



Quarterly Trade Update

2023 Q4

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

Bureau for Food & Agricultural Policy (BFAP)

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INSIGHT

The value of South Africa's agricultural exports dropped by 21% in nominal terms from the third quarter to the fourth quarter of 2023. Seasonality was a key factor in this performance as economic activities tend to decline in the post-harvest period. However, there was year-on-year growth of 17% between the fourth quarters of 2022 and 2023.

Total South Africa trade

South African trade in all merchandise goods has shown some stability since the fourth quarter of 2022. **Figure 1** depicts the progressive growth in net trade during the four quarters of 2023, with the first quarter showing the lowest net trade of R1.2 bn. This was mainly due to a 23% rise in imports between the first quarter of 2022 and 2023. South Africa remained a net exporter in the fourth quarter of 2023, growing marginally by 1% from the third quarter.



Figure 1: South Africa's total trade in 2023 vs. 2022

Source: ITC, 2024

The trade performance of the agricultural sector

Agricultural exports declined in the fourth quarter of 2023 when compared with the third quarter, from R75bn to R59bn, while imports remained steady over the same period. **Figure 2** confirms that, while net trade declined in the fourth quarter, it remained positive. This decline in exports was primarily due to decreased economic activities in the off-season period for horticulture products, especially citrus. Exports of citrus accounted for about one third of agricultural exports in the third quarter, but then declined by ten-fold to 3% in the fourth. Overall sector exports declined by 21% from quarter three to quarter four, while cereal exports decreased by 24%. The biggest decreased was in horticulture, by 58%. These were led by citrus exports that declined by more than 90%, from almost R22 billion in quarter three to less than R2 billion.

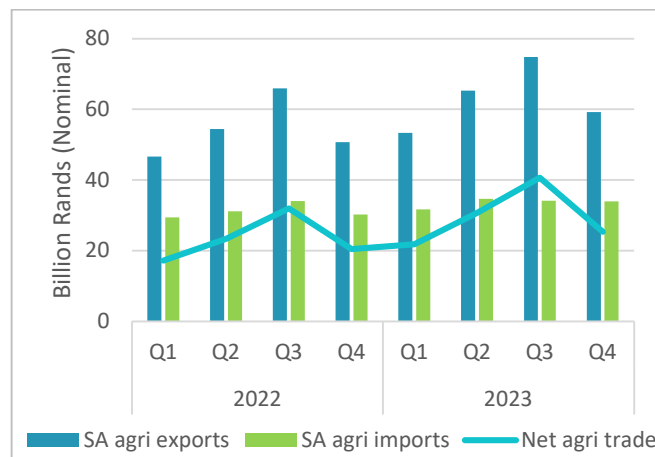


Figure 2: South Africa's agricultural trade in 2023 vs. 2022

Source: ITC, 2024

The overall trade performance of the sector in 2023 was impressive, with a 16% growth compared to the 2022 performance despite trade challenges because of domestic congestions at the Durban port in this quarter due to equipment failure. This kind of performance by the sector, despite the global and domestic challenges, shows some resilience and maturity of the sector.

South African agricultural trade by partner

South Africa had a net agricultural trade surplus of R25 billion in quarter four of 2023, which comprised of exports valued at R59 billion, and imports and R34 billion. Almost 60% of these agricultural products were exported to the EU and SADC (**Figures 3 and 4**). The United Kingdom (UK) and China have the same share of exports. The UK introduced several regulations as part of life-after Brexit, but also reverted to less stringent SPS measures in some cases like citrus. Some of the regulations have direct impact on main exports such as sugar, animal feed and horticultural products. UK is South Africa's fifth largest non-African market for animal feed and exports declined by 4% in the fourth quarter.

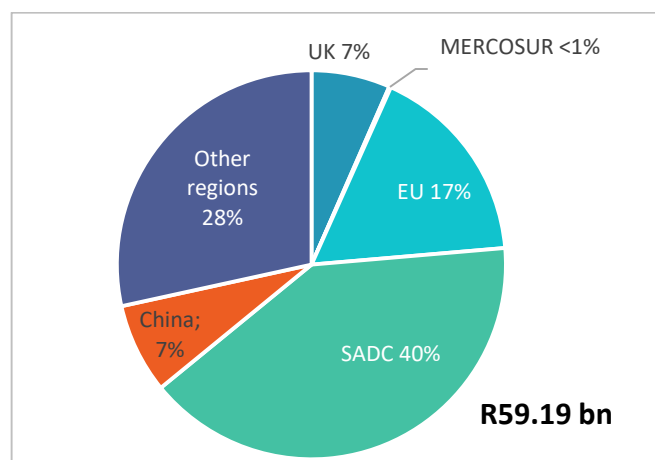


Figure 3: South Africa's agricultural exports to selected partners

Source: ITC, 2024

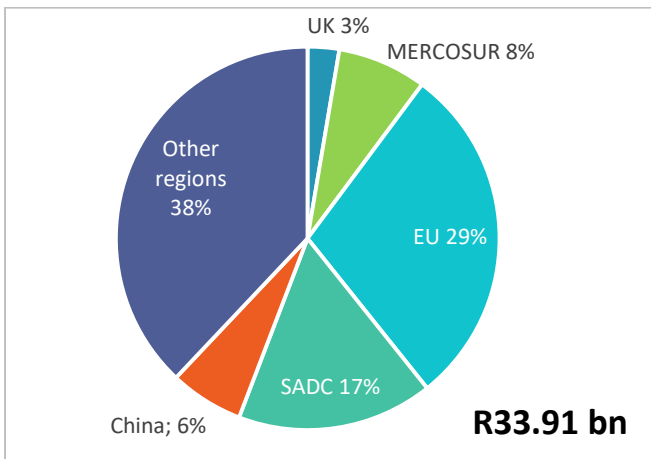


Figure 4: South Africa's agricultural imports from selected partners

Source: ITC, 2024

Figures 3 and 4 show that South Africa is a net importer from MERCOSUR. This is mainly due to poultry imports from Brazil, which increased by 10% quarter-on-quarter due to the Avian influenza outbreak which occurred in quarters two and three, and which affected South Africa's domestic supply of poultry meat.

South Africa's trade by product and partner

In the fourth quarter of 2023, South Africa exported about R26 bn (50% of total) worth of agricultural products to Africa. More than 90% of these were destined to SADC member states. Imports from the continent amounted to R6.2 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.

The leading exported products by South Africa to African countries (including SADC) in the fourth quarter of 2023 are shown in Figure 5. They include beverages, cereals, and miscellaneous edible preparations products. There was a 18% nominal increase in exports year-on-year, between 2022 and 2023.

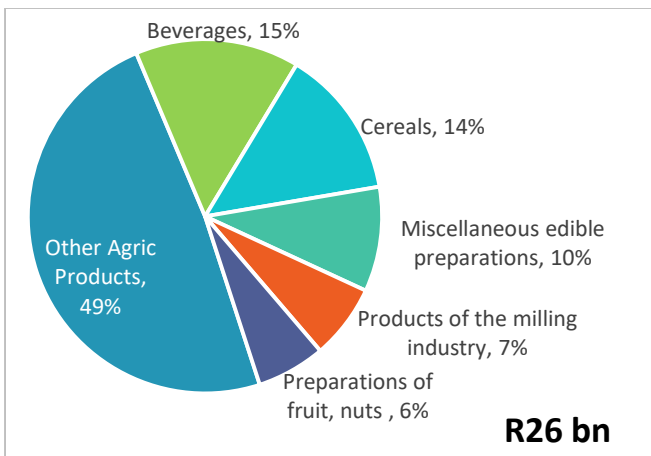


Figure 5: Fourth quarter South African exports to Africa

Source: ITC, 2024

South Africa's top five imports from Africa in the fourth quarter of 2023 can be seen in Figure 6. They include

sugar products, live animals, and fish products. There is also wool (from Lesotho) as well as fruits (predominantly bananas from Mozambique), originating mostly from the SADC countries.

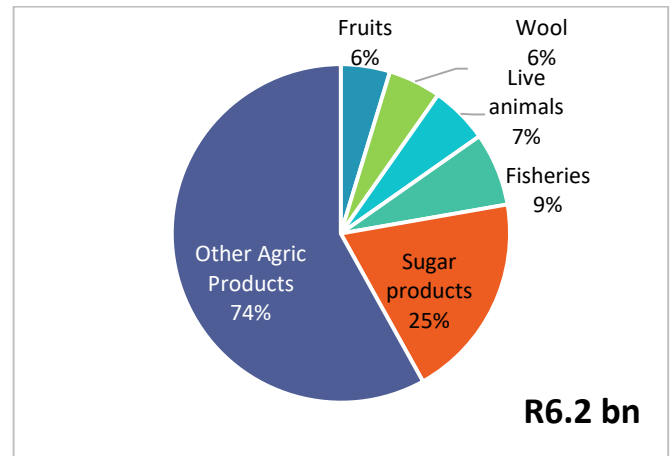


Figure 6: Fourth quarter South African imports from Africa

Source: ITC, 2024

Figures 5 and 6 show the positive agricultural trade balance that South Africa has with the continent of ±R20 billion. The continent has embarked on the AfCFTA which aims to strengthen trade ties and increase intra-Africa trade. This has created expectations, and therefore African trade performance. Quarterly growth rate of exports (excluding SADC) was 3% which was less the 10% when SADC is included. So, growth of African exports is still largely driven by SADC.

Disaggregated agricultural commodity trade performance by value and growth

Table 1 shows the top 10 performing commodity groups for imports and exports for the fourth quarter. Agricultural exports increased by 17% year-on-year. Fruit exports, led by blueberries, grapes, nuts, citrus and pome fruit, contributed R12.99 billion and was the best performing industry. They were followed by beverages (wine of grapes, waters and ciders) and cereals (maize, wheat, rice and sorghum). On the other hand, because the citrus fruit and macadamia nut export seasons slowed down, fruit and nut exports dropped by 58% on a quarter-on-quarter basis. Despite the seasonal change, fruit and nut exports remained the dominant export commodity group. Sugars products saw the fastest growth in exports during the fourth quarter, rising by 96%. Exports of fish products declined by 14% year-on-year due to low production and warming water temperatures.

Agricultural imports increased by 12% year-on-year. Cereal imports, valued at R6.55 billion, were the leading category. This is explained by a 68% spike in rice imports from Thailand to meet domestic demand. Animal feed imports from Netherlands decreased by 22% year-on-year.

Table 1: Value and growth of the top 10 South African agricultural trade: 2022Q4 vs 2023Q4

| Trade flow | Products | Q4 2022 (Billion Rands) | Q4 2023 (Billion Rands) | Percentage Change |
|------------|------------------------------|-------------------------|-------------------------|-------------------|
| Exports | Fruit and nuts | 12.16 | 12.99 | 6.86% |
| | Beverages | 6.56 | 7.63 | 16.31% |
| | Cereals | 5.19 | 5.49 | 5.87% |
| | Oilseeds | 2.59 | 4.17 | 61.23% |
| | Sugar products | 2.00 | 3.93 | 96.46% |
| | Processed veg, fruit, nuts | 2.88 | 3.79 | 31.42% |
| | Other food preparations | 2.69 | 2.93 | 8.74% |
| | Fisheries | 2.26 | 1.94 | -14.23% |
| | Milling products | 1.00 | 1.87 | 86.73% |
| | Animal Feed | 1.49 | 1.84 | 23.57% |
| Imports | Cereals | 3.89 | 6.55 | 68.33% |
| | Animal and veg fats and oils | 3.27 | 3.97 | 21.60% |
| | Beverages | 3.30 | 3.30 | -0.16% |
| | Sugar products | 1.82 | 2.02 | 10.98% |
| | Other food preparations | 1.71 | 1.65 | -3.86% |
| | Meat products | 1.36 | 1.62 | 19.68% |
| | Fisheries | 1.68 | 1.44 | -14.68% |
| | Processed veg, fruit, nuts. | 1.13 | 1.32 | 16.74% |
| | Animal feed | 1.64 | 1.29 | -21.82% |
| | Processed cereals | 1.45 | 1.20 | -16.82% |

Source: ITC, 2024

Box: China re-opens market for SA beef



China re-opened its market for beef imports from South Africa in quarter four 2023 after imposing a restriction due to the nationwide Foot and Mouth Disease (FMD) outbreak in May 2022. Prior to the restriction, China accounted for around half of all South African frozen beef exports. Since the devastating outbreak, South Africa has diligently implemented several biosecurity measures to curb the spread of FMD.

The restrictions on South Africa's red meat products were lifted after a scientific evaluation and consultation with technical experts. The easing of the ban on South African beef as from October resulted in China contributing 11% of the exports in the fourth quarter, compared to 4% for the whole of 2023.

The reopening of China plus the protocol deal with Saudi Arabia provide encouragement for the beef value chain to expand markets further. For South Africa to maintain these advantages, however, biosecurity protocols and further market development are required.

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Agricultural exports are usually at their lowest in the fourth quarter of the year, mainly due to seasonal patterns. Last year was no exception, yet the sector still performed better than South Africa's total trade in goods and remains a net earner of foreign exchange. This is in spite of difficult global business conditions such as high inflation, supply chain disruptions, regulatory changes, and the outbreak of Avian Influenza. Sub-sectors that excelled in this fourth quarter were horticulture (blueberries, grapes, nuts, citrus and pome fruit), beverages (wine of grapes, waters and ciders) and cereals (maize, wheat, rice and sorghum) in terms of value. The African market is still dominated by SADC, illustrating the need to expand market access further on the continent.

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