

# Enhancing Trade and Investment Potential between Kenya and South Africa by Leveraging on Mutual Cooperation

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# Presentation Outline

1. Department of Agriculture Land Reform and Rural Development DALRRD/ National Agricultural Marketing Council (NAMC)
2. Overview of South African Agricultural Sector
3. South Africa and Kenya Bilateral Trade in Agriculture
4. Potential Trade /Export Opportunities between Kenya & South Africa
5. Concluding Remarks



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# NAMC

Promoting market access for South African agriculture

The NAMC was established in terms of the Marketing of Agricultural Products Act No. 47 of 1996, as amended by Act No. 59 of 1997 and Act No. 52 of 2001. We are a statutory body reporting to the Minister of Agriculture, Land Reform and Rural Development. The work of the NAMC is aligned to the four strategic objectives as set out in Section 2 of the MAP Act, 1996 namely:



The increasing of market access for all market participants



The promotion of the efficiency of the marketing of agricultural products



The optimisation of export earnings from agricultural products



The enhancement of the viability of the agricultural sector.

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[www.namc.co.za](http://www.namc.co.za)



# DALRRD/NAMC

- ❖ NAMC is **policy advisory body** to the Minister of Agriculture Land Reform and Rural Development & Directly Affected Groups
- ❖ NAMC established in terms of MAP Act of 1996 and executes its mandate in line with the four (4) objectives of the MAP Act
- ❖ **Vision** - Strategic positioning of agriculture in a dynamic global market
- ❖ **Mission** - To provide agricultural marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa.

## NAMC DIVISIONS



Agribusiness  
Development  
(AD)



Markets and  
Economic  
Research  
Centre (MERC)



Statutory  
Measures (SM)



Agricultural  
Trusts

## MAP ACT OBJECTIVES

- ❖ Increasing of market access for all market participants
- ❖ Promotion of the efficiency of the marketing of agricultural products
- ❖ Optimization of export earnings from agricultural products
- ❖ Enhancement of the viability of the agricultural sector



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# Overview of SA Agricultural Sector

- ❖ South African agricultural sector is dualistic in nature made-up of commercial and smallholder farmers
- ❖ The sector plays major role towards employment creation (5.7%)—agriculture employed 862 000 people during Q2 of 2021
- ❖ Contribution towards Gross Domestic Product even during challenges posed by COVID – 6.2% in the second quarter of 2021 ( Backbone
- ❖ Employment tend to be biased towards men despite roles women play towards food security and nutrition – ( 610 000 and 252 000 employed for men and women respectively Q2 ) - distribution of gender worked during Covid-19, 71.4% and 28.6% for males and females respectively
- ❖ Production remains at primary level of the value chain instead of value addition more especially for smallholder farmers



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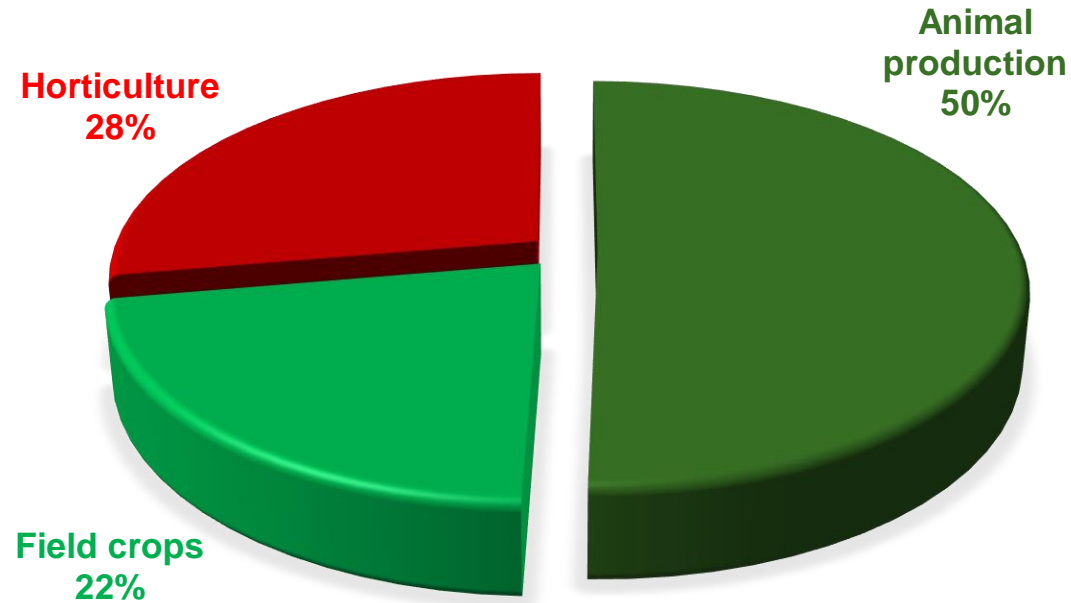
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# Overview Cont'

Gross Value of South African Agricultural Production  
(R281 Billion)



## ❖ Animal production/Livestock

- Poultry
- Cattle
- Sheep and Pig

## ❖ Horticulture

- Citrus
- Deciduous fruits
- Vegetables
- Viticulture and Nuts

## ❖ Field crops

- Maize
- Sugar
- Soya beans
- Wheat and Hay



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# Overview Cont'



## Intra-Trade between SA and Kenya

- Kenya imports more goods than it exports but its exports are significantly higher from East African countries
- In 2020, SA exported \$45,57million worth of goods to Kenya whereas imports from Kenya to South Africa were valued at US20,59 (Tralac ,2020)
- Potential to increase trade within the ACfTA and tariff reductions



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# SA –Kenya Bilateral Trade

- There is no existing bilateral trade agreement between SA and Kenya
- The 2 countries are members of the tripartite free trade agreement (FTA) comprising of Common Market for East Africa ( COMESA, SADC and East African Community ( EAC).
- Trade between two countries are levied at MFN tariff duties



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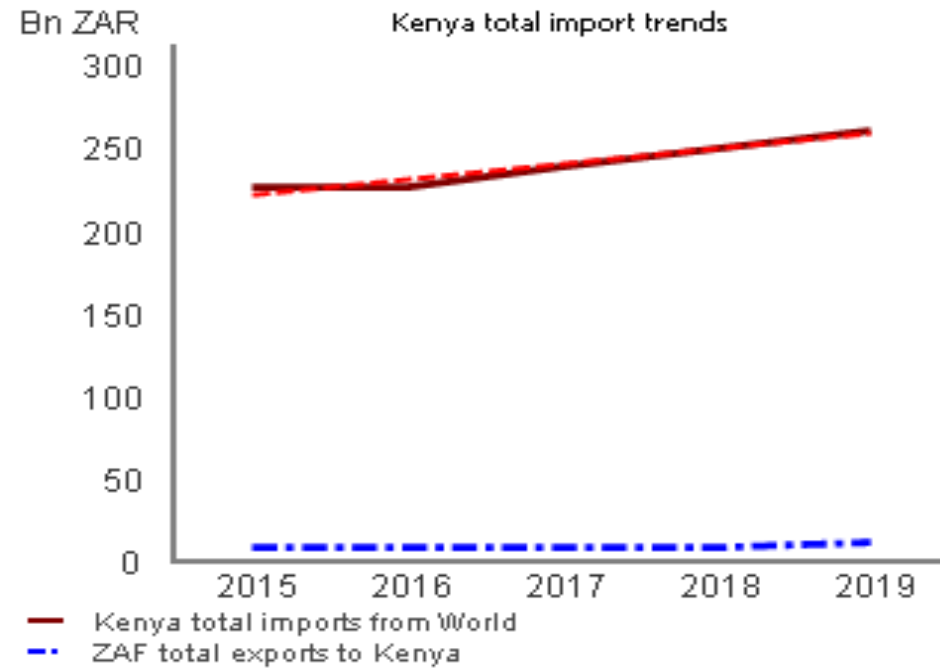


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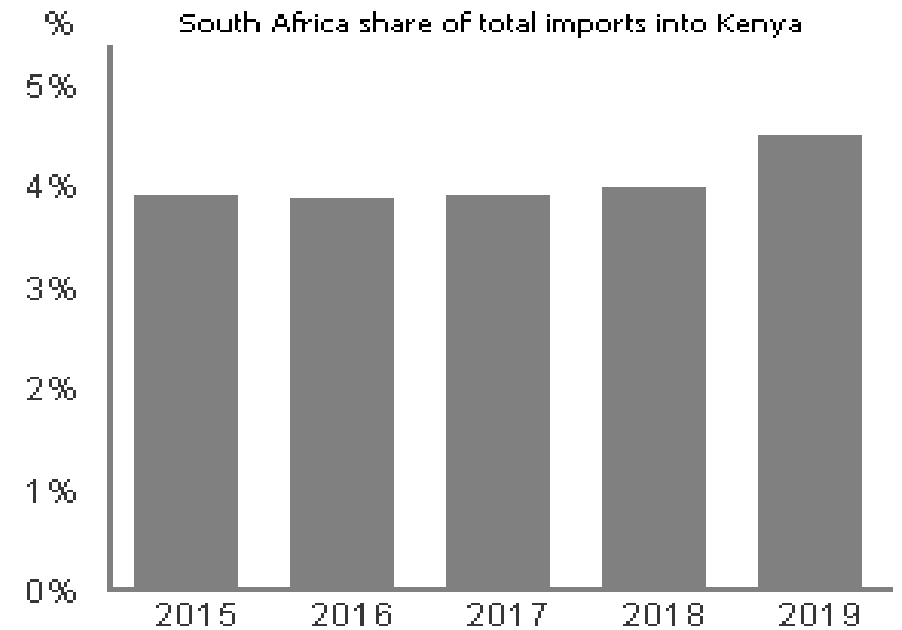
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# SA's Overall Trade with Kenya

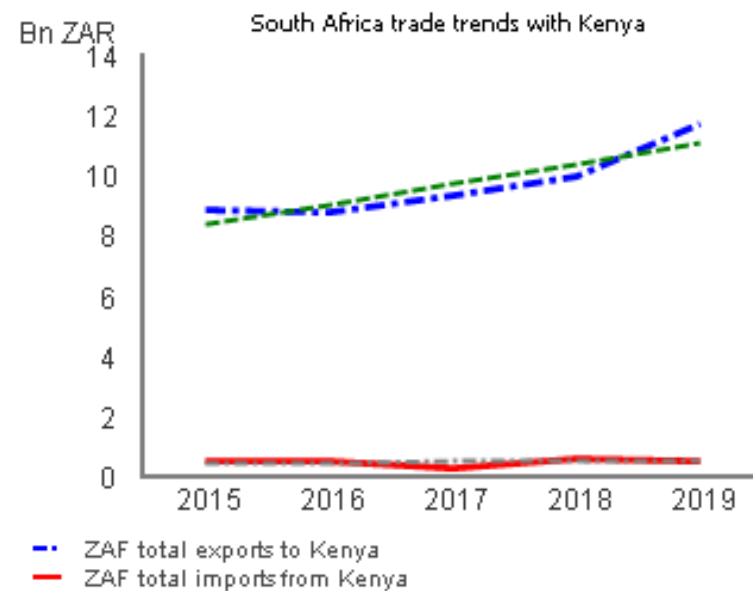


Source: CEPII BACI HS12(03-2021)

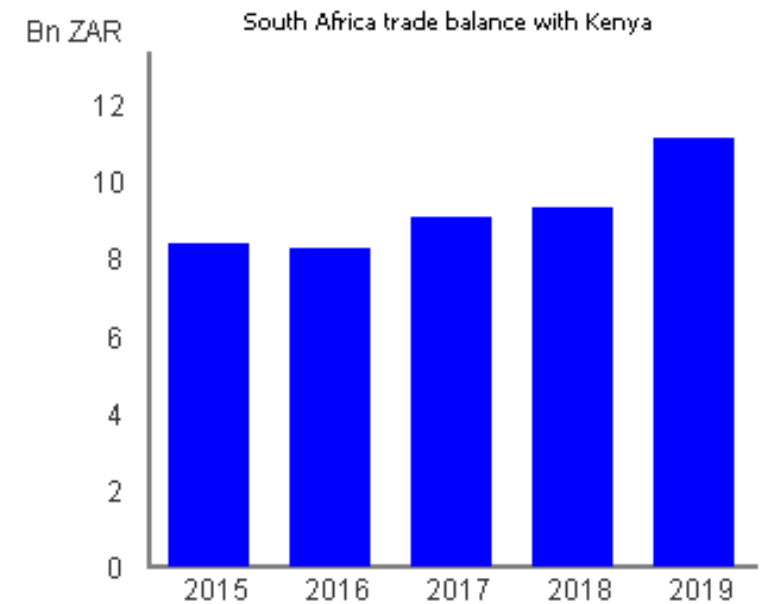


Source: TRADE-DSM, calculated from CEPII BACI data

## South Africa Imports and Exports with Kenya



Source: TRADE-DSM, calculated (CEPII BACI)



Source: TRADE-DSM, calculated from CEPII BACI data

# South Africa -Kenya Global Trade

- Total imports from rest of the world into Kenya were R261 million in 2019
- South Africa`s exports (2019) as share of total imports into Kenya was recorded at 4,49% of the country total imports
- Exports from SA to Kenya shows an increasing trends ( 2015-2019)
- Imports from Kenya to SA exhibits same trend
- But the trend in exports from SA to Kenya is more positive (growing more faster than for imports from Kenya) =Trade Surplus



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# Export Potential for Processed and Primary Products

- South Africa has several processed products of interests that have potential for exports to Kenya
- Current tariffs on all primary and processed products are very high at 25% tariff equivalent.
- Opportunities for SA to Kenya include Sauces & Preparations, Fermented Beverages, Soups, Tomato Sauces, Fruit & Veg Juices, Jams, Food Preparations from Cereals, Orange Juice, Wine, Glues, Vegetable preparations, Margarine.
- A few primary products are of interest to SA such as in Table 2: Bird eggs (hens) for incubation, Apples, Grapes, Grapefruit and Vegetable products including frozen.



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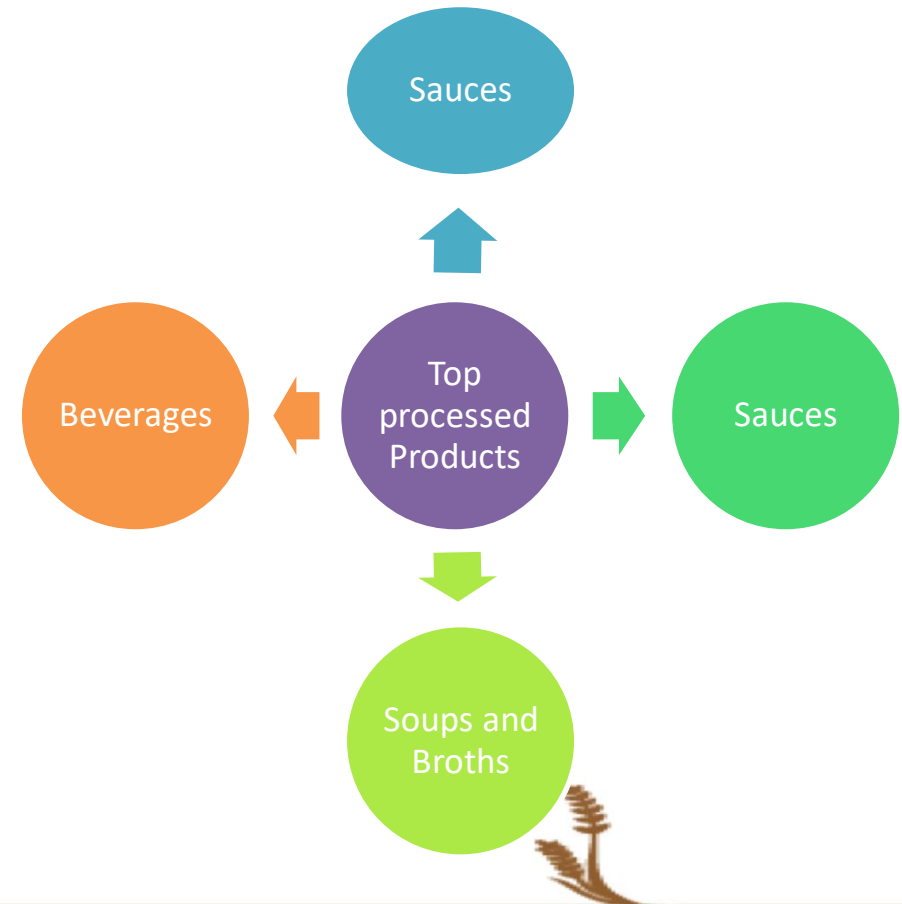
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# Potential Processed Products for SA Exports into Kenyan Market (ZAR'000)

HS Code	Tariff book product (HS6 digit)	Total REO (000 ZAR)
HS 210390	Sauces and preparations.....	6 140
HS 220600	Beverages, fermented: (e.g. cider,...)	5 820
HS 210410	Soups and broths and preparations	5 030
HS 210320	Sauces: tomato & ketchup	4 340
HS 200989	Juice: of any single fruit or vegetable not containing added sugar....	4 050
HS 220870	Liqueurs and cordials	3 980
HS 200799	Jams, fruit jellies, marmalades, purees and pastes: of fruit or nuts n.e.c.	2 050
HS 190420	Food preparations: obtained from unroasted cereal flakes ....	201
HS 200919	Juice: orange, not frozen, of a Brix value exceeding 20...	1 800
HS 220429	Wine: still, more than 2 litres	1 770
HS 200929	Juice: grapefruit (including pomelo), of a Brix value exceeding 20,	820
HS 350520	Glues: based on starches, or on dextrans or other modified starches	780
HS 200520	Vegetable preparations: potatoes, prepared or preserved .....	730
HS 151710	Margarine: excluding liquid margarine	720



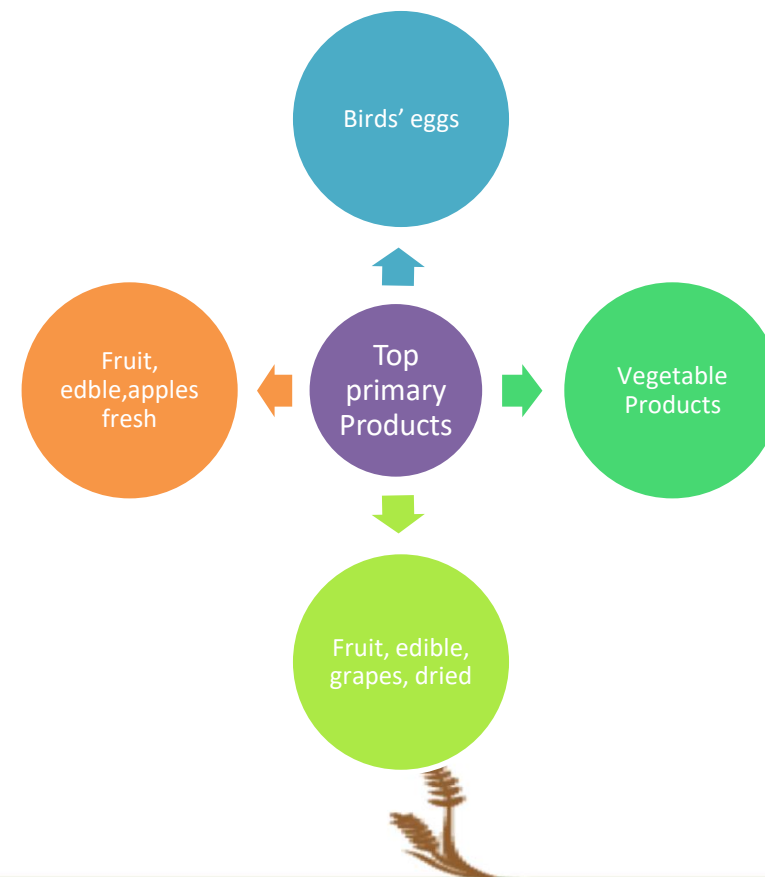
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# Potential Primary Products for SA Exports into Kenyan Market (ZAR '000)

HS Code	Product (HS 6 digit)	Total REO (000 ZAR)
HS040711	Birds' eggs, in shell: fresh, fertilised eggs for incubation, fowls & domestic hens	3 150
HS080810	Fruit, edible: apples, fresh	1 150
HS080620	Fruit, edible: grapes, dried	910
HS091091	Spices: mixtures of 2 or more products of different headings	62
HS121299	Vegetable products: fresh, chilled, frozen or dried	350
HS080540	Fruit, edible: grapefruit, including pomelos, fresh or dried	140



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# Value of SA Potential Exports to Kenyan Market : Processed Products ( ZAR '000)

- Based on the above analysis, realistic potential investment opportunities exists between SA and Kenya in the following prioritized industries:
  - ✓ Sauces and preparations valued at about R 6 140 ( R6,1 Million)
  - ✓ Beverages, fermented valued at R5 820 ( R5,8 Million)
  - ✓ Soups and broths and preparations valued at R5 030 ( R5 Million)
  - ✓ Sauces: tomato & ketchup valued at R4 340 ( R4.3 Million)
  - ✓ Juice: of any single fruit or vegetable valued at R4 050 ( R4 Million)
  - ✓ Liqueurs and cordials valued at R3 980( R3,9 Million)
  - ✓ Jams, fruit jellies, marmalades, purees and pastes: of fruit or nuts valued at R2 050 ( R2 Million)



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# Value of SA Potential Exports to Kenyan Market Primary Products (ZAR '000)

- Based on the above analysis, realistic potential investment opportunities exists between SA and UAE in the following prioritized industries:
  - ✓ Birds' eggs, in shell: fresh, fertilized eggs for incubation, fowls & domestic hens valued at R3 150
  - ✓ Fruit, edible: apples, fresh valued at R1 150 ( R1,5 Million)
  - ✓ Fruit, edible: grapes, dried valued at R 910 000
  - ✓ Vegetable products: fresh, chilled, frozen or dried valued at R350 000
  - ✓ Fruit, edible: grapefruit, including pomelos, fresh or dried valued that R140 000



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# Trade Chilling

- Trade chilling is a method that identifies potential trade opportunities (in this case for Kenya to SA), where Kenya exports the product to the World, and SA imports the product from the World, but little trade takes place between SA and Kenya
- High tariffs and low traded values of most products indicate trade chilling.
- It is assumed if barriers (both tariffs and NTB's) are lowered that trade will take place.
- Potential for Kenya to SA market may be realised in both processed and primary products ( needs further analysis)



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# Concluding Remarks

- Opportunities exist in the processed agricultural products
- High tariffs between SA and Kenya can be addressed through AFcFTA negotiations
- Agriculture and Agro-processing Master Plan offers an opportunity for sectoral players to form meaningful private-public partnerships, with clear commitments and targets to grow the sector on inclusive basis.



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# Thank you



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