

ACF Research Study

Trade Flow patterns in the Agriculture & Agro-processing sector

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Outline

1. Overview
2. Project update
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4. SA Chapter- overall summary (provisional)
5. Way forward (upcoming targets)



Overview (1)

- The ACF has embarked on a cross-country study in food value chains in the agricultural & agro-processing sector.
- The study aims to provide a regional focus on important, highly-traded food products & agricultural inputs by analysing trade flows of these products across different geographic levels of trade, as well as to identify any gaps or potential concerns related to these products.
- The study was initiated around August 2023, but was taken over by new team since November 2023.
- Why? Agriculture plays significant role in many African economies (job-creation, raw material supply to agro-industrial & manufacturing sectors, provides export-driven foreign exchange income); the current high food inflation environment that continues to place pressure on consumers.

Overview (2)

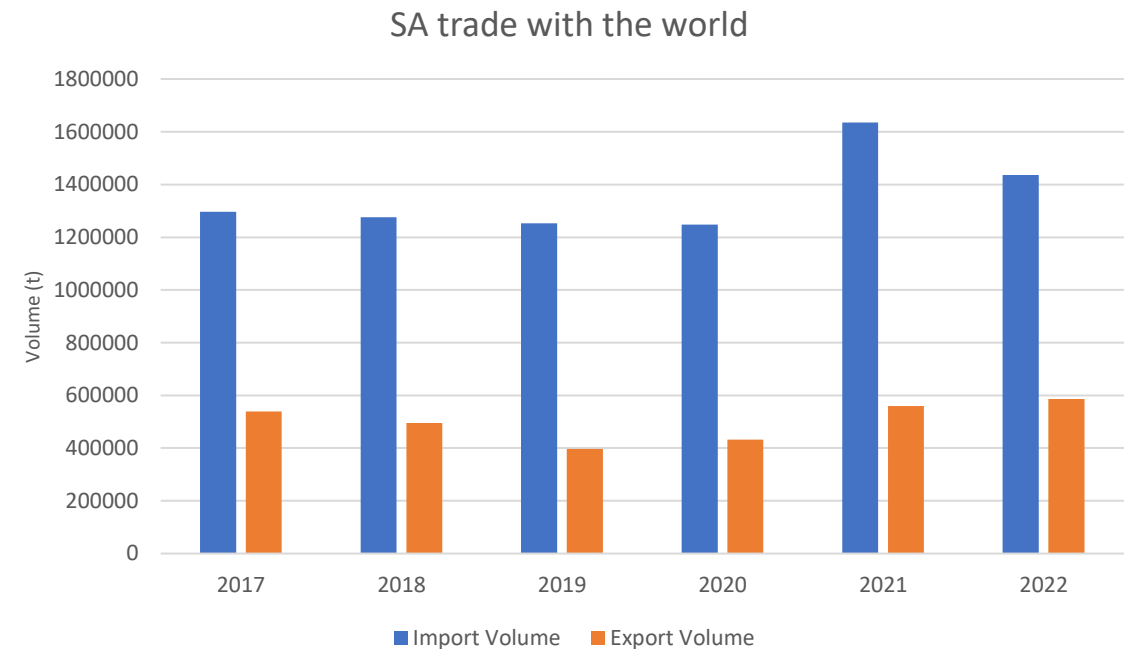
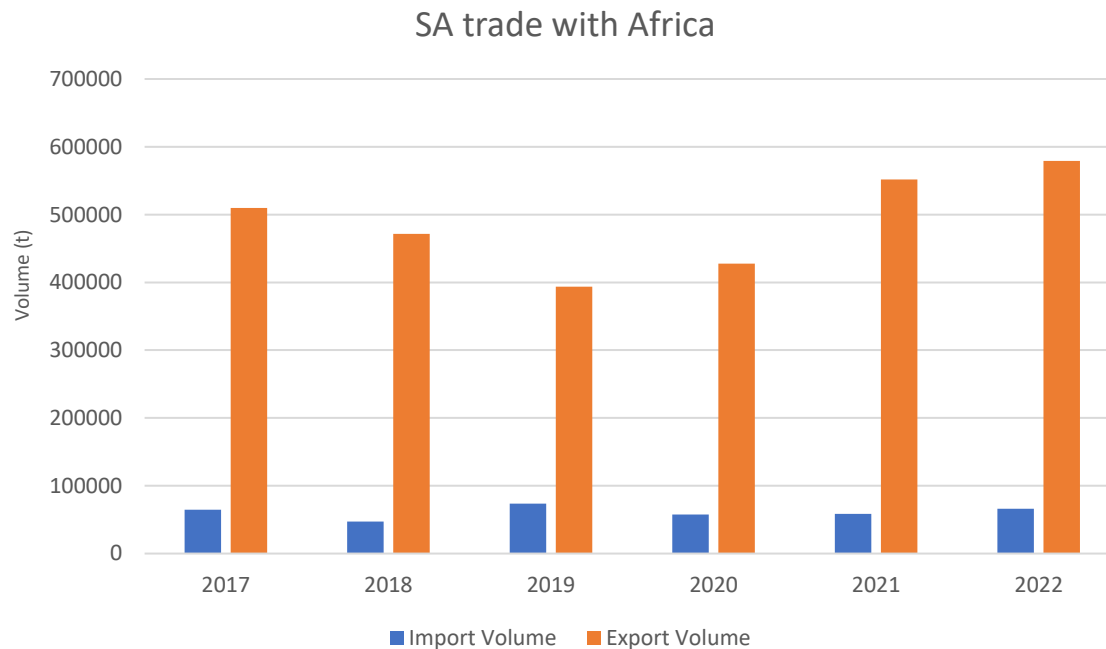
- Scope refined: previously more broader study, but narrowed to focus on bilateral trade flows for significant products across different geographical levels of trade (global/African, regional and individual country level)
- Participating countries: South Africa, Zimbabwe, Kenya, Mauritius, Angola and Zambia
- Approach to research:
 - data analysis: sourcing annual trade data from each country's national trade statistics source; or international trade data companies, such as ITC Trade Map, at the 4-digit HS code level for the 2017 to 2022 period;
 - report writing for each country's chapter, in terms of focusing on most significant food products for each country, using both trade flow data and publicly available research and reports.

Project update

- Current status: data gathering complete, now at draft report-writing stage (preliminary observations); countries submitting their draft country chapters (by 8th March 2024)
- Adjusted timelines: due to delays, current goal is to finalise all chapters & overall project by end April 2024

SA Chapter- preliminary findings (1)

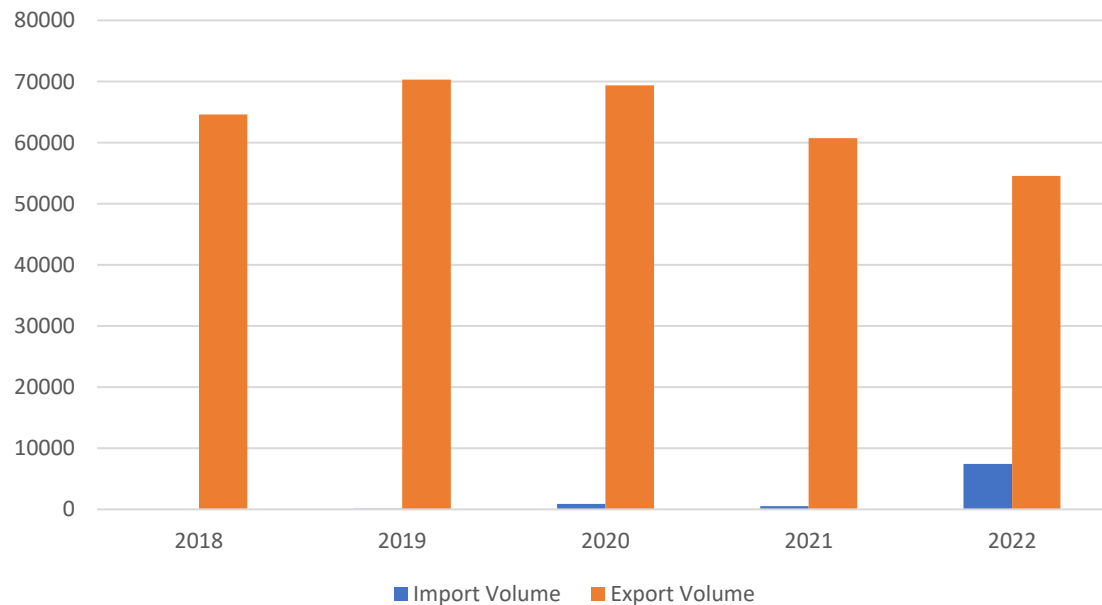
- SA facilitates access to key agricultural inputs for production, via its re-exporter, gateway role in fertiliser trade. (similar trend seen overall in other inputs like oilseed cake)



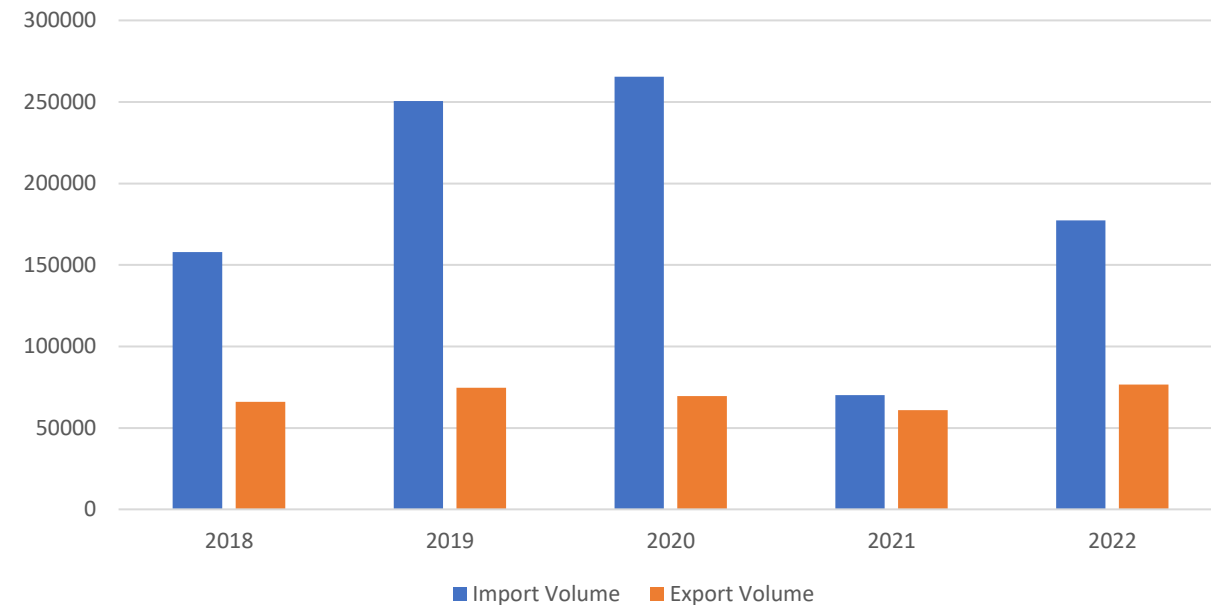
SA Chapter- preliminary findings (2)

- SA gateway, re-exporter role in trade for certain vegetable oils like crude sunflower oil

SA trade with Africa

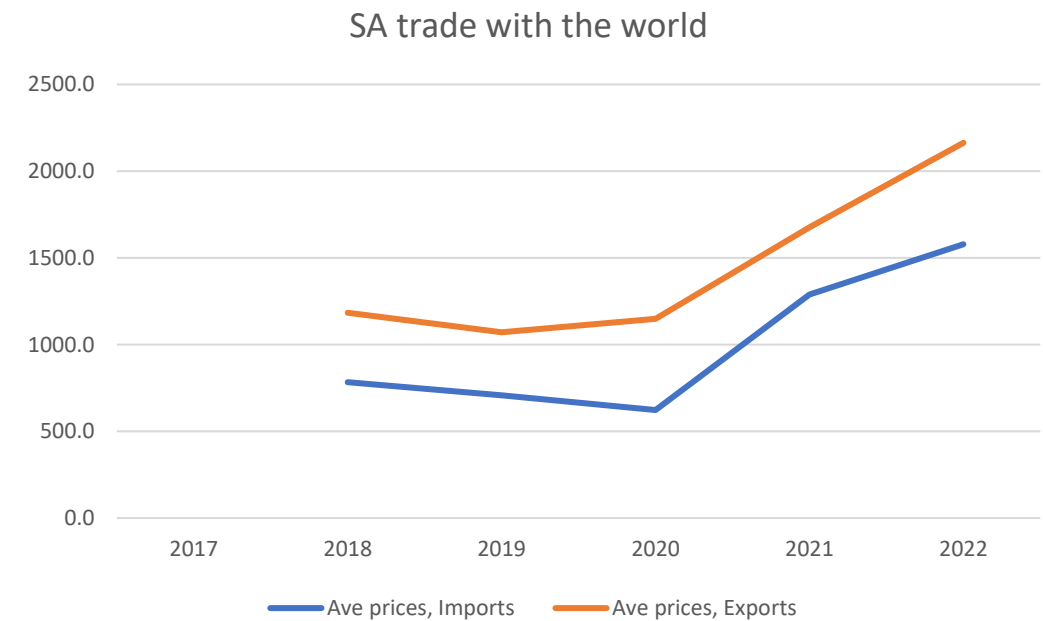
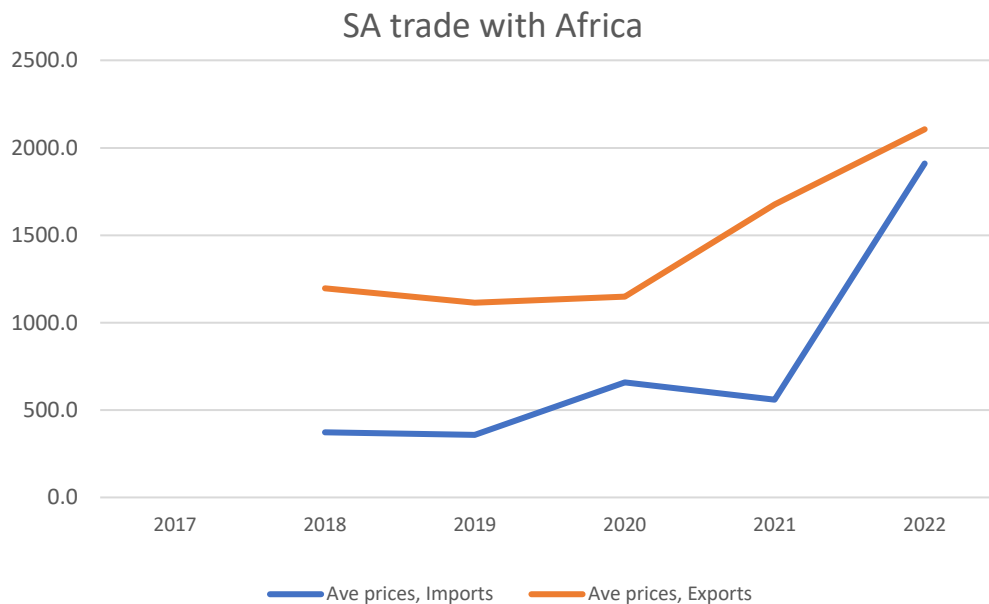


SA trade with the world



SA Chapter- preliminary findings (2)

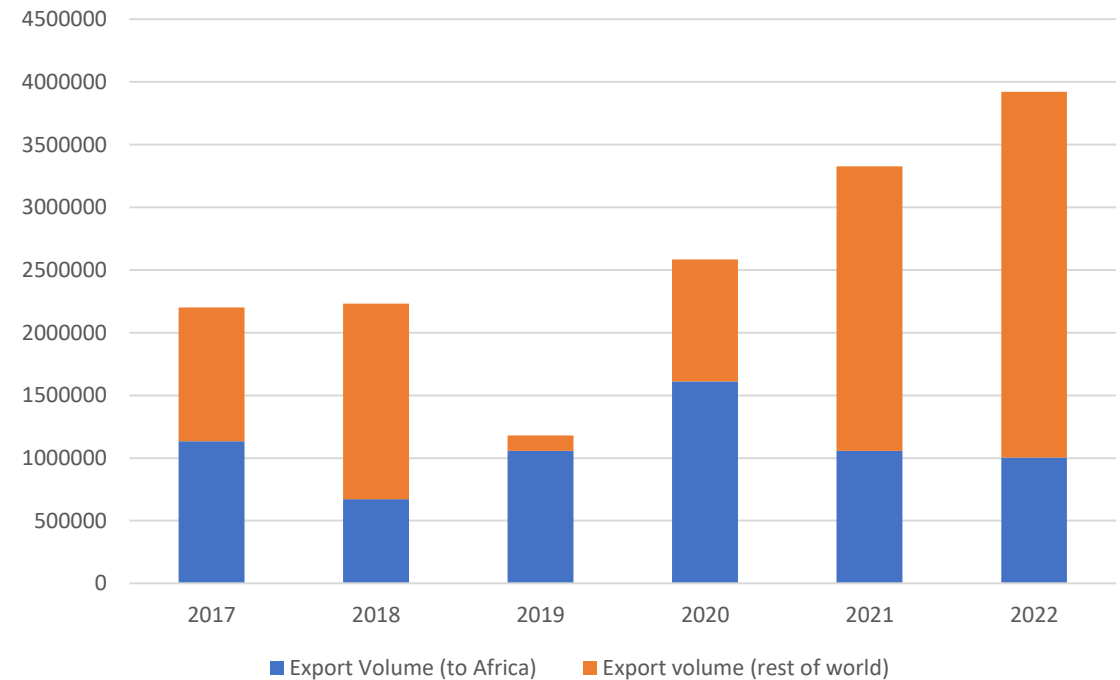
- In relation to average pricing trends for crude sunflower oil, the figures below show the general upward trend in prices since around 2020.



SA Chapter- preliminary findings (3)

- In terms of grains, SA is a strong net exporter of maize at global, African, and regional level

- From the trade data utilised, there is degree of overlap in that what is counted as global also includes Africa, and what is counted as Africa then also includes trade to SADC countries.
- The figure below shows South Africa's total maize exports each year, broken down into export volumes to Africa (in blue) and exports to rest of the world (in orange)



- Looking at country-level trade data, Egypt is a large importer of maize, with its supplying markets mainly outside of Africa (Brazil, Argentina, Ukraine, Romania)

SA Chapter- Summary(1)

1. **SA serves as a hub for both the import and export of key agricultural products** in general, but particularly within the SADC region.
 - SA has a re-exporter role in trade for certain products like fertiliser, sunflower oil
2. SA is also **dependent on global imports for agricultural inputs** like fertilisers and seeds for sowing, which points to persistence of concentration in key input industries at a global level.
3. Study shows that trade flows for agricultural products at the different geographic levels of trade are **influenced by global market dynamics** (supply chain disruptions, global demand shifts, disease outbreaks, climate change and international pricing trends)

SA Chapter- Summary(2)

4. Study points to potential **opportunities for value addition and trade gaps.**
 - Trade gaps could show potential to foster new trade flow opportunities and new trade markets (African country importing most of its maize or sugar needs from outside of Africa).
 - The premium placed on certain exports from South Africa to other SADC countries, such as citrus fruits and sunflower oil, points to opportunities for value addition within the region and within other areas of the value chain like processing
5. **Competition enforcement** in agriculture and agro-processing markets can benefit from a collaborative, cross-border perspective which accounts for (or is at least aware of) trade flow dynamics and linkages across regions and across food value chains.

SA Chapter- challenges

1. Trade data statistics- what to look at, large amount of data sourcing and analysis
2. Lack of information from trade & industry association reports in terms of explanations for why we see certain trends or observe certain trade dynamics
3. Large degree of overlap in trade data cross the different geographical levels (difficult to draw out specific effects at certain levels of trade)

Way forward

- Next, upcoming target: Friday 8th March 2024, for each country's draft chapters
- Use this research to further other research agendas:
“The analysis of agricultural trade patterns across the different regions, along with regional and product-related trade insights, also offers the opportunity for additional, future research into certain problematic food value chains, and food value chains where there are currently trade gaps, or simply those food value chains that warrant additional analysis going forward.”

Thank you!

Any further queries or comments:

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