

Bi-Weekly Trade Tracker

June 2020

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BFAP

DATA
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INSIGHT



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

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University of Pretoria

Acknowledgement

This report was compiled by a number of collaborating researchers from the Bureau for Food and Agricultural Policy, the Department of Agricultural Economics, Extension and Rural Development at the University of Pretoria and the Department of Agriculture, Land Reform and Rural Development.

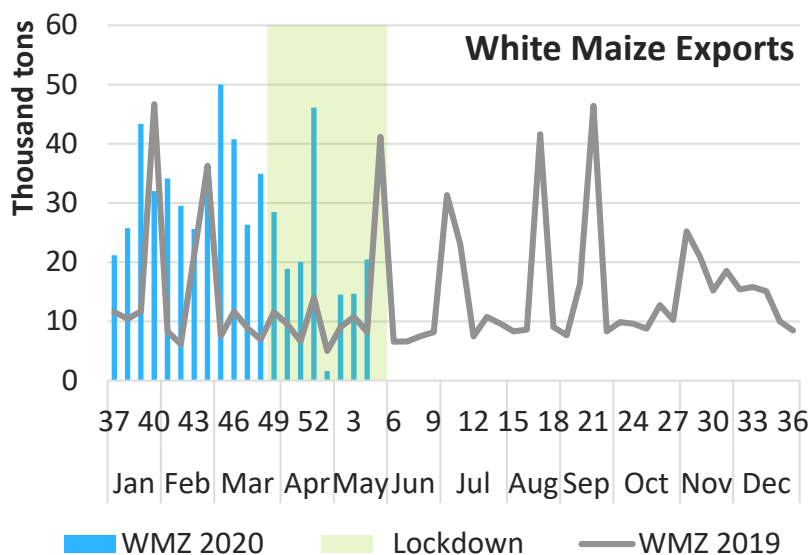
Contributing researchers:

Researcher	Affiliation
Dipuo Boshomane	Bureau for Food and Agricultural Policy
Kandas Cloete	Bureau for Food and Agricultural Policy
Tracy Davids	Bureau for Food and Agricultural Policy
Khani Hlungwani	Bureau for Food and Agricultural Policy
Mmatlou Kalaba	University of Pretoria
Tinashe Kapuya	Bureau for Food and Agricultural Policy
Ferdi Meyer	Bureau for Food and Agricultural Policy
Tshepo Ranoto	Department of Agriculture, Land Reform and Rural Development
Pieter Smit	Bureau for Food and Agricultural Policy
Ezra Steenkamp	Department of Agriculture, Land Reform and Rural Development

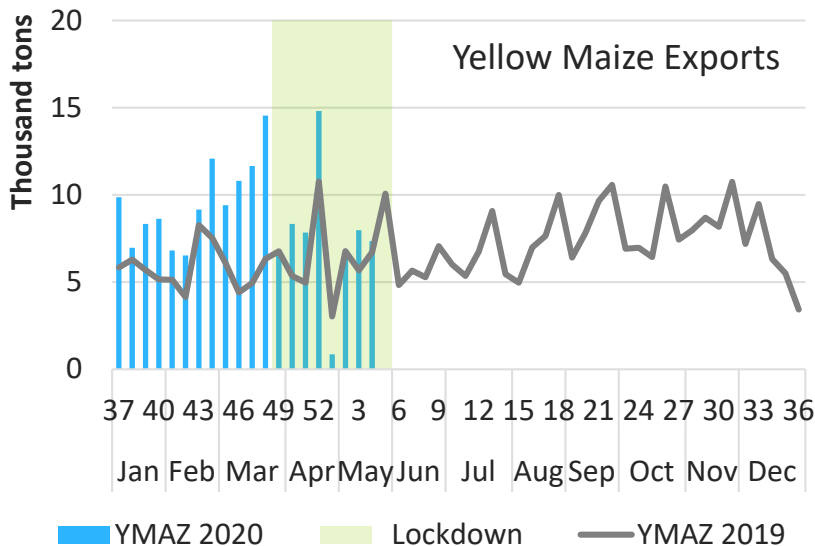
Grains & Oilseeds

Weekly focus: Maize and Wheat

The Crop Estimates Committee (CEC) has revised its estimate for the 2020 maize crop to 15.59 million tons – of which 9 million tons is white maize. This will yield a substantial exportable surplus for 2020/21 (BFAP projects just over a million tons of white maize exports), mostly destined for the rest of Southern Africa. Through the lockdown period, export volumes declined markedly, owing to a combination of old season maize stocks running low and substantial delays at border posts due to limited staff. Volumes remain well above those from the same time last year.



Yellow maize exports have also declined sharply through the lockdown period, due to a combination of delays in port and declining world prices as a result of substantially lower demand for ethanol. The latest CEC estimate point to a yellow maize crop of 6.5 million tons, which will also yield a substantial exportable surplus – BFAP projects 1.7 million tons. While early year exports were well above 2019 levels, most of the last 8 weeks through lockdown have yielded similar exports to the same period last year.



After a relatively slow start through the first quarter, wheat imports increased sharply through the lockdown period, as consumers tended to fall back on staples and products with a longer shelf life. In recent weeks, most imports originated from the black sea region. Following a below average domestic crop in 2019, current season imports are expected higher than historic norms.

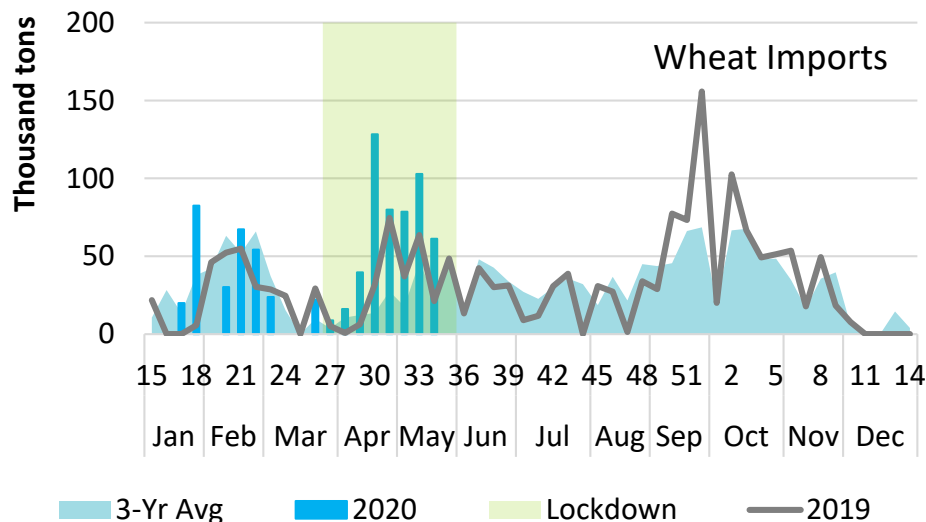


Table 1: Trade Summary – Past 8 weeks (lockdown period)

	April – May 2018	April – May 2019	% Y-O-Y	April 2020	% Y-O-Y
White maize	182280	74842	-59%	164765	+20%
Yellow Maize	211978	50036	-76%	60528	+21%
Wheat	95763	240581	+151%	515360	-35%

Source:



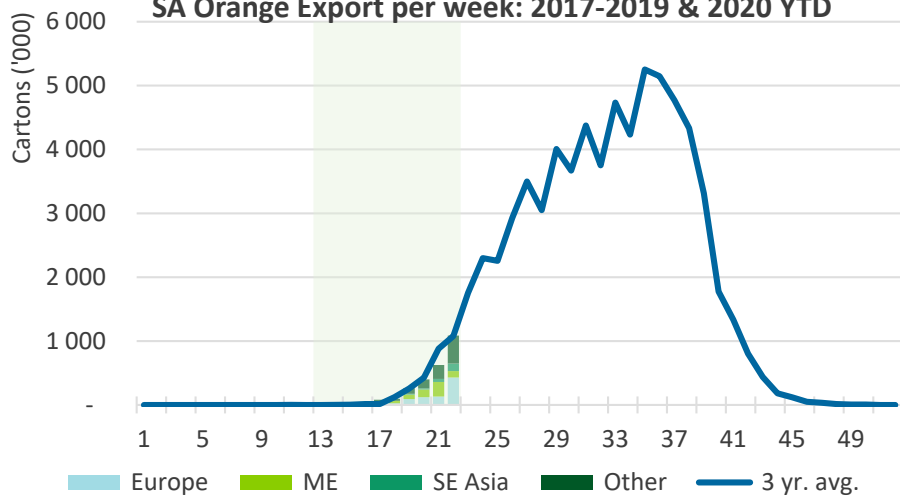
Horticulture

Weekly focus: Citrus

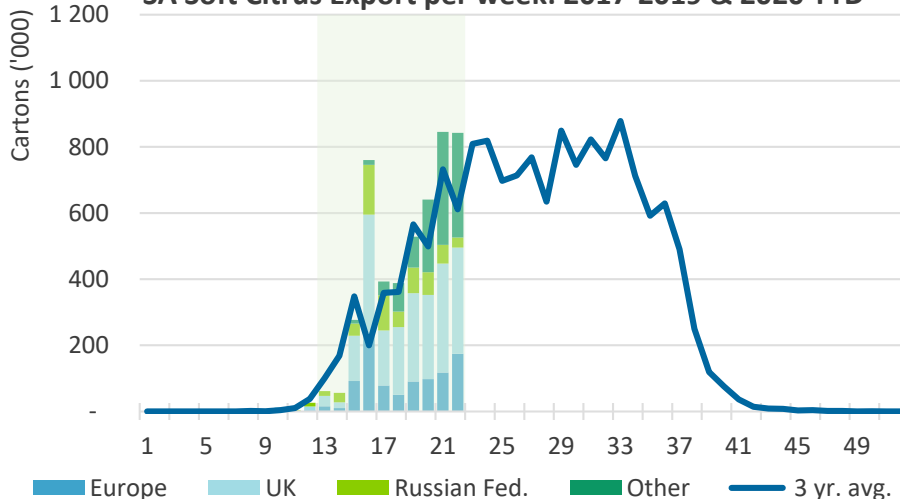
Oranges, lemons, soft citrus and grapefruit represent the bulk of citrus trade. South Africa is a major global role player, with as much as 80% of the season's harvest picked, packed and exported between May and September.

The demand for citrus around the globe has been very good, with consumers making a conscious effort to boost their immune systems and consume products high in Vitamin C. The increase in demand is a good prospect for SA, with potentially higher returns. However, the risk the virus poses in upsetting the value chain, remains high. All along the value chain, from farm, pack house, road transport, harbour to export destination, a breakout of Covid-19 can have detrimental effects.

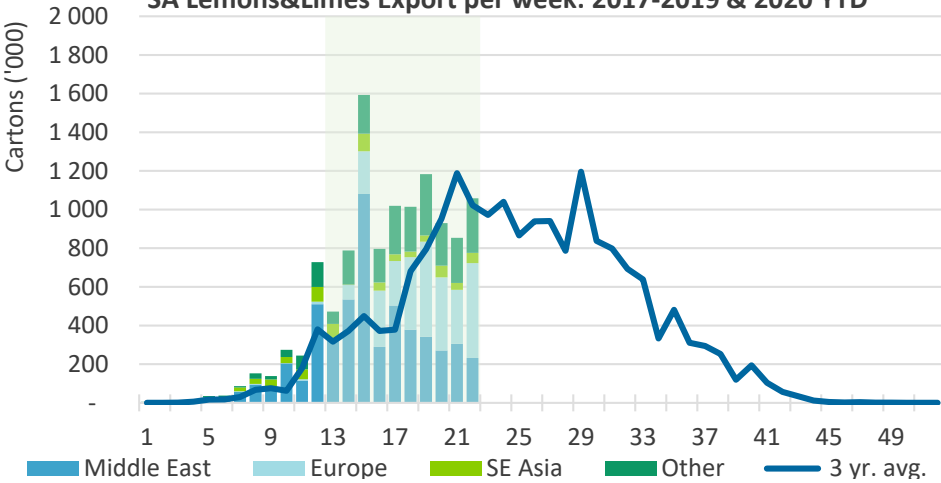
SA Orange Export per week: 2017-2019 & 2020 YTD



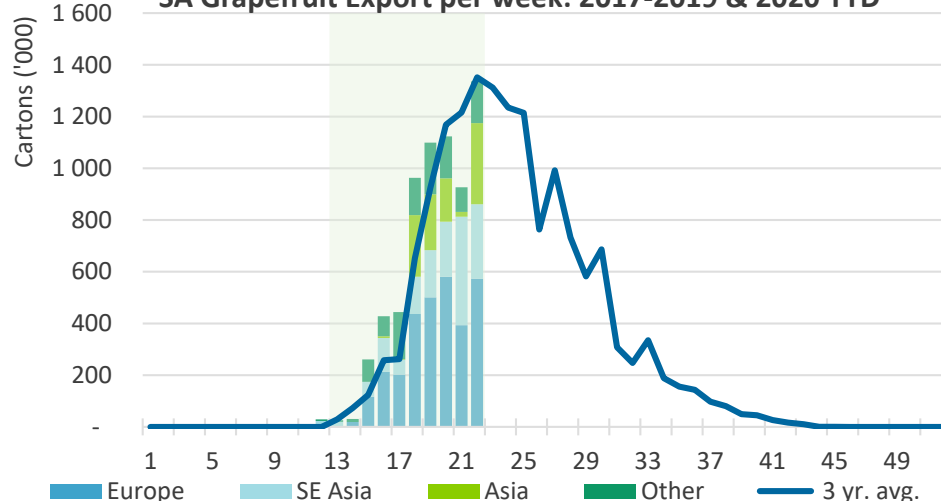
SA Soft Citrus Export per week: 2017-2019 & 2020 YTD



SA Lemons&Limes Export per week: 2017-2019 & 2020 YTD



SA Grapefruit Export per week: 2017-2019 & 2020 YTD



Highlights:

- Global demand is strong, but some markets remain volatile when overstocking occurs
- South African oranges are entering into this market now, with other citrus already in the markets
- The lemon season started earlier with greater volumes exporter earlier in the season
- Port operations remain a risk

Source:

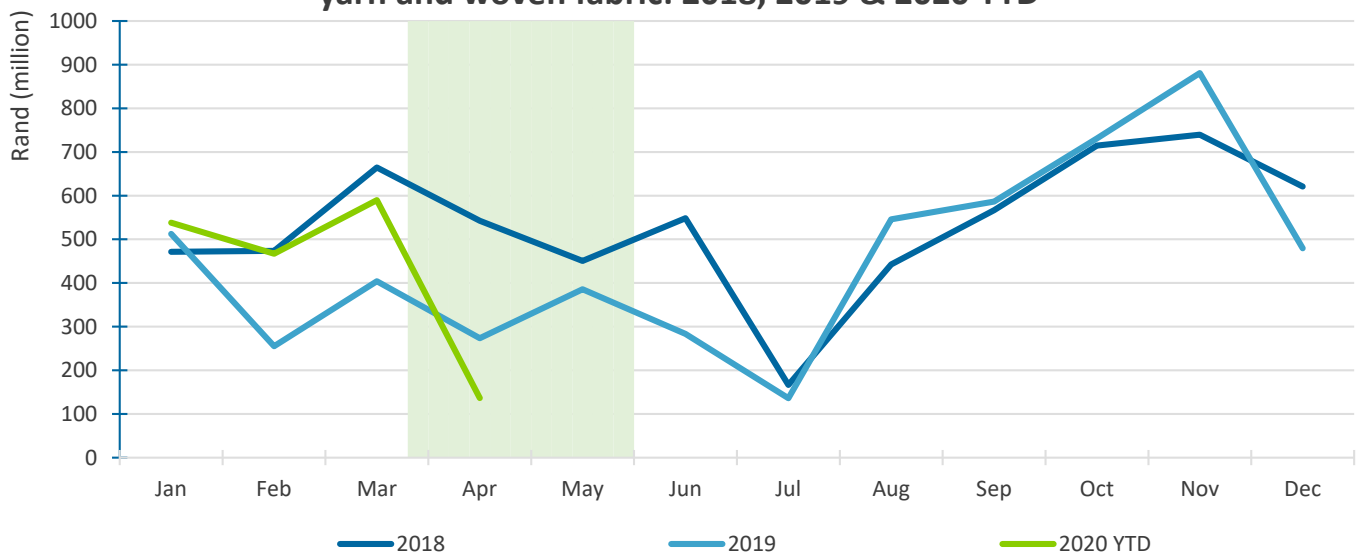


Other

Weekly focus: Cotton and Wool

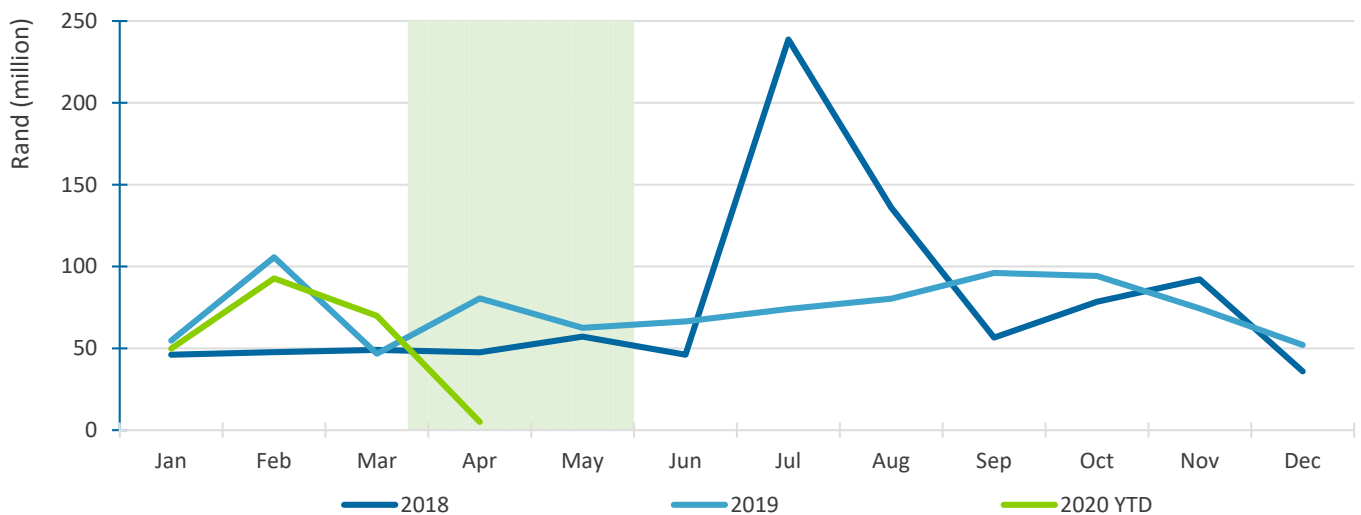
Under COVID-19 regulations, the wool industry was initially not deemed to be essential. Consequently, all shearing, transport, testing, auctioning and export activities were prohibited. Following negotiations with Government, by mid-April it was agreed that wool already loaded on ships could be exported and wool that had already been sold and transported to trader storage, could be packaged, transported to the harbour and exported. This concession allowed some exports, but the value of exports in April 2020 still came in nearly 76% below March 2020 levels. This was also well below the exports recorded in April 2019, which were already well below average due to Foot and Mouth Disease preventing exports to China. As of May, under Level 4 restrictions, wool trading activities resumed again. The last auction for the season will likely take place on 8 July. With China being the first country to emerge from lockdown, demand is expected to hold firm.

South African exports of wool, fine or coarse animal hair; horsehair yarn and woven fabric: 2018, 2019 & 2020 YTD



Cotton was not deemed essential either under the initial lockdown regulations. The industry was unsuccessful in negotiating softer restrictions and therefore basically had to shut down from the end of March 2020 till the first of May 2020, when most agricultural industries were able to resume operations under level 4. With harvesting now in full swing, ginning and export volumes will likely pick up from June onwards.

SA Cotton exports: 2018, 2019 & 2020 YTD



Source:



Policy Perspective

In addition to some logistical challenges emanating from the measures imposed around the world to curb the spread of COVID-19, multiple countries have imposed trade related restrictions to ensure domestic supply. Some examples include:

Rice



- India: Largest exporter in the world and still maintains the suspension of new export contracts amid the nationwide lockdown. There is no move by the government to ban exports.
- Vietnam: The 3rd largest rice exporter in the world implemented a rice export ban late in March. By April, it was replaced with a quota, set at 800 thousand tons. In May, the quota was removed, but will be re-evaluated on a continuous basis

Wheat



- Russia implemented a 10-day suspension of grain exports in late March amid COVID-19 supply fears. It was later replaced with a quota of 7 million tons for the period April – June.
- Kazakhstan imposed a ban on wheat and wheat flour exports in March and replaced it with a quota in April. Government is now considering removing the quota completely from June.

Poultry



- Canada and Brazil shut down a JBS SA poultry meat plant after COVID-19 outbreaks in the workforce. Being the world's biggest meat company, this sparked fears of poultry shortages in the global market

Meat



- The US and Canada temporarily suspended operations at some meat abattoirs due to COVID-19 outbreaks in the workforce. However, the US ordered a resumption of operations soon afterwards.

General



- Since the beginning of lockdown, Kenya has reduced its VAT rate on all goods to 14%, from 16% applied before.