

S.A. agricultural exports reached a new record in 2022

We now have the entire year's data on South Africa's agricultural trade in 2022. Exports reached a new record of US\$12.8 billion, up 4% from the previous year. Maize, wine, grapes, citrus, berries, nuts, apples and pears, sugar, avocados, and wool were some of the top exportable products in 2022. Notably, the exports were spread across various key markets. The African continent remained a leading market, accounting for 37% of South Africa's agricultural exports in 2022. Asia was the second largest agricultural market, accounting for 27% of exports, followed by the E.U., the third largest market, accounting for 19%. The Americas region was the fourth largest, accounting for 7%, and the remaining 10% went to the rest of the world. The U.K. was one of the leading markets within the 'rest of the world' category. The products of exports to these markets were primarily the same, with the African continent and Asia importing a reasonably large volume or value of maize. Meanwhile, exports to other regions were mainly fruits and wine.

As we indicated recently, the improvement in South Africa's agricultural export earnings in 2022 was primarily due to higher agricultural commodity prices. The volumes of exports of some products declined slightly in line with production, but this was more than compensated for by reasonably higher prices in the world market, specifically in grains.

Importantly, these robust export earnings were achieved in the face of various challenges in our ports and key export markets. To this end, aside from supportive prices, some credit goes to organized agriculture groupings, the government, Transnet and various logistical groups that worked tirelessly to ensure a flow of products to exports. For example, at the start of 2022, logistical challenges in the ports of Cape Town disrupted the exports of table grapes and other deciduous fruits. Thankfully, the cooperation between Transnet and organized agriculture helped to minimize the constraints and opened up channels of communication that were critical for managing the flow of exports and attending to pressing problems.

Meanwhile, the port of Durban faced fewer challenges than the previous year, with citrus exporters facing a relatively better export season from a logistics perspective. This was also brought through increased cooperation between organized agriculture and Transnet. While there are still many challenges within logistics, Transnet's willingness to cooperate closely with the agricultural community has helped improve product flow. There are currently various working groups between commodity organizations through Agbiz and Transnet, which are looking at various strategies that would smooth the flow of products better in the future.

Moreover, in the key export markets, such as China for wool and the E.U. for citrus, South Africa faced non-tariff barriers. China temporarily blocked South African wool in response to the outbreak of the foot-and-mouth disease in South Africa. But this was a misstep on China's part as there is already a framework to manage wool exports when there is a foot-and-mouth disease to ensure the safety of the wool exported. Notably, the outbreak was on cattle, not sheep, which should have provided further comfort about the safety of the wool exports. Positively, after a few months, China lifted the ban, although it had already had a notable financial impact on South African wool farmers and exporting businesses. China is an important market for South African wool, accounting for just over 70% of the wool exports.

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Similarly, the E.U. imposed protectionist measures on South African agriculture by changing its regulations on plant safety for citrus without notifying its trading partners within a reasonable time. The new regulation purports to protect the E.U. from a quarantine organism, "False Codling Moth", by introducing stringent new cold treatment requirements, particularly on citrus imports from Africa, mainly impacting South Africa, Zimbabwe and the Kingdom of Eswatini. This was a contentious issue, especially as South Africa had already put rigorous measures to control the False Codling Moth, which the E.U. used as a pretext to restrict citrus imports from Africa.

South Africa's trade is not one way – the country is also a notable importer of various agricultural products. In 2022, South Africa's agricultural imports amounted to US\$7,3 billion, up 6% from the previous year. The top imported products were rice, palm oil, wheat, poultry, and whiskies. These products originated primarily from Asia, the E.U., The U.K., and the Americas. Considering this import value against the export value of US\$12,8 billion, South Africa's agriculture realized a record trade surplus of US\$5,5 billion.

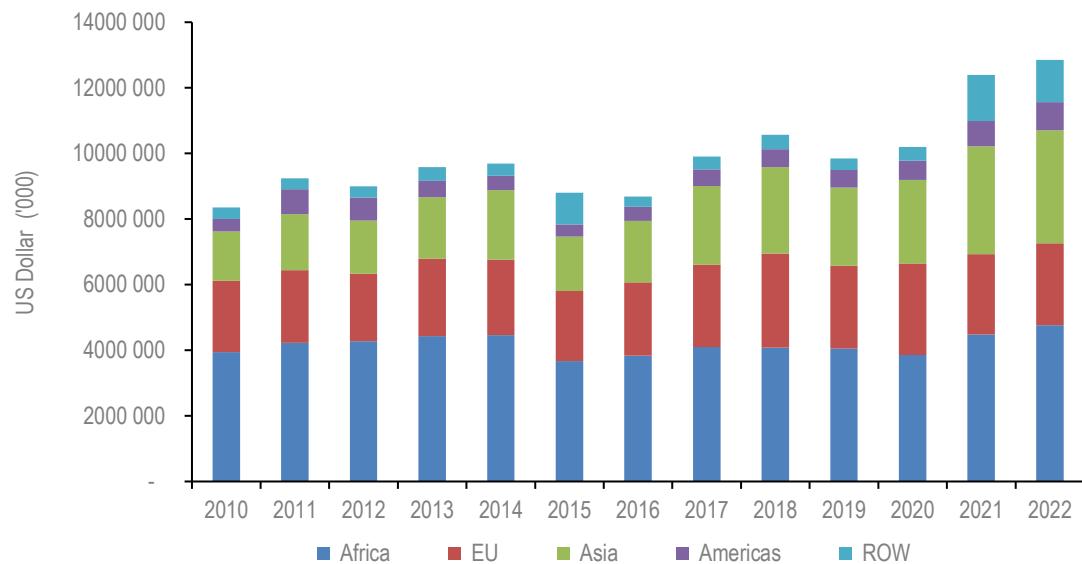
From a policy perspective, it is critical to note that South Africa's agriculture is export-orientated. Thus, the focus should be on maintaining smooth relations with these critical export markets while searching for additional new markets. This is particularly important in the context of growing tensions between the East and the West. South Africa has to maintain open and friendlier relations with both groupings as agriculture exports are evenly spread across these regions. That said, the priority countries for expanding agricultural exports should be China, South Korea, Japan, the USA, Vietnam, Taiwan, India, Saudi Arabia, Mexico, the Philippines and Bangladesh. All have sizeable populations and large imports of agricultural products.

Exhibit 1: South Africa's agricultural exports



Source: Trade Map and Agbiz Research

Exhibit 2: South Africa's agricultural exports by region



Source: Trade Map and Agbiz Research

Note: ROW represents the Rest of the World.