

## SA agriculture exports showed resilience in 2022 despite headwinds

Despite various headwinds throughout the year, South Africa's agriculture exports for 2022 did not decline as much as some feared. Data for the first eleven months of the year show exports at a cumulative US\$11,9 billion, up by 3% from the same period in 2021. Moreover, US\$11,9 billion is the second largest agriculture exports value on record. When we receive the December exports figure in the coming weeks, it is possible that the 2022 agricultural exports could be just under 2021 levels of US\$12,4 billion or even exceed them.

This data is particularly encouraging since 2022 presented various challenges to South Africa's agriculture. At the start of the year, 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 lessen 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. Indeed, there are still many challenges within logistics, but Transnet's willingness to cooperate closely with the industry has helped.

In key export markets such as China for wool and the EU 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 in periods 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.

Similarly, the EU imposed protectionist measures on SA 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 EU 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. These are the largest suppliers of citrus to the EU region. For example, over the past five years, South Africa has constantly been the leading supplier of citrus to the EU region, accounting for an average of 12% in value terms. This was a contentious issue, mainly as South Africa had already put rigorous measures to control the False Codling Moth, which the EU used as a pretext to restrict citrus imports from Africa. It appeared that the EU used the new regulations to protect citrus-growing countries like Spain, which had to compete with products from Southern Africa.

Also worth noting is that the spread of foot-and-mouth disease in the cattle industry was vast and, for the first time, in six of South Africa's nine provinces. This resulted in a decline in

15 February 2023

**Wandile Sihlobo**

Chief Economist

+27 12 807 6686

wandile@agbiz.co.za

[www.agbiz.co.za](http://www.agbiz.co.za)

### Disclaimer:

Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any loss or damage incurred due to the usage of this information.

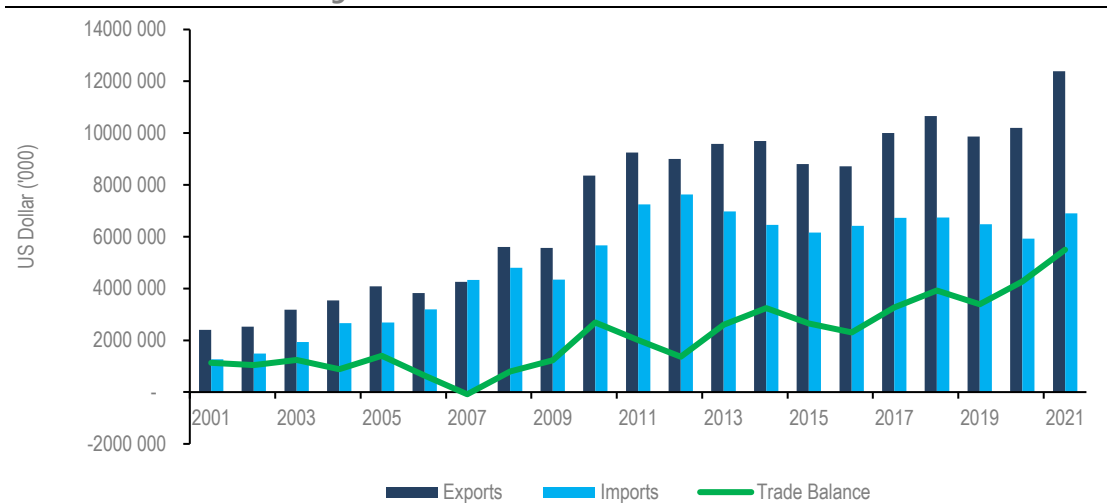
slaughtering activity in some major feedlots. Subsequently, beef exports were also limited as some key markets had imposed a ban on livestock products from South Africa.

Regarding field crops, the production of key crops, such as maize, was not as robust as the previous year. The maize harvest was 15,5 million tonnes, down by 5% from the prior season. This meant that the export volume would also decline somewhat. But other crops such as soybeans reached a record level of 2,2 million tonnes and thus led to an increase in exports. At the core, the generally higher commodity prices, specifically grains and oilseeds, helped boost the export values, compensating for a slight volume decline.

Regarding products and destinations, the export mix is not as different from the previous year. For example, citrus, maize, apples, pears, wine, grapes, figs, dates, avocados, nuts, fruit juices, wheat, wool, and sugar were still among the top exportable products in 2022. From a destination point of view, the African continent remained the largest agricultural export market for South Africa, followed by Asia as the second largest market, and the EU held the third position. Notably, the United Kingdom remains one of the most important agricultural markets for South Africa, and there was also a flow of exports to the Americas region.

Ultimately, while we are yet to have full-year data, the available figures for the first eleven months show that South Africa's agricultural exports far surpassed some expectations. The reasonably higher commodity prices were at the core of this solid export activity. For 2023, the drive to expand export markets while maintaining the above existing ones should remain a priority for government and organized agriculture. The priority countries 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, specifically fruits, wine, beef and grains.

### Exhibit 1: South Africa's agricultural trade



Source: Trade Map and Agbiz Research

Note: 2022 export figure has not yet been inserted; it stands at US\$11,9 billion for the first 11 months