

SOUTH AFRICA'S PROVISIONAL AGRICULTURAL¹ TRADE PERFORMANCE 2007 TO 2008

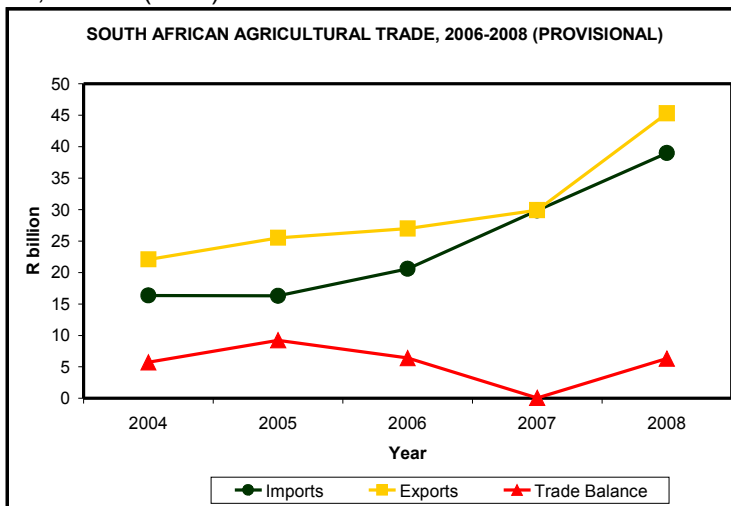
18 February 2009

PURPOSE

To report on *preliminary* South African agricultural trade data for 2007 to 2008 derived from World Trade Atlas and as reported by the South African Revenue Services.

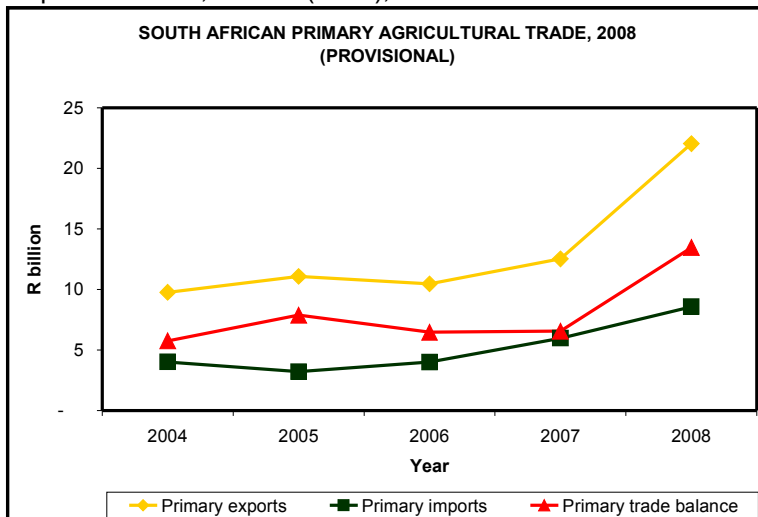
SUMMARY

The preliminary value of South Africa's total agricultural exports amounted to R45,3 billion (2008), an increase of 51 % from 2007. Preliminary agricultural imports were R39,0 billion (2008), an increase of nearly 31 % from 2007. The resulting agricultural trade surplus was R6,3 billion (2008).



Source: World Trade Atlas, 18 February 2009

The preliminary value of primary agricultural exports grew by nearly R9 billion (2008), a 69 % increase from 2007². Provisional calculations of primary agricultural imports indicate that it grew by R1,3 billion (2008), an increase of 18 % from 2007. The resulting primary agricultural surplus was R13,5 billion (2008), an increase of 105 %.

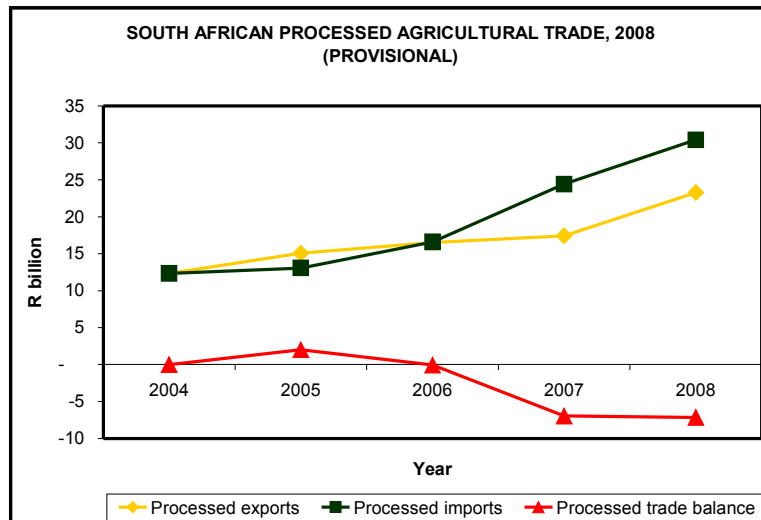


Source: World Trade Atlas, 18 February 2009

¹ The selection of products is based on the definition of agricultural products as covered by the WTO Agreement on Agriculture. This includes primary as well as processed agricultural products.

² A provisional calculation was done to split between the primary and secondary agricultural products traded; this does not yet reflect official figures, which will only be available later.

Provisional calculations of processed agricultural exports indicate that it grew by R6,4 billion (2008) from 2007, a 38 % increase. The preliminary value of South African processed agricultural imports grew by R7,8 billion (2008), an increase of 35 % from 2007. The resulting processed agricultural trade deficit was R7,1 billion (2008), an increase of 3 %.



Source: World Trade Atlas, 18 February 2009

MAJOR EXPORT MARKETS AND TRENDS

- South African agricultural exports to the **EU 27** increased to R17,1 billion (2008), an increase of 26 % from 2007, mainly as a result of higher exports of wines and oranges. During 2008, 38 % of South Africa's agricultural exports flowed to the EU 27, compared with the 45 % for 2007.
- South African agricultural exports to **SADC** increased to R10,7 billion (2008), an increase of 157 % from 2007. This was mainly due to noteworthy increases in exports of maize and wheat. Nearly a quarter (24 %) of South African agricultural exports during 2008 flowed to SADC member countries, up from 14 % in 2007.
- The **Netherlands** was South Africa's largest individual market for agricultural products with more than R4,8 billion (2008) worth of products exported there. Exports to the Netherlands increased by 40 % from 2007 to 2008. Much of the increase resulted from higher exports of grapes and oranges.
- The value of exports to the **United Kingdom**, South Africa's second largest market for agricultural products, increased by 11 % from 2007 to R4,7 billion in 2008. The increase was due mainly to increased exports of wines and apples.
- Agricultural exports by South Africa in 2008 were characterized by a significant jump in exports to **Zimbabwe**. Driven mainly by considerable increases in exports of maize and sunflower seed oil, the total value of agricultural exports to Zimbabwe increased to R3,7 billion (2008), an increase of 782 % from 2007.
- **Mozambique** was the fourth largest market for South African agricultural products with a 5 % share of total agricultural exports. The total value of exports to Mozambique was R2,2 billion (2008), an increase of 58 % from 2007. The bulk of the increase was due to large increases in the exports of maize and grouts/meal of maize.
- The fifth largest market for South African agricultural exports in 2008 was **Germany**. South Africa exported some 18 % more or R1,9 billion worth of agricultural products to Germany in 2008. Exports of wine in bulk were the main driving force behind the healthy increase recorded.

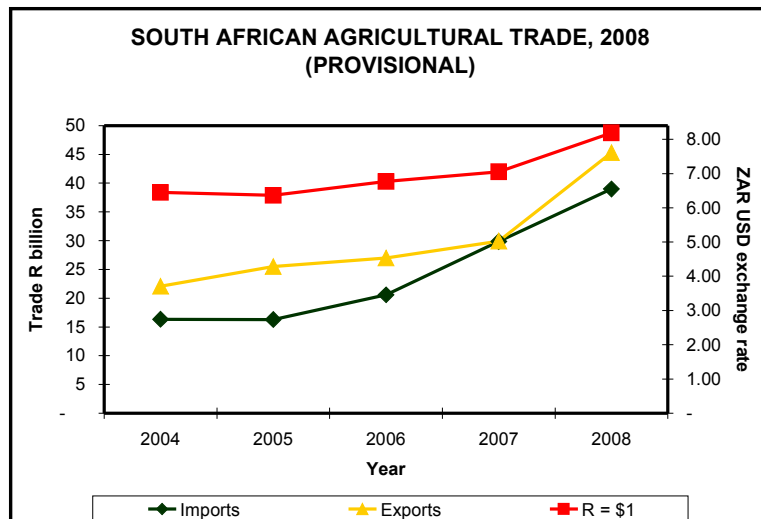
Table 1 – Significant growing & shrinking markets for South African agricultural exports, 2008

Growing markets	Annual Growth	Top 3 drivers of growth		
Oman	466%	Oranges	Sunflower oil	Apples
Portugal	385%	Sunflower seeds	Oranges	Pears
Zambia	338%	Wheat	Food preparations	Soybean flour
Iran	261%	Maize seed	Pears	Apples
Kenya	244%	Maize	Ethyl alcohol	Food preparations
Shrinking markets	Decline	Top 3 drivers of decline		
South Korea	21%	Ethyl alcohol	Preserved peaches	-
Switzerland	5%	Wine	Preserved fruit mix	Ethyl alcohol

Source: World Trade Atlas, 18 February 2009

MAJOR EXPORT PRODUCT TRENDS

- Much of the value increase for **fruits and nuts** resulted from sizeable increases in the average prices for 2008 over 2007, and in certain instances also from increased quantities shipped. Overall the quantities exported over 2007 and 2008 remained more or less constant at 2.5 Billion tons per annum. The average price per kilogram for oranges increased by 25 %, grapes 28 % and apples 23 %, whilst the quantities for these three leading fruit exports changed by 6 %, -8 % and 7 %, respectively. An increase of the overall prices of this category raised about 27% over 2007 to 2008, partly as a result of the exchange rate movement and resulted in the total export value to increase by a similar percentage to about 13 Billion rand (2008).
- South African exports of **beverages** increased by 35 % from 2007 to 2008 to 8.6 Billion rand (2008) due to higher prices. This increase materialised despite lower quantities of beverages exported in 2008 as reported by SARS. The wine industry reported an increase in volume exports from 312 million litre (2007) to 412 million litre (2008).
- According to Grain SA, the maize exports increased substantially from 469 000 ton (2007) to over 1 577 million ton (2008) using seasonal years and not calendar years. This translated in a three fold increase in the exports of Maize. Industry figures includes exports to the BLNS, while SARS figures will exclude exports to the BLNS and show much lower export figures.
- Exports of **vegetable and fruit preparations** grew by 36 % in value from 2007 to 2008. Much of the increase can be attributed to higher unit values for preserved peaches, single fruit juices and preserved pears as well as higher export volumes of single fruit juices. In total for preserved food the volumes exported increased by 14% over 2007 to 352 Million ton (2008) and a value of about 3.2 billion rand (2008).
- Despite a 10% growth in export volumes of Sugar, the value of exports in value declined by 2% from 2007 to 2008. This was mainly due to a 10.5% decline in the export price for sugars as a broad category.
- Overall, much of the increased value of agricultural exports in 2008 in value could have been influenced by the declining rand against other major currencies, while volume exports also increased during 2008.



Sources: SA Reserve Bank, *World Trade Atlas*, 18 February 2009

MAJOR IMPORT SOURCES AND TRENDS

- South African agricultural imports from the **EU 27** increased to R8,9 billion (2008), an increase of 29 % from 2007, mainly as a result of higher imports of whiskies and beers. During 2008, more than 23 % of South Africa's agricultural imports flowed from the EU 27, compared with the nearly 25 % for 2007.
- South African agricultural imports from **SADC** increased to R1,6 billion (2008), an increase of nearly 3 % from 2007. This was mainly due to noteworthy increases in imports of cotton and tobacco. Around 4 % of South African agricultural imports during 2008 flowed from SADC member countries, down from 5 % in 2007.
- **Argentina** was South Africa's largest individual supplier of agricultural products with nearly R7 billion (2008) worth of products imported from there. Imports from Argentina increased by 15 % from 2007 to 2008. Much of the increase resulted from higher imports of soybean oilcake and wheat.
- The value of imports from **Brazil**, South Africa's second largest supplier of agricultural products, increased by 31 % from 2007 to R3,7 billion in 2008. The increase was due mainly to increased imports of soybean oil and cane sugar.
- Agricultural imports by South Africa in 2008 were characterized by a significant jump in imports from **Thailand**. Driven mainly by a large increase in the imports of rice, the total value of agricultural imports from Thailand increased to R3,5 billion in 2008, an increase of 112 % over 2007.
- The **United States of America** was the fourth largest supplier of agricultural products to South Africa with almost a 7 % share of total agricultural imports. The total value of imports from the United States of America was R2,6 billion (2008), an increase of 17 % over 2007. The bulk of the increase was due to a rise in the imports of food preparations.
- The fifth largest supplier of South African agricultural imports in 2008 was **Malaysia**. South Africa imported some 53 % more or R2,1 billion worth of agricultural products from Malaysia in 2008. Imports of palm oil were the main driving force behind the significant increase recorded.

Table 2 – Significant growing & shrinking suppliers for South African agricultural imports, 2008

Growing markets	Annual Growth	Top 3 drivers of growth		
South Korea	143%	Coffee extracts	-	-
Indonesia	131%	Palm oil	Coffee beans	Palm kernel oil
Germany	116%	Wheat	Food preparations	Sausage casings
Colombia	110%	Sugar confection	Coffee beans	Cocoa preparations
Vietnam	104%	Coffee beans	Rice	-
Shrinking markets	Decline	Top 3 drivers of decline		
Paraguay	61%	Beef	-	-
Zambia	50%	Cotton	Sugar confection	Maize
Uruguay	28%	Beef	Fats (beef & sheep)	Milk
Mozambique	10%	Cotton	Cashew nuts	Cotton seed oilcake
Ireland	7%	Whiskies	Food preparations	Butter

Source: World Trade Atlas, 18 February 2009

MAJOR IMPORT PRODUCT TRENDS

- Much of the value increase for **cereals** resulted from sizeable increases in the average prices for 2008 over 2007 rather than from increased quantities. The average price per kilogram for milled rice increased by 172 % and for wheat by 72 %, whilst the quantities of these leading cereal imports changed by -33 % and 15 %, respectively.
- South African imports of **fats and oils** increased by 42 % from 2007 to 2008, due to higher average prices for palm oil and soybean oil. This increase materialised despite lower quantities of soybean oil imported in 2008.
- Due to considerable increases in particularly the average price for soybean oilcake imported in 2008, **animal feed** imports recorded a 62 % increase over 2007.
- Imports of **beverages** grew by 21 % from 2007 to 2008. Much of the increase can be attributed to higher unit values for whiskies and beer as well as higher import volumes of beer.
- Despite growth in imports of chicken cuts of nearly 4 %, **meat** imports declined by 3% from 2007 to 2008. This was mainly due to a decline in the imports of pork, whole chicken and beef.

Enquiries: Department of Agriculture, Director: International Trade: DITR@nda.agric.za

Authors: Jacobus Verster and Ezra Steenkamp (012-319 8003)