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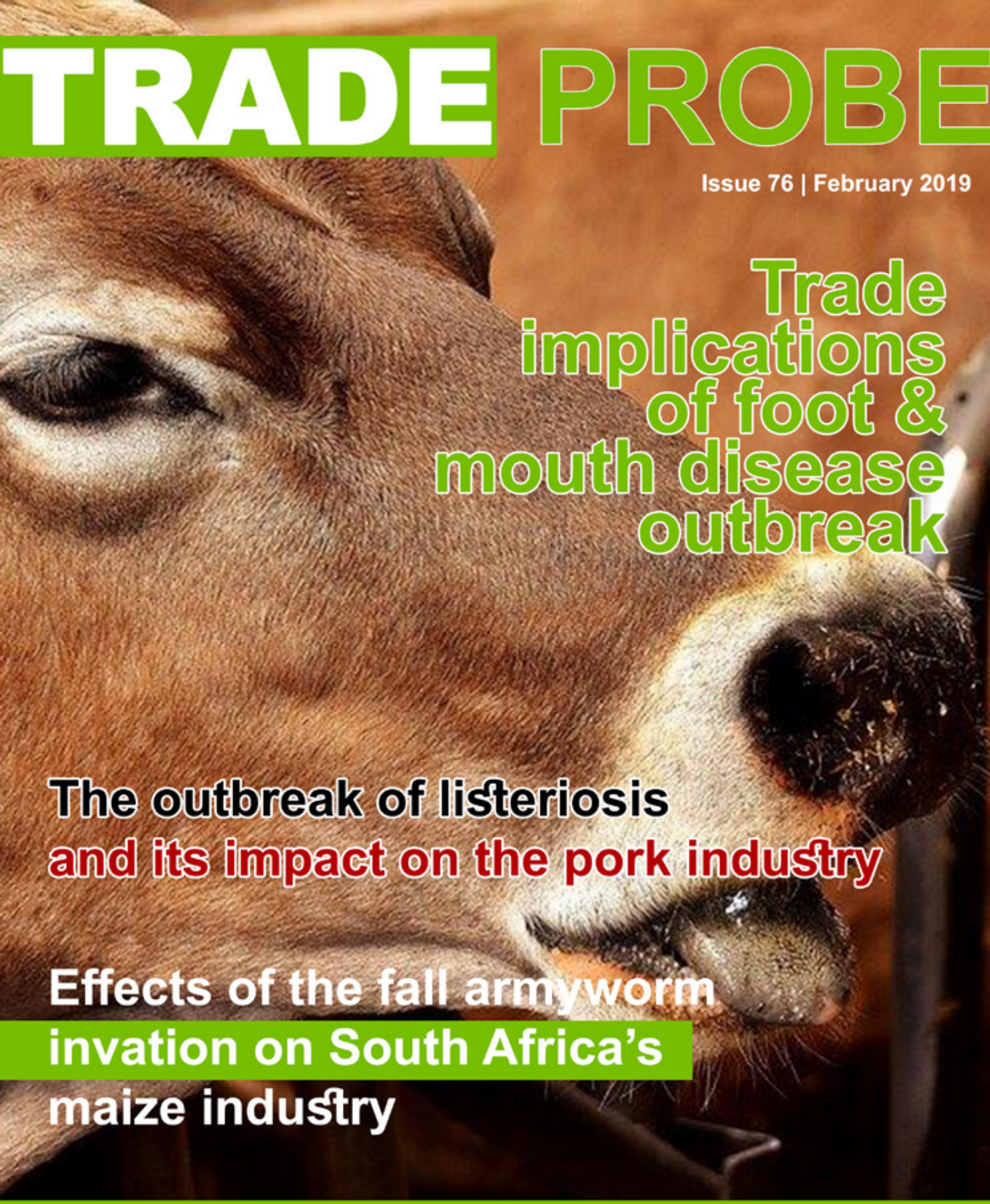

Trade implications of foot & mouth disease outbreak

The outbreak of listeriosis and its impact on the pork industry

Effects of the fall armyworm invation on South Africa's maize industry

agriculture, forestry & fisheries
Department:
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REPUBLIC OF SOUTH AFRICA

NAMC
Promoting market access for South African agriculture

FOREWORD

Welcome to the seventy-sixth (76th) issue of the Trade Probe publication produced under the Markets and Economic Research Centre (MERC) of the National Agricultural Marketing Council (NAMC). The purpose of this issue is to provide detailed trade implications of adverse environmental and disease outbreaks in the agricultural sector. The disease outbreaks covered include foot and mouth disease (FMD), avian influenza (AI), listeriosis and lastly the fall armyworm. The objective of the publication is to inform policymakers, producers, traders and other stakeholders of the implications the disease outbreaks have on the trade performance of the affected agricultural industries. This publication also provides valuable information about trade opportunities available in the existing and potential markets where South African agricultural products can be exported. Disease outbreaks are likely to remain a significant factor impacting on agricultural trade across much of Sub-Saharan Africa for the near future. Therefore, this publication provides an insight into prevention and control measures that could be used to prevent and manage various outbreaks.

REPORT STRUCTURE

Trade Analysis

1. Trade implications of the foot and mouth disease outbreak in beef and other cloven hoofed animal products
2. Economic effects of avian influenza (AI) outbreaks on the poultry industry
3. The outbreak of listeriosis and its impact on the pork industry
4. Effects of the fall armyworm invasion on South Africa's maize industry

Trade Opportunities

5. Trade profile of fresh and frozen beef meat
6. Trade profile of maize (HS)

Trade News

7. President Ramaphosa calls for more integration of emerging farmers in the agricultural exports
8. WTO trade indicator points to slower trade growth into first quarter of 2019
9. South Africa ratifies agreement establishing the African Continental Free Trade Area

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Trade Implications of the foot and mouth disease outbreak on beef and other cloven-hoofed animal products

By Moses H Lubinga, Onele Tshitiza & Ndiadivha Tempia

The South African livestock industry plays a vital role in the economy, in terms of food security, creation of jobs, rural development as well as generation of foreign earnings from exports. The industry accounts for about 47% of total domestic agricultural production by value (DAFF, 2018). Resolution No. 22 adopted in May 2018 by the World Organization for Animal Health (OIE) declared South Africa free of foot and mouth disease (FMD) and this increased market access for livestock products most especially bovine meat and bovine meat products to several export markets including Namibia, Vietnam, the United Arab Emirates (UAE) and Jordan among many other trade partners (ITC, 2019).

However, on the 8th of January 2019, the Department of Agriculture, Forestry and Fisheries (DAFF) officially declared that spillage of FMD had occurred in Vhembe district, Limpopo Province, as was confirmed after cases were reported to the state veterinary officers who conducted tests on cattle in the area. The spillage of FMD immediately prompted the OIE to suspend South Africa's FMD-free status. This temporary suspension led some neighbouring trading countries (e.g. Botswana, Namibia, Eswatini) and Zimbabwe) to ban South Africa's exports of cloven hoofed animals and animal products. Although the affected cattle were less than 50 in an area with about 10 000 to 15 000 and remain under quarantine, this outbreak called for urgent attention to contain the severe implications of the disease on animal farming and trade.

Any country's categorisation as being not free of FMD compromises access to export markets given that trade partners are interested in protecting their respective domestic industries against the disease, which will have a significant impact on the production, consumption, prices and exports of cloven-hoofed animals and animal products. The movement of live animals from the affected area is already restricted. In addition, veld grasses, contaminated vehicles and animal manure products were also restricted from exiting the country. Thus, there is a need for urgent interventions to contain a further spread of the disease. In this article, we provide an insight into FMD symptoms in infected animals, FMD control measures, and trade implications of the current outbreak on South Africa in directly affected products

Symptoms of FMD in infected animals

FMD is an infectious viral disease that affects cloven-hoofed animals. The virus affects the bone marrow in animals such as cattle, buffalo and other bovines, as well as pigs, goats and sheep. Within two to six days after infection, the affected animals develop a high fever, coupled with blisters in the mouth and on the feet, which upon bursting may cause lameness in the animal. Infected animals also secrete stringy saliva, with swelling of the testicles in mature males, severe weight loss and significant drop in milk production in lactating cows. FMD is highly infectious and can quickly be spread from infected animals through contaminated farm machinery and equipment, clothing, semen from infected bulls and feed. However, the good news is that FMD is rarely known to infect humans (Capella, 2001).

FMD control measures

The most common viruses found in South Africa are the three SAT serotypes of the FMD virus (FMDV) which are maintained within the free-living buffalo population in the Kruger National Park (KNP) in the north-eastern part of South Africa (Thomson et al., 2003). Adjacent to the western and southern borders of the infected zone is the buffer zone, which has two sections. One portion where livestock is vaccinated twice yearly is referred to as the buffer zone with vaccination (BZV), while the other portion where animals are not vaccinated, but there is increased surveillance and movement control, is known as the buffer zone without vaccination (BZNV). Adjacent to the latter is an inspection zone, where increased surveillance is implemented through the inspection of domestic livestock. Free movement of animals is permitted within the inspection zone and from it to the FMD-free zone.

It should, however, be noted that the genetic makeup of the virus greatly varies and this renders vaccination as a control measure less effective (Martinez-Salas et al., 2008), given that vaccines must be highly customised to control a specific strain. Vaccination is only a temporary measure in controlling FMD. In the FMD controlled zone, various levels of restriction on animal movement are enforced, while in the FMD-free zone, restrictions are not applied. However, it is important to note that FMD control measures should not only focus on controlling the disease between livestock, especially in the case of South Africa where FMDV is mainly spread by buffalo.

In addition to the above, other potential measures include minimising contact between wild animals (especially buffalo) and domesticated ones, which could be achieved through fencing, increased biosecurity measures (reduce the exchange of farm machinery and equipment across farms and, where possible, disinfect farming equipment). Culling of animals is another measure – this entails the killing and disposal of all susceptible livestock at the farm/area where the outbreak arose, as well as the livestock of "contact" farms that are most likely infected. The killing and disposing of livestock must be followed by full cleaning and disinfection. From a trade perspective, restricting the exchange of products that pose a risk of spreading the disease further is a common practice that can be done both within and outside the country.

Trade implications of the foot and mouth disease outbreak

Although neighbouring countries including Zimbabwe, Botswana, Eswatini and Namibia have placed bans on imports of cloven-hoofed animals and animal products' imports from South Africa, in a media briefing dated 14 January 2019 the minister said

"We have notified most of our trade partners and have started offering them assurances, especially for trade in products which do not pose a risk of transmitting the disease, such as heat-treated meat and dairy products, deboned and matured beef, scoured wool, salted hides and skins, and livestock embryos".

For the current outbreak, directly affected products due to trade restrictions include live cattle (HS 0102), the meat of cattle (HS 0201, HS 0202) and raw hides and skins of cattle (HS 4101). It is, however, worthwhile to note that some products (especially the processed – e.g. heat-treated meat and dairy products, deboned and matured beef, scoured wool, salted hides and skins, and livestock embryos) pose no risk of transmitting FMD.

With regard to live animals, South Africa's exports were valued at R 351 million in 2018 while imports were worth R2.1 billion. In the same year South Africa also exported R1.8 billion worth of meat of bovine animals that is chilled, frozen and fresh. Almost all South Africa's imports of live bovine animals come from within the Southern African

Development Community (SADC) region, with 98 % being from Namibia. Similarly, South Africa exports a large proportion of live bovine animals to SADC member countries. In 2018, Mauritius accounted for 46% of the export share of live bovines, followed by Lesotho (12%) and Namibia (9%) respectively, which indicates the role played by trading partners in South Africa's live bovine and red meat industry. Notably, South Africa is a net importer of live bovine animals, with a negative trade balance of R 1.828 million.

The current outbreak of FMD poses a threat to South Africa's export earnings from live animals while it could increase imports from dominant suppliers within the SADC region. For instance, given the imposed import bans, South Africa is bound to lose significant market shares in favour of Namibia as it already supplies the biggest portion of live animals in the region. South Africa imports live bovines for local consumption and to re-export packaged and frozen meat products of bovines.

Although the meat from Namibia and neighbouring countries may be uncontaminated, importers that have not yet implemented bans may not trust the origin of South African meat, resulting in fewer export earnings and a loss to the economy. This is critical for South Africa to control the FMD outbreak and work towards regaining FMD-free status. Although the disease has not been declared among other cloven-hoofed animals, it is important to note that it can spread if not treated and contained in cattle. In that case, it would trickle down to other meat products, and more export earnings could be lost. Table 1 shows South Africa's trading partners that imposed import bans on live animals and other meat products (Ebatamehi, 2019; Reuters, 2019). In addition to this potential trade loses, the wool industry which exports wool mainly to China has also experienced difficulties in accessing the Chinese wool market due to the FMD risk.

Previous outbreaks (e.g. July 2013, September 2017) were noted not to have influenced the country's FMD-free status, thus there were no consequences for exports of all cloven-hoofed animals and their products (DAFF, 2013; DAFF, 2017). Depending on whether the control measures in affected borders are implemented effectively, South Africa cannot guarantee that animals from other countries will not be contaminated on entry and therefore pose a health risk.

Imports from neighbouring countries could therefore be affected, meaning that neighbouring countries may also lose on their export earnings, especially for products shown in Table 1, if South Africa were to block imports to contain the FMD virus (as a worst-case scenario). This emphasises a need for preventative measures as well as biosecurity measures in the country to avoid losses, both within and outside South Africa. There is a need for investment in such interventions by not only the government but by the private sector as well, which could save the industry from losses in the future.

[1]Despite the fact that a specific area (Vhembe district, Limpopo Province) where the outbreak occurred is well known and containment measures have been put in place, for now it is a challenge to distinguish exportable livestock/meat products coming from that area compared to the rest of the country. Hence, trade partners enact a general import ban and this affects all the concerned products from South Africa. Otherwise, had it been within the current means, the likely effect on trade would have been customised to cover the Limpopo Province alone.

Table 1: Export revenue likely to be foregone by South Africa due to import bans enacted by a selected few trade partners

Trading partner	Livestock products	Mean value* (R '000)/ quarter
Namibia	Live bovines (0102)	4 565
	Meat of bovine animals, fresh/chilled (0201)	8 569
	Meat of bovine animals, frozen (0202)	2 298
	Rawhides & skins of bovines (4101)	3 048
Botswana	Live bovines (0102)	1 749
	Meat of bovine animals, fresh/chilled (0201)	1 310
	Meat of bovine animals, frozen (0202)	1 410
	Rawhides & skins of bovines (4101)	144
Eswatini	Live bovines (0102)	4 949
	Meat of bovine animals, fresh or chilled (0201)	23 734
	Meat of bovine animals, frozen (0202)	3 827
	Rawhides & skins of bovines (4101)	12
Total		**55615**

Note: * refers to the average exported in the three quarters of 2018

Source: Trade Map (2018)

Conclusion

The recent outbreak of FMD in Vhembe district, Limpopo Province is a pertinent issue that requires immediate attention from a broad spectrum of stakeholders. Based on the recent quarterly trade data for directly affected bovine products with Namibia, Botswana and Eswatini, South Africa is bound to lose on average R 55.6 million per quarter as a result of the import of those products in the mentioned countries. However, the above estimate is only indicative and could be far larger if consideration of the potential trade risk associated with other cloven-hoofed animals such as sheep and wool exports is taken into account.

Given that processed bovine products pose fewer risks in transmitting the disease to humans, South Africa's trading partners such as SACU members and other countries that are intending to impose import bans must consider not including these products, as doing so would have negative implications for South Africa's foreign earnings from these products. For the World Organization for Animal Health to re-categorise South Africa as an FMD-free country, farmers with the help of government institutions must holistically implement the above-mentioned control measures to contain FMD.

The discussed FMD control measures emphasise the need to strengthen the country's biosecurity infrastructure such as fencing of FMD-infected areas, animal tracking systems, and feedloting and processing infrastructure to limit movements of animals from infected areas or provinces into non-infected provinces. In 2013, the NAMC as a national coordinator of the rural economic and agro-logistic infrastructure programme (i.e. SIP 11) identified biosecurity and related infrastructure as a national priority to mitigate the disease outbreak risks. The NAMC proposed that some infrastructure projects could be implemented through a public-private partnership funding model to ensure a close working relationship between the government and private sector, but this approach is yet to be implemented. Limited budget for these identified biosecurity and infrastructure projects constrains not only the competitiveness of the livestock industry but the whole agricultural sector. The outbreak of FMD in Vhembe district is a reminder to urgently attend to biosecurity and rural infrastructure projects proposed in the SIP 11 master plan and other strategic documents such as Operation Phakisa for Agriculture, which was endorsed by all agricultural stakeholders.

Economic effects of avian influenza outbreaks on the poultry industry

By Fezeka Matebeni and Sifiso Ntombela

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Introduction

Poultry production is one of the most developed and commercialised industries in South Africa's agricultural sector. As a result of high commercialisation, most poultry production is through intensive production operations, which also increase the risk of animal diseases such as avian influenza (AI). Parallel to the viable commercial poultry production, the industry also has some households, especially in rural areas, who produce chickens on a small scale, either in their backyards or on small farm plots, to improve their food security. Over the past five years, the poultry industry has played a vital role in uplifting the socio-economic development of the country, particularly in rural areas, where on average it employs 7 503 and 47 025 people in the egg and broiler industries respectively (SAPA, 2018). Poultry products are also known to be the most affordable source of animal protein for human consumption. In this regard, FAO (2013) noted that poultry products are essential in improving human health through the provision of high-quality nutrients and micro-nutrients. In the communal farmers, the industry also provide manure for vegetable and crop production. Based on latest greenhouse gas (GHG) emissions inventory released by the Department of Environment affairs in 2009, the poultry production activities tend to yield less emissions as compared to other livestock production activities like piggery, which makes it an ideal operation under a carbon constraint environment.

Evaluation of South Africa's poultry industry and avian influenza (AI)

Domestic production has experienced a slight increase over the last decade. However, the growth rate in domestic consumption has outstripped the production rate, compelling the country to import some poultry products to satisfy the growing domestic demand. Figure 1 illustrates that production increased by 8.4 %, while consumption increased by 21.2 % between 2007 and 2017. The primary driver of increasing consumption is affordability. BFAP (2018) showed that poultry products are relatively cheaper compared to other animal products such as beef and pork. Other factors driving consumption include the growing population, changing consumer preferences on health grounds (i.e. a preference for low-in-fat meat) and lifestyle changes (demand for convenient, fast food).

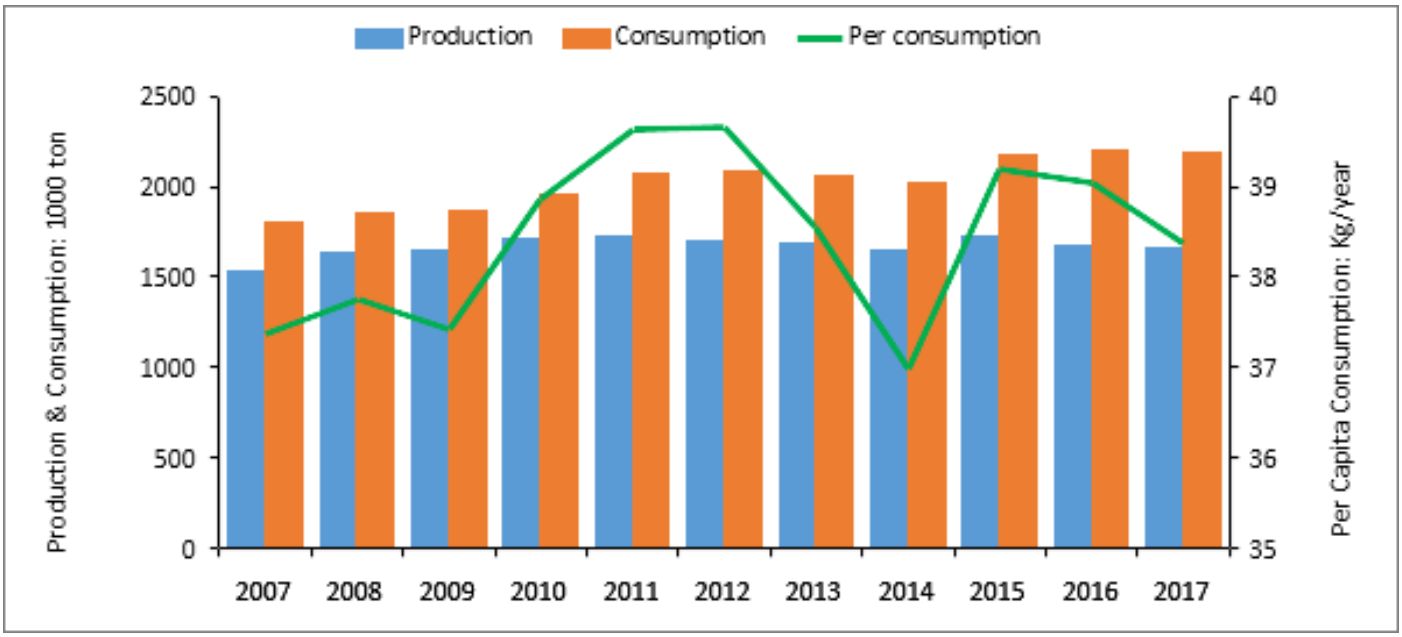

Figure 1: Local trends in the South African poultry industry
Source: SAPA (2018)

The increasing production of poultry under intensive production operations requires the country to strengthen its biosecurity measures to prevent or control the spread of disease outbreaks. However, in the past few years, the industry has suffered an outbreak of avian influenza (H5N8), also known as bird flu. AI is a highly infectious disease and causes high mortality in birds in a short space of time. DAFF (2018) reported that the first outbreak of AI was confirmed in broiler breeders near Villiers in Mpumalanga in late June 2017. Since then, there have been occurrences (commercial and backyard poultry as well as bird species) of AI outbreaks in different provinces. A total of 195 outbreaks were reported since the first case until September 2018. The Western Cape was the leading province infected by AI, with an estimated 147 outbreaks being detected. This was followed by Gauteng (16) and Mpumalanga (12). The least affected provinces were Northern Cape and KwaZulu-Natal.

The South African government adopted a strategy of culling birds of the affected producers to prevent the spread of the disease. BFAP (2018) reported that the number of broilers and layers culled or destroyed stood at approximately 5.4 million birds, with 87 % of birds being from broiler production operations and the rest from layer operations producing eggs.

The impact of AI on local poultry producers and poor households

Apart from the disease outbreak, the South African poultry industry has been facing the challenges associated with high feed costs as well as the impact of drought conditions. The shock or outbreak of AI, which started in June 2017, added more difficulty to the poultry industry. The local poultry producers that were not affected felt the hike of production input costs because the culling of chickens and closing of chicken farms resulted in a decline in egg and chicken supply in the country, which raised great concern over the price of eggs and chicken meat at the retail level. Many poor households were affected negatively, as they were not able to afford to purchase eggs and chicken meat, which is their main animal protein source. Furthermore, AI caused a major blow in the poultry industry because it led to the shedding of many jobs as many farms were forced to close.

Figure 2 indicates the trends in egg and broiler production as well as egg and broiler price changes between January 2016 and October 2018. The impact of AI caused a declined in the production of eggs and broilers with the effects intensifying in the period between January 2017 and October 2017. During this period the price of eggs increased from just below R14 per dozen of eggs in Janaury 2017 to over R18 per dozen of eggs in September 2017. The price of broiler meat also experienced an increase, however, it rate of increase was lowered by the increasing imports of broiler meat. After the AI disease was contained the production of both eggs and brolier meat showed signs of recovery as can be seen on production trends between April 2018 and Ocober 2018 in Figure 2. The recovery in production impacted the prices as they started to decline from July 2018.

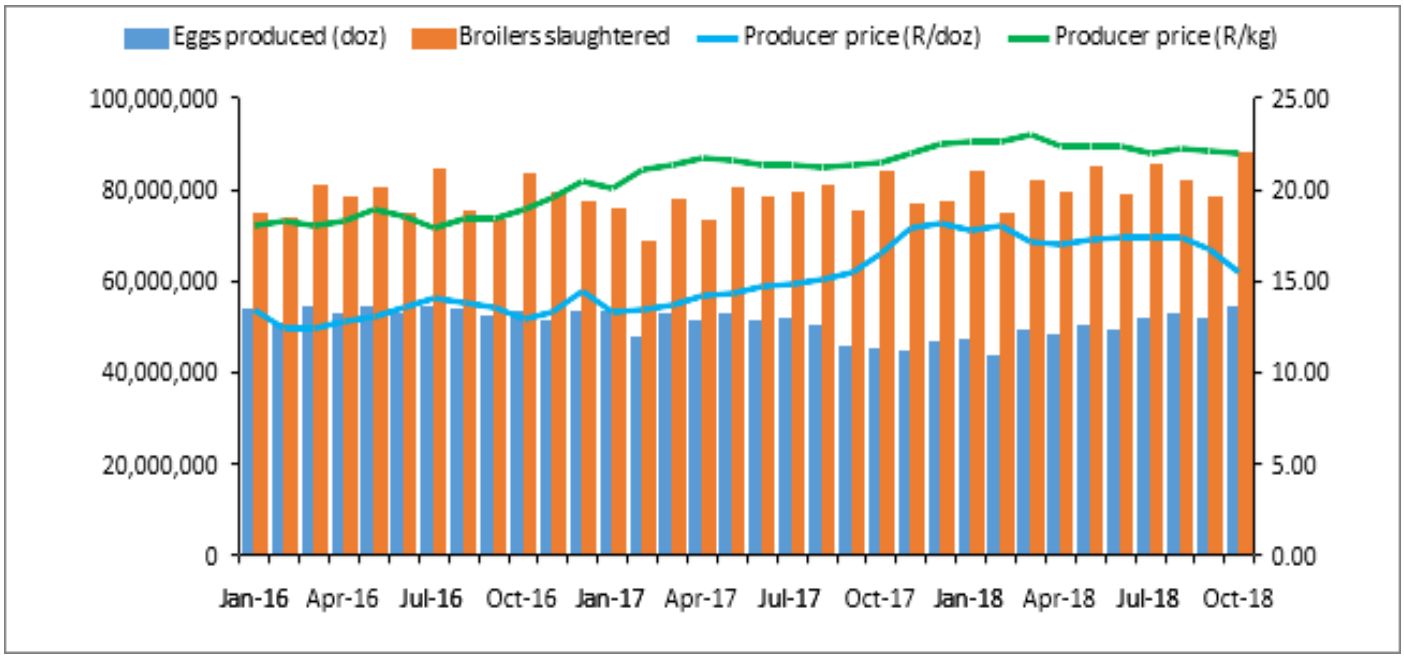

Figure 2: Monthly producer prices and production of eggs and meat
Source: SAPA (2018)

The impact of AI on poultry trade

Figure 3 presents the monthly imports of poultry products between 2015 and 2018. The monthly imports increased from an average of 38 000 tons in 2015 to 43 607 tons in 2018, which is equivalent to a 15 % growth in imports. This suggests that imports are increasingly displacing domestic produce in the local market. This domestic produce substitution can be attributed to dwindling local production due to disease outbreaks, increasing feed costs and persistent drought, which collectively erode the competitiveness of the local poultry industry. The importation of poultry products into South Africa continues to increase since the monthly imports were recorded at 44 799 tons per month in 2018. The Americas and Europe continue to be the dominant suppliers of poultry in the country, collectively supplying 98 % of total imports in 2018. More specifically, Brazil was the single largest supplier, occupying a 63 % share of total imports in 2018, followed by the United States of America with 16 % and Denmark and Ireland each holding a 5 % share in South Africa's total imports of poultry products.

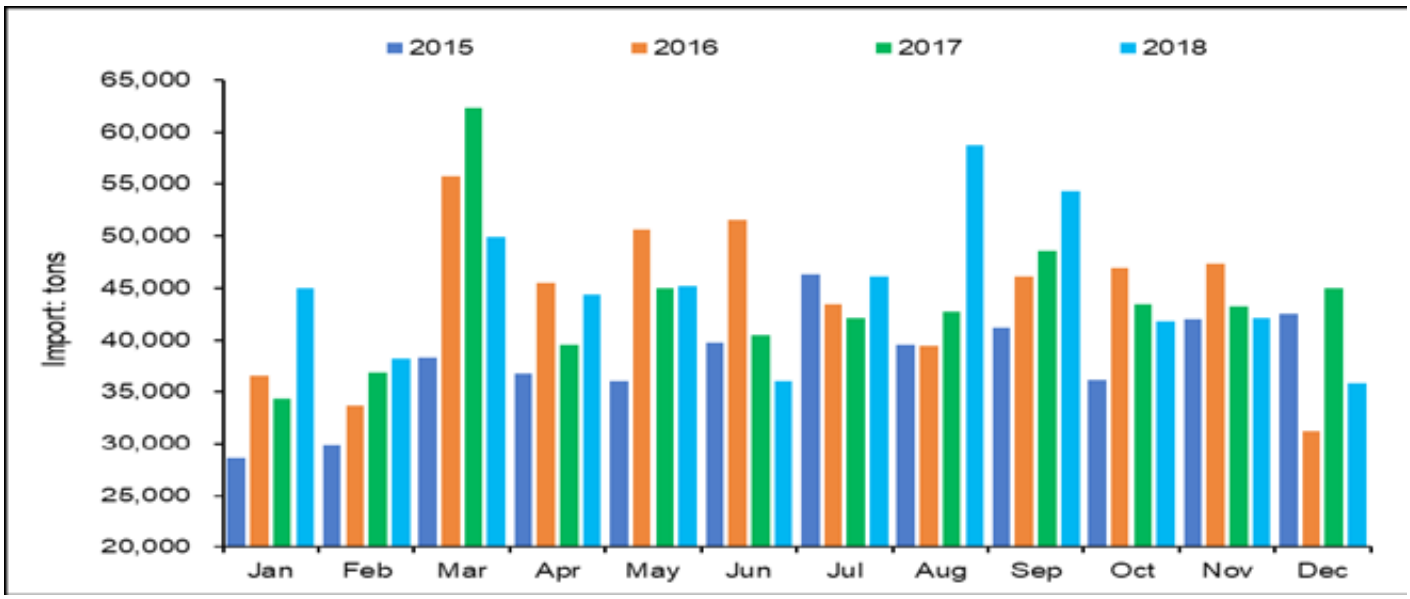

Figure 3: Monthly imports of poultry products (HS: 0207110 – 0207149)
Source: SARS (2019)

South African government support or regulations to control AI in South Africa's poultry industry

The Department of Agriculture, Forestry and Fisheries (DAFF), the Poultry Disease Management Agency (PDMA) and South African Poultry Association (SAPA) have reacted rapidly to the national spread of AI to detect and control it. SAPA, as an active participant on the surveillance system, monitored and assessed the AI threat at all the entry points along the borders of the country. The following measures were taken into consideration by the South African government and other relevant stakeholders:

- DAFF veterinarians and animal technicians inspected the health of the birds on the farms before culling them.
- DAFF and SAPA provided topical information, guidance and technical support to the local producers.
- A database of local poultry producers was compiled.
- A vaccination strategy was considered; however, it would create an endemic situation, affecting surveillance efforts and export certification if it were adopted.
- The culling tactic was used to prevent the spread of AI.
- DAFF was granted R40 million by National Treasury to compensate farmers that were affected by AI.

Conclusion

Poultry production makes a significant contribution to improving the livelihoods and local economic development of many people. The provision of biosecurity measures to prevent or inhibit AI should be put in place to avoid the reduction of socio-economic development. The need to strengthen the country's biosecurity infrastructure to prevent the occurrence of diseases such as AI is essential for the sustainability of the poultry industry. With regard to biosecurity infrastructure development, especially in rural areas, the NAMC had proposed that some biosecurity infrastructure projects could be implemented through a public-private partnership funding model to ensure a close working relationship between the government and private sector, but this approach is yet to be implemented. Limited budget for these identified biosecurity and infrastructure projects constraints the competitiveness of not only the livestock industry but the whole agricultural sector. The outbreak of AI in the past years is a reminder to urgently attend to biosecurity and rural infrastructure projects proposed in the SIP 11 master plan and other strategic documents such as Operation Phakisa for Agriculture, which was endorsed by all agricultural stakeholders.

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The outbreak of listeriosis and its impact on pork industry

By Lucius Phaleng

Introduction

The pork industry is one of the smallest industries in South Africa's agricultural sector, however, it plays a major role in enhancing food security in the country (DAFF, 2018). Pork is produced throughout South Africa; however, there are areas where pork is produced but are not necessarily where the animals are populated. According to DAFF, Limpopo and North West provinces were the largest producers accounting for 24% and 21% respectively. Western Cape followed with a share of 11% while Gauteng and KZN accounted for 10% each. The pork production has been increasing over the past decade (see figure 4) and almost 90% of pork produced is processed into various pork products (DAFF, 2017). According to Kapoor (2015), pork is rich in protein, essential vitamins, minerals and amino acids, and good for overall health.

However, the industry has faced various challenges such as swine flu which affected the production of pig heads and inversely impacted the production of pork in year 2018. The recent outbreak of listeriosis in 2017 had a bigger impact on pork industry, which resulted in some SACU countries banning the imports of pork products from South Africa. Listeriosis is an infection caused by bacteria Listeria monocytogenes. People become infected by eating foods contaminated with bacteria, such as through processed meat products (Ogunbanjo, 2018). The outbreak of listeriosis has been ongoing since the start of 2017 and most cases have come from three provinces: 59 % from Gauteng, 12 % from the Western Cape and 7 % from KwaZulu-Natal, with the remaining cases coming from the other provinces in South Africa (WHO, 2018). This article aims to evaluate the impact of listeriosis on pork industry by assessing the trade trends on pork products.

South Africa's pork production trends

The recovery of local pork production from the 2015/2016 drought was expected to increase local pork production thus suppressing the growth of imports (USDA, 2018). Between 2017 and 2018, South Africa's pork imports increased marginally by 2.5 % annually, reaching about 32 000 tons in 2017 and 33 000 tons in 2018. On average, South Africa's pork industry contributes around 2.15 % to the primary agricultural value-added and the production has been increasing at an average growth of 209 000 tons per annum for the past 11 years. The main drivers include increasing consumer demand and better production practices. The South African pork industry has two distinct branches, with around 45 % of pigs produced being sold for the fresh meat market and approximately 55 % being sold for the processed meat market. Small and lean pigs are normally sold in the fresh meat market. On the other hand, heavy pigs are supplied to the processing market, where they are used in the production of products such as bacon, sausages, polonies and ham (USDA, 2018). In this article, focus will be drawn on processed meat products and related markets because they were negatively affected by listeriosis outbreak in the country in 2017 to 2018. The demand for and production of these products were affected in both local and foreign markets.

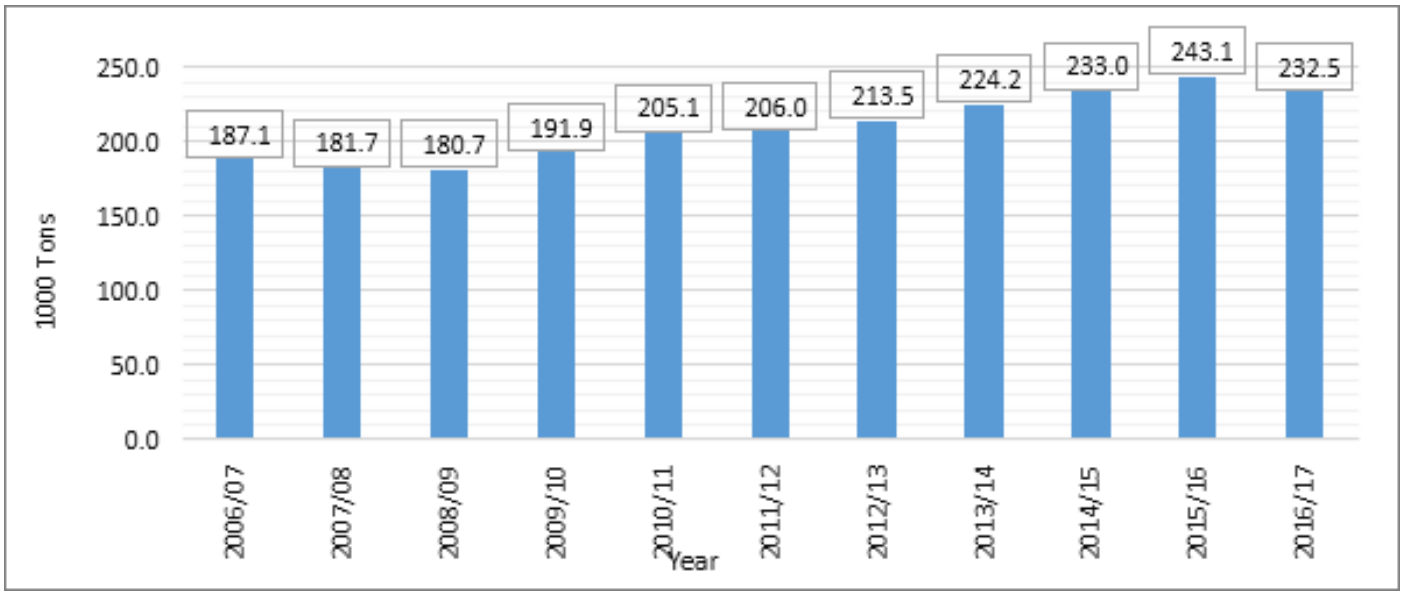


Figure 4: South Africa's pork production trends
Source: DAFF Abstract (2018)

Listeriosis outbreak in South Africa

South Africa's listeriosis outbreak has topped the charts as the largest outbreak in history, and listeriosis has been regarded as a severe food-borne disease in South Africa since it was first reported at the beginning of 2017. According to the National Department of Health, listeriosis is a bacterial infection commonly caused by Listeria monocytogenes. This bacterial infection is most common in ruminants (sheep, goats and cattle) but occasional cases have occurred in rabbits, guinea pigs, poultry, pigs and other species. Listeria is a potential hazard in food production, processing and food handling environments all over the world.

The bacteria are difficult to remove and can quickly spread through a factory (Lianou & Sofos, 2007). In South Africa, the outbreak was discovered in the processing environment for processed pork products such as sausages. South Africa's Minister of Health held a press conference on 4 March 2018 to announce the source of the outbreak. The national authorities then took measures to limit further infections and associated mortality (DoH, 2018). Three (3) sources of listeriosis have been implicated in the outbreak and several actions have been undertaken at these facilities, which include the closure of the facilities, suspension of export certificates and recalling of the contaminated products.

WTO perspective on sanitary and phytosanitary issues

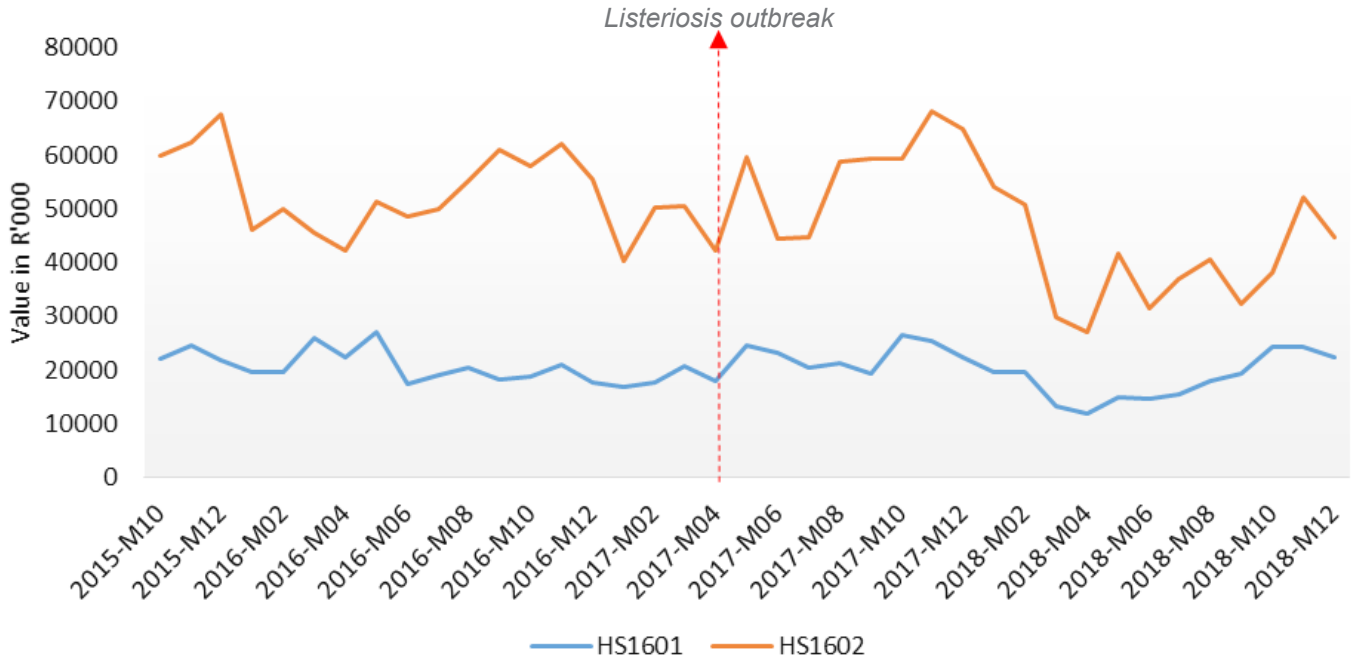
The agreement on the application of sanitary and phytosanitary measures entered into force with the establishment of the World Trade Organization (WTO) on 1 January 1995, to address concerns about the application of food safety and animal and plant health regulations. The WTO sanitary and phytosanitary agreement entails that trading countries have a right to stop South Africa's or other partners' exports to protect human life or health in this case. The Seychelles is among the countries which have implemented urgent measures to manage the sanitary risk associated with the presence of listeria contamination in ready-to-eat meat products from South Africa (WTO, 2018). The bacterial strain was discovered in the processing environment of some manufacturers of pork products in 2018. The listeriosis outbreak has caused all processed meat products imported from South Africa, namely polonies, hams and pre-cooked sausages, being

removed from the local and international market. In South Africa, processed meat has been identified as the cause of the listeriosis outbreak, and this has resulted in some African countries (i.e. Zimbabwe, Namibia, Botswana, Mozambique, Zambia and so forth) restricting processed meat imports from South Africa (DTI, 2018). WTO countries, under the sanitary and phytosanitary measures, provide trading partners with a right to ban products from a country in light of concerns about infection.

Trade impact of listeriosis

The general impact of the listeriosis outbreak on South Africa's exports of processed meat can be determined especially when looking at monthly trade trends. South Africa's listeriosis outbreak has negatively affected trading partners' perceptions of the safety of food exports from South Africa, moreover due to the banning of processed meat imports from South Africa because of health reasons. For example, Zimbabwe has reportedly banned the importation of cold meat from South Africa. This follows reports that Mozambique and Namibia suspended imports of these products. Processed meat falls under chapter 16 of the HS system which covers preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates. The subheadings 1601 and 1602 are the subject of this analysis to assess how trade trends have responded since the outbreak of listeriosis.

South Africa had a positive trade balance in processed meat products, with processed meat worth an estimated R67 270 being exported in December 2018. The export value of processed meat decreased by R3 853 between March 2017 and December 2018. Lesotho ranked as the main importer of processed meat from South Africa with a share value of 28.4 %, followed by Namibia (23.4 %), UAE (10.8 %) and Mozambique (8 %). Figure 5 highlights the export trends of processed meat (i.e., HS1601 & HS1602) before and after the listeriosis outbreak. The listeriosis outbreak has not had an immediate impact on the trade trends of processed meat. It can be observed that after the outbreak, exports marginally increased until November 2017 when the impact was realised.



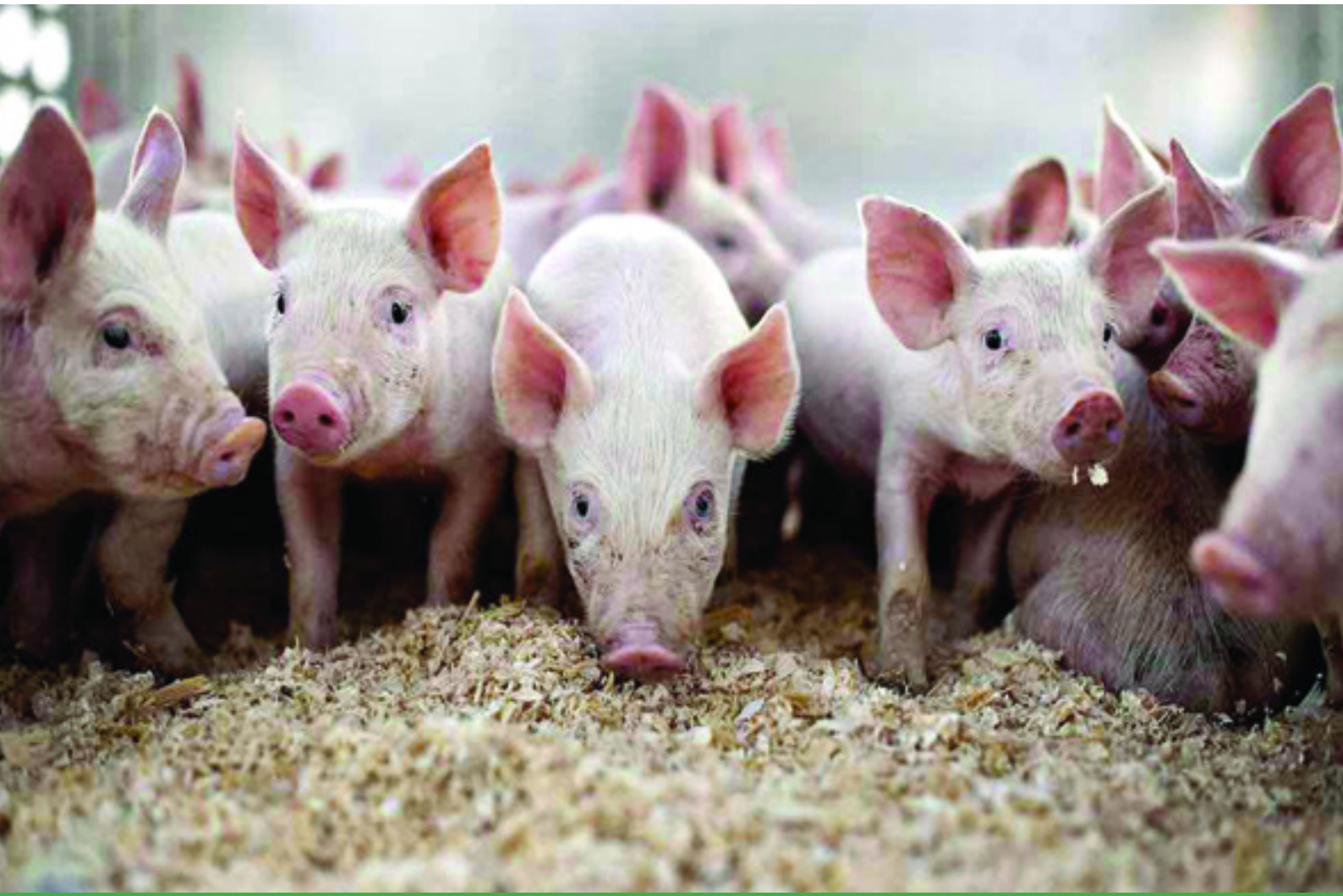
Notes: M01 *Refers to number of months, i.e, M01-January
Figure 5: South Africa's pork export trends
Source: DAFF Abstract (2018)

Conclusion

The amount of pork products trade affected by bans due to listeriosis outbreak is reducing and more encouraging is that South Africa's pork products traded in 2018 are gradually recovering. The positive reaction might be due to a pronouncement made by the Minister of Health in March 2018 that South Africa is risk-free and consumers are safe in procuring and consuming processed meat. However, there are still concerns especially with the legal obligation and responsibility to have adequate internal food safety systems and processes for tracing products.

Regarding food safety and inspection, it is essential to harmonise procedures of prevention and detection of, and response to, listeriosis in South Africa, especially across borders with respect to the processed meat trade. There are institutions such as the National Consumer Commission (NCC) which focus on consumer protection in a way that is professional, responsive and effective, and these institutions should be very alert to any outbreak that can affect consumers. The Consumer Protection Act (Act 68 of 2008) outlines the role of the National Consumer Commission (NCC) as to, inter alia:

– Conduct product recalls of unsafe products from the markets
– Monitor market conduct to ensure compliance with the CPA (Inspection)
– Investigate allegations of prohibited conduct and others



Effects of the fall armyworm invasion on South Africa's maize industry

By Lucius Phaleng

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Introduction

Fall armyworm (FAW) is an insect that is native to tropical and subtropical regions of the Americas and it can cause significant damage to crops. Fall armyworm can be one of the more difficult insect pests to control in maize fields, and it causes severe leaf feeding damage as well as direct injury to the ear (FAO, 2019). Late-planted fields and later maturing hybrids are more likely to become infected. This insect pest prefers the maize crop but can feed on more than 80 additional species of crops, including rice, sorghum, millet, sugarcane, vegetable crops and cotton (FAO, 2019). FAW was first detected in Central and Western Africa in early 2016 and has quickly spread across virtually all of Sub-Saharan Africa. Grain farmers across Sub-Saharan Africa are experiencing heavy losses due to the devastation caused by the invasive fall armyworm (FAO, 2019).

The fall armyworm's lifespan, from egg to larva to moth, lasts from one to three months. It is during the larval stage that it does the most crop damage and controlling them is challenging because they reproduce fast and in large numbers. Due to their rapid spreading in the Sub-Saharan Africa region, these pests also invaded South African crops in early 2017. The aim of this article is to provide insight on trade implications of the fall armyworm invasion on South Africa's maize industry (i.e., production and trade components).

Performance of South Africa's maize industry

Maize is the most important grain crop in the South African economy, being both the major feed grain and the staple food for the South African population. About 60% of maize produced in South Africa is white and used for human consumption and the other 40% is yellow maize for animal feed. Maize is produced throughout South Africa with the Free State, Mpumalanga and North West provinces being the largest producers, commonly known as the maize-triangle area, accounting for approximately 73% (DAFF, 2017). Commercial agriculture supplies about 98% of maize in South Africa, while the remaining 2% is produced by non-commercial agriculture (DAFF, 2017). Over the past years under review, total maize production has significantly fluctuated, with the lowest production experienced during 1994/95 and the highest in the 2016/17 production season.

Figure 6 presents the production of maize in South Africa between 1994/95 and 2017/18. The production of maize has been fluctuating in the period under review and this was probably due to adverse factors such as drought. Maize production declined by 4 026 tons in year 2017/18 as compared to the 2016/17 period (17 551 tons). Both the commercial and communal farmers are losers in the South African maize industry due to adverse environmental conditions and invasion of the fall armyworm. Environmental conditions and diseases continue to place pressure on maize production in South Africa, and these conditions have influenced the production trends in the industry. Drought and fall armyworm were identified as the main factors that influenced maize production in South Africa. The effects of fall armyworm is the main subject of

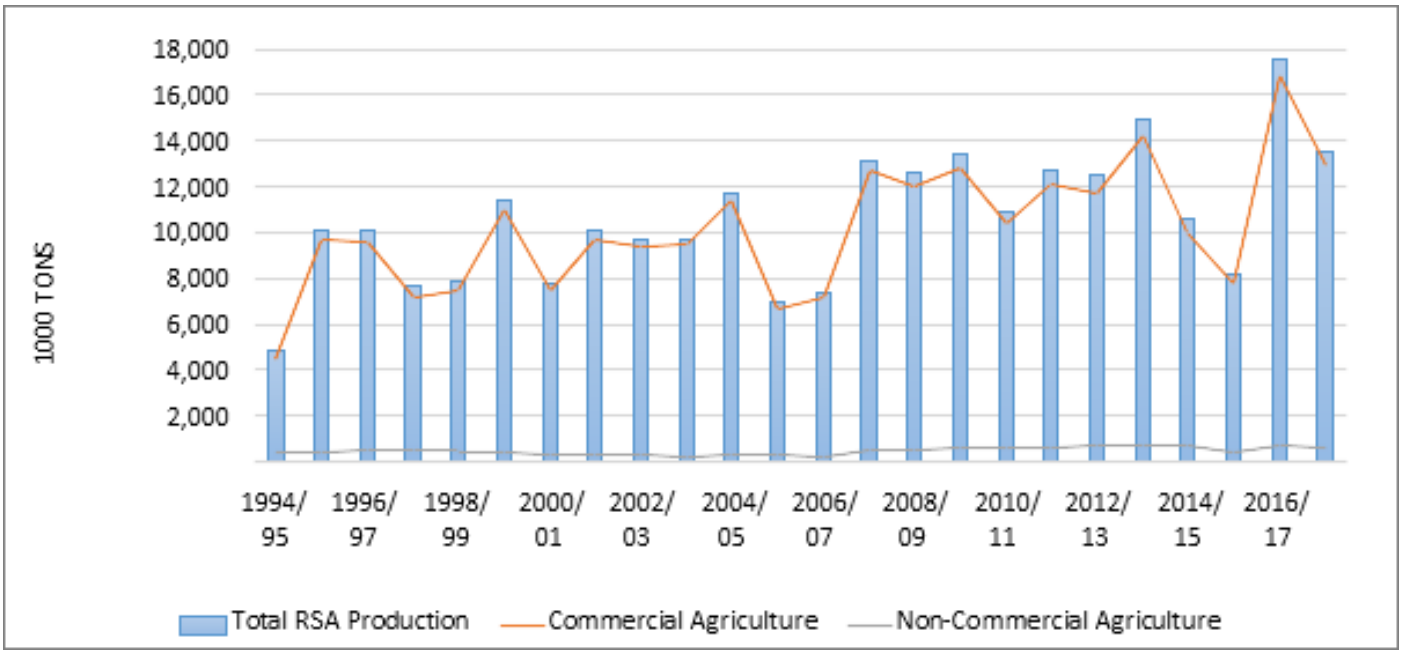


Figure 6: South Africa's maize production trends
Source: SAGIS (2018)

this article. According to DAFF (2018), there are several reports of fall armyworm invasion in South Africa and its impact on maize production.

Status of fall armyworm in South Africa

Fall armyworm keeps spreading to larger areas within countries in Sub-Saharan Africa and becomes more destructive as it feeds on more crops and different parts of crops, especially maize crops (FAO, 2018). Non-commercial farmers representing almost all the tens of millions of maize farmers in Sub-Saharan Africa are worst affected by fall armyworm, and the damage resulted in drastic consequences. During December 2016, the first unconfirmed reports of fall armyworm damage to maize were received from Zambia and Zimbabwe (DAFF, 2017). Later in 2016, the Department of Agriculture, Forestry and Fisheries (DAFF) received reports on the invasion of fall armyworm in South Africa and this came after the damaging of maize plants in the Limpopo and North West provinces. The fall armyworm invasion might be in most of the maize production areas within the country. However, the infestation is very limited in some provinces, including Gauteng, Mpumalanga, North West, Free State and Northern Cape. High infestation occurs in Limpopo province and the Umkhanyakude district municipality, in KwaZulu-Natal (Grain SA, 2018). Table 2 provides the areas that have been affected by fall armyworm since late 2016. It can be observed that Limpopo Province has been largely affected by fall armyworm invasion with thirteen (13) areas confirmed.

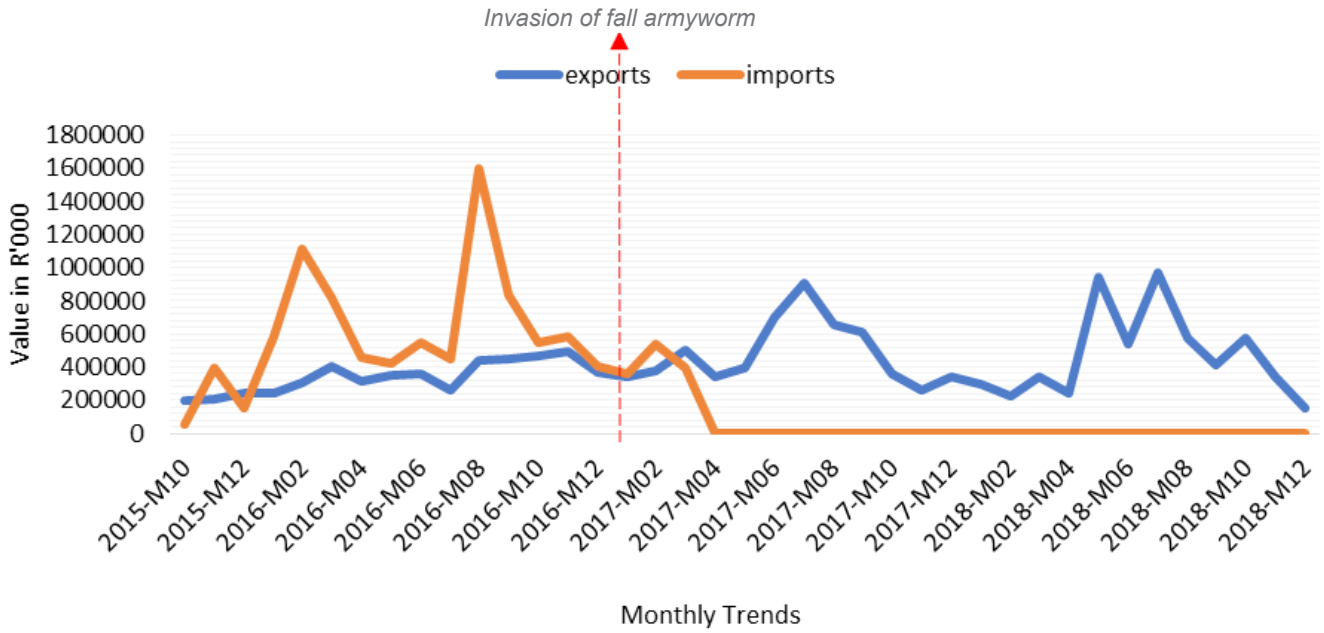
Table 2: The detection of fall armyworm in South Africa

Provinces	Areas affected (districts)	Confirmation
Limpopo	Pondrift, Musina, Levubu, Vivo, Mokopane, Mashashane, Mokgopong, Chuniespoort, Letsitele, Settlers, Rust De Winter, Marblehall & Alldays (13 areas affected)	Confirmed
Gauteng	Bon Accord, Pyramid, Bronkhorstspruit, Roodeplaat, Braamfontein	Confirmed
North West	Louwna, Potchefstroom, Rustenburg, Swartruggens, Litchenburg, Derby & Koster	Confirmed
Mpumalanga	Mashisheng, Schoemanskloof, Hendrina, Middelburg, Piet Retief, Bushbuckridge & Komatipoort	Confirmed
Free State	Petrus Steyn & other unconfirmed areas	Confirmed
Northern Cape	Hartswater	Unconfirmed
KwaZulu-Natal	Greytown, Vryheid, Newcastle, Fort Mistake, Drakensville & Makhetini	Unconfirmed

Source: DAFF (2017)

Fall armyworm impact on maize trade performance

Due to its rapid spread and the distinctive ability of fall armyworm to inflict widespread damage across multiple crops, FAW poses a serious threat to maize trade trends in South Africa (Prasanna, 2018). Most of the maize produced in South Africa is consumed locally and as a result, the domestic market is very important to the industry. The maize industry is also an important earner of foreign earnings through the export of maize and maize products (DAFF, 2017). The South African maize industry exports maize mostly to Vietnam (32.2 %), Korea (9 %), Japan (8.7 %), Botswana (8.1 %) and Namibia (5.7 %) respectively. Figure 7 illustrates trade performance (exports and imports) of maize between October 2015 and December 2018. It is important to note that there might be other factors influencing the trade trends such as drought, production and local consumption. South Africa experienced a severe drought effect in 2016 which affected maize trade performance. It can be observed that drought and other factors drove South Africa to be a net importer of maize in 2016 due to low production. The fall armyworm invasion was first reported in January 2016 and its impact was realised between July 2017 and April 2018 due to the declining export trends. The monthly exports decreased by R188 133 between January 2017 and December 2018.



Notes: M01 *Refers to number of months, i.e. M01-January
Figure 7: South Africa's maize trade performance (monthly)
Source: ITC (2018)

Overcoming future severe effects of fall armyworm in the maize industry

Most of the Sub-Saharan African countries are failing to cope with the invasion of fall armyworm, and this results in a negative economic impact on the affected countries. Fall armyworm is likely to remain a significant agricultural pest across much of Sub-Saharan Africa for the near future. It is therefore essential to develop an effective, co-ordinated, flexible approach to managing fall armyworm across the continent. Such an approach should be informed by sound scientific evidence, built on past experiences of combating fall armyworm in other parts of the world and be adaptable across a wide range of African contexts (particularly for low-resource smallholders). An integrated pest management approach provides a useful framework to achieve these goals.

Use of genetically modified (GM) maize is another alternative method to manage the effects of fall armyworm. Regarding the potential use of GM maize to control the Fall Armyworm in South Africa; the Food and Agriculture Organisation (FAO) reckons that it is still too early to draw conclusions (FAO, 2018). Bt (Bacillus thuringiensis) maize has been demonstrated to decrease damage from Fall Armyworm, but Fall Armyworm populations in the Americas have evolved resistance to some Bt maize varieties. It must be borne in mind that the Bt maize grown currently in some parts of Africa is aimed primarily at controlling the maize stem borer insect and not the Fall Armyworm (FAO. 2018).

Conclusion

Maize is the most important grain crop in South Africa, being that the majority of the population consumes it as the staple food. The maize industry is also important to the economy both as an employer and earner of foreign earnings because of its multiple effects. It also serves as a raw material for manufactured products such as paper, paint, textiles, medicine and animal feed. Factors impeding its production tend to have a negative impact on employment, foreign earnings (due to the declining exports), and manufacturing of maize products. Fall armyworm is one of the factors that result in a negative impact on maize production and export trends. Therefore, it is important to conduct future projections on the possibility for the invasion to prepare maize producers to cope with any future occurrence.

Most of the maize produced in South Africa is consumed locally and as a result, the domestic market is very important to the industry. South Africa meets its annual maize consumption requirements entirely from domestic production on average and the remaining surplus is often exported to mostly African countries, particularly Botswana, Lesotho, Namibia and Swaziland (BLNS) countries, as well as Zimbabwe, Kenya, Mozambique, Zambia, Vietnam, Mauritius, Japan and so forth. Therefore, the invasion of fall armyworm affects maize surplus exports to the indicated markets from South Africa.

REPORTING OF OUTBREAKS Please report all observations/outbreaks of fall armyworm to Jan Hendrik Venter: (012) 3196384 or janhendrikv@daff.gov.za, or Dr Gerhard Verdoorn at CropLife: info@croplife.co.za, stating date observed, farm name, province, the area of infestation and crop infested.

Trade profile of beef meat (HS 0201 & 0202)

By Lucius Phaleng and Onele Tshitiza

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Introduction

The beef industry in South Africa is characterised by a clear difference between the formal (commercial) and informal (non-commercial) subindustries. The informal (non-commercial) beef sector may further be divided into two streams, namely smallholder farmers and subsistence farmers. These informal streams are also known of being less knowledgeable on animal health, disease control and animal development issues as well as policies regarding animals in South Africa. The formal sector keeps cattle to produce beef (DAFF, 2017). The beef industry is the second fastest growing commodity in the agricultural sector, following the broiler sector, and primary beef production is unique due to the dualistic nature of the agricultural sectors (DAFF, 2017).

Beef is produced throughout South Africa and the amount of beef produced depends on the infrastructure such as feedlots, abattoirs and the number of cattle available in the country. About 80 % of the total heads of cattle are beef cattle and the remaining 20 % are dairy cattle. Mpumalanga accounts for the largest share of beef production in South Africa, accounting for 21 % of the beef produced, followed by the Free State, Gauteng, KwaZulu-Natal and North West, accounting for 19 %, 14 %, 11 % and 9 % respectively. The least producers of beef include Limpopo (5%), Western Cape (5%) and Eastern Cape (8%) respectively.

The total amount of beef produced during the past ten (10) years amounted to 9.6 million tons (DAFF Abstract, 2018). In 2017/18, South Africa produced (1 096.7 thousand tons) more beef than she consumes (1 086 thousand tons).

Global overview of traded beef (fresh and frozen)

Globally, the United States has been ranked as the largest producer of beef in the world, followed by Brazil and the European Union, and produces about 47 % of the world's beef (USDA, 2019). South Africa has been ranked 13th among the world's leading producers of beef, representing 1.4 %. Table 3 illustrates the leading global importers of beef in 2017, measured in millions of rand. Total imported value of beef in the world increased by 46.3 % growth rate between 2013 and 2017. According to ITC (2018), the United States was the largest beef importer in the world by 2018, followed by China and Japan, accounting for a share value of 12 %, 7.5 % and 7.3 % respectively. It can be observed that there is no African country among the top 10 importers of beef.

Table 3: Global leading importers of beef (HS 0201 & 0202)

Importers	Imported value in million rands		Share (%)	Growth rate (%)
	2013	2017	2017	2013-2017
World	380199	556137	100	46.3
USA	34094	66819	12.0	96.0
Japan	26207	41538	7.5	58.5
China	12197	40778	7.3	234.3
Korea, Rep	13403	30110	5.4	124.7
Germany	21370	29465	5.3	37.9
Italy	25501	28824	5.2	13.0
Hong Kong	15676	26431	4.8	68.6
Netherlands	18912	25105	4.5	32.7
UK	14313	18404	3.3	28.6
France	18012	17901	3.2	-0.6

Source: ITC (2019)

Given its status as a large producer of beef, and with growth in production outpacing domestic consumption, the United States is the dominant beef exporter in the world. Table 4 highlights the world's leading suppliers of beef in 2017, measured in million rands. It is important to note that global exports of beef increased by 43.8 % between 2013 and 2017 and high export expansions were driven by abundant domestic supplies and high import demand from Asian markets. As already indicated, the US continues to dominate global exports with a share of 13.8 %, followed by Australia, Brazil, India, the Netherlands, Ireland and New Zealand with a share of 13.8 %, 11.3 %, 8.9 %, 6.1 % and 4.9 % respectively. Canada contributed positively to the global growth of beef with a growth of 104 % between 2013 and 2017.

Importers	Imported value in million rands		Share (%)	Growth rate (%)
	2013	2017	2017	2013-2017
World	416348	598885	100	43.8
USA	50386	82484	13.8	63.7
Australia	53260	76887	12.8	44.4
Brazil	51459	67449	11.3	31.1
India	43084	53154	8.9	23.4
Netherlands	28905	36683	6.1	26.9
Ireland	19879	29140	4.9	46.6
New Zealand	16543	27070	4.5	63.6
Canada	10644	21716	3.6	104.0
Poland	12050	20117	3.4	66.9
Uruguay	12490	20002	3.3	60.1

Source: ITC (2019)

South Africa's overview of traded beef (HS 0201 & 0202) in 2018

Figure 8 shows the main destinations for fresh, chilled and frozen beef from South Africa for 2018. South Africa exported beef to the value of R1.8 billion in 2018. The leading destination for South Africa's beef was China, with a share of 21.2 % in exported value, followed by Kuwait (14.5 %), United Arab Emirates (11.4 %), Mozambique (9.5 %), Swaziland (6.7 %) and others. Noteworthy is that China had a share of 5.3 % in the exported value of beef in 2017, but the share increased to 21.2 % in 2018. The other markets remained relatively the same or decreased insignificantly.

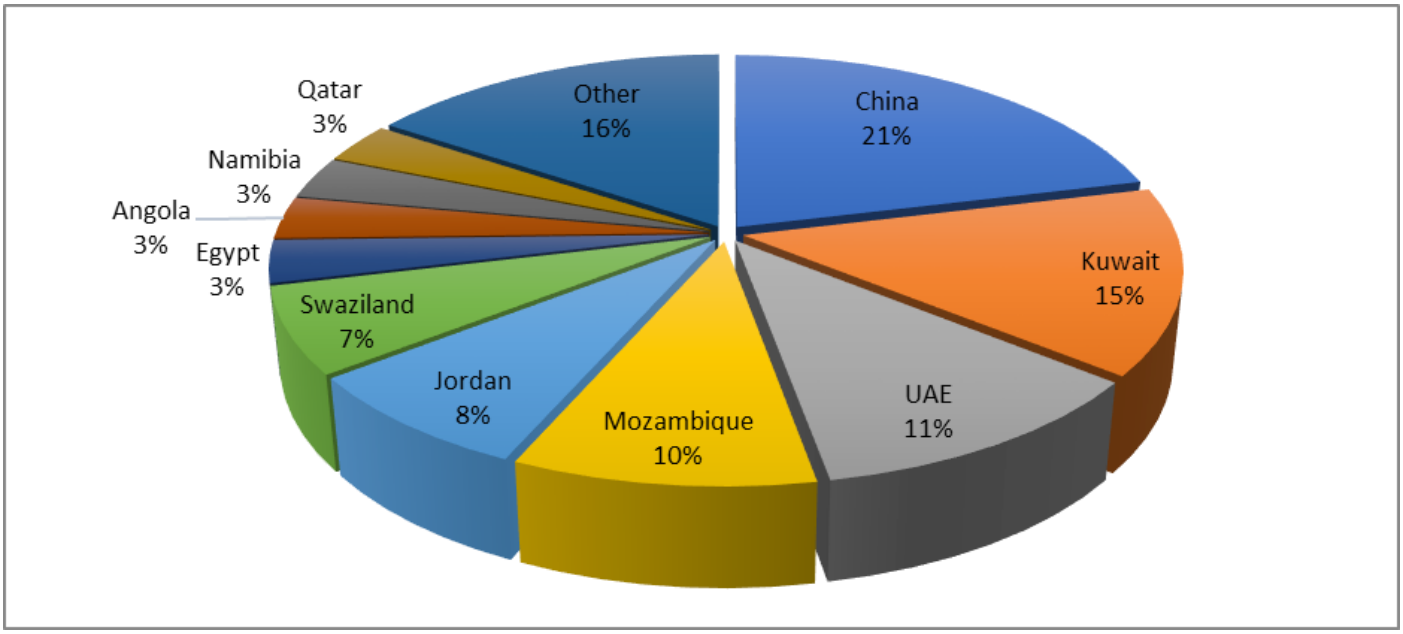

Figure 8: South Africa's leading export destinations of beef (HS 0201 & 0202)
Source: ITC (2019)

Figure 9 illustrates the leading suppliers of fresh, chilled and frozen beef from the rest of the world to the South African market for the year 2018. South Africa imported a total R524 million worth of beef in 2018. It can be noted that the leading supplier in 2018 was Botswana, which constitutes a share of 48.4 % of South African beef in imported value, followed by Namibia (28.9 %), Brazil (10.5 %) and Uruguay (4.8 %). Interestingly, the shares of Botswana, Namibia and Uruguay declined by 53.9 %, 33.1 % and 7.2 % respectively in 2017, while the share of Brazil increased by 10.5 % in 2018 from no exports to South Africa over the last five years, according to the data.

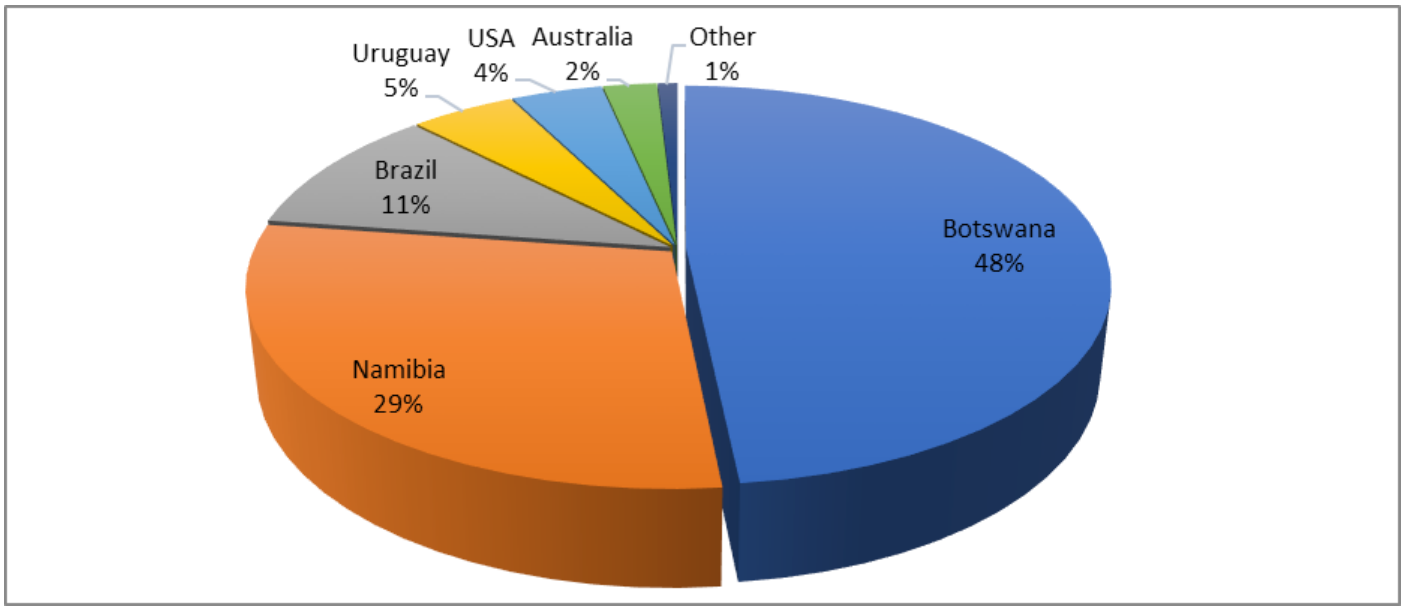

Figure 9: South Africa's leading suppliers of beef (HS 0201 & 0202), 2018
Source: ITC (2019)

The first time in history South Africa became a net exporter of beef was in 2014 (TradeMap, 2018). Several factors played a role in reversing South Africa's status as a net importer of beef. Better technology and increased intensification played a part, as well as the fact that progress has been made to unlock the potential in the emerging farmers that own 40 % of the livestock in South Africa (Agriorbit, 2016). Figure 10 highlights South Africa's trade performance (exports, imports and trade balance) for fresh and frozen beef between 2011 and 2018. Over the past five years in the period under review, the South African beef industry exported larger values of beef than it imported and this resulted in a positive trade balance. The long-term retainment of the status as a net exporter of beef will benefit the balance of payment, which will benefit the whole country. In 2018, South Africa exported R1 832 million worth of beef while, on the other hand, the country's imports were valued at about R524 million.

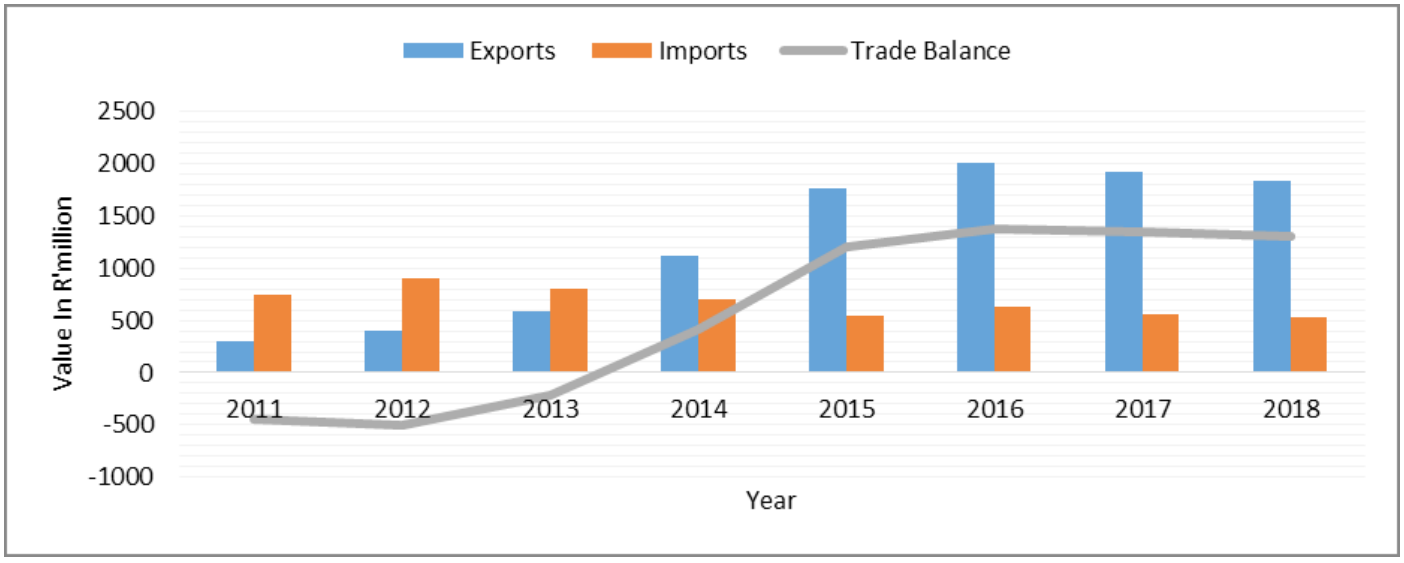

Figure 10: South Africa's trade performance (export, import & trade balance) of beef

Source: ITC (2019)

Conclusion

South Africa continues to be the main supplier of beef to the SADC countries, and Mozambique remains the largest importer of South African beef in the SADC region. Tanzania was the lowest importer of South African beef within the SADC countries. It can be concluded that the beef industry's exports are an indication that the industry is internationally competitive, and China's demand for South African beef continues to improve rapidly. South Africa exports more beef meat that it imports, resulting in a positive trade balance. However, due to the foot and mouth disease outbreak, a declining exports trend is expected in 2019 as a result of import bans on South Africa's beef meat by neighbouring countries and trading partners.

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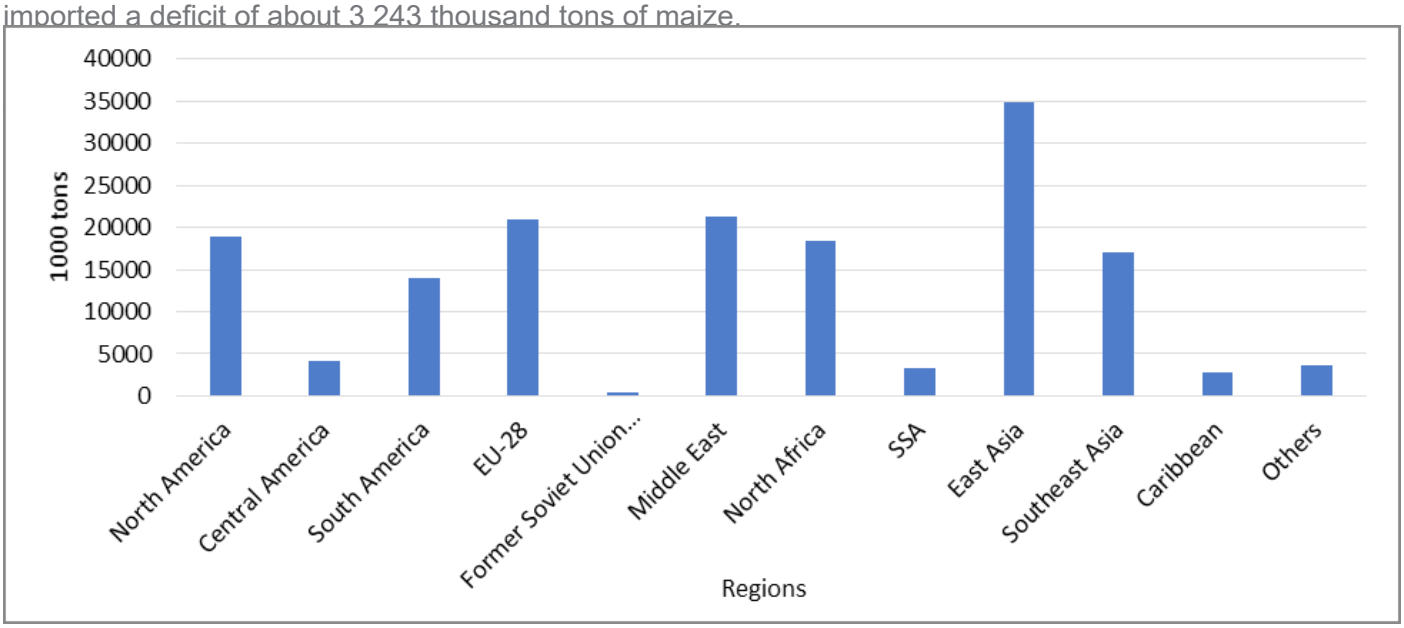
Trade profile of maize (HS 100 590)

By Onele Tshitiza and Lucius Phaleng

Introduction

Maize/corn was domesticated in central Mexico and it was then brought to the African continent where it quickly spread to all corners of the continent. It is now Africa's most important crop. Numerous food products for humans and animals from maize making it a popular foodstuff that is high in demand at all time. In South Africa, maize was first introduced in 1655 and has since become one of the dominant food crops. South Africa is the 10th country in production of the highest maize yields. Most of its production is in the north and north eastern regions of the country. Annual production of maize in South Africa is estimated at more than 15.5 million tons.

One of the factors which causes serious problems for maize production from time to time is the occurrence of El Niño, a weather phenomenon which is associated with significant abnormal warming of temperatures. The maize crops that are most affected by the El Niño are largely concentrated in the southern hemisphere, in particular in southern Africa (Abbassian, 2006). Figure 11 highlights the global leading regions that imported maize recently in February 2018/19 period. The volumes of the imported corn indicate the level of demand and also revealing the market opportunities in each region. There is a high demand of maize imports in East Asia and North America due to the expansion of domestic consumption of the product in subject. It is noted that there is a positive correlation between the maize imported and produced. Sub-Saharan Africa (SSA) produced 68 236 thousand tons of maize with a domestic consumption of 71 772 thousand tons and only imported a deficit of about 3 243 thousand tons of maize.



Global overview of maize trade performance

Table 5 illustrates the global primary importers of maize in 2017, measured in million Rands. Japan was the principal importer of maize in 2017, with a share of 10.3% in world values. Japan uses maize largely in its compound feed formula, making up 77% of grains (USDA, 2018). Japan was followed by Mexico with a share of 9.4% in world value of imports. Maize is Mexico's staple crop, used for tortillas, enchiladas, tacos and the likes. Korea, Egypt and Iran also followed with share in value of 6%, 5.7% and 5.5%, respectively. Japan had a negative growth rate of 10.1% between 2013 and 2017, which could be attributed to an increased use of rice in compound feed and promotion of carbohydrate-free beverages according to USDA (2018). Iran had a staggering growth rate of 386510% between 2013 and 2017. This shows that the demand for maize had increased in Iran drastically. Viet Nam was another importer of maize with a relatively large positive growth rate of 225%. The demand for maize could be attributed to an increasing demand in local markets, higher local input prices and lower global maize prices.

Table 5: Global leading importers of maize

Importers	Imported value in million rands		Share (%)	Growth rate (%)
	2013	2017	2017	2013-2017
World	320151	397848	100	24.3
Japan	45504	40895	10.3	-10.1
Mexico	19328	37463	9.4	93.8
Korea, R	25673	23728	6.0	-7.6
Egypt	19037	22843	5.7	20.0
Iran	6	21720	5.5	386510.0
Viet Nam	5994	19530	4.9	225.8
Spain	14898	18294	4.6	22.8
Netherlands	13001	13753	3.5	5.8
Italy	10915	13169	3.3	20.6
Colombia	9577	11916	3.0	24.4

Source: ITC (2019)

Table 6 depicts the leading exporters of maize in the world in 2017, measured in million Rands. From the table, it can be noted that the United States of America (USA) is the world's largest exporter, followed by Brazil, Argentina, Ukraine and Russia as the top five exporters. The USA holds a share of 34.2% in value, while Brazil holds 16.9%, Argentina (14.2%), Ukraine (11%) and Russia (3.3%). South Africa was ranked nineth in leading exporters of maize in the world, with a share in value of 1.6%. The growth rate of South African exports had declined by 11.9% between 2013 and 2017. This can be attributed to drought in 2015/2016 season which saw a decrease in production.

Table 6: Global leading export destinations for maize

Importers	Imported value in million rands		Share (%)	Growth rate (%)
	2013	2017	2017	2013-2017
World	305604	358977	100	17.5
USA	62354	122913	34.2	97.1
Brazil	60023	60759	16.9	1.2
Argentina	53347	50856	14.2	-4.7
Ukraine	36554	39575	11.0	8.3
Russian F	5661	11751	3.3	107.6
France	17620	10888	3.0	-38.2
Romania	7120	8766	2.4	23.1
Hungary	5477	7745	2.2	41.4
South Africa	6682	5889	1.6	-11.9
Mexico	1951	5263	1.5	169.8

Source: ITC (2019)

South African overview of maize trade performance

South Africa's maize exports contribute positively on total agricultural exports which grew by 7% in 2018. From the destination point of view, the African continent and Asia continued to be the largest market for maize exports due to demand expansion. Figure 12 highlights some of the leading export destinations in the world, measured in million rands. The top three market destination belong to Asian continents namely Vietnam, Korea republic and Japan respectively collectively absorbing 49.9% of total maize exports in 2018, measured in value terms. Botswana, Namibia, Eswatini and Mozambique were the only countries from African continent. A larger portion maize was imported by Botswana with a value of R452 million, followed by Namibia (R290 million), Eswatini (R251 million) and Mozambique (R235 million) respectively.

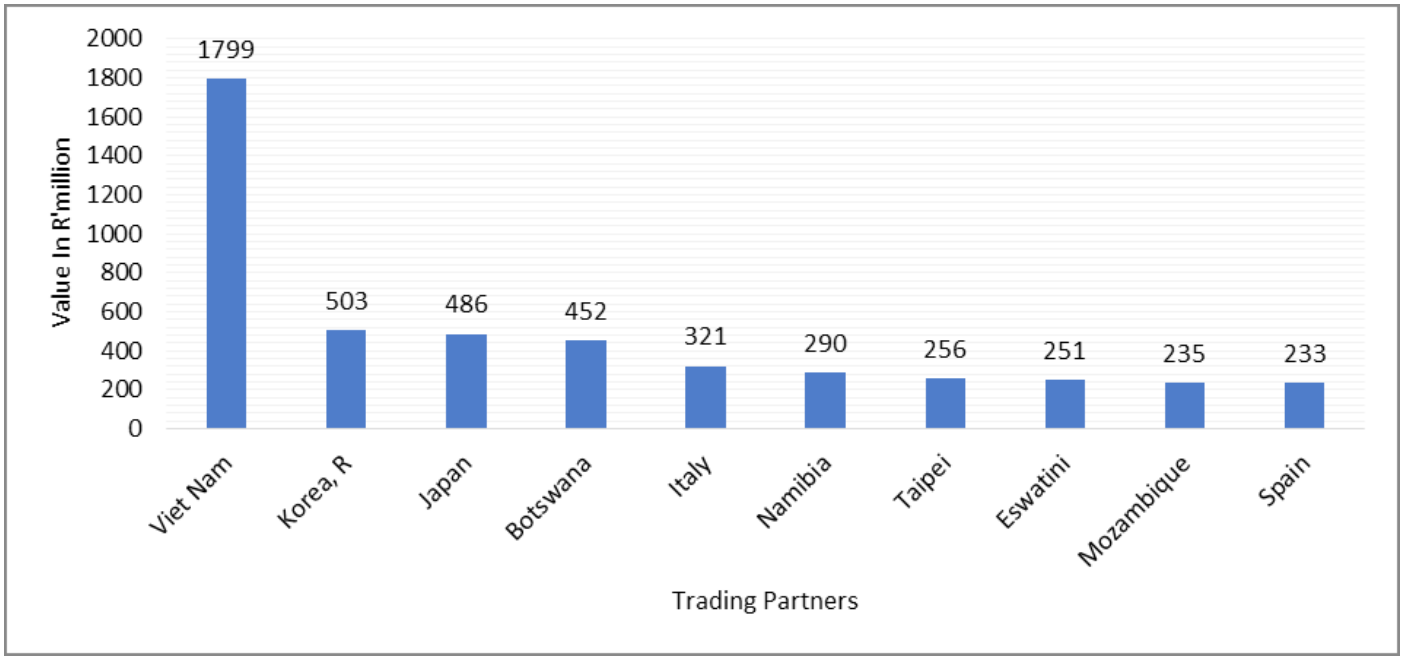


Figure 12: South Africa's leading export destinations of maize

Source: ITC (2019)

South Africa is the main supplier of maize to the whole region, however, drought has driven the country to import maize to cover its domestic demand. This drought has caused a decrease in maize produced for 2015 and 2016 season and this has affected trade trends (see figure 14). It can be observed that South Africa was a net importer of maize in 2016 due to severe drought effect which resulted in a decrease in production. Figure 14 illustrates South Africa's trade performance in maize between 2011 and 2018. Maize exports were inconsistent in the period under review while imports have started improving in 2016 2015 and 2017 due to insufficient supply in the country.

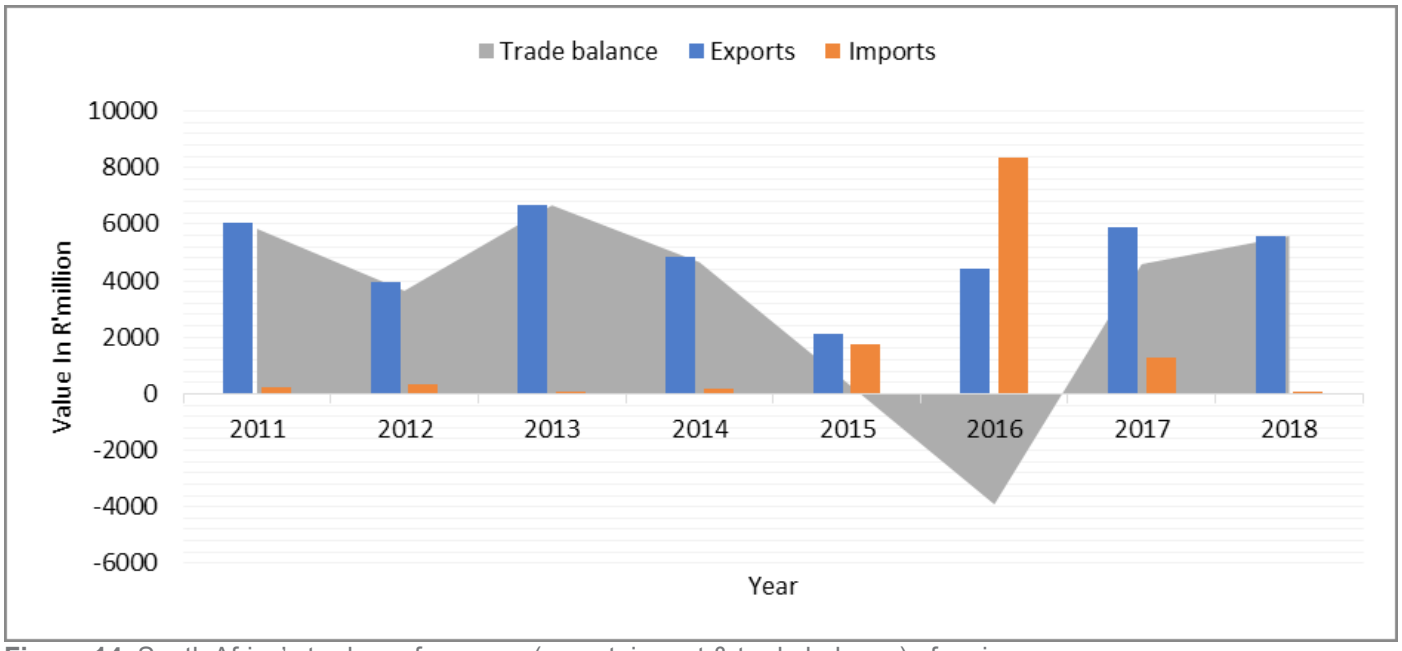


Figure 14: South Africa's trade performance (export, import & trade balance) of maize

Conclusion

South Africa continues to be a large producer of maize and remains competitive in the global market. However, after the drought in 2014 and current dry conditions, the crop is still recovering. Yellow maize continues to increase because of animal feed demand but white maize production is declining. Production area for the 2017/18 had decreased, which affected the production. Although production is expected to be lower than the previous season by 22% (Grain SA, 2018), the country does not expect to have large imports. South Africa will therefore be able to supply to the local demand and as well as the export market.

President Ramaphosa calls for more integration of emerging farmers in the agricultural exports

Now that the SONA atmosphere has waned from our focus, we are yet to hear concrete plans from the departments operating in the agricultural economic cluster. In tracking all SONA speeches over the last five years, one could only conclude that agriculture is treated like the eldest child in the family who needs no supervision, comfort or attention. In the 2019 SONA, government has acknowledged agriculture's contribution to the economy and has emphasized the importance of not tempering with its economic standing while correcting the structural issues such as achieving the equitable land distribution.

One message that comes out clearly from the SONA is the need to open the agricultural exports for all market participants - for the benefit of the sectors survival. Overall, South Africa's competitiveness of agricultural exports no doubts needs improvement. Emerging farmers will most definitely require strong and affordable financial backing and capacity support. Programmes such as the National Red Meat Development (that provides market support to communal livestock farmers) are contributing to South Africa's beef production. The intervention has gradually lowered reliance on beef imports with the beef sector tilting into a net exporter position in 2014.

South Africa is indeed fortunate to have an 'agricultural sector that is well developed, resilient and diversified.' Agricultural products fare well in export markets, but lack of integrating smallholder farmers into exports will curtail such resilience. Like the red meat industry, recognizing emerging farmers in the value chains is important for the survival of the sector. The 2019 SONA announcement by President Ramaphosa for South Africa to wear on a new attitude of being a net exporter of agricultural commodities and products is encouraging. Lining emerging farmers for exports can secure more revenues for the country.

By Majara Monamodi

WTO trade indicator points to slower trade growth into first quarter of 2019

Trade weakness is likely to extend into the first quarter of 2019, according to the WTO's latest World Trade Outlook Indicator (WTOI) released on 19 February. The simultaneous decline of several trade-related indicators should put policy makers on guard for a sharper slowdown should the current trade tensions remain unresolved.

The most recent WTOI reading of 96.3 is the weakest since March 2010 and below the baseline value of 100 for the index, signaling below-trend trade expansion into the first quarter. Weakness in the overall index was driven by steep declines in the component indices, which appear to be under pressure from heightened trade tensions. Indices for export orders (95.3), international air freight (96.8), automobile production and sales (92.5), electronic components (88.7) and agricultural raw materials (94.3) have shown the strongest deviations from trend, approaching or surpassing previous lows since the financial crisis. Only the index for container port throughput remained relatively buoyant at 100.3, showing on-trend growth.

Temporary factors may have influenced some of the indices. Front-loading of imports ahead of anticipated US-China tariffs may have sustained container shipping to some extent, while technical problems in the German automotive sector may have contributed to weakness in automobile production and sales. It should be noted that below-trend growth in an index does not necessarily imply a decline in the underlying data.

By World Trade Organisation (WTO), https://www.wto.org/english/news_e/news19_e/wtoi_19feb19_e.htm

South Africa ratifies agreement establishing the African Continental Free Trade Area

South African Trade and Industry Minister, Rob Davies, said the country was expected to deposit the instrument of ratification during the 32nd Ordinary Session of the Assembly of the AU in February 2019. South African Parliament ratified the agreement establishing the African Continental Free Trade Area (AfCFTA). The AfCFTA was launched during an extra-ordinary summit of African Union (AU) heads of state in March 2018 in Kigali, Rwanda. South Africa signed the agreement in July 2018 in Nouakchott, Mauritania.

Thus far, 49 countries have signed the Agreement and Kenya, Ghana, Rwanda, Eswatini, Chad, Niger, Sierra Leone, Uganda and Guinea Conakry have deposited their instruments of ratification. South African Trade and Industry Minister, Rob Davies, said the country was expected to deposit the instrument of ratification during the 32nd Ordinary Session of the Assembly of the AU in February 2019. The Agreement will enter into force once twenty-two-member states have deposited their instruments of ratification.

By tralac trade law centre (tralac),https://www.tralac.org/resources/by-region/cfta.html

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