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Strategic positioning of South African Agriculture in dynamic global markets

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TradeProbe is a joint initiative by the NAMC and the Department of Agriculture's Directorate: International Trade. The aim of this initiative is to: create knowledge of trade-related topics by discussing/reporting trade statistics; invite perspectives from people working in related sectors, and report on trade-related research and stimulating debate.

This issue of TradeProbe covers the following topics:

SECTION 1 – TRADE PROFILE

1.1 CUT FLOWERS AND BOUQUETS (HS - 0603)

Figure 1 presents the quarterly trends of cut flower and bouquet exports and imports from the first quarter of 2000 to the third quarter of 2008. What is noteworthy is the fact that cut flower exports and imports have quarterly variations, with the fourth quarter of each year showing higher values.

Total exports of cut flowers and bouquets from South Africa increased from R31.1 million in the first quarter of 2000 to R67.1 million in the third quarter of 2008. During the same period, the total imports of cut flowers into South Africa increased from R959 thousand in the first quarter of 2000 to R3.8 million in the third quarter of 2008. Imports show the same quarterly variations as exports.

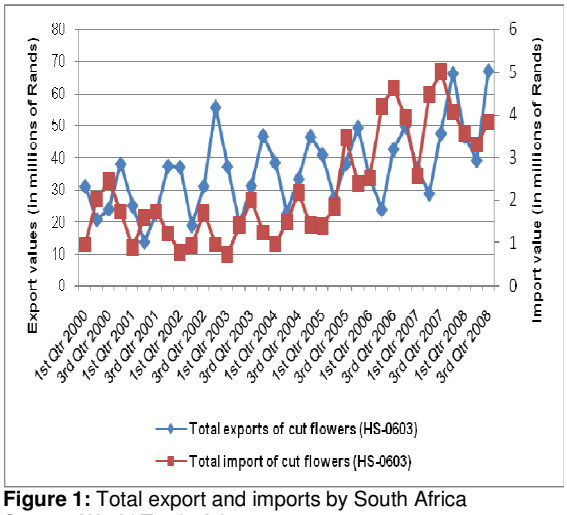

Figure 1: Total export and imports by South Africa
Source: World Trade Atlas, 2008

Table 1 presents a list of the top ten global exporters of cut flowers in 2007, expressed in value terms. The top ten exporters of cut flowers accounted for 91.3 % of world exports. Leading the list was the Netherlands, Colombia and Ecuador, which represented 56.4 %, 16.0 % and 5.8 % of the value of exports, respectively. Kenya was the only African country to make the list of top ten exporters. South Africa came through at number 22, accounting for 0.4 % of world exports of cut flowers.

Table 1: Leading exporters of cut flowers and buds for bouquets in 2007 (HS - 0603)

Exporters	Value exported in 2007, in USD thousands	Share in world exports: %
Total world exports	6 996 859	100
Netherlands	3 944 605	56.4
Colombia	1 114 884	16.0
Ecuador	403 028	5.8
Kenya	313 412	4.5
Italy	91 485	1.3
Belgium	87 305	1.3
Israel	83 055	1.2
India	80 504	1.2
Thailand	79 220	1.1
USA	73 095	1.0
South Africa (22)	25 439	0.4

Source: ITC Trade Map

Table 2 shows the top ten leading global importers of cut flowers in 2007, expressed in value terms. The leading cut flower importers accounted for 97.5 % of the value of world imports. The top three importers were the United Kingdom, Germany and USA, which represented 15.8 %, 15.6 % and 14.7 % of the value of imports, respectively. Notably, there was no African country in the list of top ten world importers of cut flowers.

Table 2: Leading importer of cut flowers and buds for bouquets in 2007 (HS - 0603)

Importers	Value imported in 2007, in USD thousand	Share in world imports: %
Total world imports	7 078 653	100
United Kingdom	1 114 697	15.8
Germany	1 102 244	15.6
United States of America	1 043 617	14.7
Netherlands	672 374	9.5
France	521 488	7.4
Russian Federation	485 764	6.9
Japan	258 764	3.7
Italy	224 782	3.2
Switzerland	177 646	2.5
Belgium	166 934	2.4

Source: ITC Trade Map

Table 3 presents the leading export destinations for South African cut flowers in 2007. The first observation is that Angola was the only African country on the list. The top ten export destinations for South Africa's cut flowers accounted for 80.1 % of the value of South Africa's exports. The top three destinations in 2007 were the Netherlands, UK and Belgium, respectively accounting for 23.4 %, 16.3 % and 14.2 % of the value of South Africa's exports.

Table 3: Leading export destinations for cut flowers exported by South Africa in 2007

Importers	Exported value 2007, USD thousands	Share in South Africa's exports: %
Total exports - South Africa	25 439	100
Netherlands	5 943	23.4
United Kingdom	4 151	16.3
Belgium	3 602	14.2
Germany	2 251	8.8
Japan	1 142	4.5
USA	1 086	4.3
Switzerland	994	3.9
United Arab Emirates	656	2.6
Angola	524	2.1

Source: ITC Trade Map

SECTION 2 - CONTRIBUTED ARTICLES

2.1 JAPANESE FRUIT AND VEGETABLE JUICES – MARKET OVERVIEW AND TRADE POTENTIAL[1]

Soft drink market forecast

According to the Euromonitor's report entitled, 'Soft Drinks – Japan,' Japanese soft drinks returned to strong volume and value growth in 2007. This was chiefly due to strong innovation, with a particular focus on premium ingredients and healthy soft drinks. In the fruit and vegetable juice category, 100 % juice was largely responsible for the strong growth. The soft drink market is expected to grow steadily at a compounded rate of 1.8 % per annum until 2012. Fruit juices were the third largest category of soft drinks, just behind ready-to-drink tea and carbonates, and with a 19 % market share or some US$12.4 billion. Fruit juices are expected to grow at a faster pace of 2 % year-on-year, and should retain its third place ahead of Asian specialty drinks in the multi-billion dollar soft drink market.

Fruit juice imports

In 2007, Japan occupied the 7th position among the world's leading fruit and vegetable juice importers. Japan was responsible for 5.5 % of world fruit and vegetable juice imports in 2007, or some US$786 million. Over a 5-year period (from 2002 to 2007), Japanese import demand for fruit and vegetable juices grew by 13.1 % per annum – slightly lower than the average world growth of 15.4 % per annum (see Figure 2). Two categories of juices, namely, other single fruit or vegetable juice (25.1 %) and apple juice (19.7 %), constituted 44.8 % of total imports of fruit and vegetable juices by Japan in 2007. A third product, frozen orange juice, was responsible for another 15.5 % of market share. Therefore, the top three categories dominated the import scene with a combined share of more than 60 %.

[1] Contribution by Mr Jacobus Verster. Economist, Directorate International Trade, Department of Agriculture

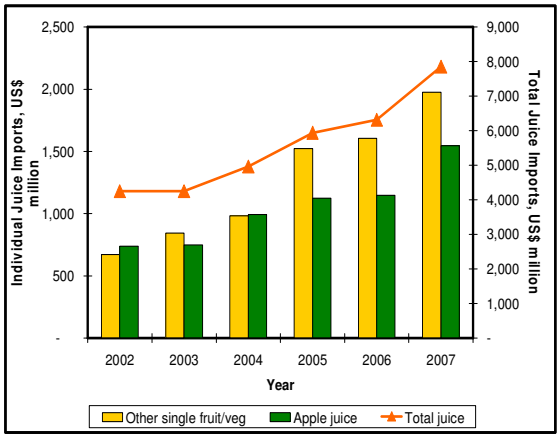

Figure 2: Japanese fruit and vegetable juice imports, 2002-07
Source: ITC Trade Map

The USA dominated the supply of other single fruit or vegetable juice, with a 39.1 % market share, whilst China supplied two thirds (66.4 %) of the apple juice to Japan. South Africa ranked within the top 10 supplying countries for both categories, with her market share for both at around 2 %. Brazil dominated the supply of frozen orange juice to Japan, and South Africa occupied 6th position with a share of less than 1 %. In terms of total juice imports, Brazil and the USA were the main supplying countries with respective shares of 24.3 % and 17.3 %. South Africa occupied the 10th position in total juice supply, and had a market share of 2.4 %.

Japan's imports of fruit and vegetable juice from South Africa

During 2007, South Africa exported fruit and vegetable juices to Japan to the value of US$22.1 million. This was considerably higher than the US$11.5 million exported in 2002, which is a 14 % increase per annum - higher than the 7.5 % per annum increase in South African fruit and vegetable juice exports to the rest of the world over the 5-year period. Japan was the recipient of 16.5 % of South African juice exports in 2007 and was the largest South African market ahead of the Netherlands (15.4 %) and the USA (7.3 %). Over the 5-year period, South Africa achieved mixed success in the three major Japanese juice import categories: other single fruit or vegetable juice registered only a 6 % growth; apple juice had a healthy 24 % growth, and frozen orange juice a stellar 76% growth. Figure 3 depicts South African exports of juices to the world and Japan.

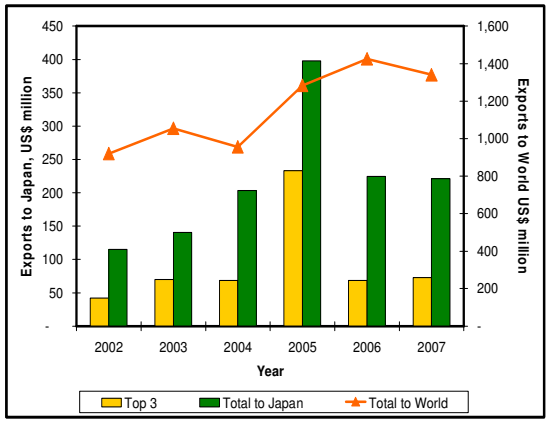

Figure 3: SA fruit and vegetable juice exports to Japan and the World, 2002-07
Source: ITC Trade Map

South Africa does not enjoy any preferential market access for fruit and vegetable juices exported to Japan. However, all of the competitors ahead of South Africa in the Japanese juice market face the same MFN tariff as South Africa does. Despite the fact that least developed countries (LDCs) are afforded a zero duty for fruit and vegetable juices into Japan, none of them threaten the South African position in the various juice categories. South African juice exporters receive a relatively higher unit price for their product in Japan when compared to its other main destinations. In general, South African fruit and vegetable juice exports (over all categories) recorded higher unit values in Japan than in the Netherlands and the USA. For example, South African exports of apple juice to Japan, the Netherlands and the USA recorded unit values of US$1 428 per tonne, US$1 326 per tonne and US$1 053 per tonne in 2007, respectively.

Trade potential of South African juices in Japan

A symmetric Export Specialisation Index (ESI)[2] for fruit and vegetable products was constructed between South Africa and Japan, which revealed South African juices with specialisation potential (between 0 and 1) and comparative disadvantages (between 0 and -1) in the Japanese market (Table 4).

Isolating total demand and total export capacity provides a rough estimate of how much countries could 'theoretically' trade between themselves. For example, South Africa exported US$21.7 million of grapefruit (brix >20) to the rest of the world in 2007, while Japanese import demand was US$46.4 million. Of this Japanese demand, South Africa supplied US$6.2 million. Therefore, Japan's theoretical potential imports of grapefruit juice (brix >20) from South Africa in 2007 was US$15.4 million. It is evident from Table 4 that four juice categories (both grapefruit juices, other single fruit or vegetable juice and grape juice) recorded positive growth, as well as positive symmetric ESI scores that portray their respective competitive

[2] The Export Specialization Index is a slightly modified RCA index, in which the denominator is usually measured by specific markets or partners. It provides product information on revealed specialisation in the export sector of a country, and is calculated as the ratio of the share of a product in a country's total exports to the share of this product in imports to specific markets or partners, rather than to its share in world exports.

advantages in the Japanese market. A trade analysis of these four categories that highlights specialisation potential follows.

Table 4: Annual growth of South African juice products in the Japanese market, symmetric Export Specialisation Index & export potential, 2007

HS code	Description	Annual growth 02-07 (%)	Symmetric ESI score	Theoretical potential exports US$'000
200929	Grapefruit juice, brix value >20	149	0.64	15 410
200921	Grapefruit juice, brix value <=20	134	0.41	949
200980	Other single fruit/veg juice	6	0.02	16 631
200969	Grape juice, unfermented	5	0.20	5 274
200919	Orange juice, not frozen	113	*-0.03*	7 032
200911	Orange juice, frozen	76	*-0.23*	7 221
200979	Apple juice, unfermented	24	*-0.03*	12 935
200990	Mixtures of juices, unfermented	*-23*	0.81	22 102

Source: ITC Trade Map and Directorate International Trade calculations

Trade analysis

The main contributor to South African juice exports to Japan in 2007 was grapefruit juice (brix value >20 [HS 20.09.29]), and it achieved a 149 % growth per annum from 2002 to 2007. This was higher than the 50 % per annum experienced in exports to the rest of the world over the same period. This category was responsible for 6 %, or some US$46.4 million of total Japanese juice imports in 2007; however, it hardly registered growth in demand (0.3 %). In 2007, South Africa held the third position in the Japanese market behind Israel (41 %) and the USA (37 %). Nearly 29 % of South African exports for this category were destined for Japan. Theoretically, South Africa could have exported another US$15.4 million of this category to Japan in 2007, according to Table 4. The MFN duty that South Africa and its two main competitors faced was 23 %.

Although grapefruit juice (brix value <=20 [HS 20.09.21]) was only South Africa's 6th largest juice category exported to Japan in 2007, with a value of US$921 000, it experienced a 134 % increase in value exported per annum from 2002 to 2007. This was dissimilar to the decline of 17 % per annum suffered in South African exports to the rest of the world over the same period for this category. Japanese imports grew by a mere 1 % over the 5-year period, and the category was responsible for only 1 % of all Japanese juice imports. South Africa occupied the 4th position behind Italy (39 %), the USA (26 %) and Australia (19 %), and had a 12 % market share. Japan was the recipient of nearly half of the South African exports of this juice category. Hypothetically, South Africa could have exported some US$949 000 more to Japan in 2007. South African exporters faced a 23 % MFN tariff, which is the same as that of its three main competitors.

In terms of value, other single fruit or vegetable juice (HS 20.09.80) was the third largest South African juice export to Japan, and US$4.6 million's worth of other single fruit or vegetable juice was shipped in 2007. Other single fruit or vegetable juice was the largest juice category imported by Japan in 2007, with import growth of 24 % per annum from 2002 to 2007. Despite the healthy growth in the Japanese import demand, South African exports showed only a 6 % increase year-on-year; however, growth in South African exports to the rest of the world for this category grew by only 1 % per annum. South Africa occupied the 9th position and had a 2 % share of the Japanese market behind the leading trio of the USA (39 %), Australia (18 %) and the Netherlands (7 %). Nearly 22 % of South African other single fruit or vegetable juice was exported to Japan in 2007. Theoretically, South Africa could have exported another US$16.6 million to Japan. The MFN duty that South African exporters and its main competitors faced was 23 %.

Grape juice (HS 20.09.69) was South Africa's second biggest juice category export to Japan in 2007, and it had an export value of US$5.9 million. South African exports experienced only a 5 % growth in value per year over the 5-year period. This was slightly lower than the 11 % at which Japanese imports grew, and equal to the rate at which South African exports of this juice category to the rest of the world grew over the same period. South Africa was the 5th largest exporter to Japan of this product, and had a market share of 8 % behind Argentina (23 %), the USA (22 %) and Chile (17 %). Japan attracted 53 % of South African grape juice exports in 2007. In theory, South Africa could have exported some US$5.2 million extra to the Japan in 2007. South African exporters faced the same MFN duty of 23 % as their main competitors did.

2.3 SOUTH AFRICA'S TRADE RELATIONS WITH CHILE[3]

Prior to 1974, South Africa's trade relations with Chile were conducted from Buenos Aires, Argentina, until the South African Embassy was opened in Santiago in March 1974. Diplomatic relations were fully normalised when the first Chilean Ambassador to South Africa arrived in October 1991. Current relations are maintained at ambassadorial level[4]. South Africa and Chile share similar attributes in that both are developing countries.

South Africa and Chile signed a "Declaration of Intent in regard to co-operation in the fields of Agriculture and the Food Processing Industry" during November 1997, and the first consultative policy meeting was convened in Santiago in August 2000 (The second one was held in Pretoria in 2005). These meetings provide the opportunity for high-level bilateral discussions on issues of mutual concern as they emerge. Chile is becoming an increasingly important trading partner for South Africa, with a number of South Afri-

[3] Contribution by Ms Pindiwe Jara. Economist, Directorate International Trade, Department of Agriculture

[4] *www.**southafrica**.info/business/**trade**/**relations**/**trade_south**america.htm - 19k; World Trade Atlas.*

can mining companies operating in Chile. Agriculture trade is a small portion of South Africa's total trade with Chile (See Table 5 for trade balance between South Africa and Chile).

Table 5: Agricultural trade balance between South Africa and Chile

Years	2005	2006	2007
	R million		
SA Exports	7.349	11.910	22.253
SA Imports	10.865	10.409	29.735
Trade Balance	-3.516	1.501	-7.482

Although the agricultural trade balance between South Africa and Chile is in favour of Chile, South African agricultural imports and exports are increasing steadily. The main South African agricultural exports to Chile are preserved food, beverages and miscellaneous grain seed. The two countries are also competitors in the international market.

Chile's agricultural production

The bulk of Chile's agricultural activity is concentrated in its Central Valley, except for sheep farming in the far South. Since the 1960s, agrarian land-reform programmes have been instrumental in increasing the number of small landowners, and modern farming methods have increased productivity. While only 3 % of Chile's land area is currently under cultivation, agricultural production has increased significantly since the early 1980s. Chile is one of the Southern Hemisphere's largest exporters of fruits, and exports much of its crop to North America, where it's fresh produce enjoy a market advantage due to the inverted growing season. The country has an important wine-making industry too. During the 1990s, Chilean wines gained popularity abroad, especially in the United States, Canada and the United Kingdom[5]. Chile has a bilateral preferential trade agreement with North America. Leading crops in 2006, by volume, included: fruits (particularly grapes and apples), vegetables, root crops such as sugar beets and potatoes and maize. Fruits and vegetables contributing to export income included: asparagus, avocados, beans, citrus fruits, garlic, grapes, nuts, onions, peaches, pears and plums.

Sheep are raised in large numbers in the Tierra del Fuego and the Magallanes regions of Chilean Patagonia. The country had about 3.4 million heads of sheep in 2006, with a wool output of 14 000 metric tonnes. Other livestock include cattle, pigs, and horses. Large quantities of bovine meat, maize, wheat and sugar (from beet) are locally produced, although Chile is not self-sufficient in these items. A few agricultural items are fully imported, the main ones being bananas, cotton, black tea and coffee. Agricultural trade between South Africa and Chile is bound to grow as the two economies grow in future. The extent thereof will depend on the amount of effort put towards marketing, the level of co-operation as well as on how easily information is exchanged.

A South African trade mission visited Chile in 2008 and concluded that a number of visits for establishing trade contact points are required to penetrate that market. There is strong potential for gaining market share in the processed food sector and to introduce new varieties of crops and vegetables.

Trade Relations between Chile and India

In 2006 Chile and India signed a Preferential Trade Agreement (PTA). The PTA provides tariff preferences ranging from 10 to 50% on 178 items to Chile and on 296 items from Chile to India. Not many agricultural products are included in this agreement.

Trade Relations between Chile and China

Chile was the first Latin American nation to establish trade relations with China, with the opening of the China Import-Export Corporation's trade information office in Santiago in 1961. Both countries formally established diplomatic ties in 1970, which promoted the development of bilateral trade. This has become even more active since 1978 when China introduced reform and opening-up policies.

Chile was one of the first nations that supported China's bid for membership of the World Trade Organisation, which China obtained in 2001. China and Chile signed a free-trade agreement in 2005. This was the first agreement between China and a Latin American country. Currently, China is Chile's second largest trade partner after the United States, and the third largest destination for Chilean exports.

2.3 SOUTH AFRICA'S EXPORT GAP ANALYSIS IN THE UNITED STATES OF AMERICA[6]

Introduction

An export gap analysis provides some indication of the performance of exports in a given market. If the market share is growing, even from a low base, it represents progress in that market. This section presents an export gap analysis for South Africa in the United States of America (USA) market. The top five agricultural exports from South Africa are looked at in detail.

Limitations of this kind of an analysis are:

- ✓ It does not capture the influence of tariffs and tariff quota rates.
- ✓ It does not provide a reason for not fully exploiting the available export gap but does point out where more analysis is required.

South Africa's leading agricultural exports in 2007

South Africa's top five agricultural exports, expressed in value terms for 2007, are presented in Table 6. The table also provides information for 2005 and 2006. For example, exports of wine increased from US$596 million in 2005 to US$673 million in 2007.

5 www.nationsencyclopedia.com/Americas/**Chile**-**agriculture**.html - 12k

6 This article was compiled by Mr Bonani Nyhodo (a Senior Economist: NAMC) and Dr Jim DeGraaf (Deputy Director: Canada in Markets and Trade: Agriculture and Ago-food Department, Canada)

Table 6: South Africa's leading agricultural exports in 2007

Product		Value (millions of US$)		
HS	**Description**	**2005**	**2006**	**2007**
2204	Wine	596.12	521.86	673.59
0805	Citrus Fruit	486.34	501.52	613.08
0806	Grapes	342.20	311.06	364.54
0808	Apples, Pears and Quinces	241.68	229.54	329.55
1701	Cane/Beet Sugar	275.00	376.84	276.07

Source: World Trade Atlas, 2008

South Africa's performance in the world market for these products was as follows:

- ✓ South Africa ranked number 9 as an exporter of Wine (HS 2204), representing 2% of world exports.
- ✓ As an exporter of Citrus Fruit (HS 0805), South Africa ranked number 3 and represented 6% of world exports.
- ✓ South Africa ranked number 6 as an exporter of Grapes (HS 0806), which represents 4% of world exports.
- ✓ South Africa ranked 9th, representing about 3% of world exports of Apples, Pears and Quinces (HS 0808).
- ✓ South Africa ranked number 8 and represented about 2% of world exports of Cane/Beet Sugar (HS 1701).

Export gap of South Africa's top five export products to the USA

The top ten leading exporters of the five agricultural products to the USA are presented in this section. By looking at the top ten origins of USA imports of these products will show South Africa's competitors for the USA market.

Citrus fruit

Table 7 shows that imports of citrus fruit from the rest of the world by the USA increased from US$356 million in 2005 to US$501 million in 2007. The top three suppliers of citrus fruit to the USA in 2007 were Mexico, Spain and South Africa, accounting for 39 %, 27 % and 9 % of imports of this product, respectively. Note that South Africa's share of USA imports of citrus fruit has decreased from 12.9 % in 2005 to 8.8 % in 2007. The shares of other Southern Hemisphere countries such as Morocco and Chile's have increased over this period indicating increased competition for South Africa.

The export gap in the USA market for South Africa increased from US$310 million in 2005 to US$457 million in 2007. The increasing export gap shows that South Africa is losing out in this market.

Table 7: Leading import origins of citrus fruit imported by USA in 2007

	Country	Value (millions of US$)			Market share		
		2005	**2006**	**2007**	**2005**	**2006**	**2007**
	USA citrus fruit total imports	356.44	407.36	501.06	100 %	100 %	100 %
1	Mexico	139.48	152.98	196.51	39.1 %	37.6 %	39.2 %
2	Spain	101.27	116.87	136.01	28.4 %	28.7 %	27.1 %
3	South Africa	46.03	62.76	44.03	12.9 %	15.4 %	8.8 %
4	Australia	36.38	29.35	41.66	10.2 %	7.2 %	8.3 %
5	Chile	18.69	24.53	30.98	5.2 %	6.0 %	6.2 %
6	Morocco	5.64	8.52	18.02	1.6 %	2.1 %	3.6 %
7	Peru	0.00	2.39	14.03	0.0 %	0.6 %	2.8 %
8	Italy	1.92	1.04	5.47	0.5 %	0.3 %	1.1 %
9	Guatemala	0.61	1.49	2.32	0.2 %	0.4 %	0.5 %
10	Colombia	0.50	1.67	1.90	0.1 %	0.4 %	0.4 %

Source: World Trade Atlas

Fresh or dried Grapes

USA imports of fresh or dried grapes increased from US$980 million in 2005 to US$999 million in 2007. The top three origins were Chile, Mexico and Brazil, which account for 66 %, 26 % and 3 % of the value of imports, respectively (See Table 8). South Africa ranked number six in 2007, accounting for only 1 % of USA imports of this product. An important consideration is that, even though South Africa's share is relatively small, it has increased over the 3-year period.

The export gap in the USA market for South Africa increased from US$974 million in 2005 to US$990 million in 2007. This is despite that fact that the value of South African imports into the USA increased. This might be indicative that South Africa is not taking full advantage of opportunities that exist in this market.

Table 8: Leading import origins of grapes imported by USA in 2007

Country		Value (millions of US$)			Market share		
		2005	2006	2007	2005	2006	2007
	USA total grape imports	980.02	953.03	999.78	100 %	100 %	100 %
1	Chile	633.52	736.50	657.37	64.64 %	77.28 %	65.75 %
2	Mexico	303.39	155.84	264.07	30.96 %	16.35 %	26.41 %
3	Brazil	13.15	28.72	33.92	1.34 %	3.01 %	3.39 %
4	Peru	10.92	15.73	18.25	1.11 %	1.65 %	1.83 %
5	Argentina	7.23	3.41	9.68	0.74 %	0.36 %	0.97 %
6	South Africa	5.24	6.42	9.67	0.53 %	0.67 %	0.97 %
7	Canada	1.24	1.49	1.89	0.13 %	0.16 %	0.19 %
8	Iran	1.10	1.04	1.18	0.11 %	0.11 %	0.12 %
9	Italy	1.96	1.51	1.13	0.20 %	0.16 %	0.11 %
10	Korea, South	0.46	0.50	0.63	0.05 %	0.05 %	0.06 %

Source: World Trade Atlas

Fruit juice

Total imports of fruit juice into the USA have increased from US$986 million in 2005 to 1697 million in 2007. Table 9 shows the top ten origins of fruit juice imported by the USA in 2007. The top three were China, Brazil and Mexico, which account for 26 %, 22 % and 11 % of the total value of imports, respectively. South Africa ranked number 15 and accounted for an approximate 1 % share of USA imports. Although the value of imports from South Africa increased over the period shown, South Africa's market share declined from 2006 to 2007.

The export gap in the USA market for South Africa increased from US$980 million in 2005 to US$1 686 million in 2007. Hence, even though the value of imports increased, there is more room to obtain a bigger market share, especially if one considers the significant growth of this market in the USA.

Table 9: Leading import origins of fruit juice imported by USA in 2007

Country		Value (millions of US$)			Market shares - 2008		
		2005	2006	2007	2005	2006	2007
	USA total fruit juice imports	986.43	1118.88	1697.29	100 %	100 %	100 %
1	China	186.66	206.17	437.29	18.92 %	18.43 %	25.76 %
2	Brazil	166.89	201.48	376.84	16.92 %	18.01 %	22.20 %
3	Mexico	118.14	123.59	190.86	11.98 %	11.05 %	11.25 %
4	Argentina	148.47	149.74	182.14	15.05 %	13.38 %	10.73 %
5	Costa Rica	28.302	42.07	85.81	2.87 %	3.76 %	5.06 %
6	Chile	71.06	89.64	61.45	7.20 %	8.01 %	3.62 %
7	Iran	13.42	18.65	50.75	1.36 %	1.67 %	2.99 %
8	Turkey	6.385	31.26	50.53	0.65 %	2.79 %	2.98 %
9	Canada	42.07	39.02	49.44	4.26 %	3.49 %	2.91 %
10	Philippines	52.79	52.85	43.28	5.35 %	4.72 %	2.55 %
15	South Africa	6.32	9.59	10.80	0.64 %	0.86 %	0.64 %

Source: World Trade Atlas

Wine

The total import demand for wine by the USA increased from US$3 739 million in 2005 to US$4 621 million in 2007. The top three sources of wine imports to the USA were France, Italy and Australia, which accounted for 32 %, 27 % and 17 % of the value of imports, respectively. South Africa came through at number ten, representing an approximate 0.9 % share of USA imports. Concerning is the fact that both the value of exports of wine by South Africa to the USA and the market share of South Africa in this market has declined. Over the 3-year period South Africa's market share expressed as percentage of USA wine in value terms has decreased from 1.2 % in 2005 to 0.9 % in 2007 (For more details see Table 10).

The wine export gap between South Africa and the USA increased from US$3 695 million in 2005 to US$4 579 million in 2007.

Table 10: Leading sources of wine imported by USA

Country		Value (millions of US$)			Market share (%)		
		2005	2006	2007	2005	2006	2007
	USA wine imports	3739.29	4152.00	4621.69	100 %	100 %	100 %
1	France	1105.86	1329.50	1463.62	29.57 %	32.02 %	31.67 %
2	Italy	1060.49	1157.05	1267.85	28.36 %	27.87 %	27.43 %
3	Australia	765.29	766.31	797.81	20.47 %	18.46 %	17.26 %
4	Spain	208.98	234.87	269.67	5.59 %	5.66 %	5.83 %
5	Chile	166.26	170.25	211.06	4.45 %	4.10 %	4.57 %
6	New Zealand	94.07	104.46	145.52	2.52 %	2.52 %	3.15 %
7	Germany	99.15	120.74	144.22	2.65 %	2.91 %	3.12 %
8	Argentina	68.00	92.68	132.23	1.82 %	2.23 %	2.86 %
9	Portugal	68.53	68.04	71.18	1.83 %	1.64 %	1.54 %
10	South Africa	44.23	43.23	42.04	1.18 %	1.04 %	0.91 %

Source: World Trade Atlas

Apples, pears and quinces

The total imports of fresh apples, pears and quinces by the USA have increased from US$194.8 million in 2005 to US$295.5 million in 2007. The top three sources of USA imports in 2007 were Chile, Argentina and New Zealand, which account for 40 %, 20 % and 16 % of the value of imports, respectively. South Africa ranked number eight and had less than 1 % share of USA total imports of this product. In value terms, South Africa's exports to the USA increased from US$520 thousand in 2005 to US$1.23 million in 2007 (see Table 11).

The export gap for fresh apples, pears and quinces has increased from US$194 million in 2005 to US$294 million in 2007. The increase in South Africa's export gap is a result of increasing USA demand for this product, while South Africa's exports have not been able to respond in a similar way.

Table 11: Leading sources of apples, pears and quinces imported by USA

Country		Value (millions US$)			Market share		
		2005	2006	2007	2005	2006	2007
	USA total imports of apples, pears and quinces	194.84	237.51	295.46	100 %	100 %	100 %
1	Chile	56.99	95.44	119.26	29 %	40 %	40 %
2	Argentina	43.79	48.28	58.52	22 %	20 %	20 %
3	New Zealand	48.16	34.39	46.33	25 %	14 %	16 %
4	Canada	21.69	26.89	26.46	11 %	11 %	9 %
5	Korea, South	21.61	21.46	23.86	11 %	9 %	8 %
6	China	0.15	8.33	18.20	0 %	4 %	6 %
7	Japan	1.37	1.29	1.31	1 %	1 %	0 %
8	South Africa	0.52	1.42	1.23	0 %	1 %	0 %
9	Brazil	0.00	0.00	0.21	0 %	0 %	0 %
10	Thailand	0.01	0.02	0.04	0 %	0 %	0 %

Source: World Trade Atlas

Cane/Beet sugar

Total imports by the USA of sugar cane in solid form increased in 2006 and then declined in 2007 to levels similar to that in 2005 (see Table 12). The top three import origins in 2007 were Brazil, Mexico and the Dominican Republic, which account for 13.2 %, 12.5 % and 12.3 % of the value of imports, respectively.

South Africa ranked number 16 and had a 1.2 % market share of USA total imports of this product; in fact its share of USA imports has been declining.

South Africa's export gap in the USA market has increased for this product, i.e. from US$859 million in 2005 to US$1 339 million in 2007.

Table 12: Leading import sources of cane/beet sugar imported by USA

Country		Value (millions of US$)			Market share		
		2005	2006	2007	2005	2006	2007
	Total sugar cane or beet imports to USA	864.17	1349.35	825.99	100 %	100 %	100 %
1	Brazil	135.32	126.91	109.06	15.66 %	9.41 %	13.20 %
2	Mexico	129.95	378.48	103.48	15.04 %	28.05 %	12.53 %
3	Dominican Republic	77.35	112.10	101.93	8.95 %	8.31 %	12.34 %
4	Philippines	57.20	92.35	71.41	6.62 %	6.84 %	8.64 %
5	Guatemala	84.62	84.76	67.04	9.79 %	6.28 %	8.12 %
6	Australia	42.55	70.68	59.68	4.92 %	5.24 %	7.22 %
7	Costa Rica	12.96	38.69	41.40	1.50 %	2.87 %	5.01 %
8	El Salvador	63.15	27.65	34.72	7.31 %	2.05 %	4.20 %
9	Peru	15.03	38.74	30.99	1.74 %	2.87 %	3.75 %
10	Nicaragua	27.06	26.17	28.11	3.13 %	1.94 %	3.40 %
16	South Africa	13.31	19.68	10.19	1.54 %	1.46 %	1.23 %

Source: World Trade Atlas

2.4 WTO DOHA DEVELOPMENT AGENDA: UPDATE[7]

Following the G-20 Financial Summit on 15 November 2008, intensive efforts have been made in Geneva to conclude modalities before the end of 2008. A new Draft Modalities text (TN/AG/W/4/Rev.4) was issued by Ambassador Crawford Falconer on 6 December 2008.

The envisaged Ministerial was planned for the middle of December in Geneva but finally had to be called off as too little progress had been made on the outstanding issues. It was agreed that work would continue in 2009 on the basis of the Chairmen's texts (both in agriculture and NAMA - non-agricultural market access), with the focus being on the outstanding issues. In agriculture, the major unresolved issues remain unchanged and include: the Special Safeguard Mechanism for developing countries (SSM); cotton, and tropical products and preference erosion. In NAMA, the major difficulty was on sectoral initiatives. The South African request for additional flexibilities was also not adequately addressed.

As mentioned, work will be resumed early in 2009. In agriculture, the negotiations will continue to be facilitated by Ambassador Falconer of New Zealand, as the Government of New Zealand has extended his stay in Geneva. No clear work programme has been released yet. Important political changes as well as elections, will take place in some member States, causing doubt as to whether there will be an early resumption of negotiations in 2009.

From an agricultural perspective, the lack of an agreement on modalities was a disappointment for South Africa. Various provisionally agreed items in the Chairman's Draft Modalities text represented substantial progress; however, some issues and various flexibilities were included (on the insistence of developed countries), which substantially watered-down the ambition of the Doha mandate. With regard to market access, it is still not possible to accurately estimate the potential improvements because products designated as sensitive, and the relevant tariff cut on these products, is not known at this stage. The elimination of all forms of export subsidies as well as the ceiling on trade distorting domestic support, represent substantial progress. It remains difficult to estimate the impact on production in South Africa and on the African continent. The reduction in overall trade distorting support (OTDS) falls short of the notion of an "effective" cut as agreed to by Ministers in the Hong Kong Ministerial of the WTO in 2005. Although it is still mentioned as a possibility, an "early harvest" on cotton has not yet been achieved.

The biggest concern in the Draft Modalities Texts is the consistent lack of balance in the ambitions of agriculture and NAMA. The demands for improved access to the South African market for industrial products, were substantially higher than the potential gains in agriculture. This imbalance is not reflective of the developmental objectives of the Round. South Africa remains committed to the conclusion of the Doha Round, and will, as soon as possible, continue with its efforts, together with the Africa Group, the Cairns Group and the G-20, to find fair and acceptable solutions to the outstanding issues.

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