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Promoting market access for South African agriculture

FOREWORD

Welcome to the hundred and fourth (104th) edition 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 is co-produced by the NAMC and the Department of Agriculture (DoA). This edition focuses on how South Africa can convert its existing preferential access into sustainable growth in agricultural exports to South American markets through Mercado Común del Sur (MERCOSUR), the Southern Common Market.

The current phase of global trade is characterised more by strategic restructuring than by liberalisation. Geopolitical tensions and declining confidence in multilateral enforcement have significantly changed the conditions under which middle-income exporters operate. For South Africa, these shifts emphasise the importance of trade arrangements that provide effective market access. The Southern African Customs Union (SACU) and MERCOSUR signed a Preferential Trade Agreement (PTA), referred to here as "the PTA," on 16 December 2004.

The MERCOSUR is a customs union comprising two large economies, Brazil and Argentina, and two smaller economies, Paraguay and Uruguay. This was the first agreement SACU concluded with another developing regional economic bloc following the 2002 SACU agreement. The 2002 SACU agreement requires SACU members to negotiate any Free/ Preferential Trade agreements with third parties collectively. Later, the PTA was renegotiated to expand and deepen its scope in favour of the smaller countries within the two trading blocs, and the agreement was signed in March 2009. By early 2016, all MERCOSUR and SACU members had ratified the PTA, which came into force on 01 April 2016.

Unlike agreements based on developmental disparities, the SACU–MERCOSUR PTA places South African exporters alongside global producers, emphasising both strengths and structural weaknesses. Although the PTA is not a comprehensive free trade agreement, its preferential margins are commercially significant. Empirical evidence since its implementation indicates that export growth has been uneven, primarily benefiting industries capable of managing tariff schedules, rules of origin, regulatory standards, and logistics. Where such skills are lacking, preferences largely remain unused.

This report addresses a specific but vital question: under what conditions can South Africa convert existing preferential access into sustainable agricultural export growth in South American markets? The authors identified agricultural commodities of their choice and analysed their export performance over the past year. Strategies and trade arrangements to expand the trade of South Africa's agricultural products are also examined.

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TABLE OF CONTENTS

SECTION A

TRADE ANALYSIS

SECTION B

TRADE OPPORTUNITIES

SECTION C

TRADE NEWS

A

1. Why South Africa remains marginal in Brazil's expanding wine market

Buhlebemvelo Dube

1.1. Introduction

South Africa's agricultural exports reached $15 billion in 2025, up from $13.7 billion in 2024, with exports to MERCOSUR almost doubling during the same period (Trademap, 2026). This achievement is notable because it occurred amidst increasing trade tensions, tariffs, and non-tariff barriers worldwide, highlighting the resilience and competitiveness of South Africa's agricultural sector. The country's agricultural exports remain heavily concentrated in a few markets, especially in Europe and North America. This concentration leaves the sector vulnerable to regulatory changes, logistical challenges, and demand fluctuations in those regions, emphasising the need for export diversification into new markets.

This is especially relevant for export-focused industries like the wine sector, where expanding export markets remains a key objective. In this context, the SACU-MERCOSUR PTA highlights underutilised opportunities in South American markets. Specifically, for South Africa's wine exporters, the agreement provides a credible route to diversify markets beyond traditional strongholds in Europe and the United States. Brazil is particularly important here. While it is not a typical high-per-capita wine consumption market, it is a notable and growing importer of wine, with increasing demand for imported products. This presents a commercially valuable opportunity for South African wine exporters to strengthen their presence in Brazil by leveraging the tariff preferences available under the SACU-MERCOSUR agreement. It remains to be seen whether these preferences will be enough to outperform existing competitors such as Chile and the European Union in South American markets.

1.2. Market analysis

Table 1 shows that wine import demand within MERCOSUR is highly concentrated, with Brazil overwhelmingly dominating the bloc's market.

Table 1: Wine import structure of the MERCOSUR bloc in 2024 (HS code: 2204)

Importers	Import value in 2024	Annual growth in value between 2020-2024 (%)	Annual growth in value between 2023-2024 (%)	Share in world imports (%)
Common Market of the South (MERCOSUR) Aggregation	608194			1.6
Brazil	523355	4	12	1.3
Paraguay	41430	4	10	0.1
Venezuela, Bolivarian Republic of	16834	5	8	0
Uruguay	16471	6	20	0
Argentina	10104	16	42	0

Author's calculations based on International Trade Centre (ITC) statistics, derived from UN COMTRADE (2026)

In 2024, MERCOSUR imported $608.2 million worth of wine, accounting for 1.6% of global imports. Of this, Brazil alone absorbed $523.4 million, approximately 86% of world wine imports. Brazil's import value grew at an average annual rate of 4% between 2020 and 2024, accelerating to 12% growth in 2023–2024, reinforcing its central role within the bloc. By contrast, other MERCOSUR members such as Paraguay ($41.4 million), Venezuela ($16.8 million), Uruguay ($16.5 million), and Argentina ($10.1 million) remain marginal in global terms, each representing 0.1% or less of world imports. While these smaller markets recorded comparatively higher short-term growth, particularly Argentina (42%) and Uruguay (20%) between 2023 and 2024, such expansion occurs from a low base and does not alter the bloc's fundamentally concentrated demand structure (ITC, 2026).

Figure 1 reports the relative scale of Brazil's wine import demand, South Africa's global wine exports, and bilateral wine trade between the two countries between 2020 and 2023.

Brazil's total wine imports from the world increased from approximately $420 million in 2020 to about $520 million in the final year, while South Africa's total wine exports to the world remained higher throughout, rising from roughly $620 million to around $750 million over the same period. In contrast, Brazil's wine imports from South Africa are substantially lower, ranging from approximately $1.8 million to $2.6 million, with a clear peak early in the period, followed by a decline and a partial recovery thereafter. Relative to aggregate trade flows, bilateral wine trade therefore represents well below 1% of both Brazil's total wine imports and South

Africa's global wine exports in each year shown. ***Figure 1*** thus highlights a persistent scale disparity between aggregate trade volumes and the magnitude of bilateral wine trade between Brazil and South Africa.

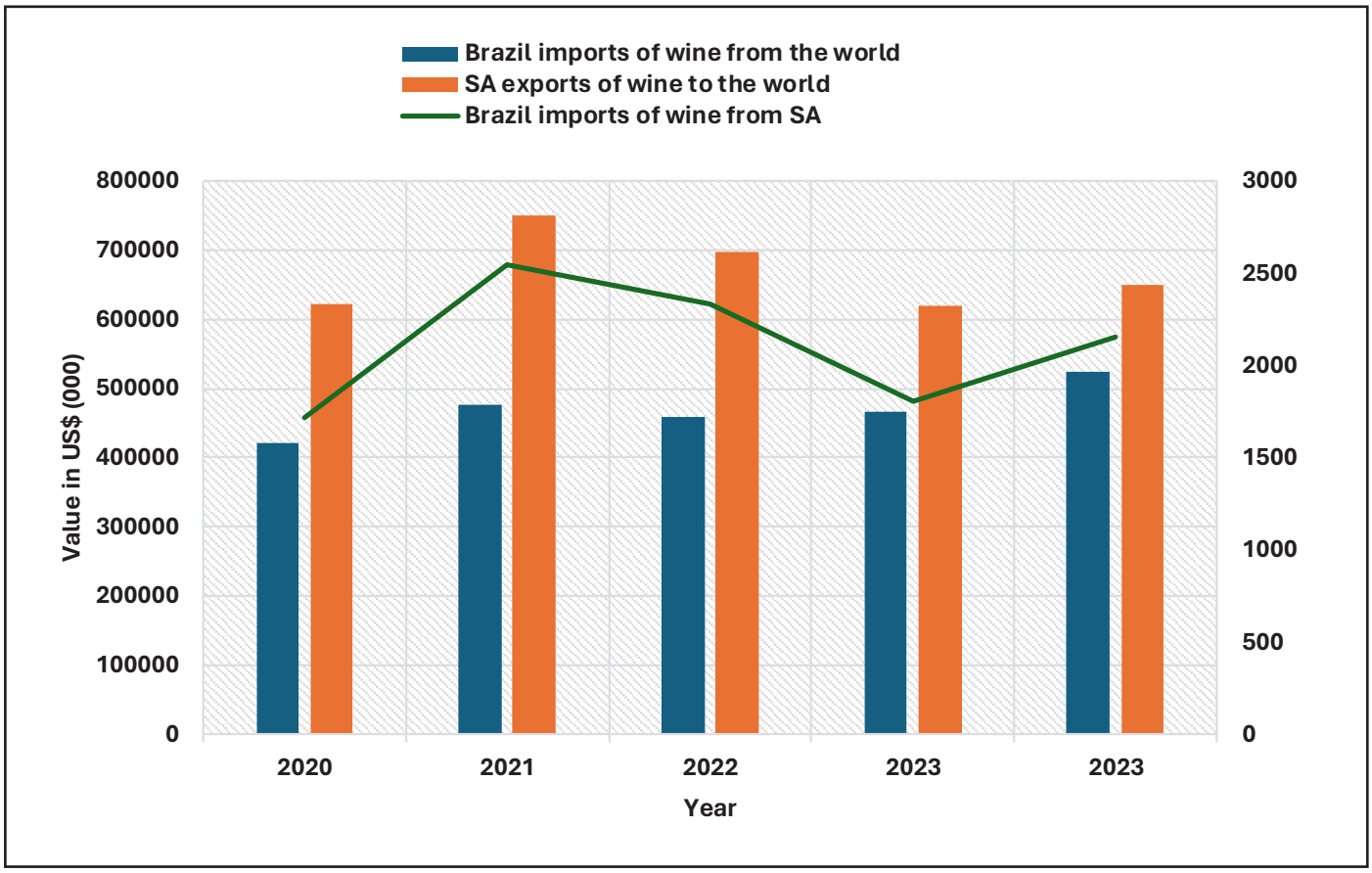

Figure 1: Wine trade dynamics between South Africa and Brazil

Source: Author's calculations based on International Trade Centre (ITC) statistics, derived from UN COMTRADE (2026)

Building on the concentration patterns identified above, Brazil accounts for the largest share of wine imports within MERCOSUR, with import values increasing from approximately $470 million in 2023 to about $523 million in 2024. Over the period 2020–2024, the value of wine imports into Brazil expanded at an average annual rate of around 4%, with a 12% increase recorded between 2023 and 2024. Brazil's import market is dominated by a small group of suppliers, led by Chile (38.6%), Argentina (18.7%), Portugal (15.6%), France (10.6%), and Italy (8.3%), while South Africa accounts for approximately 0.4% of total imports. Despite its small market share, South Africa records one of the highest year-on-year growth rates among major suppliers between 2023 and 2024, second only to Argentina.

1.3. Conclusion

The analysis shows that wine import demand within MERCOSUR is heavily focused on Brazil, which accounts for over four-fifths of the bloc's imports and has experienced steady growth over the past decade, with a notable increase in 2023–2024. While other MERCOSUR members display higher short-term growth rates, their limited import volumes do not significantly change the region's overall concentrated demand structure. In this context, South Africa's wine exports to Brazil remain minimal and are well below 1% of both Brazil's total imports and South Africa's global wine exports, despite Brazil's sizeable and expanding market. There is a need to rethink engagement strategies to enhance market access for wine in Brazil. MERCOSUR can serve as the platform

for such initiatives. Economically, the evidence suggests a market driven by scale, without proportional bilateral penetration. The findings therefore indicate that Brazil is the main centre of wine import demand in MERCOSUR, while South Africa's current export levels reflect under-penetration rather than market saturation. More efforts through the SACU-MERCOSUR PTA are required to promote market diversification for wine exports into South America, especially amid the fragmentation of global trade patterns. Overreliance on traditional markets for South African wine exporters presents a strategic risk in these uncertain times.

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2. What are the implications of the newly signed EU-MERCOSUR trade agreement for South African agricultural exports to the EU?

Thabile Nkunjana

2.1. Introduction

After the US imposing "Reciprocal Tariffs" on nearly every country in the world, this posed a shock to international trade markets. This caused several countries to reflect on their international trade. To cope with the shock of uncertainty in international trade, a number of countries and regions negotiated new trade agreements between 2025 and the beginning of 2026, while others finalised outstanding trade deals. After 25 years of negotiations, the European Union (EU) and the Southern Common Market (MERCOSUR) signed one of the largest free-trade agreements in the world in January 2026. In addition to strengthening Europe's position in a resource-rich region that is increasingly being disputed by the US and China, the agreement will establish an integrated market with 780 million people.

2.2. Market analysis

Given that Europe is South Africa's second largest market for agricultural exports, accounting for 31% of the US$15.1 billion worth of exports in 2025, the MERCOSUR members (Argentina, Brazil, Paraguay and Uruguay) are a direct competitor to South Africa's agricultural products. For instance, Brazil is the world's top exporter of poultry, the second-biggest exporter of maize, the largest exporter of soybeans, and a major exporter of

nuts and some fruits. The other MERCOSUR countries are strong exporters of a variety of agricultural products to the global market, especially Argentina.

Even though the EU and MERCOSUR member countries have been trading with one another, the free trade agreement will undoubtedly increase trade between them. This could affect countries like South Africa that have historically traded with the EU, as new players enter the market under different and better conditions, particularly for products that MERCOSUR countries produce and export, which are comparable to those South Africa exports to the EU. Thus, this essay examines whether South African exporters to the EU market will be affected by this free trade. Agricultural exports from MERCOSUR member countries to the EU as a group are shown in ***Figure 2*** from 2006 to 2025. During this time, exports rose by 60.3%, from US$16.3 billion in 2006 to US$26.1 billion in 2025 (Trade Map, 2026). Brazil accounted for 83% of all MERCOSUR members in 2025, with agricultural exports to the EU totalling US$21.8 billion. Argentina (US$3.8 billion) (15%), Paraguay (US$296.9 million) (1%), Uruguay (US$153.2 million), and Venezuela (US$29.7 million) (0.1%) followed. South Africa's agricultural exports to the EU totalled US$3.2 billion at that time, less than Argentina's US$3.8 billion in second place.

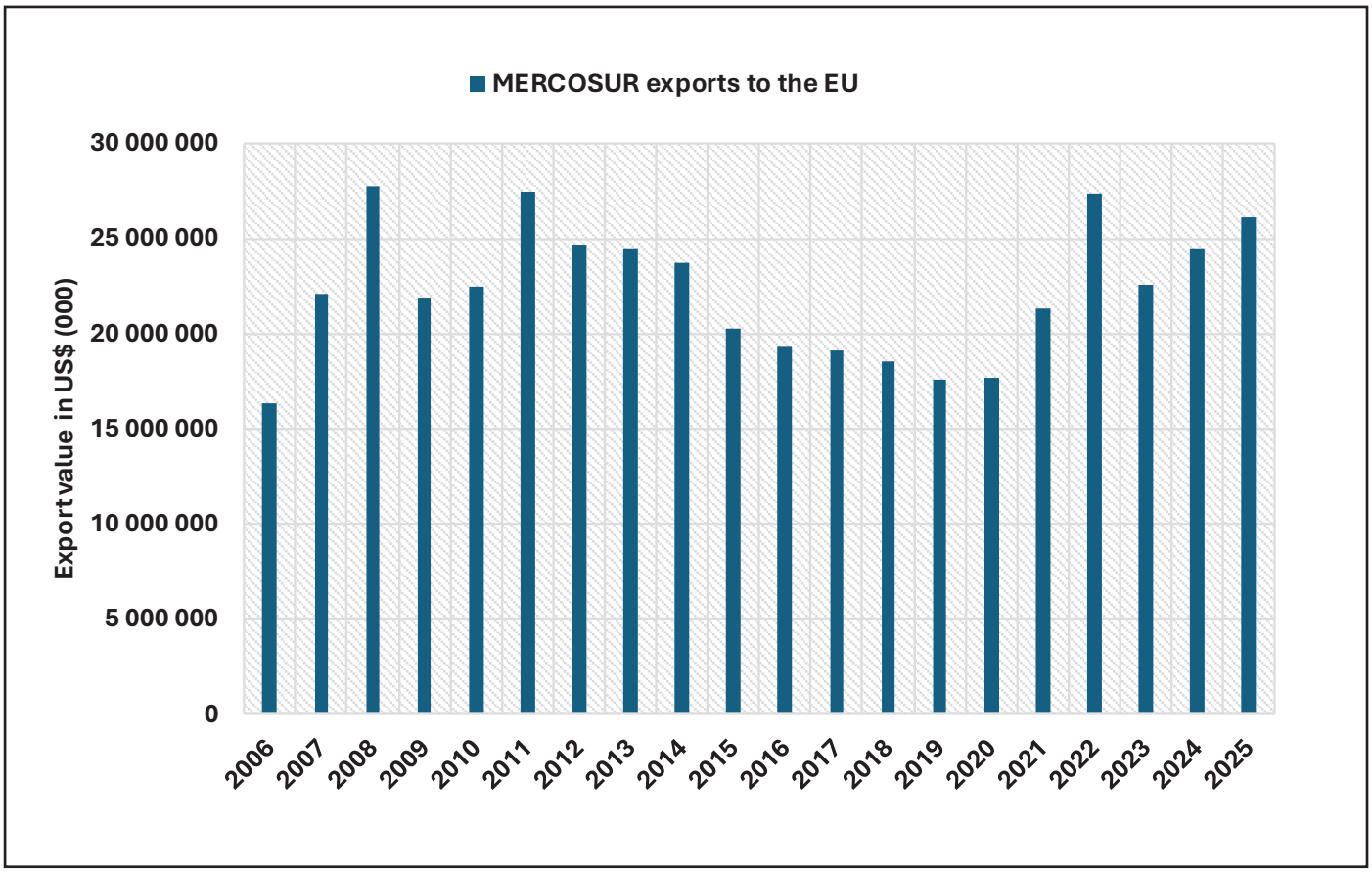

Figure 2: MERCOSUR exports to the EU between 2006 and 2025

Source: Trademap (2026)

Agricultural exports from MERCOSUR member nations to the EU-27 as a group are shown in ***Figure 2*** from 2006 to 2025. During this time, exports rose by 60.3%, from US$16.3 billion in 2006 to US$26.1 billion in 2025 (Trade Map, 2026). Brazil accounted for 83% of all MERCOSUR members during that time, with agricultural exports to the EU-27 totalling US$21.8 billion in 2026. Argentina (US$3.8 billion) (15%), Paraguay (US$296.9 million) (1%), Uruguay (US$153.2 million), and Venezuela (US$29.7 million) (0.1%). South Africa's agricultural exports to the EU-27 totalled US$3.2 billion at that time, less than Argentina's US$3.8 billion in second place.

2.3. Conclusion

Since the EU has been one of the most reliable and established trading partners since the Republic's democracy began, the free trade agreement between MERCOSUR and the EU does not pose a major threat. This is because the products such as beef, poultry, sugar, soybean and ethanol amongst others that MERCOSUR exports to the EU do not compete with the leading products that South Africa supplies to this market.

However, to reduce the risk of competition from countries with similar climate and market conditions, ongoing monitoring will be necessary.

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3. To what extent can value addition drive exports and address trade imbalances? A case of the SACU-MERCUSOR

Phelelani Sibiya and **Bhekani** Zondo

In recent years, there has been an increase in South-South trade agreements, which are seen as an alternative to traditional North-South trade relations (Wiame & Adil, 2025). These trade agreements are aimed at deepening South-South trade and reducing reliance on North-South trade. One of the practical examples of the South-South regional trade agreements is the SACU-MERCUSOR, a preferential trade agreement (PTA) between the Southern African Customs Union (SACU) and the Common Market of the South (MERCUSOR) that was established to boost interregional trade and economic growth for both regions (Roberts, 2004).

The SACU-MERCUSOR comprises the five member states of SACU (namely, Botswana, Lesotho, Namibia, South Africa and Eswatini) and MERCUSOR, comprising Argentina, Brazil, Paraguay, Uruguay, Bolivia and Chile, with Colombia, Ecuador and Peru as associate countries. In addition, the extent to which this trade agreement has contributed to inclusive and equitable growth is subject to ongoing debate.

In light of this, there are concerns regarding the SACU-MERCUSOR PTA. Firstly, there is an issue of economic similarities between SACU and MERCUSOR. Both regions compete for similar products at the same time of year and in the same markets (Roberts, 2004; Nkomo & Olmos, 2012). Moreover, in the agricultural sector, Argentina and Brazil are more competitive than SACU; they produce more and quality commodities at a lower cost, e.g., Argentina and Brazil are among the leading exporters of beef, poultry, maize and sugar among other commodities (Roberts, 2004; Nkomo & Olmos, 2012). Moreover, MERCOSUR has higher tariffs on agricultural

products than the average for all other goods; there is also a variety of non-tariff barriers, including sanitary and phytosanitary regulations, licensing and administrative procedure (Roberts, 2004). As a result, SACU currently imports more agricultural products from MERCUSOR, and the trade balance significantly favours MERCUSOR. ***Figure 3*** below indicates trade between SACU and MERCUSOR over the past decade

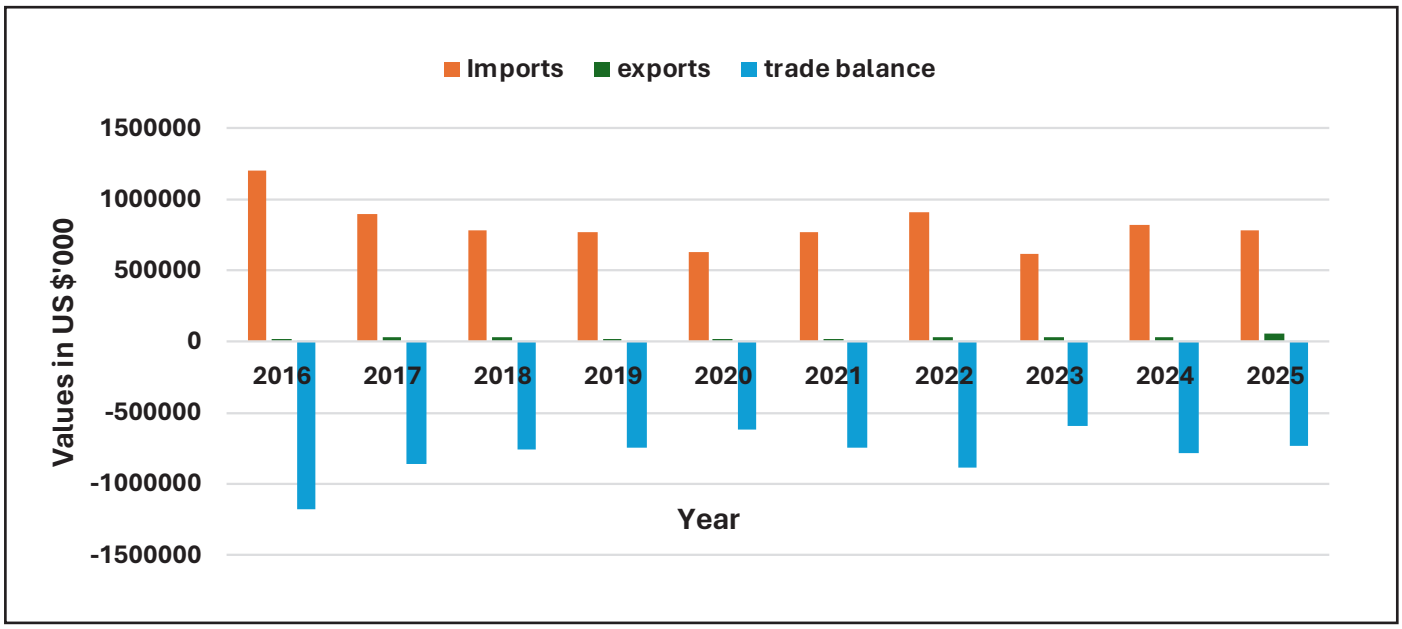


Figure 3: SACU agricultural products imports, exports and trade balance between 2016 and 2025

Source: Trade Map, 2026.

Figure 3 highlights a persistent imbalance, indicating MERCOSUR's dominance in this trade agreement despite SACU exports increasing by more than two-fold over this period. In 2016, SACU's exports to MERCUSOR were valued at US$14.7 million, and by 2025, they had increased to approximately US$50.5 million. In contrast, during this period, imports have declined by 35% to about US$781 million in 2025. This imbalance creates a significant trade deficit for SACU, suggesting that despite the PTA's aim to foster inclusive and equitable South-South trade, economic and seasonal production similarities have hindered SACU's ability to penetrate MERCOSUR markets effectively.

Among SACU members, South Africa is currently the most dominant supplier and importer of agricultural products to and from MERCUSOR countries. As of 2025, South Africa accounted for 99.7% of SACU's exports to and approximately 97% of imports from MERCUSOR (Trade Map, 2026). The contribution of other SACU member states is arguably negligible, as their share of imports and exports is relatively low. ***Table 2*** below illustrates the value of SACU's agricultural exports to MERCUSOR in 2018 and 2025. The composition of SACU's exports to MECUSOR shows diversification from primary commodities (such as maize, vegetable seeds, etc.) to higher-value-added products, including processed juices and cordials (pineapple juice, liqueurs and cordials), wine, prepared vegetables, and raisins, among others. This trend suggests an opportunity to further expand and prioritise value-added exports to enhance export earnings, improve resilience, and reduce reliance on primary commodities, which are mainly seasonally driven.

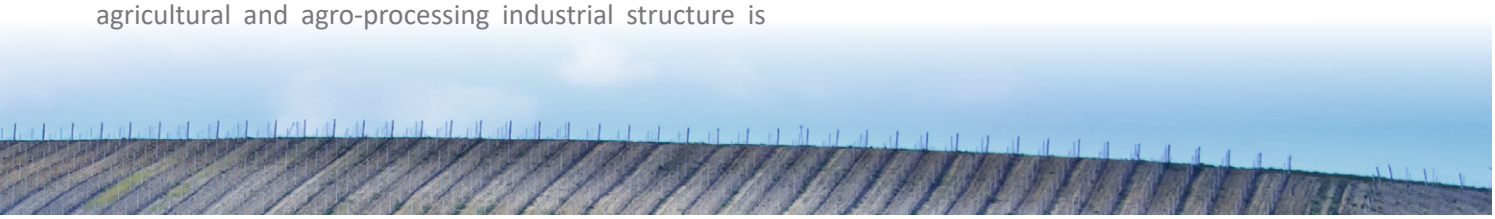
Table 2: Value of SACU's agricultural product exports to MERCOSUR in 2018 and 2025

Value of SACU's exports to MERCOSUR (US$'000)				
Products	**2018**	**2025**	**% Share in 2018**	**% Share in 2025**
All products	702 602	457 350		
Maize (excl. seed for sowing)	5 572	21 117	1%	5%
Pineapple juice, unfermented, Brix value > 20 at 20°C	402	8 592	<1%	2%
Liqueurs and cordials	6 705	7 334	1%	2%
Vegetable seeds, for sowing	790	4 896	<1%	1%
Wine	3 449	1 590	<1%	<1%
Potatoes, prepared or preserved	0	1432	<1%	<1%
Dried grapes (Raisins)	3 417	1248	<1%	<1%
Vegetable saps and extracts (excl. liquorice, hops, opium and ephedra)	1 387	848	<1%	<1%
Seeds of forage plants for sowing	105	598	<1%	<1%
Live psittaciformes "incl. parrots, parrakeets, macaws and cockatoos"	0	375	<1%	<1%

Source: Trade Map, 2026

The traditional understanding is that trade agreements have the greatest economic benefits when trade is determined by the country's comparative advantage due to differences in factor endowment than when countries have similar economic and production structures. In many respects South Africa's trade patterns conform to this. However, intra-industry trade in value-added or processed products has grown significantly among countries that produce same types of products, where gains arise from product differentiation and economies of scale (Roberts, 2004; Gebreselasie and Jordaan, 2009).

Therefore, in this context, transforming SACU's agricultural and agro-processing industrial structure is a key consideration to unlocking full potential economic benefits from SACU-MERCUSOR trade agreement and to overcome the obstacles hindering SACU's ability to penetrate MERCOSUR markets effectively. The agriculture and agro-processing master plan (AAMP), adopted by South African government, explicitly prioritizes expanding the production and exports of value-added agricultural products and reducing reliance on imports. By transitioning towards processed, differentiated agricultural products, SACU can better take advantage of SACU-MERCOSUR trade agreement and address the current trade imbalances dominated by MERCOSUR primary agricultural products exports.



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4. Squeezing juice opportunities in the SACU–MERCOSUR Preferential Trade Agreement

Khethiwe Mnguni

4.1. Introduction

SACU exports to MERCOSUR trade are very limited as MERCOSUR member countries, particularly Brazil and Argentina, are the world's largest agricultural producers. Due to favourable climatic conditions and abundant land, which provide them with economies of scale and cost efficiency. Combined with the fact that both regions have a similar basket of goods the possibility of complementarity trade is significantly reduced, making it difficult for SACU to secure meaningful market access into the MERCOSUR market. Though limited, the SACU–Mercosur Preferential Trade Agreement presents a niche but valuable opportunity for SACU. This article explores niche export opportunities for SACU in MERCOSUR.

4.2. Opportunity analysis

SACU's current agricultural exports totalled $50 million in 2025. ***Figure 4*** indicates SACU's top agricultural export products. Cereals generated the highest value due to a substantial increase in maize exports in 2025, supported by favourable weather conditions that delivered a bumper crop and enabled strong export flows to markets such as Venezuela. Beverages, namely liqueurs, cordials, wines from fresh grapes, sparkling wines, and mineral waters, remain SACU's strongest export to MERCOSUR. Processed foods also remain competitive, driven by notable products such as pineapple juice, jams, and jellies, alongside a recent surge in frozen potato exports to Brazil, which reached 839 tons in 2024–2025, as Brazil's import demand continues to grow.

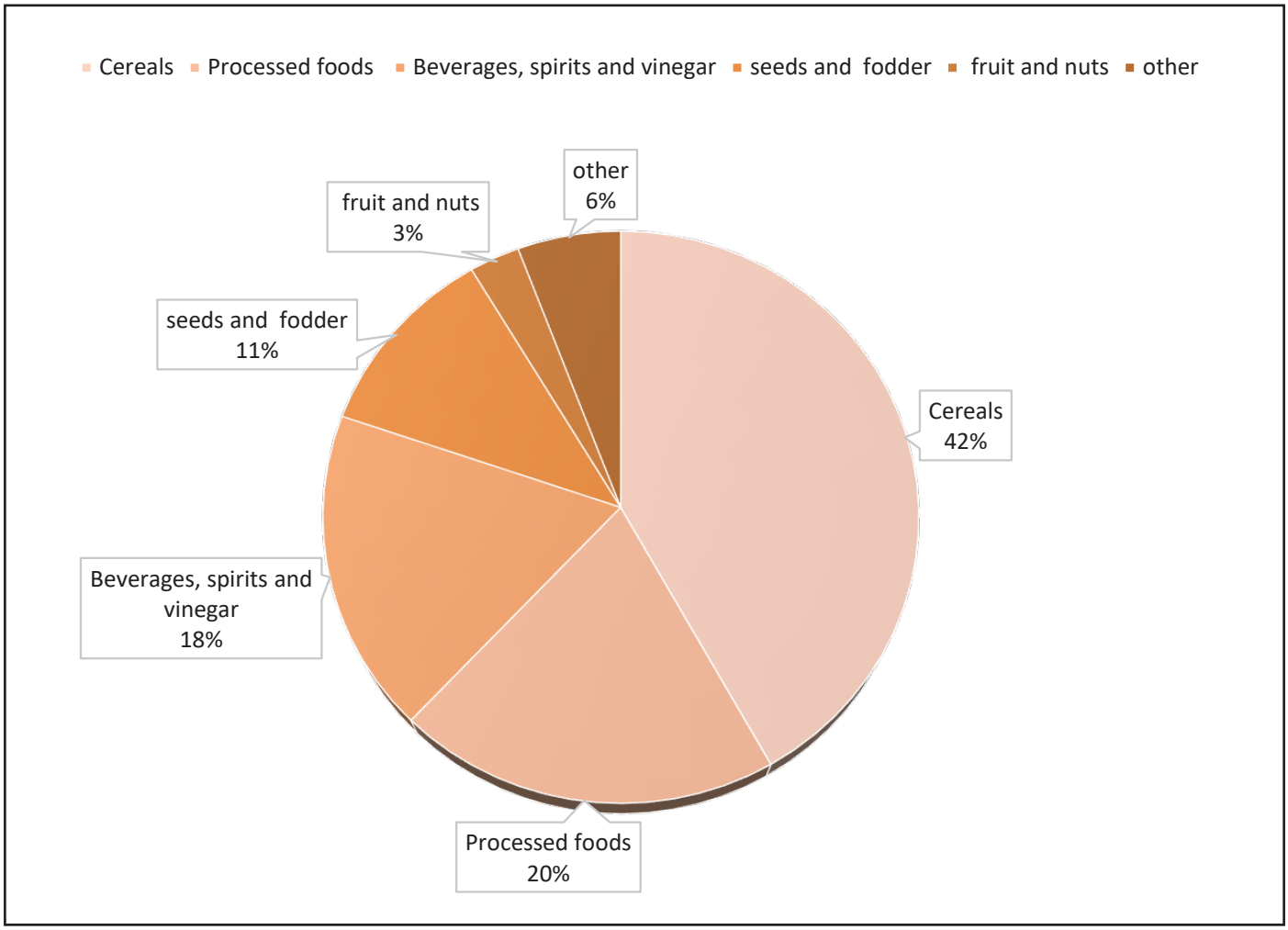

Figure 4: SACU export products to MERCOSUR 2025

Source: Trademap (2026)

Global demand for health and wellness products has driven increased consumption of health beverages, such as fruit juices. Between 2020 and 2024, global fruit juice imports grew by approximately 10% annually, reflecting high demand (ITC, 2026). While South America has a relatively small demand for fruit-juice import of 0.3% share in the world, imports have been steadily increasing at an average of 8% per year since 2020 (ITC, 2026). The MERCOSUR bloc is a net exporter of fruit juices with a positive trade balance of US$ 3.7 billion and Brazil as the world's leading exporter of orange juice. Mercosur's total imports amounted to U$31 378 million in 2025 (excluding Venezuela).

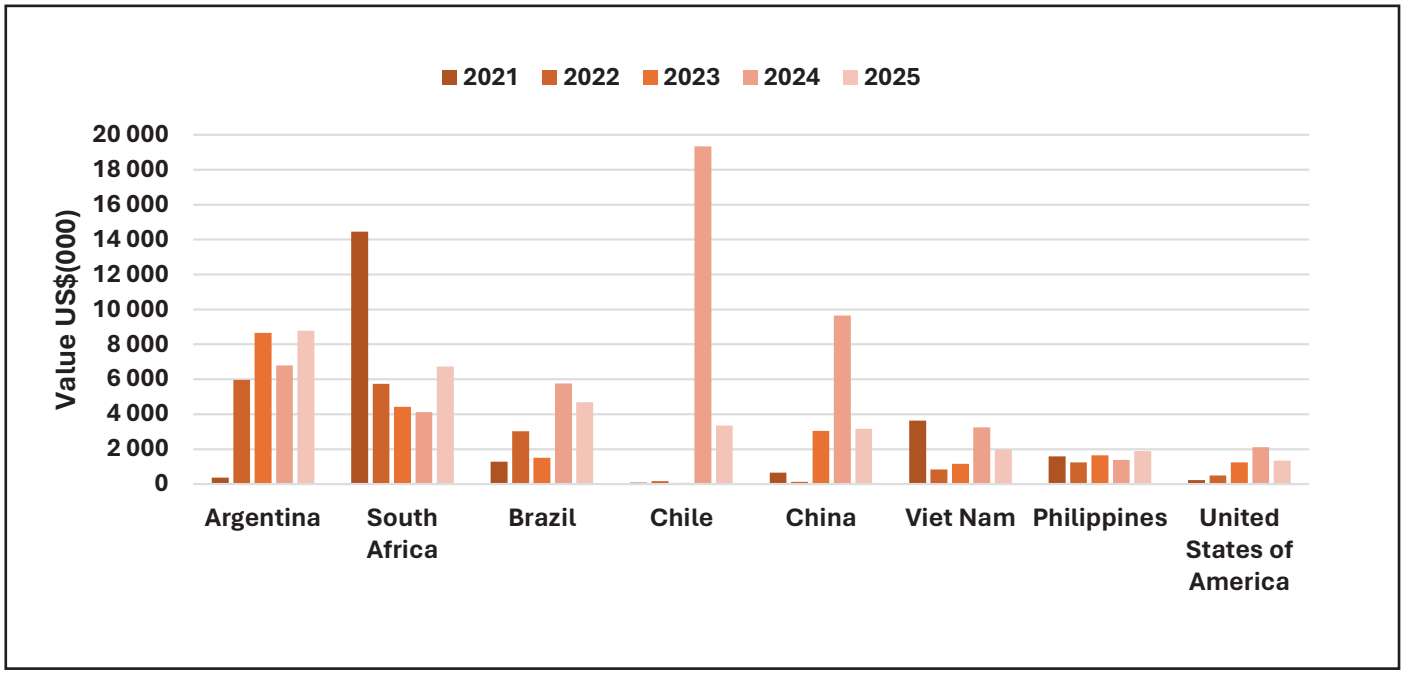

Figure 5: Supplying Markets of Fruit Juice (HS 2009) to SACU–MERCOSUR

Source: Trademap (2026)

Figure 5 shows that South Africa ranks among the top five consistent suppliers of fruit juice to South American markets. Imports are driven by intra-regional trade among Argentina, Brazil, and Chile, as they benefit from 0%-12% Preferential tariffs under MERCOSUR, Aldi regional group or bilateral agreements (macmap,2026). While Other key external suppliers include the Philippines, China, and the United States of America who like SACU face the 14% Most Favourable Nation (MFN) tariffs. The SACU–MERCOSUR PTA offers SACU exporters a 25% tariff reduction in Brazil and a 10% reduction in Argentina for only mixed fruit juice products (SACU, 2026). The PTA covers a limited product list, and SACU does not export mixed fruit juice to SACU–MERCOSUR, the preferences remain unused, while the fruit juices from SACU are not included in the agreement. However, from ***figure 6*** SACU has the capacity to export mixed juices there just is not a substantial demand in SACU–MERCOSUR.

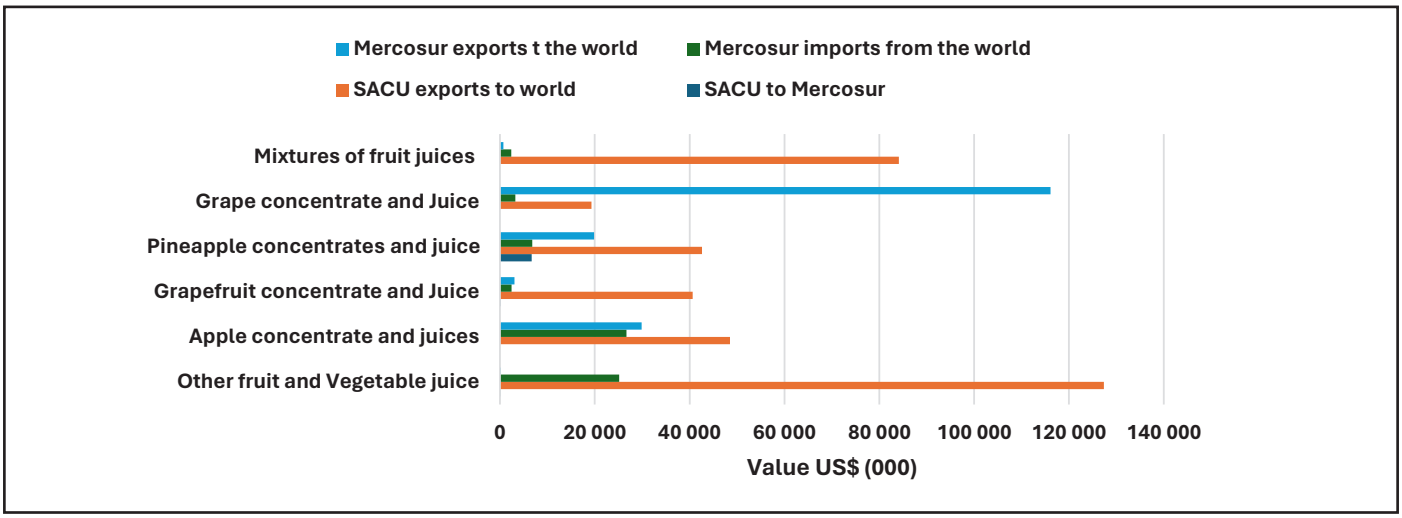

Figure 6: Fruit Juice Trade Patterns Between SACU and SACU–MERCOSUR

Source: Trademap (2026)

Figure 6 indicates the SACU is a strong global exporter of fruit juices with higher export values than SACU–MERCOSUR in all products besides orange and grape juice. SACUs exports are minimal especially in the juice categories that have the highest import demand in SACU–MERCOSUR. SACU–MERCOSUR'S strongest fruit juice imports include Apple juice, other fruit and vegetable juices(combination), Pineapple and grape. SACU has successfully established a strong niche in pineapple juice concentrate in Mercosur capturing 95% of the of the import market driven by South Africa (94%) and Eswatini (1%) smaller contribution. Argentina is the largest pineapple concentrate importing member.

SACU's exports of pineapple concentrate to MERCOSUR have grown sharply, from 81 tons in 2021 to 3,522 tons in 2024, above the pre-covid average of 420 tons. On a global scale, SACU exported over 19,000 tons of pineapple concentrate, of which 17% were destined for MERCOSUR. Additionally, the unit value of these exports has increased over the past three years, signalling rising demand and improved profitability for the product. If we consider South Africa's position as one of the world's largest apple exporters and its significant table grape production, this creates a strong foundation for expanding agro-processing capacity. Leveraging these strengths could enable further diversification into value-added fruit juice exports and deeper penetration of South American markets.

4.3. Conclusion

The SACU-MERCOSUR PTA remains limited in its product coverage. SACU-MERCOSUR grants SACU preference to 176 agricultural tariff lines; the agreement excludes many of SACU's most competitive agricultural exports or grants only modest tariff reductions. SACU's major export products such as orange juice, apple juice, and other fruit and vegetable juices are not covered by the PTA. This limits the agreement's commercial relevance and highlights a misalignment between preference coverage and SACU's export strengths. This misalignment between South Africa's competitive export basket and the concessions granted under the PTA limits the agreement's commercial value and highlights the need for deeper negotiations if SACU seeks meaningful market access into MERCOSUR.

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5. Import Pressure and Competitive Upgrading: SACU–MERCOSUR and South Africa's Poultry Sector

Papi Kubeka

5.1. Introduction

The current phase of global trade is marked by broad liberalisation as governments recalibrate supply chains in response to geopolitical tensions and weakening confidence in multilateral enforcement. For middle-income agricultural exporters such as South Africa, this environment raises the premium on trade arrangements that deliver effective market access, rather than merely formal preferences. The Southern African Customs Union-Southern Common Market Preferential Trade Agreement is central in this regard. It is South Africa's main commercial instrument to South America, a region that combines large-scale, low-cost animal protein production with increasingly stringent regulatory standards. Engagement with MERCOSUR is therefore not only about securing preferences but also a practical test of South Africa's ability to compete alongside world-efficient producers while managing import pressures. Within this broader agenda, the poultry trade with Brazil illustrates both opportunities and risks. Brazil is the world's leading poultry exporter and has historically supplied the majority of South Africa's poultry imports. When most-favoured-nation tariffs on poultry rise, importers substitute for preferential suppliers, who can then exploit their

preference margins by raising prices. For South Africa, the structure of preferences and trade remedies vis-à-vis Brazil will strongly influence both landed prices and import composition.

5.2. The dual role of poultry imports: Food Security vs. domestic industry protection

Poultry's role in food security complicates a purely defensive approach. Mechanically deboned meat and other low-value cuts imported from Brazil underpin processed products that supply lower-income consumers. Restrictive trade measures such as anti-dumping duties and safeguards do reduce import volumes by increasing prices, but time-series analysis shows these effects weaken over the medium term, signalling that tariff protection alone cannot sustain domestic expansion where structural constraints persist (Edwards et al., 2022). Domestic broiler prices are strongly influenced by import parity from Brazil. While current tariff protection stands at 62% on bone-in chicken, empirical evidence shows these measures raise domestic prices only modestly. Brazilian imports can land at R10.76/kg compared to domestic production costs of R55/kg to R60/kg, persistently squeezing local margins even with tariffs in place.

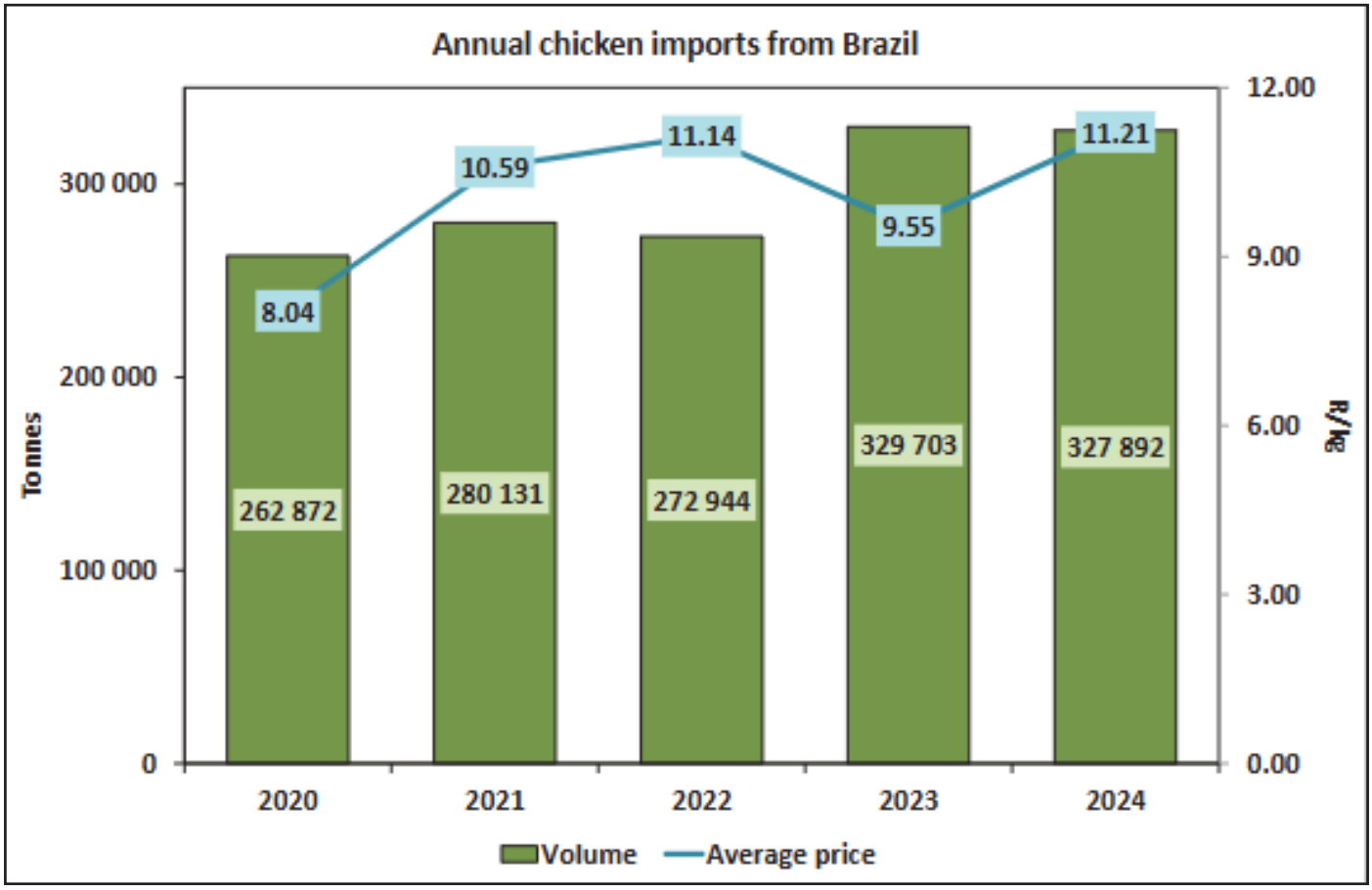

Figure 7: Chicken Imports from Brazil

Source: South African Poultry Association Annual Report 2024

Structural constraints are well documented. Feed accounts for roughly 70% of poultry production costs, and local producers face high feed costs exacerbated by energy bottlenecks and logistics challenges. Most producers are not yet eligible for high-value markets such as the European Union, and unresolved sanitary and phytosanitary certification issues further constrain outward-oriented growth strategies. Since 2017, South Africa's poultry sector has faced repeated outbreaks of highly pathogenic avian influenza (HPAI). The 2017 H5N8

HPAI outbreak alone led to culling of about 5.4 million birds and industry losses of roughly US$140 million (Abolnik, 2019). More recently, the South African Poultry Association (SAPA) reports that the poultry industry remains on high alert following severe HPAI outbreaks, particularly H7N6 and H5N1, which caused over 9.6 million bird deaths in 2023. In response, SAPA is actively pushing for government-approved vaccinations, warning of high risk to food security and industry sustainability, as vaccination efforts remain stagnant due to regulatory delays. This is consistent with international and African evidence showing that HPAI outbreaks typically reduce poultry and egg supply, disrupt trade, and push up prices (Subedi et al., 2024). For South Africa, this underscores the need for coordinated trade policy alongside biosecurity investments to stabilise production and enable future exports.

The SACU–MERCOSUR PTA, therefore, intersects with a domestic industry that is both strategically important and structurally fragile. Heightened protection can unintentionally expand rent extraction by preference partners in a captive market where local supply cannot adjust. However, well-designed defensive tools such as time-bound safeguards can materially affect import flows when combined with credible domestic reforms. Strengthening disease surveillance, investing in HPAI management, and pursuing SPS mutual recognition with MERCOSUR partners are essential steps to build the biosecurity credentials required to access export markets.

5.3. Conclusion

South Africa's poultry trade with Brazil reflects a fundamental tension between protecting a structurally fragile domestic industry and ensuring affordable food security. Persistent import dependence stems less from trade policy alone than from high local feed costs and recurring outbreaks of highly pathogenic avian influenza, which constrain domestic supply even under significant tariff protection. Given that Brazilian imports provide essential low-cost protein for lower-income consumers, simply raising trade barriers would risk harming food security without resolving underlying production constraints. Therefore, an effective response requires a coordinated approach that combines time-bound safeguards with sustained investment in biosecurity, disease control, and cost competitiveness. Leveraging the SACU–MERCOSUR Preferential Trade Agreement to pursue sanitary and phytosanitary mutual recognition can also strengthen South Africa's capacity to stabilise local production and, eventually, to access export markets. Ultimately, trade policy alone cannot compensate for domestic structural weaknesses; lasting resilience depends on aligning protection with credible internal reforms.

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6. What value-added and agro-based products can South Africa export to the MERCUSOR market?

Thabile Nkunjana

6.1. Introduction

Through the National Development Plan (NDP) adopted in 2012, South Africa has advocated for value addition over the years. The Agricultural and Agro-processing Master Plan (AAMP), which was signed off on in 2022 under Minister Thoko Didiza, is the most recent example of the push for value addition in agricultural exports. Nonetheless, value-added agricultural products need a market that will spur expansion, thereby boosting the sector's overall growth along its value chain. Meat slaughter, processing, and preservation; fruit and vegetable processing and preservation; dairy products; grain mill products; oilseed crushing; prepared animal feeds; sugar refining; chocolate, and sugar confectionery, among other food products, are examples of value-added activities. South Africa exports all these value-added goods to other countries.

6.2. Expansion opportunities

South Africa has substantial potential to export agricultural products and processed foods to MERCOSUR under the SACU-MERCOSUR preferential trade agreement. There is still unmet demand for products such as fruit juices and dried fruits, even though MERCOSUR now accounts for a comparatively small share of South Africa's agricultural exports. Can South African agribusinesses compete for the MERCOSUR market, given the EU-MERCOSUR free trade deal, which now permits highly competitive, and sometimes supported, EU enterprises? What processed goods does South Africa send to the MERCOSUR?

Table 3 presents South Africa's value-added products, the top countries to which it exports, and the MERCOSUR. South Africa's value-added agricultural products to the world have grown by 15.3% from US$5.5 billion in 2021 to US$6.4 billion in 2025, while increasing by 134% for the MERCOSUR market from US$8.7 million in 2021 to US$20.4 million in 2025. By country, as of 2025, Venezuela is South Africa's leading market, with exports increasing dramatically from only US$115 thousand in

2021 to US$8.6 million. With a 5% market share in 2025 and the slowest growth among the MERCUSOR nations, Argentina is the smallest market in this grouping (see ***Table 3***).

Table 3: SA's value-added agricultural exports to the world and the MERCOSUR

	2021 value in US$	2025 value in US$	Growth 2021 – 2025	Share – in value 2025
SA's value-added	5.5 bn	6.4 bn	15.3%	
MERCUSOR	8.7 mn	20.4 mn	134%	0.3%
1. Venezuela	115 thousand	8.6 mn	7399%	42%
2. Brazil	5.6 mn	6.8 mn	23%	34%
3. Paraguay	706 thousand	1.9 mn	182%	10%
4. Uruguay	1.0 mn	1.6 mn	50%	8%
5. Argentina	1.2 mn	1.3 mn	5%	7%

Source: Trade Map (2026)

Wine, food preparations, sauce preparations, animal feed, sugar, groats and maize meal, non-alcoholic beverages, and beer are South Africa's top value-added agricultural exports to the world. There are certain value-added items that MERCUSOR either dominates or accounts for a larger share of South Africa's exports than the rest of the world, as measured by the percentage (%) of South Africa's exports to MERCUSOR. For example, at the product level under the trade map, MERCUSOR accounted for 18% of pineapple juice and 28% of prepared or preserved potatoes in 2025. Pineapple, spirits, wine, potatoes, lemon oils, fish fats and oils, jams and fruit jellies are among the top exports from South Africa to MERCUSOR.

6.3. Conclusion

South Africa has limited opportunities to export primary products such as maize, soybeans, beef, and chicken, because MERCOSUR countries typically produce goods comparable to South Africa's and export them to international markets. Despite competition from EU processors who now have access to the MERCUSOR market under the newly concluded free trade agreement, there is still room for value-added agricultural products such as wine, fruit juice, liquor, and potatoes. South Africa certainly must push for value-added exports to the South American market, given the established supply chains between the country and the MERCOSUR region. This is especially true considering the uncertainties created by the present U.S. administration's so-called reciprocal tariffs.

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7. Global trade restructuring provides opportunities for the South-South Corridor

Buhlebemvelo Dube

7.1. Introduction

Rapid trade disruptions, characterised by the spread of tariff and non-tariff measures, are reshaping global agricultural trade patterns and intensifying competition for market access and export diversification. This makes trade a key element of development in the global South. It has become increasingly important to position the South-South corridor as a strategic response to a fragmented trading system. Therefore, South Africa's agricultural trade with MERCOSUR reflects some of the frustrations and opportunities that the Global South continues to face. The primary concern in the Global South is not necessarily expanding market access but rather discovering opportunities within the corridor from a value-creation perspective. Essentially, value creation and agro processing can address the challenges posed by similar export profiles and persistent trade costs, such as tariffs and non-tariff measures.

7.2. Opportunities for the Global South

Figure 8 shows the global trade trends in the past decade. From 2016 to 2025, South–South trade rose from roughly 700 to 1,330 on an index basis, while South–North trade increased from about 400 to 660 and world trade from 300 to just under 500. This implies that South–South trade nearly doubles over the decade, expanding faster than both comparators. After 2020, South–South trade shifted onto a steeper trajectory, surpassing its pre-2020

trend by 2022. By contrast, South–North and global trade exhibit more moderate recoveries. Growth in global trade is increasingly being driven by intra-developing economy demand rather than traditional North-facing export channels.

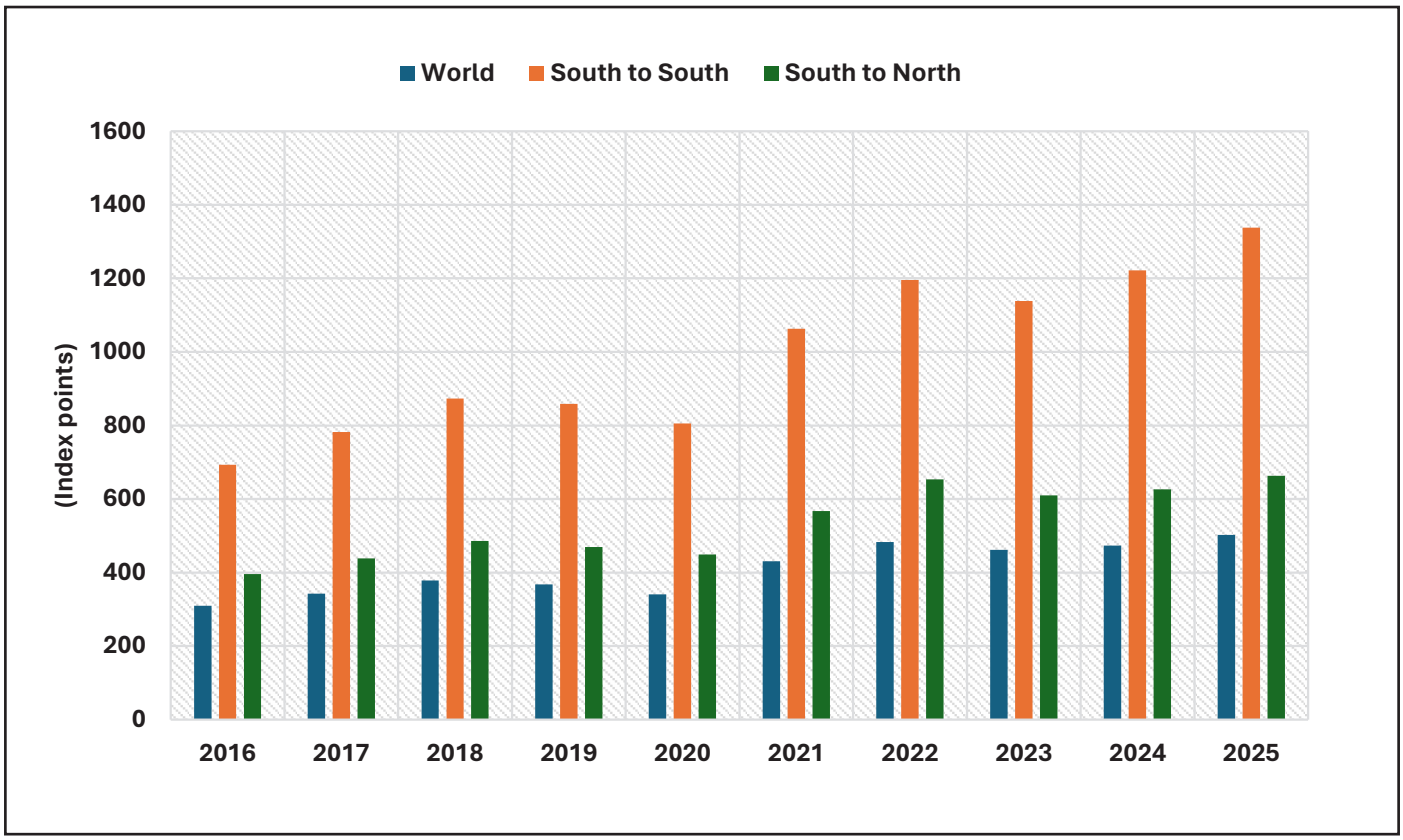

Figure 8: Global trade merchandise export flow growth between 2016 and 2025

Source: Authors' calculations based on the UN Trade and Development (UNCTAD) (2026)

Figure 9 shows South Africa`s exports to MERCOSUR. Maize exports rose from $40 000 in 2024 to $21.1 million in 2025, an increase of more than 52,000 per cent. This surge reflects temporary price dispersion due to shortages. Brazil and Argentina are superpower grain economies with entrenched export logistics and scale efficiencies. South Africa's maize entry, therefore, signals short-term arbitrage under market tightness, not durable market access.

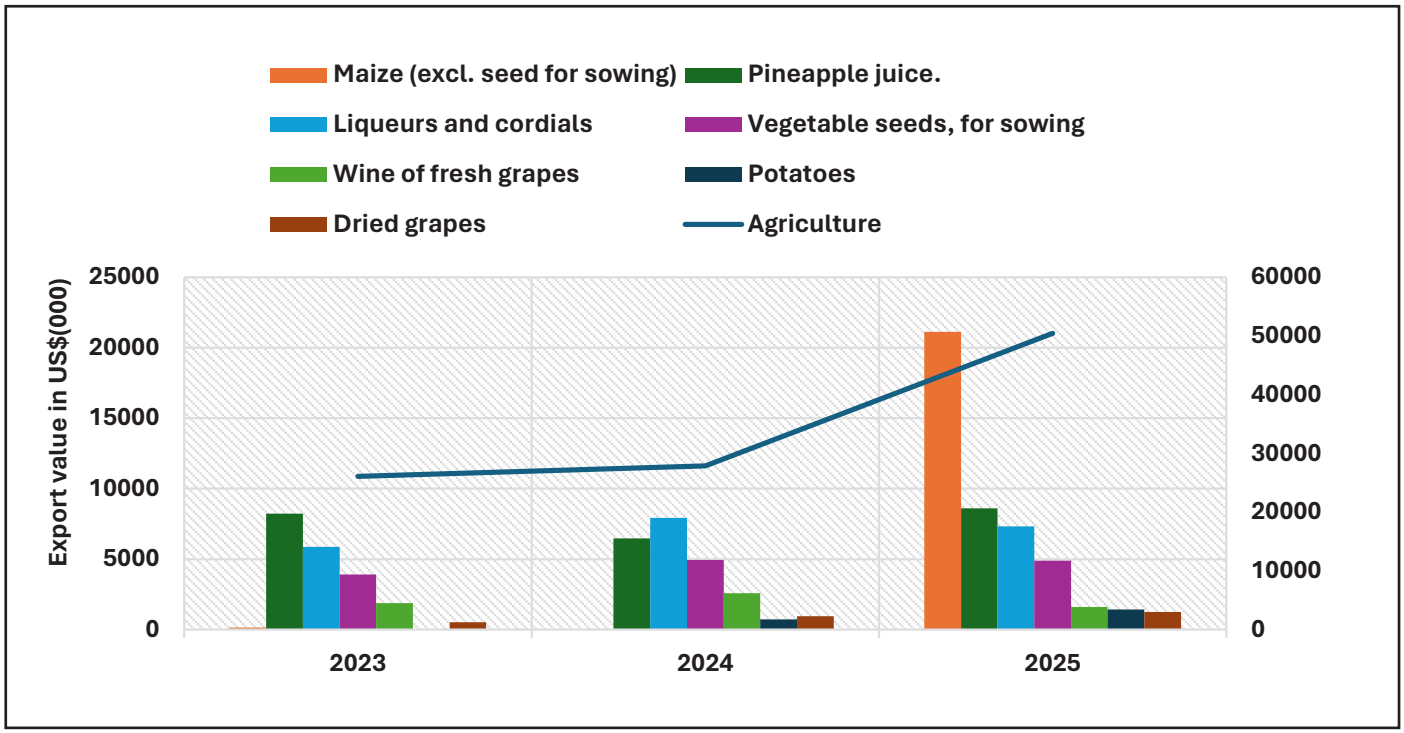

Figure 9: Composition of South Africa's agricultural exports to MERCOSUR, 2023–2025

Source: Author calculations based on ITC Trade Map data, 2026.

On the other hand, vegetable seeds reached nearly $5 million, while MERCOSUR import demand exceeded $170 million, indicating penetration below 3 per cent despite South Africa's established global seed exports surpassing $100 million. The main challenge for exports to South America and Global South nations has always been production asymmetry. Both regions are competitive primary exporters, trade volumes contract under scale economies and well-established supply networks. Expansion becomes feasible in segments characterised by processing depth, genetic inputs, brand differentiation, or seasonal windows. Under South–South competitive pressure, a scalable opportunity is selective and niche-driven, not volume-based. Since production structures overlap, primary expansion is unrealistic, so growth must come from processed and differentiated products, where scale competition is weaker. The growth of pineapple juice exports exemplifies this niche space.

Figure 10 shows South African imports from MERCOSUR. The trade corridor reflects an under–pressure South–South environment, whereby South Africa exports niche products while importing scale-efficient staples from South America.

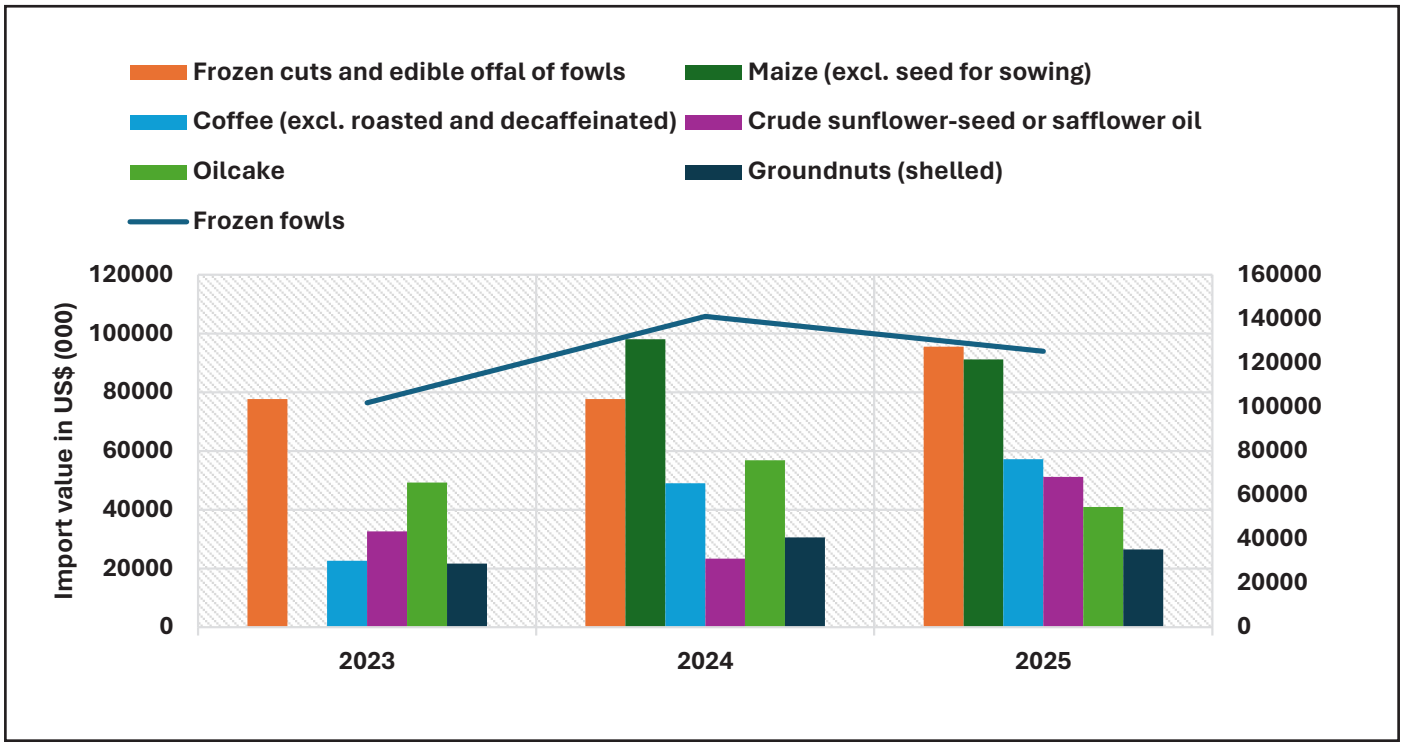

Figure 10: Composition of South Africa's Agricultural Imports from MERCOSUR, 2023–2025

Source: Author calculations based on ITC Trade Map data, 2026

Figure 11 shows the trade balance pattern. South Africa's agricultural trade balance with MERCOSUR remained negative, shifting from a negative $538 million in 2023 to a negative balance of $748 million in 2024 before easing to -$709 million in 2025. The overall trade deficit widened further to -$1.52 billion. This runs counter to a global agricultural surplus of $7.39 billion and a total world trade surplus of $11.87 billion. The contrast reflects competitive scale differentials and is not underpinned by weaknesses in South Africa`s agricultural industries or its ability to feed itself.

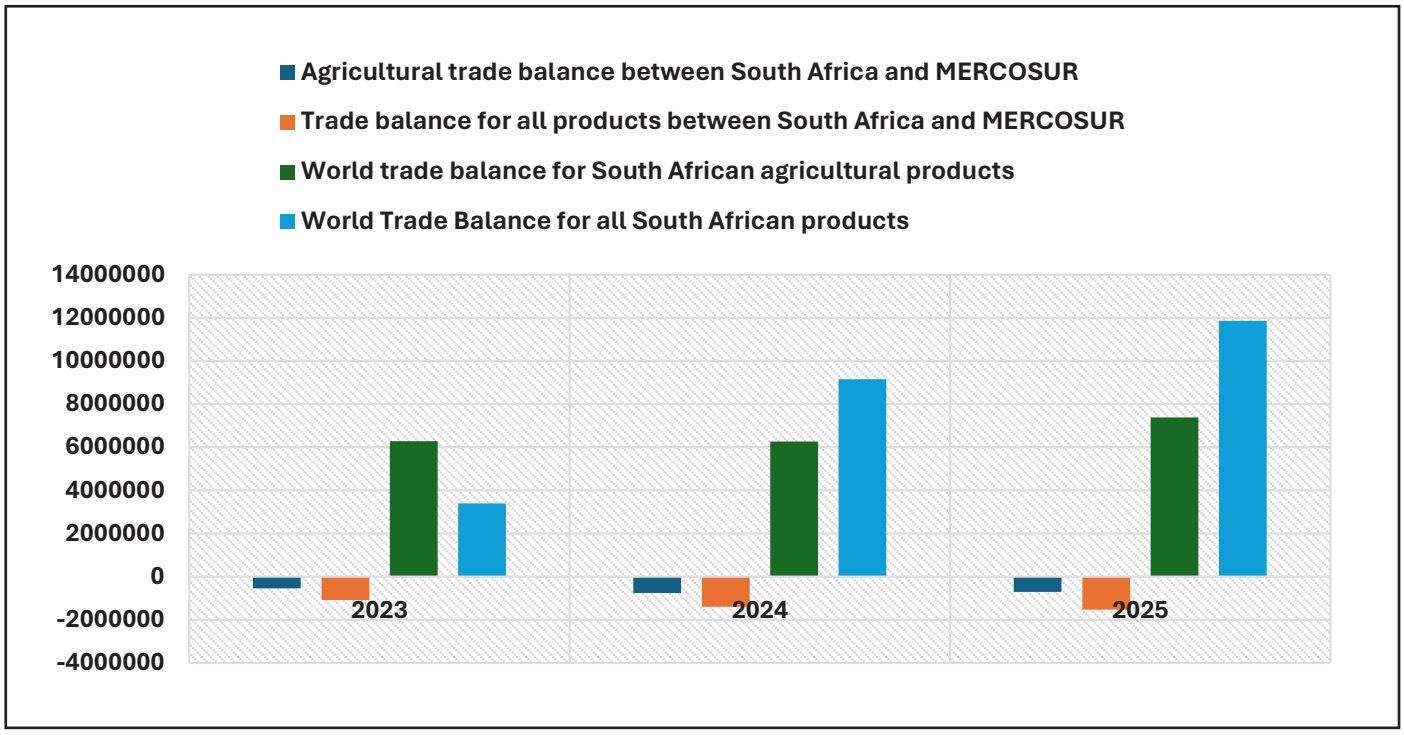

Figure 11: Divergence Between South Africa's MERCOSUR and Global Trade Balances, 2023–2025

Source: Author calculations based on ITC Trade Map data, 2026

7.3. Conclusion

South-South trade continues to grow rapidly, partly because most developing economies have a greater demand for specific commodities. Despite this growth, there is still considerable value to be unlocked, as shown by MERCOSUR and South Africa`s trade patterns. Therefore, South Africa needs to intensify its approach to structural transformation through platforms such as the Agriculture and Agro-Processing Master Plan to unlock this value. South Africa cannot compete on scale in opportunities within MERCOSUR or the Global South as a whole, but it can compete by integrating into the Global South and investing more in its value-creation systems through the AAMP.

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8. Reforming global trade rules key to supporting developing economies

Available at: *https://unctad.org/news/reforming-global-trade-rules-key-supporting-developing-economies*

The weakening of multilateral trade disciplines signals a shift from rules-based predictability toward a more fragmented system in which market access is increasingly mediated through preferential and regional arrangements. For developing economies, this raises trade costs through higher policy uncertainty, increased compliance requirements, and reduced reliability of most-favoured-nation treatment, thereby constraining export planning and long-term investment. In this environment, South–South agreements such as the SACU–MERCOSUR PTA acquire greater strategic weight, as the relative value of secured preferences rises when multilateral certainty declines. However, this does not imply broad-based export expansion. Trade outcomes within the corridor remain shaped by structural features, notably production overlap and scale asymmetries, with MERCOSUR economies maintaining cost advantages in bulk commodities. As a result, adjustment occurs along narrower margins. Export growth is more likely in segments where product differentiation, processing depth, and standards compliance weaken direct price competition, rather than in primary commodities characterised by scale efficiency. The implication is that global trade fragmentation reallocates rather than reduces opportunities. Within the SACU–MERCOSUR corridor, competitiveness depends less on expanding volumes and more on the capacity to convert preferential access into sustained market presence in differentiated product segments.

9. Members review record SPS trade concerns, group weighs transparency challenges, solutions

Available at: *https://www.wto.org/english/news_e/news26_e/sps_11mar26_324_e.htm*

The increase to 76 SPS trade concerns points to a more contested operating environment for agricultural trade, where compliance, rather than tariffs, is the effective margin of market access. Export performance now depends on the ability to meet animal health, residue, and certification requirements within administrative timelines that are often uncertain. These requirements carry fixed costs that favour larger, integrated exporters and raise entry barriers for smaller producers. Where approval processes are slow or opaque, the cost is not only financial but also temporal, delaying shipments and reducing supply reliability. The food security effect follows from these disruptions. Restrictions linked to animal disease and delays in clearance interrupt trade flows and tighten availability, particularly in import-dependent markets. SPS measures, therefore, function less as neutral safeguards and more as binding constraints on participation, with direct implications for both export capacity and the stability of food supply.

10. Middle East conflict weighs further on slowing trade outlook

Available at: *https://www.wto.org/english/news_e/news26_e/stat_19mar26_329_e.htm*

Global trade growth remains supported by concentrated demand in high-technology sectors, but the system is increasingly constrained by cost-side pressures transmitted through energy markets and disrupted trade corridors.

Sustained increases in fuel prices and blockages in key routes, such as the Strait of Hormuz, raise transport and insurance costs while constraining critical inputs, as roughly one-third of global fertiliser trade normally transits the corridor.

For developing economies, this shifts the binding constraint from market access to the cost and reliability of trade participation, as higher input and logistics costs feed directly into landed prices and compress export margins in agriculture. In this context, regional and South–South trade arrangements gain relative importance, not as substitutes for global markets but as mechanisms to reduce exposure to volatility through shorter supply chains and more predictable trade relationships. However, the adjustment is uneven.

In 2025, trade in AI-related goods expanded by over 20 per cent and accounted for a disproportionate share of global trade growth, while agricultural trade faced tightening margins due to rising input and transport costs. The implication is not a contraction of global trade, but its segmentation, with growth concentrated in technology-intensive sectors and cost pressures reshaping competitiveness in commodity-based trade.

For agricultural exporters, competitiveness increasingly depends on the ability to manage input costs, maintain logistical reliability, and shift toward differentiated, higher-value segments where exposure to energy and transport shocks is less binding.

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