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Strategic positioning of South African Agriculture in dynamic global markets

INTERNATIONAL *TradeProbe*

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The ***TradeProbe*** is a joint initiative by the NAMC and the Department of Agriculture, Forestry and Fisheries Directorate International Trade. The aim of this initiative is to create knowledge of trade-related topics by discussing/reporting trade statistics, inviting perspectives from people working in related sectors, reporting on trade-related research and stimulating debate.

THIS ISSUE OF *TradeProbe* COVERS THE FOLLOWING TOPICS:

1. TRADE PROFILES

1.1 WOOL, NOT CARDED/COMBED (HS: 05101)[1]

Figure 1 presents the quarterly trends in South Africa's wool exports and imports, in value terms, from the first quarter of 2005 until the fourth quarter of 2009. Over the depicted period, the value of wool imports shows a declining trend. The value of exports however increased significantly from R161 million in the first quarter of 2005 to R530 million in the last quarter of 2009. On an annual basis the value of exports increased from R581 million in 2005 to R1.3 billion in 2009. A significant improvement in the wool trade balance can also be seen from Figure 1.

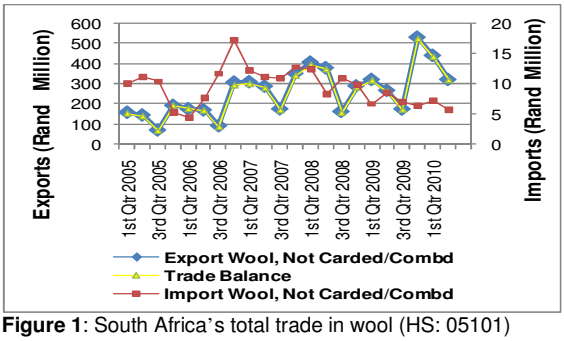

Figure 1: South Africa's total trade in wool (HS: 05101)
Source: World Trade Atlas (2010)

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

Table 1 lists the top ten world exporters of wool in 2009, expressed in value terms. The top ten exporters of wool were collectively responsible for 92.3 % of the value of world exports in 2009. The leading exporter was Australia, followed by New Zealand and South Africa, accounting for 60.0 %, 14.1 % and 6.5 % respectively of the total value of exports in 2009.

Table 1: Leading exporters of wool in 2009

Exporters	Exported value (US$ million)	Share in world exports (%)
World exports	2 366 728	100
Australia	1 420 228	60.0
New Zealand	333 549	14.1
South Africa	153 234	6.5
Germany	77 027	3.3
Uruguay	51 533	2.2
Argentina	38 082	1.6
United Kingdom	35 024	1.5
China	27 535	1.2
Belgium	25 326	1.1
Spain	22 457	0.9

Source: ITC TradeMap (2010)

Table 2 shows the top ten world importers of wool in 2009, expressed in value terms. The top ten importers accounted for 89.2 % of the value of world imports in 2009. China, India and Italy were the top three importers in 2009, accounting for 62.1 %, 7.8 % and 6.0 % respectively of the value of world imports.

Table 2: Leading importers of wool in 2009

Importers	Imported value (US$ million)	Share in world imports (%)
World imports	2 351 708	100
China	1 460 788	62.1
India	183 104	7.8
Italy	141 326	6.0
Germany	73 807	3.1
Czech Republic	55 978	2.4
Belgium	42 303	1.8
Republic of Korea	40 593	1.7
Chinese Taipei	36 247	1.5
Uruguay	33 605	1.4
Japan	31 110	1.3

Source: ITC TradeMap (2010)

Table 3 lists the leading export destinations for South Africa's wool in 2009. The top three destinations were China, India and the Czech Republic, accounting for 72.4 %, 11.3 % and 8.8 % respectively of the value of South Africa's total exports in 2009.

The top ten destinations for South Africa's wool accounted for 99.5 % of the value of South Africa's total exports in 2009. No African countries were among the top ten export destinations for South Africa's wool in 2009.

Table 3: Leading export destinations for South Africa's wool in 2009

Importers	Exported value (US$ million)	Share in South African exports (%)
Total exports of South Africa	153 234	100
China	110 951	72.4
India	17 328	11.3
Czech Republic	13 434	8.8
Italy	5 172	3.4
Germany	3 905	2.5
United States of America	506	0.3
Chinese Taipei	419	0.3
Belgium	307	0.2
Canada	215	0.1
Hong Kong (SARC)	174	0.1

Source: ITC TradeMap (2010)

1.2 TRADE PROFILE OF MAIZE (HS: 1005)[2]

World Trade

This section of the report was compiled using information gathered from TradeMap (2010) and the World Trade Atlas (2010). The world trade information relating to leading importers and exporters comes from TradeMap and is presented in US$; while South Africa's trade information comes from the World Trade Atlas and is presented in Rand values.

Table 4 presents the top ten world exporters of maize in 2009, expressed in value terms measured in US$ thousands. The top ten exporters of maize accounted for 91 % of the value of world exports in 2009. This gives a clear indication that the world export of maize is concentrated in a few countries.

The leading exporters were the United States of America (USA), France and Argentina, accounting for 51.9 %, 10.6 % and 9.2 % respectively of the total value of exports during 2009. Collectively these countries accounted for 72 % of the value of world exports in 2009.

Notably, South Africa is the only African country on the list of world leading exporters of maize. South Africa is ranked sixth, accounting for a 2.6 % share in the value of world exports in 2009.

Table 4: Leading exporters of maize in 2009

Exporters	Exported value (thousand)	Share in world exports (%)
World exports	17 496 525	100
United States of America	9 086 407	51.9
France	1 852 288	10.6
Argentina	1 612 532	9.2
Brazil	1 302 150	7.4
India	532 782	3.0
South Africa	450 114	2.6
Romania	344 763	2.0
Serbia	288 129	1.6
Thailand	243 644	1.4
Paraguay	239 464	1.4

Source: ITC TradeMap (2010)

Table 5 indicates the leading importers of maize in 2009, expressed in value terms measured in US$ million. The value of world imports in 2009 amounted to $16 billion, down by almost half from 2008 values.

The top three importers of maize were Japan, the Republic of Korea and Mexico, accounting for 24 %, 11 % and 9 % respectively. It is important to note that Morocco is the only African country on the list, accounting for a 2 % share of world imports. The five largest importers contributed 54 % to the value of world imports in 2009.

Table 5: Leading importers of maize in 2009

Importers	Imported value (US$ million)	Share in world imports (%)
World Imports	15 536 820	100
Japan	3 760 884	24
Republic of Korea	1 637 985	11
Mexico	1 436 754	9
Chinese Taipei	946 331	6
Colombia	671 171	4
Germany	612 207	4
Malaysia	568 539	4
Italy	487 047	3
Canada	390 834	3
Morocco	358 032	2

Source: ITC TradeMap (2010)

South Africa's trade

Table 6 presents South Africa's leading export destinations of maize in 2009, expressed in value terms measure in Rand. South Africa's exports of maize amounted to R3.8 billion in 2009. Kenya was the largest importer accounting for 62 % of the total value of maize exported by South Africa, with a value of R2.3 billion.

Zimbabwe and Zambia were the second and third largest export markets of maize from South Africa, with values of R615 million and R193 million respectively. The five largest importers of South African maize represented 90 % of the total value of exports.

[2] This article was compiled by Ms Heidi Phahlane, Mr Bonani Nyhodo and Mr Nico Scheltema (NAMC).

Table 6: South Africa's leading export destinations of maize in 2009 (value)

Importers	Exported value (R million)	Share in South African exports (%)
Total exports of South Africa	3 819	100
Kenya	2 385	62
Zimbabwe	615	16
Zambia	193	5
Mozambique	169	4
Philippines	107	3
Mauritania	69	2
Iran	60	2
Tanzania	55	1
Malawi	34	1
Senegal	20	1

Source: World Trade Atlas (2010) and own calculations

South Africa's major markets

It is of importance to look at the leading export markets of South African maize. This gives an indication of competition in such markets; the higher the concentration of countries in the top ten list of leading exporters, the higher the intensity of competition.

Note that the figures from the different sources of information used may not be directly reconcilable. Further, it is important to note that the level of competition in the Kenyan market is assessed using 2008 figures, as the TradeMap does not yet have the 2009 data for Kenya. With regards to Zimbabwe, the only difference is the source of the figures and the exchange rate in terms of value.

South Africa did not export maize to the leading world importers of maize. A possible reason for this could be attributed to the closer distances between the leading world importers and other leading exporters of maize; thereby lowering South Africa's competitiveness in these markets.

~ Kenya

Table 7 lists the top ten leading exporters of maize to Kenya in 2008, expressed in value terms. The top three leading exporters were South Africa, India and Uganda, accounting for 84 %, 8 % and 3 % respectively. Three countries listed form part of the world's ten leading exporters of maize.

Table 7: Leading exporters of maize to Kenya in 2008 (values)

Exporters	Exported value (US$ thousands)	Share in Kenyan imports (%)
Total imports of Kenya	96 261	100
South Africa	80 445	84
India	7 270	8
Uganda	2 987	3
Zambia	2 537	3
Tanzania	2 293	2
USA	445	1
Italy	152	0.2
Argentina	112	0.1
United Arab Emirates	20	0.02
United Kingdom	1	0.001

Source: ITC TradeMap (2010)

~ Zimbabwe

South Africa provides 91 % of all maize imported to Zimbabwe, with the second and third largest suppliers being Zambia and Mozambique, supplying 6.85 % and 1.09 % respectively. In terms of value, none of the leading maize exporters supplied to this market (see **Table 8**).

Table 8: Leading exporters of maize to Zimbabwe in 2008 (value)

Exporters	Exported value (US$ thousands)	Share in Zimbabwean imports (%)
World	104 894	100.00
South Africa	95 233	90.79
Zambia	7 188	6.85
Mozambique	1 139	1.09
United Kingdom	825	0.79
Malawi	352	0.34
Saudi Arabia	120	0.11

Source: ITC TradeMap (2010)

2. OVERVIEW OF FRUIT IMPORTS INTO SOUTH AFRICA[3]

South Africa is one of the fastest growing fresh fruit markets in the world. While it is a large fruit producer in its own right, imports of fruit have increased at an annual average rate of 8 % and 25 %, measured in quantity and value terms respectively, over the past ten years.

The South African fresh fruit market is developing rapidly at both the wholesale and retail level, driven by rapidly growing middle class consumer numbers. According to South African Advertising Research Foundation (SAARF) and AC Nielsen, approximately 49 % of the country's population has a socio-economic status of middle class and 33 % has a socio-economic status of high class.

SAARF further explains that the migration of South African consumers from low to middle class has been very strong in the past five years. Between 2004 and 2009, consumer mobility from low class to middle class increased by 49 %; and from middle class to high class by 46 %.

The improvement in consumers socio-economic status resulted in more consumers becoming health conscious, subsequently stimulating demand for healthy products such as fruit and vegetables. The purpose of this section is to evaluate the growth trends in South African fruit imports and explain the important factors that are behind this growth.

Figure 2 shows a declining trend in South African fruit imports between 2000 and 2002. This decline can be attributed to a weak Rand during this period. As from 2004, overall fruit imports grew exponentially, largely due to a strengthening Rand and expansion in the formal retail sector.

[3] This article was compiled by Mr Sifiso Ntombela (NAMC).

The evolution of supermarkets can be largely attributed to rapid urbanisation, rising urban incomes as well as trade liberalisation. The spread of supermarkets to new areas, coupled with growing consumer purchasing power, has created a market for fresh fruit throughout the year.

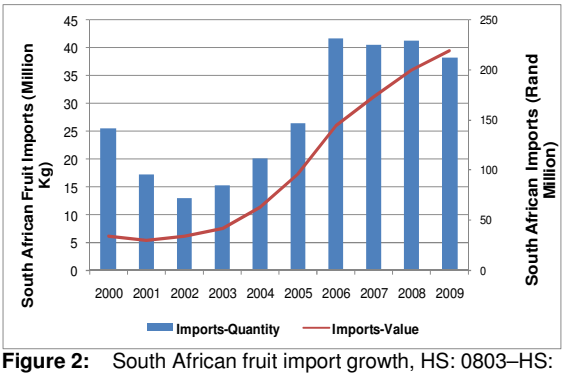

Figure 2: South African fruit import growth, HS: 0803–HS: 081; 1999–2009
Source**:** SARS (2009)

Figure 3 indicates growth trends of individual fruit imports into South Africa. In 2009, banana fruit, including plantains (HS: 0803), contributed 42 % of total South African fruit imports, up from 8 % in 1999.

Figure 3 further shows that imports of citrus (HS: 0805) experienced a declining trend as a result of local citrus production increasing significantly. While citrus imports declined from 18 676 tons in 2000 to 3 463 tons in 2009, local production has increased from 1.711 million tons in 2000 to 2.185 tons in 2009.

Other fruit types showed a marginal increase in imports (i.e. HS: 0806-grapes, HS: 0808-pome fruit and HS: 0810-other fruit). Imports of exotic fruit (HS: 0804) and subtropical fruit (HS: 0809) showed strong growth in imports, although from a low base.

Imports of exotic fruit are currently growing at an average rate of 10 %, while subtropical fruit are growing at an average rate of 49 % year-on-year. South African consumers are showing an increasing interest in exotic fruit consumption, based on these fruits inherent health benefits relating to antioxidant and energising properties.

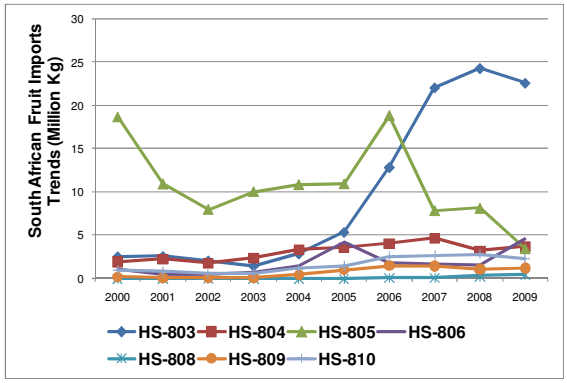

Figure 3: South African fruit import growth per fruit type, 1999–2009
Source**:** SARS (2009)

Table 9 presents the countries that exported fruit to South Africa and their market share in South Africa. The table further demonstrates growth of imports of fruit into South Africa from these countries over the past ten years. Mozambique and Zimbabwe are the main suppliers of bananas, pineapples and other fruit kinds, and together they represent 48 % of the share of fruit imports. There was a significant drop in the market of Zimbabwe. Spain is the third largest supplier of fruit in South Africa in 2009, mainly supplying deciduous and citrus fruit during the off-season period. Fruit imports from Sri Lanka and Israel are declining as these countries shifted their focus to developed markets with shorter distances to move fruit.

Table 9: Main fruit exporters into South Africa and market share

Exporting country	1999		2009		Growth percentage
	Imported quantity (kg)	Share in SA imports	Imported quantity (kg)	Share in SA imports	
Word	23 718 285	100 %	54 205 518	100 %	129 %
Mozambique	504 407	2 %	19 327 646	36 %	3732 %
Zimbabwe	8 205 971	35 %	6 355 333	12 %	-23 %
Spain	36 144	0 %	3 944 264	7 %	10813 %
Indonesia	1 249 421	5 %	3 046 512	6 %	144 %
United States	757 222	3 %	2 764 792	5 %	265 %
Turkey	841 886	4 %	2 316 931	4 %	175 %
China	618 329	3 %	1 806 512	3 %	192 %
Vietnam	-	0 %	1 799 438	3 %	100 %
Israel	1 088 951	5 %	1 722 892	3 %	58 %
Sri Lanka	2 240 632	9 %	725 958	1 %	-68 %

Source**:** World Trade Atlas (2010)
Note: Includes nuts (HS: 0801 and HS: 0802)

3. SOUTH AFRICA'S AGRICULTURAL TRADE PERFORMANCE DURING THE FOURTH QUARTER OF 2009[4]

The purpose of this section is to provides brief overview of the status of South Africa's agricultural trade performance on a quarterly and yearly basis.

Overview of South Africa's total agri-food trade performance in the fourth quarter of 2009

Exports declined in value from R12.6 billion in the third quarter of 2009 to R10.0 billion in the fourth quarter of 2009. This represents a 20 % decline when compared with the previous quarter of the same year, and a 10 % decline when compared with the corresponding quarter of the previous year.

Total agri-food imports increased from R8.9 billion in the third quarter of 2009 to R9.5 billion in the fourth quarter of 2009. This translates into growth of 7 % from the previous quarter of the same year, but a 16 % decline when compared with the corresponding quarter of the previous year.

Declining agricultural exports combined with increasing imports resulted in a weakening of South Africa's agricultural trade balance by 87 %, from R3.7 billion in the third quarter of 2009 to R0.5 billion in the fourth quarter of 2009. South Africa remained a net exporter of agri-food products.

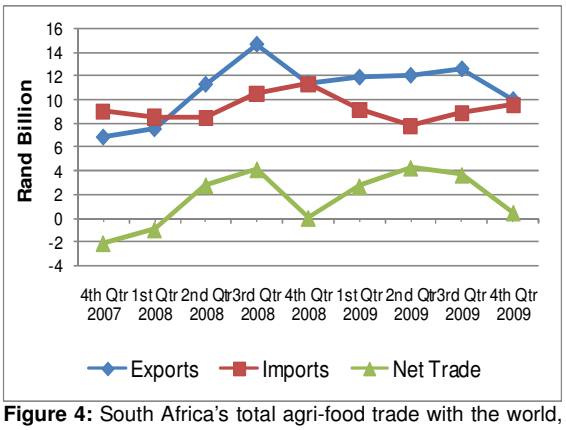

Figure 4: South Africa's total agri-food trade with the world, 2007–2009
Source: World Trade Atlas (2010)

Overview of South Africa's primary agricultural products trade performance

South Africa's primary agricultural exports to the world declined significantly in the fourth quarter (R3.7 billion) from R5.8 billion in the third quarter of 2009. When compared with exports of the same quarter in the previous year, this represents a fall of 38 % from R5.9 billion.

Primary agricultural imports also declined from R2.0 billion to R1.8 billion from the third quarter to the fourth quarter of 2009. This accounted is an 11 % decline when compared with the previous quarter of the same year, and a 17 % decline when compared with the corresponding quarter of the previous year. The trade surplus declined from R3.9 billion in the third quarter of 2009 to R1.9 billion in the fourth quarter of 2009. South Africa maintained its status as a net exporter of primary agricultural products in 2009.

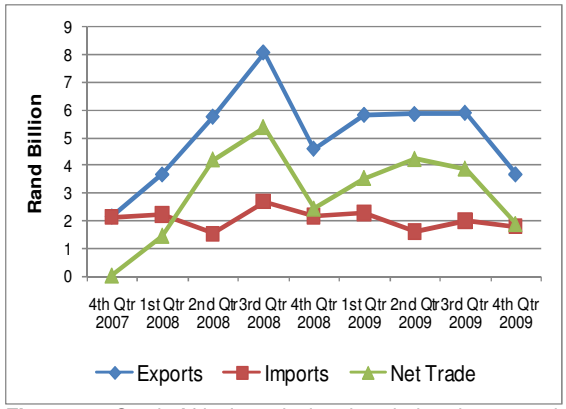

Figure 5: South Africa's agricultural trade in primary products, 2007–2009
Source: World Trade Atlas (2010)

Overview of South Africa's processed agricultural products trade performance

Although exports of processed agricultural products have increased over the past several quarters from approximately R4 billion in the first quarter of 2008 to just over R6 billion in the fourth quarter of 2009, imports have continued to dominate the processed agricultural trade basket. South Africa remains a net importer of processed agricultural products. Processed exports declined from R6.7 billion in the third quarter of 2009 to R6.4 billion in the fourth quarter of 2009.

Processed agricultural imports continued to rise from R6.9 billion in the third quarter of 2009 to R7.8 billion in the fourth quarter of 2009. The trade balance deficit worsened from -R0.2 billion in the third quarter of 2009 to -R1.4 billion in the fourth quarter of 2009.

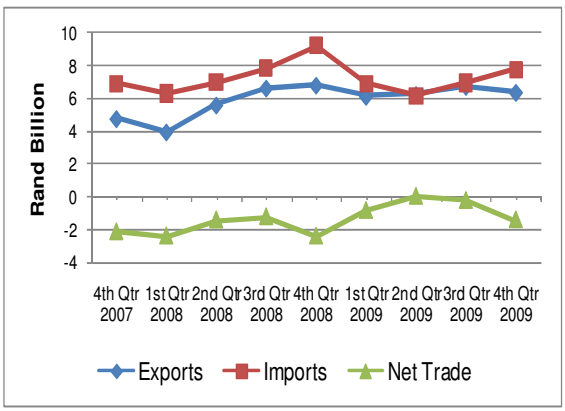

Figure 6: South Africa's agricultural trade in secondary products, 2007–2009
Source: World Trade Atlas (2010)

[4] This article was compiled by Mr. Sam Legare (of DAFF)

Analysis of South Africa's major agricultural export markets and product drivers during the periods 2008 and 2009

~ Export market analysis at country level during 2008 and 2009

The **United Kingdom** was the number one export destination for South Africa's agri-food products by value in 2009. South Africa's exports to the United Kingdom remained fairly stable at an around R4.7 billion in 2008 and 2009. The top five agri-food products that South Africa exported to the United Kingdom during 2009 were grape wines, apples, grapes, oranges and mandarins (for more information see **Table 11**.

The **Netherlands** was the number two export destination for South Africa's agri-food products by value in 2009. This follows a 1 % decline in South Africa's agricultural market share in the Netherlands between 2008 and 2009. South Africa exported agri-food products to the value of R4.6 billion in 2009. The top five agri-food products that South Africa exported to the Netherlands in 2009 were grapes, oranges, grape wines, pears and plums.

Zimbabwe was South Africa's top African export destination for agri-food products by value during 2008 and 2009. South Africa's agri-food exports to Zimbabwe amounted to R3.7 billion and R3.5 billion respectively during 2008 and 2009. Zimbabwe's share in South Africa's total agri-food exports to the world remained constant at 8 % between 2008 and 2009. South Africa's top five agri-food exports to Zimbabwe in 2009 were maize, sunflower seeds and oils, maize meal, maize seeds and wheat.

Kenya was South Africa's fourth largest agri-food export destination in 2009. This follows a dramatic increase in South Africa's agricultural exports to Kenya, from R1.1 billion in 2008 to R2.8 billion in 2009. The main products driving this growth were maize, oil seeds meals and flours, apples and sugar.

Mozambique was South Africa's fifth largest agri-food export destination in 2009. South Africa's total agricultural exports to Mozambique declined by 5 %, from R2.2 billion in 2008 to R2.1 billion in 2009. South African agri-food exports to Mozambique also declined from 5 % to 4 % between the 2008 and 2009. The major products exported in 2009 were sugar, maize and food preparations.

Table 12 provides an indication of South Africa's growing agricultural export markets and products between 2008 and 2009.

From the top ten export markets presented in **Table 12**, Kenya, China and the United Arab Emirates showed the highest growth for exports by South Africa. Exports of maize, maize meal and apples were the three major agri-food products driving South Africa's growth in Kenya. Mozambique, the Netherlands and Zimbabwe were the three import markets that registered the highest negative growth during the period.

Table 11: South Africa's top ten major agri-food export markets and product drivers by value in 2008 and 2009

Year 2008 (Q1–Q4/2008)			Year 2009 (Q1–Q4/2009)			
Major export markets	**Share in SA total agric exports**	**Export value (R' million)**	**Major export markets**	**Share in SA total agric exports**	**Export value (R' million)**	**Top 3 products exported into major markets**
Netherlands	11 %	4810	UK	10 %	4736	Grape wines, apples, and grapes
UK	11 %	4772	Netherlands	10 %	4563	Grapes, oranges, and grape wines
Zimbabwe	8 %	3699	Zimbabwe	8 %	3545	Maize, sunflower seeds and oils, and maize meal
Mozambique	5 %	2190	Kenya	6 %	2795	Maize, sugar, and oil seeds meals and flours
Germany	4 %	1901	Mozambique	4 %	2071	Sugar, maize, and food preparations
Zambia	4 %	1801	Germany	4 %	1896	Grape wines, grapes, and edible meat
USA	3 %	1516	USA	3 %	1571	Grape wines, oranges, and ethyl alcohol
Angola	3 %	1490	Angola	3 %	1447	Mineral waters, sugar, and whiskies
Japan	3 %	1395	United Arab Emirates	3 %	1428	Oranges, soybean, and lemons
United Arab Emirates	2 %	1117	China	3 %	1260	Wool, sheep or lamb skins, and grape wines

Source: World Trade Atlas (2010)

Table 12: South Africa's growing agricultural export markets and products during the 2008 and 2009 seasonal years

Growing export markets			Top 3 products driving total export growth and their individual growth		
Ranking	**Growing markets**	**Total exports growth**			
1	Kenya	165 %	Maize (295 %)	Maize meal (127 %)	Apples (39 %)
2	China	31 %	Cotton (385 %)	Wool (65 %)	Hides & skins (41 %)
3	United Arab Emirates	28 %	Chocolate & cocoa (627 %)	Tobacco (224 %)	Grapes (136 %)
Shrinking export markets			**Top 3 products driving total import shrinkage and their individual shrinkage**		
Ranking	**Shrinking markets**	**Total import shrinkage**			
1	Mozambique	-5 %	Maize Meal (-87 %)	Sugar (-42 %)	Maize (-41 %)
2	Netherlands	-5 %	Lemons (-46 %)	Meat (-38 %)	Oranges (-24 %)
3	Zimbabwe	-4 %	Maize (-82 %)	Beans (-63 %)	Rice (-22 %)

Source: World Trade Atlas (2010)

~ Export market analysis at product level during 2008 and 2009

Edible fruit and nuts remained South Africa's major agri-food exports by value in both 2008 and 2009. Exports of this product category experienced a slight increase from R13.2 billion in 2008 to R13.6 billion in 2009, i.e. 3 % growth. Much of this increase was due to an increase in exports of grapes, pears, peaches, plums and macadamia nuts to the European Union. The share of this product category in South Africa's total agri-food exports remained firm at 29 % during 2008 and 2009.

Beverages, spirits and vinegar were South Africa's second major agri-food export category by value in both 2008 and 2009. Exports of this product category remained firm at R8.6 billion. The share of this category in South Africa's total agri-food exports also remained firm at 19 % during both years. Major products exported by South Africa under this product category were grape wines to the United Kingdom, Germany and the Netherlands and to a lesser extent the USA.

Cereals remained South Africa's third leading agri-food export product by value during both 2008 and 2009. The share of cereals in South Africa's total agri-food exports declined from 13 % in 2008 to 9 % in 2009. This was mainly caused by seasonal variation in production which led to a decrease in exports of maize mostly to Zimbabwe and wheat to Zambia.

South Africa's exports of **Sugar** increased from R2.1 billion in 2008 to R3.4 billion in 2009. Sugar became South Africa's fourth leading agri-food export by value in 2009, after ranking fifth in 2008. Sugar accounted for 5 % and 7 % of the export share in 2008 and 2009, respectively. Much of this increase was due to an increase in exports of refined sugar, mainly to Mozambique, and to a lesser extent Kenya and Angola. Increases in exports of raw sugar to Angola, Japan and Zimbabwe were also significant.

Exports of **Preserved Food** weakened slightly to rank fifth in South Africa's total agricultural exports by value in 2009, after ranking fourth in 2008. Exports of this product category grew by 5 % in 2009, but shares and value remained stagnant at 7 % or R3.2 billion during the 2008 and 2009. Major products exported by South Africa under this product category were prepared peaches, fruit and vegetable juices, prepared pears and prepared apricots; to the United Kingdom, Germany, Japan and the United States of America.

~ Export market analysis at regional level during 2008 and 2009

South Africa's total agri-food exports to the **EU-27** decreased by 6 % from R17 billion to R15.9 billion during 2008 and 2009. The EU's share from 2008 to 2009 in South Africa's total agri-food exports to the world also declined from 38 % to 34 %. Major products exported by South Africa to the EU during this period were grapes, grape wines, oranges, lemons, avocados and apples; mainly to the Netherlands and the United Kingdom. The value of exports of lemons, oranges and avocados declined by 30 %, 23 % and 20 % respectively between 2008 and 2009.

South Africa's total agricultural exports to **SADC** declined by 7 % from R10.7 billion to R9.9 billion between 2008 and 2009. Major products exported by South Africa to this region were maize, wheat, sugar, maize meal, sunflower seeds or oils and mineral waters. These products were mainly exported to Zimbabwe, Kenya, Mozambique, Zambia and Angola. Exports of maize to Zimbabwe and wheat to Zambia suffered the most; declining with 82 % and 93 % respectively between 2008 and 2009.

Analysis of South Africa's agri-food import markets and products performance during the 2008 and 2009 seasonal years

~ Import market analysis at country level during the 2008 and 2009

Argentina ranks as South Africa's number one import market for agri-food products in both 2008 and 2009. However, imports from Argentina declined by 28 % between 2008 and 2009 and its share in South Africa's total agricultural imports from the world decreased by 4 % from 18 % in 2008 to 14 % in 2009. A fall in total imports from Argentina was due to a decrease in imports of soybean oils and wheat in the second and third quarters of 2009 (see **Table 13**).

Although South Africa's total agri-food imports from **Brazil** declined by value from 2008 to 2009, Brazil's share in South Africa's total agri-food imports increased by 1 % from 9 % in 2008 to 10 % in 2009. Imports of tobacco and rice rose exponentially whilst imports of chicken and soybean oils declined slightly between the 2008 and 2009.

Despite a decline in South Africa's total agri-food imports from **Thailand** between the 2008 and 2009, Thailand remained South Africa's third largest import market by value during both years. Its share in South Africa's total agri-food imports from the world also declined by 1 % from 9 % in 2008 to 8 % in 2009. Analysis further shows that Thailand has become South Africa's largest import market for rice, contributing to more than 90 % of South Africa's total imports of rice. Rice also contributes approximately 90 % of South Africa's total agri-food imports from Thailand.

South Africa's agri-food imports from **China** increased by 23 % from R1.7 billion in 2008 to R2.1 billion in 2009. China's share in South Africa's total agri-food imports from the world also increased by 2 % from 4 % in 2008 to 6 % in 2009. China became South Africa's fourth largest import market by value in 2009, after being ranked as seventh in 2008. The main products driving this growth were kidney beans, rice, and to a large extent apple juice, which increased by 65 % during the period under consideration.

South Africa's total agri-food imports from **Germany** increased significantly from R1.4 billion to R2.1 billion between 2008 and 2009. Germany's share in South Africa's total agri-food imports from the world also increased from 4 % to 6 % during the same period. This trend was mostly driven by an increase in imports of wheat and swine meat, which increased by 130 % and 190 %.

None of the **African** countries featured in South Africa's top ten import markets by value in both 2008 and 2009.

Table 14 provides an indication of South Africa's growing and shrinking agri-food import markets and products during the 2008 and 2009, out of the top ten import markets analysed above.

Table 13: South Africa's top ten major agri-food import markets and product drivers by value in the 2008 and 2009 seasonal years (millions of RSA Rand)

Year 2008 (Q1–Q4/2008)			Year 2009 (Q1–Q4/2009)			
Major import markets	**Share in SA total agric imports**	**Import value**	**Major import markets**	**Share in SA total agric imports**	**Import value**	**Top 3 products imported from major markets**
Argentina	18 %	6977	Argentina	14 %	5055	Soybean oils, wheat, and sunflower seeds and oils
Brazil	9 %	3623	Brazil	10 %	3477	Chicken cuts, tobacco, and rice
Thailand	9 %	3460	Thailand	8 %	3008	Rice, starches, and other cereals
USA	7 %	2573	China	6 %	2118	Kidney and white pea beans, animal guts, and rice
Malaysia	6 %	2104	Germany	6 %	2113	Wheat, swine meat, and food preparations
UK	5 %	2042	UK	5 %	1830	Whiskies, rum and tafia, and food preparations
China	4 %	1727	Netherlands	5 %	1746	Malt beer, dog and cat food, and food preparations
Indonesia	4 %	1614	Malaysia	4 %	1549	Palm oil, edible fats and oils, and vegetable fats and oils
Netherlands	4 %	1472	USA	4 %	1432	Food preparations, whiskies, and wheat
Germany	4 %	1411	Indonesia	4 %	1270	Palm oil, coffee, and tobacco

Source: World Trade Atlas (2010)

Table 14: South Africa's growing and shrinking agri-food import markets and products during the 2008 and 2009 seasonal years

Growing import markets			Top 3 products driving total import growth & their individual growth		
Ranking	**Growing markets**	**Total import growth**			
1	Germany	50 %	Swine Meat (190 %)	Wheat (130 %)	Tobacco (59 %)
2	China	23 %	Rice (137 %)	Cigarettes (98 %)	Apple Juice (65 %)
3	Netherlands	19 %	Malt beer (93 %)	Vegetable seeds (28 %)	Bulbs & tubers (26 %)
Shrinking import markets			**Top 3 products driving total import shrinkage & their individual growth**		
Ranking	**Shrinking markets**	**Total import shrinkage**			
1	USA	- 44 %	Wheat (-89 %)	Lactose (-61 %)	Animal guts (-52 %)
2	Argentina	- 28 %	Wheat (-78 %)	Soybean oils (-65 %)	Peanuts (-53 %)
3	Malaysia	- 26 %	Cocoa (-48 %)	Palm oil (-37 %)	Animal feed (-31 %)

Source: World Trade Atlas (2010)

~ Import market analysis at product level during 2008 and 2009

Although imports of **Cereals** declined by 19 % between 2008 and 2009, cereals still ranked as South Africa's top agri-food import product by value in 2009 as was the case in 2008. Cereal imports decreased from R7.9 billion in 2008 to R6.4 billion in 2009. Much of this decrease was due to the reduction in imports of wheat from the USA and Argentina. Cereals represented a 20 % and 18 % share respectively in South Africa's total agri-food imports in 2008 and 2009.

Animal or vegetable fats and oils declined by 30 % between the 2008 and 2009. However, the share of this product category in South Africa's total agri-food imports increased from 17 % in 2008 to 18 % in 2009. Major products imported by South Africa under this product category were palm oils, sunflower seeds or oils and soybean oils. These products were mostly imported from Asian countries, such as Indonesia and Malaysia.

Beverages, spirits and vinegar were South Africa's third leading agri-food import by value in both 2008 and 2009. Imports of this category grew by 5 % from R3.6 billion in 2008 to R3.8 billion in 2009. Much of this increase was due to an increase in imports of malt beer from the Netherlands, which grew by 93 % between 2008 and 2009. Imports of this product category accounted for a 9 % and 11 % share respectively in South Africa's total agri-food imports in 2008 and 2009.

Food residues and waste ranked fourth in South Africa's total agri-food imports by value in both the 2008 and 2009. The value of imports of this product category declined by 5 % from R3.6 billion in 2008, to R3.5 billion in 2009. This negative trend was mainly driven by a decrease in imports of soybean oilcake residues from Argentina as well as animal feeds from Malaysia.

Meat and edible meat offal ranked fifth in South Africa's total agri-food imports by value in 2009, after ranking fourth in 2008. Imports of this product group rose by 1 %, remaining at approximately R2.5 billion during both 2008 and 2009. This increase was mainly driven by increased imports of swine meat from Brazil; and to a lesser extent, chicken offal from Argentina and Brazil.

~ Import market analysis at regional level during 2008 and 2009

South Africa's total agri-food imports from **Asia** decreased by 11 % from R11.4 billion in 2008 to R10.2 billion in 2009. Asia's share in South Africa's total agri-food imports from the world also showed a slight decrease, remaining at more or less 29 % in both 2008 and 2009. This decline was mainly driven by decreased imports of palm oil from Indonesia, coffee from Malaysia as well as rice from Thailand.

South Africa's total agri-food imports from the **EU** reported an increase from R8.9 billion in 2008 to R9.6 billion in 2009, leading to an import growth of 8 % between 2008 and 2009. The EU's share in South Africa's total agri-food imports from the world increased from 23 % in 2008 to 27 % in 2009. This increase was to a large extent driven by increased imports of wheat from Germany and malt beer from the Netherlands.

South Africa's total agri-food imports from the **MERCUSOR** region declined by 18 % from R11.0 billion in 2008 to R9.1 billion in 2009. This region's share in South Africa's total agri-food imports from the world also declined from 29 % to 26 % respectively between 2008 and 2009. Major products imported by South Africa from this region were soybean oils, wheat, chicken cuts and tobacco. Imports of wheat and soybean suffered the most, declining by 74 % and 56 % respectively between 2008 and 2009.

South Africa's total agri-food imports from **NAFTA** decreased by 31 % from R3.8 billion in 2008 to R2.6 billion in 2009. NAFTA's share in South Africa's total agri-food imports from the world also decreased from 10 % to 7 % respectively between 2008 and 2009. Major products that South Africa imported from NAFTA were wheat, whiskies and food preparations.

South Africa's total agri-food imports from **SADC** declined from R1.7 billion in 2008 to R1.6 billion in 2009. SADC's share in South Africa's total agri-food imports from the world remained stagnant at 5 % between

2008 and 2009. This slight decrease in imports was mainly driven by a decrease in imports of bran, tobacco and cotton, which declined by 40 %, 11 % and 5 % respectively between 2008 and 2009.

4. THE ROLE OF THE FRUIT INDUSTRY IN THE SOUTH AFRICAN AGRICULTURAL SECTOR[5]

~ Introduction

Agriculture is a very large and diverse sector in South Africa. It contributes almost 3 % of the country's Gross Domestic Product (GDP) and accounted for almost 10 % of the country's formal sector employment in 2008 (Tregurtha & Vink, 2008). The agricultural sector is comprised of three sub-sectors, namely livestock, field crops and horticulture. As a large part of South Africa's land is unsuitable for cultivation, livestock accounts for the largest share of production, followed by field crop production and horticulture (Vink & Van Rooyen, 2009).

Horticulture, however, is becoming an increasingly important sector, driven by factors such as improving educational standards, retail evolution and rising consumer income. The horticultural sub-sector has increased its share of output in total agricultural production from 16.2 % in the 1970s to 26 % in 2006. Woolverton et al (2010) attribute the increasing importance of the horticultural sub-sector in South Africa to the rising consumer income and retail sector growth. Income growth among consumers tends to stimulate consumers replacing staple foods with more expensive sources of calories, such as fruit and vegetables; which subsequently increases the demand for horticultural products.

The purpose of this section is to highlight the importance and contribution of the horticultural sub-sector, particularly the fruit industry, to the country's economy. This is measured in terms of export growth (i.e. foreign earnings) and employment creation. Primary data from respective fruit industries was used to analyse the performance of each industry from 2000 to 2010. Secondary data (at HS: Code 4) from the World Trade Atlas was also used to analyse the fruit industry's performance in terms of trade. The remainder of this section is structured in the following manner: The following sub-section provides background information on the South African fruit industry and policy environment created since 1994. The next sub-section measures the importance of the fruit industry by using macro-economic indicators. The last sub-section provides concluding remarks.

~ Background information on the South African fruit industry

From its birth in the 1800s, the fruit industry has become an important contributor to the South African economy; both directly through foreign earnings from this predominantly export-based industry, and indirectly through the creation of employment and socio-economic improvement of the poor. The South African fruit industry is comprised of three main sub-industries, namely citrus fruit, deciduous fruit and sub-tropical fruit.

Deciduous fruit is the largest sub-sector when measured in terms of area under plantation (i.e. hectares). In 2009, over 74 757 hectares of land carried deciduous fruit trees (DFPT Tree Census, 2009). The Western Cape is the traditional producer of deciduous fruit. However, in the past two decades, the Northern Cape and Limpopo provinces have increasingly become important producers of early deciduous fruit.

Citrus fruit is the second largest sub-sector in terms of land area covered. Citrus fruit currently has 58 101 hectares of land carrying citrus trees; with Limpopo, the Eastern Cape and Mpumalanga provinces being the largest producers of citrus fruit (Citrus Tree Census, 2009). The trio accounts for over 72 % of total citrus production in the country.

Subtropical fruit is the smallest sub-sector, with only 35 000 hectares carrying subtropical trees in 2009 (Subtrop Tree Census, 2009). Limpopo, KwaZulu-Natal and Mpumalanga provinces are the main producers of subtropical fruit.

~ Policy environment in the horticultural sector

South African agricultural policy has changed significantly since 1994. Vink and Van Rooyen (2009) highlight the key policy shifts since 1994 within the agricultural sector:

Liberalisation – The replacement of direct controls over imports and exports, which began with the signing of the Marrakech Agreement of GATT in 1994. South Africa has also affirmed its position on liberalised international trade through its membership of the Cairns Group. This has had a positive impact, particularly on the fruit industry, where export volumes and value have increased on an annual average by 7.6 % and 15 % respectively from 2000 to 2009.

Deregulation – The fist attempts to regulate the horticultural industry began in 1899, when the Western Province Fruit Exporters' Association was established. The regulation of the fruit industry was eventually accomplished in 1939 with the creation of Deciduous and Citrus Fruit Boards, proclaimed in terms of the Marketing Act of 1937 (Tregurtha & Vink, 2002). The first changes toward the deregulation of marketing of agricultural products came out in the early 1970s, when control over the domestic marketing of fresh fruit was abolished and export marketing power was delegated from the Deciduous and Citrus Fruit Boards to Universal Fruit Trade (Tregurtha & Vink, 2002). In 1998, the Fruit Control Boards set up in the 1930s were abolished in the terms of the Marketing of Agricultural Products Act of 1996.

Export-driven growth strategies – The fruit industry have shifted toward an export-driven growth in line with the ASGISA (previously GEAR) macroeconomic strategy of the new democratic government. This strategy, together with improvement in post-harvest

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

technologies and availability of new cultivars, has promoted the exports of horticultural products.

~ The importance of the fruit industry: Performance growth 2000–2010

Figure 7 shows that the fruit industry export volumes have increased significantly over the past decade.

The classical examples of the effect of a weaker exchange rate on exports were seen in the 2002–2003 and 2007–2008 seasons, where both export volumes and export value increased by double digits on year-on-year comparisons. Specific fruit types that have contributed significantly to export growth from 2000 to 2009 include table grapes, soft citrus, grapefruit, avocados, apples and pears.

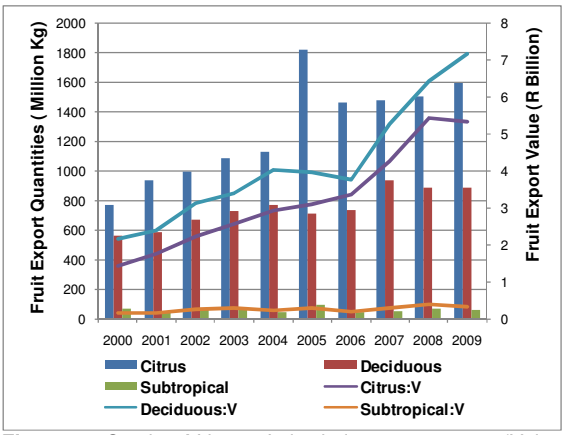

Figure 7: South African fruit industry exports (Value and Quantity trends)
Source: World Trade Atlas (2010), DFPT, SATI, Subtrop, CGA (2009) and SARS (2010)

Figure 8 reflects the main destinations for South African fruit exports. The UK and continental EU are traditional importers of South African fruit. More than 80 % of South African fruit exports are destined for the EU. Contributing factors to this inadequately diversified export market include the exchange rate effect and geographical positioning. Geographically, South Africa is favourably located to EU markets, giving the country a comparative advantage, while a weaker Rand against the Pound and Euro results in high returns for South African producers.

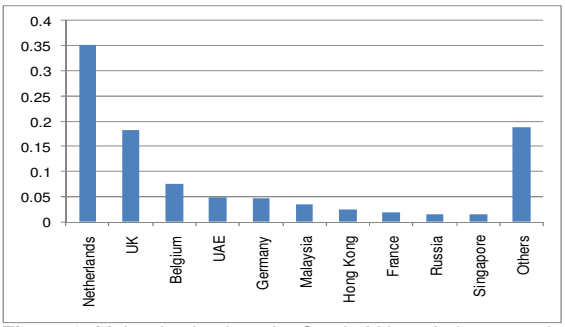

Figure 8: Major destinations for South African fruit exports in 2009
Source**:** World Trade Atlas (2010)

~ *Agricultural and fruit industry employment*

As mentioned earlier, agriculture contributed nearly 10 % to the country's formal employment in 2008. Of this 10 %, roughly 19 % is created by the fruit industry. According to industry surveys, the deciduous, citrus and subtropical sub-sectors employed 101 561, 100 000 and 13 100 people respectively in 2009 (see **Figure 9**). The employment patterns within the fruit industry have shifted from permanent employment toward seasonal employment, largely due to the rising cost of labour. Fruit producers attempt to reduce the cost of labour by only employing a small number of farm workers on a permanent basis. The bulk of employees are employed on a seasonal basis, and they are required during critical farming activities, such as pruning and harvesting periods.

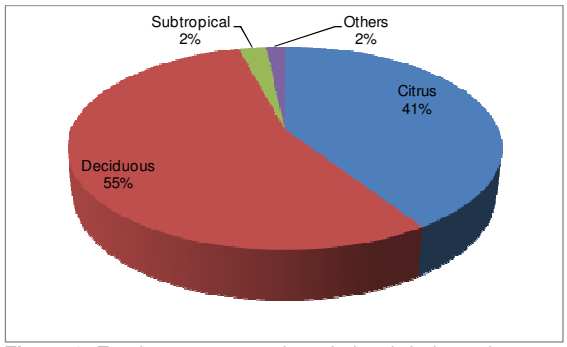

Figure 9: Employment created per fruit sub-industry in 2009
Source**:** Citrus, Deciduous and Subtropical Labour Surveys (2009)

~ Conclusion

The horticultural sub-sector is expected to expand in the near future, driven by growth in consumer income, growing consumer awareness of the health benefits of eating fruit and the relatively high rate of urbanisation in South Africa and the rest of the world. The increasing global demand for horticultural products translates into more employment creation and foreign earnings for South Africa. However, the continuous increase of production and export costs will have a negative impact on farm profitabilty; which could subsequently result in a stagnating or declining industry.

5. CLIMATE CHANGE AND THE FRUIT AND WINE INDUSTRY[6]

In this section a collaborative project between the fruit and wine industries in South Africa is discussed briefly. The project is the first steps at addressing issues related to climate change as it pertains to these industries.

~ About the project

The project was initiated in August 2008 and is funded by the UK Department for International Devel-

[6] This article was compiled by Ms Shelly Fuller (Genesis Analytics). Project Manager: Confronting Climate Change - Fruit & Wine Industry Initiative

opment (DFID)[7] and local government and industry bodies[8]. Originally, the driving force behind the project was the market pressure by international retailers wanting to reduce the carbon footprint of the products they sell. The retailers' mandatory emission reduction requirements filter through their supply chains. In the past few years, this pressure is increasingly felt in South African fresh produce industries.

As the project developed, however, additional driving forces included the inconsistent electricity supply, increasing electricity and fuel prices, and the expansion of the national government's environmental policy programmes implemented to develop South Africa through a low carbon economy. These drivers have been squeezing the already tight profit margins of producers and exporters alike, causing many to assess how they do business and to adjust their production practices in order to cut both financial and environmental costs. The *Confronting Climate Change* initiative is aimed at assisting this process through the provision of a standard methodology tool.

The project has three main components:

Information resource – This includes various information publications, workshops and presentations, and the development of an information portal through the project's website (www.climatefruitandwine.co.za). These resources aim to provide a platform for the industry to become informed and empowered, and to engage within and across the industry in a collaborative way.

An industry-wide protocol standard and carbon calculator tool – This is a simple to use, freely available tool that is specifically calibrated for the South African fruit and wine industry stakeholders and provides baseline information for assessing the carbon emissions throughout the supply chain. The industry standard ensures that all industry users are utilising the same methods of calibrating their carbon footprint, thereby allowing effective benchmarking comparisons.

Strategic Framework Reference document – This outlines the major risks and opportunities that have been highlighted through the research and development of the project, and distils the information in a meaningful way to the various industry stakeholder groups.

The information resources are continually being developed and distributed through the website and various industry networks. The first phase of the protocol standard and tool was launched in November 2009 and has received keen interest and support from both the local and international industries. The protocol standard and tool is currently under peer-review and will be updated following feedback. In addition, skills transfer and training workshops are planned to assist the industry stakeholders in understanding and using the tool. The Strategic Framework Reference document is currently being developed.

~ What is the initial data analysis showing us?

The benchmarking analysis is based on data from various industry representatives and aims to highlight areas within the average South African fruit and wine industry supply chain where emissions "hotspots" exist, thereby allowing the industry to prioritise emission reduction options that exist. The results from the analysis also aim to highlight key research and development areas to be promoted to assist the industry in further improving the efficiency of their production systems in adapting to climate change in the long term.

At this stage of the analysis, high level trends indicate that **electricity** is by far the greatest contributor to the industry's carbon footprint, as is the case with most carbon footprints in South Africa. This is due to the fact that Eskom, the sole electricity supplier, is coal-based and therefore emits large quantities of greenhouse gas emissions, which overshadow most other carbon footprint contributions.

Transport-related activities form the second highest contributor to the average industry carbon footprint, through the usage of **fossil-fuels**, as much of the industry's vehicles and equipment are diesel-based. **Nitrogen-based fertilisers** also prove to be significant contributors to the carbon footprint of the industry's producers, due to the high global warming potential[9] of nitrous oxide, a bi-product of the breakdown of nitrogen-based fertilisers. The production and usage of **packaging materials** was shown to contribute to the carbon footprint of both wineries and pack houses, particularly where the use of non recycled plastic packaging was concerned.

~ What does this mean?

These initial findings show that the fossil fuel based activities (electricity, diesel, fertilisers and packaging) dominate the average carbon footprint of a fruit and wine industry. These findings are to be expected, as any product that is fossil fuel based emits large quantities of greenhouse gas during both the production and use of the product. In the past, electricity and fuel prices in South Africa were well below the global values, especially for the large exporting industries, such as mining and agriculture.

These low prices meant that production systems were designed in ways that incorporated a heavy dependency on fossil fuels, thereby promoting inefficient and "dirty" technologies. Such habits are now increasingly harming the South African producers, as the prices of

[7] DFID funds the ComMark and Trademark programmes (among others), which are involved in this initiative.

[8] Post Harvest Innovations Fund, National Agricultural Marketing Council, South African Table Grapes, South African Apple and Pear Producers' Association, South African Stone Fruit Producers' Association, Citrus Research International, Citrus Growers' Association of Southern Africa, South African Avocado Growers' Association and Winetech.

[9] Global Warming Potential (GWP) is a unit of measurement that expresses a gas's heat trapping power relative to carbon dioxide over a particular time period – commonly one hundred years. The GWP of nitrous oxide is 310, meaning that one unit of nitrous oxide is equivalent to 310 units of carbon dioxide.

fuels and electricity continue to rise and the profit margins of the producers in turn continue to shrink. It is no coincidence that the elements that dominate the carbon footprint of the industry are also the inputs that are used in the largest quantities and often are the most financially expensive.

This means that improving efficiency within the production and distribution systems will result in reduction in both financial expenditure and carbon emissions. This is a win-win situation for any sustainable business model, especially considering the strength of the South African government's recent commitments to a low carbon economy. This means that although it is currently not mandatory for businesses to account for their carbon emissions, this is likely to change in the near future.

The first step to understanding how and where to improve an industry's systems is to understand the industry's baseline – **you cannot manage what you have not measured**. This is why the South African Fruit and Wine Industry has established the *Confronting Climate Change* initiative. The objective of the initiative is for the organisation to better prepare itself for the carbon constraint future, especially within a highly competitive export market, and to start investigating mitigation options sooner rather than later in order to lighten the financial implications of change over the long term.

~ What is still to come?

The project has just over a year until it reaches the end of its funding (end September 2011), and the primary focus during this time will be on extending the industry knowledge base and skills transfer platform through various publications, as well as workshops and presentation days (for more information visit www.climatefruitandwine.co.za)

6. VARIOUS KINDS OF CUSTOM DUTIES AND TARIFF AMENDMENTS APPLIED BY ITAC[10] DURING TARIFF INVESTIGATIONS[11]

The objectives of import tariff amendments are to promote, in a complementary manner, domestic production, job retention and creation, and international competitiveness.

Selective increases in customs duties are considered for the purpose of granting relief for domestic producers that may be experiencing threatening import pressures to adjust and restructure; so that in the medium to long term, these industries could become internationally competitive without any support in the form of customs duties. This is made possible by the fact that there is a difference between the applied rates and the WTO bound rates. The WTO bound rates act as a ceiling above which customs duty increases cannot go.

Tariff support is tied to conditions related to economic performance over time and is reviewed after a specified period.

Selective reductions in customs are also considered, upon application and prudent investigation, including cases where goods, (consumption goods, intermediate or capital goods) are not manufactured domestically or are unlikely to be manufactured domestically.

The tariff-setting process for agricultural products has its own unique requirements. Subsidies offered in a number of developed countries to their agricultural sectors and their impact on global supply has the effect of depressing world prices to the disadvantage of domestic farmers. This depression in world prices is factored into the equation when determining an appropriate level of the tariff.

In ITAC's investigations and recommendations, careful consideration is given to the value chain for agricultural products. Not only are the profitability and interests of primary producers taken into account, but also those of value-added producers and the possible inflationary effects for the consumers of food; in particular the poor. These different parties across the spectrum of the value chain sometimes represent sharply opposing interests.

Comprehensive criteria for adjudicating tariff applications have been set and these are consistently applied across all sectors based on information obtained through comprehensive questionnaires and on-site verifications. The adjudication process is rigorous and evidence-based, and is carried out on a case-by-case basis considering the implications for the full value chain. In light of the pressing challenge of unemployment, the criteria are applied in a manner that is sensitive to employment outcomes.

Customs tariffs can take the following forms:

- Ad valorem duties
- Specific duties
- A combination of ad valorem and specific duties
- Formula duties with reference prices
- Variable tariff formulae for selected agricultural products

Ad valorem duties are expressed as a percentage of the Free-On-Board (FOB) value of imported goods. The duty on such goods (for example 10 %) is transparent to prospective investors or importers. Specific duties, on the other hand, are more opaque. These duties are mostly expressed in Rand per kilogram or per unit.

It is difficult to assess the true level of a specific duty in percentage terms. As the tariff lines have WTO-bound ceiling rates that are in all instances expressed in percentage terms as ad valorem duties, specific duties can exceed the WTO-bound levels if they are not capped or carefully monitored. This is because the ad valorem equivalent of a specific duty varies from country to country depending on the import

[10] International Trade Administration Commission
[11] This article was compiled by Mr Thembinkosi Gamlashe and Ms Manini Mashithela (ITAC).

price, and from time to time depending on the exchange rate.

For maize, wheat and sugar, variable formulae are in place that manifest as specific duties in the tariff book changing from time to time depending on changing variables in the recommended pricing formula. For many other agricultural products, straight specific duties, or more commonly, formula duties are in place, consisting of a normal or fair reference price, above which an ad valorem percentage duty would apply, and below which, in addition to the ad valorem percentage duty, a progressive specific duty would apply.

In this latter instance, the import duty would equal the difference between the free-on-board import price and the reference price, plus the ad valorem component.

The variable tariff formulae take account of international price movements and duties, and are adjusted or triggered periodically without prior publication.

These formulae operate on the premise that South African domestic prices should equal domestic prices in developed countries, including subsidies available to producers in developed countries (world reference price), and subtract ocean transport cost to South Africa from this reference price.

This would afford South African producers a similar measure of price support compared to producers in developed countries. The difference between the current moving average global export price and the world reference price converted to Rand by the moving average R/$ exchange rate, is expressed as a specific duty to be levied on all imports. Tariff amendments are triggered by a quantum deviation in the moving average price.

In the South African Tariff Book, of a total number of approximately 6 650 eight digit tariff lines, 115 are formula or specific duties, 81 specific duties, 8 variable tariff formulae, 3 254 attract ad valorem duties, and 3 192 are free of duty.