



Quarterly Trade Update

2023 Q3

This publication provides a quarterly synopsis of international trade in South African agricultural products.

Bureau for Food & Agricultural Policy (BFAP)

31 January 2024



BFAP
DATA
DRIVEN
INSIGHT

South Africa's agricultural exports grew by 14% in nominal terms from the second quarter to the third quarter of 2023. The growth between the third quarters of 2022 and 2023 was 13%. Horticulture and oilseeds exports were leading products for this period. Exports of oilseeds were supported by market access facilitation with China as well as longstanding agreements such as with EU and SADC.

Total South Africa trade

Total South African trade in goods has shown some stability in the pre-Covid era. **Figure 1** shows that total third quarter exports of 2019 were around R345 billion (bn) and have increased to R517 bn in the same quarter in 2023, in nominal terms. There was a decline of 5% in the third quarter of 2023 compared to the 2022 value of R543 bn. Total imports have also increased to almost match the level of exports, resulting in relatively low quarterly net exports which have been declining over the five-year period.

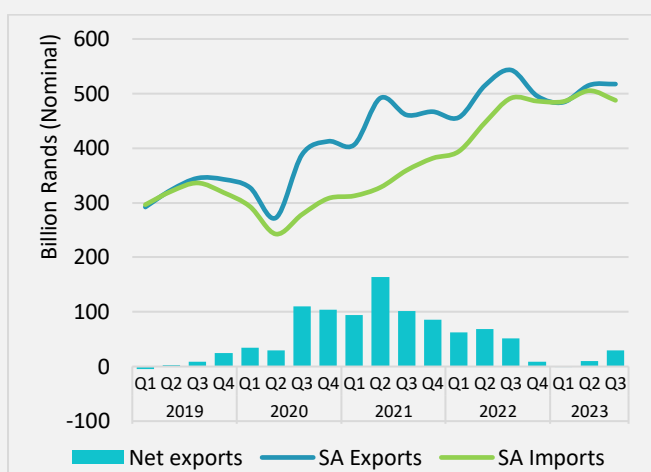


Figure 1: South Africa's total trade in Q3: 2019-2023
Source: ITC, 2023

Trade of the South African agricultural sector

In contrast to the shrinking total net exports, agricultural sector's third quarter trade balance, traditionally the quarter with the highest exports, was rising over the same period. The gap between agricultural exports and imports continued to increase, largely due to strong export growth and stable levels of imports. **Figure 2** shows that exports increased from about R46 bn in the third quarter of 2019 to almost R75 bn in 2023. Imports increased slower than exports, i.e., from R27 bn to about R34 bn. As a result, the sector's third quarter net exports more than doubled from about R18 bn in 2019 to R41 bn in 2023, a number larger than total imports

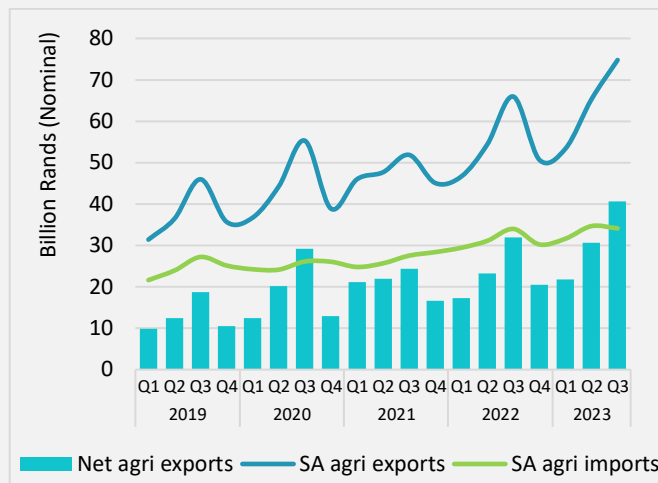


Figure 2: South Africa's agricultural trade in Q3: 2019-2023
Source: ITC, 2023

This strong sectoral performance occurred despite the sector's difficulties over the past three years, such as the Covid-19 pandemic, rising input costs, infrastructure problems as well as other events such as the Russia-Ukraine war. This ability to do well despite the global and domestic challenges shows some resilience and maturity of the sector.

South African agricultural trade by partner

Some of the global challenges facing the industry are specific to different markets to which the sector exports, as shown in the next two Figures. **Figure 3** shows that the EU was the second largest market for South Africa's exports after the Southern African Development Community (SADC), accounting for one-fifth of exports by value. Within SADC Botswana was one of the main importers of agricultural products, accounting for 18% of South Africa's regional exports. Trade with the EU and SADC is facilitated by free trade agreements (FTAs), both of which entered into force more than fifteen years ago.

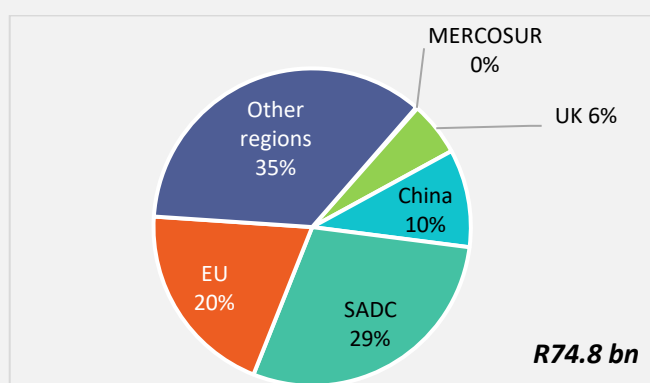


Figure 3: South Africa's agricultural exports to selected partners
Source: ITC, 2023

The main suppliers of agricultural products into South Africa are shown in **Figure 4**. The EU and SADC lead, together accounting for almost half of the supply. Other

suppliers such as China, United Kingdom (UK) and MERCOSUR contributed another 15% of the imports. These partners also have agreements with South Africa; however, those are not as comprehensive as the FTAs with SADC and EU.

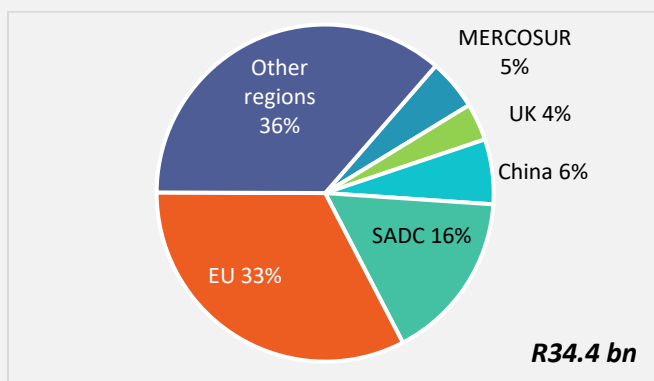


Figure 4: South Africa's agricultural imports from selected partners

Source: ITC, 2023

If the agreements such as those with the EU and SADC are that influential in determining trade volumes, then they should be extended to other partners. This might be the way to improve flows further with other partners. For example, South Africa's agricultural exports to the African continent beyond the SADC members are still relatively low, despite the expectations created by the Africa Continental Free Trade Area (AfCFTA). South Africa exported more to other regions, such as Asia, than to Africa beyond SADC.

South Africa's trade by product and partner

South Africa exported about R24 bn worth of agricultural products to Africa, including SADC. Imports from the region were about R6 bn in the quarter. Further expansion into the continent will have to be explored outside SADC and market access be created further through the AfCFTA and other bilateral arrangements.

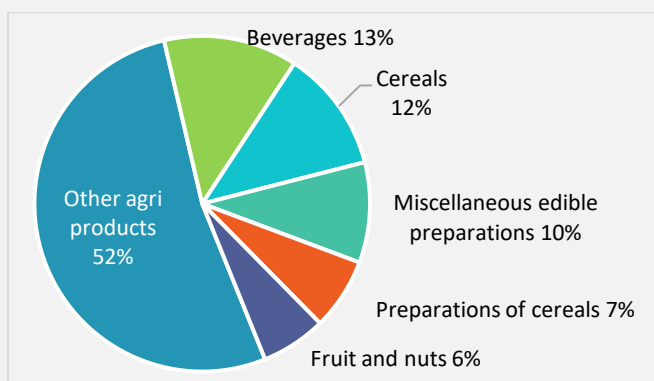


Figure 5: Third quarter South African exports to Africa

Source: ITC, 2023

The leading exported products from South Africa to African countries (including SADC) in the third quarter

of 2023 are shown in **Figure 5**. They include beverages, cereals, and miscellaneous edible preparations. There was a 16% nominal increase in exports year-on-year, between 2022 and 2023.

South Africa's top five imports from Africa in the third quarter of 2023 can be seen in **Figure 6**. They include sugar and sugar products, live animals, and tobacco. There also fisheries products as well and fruit and nuts, originating mostly from the SADC region.

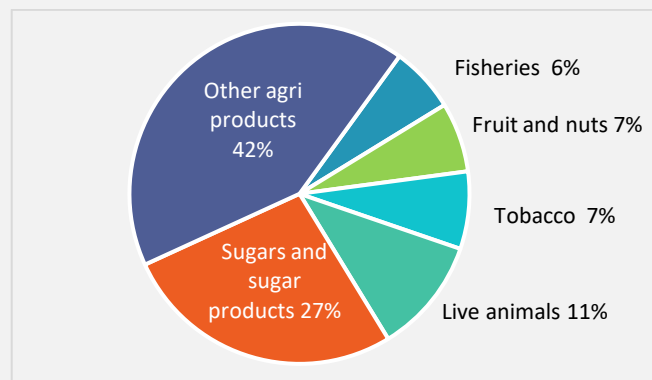


Figure 6: Third quarter South African imports from Africa

Source: ITC, 2023

Figures 5 and 6 confirm the positive agricultural trade balance that South Africa has with the continent. The continent has embarked on the AfCFTA which aims to strengthen trade ties amongst members and increase intra-Africa trade. This has created expectations, and therefore African trade performance will get attention going forward.

Disaggregated agricultural commodity trade performance by value and growth

The top performing products by value and growth in trade are shown in **Table 1**, ranked by third quarter of 2023. The fruit and nuts group is the highest performer by value (R31 bn), accounting for more than 40% of all third quarter exports while growing at around 14%. The fastest growth in third quarter exports was realised by oilseeds which increased by more than 130% between the two quarters. The increase is attributed to exports of soybeans to China, one of the largest global consumers.

This follows the completion of special protocols between the two countries on sanitary and phytosanitary (SPS) measures in 2022. As a result, South Africa started exporting soybeans to China. Exports of miscellaneous edible preparations also grew rapidly: by 23%, with Mozambique being the main importer supported by high demand, and competitive prices. In contrast, animal feed experienced a decline of 18% quarter-on-quarter attributed to a decline in imports by Namibia.

Table 1: Value and growth of the top 10 South African agricultural trade: 2022Q3 vs 2023Q3

Trade flow	Products	Q3 2022 (Bn Rands)	Q3 2023 (Bn Rands)	Percentage change
Exports	Fruit and nuts	27.25	31.04	13.91%
	Cereals	6.47	7.24	11.89%
	Beverages	6.37	6.66	4.45%
	Oilseeds	1.72	4.01	132.91%
	Processed veg, fruit, nuts	3.22	3.65	13.38%
	Other edible preparations	2.21	2.72	23.10%
	Sugars and sugar products	2.75	2.68	-2.63%
	Fisheries	1.89	1.88	-0.58%
	Animal feed	1.88	1.80	-4.34%
	Animal or veg fats and oils	1.86	1.79	-3.53%
Imports	Cereals	5.43	7.00	28.97%
	Animal and veg fats and oils	5.97	3.84	-35.68%
	Beverages	3.06	3.28	7.14%
	Sugars and sugar products	1.75	2.09	19.63%
	Other edible preparations	1.76	1.69	-3.99%
	Meat products	1.16	1.35	16.30%
	Processed veg, fruits, nuts	0.96	1.31	36.82%
	Processed cereals	1.16	1.27	9.95%
	Animal feed	1.36	1.25	-8.46%
	Tobacco	0.68	1.12	64.33%

Source: ITC, 2023

Box: Crisis in the poultry industry

The South African poultry industry is facing a crisis due to the outbreak of avian influenza in April 2023 as well as the effect of loadshedding. According to the National Institute for Communicable Diseases (NICD), the avian flu outbreaks caused by influenza A(H5N1) and influenza A(H7N6) strains have since been reported in several provinces, including Western Cape, KwaZulu-Natal, Eastern Cape, Gauteng, Mpumalanga, Limpopo, and North-West. These outbreaks led to mass culling of birds, export restrictions, and economic losses.

Loadshedding, affects temperature control systems in chicken houses, resulting in lower egg production and increased disease susceptibility. Furthermore, power outages disrupt ventilation systems, producing a rise in ammonia levels and respiratory difficulties in birds. Moreover, power failures disrupt the water supply, resulting in a decrease in water availability, which can induce dehydration and harm the birds' health.

The disease outbreak was largely due to biosecurity failure, impacting production and public opinion. Thus, maintaining strict biosecurity measures is critical for preventing disease spread within poultry farms. Loadshedding will have to be stabilised for the poultry industry to recover.

Agricultural imports grew by 10% year-on-year. Unmanufactured tobacco was the fastest growing import item, with an increase of 64% to a value R1.12 bn. Most of the tobacco products originated from Zimbabwe because it is deemed to be of high quality. Processed vegetables, fruits, and nuts, especially fruit juices imported mainly from China, rose by 13% year-on-year. Imports of vegetable and animal oils, particularly palm oil, decreased in the third quarter. Animal feed imports declined by about 8.5% quarter-on-quarter.

IN CONCLUSION...

...the third quarter agricultural trade performance is showing growth relative to past periods. This can also be viewed as a consolidation of the recovery from the Covid-19 period, as well as sign of resilience. The sector performed better than South Africa's total trade in goods and is a net earner of foreign exchange. These performances continued despite the challenges from both domestic and international factors. Sub-sectors that excelled in this third quarter were horticulture (fruit and nuts) and oilseeds (soybeans) in terms of value. The markets that have supported this growth are linked to the establishment of trade agreements such as EU, SADC, and China through the special SPS protocol. These opportunities need to be pursued with other partners as well as on other products that shown growth potential.

Enquiries: Mmatlou Kalaba (mmatlou@bfap.co.za)