

# TRADE PROBE

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**Exploring market opportunities for South Africa's beef exports within the African Continent**

**Patel: SA must do all it can to remain in AGOA**



**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 ninety-second (93rd) issue of the Trade Probe publication coordinated by the Trade Research Unit under the Markets and Economic Research Centre (MERC) of the National Agricultural Marketing Council (NAMC). The Trade Probe publication is co-produced by the NAMC and the Department of Agriculture, Land Reform, and Rural Development (DALRRD).

The focus of this issue is on boosting Intra-Africa trade through the African Continental Free Trade Area (AfCFTA). The President of South Africa Mr. Cyril Ramaphosa and the Secretary General of AfCFTA Mr. Wamkele Mene recently hosted the AfCFTA conference in Cape Town between 14 and 16 April 2023. Agriculture is one of the sectors earmarked to benefit from AfCFTA and boost African intra-trade. In this Issue, trade opportunities for the potato, wine and macadamia nuts are explored. Moreover, the trade profiles for beef, malt and honey are analysed and presented in the report.

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## South African potato exports register growth despite border-closure challenges in some SACU market

*By Thabile Nkunjana and Sifiso Ntombela*

South Africa has a strong comparative advantage in the production of potatoes against other Southern African Custom Union (SACU) countries like Botswana and Namibia. This is attributed to South Africa's diverse soils and weather coupled with better yielding potato varieties and well-established institutions such as the Potato South Africa which represents the interests of potato farmers in the country. As a result, South Africa is able to produce for both for local consumption and exports to the SACU market. Since last year, the potato farmers in the country have faced a multitude of challenges, including the rising input costs like fertiliser, weather-related issues, energy crisis as well as the export ban of South Africa's vegetables destined for Botswana and Namibia.

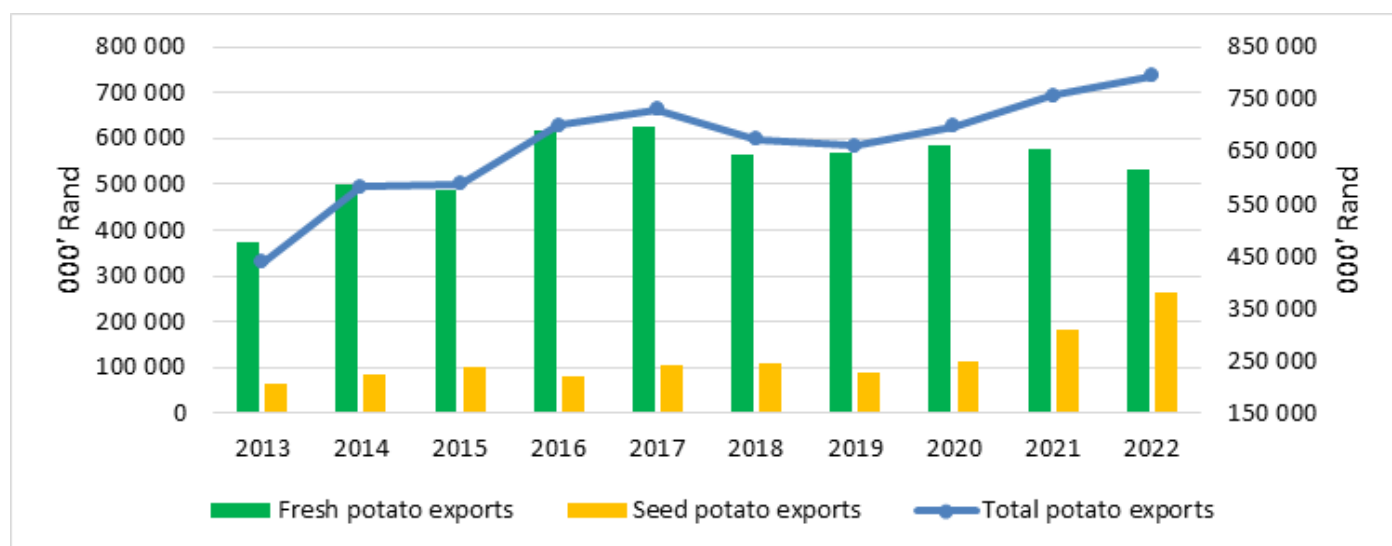
While these factors impacted the viability and profitability of farmers, the overall potato exports grew in value by R36 million, to register a growth rate of 4.7% between 2013 and 2022. **Figure 1** below presents the long term (10 years) trend in the exports of fresh and seed potatoes to the world. It is evident that South Africa's exports are slightly shifting from fresh potatoes to seed potatoes, partly due to cross-border challenges experienced in countries like Namibia and Botswana for fresh potato exports.



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**Figure 1: South African potato exports**

**Data source:** Trade Map (2023).

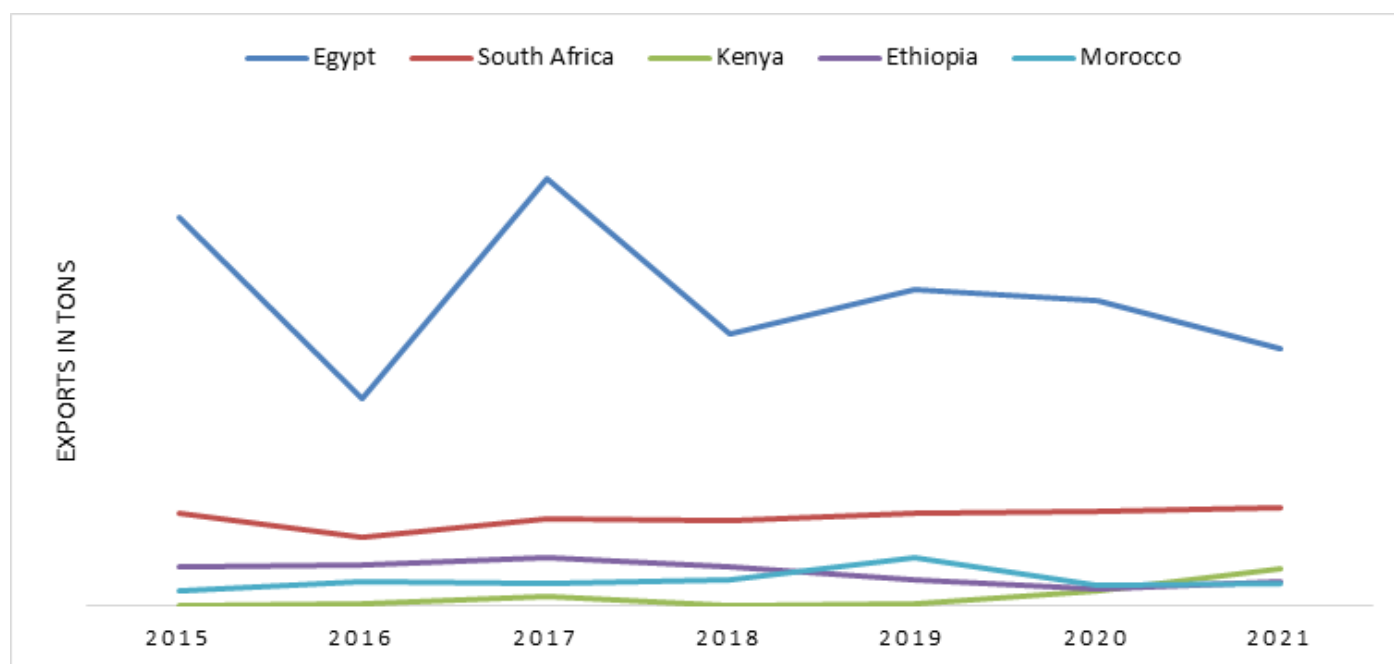
### South Africa's total potato exports

Despite the difficulties outlined above, total potato export revenues rose by 4.7% year-on-year, from R758 million in 2021 to R794 million in 2022 (see **Figure 1**). This was 10.7% more than the R717 million five-year average, implying export value is also growing over the long-term period. As is generally the case for South African agricultural products exports, Africa remains the largest market for potatoes accounting for 96% in 2022. The Southern Africa Customs Union (SACU) members accounted for 33% of the 96% export earnings from Africa. The Middle East accounted for 3% and the rest was shared by other parts of the world (Trade Map, 2023).

While the overall potato exports increased by 4.7%, the decomposition indicates that fresh potato exports declined by 7.4% whereas seed exports increased by 43% (see **Figure 1**). Fresh potato exports are largely destined for the SACU and other African countries such as Mozambique and Angola. Similarly, seed potato exports are also destined to these African markets.

### Africa's leading potato exporters

From a continental perspective, Egypt is the biggest producer and exporter of potato products. **Figure 2** presents the top five exporting countries in the African continent to the world. Between 2015 and 2021, exports from Egypt declined by 33.9% to reach 472 451 tons in 2021. During the same period, the exports from Egypt experienced considerable levels of fluctuations which might be attributed, to weather patterns that impact production and subsequently the availability of volumes for exports. During this period, South Africa's potato export increased by 6.1% to reach 181 546 tons in 2021. Other prominent exporters of potatoes are Kenya, Ethiopia and Morocco (see **Figure 2**).



**Figure 2: Africa's leading fresh potato exporters**

**Source:** Trade Map (2023)

## Concluding remarks

The export markets for the potatoes to African markets is dynamic characterised by arbitrary cross-border closures and other trade distortion measures like import bans. Despite challenges such as rising input costs, growing weather-related issues, electricity cut-offs, the local potato industry is growing and remains resilient as evidenced by exports to the African markets such as SACU members states and other countries within the SADC region.

At a continental level, Egypt is the biggest exporter of potatoes, followed by South Africa, for both fresh and seed potato exports. On the import side, Egypt, Uganda, Algeria, Côte d'Ivoire, Mauritania, Mali, and Morocco are the top importers of potatoes from Africa. South Africa's potato exports to most of African countries are subject to tariffs ranging between 2% and 25% ad valorem. Therefore, the African Continental Free Trade Area (AfCFTA) should give or offer South Africa a broader access to these markets beyond the SACU region. However, export competitiveness for South Africa within (AfCFTA) will depend largely on the elimination of high tariffs.



## Opportunities for expanding South Africa's wine exports under the AfCFTA

By Bhekani Zondo

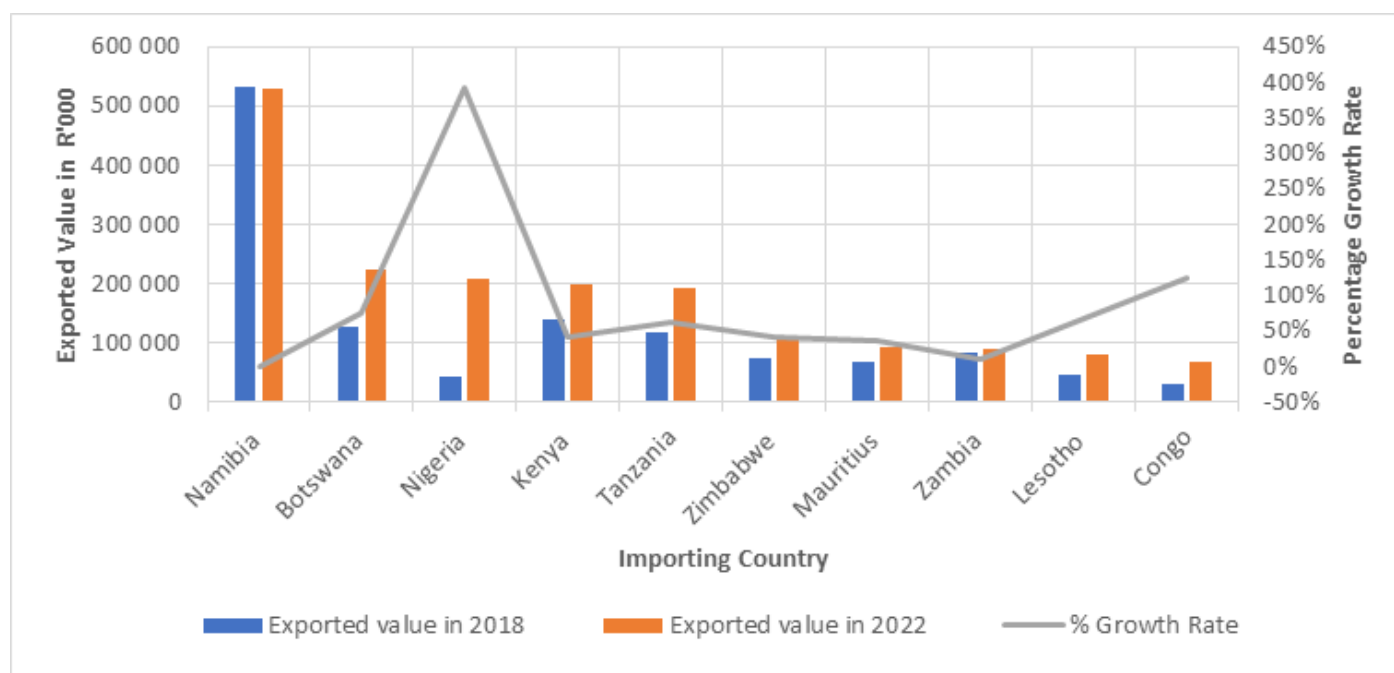
In 2022, South Africa's agricultural exports recorded the highest value of about US\$12.8 billion, showing a growth rate of 7% from the previous year (AGBIZ, 2023). Although South Africa has established trade relations with several regions globally, the African continent remains the major export market for most of the country's agricultural products but not for the wine products. Despite the African continent being South Africa's major export market for the agricultural products, trade between the African countries is still constrained by exorbitant tariffs, and non-tariff measures (NTMs) such as poor infrastructure, and import-export control measures.

The removal of these constraints may boost intra-Africa trade. According to the report by the United Nations Conference on Trade and Development (UNCTAD, 2021), under the current tariff measures, Intra-Africa trade has an untapped export potential of about US\$21.9 billion. The African Continental Free Trade Area (AfCFTA) is believed to be the vessel for boosting intra-Africa trade through the elimination of all the current challenges that restrict trade within the continent.

The main aim of this article is to provide an analysis of how the AfCFTA will boost South Africa's wine trade within the African continent. According to Wines of South Africa (WoSA, 2023), South Africa exported about 368.8 million litres of wine worth a value of R9.9 billion. In terms of value, South Africa's total wine export destinations were the United Kingdom (UK) with a value of R2.4 billion, followed by Germany (R1 billion), Africa (R819 million), and USA (R798 million) (WoSA, 2023).

With the enactment of the AfCFTA, South Africa is more likely to enjoy more export opportunities for the local wine industry through preferential access in terms of import tariffs and other NTMs compared to wines originating outside of the African continent. In 2018, South Africa's wine exports were subjected to tariffs averaging 21.3% and countries with the highest tariffs were Angola, Burundi, and Benin, among others (OEC, 2023). Figure 3 below depicts South Africa's leading export markets for the wine industry based on the value of wine exports to these countries in 2018 and 2022.





**Figure 3: South Africa's wine export destinations during the year 2022**

Source: Trade Map (2023)

**Figure 3** shows that Namibia is the leading export market for the South African wine industry. In 2022, South Africa exported wine worth a value of R529.5 million to Namibia, followed by Botswana (R223.7 million), Nigeria (R207.7 million), Kenya (R198.5 million), Tanzania (R193.3 million), and Zimbabwe (R104,2 million), among others. During the period of the past five years from 2018 to 2022, South Africa's wine exports to Nigeria recorded the highest growth rate of about 393% between 2018 and 2022. Despite the Democratic Republic of Congo (DRC) receiving the value of South Africa's wine exports (R68.6 million) in 2022, over the past five years, South Africa's wine exports to this country experienced a growth of 125% from a value of R30.5 million in 2018. All other major export markets for the South African wine industry recorded positive growth rates, except for Namibia which stagnated at 0% during the period under consideration.

**Table 1** below illustrates the top ten wine-importing countries that have the export potential for the South African wine industry.

**Table 1: Export opportunities for South Africa's wine industry.**

Importing Country	Actual Export \$'Million	Export Potential \$'Million	Unrealized Potential \$'Million	Applicable Tariffs (%)
Namibia	32	43	11	0
Botswana	6,2	10	4,2	0
Nigeria	7	10	3,2	20
Kenya	7,3	8,8	1,5	35
Tanzania	6,2	8,3	2,1	0
Mozambique	2,4	7,4	5	0
DRC	1,5	7,4	5,8	17
Zambia	4	6,1	2,1	0
Morocco	0,0099	0,011	0,0015	49
Mauritania	0	0,0065	0,0065	20

Source: ITC Export potential Map (2023)

The results show that Namibia has the highest export potential of a value of US\$43 million for the South African wine industry compared to the actual value of exports valued at US\$32 million. Other countries with high unrealized potential are DRC with an unrealized potential of US\$5.8 million, followed by Mozambique (US\$5 million), Botswana (US\$4.2 million), Nigeria (US\$3.2 million), Tanzania and Zambia (US\$2.1 million), and Kenya (US\$2.1 million), respectively. Despite the high unrealized potential within countries such as Nigeria, Kenya, and DRC, they currently have high applicable tariffs on wine imports. Kenya has 20% applicable tariffs on wine, followed by Nigeria (20%), and DRC (17%). Countries like Morocco and Mauritania have the least unrealized export potential coupled with tariffs as high as 49% and 20%, respectively.

### Conclusion

The South African wine industry will benefit greatly from the AfCFTA. Over the past five years, the current trend shows that South Africa's wine exports to the African continent were already on the rise. During this period the largest export markets for South African wine recorded positive growth rates with countries like Nigeria, DRC, Botswana, and Lesotho. The AfCFTA will liberalize inter-continental trade through the removal of any tariffs and most NTMs that currently restrict trade within African countries. Hence, South African wine will enjoy duty and quota-free access to all African countries, those that have rectify the AfCFTA. Therefore, the local industry has an opportunity to unlock the high unrealized potential inhibited by high tariffs in countries like DRC, Nigeria, and Kenya. Although the wine industry will benefit immensely from the AfCFTA, issues relating to the operational efficiency of the ports need to be attended to. Efficient operations of the ports are crucial in ensuring that exports timely delivery of the products to destined markets and also in maintaining good relations with trading partners.



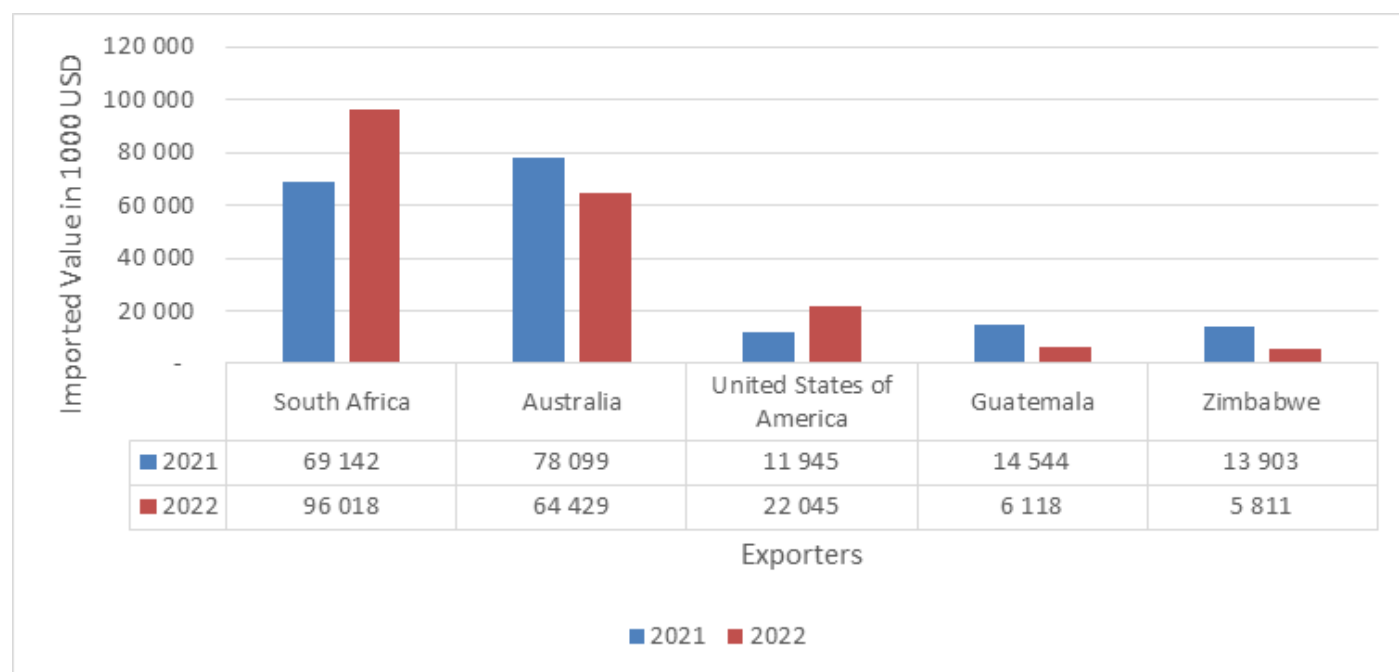
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# Increased macadamia production in South Africa pushes for expansion of markets

By Siphelele Ricardo Smith

Macadamia nuts have gained popularity in recent years, primarily as they are considered a superfood. In South Africa, macadamia production has increased from 37 500 tonnes in 2013 to 68 840 tonnes in 2022 (SAMAC, 2023). Furthermore, SAMAC (2023) predicts that the current season could yield a record-breaking production of 77, 891 tonnes of dry in-shell nuts, representing a 13.1% (9, 051 tonnes) increase compared to the previous year (2022). This increase in production can be attributed to good rainfall, favourable production conditions and new orchards coming into production. Approximately 98% of South Africa's macadamia production is directed towards export markets (Tridge, 2022). In 2021, macadamia exports generated a total value exceeding R5 billion (SAMAC, 2023). During the same year, exports of macadamia dry nuts in shell accounted for 20 944 tonnes, representing about 43% of the total exported macadamia crop. On the other hand, macadamia kernels constituted 57% of the total exported macadamia crop in 2021.



**Figure 4: Top supplying markets for fresh or dried macadamia nuts, in shell (HS 080261) imported by China (2021 – 2022)**

**Source:** Trade Map (2023)

The global production of macadamias in 2022 was 298 914 tonnes of nuts in shell (World Macadamia Organisation, 2023). South Africa is the largest producer of macadamia in the world, followed by China, Australia, Kenya, and Guatemala (SAMAC, 2023). In terms of export volumes, South Africa and Australia were the largest exporters, accounting for 34.9% and 31.1% respectively in 2021 (Trade Map, 2023). China is by far the largest importer of macadamia nuts globally. Figure 4 shows that China's macadamia imports reached a value of approximately USD 200 820 000 in 2022. The majority of these imports came from South Africa (USD 96 018 000), Australia (USD 64 429 000) and the USA (USD 22 045 000). South Africa's biggest competitor in the Chinese market is Australia. Australian macadamia production is projected to reach 70 000 tonnes by 2030. In terms of trade, it is important to note the existence of a free trade

agreement between China and Australia. This agreement facilitates the elimination of tariffs on Australian nut exports (DFAT, 2023). Consequently, this development is expected to significantly reduce the cost for exporters and make Australian nuts more affordable for Chinese consumers.

Although the increase in production is certainly positive news for the South African macadamia industry, there are several challenges that need to be overcome. These challenges include the exponential increase in the global supply of macadamia nuts (Fresh Plaza, 2023), the post-Covid-19 global recession and the ongoing conflict between Russia and Ukraine. The ripple effect of the Russia-Ukraine conflict has resulted in a significant increase in the cost of fertilisers and energy (NAMC, 2023), which further impacted the macadamia industry. Furthermore, many other countries that produce nuts are struggling with an oversupply of nuts, leading to storage problems as global demand has fallen. Consequently, the price for macadamias fell due to oversupply. This has had a significant impact on farmers who are now receiving an average of USD 8.25 per kilogram of nut kernels for the season, compared to USD 11.50 in 2022 and USD 16 per kilogram in 2021 (Fresh Plaza, 2023). The decreased price undermines their ability to cover the expenses incurred during the years leading up to the harvest, as well as the costs associated with transportation.

Adding to the challenges faced by farmers, China has been focusing on developing its own macadamia industry in the recent years. According to the CBI (2022), China has been striving to transition from being a net importer self-sufficiency. As China's macadamia crop grows, the Chinese market is likely to become saturated. This saturation could further impact the South African macadamia industry, worsening the challenges posed by the oversupply and lower prices.

### Conclusion

The increased production of macadamia nuts in South Africa presents both opportunities and challenges for the industry. The country has experienced significant growth in macadamia production, solidifying its position as the world's largest producer. However, the industry faces challenges such as oversupply, declining prices, and competition in key markets. In light of these challenges, it is recommended that the South African macadamia industry focuses on enhancing efficiency and productivity while maintaining product quality. Diversification of export markets and the development of value-added products can also help mitigate the impact of oversupply and price fluctuations. Collaboration among industry stakeholders, including farmers, exporters, and government entities, is crucial in addressing these challenges and exploring new opportunities in the global macadamia market. In addition, continuous research and development efforts can help improve farming practices, increase yields, and drive innovation in the industry.



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# Exploring market opportunities for South Africa's beef exports within the African Continent

By Zoleka Ndlovu and Bhekani Zondo

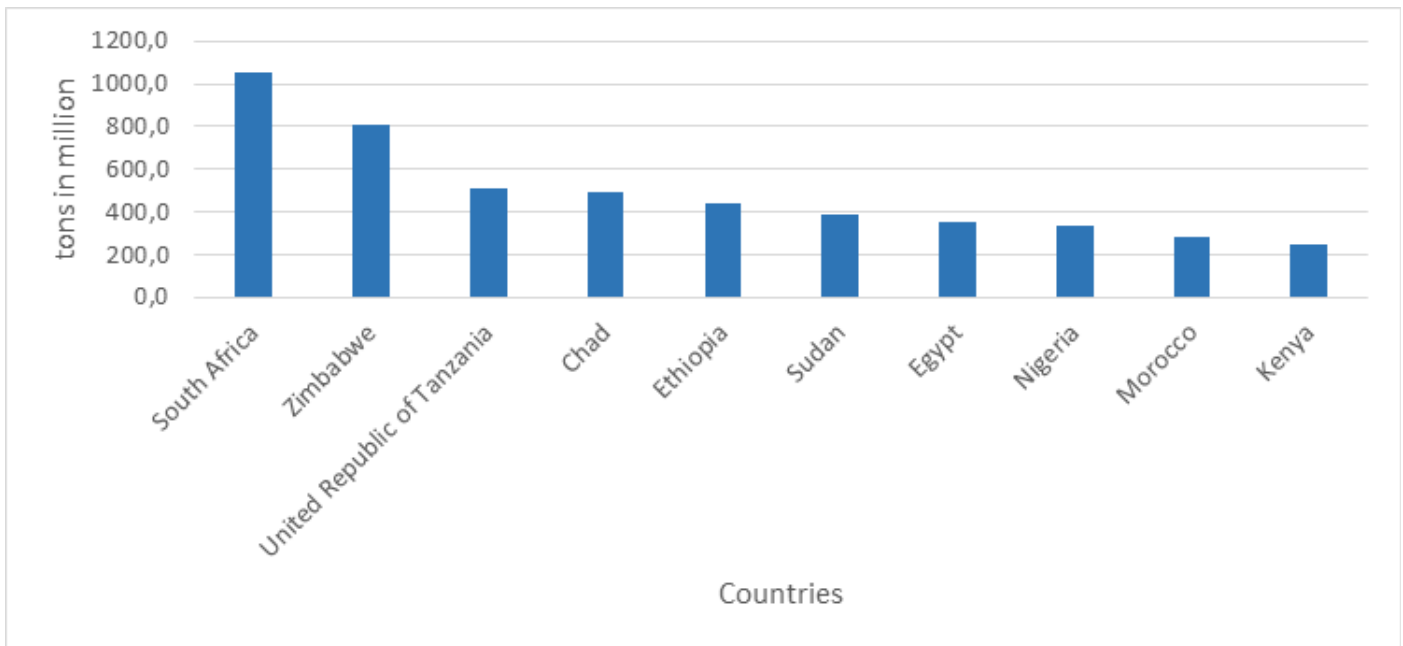
The South African red meat industry includes beef, mutton, pork, and lamb production. The red meat industry is one of the subsectors of the livestock industry. In general, the livestock industry contributes approximately 21.4% of meat produced within the African continent which is equal to about 1% of global meat production (AgriSETA, 2021). The red meat sector is one of the significant contributors to the agricultural sector as well as the country's economy. The red meat industry employs over 600 thousand people and contributes about R70 billion to the South African economy (RMIS, 2023). Traditionally, beef is the major contributor to the overall red meat production value with a contribution of over 80%.

According to the South African abstract of agricultural statistics (DALRRD, 2022), about 1.06 million tons of beef were produced in the 2020/21 season. In 2022, South African meat production statistics were estimated at 3.5 million tons, with imports estimated at 475 thousand tons followed by an estimated 150 thousand tons of meat exports (FAO, 2022). Of the estimated 3.5 million tons produced, beef amounted to about 1.03

million tons, whereas beef meat imports and exports were estimated at 5 thousand tons and 60 thousand tons, respectively. The global meat trade is expected to expand (by approximately 15%) over the next decade due to the growing demand in high per-capita income countries in Asia, as well as high population growth in Sub-Saharan Africa (OECD-FAO, 2022). Hence, this article aims to identify potential market opportunities for the South African beef industry to explore within the African continent.

**Figure 5** below depicts the top 10 cattle meat (beef) producers in Africa in 2021. The figure shows that South Africa was the leading producer of beef in Africa with an estimated production of about 1050,5 million tons, followed by Zimbabwe and the Republic of Tanzania with 806,3 million tons and 508,4 million tons produced, respectively. The smallest producer was Kenya, producing about 250,6 million tons.





**Figure 5: Top ten producers of cattle meat with bone-in, fresh or chilled in Africa in 2021.**

**Source:** FAOSTAT (2023)

South Africa's exports of beef are mostly destined for the Middle East region. In 2021, the trade data from the International Trade Centre Trade Map (ITC, 2023), shows that Kuwait, United Arab Emirates (UAE), and Jordan are the leading export destinations for South Africa's beef exports with a share of 28,2%, 17,9%, and 14,8%, respectively. **Table 2** below shows the leading importing countries for South Africa's beef exports in 2022 in value terms.

**Table 2: Top five importing markets for fresh or chilled and frozen beef exported by South Africa in 2022.**

Meat of bovine animals, fresh or chilled (HS 0201)					Meat of bovine animals, frozen (HS 0202)			
	Importing countries	Value in 2018 R'million	Value in 2022 R'million	% Growth	Importing countries	Value in 2018 R'million	Value in 2022 In R'million	% Growth
	Africa aggregate	335,6	318,8	-5,0	Africa Aggregate	350,9	399,1	13,7
1	Mozambique	105,8	142,1	34,4	Lesotho	39,5	83,9	112,1
2	Mauritius	27,4	37,2	35,8	Mozambique	71,2	80,2	12,7
3	Lesotho	14,6	25,2	72,5	Egypt	52,3	71,7	37,1
4	Egypt	9,7	23,5	143,3	Ethiopia	9,2	25,4	177,6
5	Zimbabwe	1,0	23,0	2137,3	Seychelles	18,8	25,0	33,0

**Source:** Trade Map (2023)

In terms of fresh or chilled beef, the trend analysis shows that between 2018 and 2022, Mozambique was the largest export destination for South Africa's exports. In 2022, Mozambique accounted about R142,1 million of South African exports value showing a growth rate of about 34,4% from the value of R105,8 million in 2018. The other major markets for South Africa's fresh or chilled beef exports were Mauritius, Lesotho, Egypt, and Zimbabwe, respectively. The results show that fresh or chilled beef exports to Mauritius, Lesotho, Egypt, and Zimbabwe increased significantly over the past five years showing growth rates of about 35,8%, 72,5%, 143,3%, and 2137,3%, respectively.

In terms of frozen beef exports, South Africa's exports to the African continent increased by approximately 13.7% over the period under consideration. Lesotho was the leading export market for South Africa's beef exports, accounting for a value of about R83,9 million in 2022, followed by Mozambique (R80,2 million), Egypt (R71,7 million), Ethiopia (R25,0 million), and Seychelles (R25,0 million), respectively. Over this period, frozen beef exports to Ethiopia experienced the highest growth rate of about (117,6%), followed by Lesotho (112,1%), Egypt (37,1%), Seychelles (33%), and Mozambique (12,7%), respectively.

### Conclusion

Although South Africa's fresh or chilled beef exports to the African continent shows a decline over the past five years, the leading importing markets have shown significant growth rates during this period. Countries like Zimbabwe, Egypt, Lesotho, and Mauritius shows great potential for South Africa's fresh or chilled beef exports, having recorded positive growth over the period under consideration. In terms of frozen beef exports to Africa, South Africa's exports have increased by positively during the past five years. In addition, markets such as Ethiopia, Lesotho, Egypt, Seychelles, and Mozambique shows potential to be explored as they show an increasing trend over the years.



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# Trade profile of beer made from malt (HS 2203)

By Nonqubeko Sikhakhana

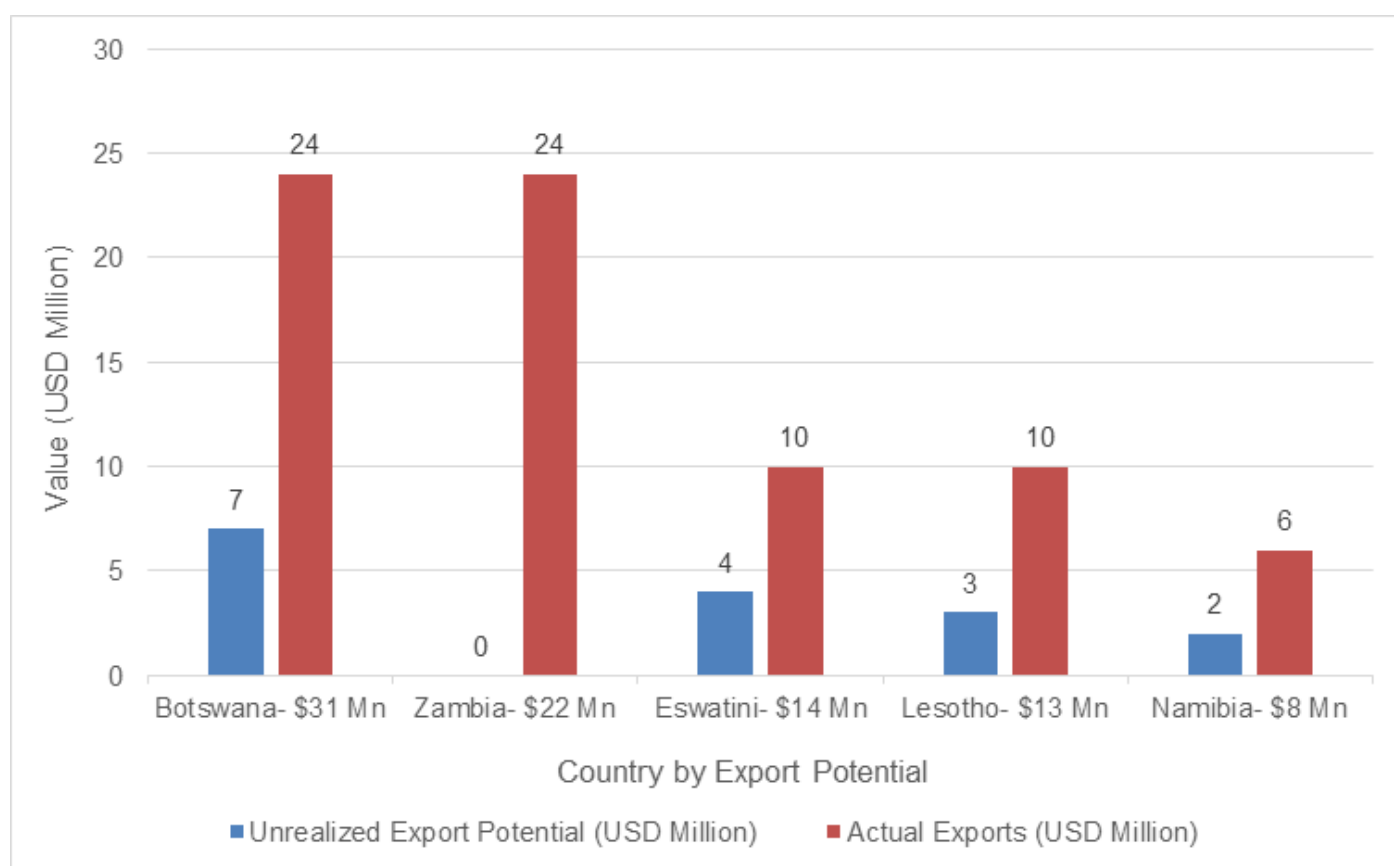
## Product description

Beer is brewed from malted barley. More precisely, beer is made by fermenting the sugars extracted from malted barley. Malting is the controlled germination of cereal grain in moist air, with the primary goal of promoting the formation of hydrolytic enzymes that are not present in un-germinated grain (Lyumugabe et al., 2012). The malting process entails steeping, germinating, and limiting cereal seedling growth after enzymes for the breakdown of starch and proteins in cereal grain have been produced, but before the polysaccharide has been exhausted (Lyumugabe et al., 2012).

## Trade opportunities

**Figure 6** below represents South Africa's export potential in African markets for malt beer. The markets with greatest potential for South Africa's exports of malt beer are Botswana, Zambia and Eswatini. Botswana shows the largest absolute difference between potential (\$31 million) and actual exports (\$24 million) in value terms, leaving room to realize additional exports worth \$7 million.





**Figure 6: Export potential markets for South Africa's malt beer.**

Source: ITC Export Potential Map (2023)

### South Africa's malt beer exports to AfCFTA countries in 2022.

**Table 3** below displays the leading importing AfCFTA markets for malt beer exported by South Africa during the year 2022. The top three markets for South Africa's malt beer were Zambia, Botswana and Lesotho, accounting for 27.0%, 21.3% and 12.4% share in South Africa's exports respectively. South Africa benefits from duty-free access to Botswana, Lesotho, and Eswatini under the Southern African Customs Union (SACU) and the proximity of these neighboring countries.

**Table 3: Top five AfCFTA importing markets for malt beer exported by South Africa in 2022.**

Top 5 importing markets for malt beer exported by SA	Exported value (SA Rand million)	Share in SA's Exports (%)	MFN Rate (%)
AfCFTA Countries Aggregation	1 785		
Zambia	481	27.0	25
Botswana	380	21.3	0
Lesotho	221	12.4	0
Eswatini	217	12.1	0
Mozambique	192	10.7	20

Source: ITC Trade Map (2023)

### South Africa's malt beer imports from AfCFTA countries in 2022

**Table 4** below displays the top five supplying AfCFTA markets for malt beer imported by South Africa in 2022. The three leading supplying markets were Namibia, Mozambique, and Zimbabwe accounting for 94.4%, 2.9% and 1.4% share in South Africa's imports respectively. These supplying markets benefit from low duties and duty-free access to South Africa.

**Table 4: Top five supplying AfCFTA markets for malt beer imported by SA**

Top 5 importing markets for malt beer exported by SA	Exported value (SA Rand million)	Share in SA's Exports (%)	MFN Rate (%)
AfCFTA Countries Aggregation	1 471		
Namibia	1 389	94.4	0
Mozambique	43	2.9	5
Zimbabwe	21	1.4	5
Eswatini	14	1.0	0
Nigeria	4	0.3	5

### South Africa's Trade Balance of malt beer with AfCFTA countries

**Figure 7** below indicates the trade balance of South Africa's malt beer to AfCFTA countries for a period of five years (2018 to 2022). The analysis indicated that South Africa was a net exporter of malt beer throughout the years from 2018 to 2022. The country's malt beer exports have generally increased over the years. From 2020 to 2022, South Africa's malt beer exports grew by 82% (from R982 million in 2020 to R1 785 million in 2022). The growth in exports might be primarily because of an increase in area planted, improved yields and increment in production volumes of malt.



**Figure 7: South Africa's malt beer trade balance with the world from 2018 to 2022**

**Source:** Trade Map (2023)

### Conclusion

The trading of malt beer in South Africa is mainly export driven seeing as South Africa was a net exporter of malt beer throughout the years from 2018 to 2022. South Africa's export of malt beer grew by 82% from 2020 to 2022. Increased exports to AfCFTA countries provide South Africa with an incentive to expand to markets in the export potential graph (see figure 6). The AfCFTA's intent of liberalizing trade by reducing and eventually eliminating tariff barriers between African Union (AU) member states, will be useful given that South Africa still faces significant high duties when exporting malt beer to Zambia and Mozambique (see table 3) despite the Southern African Development Community (SADC). The AfCFTA presents a great opportunity for South Africa, in terms of diversifying its export basket, enhancing food security and agricultural development.





## Trade profile of wheat and meslin (HS 1001)

By Lerato Ramafoko

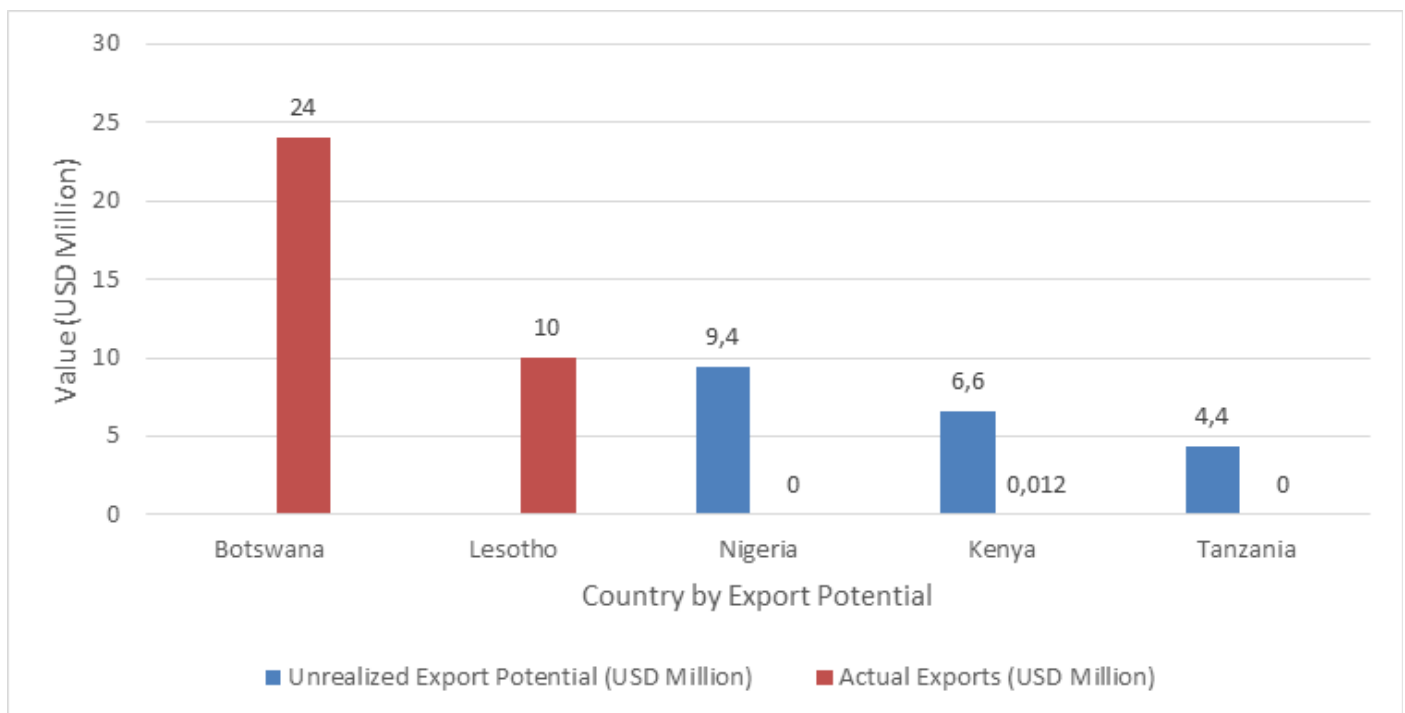
### Product Description

Wheat is the second-largest grain crop grown in South Africa. The crop is commonly grown for its seed and is a staple source of nutrients for around 40% of the world's population (Giraldo et al., 2019). The genus *Triticum* is made up of several kinds of wheat, with common wheat (*Triticum aestivum*) being the most popular (Breg et al., 2006). Its combination with rye makes up the product meslin.

Most of the wheat grown in South Africa is for human consumption in the form of bread wheat, while certain regions also produce a minor amount of durum wheat, used to produce pasta. South Africa is ranked 35th exporter of wheat and meslin with a share of 0.2% in world exports (Trade Map, 2023).

### Trade Opportunities

**Figure 8** below depicts export potential map for wheat and meslin from South Africa. As shown in Figure 8, the markets with greatest potential for South Africa's exports of wheat and meslin in African Continental Free Trade Area (AfCFTA) are Botswana, Lesotho, and Nigeria. Nigeria shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth 9.4 million dollars (approximately 174 million rands).



**Figure 8: Export potential for Wheat and Meslin (HS1001)**

Source: Trade Map (2023)

### South Africa's top five export markets for Wheat and meslin (HS1001) in 2021

**Table 5** below shows the leading markets for South African wheat and meslin exports during the year 2021 in Africa. The top three markets for South Africa's wheat and meslin were Zimbabwe, Botswana, Eswatini, accounting for 62% share of South Africa's exports. South Africa does not face any duties in four of the top five countries importing the wheat and meslin apart from Zambia subjected duties rated at 10%. South Africa's preferential trade agreements with SADC and SACU regions together with lower tariffs have contributed to a favourable trade environment between South Africa and its trading partners.

**Table 5: South Africa's top five export markets for Wheat and meslin (HS1001) in 2021**

Top five SA's markets	Exported value (Million Rands)	Share in SA's Exports (%)	MFN Rate (%)	Top Suppliers to Markets
AfCFTA countries	1142	100		
Zimbabwe	249	22	0	Australia, Lithuania, Russian Federation
Botswana	242	21	0	South Africa, Russian Federation, Lithuania
Eswatini	222	19	0	Australia, Lithuania, South Africa
Lesotho	173	15	0	South Africa, Poland
Zambia	116	10	10	Australia, South Africa, Ukraine

Source: Trade Map (2023).

### South Africa's top supplying markets for Wheat and Meslin (HS1001) imports in 2021

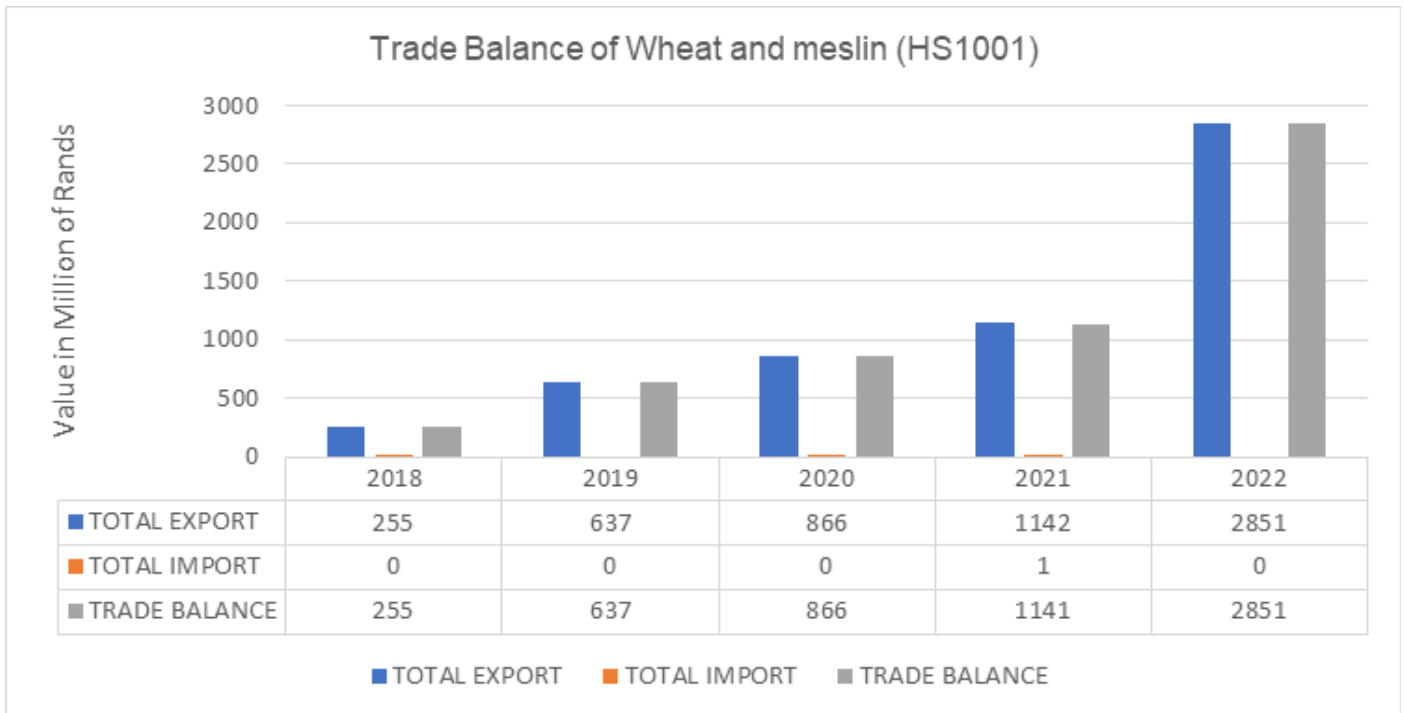
**Table 6** below indicates that the leading sources of South Africa's wheat and meslin imports in 2021 were Botswana and Lesotho with a share of 81.7% and 18.3%, respectively. South Africa's imports represent only 0.7% of total world imports for wheat and meslin and charges no duty on the exporting countries of wheat and meslin therefore MFN (Most Favoured Nation) rate applies.

**Table 6: SA's top 5 supplying markets for Wheat and meslin (HS2204) in 2021**

Top five SA's markets	Imported value (Millions Rands)	Share in SA's Imports (%)	MFN Rate (%)
AfCFTA countries	1048	100	
Botswana	856	81,7	0
Lesotho	192	18,3	0

Source: Trade Map (2023)

**Figure 9** below indicates that there is a positive trade balance with AfCFTA for the analyzed 5 years (period 2018-2022). This therefore means that South Africa is a net exporter of wheat and meslin. South African Wheat and meslin exports have grown by 149.65% between 2021 and 2022 to an export value of R2.851 billion. Furthermore, South Africa continues to only import a relatively small quantity of wheat and meslin for the local market. This may be an indication of self-sufficiency in production.



**Figure 9: Trade Balance for Wheat and meslin (HS1001) in the year 2022 with the World.**

Source: Trade Map (2023)

### Conclusion

South Africa has established itself as a net exporter of meslin and wheat to a variety of locations each year, usually along African continent. In the past year, South African wheat and meslin exports have seen exponential growth at 149,64% (2021-2022). Increased exports to African countries give South Africa an incentive to expand to other territories and increase exports to countries its already exporting to within Africa such as Botswana, Lesotho, and Nigeria. Maintaining market share in established markets while also expanding market share in selected high growth markets would prove advantageous to the industry and economy. The conclusion of the AfCFTA could potentially open-up for further export market diversification into the African Continent.



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# Trade Profile for Natural Honey (HS 0409)

By Phelelani Sibiya

## Introduction

Honey is a by-product of flower nectar and upper aerodigestive tract of honeybee, which is concentrated through dehydration process inside the bee hive. It is a sweet, flavourful liquid food of high nutritional value and it has great health benefits (Etaraf-Oskouei and Najafi, 2013). Humans have been using natural honey as medicine and food since the ancient times dating to 8000 years ago, and its use transcends the barriers of culture, ethnicity, and religious beliefs (Nayik et al., 2014.) Honey contains mostly sugar, as well as a mixture of amino acids, vitamins, minerals, iron, zinc, and antioxidants. In addition to its use as a natural sweetener, it is used as an inflammatory, antioxidant and anti-bacterial agent people commonly use honey orally to treat coughs and topically to treat burns and promote wound healing (Nayik et al., 2014.).

Natural honey is known to be produced throughout South Africa with Kwa-Zulu natal and free state being the leading provinces The industry is small and comprises of commercial, smallholder, and hobbyist beekeepers (NAMC, 2016). The aim of this article is to analyse both global and South Africa's trade performance of natural honey. First objective is to determine which country(s) are the leading exporters and importers of natural honey globally. Secondly, to determine the value of natural honey that South Africa import and export and also determine the destinations of South Africa's exports and also the sources of natural honey imports

## Global Trade

**Table 8** below shows top ten leading international exporters of natural honey for year 2015 and 2021, shown in value terms. These countries account for about 63% of total natural honey exported globally. The results also indicate that the global export of natural honey grew by 17 percent between 2015 and 2021. New Zealand is the leading exporter with the total market share of 12%, followed by China and Argentina with a market share of about 9.6% and 7.9%, respectively. New Zealand's exports of natural honey experienced an increase of 64% from a value of about US\$200 million to about US\$327 million in 2021. Other exporting countries that experienced positive growth rates during this period under consideration are Brazil (100%), Ukraine (74%), Argentina (31%), Spain (27%), Hungary (25%), India (13%), and Germany (12%), respectively.

The table indicates that only China and Mexican exports have dropped while others country's export has been increasing. During this period under consideration, China's exports of natural honey dropped by 10% whereas Mexico's exports experienced a 40% decline.

**Table 8: Global export of natural honey**

Exporters	Exported value in 2015 (In '000 USD (\$))	Exported value in 2021 (In '000 USD (\$))	Growth in value	Share (%)
World	2 324 937	2 717 780	17%	100
New Zealand	200 043	327 153	64%	12
China	288 668	260 047	-10%	9,6
Argentina	163 603	214 078	31%	7,9
Brazil	81720	163341	100%	6
Germany	132348	148482	12%	5,5
Ukraine	83982	144858	72%	5,3
India	121457	136655	13%	5
Spain	101175	128644	27%	4,7
Hungary	78003	97122	25%	3,6
Mexico	155986	93294	-40%	3,4

**Source:** Trade map (2023)

In terms of imports of natural honey, **Table 9** below shows top ten leading importers of natural honey globally for the year 2015 and 2021, in value terms. These countries account for 70 percent of natural honey imported globally. USA is the leading importer with a share of 24.8%, followed by Germany and Japan with a share of 11.7% and 6.3%, respectively. Amongst the leading importers of honey, Poland experienced the highest growth rate during this period of about 91%, followed by Saudi Arabia (52%), Japan (44%), China (41%), Italy (27%), United Kingdom (UK) (3%).

On the other hand, Germany and Belgium recorded negative growth rates which indicates a reduction in the value of imports between 2015 and 2022. France recorded a negative growth rate of 6% while Germany and Belgium experienced decline of 5% each. On the other hand, all other countries have increased their natural honey imports. The tabulated results also indicate that the global honey export grew by 15.5% between 2015 and 2021

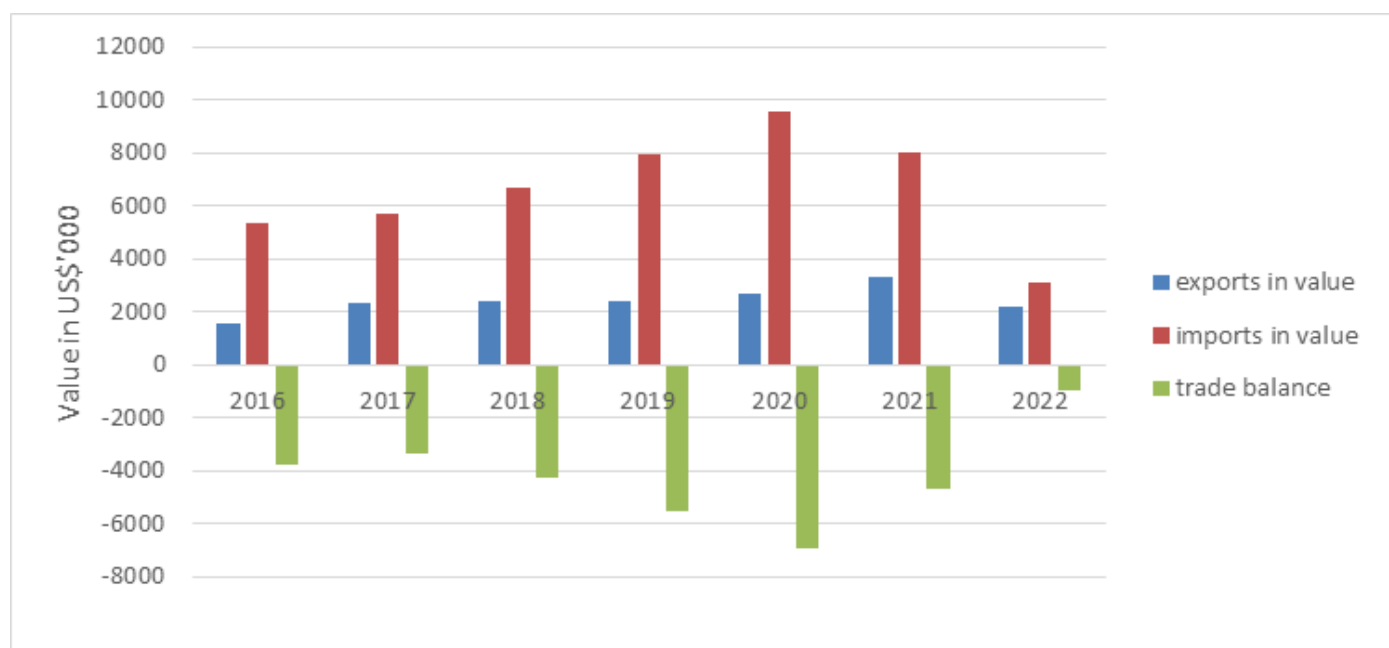
**Table 9: Global Import of Natural Honey**

Exporters	Exported value in 2015 (In '000 USD (\$))	Exported value in 2021 (In '000 USD (\$))	Growth in value	Share (%)
World	2336193	2699328	16%	100
United States of America	605037	668846	11%	24,8
Germany	332282	314760	-5%	11,7
Japan	117639	169851	44%	6,3
United Kingdom	131231	134514	3%	5
France	129046	120906	-6%	4,5
Italy	84708	107504	27%	4
China	74740	105225	41%	3,9
Poland	47736	91354	91%	3,4
Saudi Arabia	56886	86232	52%	3,2
Belgium	90381	85484	-5%	3,2

**Source:** Trade map (2023)

### South Africa's Natural Honey Trade

In terms of trade of natural honey, South Africa is a net importer. **Figure 10** indicates South Africa's value of exports and imports for the past seven years from 2016 to 2022. The results indicate that generally South Africa's imports of natural honey has been increasing until the last two years where it started to show a decline. In 2016, South Africa imported a value of about US\$5.3 million compared to US\$1.5 million of exports. In 2020, South Africa imported a record value of US\$9.5 million of natural honey while exporting about US\$2.6 million worth of natural honey. Each year South Africa has reported a negative trade balance (higher value of imports to exports) showing the country's net importer status. In 2022, South Africa imported about US\$3.1 million of natural honey while exporting a value of about US\$2.1 million.



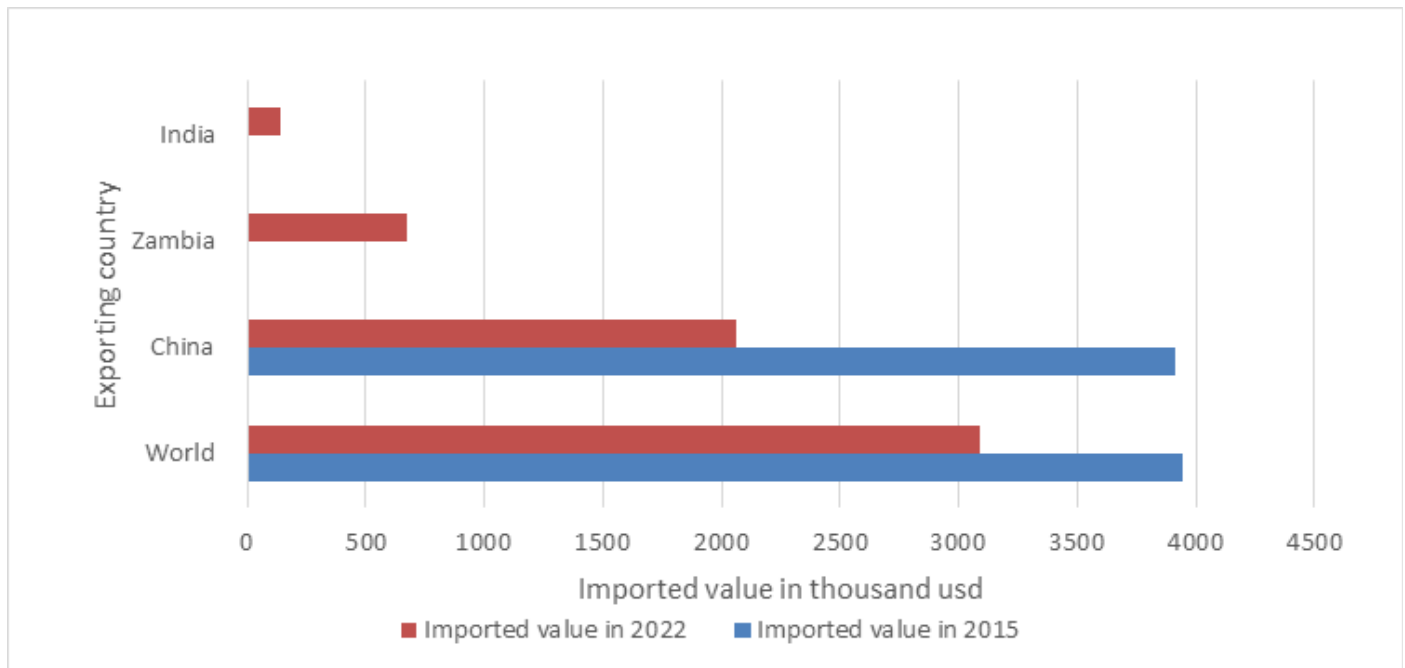
**Figure 10: Export, imports, and trade balance**

Source: Trade Map (2023)

**Figure 11** shows the top three countries that supply South Africa with natural honey; these are China, Zambia, and India. China is the leading supplier accounting for about US\$2 million worth of natural honey exported to South Africa in 2022. On the other hand, Zambia and India exported about US\$674 thousand and US\$138 thousand worth of natural honey to South Africa.



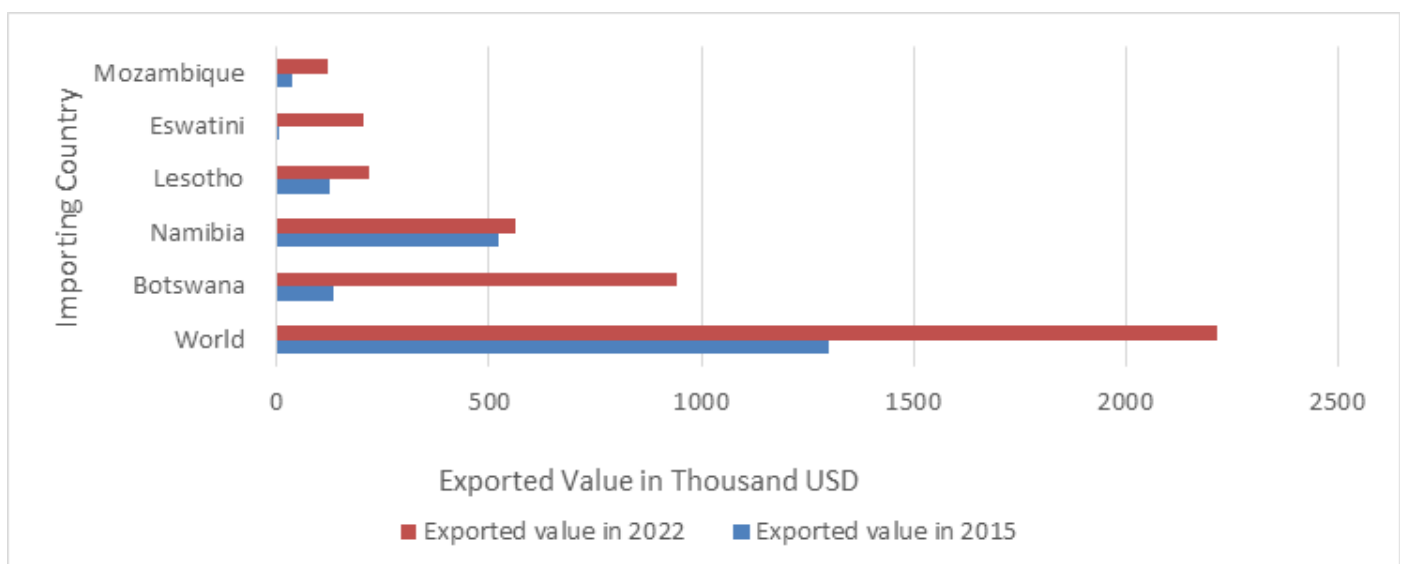
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**Figure 11: Main suppliers of natural honey to South Africa**

Source: Trade Map (2023)

**Figure 12** below shows leading export markets for South African natural honey. The figure shows that South Africa's exports of natural honey are mainly destined for the African market. Namibia and Botswana are top two major importers of South Africa's natural honey, both accounting for about 67.9 %. In 2015 Namibia (US\$522 thousand) imported more natural honey than Botswana (US\$135 thousand). However, in 2022 more natural honey was exported to Botswana (US\$942 thousand) than Namibia (US\$562 thousand). This indicates an increasing share for South African natural honey in Botswana.



**Figure 12: Main importers of natural honey from South Africa**

Source: Trade Map (2023)



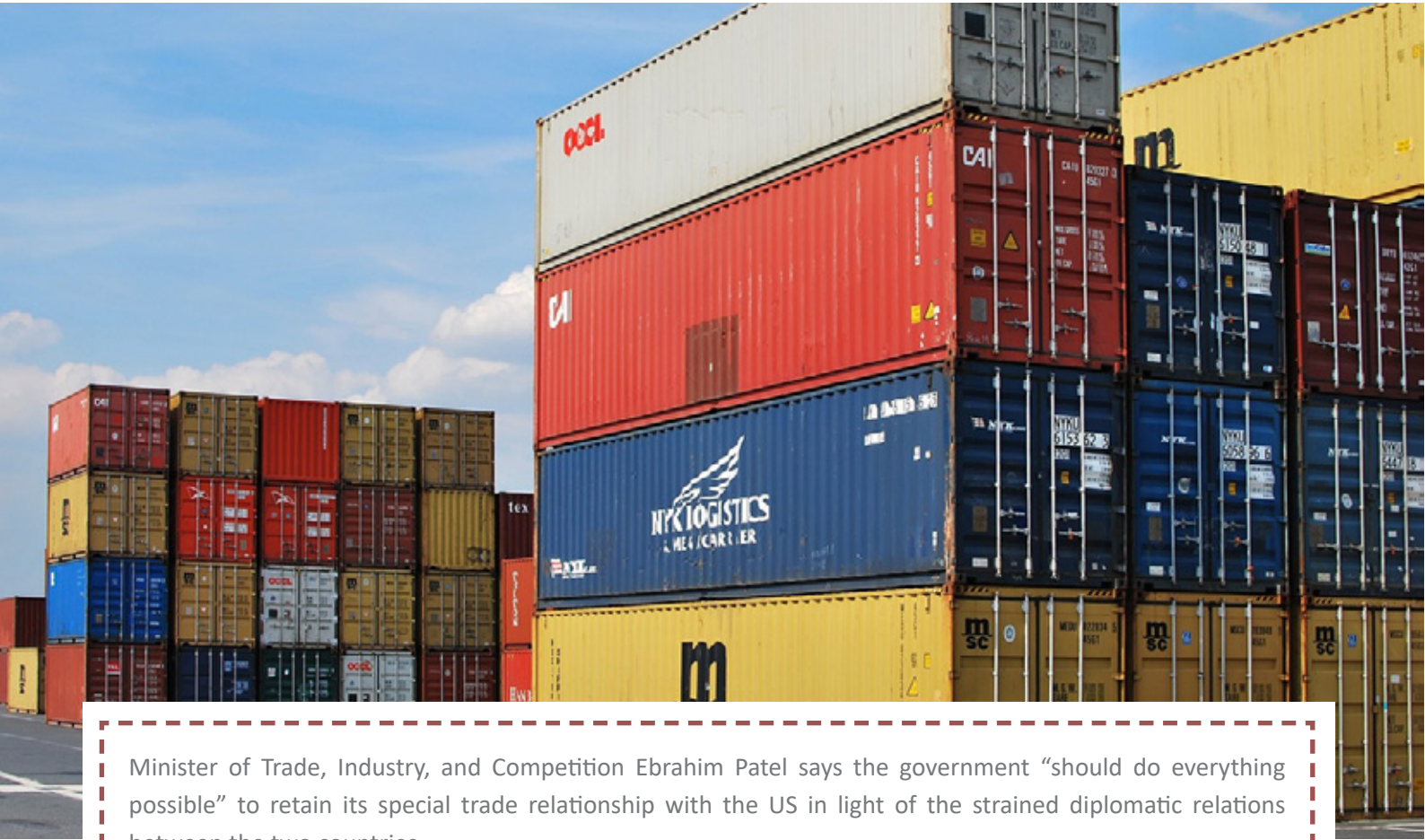
### Conclusion

The trend analysis reveals that the global trade of natural honey has been increasing over the period under consideration. During this period both the global imports and exports of natural honey recorded positive growth rates of 16% and 17%, respectively. The results also shows that the main export markets for natural honey were United States of America, Germany, Japan, United Kingdom, France, Italy, among others. Whereas the major suppliers of natural honey in the global market were: New Zealand, China, Argentina, Brazil, Germany, and Ukraine, among others. In terms of South Africa's trade of honey, the country is a net importer and the major suppliers are China, Zambia, and India. In terms of South Africa's exports of natural honey, the African continent is the main destination. In addition, South Africa's leading export destinations for natural honey were Botswana, Namibia, Lesotho, Eswatini, and Mozambique.





## Patel: SA must do all it can to remain in AGOA



Minister of Trade, Industry, and Competition Ebrahim Patel says the government “should do everything possible” to retain its special trade relationship with the US in light of the strained diplomatic relations between the two countries.

SA enjoys preference to the US market through the African Growth and Opportunity Act (AGOA) of 2000, allowing African countries to export some of their products tariff-free. But the US has in the past punished countries – such as Cameroon – for behaving in a way considered counter to US interests. The US has raised concerns that SA is too close to Russia and has said it suspects that SA busted Russian sanctions late last year when it loaded cargo, believed to be weapons, on to a visiting Russian ship late last year.

Available at: <https://www.news24.com/fin24/economy/patel-sa-must-do-all-it-can-to-remain-in-agoa-20230524>

## Agriculture and port issues discussed in South African-Namibian trade talks



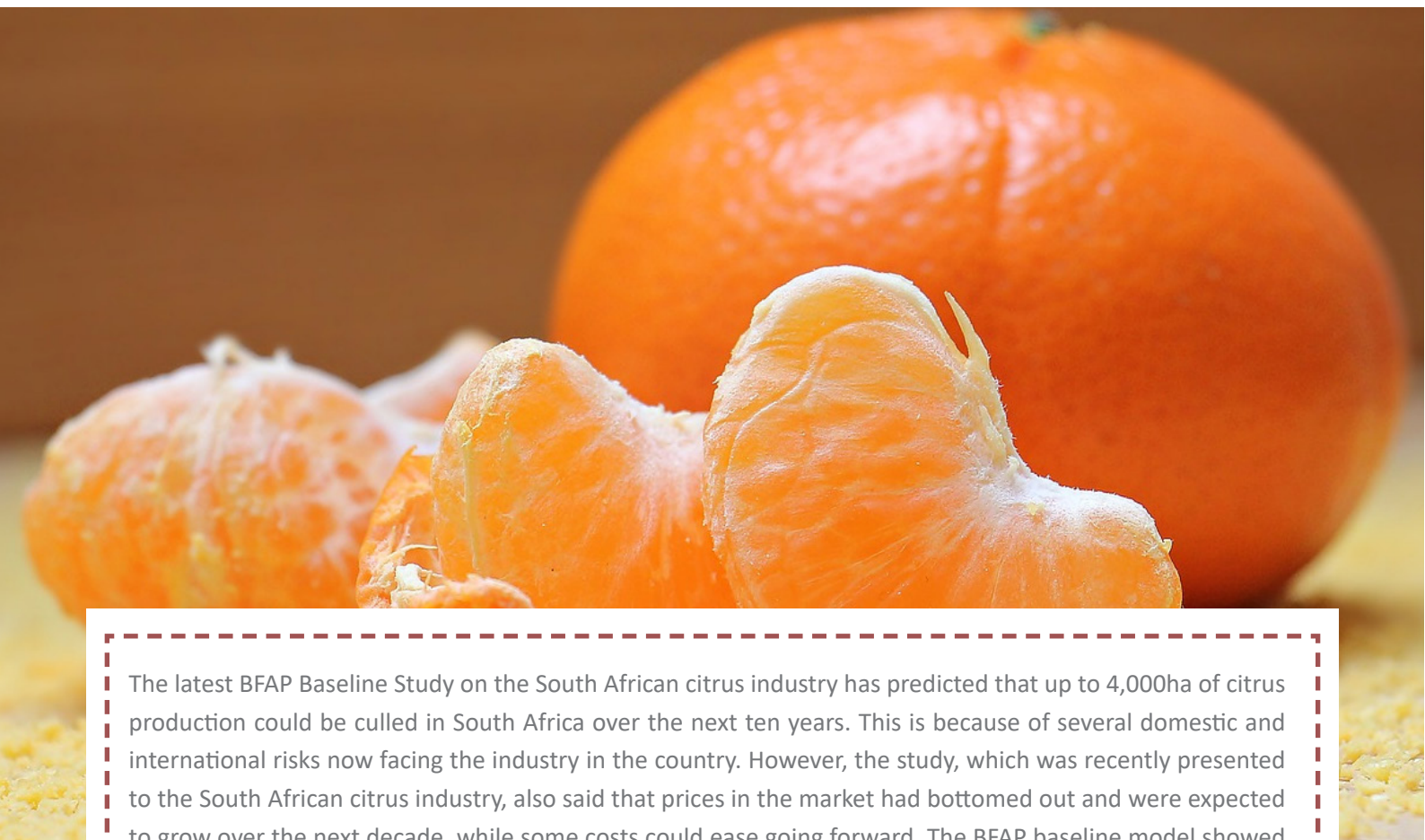
The South African and Namibian fruit export sectors have for many years argued that the development of port infrastructure in Namibia and regular shipping opportunities from those ports would go a long way to resolving export logistics challenges in Southern Africa.

This week they were given fresh hope with the official state visit of Namibian President, Hage G Geingob, and his trade delegation, to South Africa. This follows the African Free Trade Summit in Cape Town this week, which is another step forward in finalising arrangements for what is called the world's largest economic and trade zone, serving some 1.3bn people. As part of the state visit South African agriculture minister Thoko Didiza met with her Namibian counterpart Carl-Hermann Gustav "Calle" Schlettwein, who also previously served as finance minister to discuss the opportunity to strengthen trade ties between the two countries. Relations between the governing South African party and that of Namibia go back to the so-called independence war in Namibia in the 1970s and 1980s. Since then, South Africa has become Namibia's most important trading partner. As for exports, Namibia's meat and fish products are sought after internationally, and since 2000 it has developed a growing and thriving table grape export business.

Available at: <https://www.fruitnet.com/eurofruit/agriculture-and-port-issues-discussed-in-south-african-namibian-trade-talks/248861.article>



## South African citrus ponders strategic options



The latest BFAP Baseline Study on the South African citrus industry has predicted that up to 4,000ha of citrus production could be culled in South Africa over the next ten years. This is because of several domestic and international risks now facing the industry in the country. However, the study, which was recently presented to the South African citrus industry, also said that prices in the market had bottomed out and were expected to grow over the next decade, while some costs could ease going forward. The BFAP baseline model showed that 2023 would be a challenging year, with improvements thereafter. It comes at a time when the industry is expected to grow its exports from about 160m cartons this year to 250m cartons over the next decade. The study listed a number of domestic risks facing the industry in South Africa, including the port and logistical challenges that had led to delays and quality claims. Other risks included downward price risk as more products come into the market and cold chain interruptions due to rolling blackouts that impact quality and storage costs. Cost price inflation (particularly labour), the erosion of the capital base due to forced sales, exchange rate fluctuations, weather conditions and conflict and social unrest were also cited.

Available at: <https://www.fruitnet.com/eurofruit/south-african-citrus-ponders-strategic-options/248836.article>.



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