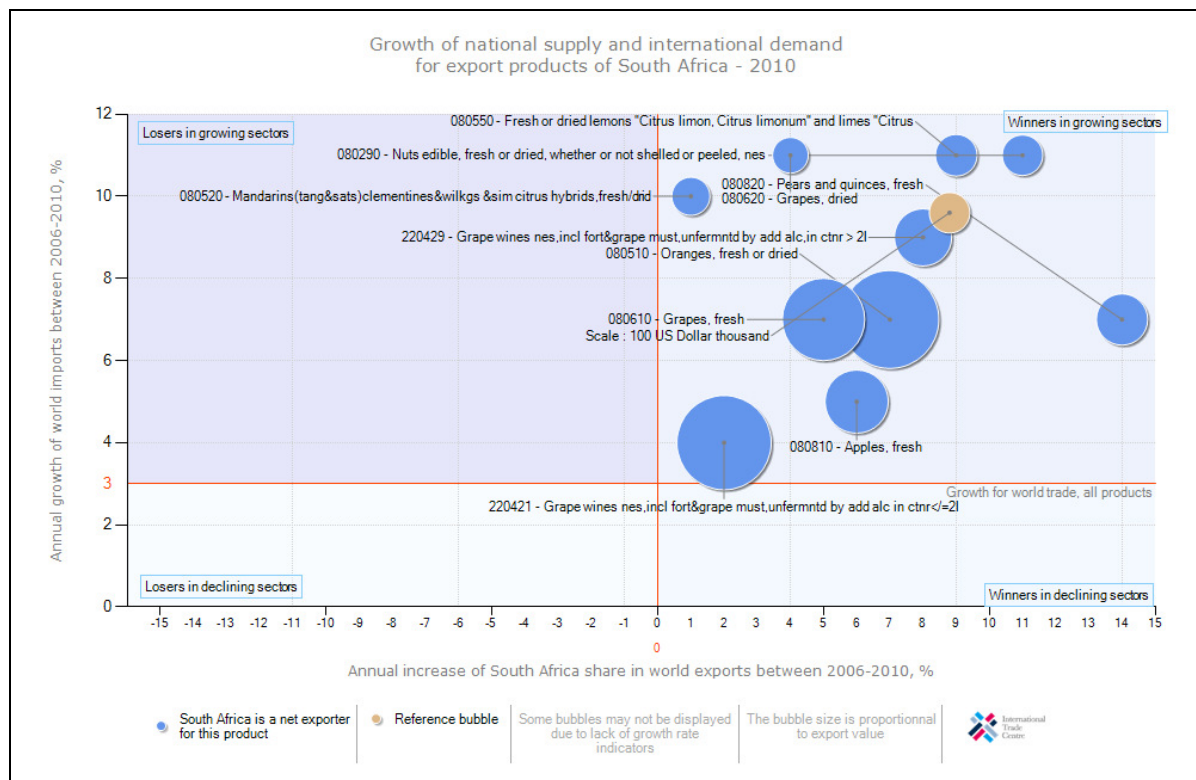


Figure 7: Fruit and wine export performance, 2006 to 2010

Source: International Trade Centre, 2011

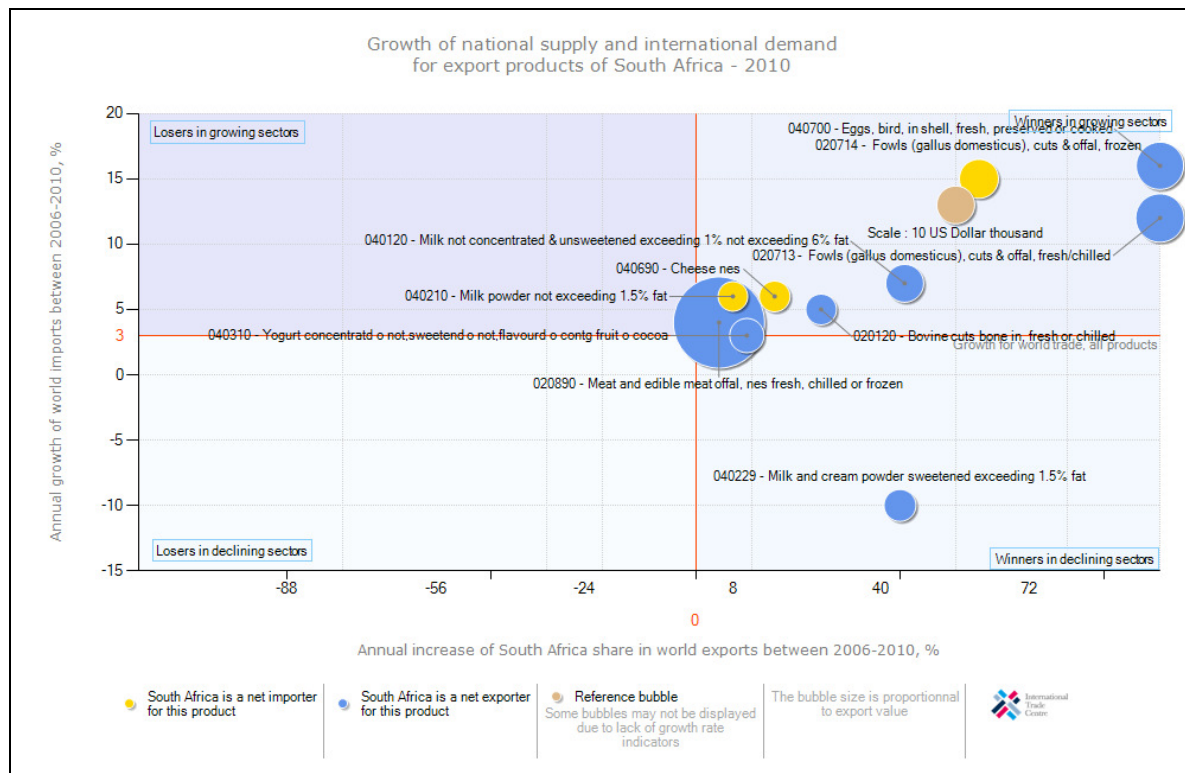


Figure 8: Livestock export performance from 2006 to 2010

Source: International Trade Centre, 2011

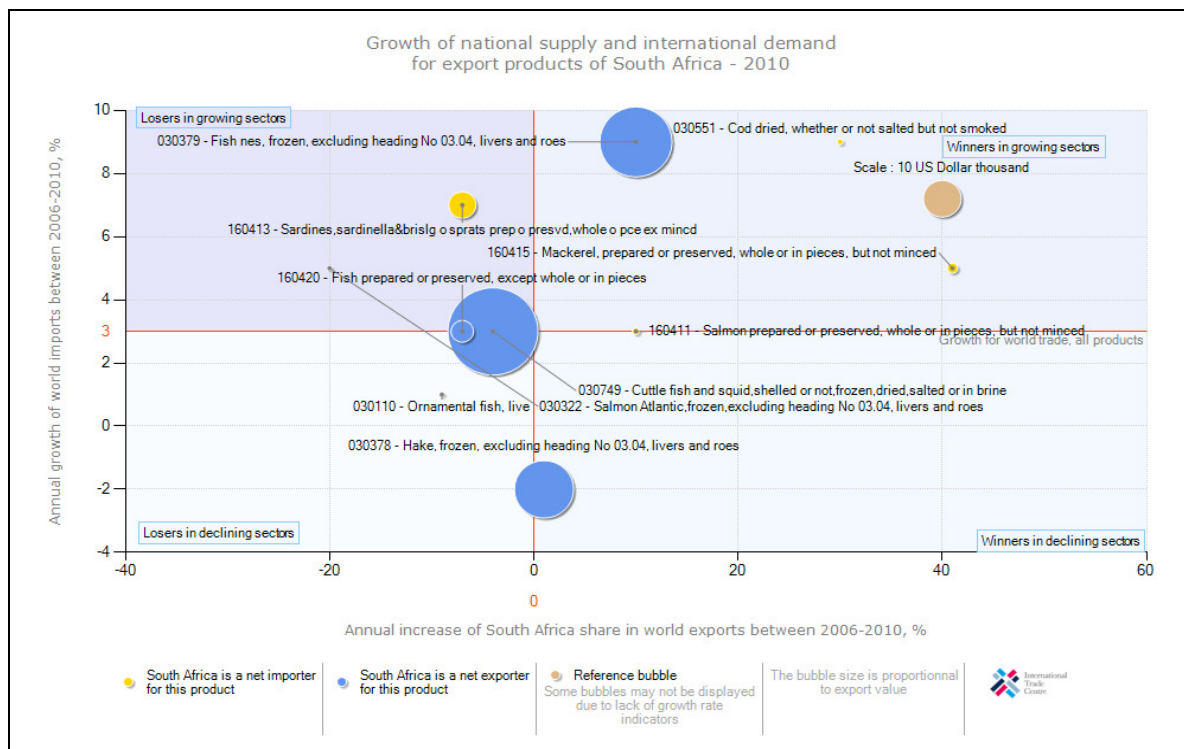


Figure 9: Export performance of fisheries from 2006 to 2010
Source: International Trade Centre, 2011

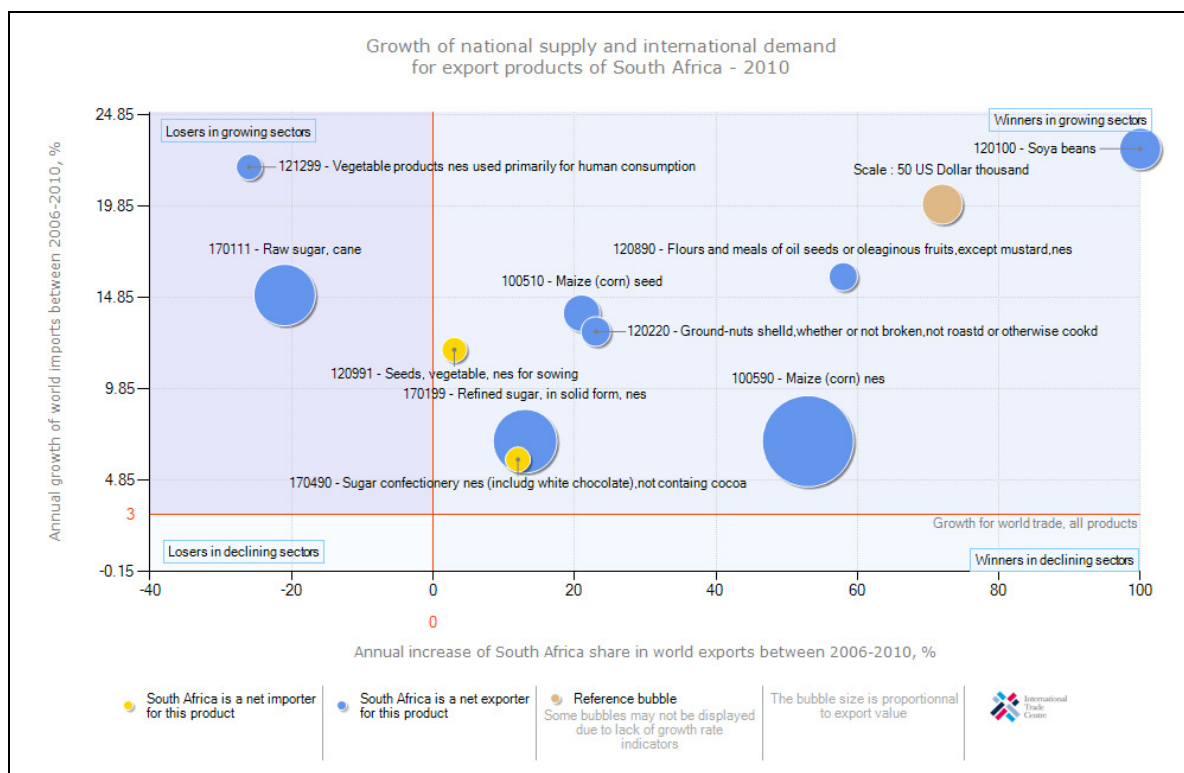


Figure 10: Export performance of grains, sugar and oilseed products from 2006 to 2010.
Source: International Trade Centre, 2011

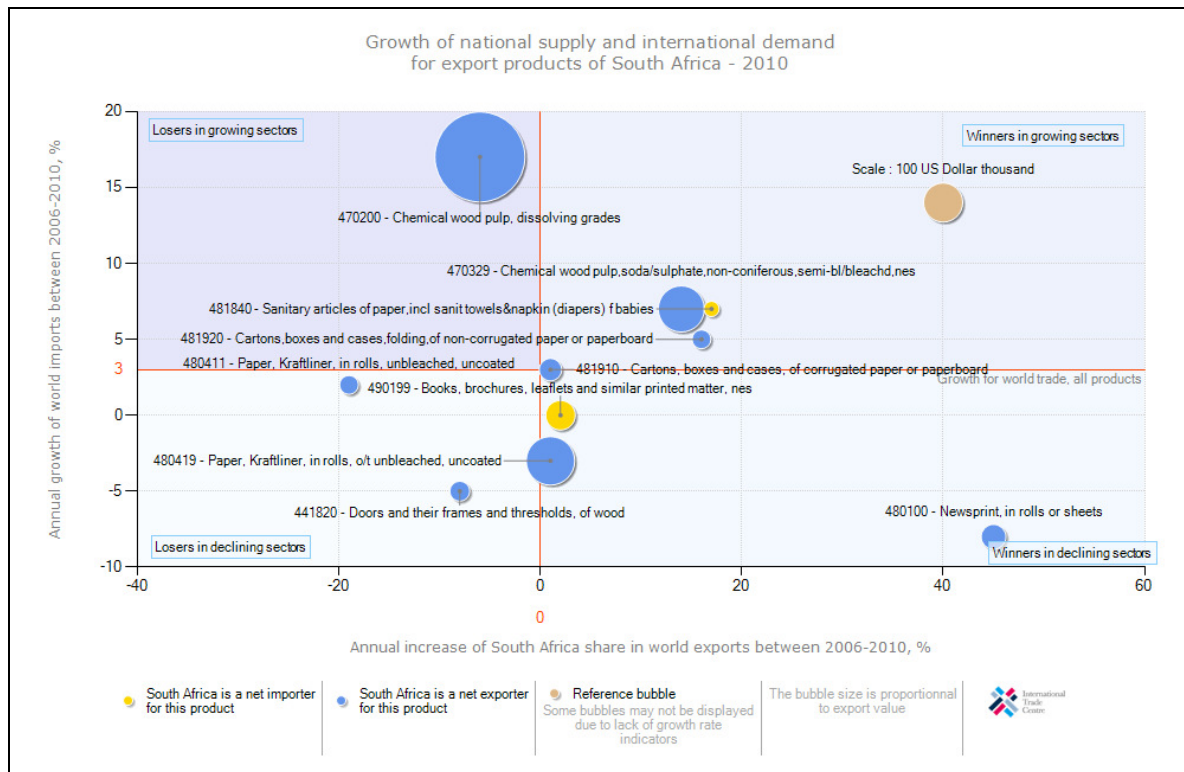


Figure 11: Export performance of forestry from 2006 to 2010.

Source: International Trade Centre, 2011