

Agro-processing markets and related trade trends: Opportunities and challenges for South Africa

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1 Introduction

This report provides an overview of agro-processing markets and related trade trends, along with opportunities and challenges for South Africa. It underscores the critical role of the agro-processing sector in promoting manufacturing-based value addition and job creation, and reaffirms the commitment of ITAC to fulfil its mandates in support of sustainable economic growth and development.

The New Growth Path, together with National Development Plan, the Industrial Policy Action Plan (IPAP) and the South Africa Trade Policy and Strategic Framework acknowledges agro-processing as one of the vital sectors in accelerating the pace of industrialisation. Amid the fall in mineral commodity prices, the processing of agricultural products can help South Africa realise value added growth and support labour-intensive sectors of the economy.

A key characteristic of the agro-processing sector is its strong upstream and downstream linkages. Upstream, the sector links to primary agriculture across a wide variety of farming models and products. Downstream, agro-processing outputs are both intermediate products (to which further value is added) and final goods that are marketed through wholesale and retail chains. The ‘organic’ link with primary agriculture makes agro-processing critical for employment creation and poverty eradication. Moreover, the agriculture and agro-processing value chain is defined by a sizeable labour/capital ratio L/C of (1:5.54) which makes it an important source of labour-intensive growth.

Recognising the importance of the agro-processing sector in helping South Africa break out of commodity dependence, this report evaluates South Africa’s trade flows in agro-processing in order to identify where South Africa’s trade performance in the sector could be improved and where the greatest benefits from trade can be reaped, drawing on

available data from COMTRADE, ITC Trade Map, based on the Harmonised System (HS 4)..

The IPAP defines agro-processing as food-processing and beverage manufacturing sub-sectors, defined by Chapters 15-24, while the Department of Agriculture, Forestry and Fisheries defines this industry as comprising food products, beverages, tobacco, textiles, wearing apparel, leather and leather products, footwear, paper and paper products, wood and wood products, rubber and furniture (Chapters 15-24 and 44-49). However, for the purpose of this analysis, we use the narrow definition according to the IPAP (see **Appendix 1**).

2 Agro-processing sector and the South African economy: Some notable facts

The agro-processing sector contributes a significant component of total manufacturing value added as well as employment. The average contribution of agro-processing to the output and value added of the manufacturing sector was 18.2 per cent and 19.8 per cent, respectively, during 2012-2014. Its contribution to domestic fixed investment was 15.1 per cent and to employment 18.0 per cent during the same period.

Table 1
Sector economic data, in 2010 prices

Variables	Contribution 2012-2014
Agro-processing (% of output in manufacturing)	18.2
Agro-processing (% of value-added in manufacturing)	19.8
Agro-processing (% of investment in manufacturing)	15.1
Agro-processing (% of employment in manufacturing)	18.0

Source: Quantec South Africa

Among the divisions in the agro-processing industry, the food division remained dominant in its share of the total output (78.8 per cent), value added (71.8 per cent), domestic fixed investment (62.9 per cent) and employment (73.4 per cent), followed by the beverages division in its output (21.2 per cent), value-added (28.2 per cent), domestic fixed

investment (37.1 per cent) and employment (26.6 per cent) during 2012-2014.

Figure 2
Composition of total real output, value-addition, investment, and employment in agro-processing sector

	Food	Beverages
Real output	78.8	21.2
Value add	71.8	28.2
Gross domestic fixed investment	62.9	37.1
Employment	73.4	26.6

Source: Quantec South Africa

Table 3
The inclusiveness of Agro-processing sector

	Manufacturing	Agro-processing
Real Output (2006-2014)	1.7	1.4
Employment (2010-2014)	-1.2	0.3

Author's own calculation based on Quantec database

The importance of agro-processing sector can also be viewed in the dataset presented in Table 3. Between 2006 and 2014, agro-processing output grew at 1.4 per cent per year and from 2010 to 2014, employment grew by 0.3 per cent despite a contraction in employment in the manufacturing sector as a whole (-1.2 per cent). This is an indication that the processing of agricultural products can offer a new base for economic growth amid the fall in mineral commodity prices; it can also promote inclusive industrialisation.

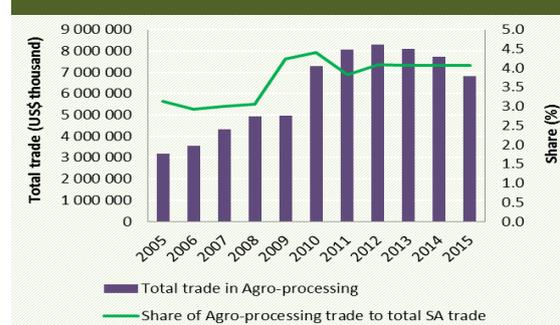
3 General trade trends in Agro-processing

3.1 Total trade

The value of total South African merchandise trade in agro-processing (exports plus imports) rose from US\$3.7 billion in 2005-2007 to US\$7.9 billion in 2010-2012 before declining marginally to US\$7.5 billion in 2013-2015 (Figure 1). In 2015 alone, the value of total trade in the sector declined significantly by 12 per cent to US\$6.8 billion, largely because of the drought's effects and slow global economic recovery. Moreover, at 4 per cent in 2015 from 3 per cent in 2005, the agro-processing category of South African trade

still represents a small fraction of its total trade, and is growing at a slower pace.

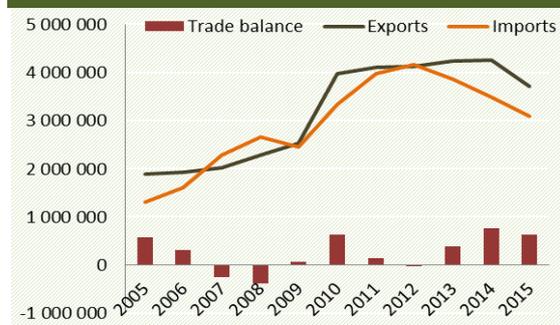
Figure 1
SA total trade in Agro-processing, 2005-2015



Source: International Trade Centre, COMTRADE

South Africa's merchandise exports in agro-processing have more than doubled between 2005 and 2015. On the other hand, the increase in imports remains 0.9 times less than that of the exports. Despite the ripple effect of drought in agricultural sector, exports in agro-processing were 20 per cent higher than imports in 2015, slightly less than the previous year (22 per cent) but higher than that of 10 per cent and 3.6 per cent in 2013 and 2011 respectively. Between 2013 and 2015, the country exported 17 per cent more of processed agricultural products than what it imported. This disparity is reflected in the country's trade balance, which has been largely positive since 2005, reaching a peak of US\$762 million in 2014 before narrowing to US\$627 million in 2015 (Figure 2).

Figure 2
SA trade balance in agro-processing (US\$ thousand)

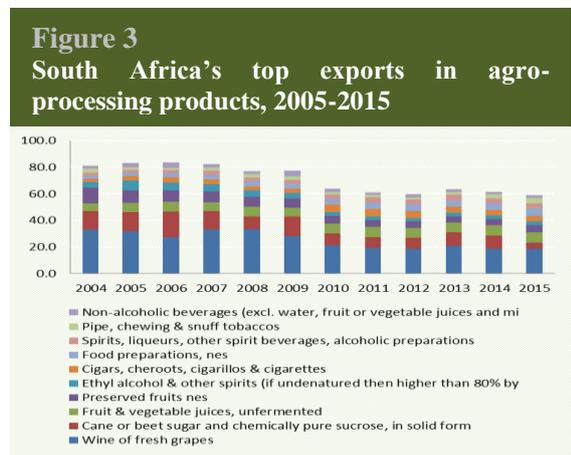


Had it not been for severe drought witnessed in 2015, exports in this sector would have increased by an additional 1.8 per cent between 2012 and 2015. Moreover, at an average growth rate of 8.2 per cent, exports in agro-processing grew faster than South Africa's overall exports (7.9 per cent) between 2005 and 2015, implying that the development of agro-processing sector can help in the expansion of the domestic and export markets of South Africa.

3.2 Major exports and destinations

The main categories of South African agro-processing exports are presented in Table 4. The top 10 products accounted for 83 per cent of all exports in the sector in 2005-2007, decreasing to 61 per cent in both 2010-2012 and 2013-2015.

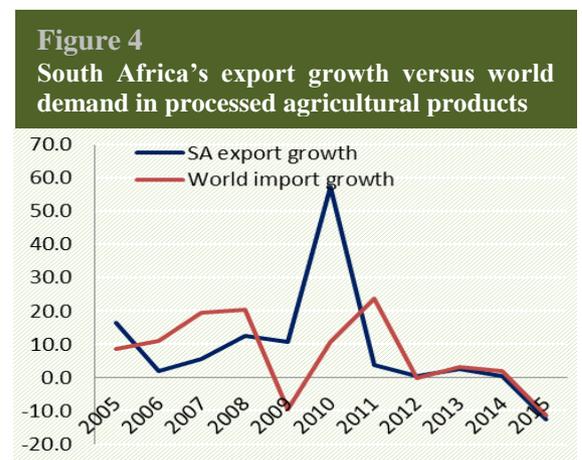
Wine of fresh grapes, Fruit and vegetable juices, Food preparations and Preserved fruits are the leading exports in 2015 (Figure 3). Between 2005 and 2015, the share of *Food preparations* increased from 2.2 per cent or US\$42 million to 5.4 per cent or US\$202 million. *Fruits and vegetable juices* gained additional 1.1 per cent.



The notable increase in exports of *Food preparations* and *Fruit and vegetable juices* in 2015 was also supported by the gradual increase in the share of total exports of both products by South Africa to the rest of the

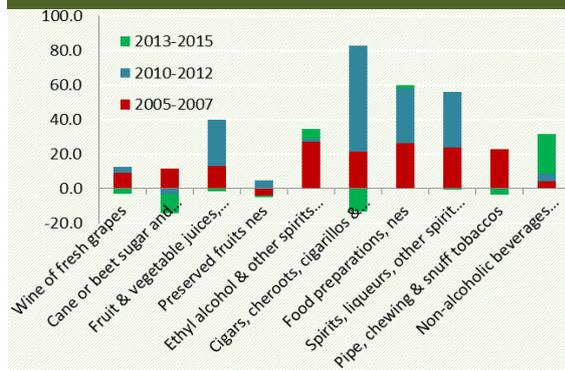
world. The country supplied about 0.6 per cent (2.0 per cent) of global demand for *Food preparations (Fruit and vegetable juices)* in 2015 compared to 0.2 per cent (1.4 per cent) in 2005. However, the market for *Wine and fresh grapes*, though still the largest, shrank in 2015.

In terms of export growth, South Africa recorded the highest growth in 2010 when global market was in the verge of recovery from the economic crisis (Figure 4). However, the country failed to capture a greater portion in what seems to be the highest world demand in agro-processing (since 2005) witnessed in 2011. Nonetheless, the continuous decline in the country's exports since 2012 could be attributed to weak global demand for processed agricultural products.



At product level, only *Non-alcoholic beverages, Ethyl alcohol* and *Food preparations* were amongst the top 10 exports that witnessed positive annual growth between 2013 and 2015 (Figure 5). However, at 2.2 per cent, export growth in *Food preparations* were lower during the period 2013-2015 compared to 26 per cent and 31 per cent in 2005-2007 and 2010-2012 respectively. Although its market remained relatively small, there has been impressive export growth in *Non-alcoholic beverages* since 2005. This suggests that the decline in South Africa's agro-processing exports in 2015 could be driven mainly by slowing export growth in *Wine of fresh grapes*.

Figure 5
Average growth in top 10 agro-processing exports



About one-fourth of South Africa total exports of agro-processing products (25.3 per cent) are destined for Namibia, Botswana and Mozambique followed by Germany, Netherlands and UK (10 per cent) and Zimbabwe, Zambia and Lesotho (9.6 per cent),

Table 4
Top destinations of Agro-processing products

All products	2013	2014	2015
Namibia	12.2	11.8	12.9
Botswana	6.7	6.6	6.9
Mozambique	5.7	6.6	6.4
Zimbabwe	6.2	5	4.6
UK	3.7	3.5	3.4
Germany	3.7	3.3	3.3
Netherlands	3.0	2.9	3.2
Zambia	2.4	2.9	3.3
Lesotho	1.4	1.4	1.5
Swaziland	1	1.1	1.1
Wine of fresh grapes			
UK	17.5	18.2	17.3
Germany	12.9	12.1	11.6
Netherlands	6.7	8.1	8.3
Sweden	7.8	7.3	6.1
USA	6.3	5.0	5.9
Fruit and vegetable juices			
Netherlands	13.8	13.2	14.7
Botswana	9.9	9.2	11.1
Namibia	9.5	9.7	10.4
Mozambique	6.6	8.3	8.7
Zimbabwe	3.3	4.9	4.9
Preserved fruits			
UK	12.3	14.1	12.3
Japan	10.9	10.7	9.8
Germany	11.9	10.4	9.4
China	2.6	6.0	7.8
Hong Kong, China	7.6	6.5	5.8
Food preparations			
Zimbabwe	14.1	14.0	15.7
Zambia	12.1	12.2	12.9
Mozambique	9.5	11.8	12.3
Nigeria	9.4	8.8	7.9
Botswana	7.7	7.4	7.2
Non alcoholic beverages			
Botswana	13.0	10.5	16.5
Zimbabwe	16.3	18.5	15.3
Zambia	6.0	8.6	13.2
Namibia	12.6	9.1	11.2
Swaziland	8.8	7.0	7.0

The economic slowdown in the EU since 2010 affected the country's exports of *Wine of fresh grapes* as well as *Preserved fruits* (considering that UK, Germany and Netherlands alone consumers about 38 per cent of South Africa's *Wine of fresh grapes* while UK and Germany import more than 23 per cent of the country's *Preserved fruits*). However, *Non-alcoholic beverages* attract huge imports from Botswana and Zambia and it is fast growing. Meanwhile, more than 54 per cent of the country's total exports of *Food preparations* go to Zimbabwe, Zambia, Mozambique, Nigeria and Botswana.

3.3 Revealed Comparative Advantage

An alternative measure of international competitive strength is the revealed comparative advantage (RCA). The index measures a specific product's share in the country's total exports relative to a share of the product in world total exports. An index greater than (less than) one indicates a comparative advantage (disadvantage) in that product. The RCA is based on the assumption that the product pattern of trade is a clear proof of the international differences in their relative costs including non-price factors used in their production. The results for South Africa in relation to the world with respect to agro-processing products are presented in Table 5.

South Africa has comparative advantage in 29 of the 77 agro-processing products, which accounts for 88.4 per cent of its total agro-processing exports. Table 5 just indicates products where the country has the greatest RCA. The greatest comparative advantage is witnessed in *Fermented beverages*, *Wine of fresh grapes*, *Soups, broths and preparations*, *Fruits of vegetable juices* and *Pipe, chewing and snuff tobacco*. Interestingly, the country has comparative advantage in all of the products that top the export list.

Moreover, it is worth noting that while South Africa in 2005 had comparative disadvantage in *Food preparations*, *Non-alcoholic beverages*, *Spirits, liqueurs, other spirit beverages*, *Soya bean oil*, *Sugar confectionary*,

Animal feed, Ground-nut oil, Preserved vegetables, Margarine, Ice-cream, Breakfast cereals, Jams, fruit jellies, among others, it managed to turn its fortunes in 2015, although some of these products do not feature in the top 10 export products for 2015.

The country is losing ground (though it still has a comparative advantage) in *Wine of fresh grapes, Ethyl alcohol, Preserved fruits, Cane*

or beet sugar, Lard stearin and oil, Yeast and Pipe, chewing and snuff tobacco where its comparative advantage is sliding. More worrying are product categories where South Africa has lost its comparative advantage between 2005 and 2015 – these products include *Glycerol, Extracts and juices of meat, fish, crustaceans, Sugars, Wine lees and Tobacco refuse*.

Table 5
Revealed comparative advantage

	2005	2010	2015	Average annual growth rate
Fermented beverages, nes	1.31	12.68	11.07	23.8
Wine of fresh grapes	6.33	5.43	4.41	-3.6
Soups, broths & preparations thereof	1.36	3.92	4.11	11.7
Fruit & vegetable juices, unfermented	3.16	3.84	4.14	2.7
Pipe, chewing & snuff tobaccos	6.32	4.83	3.47	-5.8
Ethyl alcohol & other spirits	12.47	3.77	3.43	-12.1
Cucumbers, gherkins and onions preserved	1.74	2.35	3.04	5.7
Flour etc of meat, meat offal, fish, crust etc unfit for human consumpt	1.52	2.62	2.88	6.6
Breakfast cereals & cereal bars	0.41	2.04	2.74	20.9
Preserved fruits nes	5.89	4.04	2.62	-7.8
Sauces mixed condiments & mixed seasonings	0.72	2.11	2.22	11.8
Vermouth & other grape wine	0.15	0.72	1.98	29.6
Safflower, sunflower/cotton-seed oil & fractions	1.12	4.62	1.93	5.6
Soya-bean oil & its fractions	0.02	0.56	1.77	54.3
Yeast	1.97	2.61	1.67	-1.6
Ice cream	0.59	1.40	1.64	10.7
Margarine	0.58	1.56	1.63	10.9
Non-alcoholic beverages (excl. water, fruit or vegetable juices	0.85	1.03	1.63	6.8
Lard stearin & oil, oleostearin & oil & tallow oil	4.87	0.44	1.56	-10.7
Sugar confectionery (incl white choc), not containing cocoa	0.49	1.71	1.54	12.2
Jams, fruit jellies & marmalades	0.81	1.47	1.53	6.6
Cane or beet sugar and chemically pure sucrose, in solid form	4.36	2.23	1.48	-10.2
Cigars, cheroots, cigarillos & cigarettes	0.90	2.03	1.37	4.3
Food preparations, nes	0.57	1.19	1.20	7.6
Prepared or preserved vegetables nes (excl. frozen)	0.35	1.14	1.18	12.8
Fish/marine mammal, fat, oils & their fractions	0.24	0.61	1.13	16.9
Animal feed preparations, nes	0.21	0.93	1.11	18.3
Spirits, liqueurs, other spirit beverages, alcoholic preparations	0.59	1.04	1.05	5.9
Ground-nut oil & its fractions	0.64	0.79	1.05	5.1

4 Trade opportunities

The key objective here is to identify agro-processing products which South Africa can exploit depending on the relative importance of the product to overall agro-processing exports, and whether it has **comparative advantage** in these products. We divide export products into four groupings (rising opportunities, lost opportunities, falling opportunities, limited opportunities) according to the following criteria.

- **Rising opportunities:** where growth in country's demand is faster than the average and South Africa increases market share. This is the best case scenario.
- **Lost opportunities:** where growth in country's demand is faster than the average, but South Africa loses market share.
- **Falling opportunities:** where country's demand is growing at less than the average, but nonetheless South Africa increases the market share.
- **Limited opportunities:** where country's demand is growing at less than the average, and South Africa is losing market share. This is the worst case scenario.

South Africa's market share is derived from its total exports for product *i* to country *x* compared with what country *x* is importing from the world of product *i*. Countries that fall under rising and lost opportunities are consistent in their demand growth rate over the years.

We now attempt to use the framework identified above to detect agro-processing products that South Africa can take advantage of. It should be noted that only agro-processing products in which South Africa has comparative advantage are considered. As a result, all the top 10 export products are considered because South Africa has a comparative advantages in these products.

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4.1 Wine of fresh grapes (HS: 2204)

Wine of fresh grapes is the largest South Africa export in agro-processing. Because of the significant decline in global demand for wine in 2015 (8.7 per cent to be precise)¹, South Africa witnessed limited export opportunities with respect to most of the leading world consumers of this product (Table 6). UK, Germany, Sweden, USA and Canada together consume almost half of South Africa's exports of wine and that of world imports, but these countries demand for the product shrank in 2015. And given the modest economic growth projection for these countries, South Africa may continue to experience less than average growth in demand for the product from these countries in the near future.

Nonetheless, there are three countries that South Africa can prioritise to boost its exports in wine namely, China, India and Malaysia, where rising export opportunities for the product is witnessed. The demand for wine by these countries in 2015 grew faster than the average (2013-2015) and South Africa managed to capture a portion of the increasing demand. This provides an opportunity to expand export further to these countries.

In addition, the country can also boost its exports in wine to Nigeria, Swaziland, Viet Nam and Hong Kong where the product is in demand, though it did not manage to take advantage of the increasing demand and instead lost market share in these countries.

Table 6
Export opportunities in wine

Export opportunities	Countries
Limited	UK, Germany, Sweden, USA, Canada, Denmark, France, Belgium, Russia, Finland, Switzerland, Netherlands, Namibia, Japan, Mozambique,
Falling	Angola, UAE, Tanzania, Brazil
Lost	Nigeria, Hong Kong, Swaziland
Rising	China, Malaysia, India

Source: see Appendix 2 for detailed calculations

¹ This is the highest contraction witnessed in the sector since 2005 after the 13.7 per cent in 2009.

However, despite increase in the market share, the demand for the wine in Mozambique has declined, implying that South Africa suffers falling export opportunities with respect to Mozambique.

4.2 Fruit and vegetable juices (HS: 2009)

South Africa experienced rising export opportunities in *Fruit and vegetable juices* with respect to Botswana, Malawi and India where demand for the product grew more than the average in 2015 by 2 per cent, 3.2 per cent and 16.7 per cent and South Africa managed to capture 0.7 per cent, 16.6 per cent and 1.6 per cent of the increasing demand in these respective countries (Table 7). This provides opportunity to expand exports further.

Evidence also shows that South Africa lost export opportunities in *Fruit and vegetable juices* to Congo, Philippines and the Korean Republic. The country did not take advantage of the increasing demand of the product in these countries in 2015.

Table 7
Export opportunities in fruit and vegetable juices

Export opportunities	Countries
Rising	Botswana, Malawi, India
Lost	Congo, Philippines and Korea Republic
Falling	Namibia, Mozambique, Zimbabwe, Zambia, Mauritius, Chile, China, UK
Limited	Netherlands, Japan, Lesotho, Australia, USA, Nigeria, France, Ethiopia, Russia, Brazil

Source: see Appendix 2 for detailed calculations

However, while the market share for *Fruit and vegetable juices* has increased, the demand for the product by Namibia, Mozambique, Zimbabwe, Zambia, Mauritius, Chile, China and UK has declined, and given the modest economic growth projection (except for Mauritius and Zimbabwe), South Africa may continue to expect falling export opportunities in these countries in the near future. Moreover, the country witnessed limited export

opportunities with respect to most of the leading world importers of the product.

4.3 Preserved fruits (HS: 2008)

The United States of America alone consumes about 20 per cent of the world exports in *Preserved fruits* in 2015 compared to 19 per cent in 2013, making it the largest importer of the product, and South Africa managed to capture a portion of the increasing demand. The remaining four countries where the country also witnessed rising export opportunities include China, the Philippines, Viet Nam and Lesotho (Table 8).

There is also opportunity for South Africa to expand exports of *Preserved fruits* to Australia, Singapore, the United Arab Emirates and Taipei Chinese where it is yet to tap into the benefit of the growing demand for the product.

Unfortunately, despite increase in its market share, the demand for *Preserved fruits* in UK, New Zealand, Russia and Namibia has contracted, reflecting falling export opportunities for South Africa. The country also witnessed limited export opportunities with respect to seven countries.

Table 8
Export opportunities in preserved fruits

Export opportunities	Countries
Rising	USA, China, Philippines, Viet Nam, Lesotho
Lost	Australia, Singapore, UAE, Taipei Chinese
Falling	UK, New Zealand, Russia, Namibia
Limited	Japan, Germany, Netherlands, Hong Kong, Canada, Swizerland, Botswana

Source: see Appendix 2 for detailed calculations

4.4 Food preparations (HS: 2106)

The slower than expected economic growth witnessed in many African countries adversely affected South Africa's exports of *Food preparations* in 2015. Africa accounted for 90 per cent of South Africa's exports in this product, but while its market share for *Food preparations* has increased, the demand for the

product in most of the countries on the continent has declined (Table 9). In addition, the country experienced limited export opportunities in Namibia and Lesotho.

The country only managed to capture a portion of the increasing demand for the product with respect to Swaziland as well as Hong Kong. Moreover, although their markets remained relatively small, Tanzania, Uganda and Niger present South Africa with further opportunity to expand its exports in *Food preparations*.

Table 9
Export opportunities in food preparations

Export opportunities	Countries
Rising	Swaziland, Hong Kong
Lost	Tanzania, Uganda, Niger
Falling	Zimbabwe, Zambia, Mozambique, Nigeria, Botswana, Malawi, UK, Ghana, DRC, Saudi Arabia, USA
Limited	Namibia, Lesotho

Source: see Appendix 2 for detailed calculations

4.5 Cane or beet sugar (HS: 1701)

There has been a significant decline in world demand for *Cane or beet sugar* since 2012. As a result, South Africa has witnessed limited opportunities with most of its importers including the leading consumers of its exports in Cane or beet sugar. Namibia, Mozambique, Botswana, Zimbabwe, Angola and Lesotho together consume more than 80 per cent of South Africa's *Cane or beet sugar*, but these countries demand for the product shrank by 2 per cent, 9 per cent, 17 per cent, 38 per cent, 25 per cent and 10 per cent respectively between 2012 and 2015.

Table 10
Export opportunities in cane or beet sugar

Export opportunities	Countries
Rising	USA, Swaziland
Lost	Comoros
Falling	N/A
Limited	Namibia, Mozambique, Botswana, Zimbabwe, Angola, Lesotho, Madagascar, Tanzania, Uganda

Nevertheless, South Africa experienced rising (lost) export opportunities in *Cane or beet sugar* with respect to the USA and Swaziland (Comoros).

4.6 Sugar confectionary (HS: 1704)

Africa remains the main destination for South Africa's *Sugar confectionary*. However, of the 13 top importing countries on the continent of South Africa's *Sugar confectionary* in 2015, South Africa witnessed rising export opportunities only with respect to Botswana and Lesotho. The country also failed to capture a portion of the growing demand in Nigeria as well as Qatar where demand for the product grew more than the average in 2015 by 80 per cent and 17 per cent respectively (Table 11).

Table 11
Export opportunities in sugar confectionary

Export opportunities	Countries
Rising	Botswana, Lesotho
Lost	Nigeria, Qatar
Falling	Namibia, Zimbabwe, Zambia, DRC, Mozambique, Angola, Australia, Malawi, UK, Canada, Seychelles
Limited	Swaziland, Mauritius, Saudi Arabia

Source: see Appendix 2 for detailed calculations

At the same time, South Africa witnessed falling export opportunities with respect to a number of countries, and experienced limited export opportunities with Swaziland, Mauritius and Saudi Arabia.

4.7 Spirits, liqueur, other spirit beverages (HS: 2208)

South Africa experienced rising export opportunities in *Spirits, liqueurs, other spirit beverages* with respect to Panama, Bolivia and China where demand for the product grew more than the average in 2015 by 4 per cent, 2 per cent and 24 per cent, and South Africa managed to capture 2.7 per cent, 1.1 per cent and 0.03 per cent of the increasing demand in these respective countries (Table 12). This provides opportunity to expand exports further.

Evidence also shows that there is opportunity for South Africa to expand exports of *Spirits, liqueurs, other spirit beverages* to Swaziland, Lesotho and Malawi where it is yet to tap into the benefit of the growing demand for the product, through these markets remained relatively small.

Table 12
Export opportunities in spirit beverages

Export opportunities	Countries
Rising	Panama, Bolivia, China
Lost	Swaziland, Lesotho, Malawi
Falling	Namibia, Angola, Mozambique, Zambia, Germany, Botswana, Brazil, DRC, Zimbabwe, USA, UK
Limited	Canada, France, Nigeria

However, South Africa experienced falling export opportunities with respect to eleven countries, including the USA which consumes more than 25 per cent of world imports. Moreover, the country experienced limited export opportunities with Canada, France and Nigeria.

4.8 Ethyl alcohol (HS: 2207)

There has been a significant decline in world demand for *Ethyl alcohol and other spirits* since 2013. As a result, South Africa has witnessed falling opportunities with most of its importers including the leading consumers of its exports in *Ethyl alcohol and other spirits* (Table 13).

Table 13
Export opportunities in ethyl alcohol

Export opportunities	Countries
Rising	Jordan
Lost	Madagascar, Sri Lanka, Uganda, Switzerland
Falling	Singapore, UAE, USA, Angola, Korea Republic, Zambia, Tanzania, Nigeria, Mozambique
Limited	N/A

The country only managed to capture a portion of the increasing demand for the product with respect to Jordan. Moreover, Madagascar, Sri Lanka, Uganda and Switzerland present

South Africa with further opportunity to expand its exports in *Ethyl alcohol and other spirits*.

4.9 Non-alcoholic beverages (HS: 2202)

South Africa experienced rising export opportunities in *Non-alcoholic beverages* with respect to Botswana, Zambia and Namibia where demand for the product grew more than the average in 2015 by 22 per cent, 24 per cent and 5 per cent, and South Africa managed to capture 17 per cent, 96 per cent and 11 per cent of the increasing demand in these respective countries (Table 14). This provides opportunity to expand exports further.

However, while the market share for *Non-alcoholic beverages* has increased, the demand for the product in Swaziland, Mozambique, Equatorial Guinea, Netherlands and UK has declined, reflecting falling opportunities for South Africa. Moreover, the country witnessed limited export opportunities with Zimbabwe and Lesotho.

Table 14
Export opportunities in non-alcoholic beverages

Export opportunities	Countries
Rising	Botswana, Zambia, Namibia
Lost	N/A
Falling	Swaziland, Mozambique, Equatorial Guinea, Netherlands, UK
Limited	Zimbabwe, Lesotho

4.10 Sauces mixed condiments and mixed seasonings (HS: 2103)

Exports in Sauces mixed condiments grew at 6.9 per cent despite the decline in agro-processing exports as a whole in 2015. South Africa witnessed rising export opportunities with Botswana, Namibia, USA, Philippines and China (Table 15). These countries together consume over 38 per cent of South Africa's exports of *Sauces mixed condiments* and 12 per cent of world imports of the product in 2015.

Table 15
Export opportunities in sauces mixed condiments

Export opportunities	Countries
Rising	Botswana, Namibia, USA, Philippines, China
Lost	UK, Swaziland, Malaysia, Pakistan, Qatar, India
Falling	UK, Lesotho, Ghana, Brazil
Limited	Zambia, Mozambique, Canada

Having said that, the country failed to tap into the export opportunity presented by Pakistan, the fastest growing world importer of *Sauces mixed condiments* in 2015. Other lost opportunities countries include Zimbabwe, Swaziland, Malaysia, Qatar and India.

Moreover, South Africa witnessed falling export opportunities with respect to UK, Lesotho, Ghana and Brazil while Zambia, Mozambique and Canada present the country with limited export opportunities.

4.11 Margarine (HS: 1517)

There is no country that South Africa can prioritise in order to boost exports in *Margarine*. The country witnessed no rising export opportunities with respect to the product (Table 16). However, given the improved economic growth projections in Botswana and Mauritius, South Africa could witness higher than average growth in demand by these countries. Other countries where South Africa has experienced falling export opportunities include Namibia, Zambia, the DRC and Malawi.

Table 16
Export opportunities in margarine

Export opportunities	Countries
Rising	N/A
Lost	N/A
Falling	Namibia, Botswana, Mauritius, Zambia, DRC, Malawi
Limited	Zimbabwe, Mozambique, Swaziland

4.12 Breakfast cereals (HS: 1904)

South Africa experienced rising export opportunities in *Breakfast cereals* with respect to Zambia, the United Arab Emirates and the Philippines where demand for the product grew more than the average in 2015 by 8 per cent, 19 per cent and 33 per cent, and South Africa managed to capture 25 per cent, 0.01 per cent and 0.1 per cent of the increasing demand in these respective countries (Table 17). This provides opportunity to expand exports further

Although the markets remain relatively small, there is opportunity to expand exports of *Breakfast cereal* to Malawi, Mauritania and Uganda where the country is yet to tap into the benefit of the growing demand for the product.

Table 17
Export opportunities in breakfast cereals

Export opportunities	Countries
Rising	Zambia, UAE, Philippines
Lost	Malawi, Mauritania, Uganda
Falling	Swaziland, Botswana, Angola
Limited	Namibia, Lesotho, Zimbabwe, Australia, Mozambique

Unfortunately, despite increase in the market share, the demand for *Breakfast cereals* by Swaziland, Botswana and Angola has contracted, reflecting falling export opportunities for South Africa. The country also witnessed limited export opportunities with respect to Namibia, Lesotho, Zimbabwe, Australia and Mozambique.

4.13 Animal feed (HS: 2309)

In addition to Swaziland and Ghana where rising export opportunities were experienced, South Africa can also boost its exports in *Animal feed* to Kenya and Uganda where the product is in demand, though it did not manage to take advantage of the increasing demand and instead lost market share in these countries (Table 18).

Table 18
Export opportunities in animal feed

Export opportunities	Countries
Rising	Swaziland, Ghana
Lost	Kenya, Uganda
Falling	Namibia, Zimbabwe, Lesotho, Mozambique, Saudi Arabia, Hong Kong
Limited	Botswana, Zambia, Mauritius, Germany, UK

However, South Africa experienced falling export opportunities in *Animal feed* with respect to six countries in its top exporting list, and witnessed limited export opportunities with five countries including Germany and UK which consume more than 13 per cent of world imports.

5 Trade policy space available for agro-processing sector

We examine the trade policy space available for South Africa’s agro-processing products², while gauging whether customs duties have been removed on critical inputs in support of downstream manufacturing.

Given the diversity of the sub-sectors that make up the agro-processing sector, the challenges facing the sector are relatively sector-specific. Export-focused producers in the wine and spirit, fresh and canned fruit, confectionery, processed food and fruit juice sub-sectors face challenges that are related to developed-country trade policy – including subsidies and tariffs. In light of this, exporters are put at a serious cost disadvantage if they have to pay high import tariffs on inputs used in producing exports. This necessitates the need to lower tariffs on imported intermediate inputs into production to enable downstream agro-processors become more internationally competitive.

² The available trade policy space is calculated as the difference between the average WTO rate and the average applied MFN rate.

At the same time, producers primarily focused on supplying the domestic market – such as soybean processing, fruit juice, confectionery and processed food sub-sectors – currently face heightened competition from imports. Increased import penetration has coincided with rising domestic cost pressures resulting from a range of production inputs, including electricity and water, road transport, fertiliser and seed costs. The resulting margin squeeze has led to some employment losses, increased labour strikes, and under-investment in productivity-enhancing measures and plant-level maintenance. As a result there is opportunity to strategically adjust tariffs and explore the “water” between bound and applied rates in support of these subsectors.

Table 19 shows that there are 77 product groups at HS4, and the industry mostly comprised of intermediate (34) and consumer goods (38). The average applied MFN rate for the consumer products is 16 per cent *ad valorem* with a maximum at 55 per cent *ad valorem*, and accounted for 54 per cent of total agro-processed imports in 2015. The average WTO bound for consumer products is currently 44 per cent, and this translates into 28 per cent policy space available.

Intermediate products attract an average MFN rate of 5.3 per cent *ad valorem* (and a maximum of 25 per cent *ad valorem*), and accounted for 41 per cent of total agro-processed imports in 2015. As such, a case by case lowering of tariffs on these intermediate inputs becomes critical for improving competitiveness for downstream agro-processors.

A closer look at the data suggests that South Africa is importing more intermediate products than it exports, as indicated by the negative trade balance for 2015. On the other hand, South Africa exports more consumer products than it imports, suggesting that these products are relatively internationally competitive.

Table 19
Overview of the tariff structure

Product group	Number of products	WTO bound		MFN applied		Available policy space average	Imports Share in %	Exports Share in %
		Ave.	Max	Ave.	Max			
Intermediate goods	34	57.1	597.0	5.3	25.0	51.8	41.1	17.5
Consumer goods	38	43.9	597.0	16.0	55.0	27.9	53.9	82.2
Raw materials	5	30.9	72.0	2.0	10.0	28.9	5.0	0.3
Total	77	48.8	64	6.7	55	42.2	100	100

Source: ITC

The top 15 products with the highest average applied MFN rate accounted for 38 per cent of total imports of agro-processed products in 2015 (see Appendix 3). Products such as *ethyl alcohol and other spirits; spirits, liqueurs, other spirit beverages, alcoholic preparations; cane or beet sugar and chemically pure sucrose, in solid form; Coconut (copra), palm kernel/babassu oil and their fractions, and Vinegar and substitutes for vinegar*; currently attract no customs duties, and have trade policy space in excess of 70 per cent *ad valorem*.

On the other hand, the top 15 products with the least trade policy space available (i.e. from zero to 6 per cent *ad valorem*) accounted for 20 per cent of total imports of agro-processed products in 2015 (Appendix 3). Products such as *Preserved fish, Non-alcoholic beverages, Crustaceans and Molluscs*.

Furthermore, intermediates products with the highest average applied MFN rates accounted for 17 per cent of total imports (Appendix 3). These products include *Soya-bean oil, Olive oil, Palm oil, Fixed vegetable fats and oil, Safflower, sunflower/cotton-seed, Rape, colza or mustard oil, Animal or vegetable fats and oil, Lard stearin and oil, Wine lees, Extracts and juices of meat, fish*.

6 Conclusions

An analysis of South Africa's agro-processing markets and related trade patterns provides some interesting insights. In 2015, world demand for processed agricultural products attained its lowest level since 2005. As a

result, South Africa witnessed falling and limited export opportunities with most of its top importing countries. On the other hand, South Africa mostly experienced growing exports and rising export opportunities where it has gained competitiveness, though it has been experiencing declining RCA in most of the top agro-processing exports.

Africa is driving most of South Africa's agro-processing export growth. However, the country is facing competition from China, the EU, India and the USA in Africa for agro-processing products and this poses a threat on the rate of trade reforms. South Africa needs to raise its competitiveness in order to increase and sustain its market share in international markets. Doing so represents a challenge, not least because of the drought conditions currently being experienced across large areas of South Africa which are severely impacting the agro-processing sector. Additionally, agro-processing industries may find it increasingly difficult to source particular agricultural inputs for their production processes locally, while imported alternatives may be substantially more expensive in light of the weaker Rand. The ability to pass higher input costs on to consumers is limited, for household budgets are already under strain.

With the various challenges facing South Africa's agro-processing sector, assistance is required from all stakeholders, and the International Trade Administration Commission (ITAC) will continue to play a supportive role in this regard through its trade instruments.

Appendix 1

HS	Products
'1507	Soya-bean oil&its fractions
'1512	Safflower,sunflower/cotton-seed oil&fractions
'1517	Margarine
'1511	Palm oil & its fraction
'1504	Fish/marine mammal,fat,oils&their fractions
'1516	Animal or veg fats, oils&fract, hydrogenated
'1515	Fixed vegetable fats&oils & their fractions
'1518	Animal or vegetable fats & oils chemically modified; inedible mixtures
'1509	Olive oil and its fractions
'1508	Ground-nut oil&its fractions
'1502	Bovine,sheep&goat fats
'1520	Glycerol (glycerine)
'1513	Coconut (copra),palm kernel/babassu oil & their fractions
'1506	Animal fats&oils&their fractions
'1505	Wool grease and fatty substances derived therefrom (including lanolin)
'1503	Lard stearin&oil,oleostearin&oil&tallow oil
'1521	Vegetable waxes, beeswax & other insect waxes
'1514	Rape,colza or mustard oil & their fractions
'1510	Other oils from olives
'1501	Lard and other pig&poultry fat
'1522	Degras and residues
'1602	Prepared or preserved meat, meat offal or blood, nes
'1604	Prepared/preserved fish & caviar
'1601	Sausages and similar products, of meat, offal or blood
'1605	Crustaceans & molluscs, prepared/preserved
'1603	Extracts&juices of meat,fish, crustaceans & molluscs
'1701	Cane or beet sugar and chemically pure sucrose, in solid form
'1704	Sugar confectionery (incl white choc), not containing cocoa
'1702	Sugars,nes,incl chem pure lactose etc; artif honey; caramel
'1703	Molasses resulting from the extraction or refining of sugar
'1806	Chocolate and other food preparations containing cocoa
'1805	Cocoa powder, without added sugar
'1804	Cocoa butter, fat and oil
'1803	Cocoa paste, whether or not defatted
'1801	Cocoa beans, whole or broken, raw or roasted
'1802	Cocoa shells, husks, skins and other cocoa waste
'1904	Breakfast cereals & cereal bars
'1905	Bread, biscuits, wafers, cakes and pastries
'1901	Malt extract; food preparations of flour, meal, starch or malt extract
'1902	Pasta & couscous
'1903	Tapioca and substitutes therefore prepared from starch
'2009	Fruit & vegetable juices, unfermented
'2008	Preserved fruits nes
'2005	Prepared or preserved vegetables nes (excl. frozen)
'2001	Cucumbers, gherkins and onions preserved by vinegar
'2007	Jams,fruit jellies & marmalades
'2004	Prepared or preserved vegetables nes (incl. frozen)
'2002	Tomatoes prepared or preserved
'2006	Sugar preserved fruits and nuts
'2003	Mushrooms&truffles, prepared or preserved
'2106	Food preparations, nes
'2103	Sauces mixed condiments & mixed seasonings
'2104	Soups, broths & preparations thereof
'2105	Ice cream
'2102	Yeast
'2101	Extracts essences & concentrates of coffee and tea
'2204	Wine of fresh grapes
'2208	Spirits, liqueurs, other spirit beverages, alcoholic preparations
'2202	Non-alcoholic beverages (excl. water, fruit or vegetable juices and mi
'2207	Ethyl alcohol & other spirits (if undenatured then higher than 80% by
'2206	Fermented beverages, nes
'2203	Beer made from malt
'2201	Mineral & aerated waters
'2205	Vermouth&other grape wine flavoured with plants or aromatic substances
'2209	Vinegar and substitutes for vinegar
'2309	Animal feed preparations, nes
'2301	Flour etc of meat,meat offal,fish,crust etc unfit for human consumptio
'2304	Soya-bean oil-cake and other solid residues
'2306	Oil-cake nes
'2303	Beet-pulp, bagasse and brewing or distilling dregs and waste
'2308	Other vegetable material, waste, residues, byproducts used for animal
'2302	Bran,sharps and other residues
'2305	Ground-nut oil-cake and other solid residues
'2307	Wine lees; argol
'2402	Cigars, cheroots, cigarillos & cigarettes
'2403	Pipe, chewing & snuff tobaccos
'2401	Tobacco unmanufactured; tobacco refuse

Appendix 2

Export opportunities

Export opportunities in wine of fresh grapes

Countries	Growth in country's demand		SA's market share		Share in world demand 2015	Export opportunities
	2013-2015	2015	2013	2015		
UK	-2.4	-10.1	3.1	2.7	13.9	Limited
Germany	-3.5	-19.5	3.2	2.9	8.4	Limited
Netherlands	-3.1	-19.7	4.9	5.7	3.1	Falling
Sweden	-0.2	-14.2	8.7	6.2	2.1	Limited
USA	1.9	0.4	1.0	0.7	17.2	Limited
China	10.2	35.7	1.4	1.8	6.2	Rising
Canada	-3.0	-7.3	2.2	2.0	5.5	Limited
Namibia	6.7	-54.5	54.5	99.7	0.1	Falling
Denmark	-0.9	-15.0	5.0	4.7	1.9	Limited
France	-2.2	-9.8	3.0	2.4	2.3	Limited
Belgium	-4.6	-20.9	1.7	1.7	3.2	Limited
Russian Federation	-10.9	-41.2	2.2	2.0	2.1	Limited
Japan	-1.7	-9.2	0.9	1.4	4.6	Falling
Mozambique	20.6	1.2	35.9	56.4	0.1	Falling
Angola	-8.8	-34.0	8.8	10.1	0.4	Falling
United Arab Emirates	9.3	-45.7	5.3	6.5	0.5	Falling
Finland	-1.7	-15.0	4.8	4.2	0.7	Limited
Tanzania	4.5	-20.9	52.7	83.8	0.0	Falling
Switzerland	-3.1	-11.9	0.7	0.5	3.3	Limited
Nigeria	38.3	124.0	29.3	5.4	0.3	Lost
Hong Kong, China	10.8	27.7	0.3	0.2	4.3	Lost
Swaziland	27.4	52.3	126.4	61.4	0.0	Lost
Brazil	-0.6	-10.1	0.8	0.9	0.9	Falling
Malaysia	5.6	19.7	0.6	1.1	0.3	Rising
Viet Nam	216.3	622.5	3.8	0.6	0.4	Lost
India	-1.5	16.8	1.4	2.1	0.1	Rising

Export opportunities in fruit and vegetable juices

Countries	Growth in country's demand		SA's market share		Share in world demand 2015	Export opportunities
	2013-2015	2015	2013	2015		
Netherlands	-0.2	-7.4	2.7	2.3	10.8	Limited
Botswana	4.2	6.2	96.1	96.8	0.2	Rising
Namibia	-6.0	-12.7	85.9	99.8	0.2	Falling
Mozambique	30.2	-8.8	115.4	118.1	0.1	Falling
Zimbabwe	-2.3	-12.6	92.2	97.9	0.1	Falling
Zambia	-1.3	-17.4	77.7	95.7	0.1	Falling
Japan	-11.2	-13.8	2.3	1.7	4.4	Limited
Lesotho	7.0	-2.2	135.3	100.0	0.1	Limited
Australia	-6.2	-4.2	5.1	4.4	1.1	Limited
USA	-2.4	-4.4	0.5	0.4	12.8	Limited
Mauritius	-1.6	-15.3	75.2	93.6	0.0	Falling
Chile	8.2	6.8	8.4	14.4	0.3	Falling
Nigeria	-6.9	-31.3	26.5	24.8	0.1	Limited
Congo	23.9	39.4	97.4	59.4	0.0	Lost
China	-0.7	-17.0	0.7	1.2	1.4	Falling
Malawi	8.5	11.7	52.4	69.0	0.0	Rising
Philippines	15.9	25.8	6.8	6.5	0.3	Lost
France	-5.6	-14.4	0.2	0.2	7.1	Limited
UK	-5.8	-11.2	0.0	0.1	6.2	Falling
Ethiopia	40.5	31.7	0.7	5.0	0.2	Limited
India	-4.0	12.7	1.8	3.4	0.2	Rising
Korea, Republic of	-8.0	1.8	1.2	0.6	1.0	Lost
Russian Federation	-18.6	-36.1	0.3	0.2	1.8	Limited
Brazil	3.2	-5.4	4.4	1.0	0.1	Limited

Export opportunities in preserved fruits

Countries	Growth in country's demand		SA's market share		Share in world demand 2015	Export opportunities
	2013-2015	2015	2013	2015		
UK	1.0	-7.2	3.9	4.0	4.1	Falling
Japan	-6.1	-4.6	2.5	2.4	5.4	Limited
Germany	2.9	1.1	1.7	1.3	9.9	Limited
China	24.5	47.1	2.4	4.0	2.6	Rising
Hong Kong	10.0	8.0	7.5	5.2	1.5	Limited
Netherlands	6.9	-1.2	2.0	1.4	4.1	Limited
New Zealand	-4.7	-6.1	8.5	11.4	0.5	Falling
Russian Federation	-5.1	-27.9	3.4	4.6	1.2	Falling
USA	5.8	11.6	0.1	0.3	20.0	Rising
Australia	2.5	3.5	5.0	3.1	1.4	Lost
Canada	8.1	3.3	0.8	0.7	5.8	Limited
Switzerland	6.0	3.1	5.7	4.3	1.0	Limited
Singapore	6.8	11.4	5.1	4.2	1.0	Lost
Botswana	5.0	-1.4	106.6	99.0	0.0	Limited
Namibia	-3.0	-4.6	76.4	98.4	0.0	Falling
United Arab Emirates	26.2	54.7	2.8	1.9	1.3	Lost
Philippines	13.6	30.5	2.1	11.5	0.1	Rising
Taipei, Chinese	15.7	21.0	2.3	1.8	0.8	Lost
Viet Nam	287.5	797.7	0.9	1.0	0.4	Rising
Lesotho	14.7	73.3	73.1	99.9	0.0	Rising

Export opportunities in food preparations

Countries	Growth in country's demand		SA's market share		Share in world demand 2015	Export opportunities
	2013-2015	2015	2013	2015		
Zimbabwe	-11.3	-16.4	102.2	126.0	0.1	Falling
Zambia	6.9	-17.1	145.8	176.2	0.0	Falling
Mozambique	30.2	0.3	130.8	170.4	0.0	Falling
Nigeria	15.7	1.7	14.1	15.3	0.3	Falling
Botswana	-2.4	-11.6	93.1	97.2	0.0	Falling
Namibia	-0.5	-13.5	102.3	97.8	0.0	Limited
Malawi	-0.5	-14.8	141.8	155.9	0.0	Falling
Swaziland	28.2	82.7	81.9	96.6	0.0	Rising
UK	8.4	4.5	0.2	0.3	5.9	Falling
Ghana	20.0	13.2	11.4	12.2	0.1	Falling
DRC	3.2	-25.4	19.6	24.4	0.1	Falling
Lesotho	26.5	-16.1	187.0	98.6	0.0	Limited
Tanzania	50.3	185.9	56.0	16.2	0.1	Lost
Uganda	-1.7	1.2	42.1	33.3	0.0	Lost
Niger	-5.4	32.6	13.0	6.4	0.1	Lost
Saudi Arabia	3.1	2.5	0.0	0.1	3.2	Falling
USA	3.6	2.4	0.0	0.0	6.2	Falling
Hong Kong	13.6	16.4	0.0	0.1	1.8	Rising

Export opportunities in cane or beet sugar

Countries	Growth in country's demand		SA's market share		Share in world demand 2015	Export opportunities
	2013-2015	2015	2013	2015		
Namibia	-7.3	-0.9	101.4	99.7	0.2	Limited
Mozambique	52.7	-3.5	386.8	80.0	0.2	Limited
Botswana	-9.0	-16.0	96.7	75.6	0.2	Limited
Zimbabwe	-8.5	-2.8	77.0	39.5	0.1	Limited
Angola	-4.1	-53.1	12.8	9.6	0.4	Limited
Lesotho	8.7	-16.8	164.2	98.9	0.0	Limited
Madagascar	-6.1	-40.5	23.7	13.3	0.2	Limited
Tanzania	-20.3	-12.1	5.2	2.2	0.4	Limited
Comoros	-3.9	1.5	76.5	49.8	0.0	Lost
Uganda	-13.7	-7.6	6.2	1.4	0.4	Limited
USA	-6.9	7.0	0.0	0.1	8.1	Rising
Swaziland	-34.2	45.2	85.3	100.0	0.0	Rising

Export opportunities in sugar confectionery

Countries	Growth in country's demand		SA's market share		Share in world demand 2015	Export opportunities
	2013-2015	2015	2013	2015		
Namibia	-10.1	-9.8	87.2	94.0	0.2	Falling
Botswana	-3.7	6.4	90.2	96.8	0.2	Rising
Zimbabwe	-18.6	-35.6	40.6	91.7	0.1	Falling
Swaziland	-6.4	-2.0	99.1	99.0	0.1	Limited
Zambia	5.3	-2.6	73.8	90.0	0.1	Falling
Congo, De	5.4	-27.3	3.9	28.8	0.2	Falling
Mozambique	2.5	-33.9	71.5	80.3	0.1	Falling
Lesotho	-13.9	4.4	19.1	100.0	0.0	Rising
Angola	-27.6	-65.1	8.9	15.1	0.2	Falling
Australia	-0.5	-7.1	0.8	1.0	1.9	Falling
Malawi	8.0	-38.0	12.9	18.9	0.1	Falling
Mauritius	-5.6	-0.1	15.0	12.8	0.1	Limited
United Kir	3.7	-13.1	0.1	0.1	6.2	Falling
Canada	1.6	-1.2	0.1	0.2	4.0	Falling
Qatar	13.4	30.0	2.9	2.0	0.2	Lost
Seychelle:	12.3	9.1	32.1	66.6	0.0	Falling
Saudi Arab	8.9	-7.3	1.0	0.3	1.5	Limited
Nigeria	89.3	169.2	1.5	0.6	0.4	Lost

Export opportunities in spirits, liqueurs, other spirit beverages

Countries	Growth in country's demand		SA's market share		Share in world demand	Export opportunities
	2013-2015	2015	2013	2015	2015	
Namibia	3.1	-14.4	84.1	92.6	0.1	Falling
Angola	-20.5	-49.6	26.5	27.2	0.2	Falling
Mozambic	74.5	-33.0	33.3	82.2	0.0	Falling
Zambia	23.7	-29.2	189.2	483.6	0.0	Falling
Germany	-3.5	-15.2	0.4	0.5	5.4	Falling
Botswana	-10.5	-24.2	87.8	97.1	0.0	Falling
Swaziland	37.4	105.5	142.2	75.2	0.0	Lost
Brazil	-3.9	-5.8	2.3	3.3	0.5	Falling
Lesotho	55.2	58.9	219.9	100.0	0.0	Lost
Canada	-2.3	-7.1	0.8	0.6	2.5	Limited
Congo, De	22.9	-23.1	14.0	23.8	0.1	Falling
France	-0.7	-15.1	2.6	0.3	4.3	Limited
Zimbabwe	3.9	-20.7	41.6	43.0	0.0	Falling
United Sta	3.7	2.7	0.0	0.0	25.9	Falling
Panama	5.9	9.8	6.4	9.1	0.1	Rising
Nigeria	40.6	10.9	12.5	2.8	0.3	Limited
United Kir	4.0	-3.4	0.2	0.2	3.8	Falling
Malawi	18.9	47.5	282.3	218.9	0.0	Lost
Bolivia, Pl	5.7	7.9	1.8	3.0	0.1	Rising
China	-9.7	14.3	0.0	0.0	3.0	Rising

Export opportunities in ethyl alcohol and other spirits

Countries	Growth in country's demand		SA's market share		Share in world demand	Export opportunities
	2013-2015	2015	2013	2015	2015	
Singapore	-2.9	-21.0	17.9	26.8	0.8	Falling
UAE	0.9	-41.3	13.2	21.7	1.0	Falling
Madagascar	44.6	47.5	173.3	75.7	0.3	Lost
USA	-28.5	-7.8	1.0	2.1	8.9	Falling
Angola	0.6	-21.1	0.9	43.9	0.3	Falling
Korea, Republic of	-4.0	-7.5	2.9	4.3	2.8	Falling
Zambia	5.1	-67.5	37.9	296.7	0.0	Falling
Tanzania	-25.6	-40.6	55.1	67.6	0.1	Falling
Nigeria	-10.0	-33.5	2.1	4.2	1.2	Falling
Mozambique	-1.9	-24.5	19.3	31.2	0.1	Falling
Jordan	4.9	8.4	25.1	28.3	0.1	Rising
Sri Lanka	9.8	69.0	27.3	12.3	0.3	Lost
Uganda	-9.8	11.0	3.3	2.0	0.3	Lost
Switzerland	0.0	9.5	4.6	0.4	0.8	Lost

Export opportunities in non-alcoholic beverages

Countries	Growth in country's demand		SA's market share		Share in world demand	Export opportunities
	2013-2015	2015	2013	2015	2015	
Botswana	28.4	50.8	81.3	98.2	0.1	Rising
Zimbabwe	25.0	8.4	66.8	60.9	0.2	Limited
Zambia	19.5	43.3	101.5	196.9	0.1	Rising
Namibia	12.6	17.5	75.3	86.6	0.1	Rising
Swaziland	13.9	9.8	93.7	99.8	0.1	Falling
Lesotho	22.8	7.5	119.4	100.0	0.0	Limited
Mozambique	8.6	-15.4	57.4	105.8	0.0	Falling
Equatorial Guinea	36.3	-17.2	14.5	24.3	0.1	Falling
Netherlands	-6.3	-27.3	0.2	0.7	2.9	Falling
UK	5.6	-8.8	0.0	0.1	6.3	Falling

Export opportunities in sauces mixed condiments

Countries	Growth in country's demand		SA's market share		Share in world demand	Export opportunities
	2013-2015	2015	2013	2015	2015	
Botswana	-1.6	1.9	95.4	99.9	0.2	Rising
Namibia	-3.0	0.2	95.1	99.5	0.2	Rising
Zimbabwe	5.1	12.1	75.5	69.6	0.2	Lost
USA	3.9	4.4	0.7	0.8	9.6	Rising
UK	0.3	-7.1	0.8	1.0	7.7	Falling
Zambia	5.2	-7.0	93.0	87.6	0.1	Limited
Mozambique	51.4	-2.6	159.4	138.7	0.0	Limited
Lesotho	-2.8	-2.0	93.9	100.0	0.0	Falling
Ghana	34.6	-37.0	4.8	22.4	0.2	Falling
Swaziland	-1.0	19.6	101.9	96.8	0.0	Lost
Malaysia	8.8	18.3	2.3	2.0	1.0	Lost
Canada	12.0	9.0	0.3	0.2	7.0	Limited
Pakistan	188.6	495.3	27.3	3.9	0.3	Lost
Qatar	6.6	10.2	2.3	2.2	0.3	Lost
Brazil	2.3	-19.2	0.1	1.7	0.4	Falling
India	5.0	13.1	3.3	2.7	0.1	Lost
Philippines	2.8	3.1	0.0	0.3	1.1	Rising
China	9.8	16.7	0.1	0.2	1.2	Rising

Export opportunities in margarine

Countries	Growth in country's demand		SA's market share		Share in world demand	Export opportunities
	2013-2015	2015	2013	2015	2015	
Zimbabwe	-15.4	-3.8	117.2	96.5	0.2	Limited
Mozambique	15.0	-8.5	116.0	109.5	0.1	Limited
Namibia	-17.2	-29.1	88.1	99.9	0.1	Falling
Botswana	-11.3	-13.5	97.4	100.0	0.1	Falling
Mauritius	-4.9	-7.4	48.9	63.7	0.1	Falling
Zambia	-9.2	-28.6	33.4	39.2	0.2	Falling
Swaziland	-0.8	-0.6	103.3	97.6	0.1	Limited
Lesotho	6.9	-11.3	96.1	100.0	0.0	Falling
DRC	-4.4	-71.3	22.0	49.8	0.0	Falling
Malawi	8.0	-16.0	12.3	14.5	0.1	Falling

Export opportunities in breakfast cereals

Countries	Growth in country's demand		SA's market share		Share in world demand	Export opportunities
	2013-2015	2015	2013	2015	2015	
Namibia	5.4	-27.3	112.7	99.5	0.2	Limited
Swaziland	0.0	-10.6	96.4	100.0	0.2	Falling
Lesotho	7.2	-7.4	122.2	96.8	0.2	Limited
Botswana	-16.0	-35.9	66.3	99.4	0.2	Falling
Angola	19.6	-18.6	19.1	70.7	0.2	Falling
Zambia	0.3	8.6	114.5	139.3	0.1	Rising
Zimbabwe	-20.9	-43.8	85.9	79.6	0.1	Limited
Australia	20.0	1.1	3.6	2.7	2.0	Limited
Mozambique	26.0	-0.8	104.8	77.9	0.1	Limited
Malawi	-0.6	9.8	129.4	97.3	0.0	Lost
Mauritania	62.1	206.4	69.4	65.9	0.0	Lost
UAE	9.8	28.5	0.3	0.3	1.6	Rising
Philippines	6.0	39.0	0.5	0.6	0.9	Rising
Uganda	22.0	32.2	19.0	8.1	0.0	Lost

Export opportunities in animal feed

Countries	Growth in country's demand		SA's market share		Share in world demand	Export opportunities
	2013-2014	2015	2013	2015	2015	
Namibia	-16.1	-31.4	66.0	99.0	0.1	Falling
Botswana	-2.3	-6.6	98.1	93.1	0.1	Limited
Zimbabwe	38.0	-32.7	20.6	84.2	0.1	Falling
Zambia	28.2	9.1	104.5	98.5	0.1	Limited
Swaziland	-1.3	44.8	93.4	99.9	0.1	Rising
Lesotho	8.5	-5.4	95.4	100.0	0.0	Falling
Mozambique	63.9	11.6	90.0	92.1	0.0	Falling
Saudi Arabia	10.6	2.8	0.1	3.5	0.5	Falling
Mauritius	8.0	-2.0	39.3	36.2	0.0	Limited
Kenya	5.9	18.6	22.7	22.3	0.0	Lost
Ghana	0.7	12.8	3.0	8.6	0.1	Rising
Germany	0.5	-11.5	0.1	0.1	7.6	Limited
Hong Kong	6.1	5.9	0.1	0.7	0.5	Falling
UK	8.4	-11.4	0.0	0.0	5.4	Limited
Uganda	51.5	70.2	17.9	7.4	0.0	Lost

Appendix 3

Tariff structure

List of products with highest trade policy space

Tariff subheading	Product description	Share of total imports	Share of total exports	Average applied MFN rate	Available policy space	Product group
2207	Ethyl alcohol & other spirits (if undenatured then higher than 80% by	0.5%	3.2%	0.0	597.0	Intermediate goods
2208	Spirits, liqueurs, other spirit beverages, alcoholic preparations	9.5%	3.9%	0.0	165.9	Consumer goods
1701	Cane or beet sugar and chemically pure sucrose, in solid form	8.8%	4.3%	0.0	105.0	Intermediate goods
1513	Coconut (copra), palm kernel/babassu oil & their fractions	1.1%	0.0%	0.0	81.0	Intermediate goods
2209	Vinegar and substitutes for vinegar	0.1%	0.1%	0.0	73.0	Consumer goods
1507	Soya-bean oil&its fractions	4.4%	2.2%	10.0	71.0	Intermediate goods
1509	Olive oil and its fractions	0.6%	0.1%	10.0	71.0	Intermediate goods
1510	Other oils from olives	0.0%	0.0%	10.0	71.0	Consumer goods
1511	Palm oil & its fraction	8.1%	0.3%	10.0	71.0	Intermediate goods
1515	Fixed vegetable fats&oils & their fractions	0.3%	0.2%	10.0	71.0	Intermediate goods
1702	Sugars, nes, incl chem pure lactose etc; artif honey; caramel	1.8%	0.5%	0.0	68.0	Intermediate goods
1703	Molasses resulting from the extraction or refining of sugar	0.9%	0.0%	0.0	68.0	Intermediate goods
2204	Wine of fresh grapes	0.9%	18.8%	25.0	63.6	Consumer goods
2205	Vermouth&other grape wine flavoured with plants or aromatic substances	0.0%	0.1%	25.0	60.5	Consumer goods
1901	Malt extract; food preparations of flour, meal, starch or malt extract	1.2%	1.3%	20.0	57.3	Consumer goods

Source: ITC, SARS

List of products with least trade policy space

Tariff subheading	Product description	Share of total imports	Share of total exports	Average applied MFN rate	Available policy space	Product group
1604	Prepared/preserved fish & caviar	5.2%	1.1%	18.9	-18.9	Consumer goods
2202	Non-alcoholic beverages (excl. water, fruit or vegetable juices and mi	2.4%	3.9%	21.0	-10.5	Consumer goods
1605	Crustaceans & molluscs, prepared/preserved	0.5%	0.4%	1.8	-1.8	Consumer goods
1905	Bread, biscuits, wafers, cakes and pastries	1.9%	2.0%	20.7	-0.9	Consumer goods
1504	Fish/marine mammal,fat,oils & their fractions	0.0%	0.3%	0.0	0.0	Intermediate goods
1520	Glycerol (glycerine)	0.0%	0.0%	0.0	0.0	Intermediate goods
1801	Cocoa beans, whole or broken, raw or roasted	0.0%	0.0%	0.0	0.0	Raw materials
1802	Cocoa shells, husks, skins and other cocoa waste	0.0%	0.0%	0.0	0.0	Intermediate goods
1803	Cocoa paste, whether or not defatted	0.8%	0.0%	0.0	0.0	Intermediate goods
1804	Cocoa butter, fat and oil	0.9%	0.0%	0.0	0.0	Intermediate goods
1805	Cocoa powder, without added sugar	0.4%	0.0%	0.0	0.0	Intermediate goods
1806	Chocolate and other food preparations containing cocoa	3.2%	1.6%	18.6	0.4	Consumer goods
1521	Vegetable waxes, beeswax & other insect waxes	0.1%	0.0%	7.5	1.5	Intermediate goods
2203	Beer made from malt	2.1%	1.4%	5.0	3.5	Consumer goods
1704	Sugar confectionery (incl white choc), not containing cocoa	1.9%	2.1%	31.0	6.0	Consumer goods

Source: ITC, SARS

Top 10 intermediate products with the highest applied MFN rate

Tariff subheading	Product description	Share of total imports	Share of total exports	Average applied MFN rate
1603	Extracts&juices of meat,fish, crustaceans & molluscs	0.0%	0.0%	25
2307	Wine lees; argol	0.0%	0.0%	20
1503	Lard stearin&oil,oleostearin&oil&tallow oil	0.0%	0.0%	10
1507	Soya-bean oil&its fractions	4.4%	2.2%	10
1509	Olive oil and its fractions	0.6%	0.1%	10
1511	Palm oil & its fraction	8.1%	0.3%	10
1512	Safflower,sunflower/cotton-seed oil&fractions	2.8%	2.1%	10
1514	Rape,colza or mustard oil & their fractions	0.3%	0.0%	10
1515	Fixed vegetable fats&oils & their fractions	0.3%	0.2%	10
1518	Animal or vegetable fats & oils chemically modified; inedible mixtures	0.1%	0.2%	10

Source: ITC, SARS