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## ARE THERE OPPORTUNITIES TO EXPLORE THROUGH THE AfCFTA GIVEN THE NATURE OF AGRICULTURAL TRADE BETWEEN SOUTH AFRICA AND OTHER BRICS MEMBER STATES?

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### **Introduction**

The question enshrined in the title is of keen interest at this point in time, following the enactment of the African Continental Free Trade Agreement (AfCFTA) earlier this year. Over the years, South Africa has established various forums through which to foster her trade performance. Ascribing to a partnership established between Brazil, Russia, India, China and South Africa (BRICS) is one of them. However, some critics contend that there is little benefit for South Africa, especially in terms of agricultural trade. It is perceived that the more developed member countries benefit from this arrangement given the easier access to markets for their agricultural products. This brief therefore aims at providing information on South Africa's agricultural imports from Brazil, Russia, India and China (BRIC). Furthermore, it ascertains if the imported agricultural products can be sourced from within the African continent while leveraging on the AfCFTA.

Since South Africa joined BRICS in 2011, the country's agricultural trade performance with BRIC has been improving. South Africa's negative trade balance with BRIC has been decreasing. For instance, between 2017 and 2018, the negative trade balance decreased by 91%, implying that South Africa exported more agricultural products than she imported. In terms of South Africa's imports, China and Brazil account for more than 80% of all agricultural goods supplied by BRIC. By the end of 2018, the estimated value of agricultural exports to BRIC was R13.33 billion, representing 9.4% of South Africa's agricultural exports to the world. China, Russia and India are the major trading partners in that order. Of the R 13.33 billion worth of agricultural exports in 2018, about R 9.47 billion was destined for China while R 2.84 billion, R0.8 billion and R0.22 billion went to Russia, India and Brazil, respectively.

## What agricultural commodities does South Africa import from BRIC?

South Africa's agricultural imports constitute a number of products, some of which are presented in Table 1. By the end of 2018, Frozen cuts & edible offal of poultry (hs 020714) were the most imported product, valued at R 2 487 million, followed by 'Guts, bladders and stomachs of animals (hs 050400) worth R 1 084 million. With the enactment of the AfCFTA, there is a great opportunity for African states to work together in producing more of these imported products within the continent, thereby boosting intra-Africa trade, while addressing other developmental issues like poverty, youth unemployment, inequality, etc

Code	Product label	South Africa's imports (US\$ million)		Africa's potential suppliers		Key non-African export markets for the potential suppliers identified
		2017	2018	Country	Untapped potential (US\$ '000)	
Total Agricultural Products		1 037	1 037			
'020714	Frozen cuts & edible offal of fowls...	139	189	Uganda	2845	-
				Namibia	1650	Ireland, Portugal
				Egypt	312	Saudi Arabia
'050400	Guts, bladders & stomachs of animals, ...	74	82	Egypt	36217	USA, German, Italy
				Morocco	33686	France, Spain
				Ethiopia	676	Taipei, Viet Nam
				Libya	550	-
'020712	Frozen fowls of the species Gallus ...	105	73	Namibia	453	Brazil, Denmark
				Uganda	300	
'200979	Apple juice, unfermented, ...	44	46	Kenya	1278	
'160413	Prepared or preserved sardines, sardinella & brisling or sprats, ...	22	25	Morocco	327704	France, USA, UK
				Namibia	44315	UK
				Tunisia	10089	France, Iraq, Jordan
				Mauritius	884	China
				Uganda	440	
'240120	Tobacco, ... unmanufactured	29	23	Zimbabwe		China, Belgium, Indonesia
				Malawi		Belgium, Germany, China
				Tanzania		Belgium, Korea, Poland
				Mozambique		Belgium, Turkey, Poland
'170199	Cane or beet sugar & chemically pure sucrose, ...	98	23	Egypt	373560	Yemen, Syria, Libya
				Algeria	154794	Turkey, Syria, Lebanon
				Uganda	114540	

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		2017	2018	Country	Untapped potential (US\$ ' 000)	
Total Agricultural Products		1 105	1 037			
				Mauritius	97360	Spain, Greece, France
				Morocco	96325	Mauritania, Jordan, Turkey, Lebanon
				Malawi	24527	
				Eswatini	12299	Spain, Switzerland
				Ivory Coast	12011	
				Mozambique	2175	UK, USA, Italy
				Tunisia	8414	Switzerland, UK, UAE
				Zambia	6049	
'230990	Preparations of a kind used in animal feeding...	11	16	Mauritius	20508	
				Zambia	15785	
				Uganda	9219	
				Eswatini	8499	
				Tunisia	2399	
				Morocco	871	Mauritania, UAE
				Nigeria	817	
				Egypt		Saudi Arabia, UAE, Jordan
				Kenya	251	
'020329	Frozen meat of swine, ...	8	14	Kenya	2069	UAE, Oman
'020727	Frozen cuts & edible offal of turkeys...	19	13	Morocco	2697	Myanmar
'071290	Dried vegetables & mixtures of vegetables, ...	18	10	Tunisia	24038	Italy, Germany, Area (Nes), France
				Egypt	19958	Germany, USA, Lebanon
				Tanzania	946	UAE, India, Bangladesh
				Namibia		Germany
				Morocco	2434	USA, UK France
				Zambia		Germany
				Togo		France, Belgium
				Burkina Faso	2428	Taipei
'210690	Food preparations, n.e.s.	9	10	Egypt	224584	Saudi Arabia, UAE, Kuwait
				Kenya	23047	Yemen, Germany, UK
				Morocco	17247	France, Area Nes, USA
				Tunisia	5648	Denmark, USA, Russia
				Madagascar	3098	Yemen, Denmark
				Eswatini	2546	
				Ivory Coast	599	
				Uganda	161	
'230110	Flours, meals and pellets, of meat or offal, ...	9	10	Tunisia	2695	Turkey, Viet Nam, Myanmar
				Namibia	2009	
				Botswana	6319	Viet Nam
'090422	Fruits of the genus Capsicum ...			Morocco		Belgium, Bahrain
				Tunisia		France, Belgium
				Madagascar		France
'120242	Groundnuts, shelled, whether or not broken...			Egypt		Italy, German, Switzerland
				Senegal		China, Switzerland, Hong Kong
				Sudan		Indonesia, China, Malaysia

Source: TradeMap (2019)

It is worthwhile to note that many countries within the African continent actually produce these very products and they actually export to other non-African countries. Moreover, currently many Africa countries exhibit enormous untapped export potential in a number of these commodities. For instance, Namibia, Uganda and Egypt exhibit US\$ 1.65, US\$ 2.85 and US\$ 0.31 million worth of untapped potential in supplying 'frozen cuts and edible offal of fowls (hs 020714). Other African countries including Morocco, Egypt, Tunisia and Kenya exhibit untapped trade potential in the various agricultural commodities as presented in Table 1. It is also interesting to see that Africa countries exports these products out of the continent yet they are the same products that are being imported by South Africa.

### Take home message

To answer the question enshrined in the title of this article – Yes, there are opportunities to harness. The enactment of the AfCFTA presents African states an opportunity to trade more amongst themselves, especially in agricultural commodities that are produced within the continent. If need be, some countries could priorities in producing certain commodities at a given stage along the value chain. For instance, a country could focus on primary production where she exhibits comparative and competitive advantage(s) while another country that is technologically advanced undertakes value addition. Customised trade arrangements may then be designed to ensure mutual benefit of concerned countries.

This brief is a working document. Please send your comments to [hlubinga@namc.co.za](mailto:hlubinga@namc.co.za)

#### **About NAMC**

The National Agricultural Marketing Council was established in terms of the MAP Act No. 47 of 1996, as amended by Act No 59 of 1997 and Act No. 52 of 2001. We provide strategic advice to the Minister of Agriculture, Forestry and Fisheries on the marketing of agricultural products.

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