



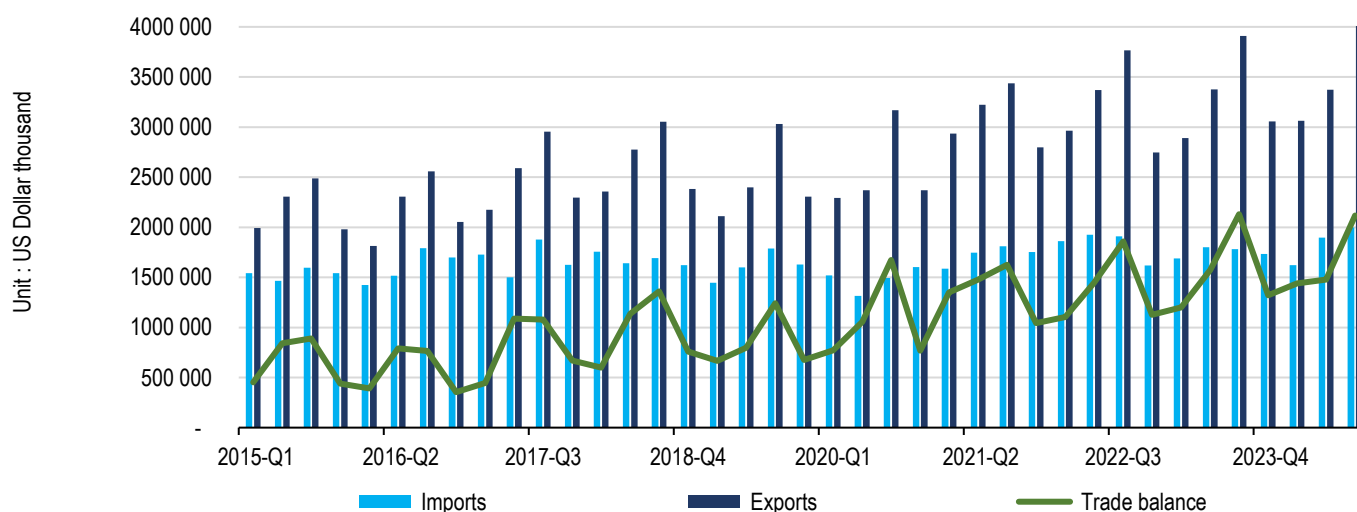
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A strong recovery in South Africa's agricultural exports in Q3 2024

- South Africa's agriculture has had mixed fortunes this year. The mid-summer drought negatively affected field crops, with livestock also hampered by the animal disease. Fortunately, the horticultural sub-sector has had a fairly more positive year with decent harvests in various fruits. Several high-frequency data releases these past few quarters have mirrored this environment of mixed fortunes. But the trade data for the third quarter of the year paints an even more upbeat story of recovery in the sector's export performance.
- According to data from Trade Map, South Africa's agricultural exports were at US\$4,12 billion in the third quarter, a 5% increase relative to the same period in 2023. The cumulative export value for the first three quarters of 2024 is up 4% from the same period last year, at US\$10,55 billion. This reflects an uptick in the volume of various agricultural exports and the price surge in some products. Moreover, while logistics infrastructure efficiency remains a primary concern for the farming sector, the ongoing collaboration between Transnet, private industry, and the various logistical organizations assists in ensuring the continuous flow of products, even if there are delays in specific periods. The top exported products by value include citrus, nuts, maize, apples and pears, wine, fruit juices, sugar, dates, figs, avocados and mangos, berries, and grapes, amongst other products.

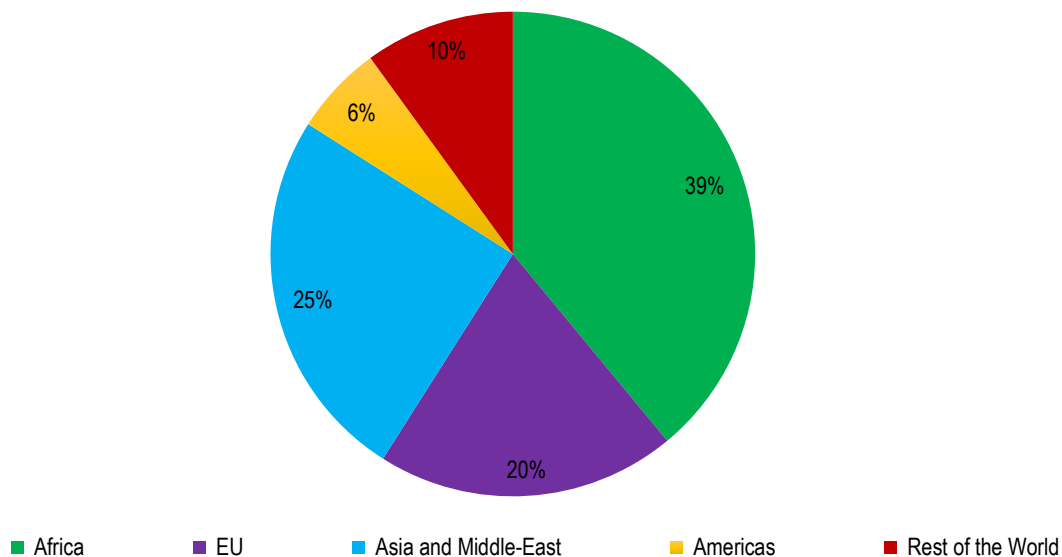
Exhibit I: South Africa's agricultural exports



Source: Trade Map and Agbiz Research

- From a regional perspective, the African continent maintained the lion's share of South Africa's agricultural exports in the third quarter of 2024, accounting for 39% of the total value. The products leading the exports list in the African continent were maize, maize meal, wheat, sugar, apples and pears, fruit juices, wine, soybean oil, sunflower oil, oilcake, and rice, amongst other products. As a collective, Asia and the Middle East were the second-largest agricultural markets, accounting for 25% of the share in overall agricultural exports in the third quarter of 2024. The exports to this region were mainly citrus, nuts, apples and pears, berries, sugar, beef, mutton, wool, wine, fruit juices, and maize.
- The EU was South Africa's third-largest agricultural market, with a share of 20%. Citrus, fruit juices, wine, dates, figs, pineapples, avocados, mangoes, nuts, apples and pears, berries, cut flowers, and wool were amongst the primary agricultural products South Africa exported to the EU in the third quarter of 2024. The Americas region accounted for 6% of South Africa's agricultural exports in the year's third quarter. The main exported products include citrus, nuts, fruit juices, wine, grapes, pears, peaches, apples and pears. The rest of the world, including the United Kingdom, accounted for 10% of the exports.

Exhibit 2: South Africa's agricultural exports by region in Q3, 2024



Source: Trade Map and Agbiz Research

- South Africa does not engage in one-way trade. The country imports various agricultural products. In the third quarter of 2024, South Africa's agricultural imports amounted to US\$1,99 billion, up by 12% year-on-year, according to data from Trade Map. The cumulative imports for the first three quarters of this year are up by 6% from the first three quarters of 2023, at US\$5,52 billion. The uptick resulted from a slightly higher volume of major products South Africa imports, like wheat, palm oil, rice, and poultry. The major products South Africa imported in the third quarter are similar to the country's dominant yearly imports.
- South Africa lacks favourable climatic conditions to grow rice and palm oil and thus relies on imports of these products. Regarding wheat, South Africa imports nearly half of the annual consumption. In the Free State province, which used to be amongst the major wheat-growing regions of the country, production has declined notably over time because of the unfavourable weather conditions and profitability challenges of wheat relative to other crops. Meanwhile, imports are around 20% of the annual domestic consumption of poultry.

- Subsequently, when we account for the exports and the imports, South Africa's agriculture recorded a trade surplus of US\$2,12 billion, down 1% from the third quarter of 2023. Still, the year-to-date cumulative trade surplus is up 3%, at US\$5,03 billion.

Policy considerations

- South Africa generally has an export-oriented agricultural sector. The quarterly trade figures are usually noisy because of the usual seasonal changes in production volumes and glitches in logistics. The export-focus nature of the sector implies that beyond the quarterly activities, there are some policy considerations for South African policymakers to support this sector in its export growth ambition:
 - First, South Africa should maintain its focus on improving logistical efficiency. This entails investments in the port and rail infrastructure and improving roads in farming towns.
 - Second, South Africa must work hard to retain the existing markets in the EU, the African continent, Asia, the Middle East, and the Americas. This is even more important in the current climate, where US policymakers are increasingly discussing raising tariffs and promoting trade fragmentation.
 - Lastly, South Africa's Department of Trade, Industry and Competition, the Department of International Relations and Cooperation, and the Department of Agriculture should lead the way for export expansion in the current export markets and the search for new export markets. South Africa should expand market access to some of the key BRICS+ countries, such as China, India, Saudi Arabia, and Egypt. The emphasis for the BRICS+ grouping should be on the need for member countries to lower the import tariffs and address SPS barriers hindering deeper trade within this grouping.
 - Other strategic export markets for South Africa's agricultural sector include South Korea, Japan, Vietnam, Taiwan, Mexico, the Philippines and Bangladesh. The private sector and the South African government share this ambition for export market expansion.