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Promoting market access for South African agriculture

FOREWORD

Welcome to the ninety-first (91st) issue of the Trade Probe publication produced under the Markets and Economic Research Centre (MERC) of the National Agricultural Marketing Council (NAMC). The Trade Probe is co-produced by the NAMC and the Department of Agriculture, Land Reform, and Rural Development (DALRRD). The focus of this issue is on the impact of rising protectionism on agricultural trade. Articles contained in this Issue assess how tariffs and non-tariff measures such as sanitary and phytosanitary (SPS); and technical barriers to trade (TBT) are increasingly applied in a manner that impacts agricultural exports. Protectionist trade policies may be categorized as administrative barriers, subsidies, embargoes, quotas, and others. Whereas non-tariff- measures (NTMs) can be classified as SPS measures, TBTs, import and export control measures. Guided by the mandate of the National Agricultural Marketing Council (NAMC), the current issue of the Trade Probe seeks to inform policymakers, producers, traders, and other stakeholders about how protectionist policies and NTM's are impacting agricultural trade, as well as identifying other potential export market opportunities for South African agricultural products.

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Non-Tariff Measures Impact on South Africa's Agricultural Export Performance: A Case of Wool Export

By Bhekani Zondo

South Africa (SA) is a net exporter of agricultural products. However, the domestic agricultural industries are still constrained by stringent trade practices or measures in their major export markets. Hence, this article aims to provide insights into how Non-Tariff Measures (NTMs) affect South Africa's agricultural export performance in major markets, exploring the case of the South African wool industry. NTMs are policy measures besides tariffs, which have a potential economic impact on the trade of goods and services internationally (UNCTAD, 2022). Furthermore, NTMs can be classified as Sanitary and Phytosanitary measures (SPS), Technical Barriers to Trade (TBT), Pre-shipment Inspections and other formalities, Contingent Trade-protective measures, and other Export-related Measures. These measures are increasingly shaping trade between countries by dictating which nations' trade and by how much, despite their main aim being to protect public health and the environment (UNCTAD, 2022).

Trade implications of NTMs on South Africa's wool exports

The livestock industry continues to face a number of challenges, among which involve animal diseases and other biosecurity-related issues. These expose the industry role players to be susceptible to prohibitive NTMs (e.g., SPS) measures in key export markets. For example, in the case of the South African wool industry, the recent Foot and Mouth Disease (FMD) outbreak in March 2022 resulted in China and Mozambique imposing trade restrictions on the importation of all cloven-hoofed animals and their products from SA. On the 11th of April, 2022, the Minister of the Department of Agriculture, Land Reform and Rural Development announced that the country confirmed FDM outbreak comprised of 56 cases within the farms and communal areas in the Free State, KwaZulu-Natal, Limpopo, North West, and Gauteng provinces (USDA, 2022). According to the Bureau for Food and Agricultural Policy (BFAP, 2022), the livestock industry is likely to continue to be affected by animal disease outbreaks due to the shortage of veterinary health professionals (between 60 and 70 veterinary professionals for every million people) which are below the international standard of between 200 and 400 professionals for every million people.

The South African wool industry, which is mostly reliant on the Chinese market for its wool exports, was negatively impacted by China's ban on the importation of all items from cloven-hoofed animals and their products from SA. One of the main drivers of agricultural exports from South Africa is the wool

industry, which is a source of livelihoods for over 40 000 community farmers (BFAP, 2022). The National Wool Growers' Association of South Africa (NWGA) estimates that SA produces about 15 million sheep on average annually, with 4 million of those coming from communal farming. Additionally, the wool sector generates about 45 million kg of wool annually, which is about 3% of the total amount of wool produced worldwide.

About 90% of wool produced in SA is exported, and China is the main destination markets absorbing 70% of wool exports in value terms (Sihlobo, 2022; NWGA, 2022). Recent data from the International Trade Centre (ITC) Trade Map (2022) shows that SA also exports wool to countries like the Czech Republic, Italy, Germany, Egypt, India, Bulgaria, and the United States of America (USA). These markets, however, are relatively small in terms of value and are unable to fully compensate for any potential financial losses brought on by Chinese market limitations. For instance, in 2021 China accounted for over 72.4% of wool exports from South Africa, compared to the Czech Republic's approximately 8.8% share while Italy, Germany, Egypt, and India accounted for 6.3%, 4.4%, 3.1%, and 2.6%, respectively. On the other side, the USA (0.3%) and Bulgaria (1.6%) received the least amount of SA's exported wool.

In the past five years, China has banned animal imports from SA twice due to FMD outbreaks, the first time in 2019 (BFAP, 2022). According to Sihlobo (2022), the 2019 temporary ban in the Chinese market led to a 24% decline in SA wool exports with the corresponding monetary value amounting to US$302 million. Figure 1 below shows the values and percentage share of South Africa's wool exports (HS: 5101) to China between the years from 2012 to 2021. **Figure 1** depicts that, following the ban of wool from SA in 2019, the Chinese market percentage share declined to a record 55.3% during the period under consideration.

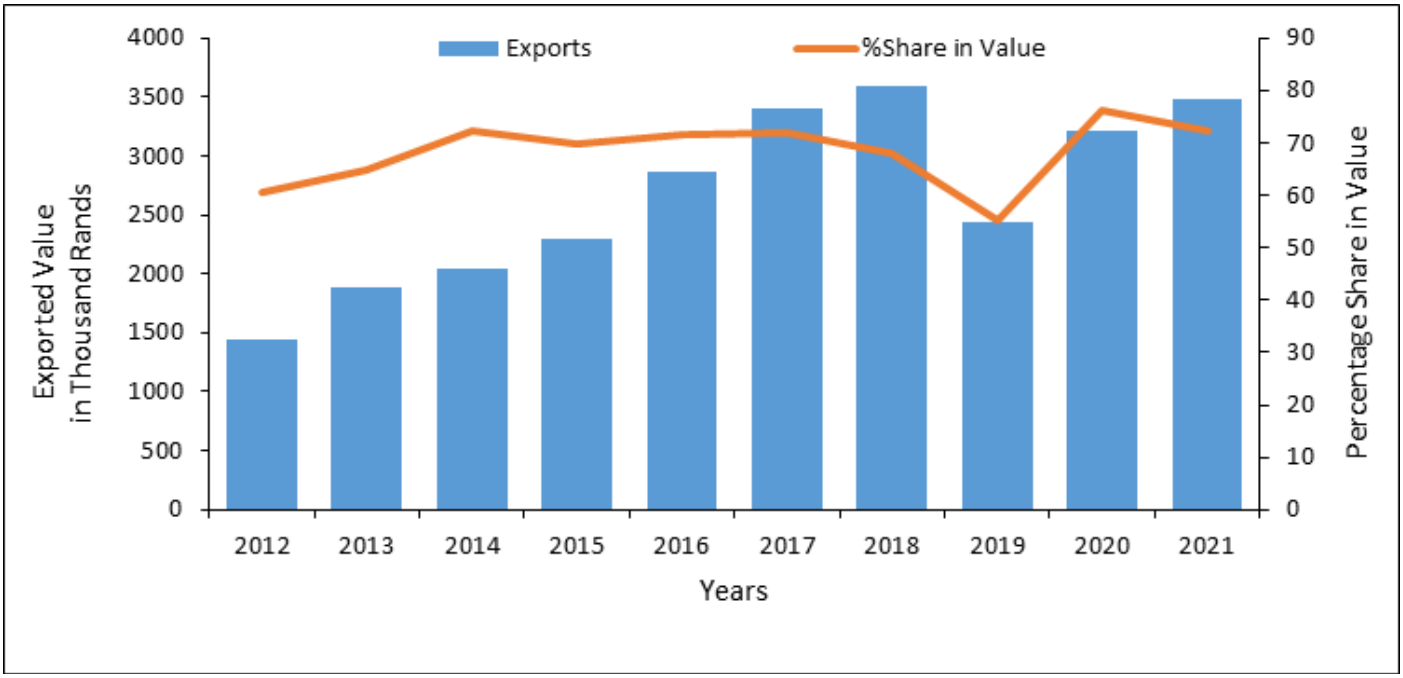

Figure 1: Value and percentage share of South Africa's wool exports (HS: 5101) to China between the years 2012 to 2021.
Source: Trade Map (2022)

These findings highlight the size of the financial losses that the local industry would probably sustain in the case of a ban brought on by the imposition of NTMs on the Chinese market. The local wool industry estimated the loss of R734 million in wool exports as a result of the recent 2022 restriction on imports from South Africa to China. In addition, Agri SA (2022) reckons that about 35,000 industry-related jobs, including 4,500 seasonal positions, were under threat due to this ban.

Conclusion

The case of the South African wool export ban to the Chinese market due to FMD outbreaks is another example of increased protectionism through the imposition of NTMs by importing countries to protect their environment, local industries, and/or human health. While countries are at liberty to impose SPS measures to protect their nation's interest, the application of the SPS measures must be based on science. The banning of wool exports due to FMD even though South African wool farmers and traders conform to stringent heat treatment protocols is considered unjust to the South African farmers. Given the evident trade distortions and the related losses (e.g., financial, welfare, etc.) that the domestic wool industry faces due to the imposition of NTMs in this market, as well as, given the point that the FMD is a state-controlled disease, the following is recommended. Firstly, it is crucial that the government and other key industry role players work together to add new measures or strengthen the existing FMD control measures and hence prevent future bans and related losses. Secondly, regular vaccination campaigns, improvements in intensive livestock traceability or surveillance measures, and the training of more veterinary health professionals.

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New regulation for South Africa's citrus exports to the European Union:

Is it a fair case of the application of Sanitary and Phytosanitary Measures or protectionism?

By Kayalethu Sotsha

Between 2020 and 2022, the citrus industry has illustrated strong elements of resilience, competitiveness, and sustainability despite a multitude of challenges. First, it was the Covid-19 outbreak and the resultant lockdowns regulations which disrupted citrus export supply chains.

Second, the riots that took place in July 2021 that hampered citrus value chain with blockages on the trade-corridor route, that is, N2 and N3 national highways connecting citrus growing regions with the shipping port of Durban. After the riots, there were floods in KwaZulu Natal province which also affected the operations of the Durban port, thus, interrupting the citrus export activities in 2022. The Citrus Growers Association (CGA), Transnet, and other stakeholders worked tirelessly to bring normality in the operations of Durban port.

Third, is the constantly changing SPS measures in the European Union (EU) market which constrain the ability to export and diminishes profitability to farmers. In June 2022 the EU imposed new phytosanitary requirements on South African citrus exports with an intention to address False Codling Moth (FCM). Given to short notice to implement this new regulation, South Africa did not have sufficient time to adapt to the new requirements, putting at risk around 3.2 million cartons of citrus (1 carton equivalent to 15kg) which were already en route to the EU market at the time the regulations came into force.

The aforementioned three challenges are just few of many issues constraining growth and development in the citrus industry. Other issues include the rising fuel and electricity costs, increasing fertiliser prices and general deterioration of the plant and animal

biosecurity in the country. As stated earlier, citrus farmers have built strong resilience and adaptability characters which enables them to stay afloat despite challenges on the supply and market sides. The ability of citrus farmers to manage supply side challenges (e.g., input prices; cultivar development and quality control) seems to be adequate to meet both the local and export markets standards. However, the market side challenges, in particular, the constantly changing SPS regulations, are proving to be a significant barrier for citrus farmers in South Africa, particularly when the changes on regulations is inconsistent with science. South African government has stated that the new EU regulations on forced precooling treatment to control FCM on citrus cannot be substantiated with science, hence, they official lodge a dispute with the World Trade Organisation (WTO). While South Africa and European Commission await a dispute resolution from the WTO, both parties continue on the parallel side to use diplomatic channels to seek for an amicable solution that could strengthen trade between the two parties. Until a permanent resolution is reached, a question remains, is the new EU regulation on South African citrus exports justified or it is a form of protectionism to protect certain citrus producers in the European Union. Did the EU implement this regulation in a fair and transparent manner in line with the trade principles enriched in the WTO agreements and its protocols?

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The ban of South Africa's vegetables by Botswana and Namibia should not be taken lightly

By Onele Tshitiza

South Africa has recently experienced a ban on its exports of vegetables from Botswana and Namibia, in an ongoing effort from these countries to protect their local producers. However, these measures have been viewed as unwarranted and prohibited under the Southern African Customs Union (SACU) agreement which South Africa, Botswana, and Namibia are a part of. According to the SACU agreement, article 25, paragraph 3, member states are not allowed to prohibit or restrict the importation of goods from other member states to protect their domestic industries producing the same goods. Where other regulations need to apply, the council or other member states need to agree upon the regulations and these need to be communicated. South Africa is the biggest producer and trader of agricultural products within the SACU region, attributed to its favourable climatic conditions coupled with the wealth of technical knowledge and resources, especially for fruits, vegetables, and grain products. South Africa accounted for 92.5% of vegetable production in the SACU region in 2019, followed by Botswana (3.1%) from a total of 2.8 million tons (SACU, 2022). South Africa was the largest exporter of vegetables (HS code 07) in the last 5 years among SACU members and was the only country with a positive trade balance of US$ 101.9 million in 2021 (**Table 1**).

Table 1: Export of edible vegetables and certain roots and tubers

Exporters	Exported value in thousand Rands	Exported value in thousand Rands	Exported value in thousand Rands	Exported value in thousand Rands	Exported value in thousand Rands	Trade balance in thousand US$
	2017	**2018**	**2019**	**2020**	**2021**	**2021**
SACU	2985164	3013381	3262434	3555193	3685621	35478
South Africa	2851487	2814663	3079435	3333764	3311468	101998
Namibia	102107	124948	99892	153447	223332	-5240
Botswana	16763	66331	74389	61604	140106	-26354
Eswatini	13597	7399	7808	5920	10376	-18680
Lesotho	1211	39	909	458	339	-16246

Source: Trade Map (2022)

Due to the nature of the perishability of vegetables, the SADC and in turn, SACU members remain South Africa's major destinations for the country's exports of vegetables and vice versa. South Africa also imports a large share of vegetables from Botswana and Namibia, these falling in the top 5 countries which South Africa imported from in the recent two years. If these countries continue with protectionism, it could potentially hurt their own producers if South Africa retaliates with its own measures, unless their countries are able to absorb all of their production, which is unlikely given their respective land size and agricultural potential. **Table 2** shows that South Africa mainly imported vegetables from China but the second and third suppliers were Botswana and Namibia. More than 98% of the value of Botswana's exports of vegetables go to South Africa and more than half of the value of Namibia's exports of vegetables go to South Africa. This indicates that the bilateral trade is reciprocated, although South Africa produces more vegetables and therefore does not compare in traded value.

Table 2: South Africa's imports of edible vegetables and certain roots and tubers

Exporters	Imported value in thousand Rands	Imported value in thousand Rands	Imported value in thousand Rands	Imported value in thousand Rands	Imported value in thousand Rands
	2017	2018	2019	2020	2021
World	1355678	1274478	1254648	1724709	1806090
China	428744	251080	175378	298242	230637
Botswana	33925	69742	120892	157453	162717
Namibia	39366	60538	42289	82913	132786
Belgium	99846	134124	158014	165745	132550
India	76258	84066	84477	116684	108168

Source: Trade Map (2022)

Through the Agriculture and Agro-processing Masterplan (AAMP), social partners agreed that there is a need to diversify markets, domestically, regionally, as well as internationally, and also take advantage of the Africa Continental Free Trade Area (AfCFTA) agreement. Particularly for vegetables, where potato producers have expressed that they sometimes experience losses domestically due to overproduction and oversupply which is not matched by sufficient markets to absorb the produce. This in turn leads to losses in revenue for the farmers due to lower prices for potatoes. A ban on exports further exacerbates market access challenges for South African producers, however, it can have the same impact on Botswana and Namibia's producers if the same measures were imposed on them. Instead of Africa implementing a free trade regime, it seems to be digressing in conforming to the agreements and this poses a threat to future cooperation in the continent. A free-market system is supposed to reduce such strict measures, especially with the interdependence of trading partners. These kinds of restrictions are therefore not advised, especially if consultations are not followed and member states have not agreed upon them. Trade hostilities could harm producers and consumers in the medium to long run.

Conclusion

The ban on South Africa's vegetable products by Botswana and Namibia is unconstitutional in terms of the SACU agreement and the SACU council of ministers needs to intervene in the situation. This trade measure by Botswana and Namibia has affected South Africa's producers. The National Agricultural Marketing Council (NAMC) has made efforts to build positive relations with implementing partners of marketing of agricultural goods in member countries in order to smoothen such trade tensions and will continue to engage such institutions, together with the Department of Agriculture, Land Reform, and Rural Development. However, these countries need to review their policies and honour the agreement they made with partner countries in the SACU region for continued mutual trade and cooperation.

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Effect of subsidies on competition and trade

By Moses Lubinga

Introduction

Whereas countries have put emphasis on addressing non-tariff barriers to trade, most especially sanitary and phytosanitary measures (SPS), not as much attention has been accorded to subsidies, one of the key technical barriers to trade (TBTs) faced by most developing countries due their limited financial resources. However, in the past decade (2010-2020), the usage of subsidy measures has grown significantly in number (710%) (OECD, 2022), thereby rendering increased protectionism. By definition, subsidies are current unreciprocated payments made by government units (including non-resident government units) to businesses based on the levels of their productive activities or the quantities or costs of the commodities or services they manufacture, sell, or import (OECD, 2007). Distinct kinds of subsidies exist, including direct public expenditure, tax breaks, equity investments, price supports, government provision of products and services and favourable preferential procurement practices, and lenient lending conditions (IMF et al., 2022).According to the Organisation for Economic Co-operation and Development (OECD, 2022), the rising use of subsidies could be attributable to a number of drivers, including recent events like the COVID-19 recovery, climatic changes, volatile and interrupted global value chains, and the digital boom, which have required and will continue to necessitate government intervention.

The conflict between Russia and Ukraine combined with the Covid-19 lockdown regulations have caused significant disruptions in global food supply chains. As a result of a constrained global food supply, food inflation and shortage of food have been major concerns for countries across the world. The World Economic Forum (WEF, 2023) identified the energy crisis, food supply crisis, and rising food inflation and cost of living as the three major risk factors impacting the global economy in 2023. In 2021, food prices for grain and oilseeds commodities inflated by 30% to 50% in comparison to the 2020 level. However, fertiliser prices increased by up to 150% compared to 2020 levels. These food price hikes triggered governments across the world to institute a variety of trade measures to support their domestic producers, including the use of subsidies to increase production. The World Trade Organisation (WTO, 2022) estimated that more than 65 countries placed export bans and domestic production subsidies, which impact global food trade and competitiveness. The rise of trade distortive measures reported by WTO (2022) has brought forth the debate around the use and impact of agricultural subsidies. Notwithstanding the good intentions of subsidies, in particular for niche or infant industries, some countries have used agricultural subsidies in a protectionist manner- thus becoming a trade barrier (IMF[1] et al., 2022). For instance, Muller (2014) identifies the European Union (EU) and the United States of America (USA) which continued to misuse subsidies irrespective of the guidelines enshrined in the Agreement on Agriculture (AoA) which regulates the use of subsidies. The establishment of the AoA was to ensure that there is a fair and market-oriented agricultural trading system (Desta, 2006). This article provides insights into how subsidies affect competition and trade in the agricultural sector.

[1]IMF denotes International Monetary Fund.

Subsidies in the agricultural sector

South Africa reduced subsidy support to agriculture during the reforms of the mid-1990s and support to farms has remained below 5% of gross farm receipts since 2010. Between 2018 and 2020, support to agriculture was around 3% of gross farm receipts in the country. Market price support such as rebates and payments based on input use is the most common support applied and forming relatively low support to farmers. As a result, the level of price distortions in South Africa is low and domestic prices for most commodities align with world price levels, except for sugar and, to a lesser extent, wheat, dairy, and poultry, mainly due to import tariffs on these three products. Most direct payments are provided as an input subsidy (fuel tax refund) and investment subsidies directed towards small-scale farmer development.

While South Africa has a relatively low level of agricultural subsidies, its major trading partners have high levels of subsidies. Using the Producer Support Estimate (PSE) as a measure of subsidies, the average PSE for South Africa is less than 3%, whereas, for China, the European Union, and the United State of America is 18%, 22%, and 10% of gross farm receipts, respectively (OECD, 2021). This illustrates the level of price distortions caused by subsidies in the global food supply.

How subsidies affect competition and trade within the agricultural sector

Whereas subsidies have been often been used by governments to correct market failures e.g., by mitigating negative externalities and income (re) distribution (OECD, 2010), among others, they also have an impact on trade and competition by disrupting the even playing fields and market signals. This lends itself to market inefficiencies, pricing distortions, and changed incentives. Inefficiencies also arise from the wasteful nature given the opportunity cost of public funds. Thus, subsidies interfere with the “Darwinian” mechanism by which capital is distributed to the most effective enterprise and decrease well-being as a result. For instance, if there are no market imperfections, an input subsidy for a particular industry causes a disparity between the price of a given good or service and its production costs, which results in both allocative and productive inefficiencies. It may lead to both overproduction and underproduction in the industry(ies) that receive subsidies. Similarly, to this, the distribution of subsidies to particular businesses may also result in capital misallocation. When inefficient businesses receive subsidies, manufacturing is shifted to less effective units, which raises overall production costs and/or reduces the amount of output generated. Additionally, businesses that get subsidies can legitimately threaten to take measures that would harm other businesses, including engaging in predatory pricing.

OECD (2022) reckons that the influence of subsidies in leading to trade tensions must not be underestimated, especially in presence of trade agreements. The tension arises from the fact that subsidies occasionally lack transparency, more so in instances when they are interpreted as an industrial policy, whether implicit or explicit. A number of reasons contribute to these trade tensions, including their size, perceived unfairness, and potential for significant negative spill-overs to neighbouring countries. Therefore, the prospect of protectionism is bound to intensify due to misunderstandings and mistrust between governments. The China-US trade war is an example of the tension that arose out of protectionism (See: Mattoo & Staiger, 2019). Potato chips, poultry, and sugar are three examples in South Africa, where competition and trade have been hampered by the agricultural subsidies in the EU and USA. In 2021, South Africa’s imports of

potato chips increased by 88.6% to reach 29 635 tons (SARS, 2022). Nearly 99% of potato chips imports originated from Belgium, Germany, and the Netherlands. The fast rise in potato chips caused great concerns amongst the farmers and processors in the country as it impacted fair competition and trade. Subsequently, the International Trade Administration Commission (ITAC) conducted an investigation to determine if the three countries are dumping potato chips in the local markets. The investigation found that potato chips originating from Belgium, the Netherlands, and Germany into the Southern African Customs Union (SACU) market were subsidised and dumped in the SACU market, thereby causing material injury to the domestic potato industry. Similarly, the ITAC found that the EU was also dumping chicken in the SACU markets, hence, it instituted anti-dumping duties against some EU countries.

Conclusion

Despite the fact that using subsidies is a known and established practice, South Africa's agricultural industries receive low levels of subsidies. The government provides market support in the form of investments in the development of small-scale farming and fertiliser inputs. However, South Africa's trading partners including the EU, China, and USA provide relatively higher levels of subsidies to its industries. Some of the subsidized products like poultry and potato chips are then exported to South Africa and SACU at dumped prices, hence causing material injury to domestic farmers. Thus, there is a need for government institutions to be cautious of imports originating from countries that provide agricultural subsidies as they distort trade and competition. Agricultural industries and government, in particular the ITAC, must continue to work together in providing the necessary support to those local industries impacted by subsidised imports.

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Prospects for South Africa's soybean exports look promising with SPS protocols reached

By Siphelele Ricardo Smith and Khodani Madula

Soybean is an important source of human and animal protein, with approximately 85% of its cultivation destined for animal feed and the remaining destined for human consumption in the world (Voora, Larrea and Bermudez, 2020). According to the World Agricultural Supply and Demand Estimates (WASDE, 2022), global soybean production for the 2022/23 season is projected to reach 390.5 million tons, an increase of 34.9 million tons from 355.6 million tons in 2021/22. The primary factors driving global soybean and products trade could be attributed to population and income growth which are driving the world's increasing demand for livestock products. **Table 3** shows world's leading exporters and importers of soybeans in 2021. In 2021, Brazil, the United States, Paraguay, and Argentina accounted for more than 80 percent of world soybean exports. China is the world's largest importer of Soybeans. The country accounted for approximately 61.3% of global Soybean imports in 2021.

Table 3: Leading exporters and importers of soybeans in 2021 (HS: 120190)

Exports			Imports		
Exporters	**Exported value in 2021 (USD)**	**Share value in world's exports (%)**	**Importers**	**Imported value in 2021 (USD)**	**Share value in world's imports (%)**
Brazil	38 628 923	49.6	China	53 528 180	61.3
United States of America	27 442 041	35.2	Argentina	2 620 299	3.0
Paraguay	2 975 060	3.8	Thailand	2 273 943	2.6
Argentina	2 669 638	3.4	Netherlands	2 193 866	2.5
Canada	2 449 999	3.1	Japan	2 075 664	2.4
Uruguay	889 775	1.1	Spain	2 032 479	2.3
Ukraine	621 320	0.8	Germany	1 936 889	2.2
Netherlands	595 611	0.8	Mexico	1 763 577	2.0
Russian Federation	402 677	0.5	Taipei, Chinese	1 496 636	1.7
Croatia	128 987	0.2	Indonesia	1 482 849	1.7

Source: ITC, 2022

In South Africa, the area planted for soybeans increased from 573 950 hectares in the 2016/17 season to 925 300 hectares during the 2021/22 season. During this period, the production of soybeans increased from 1 316 000 tons to 2 201 000 tons (SAGIS, 2022). The stronger soybeans profitability relative to other grain products like maize and sorghum coupled with new improved cultivars resulting in higher yields could be key factors driving expansion in area planted. According to the South African Crop Estimate Committee's (CEC) report on producers' intentions to plant summer crops in 2022, farmers could plant 1 076 million hectares of soybean in 2022/23 up 16.2% from 925 300 hectares in the previous season. According to Bureau for

Food and Agricultural Policy (BFAP) Baseline (2022-2030), the area cultivated for soybeans is projected to continue increasing and expanding by 34% over the next ten-year period to 2030. Regardless of the growth in the area planted, yields are expected to increase by 24% relative to the base period (i.e., 2022) assuming normal weather patterns as well as the impact of the breeding technology levy which could incentivise seed companies to make the latest seed technology available to South African farmers.

It has been argued that sanitary and phytosanitary (SPS) requirements have been improperly applied to restrict the importation of oilseed products in some countries in an effort to protect domestic producers, particularly against the backdrop of the World Trade Organization's commitments and obligations to reduce tariff barriers and increase trade liberalization (DALRRD, 2021). China is one of South Africa's main trading partners and the world's top importer of soybeans. Although the two countries have signed some trade agreements, it is difficult to trade more agricultural products without first removing some non-tariff barriers, particularly those relating to SPS regulations. A recently signed protocol on phytosanitary requirements for the export of soybean from South Africa to China between South Africa and China would boost the industry exports, creating more opportunities for expanding production and job creation in the country.

Table 4: South Africa's soybeans exports per harbour (Tons)

Season	Harbours					
	East London	Durban	Cape Town	Port Elizabeth	Richards Bay	Total
2010/11	0	121 243	0	0	0	121 243
2011/12	0	40 633	0	0	0	40 633
2012/13	0	152 318	0	0	0	152 318
2013/14	0	15 044	0	0	0	15 044
2014/15	0	0	0	0	0	0
2015/16	0	0	0	0	0	0
2016/17	0	0	0	0	0	0
2017/18	0	0	0	0	0	0
2018/19	0	27 660	0	0	0	27 660
2019/20	0	0	0	0	0	0
2020/21	0	0	0	0	0	0
2021/22	0	986	0	0	0	986
2022/23	0	65 971	0	0	0	65 971

Source: SAGIS (2022)

Table 4 shows that South Africa's deep-sea exports of soybeans are increasing. Malaysia and China remain the attractive markets for South Africa's soybeans exports. According to the South African Cereals and Oilseeds Trade Association (SACOTA), the first soybean export vessel of approximately 30 000 tons left for Malaysia towards the end of July 2022. This was the first significant deep-sea export of Soybeans in many years as the last export of 27 660 tons was recorded in the 2018/19 season. In South Africa, significant volumes of soybeans are produced in the Free State (40%) and Mpumalanga provinces (34%). Notably, most exports of soybeans are shipped through Durban harbour. The lack of efficient transport and port infrastructure makes it difficult to export numerous grain crops. As a result, some agricultural industries now export commodities from Mpumalanga through the Port of Maputo.

In conclusion, export prospects for South Africa's soybean industry look promising. The government should continue expanding the national trade footprint by negotiating trade agreements that are favourable to South Africa. Furthermore, the success of the export market depends heavily on logistics. Therefore, farmers, processors, and other stakeholders in the value chain should work with the government to secure investment in the necessary infrastructure for processing, packaging, and exporting that is compliant with the quality and SPS standards in international markets.

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Trade profile of citrus fruit (HS 0805)

By Nonqubeko Sikhakhana

Product description

Citrus fruits refer to oranges, mandarins, lemons, grapefruit, limes, pomelos, amongst others. Citrus is one of the most popular and widely grown fruit crops in the world. All citrus fruits contain citric acid and ascorbic acid, better known as Vitamin C. Citrus and its products are also a rich source of minerals and dietary fibre that are essential for overall nutritional well-being of humans. Citrus fruits are characterized by their sharp flavour and some citrus types, such as lemons and limes, are sour or tart to taste, while others are sweet like the mandarins. The fruits generally have a strong fragrance, largely due to the limonoid oils contained mostly in the skin of the fruit.

World top exporters and importers of citrus fruit

Table 5 presents the top five citrus fruit exporters and importers for the year 2021. Spain accounted for 26.5% of the world's exports, followed by South Africa with 11.5% and China with 7.1% share in global citrus exports. These three leading exporters accounted for 45.1% of the world's exports of citrus fruit. The top three major importers in 2021 were the United States of America (10.3%), Germany (8.7%), and France (7.5%), accounting for 26.5% of the world's imports. The citrus fruit industry in South Africa is largely focused on the export market and South Africa was the only African country among the top five global exporters of citrus fruit, while no African country was among the top five importers.

Table 5: World top exporters and importers of Citrus fruit

Top world exporters	Exported value (US$ Trillion)	Market share (%)	Top world Importers	Imported value (US$ Trillion)	Market share (%)
World	**15.96**	**100.0**	**World**	**17.51**	**100.0**
Spain	4.23	26.5	United States of America	1.81	10.3
South Africa	1.84	11.5	Germany	1.52	8.7
China	1.13	7.1	France	1.32	7.5
Netherlands	0.99	6.2	Russian Federation	1.27	7.2
United States of America	0.97	6.1	Netherlands	1.15	6.6

Source: ITC Trade Map (2022)

South Africa's citrus fruit exports to the world in 2021

Table 6 below displays the leading importing markets for citrus fruit exported by South Africa during the year 2021. The top three export markets for South Africa's citrus fruit were the Netherlands, the United Kingdom, and the United Arab Emirates, accounting for 20.5%, 9.1%, and 7.5% share in South Africa's exports respectively. **Figure 2** is a graphical representation of the tabulated data in **Table 6**.

Table 6: Top 5 importing markets for Citrus fruit exported by South Africa in 2021

Top 5 importing markets for Citrus fruit exported by SA	Exported value (USD million)	Share in SA's Exports (%)	MFN Rate (%)
World	1 841	100.0	
Netherlands	377	20.5	16.3
United Kingdom	168	9.1	11.4
United Arab Emirates	139	7.5	0
Russian Federation	129	7	5
United States of America	123	6.7	1.6

Source: ITC Trade Map, 2022

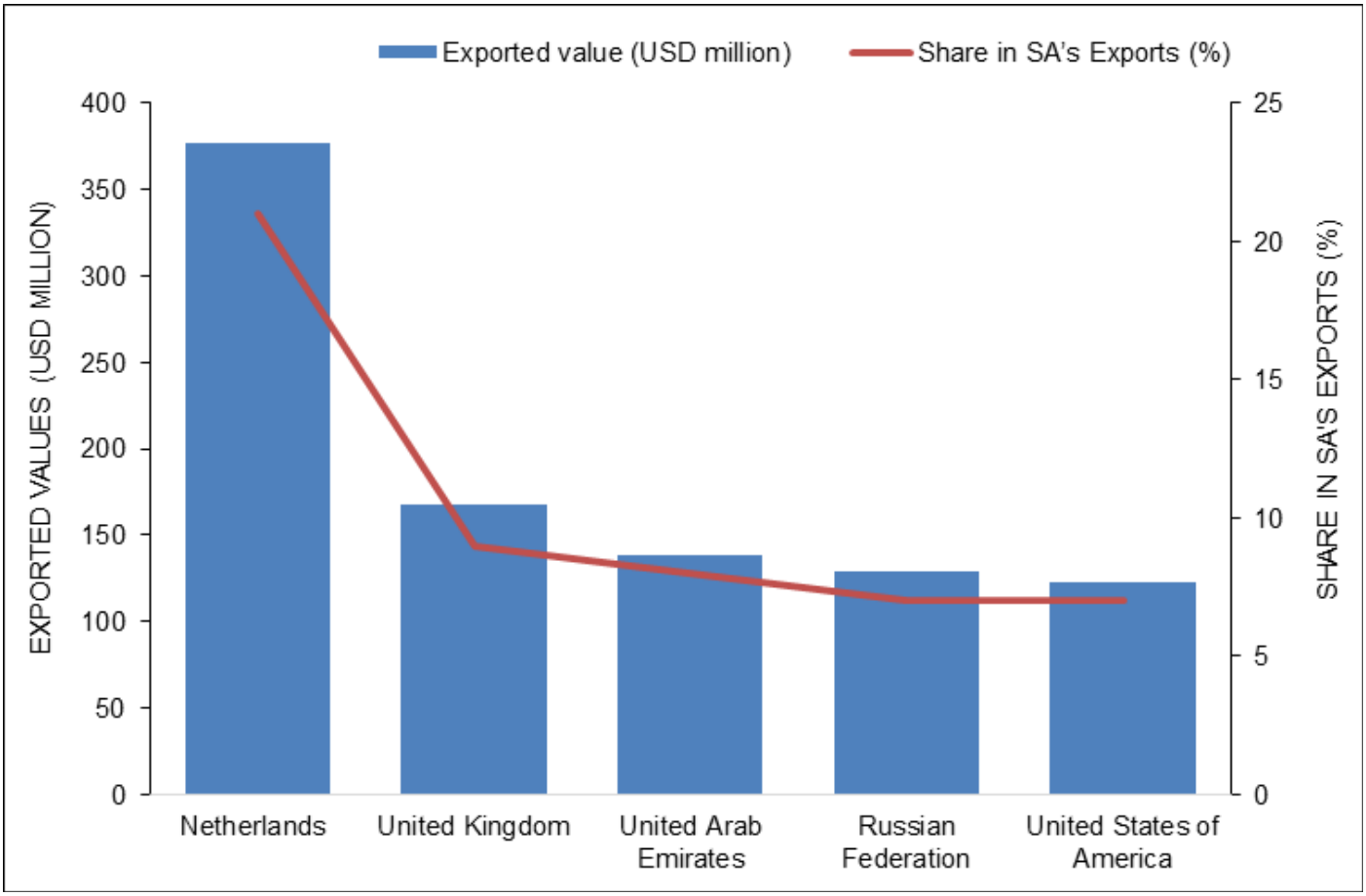

Figure 2: Top 5 importing markets for citrus fruit exported by South Africa in 2021
Source: ITC Trade Map, 2022

South Africa's citrus fruit imports from the world in 2021

Table 7 shows the top five supplying markets for citrus fruit imported by South Africa in 2021. The three leading supplying markets for citrus fruit were Spain, Morocco, and Turkey, accounting for 43.6%, 35.1%, and 7.3% share in South Africa's imports respectively. Eswatini was the fourth largest market where South Africa was importing citrus fruit in 2021. Eswatini benefits from duty-free access to South Africa under the Southern African Customs Union (SACU) and the close proximity as a neighbouring country. **Figure 3** is a graphical representation of the data in **Table 7**.

Table 7: Top 5 supplying markets for Citrus fruit imported by SA

Top 5 supplying markets for Citrus fruit imported by SA	Imported value (USD thousand)	Share in SA's Imports (%)	MFN Rate (%)
World	7 327	100.0	
Spain	3 193	43.6	4
Morocco	2 573	35.1	4
Turkey	537	7.3	4
Eswatini	385	5.3	0
Israel	292	4	4

Source: ITC Trade Map, 2022

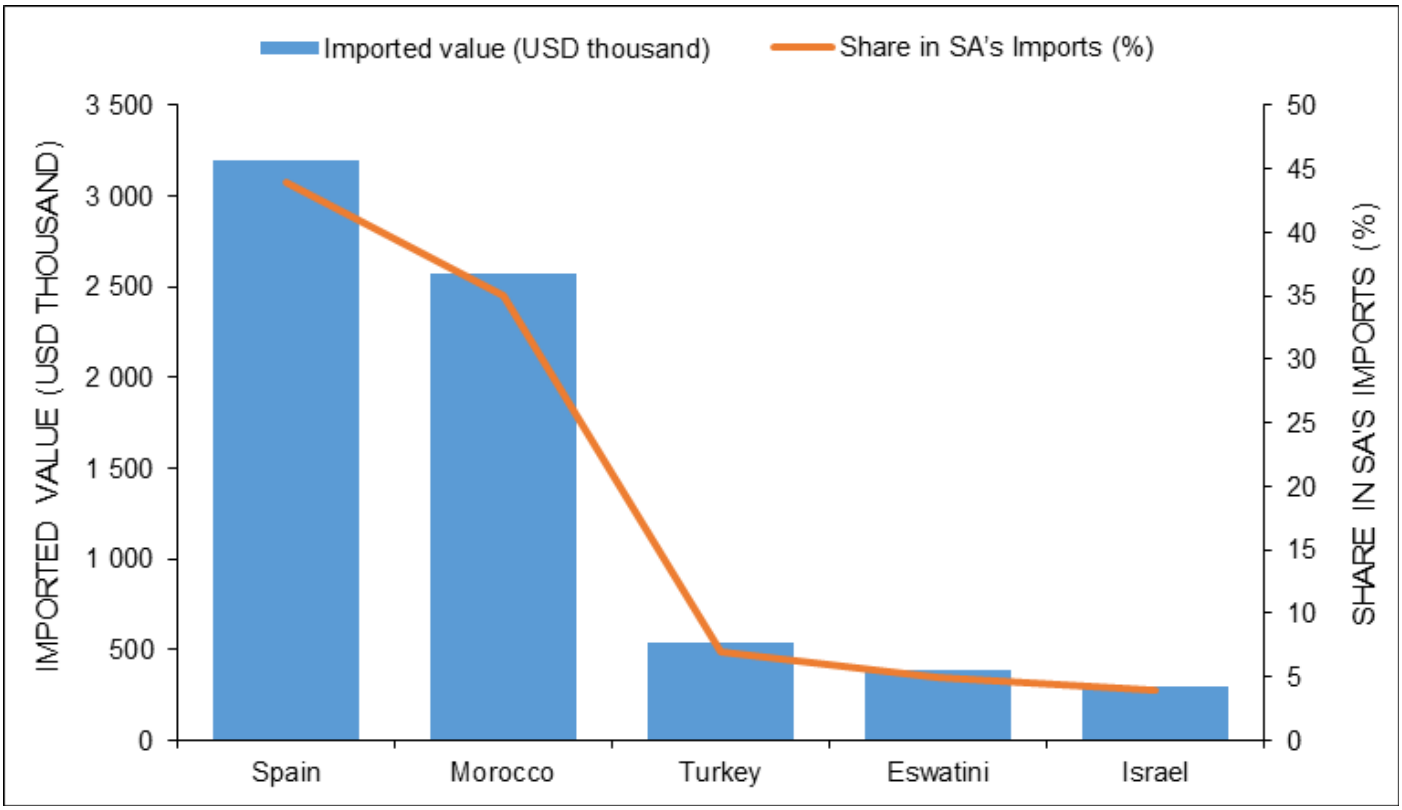

Figure 3: Top 5 supplying markets for citrus fruit imported by South Africa in 2021
Source: ITC Trade Map, 2022

South Africa's Trade Balance of Citrus Fruit to the World

Figure 4 below indicates the trade balance of South Africa's citrus fruit to the world for a period of 5 years (2017-2021). The analysis shows that South Africa is the net exporter of citrus fruit between the years 2017-2020, and in 2021 South Africa was the net exporter of citrus fruit to the world. South Africa's citrus fruit exports increased by 21% from 2019 to 2020, with an export value of $1 351 million in 2019 to an export value of $1 629 million in 2020. South Africa's citrus fruit exports further increased by 15% during the years 2020 to 2021 from an export value of $1 629 million in 2020 to an export value of $1 879 million in 2021. During the period from 2019 to 2021, South Africa's citrus fruit exports grew by 39% (from $1 351 million in 2019 to $1 879 million in 2021). The rise in South Africa's citrus fruit exports was based on continued demand for citrus in global markets for health reasons. Citrus has seen a surge in demand due to the assumed benefits of Vitamin C in boosting immunity against COVID-19.

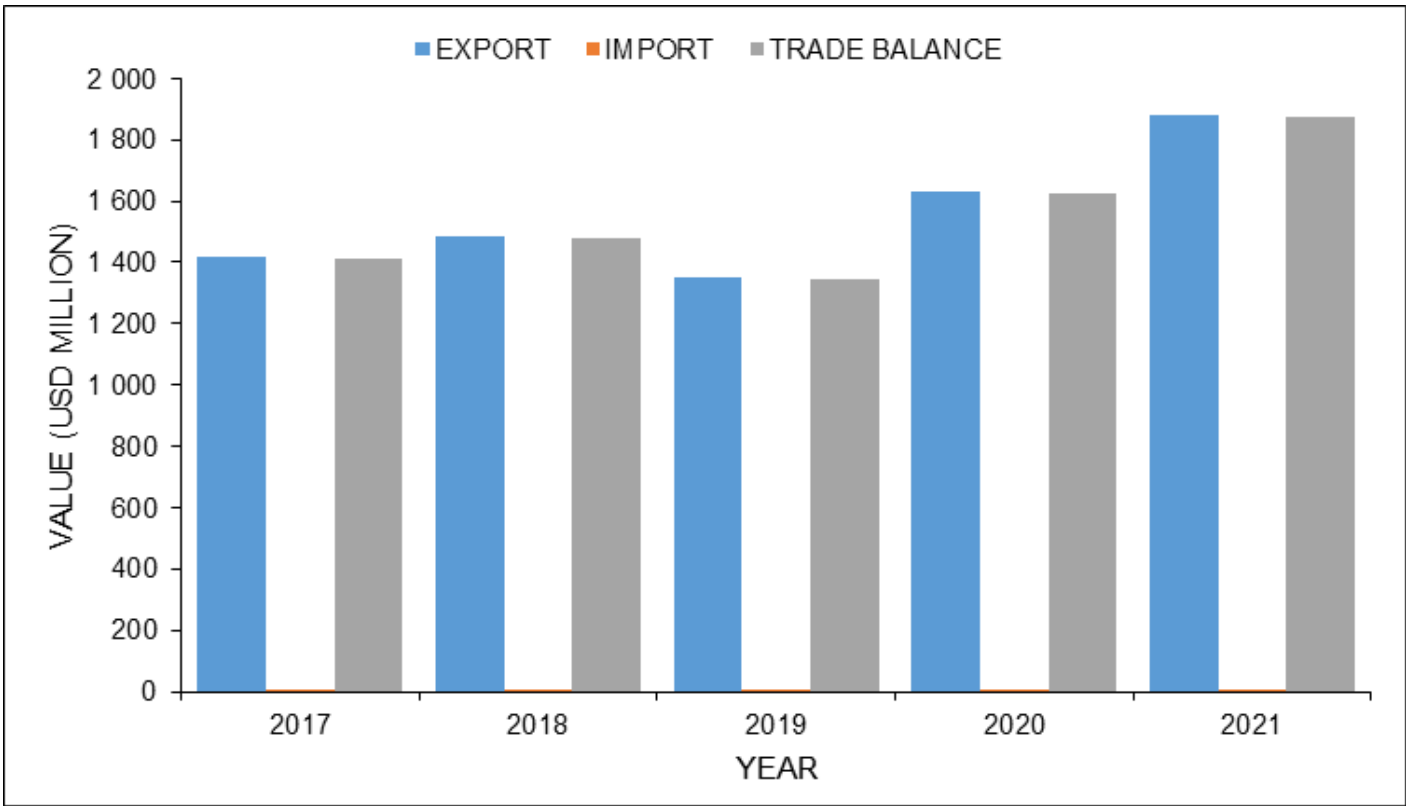

Figure 4: South Africa's citrus fruit trade balance to the world from 2017 to 2021
Source: Global Trade Atlas (2022)

Conclusion

South Africa's citrus industry is mainly export-driven. South Africa was ranked the second largest citrus fruit exporting country after Spain, with a share of 11.5% in the world's exports for citrus fruit in 2021. Demand for citrus fruits remains strong in South Africa's export markets, with the Netherlands as the main destination market holding a 20.5% export share. The rise in South Africa's citrus fruit exports is attributed to good agricultural practices that are able to meet both the domestic and international market standards parallel to the growing global demand for citrus. This global citrus demand coupled with expanding area under citrus plantation in South Africa should encourage government to open more export opportunities for local citrus farmers.

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Trade profile of tobacco and manufactured tobacco substitutes (HS 24)

By Lerato Ramafoko

Product description

The herbaceous plant Nicotiana tabacum, is an annually grown plant of the Nicotiana genus. It is typically grown all over the world, reaching a height between one and two meters, with a tropical origin. The tobacco plant generally has various uses. The leaves of the tobacco plant are harvested and dried before being fermented and used in tobacco products such as pesticide and insect repellent, and additionally the leaves can be snuffed, smoked, or dried and eaten as an intoxicant. The seed can also be used to produce a drying oil. In South Africa, tobacco is grown in five provinces including Limpopo, North-West, Mpumalanga, Eastern Cape, and the Western Cape. These production areas are classified according to their production of different types of tobacco.

Main players in tobacco global trade

Table 8 below presents the top five exporters and importers of tobacco and manufactured tobacco substitutes in the world in the year 2021. Poland had a major share in world exports accounting for about 12.6%, followed by Germany with 7.6% and then Italy with 6.4%. The top 3 leading importers in 2021 were Japan with a share of 12.3%, Germany with 8.1%, and United States of America with 5.6%. The top 5 importers accounted for 35.5% of the world's imports. There is no African country in the top five world exporters and importers of tobacco and manufactured tobacco substitutes. South Africa's exports represent 0.5% of world exports for tobacco and manufactured tobacco substitutes, ranked 44th in the world.

Table 8: World's top exporters and importers of Tobacco and manufactured tobacco substitutes

Top world exporters	Exported value in 2021 (US$ Billion)	Market share (%)	Top world Importers	Imported value in 2021 (US$ Billion)	Market share (%)
World	391	100	World	44	100
Poland	49	12,6	Japan	5,4	12,3
Germany	29	7,6	Germany	3,6	8,1
Italy	25	6,4	United States of America	2,6	5,9
Belgium	18,8	4,8	Italy	2,2	5,1
Romania	15,9	4,1	France	1,8	4,1

Source: Trade Map (2022)

South Africa's top 5 export markets for Tobacco and manufactured tobacco substitutes in 2021

Table 9 and **Figure 5** below shows the leading destination markets for South African tobacco and manufactured tobacco substitutes exports during the year 2021. The top three markets for South Africa's tobacco and manufactured tobacco substitutes were Namibia, Lesotho, and Botswana, accounting for 61.4% share of South Africa's exports. South Africa does not face any duty to SACU countries because it is part of the SACU Agreement, however, South Africa faces 14.17 ad varolem duty when exporting to Nigeria and Mali as shown in **Table 2.**

Table 9: South Africa's top 5 export markets for tobacco and manufactured tobacco substitutes in 2021

Top 5 SA's markets	Exported value in 2021 (USD Million)	Share in SA's Exports (%)	MFN Rate (%)
World	179,5	100	
Namibia	37,2	20,7	0
Lesotho	29,5	16,4	0
Botswana	21,7	12,1	0
Nigeria	11,7	6,5	14,17
Mali	10,3	5,7	14,17

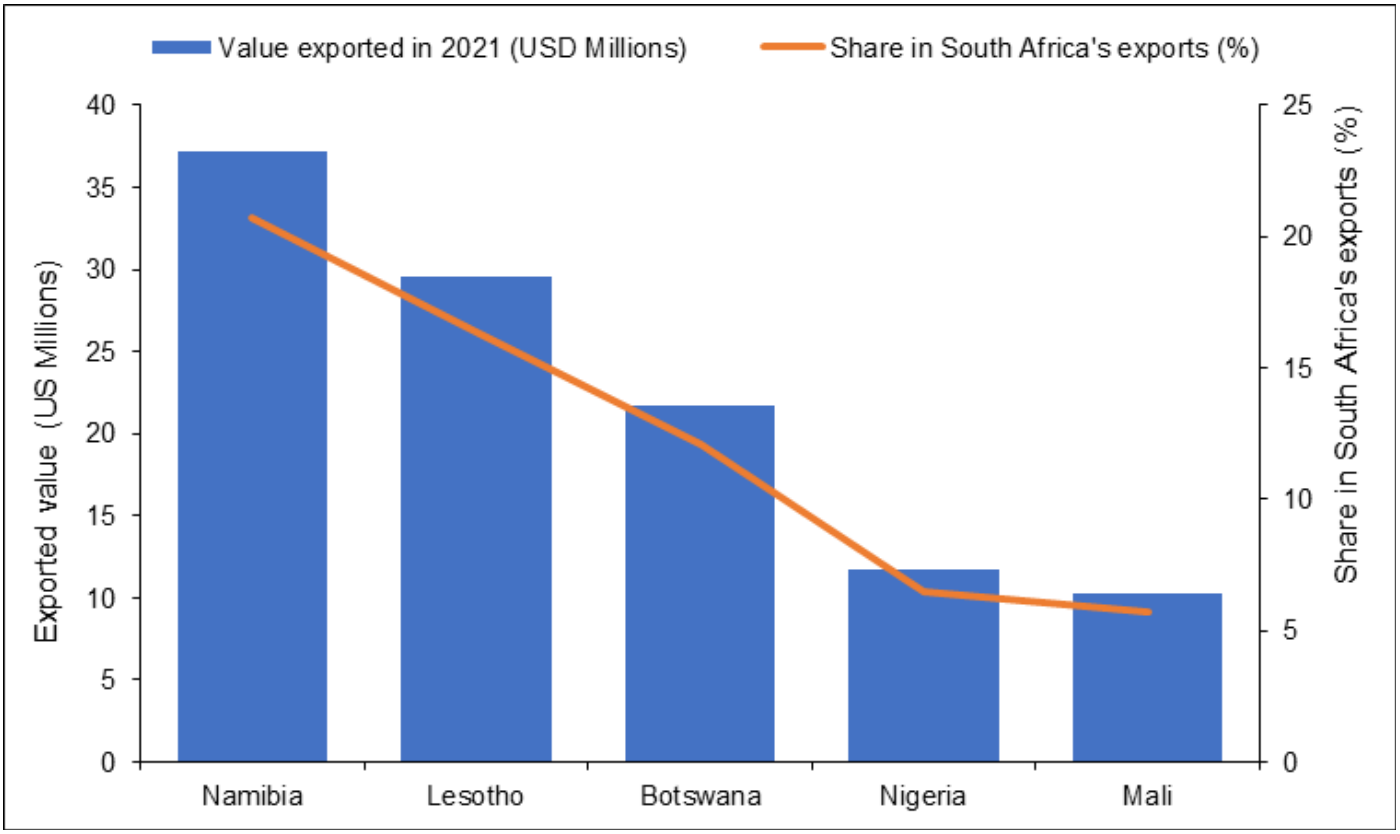

Figure 5: South Africa's top 5 exports markets of Tobacco in the year 2021 to the World
Source: Trade Map (2022)

South Africa's top 5 import markets for Tobacco and manufactured tobacco substitutes in 2021

Table 10 and **Figure 6** below indicate that the leading sources of South Africa's tobacco and manufactured tobacco substitutes during 2021 were Switzerland, Zimbabwe, and Mozambique accounting for about 58.7%, 22.3%, and 3.2% of South Africa's tobacco and manufactured tobacco substitutes, respectively. South Africa's imports represent 0.3% of world imports for tobacco and manufactured tobacco substitutes and is ranked 54th in world imports. South Africa is charging a Most Favored Nation (MFN) rate of 94,54% duty on the exporting countries of tobacco and manufactured tobacco substitutes from all the top exporting countries in **Table 10.**

Table 10: SA's top 5 import market for Tobacco and manufactured tobacco substitutes in 2021

Top 5 SA's markets	Imported value in 2021 (USD Millions)	Share in SA's Imports (%)	MFN Rate (%)
World	138	100	
Switzerland	80,9	58,7	94,54
Zimbabwe	30,7	22,3	94,54
Mozambique	4,4	3,2	94,54
India	3,2	2,3	94,54
Brazil	1,5	1,1	94,54

Source: Trade Map (2022)

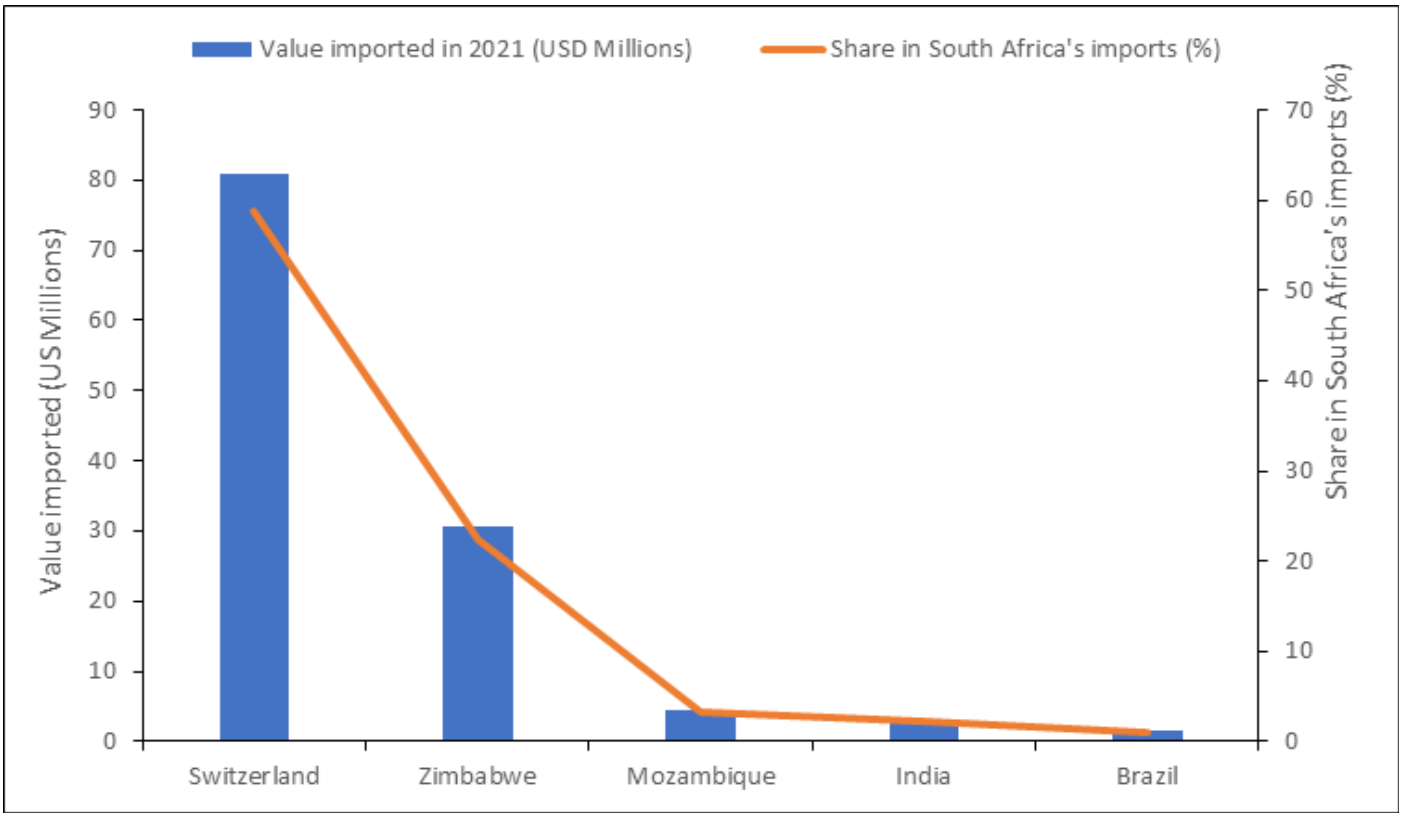

Figure 6: SA's top 5 imports market of tobacco in the year 2021 to the World

Source: Trade Map (2022)

Conclusion

A product profile for tobacco and manufactured tobacco substitutes (HS 24) indicates that the major exporters are in Europe lead by Poland, Germany, Italy, Belgium and Romania whereas the leading importers are diverse ranging from Japan, United States of America and Europe (German, Italy and France). The trend analysis also shows that Africa is not a major player in global trade of tobacco and manufactured tobacco substitutes. South Africa is ranked number 44 in the world exports with a global market share of only 0.5% in 2021. South Africa exports are largely destined to regional (i.e., SACU) and continental (i.e., Africa) markets, where the country enjoys better trading conditions such as free duty.

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Poultry industry jitters over extension to US anti-dumping tariffs

The South African Poultry Association (Sapa) will have to continue to “take one for the team”, at least for the next 18 months, as the International Trade Administration Commission (Itac) conducts a sunset review of US anti-dumping tariffs, which expire tomorrow.

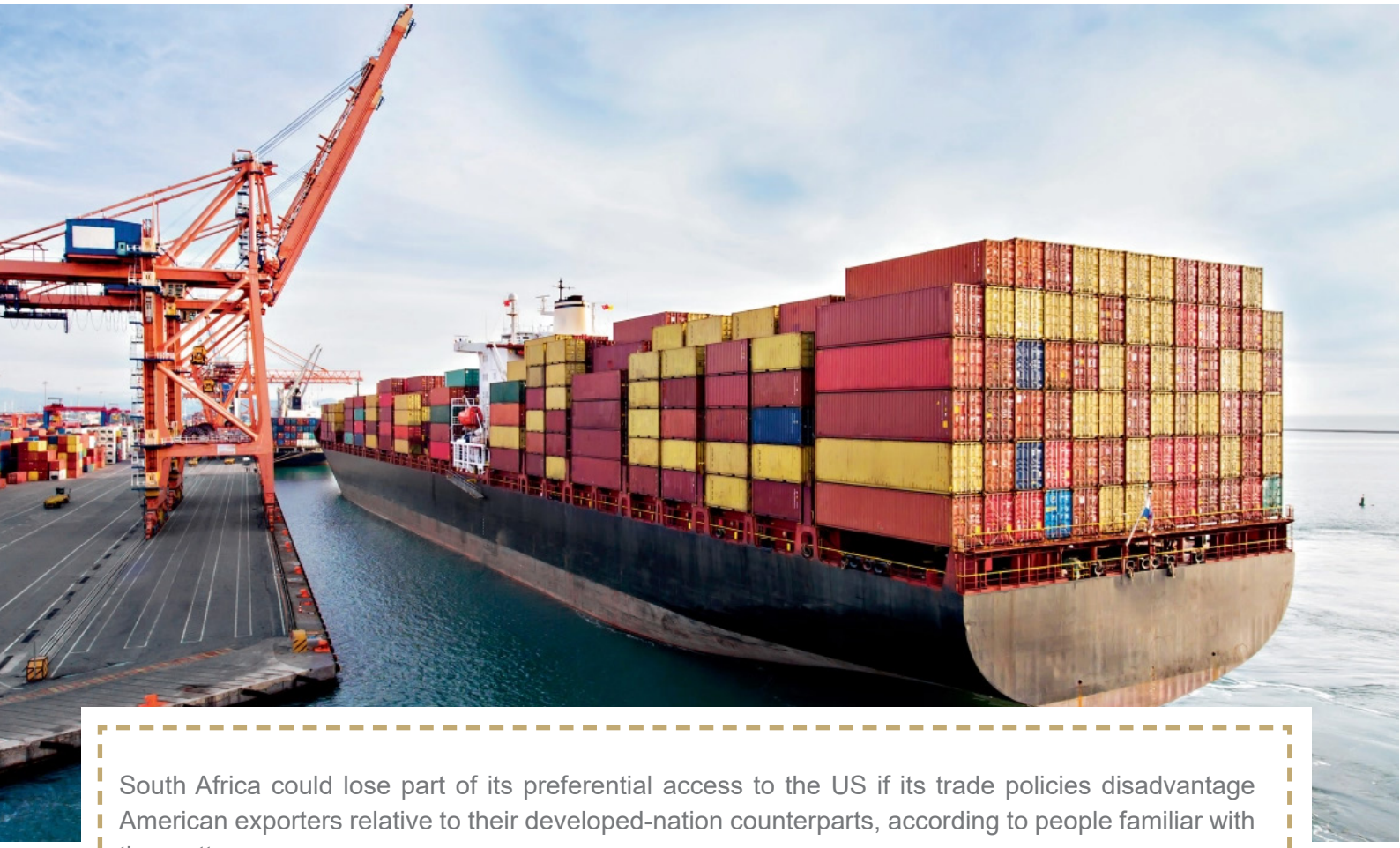
Earlier this month, Itac began a sunset review of the US’s tariffs on concerns by Sapa and poultry producers in the SA Customs Union (Sacu) area. Itac decided the application had “sufficient evidence and a prima facie case” to justify an investigation on concerns that the expiry of the tariff period without a new one in place could lead to percentage-based, or ad valorem anti-dumping duties such as those applied to other countries.

“This was a last-minute condition imposed by the US for its agreement to an extension of the Africa Growth and Opportunity Act (Agoa) trade agreement, which gave many South African industries duty-free access to the US market. For the benefit of these industries and the national economy, the poultry industry agreed to ‘take one for the team’,” Sapa-linked Fairplay said.

The current anti-dumping duty is R9.40/kg on imports of US bone-in chicken portions, such as frozen thighs and leg quarters. The percentages in the government gazette range from 175% to 279% for various chicken portions.

Available at: https://www.iol.co.za/business-report/companies/poultry-industry-jitters-over-extension-to-us-anti-dumping-tariffs-3c9b45c2-b578-45d7-b86e-77d49fb6ab0c

South Africa risks losing its preferential market access to the US



South Africa could lose part of its preferential access to the US if its trade policies disadvantage American exporters relative to their developed-nation counterparts, according to people familiar with the matter.

Thousands of South African products enter the world's biggest market duty free under the African Growth and Opportunity Act, or AGOA, and the so-called Generalized System of Preferences, or GSP. South Africa shipped goods worth more than $15 billion to America last year, with $2.7 billion's worth cleared under the two accords, US government data show.

AGOA is due to expire in 2025 and US officials have previously said the qualifying criteria for beneficiaries could be revised or the program may be replaced. It would be surprising if South Africa's trade terms remain as favorable as they currently are, said the people who are familiar with the talks about the accord's future and spoke on condition of anonymity as the discussions are private.

US lawmakers' concerns that South Africa is taking advantage of its preferential market access while imposing tariffs that render American goods uncompetitive could trigger the change, the people said. AGOA's eligibility requirements include eliminating or working toward scrapping barriers to US trade and investment.

Available at: https://www.news24.com/fin24/economy/south-africa-risks-losing-its-preferential-market-access-to-the-us-20221209

After challenging season, citrus industry moves to mitigate new and old risks

South Africa's citrus growing industry has, despite achieving a marginal increase in export volumes for the 2022 season, compared with that of 2021, faced a myriad of challenges during this period, which have negatively impacted on returns and threaten future sustainability and profitability. Therefore, mitigating measures are being pursued by the growers and industry nonprofit organisation the Citrus Growers' Association of Southern Africa (CGA) to safeguard the long-term sustainability and profitability of the industry, its export revenue of about R30-billion a year and the 130 000 jobs it sustains. CGA CEO Justin Chadwick outlines the latest total citrus export figure for the 2022 season as 165.1-million 15 kg cartons, compared with the 157.7-million cartons exported in 2021.

The exports comprise 16.7-million cartons of grapefruit, 31.9-million cartons of mandarins and 34.8-million cartons of lemons, as well as 27.8-million cartons of navel and 53.9-million cartons of Valencia oranges.

Available at: https://www.engineeringnews.co.za/article/after-challenging-season-citrus-industry-moves-to-mitigate-new-and-old-risks-2022-12-02-1/rep_id:4136

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