AGRICULTURE TRADE PERFOMANCE REVIEW
(ATPR)

SOUTH AFRICA'S AGRICULTURE, FORESTRY AND FISHERIES TRADE PERFORMANCE DURING QUARTER FOUR OF 2010

PURPOSE

The purpose of these briefings is to inform the agric-food industry of the status of South Africa's agriculture, forestry and fisheries' trade performance on a quarterly and yearly basis. These briefings are published every quarter after South African agricultural trade data is made available on the World Trade Atlas database by the South African Revenue Service. The briefings measure the trade performance of the sector by means of analysing trade flows.

Overview of South Africa's annual total agri-food trade performance 1998 until 2010.

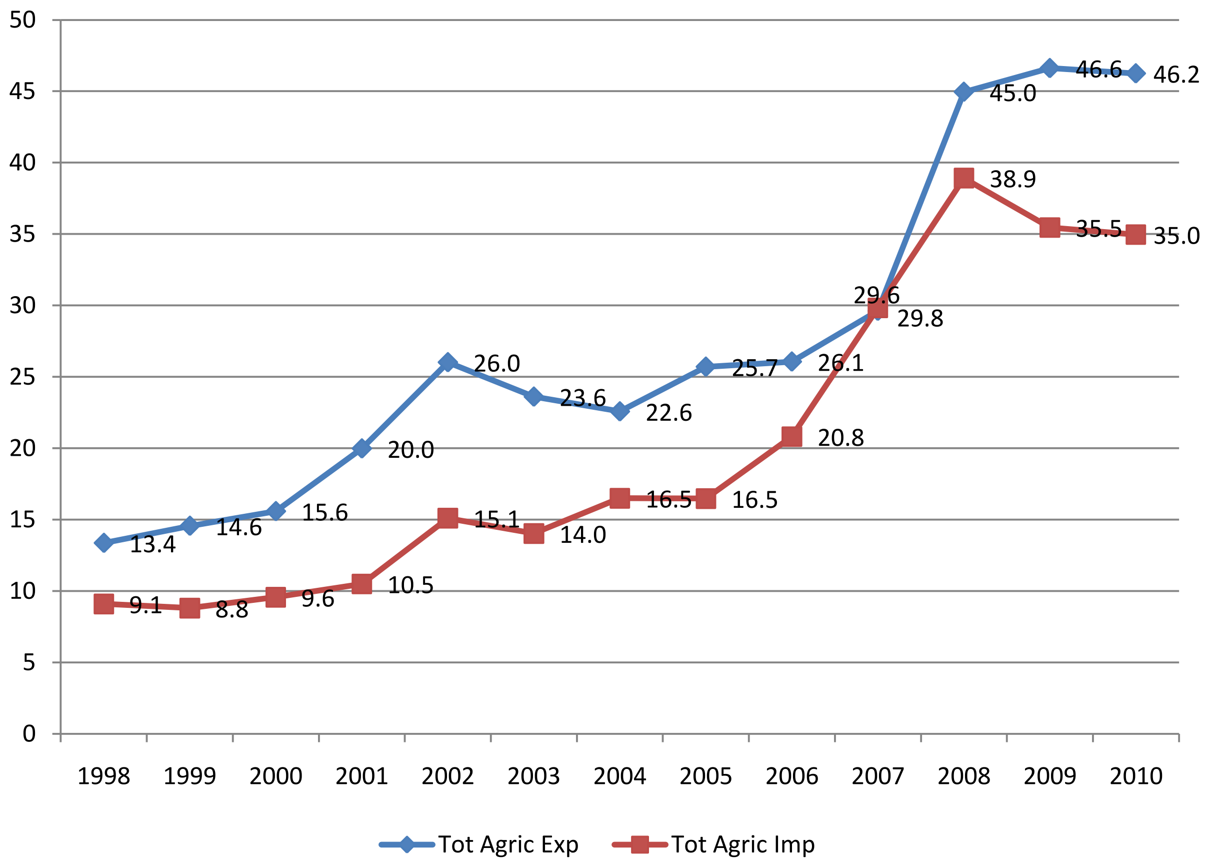

Figure 1. South Africa's total agri-food trade with the world on a quarterly basis (1998 – 2010)
(Figures in Billions of RSA Rand)

- Agri-Food trade depicted above does not include forestry and fisheries products yet.

1. Overview of South Africa's total agri-food trade performance during quarter four of 2010

South Africa's total agri-food exports to the world increased during the first three quarters of the year and decline in the last quarter. When compared with the previous quarter, agri-food exports declined from R14.3 billion in the third quarter to R10.3 billion in quarter four of 2010. On the other hand, total agri-food imports decline during the first semester of the year and then increased during the second semester. Imports increased from R9.5 billion in the third quarter to R10.1 billion in the fourth quarter of 2010. Variations in agri-food exports and imports are largely influenced by the seasonal nature of agricultural produce. In overall South Africa remains a net exporter of agric-food products.

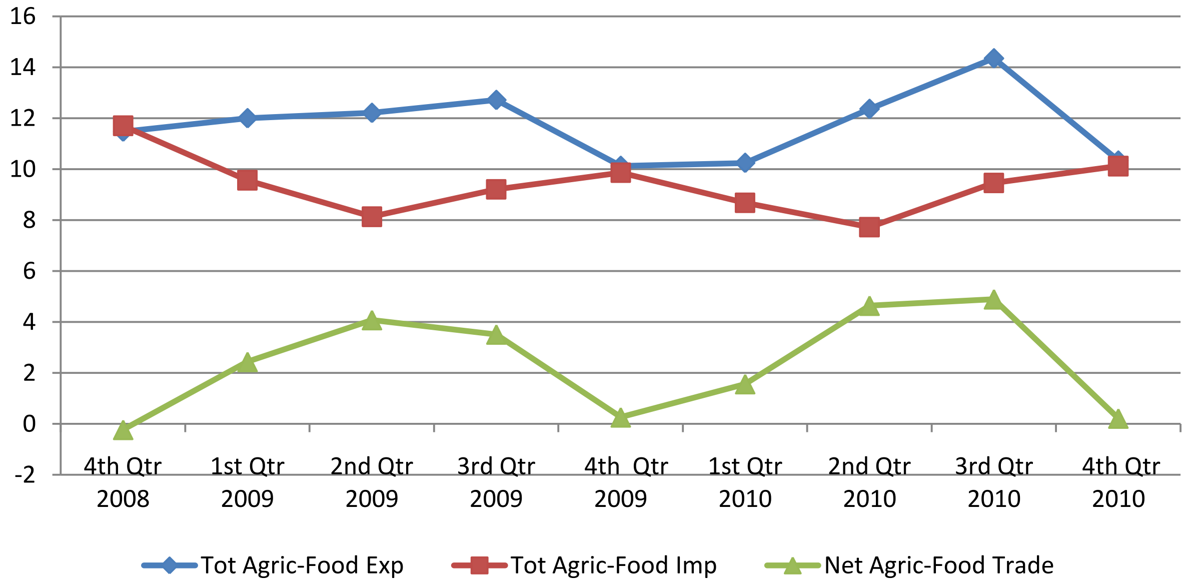

Figure 2. South Africa's total agri-food trade with the world on a quarterly basis (2008 – 2010)

(Figures in Billions of RSA Rand)

1.1 Overview of South Africa's primary agricultural products trade performance

South Africa exported more primary agricultural products than it was importing during 2008 to 2010. However, primary exports declined significantly from R7.5 billion in quarter three to R4.2 billion in quarter four of 2010 and primary agricultural imports increased slightly between the same quarters. As a result, primary products trade surplus declined from R5.2 billion to R2.2 billion in the same period. However, South Africa has been able to maintain its net primary product exporter status over the past decade.

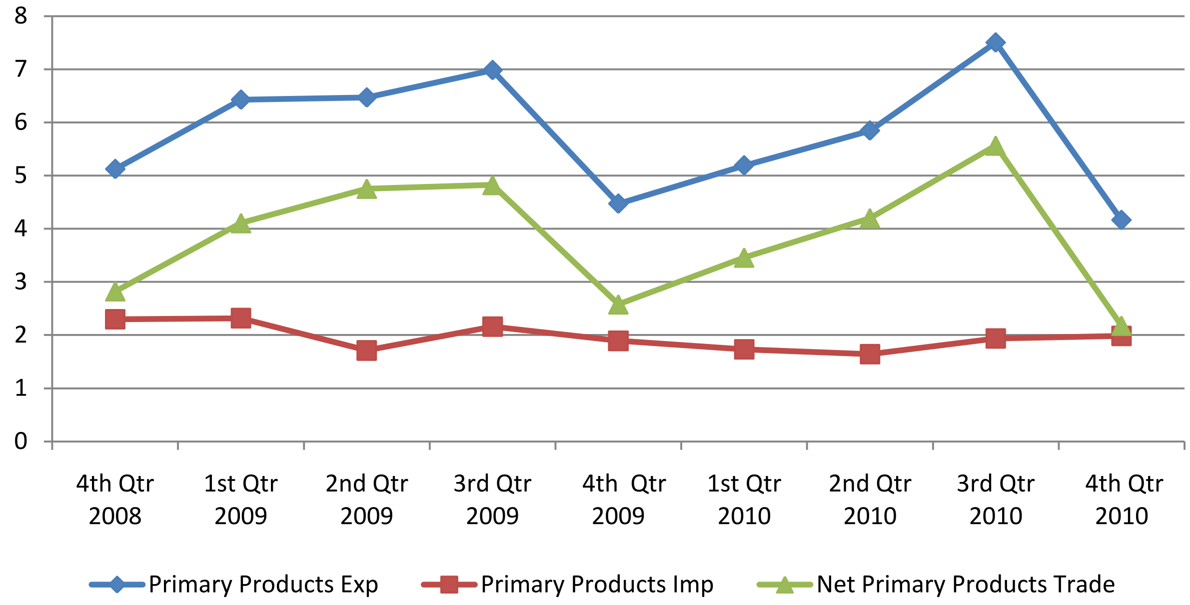

Figure 3. South Africa's primary agricultural products trade on a quarterly basis (2008 – 2010)

(Figures in Billions of RSA Rand)

1.2 Overview of South Africa's processed products trade performance

South Africa maintained a net exporter status of processed products between 1998 and 2005 and thereafter became a net importer until 2010. Despite the recovery experienced in quarter two of 2010, processed agricultural exports, in general, continue to fall short of processed imports. The gap widened even further during quarter three and four of 2010.

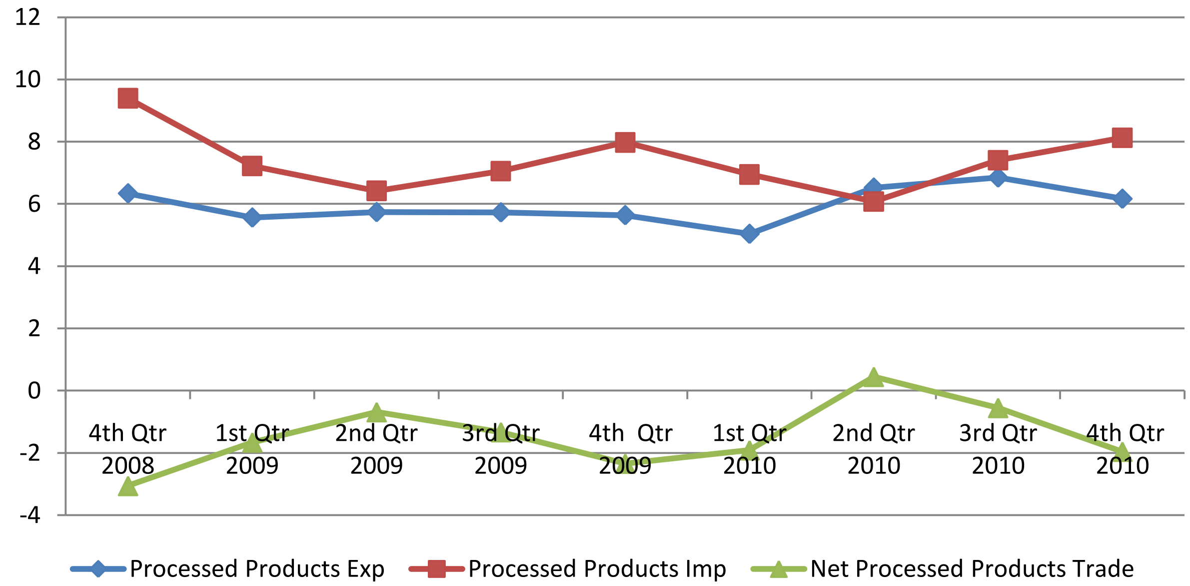

Figure 4. South Africa's processed agricultural products trade in quarterly basis (2008 – 2010)

(Figures in Billions of RSA Rand)

1.3 Overview of South Africa's forestry products trade performance

With respect to trade in forestry products, South Africa maintained a positive trade balance with the world. Forestry exports peaked to the high of R2.6 billion in the fourth quarter of 2010 while imports fell slightly to around R1.5 billion in the same quarter. This resulted in widening the trade surplus to R1.1 billion in quarter four of 2010.

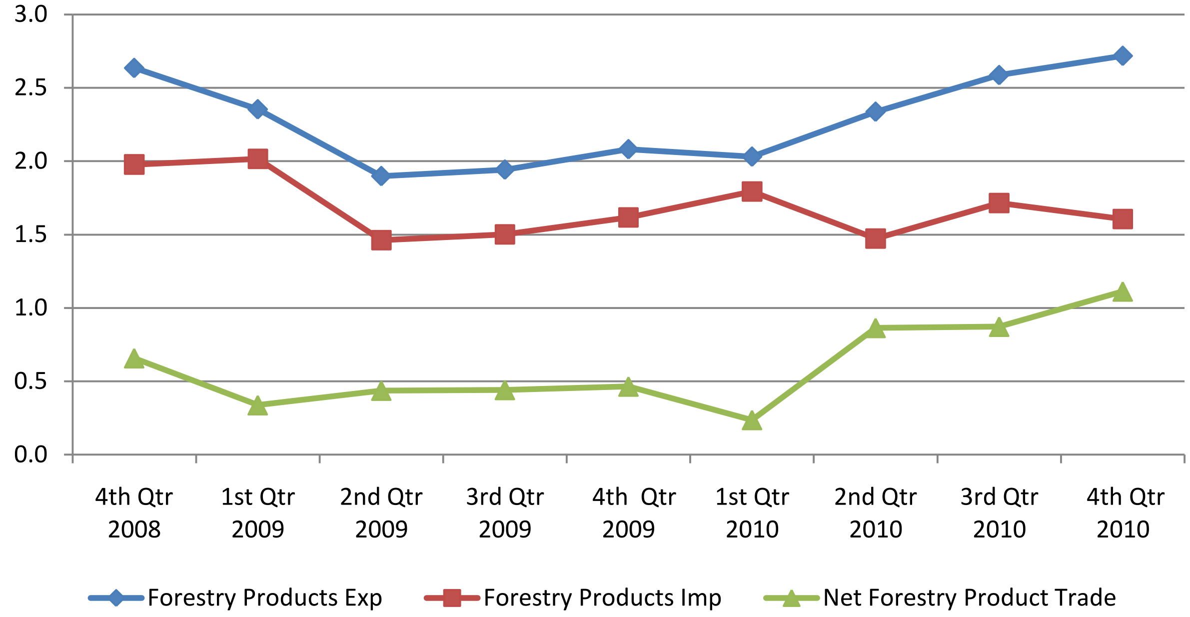

Figure 5. South Africa's forestry products trade on quarterly basis (2008 – 2010)
(Figures in Billions of RSA Rand)

1.4 Overview of South Africa's fisheries products trade performance

South Africa maintained a positive trade balance with respect to trade in fisheries products. Fisheries exports and imports followed a declining trend over the period. Net trade in fisheries remained constant at about R0.2 billion on a quarterly basis.

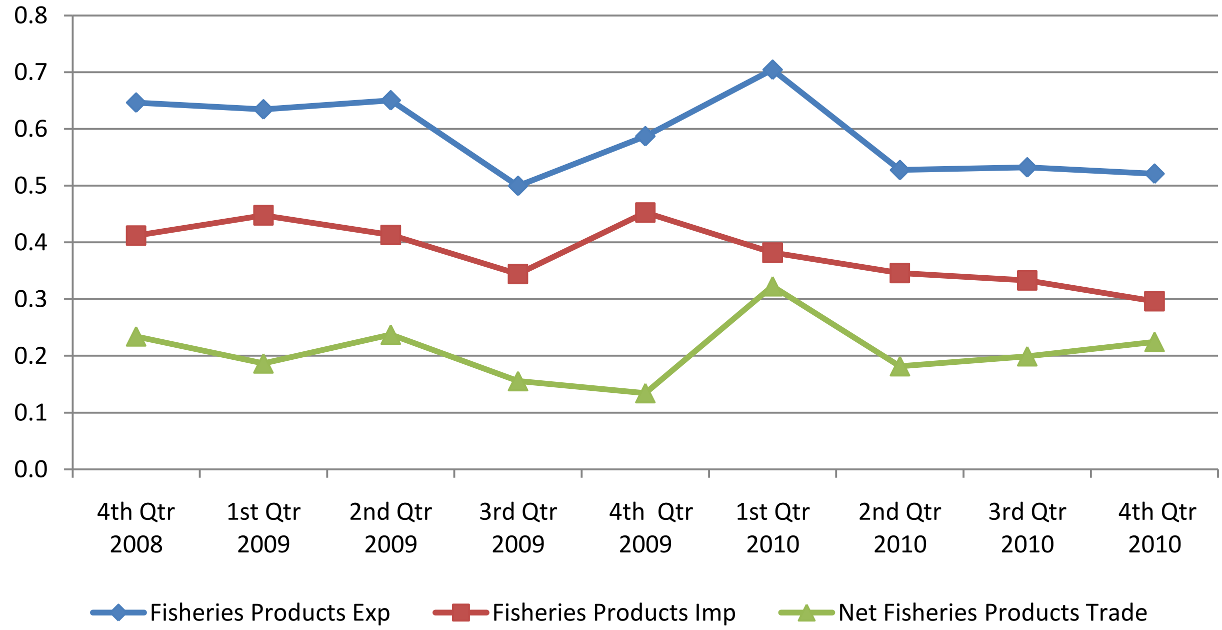

Figure 6. South Africa's fisheries products trade on quarterly basis (2008 – 2010)
(Figures in Billions of RSA Rand)

2. Analysis of South Africa's major agricultural export markets and product drivers during the period 2009 and 2010

Table 1. South Africa's top ten major agri-food export markets and product drivers by value in 2009 and 2010.

Calendar Year 2009			Calendar Year 2010			
Major export markets	**Share in SA total agric exports**	**Exports Value** (Bill Rand)	**Major export markets**	**Share in SA total agric exports**	**Exports value** (Bill Rand)	**Top 3 products exported into major markets**
United Kingdom	10%	4.7	**Netherlands**	11%	5.1	Grapes , Oranges and Grape wines
Netherlands	10%	4.6	**United Kingdom**	9%	4.4	Grape wines, Grapes and Apples
Zimbabwe	8%	3.6	**Zimbabwe**	8%	3.6	Sunflower seeds & Oils, Wheat and Sugar
Kenya	6%	2.8	**Mozambique**	6%	2.9	Ethyl alcohol, Sugar and Food preparations
Mozambique	4%	2.1	**Germany**	4%	1.9	Grape wines, Meat and Grapes
Germany	4%	1.9	**USA**	3%	1.6	Grape wines, Oranges and Macadamia Nuts
USA	3%	1.6	**Japan**	3%	1.5	Sugar, Grape Fruit and Maize
Angola	3%	1.5	**United Arab Emirates**	3%	1.3	Oranges, Grapes and Apples
United Arab Emirates	3%	1.4	**Angola**	3%	1.3	Fermented Beverages, Cigarettes and Whiskies
China	2%	1.3	**China**	3%	1.2	Wool, Fish Meal Flour and Grape wine

2.1 Export market analysis at country level during 2009 and 2010:

- **Netherlands** remained South Africa's largest market for agri-food exports in the world and within the European Union in 2010. South Africa's agri-food exports to Netherlands increased by 12% in value between 2009 and 2010. Its share in South Africa's total agric-food exports also increased from 10 to 11% during the period. The top five major agri-food products that South Africa exported to the Netherlands in 2010 were grapes, oranges, grape wines, pears and avocados. Exports of oranges to Netherlands increased substantially by 52% during the period.

- **United Kingdom** ranked the second largest market for South African agri-food exports in 2010 though it declined in terms of shares and values. South Africa's agri-food exports to the United Kingdom declined by 7% during the period. The top five agri-food products that South Africa exported to the United Kingdom during 2010 were grapes wines, grapes, apples, oranges and mandarins. Exports of grape wines and apples to the United Kingdom declined by 25 and 18% respectively.

- **Zimbabwe** ranked the third largest export market for South African agri-food products in the world and the first largest market in Africa. South Africa's agri-food exports to Zimbabwe remained stable at R3.5 billion during the period under consideration. South Africa's top five major agri-food exports to Zimbabwe in 2010 were sunflower seeds and oils, wheat, sugar maize and chicken cuts. Sunflower seeds and oils as well as wheat exports to Zimbabwe increased substantially by 57 and 48% respectively during the period.

- **Mozambique** ranked the second largest export market for South African agri-food products in Africa. South Africa's total agricultural exports to Mozambique increased substantially by 41% from R2.0 billion in 2009 to R3.0 billion in 2010. The top five major products exported by South Africa to Mozambique during the same period were ethyl alcohol, sugar, food preparations, maize and oranges.

- South Africa's agri-food exports to **Germany** remained stable during the period under consideration. The top five major products that South Africa exported to Germany during the period were grape wine, ostrich meat, grapes, apricots as well as prepared fruits and vegetables. Exports of ostrich meat from South Africa to Germany increased by 35% whilst that of grapes decreased by 38% during the same period.

Table 2 below provides an indication of South Africa's growing and declining agricultural export markets in the world during the period 2009 and 2010.

Table 2 South Africa's growing and declining agricultural export markets during 2009 and 2010.

Growing Export Markets			Top 3 products driving total export growth & their individual growth percentage		
Ranking	**Growing Markets**	**Total Exports Growth**			
1	Mozambique	41%	Ethyl Alcohol (2147%)	Cigarettes (136%)	Maize Meal (75%)
2	Japan	18%	Ground Nuts (61%)	Pears (60%)	Oranges (37%)
3	Netherlands	12%	Avocados (53%)	Oranges (52%)	Macadamia Nuts (27%)

Shrinking Export Markets			Top 3 products driving total import shrinkage & their individual shrinkage percentage		
Ranking	**Shrinking Markets**	**Total Import shrinkage**			
1	Angola	-12%	Refined Sugar (-66%)	Yogurt (-62%)	Maize Meal (-44%)
2	China	-7%	Wool (-49%)	Grape Wines (-31%)	Animal Skins (-28%)
3	United Kingdom	-6%	Fruits Preps (-32%)	Grape Wines (-25%)	Apples (-18%)

- Table 2 above indicates that, of all South Africa's agri-food export partners in the world, Mozambique, Japan and Netherlands topped the list in terms of export growth between 2009 and 2010 calendar years. Export of ethyl alcohol to Mozambique, groundnuts to Japan and avocados to Netherlands registered the highest growth. The table further states that Angola, China and United Kingdom registered the highest negative growth during the same period with refined sugar to Angola, wool to China and fruits preparations to the United Kingdom declining the most.

2.2 Export market analysis at sub-sector level during 2009 and 2010:

Table 3. South Africa's top 10 major agri-food export sub-sectors by value in 2010.

Sub-sector Description (HS-2)	Exported value 2010 (Bill Rand)	Sub-sector growth between 2009 & 2010	Top 3 products exported within the sub-sector	Top 3 export markets by the sub-sector
Edible Fresh Fruits and Nuts	15.5	14%	Oranges Grapes Apples	Netherlands United Kingdom Russia
Beverages, Spirits and Vinegar	8.6	-1%	Grape Wines Ethyl Alcohol Liqueurs and Cordials	United Kingdom Germany Mozambique
Vegetables, Fruits and Nuts Preparations (Preserved Food)	3.5	7%	Prepared Peaches Fruit Mixtures Prepared Pears	China Italy Belgium
Fish and Seafood	3.3	1%	Fish Fillets Squid Sea Crawfish	Spain Italy Hong Kong
Cereals	2.4	-42%	Maize Maize Seeds Rice	South Korea Kenya Zimbabwe
Sugars and sugar confectioneries	2.1	-39%	Sucrose Sugar Cane (Raw) Sugar Confectionery	Mozambique Zimbabwe Japan
Tobacco and Manufactured Tobacco Substitutes	1.8	-5%	Cigarettes Tobacco Tobacco Extracts	Yemen Belgium Egypt
Miscellaneous Edible Food Preparations	1.8	14%	Soya Sauce Soups & Broths Ice Cream	Zimbabwe Mozambique Nigeria
Animal or Vegetable Fats and Oils	1.3	39%	Sunflower Extracts Soya-bean Extracts Margarine	Zimbabwe Mozambique Zambia
Miscellaneous Grains, Seeds and Fruits	1.2	-8%	Soya Beans Ground-Nuts Oil seeds flours	Malaysia Indonesia Netherlands

- **Edible Fruits and Nuts** remained South Africa's top export sub-sector by value in both 2009 and 2010. Exports of this sub-sector grew substantially by 14% from R13.6 billion in 2009 to R15.5 billion in 2010. The share of this sub-sector in South Africa's total agri-food exports also increased from 29 to 33% between the two years under consideration. The top five major products exported within the sub-sector in 2010 were oranges, grapes, apples, pears and lemons. These top five products accounted for 73% of the total sub-sector exports in 2010. Exports of oranges and lemons considered the highest growth within the sub-sector with oranges growing by 31% and lemons 29% between the two years.

- **Beverages, spirits and vinegar** also remained firm as South Africa's second largest sub-sector exports by value in both 2009 and 2010. Exports of this sub-sector remained stable at R8.6 billion during the period observed. The share of this sub-sector in South Africa's total agri-food exports also remained firm at 18% between the two years under observation. Major products exported by South Africa within this sub-sector in 2010 were grape wines and ethyl alcohol, both accounting for 80% of the total sub-sector exports. Exports of grape wines alone in 2010 amounted to R5 billion whilst that of ethyl alcohol reached the high of R1 billion. However, exports of grape wines in 2010 declined by 8% when compared to 2009.

- Exports of **Preserved Food** rose by 7% to rank the third in South Africa's total agricultural exports by value in 2010 after ranking the fifth in 2009. However, the share of this sub-sector remained stagnant at 7% during the two years considered. Major products exported by South Africa under this sub-sector were prepared peaches, fruits and vegetable mixtures and juices, prepared pears and prepared apricots.

- South Africa's exports of **Fish and Fish Products** remained stable at R3.3 billion during the period under consideration. Major products exported by South Africa under this sub-sector were frozen fish fillet and squid representing 20 and 15% shares representatively within sub-sector during 2010. Exports of lobster and craw fish considered the highest growth within the sub-sector with lobster growing by 21% and craw fish 10% between the two years.

- South Africa's total exports of **Cereals** declined significantly by 42% from R4.2 in 2009 to R2.4 billion in 2010. The share of cereals in South Africa's total agri-food exports also declined heavily from 9% to 5% between the two years under observation. This was mainly driven by exponential decrease in exports of wheat, maize and maize seeds which declined by 81%, 44% and 19% respectively between the two years under observation. Export of maize alone accounted for 80% and 79% of the total sub-sector exports in 2009 and 2010 respectively.

3. Analysis of South Africa's agri-food import markets and products performance during the period 2009 and 2010

Table 4. South Africa's top ten major agri-food import markets and product drivers by value in 2009 and 2010.

2009			2010			
Major import markets	**Share in SA total agric imports**	**imports Value (Bill Rand)**	**Major import markets**	**Share in SA total agric imports**	**Imports value (Bill Rand)**	**Top 3 products imported from major markets**
Argentina	14%	5.1	Argentina	12%	4.3	Soybean, Sunflower Seeds & Oils and Chicken Meat
Thailand	11%	4.0	Thailand	9%	3.4	Rice, Fish, Cereals and Starches
Brazil	9%	3.5	Brazil	7%	2.7	Chicken Meat, Tobacco & Sugar
China	6%	2.2	Germany	7%	2.5	Wheat, Soybean Oils and Swine Meat
Germany	6%	2.1	China	6%	2.2	Beans, Animal Offal and Apple Juice
United Kingdom	5%	1.8	United Kingdom	6%	2.1	Whiskies, Rum and Tafia & Food Preparations
Netherlands	5%	1.7	United States of America	5%	1.9	Wheat, Food Preparations, and Whiskies
Malaysia	4%	1.6	Malaysia	5%	1.8	Palm Oil, Cocoa Butter and Vegetable Fats & Oils
United States of America	4%	1.4	Netherlands	4%	1.4	Soya-Bean Oils, Food Preparations and Malt Beer
Indonesia	4%	1.3	Indonesia	4%	1.4	Palm Oil, Coffee & Cocoa Powder

3.1 Import market analysis at country level during 2009 and 2010:

- **Argentina** ranked South Africa's number one import market for agri-food products during the two years under consideration. However, agri-food imports from Argentina declined by 16% during the same period and its share in South Africa's total agricultural imports from the world also decreased by 2% from 14% in 2009 to 12% in 2010. A decline in total agri-food imports from Argentina was largely driven by decrease in imports of sunflower seeds and oils as well as chicken meat which declined by 19% and 38% respectively during the period.

- Despite a 16% decline in South Africa's total agri-food imports from **Thailand**, Thailand remained South Africa's second largest import market by value during the two years under consideration. Its share in South Africa's total agri-food imports from the world also declined. However, trade analysis further shows that Thailand has become South Africa's largest import market for rice after contributing 75% of South Africa's total demand for rice in 2010.

- South Africa's total agri-food imports from **Brazil** declined by 16% in value and 2% in market share during the period under consideration. This decline was mainly driven by a decrease in imports of tobacco and refined sugar which fell by 51% and 23% respectively during the period. However, imports of chicken meat rose exponentially by 390% during the same period.

- South Africa's total agri-food imports from **Germany** increased significantly from R2.0 billion to R2.5 billion between 2009 and 2010 years under consideration. Its share in South Africa's total agri-food imports from the world also increased from 6% to 7% during the same period. This trend was mostly driven by an increase in imports of swine meat and coffee extract which increased by 132% and 21% respectively between the two years.

- South Africa's agri-food imports from **China** remained stable in terms of value and share during the period under consideration. The top five main products that South Africa imported from China during the period were kidney and white pea beans, animal offal, apple juice, peptones and sardines. However, imports of apple juice declined by 16% during the period.

- None of the **African** countries appear in South Africa's top ten import markets by value in both 2009 and 2010.

- Table 5 below provides an indication of South Africa's growing and declining agricultural import markets in the world during the period under consideration.

Table 5. South Africa's growing and shrinking agri-food import markets and products during 2009 and 2010

Growing Import Markets			Top 3 products driving total import growth & their individual growth percentage		
Ranking	**Growing Markets**	**Total Import growth**			
1	United States of America	35%	Wheat (512%)	Animal Offal (16%)	Food Stuffs (5%)
2	Germany	17%	Swine Meat (132%)	Coffee Extracts (21%)	Food Stuffs (1%)
3	United Kingdom	16%	Meat Flour (65%)	Confectionaries (30%)	Oats & Flakes (27%)

Shrinking Import Markets			Top 3 products driving total import shrinkage & their individual growth percentage		
Ranking	**Shrinking Markets**	**Total Import shrinkage**			
1	Brazil	- 24%	Tobacco (-51%)	Raw Sugar (-47%)	Refined Sugar (-23%)
2	Netherlands	- 18%	Malt Beer (-90%)	Bulbs & Tubers (-17%)	Food Stuffs (-13%)
3	Thailand	-16%	Sardines (-37%)	Tunas (-14%)	Rise (-13%)

- Table 4 above indicates that, of all South Africa's agri-food import partners in the world, United States of America, Germany and the United Kingdom topped the list in terms of import growth between 2009 and 2010 calendar years. Imports of wheat from USA, swine meat from Germany and meat flour from the United Kingdom registered the highest growth. The table further states that Brazil, Netherlands and Thailand registered the highest negative growth during the same period with tobacco from Brazil, malt beer from Netherlands and sardines from Thailand, labelled the worst import performers.

3.2 Import market analysis at sub-sector level during 2009 and 2010:

Table 6. South Africa's top 10 major agri-food import sub-sectors by value in 2010.

Sub-sector Description (HS-2)	Imported value 2010 (Bill Rand)	Sub-sector growth between 2009 & 2010	Top 3 products imported within the sub-sector	Top 3 import markets by the sub-sector
Animal or Vegetable Fats and Oils	6.1	31%	Palm Oils Soya-bean Oils Sunflower-seeds	Malaysia Argentina USA
Cereals	5.3	-17%	Rice Wheat Barley	Thailand Germany USA
Food Waste and Residues (Animal Feed)	3.7	4%	Soybean Residues Dog and Cat Food Meat Meal Flours	Argentina Netherlands France
Beverages, Spirits and Vinegar	3.0	-20%	Whiskies Mineral Waters Malt Beer	United Kingdom USA Ireland
Meat and meat products	2.6	7%	Chicken Meat Swine Meat Turkey Meat	Brazil Canada Australia
Tobacco and Manufactured Tobacco Substitutes	1.6	-20%	Tobacco Cigarettes Tobacco Refuse	Brazil Zimbabwe India
Miscellaneous Edible Food Preparations	1.5	3%	Infants food Instant Coffee Sauces	USA Netherlands Germany
Coffee, Tea, Mate and Spices	1.2	16%	Coffee (Raw) Black Tea Capsicum or Pimenta	Vietnam Malawi India
Vegetables, Fruits and Nuts Preparations (Preserved Food)	1.2	-1%	Prepared Potatoes Apple Juice Grape Juice	China Italy Belgium
Sugar and sugar confectioneries	1.1	-7%	Sugar Confectionery Sucrose Sugar Cane (Raw)	Brazil China USA

- South Africa's total imports of **Animal or Vegetable Fats and Oils** increased by 31% between 2009 and 2010. The share of this sub-sector in South Africa's total agri-food sector imports also increased from 13% in 2009 to 17% in 2010. Major products imported by South Africa in 2010 under this sub-sector were palm oils, soybean oils, and sunflower seeds or oils. These products accounted for 80% of the total sub-sector imports in 2010 and were mostly imported from Asian countries such as Indonesia and Malaysia as well as from Argentina in South America.

- South Africa’s total imports of **Cereals** declined by 17% from R6.4 billion in 2009 to R5.3 billion in 2010. Much of this decrease was due to decrease in imports of maize seeds, rice and wheat which fell by 67%, 19% and 14% respectively during the observed period. Imports of wheat and rice alone accounted for over 90% of the total sub-sector imports in 2009 and 2010. South Africa import cereals mostly from USA, Thailand, Germany and Argentina. Imports of maize seeds from USA declined by 54%, rice from Thailand declined by 13% and wheat from Germany and Argentina declined by 34% and 85% respectively during the period.

- Imports of **Food Residues and Waste** improved from ranking the fourth in South Africa’s total agri-food sector imports by value in 2009 to rank the third in 2010. Imports of this sub-sector increased by 4% from R3.5 billion in 2009 to R3.7 billion in 2010. This positive move was mainly driven by exponential increase in imports of meat meal flours and pellets as well as dog and cat food from France. However imports of dog and cat food from Netherlands declined by 5% during the period.

- **Beverages, Spirits and Vinegar** declined from the ranking the third in South Africa’s total agri-food sector import by value in 2009 to rank the fourth in 2010. Imports of this product category decreased by 20% from R3.8 billion in 2009 to R3.0 billion in 2010. Much of this decrease was due to a decrease in imports of malt beer from Netherlands which declined substantially by 90% between the two years under consideration. Imports of mineral waters also contributed significantly to this trend after falling by 12% between the two years.

- South Africa’s total imports of **Meat and Edible Meat Products** increased by 7% in value between 2009 and 2010. Imports of frozen chicken and swine contributed significantly to this positive move. Imports of frozen chickens from Brazil increased significantly by 390% whilst frozen swine imports increased by 131% between the two years.

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