



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:

**South Africa's agricultural trade
with BRICS member states**

**Impact of listeriosis on the
trade of processed meat**

**Trade analysis of South African
swine products**

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Promoting market access for South African agriculture



FOREWORD

This is the seventy-third (73) issue of the Trade Probe under Markets and Economic Research Centre (MERC) division. The purpose of the publication is to inform stakeholders, industries, importers and exporters on the performance of South African agricultural commodities in the international markets, and also highlight potential consumers and suppliers of related agricultural commodities. This publication provides valuable information and analysis for trade role players in the country and plays a critical role in producing interesting trade facts about the existing and potential markets where agricultural products can be exported. This publication covers key agricultural trade components from both local and global perspectives. A current topic covered in this issue of the Trade Probe is the analysis of the listeriosis impact on trade of processed meat.

THIS ISSUE OF TRADE PROBE COVERS THE FOLLOWING TOPICS:

1. Trade Profile of Fresh Persimmons
2. Trade Analysis of Wheat and meslin
3. Trade profile of Maize starch
4. South Africa's agricultural trade with BRICS member states
5. Listeriosis impact on trade of processed meat
6. Trade Analysis of South African Swine Products

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Trade Profile of Fresh Persimmons (HS: 081070)

By Joseph Mawasha

Introduction

The persimmon (known as “Sharon fruit” in South Africa) is an exotic fruit originally from China, which then spread to Korea and Japan. The genus to which persimmons belong, *Diospyros*, comprises of about 500 species of deciduous and evergreen shrubs and trees. The ripe fruit colour ranges from glossy light yellow-orange to dark red orange depending on the species and variety. In recent years, the cultivation of persimmons found interest in various countries of the northern and southern hemispheres. Currently South Africa is one of the few countries in the southern hemisphere that produce persimmons. The production of persimmons in the country occurs mainly in the Mediterranean regions of the Western Cape, KwaZulu-Natal and the Eastern Transvaal, as these areas have favourable climatic conditions for the production of persimmons.

Global trade overview of persimmons

This section endeavours to illustrate the global persimmon trade by examining the import and export trends between 2013 and 2017. **Table 1** shows the world's major importers of persimmons by value, measured in million US dollars. Global imports of persimmons increased slightly by 23.9% between 2013 and 2017 from US\$436 million to US\$540.2 million. The top five global importers of persimmons accounted for 47.2% of the total share of persimmon imports in 2017, with the Russian Federation importing the largest share at 20.8% with an import value of US\$112.2 million.

Table 1: World's major importers of fresh persimmons

	Imported value in US\$ 'Million		Share value (%)	Growth value (%)
Importers	2013	2017	2017	2013-2017
World	436.0	540.2		23.9
Russian Fed	149	112	20.8	-24.9
Vietnam	2	74	13.7	3545.8
Germany	50	60	11.1	19.3
Kazakhstan	55	32	5.9	-41.8
France	21	31	5.7	51.5
Italy	16	24	4.4	50.1
Belarus	17	18	3.4	7.3
Ukraine	0	18	3.3	-
Lithuania	15	17	3.1	7.8
Canada	12	14	2.5	15.7

Source: TradeMap (2018)

Table 2 highlights the world's major exporters of persimmons, measured in million US dollars. The global persimmon export growth value between 2013 and 2017 registered a decline of 32.4%. Spain, China, Azerbaijan and Uzbekistan dominated persimmon exports with a combined share of 80% of the total global persimmons exported in 2017. It is worth noting that South Africa featured as the 11th largest global exporter of persimmons with an export value of US\$8 million in 2016.

Table 2: World's major exporters of fresh persimmons

	Exported value in US\$ million		Share value (%)	Growth value (%)
Exporters	2013	2017	2017	2013-2017
World	850.5	574.6		-32.4
Spain	537	216	37.6	-59.8
China	38	112	19.5	199.0
Azerbaijan	77	90	15.7	17.0
Uzbekistan	51	41	7.2	-18.8
Poland	16	13	2.2	-19.0
Netherlands	17	11	1.9	-35.2
Lithuania	14	11	1.8	-24.4
Israel	24	9	1.5	-62.9
France	7	8	1.4	17.1
Korea, R	10	8	1.4	-21.7

Source: TradeMap (2018)

South Africa's trade overview of persimmons

Figure 1 below depicts South Africa's persimmon export trends in the top five export markets between 2013 and 2017. South Africa's exports of persimmons fluctuated during the period under review with the highest exported value achieved in 2016 at US\$9.3130.4 million as compared to the 2017 period. The Netherlands, United Kingdom (UK), Russian Federation, Canada and Singapore were the leading importers of South Africa's persimmons in 2017 with imports valued at US\$4.9 million, US\$1.1 million, US\$486 thousand, US\$480 thousand and US\$422 thousand respectively.

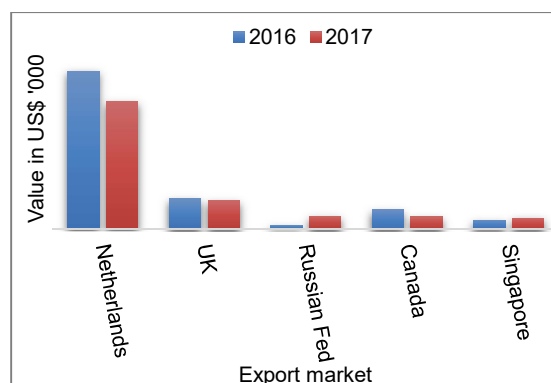


Figure 1: Top importers of South Africa's fresh persimmons

Source: TradeMap (2018)

Figure 2 shows South Africa's import trends between 2013 and 2017, revealing an irregular import trend of persimmons by South Africa with imports observed only in 2013, 2014 and 2015. The trend thus suggests that South Africa generally meets its persimmon consumption entirely from domestic production. Israel featured as the sole supplier of persimmons to South Africa, exporting the highest value at US\$27 thousand in 2013. In 2015, South Africa experienced a re-import of persimmons to the value of US\$80 thousand that was exported to the world.

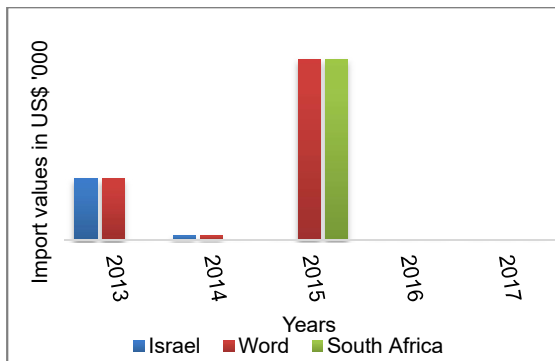


Figure 2: South Africa's import trends of fresh persimmons
Source: TradeMap (2018)

Figure 3 illustrates South Africa's trade performance of persimmons between 2013 and 2017. South Africa's trade balance in persimmons generally showed a positive trend with exports being greater than imports over the period under review. In certain years, such as in 2014 (significantly low at US\$2 thousand), 2016 and 2017, the country imported zero persimmons while exporting the fruit.

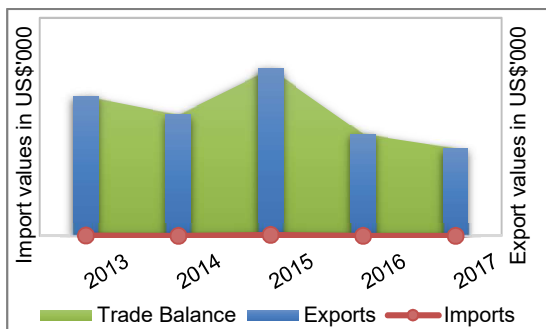


Figure 3: South Africa's trade performance of persimmons
Source: TradeMap (2018)

Conclusion

It can be concluded that since South Africa features as one of the very few producers of persimmons within the southern hemisphere, there are opportunities for the country to fill the off-season demand gap that exists in major persimmon import markets such as the Russian Federation and Germany. Furthermore, the ideal climatic conditions in the Mediterranean regions of the Western Cape Province provide a scope for increasing the production of persimmons, thereby creating employment opportunities given that the industry is labour absorptive.

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Trade Analysis of Wheat and Meslin (HS 1001)

By Nomantande Yeki

Background

South Africa has a market-oriented agricultural sector that is vastly diversified and includes the production of all the major grains with the exception of rice. South Africa's grain industry, comprising barley, maize, oats, sorghum and wheat, is one of the largest agricultural industries in the country, contributing more than 30% to the total gross value of agricultural production (Export Gov, 2017). Wheat is an important cereal crop, ranking second after maize in terms of the area planted and production in South Africa. The main wheat varieties grown are spring and winter, hard and soft, and red and white.

Wheat is mainly produced in the winter rainfall areas of the Free State, followed by the Western Cape and Northern Cape. According to a report compiled by the DAFF (2016), due to considerable annual fluctuations in production, the average wheat production has been ranging from 1.3 to 2.0 million tons per annum. Annually South Africa has to meet a total domestic demand of about 2.7 million tons, which is relatively higher than the total production within the country. To bridge the gap between what is locally produced and the total local demand, South Africa imports wheat from other countries including Argentina, the USA, Germany, Canada, Ukraine and the UK (DAFF, 2016). Furthermore, Export Gov (2017) indicates that there has been a distinct downward trend in the area planted to wheat over the past few years. This can be explained by the declining profit margins which caused local wheat farmers to scale down on wheat production and switch to other crops like canola, maize and soybeans. Additionally, the trend in wheat production has been sporadic over the years due to the unpredictable weather conditions (Export Gov, 2017).

Global trade overview of wheat

Globally there has been a downward trend in wheat production (USDA, 2017). **Table 3** illustrates the world's leading importers of wheat in 2017 measured in US dollars. Globally, wheat imports decreased between 2013 and 2017 from US\$49.6 billion to US\$41.6 billion. In 2017, Indonesia, Egypt and Algeria were the world's leading importers of wheat with a share value of 8.7%, 6.3% and 4.3% respectively. Indonesia was the leading importer with a value of US\$3.6.8 billion and a share value of 8.7, followed by Egypt (6.3%), Algeria (4.3%), Italy (4.1%) and Japan (3.7%) respectively.

Table 3: World's leading importers of wheat

	Imported value in US\$ 'Million		Share value (%)	Growth value (%)
Importers	2013	2017	2017	2013-2017
World	49607	41606		-16.1
Indonesia	2440	3628	8.7	48.7
Egypt	722	2624	6.3	263.6
Algeria	2123	1789	4.3	-15.8
Italy	1985	1717	4.1	-13.5
Japan	2278	1529	3.7	-32.9
Nigeria	1278	1241	3.0	-2.9
Bangladesh	726	1221	2.9	68.2
Philippines	869	1216	2.9	39.9
Spain	1040	1203	2.9	15.7
Brazil	2415	1149	2.8	-52.4

Source: TradeMap (2018)

Table 4 represents the world's leading exporters of wheat measured in US dollars. The global export value of wheat decreased from US\$49.1 billion in 2013 to US\$39 billion in 2017 (representing a 20.6% decline in growth rate). Although exports declined by 20.6% between 2013 and 2016, the USA remained the leading exporter with a share value of 15.7%, followed by the Russian Federation, Canada, Australia and France with a share value of 14.8%, 13.0%, 11.9% and 7.7% respectively.

Table 4: World's leading exporters of wheat

	Exported value in US\$ 'Million		Share value (%)	Growth value (%)
Exporters	2013	2017	2017	2013-2017
World	49112	38998		-20.6
USA	10525	6126	15.7	-41.8
Russian Fed	3483	5791	14.8	66.3
Canada	6489	5065	13.0	-21.9
Australia	5976	4655	11.9	-22.1
France	6164	3006	7.7	-51.2
Ukraine	1892	2760	7.1	45.9
Argentina	734	2362	6.1	221.7
Germany	2714	1607	4.1	-40.8
Romania	1303	1129	2.9	-13.3
Bulgaria	950	773	2.0	-18.7

Source: TradeMap (2018)

Overview of South Africa's trade in wheat

Figure 4 highlights South Africa's wheat trade performance over the past five years, measured in million US\$. It is noticeable that between 2013 and 2017, South Africa's wheat industry exhibited a negative trade balance, indicating that the country is a not self-sufficient. However, South Africa's trade balance declined by US\$44 million between 2013 and 2017. Despite a drastic reduction in 2015, the

trade balance of wheat increased by 65.2% from US\$187 million to US\$297 million in 2017.

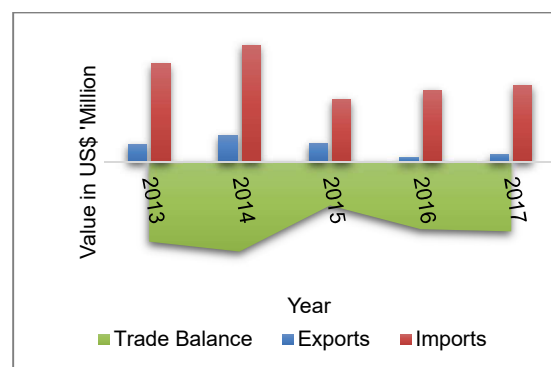


Figure 4: South Africa's trade performance in wheat

Source: TradeMap (2018)

Figure 5: represents the top five supplying markets of wheat imported by South Africa in 2017. It is important to note that the Russian Federation was the leading supplier of wheat to South Africa with a share of 29%, followed by Germany, Romania, Czech Republic and Ukraine, constituting a share value of 17%, 10.2%, 10.1% and 7.6% respectively.

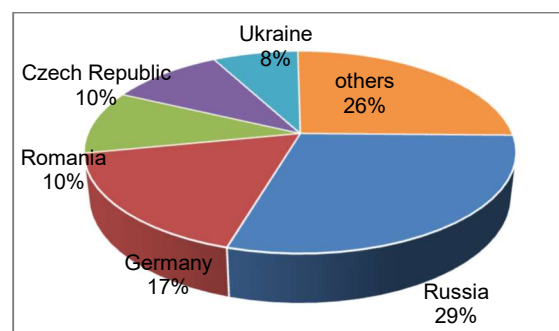


Figure 5: South Africa's Top suppliers of wheat

Source: TradeMap (2018)

Figure 6 highlights South Africa's top export destinations for wheat destined for the world in 2017. During the period under review, SADC intra-trade was evident as the top five import destinations were within the SADC region. The top five importing countries constituted about 95.5% share value of wheat exported to the world, with only 4.5% going to other countries. Zimbabwe, Botswana and Lesotho were the largest importing markets with a share of 37%, 24% and 20% respectively.

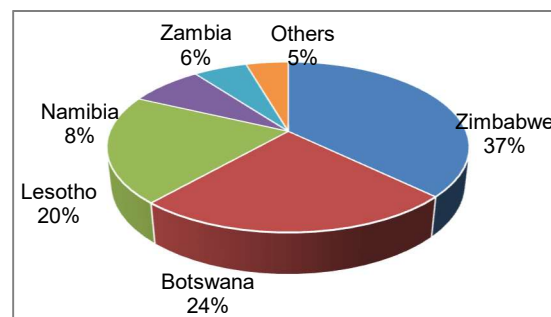


Figure 6: South Africa's wheat import destinations

Source: TradeMap (2018)

Conclusion

In conclusion, there has been a notable decrease in wheat production globally and the demand for wheat outweighs the current wheat production. The USA, Russian Federation and Canada were the leading global exporters of wheat in 2017. South Africa's wheat imports were the highest in Sub-Saharan Africa and South Africa was ranked 35th in terms of global wheat imports. Increasing wheat production remains a critical issue in South Africa.

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Trade Profile of Maize Starch (HS 110812)

By Fezeka Matebeni

Introduction

Starch is a major carbohydrate reserve in plant tubers and seed endosperm where it is found as granules. Therefore, maize is by far the largest source of starch with other commonly used sources being wheat, potato, tapioca and rice. The main botanical source used for the extraction of starch is maize, accounting for about 80% of the world market (Jobling, 2004; Shah, Prasad & Kumar, 2016). Among the different types of starch, maize starch is an important ingredient in the production of foodstuffs and has been widely used as a thickener, stabiliser, colloidal gelling agent and adhesive and in water retention (Singh, Singh, Kaur, Sodhi & Gill, 2003).

In South Africa, the main maize producing areas are the Free State, North West and Mpumalanga provinces, which collectively account for approximately 73% of total production (DAFF, 2016). Maize starch has a number of health benefits owing to which they are consumed on an exclusive scale throughout the country. It escapes digestion and its consumption helps in altering microbial populations, lowering cholesterol and enhancing its faecal excretion. Maize starch is also known to have the best usages in various other industries, including the paper industry, textile industry and, pharmaceutical industry. (Shah *et al.*, 2016).

Table 5 below illustrates the world's leading exporters of maize starch in 2016, measured in thousand US dollars, and their growth rate between 2013 and 2016. The global value of exports for maize starch decreased by 18.4% between 2013 and 2016. It is noteworthy that the majority of exporters experienced a negative growth rate, with the exception of Turkey and the Netherlands, during the period under review. Germany was ranked as the largest exporter of maize starch with a total value of US\$74.9 million, followed by the USA and Spain with a value of US\$59.4 million and US\$55.1million respectively. Notably, South Africa was ranked 17th with a value of US\$12.3 million in 2017.

Table 5: World's leading exporters of maize starch

	Exported value (in US\$ million)		Share (%)	Growth rate (%)
Exporters	2013	2016	2016	2013-16
World	798.4	651.8		-18.4
Germany	99.4	74.9	11.5	-24.6
USA	73.0	59.4	9.1	-18.6
Spain	66.0	55.1	8.5	-16.5
Turkey	34.2	52.3	8.0	52.9
India	81.8	47.4	7.3	-42.1
China	50.7	45.1	6.9	-11.0
Netherlands	32.1	47.0	7.2	46.4
Canada	29.8	25.5	3.9	-14.4
Italy	39.9	23.9	3.7	-40.1
Korea	26.6	20.4	3.1	-23.3

Source: Trade Map (2018)

Table 6 highlights the world's leading importers of maize starch in 2016, measured in thousand US dollars. It is important to note that the global value of maize starch imports decreased by 14.4% between 2013 and 2016. This was mainly influenced by a notable decrease in imports for countries such as the Netherlands, Poland and the USA by 32.0%, 32.9% and 26.6% respectively. However, countries such as Indonesia (99.3%), Nigeria (25.4%) and Canada (17.1%) showed an increase in their imports. The largest importers of maize starch were Germany, Indonesia and the UK with a share value of 8.8%, 7.2% and 6.9% respectively. Notably, South Africa ranked 55th with a value of about US\$2.5 million in 2017.

Table 6: World's leading importers of maize starch

	Imported value (in US\$ million)		Share (%)	Growth rate (%)
Importers	2013	2016	2016	2013-16
World	977.6	837.0		-14.4
Germany	102.5	73.7	8.81	-28.1
Indonesia	30.4	60.6	7.24	99.3
UK	76.0	58.3	6.97	-23.3
France	59.2	51.0	6.09	-13.8
USA	50.3	36.9	4.41	-26.6
Canada	24.6	28.8	3.44	17.1
Malaysia	29.7	24.6	2.94	-17.2
Netherlands	31.6	21.5	2.57	-32.0
Nigeria	18.5	23.2	2.77	25.4
Poland	30.7	20.6	2.46	-32.9

Source: Trade Map (2018)

South Africa's trade performance in maize starch

This section points out South Africa's trade performance in maize starch (exports, imports and trade balance) between 2013 and 2017 as illustrated

in **Figure 7**. South Africa experienced a positive trade balance in the period under review. This is due to the higher value of maize starch exported than what was imported, making the country a net exporter. In 2013, South Africa's exports reached a peak value of US\$15.0 million. However, South Africa's exports of maize starch declined by 18.2% between 2013 and 2017. The value of imports in 2017 was US\$2.5 million, while exports had a value of US\$12.3 million.

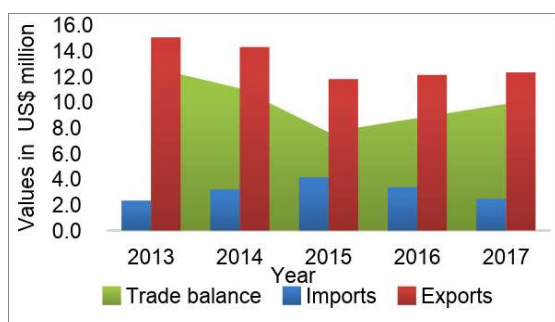


Figure 7: South Africa maize starch trade performance
Source: Trade Map (2018)

Figure 8 presents the leading importers of maize starch exported by South Africa in 2017, measured in million US dollars. Australia was ranked as the leading importer of South Africa's maize starch with a value of US\$2.1 million, followed by Taipei Chinese and Zimbabwe with a value of US\$2.0 million and US\$1.6 million respectively.

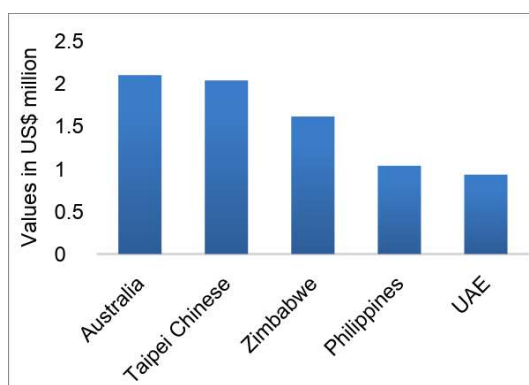


Figure 8: South African maize starch export destination
Source: Trade Map (2018)

Figure 9 illustrates the leading suppliers of maize starch imported by South Africa in 2017, measured in thousand US dollars. Turkey, India and Italy were the major suppliers of maize starch to South Africa with a value of US\$842 thousand, US\$462 thousand and US\$322 thousand respectively. It is important to note that there were no African countries among the top five suppliers of maize starch.

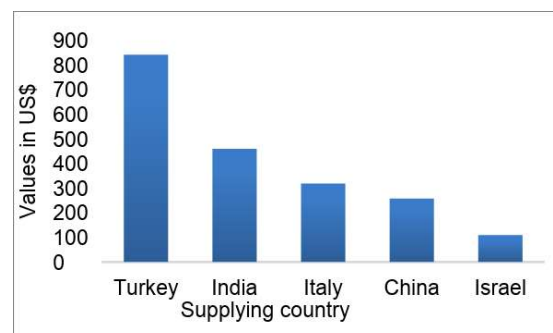


Figure 9: Leading suppliers of maize starch to South Africa

Source: Trade Map (2018)

Conclusion

Maize is counted among the most important cereals in the world. Maize starch does not only have health benefits but it is also known to have the best uses in other industries. South Africa experienced a positive trade balance during the period under review, meaning that South Africa is a net exporter. Furthermore, South Africa was ranked 17th with a value of US\$12.3 million in 2017. Australia was ranked as the leading importer of South Africa's maize starch with a value of US\$2.1 million. While the major supplier of maize starch to South Africa was Turkey.

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South Africa's Agricultural Trade with BRICS member states

By Hebert M Lubinga

Introduction

The acronym BRICS refers to a partnership established between Brazil, Russia, India, China and South Africa. In this article, the interest lies in understanding South Africa's agricultural trade performance with Brazil, Russia, India and China (*hereafter referred to as BRIC*). Ever since South Africa joined BRICS in 2011, the country's agricultural exports destined for BRIC have been

rising. Although in a declining trend, South Africa exhibits a negative trade balance with BRIC in general. Between 2011 and 2016, the negative trade balance decreased by 35.2% (from R -4.6 billion to R -2.9 billion). In terms of imports, China and Brazil account for more than 80% of all agricultural goods supplied by BRICS. As of December 2016, the estimated value of agricultural exports to BRIC was R 9.1 billion, representing 6.8% of South Africa's agricultural exports to the world. China, Russia and India are the major trading partners in that order. Of the R 9.1 billion worth of agricultural goods exported in 2016, about R 6.4 billion was destined for China while R 2.1 billion, R0.4 billion and R0.16 billion went to Russia, India and Brazil respectively.

What agricultural commodities are traded?

The analysis presented in this subsection is centred on the top ten agricultural commodities (at HS 6 level) traded between South Africa and BRIC. As presented in **Table 7 (see Appendix A)**, wool, oranges and wine were the top three agricultural commodities exported by South Africa to BRIC. Across all commodities, there is a general increase in South Africa's agricultural exports to BRIC. In addition, the market still presents an opportunity to increase exports. For instance, in 2016, the value of potential trade for wines (HS 220421 & 220429) was estimated at about R8,517.6 million collectively. Other commodities with high potential trade include oranges, pears and lemons.

A comparison between what was actually exported against the potential trade reveals that there is still more room for South Africa to export more of those specific agricultural commodities to BRIC.

In the case of South Africa's agricultural imports from BRIC, cane or beet sugar (170199), frozen poultry products (020712) and unmanufactured tobacco (240120) were the top three commodities (**Table 8, see Appendix A**). South Africa also presents an opportunity for Brazil, Russia India and China to tap into the existing market for each of the products listed in **Table 8**. By the end of 2016, frozen cuts & edible offal of poultry (020714) registered the highest potential trade (approximately R3394 million) for BRIC to export into South Africa, followed by tobacco (240120) with a value of R1029 million.

A detailed analysis of South Africa's top three agricultural exports (wool, oranges and wine) is provided in the subsequent paragraphs. By value, wool is South Africa's most exported agricultural commodity to BRIC, accounting for 77.4% of South Africa's global wool exports (**see Table 9, Appendix A**). About 74% of the wool is destined for China while the remaining proportion goes to Russia. In 2016, wool exports to China were worth about US\$190.6 million (36425 tons), translating into a 60% growth in value between 2015 and 2016. On average, South Africa's wool exports are subjected to a 38% tariff rate to gain access into the Chinese market. This is the highest tariff rate amongst all the countries in the BRICS partnership. In value terms, the annual growth rate in wool exports to India declined by 24%

between 2015 and 2016. South Africa did not export wool to Brazil and Russia.

In 2016, oranges exported to BRIC accounted for 12.1% of South Africa's global exports of oranges (**see Table 10, Appendix A**). Only China had a positive growth rate (25%) in importing South Africa's oranges between 2015 and 2016. India registered the highest decline of 66%. This may be attributed to the highest tariff rate (30%) to which India subjects South Africa's oranges. Although Russia had the lowest tariff rate, the country's orange imports from South Africa also dropped by 20%. This observation may be associated with other non-tariff barriers (NTBs) that could have hindered smooth trade flows. The effect on production of a prolonged drought that affected South Africa during the 2015-16 period should also not be overlooked.

For wine, 9.2% of South Africa's global exports were destined for BRIC in 2016, of which 7.7% went to China and 1.1% to Russia, leaving Brazil and India collectively accounting for 0.5% (**see Table 11, Appendix A**). Despite the high share of wine destined for China, there was a 16% decline in the value of exports between 2015 and 2016. Similarly, Russia also registered an 8% decline. The decline in wine exports to China and Russia may be associated with NTBs given that these countries apply lower tariff rates to South Africa's wine exports as compared to India (150%) and Brazil (27%). Despite the high tariffs, it is also interesting to note the high growth rates in wine exports to Brazil (61%) and India (39%). This observation suggests that South Africa is capturing new markets. It could also be argued that the high tariffs may not necessarily deter trade, especially in instances where NTMs are very minimal.

Conclusion

South Africa has a good trade performance with BRIC and there are more trade opportunities to explore, most especially for oranges and wines, among other commodities. Overall, China is South Africa's major trade partner but it is noteworthy that Brazil and India are becoming flourishing markets for South Africa's wine. China applies high tariff rates to wool, while tariffs on oranges gaining access into India are also high. India and Brazil apply exorbitantly high tariff rates to South Africa's wine. For South Africa's agricultural sector to optimise benefits from the BRICS arrangement, there is a need to scrutinise both tariff and non-tariff measures that may impair the flourishing agricultural trade amongst member countries.



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Impact of listeriosis on the trade in processed meat (HS 1601 & 1602 combined)

By Lucius Phaleng¹ and Matsobane Mpyana

Background

This section entails a review of the impact of listeriosis on South Africa's trade in processed meat. Processed meat in South Africa is regarded as any meat preserved by smoking, curing or salting, or with the addition of chemical preservatives. Examples include bacon, salami, sausages, hot dogs or processed deli or luncheon meat. Furthermore, processed meat is usually composed of pork and beef but also poultry. There are various ways to categorise the processed meat and this section focuses on higher value-added processed meats. In its simplest form, the processing of meat may be minimal, turning livestock into carcasses or cuts of meat, with or without bones, and chilled or frozen for preservation. These are the types of products covered by the Harmonised System of tariffs code HS-02, meat and edible meat offal. HS-16, food preparations of meat, fish and seafood, covers higher value-added processed meats such as sausages.

In South Africa, processed meat has been identified as the cause of the listeriosis outbreak, and this has resulted in some African countries (i.e. Zimbabwe, Namibia, Botswana, Mozambique, Zambia. etc.) restricting processed meats imports from South Africa (DTI, 2018). Therefore, this article highlights how processed meat exports from South Africa have been affected since the listeriosis outbreak. **Table 12** highlights the world's leading exporters of processed meat (HS 1601 & 1602 combined) between December 2017 and February 2018. It is important to note that all the top ten exporters experienced a negative growth rate between December 2017 and February 2018. Ireland was ranked as the leading exporter of processed meat with a value of R986 million in February 2018, followed by Brazil, Spain, Czech Republic and Portugal with a value of R977 million, R630 million, R199 million and R68 million respectively.

Table 12: World's leading exporters of processed meat

Exporters	Exported value in R'Million			Growth (%)
	Dec 2017	Jan 2018	Feb 2018	Dec 2017 vs. Feb 2018
Ireland	1064	914	986	-7.3
Brazil	1087	1047	977	-10.1
Spain	730	619	630	-13.7
Czech Rep	229	215	199	-13.1
Portugal	92	68	68	-26.1
Lithuania	72	58	55	-23.6
Estonia	40	42	36	-10.0
Greece	29	26	25	-13.8
Switzerland	8	9	11	37.5
Japan	11	7	6	-45.5

Source: Trade Map (2018)

Table 13 highlights the world's leading importers of processed meat classified under the Harmonised System of 1601 and 1602. Japan was ranked as the main importer of processed meat in February 2018 with a value of R2 988 million, followed by Ireland (R422 million), Spain (R302 million), Czech Republic (R147 million) and Portugal (R135 million) respectively. All top ten importing countries experienced a negative growth rate with the exception of Estonia, which had a growth value of 6.3%. It is important to note that nine out of ten of the top importers also appear among the top exporters.

Table 13: World's leading importers of processed meat

Importers	Imported value in R'Million			Growth (%)
	Dec 2017	Jan 2018	Feb 2018	Dec 2017 vs. Feb 2018
Japan	3979	3298	2988	-24.9
Ireland	545	490	422	-22.6
Spain	375	313	302	-19.5
Czech Rep	231	176	147	-36.4
Portugal	161	150	135	-16.1
Switzerland	169	120	127	-24.9
Greece	85	84	74	-12.9
Lithuania	67	62	58	-13.4
Estonia	48	42	51	6.3
Bahrain	49	33	31	-36.7

Source: Trade Map (2018)

South Africa's export ban has affected the pork industry, especially smallholder farmers, and the value of processed pork meat products is expected to decline (DTI, 2018). **Table 14** indicates the main trading partners that imported processed meat from South Africa between October 2017 and December 2017. Fifty percent of the top ten importers are African countries. Many African countries banned imports of processed meat from South Africa due to the listeriosis outbreak and this might have a negative impact on South Africa's export trends. By December 2017, Lesotho was ranked as the main importer of processed meat worth R22.2 million from South Africa, followed by Namibia, Mozambique and Swaziland with a value of R29.5 million collectively.

Table 14: Top ten importers of processed meat from South Africa

Importers	Exported value in R' Million			Growth (%)
	Oct 2017	Nov 2017	Dec 2017	Oct 2017 vs. Dec 2017
World	85.9	93.6	87.3	1.6
Lesotho	22.6	22.7	22.2	-1.8
Namibia	19.6	21.7	11.9	-39.3
Mozambique	7.7	8.4	10.3	33.8
Swaziland	7.5	6.3	7.3	-2.7
UAE	4.8	4.7	6.4	33.3
Germany	4.6	3.7	5.8	26.1
Belgium	1.1	3.3	4.1	2272.7
Malawi	0.4	0.7	3.6	800.0
France	3.7	3.4	3.3	-10.8

Source: Trade Map (2018)

South Africa imported 202 million kilograms of mechanically deboned chicken last year, most of it from Brazil. No allegations/claims have been established with regard to the association between imported chicken and the listeriosis outbreak. **Figure 10** indicates the top suppliers of processed meat imported by South Africa. The figure is presented in the share values of processed meat imports into South Africa during November and December 2017. Namibia was ranked as the main supplier of processed meat to South Africa, constituting 38.5% of all processed meat imports in December 2017, followed by Italy, Germany and Brazil with a share value of 20.4%, 11.6% and 10.9% respectively.

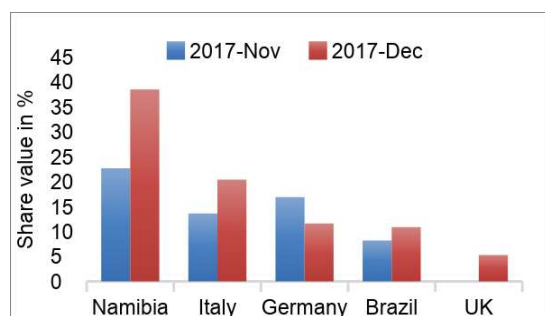


Figure 10: Suppliers of processed meat to South Africa
Source: Trade Map (2018)

Sausages were the main processed product exported by South Africa to the international market, therefore exports of this product are likely to be affected by the listeriosis outbreak. **Figure 11** highlights the monthly trade performance of processed meat (exports, imports and trade balance) measured in million rand during the 2017 period. South Africa's export trend of processed meat was higher as compared to imports, resulting in a positive trade balance. It can be noted that the value of processed meat declined from R93.6 million (November 2017) to R87.3 million (December 2017) as expected, and it is forecasted to continue declining in the early months of 2018. Therefore, the ban on South Africa's processed meat exports may be attributed to that decline in exports.

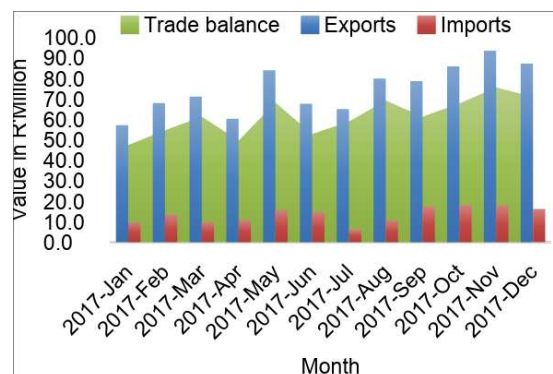


Figure 11: South Africa's trade performance
Source: Trade Map (2018)

Conclusion

It can be concluded that South Africa exports more processed meat than it imports, implying a positive trade balance. However, due to the listeriosis outbreak, a declining trend in exports was observed as a result of import bans on South Africa's processed meat in many other countries. Lesotho, Namibia and Mozambique were the leading the importing markets of processed meat from South Africa. Currently South Africa is unable to export processed meat due to safety measures and restrictions in the importing countries.



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The South African Pork Industry Market Value Chain: Trade Analysis of South African Swine Products (HS 0203)

By

Matsobane (BM) Mpyana¹ and Lucius Phaleng

Overview of the South African pork industry

The South African pork industry is the smallest contributor in terms of world pig production, with approximately less than 0.5% of the total world production. The country slaughters about 2.8 million pigs annually. It is evident that the South African pork producers have access to top genetic production material which is recommendable to compete well with the European countries (BFAP, 2017). According to DAFF (2017), the total pig population is estimated at over 1 512 000. In 2016, it was reported that there were about 243 registered commercial farmers owning 110 400 sows. The total number of smallholder farmers in the industry remains unknown; however, they are estimated to number between 1 500 and 3 000 farmers. In terms of ownership, an estimated total of 16 000 pigs are in the hands of smallholder farmers, averaging between five and 50 sow units each. The agricultural sector employs more labour force than any other sector of the economy. It is estimated that the pork Industry employs about 10 000 workers, comprising about 4 000 farm workers and 6 000 workers in the processing and abattoir sub-sectors. Furthermore, the pig industry contributes less than 5% of the animal product gross producer value. Most importantly, the industry plays a crucial role in the economy with a gross producer value of approximately R3.49 billion and gross consumer value of about R7.15 billion.

The South African Pork Producers' Organisation (SAPPO) is the mouthpiece of commercial pork producers in South Africa. The organisation currently administers a statutory levy at a cost of R10.50 per pig (VAT excl.) and serves the South African pork producer by participating and co-operating within organised agriculture. Furthermore, it liaises with the respective sectoral organisations, role players within the meat industry supply chain, government and international interest groups on behalf of the pork producers. It facilitates, represents and supports all pig farmers in South Africa to become profitable and sustainable in their farming enterprises. The pig industry is one of the unique sub-sectors in South African agriculture. The following are key in pig production: biosecurity, health and diseases, welfare, infrastructure, breeding and marketing. Recently, the South African pork industry has been affected by the listeriosis outbreak which is projected to have a major impact on the South African pork industry. This article is based on the trade analysis of meat of swine, fresh, chilled or frozen (HS 0203).

Pork production areas in South Africa

Pork is produced in all nine provinces of South Africa.

Figure 12 shows that most of the households reviewed owned one to 10 pigs, with the Eastern

Cape owning the largest percentage of 96.3%, Kwa-Zulu Natal 88.1% and Limpopo the largest share of 86.4% of pigs in 2016. Furthermore, only a few provinces own more than 100 pigs in South Africa, with Gauteng being in the lead in terms of ownership with 4.4% of the households in possession of 100+ pigs, followed by the Western Cape (2.6%) and Free State (1.6%). Important to note is that for a farmer to operate on a commercial scale, it is estimated that the farmer should have more 150 sows.

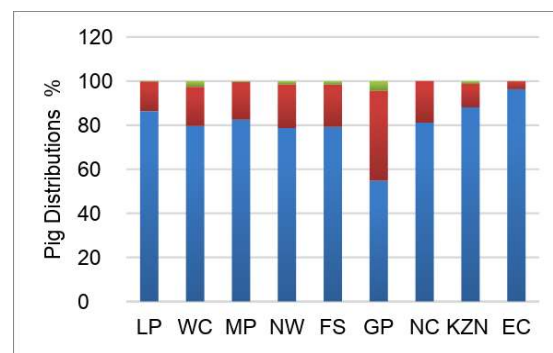


Figure 12: Distribution of agricultural households engaged in pig farming in South Africa

Source: Statistics SA (2016)

Import and export analysis

Table 15 above shows the top five exporters of swine for the period 2013-2017. It can be deduced from the table that Germany is the top exporter of swine in the world with a total share of 15.8%, followed by the USA with a share of 15.2% and Spain with a share of 13.5% during 2013-2017 respectively.

Table 15: Top exporters of swine in the world 2013-2017

Exporters	2013	2014	2015	2016	2017
Germany	17.2	16.2	15.7	15.9	15.8
USA	14.3	15.6	15.9	15.4	15.2
Spain	10.3	10.8	11.8	12.9	13.5
Denmark	11	10.3	10	9.6	9.1
Canada	8.3	9	8.8	8.7	8.4

Source: Trade Map (2018)

Table 16 indicates the top five importers of swine in the world for period 2013-2017. The table shows that Japan was the largest importer of swine products during that period, recording 14.8%, followed by China and Italy with 7.5% and 7.4% respectively.

Table 16: World's top importers of swine 2013-2017

Importers	2013	2014	2015	2016	2017
Japan	13.4	14.3	14.1	15.3	14.8
China	3.7	3.5	5.8	11.7	7.5
Italy	9	8.8	8.2	7.3	7.4
Germany	8.2	7.6	6.3	5.9	6
Poland	5.8	5.4	5.4	4.8	5.2

Source: Trade Map (2018)

Table 17 shows the top five suppliers of swine products imported by South Africa for the period 2013-2017. The table shows that South Africa imported 38.4% of swine products from Germany, followed by 24.9% from Spain and 10.9% from Brazil respectively. It can be noted from the table that South Africa's imports from Germany increased compared to imports from Spain between 2016 and 2017.

Table 17: Top five supplying markets for swine products imported by South Africa

Exporters	% Share value in South Africa's imports				
	2013	2014	2015	2016	2017
Germany	41.7	53.4	40.9	31.9	38.4
Spain	9.8	9.1	25.9	36.3	24.9
Brazil	0	0	0.8	6.5	10.9
Canada	24.7	7.5	15	3.3	7.5
France	6.2	10.4	3.8	5.7	4.4

Source: Trade Map (2018)

Table 18 shows the importing markets for swine products exported by South Africa between 2013 and 2017. It can be noted that the major market for South Africa's swine products was Namibia which recorded a total 26.2% share value of South Africa's exports, followed by Mozambique and Botswana with 22.4% and 16.6% in 2017 respectively. There is uncertainty with regard to the future trend of these values due to the outbreak of listeriosis which hit the swine industry in 2017. Some countries have already banned imports of swine products from South Africa.

Table 18: Top five markets for swine products exported by South Africa

Importers	% Share value in South Africa's exports				
	2013	2014	2015	2016	2017
Namibia	34.1	31.5	38.9	27.3	26.2
Mozambique	6.3	17.1	18.2	23.3	22.4
Botswana	15.1	11.3	14.4	15.5	16.6
Lesotho	12.3	9.1	7.9	16.2	15.9
Swaziland	10.8	8.8	6.5	5.4	6.5

Source: Trade Map (2018)

Table 19 (see Appendix B) shows that in 2015/16 the total number of pigs in South Africa was estimated at 1 512 000 with approximately 3 011 000 slaughtered. However, in 2016/17, the pig numbers declined to about 1 481 000 with approximately 2 906 000 slaughtered during the same period. The average price for 2015/16 was R2 225.7 c/kg, while in 2016/17 the average price increased to R2 499.5 c/kg. Pork production is currently declining in South Africa as it was reported that in 2015/16 a total of 243.1 tons were produced but this decreased to 232.5 tons in 2016/17. It is important to note that in 2015/16 it was reported that approximately 263 tons (4.8 per capita) of pork was consumed and in 2016/17 the consumption declined to 255 tons (4.6 per capita) respectively.

Conclusion

In conclusion, the South African pork industry is the smallest contributor in terms of world pig production with approximately less than 0.5% of world production and slaughtering about 2.8 million pigs annually. Although South African pork exports to the world remain low, it can be concluded that Germany remains the main supplier of swine products to South Africa with a 38.4% share of swine products imported by South Africa. There is a general consensus that South Africa's pork exports to European countries are less than the imports, which makes the pork industry less competitive as compared to the rest of the world.

This means that South Africa is a net importer of pork. The same cannot be said for the African continent as South Africa is the leading exporter of swine products to Africa, with its major destination being Namibia (26.2%), Mozambique (22.4%) and Botswana (16.6%) respectively. However, the future of this trend is uncertain due to the recent listeriosis outbreak in South Africa.



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Appendix A

Table 7: Top 10 commodities: South African exports to BRIC market and their trade potential

Hs code	Product label	Exports (R million)			Indicative potential trade (R million)		
		2014	2015	2016	2014	2015	2016
Total	Agricultural Products	6795.7	7049.8	9091.8	100817.5	102600.9	124362.8
'510111	Wool	2166.5	1665.6	2933.0	521.2	704.9	856.0
'080510	Oranges	857.6	1011.1	1068.0	5304.4	5600.5	7170.9
'220421	Wine (grapes)	300.9	598.1	602.9	5183.2	4765.3	5919.6
'230120	Flours, meals & pellets of fish...	249.2	171.1	478.0	562.2	490.8	1088.2
'410210	Raw skins of sheep	125.7	382.5	465.7	196.2	86.6	29.0
'080550	Lemons	274.8	239.4	314.0	2171.8	2398.8	2876.7
'080540	Grapefruit	187.7	193.6	306.2	888.3	744.3	1254.0
'080830	Fresh pears	225.1	370.2	298.1	1834.6	1716.5	2485.0
'510539	Fine animal hair	212.1	248.1	268.3	374.0	346.7	321.8
'220429	Wine of grapes, ...	184.7	86.1	243.2	1832.0	2564.9	2598.0

Source: Trade Map (2018)

Table 8: South Africa's top 10 agricultural imports from BRIC

HS code	Product label	Imports (R million)			Indicative potential trade (R million)		
		2014	2015	2016	2014	2015	2016
'TOTAL	Agricultural Products	10056.6	10787.9	12060.4	63451.5	58228.3	78510.6
'170199	Cane or beet sugar	594.6	522.0	782.2	290.9	225.0	629.8
'020712	Frozen poultry products	604.0	381.4	691.7	247.6	204.1	335.8
'240120	Tobacco	604.4	795.0	672.5	820.5	640.0	1028.7
'050400	Guts, bladders & stomachs of animals, ...	445.9	381.3	663.2	309.6	294.3	379.7
'200979	Apple juice, unfermented,	327.1	563.1	605.3	142.7	85.5	85.2
'020714	Frozen cuts & edible offal of poultry	410.8	807.1	570.1	2367.5	2047.3	3393.7
'350400	Peptones & derivatives...	407.8	437.7	425.1	44.9	79.2	92.6
'330290	Odoriferous substances	274.9	316.9	311.5	699.2	736.4	921.3
'330610	Dentifrices	135.6	235.5	281.5	250.8	120.8	183.6
'071290	Dried vegetables	93.0	132.6	265.9	40.1	32.9	41.4

Source: Trade Map (2018)

Table 9: Selected indicators of wool exported to BRIC

Importers	Exported in 2016 (USD thousand)	Trade balance 2016 (USD thousand)	Share in S. Africa's exports (%)	Quantity (ton) exported in 2016	Growth in exported value between & 20152016 (% p.a.)	Average tariff faced by South Africa (%)
World	258539	252211	100	46861	38	
BRIC	200128	200128	77.4	37890		
China	190617	190617	73.7	36425	60	38
India	9511	9511	3.7	1465	-24	5
Brazil		-44				8
Russia						2.3

Source: Trade Map (2018)

Table 10: Selected indicators of oranges (080510) exported to BRIC

Importers	Exported in 2016 (USD thousand)	Trade balance 2016 (USD thousand)	Share in S. Africa's exports (%)	Quantity (ton) exported in 2016	Growth in exported value between 2015 & 2016 (% p.a.)	Average tariff faced by South Africa (%)
World	601179	598881	100	1063857	-2	
BRIC Aggr.	72874	72874	12.1	121157		
China	36544	36544	6.1	48644	25	11
Russia	33153	33153	5.5	68248	-20	1.9
India	3177	3177	0.5	4265	-66	30
Brazil						

Source: Trade Map (2018)

Table 11: Selected indicators of wine (220421) exported to BRIC

Importers	Exported in 2016 (USD thousand)	Trade balance 2016 (USD thousand)	Share in S. Africa's exports (%)	Quantity (ton) exported in 2016	Growth in exported value between 2015& 2016 (% p.a.)	Average tariff faced by South Africa (%)
World	445,053	438,968	100	185,464	5	
BRIC	41,141	41,141	9.2	18,742		
China	34,099	34,099	7.7	15,558	-16	14
Russia	4,836	4,836	1.1	2,409	-8	12.5
Brazil	1,855	1,855	0.4	655	61	27
India	351	351	0.1	120	39	150

Source: Trade Map (2018)

Appendix B**Table 19: Pig numbers, numbers slaughtered, average price, production and consumption of pork in South Africa**

Year	Pig numbers	Number slaughtered	Average price c/kg	Production 1000 t	Consumption	
	1000				Total	Per capita Kg/year
2012/13	1 574	2 734	1 807,2	213,5	245	4,7
2013/14	1 562	2 844	2 045,3	224,2	236	4,5
2014/15	1 523	2 926	2 232,9	233,0	254	4,7
2015/16	1512	3 011	2 225,7	243,1	263	4,8
2016/17	1 481	2 906	2 499,5	232,5	255	4,6

Source: DAFF – Abstract of Agricultural Statistics (2018)

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