



# 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:*

**Performance of South Africa's agricultural exports into Africa: The case of EAC countries**

**Soybean production brief outlook**

**Trade implication of Brexit for South Africa's Agricultural Trade and Trade Policy**

**Intra-SADC trade in agricultural products**

**Exports to Brazil**

**South Africa's wine industry: A trade perspective**

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REPUBLIC OF SOUTH AFRICA



**National Agricultural  
Marketing Council**  
Promoting market access for South African agriculture



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- Soybean production: A brief outlook
- South Africa's wine industry: A trade perspective
- Performance of South Africa's agricultural exports in Africa: The case of East African Community countries
- Exports to Brazil
- Intra-SADC trade in agricultural products
- Trade implications of Brexit for South Africa's agricultural trade and trade policy

## Soybean production: A brief outlook

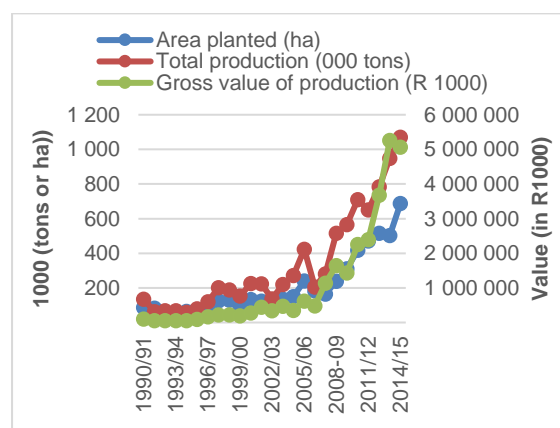
By Bonani Nyhodo

### Introduction

This article presents a brief overview of soybean production based on the DAFF's Abstract of Agriculture Statistics 2016. The aim is to present the statistics in a simple narrative in order to paint a picture of the soybean industry. It is clear that production has been increasing (pushed mostly by increases in area planted). The gross value of production has been rising following increases in production and per-unit increases in soybean production (even though the price information is not shown in this article). Oil and oilcake account for a larger proportion of the product use.

### Production (area planted, volume and value)

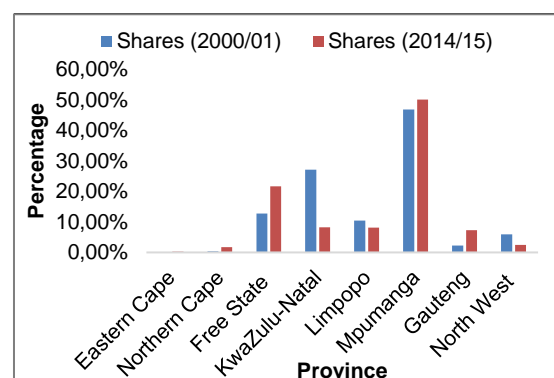
South Africa's soybean production from 1990/91 to 2014/15 presents an encouraging picture of a sector that is growing (as shown in **Figure 1**). The area planted increased from 87 000 hectares (in 1990/91) to 687 000 hectares (in 2014/15). Total soybean production increased from 135 200 tons (in 1991/92) to just over 1 million tons (in 2014/15), with a gross value of R100 million (in 1991/92) compared to over R5 billion (in 2014/15).



**Figure 1:** Trends in South Africa's soybean production (area planted, volume and value) for the period 1991/92 – 2014/15

Source: DAFF (2016)

Looking at the distribution of production across the country, it is evident that Mpumalanga is by far the largest producer of soybeans, accounting for 48% of total production in 2000/01, increasing to 50% in 2014/15. Following the trend of Mpumalanga, the Free State Province's share of the total increased from about 13% to around 22%, while Gauteng experienced an increase from 3% to 7%. KZN, Limpopo and North West provinces experienced a decline in the share of production. The Western Cape, Eastern Cape and Northern Cape collectively accounted for less than 1% in 2000/01, increasing minimally to less than 3% in 2014/15.



**Figure 2:** Trends in South Africa's soybean production by province

Source: DAFF (2016)

### Soybean use (over the selected period)

This section looks at the use of soybeans (as presented in **Table 1** (see **Appendix A**). It is important to note that the use of soybeans for full fat seems to have ceased, considering that in the recent past there has been no recorded use of soybeans for this purpose. From **Table 1**, a clear picture of an increase in volume across use and not for exports where there are ups and downs. The picture is a lot clearer when considered in terms of the share of each use. Seed and feed use increased from less than 1% in 1980/81 to 12% in 2014/15, while the use of soybeans for human consumption stood at 9.5% (in 1980/81), increasing to 18.9% (1990/91) and then declining to 2.5% in 2014/15.

### In short

- The area planted to soybeans has been increasing,
- Soybean production has been increasing,
- The gross value of soybeans has increased,
- Soybean use has been mostly dominated by oil and oilcake, followed by seed and feed, accounting for more than 12% in 2014/15.



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## South Africa's wine industry: A trade perspective

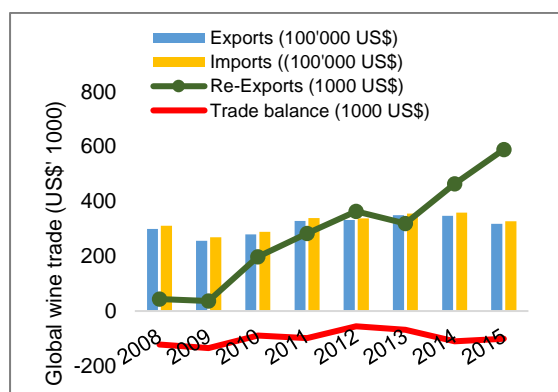
By Moses Lubinga

### Introduction

South Africa produces much more wine than is consumed on the domestic market. More than 50% of the wine is exported (BMI Research, 2016). A compilation of global wine trade and South Africa's major trading partners is provided in this article. This article is anchored on wine of fresh grapes (HS 2204).

### Global wine trade

Globally, there is a higher demand for wine than what is produced, as revealed by the negative trade balance (Figure 3).



**Figure 3:** Global wine trade profile

**Source:** Author's compilation based on Trade Map Database

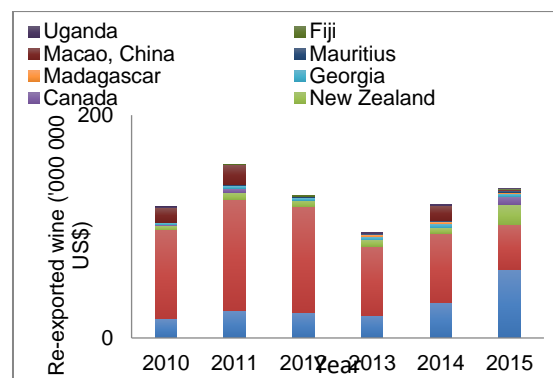
By 2015, the top 10 contributors to the negative trade balance in wine trade were as shown in Table 2. This suggests that these countries are potential markets that may be explored by South Africa.

**Table 2:** Major contributors to the negative trade balance

Country	Trade balance (million, US\$)
USA	-4075.498
UK	-3868.486
Canada	-1732.108
Germany	-1723.805
China	-1625.050
Japan	-1488.571
Netherlands	-1037.560
Switzerland	-963.621
Belgium	-868.580
Hong Kong, China	-775.058

**Source:** Trade Map Database

The data also reveals that there is an increasing trend in wine re-exports. Hong Kong (China) is the major re-exporter of wine, re-exporting wine worth about USD 615.9 million in 2015, followed by the USA (USD 40.3 million), New Zealand and other countries, as illustrated in Figure 4.



**Figure 4:** Top 10 wine-re-exporters

**Source:** Author's compilation based on Trade Map Database

The top global exporters and importers during the same period (2015) are shown in Table 3.

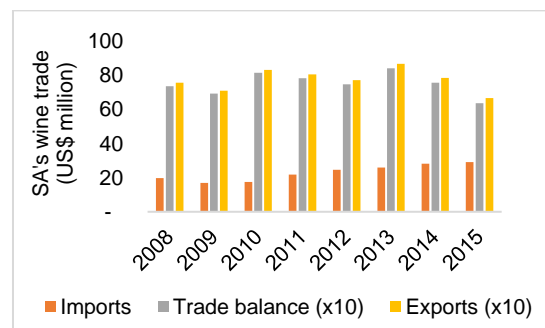
**Table 3:** Top wine exporters and importers in 2015

Exporter and value ('000 000 US\$)		Importer and value ('000 000 US\$)	
France	9 177	USA	5 621
Italy	5 974	UK	4 541
Spain	2 961	Germany	2 804
Chile	1 842	China	2 039
Australia	1 643	Canada	1 797
USA	1 546	Japan	1 490
Germany	1 081	China	1 390
New Zealand	1 073	Netherlands	1 301
Portugal	819	Switzerland	1 074
Argentina	817	Belgium	1 010

**Source:** Trade Map Database

### South Africa's wine trade

Among all wine exporters in 2015, South Africa ranked 12<sup>th</sup> after the United Kingdom, with about USD 666.8 million worth of exports. On the other hand, imports in 2015 were valued at USD 29.2 million, placing South Africa in the 57<sup>th</sup> position globally. Overall, South Africa has a positive trade balance, but with declining exports implying that is a net exporter of wines. Between 2013 and 2015, the country's trade balance dropped from USD 842.6 million to USD 637.6 million worth of wine. This may be explained by the 12% increase in wine imports (equivalent to USD 3.2 million from USD 25.9 million in 2013) (see Figure 5). South Africa registered no re-exports for this period.



**Figure 5:** South Africa's wine trade profile

**Source:** Author's compilation based on Trade Map Database



South Africa's wine exports are mainly destined for the European Union (EU), accounting for about 60% of all wine produced in the country. In 2015, wine worth USD 397.2 was exported to the EU, with Germany and the UK being the major importers. Collectively, Germany and the UK consumed about 34% of South Africa's wine exports to the EU, followed by the Netherlands (7.4%) and Sweden (5.8%) (Trade Map, 2015). Africa as a continent accounted for about 15% of South Africa's wine exports (USD 100.6 million) in 2015 alone, with Namibia and Mozambique accounting for the largest proportions (3.8% and 1.8% respectively). Among other factors, South Africa's limited trade in wines with other African states may be associated with the high variation in the level of protectionism to which wines are subjected in accessing these markets. Unlike in the EU, where it is relatively uniform at 2.1% (see **Table 4**), South Africa's wine exports to Asia accounted for 11% of all the wine exported. China, the United Arab Emirates (UAE) and Japan were the major importers of wine in 2015.

**Table 4:** Selected African countries with high tariff rates on South Africa's wines relative to the EU

Country	Share in South Africa's wine exports (%)	Average tariff (%) faced by South Africa
Angola	1.4	30
Kenya	1.2	24.9
Nigeria	1.0	20
Zimbabwe	0.7	10
Ghana	0.2	20

Source: Trade Map Database

The EU still assumes the largest share (about 92%) of South Africa's wine imports, of which 80% is sourced from France alone, followed by Italy (5.8%), Portugal (3.1), Spain (1.6%) and others (see **Table 5**). South Africa accounted for 5.6% of wine imports from the African continent, of which 5.5% were re-imports and 0.1% from Lesotho. From Africa, all wine is obtained from Israel, accounting for 0.3% of all wine imports into South Africa. South Africa's wine imports from Lesotho and the EU are duty-free due to the binding bilateral trade agreements, while wine sourced from Israel is subjected to a 25% applied average tariff.

**Table 5:** South Africa's wine imports in 2015 by supplier<sup>1</sup>

Supplier	Import (US\$ '000)	Share in SA's imports (%)
<b>EU</b>	26688	91.5
France	23304	79.9
Italy	1687	5.8
Portugal	914	3.1
Spain	472	1.6
<b>Africa</b>	1647	5.6
S Africa <sup>†</sup>	1611	5.5
Lesotho	22	0.1
Israel	100	0.3

Source: Trade Map Database

## Conclusion

South Africa is among the leading exporters of wine worldwide. The African market is more restrictive to South Africa's wine exports compared to the EU.

Hence there is a need to establish or amend the existing trade agreements so as to reduce the current trade barriers. This will smooth the trade in wine among African countries so as to benefit South Africa. South Africa should tap into other potential markets with negative trade balances, especially in the EU and USA.

## Reference

BMI Research (2016): BMI Research Wine Report, 2016.



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## Performance of South Africa's agricultural exports in Africa: The case of East African Community countries

By  
Xolisiwe Potelwa

## Introduction

The African continent has shown several improvements over the past decade in terms of macro-economic indicators, which can mainly be attributed to the management of macro-economic indicators, governance and institutional reforms (IDC, 2014). Economic regional integration is one of the continent's priorities in terms of strengthening the existing Regional Economic Communities (RECs), stabilising trade barriers, establishing Free Trade Areas (FTAs), and co-ordinating tariff and non-tariff measures. As one of the aims of the RECs, a Tripartite Free Trade Area (TFTA) was formed, comprising the Southern African Development community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC). This regional trade agreement, signed in 2015, was designed to play a major role in respect of South Africa's industry players, achieved by tapping into potential opportunities through the SADC, COMESA and EAC.

Furthermore, the participation of regional blocs is envisioned to foster the achievement of the goals enshrined in the National Development Plan, the New Growth Path and the Industrial Policy Action Plan. These policy documents recognise the importance of African economies as export markets for South African goods and services. Lastly, South Africa is also known as the economic hub of the African continent. Therefore, this article focuses on the performance of South Africa's agricultural

<sup>1</sup> † denotes South Africa's re-imports

exports destined for the EAC member countries (including Kenya, Burundi, Tanzania, Rwanda and Uganda), as well as South African products that are currently underperforming in this market.

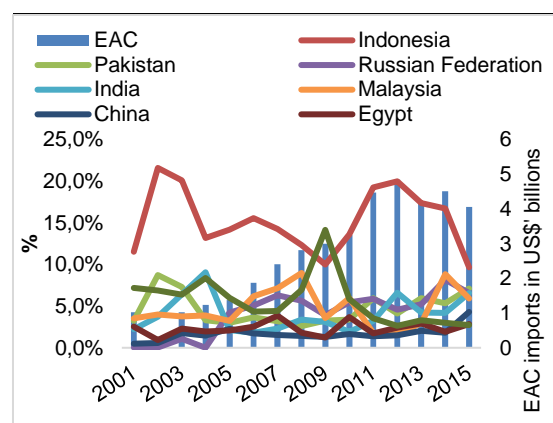
### Trade performance between South Africa and EAC countries

South Africa currently exports the bulk of agricultural products into the world market, with Africa being the largest market destination with a share of 45% in 2015. Although South Africa accounts for almost half of all agricultural exports to the African continent, the share held by the EAC has remained relatively stable over the years. South Africa exported a total of \$101 million in 2015, equivalent to a share of 1.3%. Trade Map (2015) reveals that agricultural exports destined for EAC countries increased from 2.6% in 2004 to 7.1% in 2009. Despite the growth in this market between 2004 and 2009, South Africa's exports have remained relatively low in recent years. South Africa's exports are mainly concentrated in Kenya, Tanzania and Uganda, which collectively account for about 99.1% of South Africa's agricultural exports into the region (see figure 6 Appendix B).

South Africa currently exports the bulk of horticultural exports into the world, including citrus fruit, wine, grapes, pome fruit and nuts. These top five products currently hold a share of 38.6% of South Africa's agricultural exports as reported in 2015. Among South Africa's top agricultural exports to EAC countries are wine and pome fruit, currently holding a share of 0.20% and 0.15% of South Africa exports into the world respectively. In respect of all the selected agricultural products, it has been observed that South Africa's export growth into the EAC has been improving since 2001, with the exception of cane sugar (HS 1701), food preparation (HS 2106) and fruit juices (HS 2009). Between 2010 and 2015, exports of berries (including strawberries, raspberries, blueberries, etc.), pome fruit and wine showed a significant increase of 2531%, 68% and 27% respectively (see **Table 6, Appendix A**). The increased export growth of these products is mainly attributed to the fruit industry, which has increased exports to African countries so as to diversify South Africa's fruit export markets. Within EAC countries, Kenya, Tanzania and Uganda are the three economies that sourced wine from South Africa, with a collective share of 97.4% in 2015. Rwanda and Burundi are the smallest importers of this product. Kenya was observed to hold a significant share of 75% of pome fruit, with the remaining share distributed among the member countries of the EAC.

**Figure 7** shows South Africa's competitors in this market between 2001 and 2015. EAC countries import most of their agricultural products from African countries, with the exception of Egypt. Based on the observed trends in agricultural imports from South Africa, this country has an opportunity to improve its exports to this market, given the seasonal differences between Asian countries and Egypt. Concerning geographical distance, South Africa

holds an added advantage over Asian countries due to the fact that it supplies unique products.



**Figure 7:** Suppliers of agricultural imports into EAC countries

**Source:** Author's calculations based on Trade Map statistics

The EAC mostly imports wheat, palm oil, sugar and the tea. Wheat is the leading imported product, valued at \$685 million in 2015, with an import growth of 4% between 2010 and 2015. Palm oil and sugar cane followed with a lower import growth of 20% and 1% respectively. Rice and tea were among the top five imports, growing by 94% and 907% respectively between 2010 and 2015 (see **Table 7, Appendix A**). The EAC countries mainly import the top five products from Indonesia, Pakistan and the Russian Federation, amongst others.

### South Africa's potential products

With the observed increase in the demand for certain products, including wheat, rice, tea and cotton, among EAC countries, South Africa has an opportunity to explore this market. However, the trade chilling method was used to determine South Africa's products that are still underperforming in the EAC region, thus creating the potential for an increase in imports into this market. The trade chilling method focuses on products that are not currently being traded between countries, but have the ability to be traded (trade widening). This was achieved by eliminating South Africa's exports and EAC imports that were more than \$10 million. In the case of partnering countries, products worth less than USD 100 thousand were eliminated. As such, **Table 8** (see **Appendix A**) shows that South Africa is underperforming in the EAC countries and has the potential to improve. For example, South Africa has good-quality wheat and meslin (HS 1001) that can be exported to EAC countries. The other principal products include oilcake (HS 2304), groundnuts (HS 1202), tobacco (HS 2401) and margarine (HS 151).

### Conclusion

In conclusion, South Africa has remained stable for almost a decade in terms of exports to this market. Wine and ethyl products have dominated South Africa's agricultural exports to EAC countries. With respect to South Africa's potential agricultural exports into the EAC market, wheat and meslin (HS 1001), sunflower seed (HS 1512) and wheat & meslin flour (HS 1101) are among the core products

that may be exported into this market. Therefore, it is recommendable for South Africa to export more of the products presented in **Table 8** (see **Appendix A**) to the EAC region.



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## Intra-SADC trade in agricultural products

By Lucius Phaleng

### Introduction

In 2008, a Free Trade Area (FTA) was established in the Southern African Development Community (SADC) region to further liberalise intra-regional trade in goods and services, and to ensure efficient production. Furthermore, this establishment aimed at improving market access, realising the potential for trade and economic growth, as well as employment creation. In 2001, 85% of intra-regional trade amongst the partner states attained zero duty after member states agreed to remove tariffs against one another, but leaving them free to levy their external tariffs on non-member nations.

South Africa's agricultural exports far exceed those of other countries in the region. According to FANRPAN (2003), there has been rapid growth in South Africa's agricultural exports to other SADC member states, primarily in high-value products. On the contrary, South Africa's agricultural imports from SADC countries are typically limited to a small number of products with substantial inflow from year to year. For most of the other countries, there has been a more rapid increase in imports of primary and high-value products and farm inputs, especially from South Africa, which has the strongest production base in the region.

### SADC's global agricultural trade

**Table 9** highlights the main destinations of agricultural exports from SADC countries to the rest of the world. The SADC's agricultural exports to the world decreased by 0.06% between 2014 and 2015. **Table 9** shows that South Africa is the main importer of agricultural exports to the world, with a value of USD 2.3 billion during 2015 (growth value of negative 11.2% from 2014 to 2015). During 2015, the United Kingdom (UK) was the second leading importer of the SADC's agricultural exports, followed by the Netherlands and China with a value of USD 1137.6 million, USD 1028 million and USD 892 million respectively. Unmanufactured tobacco and citrus fruit were the leading products exported by the SADC to the world.

**Table 9:** Main destinations for SADC's agricultural exports

Importers	Value in million US dollars		Growth value (%)
	2014	2015	2014-2015
South Africa	2 595	2 305	-11,2
UK	1 228	1 137	-7,4
Netherlands	1 089	1 028	-5,7
China	1 001	893	-10,8
Zimbabwe	924	825	-10,7
Namibia	921	811	-11,9
Mozambique	925	789	-14,7
USA	904	756	-16,4
India	1092	714	-34,6
Botswana	794	691	-13,0

Source: ITC, 2016

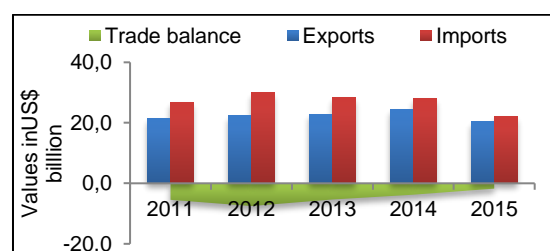
**Table 10** highlights the top suppliers of agricultural products imported by the SADC during period 2014 to 2015. The SADC's agricultural imports declined by 0.15% from 2014 (1.18%) to 2015 (1.03%). The growth value (%) of all top 10 leading suppliers declined during the 2014-15 period. Portugal registered the greatest decline of 54.5%, followed by Germany with 29.1%. South Africa remained the leading importer of agricultural products destined for the SADC region, with a total value of \$4.3 billion during 2015, followed by China and the USA with a value of USD 1.5 billion and USD 1.1 billion respectively. In 2015, wheat and rice were the leading agricultural imports into the SADC, valued at USD 1.04 billion and USD 858.5 million respectively.

**Table 10:** Supplying markets of agricultural products imported by SADC

Exporter	Value in million US dollars		Growth value (%)
	2014	2015	2014-2015
South Africa	4 906	4 314	-12,1
China	1 560	1 501	-3,8
USA	1 378	1 061	-23
India	1 165	949	-18,6
Brazil	1 263	871	-31,1
France	1 041	849	-18,4
Swaziland	999	842	-15,8
Portugal	1 561	710	-54,5
Germany	974	691	-29,1
Belgium	830	659	-20,7

Source: ITC (2016)

**Figure 8** shows the trade flow trends (exports, imports and trade balance) of the SADC's agricultural products over the past five years. In 2015, the SADC's imports and exports were valued at USD 22.1 billion and USD 20.4 billion respectively. It is clear that the SADC imports more agricultural products than it exports. The year 2012 saw the highest value of imports, while 2015 saw the greatest volume of exports.



**Figure 8:** Exports, imports and trade balance

Source: Own calculations and Trade Map (2016)

### Intra-SADC agricultural trade

**Table 11** shows the leading SADC countries importing agricultural products from other SADC member countries over the past three years. Total imports decreased from USD 1.7 billion in 2013 to USD 1205.2 million in 2015. South Africa is the leading importer of agricultural products exported by SADC member countries, constituting an 18.3% share in value for 2015, followed by Zimbabwe and Namibia with a value share of 14.8% and 12.3% respectively. It is not surprising that SACU accounted for 52.8% of total intra-SADC imports during the period under consideration, with Zimbabwe accounting for the majority of imports, other than any non-SACU members.

**Table 11:** Intra-SADC imports

	Agricultural imports (million US dollars)			Share (%)
Importers	2013	2014	2015	2015
<b>SADC</b>	<b>7825</b>	<b>7719</b>	<b>6573</b>	
South Africa	1712	1550	1205	18,3
Zimbabwe	1051	926	974	14,8
Namibia	1025	1022	811	12,3
Botswana	877	815	788	12
Mozambique	381	501	458	7
Zambia	398	425	419	6,4
Lesotho	415	423	357	5,4
DRC	424	493	334	5,1
Swaziland	389	405	318	4,8
Angola	507	505	272	4,1
Malawi	218	196	200	3
Mauritius	161	170	172	2,6
Tanzania	157	171	141	2,1
Madagascar	90	96	97	1,5
Seychelles	21	22	27	0,4

Source: ITC (2016)

**Table 12** examines intra-SADC imports with a particular focus on the type of agricultural products imported at HS4 digit level. Odoriferous substances were the main import with a value of USD 521.5 million during 2015, followed by maize and cane or beet sugar with a value share of 1.59% and 0.97% respectively.

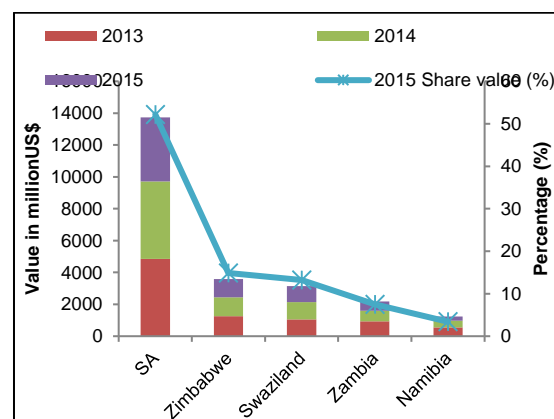
**Table 12:** Intra-SADC imports at HS4 digit level

HS code	Product description	US\$ (million)
	<b>Total</b>	<b>32777.4</b>
3302	Odoriferous substances	521.5
1005	Maize	415.6
1701	Cane or beet sugar	318.2
3824	Binders for foundry moulds	232.8
2009	Fruit juices and vegetable juices	160.6
2402	Tobacco	157.3
3808	Pesticides	141.4
2309	Animal feeding	138.5
1001	Wheat	134.0
1507	Soya-bean oil and its fractions	133.6

Source: ITC (2016)

**Figure 9** shows the leading SADC countries that exported agricultural products within the SADC between 2013 and 2015. Again, South Africa dominated with a 52.2% share in total value during 2015, followed by Zimbabwe and Swaziland with a share of 14.9% and 13.2% respectively. Three of the top five exporters are members of the Southern African Customs Union (SACU). All SACU members together accounted for 70.6 % of agricultural exports

to the SADC, while Zimbabwe constituted the largest share of non-SACU members.



**Figure 9:** Intra-SADC exports by country

Source: ITC (2016)

**Table 13** highlights agricultural exports from SADC countries that were destined for countries within the SADC region in the 2015 period. Unmanufactured tobacco ranked first with a value of USD 930.6 million, followed by cane or beet sugar valued at USD 524.5 million. Odoriferous substances took third place with a value of USD 465.7 million.

**Table 13:** Intra-SADC exports at HS4 digit level

HS code	Product description	US\$ (million)
	<b>Total</b>	<b>33160,2</b>
2401	Unmanufactured Tobacco	930,6
1701	Cane or beet sugar	524,5
3302	Odoriferous substances	465,7
1005	Maize	365,4
3824	Binders for foundry moulds	303
2009	Fruit juices and vegetable juices	170
2402	Tobacco	156
2106	Food preparations	153,9
2202	Waters	143,5
2309	Animal feeding	135,9

Source: ITC (2016)

### Conclusion

It can be concluded that the SADC's agricultural trade with the rest of the world has decreased over the years and that South Africa remains a pivotal role player in agricultural trade within the region. Maize, juice and soybean oil were the top agricultural products exported by South Africa to the SADC region, while the country's major imports from the SADC region include unmanufactured tobacco, odoriferous substances and beet sugar.

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## Exports to Brazil

By Stephanie van der Walt

### South African exports and Brazilian Demand

South Africa's policy framework, as enshrined in the New Growth Path, National Development Plan (NDP), and Industrial Policy Action Plan (IPAP), as well as the Monetary Policy Committee, concurs that export growth is a priority for economic development. Increased exports are crucial for bolstering growth and developing a more diversified and robust export base to help reduce the volatility of trade (DTI, 2016).

The Federative Republic of Brazil has been identified as a long-term market for South Africa's products, with Brazilian demand for imported agricultural goods and foods skyrocketing in recent years. Brazil is the largest economy in Latin America and the sixth largest in the world. Among potential export destinations, Brazil offers a large consumer base of over 200 million people, with an average growth rate of 3.4% per year between 2010 and 2014. This increase was made possible by the country's ample natural resources and development potential, ranging from oil and metals to fruit and hydroelectric (CIA, 2016). In 2014, Brazil's economy entered into a recession coupled with political tension, which is both a symptom of and a contributing factor to global economic volatility. However, forecasts for 2017 are promising (The Economist, 2017).

While trade between Brazil and South Africa is still relatively small compared to countries in Europe and North America, Brazil has been South Africa's largest trading partner in Latin America since the mid-2000s. According to an assessment by the Brazilian Ministry of Development, Industry and Foreign Trade, Brazil-Africa trade expanded nearly sevenfold between 2000 and 2012, having surged from USD 4.3 billion to USD 26.5 billion during the period concerned (Brazil Ministry of Development, Industry and Foreign Trade, 2012).

Although Africa accounts for a small portion of Brazil's trade balance (6.8% of exports and 4.8% of imports respectively), Africa's stake in Brazil's foreign trade overall increased steadily from 3.9% in 2000 to 5.7% in 2012. According to the Ministry report mentioned above, over 60% of Brazil's trade with Africa comes from Nigeria, Egypt, South Africa and Angola. Imports show a high concentration of

natural resources, with 66% fuels (oil, natural gas and liquefied natural gas — mostly originating from Nigeria) and 34% raw materials.

In 2013, the South African Department of Trade and Industry (DTI) undertook an outward selling mission to Brazil to introduce South African products to Brazilian importers, business associations and supermarkets, with wine, rooibos tea, juice, powdered milkshakes and cereal being favourably received. To counter international competition for agro-processing market space between the two countries, South African exporters wishing to penetrate the Brazilian market must offer products that are complementary, competitive and have an advantage over substitutes from other nations, as well as local producers (DTI, 2013).

South Africa's exports of wines and juices to Brazil have increased significantly over the past five years. According to DTI trade figures, South Africa was Brazil's eighth-largest wine supplier and sixth-largest juice supplier in 2012. In 2011, South Africa exported 522 364 litres of wine and related fruit beverages to Brazil (Comtrade, 2017). By 2015, South Africa's wine and beverage exports climbed to 763 320 litres, representing an increase in value of R11 730 800 for the period. South African foods and beverages are relatively new to the Brazilian market, which means that room exists for continued growth.

### International and Economic Relations

#### ✓ Brazil's interest in Africa

Brazil is a key member of BRICS and Mercosur, South America's leading free trade bloc, and is engaged in trade negotiations across Africa and the European Union. Despite Brazil's recent economic slowdown, trade and investment ties between Brazil and African countries remain meaningful in the global context. Brazil's footprint in Africa has intensified dramatically over the course of the past decade and a half, not only in terms of trade and investment, but also development co-operation and political alliance building. This is mainly due to former (2003—2010) Brazilian President, Lula da Silva's, strong emphasis on uniting the voices of the global South.

In recent years, Brazil has increased its presence in Africa in respect of trade, investment, development co-operation and political alliances, with a focus on Portuguese-speaking African countries, Nigeria, and South Africa (De Freitas, 2016), the contemporary drivers behind Brazil's foreign policy shift toward Africa. These include a broad political goal of contributing to a greater say of the global South in the world order, a narrower political goal of securing a crucial position within this emerging international architecture, and lastly a more realistic goal of promoting the expansion of Brazil's economic interests in Africa.



Coinciding with the DTI trade mission to Brazil, South African International Relations and Co-operation Minister, Maite Nkoana-Mashabane, undertook a working visit to Brazil on 30 July 2013. Once there, the Minister co-chaired the fifth session of the South Africa-Brazil Joint Commission with her Brazilian counterpart, Foreign Minister Antonio Patriota.

The Joint Commission is a structured mechanism to manage and monitor bilateral relations between the two countries. The South Africa-Brazil Joint Commission reviewed the progress made in the implementation of the agreements reached between the two nations over the past few years, while also exploring new avenues aimed at consolidating and strengthening political and economic relations between the two countries.

South Africa and Brazil enjoy strong bilateral relations as symbolised by high-level visits and various agreements signed across trademarks. This is also underpinned by a common desire to influence the global agenda in the 21st century in a manner that reflects the aspirations of developing countries. At a bilateral level, the key sectoral areas of co-operation include trade and industry, science and technology, agriculture and rural development, arts and culture, defence, education and skills development, health, arts and culture, tourism, and environmental affairs (DIRCO, 2013).

#### ✓ **BRICS**

The eighth annual BRICS Summit, chaired by India, was held on 15 and 16 October 2016 in the city of Goa, India. The event was preceded by the first ever BRICS trade fair, held at Pragati Maidan exhibition ground, New Delhi, from 12 to 14 October 2016. While the BRICS initiative has lost some of the momentum that preceded its first summit in 2009 (Prinsloo, 2016), the final communiqué of the eighth summit indicate a cautious thrust toward greater institutionalisation of the group, identifying the establishment of a credit rating agency as a common goal and calling the BRICS Development Bank to focus on funding specific development priorities and creating a network of private investors. Other agreements include setting up research centres in the field of agriculture, as well as railways and a BRICS sports council (8th BRICS Summit: Goa Declaration, 2016).

#### **Brazilian Trade Policy**

##### ✓ **Market Structure and Business Environment**

As mentioned above, Brazil is Latin America's largest economy. It spans a vast territory, including 7483 km of coastline with comparatively advanced infrastructure, bordering ten other countries. Brazil's 2014 Gross Domestic Product (GDP) of USD 2.3 trillion ranks Brazil as the world's seventh-largest economy. Annual growth during 2014 dropped to 0.1% due to reduced demand for Brazilian exports in Europe and Asia, and modest consumer demand from Brazil's large middle class.

Over the past two decades, the country has prioritised macro-economic policies that control inflation and promote economic growth. Recently, inflation has increased, reaching 8.47% in May 2015

(US Department of Exports, 2016). Urban unemployment was at 6.4% in April 2015, increasing from 4.9% in mid-2014. Wages continue to increase, however. Brazil's Central Bank has been steadily raising interest rates to combat inflation, rising from a historic low of 7.25% in October 2012 to 13.75% in 2015 (US Department of Exports, 2016). The *Programa de Aceleração do Crescimento*, abbreviated as the PAC and PAC2, are major infrastructure programmes of the Federal government of Brazil. The first PAC was launched on 28 January 2007 by the Lula da Silva administration, consisting of a set of economic policies and investment projects aimed at accelerating economic growth in Brazil. The programme was extended in 2011 following the successful expansion of Brazil's infrastructure and social development under the first leg (US Department of Exports, 2016).

According to the World Bank's Doing Business Report, major reasons to export to Brazil include:

- Brazil has a large population, representing nearly three percent of global consumers.
- Brazil has the highest per capita income of any BRICS members, with more than half the population defined as middle class, earning between USD 11 500 and USD 29 000 per year.
- Brazil is a spearhead among emerging markets. Its place in BRICS and Mercosur means that Brazil is now considered by many multinational companies to be an essential market for truly global businesses.
- The Brazilian government is actively cultivating relationships with other emerging economies, particularly South Africa, thus improving economic stability.

The Doing Business Report notes that success in Brazil's business culture relies heavily on the cultivation of strong interpersonal relationships, which form the cornerstone of productive business partnerships in the country and across Latin America. In most cases, foreign firms benefit from having a local touchstone to gain entry into the market. Diplomatic and trade visits, such as those undertaken by DIRCO and the DTI, are considered advantageous for securing a foothold in the Brazilian market. The Commercial Service Office of the United States, however, encourages investors visiting Brazil to meet one-on-one with potential partners and to work with a qualified representative or distributor when developing new business in the Brazilian market (US Department of Exports, 2016).

##### ✓ **Trade Regulation**

The Rule of Law Index awarded Brazil a score close to that of South Africa. While performance in terms of specific criteria varies, the prospect of enforcing agreements in Brazil and the recognition of the rights of investors and traders are similar to what can be expected from the South African judiciary (Rule of Law Index, 2016).

Brazil has a sophisticated and firmly enforced customs regime. Adherence to customs rules is

crucial to ensure the smooth movement of goods into the country. According to the Brazilian Ministry of Development, Industry and Foreign Trade, the most common reasons for goods being detained at customs can be summarised as follows:

➤ *Breakdown in importer-exporter communication*

The primary reason for goods being detained at Brazilian customs tends to be a lack of communication between the exporter and the importer. Language barriers may contribute to this, which makes it advisable to have a Portuguese-speaker on the export team.

When the exporter and Brazilian importer communicate well, it is most likely that the goods shipped to Brazil will be cleared without complications. As some imported goods may require special procedures and documentation, it is the responsibility of the importer to inform the exporter thereof.

➤ *Lack of proper documentation*

Lack of proper documentation, whenever goods need to be cleared, is the first hurdle encountered by exporters. If any of the following information provided on the invoice regarding the imported goods is different to the actual imported goods, these goods will be detained at customs:

- Name of the importer.
- Invoice number: The Commercial Invoice, along with *Conhecimento Aéreo Internacional* (Air Waybill), is one of the main documents required by the Brazilian customs authorities to release shipments once they arrive in the country. The document is the basis of all export procedures, and customs declarations are crucial to ensure a smooth export process.
- Place and date of dispatch.
- Quantity shipped.
- Full description of all items including brand, serial and part number.
- Unit price in USD.
- Total price.
- WTO Harmonised System of Tariffs code for each invoiced item.
- Gross as well as net weight of the shipment.
- Total FOB value.
- Total freight charge.
- Total value.

Importantly, the receiving importer must be authorised by the Brazilian government to trade internationally. If the importer is not authorised, even having the documents in order will be of little use, as the importer will not be able to present these documents to the Brazilian customs authorities. The importer must have a "Radar License to obtain the necessary authorisation".

"Radar" is the acronym used for *Ambiente de Registro e Rastreamento de Atuação do Intervenientes Aduaneiros* (Ambient of Registration and Tracking of Activities of the Customs Agents). Before starting any import or export operation in

Brazil, the importer is required to obtain a licence via the Brazilian Federal Revenue Agency. A Radar Licence is a document needed to access system Siscomex, i.e. a computerised instrument through which the Brazilian government controls Brazilian foreign trade. This tool aims to facilitate international trade operations, as it creates a single flow of information, reducing the number of documents involved in these transactions.

In addition to the Radar Licence and access to Siscomex, the importer must prepare the following documentation:

- Proof of import.
- Import declaration: The import declaration, also known as "DSI" or "DI", is the inciting document to start any import process in Brazil. This declaration contains the basic information that will allow the customs clearance of the goods and will also ease the process. The declaration must be formalised by the importer or by his legal representative through Siscomex.
- Import licence: The import licence contains more detailed information about the goods that will be imported and the import operation in general, as well as information about the importer, exporter, country of origin, tax regime, currency exchange, etc. Most licences are automatic and can be requested via Siscomex after shipment but before the customs clearance. Non-automatic licenses are required for products that need approval from specific government agencies. Most relevant to agricultural goods are:
  - ANP or *Agência Nacional do Petróleo, Gás Natural e Biocombustíveis*, which is the National Agency of Oil, Natural Gas, and Biofuel; ANVISA or *Agência Nacional de Vigilância Sanitária*, the National Health Surveillance Agency; CNPq or *Conselho Nacional de Desenvolvimento Científico e Tecnológico*, the National Council for Scientific and Technological Development; DECEX or *Departamento de Operações de Comércio Exterior*, the Department of Operations of Foreign Trade; EBCT or *Empresa Brasileira de Correios e Telégrafos*, or simply *Correios*, which is the Post Office; MAPA or *Ministério da Agricultura, Pecuária e Abastecimento*, the Ministry of Agriculture, Livestock and Supply; MCT or *Ministério da Ciência e Tecnologia*, which is the Ministry of Science and Technology; SUFRAMA or *Superintendência da Zona Franca de Manaus*, the Manaus Free Trade Zone Superintendence.

➤ *Failure to meet current Anvisa requirements*

Anvisa, the Brazilian National Health Surveillance Agency, is responsible for overseeing the import of medicines, food, health products, cosmetics and other such goods into Brazil. An Anvisa inspection may be required at one or more points in the transit process:

- As required by the importer;
- Before the shipment at the port of origin; and
- During customs clearance at the port in Brazil.

Raw and semi-processed materials are also subject to an Import License and to an *Autorização Prévia Favorável de Embarque* (Previous Embarking Authorization), which must be obtained before the goods reach Brazilian customs for clearance. The importer must submit an application for shipment authorisation to Anvisa to ensure clearance.

Access into Brazil may be denied at any point during the process, unless the product is already registered at Anvisa.

#### ➤ MAPA

The *Ministério da Agricultura, Pecuária e Abastecimento* (Ministry of Agriculture, Livestock and Supply) is the regulating agency responsible for overseeing the import of livestock and plant products into Brazil. As mentioned above, the import of such goods is subject to non-automatic import licensing.

The Brazilian buyer must be registered with MAPA to be authorised as an importer of agricultural products.

Enforcement of sanitary and phytosanitary requirements is an important aspect of MAPA's monitoring of imports. In the event of shipment in biodegradable containers, additional licensing may be required for the container units, as well as the products being shipped. When transporting goods in wooden boxes, for example, a Fumigation Certificate or Heat Treatment Certificate will be required.

#### ➤ Inmetro

The *Instituto Nacional de Metrologia, Normalização e Qualidade* (Industrial, which is the National Institute of Metrology, Standardisation and Industrial Quality) is accredited by the Ministry of Development, Industry and Trade and co-operates with the Executive Secretariat of the National Council of Metrology, Standardisation and Industrial Quality, also known as Conmetro. Certain processed and manufactured products must be certified to be sold in Brazil to pass Inmetro requirements. The same standards apply to imported goods, which require:

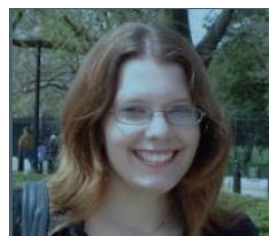
- Certification by a foreign regulatory agency that is acknowledged by Inmetro for entry into Brazil;
- Certification by Inmetro upon arrival in Brazil.

The importer must follow the procedure set out in Regulation 354 of Inmetro's governing legislation to obtain clearance prior to shipment. The document issued is known as a *Declaração de Liberação para Importação de Produtos* (Declaration of Release for Import of Products).

#### Tax Auditor of the Brazilian Federal Revenue

The *Receita Federal do Brasil* (the Brazilian Federal Revenue Agency) is responsible for enforcing customs regulations. For this purpose, the Tax

Auditor of the Brazilian Federal Revenue Agency is also authorised to oversee the import of any goods to Brazil and can seize cargo in the event of inconsistency in the transit process or with the taxation documents provided. Seizure by the Revenue Agency typically takes place during the landing process. Agents are awarded a wide discretion. Even if the documents presented by the importer are in order, suspicion by an agent regarding the shipment process may lead to seizure of the cargo.



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### Trade implications of Brexit for South Africa's agricultural trade and trade policy

By Lucius Phaleng

#### Introduction

During the late 90s, South Africa concluded a trade agreement with the European Union (EU) known as the Trade Development Co-operation Agreement (TDCA). The agreement aims at increasing trade between South Africa and EU market. The TDCA grants duty-free access of South Africa's exports to the EU while providing some level of protection to South Africa's sensitive sectors such as clothing and textiles.

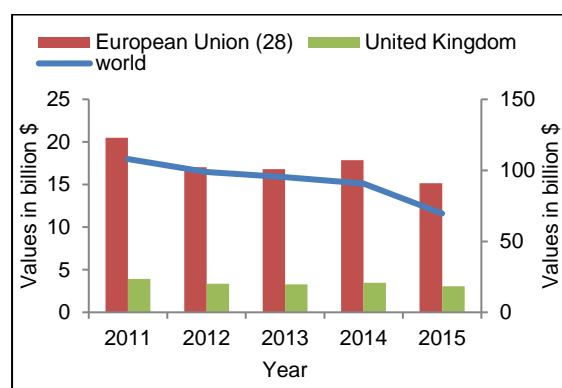
In 2016, South Africa signed an Economic Partnership Agreement (EPA) for preferential market access with SADC countries, including Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. The core interest of South Africa to participate in this agreement lay in securing market access in agriculture (beyond the TDCA provisions) and also securing some policy space lost under the TDCA. The EPA aims to ensure that the SADC common external tariffs are maintained through the uniformed trade regime agreed to under the EPA, with the negotiations granting South Africa an opportunity to address the TDCA shortfalls.

#### South Africa's trade in all products

**Figure 10** shows all products exported by South Africa to the world. It has been noted that South Africa's exports to the world market have been unstable over the past five years, which may be as a result of the unstable level of production, especially in the agricultural sector. South Africa's exports declined by 35% between 2011 and 2015. The primary focus of this article is on imports by the EU (European Union) and United Kingdom (UK) from South Africa, with the figures revealing that South

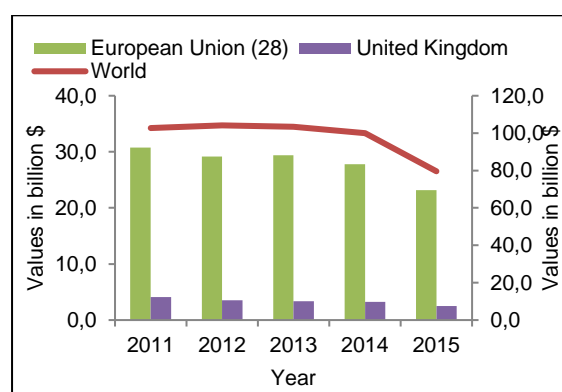


Africa has lost a percentage of the global export share. However, UK imports have remained stable over the past five years.



**Figure 10:** South Africa's exports to the world, EU and UK  
**Source:** ITC, 2016

**Figure 11** indicates the level of South Africa's imports from the world, more specifically the EU and UK. Again, South Africa experienced a decline of 22% in total product imports from the world between 2014 and 2015, with this decline affecting EU exports to South Africa in a negative way. It is important to note that South Africa exports a larger volume of all products to the UK than it imports, with the EU remaining an important market for South Africa.



**Figure 11:** South Africa's imports from the world, EU and UK  
**Source:** ITC (2016)

### South Africa's trade in agricultural products

The trade relationship between South Africa and the European Union has been governed by the trade chapter of the TDCA, which has recently been replaced by the economic partnership agreement (EPA) to expand market access for agricultural exports. **Table 14** and **Table 15** provide a highlight of South Africa's total agricultural trade with the world, EU and UK. **Table 14** further highlights South Africa's agricultural exports to the EU and UK over the past five years. It is important to note that the EU imported a larger share (31%) of South Africa's agricultural exports to the world, with the EU importing 26.4% of agricultural exports during 2015 and the UK absorbing 30.8% of agricultural exports from the EU. South Africa's exports to the world were valued at USD 9747.1 million in 2014, declining to USD 8223 million in 2015. Notably, agricultural

exports to the world did not affect South Africa's exports to the EU and UK markets.

**Table 14:** Total agricultural exports by South Africa, and EU & UK export shares (%)

	2011	2012	2013	2014	2015
World (million \$)	9282	9738	9738	9747	8223
SA exports to EU (%)	24	23	25	24	26
SA exports to UK (%)	27	29	27	29	31

**Source:** ITC (2016)

The UK's share of agricultural imports from South Africa into the EU has continued to increase. This may be an indication that South Africa's agricultural exports to the EU markets will be negatively affected by Brexit, forcing South Africa to engage in some negotiations. According to the DTI, the improvement in South Africa's agricultural exports to the EU shows that the recently signed SADC-EU EPA agreement has had an effect on agricultural exports to the EU. **Table 15** shows South Africa's agricultural imports from the world, the EU and UK over the past five years. In 2015, South Africa experienced a decline in world imports, which affected the share (%) of EU and UK imports.

**Table 15:** South Africa's total agricultural imports

	2011	2012	2013	2014	2015
World (million \$)	7210	7623	6993	6459	5037
SA imports from EU (%)	25	25	27	32	31
SA imports from UK (%)	20	20	21	19	18

**Source:** ITC (2016)

### South Africa's agricultural products exported to the world, EU and UK

The objective of this section is to highlight South Africa's top agricultural products traded in 2015 and the share (%) of imports and exports by the EU and UK. This section also looks at agricultural products that are likely to be affected by Brexit (from the top agricultural products imported from South Africa). **Table 16** (see **appendix A**) shows the top 10 exports at the HS4 digit level for the total global imports. Citrus fruit is the leading agricultural export to the world, followed by wine. EU imports accounted for 37.1% of citrus exported to the world and 59.6% of wine in 2015. It is important to note that the EU is an important market for South Africa's agricultural products, given that a large percentage of what South Africa exports to the world is destined for the EU.

**Table 17** shows the top agricultural products imported by the EU from South Africa during 2015. Grapes and wines were the leading agricultural exports with a share of 73.4% and 59.6% respectively. It is important to note that fruits exported to the EU constitute a major share as compared to other agricultural products. The UK imported a 38.5% share of grapes and 28.5% share of wine exported to the EU in 2015, which means that the country is bound to be significantly affected by Brexit.

**Table 17:** Top South African agricultural products exported to the EU

Description	US\$1000			% Shares	
	World	EU	UK	UK	EU
Grapes	655	480	185	39	73
Wine	666	397	113	29	60
Citrus fruit	1041	386	94	24	37
Pome fruit	482	164	76	47	34
Avocados etc	94	81	32	40	86
Stone fruit	109	67	19	29	62
berries etc	78	61	32	53	79
Wool	197	58	31	0	29
Other nuts	299	49	5	10	17
Sheep skins	85	47	0	0	57

Source: ITC (2016)

The majority of the top agricultural products imported by the EU are also among the top goods imported by the UK. Fruits dominate the list, with the UK importing 86.9% of melon imported by the EU.

**Table 18:** Top South African agricultural products exported to the UK

Description	US\$1000			% Shares	
	World	EU	UK	UK	EU
Grapes	655	480	185	39	73
Wine	666	397	113	29	60
Citrus fruit	1041	386	94	24	37
Apples, pears	482	164	76	47	34
berries etc	78	61	32	53	79
Avocados etc	94	81	32	40	86
Stone fruit	109	67	19	29	62
Fruits, nuts	176	43	13	31	25
Flowers	30	18	12	65	17
Dried fruit	26	14	10	73	53

Source: ITC (2016)

A 2016 media statement from Department of Trade and Industry highlighted the fact that almost all South Africa's products (about 99%) will have preferential market access in the EU, as compared to about 95% under the TDCA agreement. Approximately 96% of products will enter the EU market without being subjected to customs duties or quantitative restrictions. The fisheries that were not covered by the TDCA will be a notable beneficiary under the EPA, with about 94% now entering the EU duty-free, and the remainder being phased in over a specified period.

Willemien (2014) analysed the export permits applicable to agricultural exports from South Africa to the EU. A comparison between the 2013 quotas granted for South Africa's agricultural exports and the new 2014 quotas shows an overall increase in the quantities of the specific product lines that can be exported to the EU at the reduced in-quota tariff rate:

- The quota for fresh flowers was increased by 48 tons for 2014.
- Between 2013 and 2014 the quota for South Africa's exports of fruits and nuts was increased by 2.16%, with an increase of 1236.75 tons for exports of pears, apricots and peaches; 630.2 tons for exports of mixtures of fruits, and 7.5 tons for exports of strawberries.
- For 2014 the quota for South Africa's exports of orange juice was increased by 21 tons, while the quota for exports of pineapples and apple juice was increased by 150 tons.

- For 2014 the quota for wine exports from South Africa to the EU under EU tariff code 220421.93 to 2204.21.98 was increased by 3%, from approximately 46.9 million litres in 2013 to 48.4 million litres in 2014.

**Table 19** highlights South Africa's top agricultural exports to the UK with tariff rates (%) faced. It is important to note that some of the agricultural exports are subject to high tariffs in order to access the EU markets. The top three agricultural products facing high tariffs are table grapes, apples and cut flowers, with a tariff of 19.19 %, 15.49 % and 8.50% respectively. According to the ITC (2016), South African grapes (HS 080610) face a high tariff of 19.19%.

**Table 19:** Tariffs faced by South Africa when exporting to the EU (UK) market

HS code	Description	% tariff faced
080610	Table grapes	19,19%
220421	Wine	2,13%
080520	Mandarins	0,00%
080810	Apples	15,49%
081040	Berries	0,00%
080440	Avocados	0,00%
080940	Plums & Sloes	2,33%
200899	Fruits & Edible parts of plant	0,02%
060314	Cut flowers	8,50%
081340	Dried fruits	0,00%

Source: ITC (2016)

### Implications of Brexit for South Africa's agricultural exports

The aim of this section is to highlight the possible implications of Brexit for South Africa's agricultural exports. Trade access conditions are among the main issues to consider when analysing the changes that Britain's exit from the EU might bring about for South Africa's agricultural exports. South Africa currently exports to the UK market under the recently signed SADC-EU economic partnership agreement. The UK must be recognised as an important market for South Africa's agricultural exports, accounting for an average of 30.8% of total EU agricultural imports from South Africa. There is a looming fear that South Africa's agricultural exports may be negatively affected by the Brexit move, but there is a great deal of uncertainty about the true impact thereof. If the UK grants South Africa more benefits in terms of agricultural exports, South Africa stands to benefit from Brexit, but the alternative may also happen.

Several issues are at play: Will the UK negotiate with the EU? Will South Africa negotiate a bilateral agreement with the UK? Will South Africa renegotiate the EPA terms and conditions? The UK grants free access for South Africa's agricultural exports into the EU, because the UK was part of the EU. With Brexit, the market access benefits that existed in South Africa will no longer be upheld.

Brexit presents a potential longer term impact on South Africa's agricultural trade performance. Access conditions for agricultural exports from South Africa might encounter high tariffs and a loss of market access benefits, along with strong

competition internationally, especially in respect of the top agricultural exports to the UK.



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## Appendix A

**Table 1:** Uses of soybeans in South Africa (in volume and share of total production) for the years indicated

Marketing year: March to February	SA processed					Exports
	Oil and oilcake	Full-fat <sup>2</sup>	Human consumption	Seed and feed	Total	
1980/81	40247	3617	4620	111	48595	500
1990/91	33874	45204	18842	1980	99900	496
2001/02	50500		16400	149600	216500	1400
2014/15	861631		25319	123709	1010659	576
Share (of production)						
	Oil and oilcake	Full-fat <sup>2</sup>	Human consumption	Seed and feed		Exports
1980/81	82,82%	7,44%	9,51%	0,23%		1,03%
1990/91	33,91%	45,25%	18,86%	1,98%		0,50%
2014/15	85,25%	0,00%	2,51%	12,24%		0,06%

Source: DAFF (2016)

**Table 6:** South Africa's top 10 agricultural exports to EAC countries in thousand US dollars

Hs Code	Product Description	SA's exports to EAC				EAC's share of SA's exports to the world
		2001	2005	2010	2015	
2204	Wine	2520	6997	12629	15984	0,20%
2207	Ethyl alcohol	663	3742	12289	13643	0,17%
0808	Pome fruit	884	2374	7399	12452	0,15%
2208	Ethyl alcohol	684	1730	5199	6956	0,09%
2106	Food preparations	2635	5169	14391	6891	0,08%
1701	Cane sugar	22518	28252	43487	3681	0,05%
0810	Berries	341	70	118	3104	0,04%
2009	Fruit juices	993	1717	6839	2937	0,04%
2309	Animal feed	248	524	2430	2836	0,03%
1209	Fruit seeds	129	221	2186	2724	0,03%

Source: Trade Map and author's calculations based on Trade Map statistics

**Table 7:** Top 10 agricultural products imported by EAC countries in thousand US dollars

Hs Code	Product Description	2001	2005	2010	2015	Growth % (2010-15)
		2001	2005	2010	2015	
1001	Wheat	184686	282491	661688	685108	4
1511	Palm oil	188296	307850	825712	658539	-20
1701	Sugar cane	157221	105477	381085	376175	-1
1006	Rice	86863	87193	159728	310410	94
0902	Tea	4692	8144	17626	177417	907
5208	Cotton fabrics	13711	42693	31122	110757	256
1006	Maize	54104	24885	107745	106188	-1
0713	Dry leguminous vegetables	20649	35657	32176	93432	190
2106	Food preparations	24787	31099	48076	77788	62
2401	Tobacco	18604	37481	65488	62967	-4
2207	Ethyl alcohol	1118	8277	37799	55865	48

Source: Trade Map and author's calculations based on Trade Map statistics

**Table 8:** South Africa's potential products in EAC countries in thousand US dollars

HS code	Product label	SA exports	SA vs. EAC exports	EAC imports	EAC vs. SA imports
1001	Wheat	79534	0	685108	0
1512	Sunflower seed	78446	33	17230	28
1006	Rice	70283	41	310410	32
1101	Wheat flour	53226	7	16750	31
2304	Oilcake	37697	0	24213	0
1517	Margarine	34621	27	24927	26
0902	Tea	27569	51	177417	93
1902	Pasta	17591	67	32627	75
1202	Groundnuts	15312	0	18205	0
0710	Vegetables, frozen	14294	48	29070	58
2401	Tobacco	11397	3	62967	8

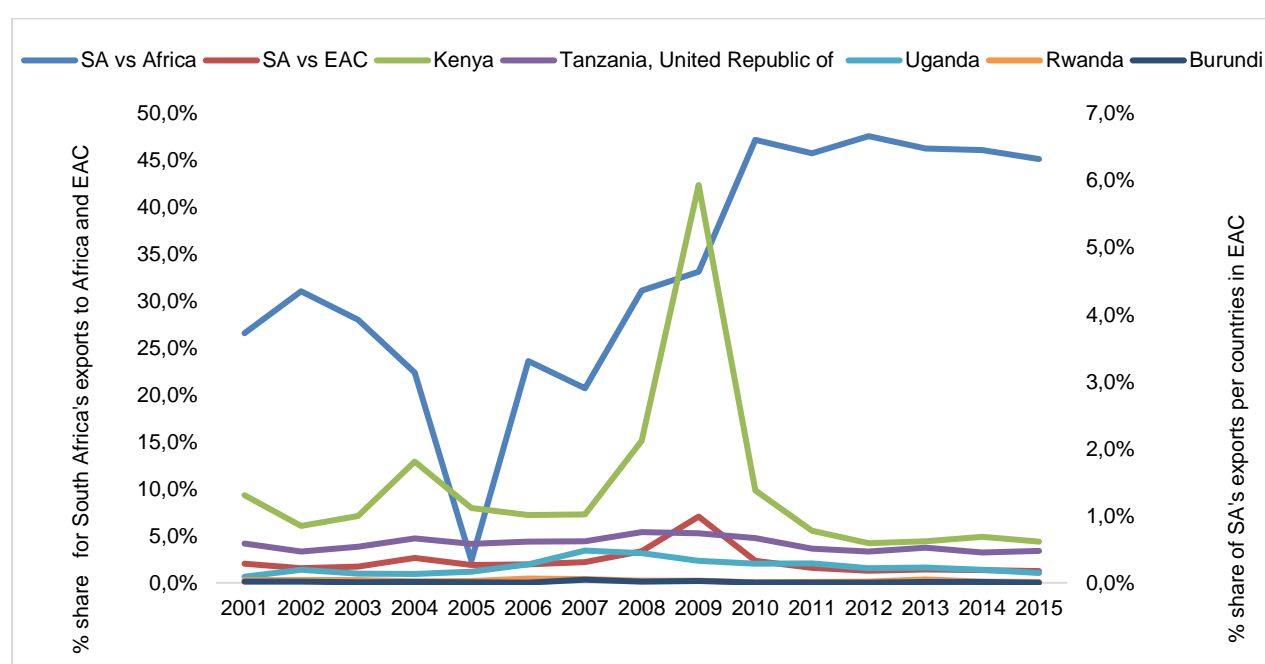
Source: Trade Map and author's calculations based on Trade Map statistics

**Table 16:** South Africa's top exports to the world (2015)

Description	USD 1000			% Share	
	World	EU	UK	UK	EU
Citrus fruit	1041	386	94	24	37
Wine	666	397	113	28	59
Grapes	655	480	185	38	73
Apples, pears	482	164	76	46	34
Other nuts	299	49	5	10	16
Fruit juices	271	46	7	1	17
Maize	208	4	2	50	2
Wool	197	58	31	0	276
Food preparations	183	14	8	5	7
Fruits, nuts	176	43	13	31	24

Source: ITC (2016)

## Appendix B



**Figure 6:** South Africa's agricultural exports to EAC countries

Source: Author's calculations based on Trade Map statistics

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