

CHAPTER 4

Prioritizing agricultural export commodities

4.1 INTRODUCTION

Agriculture is still a very important sector if the upstream and downstream industries linked to agriculture are taken into account. Adverse climatic and economic circumstances of agriculture affect the national GDP by as much as 0,5 to 2%. This is a large percentage for a sector that contributes only 4 to 5% to national GDP. Agriculture's strong, indirect role in the economy is that of backward and forward linkages to other sectors. About 66% of agricultural output is used as intermediate products in the sector. The share of agriculture exports in the country's total exports increased from about 8% or less before 1994 to almost 10% by 1997. The share of processed agricultural products within the country's total agriculture exports has also increased, namely from 34 to 50%, further strengthening the linkage to the industry (NDA 1998).

The rest of this chapter attempts to prioritize South African agricultural export commodities. Trends reveal which of the commodities contributed most to the new growth trends after the lifting of sanctions. Trends also reveal the changes in export shares of commodities during the past decade which, to a certain extent, also reflect changes in production patterns as certain commodities became more profitable to export.

4.2 ACHIEVEMENTS OF AGRICULTURAL EXPORT COMMODITIES

4.2.1 Export performance of commodity sections

Agricultural commodities can be aggregated into different groupings of commodities according to the classification system of Customs and Excise. Sections are the most aggregated group of commodities used in this chapter. Sections and their descriptions are

shown in Annex 3. A further description of the 2 HS code products according to the Harmonized System, is given in Annex 4, as well as the relationship with the section grouping. Commodities could also be further dis-aggregated to 4 HS, 6 HS and 8 HS.

The two major export-product groupings, prepared foodstuffs (Section IV) and vegetable products (Section II), have contributed most to the growth-in-export share. Combined, they showed a more than 15% gain in share, of the total SACU agriculture exports for the last decade. This gain in share was at the cost of textiles and textile articles (Section XI—mainly wool and animal hair) and raw hides and skins (Section VII), which together declined from 25% of share of agriculture exports in 1988 to 10% of share in 1996. (Figures 4.1, 4.1.1, 4.1.2, 4.1.3 and 4.1.4) (Section-aggregation break-down to 2 HS code products is shown in Annex 4).

4.2.1.1 Prepared foodstuffs (Section IV)

After the sanction period, prepared foodstuffs was the high-share aggregation with the most rapid export growth (Figure 4.1.1). Prepared foodstuffs (Section IV) include preparation of meat, sugar, cocoa products, preparation of cereals, preparation of vegetables, fruit and nuts, beverages, spirits, vinegar, prepared animal feed, tobacco, and miscellaneous products (Annex 4). The growth in share in prepared foodstuffs was also at the cost of growth in share of the vegetable section (Figure 4.1). The main contributors in the prepared-foodstuff section on a 2 HS product code level were beverages, spirits and vinegar, with a 28% growth in share with a relatively high base (more than 10% of agriculture exports in value terms). Beverages constitute the largest group of products (12% share) that has shown a high growth in share (larger than 25%) (Figure 4.6). Beverages increased from approximately 2% to close to 15% of agriculture exports in value terms within less than a decade (1988 to 1996) (Figure 4.7 and Table 4.1). The main products of beverages are alcohol, wine, beer and mineral water. Especially an increase in wine exports in the post sanction period was a major factor. Other important contributors to growth in the prepared foodstuffs section were sugar and sugar confectionery, cocoa and cocoa preparations, preparation of meat and fish, miscellaneous edible (food) preparations and tobacco products, preparations of cereals, starches and milk products,

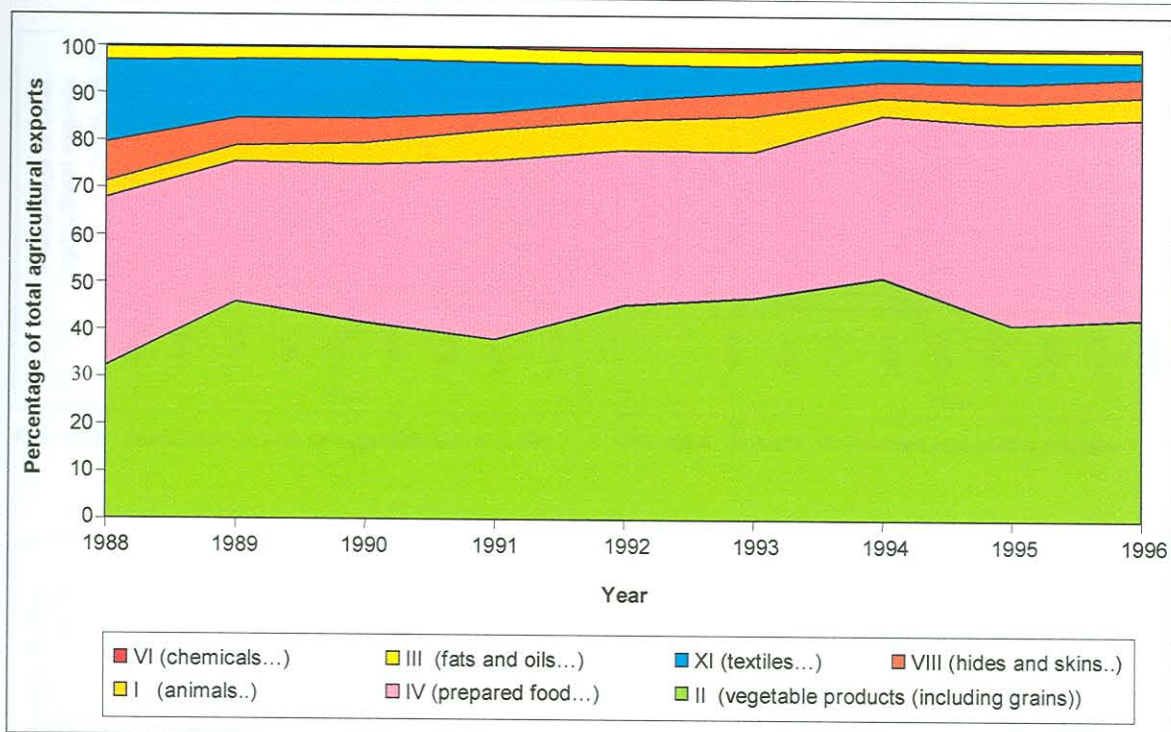


FIG. 4.1 Percentage agricultural exports (section grouping) from SACU

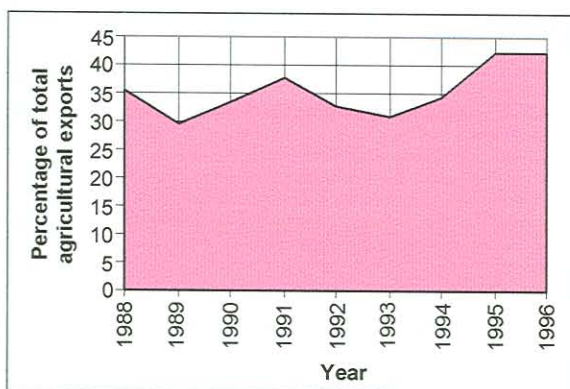


FIG. 4.1.1 Section IV; Prepared foodstuffs...

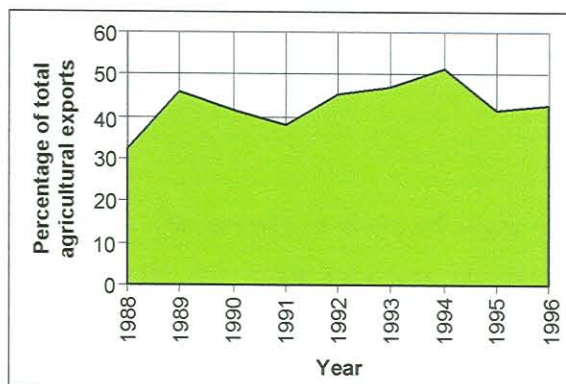


FIG. 4.1.2 Section II; Vegetable products (including grains)

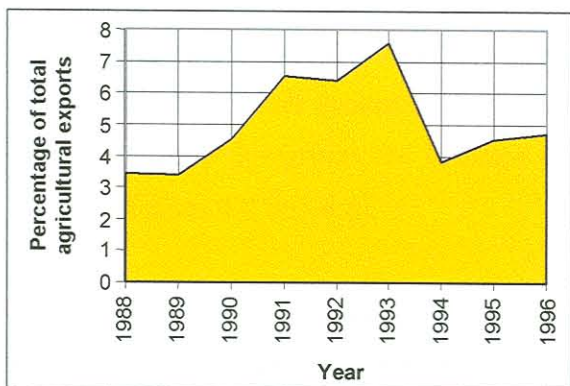


FIG. 4.1.3 Section I; Live animals, animal products...

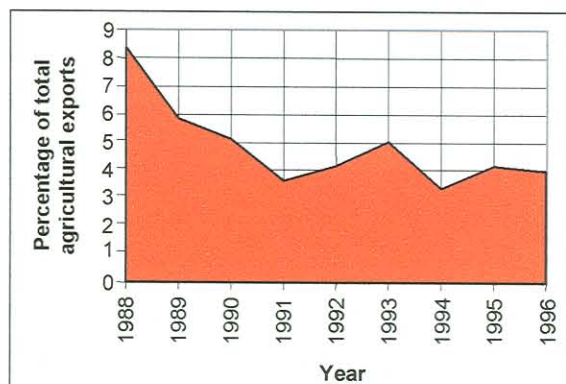


FIG. 4.1.4 Section VIII; Raw hides and skins...

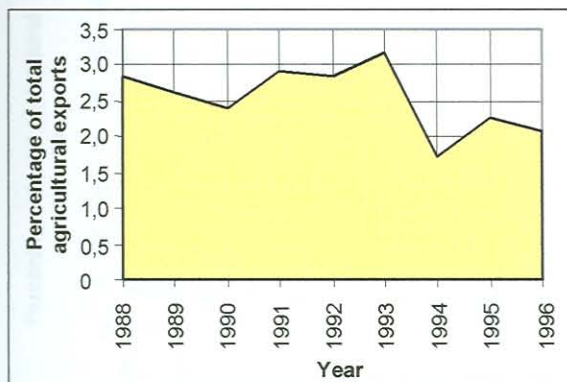


FIG. 4.1.5 Section III; Animal or vegetable fats and oils...

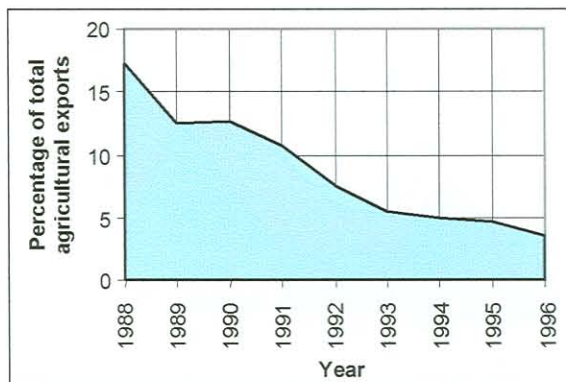


FIG. 4.1.6 Section XI; Textiles and textile articles

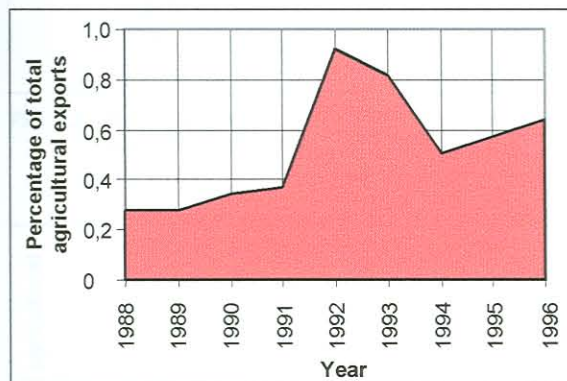


FIG. 4.1.7 Section VI; Products of chemicals...

and preparations of meat and fish (Tables 4.1 and 4.2). The growth in share of sugar was rather a re-growth or cyclical trend (Figure 4.9), while the other products showed a definite constant growth-in-share over the last decade (Figures 4.8, 4.10, and 4.12). A major category in the prepared-food section that showed low- to stagnant growth (taking inflation into account) and a declining share in growth of export value, was preparations of vegetables and fruit (20) (this includes fruit juices) (Tables 4.1 and 4.2). Although the latter category didn't perform well in growth, it is from a very high base and is one of the largest export-product groupings (Figure 4.6). A further break-down reveals that certain products within this group, for instance mixtures of juices (Category B), did very well in growth (Tables 4.4 and 4.8).

Prepared foodstuffs (Section IV) has shown increasing shares in total exports since 1992 for all the continental destinations—Europe, Asia, Africa and the Americas (Figures 4.2,

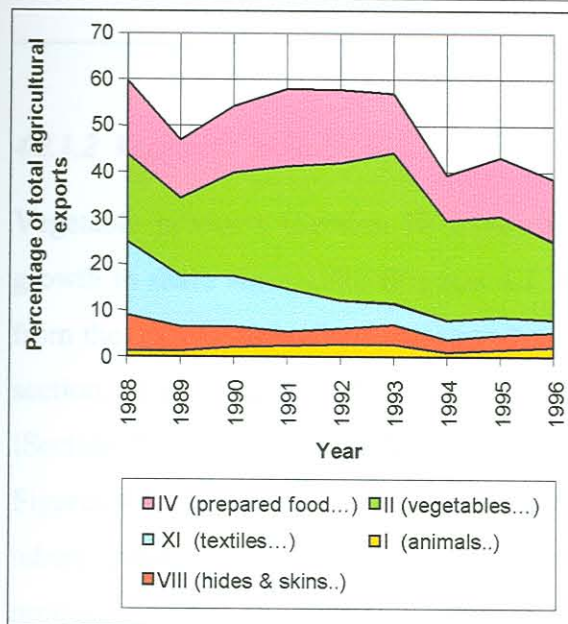


FIG. 4.2 Percentage agricultural exports (section) from SACU to Europe

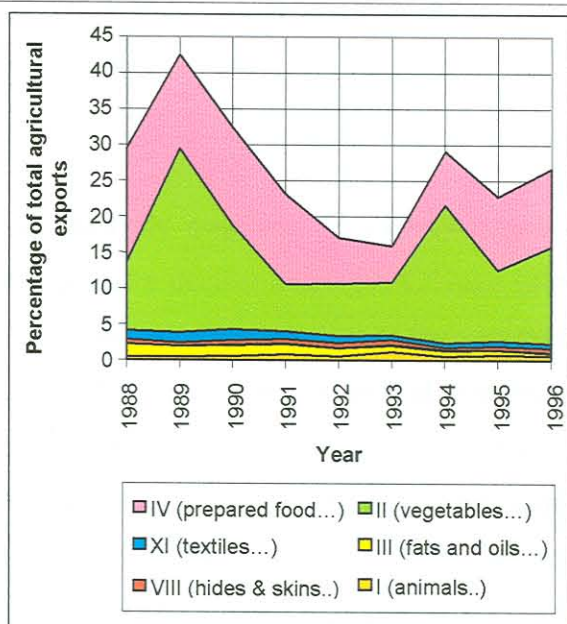


FIG. 4.3 Percentage agricultural exports (section) from SACU to Asia

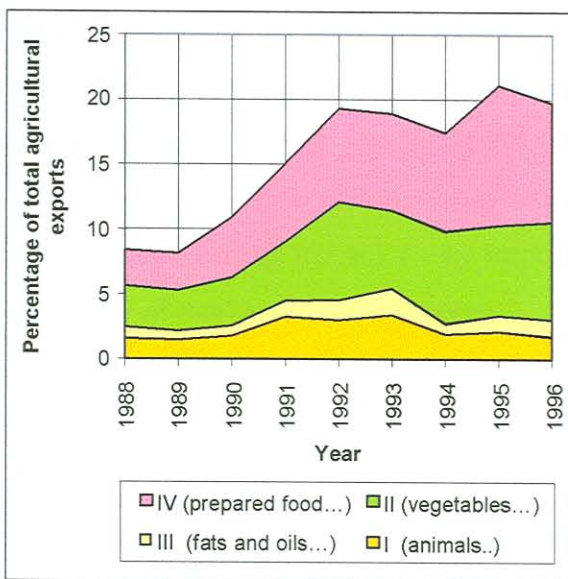


FIG. 4.4 Percentage agricultural exports (section) from SACU to Africa

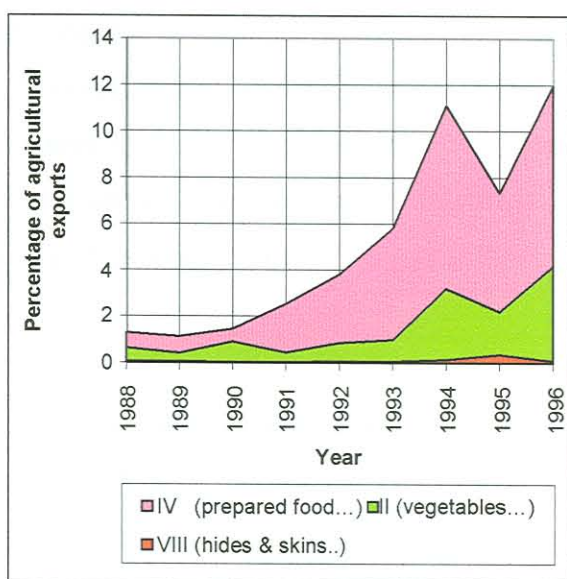


FIG. 4.5 Percentage agricultural exports (section) from SACU to the Americas

4.3, 4.4, and 4.5, respectively). By far the most drastic increases since the 1990s have occurred in exports to the Americas, from a very low base of 1% to almost 8% of total agriculture exports in 1996 (Figure 4.5).

4.2.1.2 *Vegetable products (Section II)*

Vegetable products (Section II) have shown a relatively stagnant- to slightly negative growth in share since 1992 (Figures 4.1 and 4.1.2) and a decline since 1994. Huge gains from the processed-foodstuffs section have occurred since then at the cost of the vegetable section. It is noticeable that vegetable products (Section II) and prepared foodstuffs (Section IV) have a more or less an inverse trend toward each other (compare the peaks of Figures 4.1.1 and 4.1.2). Vegetable products (Section II) include cereals, vegetables, roots, tubers, products of the milling industry, oilseeds, edible fruits and nuts and miscellaneous products (Annex 4). Vegetable-products exports to Asia have shown a re-growth (Figure 4.3) since 1992, although the exports might be cyclical owing to the nature of the largest products group in this section, namely cereals (maize included), which is a traditional export commodity. Increase in exports in cereals after the devastating drought of 1992 also contributed to the apparently high growth rate in cereal exports which is similar to that of sugar. The high growth rate of 100%+ for cereals (Table 4.1) is therefore over-rated, especially in the light of long-term trends, which show huge fluctuations (Figure 4.7). Nevertheless, cereals remain a very important export-product group, which contributed to over 11% of total agriculture exports.

Since 1992, vegetable products (Section II) has shown an increase in share of exports to Asia (re-growth), Africa and the Americas but not to Europe, which showed a decline in share (Figures 4.2, 4.3, 4.4, and 4.5, respectively). The contribution to the re-growth in share to Asia and the decline in share growth to Europe, was caused by the increased trade of the so-called 'surplus-removal' products (cereals and sugar) to Asia. Although, generally there could be trade diversion between Europe and Asia, it is not obvious for the vegetable-products section. Further analysis without the surplus-removal products is necessary to establish the exact trend in trade diversion. An increase in surplus-removal products to Asia will indicate an apparent trade-diversion trend, although this might not necessarily be the case.

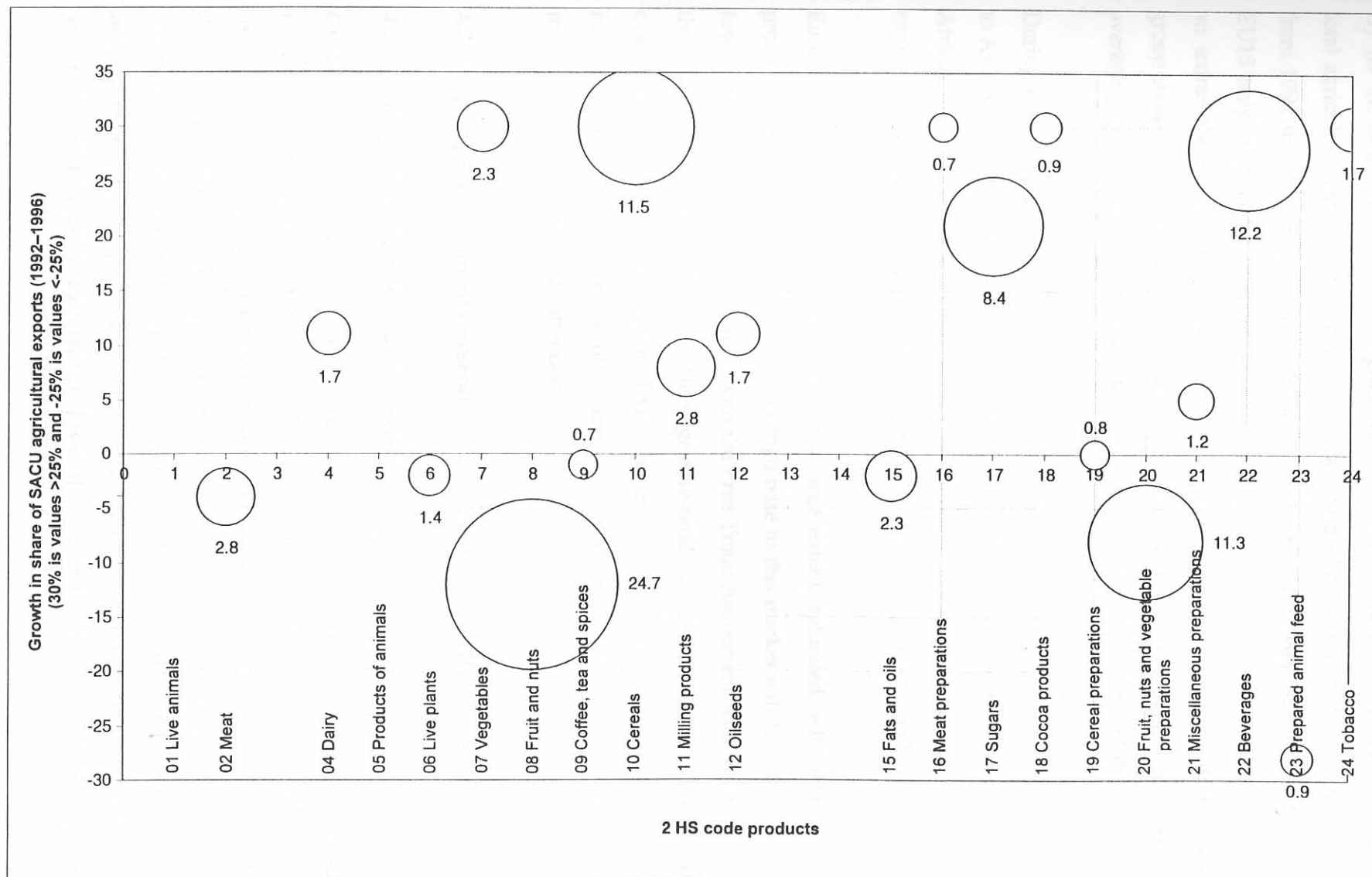


FIG. 4.6 SACU agricultural exports (1992 to 1996). [Share (% of agricultural exports = bubble size) and growth in share (Y-axis)]

For example: Fruit and nuts has an SACU agricultural export share of 24.7% (bubble size) and a growth in share of between -10 to -15%. Vegetables for example has a 2.3% share in SACU agricultural exports and a growth in export share of larger than 25%.

By far the largest export-product group on 2 HS level is edible fruits and nuts (25% of total agriculture exports), which showed a steady decline in share of agriculture exports from 1992 to 1996 (Figure 4.11) and of which the majority went to Europe (19% to the EU15 only) and relatively small percentages to Asia. Nevertheless, fruit and nuts remain an extremely important export-commodity group. Although the edible-fruits-and-nuts group showed a decline in its share of the total agriculture export basket, it still showed an average growth of 12% in value terms (not deflated) from 1992 to 1997 (Table 4.2).

During 1997, edible fruits and nuts showed a growth of 30%, when traditional cereal exports to Asia declined by -25%, owing to the Asian crisis as well as climatic conditions in South Africa (Table 4.2). Therefore the type of products and the type of market could also explain the apparent trade diversion of vegetable products between Asia and Europe.

Europe is a sophisticated market and, to a large extent, saturated, with relatively high protection, therefore exports from a very high base to this market will lose share for other fast-growing markets. Nevertheless, with the Free Trade Agreement with the EU in place, the importance of the relatively stable vegetable-product exports to Europe should not be overlooked. From a strategic point of view, in terms of negotiations, all large markets are important. However, in terms of future strategies for export enhancement, growing markets should receive more attention.

4.2.2 Export performance of commodities (2 HS, 4 HS and 6 HS aggregations)

4.2.2.1 High-performing commodities (generally category A and B)

Growth in export share of the high-growth products (excluding cereals and sugar) increased from approximately 3,5 to 33% in a decade (1988 to 1996). This tenfold increase in share was calculated by adding up the values in Figures 4.14.3, 4.14.4 and 4.15. The products (4 HS code) were alcohol, wine, cereal groats, chocolates, cigars and cigarettes, onions and shallots, garlic and wheat flour. The growth in new destinations has been relatively more spectacular since 1993 than it was for commodities due to fast growth of new markets and a relatively lower diversification in production and exports.

High-performing (high-growth) export products, with an export value of more than 1% of the export basket (1992 to 1997), with average annualized growth rates of about 50% (not deflated) and above, were (2 HS code in brackets) cereals (10), sugar (17), vegetable products (07), cocoa products (18), food preparations (21) and beverages (22) (Table 4.2). These values correspond with the average growth in share of the agriculture exports (1992 to 1996) results in Table 4.1. In Table 4.1 these are broken down to high-, medium- and low-share products. Tables 4.3 and 4.4 show the performance of the products further down to 4 HS and 6 HS code levels. Tables 4.5 to 4.10 show the links between Tables 4.1, 4.2 and 4.3. Each table has its own scale and the scales were roughly synchronized to make the relationships between the tables as clear as possible. Variations in the performance of aggregations of similar products occurred, because the products performed differently at various aggregations and aggregations alter the share a product has of the total. However, despite the fact that it is an imperfect method, it provides a rough filter so that a picture of the performance of products at each level can be formed, and it can be seen which products performed well on a dis-aggregated level. Since 2 HS is such a gross aggregation, the 4 HS code and a 6 HS code breakdown helps one to form an idea of exactly what it boils down to. The high-growth performers can be presented with a value above 1% of agricultural production in the table below (Table 4.11. Also refer to Table 4.2).

Table 4.1 Growth in share of agricultural exports (SACU figures 1992 to 1996)

2 TARIFF CODE				
	High growth > 25 %	Medium growth 10 – 25 %	Low growth 0 – 10 %	Negative growth < 0 %
Average export share (SACU figures 1992 to 1996)	<p>High Share (70% of exports) >500 mill (to 2 bill)</p> <p>22 Beverages, Spirits and Vinegar... *[R942 mill (12,2 %), 28 %]</p> <p>10 Cereals... *[R888 mill (11,5%), >100 %]</p> <p>17 Sugars and sugar confectionery (97 data)</p> <p>A</p>	<p>17 Sugars and sugar confectionery.... *[R650 mill (8,4 %), 21%]</p> <p>B</p>	<p>C</p>	<p>08 Edible Fruit and Nuts... *[R1,9 bill (24,7 %), -12 %]</p> <p>20 Preparations of veg., fruit, nuts... [R873 mill (11,3 %), -8 %]</p> <p>D</p>
	<p>Medium Share (90% of exports) >100 mill (to 500 mill)</p> <p>07 Vegetables, roots, tubers... *[R180 mill (2,3 %), 40 %]</p> <p>24 Tobacco... *[R131 mill (1,7 %), 32 %]</p> <p>B</p>	<p>11 Product of Milling Industry... *[R218 mill (2,8 %), 8 %]</p> <p>04 Dairy produce... *[R135 mill (1,7 %), 11 %]</p> <p>12 Oil Seeds... *[R130 mill (1,7 %), 11 %]</p> <p>C</p>	<p>41 Raw hides and skins... *[R313 mill (4 %), 2 %]</p> <p>D</p>	<p>51 Wool, hair... *[R366 mill (4,7 %), -17 %]</p> <p>02 Meat & Edible offals... *[R213 mill (2,8 %), -4 %]</p> <p>15 Fats and oils... *[R177 mill (2,3 %), -2 %]</p> <p>06 Live trees, bulbs, roots... *[R111 mill (1,4 %), -2 %]</p> <p>E</p>
	<p>Low Share (98% of exports) >50 mill (to 100 mill)</p> <p>18 Cocoa and Cocoa prep.... *[R68 mill (0,9 %), 40 %]</p> <p>16 Prep. Of Meat, fish... *[R53 mill (0,7 %), 60 %]</p> <p>(29 Organic chemicals)... *[R2 mill (0,03 %), 62 %]</p> <p>21 Miscellaneous preparations (97 data)</p> <p>C</p>	<p>24 Tobacco (97)</p> <p>D</p>	<p>21 Miscellaneous prep.... *[R92 mill (1,2 %), 5 %]</p> <p>33 Essential oils... *[R31 mill (0,4 %), 1 %]</p> <p>19 Prep. of Cereals, starch, milk.. *[R58 mill (0,8 %), 0 %]</p> <p>09 Coffee, tea, spices... *[R54 mill (0,7 %), - 1 %]</p> <p>E</p>	<p>23 Animal Feed... *[R66 mill (0,9 %), -28 %]</p> <p>F</p>

* [Share of total exports in Rand (% share), Growth in share %]

Note: If added up, the high-, medium- and low share categories count up to 70%, 90% and 98% of SACU exports respectively

Table 4.2 Growth in SACU exports per products 1992 to 1997

Product (2 HS code) and description	Average growth (%) (92-97)	Rank (92-97)	Growth (%) (96-97)	Rank (96-97)	R ' 000 000 avg. (92-97)	% of agric exports (92-97)
<i>>1% of agricultural exports</i>						
High growth						
10 Cereals	199	1	-25	14	957	1.50
17 Sugar confectionery	91	2	-6	12	722	8.68
07 Vegetables..	82	3	83	1	304	3.65
18 Cocoa and cocoa preparations	67	4	35	2	86	1.03
21 Miscellaneous edible preparations	52	5	23	4	139	1.67
22 Beverages, spirits and vinegar	47	6	-8	13	906	0.89
Medium growth						
12 Oilseeds and oleaginous fruit..	32	7	16	5	148	1.78
04 Dairy..	28	8	11	6	156	1.87
11 Milling products..	20	9	-31	15	228	2.74
Low growth						
41 Raw hides and skins..	18	10	-2	11	340	4.09
06 Live trees..plants..	17	11	6	8	118	1.42
08 Fruit & nuts..	12	12	30	3	2086	5.06
20 Preparations of vegetables..	12	13	8	7	930	1.17
Very Low growth						
15 Animal and vegetable fats & oils	10	14	3	9	198	2.38
02 Meat...	7	15	-32	16	225	2.70
51 Wool, animal hair..	4	16	0	10	379	4.55
<i><1% of agricultural exports</i>						
43 Furskins..	603		-94		0.2	0.00
50 Silk	357		8		0.4	0.00
52 Cotton	110		481		10	0.12
53 Vegetable textile fibres..	103		-31		0.06	0.00
14 Vegetable plaiting material..	88		-11		2	0.02
29 Organic chemicals	87		7		1	0.01
01 Live animals	55		141		33	0.40
09 Coffee & tea & spices	32		80		69	0.83
16 Preparations of meat	32		103		20	0.24
33 Essential oils...	26		-23		19	0.23
13 Lac; gums..	26		99		13	0.16
24 Tobacco	22		41		69	0.83
19 Preparations of cereals..	18		12		66	0.79
05 Products of animal origin..	16		41		27	0.32
38 Miscellaneous chemical products	11		46		0.1	0.00
35 Albuminoidal substances..	0		-24		9	0.11

Table 4.3 Growth in share of agricultural exports (SACU figures 1992 to 1996)

4 TARIFF CODE

	High growth > 25 %	Medium growth 10 – 25 %	Low growth 0 – 10 %	Negative growth < 0 %
High Share (70% of exports) > 100 million	1005 Maize (Corn)... *[R840 mill (10,9 %), >100 %] 1701 Sugar... *[R556 mill (7,2 %), 29 %] 2204 Wine... *[R397 mill (5,1 %), 43 %] 2207 Ethyl alcohol... *[R264 mill (3,4 %), 92 %] A	1101 Wheat flour... *[R115 mill (1,5 %), 8,9 %] B	4102 Raw skins of sheep... *[R190 mill (2,5 %), 2,8 %] 2203 Beer... *[R168 mill (2,2 %), 1,9 %] 4101 Raw hides and skin... *[R107 mill (1,4 %), -1,7 %] C	0805 Citrus #[8.6 %,-13 %] 0808 Apples, pears #[7 %, -15 %] 2008 Fruit, nuts #[7 %, -8 %] 0806 Grapes #[5.7 %, -2 %] 5101 Wool #[3.8 %, -18 %] 2009 Fruit juices #[3.3 %, -8 %] 0201 Meat #[1.4 %, -13 %] D
Medium Share (80% of exports) > 50 million	0703 Onion, garlic... *[R757 mill (1 %), >100 %] 2402 Cigars... *[1 %, >100 %] 1806 Chocolate... *[R66 mill (0,9 %), 42 %] 1103 Cereal groats... *[R59 mill (0,8 %), >100 %] 0202 Meat of bovine animals, Frozen... *[R50 mill (0.7 %, 18 %] B	0402 Condensed Milk and cream... *[R85 mill (1,1 %), 12 %] 1512 Sunflower... *[R58 mill (0,8 %), 14 %] C	1202 Groundnuts... *[R72 mill (1 %), 7 %] 5102 Animal hair... *[R55 mill (0,7 %), 5 %] 2401 Tobacco... *[R53 mill (0,7 %), 5 %] D	0804 Fruit (dates, figs, pineapples, ...) #[1,1 %, -6 %] 0800 Apricots, cherries, ... #[1.1 %, -18 %] 2202 Waters...#[1 %, -9 %] 0603 Cut flowers...#[0.8 %, -3 %] 1704 Sugar confectionery... #[0.8 %, -6 %] E
Low Share (90% of exports) > 20 million	0807 Melons... *[R26 mill (0,3 %), >100 %] 1703 Molasses... *[R25 mill (0,3 %), 45 %] C	0207 Meat... *[R22 mill (0,3 %), 11%] D	2106 Food prep... #[0.6 %, 1 %] 2007 Jams, jellies... #[0.5 %, 7 %] 2208 Ethyl alcohol... #[0.5 %, 9 %] 3301 Essential oils... #[0.4 %, 1 %] 0604 Foliage... #[0.3 %, 7 %] 0813 Fruit, dried ... #[0.3 %, 1 %] E	0710 Vegetables... #[0.5 %, -12 %] 1905 Bread, cakes, #[0.5 %, -3 %] 2005 Other vegies.. #[0.4 %, -5 %] 904 Pepper... #[0.4 %, -1 %] 1508 Groundnut oil... #[0.4 %, -14 %] (2304 oilcake?)... #[0.3 %, -23 %] 1209 Seeds ... #[0.3 %, -8 %] 1517 Margarine... #[0.3 %, -12 %] (0505 Skins?)... #[0.3 %, -8 %] F

* [Share of total exports in Rand (% share), Growth in Share %]
[% Share, Growth in share %]

Note: If added up, the high-, medium- and low share categories count up to 70%, 80% and 90% of SACU exports respectively

Table 4.4 Growth in share of agricultural exports (SACU figures 1992 to 1996)

6 TARIFF CODE

	High growth > 25 %	Medium growth 10 – 25 %	Low growth 0 – 10 %	Negative growth < 0 %
High Share (70% of exports) >50 million rand	100590 Maize (Other)...*[10,2, >100%] 170111 Cane Sugar ..*[5,8%, 31%] 220421 Wine (<2 l) ..*[3,1%, >100%] 220720 Ethyl alcohol, spirits ..*[3%, >100%] 100510 Maize seed ...*[1,8%, >100%] 070310 Onions and shallots ..*[1,1%, >100%] 240220 Cigarettes ...*[1%, >100%] 220710 Undenatured ethyl alcohol ...*[3%, >100%] A	170199 Sugar (Other) ...*[2,1 %, 18 %] 200990 Mixtures of juices*[1%, 12 %] 220210 Waters ...*[0,8 %, 13 %] B	080610 Fresh grapes ..*[5 %, 1 %] 220300 Beer from Malt ..*[2,4 %, 1 %] 220429 Wine (Other) ..*[2,3 %, 9 %] 080540 Grapefruit ..*[2 %, 1 %] 110100 Wheat or meslin flour ...*[1,6 %, 8 %] 120220 Groundnuts ...*[0,8 %, 0 %] C	080510 Oranges ..*[6,6 %, -10 %] 080810 Apples ..*[5,5 %, -13 %] 080820 Pears and quinces ..*[2,3 %, -14%] 200870 Peaches ..*[2,2 %, - 9 %] 200892 Fruit, nut mixtures ..*[2,1 %, -3%] 020130 Meat of bovine, Boneless ..*[1,5 %, -15 %] 080620 Dried grapes ..*[1,3 %, -7 %] 200970 Apple juice ..*[1 %, -7 %] 200840 Pears ..*[1 %, - 18 %] 200850 Apricots ..*[1 %, - 7 %] 200820 Pineapples ..*[0,9 %, -14 %] D
Medium Share (80% of exports) >25 mill	110313 Cereal (groats) of maize ..*[0,7 %, 100 %] 180690 Chocolate (other) ..*[0,6 %, 20 %] 040229 Milk and cream (other) ..*[0,4 %, 31 %] B	020230 Boneless meat, frozen ..*[0,7 %, 18 %] 220799 Ethyl alcohol ..*[0,7 %, 24 %] 240110 Tobacco ..*[0,5 %, 19 %] C	210690 Food preparation (other) ..*[0,7 %, 0 %] 200980 Juice of single fruit ..*[0,4 %, 3 %] D	080940 Plums and sloes ..*[0,8 %, -3 %] 060310 Cut flowers ..*[0,7 %, -5 %] 151219 Sunflower, cotton seed oil ..*[0,7 %, -6 %] 170490 Sugar confectionary (other) ..*[0,6 %, -2 %] 080440 Avocados ..*[0,8 %, -7 %] 080530 Lemons and limes ..*[0,6 %, -23 %] 200960 Grape juice ..*[0,5 %, -15 %] 190530 Biscuits, waffles, wafers..*[05 %, -7 %] 071080 Other vegetables ..*[0,4 %, -18 %] 150890 Groudnut oil ..*[0,4 %, - 18 %] 090420 Fruits ..*[0,4 %, -8 %] E
Low Share (90% of exports) >10 million rand	170310 Cane molasses ..*[0,3%, 58%] 040221 Milk and cream..*[0,3%, 25%] 020890 Other meat ..*[0,3%, 33%] 100700 Grain sorghum ..*[0,3%, >100%] 080520 Mandarins ..*[0,2%, 61%] 100300 Barley ..*[0,2%, >100%] 240120 Tobacco ..*[0,2%, 25%] 180620 Chocolate (Other) ..*[0,2%, >100%] 120600 Sunflower seed ..*[0,2%, >100%] 120210 Groundnuts in shell ..*[0,2%, >100%] 200819 Fruit, nut (other) ..*[0,2%, >100%] 230690 Oilcake (other) ..*[0,2%, 62%] 060110 Bulbs, tubers ..*[0,2%, 1%] 220830 Whiskies ..*[0,2%, >100%] 151211 Crude oil ..*[0,2%, >100%] C	080290 Other nuts ..*[0,2%, 14%] 220410 Sparkling Wine ..*[0,2%, 11%] 070190 Other potatoes ..*[0,2%, 23%] 040299 Milk and cream (other) ..*[0,2%, 17%] 060390 Cut flowers (other) ..*[0,2%, 12%] D	060499 Foliage (other) ..*[0,3%, 9%] 080450 Guavas, mangoes ..*[0,3%, 0%] 081310 Apricots ..*[0,2%, 1%] 151710 Margarine ..*[0,2%, 0%] 010600 Live animals (other) ..*[0,2%, 6%] E	200940 Pineapple juice ..*[0,4%, -23%] 230400 Oilcake ..*[0,4%, -24%] 080930 Peaches, incl nectarines... 200830 Citrus fruit ..*[0,3%, -10%] 040210 Milk and cream (powder) 200540 Asparagus ..*[0,3%, -15%] 050590 Other skins ..*[0,3%, -8%] 220890 Undenatured ethyl alcohol (other) ..*[0,3%, -3%] 230990 Preparations – animal feeding ..*[0,2%, -1%] 170410 Chewing gum ..*[0,2%, 0%] 120991 Vegetable seeds ..*[0,2%, -3%] 150200 Fats ..*[0,2%, -14%] 200920 Grapefruit juice ..*[0,2%, -21%] 110220 Maize flour ..*[0,2%, -6%] 160250 Prepared, preserved meat (bovine) ..*[0,2%, -6%] F

* [Share of total exports %, Growth in share]

Note: If added up, the high-, medium- and low share categories count up to 70%, 80% and 90% of SACU exports respectively

Table 4.5 Classification according to growth and share performance (A, B, C, D or E) on a 2 HS code, 4 HS code and 6 HS code respectively

A

22 Beverages, Spirits and Vinegar (A) (IV PREPARED FOOD)	2208 Ethyl alcohol (E)	220890 Undenatured ethyl alcohol (F) 220830 Whiskies (C)
	2204 Wine (A)	220410 Sparkling wine (D) 220429 Wine (other) (C) 220421 Wine (<2 l) (A)
	2207 Ethyl alcohol (A)	220799 Ethyl alcohol (C) 220720 Ethyl alcohol, Spirits (A) 220710 Undenatured ethyl alcohol (A)
	2203 Beer (C)	220300 Beer from malt (C)
	2202 Water (E)	220210 Waters (B)
10 Cereals (A) (II VEGETABLES)	1005 Maize (A)	100590 Maize (other) (A) 100510 Maize seed (A)
		100700 Grain sorghum (C) 100300 Barley (C)

Table 4.6 Classification according to growth and share performance (A, B, C, D or E) on a 2HS code, 4HS code and 6HS code respectively

B

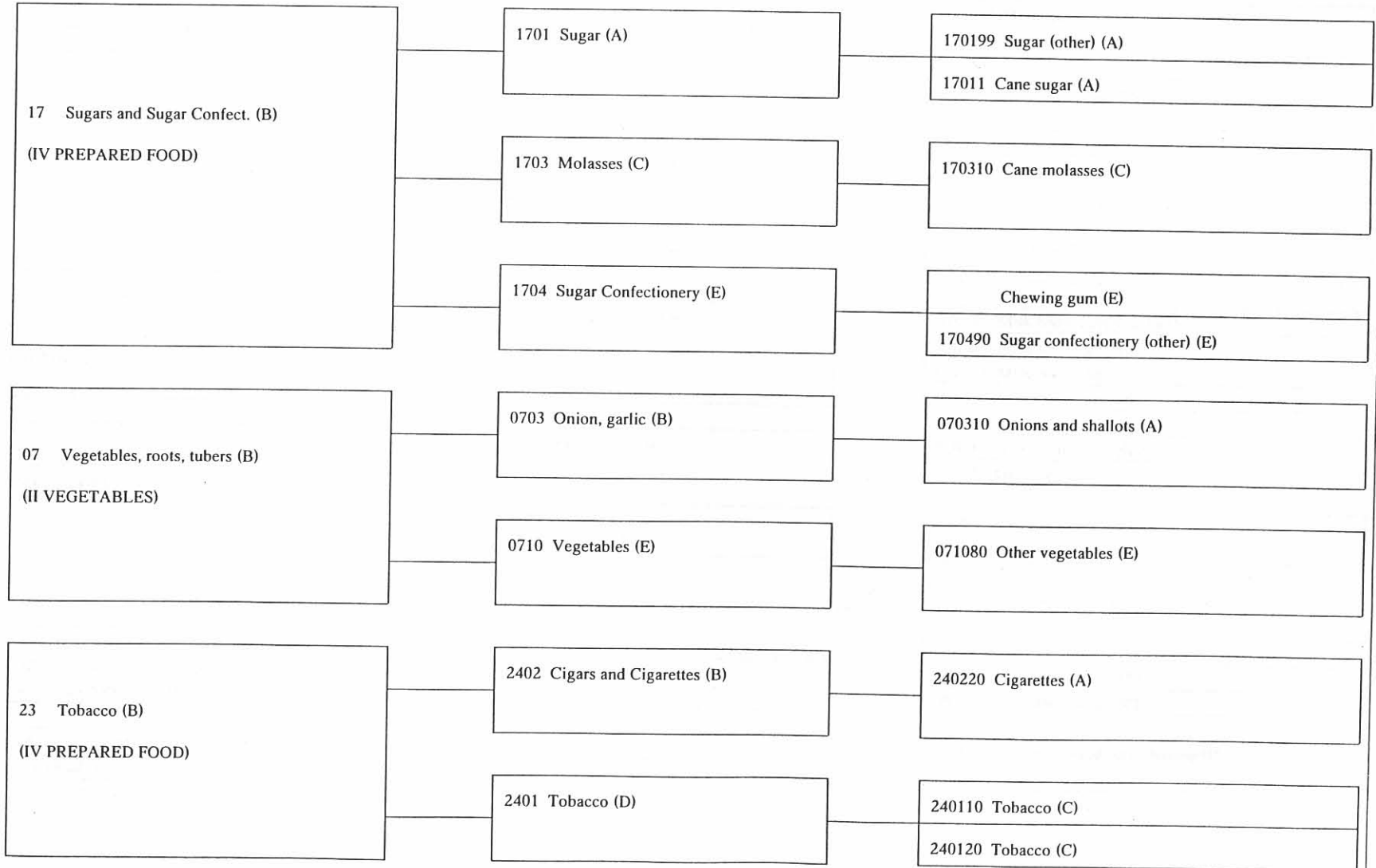


Table 4.7 Classification according to growth and share performance (A, B, C, D or E) on a 2HS code, 4HS code and 6HS code respectively

C

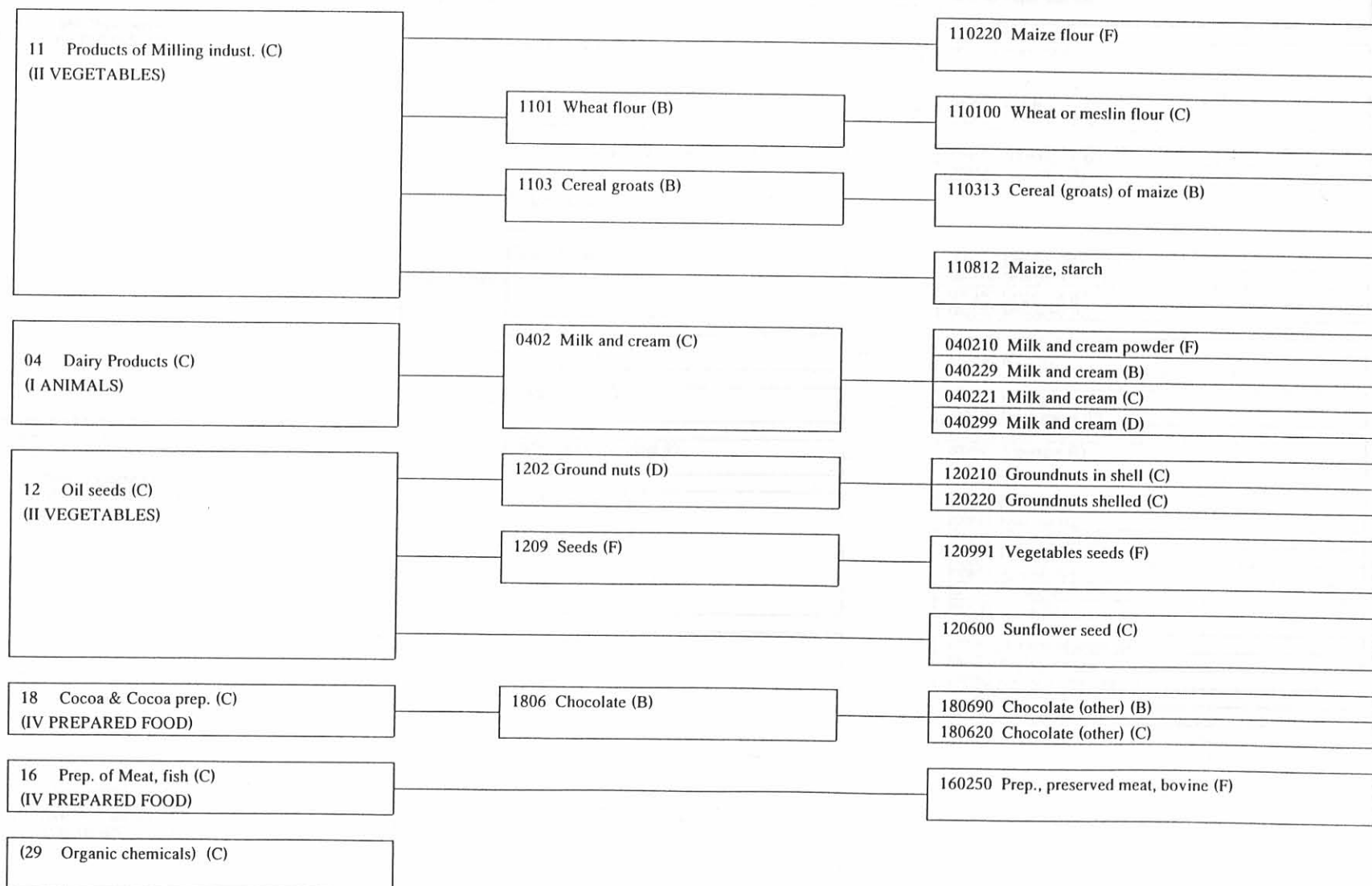


Table 4.8 Classification according to growth and share performance (A, B, C, D or E) on a 2HS code, 4HS code and 6HS code respectively

D	08 Edible Fruit, nuts (D) (II VEGETABLES)		080290 Other nuts (D)
		0813 Fruit, dried (E)	081310 Apricots (E)
		0809 Apricot, cherries (E)	080930 Peaches (F)
			080940 Plums and sloes (E)
		0804 Fruit (dates, figs, pineapples) (E)	080450 Guavas, mangoes (E)
			080440 Avocados (E)
		0807 Melons (C)	
		0805 Citrus (D)	080530 Lemons and limes (E)
			080510 Oranges (D)
			080540 Grapefruit (C)
	19 Prep. of vegetables, fruit, nut (D) (IV PREPARED FOOD)		080520 Mandarins (C)
		0808 Apples and pears (D)	080810 Apples (D)
			080820 Pears (D)
		0806 Grapes (D)	08060 Fresh grapes (C)
			080620 Dried grapes (D)
		2005 Other vegetables (F)	200560 Asparagus (F)
		2008 Fruit, nut (D)	200870 Peaches (D)
			200819 Fruit, nut (C)
			200892 Mix fruit, nut (D)
			200840 Pears (D)
	41 Raw hides and skins (D) (VIII HIDES / SKINS)		200850 Apricots (D)
			200820 Pineapples (D)
			200830 Citrus (E)
		2009 Fruit juices (D)	200990 Mixtures of juices (B)
			200970 Apple juice (D)
			200980 Juice of single fruit (D)
			200960 Grape juice (E)
			200940 Pineapple juice (F)
			200920 Grapefruit juice (F)
		2007 Jams, jellies (E)	
	41 Raw hides and skins (D) (VIII HIDES / SKINS)	4102 Raw skins of sheep (C)	
		4101 Raw hides and skin (C)	

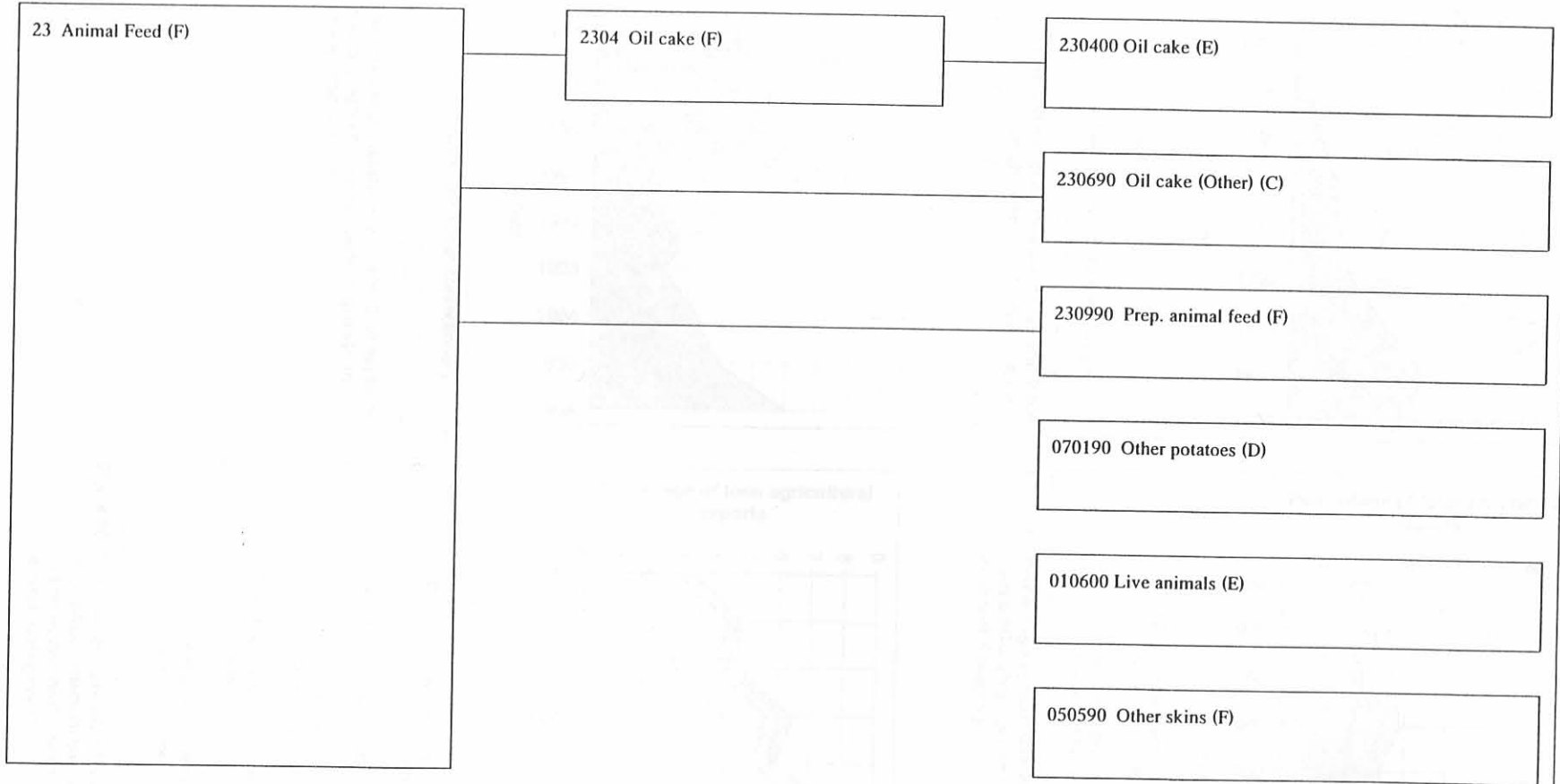
Table 4.9 Classification according to growth and share performance (A, B, C, D or E) on a 2HS code, 4HS code and 6HS code respectively

83

51 Wool, hair (E) (XI TEXTILES)	5101 Wool (D)	
	5102 Animal hair (D)	
02 Meat and edible offal (E) (I ANIMALS)	0202 Meat of bovine, frozen (B)	020230 Boneless meat, frozen (C)
	0201 Meat (D)	020130 Meat of bovine, boneless (D)
	0207 Meat (D)	
		020890 Other meat (C)
15 Fats and oils (E) (III FATS and OILS)		150200 Fats (F)
	1512 Sunflower (C)	151211 Crude oil (C)
		151219 Sunflower, cotton oil (E)
	1508 Groundnut oil (F)	150890 Groundnut oil (E)
	1517 Margarine (F)	151710 Margarine (E)
05 Live trees, bulbs, roots (E) (II VEGETABLES)	0603 Cut flowers (E)	060310 Cut flowers (E)
		Cut flowers (D)
	0604 Foliage (E)	060499 Foliage (E)
		060110 Bulbs, tubers (C)
20 Miscellaneous prep. (E) IV PREPARED FOOD	2106 Food prep. (E)	210690 Food prep. (D)
33 Essential oils (E) (VI CHEMICALS)	3301 Essential oils (E)	
19 Prep. of cereals, starch, milk (E) (IV PREPARED FOOD)	1905 Bread, cakes (F)	190530 Biscuits, waffles, wafers (E)
09 Coffee, tea, spices (E) (II VEGETABLES)	0904 Pepper (F)	090420 Fruit (E)

Table 4.10 Classification according to growth and share performance (A, B, C, D or E) on a 2HS code, 4HS code and 6HS code respectively

F



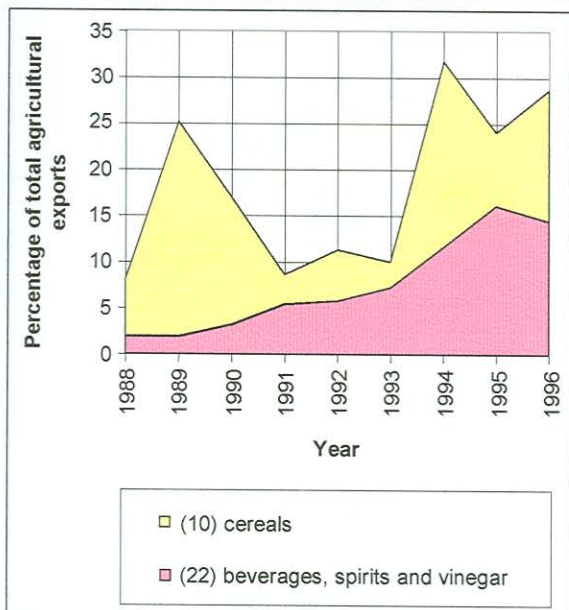


FIG. 4.7 Percentage agricultural exports (2 tariff code) from SACU. (high share and high growth in share). Category A

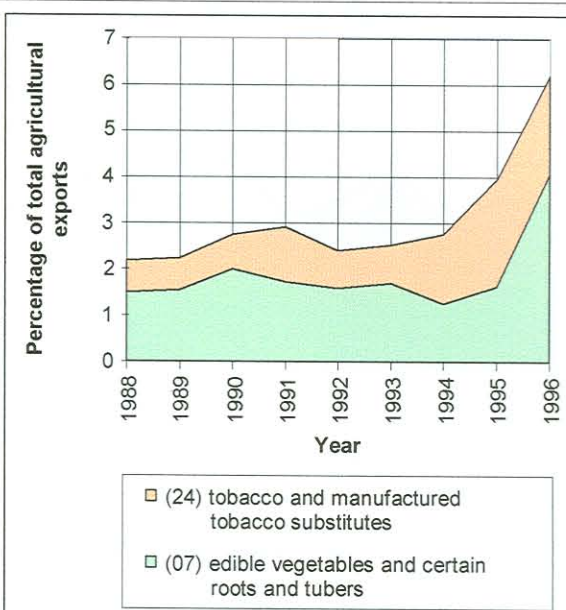


FIG. 4.8 Percentage agricultural exports (2 tariff code) from SACU. (high growth and medium growth in share). Category B

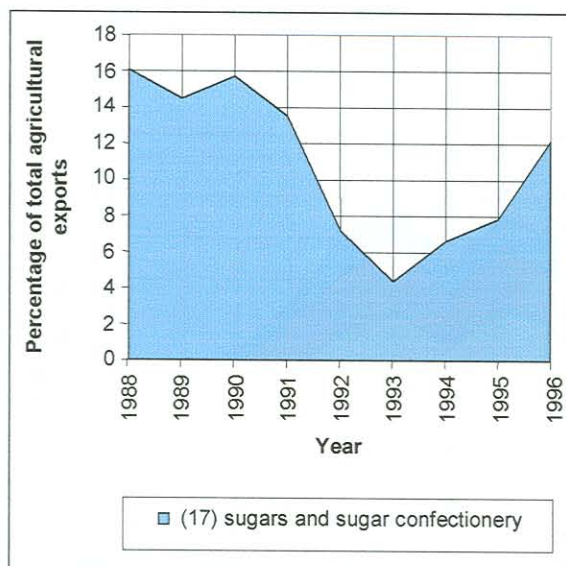


FIG. 4.9 Percentage agricultural exports (2 code) from SACU. (high share and medium growth in share). Category B

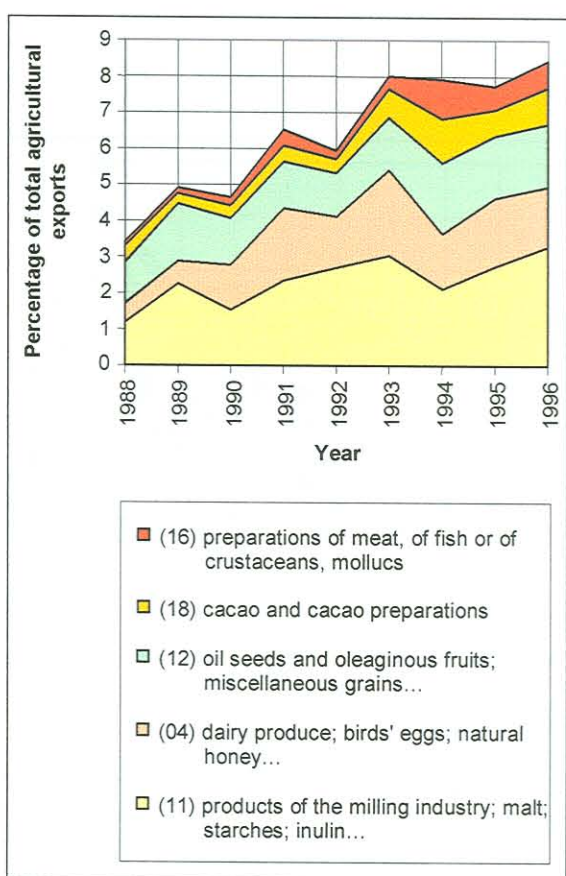


FIG. 4.10 Percentage agricultural exports (2 tariff code) from SACU. (medium share and medium growth in share, and high share and low growth in share). Category C

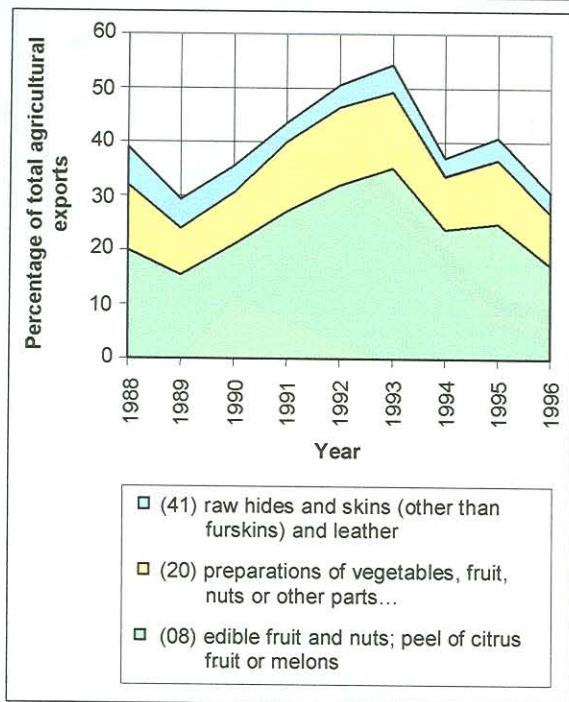


FIG. 4.11 Percentage agricultural exports (2 tariff code) from SACU. (high share and negative growth in share, and medium share and low growth in share). Category D

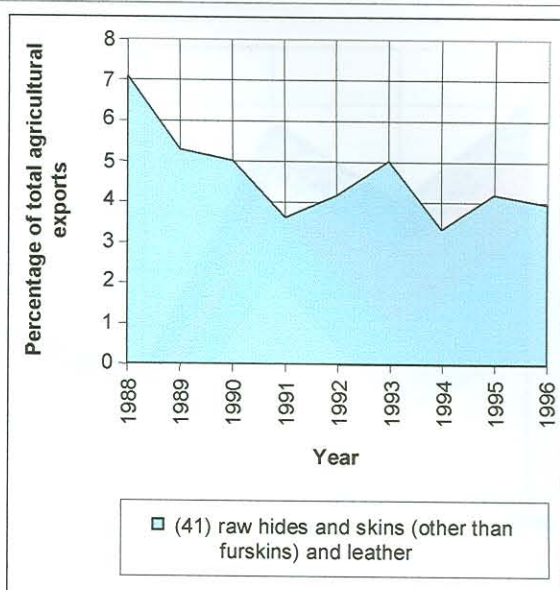


FIG. 4.11.1 Percentage agricultural (2 tariff code) from SACU. (high share and low growth in share). Category D

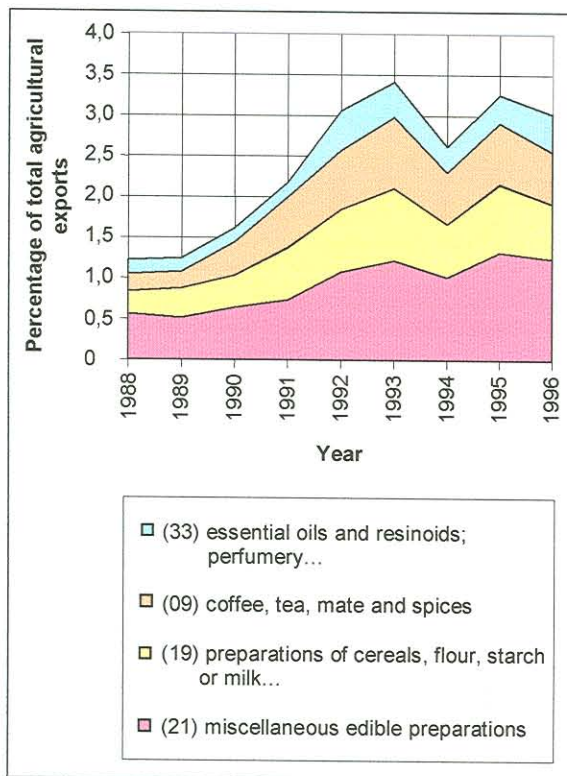


FIG. 4.12 Percentage agricultural exports (2 tariff code) from SACU. (medium share and low growth in share). Category E

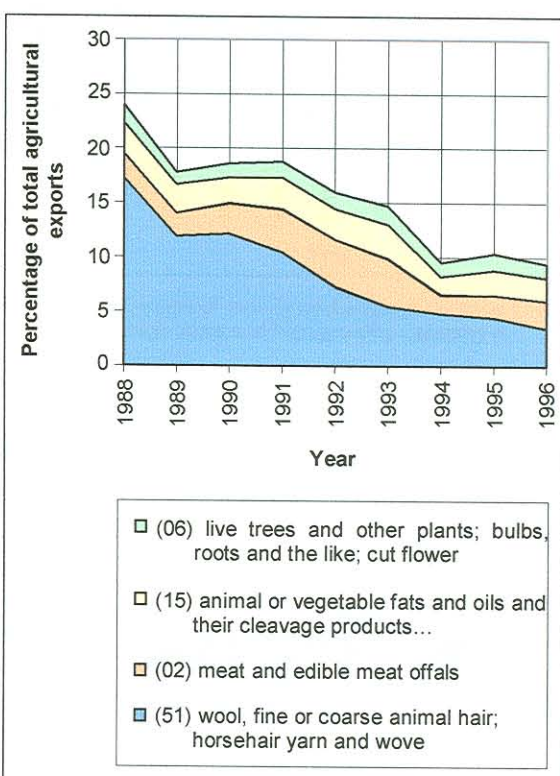


FIG. 4.13 Percentage agricultural exports (2 tariff code) from SACU. (medium share and negative growth in share). Category E

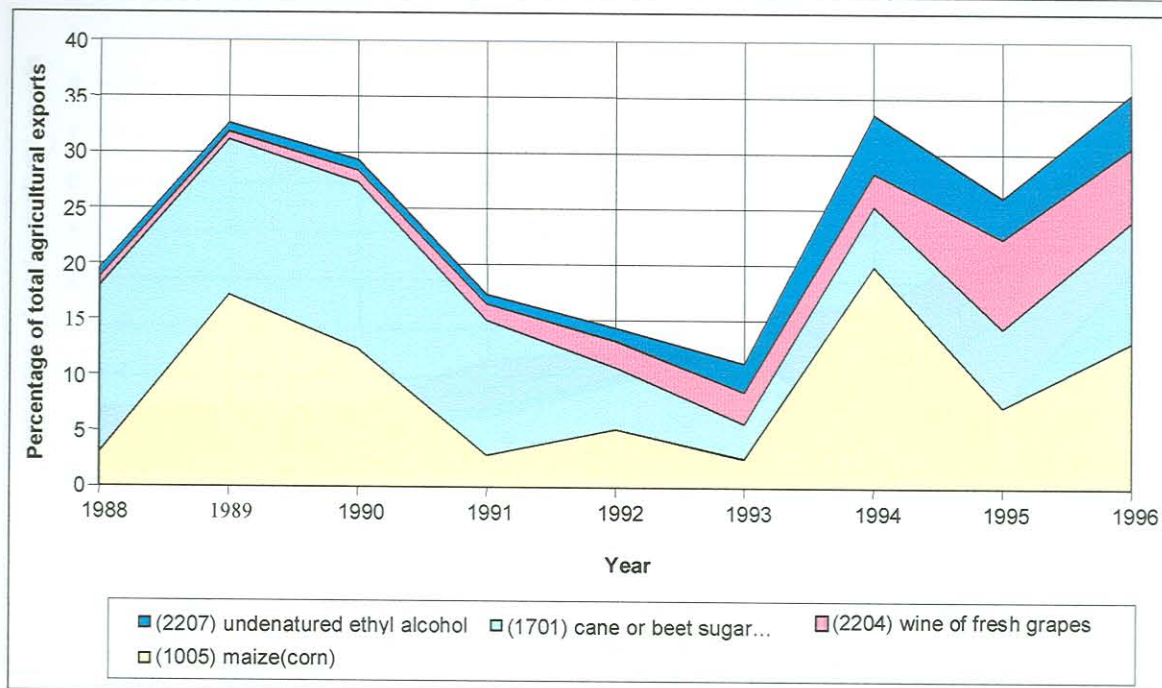


FIG. 4.14 Agricultural exports (4 tariff code) from SACU. (high share and high growth in share). Category A

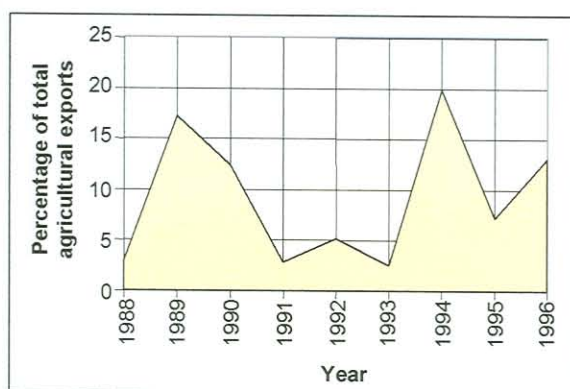


FIG. 4.14.1 Exports of Maize (corn) (tariff code 1005). (high share and high growth). Category A

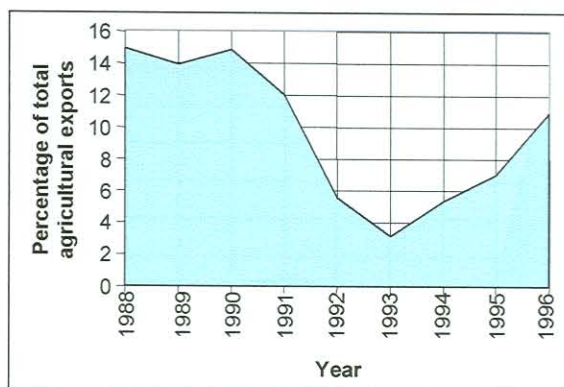


FIG. 4.14.2 Exports of cane or beet sugar (tariff code 1701). (high share and high growth). Category A

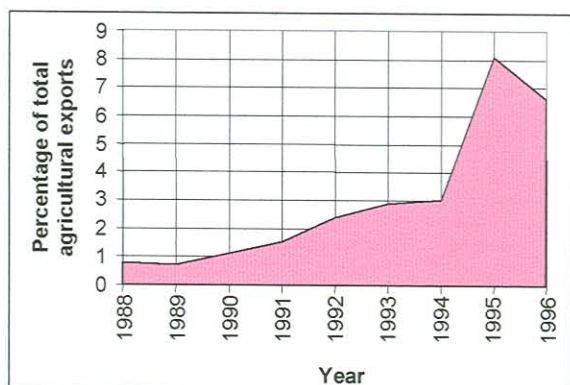


FIG. 4.14.3 Exports of wine of fresh grapes (tariff code 2204). (high share and high growth). Category A

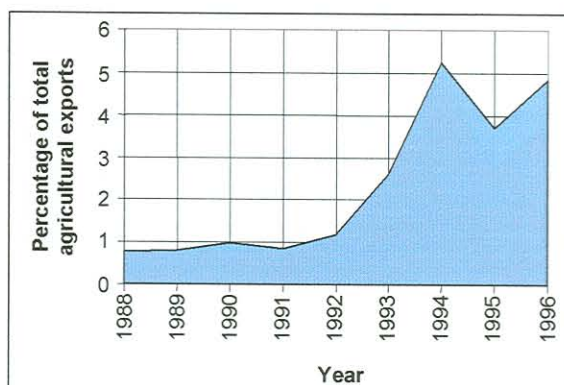


FIG. 4.14.4 Exports of undenatured ethyl alcohol (tariff code 2207). (high share and high growth). Category A

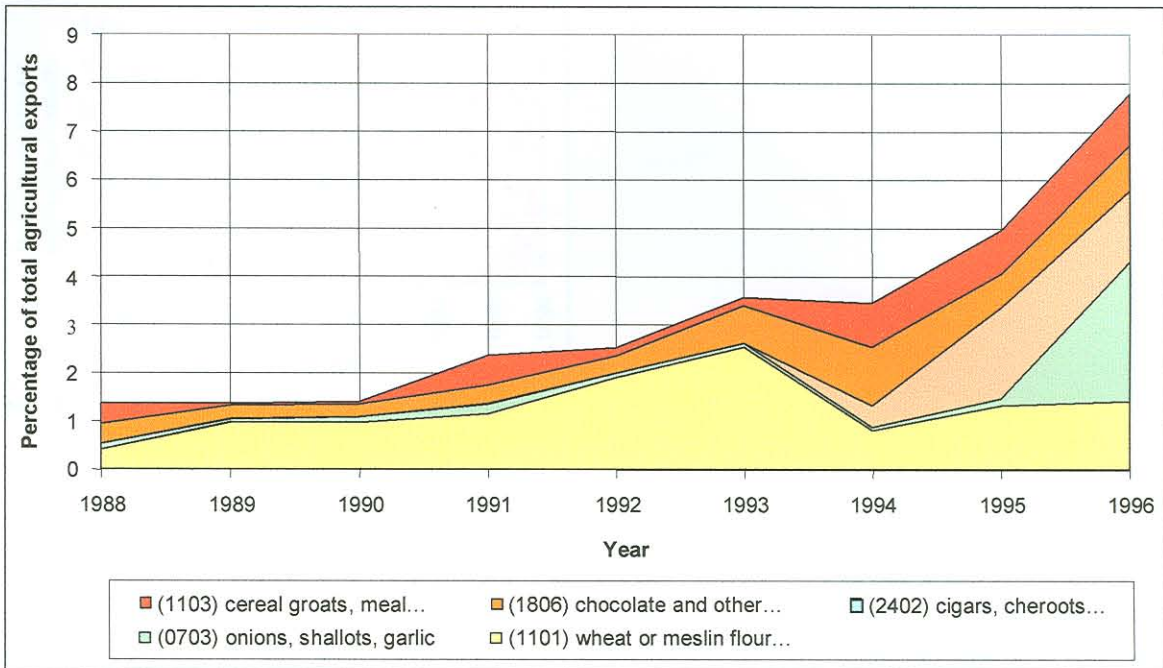


FIG. 4.15 Percentage agricultural exports (4 tariff code) from SACU. (high share and medium growth in share and medium share and high growth in share). Category B

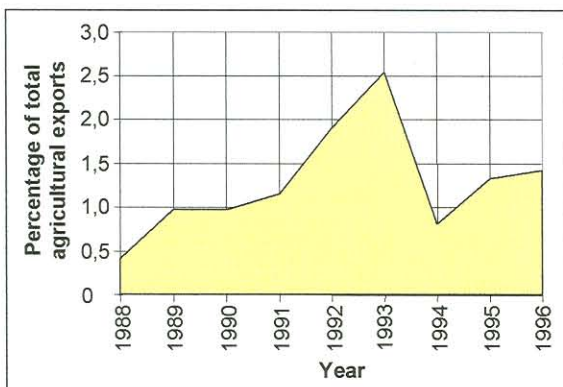


FIG. 4.15.1 Exports of wheat or meslin flour (tariff code 1101). (high share and medium growth in share)

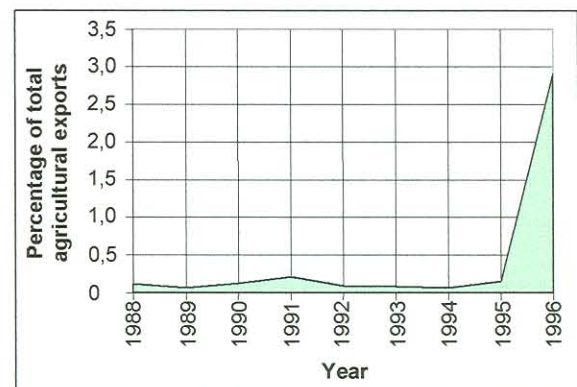


FIG. 4.15.2 Exports of onions, shallots and garlic (tariff code 0703). (high share and high growth in share)

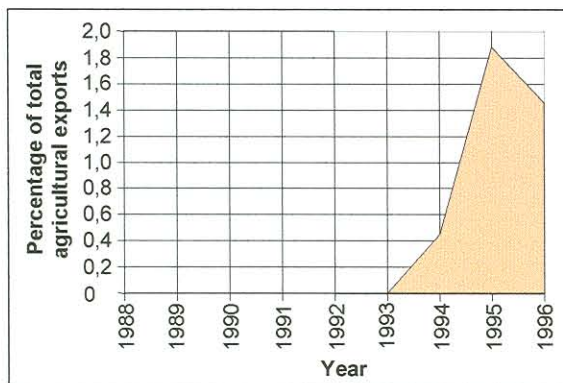


FIG. 4.15.3 Exports of cigars, cheroots (tariff code 2402). (medium share and high growth in share)

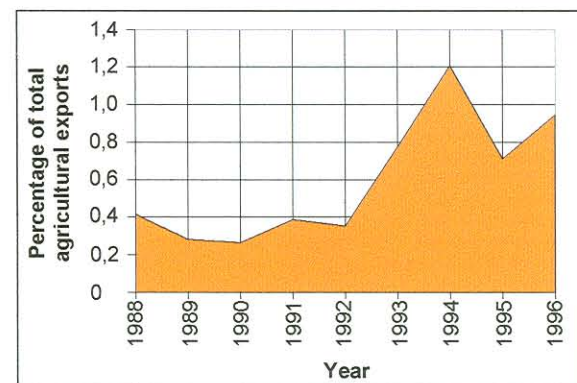


FIG. 4.15.4 Exports of chocolate and other (tariff code 1806). (medium share and high growth in share)

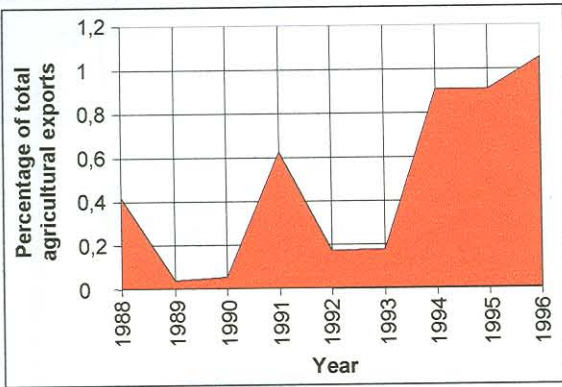


FIG. 4.15.5 Exports of cereal groats, meal (tariff code 1103). (medium share and high growth in share)

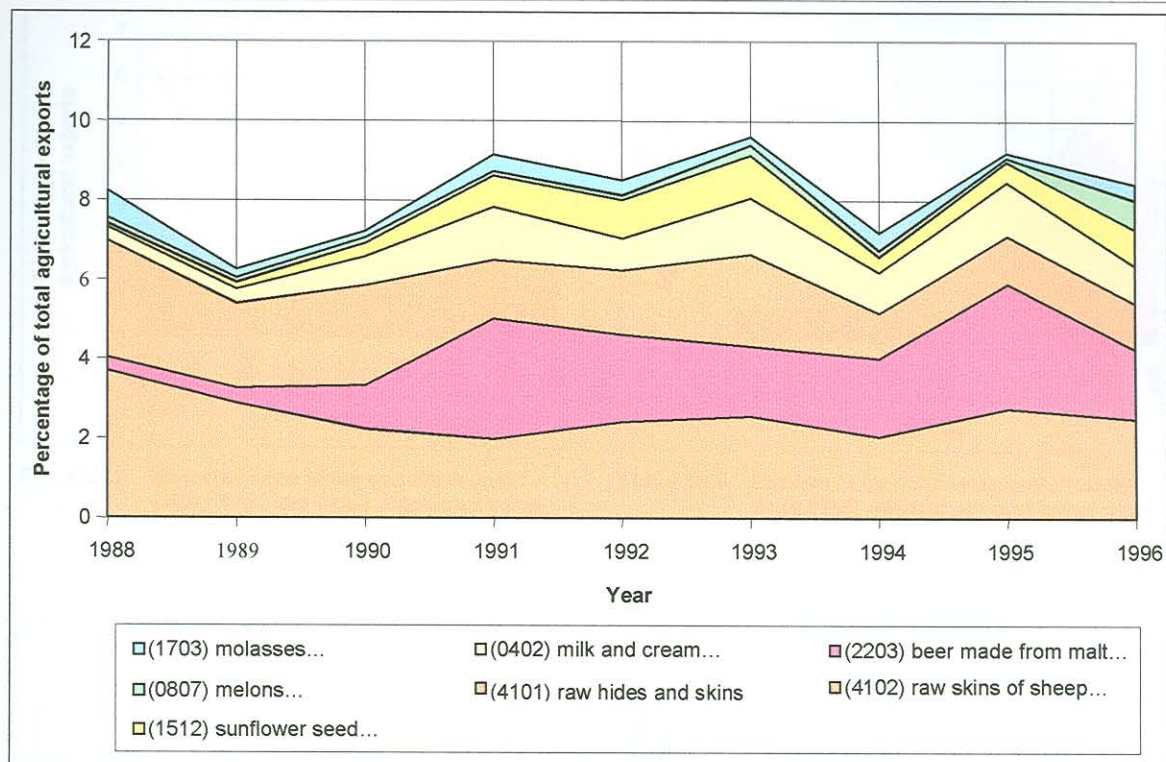


FIG. 4.16 Percentage agricultural exports (4 tariff code) from SACU. (high share and low growth in share, medium share and medium growth in share and low share and high growth in share). Category C

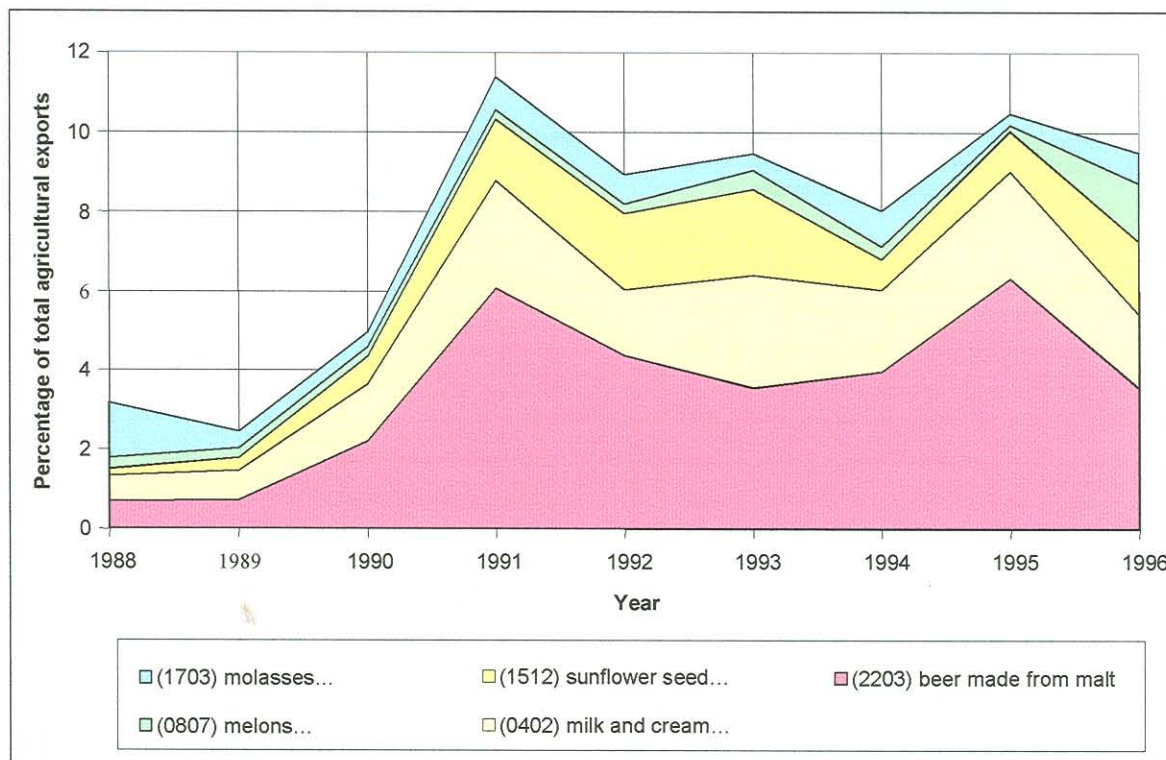


FIG. 4.16.1 Percentage agricultural exports (4 tariff code) from SACU. Category C (excluding Raw skins)

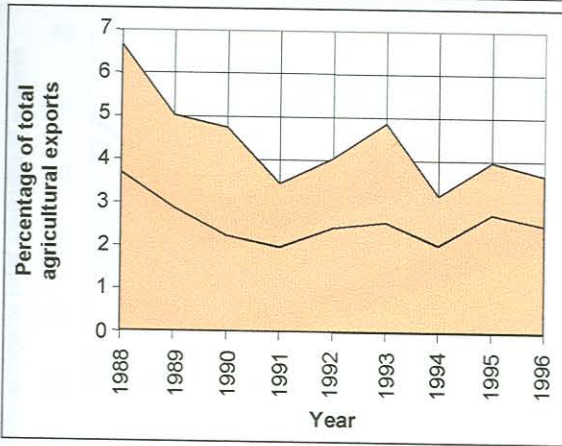


FIG. 4.16.2 Exports of raw hides and skins (tariff codes 4101 and 4102). (high share and low growth in share). Category C)

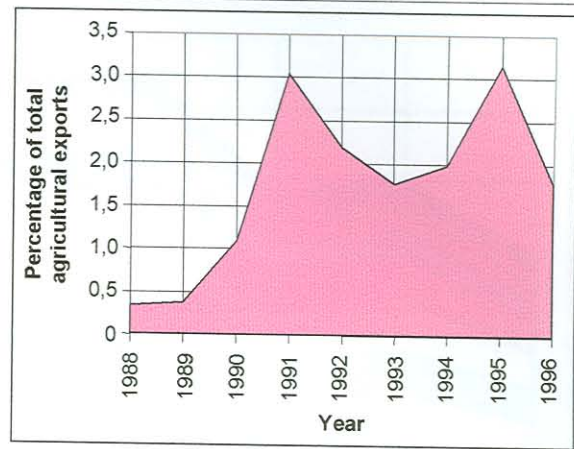


FIG. 4.16.3 Exports of beer made from malt (tariff code 2203). (high share and low growth in share). Category C

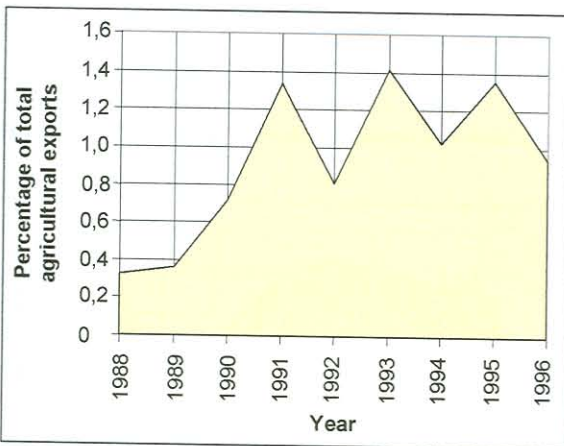


FIG. 4.16.4 Exports of condensed milk and cream (tariff code 0402). (medium share and medium growth in share). Category C

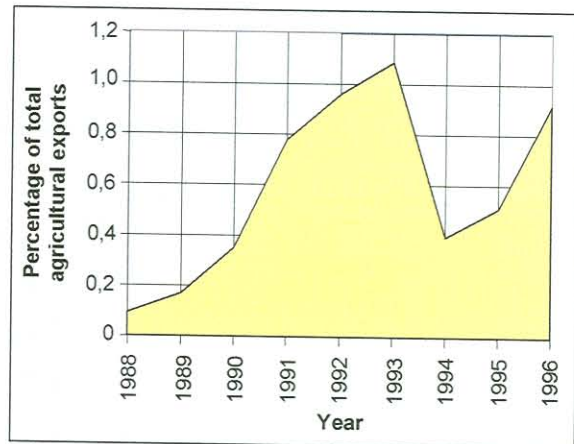


FIG. 4.16.5 Exports of sunflower... (tariff code 1512). (medium share and medium growth in share). Category C

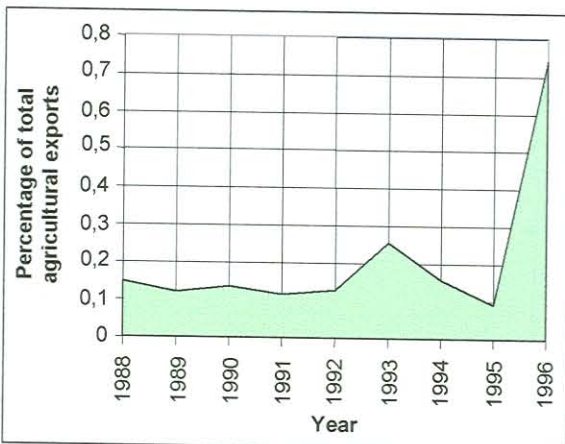


FIG. 4.16.6 Exports of melons (tariff code 0807). (low share and high growth in share). Category C

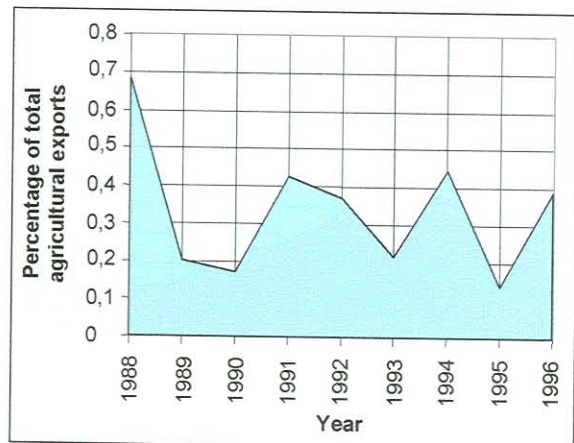


FIG. 4.16.6 Exports of molasses (tariff code 1703). (low share and high growth in share). Category C

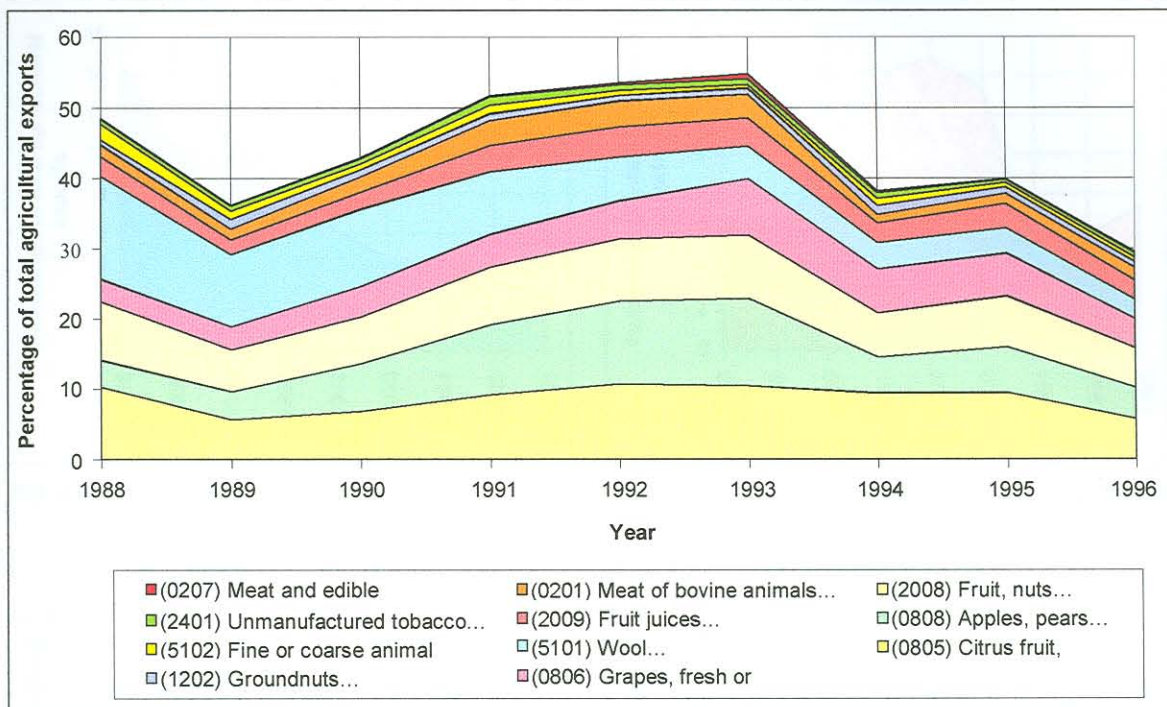


FIG. 4.17 Percentage agricultural exports (4 tariff code) from SACU. Category D

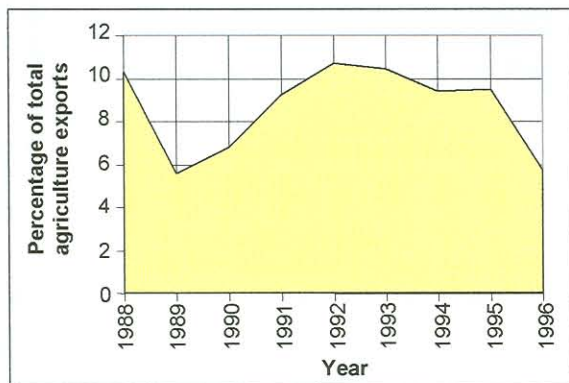


FIG. 4.17.1 Exports of citrus fruit,...(tariff code 0805). Category D

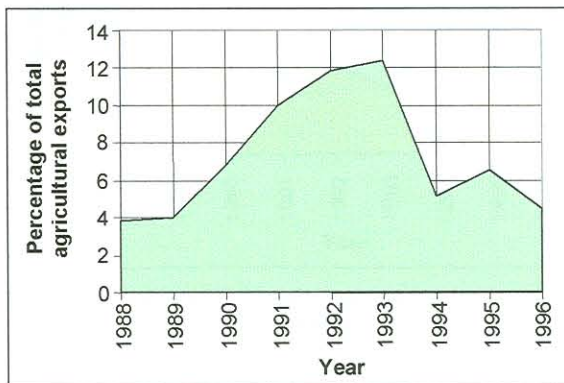


FIG. 4.17.2 Exports of apples, pears...(tariff code 0808) Category D

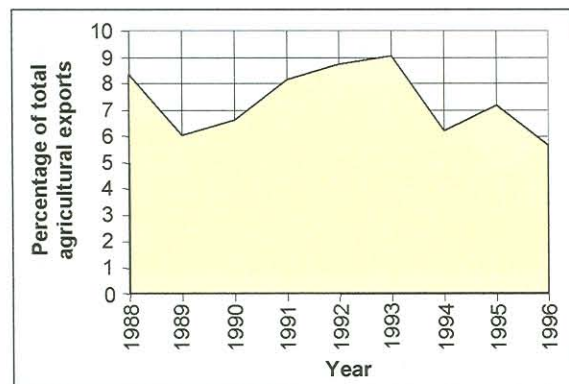


FIG. 4.17.3 Exports of fruit, nuts...(tariff code 2008) Category D

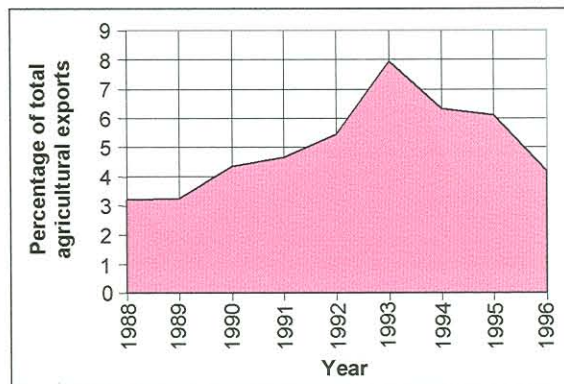


FIG. 4.17.4 Exports of grapes,...(tariff code 0806) Category D

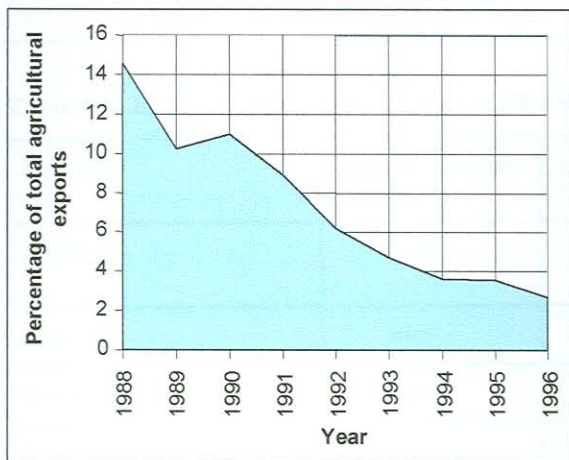


FIG. 4.17.5 Exports of wool,...(tariff code 5101)
Category D

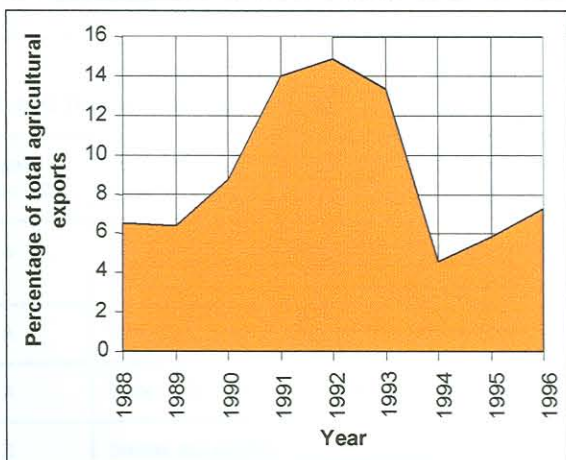


FIG. 4.17.6 Exports of meat of bovine...(tariff code 0201)
Category D

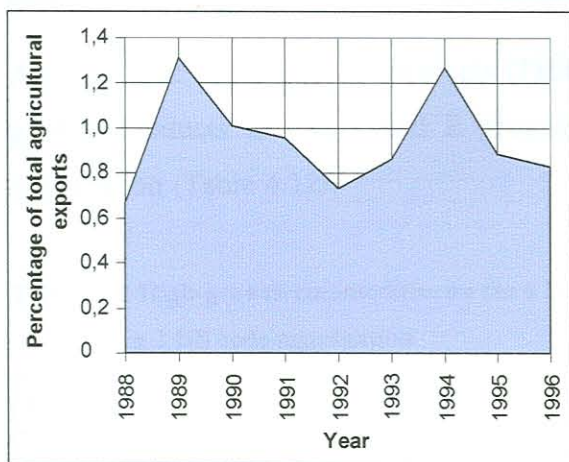


FIG. 4.17.7 Exports of groundnuts...(tariff code 1202)
Category D

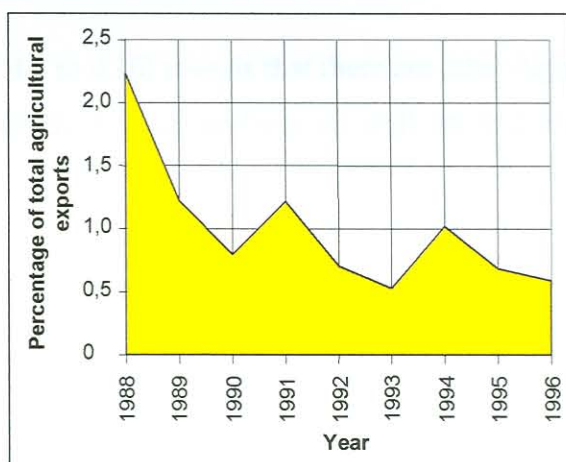


FIG. 4.17.8 Exports of fine or coarse animal hair...(tariff code 5102). Category D

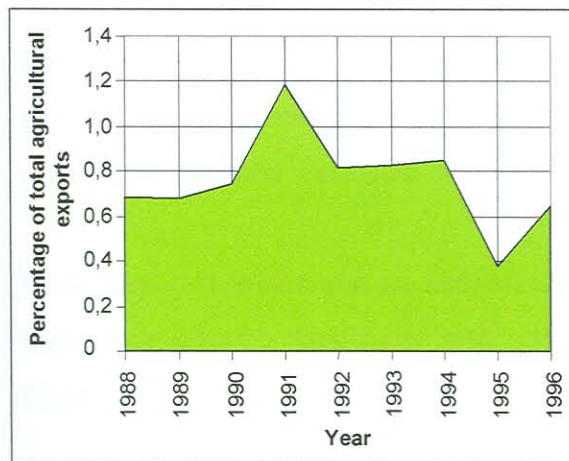


FIG. 4.17.9 Exports of unmanufactured tobacco...(tariff code 2401) . Category D

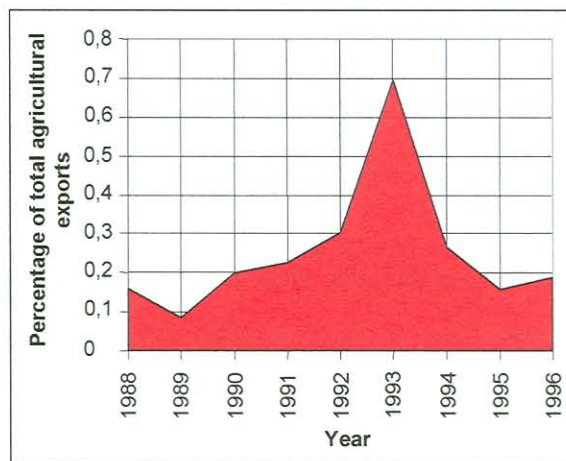


FIG. 4.17.9 Exports of meat and edible offal...(tariff code 0207) . Category D

Table 4.11 High-growth commodities on a 2 HS code and further dis-aggregation

2 HS Code	Share in agriculture exports	Category (Table 4.2)	Dis-aggregated products description (Tables 4.5, 4.6 and 4.7, on 4 HS and 6 HS code levels)
Cereals (10)	High	A	Maize (corn), maize seed, groats of maize, sorghum, barley
Sugar (17)	High	A	Cane sugar, cane molasses
Beverages (22)	High	A	Wine (<2l), ethyl alcohol, whiskies, mineral waters
Vegetables (07)	Medium	B	Onions and shallots
Cocoa products (18)	Low	C	Chocolate
Food preparations (21)	Low	C	Food preparations (miscellaneous)

A closer look at the 6 HS code levels (Tables 4.5 to 4.10) reveals that there are other high-growth products in the A and B groups, which did not perform so well on a 2 HS aggregation (Table 4.12).

Table 4.12 High-growth commodities on the 6 HS code which did not perform well on a 2 HS code aggregation

6 HS Code	Share of agriculture exports	Category
Cigarettes (240220)	High share	A
Milk and cream (040229)	Medium share	B
Mixtures of juice (200990)	Medium share	B

The products above are the high performers in the A and B groups at all three levels of aggregation for products above a threshold of approximately 1% of agriculture-export value. The threshold was taken on a 2 HS code aggregation from 1992 to 1997.

Other high performers that are not included above and that are below the 1% threshold are mandarins, tobacco, sunflower seed, groundnuts in shell, bulbs and tubers and crude oil (Tables 4.5 to 4.10).

4.2.2.2 *Middle-range performers (generally category C and D)*

Medium-growth performers on the 2 HS code level were (2 HS code in brackets) oilseeds and oleaginous fruit (12), dairy products (04), milling products (11), with growth of 20 to 35% (not deflated) (Tables 4.2 and 4.1). Low- to medium-growth performers were raw hides and skins (41), live trees and plants (06), fruit and nuts (08) and preparations of vegetables (20). At the low-growth end were animal- and vegetable fats and oils (15), meat (02) and wool (51) (Table 4.2).

From 1996 to 1997, sugar (−6% annual growth), beverages (−8% annual growth), cereals (−25% annual growth) and milling products (−32% annual growth) dropped out and showed negative growth figures, partly because of the present slump in Asian demand. It appeared that other developing countries such as African countries had also had a slowdown in demand for South African agricultural goods. During this period, the stable, large, high-performing markets were mainly in the developed world and products were vegetables, cocoa products, fruit and nuts and food preparations (Table 4.2). The medium- to low (but positive) performers were oilseeds, dairy, preparations of vegetables, live trees and plants and animal and vegetable fats and oils (Table 4.2).

4.3 CONCLUSIONS

The two major-export commodity groupings, prepared foodstuffs (Section IV) and vegetable products (Section II—including grains), have contributed most to the growth-in-export share. Together they showed more than a 15% gain in share of the total SACU agriculture exports for the last decade. This gain in share was at the cost of textiles and textile articles (Section XI—mainly wool and animal hair) and raw hides and skins (Section VII), which, together, have declined from 25% of share in 1988 to 10% of share in 1996.

The prepared-foodstuff (Section IV) section was the high-export-share commodity group, which has shown the fastest growth since the sanction period. Beverages constitute the largest group of products (12% share) that have shown a high growth in share (larger than

25%). Within less than a decade beverages increased from approximately 2% of agriculture exports to close to 15% in value terms (1988 to 1996). It can rightly be argued that the increase in wine exports in the post-sanction era was the main contributor to this growth. Other important contributors to growth in the prepared-foodstuffs section were sugars and sugar confectionery, cocoa and cocoa preparations, preparations of meat and fish, miscellaneous edible (food) preparations, tobacco products, preparations of cereals, starches and milk products, fruit juices (especially mixed juices) and preparations of meat and fish. The growth in share of sugars is more likely to be a re-growth or cyclical trend, while the other products showed a definite constant growth in export share over the last decade.

Exports of vegetable products (Section II—including grains) to Asia have shown some re-growth since 1992. This could be mainly the result of the cyclical nature of exports of the largest commodity group in this section, namely cereals. Increases in surplus exports in cereals after the 1992 drought, also created this apparent growth rate in cereals, which is similar to that of sugar. The high growth rate of more than 100% obtained for cereals, is therefore over-rated, especially in the light of long-term trends showing huge fluctuations. Nevertheless, cereals remain a very important export commodity, which contribute to over 11% of the total agriculture exports in value.

Between 1992 and 1996, by far the largest export-product group on the 2 HS level, edible fruits and nuts (25% of total agriculture exports), showed a steady decline in share of exports, of which the majority went to Europe (19% to the EU15 only) and relative small percentages to Asia.

The share of the high-growth products (excluding cereals and sugar) increased from approximately 3,5 to 33% in a decade (1988 to 1996). This tenfold increase in share was from the products (4 HS code), alcohol, wine, cereal groats, chocolates, cigars and cigarettes, onions and shallots, garlic and wheat flour. The growth in new destinations since 1993 has been relatively more spectacular than that in products. This was due to faster growth of new markets, possibly due to trade diversion, on the one hand, and a relatively lower rate of diversification in production and export products, on the other.