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What the third wave of the COVID-19 virus will mean for the South African economy and agricultural trade

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**agriculture, land reform
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Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



NAMC

Promoting market access for South African agriculture

FOREWORD

Welcome to the eighty-fourth (84th) issue of the Trade Probe publication produced under the Markets and Economic Research Centre (MERC) of the National Agricultural Marketing Council (NAMC). This issue aims to provide an analysis of the current trade issues within South Africa and its trading partners. As the financial year draws to an end, it is important to summarise trending issues within the agricultural sector that happened during the year. The topics of interest covered include the AfCFTA offers a good market opportunity for emerging producers from South Africa: A fruit juice market analysis, What the third wave of the COVID-19 virus will mean for the South African economy and agricultural trade, and Are there new market opportunities for South Africa's apples? The publication's main objective is to inform policymakers, producers, traders and other stakeholders about agricultural trade issues and provide information on market opportunities and potential products demanded in the local and international markets.

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CONTRIBUTORS:

Dr Sifiso **Ntombela**

Ms Onele **Tshitiza**

Ms Pamela **Matyolo**

Mr Thabile **Nkunjana**

Mr Lucius **Phaleng**

Mr Brian **Makhele**

AfCFTA offers a good market opportunity for emerging producers from South Africa: A fruit juice market analysis.

By Thabile Nkunjana

Background

Since 1 January 2021, the African Continental Free Trade Area (AfCFTA) came into effect, implying the intra-trade on some goods and services are duty free within the continent. The African continental market's gross domestic product (GDP) is valued at US\$3.4 trillion. One of the important protocols of the AfCFTA is the Rules of Origin (RoO) that governs the value content of each product traded in the continent. The current agreement on Rules of Origin (RoO) is 80 % of tariff lines, while the remaining 20 % of negotiations are ongoing and expected to be concluded by July 2021. High-value crop demand is increasing across the continent; however, there is a shortage of production. Diao et al. (2003), for example, earlier stated that only 6.6 % of fruits and vegetables are traded with Sub-Saharan Africa, while the rest is imported outside the region. This shows how little fruits and vegetables the region produces; thus, processed products within the region are in short supply. South Africa exports numerous products to the rest of African continent, such as unprocessed fruit, grains, vegetables and meat, but this article focuses its analysis on the fruit juice industry where the potential market, exports growth rate, and competition within Africa are analysed. The South African fruit juice industry is estimated to

process over one million tons of fresh fruit annually and have a total turnover of R10 billion. At an aggregate level, majority of South Africa's processed fruit is consumed domestically, estimated at 75 %, while the remainder 15 % is exported.

The global perspective at a glance

The global free market provides countries with an opportunity to earn foreign income and improve their economies, but good governance, a conducive business environment, and labour productivity are all necessary traits for a country's competitiveness.

Figure 1 presents the world's leading fruit juice exporters between 2017 and 2019. Data from the International Trade Centre (ITC) shows that Brazil leads the global fruit juice exports with 2.3 million tons exported in 2019, which can be linked to the 10 % increase in orange processing per year in the recent past. In second place is the United States of America (USA) with 1.4 million tons, followed by the Netherlands (1.0 million tons), Germany (946.5 thousand tons) while Belgium and Spain, both exporting 800 thousand tons each. Of the top five leading exporters, only Brazil increased its market share (by 4 %). The USA, Belgium, Netherlands, and Germany saw a market share decrease of 19.4



Author: Mr. Thabile Nkunjana is an economist under the Agro-Food Unit at the National Agricultural Marketing Council. He can be contacted at tnkunjana@namc.co.za or (012) 341 1115.

%, 7.2 %, 2 %, and 0.3 %, respectively. During this period, China lost 39.3 % of its share in the global market. Despite being small participants in the global market, South Africa, Argentina, Austria and Costa Rica remain

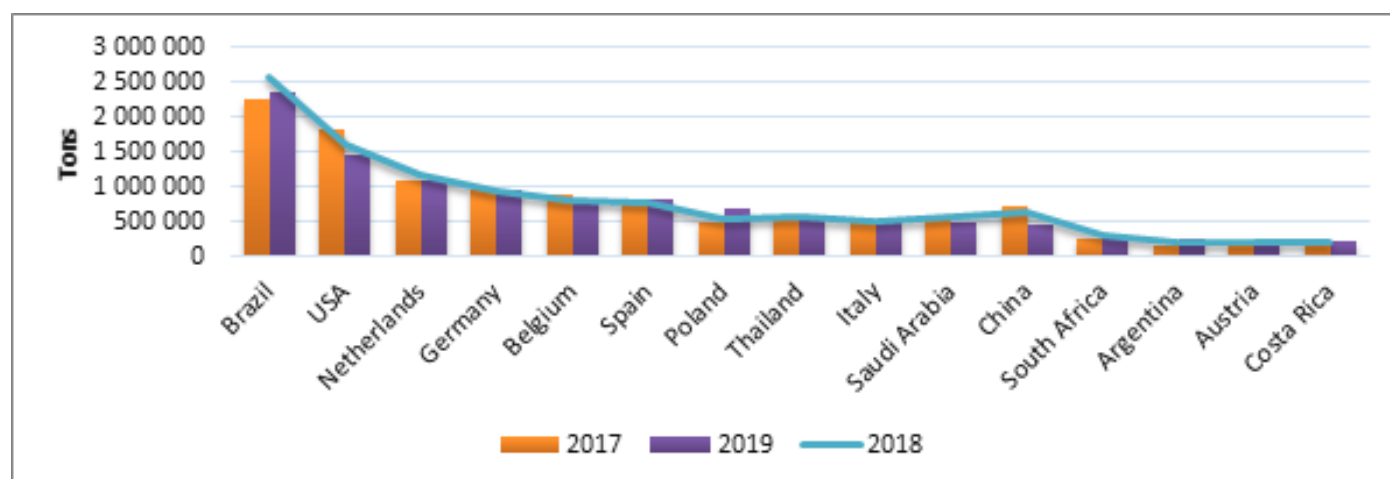


Figure 1: World's leading fruit juice suppliers

Source: ITC (2021)

Continental processing and fruit juice exporters

Fruit processing requires large investments, and profit margins are said to be small. For Brazil to increase its efficiency, smaller companies merged or were bought by other companies, which resulted in larger companies that own all the segments of the process. Economies of scale play a critical role in this industry; thus, it is normally not a viable business option for small-scale or individual producers (The Netherlands Ministry of Foreign Affairs, 2018). A vast amount of literature from Africa has shown that small-scale producers with minimal technology adoption dominate the agricultural sector, and finance is majorly cited as a limiting factor (see Jayne, Ferguson & Chimatiro, 2020; McKenzie, 2017; Sheahan & Barrett, 2017). For this reason, fruit processing from the majority of African countries would be challenging because of the expenses associated with production. Countries that have progressed in technology adoption, with producers who have expanded their economies of scale to dominate this industry within Africa have greater chances of exporting, as they tend to be efficient in production and produce at a larger scale. Figure 2 presents the leading fruit juice exporters within Africa between 2013 and 2019. Based on data from the International Trade Centre (ITC), while South Africa accounts for at least 75 % of fruit juice exported within Africa, its market share is slightly declining. Of the top 10 leading fruit juice exporters in Africa (South Africa and Kenya) showed massive growth in market share, while others showed only a marginal increase or decline. Morocco and Senegal increased their market share massively from 2013 to 2019, each recording an increase of 990 % and 573 %, respectively. Eswatini increased its market share by 4 %, while Côte d'Ivoire, Kenya and South Africa saw a decline in market share of 84 %, 44 % and 17 %, respectively.

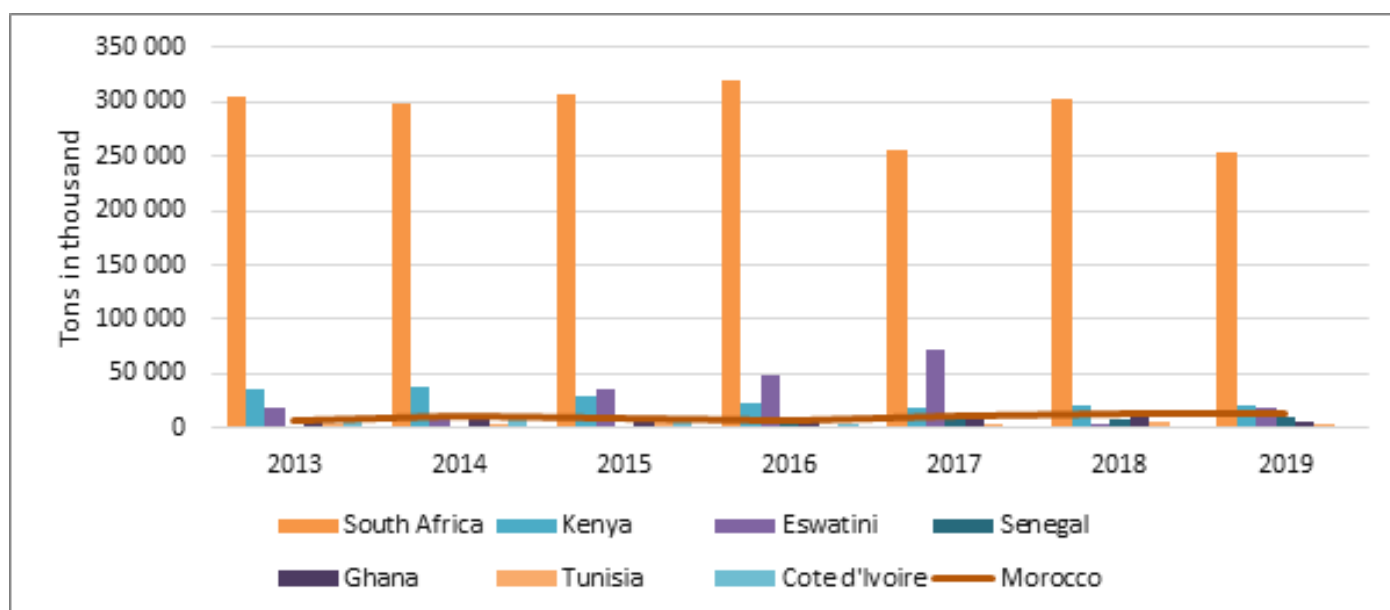


Figure 2: Leading fruit juice exporters in Africa

Source: ITC (2021)

Main market destinations in Africa for South Africa's fruit juice

Figure 3 presents the top 10 market destination for South Africa's processed fruit juice, exported between 2012 and 2019. The year 2012 was an above-average year for the fruit juice industry in South Africa as 354 372 tons were exported, representing the largest quantity exported in a single season over the past 19 years. Hence, for analysis purposes, 2013 will be used as a base year in this section. Between 2013 and 2019, South Africa's fruit juice exports averaged 291 708 tons annually. However, the market share declined by 15.8 % during same period. Based on data from the ITC, Botswana, Namibia and Mozambique were the three leading markets for South Africa's fruit juice exports, importing 287 191 tons, 288 287 tons and 192 507 tons respectively over the reviewed period. During this time, exports to Zambia, Mozambique and Botswana grew by 23.3 %, 19.8 % and 7.4 %, respectively. Of the top five markets for South Africa's fruit juice, Eswatini, Namibia and Lesotho registered a growth rate of -50.3 %, -26.1 % and -23.5 %, respectively. This decline in exports to Africa shouldn't be cause for concern for South Africa, for reasons to be given below.

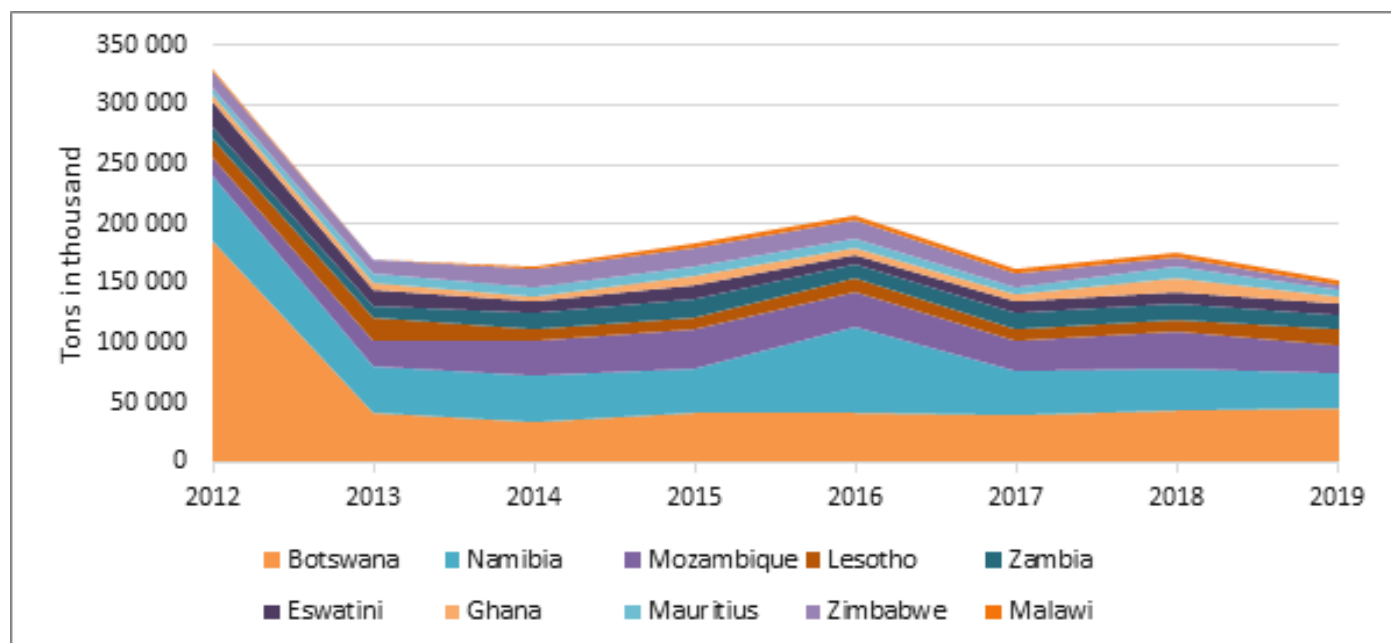


Figure 3: Top 10 major market destinations in Africa for South Africa's fruit juice

Source: ITC (2021)

Concluding remarks

Trade data indicates that South Africa remains a dominant force in processed fruit juice exports in Africa. However, its market share has been slightly declining over the years. The decline in fruit juice exports could be attributed to better performing fresh fruit exports in the past five years. Farmers considers the fruit processing as a secondary market after fresh fruit exports, hence on good fresh export years, the fruit volumes available for fruit processing declines as farmers switch into the fresh export market. Over and above, farmers switching volumes, South Africa has been making inroad in exports markets outside the continent.

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South Africa's fruit juice exports between 2013 and 2019 outside Africa increased to countries such as Spain (137.8 %), Israel (21.3 %), Chile (20.6 %) and the Netherlands (15.2 %), to mention Given the recent expansion on fruit production increasing by over 20 000 hectares in the past five years coupled with the AfCFTA, the prospect is that South Africa's fruit juice exports will rise in the near term.

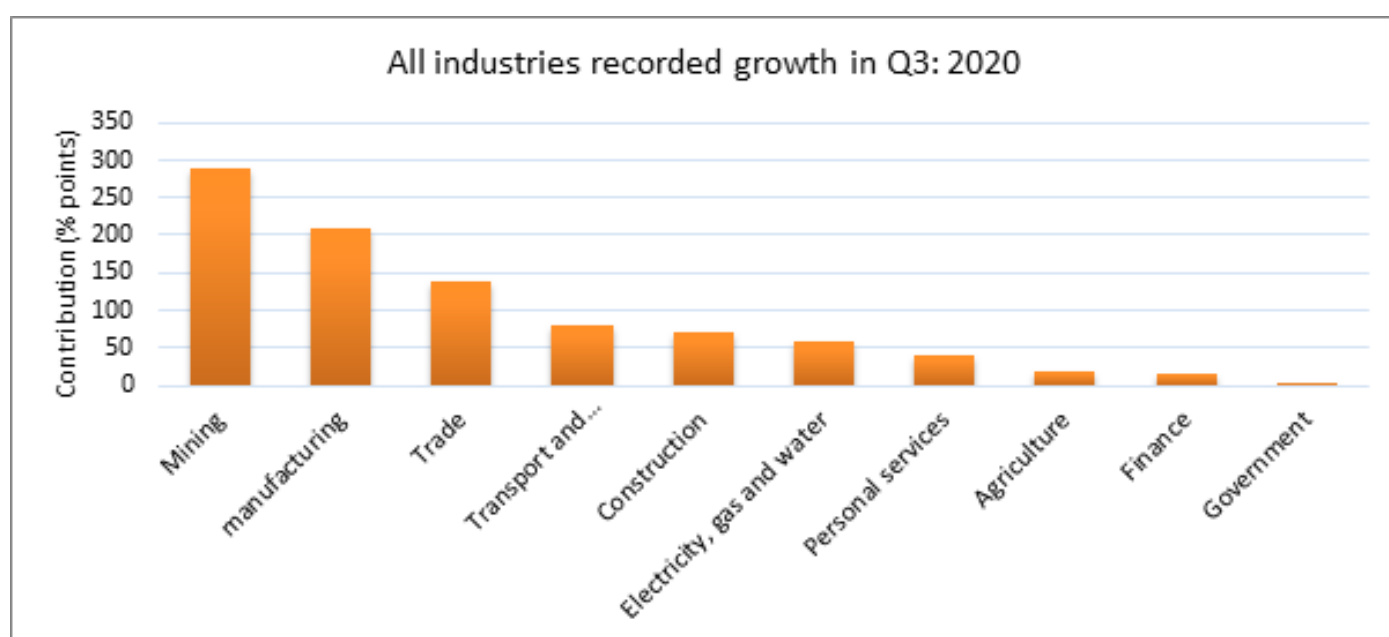
This article's analysis shows that the country's market share declined majorly because South Africa is exploring more lucrative markets elsewhere. With the current African Continental Free Trade Area opening up more potential markets, it would be good to see if more organisations such as Timbali, the industries, and the state can work together to pull through some emerging producers to this market. The country has the advantage of technology with good infrastructure, and even though improvements are required, this should be used to improve the industry.

What the third wave of the COVID-19 virus will mean for the South African economy and agricultural trade

By Lucius Phaleng

It is worth noting that South Africa struggled through the first and second waves of the COVID-19 pandemic between March 2020 and January 2021. Key economic sectors such as tourism, manufacturing and trade were negatively affected between March 2020 and January 2021, as most of the economic activities were put on hold, and these sectors previously contributed a larger proportion to South African economic growth. The annual average inflation rate was 3.3 % in 2020 – the lowest annual average rate since 2014 (1.6 %) and the second-lowest since 1969 (3.0 %), which clearly illustrates the impact of the first and second wave of COVID-19 on the economy's development. The second wave of COVID-19 infections appears to be moderating, boosting the economy as most economic activities are operating. However, there is the risk of a third wave as winter approaches, which is likely to slow down economic recovery. Should it occur, the third wave could affect South Africa's sectors to an even greater extent.

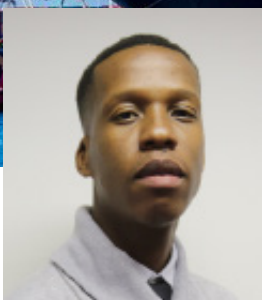
As South Africa continues to struggle, the agricultural sector has been one of the few sectors contributing positively to South Africa's GDP and is more likely to improve its value in the foreseen third wave. According to COVID-19 regulations, agriculture was identified as an essential sector to ensure that food production continues, following all food safety and public health requirements to maintain access to fresh produce. Most of the exposed agricultural products are typically associated with restaurants and those feeding into manufacturing processes. There was a drop in seafood exports during the first and second waves periods, but many other agricultural products continued to operate normally. A rise in field crop production, horticultural products and animal products boosted activity by 18.5 % in the third quarter of 2020. Favourable weather conditions and a rise in agricultural exports also contributed positively to the growth in the agricultural sector.



Source: STATSA (2021)

Despite all industries recording positive results in the third quarter, agriculture and government are the only two that have so far weathered the effects of the pandemic. Comparing the level of economic activity in the first three quarters of 2020 with the first three quarters of 2019 (not annualised), agriculture grew by 11.3 %, while the government marginally rose by 0.8 %. Contributions from all other industries declined, with construction (-20.0 %), transport and communication (-15,6 %), and manufacturing (-14,9 %) being the worst affected.

In conclusion, the affected economic sectors such as tourism, manufacturing, trade and transport need to be supported with financial relief to ensure that they recover and contribute to the economy. On the social side, the expansion of health capacity is critical to deal with the third wave, as both the first and second waves showed that the health sector could not withstand the impact. Also, social relief is expanding to support the most vulnerable parts of society, such as temporarily jobless citizens.



Author: Mr Lucius Phaleng is an economist under the Trade Research Unit at the National Agricultural Marketing Council. He can be contacted at lpfaleng@namc.co.za or (012) 341 1115.

Are there new market opportunities for South Africa's apples?

By Onele Tshitiza

Apples are South Africa's third-largest earners of foreign currency among fruits and nuts. South Africa's apple harvest recently started in January, and production is expected to increase by about 1.9 % in the current season when compared to the previous season, looking at a production of 960 000 tons (**Figure 4**). New orchards are coming into production, and the growing regions experienced favourable growing conditions and sufficient water. The general outlook of South Africa's apples is positive, which bodes well for the fresh apple export market. Between 2020 and 2029, apple production is anticipated to grow by 2.81 % per annum (BFAP,

2020). If the domestic market demand grows steadily with the production, South Africa might need to explore new markets for additional output anticipated in the coming years. Global production is estimated to decrease by 3.3 million tons in 2021 compared to 2020, owing to the decline in China's production of about 1.9 million tons caused by its spring frost in some growing regions (USDA, 2020). These instances allow South Africa to unlock new markets, especially when the world is in shortage and food security is every government's priority during a pandemic.

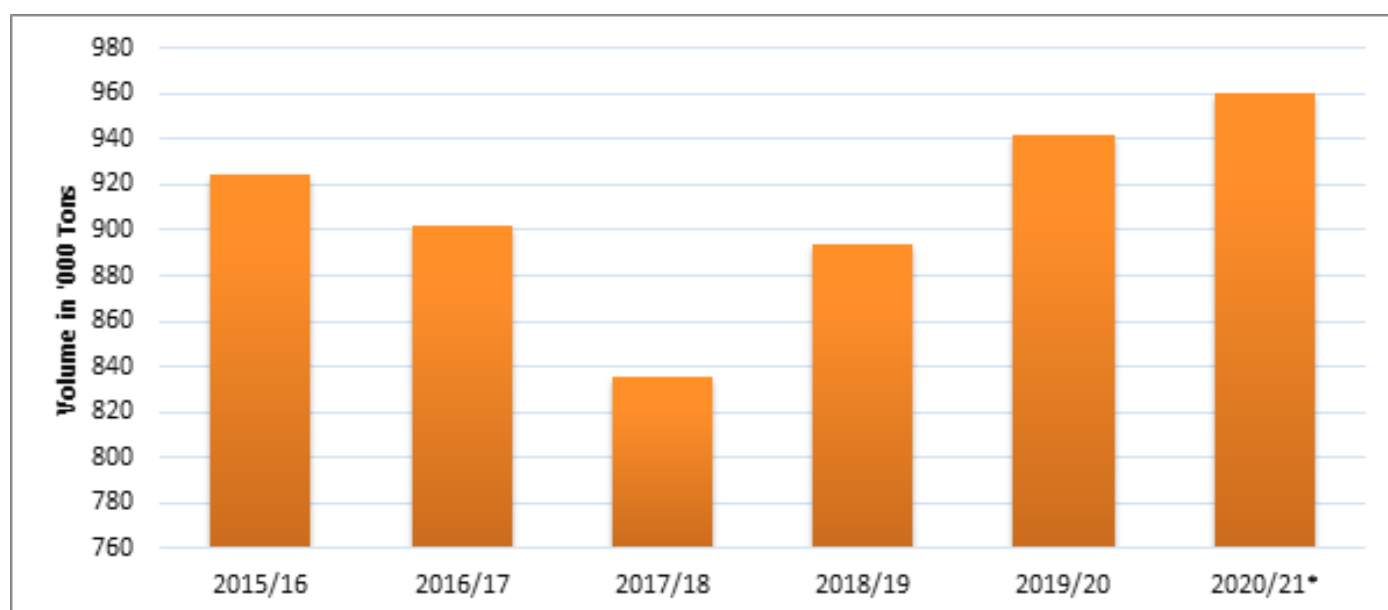


Figure 4: Production of South Africa's apples, 2015/16 – 2020/21, *Projection

Source: USDA (2020)

In 2020, South Africa exports for fresh apples reached a highest value of R6.4 billion which is the highest in the last 20 years (ITC, 2021). According to Trade Map data (ITC, 2021), South Africa exported 508 451 tons of fresh apples and the largest quantities went to the United Kingdom (16 %), Russia (8 %), Nigeria (7.63 %), Bangladesh (7.4 %) and Malaysia (6.1 %). In 2019, apples were the most imported goods among fruits and nuts in

Africa, and the largest share in value came from South Africa (R2.19 billion), followed by France (R176.3 million) and Turkey (R173.1 million). The top importing countries of apples in Africa after Nigeria include Senegal, with a share of 4.2 %, Kenya (3.3 %) and Botswana (2.7 %). South Africa, however, faces much higher tariffs from these African countries than other countries like those in Europe. For instance, the tariffs in Nigeria and

Senegal for the export of apples is 20 % and 25 % for Kenya, whereas South Africa faces tariffs of 10.6 % in the United Kingdom and the Netherlands. The advent of the African Continental Free Trade Agreement will certainly boost the South Africa's apple export to Africa as it will remove tariff barriers. Moreover, apples are less perishable as compared to other fruits such as bananas, table grapes and plums, suggesting apples will better be suited for the African market that has high demand yet it is constrained by poor infrastructure and logistics.

In addition to these tariff trade barriers, there are numerous other non-tariff barriers that South Africa faces in African countries, such as corruption at customs in order to skip the long checking queues and certification checks, border closures due to national directives, the random banning of agricultural products without notice and the like (Erasmus, 2019). These kinds of non-tariff barriers are more challenging to monitor as they are random and difficult to plan for. This can add to transaction costs, quality losses, and eventually, revenue loss, making it easier to trade with developed countries with better structures to support trade. With the recently enacted African Continental Free Trade Agreement (AfCFTA), the expectation is that tariff-related barriers will be reduced to almost zero for most agricultural products and that countries will commit to the curbing of the non-tariff barriers such as poor infrastructure along the chain through investment. Although the AfCFTA became operational on 1 January 2021, tariffs and rules of origin are still being negotiated amongst countries, wherein the rest of the conditions need to be concluded by the end of June 2021 (Erasmus & Hartzenberg, 2021). Therefore, South Africa's apples could be well positioned to absorb the majority share in the continent if tariffs are reduced for their imports and other trade barriers are eliminated.

Table 1 shows South Africa's exports of apples over the last four years and its importing regions. It can be noted that Africa and the Far East & Asia were the major markets for South Africa's apples, with shares of 28 % and 27 %, respectively. The United Kingdom (UK) remains the largest importer of apples in Europe, accounting for 18 % of South Africa's exports. Russia's demand for South Africa's apples grew by 172 % between 2019 and 2020. Africa's demand decreased by 5 %, likely because of restrictions in the movement of goods across borders due to the pandemic. The Far East & Asia declined by 12 %, likely because China had a large production compared to the previous year. The Middle East is also a potential market for South Africa and grew by 24 % in 2020, likely to secure food supplies during the pandemic. Exports are dependent on good quality crop and size ideal for each market, and South Africa's apples seem to be gaining traction in the global markets. South Africa still has billions of Rand's worth of total untapped potential in countries like India, Saudi Arabia, Germany and other South-East Asian countries like Thailand, Indonesia and Vietnam.



Author: Ms.. Onele Tshitiza is an economist under the Trade Research Unit at the National Agricultural Marketing Council. She can be contacted at otshitiza@namc.co.za or (012) 341 1115.

Table 1: South Africa's export of apples (12.5 kg cartons)

Region	2017	2018	2019	2020	Growth rate (2019-2020) %	2020 Distribution (%)
Africa	8,908,599	8,196,084	9,307,087	8,821,635	-5	28
Far East & Asia	9,245,242	7,664,992	9,858,951	8,656,617	-12	27
Middle East	2,248,468	1,717,926	2,137,315	2,659,939	24	8
United Kingdom	5,545,415	6,199,610	5,226,933	5,722,275	9	18
Europe	1,776,525	2,501,532	1,714,869	2,097,450	22	7
Russia	1,292,668	1,271,154	1,099,025	2,984,751	172	9
Indian Ocean Islands	840,233	805,152	833,717	724,085	-13	2
USA & Canada	219,764	141,493	165,071	113,869	-31	0
Total	30,079,529	28,497,943	30,342,968	31,780,621	5	

Source: Agrihub, 2021

Conclusion

The apple industry is one of the best-performing industries in the export market and has opportunities to expand into new markets. Other African countries are potential markets that South Africa has not fully utilised yet, although most apples already go there. Apples are less perishable than most fruits, making it a strategic product to enter the African market as logistical delays can cause quality to be compromised before reaching markets. Consumer preferences would need to be considered in new countries to penetrate new markets, but the industry could stand to benefit from these ventures. Investment in resources such as infrastructure, cold storage, logistics, and others, by the public and private sector will be paramount to reap the true benefits of the AfCFTA. Governments in reciprocal countries will also need to work together to ensure that trade is facilitated for businesses. Although South-East Asia, India and the Middle East present great market potential for South Africa, the high tariffs in some of these countries need to be negotiated with the government's help to unlock these hurdles. There are also sanitary and phytosanitary measures, technical trade barriers, and other issues that need to be adhered to in order to comply with export requirements. These challenges can be overcome over time through co-operation with multiple stakeholders.



AfCFTA, climate change and COVID-19 on the African continent.

By Brian Makhele

The AfCFTA is expected to create the largest free trade area in the world, measured by the number of countries participating. This initiative will connect 1.3 billion people across 55 countries with a combined GDP valued at US\$3.4 trillion. It has the potential to lift 30 million people out of extreme poverty, but achieving its full potential will depend on putting in place significant policy reforms and trade facilitation measures. This includes support from different African countries, policymakers, and even private and public organisations. In 2020 the United Nations highlighted that the recently-launched AfCFTA would face climate change risks that could prevent the continent from gaining maximum trade benefits from the agreement. Climate change is already a global challenge; currently, countries that are part of the World Trade Organisation (WTO) are already formulating and implementing policies that would ensure that they achieve their carbon emission reduction targets by 2050 in line with the Paris Climate Agreement of 2015..

Climate change can alter comparative advantage and international trade patterns, with adverse impacts on particular sectors such as agriculture, tourism and infrastructure. This may reduce the competitiveness and the potential for mutually beneficial trade of Africa's products and services between African countries under the AfCFTA. Furthermore, climate change can have detrimental impacts on the continent's infrastructure, given floods that have already taken place recently in Mozambique, parts of Zimbabwe and South Africa. Furthermore, the Intergovernmental Panel on Climate Change has identified port facilities, buildings, roads, railways, airports and bridges, dangerously at risk of damage from rising sea levels and increasingly extreme weather. These factors will have a strong impact on the implementation of the AfCFTA. The free trade area in its current form includes a few overarching goals that can help bring greater resilience to the effects of climate change in Africa. Firstly, ongoing AfCFTA negotiations aim to progressively reduce and eliminate customs duties and non-tariff barriers on goods traded between countries. Less costly

trade and easier customs will help ensure that basic resources get to crisis zones in times of need before deep social unrest and resource competition takes hold. This will also increase regional demand for African products and services.

The free trade area is also expected to further co-operation and implement a common policy on plant import requirements and sanitary and phytosanitary conditions. This is very important in light of the increased risks climate change poses to the continent's food security, water security, disease, and health conditions. Science-based food safety, animal and plant health standards are important in ensuring that these human security risks are mitigated. Lastly, the free trade area's goal to develop and promote regional and continental value-chains can help the agricultural, water, and energy industries transfer infrastructure, technology and financial tools across borders to build resilience to withstand future climate change shocks. Programmes that can help farmers avoid losing their crops and livestock, conduct precision-agriculture, and offer micro-credit could be especially useful in securing food and water access. Also, the movement of critical skills and information will play a crucial role in ensuring that agribusinesses across the continent are equipped with the necessary skill sets and information to run successful businesses even during times of crisis.

COVID-19

Over the years, the African continent has been known for outbreaks of diseases to which African countries have struggled to respond with a sense of urgency due to political instability and lack of funds. This has caused the outbreak of diseases to be much more extensive in the continent while impacting the economies and livelihoods of the poor. Some of the diseases that have had a greater impact on the African continent in recent years include HIV/Aids, Ebola and COVID-19. The 2019 novel coronavirus disease (COVID-19) was first reported in China as an infectious upper respiratory disease. The virus has since spread worldwide, presenting one of the

most serious global health crises in history, with high socio-economic costs and loss of livelihoods. The spread of the virus has generated significant setbacks for African economies, mainly in terms of lost productivity and trade both within and among countries.

Moreover, these measures have significantly strained almost all key growth-enhancing sectors of many economies, and ultimately, on their overall income. According to the United Nations (UN, 2020), while the regional and country-specific impacts could be similar in Europe and Asia depending on which sectors were severely hit, because of the continent's lack of economic resilience and diversification, Africa faces greater risks of negative impacts from

COVID-19 for many reasons. Firstly, since it was the last to be infected by COVID-19, Africa was already faced with the consequences mainly through its trade links with the European Union (EU), United States of America (US), and China, meaning dwindling markets for African exports. Secondly,

while the infection rates in these regions have started to flatten out with economic stimulus and investment recovery plans underway, the opposite could be stated for the African continent as it was already faced with challenges of extreme poverty and political instability pre-COVID-19.

Although the rest of the world is slowly reopening businesses to emerge from the global shutdown, the trend in African economies entails the possibility of a deeper recession, as they are likely to face further production and trade-related constraints if the rate of infection continues to rise due to the second strain of the virus. However, with the successful rollout of vaccines in the African continent, such severe impacts may be mitigated. According to the International Monetary Fund (IMF, 2020), the broad-based global slowdown was expected to reduce growth in the African regions' trading partners by about six percentage points in 2020. The IMF also projected a historic global GDP contraction of 4.4 % in 2020, and partial and uneven recovery is expected for 2021 coupled with a growth of 5.2 %.

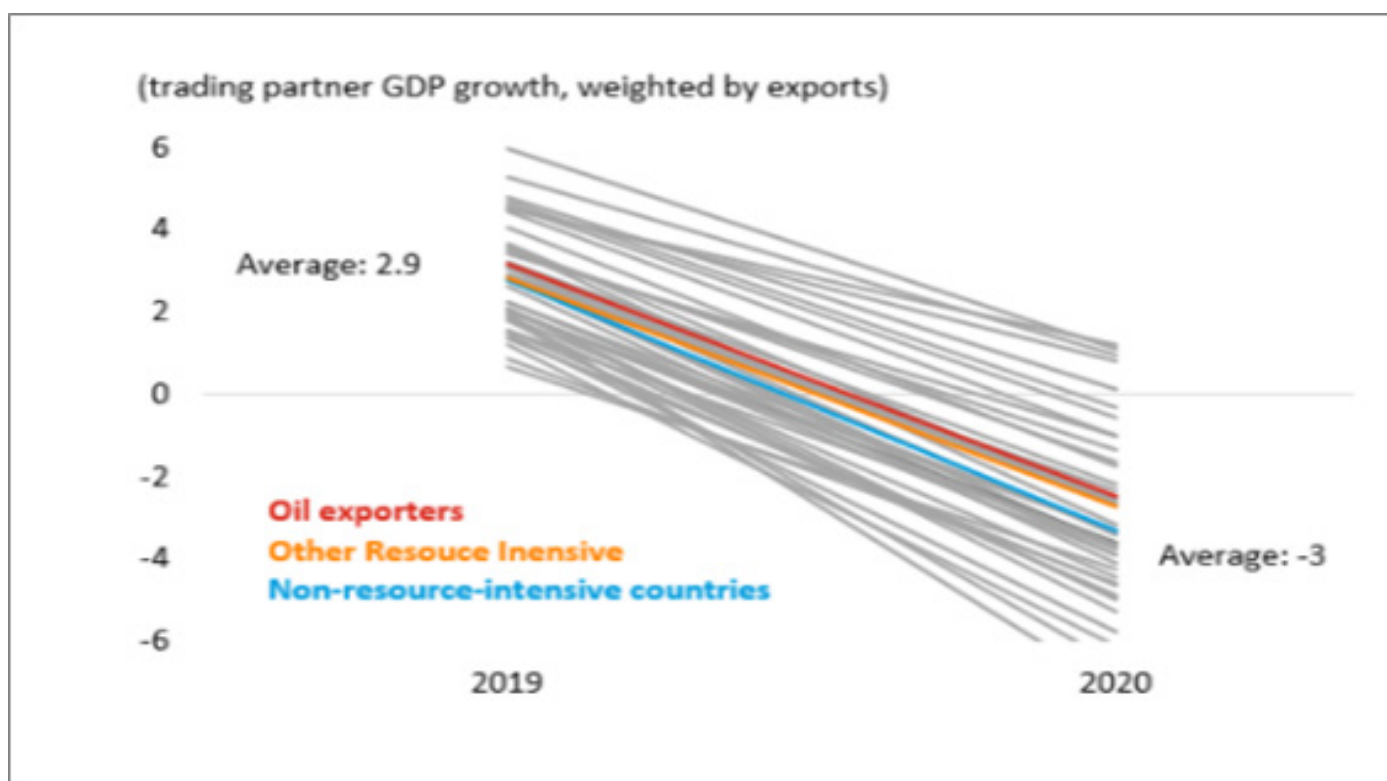


Figure 5:

Sources (2020): IMF, Global Environmental database and IMF staff calculations

Future

Increasing regional trade, affordable trade costs and streamlining border procedures, the implementation of AfCFTA would help African countries increase their resilience during future economic and pandemic shocks, which will also help introduce the kinds of necessary reforms to enhance long-term growth. There is an urgent need for international support for African countries to effectively respond to the crisis, as only a few countries can put in place economic stimulus packages to ease the burden on people and businesses, especially since most of these African countries are already faced with extreme poverty and corrupt government institutions. In the long term, countries should be supported in implementing structural reforms to build capacity and generate sufficient domestic resources or fiscal buffers to effectively manage pandemics.

The disruptions due to lockdowns in response to COVID-19 have highlighted the vulnerability of industries that rely on dispersed supply chains,

including hi-tech manufacturing. In the future, firms should adopt systems that put less emphasis on supply chain efficiency. Since transport and other logistics options remain restricted, it is now necessary to focus on the regional value chain and the opportunities available to ignite growth and suitability. Digital and technological infrastructure should also be improved within the continent to take the opportunity of the growing trend of online selling and purchasing of goods. The adoption of technology has been on the rise on the continent due to its large number of youth and a growing middle class. The United Nations Conference on Trade and Development (UNCTAD) reported that the number of online shoppers in Africa had surged annually by 18 % since 2014. During the pandemic, global online shopping increased by more than 100 % since more consumers were under lockdown and had to purchase goods from their homes.



Author: Mr Brian Makhele is an economist under Agribusiness at the National Agricultural Marketing Council. She can be contacted at bmakhele@namc.co.za or (012) 341 1115.

Wheat production showing some improvement

By Pamela Matyolo

Wheat is one of the most important crops in the world. The crop was first domesticated in North Africa, Turkey, and Iraq and is now planted in almost every region worldwide. In Sub-Sahara Africa, the subsistence sector is characterised by the dominance of wheat-producing farmers. Due to weather and non-weather-induced factors, these farmers make a very low profit. The region accounts for 30 % of the average wheat produced in Africa. Ethiopia was the dominant producer from 2010 to 2014, producing at an average of about 1.6 million ha and with a total output of 3.6 million tons. Over the past four years, as shown in Figure 5 below, wheat production

globally has been inconsistent, with 2018 recording an insignificant increase of 733 386 tons and a negative percentage change of 5 %. According to the United States Department of Agriculture (USDA, 2020), during the 2019/20 agricultural season, global wheat production was estimated to reach 764 million tons and to further increase by 768.32 million tons in the 2020/21 production period. However, the latest estimates show that the world cereal production for 2020 stands at approximately 2 744 million tons – an increase of 0.1 % from the report in December, with wheat production, revised upward by 4.8 million tons to reach 766.5 million tons.

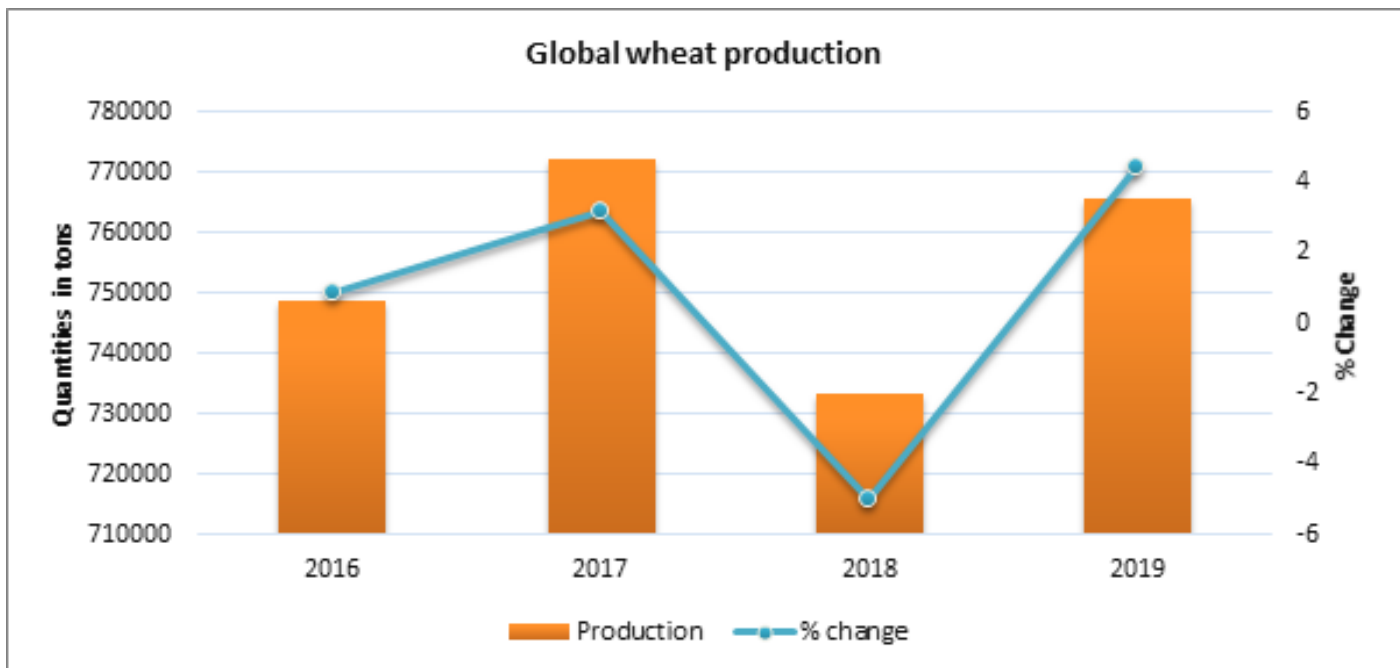


Figure 6: World production and percentage change of wheat crop from 2016 to 2019

Source: FAO (2021)

As shown in **Figure 6** below, between 2016 and 2019, India was the largest producer of wheat in the world with production ranging between 92 290 million tons and 103 596 million tons, followed by Russia (72 136 million tons and 86 million tons), and the US (51 305 million tons and 62 831 million tons). For 2021, winter wheat production estimates in the Northern Hemisphere show a slight increase (FAO, 2021).

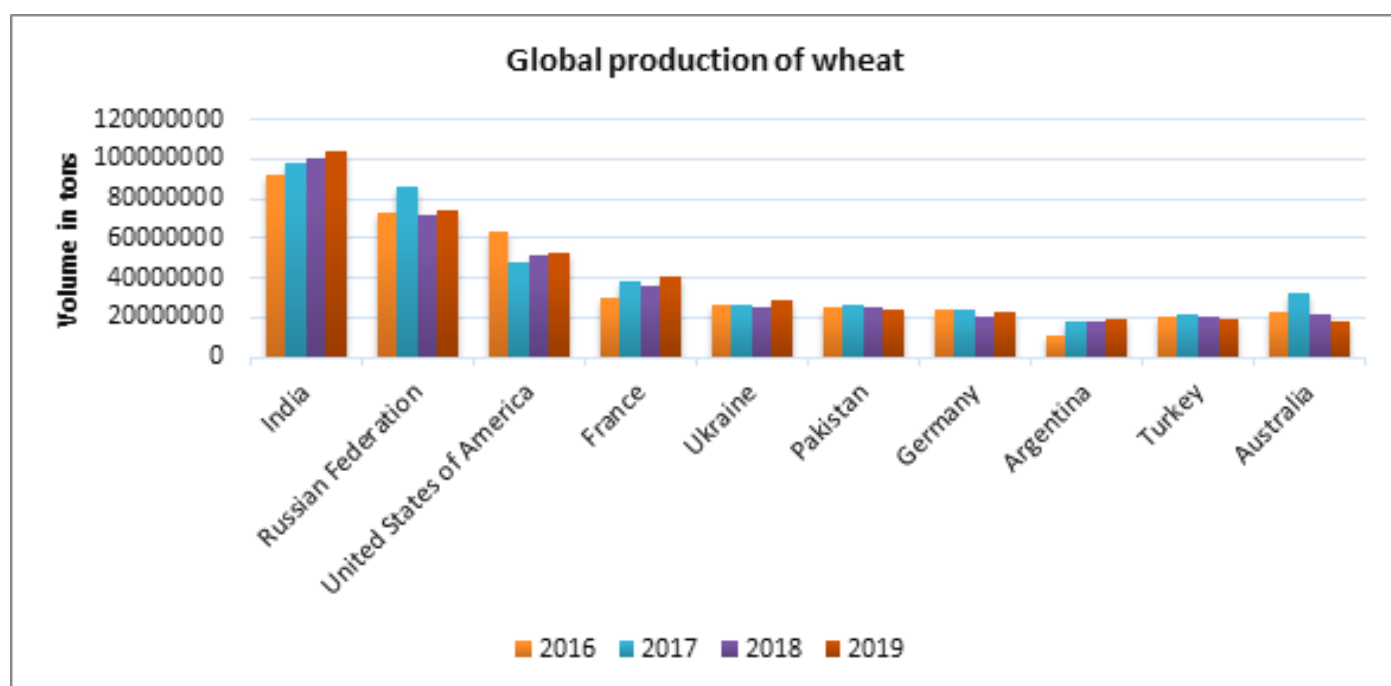


Figure 6: World production by country, 2016 to 2019

Source: ITC (2021)

Wheat production in South Africa is relatively low while the demand is high. During 2020, wheat production in South Africa showed an improvement of 2 032 million tons from a decline of 1 527 million tons. Thanks to good rains over the summer holidays, wheat production is expected at 2 148 million tons, about 0.06 % less than the previous forecast. Annually, South Africa's wheat consumption increased by 1 % on average over the past ten years, and for the 2020/21 marketing year wheat consumption is further estimated to increase up to 3.35 million tons. As presented in **Figure 7**, the demand for wheat in South Africa increased over the period under review, whereas wheat processed for animal feed is relatively small.

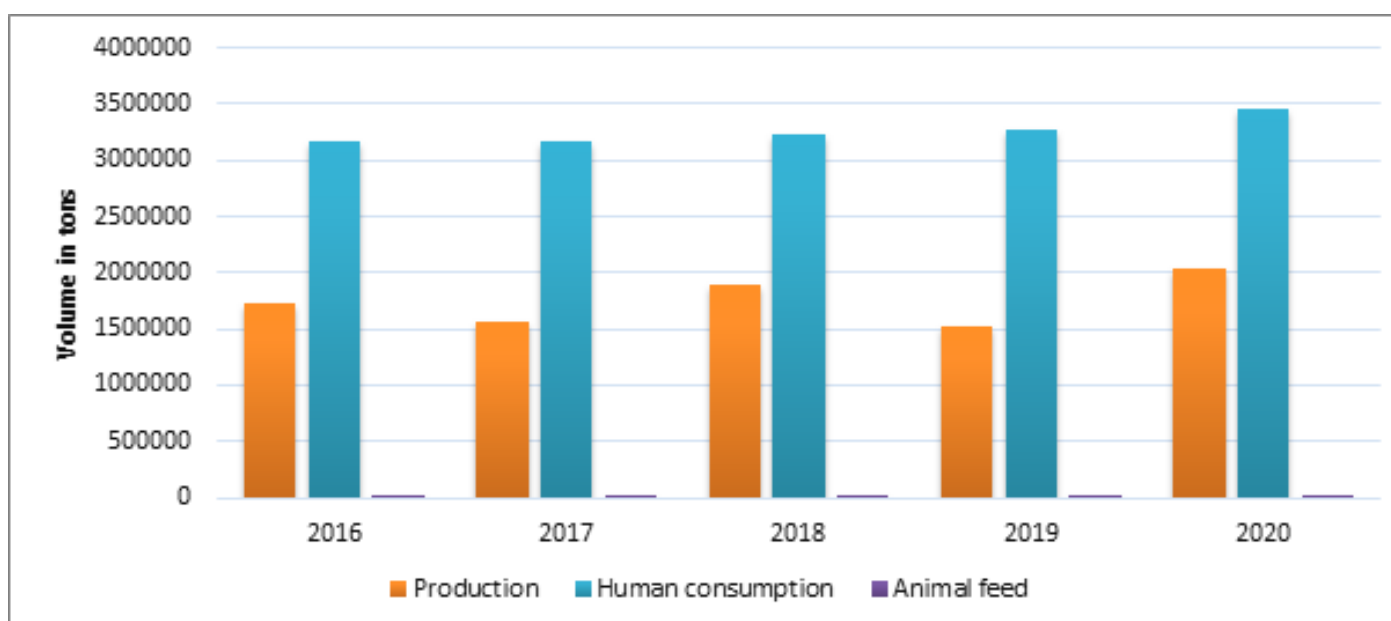


Figure 7: South Africa's production of wheat and supply of its products, 2016 to 2019

Source: SAGIS (2021)

South Africa's wheat production is small compared to maize and to meet the demand, the country imports from the world. However, South Africa exports its wheat to other African countries. **Figure 8** presents South Africa's top market destinations for wheat between the years 2016 and 2019. South Africa largely exported wheat to Zimbabwe with a volume of 3 088 thousand tons, followed by Botswana with 2 392 thousand tons and Namibia with 2 257 thousand tons, Eswatini (2 256 tons), and Zambia and Lesotho with 2 156 and 1 376 thousand tons, respectively.

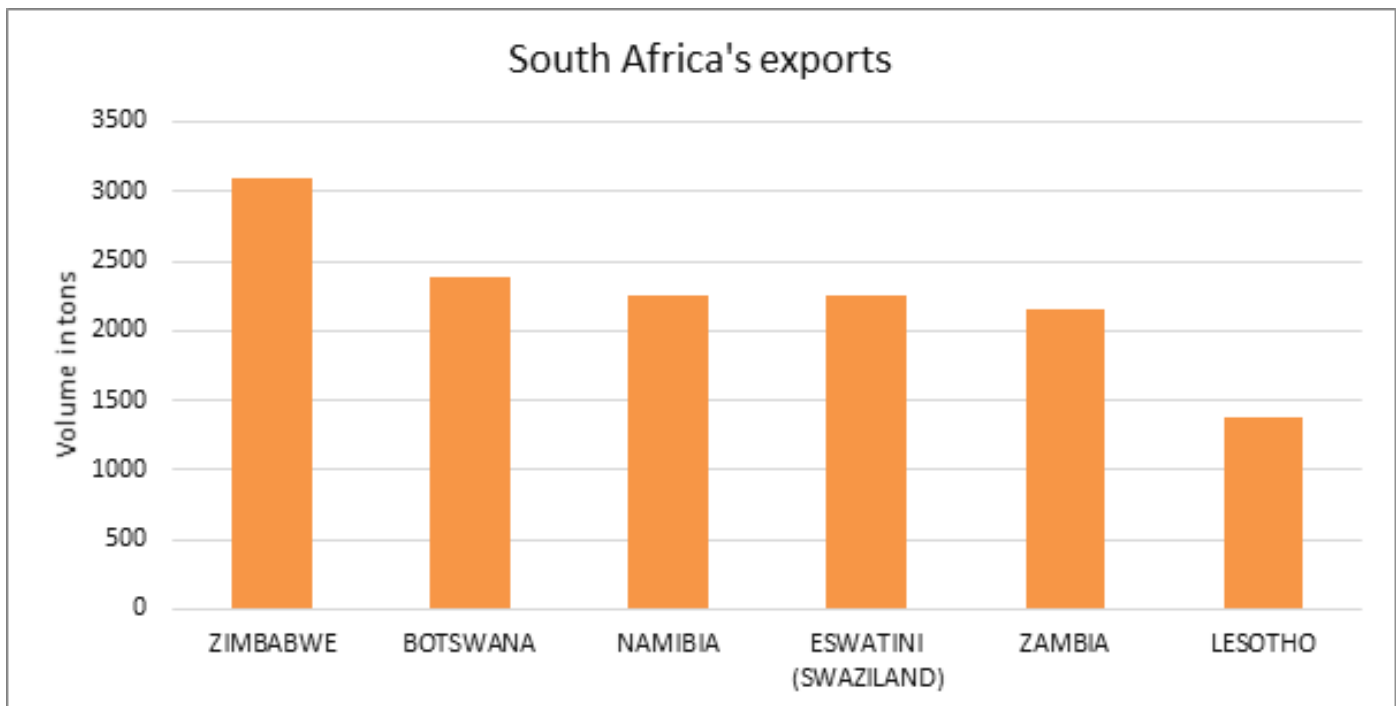
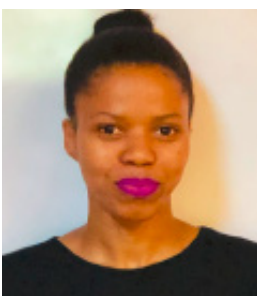


Figure 8: South Africa's leading market destinations for wheat, 2016 to 2019

Source: SAGIS (2021)

Conclusion

South Africa's wheat industry is one of the largest grain crop produced. However, the country's wheat production is still low, with consumption exceeding the demand, forcing the country to import more wheat to satisfy the continuing consumption levels. Nevertheless, South Africa can supply a few tons to other Africa countries.



Author: Ms. Pamela Matyolo is an economist under the Smallholder Unit at the National Agricultural Marketing Council. He can be contacted at pmatjyolo@namc.co.za or (012) 341 1115.

Sub-Saharan Africa's Current Grain State amid Extreme Weather Conditions

By Thabile Nkunjana

Sub-Saharan Africa is predominantly characterised by traditional agricultural sectors, where grains or staple crops dominate the production with few exportable crops (Bjornlund., Bjornlund & Van Rooyen, 2020), emphasising the importance of grains within the region, and any threat to its production presents a serious threat to regional food security. Recently, Cyclone Eloise devastated parts of the region, with some key countries in the region's food security being affected or at risk. Fears have flared in recent weeks around the state of food security after close to 150 000 ha of regional agricultural land were reportedly destroyed. Other countries such as South Africa are still at risk where more rains threaten to damage the current production season. Any damages to the current crops across the region have serious implications for the coming 2021/2022 season, such as possible food shortages. Should that be the case, the region will be even more dependent on imports, and that alone adds more pressure on countries whose economies have been severely affected by COVID-19. The Food and Agricultural Organization (FAO) recently published the World Food Index, which shows a sharp increase of 4.3 % from December 2020 to January 2021, which is the eighth consecutive monthly increase. The rise in food aid requirements across the region is a testimony to the impact of COVID-19 on some already constrained

individual countries' economies. The COVID-19 second wave found countries already vulnerable, with many running out of funds to assist the poor. Any further food shortages would prove disastrous for the region.

In light of the devastating weather conditions across Africa and the effect of COVID-19 on the region, this article looks at maize availability within the region where potential suppliers are analysed, and possible alternatives are considered. The demand for grains across Africa, in general, is increasing, majorly for maize, rice and wheat due to the rising population. However, this article focuses on maize. Figure 9 presents regional maize main suppliers within Sub-Saharan Africa (SSA) during the past six years. Based on data from the ITC, between 2014 and 2019, South Africa has been the leading maize exporter in SSA, on average exporting 1.5 million tons per year. Following South Africa was Uganda (270 thousand tons), Zambia (266 thousand tons), Tanzania (150 thousand tons), and Burkina Faso (39 thousand tons). Of these countries, South Africa is the main exporter, and currently, about 2.06 million tons of maize have been exported majorly to the Southern Africa region. Tanzania is also becoming a prominent maize supplier, while Zambia's exports have decreased in recent seasons due to dryness.

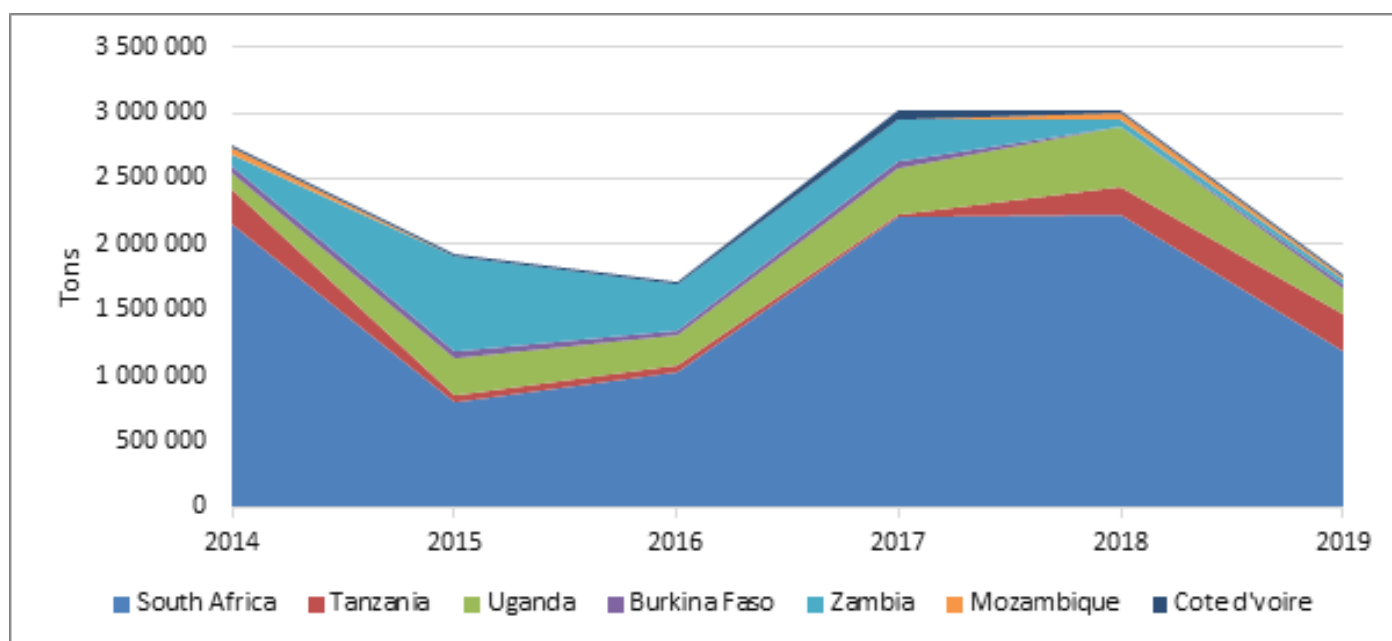


Figure 9: Sub-Saharan Africa's leading maize-exporting countries

Source: ITC (2021) & SAGIS (2021)

Mozambique, Zimbabwe, Eswatini, and Malawi are South Africa's neighbouring countries affected by the recent Cyclone Eloise. Damage to these countries varies, but Mozambique is said to have been hit harder than the rest. Among other Southern Africa maize importers, all these countries started the 2020/2021 production season on a positive note, with projections for maize estimating slightly larger harvests. Figure 10 presents the top importing countries from SSA from 2009 to 2019. As can be seen from Figure 10, Zimbabwe, since 2009, has been importing larger quantities of maize, but in 2017, imports significantly dropped (-91.0 %). However, after this drop, Zimbabwe once again increased its maize imports in 2020, with 1 million tons imported to meet domestic consumption. Senegal in West Africa has shown an upward trend, with its imports increasing by 205.7 % from 2009 to 2019. Botswana, Namibia and Eswatini have followed the same trend, with imports increasing by 488.3 %, 166.85 % and 66.3 % respectively between 2009 and 2019.

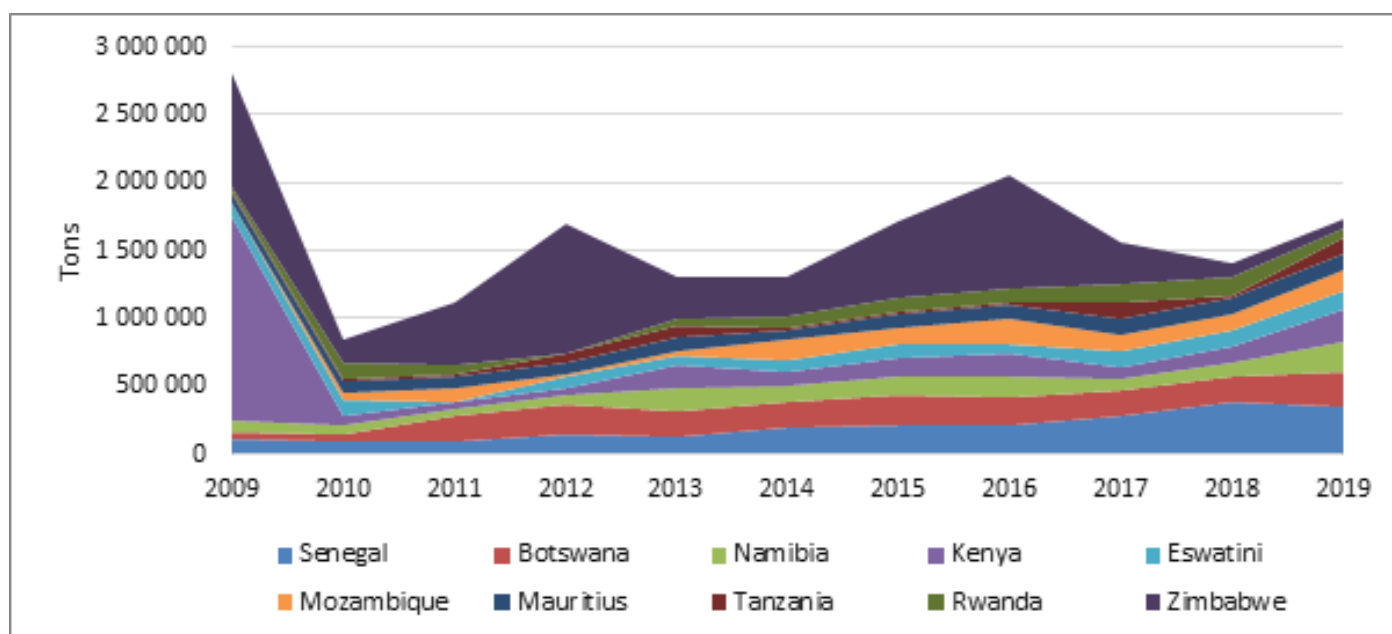


Figure 10: Sub-Saharan Africa's leading maize-importing countries

Source: ITC (2021)

Conclusion

As things stand, the Sub-Saharan Africa region has enough maize without the weather conditions worsening because key market exporters such as South Africa, Tanzania, and Zambia are still in good shape. Only minimal damage occurred in South Africa, while nothing much was reported for other key suppliers. This means that for countries like Mozambique, Zimbabwe and Eswatini, South Africa has enough stock to supply them, while Tanzania and Uganda are likely to supply their neighbours such as Kenya and others. Despite grain production dominating in SSA, the region is quite a small player globally, and prices are influenced by larger producers and buyers globally. The current rise in food commodity prices is a likely threat to the SSA's food security, especially for grains and oilseeds such as soybeans, rice, and wheat, where an annual increase of 59 %, 40 %, and 23 % in prices respectively in the global market was observed at the beginning of February 2021. The recent weather conditions caused minimal damage to the region's maize, which is one of three mainly consumed foods. Supplies are still in good condition, more so for the 2020/21 market season.



Author: Mr. Thabile Nkunjane is a Junior economist under the Agro-Food Unit at the National Agricultural Marketing Council. He can be contacted at tnkunjane@namc.co.za or (012) 341 1115.

Clothing and Textile Masterplan Brings Hope to Msinga Factory



The South African Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Value Chain Masterplan has brought optimism and delight to many women in rural Keates Drift in Msinga, KwaZulu-Natal. The area, which is one of the poorest in South Africa since its shoe factory closed its doors 26 years ago, and left 3000 families without any income source, is slowly building its way up in the clothing and textile sector. In an effort to reduce the unemployment rate and poverty in the area, Ms Lelly Mntungwa (42) started to empower the Msinga community through job creation and skills capacitation. Mntungwa later established Msinga Clothing Factory in 2016 to further her ambition to train, upskill and employ the youth and women from the area who had no economically tradable skills. Speaking from her factory, Mntungwa says the Health and Welfare Sector Education and Training Authority (HWSETA), responsible for all its training and skills development requirements, came to their rescue in 2019 when they were able to implement skills training in Msinga. “HWSETA has now aligned with the government (R-CTFL) Value Chain Masterplan by giving the rural communities a chance to participate in skills programmes especially in clothing and textile. Skills transfer is a sustainable gift that can empower people to become income generators and survive during difficult situations,” says Mntungwa.

Link: DTIC (<http://www.thedtic.gov.za/clothing-and-textile-masterplan-brings-hope-to-msinga-factory/>)

African Continental Free Trade Area (AfCFTA) starts trading



South Africa put in place the legal and the administrative processes for the start of trade under the African Continental Free Trade Area (AfCFTA) on 1 January 2021 following a decision by the 13th Extraordinary Session of the Assembly on the AfCFTA on 5 December 2020 to start trading under the AfCFTA based on legally implementable and reciprocal tariff schedules and concessions, with agreed rules of origin. The AfCFTA Agreement has been signed by 54 of the 55 African Union member states, and thirty-four (34) countries have already deposited their instruments of ratification to the African Union Commission and have become State Parties. The current State Parties are Angola, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Congo, Djibouti, Egypt, Eswatini, Ethiopia, Equatorial Guinea, Gabon, The Gambia, Ghana, Guinea, Kenya, Lesotho, Mali, Mauritania, Mauritius, Namibia, Niger, Nigeria, Rwanda, Saharawi Arab Democratic Republic, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Togo, Tunisia, Uganda and Zimbabwe. Several signatory countries have begun to put the domestic administrative arrangements in place to enable trading under the new terms. These will be progressively expanded within the next few months. In addition, trade for local firms with the UK commences today under the new Economic Partnership Agreement between six Southern African countries and the UK, replacing the European Union partnership terms for the UK market that were in place until 31 December 2020.

Link: DTIC (<http://www.thedtic.gov.za/historic-moment-for-african-trade-south-africa-readies-for-exports-under-new-trade-agreements-with-african-union-countries-and-with-the-uk-implemented-from-1-january-2021/>)

Minister Didiza congratulates the citrus industry on record exports and commits to working with stakeholders to boost growth in the sector.



The Minister of Agriculture, Land Reform and Rural Development, Ms Thoko Didiza (MP), congratulated the citrus industry on the record exports they made. Citrus is one of South Africa's most important subsectors in the agricultural sector that provides a significant contribution to job creation and economic activity in our country's rural communities. "The industry has expanded notably over the past decade, and we thank the farmers for showing confidence and increasing the investments. The industry's investment is starting to pay off, as the Citrus Growers' Association reported this morning that South Africa exported a record 146 million cartons of citrus in 2020; which means we are still the world's second-largest exporter of fresh citrus after Spain," said Minister Didiza. Minister Didiza went on to say, "The challenge going forward is ensuring that, as a government, we open more export markets for the industry, as the estimates suggest, there will be roughly 300 000 tons added into the current volumes in the next three years that require an export market. As a government, we commit to working with the industry and other stakeholders to expand the market access to destinations such as the United States, China and India, and the European Union and other countries that already enjoy the South African citrus. In the process, we will work with relevant stakeholders in improving logistics for export activity."

Link: DALRRD <https://www.dalrrd.gov.za/>

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For correspondence:

Dr. Sifiso Ntombela
sifiso@namc.co.za
+27 (0) 12 341 1115

For article contribution to the Trade Probe:

Mr. Lucius Phaleng
lphaleng@namc.co.za
+27 (0) 12 341 1115

Designed by
Mr Sylvester Moatshe
Smoatshe@namc.co.za
+27 (0) 341 1115

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