



Trade Probe

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Trade Probe is a quarterly report produced by National Agricultural Marketing Council and the Department of Agriculture, Forestry and Fisheries. It reports and analyses agricultural products, trade performance in local and international markets. This publication is widely used by exporters and importers.

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In this issue we cover the following topics:

A trade review of the South African meat industry

Trade analysis of fertilizers

Outline of South Africa's table grapes opportunities under the SADC-EU EPA

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National Agricultural
Marketing Council
Promoting market access for South African agriculture



THIS ISSUE OF TRADE PROBE COVERS THE FOLLOWING TOPICS:

- Trade analysis of wool grease (HS:1505)
- Trade analysis of fertilisers (HS: 31)
- Trade review of the South African meat industry
- Outline of South Africa's table grape opportunities under the SADC-EU Economic Partnership Agreement
- Overview of cocoa production: Could West Africa capitalise on increased market opportunities if demand increases?

TRADE ANALYSIS OF WOOL GREASE (HS: 1505)

By Nomantande Yeki

Introduction

Wool is one of the animal products used as a raw material on a large scale in the textile industry. In South Africa, wool is one of the main earners of foreign exchange in the livestock sector. Wool plays an important economic role for South Africa, as more than 90 % of total production is exported as greasy wool or in semi-processed form. Before being exported, wool goes through a scouring process during which it is washed with detergents to remove dirt and grease (generally referred to as wool grease or wool wax or lanolin).

Wool grease is a yellow viscous animal oil extracted from wool, and it is used in some ointments and cosmetics (WRO, 2002). South Africa has over 24 million sheep, of which approximately 70 % provide wool. Thus far, the vast majority of these are merino sheep. Although sheep farms are found all over the country, the Eastern Cape and the Northern Cape provinces have the highest numbers of sheep.

Global trade overview of wool grease

The Republic of China and the European Union (EU) are the leading export destinations for South Africa's wool grease (DAFF, 2011). **Table 1** shows the world's leading importers of wool grease between 2012 and 2016, measured in thousand US dollars. World imports of wool grease decreased from US\$ 298 million in 2012 to US\$ 183 million in 2016, equivalent to a decline of about 38.5 %. In 2016, Germany was the leading importer with an estimated value of US\$ 26 million (accounting for a 14.2 % share value).

The United States of America (USA) ranked as the second largest importer of wool grease with a share value of 12.5 %, followed by Japan ranking third for both imports and exports during the period (see **Table 1** and **Table 2**). The United Kingdom (UK) and Singapore registered the biggest decrease in growth rate at 69.2 % and 57.5 % respectively. African countries were among the smallest importers of this product during the

period under review and were not among the top 10 largest importers of wool grease.

Table 1: World's leading importers of wool grease

Importers	Import value (in thousand US\$)		Share value (%)	Growth rate (%)
	2012	2016		
World	298 505	183 536		-38.5
Germany	31 299	26 034	14.2	-16.8
USA	32 033	23 017	12.5	-28.1
Japan	34 206	16 048	8.7	-53.1
UK	48 927	15 055	8.2	-69.2
Belgium	18 037	10 475	5.7	-41.9
Brazil	12 667	9 022	4.9	-28.8
France	13 580	8 355	4.6	-38.5
Netherlands	7 529	8 183	4.5	8.7
Mexico	6 813	6 650	3.6	-2.4
Singapore	14 396	6 113	3.3	-57.5

Source: TradeMap (2017)

Table 2 highlights the world's leading exporters of wool grease in 2016, measured in thousand US dollars. World exports of wool grease decreased from over US\$ 297 million in 2012 to about US\$ 184 million in 2016, resulting in an estimated negative growth rate of 38 %. The Republic of China was ranked as the largest exporter of wool grease with an estimated value of US\$ 35 million (accounting for a 19.4 % share value in 2016), followed by the UK, Japan, Belgium and Germany with a share of 16.5 %, 11.9 %, 10 % and 7.8 % respectively. South Africa was ranked 22nd in the global export market with a share value of 0.3 %.

Table 2: World's leading exporters of wool grease

Exporters	Export value (in thousand US\$)		Share value (%)	Growth rate (%)
	2012	2016		
World	297055	184264		-38
China	91 172	35 781	19.4	-60.8
UK	58 012	30 485	16.5	-47.5
Japan	26 696	21 898	11.9	-18.0
Belgium	27 973	18 421	10.0	-34.1
Germany	9 407	14 440	7.8	53.5
Singapore	11 437	10 441	5.7	-8.7
Netherlands	5 006	9 672	5.2	93.2
USA	7 362	8 212	4.5	11.5
Uruguay	1 587	7 373	4.0	364.6
Australia	7 579	5 957	3.2	-21.4

Source: TradeMap (2017)

South African trade overview of wool grease

Figure 1 highlights South Africa's trade (exports, imports and trade balance) trends for wool grease over the past five years. In 2016, South Africa's exports and imports were valued at US\$ 568 thousand and US\$ 1 453 thousand. The figure depicts a negative trade balance from 2012 to 2016, implying that South Africa imported more wool grease than it exported.

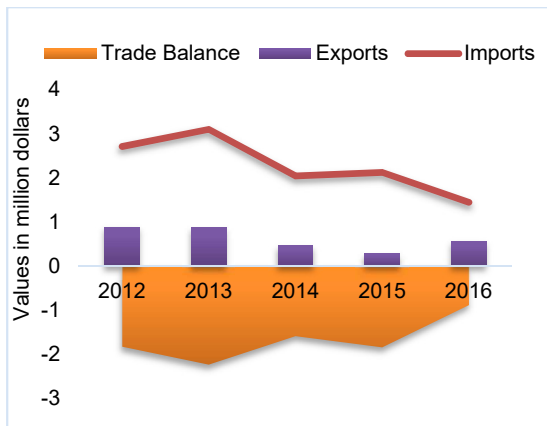


Figure 1: South Africa's trade performance, 2016
Source: TradeMap (2017)

South Africa ranked 23rd in terms of exports with a share of 0.8 % in the global market. **Figure 2** shows the leading suppliers of wool grease imported by South Africa in 2016. China was South Africa's largest supplier of wool grease, constituting a 36 % share value of total imports. The second largest supplier was the UK, constituting a share value of 27 %, followed by Lesotho with 16 % and Australia with 11 %. Singapore supplied South Africa with 10 % of its imported wool grease.

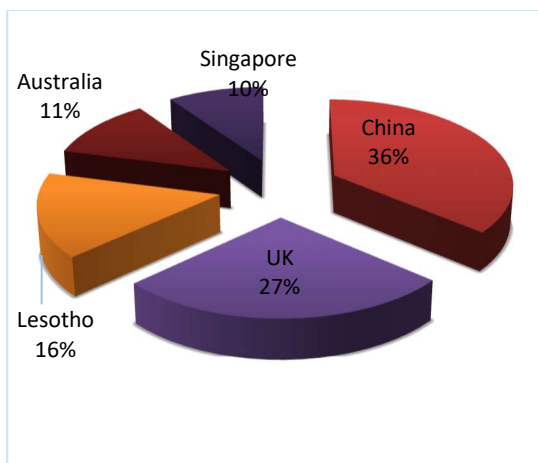


Figure 2: Top suppliers of wool grease imported by South Africa
Source: TradeMap (2017)

Figure 3 illustrates the main market destinations for wool grease exported by South Africa in 2016. It is evident that the vast majority of South Africa's wool grease was exported to African countries (Namibia, Zimbabwe and Zambia). However, the UK matched Namibia as the largest exporting markets for South Africa's wool grease, both with a share value of 31 %, followed by Zimbabwe, Zambia and Belgium with a collective share value of 38 %.

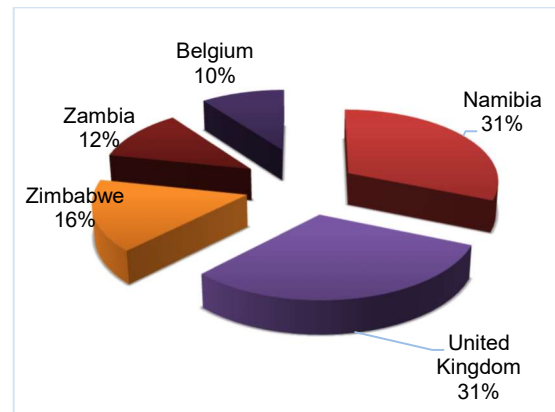


Figure 3: Leading destinations for wool grease exported by South Africa
Source: TradeMap (2017)

Conclusion

In conclusion, the global trade in wool grease decreased between 2012 and 2016. Despite the decline in global trade, Germany was the leading importer while China was the leading exporter of wool grease over the past five years. Globally, South Africa is not a major role player, as it ranked 2nd in 2016 in terms of global imports with a share value of 0.8 % and 22nd in terms of global exports with a share value of 0.3 %. The local wool market share has also been showing a steady decline in numbers over the past few years.

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TRADE ANALYSIS OF FERTILISERS

By Herbert Moses Lubinga and Fezeka Matebeni

Background

Amidst the living example of the fast-changing climate associated with human activities leading to emissions of greenhouse gases (GHGs), countries are compelled to adopt fewer GHG-emitting technologies, in various forms. There is increased consumer awareness about the

significant implications of GHG emissions and a call for interventions that will enhance the competitiveness of South Africa's agricultural trade. In light of the increased consumer awareness, people are becoming skewed towards enjoying products with value chains that contribute less and less to GHG emissions. This trend is not so new, given that many international retailers of agricultural produce have put in place systems to track the level of emissions associated with certain products (CCC, 2009). A report compiled by Confronting Climate Change (CCC, 2009) reveals that South Africa's exports have already felt the increasing pressure from international retailers in export markets.

The agricultural sector accounts for about 11 % of GHG emissions globally, largely from land-use change, followed by the excessive and mismanaged use of fertilisers (CCC, 2009), with this sector contributing about 9 % in South Africa. According to Bellarby, Foereid, Hastings and Smith (2008), fertilisers – particularly those that are nitrogen based – contribute the most towards GHG emission after land-use change, hence the focus of this article on South Africa's trade in fertilisers (both organic and synthetic/chemical based). Noteworthy is that South Africa's grain and oilseed producers use a significant amount of fertiliser (Grain SA, 2011). Insights from this article may lay a platform upon which adaptation and mitigation plans to reduce GHG emissions from fertiliser use may be designed. Vetter (2009) noted that South Africa's agricultural policies and interventions have not yet integrated some aspects affected by climate change.

Global trade in fertilisers (Imports, exports and major trading partners)

The world was a net importer of fertilisers, valued at US\$ 5.05 billion, at the end of 2016. Global imports of fertilisers decreased by 32.7 % between 2012 and 2016. Brazil, the United States of America (USA) and India were the top three importers of fertilisers with a share value of 10.9 %, 10.5 % and 8.4 % respectively in 2016, with world fertiliser exports amounting to approximately US\$ 49.35 billion. The global export value of fertilisers decreased from US\$74.9 billion in 2012 to US\$50.05 billion in 2016 (representing a 26.3 % decline in growth rate). Russia was ranked as the largest exporter of fertilisers in 2016 with a share value of 13.4 %, followed by China with 13.3 % and Canada with 8.7 %, while South Africa was ranked 30th on the list of world exporters.

Table 3 (see **Appendix A**) presents a breakdown of the various types of fertilisers that were traded worldwide between 2013 and 2016. Chemical nitrogenous fertilisers (HS 3102) were the most traded, followed by fertilisers containing two or three of the NPK elements. **Table 3** is presented in such a way that the most exported type of fertiliser appears first and this continues in a

declining order. Thus, animal or vegetable fertilisers (HS 3103) were the least traded.

With the exception of animal or vegetable fertilisers (HS 3101), which do not exhibit a negative trade balance, there is generally a widening negative trade balance of the other fertiliser types. The positive trade balance of 3101 fertilisers ranges between R0.09 billion in 2016 and R1.83 billion in 2015.

Figure 4 (see **Appendix B**) illustrates the trade balance trends for fertiliser types. A drastic reduction (63.9 %) in the negative trade balance in chemical nitrogenous fertilisers (HS 3102) was observed from R52.17 billion in 2015 to R18.84 billion in 2016.

South Africa's trade in fertilisers

In 2016, South Africa's imports and exports were valued at R6.1 billion and R4.8 billion respectively. Especially with regard to chemical potassic fertilisers (3104), South Africa is a net importer of fertilisers. However, the country is a net exporter of animal or vegetable fertilisers (3101). The net trade balance value of animal or vegetable fertiliser increased by 25 % from R96 million in 2012 to R120 million in 2016 (**Figure 5**, see **Appendix B**) – a clear indication that the country exports more than it imports of this type of fertiliser.

The above argument identifies with the values in **Table 4** (see **Appendix A**), which shows that between 2015 and 2016, exports of fertilisers (HS 3101) rose by over 50 % while imports of the same did not increase. Other fertiliser types noted to register an increase in exports by value are chemical phosphatic fertilisers (HS 3103) with a 47.5 % annual growth rate and chemical potassic fertilisers (HS 3104) with an 11.1 % annual growth rate. Exports of the other fertiliser types, HS 3105 and HS 3102, saw a decline in annual growth rate of 21.1 % and 6.78 % respectively.

With regard to imports, phosphatic fertilisers (HS 3103) had the highest annual growth rate of about 267 % between 2015 and 2016 while fertilisers with two or three NPK elements registered a 35 % annual rate of decline. The other fertiliser types also showed an increase in annual growth rates of imports by value. According to **Table 5**, South Africa's fertiliser exports were largely destined for the African market during the period under review, especially to countries within the Southern African Development Community (SADC), with Japan being the only exception. South Africa only exports organic fertilisers to Japan, commanding about 17 % of South Africa's animal or vegetable fertilisers (3101). South Africa's imports of HS 3101 fertilisers largely come from France and the Netherlands. All the other types of fertilisers are exported to Namibia, Zambia, Zimbabwe, Swaziland and Mozambique. Israel is the largest supplier of HS 3103 fertiliser, accounting for an almost 46 % share of South Africa's imports of this type of fertiliser. The market shares of the various

suppliers of the different fertiliser types are as presented in **Table 5** (see **Appendix A**).

Conclusion

Globally, the demand for and use of fertilisers outweigh what is produced, hence the net importing position of the world at large and South Africa (as an example). More chemical fertilisers are traded compared to organic fertilisers, with Russia, China and Canada being the leading traders in fertilisers. In the case of South Africa, most of the fertiliser exports are destined for the SADC member countries while imports are sourced from different countries. In the interests of reducing GHG emissions, it is worthwhile for South Africa to increase trade in organic fertilisers (HS 3101) while reducing chemical nitrogenous fertilisers, which are associated with high levels of nitrous gases.

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A TRADE REVIEW OF THE SOUTH AFRICAN MEAT INDUSTRY

By Xolisiwe Yolanda Potelwa

Introduction

In South Africa, meat is regarded as an important product as it provides a source of protein in individual diets as well food security. In South Africa, the most consumed meat is poultry meat, followed by beef, mutton and pork. It has been observed that an increase in the level of income, sustained trends of urbanisation, as well improved living standards have an impact on preferences in terms of the consumption of meat products (BFAP, 2017). **Figure 6** shows that the consumption of meat products has been increasing over the years, with the exception of mutton, which has been showing instability. The instability is mainly attributed to the fact that it is expensive in comparison with the other meat products.

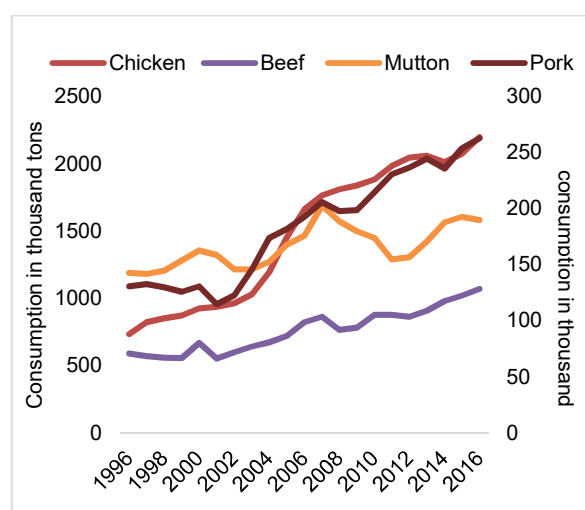


Figure 6: South Africa's consumption trends for meat products

Source: DAFF (2017)

Regardless of the improvements in meat consumption in South Africa and producers having responded to the demand, there is still a clear indication of a deficit in the local market, which has then been sustained by imports. In 2016, South Africa produced a total of 3.3 million tons of meat, with the poultry industry constituting 51.4 % for chicken, 36 % for beef, 7. 3% for pork and 5.7 % for mutton. The meat industry is running a production deficit of 444 thousand tons to meet consumer demand in the domestic market. Due to the importance of meat products as a source of protein, the aim of this article is to review South Africa's meat trade flows.

South Africa's trade in meat

South Africa's global meat imports were valued at R7.2 million, with an approximate share of 0.5 % in 2016. South Africa imported a large volume of poultry meat from the world valued at R5.4 billion (75 %). TradeMap reported a notable increase in the value of poultry meat imports into the country,

which is mainly attributed to the consumption increase in the local market, as well as assistance in the production deficit in the local market. Pork was ranked as the second largest meat product imported in 2016 with the share of 12 %, followed by beef with 9 % and mutton with 4 %.

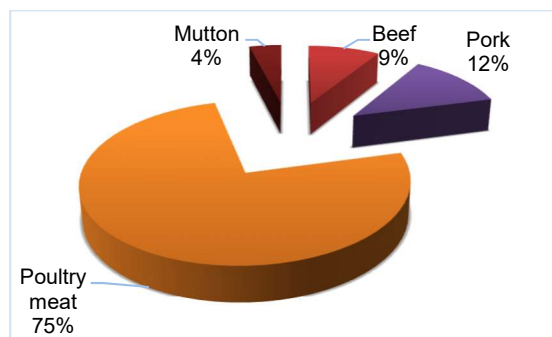


Figure 7: Distribution of South Africa's meat imports
Source: TradeMap (2017)

Table 6 represents the major suppliers of meat products to South Africa between 2012 and 2016. Brazil was the biggest supplier of meat products to South Africa with a share of 21.6 % during 2016. The Netherlands, Spain and United Kingdom (UK) followed in that order with a positive average growth rate of 16.1 %, 37.3 % and 13.6 % respectively between 2012 and 2016. In 2016, these markets supplied large volumes of poultry meat valued at US\$175 million and pork valued at US\$124 million. Botswana and Namibia were among the top 10 suppliers of meat products to South Africa, supplying beef to the value of R538 million and mutton to the value of R201 million. Both markets showed a decline in terms of supply to South Africa's market in terms of beef imports. This may be attributed to South African consumers preferring fresh beef rather than frozen meat. Both markets supply large volumes of frozen beef.

Table 6: Main suppliers of meat products

Exporters	Imported value (in R' million)		Average Growth rate (%)	Share (%)
	2012	2016	2012-2016	2016
World	5606	7247	6.4%	
Brazil	1488	1567	1.3%	21.6 %
Netherlands	666	1491	20.1%	20.6 %
Spain	125	810	46.7%	11.2 %
UK	323	640	17.1%	8.8 %
Belgium	79	423	41.9%	5.8 %
Namibia	704	416	-13.2%	5.7 %
Germany	540	331	-12.2%	4.6 %
Botswana	408	318	-6.2%	4.4 %
USA	137	267	16.7%	3.7 %
Ireland	63	193	28%	2.7 %

Source: TradeMap (2017)

In 2016, South Africa exported meat products valued at over R3.6 billion, with an average increase of 19 % between 2012 and 2016. Poultry meat assumed first place among meat products with a share of 63 %, followed by beef

with a share of 35 % and mutton and pork with a share of 1 % each (**Figure 8**). TradeMap reported that beef exports showed a significant increase of 34 % between 2012 and 2016.

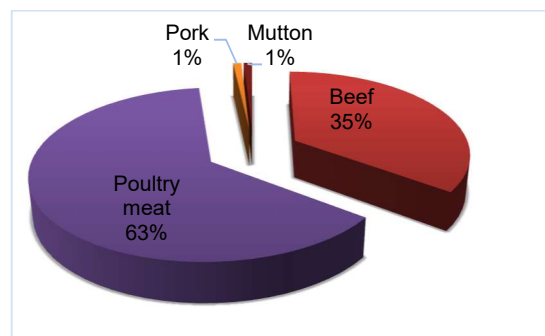


Figure 8: Distribution of meat products for export
Source: TradeMap (2017)

Table 7 presents South Africa's market destination for meat products between 2012 and 2016. Mozambique was ranked first among the main destination markets, with a share of 17 % in 2016. During the same period, South Africa supplied this market with large volumes of poultry meat (R365 million) and fresh beef (R105 million). Lesotho, Namibia and Kuwait were among the top 10 export markets for meat products, with a share of 14 %, 10 % and 8 % respectively in 2016. It has been observed that the value of South Africa's meat exports to Middle East countries, including Kuwait, the UAE and Jordan, increased from about R5 million in 2012 to over R761 million in 2016. The increase in growth is mainly attributed to the increase in beef exports from South Africa during the period under review.

Table 7: Main destinations for South African meat exports

Importers	Exported value (in R' million)		Average growth value (%)	Share (%)
	2012	2016	2012-2016	2016
World	1378	3613	24%	
Mozambique	184	599	30%	17%
Lesotho	386	516	7%	14%
Namibia	403	362	-3%	10%
Kuwait	2	290	124%	8%
Vietnam	0	249		7%
UAE	3	243	110%	7%
Jordan	0	228		6%
Swaziland	139	157	3%	4%
Hong Kong	1	137	123%	4%
Botswana	88	137	11%	4%

Source: TradeMap (2017)

Looking at the trade balance performance of the various meat products, **Figure 9** shows that South Africa is a net importer of meat products with the exception of beef, which has shown a trade surplus since 2014. The improvement in the beef industry in terms of trade surplus can mainly attributed investment among the communal and smallholder farmers in terms of production

infrastructure, which assists them in participating in the formal beef value chain. Poultry, mutton and pork meat have been showing instability in terms of trade balance. This may be attributed to supply and demand factors such as the high cost of inputs, exchange rate volatility, changing consumer income, prices of meat products and the aftermath effects of the drought that affected the economy during the 2015/16 season. For example, the trade deficit exhibited by the poultry industry was mainly due to a combination of spiralling feed costs and rising import levels. The industry is also affected by a bulk of the increase in imports having been very specific cuts, imported duty free from the EU (BFAP, 2017).

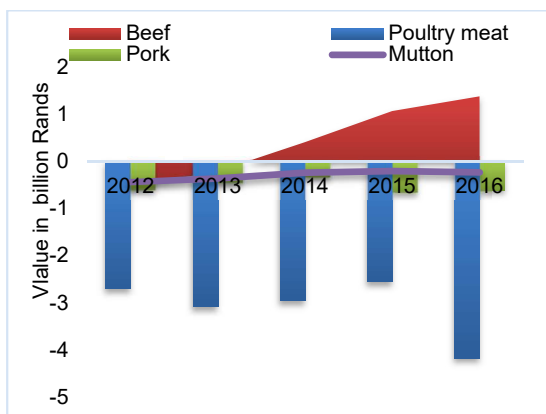


Figure 9: Trade balance for meat products
Source: TradeMap (2017)

Conclusion

In a nutshell, the following need to be considered by the meat industry, as well as the role players in the various meat value chains:

- South Africa's domestic consumption exceeds the products produced in the country, with the exception of beef.
- The poultry industry has the largest share among the various meat industries in terms of production, consumption, exports and imports.
- The beef industry has shown increasing trends in production, as well as exports.
- Poultry meat, pork and mutton have shown a trade deficit.

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OUTLINE OF SOUTH AFRICA'S TABLE GRAPE (080610) OPPORTUNITIES UNDER THE SADC-EU ECONOMIC PARTNERSHIP AGREEMENT

By Lucius Phaleng

Introduction

The objective of this article is to highlight the implication(s) of the United Kingdom's (UK's) decision to leave the European Union (EU), with particular focus on the opportunity for table grapes under the SADC-EU Economic Partnership Agreement (EPA). South Africa was one of the SADC countries that participated in EPA negotiations, which were endorsed in early 2007. The core interest of South Africa to participate in this agreement was to secure market access (beyond the Trade Development Cooperation Agreement provisions) and draw back some policy space lost under the TDCA. The SADC-EPA comprises Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. The EPAs provide South Africa with an opportunity to improve market access on 32 agricultural products (Phaleng & Sandrey, 2016). However, this article intends to highlight opportunities with respect to South Africa's table grapes.

Table grapes are deciduous fruits that are consumed while they are still fresh. Table grapes generate income through foreign exchange earnings (DAFF, 2015). South Africa exports a large volume of table grapes to the European markets and to a lesser extent the Asian markets. The United States Department of Agriculture (USDA, 2017) reports that South Africa is ranked ninth among the largest table grape producing countries in the world, with a global share value of 1.4 % (280 000 tons).

Table 8 highlights the leading destination markets for table grapes exported by South Africa during 2016. Table grape exports to the world increased from US\$ 433.3 million in 2012 to US\$ 436 million in 2016 (equivalent to a 0.6 % growth rate). The Netherlands and UK were ranked as the largest importers of table grapes at a value of US\$ 163.2 million and US\$ 112.3 million respectively.

Table 8: South Africa's leading export destinations for table grapes

Importers	Exported value in million US\$		Growth value (%)	Share value (%)
	2012	2016	2012-2016	2016
World	433.3	436.0	0.6	
Netherlands	183.9	163.2	-11.3	37.4
UK	83.6	112.3	34.3	25.8
Hong Kong	38.7	27.6	-28.7	6.3
Germany	7.5	16.4	119.7	3.8
UAE	18.0	14.5	-19.4	3.3
Canada	1.7	13.4	668.2	3.1
Malaysia	15.7	11.1	-29.3	2.5
Russia	16.6	9.6	-42.2	2.2
Norway	7.7	7.2	-6.5	1.6
Singapore	9.6	5.5	-42.7	1.3

Source: TradeMap (2017)

According to the USDA (2017) South Africa was ranked third among the world's largest exporters of table grapes during 2015/16, exporting about 258 000 tons, coming after Chile and the USA. The EU was the major export destination for South Africa's table grapes, absorbing over 70 % of table grape exports in 2016. During the 2016 period, the UK's market share of South Africa's table grapes accounted for 25.8 % of table grapes to the EU (see **Figure 10**). This highlights the importance of the EU and UK to South Africa's table grape industry. This importance might be driven by the preferential market access that South Africa has into the EU market.

Figure 10 highlights South Africa's export share of table grapes to the EU and UK over the past five years. It is important to note that the exported share value of table grapes to the EU and UK has been fluctuating over the past five years. It is important to note that UK imports of table grapes from South Africa declined by 25.8 % in 2016 from 31.7 % in 2015.

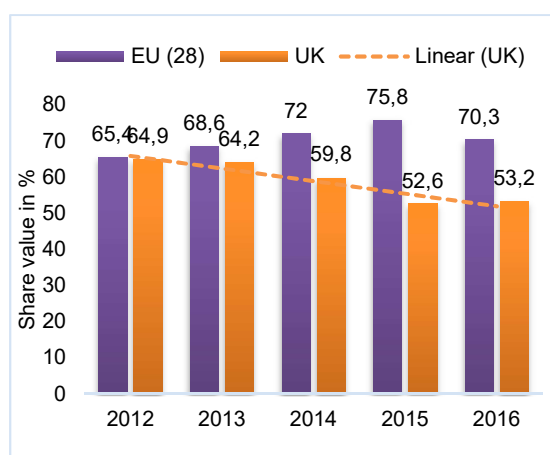


Figure 10: Share value of South Africa's table grapes to the EU (28)

Source: TradeMap (2017)

Tariffs

The EU member states featuring in the top 10 list of export destinations for South Africa's table grapes include the Netherlands, the UK and Germany (see **Table 8**). These countries, like all countries falling under the EU, import table grapes

from South Africa on a duty-free basis. In the meantime, tariffs that existed before the TDCA lapsing agreement are still applicable to EPA. South Africa's table grapes face a 4 % duty rate when exported under MFN duties, and a 0% duty rate when exported under EPA.

Brexit and its implications

A trade access condition is one of the main issues to consider, and South Africa currently exports to the UK market under the recently signed SADC-EU EPA. Basing on the current MFN rate of 4 %, South Africa's table grape exports may be negatively impacted given that the SADC-EU EPA will become null and viol. However, the actual impact of Brexit on South Africa's table grape exports to the UK is still unclear, but in the event that the UK puts in place a high tariff duty, a negative impact will then be felt by the industry. All in all, the true impact of Brexit is uncertain. Currently, South Africa will continue to export table grapes to the UK through the SADC-EU EPA until the UK finally leaves the EU. As a result, after Brexit, South Africa's table grapes will no longer have access to the UK market through the SADC-EU EPA. South Africa's table grape exports will be subject to WTO rules and an MFN duty rate of 4 %.

On the other hand, South Africa's export share (%) of table grapes may be shared among the remaining EU members. Several issues might arise: The UK might negotiate with the EU, and that is unlikely to be the main priority for either party. Currently, South Africa and the UK do not have a free trade agreement, which might result in potential longer-term impacts on South African table grapes exports. It is advisable for South Africa to negotiate a bilateral agreement with the UK after Brexit.

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AN OVERVIEW OF COCOA PRODUCTION: COULD WEST AFRICA CAPITALISE ON INCREASED MARKET OPPORTUNITIES IF DEMAND INCREASES?

By Kayaletu Sotsha

Cocoa is an essential ingredient of chocolate and its global production is sitting at over four million tons (Worldatlas, 2017). West Africa is currently the world's leading producer of the crop, with Côte d'Ivoire, Ghana, Nigeria and Cameroon collectively producing 71 % of the global share in 2013/14 (Wessel & Quist-Wessel, 2015). Therefore, this article seeks to assess whether these countries, as the world's leading producers of cocoa, would be able to seize market opportunities brought about by increased demand in the future. **Table 9** presents an overview of the top 10 producers of cocoa, showing that all the top-producing West African countries appear in the top five of the world producers of the crop. Hence, it is important to assess their market share, as well as their ability to adjust to the growing demand.

Table 9: Top 10 cocoa-producing countries

Country	Production (tons)
1. Côte d'Ivoire	1 448 992
2. Ghana	835 466
3. Indonesia	777 500
4. Nigeria	367 000
5. Cameroon	275 000
6. Brazil	256 446
7. Ecuador	128 446
8. Mexico	82 000
9. Peru	71 175
10. Dominican Republic	68 021

Source: FAOSTAT (2014), cited by Worldatlas (2017)

Production outlook

Despite a gradual increase in the production of cocoa, the leading producers are faced with numerous challenges that inhibit the expansion of production. These challenges can be classified into biological (pests and diseases), agronomic (poor soil nutrients, low yields per hectare and age of the trees), institutional (lack of access to subsidised inputs and lack of access to credit) and market factors (low producer price) (Leiter & Harding, 2004; Ntiamoah & Afrane, 2008; Wessel & Quist-Wessel, 2015).

These challenges are interlinked. For example, a conducive institutional environment could enable farmers to access credit. In turn, access to credit could enable them to invest in inputs such as fertilisers, pesticides and shades, and to replace old and unproductive trees with new ones. As a result, yields may improve and therefore producer incomes may also improve. However, small farmers in these countries are still battling to meet these challenges, and some farmers have embarked on alternative options in an attempt to increase productivity. For example, in Côte d'Ivoire, farmers have tended to look for other lands to farm, leading to the destruction of forest

zones (Wessel & Quist-Wessel, 2015). Ghana, on the other hand, is looking into introducing free pest- and disease-control programmes, packages of hybrid seeds, fertilisers and other chemicals, as well as improving marketing facilities and repairing roads in cocoa-growing areas (Wessel & Quist-Wessel, 2015).

This situation indicates that the farmers will struggle to increase the yield per hectare, and therefore overall production will inevitably decline in the long term.

The next section presents an overview of cocoa trade including the standing of these West African countries.

Trade outlook

This section compares the share of value of the leading exporters of cocoa and cocoa products, measured in million US dollars. **Figure 11** (see **Appendix B**) presents this outlook and shows that the share of value ranges between US\$ 1 million and US\$ 6 million. Noteworthy is that the world's leading producer of the crop, Cote d'Ivoire, averaged just over US\$ 4 million of the value of exports over a five-year period (2012 – 2016). In addition, of the four top West African producers, only two appear among the top 10 leading exporters.

Figure 12 (see **Appendix B**) presents the outlook of the world's leading importers by value, measured in million US dollars. The figure indicates that the country's value of imports ranges between US\$ 1 million and US\$ 5 million. Expectedly, the four main producers from the African continent do not appear among the top 10 importers, with Germany, Netherlands, Belgium and France making the top five in both occasions (i.e. top exporters and top importers). This could be an insight into the need to establish processing facilities on the continent to minimise raw exports to the key importing countries.

Conclusion

In terms of production, it is clear that the only possible option to increase production in the medium to long term is to increase the yields of the land under production. This is due to land access being the limiting factor at times. However, in order to achieve this, government and other relevant institutions must come together to try and assist farmers to deal with the challenges they are facing, as these have proven to be major limiting factors to the expansion of production. Furthermore, there are opportunities that could be exploited by means of building the processing capacity of West African countries to increase the value of exports.

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Appendix A

Table 3: Exports and imports (billion rand) of the various fertiliser types

Code	Product label	2013		2014		2015		2016	
		X	M	X	M	X	M	X	M
3102	Chemical nitrogenous fertilisers	242.4	290.7	263.6	314.7	280.9	333.1	272.8	291.6
3105	Chemical fertilisers containing (2/3 N, P, K)	190.2	230.3	215.1	254.5	263.9	298.2	251.5	289.2
3104	Chemical potassic fertilisers	128.4	178.6	143.7	189.6	178.5	220.1	143.3	185.4
3103	Chemical phosphatic fertilisers	19.43	23.62	22.45	25.95	22.29	28.48	20.29	23.64
3101	Animal or vegetable fertilisers	8.37	7.54	9.53	8.14	9.79	7.96	11.19	11.09

*X and M denote exports and imports respectively

Source: TradeMap (2017)

Table 4: South Africa's trade in fertilisers (billion rand)

Code	Product label	2013		2014		2015		2016		2015/6 – growth rate	
		X	M	X	M	X	M	X	M	X	M
3102	Chemical nitrogenous fertilisers	2.73	3.18	2.35	4.07	3.39	3.18	3.16	3.30	-	6.78
3105	Chemical fertilisers containing 2/3 of elements N,P,K	1.61	0.85	1.30	1.42	1.42	2.00	1.12	1.30	-	21.1
3104	Chemical potassic fertilisers	0.13	1.46	0.12	1.80	0.27	0.90	0.30	1.40	11.1	55.6
3103	Chemical phosphatic fertilisers	0.62	0.07	0.07	0.08	0.06	0.03	0.09	0.11	47.5	266.7
3101	Animal or vegetable fertilisers	0.62	0.03	0.07	0.03	0.09	0.03	0.15	0.03	53.1	0.0

*X and M denote exports and imports respectively

Source: TradeMap (2017)

Table 5: South Africa's top three trading partners

Code	Export markets	Share in South Africa's exports (%)	Suppliers	Share in South Africa's imports (%)
'3101	Japan	16.9 %	France	39.3 %
	Namibia	16.6 %	Netherlands	19.0 %
	Swaziland	11.5 %	Namibia	11.7 %
'3102	Zambia	43.8 %	Qatar	28.0 %
	Zimbabwe	15.7 %	Saudi Arabia	26.4 %
	Namibia	9.5 %	UAE	11.7 %
'3103	Swaziland	28.0 %	Israel	45.8 %
	Mozambique	25.2 %	Netherlands	31.0 %
	Zambia	17.6 %	Spain	15.3 %
'3104	Zambia	40.4 %	Chile	28.5 %
	Zimbabwe	36.3 %	Germany	28.5 %
	Swaziland	9.3 %	Jordan	13.7 %
'3105	Zambia	32.7 %	Morocco	38.3 %
	Zimbabwe	17.2 %	Russia	19.3 %
	Namibia	11.9 %	China	12.0 %

Source: TradeMap (2017)

Appendix B

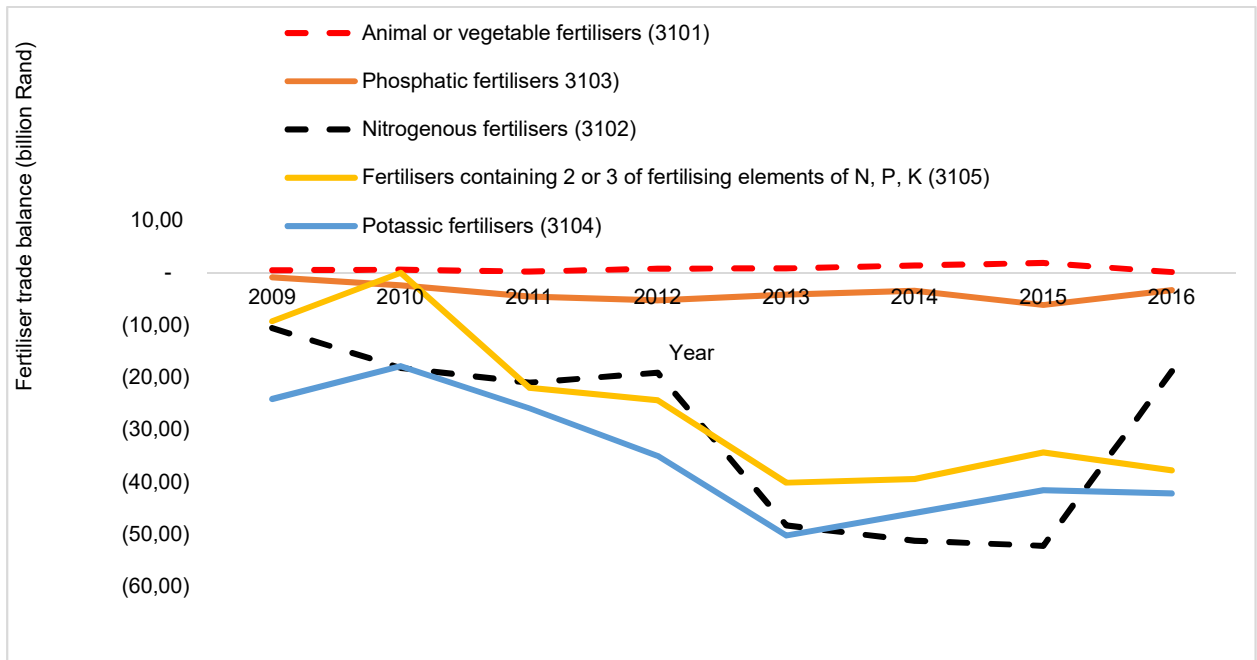


Figure 4: Trade balance trends for fertiliser types (2009-2016)
Source: Trade Map database

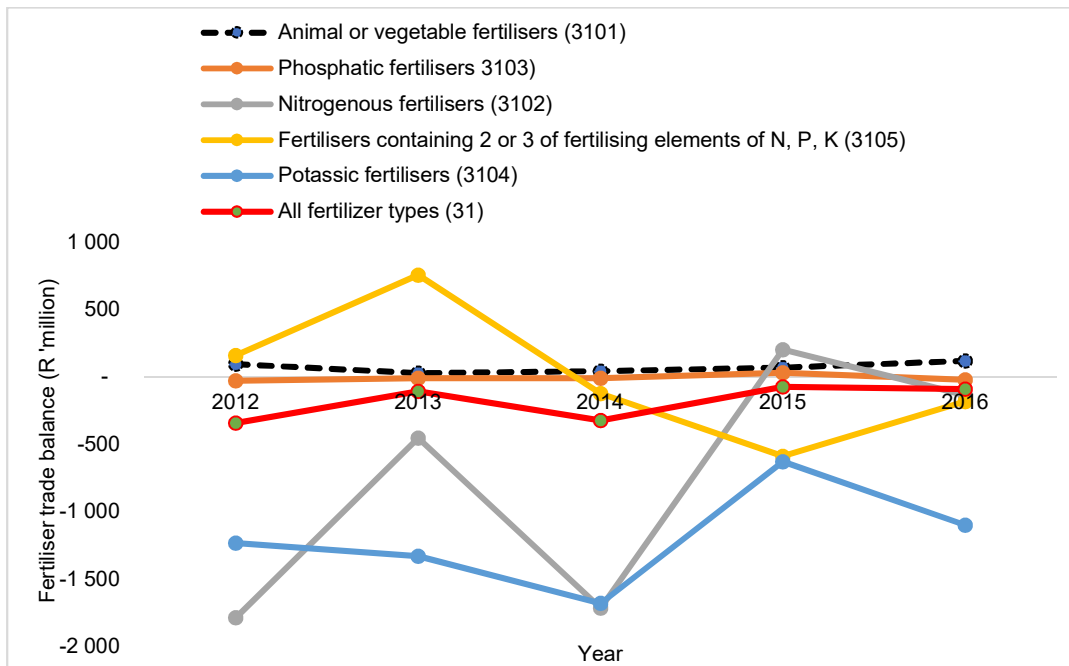


Figure 5: South Africa's trade balance of the various fertiliser types
Source: TradeMap (2017)

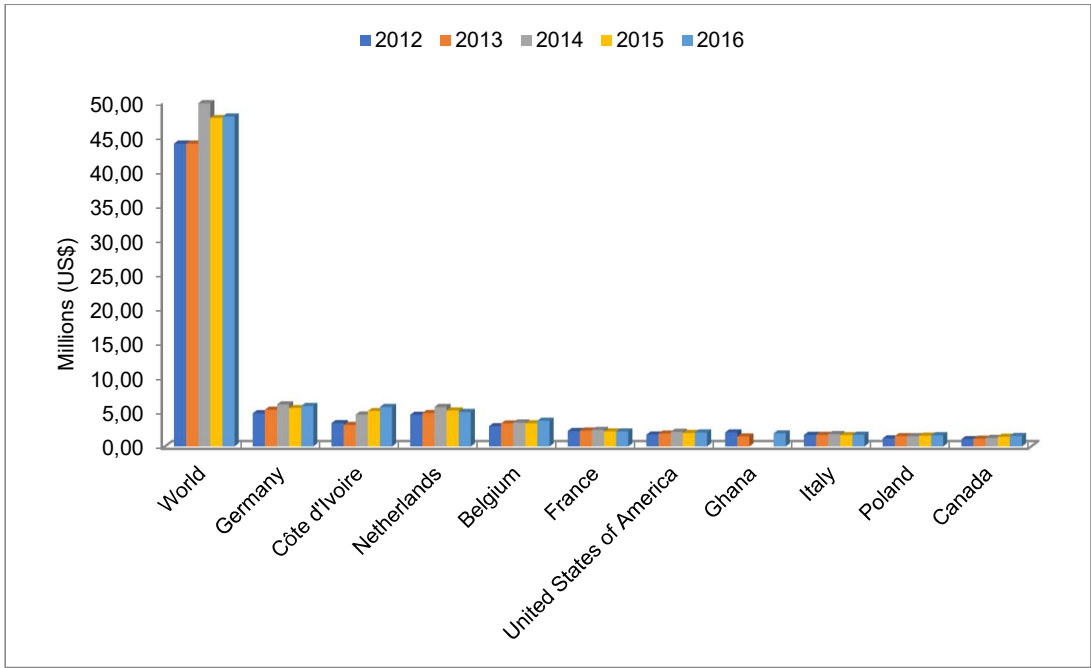


Figure 11: World's leading exporters of cocoa and cocoa products (HS: 18)
Source: Quentec, 2016

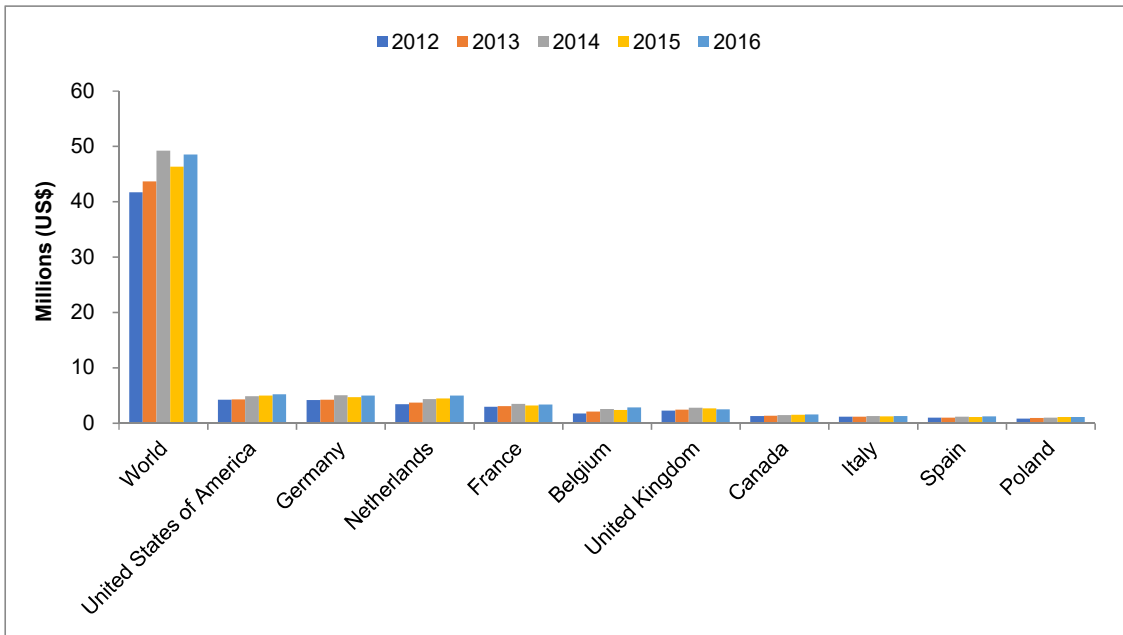


Figure 11: World's leading importers of cocoa and cocoa products (HS: 18)
Source: Quatec, 2016

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