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Voluntary Public

Date: 7/16/2018

GAIN Report Number:

South Africa - Republic of

Post: Pretoria

U.S. and Southern Africa Agricultural Trade Reaches Record High

Report Categories:

Agricultural Situation

Promotion Opportunities

Export Accomplishments - Other

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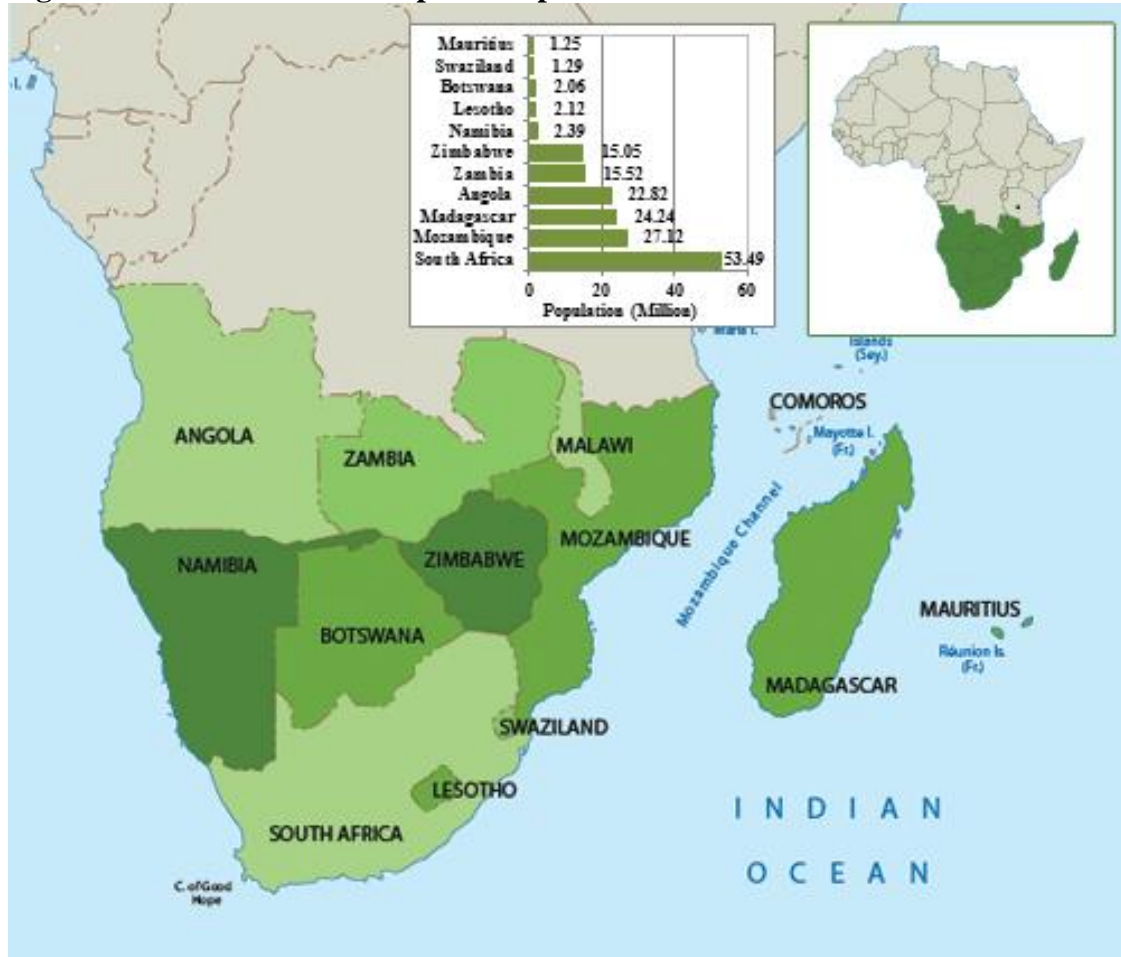
Report Highlights:

Agricultural trade between the United States and Southern Africa has grown significantly in the past decade, reaching a record high of US\$1.5 billion in 2017. Although, U.S agricultural exports to Southern Africa amounted to US\$627 million in 2017, they accounted for only 4 percent of the total Southern African agricultural imports. Post believes there is potential to increase exports to Southern Africa`s US\$14 billion agricultural market, as the region relies heavily on imported products, some of which the United States produces competitively.

Background

The growth potential of United States exports in Southern Africa is based on the economic profiles, agricultural trade figures and populations of Southern African countries. For this report, Southern Africa refers to the countries that are covered by the Foreign Agricultural Service (FAS) office in Pretoria, specifically, South Africa, Angola, Namibia, Botswana, Zambia, Zimbabwe, Mozambique, Swaziland, Lesotho, Mauritius and Madagascar. Malawi is not included in the report as it is covered by the FAS office in Kenya. The map of Southern Africa is shown in **Figure 1**.

Figure 1: Southern Africa Map and Population

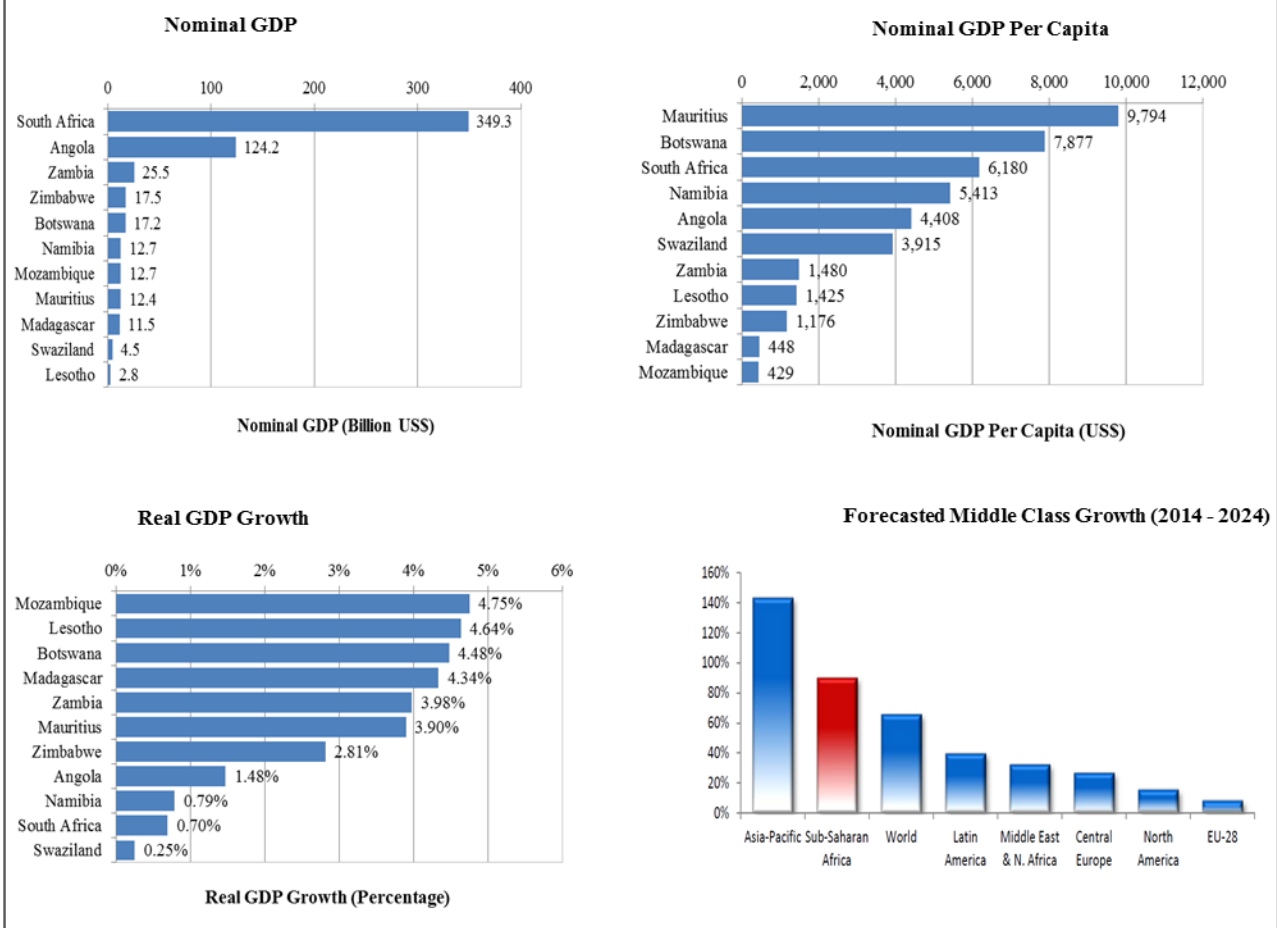


Source: <http://maps-africa.blogspot.com/2012/05/southern-africa-map-pictures.html>

Southern Africa has a total population of 167 million, which is about half of the total population of the United States. South Africa has the highest population with about 53.49 million people, and accounts for 32 percent of the total population in Southern Africa, followed by Mozambique (27.12 million), Madagascar (24.24 million), Angola (22.82 million), Zambia (15.52 million), Zimbabwe (15.05 million), Namibia (2.39 million), Lesotho (2.12 million), Botswana (2.06 million), Swaziland (1.29 million) and Mauritius (1.25 million). The average population growth in Southern Africa is about 2 percent per annum.

Based on the World Bank classification and 2017 data, five countries (Mauritius, Botswana, South Africa, Namibia and Angola) in the region are classified as upper middle-income economies with per capita income of between \$4,408 and \$9,794. Four countries (Swaziland, Zambia, Lesotho and Zimbabwe) are classified as lower middle-income economies. Only two countries (Madagascar and Mozambique) are classified as low-income economies. The total Gross Domestic Product (GDP) for the Southern African region was US\$590 billion in 2017. The average real GDP growth for Southern Africa is 3 percent per annum, while the average per capita income growth is 13 percent. **Figure 2** shows the economic figures of the relevant Southern African countries.

Figure 2: Key Economic Indicators for Southern African Countries in 2017



Sources: World Bank, African Development Bank, and IHS Global Insight Consumer Market Data.

The average annual growth in population (2 percent), real GDP growth (3 percent), per capita income growth (13 percent), and high forecasted growth in the middle class for Sub-Saharan Africa has created a strong demand for agricultural products, resulting in the rapid growth of imports over the past decade. These factors have created an opportunity for United States agricultural exports.

Potential Growth for United States and Southern Africa Agricultural Trade

U.S agricultural exports to Southern Africa amounted to US\$627 million in 2017, and accounted for only 4 percent of the total Southern African agricultural imports. Post believes there is potential to grow these exports because Southern Africa is a US\$14 billion agricultural market and already imports products that the United States produces competitively. Extensive marketing by U.S cooperators and companies is vital in increasing brand awareness of U.S products and growing this market. **Table 1** shows the potential commodities that the United States could export and expand into the region. Importers and retailers indicate that the main challenge for increasing United States agricultural exports to Southern Africa is the high external tariffs and absence of a preferential or free trade agreement. The major competitors, such as the European Union and Mercosur countries, enjoy the advantages through a free trade agreement and preferential trade agreement, respectively. A reciprocal trade arrangement between the United States and key countries in Southern African such as South Africa, Angola, Mozambique, Namibia, Madagascar, and Mauritius, would certainly be beneficial in creating even competition for United States exporters.

Table 1: Potential Opportunities for United States Exporters

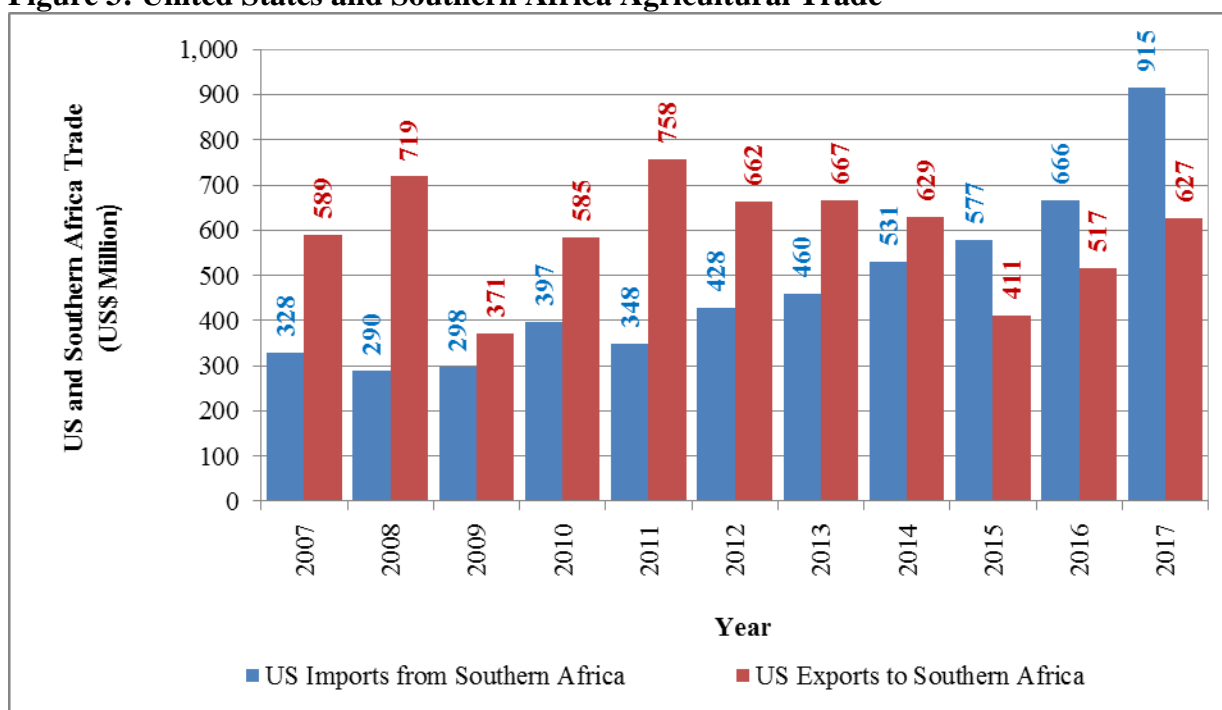
Country	Products
South Africa	Chicken, Turkey, Beef, Pork, Food ingredients, Wheat, Soya meal, Sorghum, Liquor Products (Whisky, Bourbon, Craft Beers and Wine), Hops, Processed or deep frozen Blueberries, Almonds, Consumer oriented products, Seafood, Plant and Animal Genetics.
Angola	Chicken, Turkey, Wheat, Almonds, Liquor Products (Whisky and Bourbon) and Consumer Oriented Products.
Zambia	Food Ingredients, Animal feed, Animal genetics, Bovine semen, Liquor Products (Whisky and Bourbon), Almonds, and Consumer Oriented Products.
Zimbabwe	Food ingredients, Consumer oriented products, Non-genetically modified (GM) seeds, Plant varieties, Animal feed, Animal genetics, Bovine semen, Dairy products, Wheat, Sorghum, Legumes, Hops for beer production, and Liquor Products (Whisky and Bourbon).
Botswana	Animal feed, Animal genetics, Bovine semen, Almonds, Sorghum, Liquor Products (Whisky and Bourbon), and Consumer oriented products.
Namibia	Animal feed, Animal genetics, Bovine semen, Wheat, Soya beans, Hops for beer production, Liquor Products (Whisky and Bourbon), Almonds, Consumer oriented products.
Mozambique	Chicken, Beef, Food ingredients, Wheat, Soya bean Liquor Products (Whisky and Bourbon), Almonds, Consumer oriented products, Plant and Animal Genetics.
Mauritius	Seafood, High value beef, Dairy products, Corn, Soya cake, Onion seeds, Potato seeds, Table grapes, Apples, Liquor Products (Whisky and Bourbon), and Processed pork products.
Madagascar	Seafood, Dairy products, Corn, Table grapes, Apples, Liquor Products (Whisky and Bourbon), and Processed pork products.
Swaziland	Chicken, Beef, Food ingredients, Wheat, Soya bean, Liquor Products (Whisky and Bourbon), Blueberries, Almonds, Consumer oriented products, Seafood, Plant and Animal Genetics.
Lesotho	Chicken, Beef, Wheat, Soya bean, Hops, Almonds, Sorghum, Liquor Products (Whisky and Bourbon), Consumer oriented products, Seafood, Plant genetics, and Animal Genetics.

Following is a more detailed analysis and information on agricultural trade in Southern Africa.

The United States and Southern Africa Agricultural Trade

Agricultural trade between the United States and Southern Africa has grown significantly in the past decade, and reaching a record high of US\$1.5 billion in 2017. U.S exports to Southern Africa fluctuate between US\$371 million and US\$758 million, and amounted to US\$627 million in 2017. The fluctuations are mainly caused by the trade in corn and wheat, whose demand is largely driven by drought and price competitiveness. Imports into the U.S from Southern Africa have almost tripled from US\$328 million in 2007 to US\$915 million in 2017, due to some countries taking advantage of the African Growth Opportunity Act which allows duty free access for most Southern African countries, and the Generalized System of Preferences (GSP). **Figure 3** below shows the United States and Southern Africa agricultural trade since 2007.

Figure 3: United States and Southern Africa Agricultural Trade



Source: Global Trade Atlas

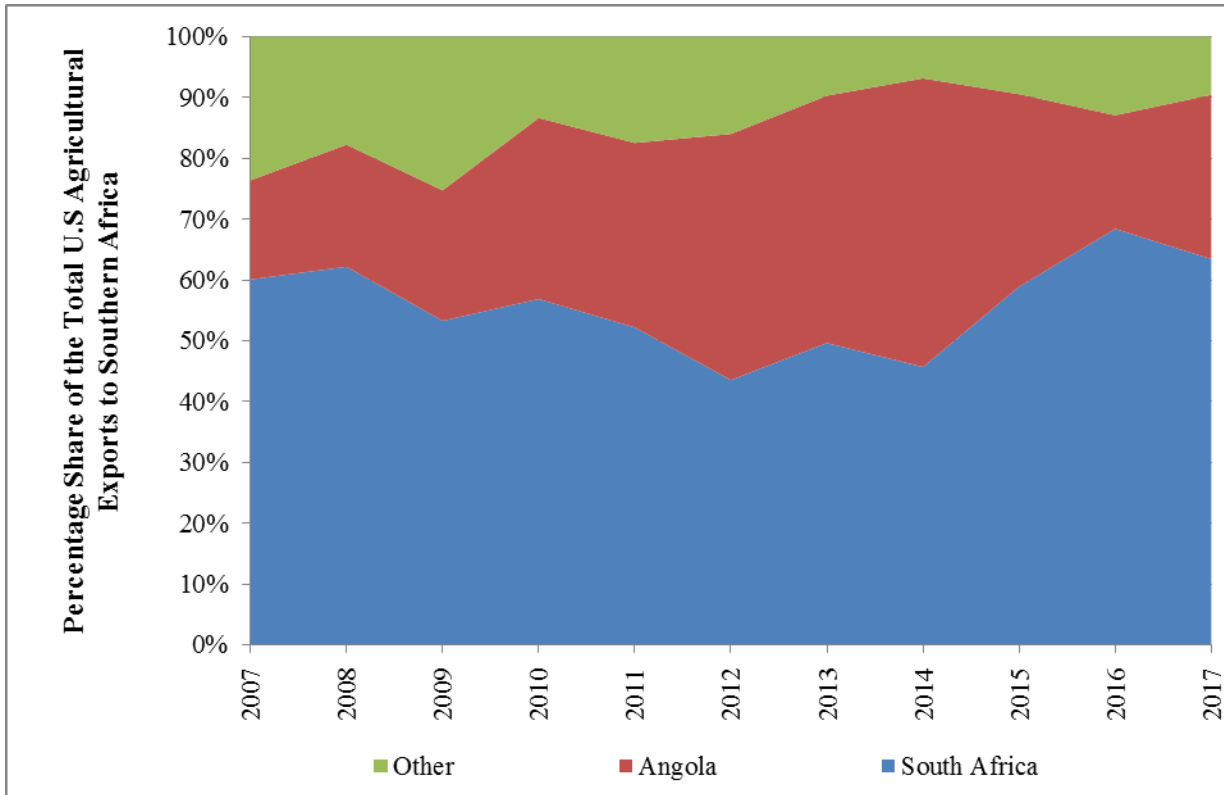
South Africa and Angola are the largest importers of U.S agricultural products, and accounted for 90 percent of the total U.S exports to Southern Africa in 2017. South Africa also serves as a gateway for distribution throughout the region. **Table 2** and **Figure 4** reflect that South Africa has been the largest market for United States exports since 2007. In 2017, U.S exports to South Africa accounted for 63 percent of the total exports to Southern Africa, followed by Angola (27 percent), Mozambique (5 percent), Namibia (1.3 percent) and Madagascar (1.1 percent). In 2017, chicken exports accounted for the largest share of the total United States exports to Southern Africa at 39 percent, followed by wheat (7 percent), corn (6 percent), almonds (3 percent), and food preparations (3 percent). The percentage share of other commodities exported by the United States to Southern Africa is shown in **Figure 5**.

Table 2: United States Agricultural Exports to Southern Africa (US\$ Million)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
South Africa	354.1	446.8	197.7	332.5	395.7	288.3	331.1	287.5	241.8	353.6	397.7
Angola	96.1	144.4	79.6	174.3	230.1	268.1	271.4	298.7	130.2	96.6	169.4
Mozambique	28.0	50.2	42.4	44.8	73.0	50.6	34.3	19.4	10.4	25.7	31.8
Namibia	7.1	7.4	4.6	2.6	17.8	10.2	10.1	3.8	9.1	9.6	7.9
Madagascar	11.9	10.1	3.6	13.9	12.4	11.1	4.4	0.3	4.1	10.7	7.1
Mauritius	12.0	13.4	2.0	3.4	6.2	6.1	7.3	5.0	4.2	4.0	4.9
Swaziland	4.0	2.9	2.6	4.6	2.0	6.3	6.7	8.9	4.7	6.0	4.7
Zimbabwe	66.2	39.2	36.9	8.0	12.4	5.0	0.6	4.7	5.4	8.7	2.7
Zambia	4.4	4.3	0.9	0.5	1.7	2.3	0.9	0.6	0.7	0.6	0.7
Botswana	0.3	0.1	0.3	0.2	0.1	0.5	0.4	0.5	0.1	0.1	0.1
Lesotho	5.2	0.0	0.2	0.0	6.8	13.6	0.0	0.0	0.0	1.4	0.0
Total	589.3	718.7	371.0	584.8	758.1	662.3	667.1	629.3	410.7	517.0	626.9

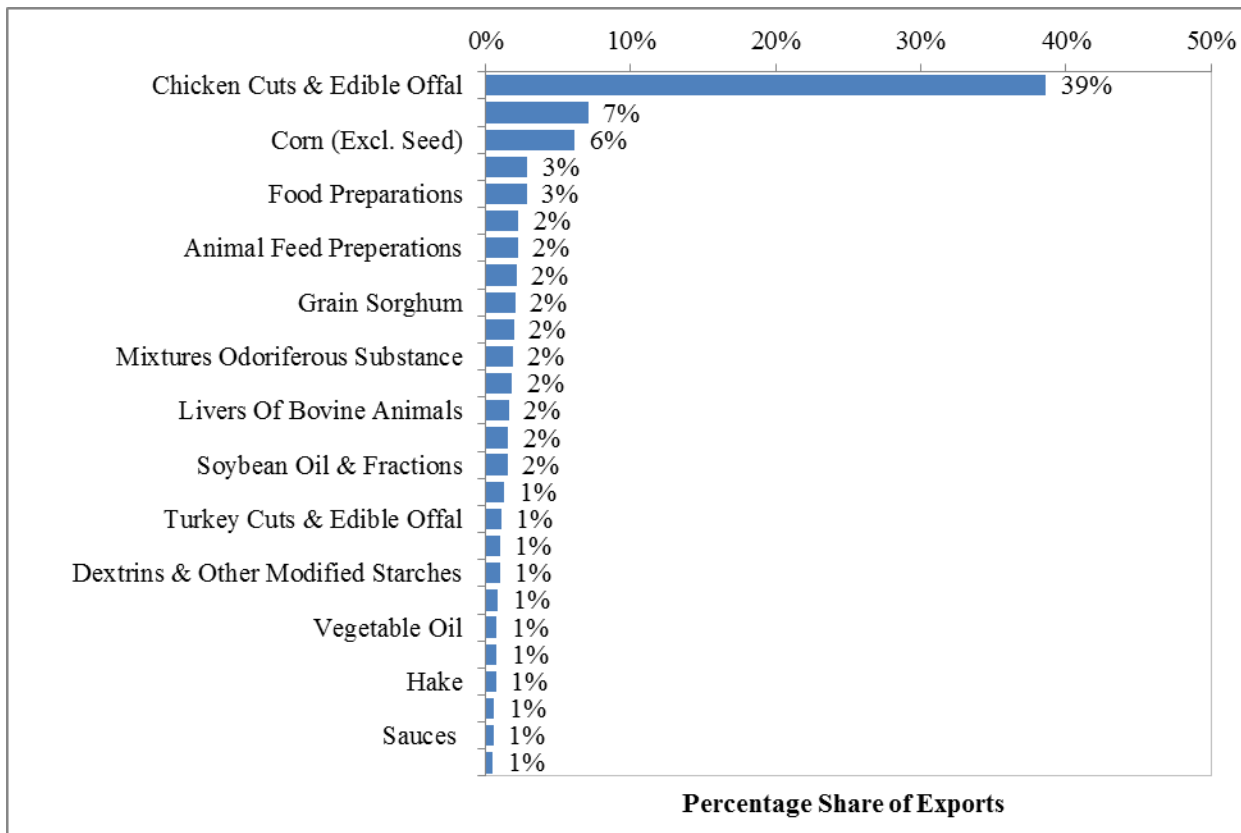
Source: Global Trade Atlas

Figure 4: Percentage Share of United States Agricultural Exports to Southern Africa



Source: Global Trade Atlas

Figure 5: United States Agricultural Exports to Southern Africa in 2017



Source: Global Trade Atlas

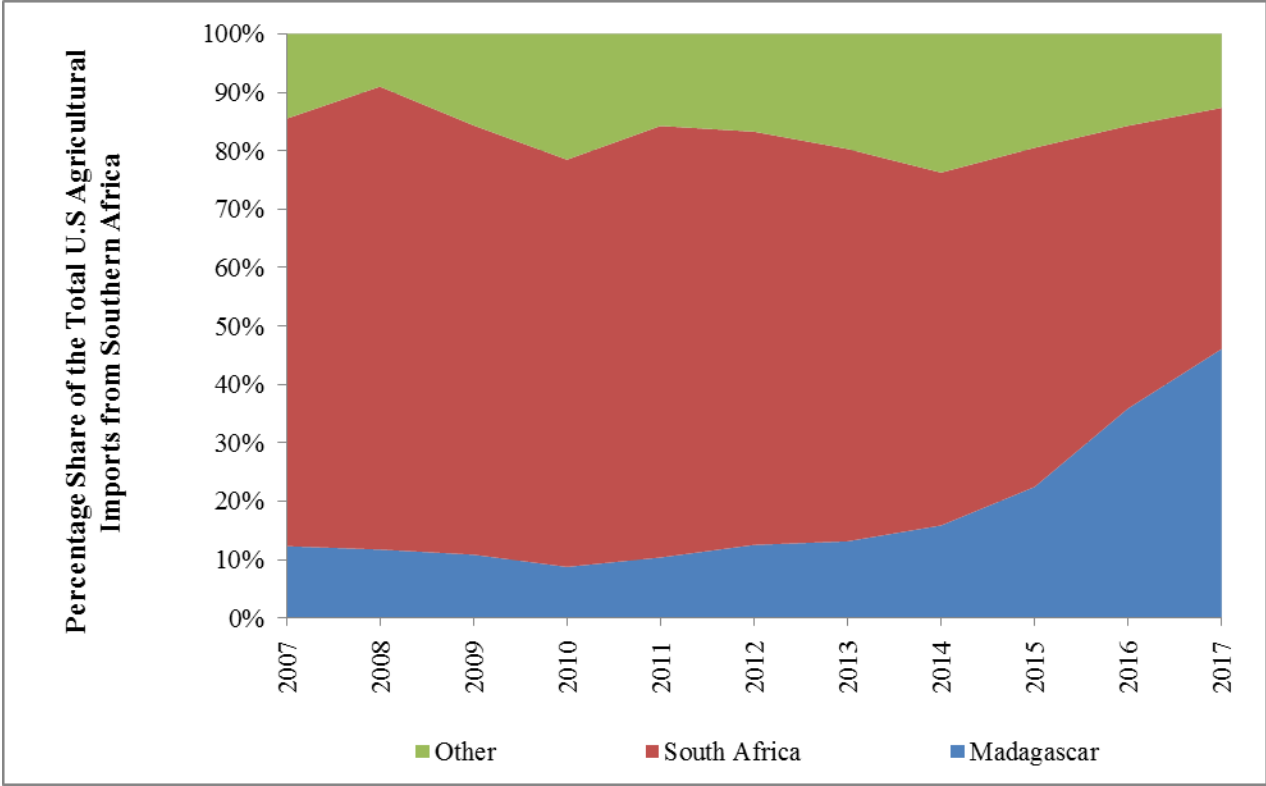
Table 3 below shows that U.S agricultural imports from Southern Africa have grown at an average of 10 percent per annum since 2007. In the past decade, Southern Africa has enjoyed a trade surplus with the United States for only the last three years (2015 to 2017). The main commodities imported by the United States from Southern Africa include vanilla (43 percent), cane sugar (8 percent), citrus (7 percent) Macadamia nuts (6 percent), wine (6 percent), tuna (4 percent), and cashew nuts (2 percent). **Figure 6** shows that Madagascar and South Africa accounted for 87 percent of the total U.S agricultural imports from Southern Africa in 2017.

Table 3: United States Agricultural Imports from Southern Africa (US\$ Million)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Madagascar	40.3	34.1	32.4	34.8	36.2	53.6	60.5	84.2	129.7	239.0	421.8
South Africa	239.8	230.1	219.1	277.1	257.4	303.0	308.9	321.2	335.2	322.1	378.0
Mauritius	20.9	14.3	23.5	14.9	32.8	42.0	51.4	49.4	48.2	50.4	49.3
Mozambique	3.3	2.3	5.6	34.4	10.4	13.3	20.3	22.0	26.4	27.1	36.1
Zimbabwe	6.8	1.8	8.3	15.7	3.3	5.8	5.1	21.4	18.2	13.8	14.8
Swaziland	7.5	2.0	7.0	18.8	3.2	3.4	5.0	22.5	14.6	11.3	13.2
Zambia	1.3	1.2	0.9	0.3	0.6	0.6	0.4	0.6	0.5	0.7	1.6
Namibia	7.7	4.4	1.0	1.4	4.5	6.3	7.0	5.8	0.5	0.4	0.5
Lesotho	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Angola	0.0	0.0	0.0	0.0	0.0	0.0	1.2	4.2	4.1	1.0	0.1
Botswana	0.1	0.2	0.2	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0
Total	327.7	290.3	298.1	397.3	348.3	428.2	459.8	531.4	577.3	665.6	915.4

Source: Global Trade Atlas

Figure 6: Percentage Share of United States Agricultural Imports from Southern Africa

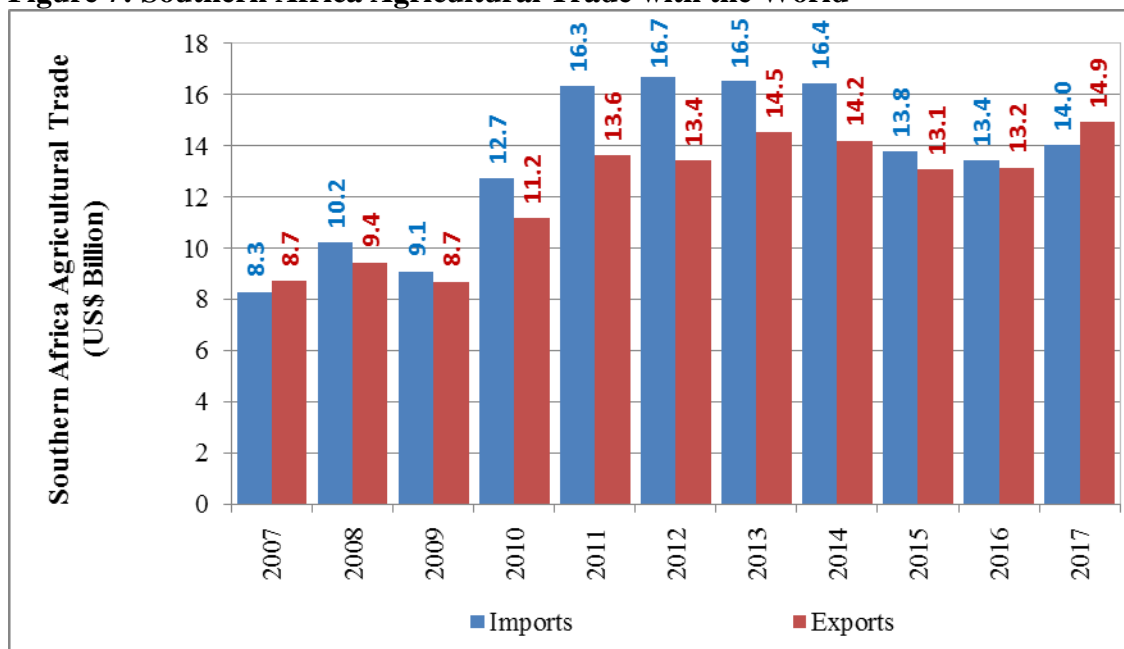


Source: Global Trade Atlas

Southern Africa Agricultural Trade with the Rest of the World

Southern Africa has generally been a net importer of agricultural products since 2008, with the exception of 2017, when Southern African exports were US\$14.9 billion, while imports were US\$14.0 billion. **Figure 7** shows that Southern Africa agricultural imports and exports have grown significantly by 69 percent from US\$8.3 billion and US\$8.7 billion in 2007, to US\$14.0 billion and US\$14.9 billion in 2017, respectively. The growth in imports is largely driven by strong demand for agricultural products and food due to the annual growth in population (2 percent), real GDP growth (3 percent), per capita income growth (13 percent), and the high forecasted growth in the middle class for Sub-Saharan Africa. The growth in exports is attributed to increased production and countries taking advantage of (i) duty free access to markets such as the European Union and the United States, (ii) growing demand from Asia and the Middle East, and (iii) increased growth in intra- Africa trade.

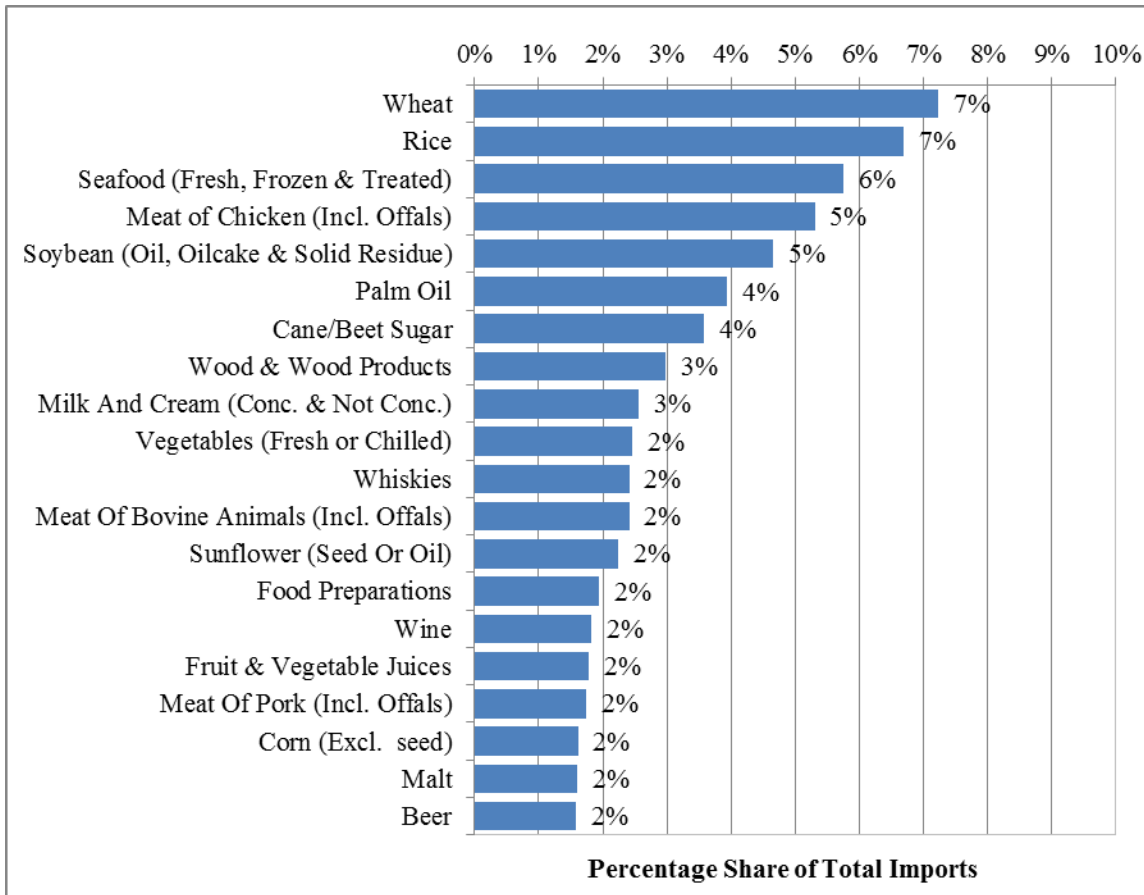
Figure 7: Southern Africa Agricultural Trade with the World



Source: Global Trade Atlas

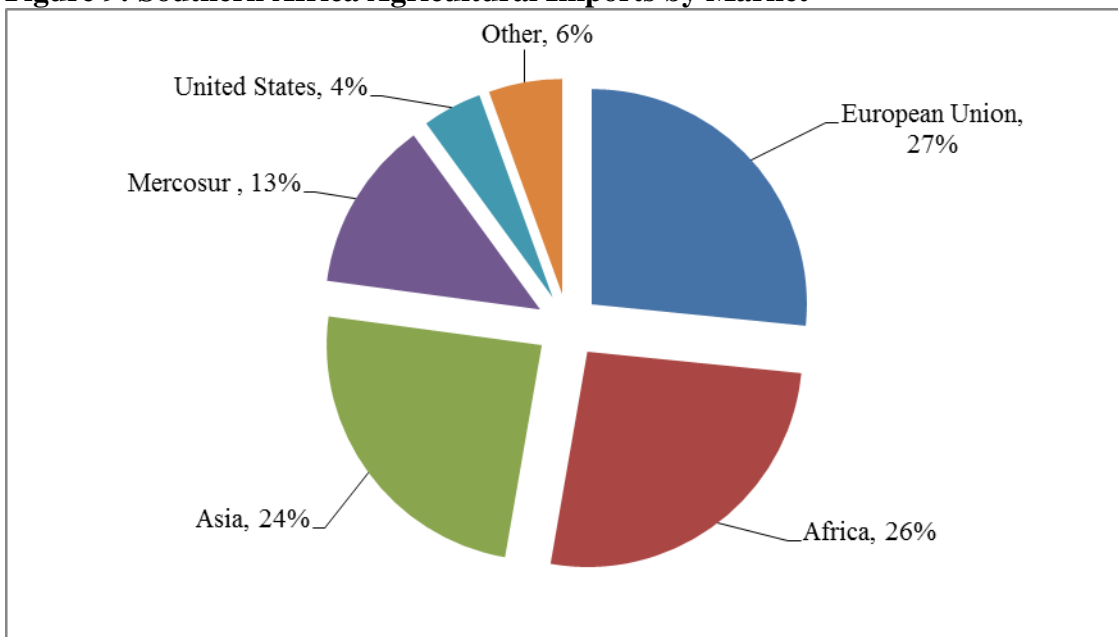
Figure 8 shows that the top twenty commodities imported by Southern Africa from the rest of the world are wheat which accounted for 7 percent of the total imports, followed by rice (7 percent), seafood (6 percent), chicken (5 percent), soybean (5 percent), palm oil (4 percent), sugar (4 percent), wood and wood products (3 percent), milk and cream (3 percent), vegetables (2 percent) and whiskies (2 percent). The United States has the competitive capacity to supply most of these products. However, as shown in **Figure 9**, the European Union accounted for 27 percent of the total imports in 2017, followed by Africa (26 percent), Asia (24 percent), Mercosur (13 percent) and the United States (4 percent). Notably, the United States trades at a disadvantage in comparison to the European Union and Mercosur, who have a Free Trade Agreement and Preferential Trade Agreement with Southern Africa, respectively. Aside from the China – Angola Free Trade Agreement, Asia does not have a trade agreement with Southern Africa. **Figure 10** shows the various trade agreements for countries in Southern Africa.

Figure 8: Agricultural Commodities Imported by Southern Africa



Source: Global Trade Atlas

Figure 9: Southern Africa Agricultural Imports by Market



Source: Global Trade Atlas

Figure 10: Trade Agreements for Southern African Countries

Trade Agreements			South Africa	Namibia	Lesotho	Botswana	Swaziland	Mozambique	Zambia	Zimbabwe	Angola	Madagascar	Mauritius
FINALIZED	1	Southern African Customs Union (SACU)											
	2	SACU and the European Free Trade Association (EFTA) -Iceland, Liechtenstein, Norway and Switzerland											
	3	SACU-Southern Common Market (Mercosur) Preferential Trade Agreement											
	4	Southern African Development Community (SADC) Free Trade Agreement											
	5	SADC & European Union Economic Partnership Agreement (EPA)											
	6	Common Market for Southern and Eastern Africa (COMESA)											
	7	Zimbabwe/South Africa bilateral trade agreement											
	8	Mauritius and Madagascar FTA											
	9	China – Angola Bilateral Trade Agreement											
	10	Mauritius and Turkey FTA											
	11	Mauritius – Pakistan PTA											
CURRENT NEGOTIATIONS	1.	SACU-India PTA											
	2.	SADC-EAC-COMESA Tripartite Free Trade Agreement											

	3.	Africa Continental Free Trade Agreement (ACFTA)											
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Source: <https://www.export.gov/welcome>

Contact Details

FAS has an office in Pretoria, South Africa and staff in Luanda, Angola and Maputo, Mozambique to assist with answering any questions and providing any additional information. The contact details are as follows, Telephone No. - +27 12 431 4057 or Email – agpetoria@fas.usda.gov .