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National Agricultural  
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Promoting market access for South African agriculture

# Markets and Economic Research Centre and Directorate of International Trade



## TRADEPROBE

*Issue 64/July 2016*

This issue of the *TradeProbe* covers the following topics:

- Trade profile of natural honey (HS code 0409)
- Trade profile of South Africa's oilcake (HS code 2306)
- Product profile for whey (HS code 040410) in South Africa
- Profile of South Africa's trade in oranges with Nigeria, Angola, Cameroon, Egypt and Kenya
- Analysis of South Africa's agricultural imports since the introduction of the Agreement on Agriculture (AoA)

### TRADE PROFILE FOR NATURAL HONEY (HS CODE 0409)

Natural honey is made by honeybees from the nectar they collect from flowers. The nectar itself is a sweet liquid produced by flowering plants to attract insects helpful in pollination. Furthermore, honey contains much less moisture than the original nectar. The honeybees naturally break down the sweet liquid into simple sugars and store it in honeycombs. The unique design of the honeycomb, coupled with the constant fanning by the bees' wings favour the occurrence of evaporation, thereby creating the thick, sweet liquid we know as honey. Honey is mainly used in cooking and baking, as a spread on bread, and as an additive in many beverages, such as tea, and as a sweetener in some commercial beverages. Honey consumption has some health benefits.

Although honey is known to be produced throughout South Africa, it is mostly produced in the Free State and KwaZulu-Natal provinces. The industry comprises of commercial, smallholder and hobbyist beekeepers. There are about 105 000 beehives in South Africa (SABIO, 2016). The purpose of the article is to analyse the trade performance of natural honey in the world and South Africa.

#### World trade in natural honey

Table 1 presents the top ten global exporters of natural honey in 2015, expressed in value terms. The top ten exporters accounted for 62.1 % of world exports. China was the leading exporter with 12.3 % share of world exports, followed by New Zealand and Argentina, accounting for 8.5 % and 7.0 % of the value of honey exports respectively. Table 1 also shows that world exports have been increasing, and that South Africa registered a 0.05 % share of world exports, ranked 57th in the world, and in 2014/2015 her export growth rate was 100 % (i.e. doubled).

Table 1: World's leading exporters of natural honey

Exporters	Exported value (R' Billion)		Growth value (%)	
	2014	2015	2014/2015	2015
<b>World</b>	<b>25.6</b>	<b>29.8</b>	<b>16.4</b>	<b>100</b>
China	2.8	3.7	32.1	12.3
N Zealand	1.8	2.5	38.8	8.5
Argentina	2.2	2.1	-4.5	7.0
Mexico	1.6	2.0	25	6.6
Germany	1.6	1.8	12.5	5.9
India	0.8	1.5	87.5	5.2
Viet Nam	1.4	1.4	0	4.7
Spain	1.3	1.3	0	4.3
Ukraine	1.0	1.2	20	4.5
Belgium	0.8	1.1	37.5	3.4
<b>SA</b>	<b>0.01</b>	<b>0.02</b>	<b>100</b>	<b>0.05</b>

Source: ITC, TradeMap (2016)

Table 2 shows the top ten global importers of natural honey in 2015. World imports of natural honey grew by about 17 %, reaching R29.5 billion in 2015, with the leading top ten importers accounting for 72.45 %. The United States of America (USA), Germany and the United Kingdom (UK) are the top three importers, representing 26.16 %, 13.71 % and 5.60 % respectively. There are no African countries among the top ten importers. Furthermore, the data reveal that Japan and China impose high tariff rates (20.5 % and 18.7 %, respectively) on natural honey imports. South Africa's imports represent a 0.2 % share in world imports of natural honey and she ranks 43rd of all global importers.

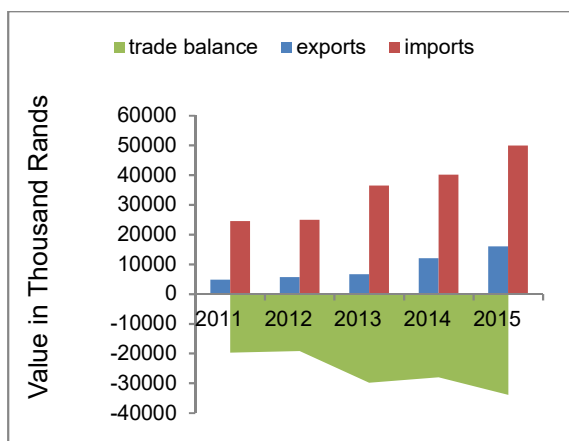
Table 2: World's leading importers of natural honey

Importers	Imported value (R' Billions)		Growth value (%)	
	2014	2015	2014/2015	2015
<b>World</b>	<b>25.17</b>	<b>29.35</b>	<b>16.59</b>	<b>100</b>
USA	6.30	7.68	21.80	26.16
Germany	3.49	4.02	15.43	13.71
UK	1.44	1.64	14.40	5.60
France	1.67	1.61	-3.46	5.50
Japan	1.30	1.49	14.67	5.08
Belgium	0.85	1.15	35.98	3.92
Italy	0.99	1.07	8.61	3.65
China	0.63	0.95	49.39	3.23
Spain	0.66	0.92	39.30	3.14
Saudi Arabia	0.94	0.72	-23.11	2.46
<b>SA</b>	<b>0.04</b>	<b>0.05</b>	<b>24.56</b>	<b>0.17</b>

Source: ITC, TradeMap (2016)

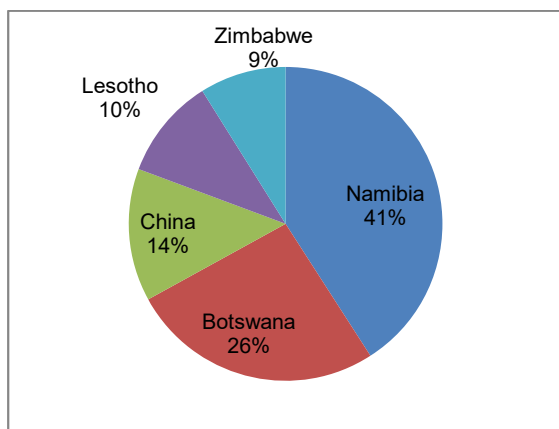
#### South Africa's trade in natural honey

Figure 1 shows the trade trends of natural honey in South Africa over the past five years. In 2015, South Africa's imports and exports were valued at R47 million and R11 million, respectively. The TradeMap database reveals that South Africa imported more natural honey than she exported (and is thereby a net importer of natural honey). Although exports were not stable, imports have been increasing at a much faster rate than exports, resulting in a negative trade balance.



**Figure 1:** Exports, imports and trade balance  
**Source:** Own calculations; TradeMap (2016)

**Figure 2** presents leading export destinations for South Africa's natural honey in 2015. Namibia, Botswana and China were the main markets for South Africa's natural honey exports. It is clear that most of South Africa's natural honey exports go to African countries. This may be attributed to the customs union to which these countries subscribe (except for China and Zimbabwe). This allows free movement of all products among themselves. Collectively, the above-mentioned countries accounted for over 79.7 % of South Africa's natural honey exports.



**Figure 2:** Main markets for South Africa's natural honey exports.

**Source:** Own calculations based on statistics from TradeMap (2015)

**Table 3** shows the leading suppliers of natural honey to South Africa in 2015. China was the largest supplier of natural honey to South Africa, with the share of 98.84 % in 2015. This could be attributed to the fact that China was the world's leading exporter of natural honey in 2015, and had a 113.15 % growth rate in export value from 2010 to 2015. Malaysia, New Zealand and Zambia were among the top five suppliers of natural honey, with shares of about 0.5 %, 0.32 % and 0.30 % respectively.

**Table 3:** Main suppliers of natural honey to South Africa

Supplier	Imported value (R million)		Growth value (%)	Share (%)
	2010	2015	2010/2015	2015
<b>World</b>	<b>24</b>	<b>47</b>	<b>96.29</b>	<b>100</b>
China	21.3	46.5	117.96	98.8
Malaysia	0.00	0.2	0.00	0.5
N Zealand	0.00	0.2	0.00	0.3
Zambia	0.00	0.1	0.00	0.3
Italy	1.2	0	0.00	0.1

**Source:** ITC, TradeMap (2016)

### Conclusion

We can thus conclude that natural honey is mainly imported from Asian countries. South Africa is a net importer of natural honey and she ranks 57th of all exporters. The largest proportion of South Africa's natural honey is exported to SACU member countries, probably due to duty free market access granted to a number of products for subscribing members. South Africa's natural honey exports and imports have risen sharply in the past five years. South Africa should take advantage of the increasing global demand for natural honey and expand her production and export base, especially on the African continent.

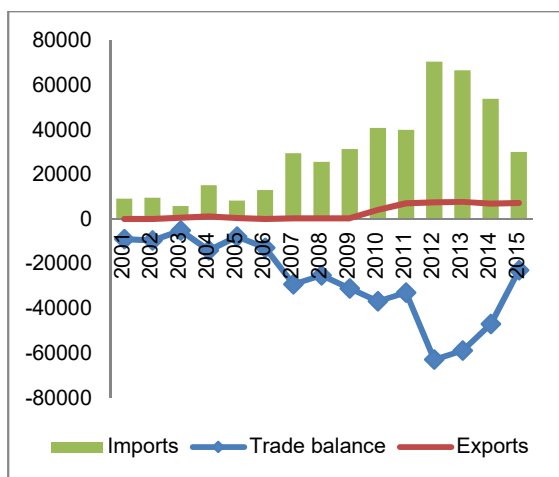


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### TRADE PROFILE OF SOUTH AFRICA'S OILCAKE (HS CODE 2306)

Oilcake is the solid remains obtained from oilseeds after extraction of the oil. Oilcake is mainly used as feed and the major oil seeds used include soybeans, peanuts, flaxseed (linseed), rapeseed, cottonseed, coconuts (copra), oil palm, and sunflower seeds. In the case of cottonseed and peanuts, the woody hulls and shells are first removed before processing. This article provides a reflection on South Africa's trade pattern for the different forms of oilcakes.

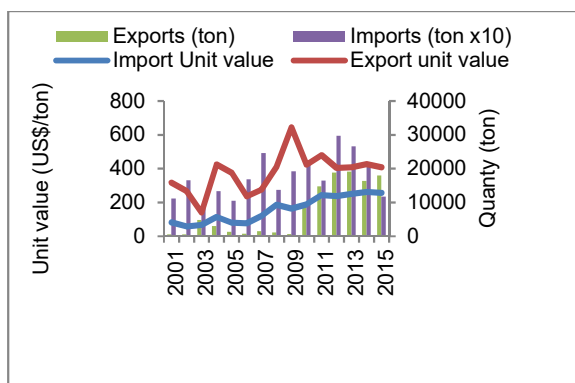
Overall, **Figure 3** shows that South Africa is a net importer of oilcake. Oilcake imports were highest in 2012, with an estimated value of US\$ 70.5 million while the highest export revenue was received in 2013 (US\$ 7.8 million). The net import trend of oilcake in South Africa may not necessarily be associated with price fluctuations but rather with the relatively small quantities exported as compared to what is imported.



**Figure 3:** South Africa's exports, imports and trade balance in oilcake (2306)

Source: TradeMap (2016)

**Figure 4** clearly illustrates that exports fetch more money per ton than imports. Furthermore, it is also evident that after 2013, as South Africa increased her export quantities, the value of net imports reduced by over 60 % by the end of 2015.



**Figure 4:** Oilcake import and export unit values as well as quantities

Source: TradeMap (2016)

South Africa's oilcake exports are mainly destined for African countries, as shown in **Table 4**, while imports mainly come from Argentina, accounting for about 50 % share of oilcake imports into the country, followed by Zambia (10.2 %) (see **Table 5**).

**Table 4:** South Africa's top 10 export destinations of oilcake by market share (%)

661m	2010	2011	2012	2013	2014	2015
	0	1	2	3	4	5

Swaziland	47	23	17	21	18	23
Lesotho	5	8	5	8	14	20
Namibia	1	8	10	18	12	19
Zimbabwe	1	3	10	39	32	16.5
Saudi Arabia	0	0	0	0	0	10
Botswana	0	0	0	0	0	1
Egypt	5	10	4	1	3	1
Mozambique	4	2	2	2	1	1
DRC	0	0	0	0	0	1
Angola						

Source: TradeMap (2016)

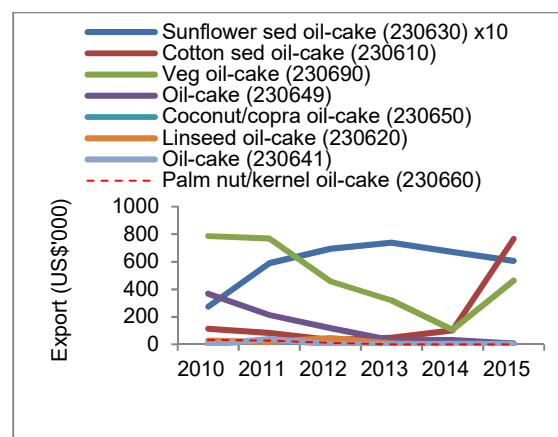
Over the years, Swaziland has remained a key export destination for South Africa's oilcake after Botswana, which is exhibiting a declining trend in the market share of the product.

**Table 5:** South Africa's top 10 suppliers of oilcake (HS 2306) by market share

Exporters	2010	2011	2012	2013	2014	2015
Argentina	35.7	45.1	46.1	39.1	30.4	49.7
Zambia	4.5	2	3.7	3.3	7	10.2
India	7.7	16.5	4.8	8.7	9.1	9.2
Malawi	0.4	1.2	4.2	5.7	8.2	8.1
Zimbabwe	21.4	22.6	24.6	20.8	14.2	6.7
Benin	9	3.4	2	5.5	12	6.1
Mozambique	2.9	1.8	1.7	1.2	2.8	2.8
Nigeria	0	0.3	0.7	0.6	1	1.9
USA	0.1	0	0	0	0	1.7
China	0.3	1.1	0.5	0.6	1.4	1.5

Source: TradeMap (2016)

A detailed analysis at HS 6-digit level reveals that South Africa is a net importer of the different forms of oilcakes<sup>1</sup> except for oilcake and other solid residues (23064) and linseed oilcake (230620) while she neither exports nor imports maize germ oilcake and solid residues (230670). **Figure 5** shows that South Africa largely exports sunflower oilcake, cottonseed oilcake and vegetable oilcake.



**Figure 5:** South Africa's export trends for the various forms of oilcake

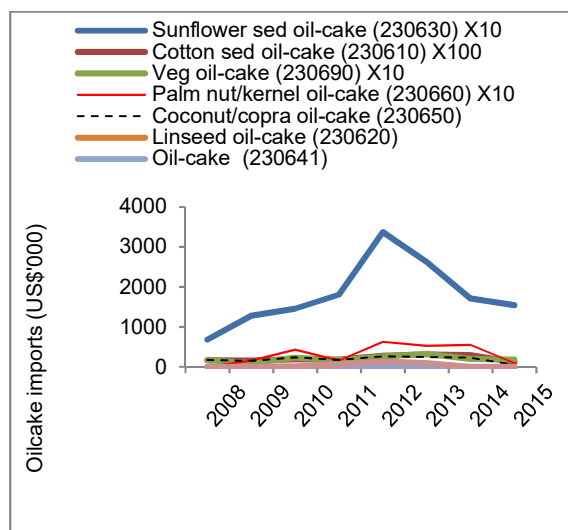
Source: Trade Map, 2016

Sunflower oilcake is mainly exported to Swaziland, Lesotho, Zimbabwe, Namibia, Botswana,

<sup>1</sup> Despite the fact that soya bean oil-cake (23049) does not fall under the tariff heading (2306) discussed in this article, due to its significance in the manufacture of animal feeds, it is worthwhile to mention that South Africa has been and

still is a net importer of soya bean oil-cake but with a declining trend. Net imports of soya bean oil cake declined by 64% from US\$ 341.2 million in 2011 to US\$ 122.8 million in 2015.

Mozambique and the Democratic Republic of Congo, while cottonseed oilcake goes to Saudi Arabia, Botswana, Zimbabwe, Malawi and Malaysia. Similarly, sunflower oilcake is the main oilcake imported into the economy, followed by palm nut oilcake (see **Figure 6**). Sunflower oilcake is sourced from Argentina and the United States of America, while palm nut oilcake is imported from Nigeria, Malaysia and Ghana, in that order of importance.



**Figure 6:** South Africa's import trends for the various forms of oilcake  
**Source:** Trade Map, 2016

In conclusion, South Africa is generally a net importer of oilcake (2306) and sunflower oilcake (230630) is the major type of oilcake traded, followed by vegetable oilcake and cottonseed oilcake among others. Swaziland, Lesotho, Namibia, Zimbabwe and Saudi Arabia are the major destinations for oilcake exports, while imports are mainly obtained from Argentina, Zambia, India and Malawi, among other countries. Policy-wise, it is desirable to boost sunflower production so as to minimise imports.



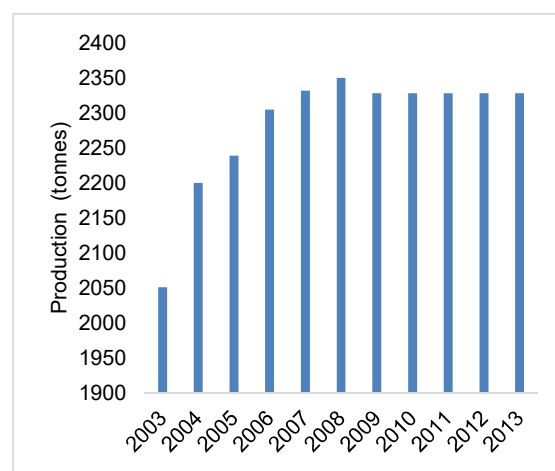
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### PRODUCT PROFILE FOR WHEY (HS CODE 040410) IN SOUTH AFRICA

Whey is the watery part of milk that remains after the formation of curds. Whey consists of a mixture of globular proteins forming milk. It can be extracted from casein in milk or formed as a by-product of cheese production. The dry whey or whey powder is regarded as a high quality nutritional supplement for the human body. It contains all nine essential amino acids and is low in lactose content. Hence, it is

considered to have complete protein. The health benefits include lowering cholesterol, improving immune response in children with asthma, lowering blood pressure and reducing risk of cardiovascular disease.

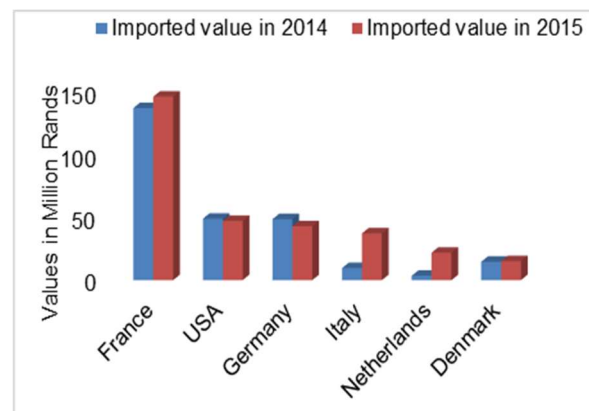
South Africa has shown an increased production of whey powder. Between 2003 and 2008, whey powder production increased at a 12.7 % growth rate (see **Figure 7**). However, production decreased by 0.9 % from 2008 to 2009 and thereafter it experienced a constant level of production, i.e. 2 328 tons from 2009 to 2013. South Africa has also shown an increasing trend in cheese production for the past ten years. This indicates that there is potential to increase whey powder production (IDC, 2016).



**Figure 7:** Total production for whey powder  
**Source:** FAOSTAT, 2016

### South African trade analysis for whey powder

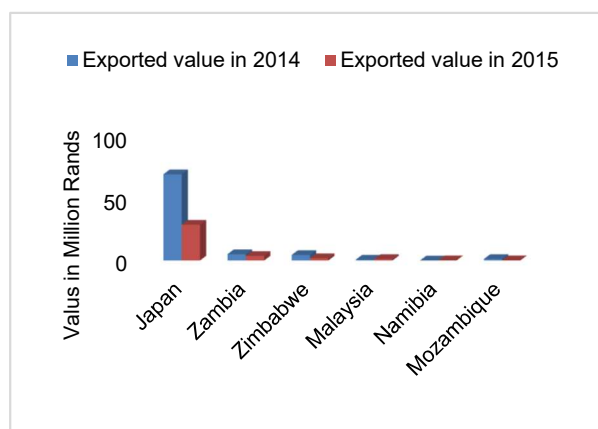
South Africa's total imports for whey powder amounted to R310 million in 2015, equivalent to 0.76 % of the total world imports. **Figure 8** indicates the markets supplying whey powder imported by South Africa in 2014 and 2015. France is the leading supplier of whey to South Africa, with an estimated value of R145.8 million in 2015. This accounted for a share of 47 % of South Africa's whey powder imports. Among the top three main suppliers, the USA commands a 15 % share while Germany accounts for a 13.8 % share.



**Figure 8:** Main suppliers of whey powder imports for South Africa

**Source:** Trade map, 2015

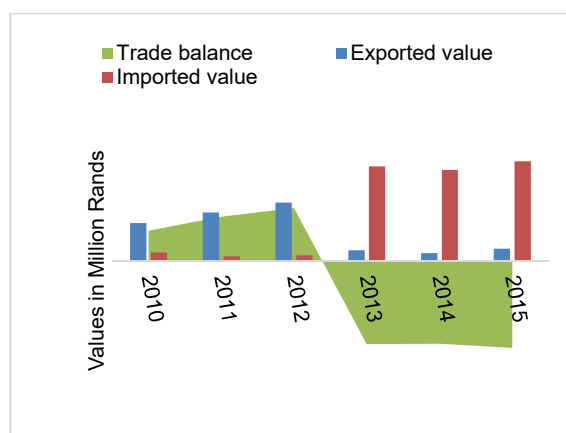
In 2015, South Africa's whey exports represented a 0.2 % share of world exports, valued at R36 million. **Figure 9** shows the top six export markets for whey. Japan was the main market, importing a value of R6.96 million in 2014 and R28.9 million in 2015, followed by Zambia and Malawi, with an export value of R3.7m and R1.8m in 2015, respectively.



**Figure 9:** Main destinations for South Africa's whey exports

**Source:** TradeMap, 2016

**Figure 10** highlights the total dry whey trade performance between 2009 and 2015. In 2013, 2014 and 2015, total whey exports amounted to a value of R31.6 million, R22.3 million and R36.1 million respectively. Total imports for the product amounted to a value of R294 million, R283 million and R310 million respectively. It can be deduced from these results that South Africa is a net importer of whey powder. The shortage is compounded by the current drought, where food inflation is affecting poverty-stricken areas, and import tariffs are associated with the increase in the prices of the imports of whey products. Thus, it is necessary either that substitutes be found or that production efficiencies be improved.



**Figure 10:** Total imports and exports for whey powder

**Source:** Trade Map, 2016

## Conclusion and recommendations

It is observed that whey powder production in South Africa has consistently declined and the economy relies on imports in order to meet domestic demand. This indicates that local whey production does not meet the demand for the product. The production gap reflects the need for technical and strategic intervention, informed by empirical investigation. Without investigation, imports will continue to increase with a dire price inflation of whey products and this could become unaffordable to many South Africans in the long run. Therefore, models should be developed that may be instrumental in increasing domestic production or that seek for product substitution.

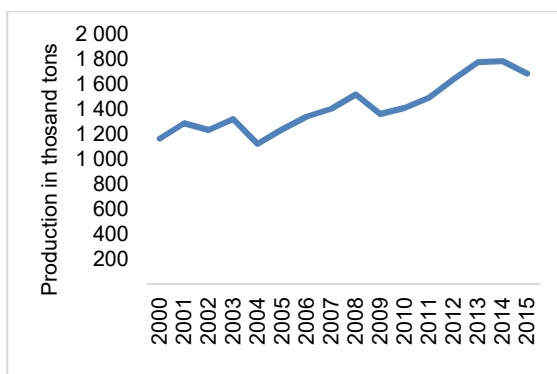


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## PROFILE OF SOUTH AFRICA'S TRADE IN ORANGES WITH NIGERIA, ANGOLA, CAMEROON, EGYPT AND KENYA

South Africa's diverse weather and climatic conditions enable the country to cultivate and produce a variety of fruits. The country is known globally as a producer and exporter of citrus, deciduous and subtropical fruits. In terms of gross value, the citrus industry is the third largest agricultural industry after deciduous fruits and vegetables. **Figure 11** shows South Africa's orange production between 2000 and 2015. The production of oranges has shown instability in terms of growth over the years considered in this article. In 2015, orange production amounted to 1.6 million, with a decline of 6 % from the previous year. Oranges were the largest exported quantity of citrus fruit, contributing a share of 6.8 % of South Africa's agricultural exports to the world (TradeMap, 2015). However, the purpose of this article is to highlight the composition of orange exports to Nigeria, Angola, Cameroon, Egypt and Kenya.



**Figure 11:** South Africa's orange production and trade, long term

**Source:** FAO & TradeMap (2016)

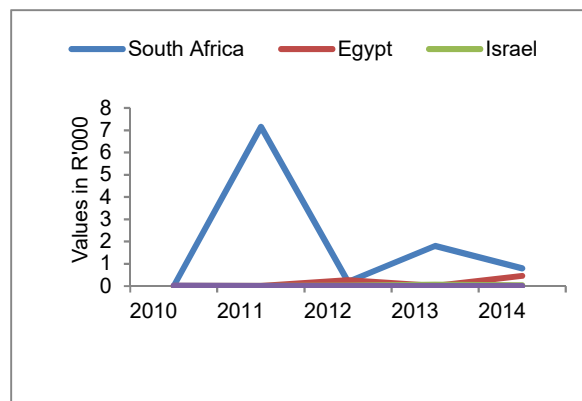
**Table 6** (see **Appendix A**) highlights the top ten leading destinations of South Africa's oranges, including the values of those to Nigeria, Angola, Cameroon, Egypt, and Kenya. The Netherlands has been the top importer of South Africa's oranges for the past five years in succession, with exports valued at about R 1.4 million in 2015. The second highest destination for South African oranges is the United Arab Emirates (UAE), followed by Saudi Arabia, accounting for R7.1 million and R5.5 million respectively in 2015. In 2015, Asia dominated the market destinations for oranges, accounting for 34 %, followed by the EU market at 29 %, and lastly North America (9 %), amongst others. The level of protection for the top five destinations for South Africa's oranges ranges from 0 % to 15.96 %.

South Africa does not supply as many oranges to the African market compared to other markets (see **Table 6** in **Appendix A**), as most of her exports depict small monetary values. It is important to note that the level of protection from the African market is substantial, ranging from 20 % for Nigeria to 50 % in the case of Angola (see **Table 6** in **Appendix A**).

**Table 7** (see **Appendix A**) illustrates the top ten suppliers of oranges to South Africa, in monetary terms, including Nigeria, Angola, Cameroon, Egypt, and Kenya. It is clear that South Africa is not a large importer of oranges with a total value of imports at from the world R50 million in 2015 (South Africa's re-imports inclusive). The second largest supplier of oranges was Swaziland, followed by Spain, China, and Egypt, with import values of R11 million, R3.4 million, R1.8 million, and R1.1 million respectively. The African market is not a prominent trade market supplying oranges to South Africa.

#### Orange trade analysis for Nigeria

**Figure 12** shows the leading suppliers of oranges to Nigeria from 2010 to 2014. South Africa has been the leading exporter of oranges to Nigeria over the years, with the highest export value of R7.2 million in 2011. South Africa was followed by Egypt in 2014 (R455 thousand). South Africa's orange exports to Nigeria have seen an irregular trend, with a sharp decrease between 2011 and 2012 and a significant increase between 2012 and 2013.



**Figure 12:** Nigeria's top suppliers of oranges

**Source:** TradeMap (2016)

#### Orange trade analysis for Angola

The TradeMap database indicates that Angola does not export any oranges but is rather a net importer. **Table 8** shows the main suppliers of oranges into Angola. Angola only sourced oranges from the world between 2004 and 2006. In 2006, Angola imported oranges worth R8.8 million from the rest of the world, and all was sourced from South Africa (R7.6 million) and Morocco (R 1.3 million). During these years, South Africa was the leading exporter of oranges to Angola. Oranges worth R4.7 million, R6.1 million, and R7.6 million were supplied by South Africa in 2004, 2005, and 2006, respectively. The second highest supplier was Morocco with oranges valued at R0.358 million, R0.848 million, and R1.2 million in 2004, 2005 and 2006 in that order. Other suppliers included Brazil, France, and Portugal, but their supply was very inconsistent.

**Table 8:** Main sources of imports of oranges for Angola from 2004 to 2006 (R'000)

Exporters	2004	2005	2006
<b>World</b>	<b>6 126</b>	<b>7 506</b>	<b>8 836</b>
South Africa	4 731	6 044	7 583
Morocco	358	848	1 254
Brazil	77	32	0
France	6	0	0
Netherlands	141	0	0
Portugal	813	13	0
USA	0	563	0

**Source:** TradeMap (2016)

#### Orange trade analysis for Cameroon

**Table 9** indicates the top six leading suppliers of oranges to Cameroon from 2010 to 2014. Cameroon does not export oranges and is therefore a net importer from the rest of the world. In 2014, Cameroon imported oranges valued at R1.7 million, South Africa was the leading exporter, with an estimated value of R0.66 million in 2014, followed by Egypt, Spain, Morocco, and Nigeria, with values of R0.531 million, R0.227 million, R0.141 million, and R0.108 million, respectively. Remarkably, South Africa's orange exports to Cameroon exhibited an increasing trend through the period under review.

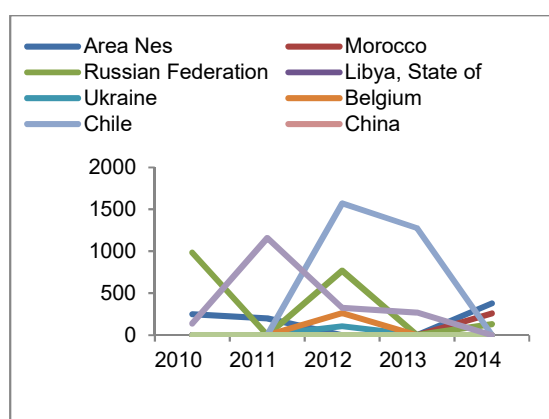
**Table 9:** Main suppliers of oranges to Cameroon, 2010–2014 (R'000)

Exporters	2010	2011	2012	2014
South Africa	474	352	335	660
Egypt	66	86	180	531
Spain	36	14	33	227
Morocco	0	0	0	141
Nigeria	0	0	0	108
France	270	86	25	32

Source: TradeMap (2016)

### Orange trade analysis for Egypt

Egypt is a net exporter of oranges. This section will then focus more on exports than imports. Egyptian imports are very small and over time not giving a clear picture of the leading trader. However, **Figure 13** presents the sources of Egypt imports of oranges.



**Figure 13:** Top 10 sources of orange imports into Egypt  
Source: TradeMap (2016)

**Table 10** shows the countries to which oranges from Egypt were mainly destined. In 2014, Egypt's orange exports to the world were valued at R4.8 billion. The main export destinations were the Russian Federation, followed by Saudi Arabia, and the United Arab Emirates, with export values of R1 billion, R9.3 million, and R3.6 million respectively for 2014.

**Table 10:** Top export destinations of Egypt's oranges, 2010–2014 (R million)

Importers	2010	2011	2012	2013	2014
<b>World</b>	<b>3529</b>	<b>3867</b>	<b>3733</b>	<b>4735</b>	<b>4788</b>
Russia	712	886	799	1114	1014
Saudi Arabia	786	773	730	808	927
UAE	185	253	234	310	363
Netherlands	157	100	170	233	233
UK	189	134	156	227	222
India	8	21	74	134	218
Bangladesh	43	109	108	148	218
Ukraine	303	342	265	332	186
Malaysia	25	24	43	64	138
Kuwait	95	91	79	114	128

Source: TradeMap (2016)

### Kenya's orange trade analysis

**Table 11** shows the leading suppliers of oranges to Kenya between 2009 and 2013. Egypt, South Africa, and Swaziland were the top three suppliers of oranges to Kenya, collectively accounting for an import value of R2.8 million in 2013. Israel exported the least among the top 10 suppliers of oranges to Kenya. The African market is the main source of imports of oranges for Kenya, accounting for 99.8 %

of world imports to Kenya in 2013. South Africa's orange exports to Kenya generally depicted an increasing trend during the period under review.

**Table 11:** Main suppliers of oranges to Kenya, 2009–2013 (R'000)

Exporters	2009	2010	2011	2013
<b>World</b>	<b>13 469</b>	<b>14 853</b>	<b>15 402</b>	<b>31 171</b>
Egypt	7 464	6 217	8 176	17 372
South Africa	5 283	7 317	4 487	8 431
Swaziland	0	0	1 230	2 487
Uganda	0	0	381	1 863
Tanzania	713	1 115	1 136	490
Zimbabwe	0	0	0	471
Switzerland	0	0	0	48

Source: TradeMap (2016)

**Table 12** depicts the main destinations of Kenya's orange exports. Serbia, Somalia, Germany, Uganda, and Ethiopia are the top five leading export destinations of Kenya's oranges, with export values of R1.7 million, R0.24 million, R0.173 million, R0.106 million, and R0.067 million, respectively in 2013.

**Table 12:** Leading export destinations for Kenya's oranges

Importers	2009	2010	2011	2013
<b>World</b>	<b>464</b>	<b>722</b>	<b>884</b>	<b>2314</b>
Serbia	0	0	0	1671
Somalia	141	670	726	240
Germany	0	0	0	173
Uganda	91	0	50	106
Ethiopia	0	0	0	67
Rwanda	25	0	0	19

Source: TradeMap (2016)

### Conclusion

We can thus conclude that oranges are a commodity fairly widely traded by South Africa. However, the performance of the other African economies like Nigeria, Kenya, Cameroon, and Angola is not as good as that of South Africa. Orange production in South Africa has been increasing since 2009 through 2012 while exports have been generally stable, with values ranging between 1 and 1.2 million tonnes. Imports experienced a sharp increase in 2013 and decreased since then. South Africa has an opportunity of gaining access to many African markets, given that she is a net exporter of oranges.



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## ANALYSIS OF SOUTH AFRICA'S AGRICULTURAL IMPORTS SINCE THE INTRODUCTION OF THE AGREEMENT ON AGRICULTURE (AoA)

### Introduction

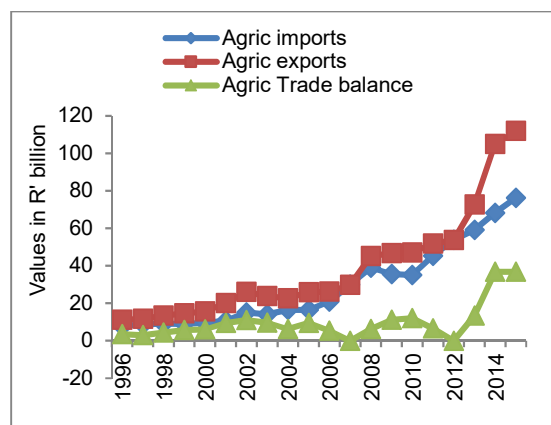
In April 1994, contracting parties to the General Agreement on Tariffs and Trade (GATT), including South Africa, officially signed the Marrakesh Declaration, which established the World Trade Organization (WTO) as an institutional framework for overseeing further trade negotiation rounds and adjudicating trade disputes. The declaration also formalised the successful conclusion of the seven-year Uruguay Round (UR) of multilateral trade negotiations, a round of talks where agricultural products were comprehensively included for the first time. Subsequently, agricultural trade was subject to less discrimination, though it is still regarded as the poor cousin of trade in industrial or manufactured goods with respect to protection levels.

Sandrey (2006) assessed the impacts of the Agreement on Agriculture (AoA) on the South African sector ten years after the establishment of the WTO. He concluded that although the policies and the resultant institutional framework the new South Africa inherited as it emerged from the troubled years of the apartheid era still heavily influenced South Africa's agriculture, there had been major changes over the 10 years to 2006. These changes included land reform programmes; the introduction of minimum wages and other employment conditions for farm workers; the deregulation of the Control Boards; substantial liberalisation of international trade; and the withdrawal of a large proportion of the farmer support services provided to commercial and small-scale farmers alike.

The AoA influenced the agricultural sector in South Africa through several different channels such as domestic policy (with tariff policy as sub-set), and offshore market access conditions, although arguably domestic policy reforms went beyond any changes mandated by the UR. The objective of this paper is to evaluate the impact of South African agricultural trade performance since the inception of the AoA from the perspective of agricultural imports.

### South Africa agricultural trade performance

After the WTO trade liberalisation, South Africa came into play through the removal of imports quotas and tariffs at the borders. This was aimed at increasing South Africa's participation and export competition in the global market. However, this has increased the competition of agricultural products in different markets in the world, which include the European Union, Africa and the USA. **Figure 14** shows South Africa's agricultural trade performance between 1996 and 2014. Since the implementation of AoA in world markets, South Africa's agricultural trade improved at an average rate of 13 % between 1996 and 2015.



**Figure 14:** South Africa's agricultural trade performance, 1996–2015

**Source:** TradeMap, 2016

### The agricultural import profile

In 2015, South Africa imported agriculture goods valued at R92 billion, with EU-28 being the leading supplier, accounting for imports worth R28 billion. Swaziland was in second place with R7.2 billion, followed by Argentina, China and Thailand (see **Table 13** in **Appendix A**).

**Table 14** (see **Appendix A**) expresses the same data as in **Table 13** as percentage shares of South Africa's main suppliers of agricultural imports between 2010 and 2014. Imports from the EU were somewhat stable during the period, with a low of 26.8 % in 2012 and a high of 32.5 % in 2014, before declining again to 30.5 % in 2015. Swaziland's share increased significantly between 2010 and 2015 (by 2.1 %), and this was largely due to an increase in sugar imports. Shares from both Argentina and China showed fluctuations against a general decline, while those from Thailand, Brazil, the USA and Namibia also declined over the period. The lower segment of **Table 14** shows that the respective shares for India and Indonesia both slowly increased.

**Tables 15** and **16** (see **Appendix A**) show the main agricultural products imported by South Africa between 2010 and 2014. Wheat and rice were the largest imports, and are both essentially staple foods. Poultry was the third largest single product (R4.5 billion in 2015), followed by spirits and cane sugar. The large increase in maize imports is attributed to the prolonged drought conditions that reduced domestic production and hence compelled South Africa to import significant quantities of maize.

Again, **Table 16** (see **Appendix A**) presents the same data as **Table 15** expressed as percentage shares, and shows that agricultural imports as a share of total imports is generally stable, though fluctuating somewhat. Demand for poultry meat has been steadily increasing, and between 2010 and 2015 these imports increased by 1.6 percentage points in terms of share.

**South Africa's** agricultural trade (both exports and imports) are easily identifiable in terms of destinations or sources. The European market remains a vibrant market with the emergence of other markets presenting an interesting dimension. The sources of South Africa's imports are very concentrated especially for the leading product lines (the demand for poultry is driving the increasing levels of poultry imports).

### Level of protection for South Africa's agricultural imports

The latest WTO country profile for South Africa reports that, overall, simple average applied tariffs on agricultural products were some 8.4 %, with the comparable bound rates being much higher at 40.4 %. This shows a significant gap between the applied and bound rates overall, and suggests that any WTO agreement is unlikely to lower these applied tariffs in the immediate future. In addition, some 42.1 % of agricultural goods were entering South Africa at duty free rates during 2013.

**Table 17** shows the tariff imposed on agricultural imports as reported in the ITC database as at mid-2015. The tariffs are shown for 'members' such as the EU and SADC with preferential access and others (non-members) at the Most Favoured Nation (MFN) rate. Chicken meat, wheat and sugar have all had their non-member tariffs increased by South Africa in recent years.<sup>2</sup> The two highest rates shown in Table 17 are applied to poultry meat and sugar, followed by palm oil. Rice and maize are duty free for all imports, while imports of spirits face a tariff duty of only 1.57 % (they also pay excise duty, though). Note also that South Africa imposed a tariff rate on member countries for wheat and sugar, with both of these products subject to a complex dollar reference-pricing rate applied to protect local producers.

**Table 17:** Tariff rates imposed on some of the imported agricultural products

HS code		Applied tariff (%) in 2015	
		Non-members	Members
0207	Poultry meat	28.47 %	0 %
1001	Wheat	11.64 %	0 % (SA imposes 2.89 % on EU countries)
1005	Maize	0 %	0 %
1006	Rice	0 %	0 %
1511	Palm oil	10.00 %	0 %
1701	Sugar	27.08 %	0 % (SA imposes 16.49 % on EU countries)
2106	Food preparations	5.91 %	0 %
2208	Spirits	1.57 %	0 %
2304	Oilcake	6.60 %	0 %
2309	Animal feed	9.09 %	0 %

Source: TradeMap, 2016



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12 341 1115. This article was co-authored by Prof Ron Sandrey of TRALAC and Dr Moses Lubinga of the NAMC.

<sup>2</sup>See 'South Africa: Tariff Policy – Does It Matter?' by Susara J. Jansen van Rensburg and Ron Sandrey, TRALAC Working Paper (forthcoming).

## APPENDIX A

**Table 6:** Top 10 destinations (exports) of SA oranges, including Nigeria, Angola, Cameroon, Egypt, and Kenya (2010–2015) (R'000 000).

Importers	2010	2011	2012	2013	2014	2015	Tariff %
Netherlands	754	722	840	1 053	1 114	1 398	15.96
UAE	401	334	393	510	673	714	0
Saudi Arabia	352	380	402	443	507	553	0
Russian Federation	548	519	508	590	571	516	3.75
UK	258	262	292	379	416	426	15.96
USA	250	233	237	268	304	405	0
Hong Kong	199	247	202	129	239	376	0
China	31	61	91	160	254	353	11
Portugal	143	102	147	171	215	342	15.96
Canada	128	148	184	217	242	295	0
Nigeria	95	0	0	0	0	0	20
Angola	95	0	0	0	0	0	50
Cameroon	8 629	86	0	0	0	0	30
Egypt	649	0	0	0	0	0	30
Kenya	0	0	0	0	0	0	25

Source: TradeMap (2016)

**Table 7:** Top 9 suppliers of oranges to SA, (2010–2015) (R'000).

Exporters	2010	2011	2012	2013	2014	2015
Swaziland	73	129	7 868	16 853	9 105	10 743
Spain	87	877	1 922	1 671	3 291	3 475
China	0	0	0	0	0	1 776
Egypt	0	209	0	0	0	1 091
Netherlands	0	0	139	144	249	216
Russian Federation	0	0	0	0	0	114
Area Nes	0	0	0	0	22	25
United Kingdom	0	0	0	0	0	13
Ukraine	0	0	0	0	0	0

Source: TradeMap (2016)

**Table 13:** Main suppliers of agricultural products to South Africa

Values in millions of Rand						
Sources	2010	2011	2012	2013	2014	2015
<b>World</b>	<b>48 035</b>	<b>59 621</b>	<b>72 498</b>	<b>79 979</b>	<b>84 273</b>	<b>92 379</b>
<b>EU-28</b>	<b>12 895</b>	<b>16 164</b>	<b>19 412</b>	<b>22 749</b>	<b>27 428</b>	<b>28 171</b>
Swaziland	2 797	3 138	4 778	5 987	6 499	733
Argentina	4 391	5 587	6 828	559	4 163	5 907
China	2 757	3 028	5 512	5 697	4 518	5 017
Thailand	3 428	354	4 077	4 457	4 204	4 908
Brazil	3 033	3 805	4 489	496	35	4 691
India	1 427	1 969	27	3 711	3 667	4 127
USA	2 497	3 684	2 997	371	3 934	3 852
Namibia	2 818	3 386	3 365	3 597	2 949	3 568
Indonesia	1 411	1 809	2 241	2 682	3 931	3 029

Source: TradeMap, 2016

**Table 14:** Main suppliers of agricultural products to South Africa (% share values)

	2010	2011	2012	2013	2014	2015
<b>EU-28</b>	<b>26.8 %</b>	<b>27.1 %</b>	<b>26.8 %</b>	<b>28.4 %</b>	<b>32.5 %</b>	<b>30.5 %</b>
Swaziland	5.8 %	5.3 %	6.6 %	7.5 %	7.7 %	7.9 %
Argentina	9.1 %	9.4 %	9.4 %	7.0 %	4.9 %	6.4 %
China	5.7 %	5.1 %	7.6 %	7.1 %	5.4 %	5.4 %
Thailand	7.1 %	5.9 %	5.6 %	5.6 %	5.0 %	5.3 %
Brazil	6.3 %	6.4 %	6.2 %	6.2 %	4.2 %	5.1 %
India	3.0 %	3.3 %	3.7 %	4.6 %	4.4 %	4.5 %
USA	5.2 %	6.2 %	4.1 %	4.6 %	4.7 %	4.2 %
Namibia	5.9 %	5.7 %	4.6 %	4.5 %	3.5 %	3.9 %
Indonesia	2.9 %	3.0 %	3.1 %	3.4 %	4.7 %	3.3 %

Source: TradeMap, 2016

**Table 15:** Main agricultural products imported into South Africa

HS code	Product description	Values in Million Rand					
		2010	2011	2012	2013	2014	2015
	Agricultural products	48 035	59 621	72 498	79 979	84 273	92 379
1001	Wheat and muslin	2 026	423	3 941	4 005	5 376	5 942
1006	Rice	3 023	3 651	5 613	6 412	4 558	5 436
207	Poultry	175	2 706	351	3 876	4 055	4 574
2208	Spirits	2 276	2 603	284	3 733	3 741	3 692
1701	Cane sugar	1 666	1 983	2 507	3 546	2 935	3 414
1511	Palm oil & its fraction	2 176	293	3 292	296	3 788	3 118
2304	Soya-bean oilcake	2 471	2 578	2 798	3 155	2 755	237
2106	Food preparations, nes	1 002	1 194	1 401	1 845	2 054	2 212
1005	Maize (corn)	91	285	731	114	399	1 856
2309	Animal feed nes	671	910	1 109	1 161	144	1 698

Source: TradeMap (2016)

**Table 16:** Main agricultural products imported into South Africa (share values)

HS code	Product description	2010	2011	2012	2013	2014	2015
	Agricultural products	7.0 %	7.2 %	7.5 %	6.9 %	6.6 %	7.4 %
1001	Wheat and muslin	4.8 %	8 %	6.2 %	5.8 %	7.5 %	7.5 %
1006	Rice	7.2 %	6.9 %	8.8 %	9.3 %	6.4 %	6.9 %
207	Poultry	4.2 %	5.1 %	5.5 %	5.6 %	5.7 %	5.8 %
2208	Spirits	5.4 %	4.9 %	4.5 %	5.4 %	5.2 %	4.7 %
1701	Cane sugar	4.0 %	3.7 %	3.9 %	5.2 %	4.1 %	4.3 %
1511	Palm oil & its fraction	5.2 %	5.5 %	5.2 %	4.3 %	5.3 %	4.0 %
2304	Soya-bean oilcake	5.9 %	4.9 %	4.4 %	4.6 %	3.8 %	3.0 %
2106	Food preparations, nes	2.4 %	2.3 %	2.2 %	2.7 %	2.9 %	2.8 %
1005	Maize (corn)	0.2 %	0.5 %	1.1 %	0.2 %	0.6 %	2.4 %
2309	Animal feed nes	1.6 %	1.7 %	1.7 %	1.7 %	2.0 %	2.2 %

Source: TradeMap, 2016

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