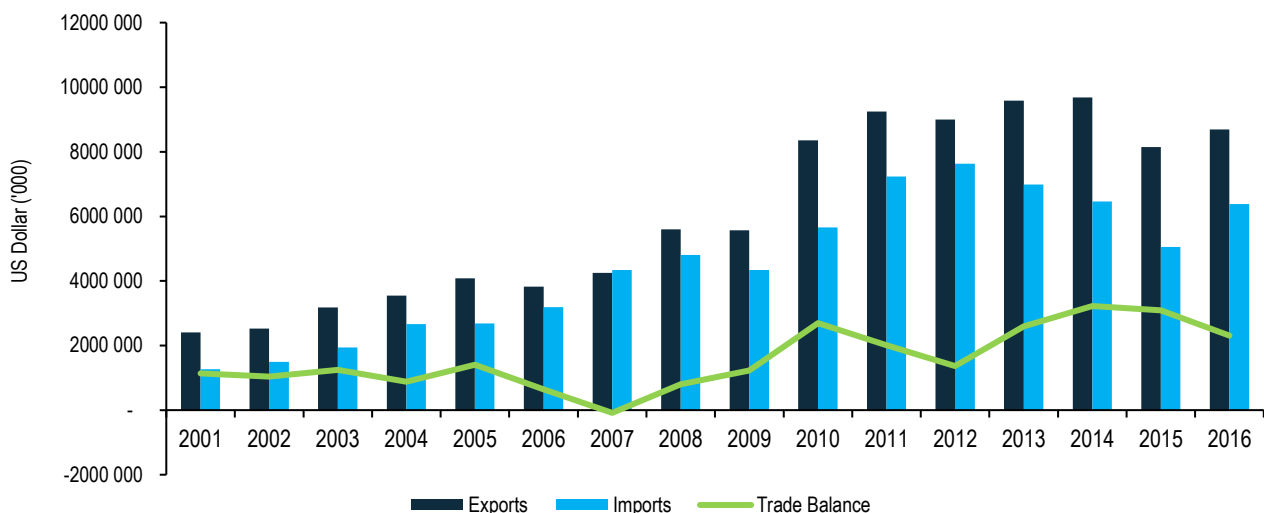


## SA agricultural trade balance remains positive

Despite the worst drought in more than a decade, the South Africa's agricultural sector recorded a positive trade balance of US\$2.3 billion in 2016<sup>1</sup>. This was boosted by growth in exports of edible fruits, beverages, spirits and vegetables, with the total agricultural export value amounting to US\$8.6 billion, up 6% from 2015. These products are mainly grown in the Western Cape province, which was not as severely affected by the 2016 drought as the rest of the country. Meanwhile, imports also increased by 26% y/y reaching US\$6.3 billion - driven by a notable uptick in grain imports on the back of the drought.

- Africa remained South Africa's largest market, accounting for 44% of agricultural exports – which is 9% below the 5-year average share. The EU accounted for 26% of South Africa's agricultural exports in 2016, with Asia taking up 22%. Americas and the rest of the world (ROW) accounted for 5% and 3%, respectively.



**Chart 1: SA agricultural trade balance**

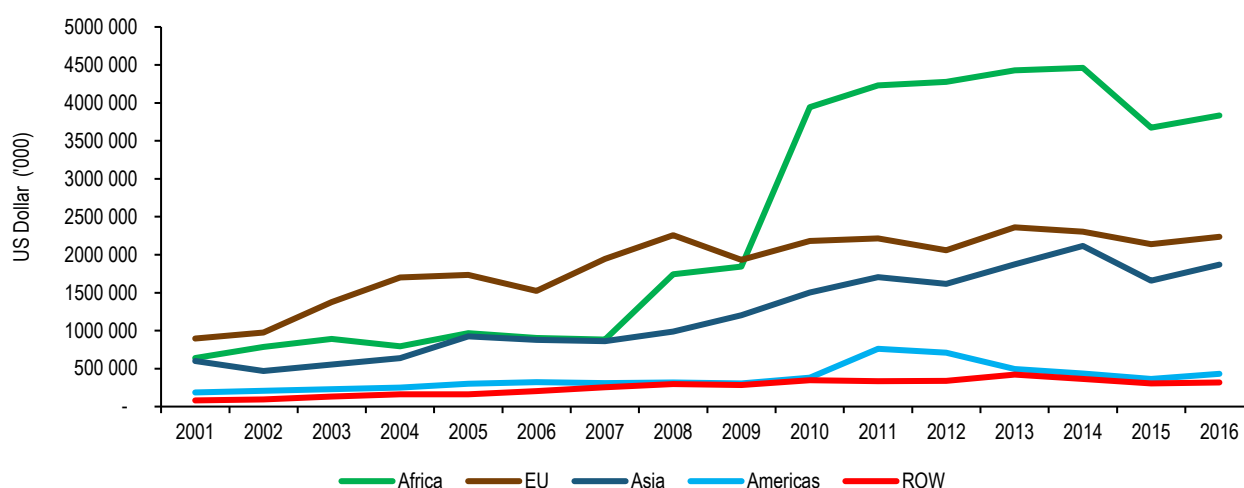
Source: ITC, Agbiz Research

- **AFRICA:** After falling by 18% y/y in 2015, South Africa's agricultural exports to Africa recovered by 4% in 2016 – reaching US\$3.8 billion (see Chart 2). This uptick was driven by sugar and sugar confectionery, milling products, as well as exports of edible vegetables and certain roots and tubers.
- **ASIA:** South Africa's agricultural exports to Asia increased by 13%, from US\$1.66 billion in 2015 to US\$1.87 billion in 2016 (see Chart 2). Driving the country's exports to Asia was an uptick in edible fruits, wool, beverages, nuts and meat exports, amongst other products.

<sup>1</sup> Data is presented in US Dollar terms to account for Rand volatility.



- **EUROPE:** South Africa's agricultural exports to Europe (EU28) firmed by 5%, from US\$2.1 billion in 2015 to US\$2.2 billion in 2016 (see Chart 2). This was supported by an uptick in exports of edible fruits, beverages and spirits, wool and meat, amongst other products.
- **AMERICAS:** South Africa's agricultural exports to the Americas increased by 5% in 2016, reaching US\$429 million (see Chart 2). Whilst there is a number of products driving this increase, the key ones were beverages and spirits, as well as edible fruits.



**Chart 2: SA agricultural exports by region**

Source: ITC, Agbiz Research

**Looking ahead** – Given the recovery in agricultural production, we expect the South African agricultural trade balance to remain positive in 2017. This will essentially support the country's current account.

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