



15 October 2015

Southern African Development Community (SADC) Grain Trade – What does the data say?

Tinashe Kapuya (Agbiz Head: International Trade and Investment) and Wandile Sihlobo (Economist at Grain SA)

INTRODUCTION

The Southern African Development Community (SADC) region is comprised of 15 Member States, which include Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. In 2014, the region's total commercial consumption of maize, wheat, and sorghum was 39 million tons (USDA, 2014)¹ against regional production of 34 million tons (FAO, 2015). Overall, the SADC region is a net importer of the above-mentioned grains, and the region imports US\$868 million more than it exports to the world (ITC, 2015). Wheat and sorghum imports constituted a US\$1.2 billion and US\$4.6 million deficit, respectively, which is nonetheless, offset by a positive trade balance in maize which accounted for US\$376 million. In this article, we will briefly explore the regional trade structure for these commodities.

SADC REGIONAL TRADE STRUCTURE

Maize is consumed across the entire SADC region, with South Africa being the largest being both the largest producer and consumer of maize in the sub-region. South Africa produces 42% and consumes 37% of the region's maize. South Africa was the leading supplier of maize to the regional markets, exporting 75% the region's import requirements of 1.2 million tons. The leading importers were Zimbabwe, accounting for 23% of the total regional imports, Botswana (16%), Namibia (12%), Mozambique (12%), Swaziland (7%), Lesotho (7%), South Africa (7%), Mauritius (6%), Angola (3%), DRC (2%), Malawi (2%), Madagascar (1%), Tanzania (0.2%), Seychelles (0.2%) and Zambia (0.03%). **Figure 1.1** illustrates the percentage imports of annual consumption of maize by country.

¹ There is missing wheat consumption data for Botswana, Seychelles and Swaziland. For sorghum, only Botswana, South Africa, Tanzania and Zimbabwe data is available.

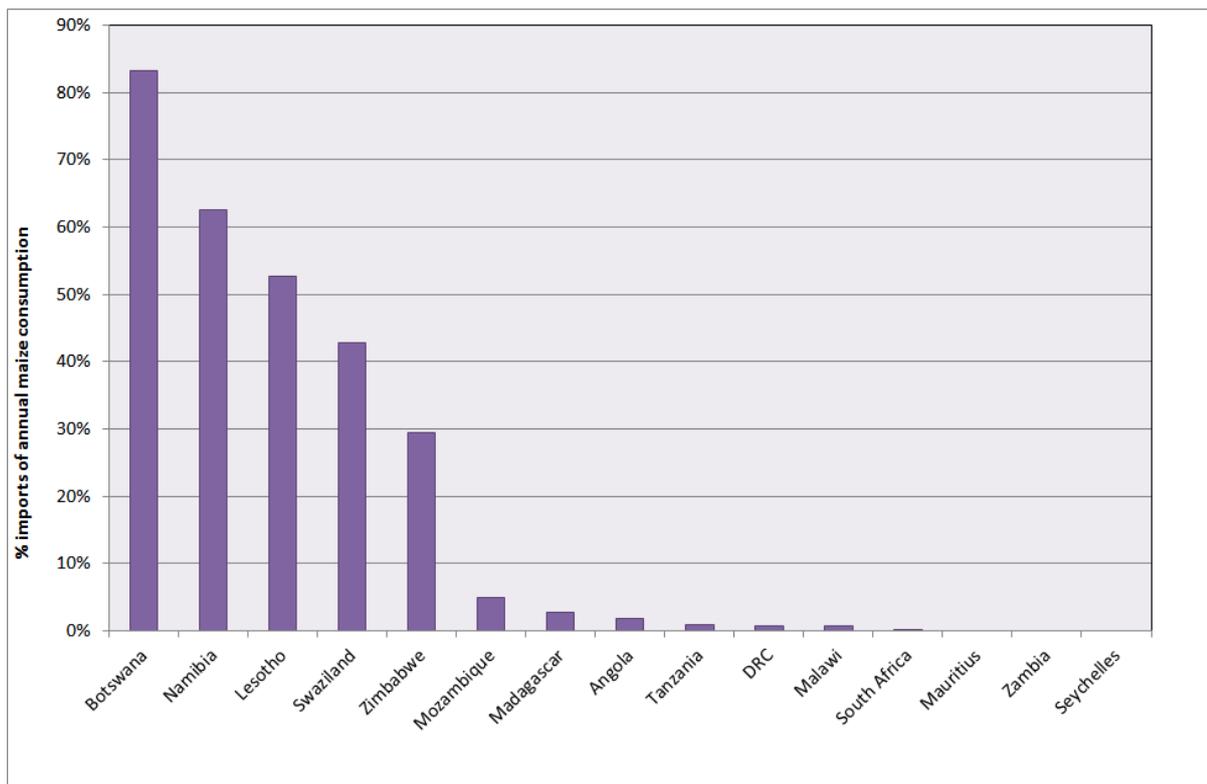


Figure 1.1: 2014 percentage imports of annual maize consumption by country

Source: USDA and International Trade Centre (2015)

The most import dependant country in the region is Botswana, which imported 83% of its annual maize consumption requirement of 240 000 tons. Their leading suppliers to the Botswana market were South Africa and Zambia. The second largest import dependent country was Namibia, which imported 63% of its annual maize consumption requirement of 200 000 tons. The largest suppliers in Namibia were South Africa, Zambia and India. Lesotho was the third largest maize import dependent country, with annual maize imports accounting for 53% of its annual maize consumption of 186 000 tons. The leading supplier was again South Africa. Swaziland imported 43% of their annual maize consumption of 175 000 tons. Zimbabwe imported 29% of its annual maize consumption of 1.7 million tons. The rest of SADC countries maize import share was each below 5% of their annual maize consumption.

SADC WHEAT TRADE STRUCTURE

In 2014, SADC Member States imported 9.8 million tons of wheat from the global market (see **Figure 1.2**). The leading importers of wheat in the region were Mozambique, with import share of 60% on the regional total wheat imports. Their leading suppliers were Russia, Ukraine, Australia, Canada and Germany. South Africa was the second largest wheat importer in the region, accounting for 19% of the total SADC wheat imports. The leading suppliers were Russia, Germany, Ukraine, Canada, Latvia and Australia. The third largest wheat importing country within the SADC region was Tanzania, with an import share of 9%. Tanzania's leading wheat suppliers were Russia, Australia, Canada, Germany and the USA.

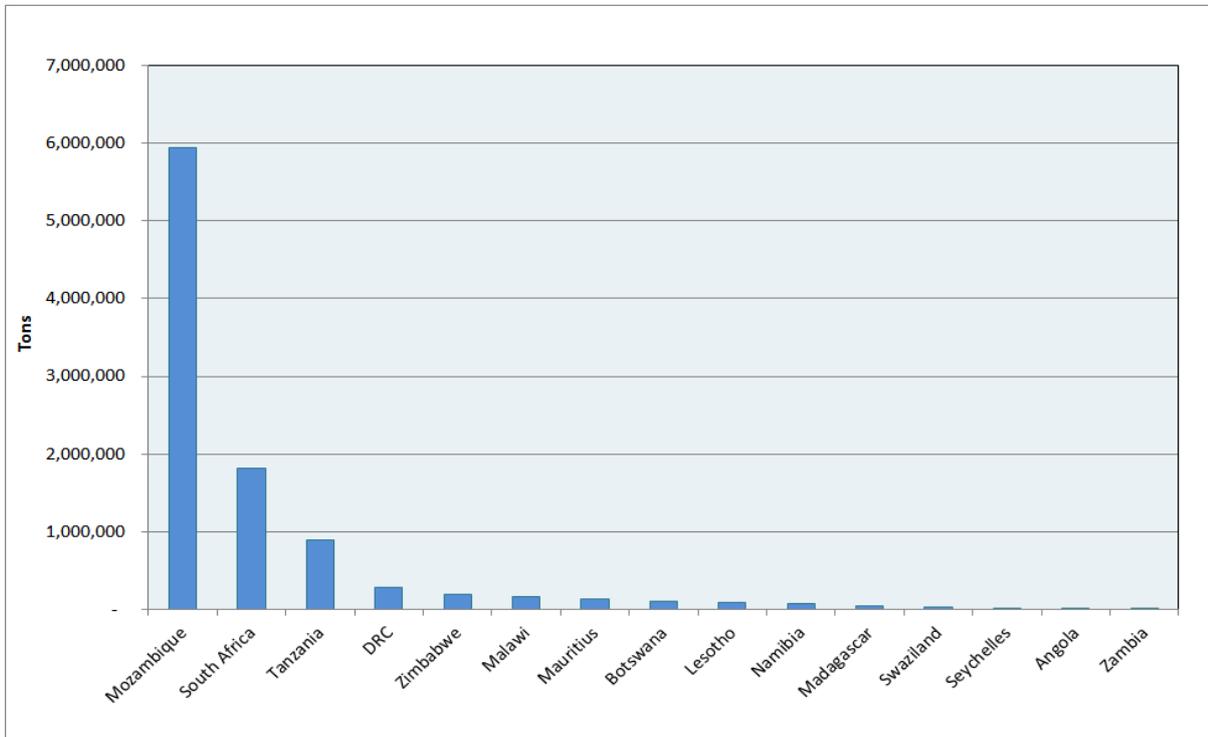


Figure 1.2: 2014 SADC wheat imports
 Source: International Trade Centre (2015)

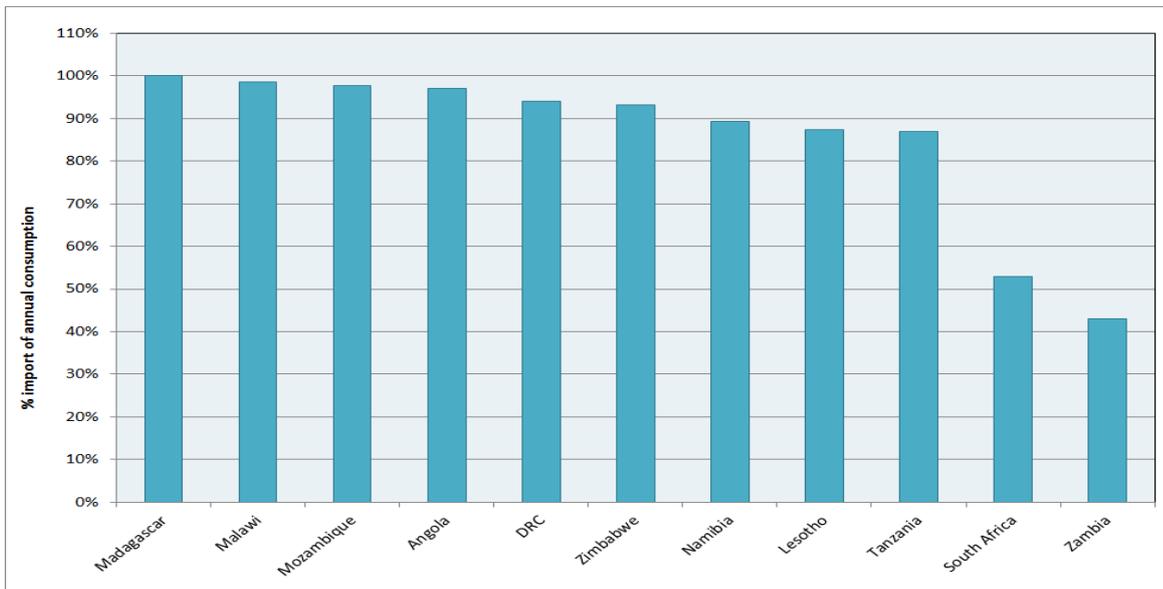


Figure 1.3: 2014 percentage imports of annual wheat consumption by country

Source: USDA and International Trade Centre (2015)

The SADC region is a net importer of wheat. **Figure 1.3** shows that Madagascar, Malawi, Mozambique, Angola, DRC, Zimbabwe, Lesotho and Tanzania, each imported more than 80% of their annual wheat consumption in 2014². This trend rings true for the South African domestic wheat market as well. South Africa’s wheat imports as a percentage of consumption were estimated at 53% in 2014. Moreover, Zambia’s wheat imports as percentage of annual consumption were 43% in 2014.

SADC SORGHUM TRADE STRUCTURE

In 2014, SADC region was a net importer of sorghum (HS: code 1007), with total imports of 47 959 tons and total exports at 30 583 tons³. **Figure 1.5** presents the 2014 trade data for 13 of the 15 SADC Member States.

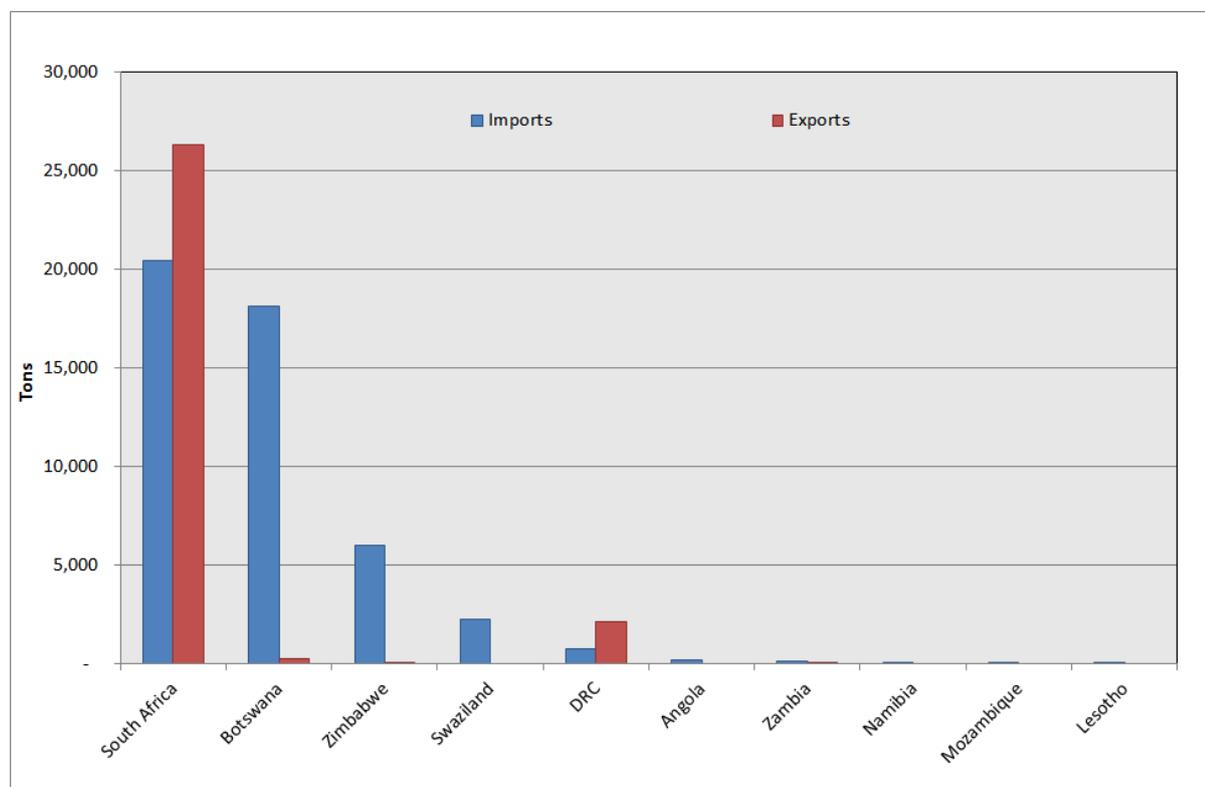


Figure 1.4: 2014 SADC sorghum trade structure

Source: International Trade Centre (2015)

South Africa was the leading importer (20,445 tons) and exporter (26,330 tons) of sorghum in the region, accounting for 61% of the region's sorghum trade. Botswana is the second largest sorghum importer in SADC, constituting 38% of the region's imports. Botswana has the largest deficit, and they import 17 842 tons more than their sorghum exports of 283 tons. The third largest sorghum exporter is Zimbabwe, with exports volumes of 6 011 tons. Swaziland is the fourth largest importer with an import volume of 2 255 tons. The fifth largest importer is the DRC, with a net trade of 1 378 tons.

CONCLUDING REMARKS

The above presented a brief overview of the SADC maize, wheat, and sorghum trade profiles. In 2014, the region was a net exporter of maize, but a net importer of wheat and sorghum. South Africa is the largest supplier of maize to a number of regional markets, particularly those within the Southern African Customs Union (SACU). Wheat is mostly supplied by North American (USA and Canada), European (Germany, Latvia) and Black Sea countries (Russia and Ukraine). Despite low volumes, SADC sorghum market also presented strong dominance of intra-trade. South Africa is a major supplier of sorghum to leading import markets

² **Figure 1.3** only represents data for 11 of the 15 Member States due to data gaps.

³ There were also data limitations on the regional consumption levels of sorghum.

such as Botswana, Zambia and Swaziland. However, Australia and the USA were also among the leading suppliers to these markets.

ENQUIRIES:

Tinashe Kapuya

Head: International Trade and Investment

Mobile: +27 78 676 8666

Tel: +27 12 807 6686

E-mail: tinashe@agbiz.co.za