AFRICAN COMPETITION FORUM
FORUM AFRICAIN DE LA CONCURRENCE

TRADE FLOW PATTERNS AND REGIONAL VALUE CHAINS IN THE AGRICULTURE AND AGRO-PROCESSING SECTOR

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ABBREVIATIONS/ ACCRONYMS

ACF	African Competition Forum
AFA	Agriculture and Food Authority
AfCFTA	African Continental Free Trade Area
AFD	French Development Agency
AGT	General Tax Administration
AIPEX	Private Investment and Export Promotion Agency
AMO	African Markets Observatory AN - Ammonium Nitrate
ARC	Autoridade Reguladora da Concorrência (Angola)
BETA	Bottom-up Economic Transformation Agenda
BM	World Bank
BNA	National Bank of Angola
CAE	Corporate Explorations
CAK	Competition Authority of Kenya
CCD	Commercial Crimes Division
CCPC	Competition and Consumer Protection Commission
CCRED	Centre for Competition, Regulation and Economic Development
CIF	Cost, Insurance, and Freight
CoC	Certificate of Conformity
COMESA	Common Markets for Eastern and Southern Africa
CRTC	Cost Review Technical Committee
DOC	Day-Old Chicks
DRC	Democratic Republic of Congo
EAC	East African Community
ECODIMA	Association of Modern Commerce and Distribution Companies of Angola
ESA	East and Southern Africa
ETG	Export Trading Group
FAC	Family Agricultural Companies
FAO	Food and Agriculture Organisation
FEATS	Foreign Exchange Auction Trading System
FOB	Free on Board
FSG	Fertilizer Seed and Grain
FTA	Free Trade Area
GDP	Gross Domestic Product
GMAZ	Grain Millers Association of Zimbabwe
GMB	Grain Marketing Board
GMO	Genetically Modified Organism
HHI	Herfindahl-Hirschman Index
HS	Harmonized Standards
INE	National Statistics Institute
ITC	International Trade Centre
KEBS	Kenya Bureau of Standards
KNBS	Kenya National Bureau of Statistics

KPHIS	Kenya Plant Health Inspectorate Service
KTDA	Kenya Tea Development Agency
MFN	Most Favored Nation
MINAGRIF	Ministry of Agriculture and Forestry
MINDCOM	Ministry of Industry and Commerce MINFIN - Ministry of Finance
MITI	Ministry of Investment, Trade and Industry
MLAFWRD	Ministry of Lands, Agriculture, Fisheries, Water, and Rural Development
Mt	Metric Tonne
NBA	National Biosafety Authority
NDS	National Development Strategy
NDS 1	Zimbabwe's National Development Strategy 1
NPK	Nitrogen, Phosphorus, and Potassium
NTB	Non-Tariff Barriers
NTEs	Non-Traditional Exports
OECD	Organisation for Economic Co-operation and Development
OGE	General State Budget
PDMPSA	National Medium-Term Development Plan for the Agricultural Sector
PHI	Paper Hole Investments
PVoC	Pre-Export Verification of Conformity
RBZ	Reserve Bank of Zimbabwe
REA	Strategic Food Reserve
RECs	Regional Economic Communities
SA	South Africa
SABIC	Saudi Basic Industries Corporation
SADC	Southern African Development Community
SPS	Sanitary and Phytosanitary Standards
SSP	Single Super Phosphate
TBK	Tea Board of Kenya
THL	Tongaat Hulett Limited
TSP	Triple Super Phosphate
URL	United Refineries Limited
USD	United States Dollar
VAT	Value-Added Tax
WFP	The United Nations World Food Programme
WTO	World Trade Organisation
ZIMGOLD	Zimgold Oil Industries Pvt Ltd
ZIMPHOS	Zimbabwe Phosphates Industries Limited
ZSR	Zimbabwe Sugar Refineries Corporation Ltd
ZSS	Zimbabwe Sugar Sales
ZWM	Zambian Kwacha

CHAIRMAN'S FOREWORD

I am privileged to pen down these opening words to present the African Competition Forum's (ACF) study report on trade flow patterns in the agriculture and agro-processing sector. This report is the outcome of the collaborative effort of the six participating ACF member agencies from Angola, Kenya, Mauritius, South Africa, Zambia and Zimbabwe.

Agriculture is a key sector for Africa and high on the continental development agenda aimed at achieving inclusive and sustainable economic development. Foremost, agriculture provides food security and contributes to economic growth. The share of agriculture is about one-third of the continent's total output and provides employment and thus livelihood to around fifty percent of its population of nearly 1.5 billion people.

The agricultural sector is facing several challenges owing to disruptions in global trade due to geo-political conflicts and adverse climatic conditions, amongst others. The sector is also not immune to anti-competitive practices, which may be compounding the negative impact of the supply shocks. All economies around the globe are facing the consequences with rising prices for agricultural inputs and food in general. Africa is likely to be much more affected given its vulnerabilities with more than 400 million of the population living in extreme poverty.

In response to the various challenges and to achieve the continent goal of an integrated, inclusive and sustainable Africa, it is imperative to boost agricultural production and foster regional trade. In this regard, this ACF cross-country study into agricultural trade flows and regional value chains attempts to provide critical insights on the competition dynamics and regulatory landscape for the selected key agricultural products. It identifies several common barriers or limiting factors which impede the efficiency and growth of agricultural trade in the continent. Amongst, infrastructure deficiencies, regulatory and bureaucratic impediments, restrictive tariff and non-tariff measures and market access issues. The report also highlights climatic and environmental challenges affecting regional trade.

The findings of the study are intended to inform the relevant stakeholders on how to enhance regional trade in agriculture through pro-competitive policies. Amongst, the potential for developing and expanding smaller intra-African trade volumes further within the continent. It will also inform future research and policy development for the achievement of an inclusive and sustainable Africa.

I would like to thank all the contributors from the participating competition agencies and in particular, the Competition Commission of South Africa for the overall coordinating for the conduct of the study and publication of this report.

Mr Deshmuk Kowlessur
Chair of African Competition Forum

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To all contributors, named and unnamed, we extend our sincere gratitude. Your collective efforts have helped to create a valuable resource for policymakers, industry stakeholders and researchers, which we hope can contribute to further research and greater economic collaboration across the continent.

1 James Hodge is the Chief Economist and Acting Deputy Commissioner of the Competition Commission of South Africa.
2 Simon Roberts is a professor of economics at the University of Johannesburg, where he founded the Centre for Competition, Regulation and Economic Development (CCRED).
3 Itebogeng Palare and Precious Mathibe work in the Office of the Commissioner, of the Competition Commission of South Africa.
4 Ntombikayise Cebekhulu is a financial analyst in the Economic Research Bureau of the Competition Commission of South Africa.

INTRODUCTION

The ACF analysis of trade flow patterns and regional value chains in the agriculture and agro-processing sectors aims to deepen the understanding of trade dynamics across key African countries, addressing the critical role of agriculture in fostering regional economic resilience and growth.

Agriculture is a foundational component of African economies, contributing significantly to food security, employment, and industrial development. However, recent global crises, including the COVID-19 pandemic and the Russia-Ukraine conflict, exposed vulnerabilities within global food supply chains, causing sustained food price inflation that disproportionately affects lower-income households. These developments underscore the need for improved regional trade resilience, competitive markets, and stronger intra-African trade to mitigate global disruptions
.
Against this backdrop, this ACF study focuses on analysing trade flow patterns in agriculture and agro-processing across six countries: Angola, Kenya, Mauritius, South Africa, Zambia, and Zimbabwe. By examining the import and export dynamics in these countries, the study explores the economic implications of agricultural policies, sectoral dependencies, and the role of key commodities within local and regional economies. Additionally, it assesses the regulatory frameworks, market barriers, and competition challenges affecting the sector, providing a comprehensive understanding of opportunities and obstacles within African agricultural trade.

The study seeks to provide a regional perspective on the economic activity within agricultural and agro-processing sectors across Africa, using trade flow data to identify opportunities for strengthening economic integration, competitive practices, and regional collaboration. More specifically, the study's objectives are:

- Analysing regional value chains: The study explores the dynamics of agricultural and agro-processing value chains within ACF member countries, focusing on both high-volume and strategically important commodities, including maize, sugar, coffee, tea, and fertilisers. This analysis extends to trade (import and export) flows across different geographic levels—continental, regional, and national.
- Investigating competition and trade barriers: It also examines competition issues within value chains, with the aim of identifying interventions that could facilitate regional trade and improve competitive conditions. The study considers factors such as tariff and non-tariff barriers, as well as market concentration, which can hinder trade efficiency.
- Highlighting opportunities for regional trade: The research also seeks to locate regulatory and infrastructural elements that either facilitate or impede regional trade in agriculture, identifying areas for future research to support policy interventions at a regional level.

In terms of the methodology employed in the research, the study combines the quantitative trade flow data of each country's key agricultural products and the qualitative insights, in order to map trade patterns and competition issues. Data selection focuses on products central to the average African household's consumption patterns, and products critical to food security and economic resilience, including fertilisers, vegetable oils, grains, protein foods, and agro-processed products. Each product was analysed

within its value chain context to identify relevant supply chain factors, including pricing volatility and dependencies on imported agricultural inputs, particularly fertilisers.

Statistical data on these key agricultural products' imports and exports are analysed to assess the competitiveness of specific agricultural sectors, including critical products such as maize, sugar, tea, and poultry. The primary data in the study comprises of export and import volumes and values, using annual statistics sourced from each country's national statistics databases or trade data sources, such as ITC Trade Map. The trade data generally spans the 2017-2022 period, allowing for an analysis of any trends before, during and after the Covid19 pandemic. The secondary data for the study includes economic reports, market studies, and other publications, providing contextual understanding of observed trade and price trends.

The participating countries in this analysis represent a cross-section of agricultural economies, each with distinct trade dependencies and competitive landscapes. Zimbabwe's agriculture sector, for instance, emphasises value addition, especially in maize and soya, while focusing on enhancing self-reliance within the regional trade framework. Zambia leverages its vast arable land for agriculture but remains reliant on imports for staple food security, due to logistical and infrastructural constraints. Angola is expanding its agricultural capacity with a focus on coffee and rice exports, while working to reduce dependencies on imported agricultural inputs. Mauritius, although limited in agricultural resources, plays a critical role in sugar and processed food trade within Africa, using regional imports to support its agro-processing industry. South Africa has a well-developed agro-processing sector and serves as a major regional trade hub, but faces concentration issues within certain agricultural sectors, impacting local prices and market access. Kenya's diversified agricultural sector includes globally competitive tea and coffee exports, but also faces challenges in overcoming non-tariff barriers within the East African Community (EAC) and the rest of Africa.

The report is structured to provide an analysis of each country's agriculture trade landscape. Following this introduction, each chapter presents an examination of the trade patterns and competitive dynamics for each country in the following order: Angola, Kenya, Mauritius, South Africa, Zambia, and Zimbabwe. Each chapter explores the specific agricultural commodities central to each country's economy, discussing the associated trade patterns, market dynamics, and regulatory factors that influence these sectors.

The report concludes with an overarching chapter that synthesises key insights from the country chapters, identifying unique and common aspects across the countries, as well as differences and trade opportunities. This final section also discusses the structural barriers and facilitators to agricultural trade, and highlights opportunities for enhancing regional trade within the African Continental Free Trade Area (AfCFTA). By emphasising both the competitive and integrative aspects of African agricultural trade, this report provides a framework for understanding and advancing agricultural trade across the continent.

PART A
ANGOLA

Autoridade Reguladora da Concorrência

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1

INTRODUCTION

1. The study on the Value Chain of the Agricultural and Agro-Processing Sector is the result of an initiative by the African Competition Forum (ACF).

2. It should be noted that the study is pertinent insofar as food shortages have become a reality at global level, as a result of the negative effects of the constant increase in the world's population. Studies predict that the world's population will exceed 9 billion by 2050, a growth that will lead to an increase in demand for food by more than 70%.[1]

3. Against this backdrop, Africa has the opportunity to become the main source of food supply globally, due to the favourable natural conditions and the strong potential for agri-food production on this continent.

4. The continent boasts a growth rate of 5 per cent a year, which could result in a tripling of its Gross Domestic Product (GDP) by 2030.[2] At this rate, Africa's GDP could surpass Asia's by 2050. With direct links to the rest of the economy, agribusiness and the agro-processing industry could become the main catalysts for boosting Africa's economic growth to the desired levels.

5. What's more, the PricewaterhouseCoopers (PwC) report on Agribusiness in Angola states that this branch of business contributes 65% of employment and 75% of domestic trade in Africa.

6. If it continues to grow at this rate, Africa's GDP could surpass Asia's by 2050. With direct links to the rest of the economy, agribusiness and the agro-processing industry could prove to be the catalysts needed to drive that level of growth on the African continent.

7. In this sense, agriculture and agribusiness are becoming increasingly relevant, as food security and job creation become increasingly relevant topics. Companies in the agribusiness sector in Africa need to be prepared for the contours of the industry in which they operate, namely the external factors that have a determining impact, and the dynamic "rules of the game," in order to become leaders and true players of industry reference.

8. Angola has the potential to become one of the leading agribusiness countries in Africa, due to its fertile and rich soils and favourable natural conditions, suitable for animal husbandry and the planting of varied crops. However, currently only 10% of the 35 mllion hectares of land available for agricultural production are being cultivated. [3]

9. Furthermore, in the current context, characterised by an environment of high food inflation,[4] competition and the effective application of Competition Law are fundamental to keeping prices low for consumers.

1 PricewaterhouseCoopers Angola (2020). ***Leadership in a global future, Agribusiness in Angola.*** Available at: https://www.pwc.com/ao/pt/assets/img/pwc-angola-agronegocio.pdf . Consulted on October 25, 2023.
2 Ditto.
3 World Bank (2022). ***Towards better water and food security: Angola's potential as a future agricultural power in Africa***. Available at: https://blogs.worldbank.org/africacan/towards-improved-water-and-food-security-angolas-potential-future-agriculture-powerhouse . Consulted on October 25, 2023.
4 IMF (2021). ***Food Inflation in Sub-Saharan Africa***. Available at: https://www.imf.org/en/Blogs/Articles/2021/12/06/food-inflation-in-sub-saharan-africa . Consulted on October 25, 2023.

2

STUDY OVERVIEW

2.1. Objectives of the Study

10. The general objective of this study is **to understand the existing regional economic activity in the agriculture and agro-processing sector. In specific terms, the study aims to achieve the following objectives**:

- Understand the dynamics of regional value chains in the agriculture and agro-processing sectors;
- Understand competition issues along regional value chains, especially cross-border issues and what interventions are needed at a regional level;
- Understand the competition issues that can arise due to the impact of restrictions such as tariff and non-tariff barriers, weak infrastructure, demanding quality standards, as well as local suppliers developing weakly, and how this hinders inclusion in regional value chains.

11. To ensure alignment with the other members involved in preparing the respective study, it will be limited, essentially, to the analysis of some products contained in the following categories: agricultural inputs, vegetable oils, grains and legumes, protein foods, fruits, drinks and other merchandise.

2.2. Study Methodology

12. In preparing the study, the following methodological instruments were used: a bibliographical review; surveys of some companies and associations; documentary and statistical analysis; as well as research on the main websites, namely Ministry of Agriculture and Forestry (MINAGRIF), Ministry of Industry and Commerce (MINDCOM), National Statistics Institute (INE), General Tax Administration (AGT), Ministry of Finance (MINFIN), National Bank of Angola (BNA), World Bank (BM), United Nations Food Support Fund (FAO), French Development Agency (AFD) and Business Associations in the sector.

13. The quantitative data, whether primary or secondary, presented in graphs and tables/figures refers to the periods from 2017 to 2022.

2.3. Study Structure

14. To achieve the research objectives, the study in question is segmented into eight parts, including the introductory note, which constitutes the first part, and the overview of the study, which is considered the second part.

15. In the third part, a characterisation of the agricultural and agro-processing sector in Angola is carried out, with emphasis on identifying the commercial flow of agriculture; in the fourth section, the commercial flow of the agriculture and agro-processing sector in Angola is presented.

16. In the fifth part, an analysis of the prices of agricultural products is carried out at national level, while in the sixth section, the commercial flow of Angola's agriculture and agro-processing sector at an African and global level is identified.

17. In the seventh section, an assessment of competition issues in the agriculture and agro-processing sector is made; and finally, in the eighth part, some final considerations are presented.

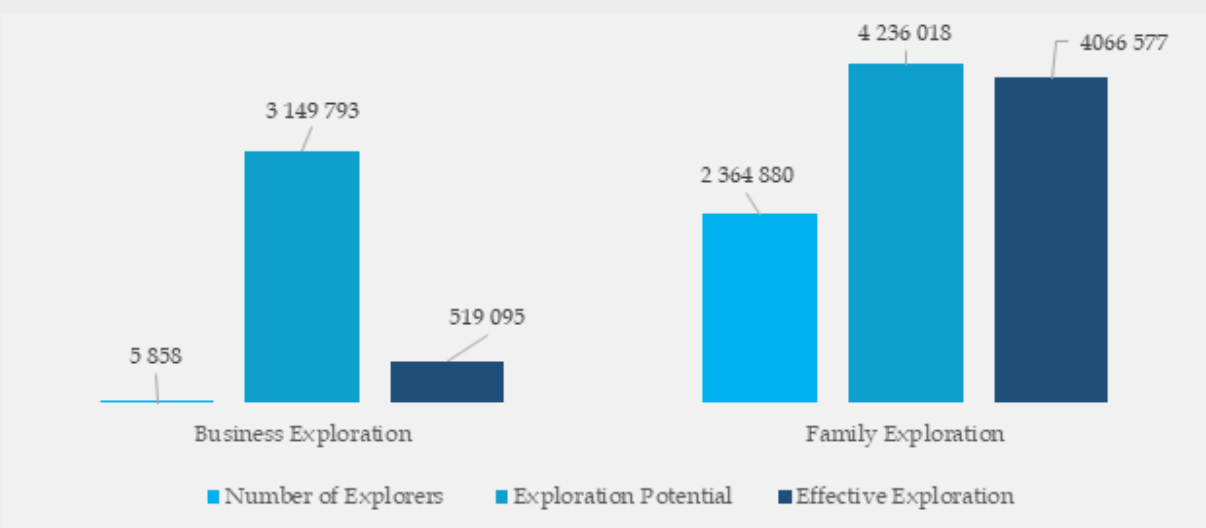
3

CHARACTERISATION OF THE AGRICULTURAL AND AGRO-PROCESSING SECTOR IN ANGOLA

18. The agricultural sector in Angola is characterised as having a vast area of arable land, of about 35 million hectares favourable for farming, and is considered to hold the largest agricultural potential in Southern Africa. There are fertile, rich soils and favourable natural conditions, but according to the French Development Agency (AFD), only 17% of hectares is actually cultivated.[5]

19. Furthermore, the country has rivers with flow superiority among the largest in the world, with 77 river basins and 43 hydrological basins, in addition to having millions of family farmers who play a fundamental role in food production, and sustainable management of natural resources. These farmers, predominantly linked to family farming, contribute significantly to supplying agriculture produce to the domestic market.[6]

Figure 1 - Agricultural Exploration (hectare)



Source: *Report on the results of family and business agricultural/fishing and aquaculture farms, INE, 2022.*

20. As can be seen in figure 1, effective Family Farming is close to its exploration potential (or level of utilisation), using 96% of the entire area occupied for exploration. However, Business Exploration presents a large gap between its exploration potential and the area actually used (as 'Effective Exploration'), with idleness in the order of 84%.

21. The data above demonstrates that there is a prevalence of exploitation of the primary non-business sector, being, therefore,

5 Agence Française de Développement - AFD (2023). ***Agriculture and Rural Development***. Available at: https://www.afd.fr/pt/ressources/afd-e-agricultura-angola . Consulted on October 27, 2023.

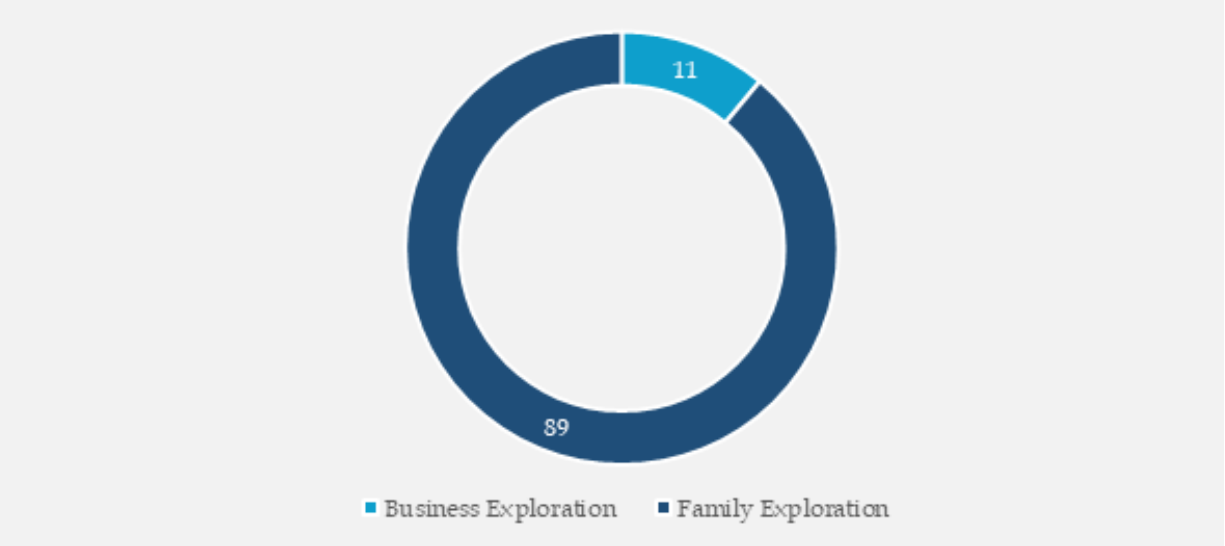
6 MINDCOM (2024). ***Invest in Angola.*** Available at: https://mindcom.gov.ao/ao/documentos/publicacoes/ . Consulted on March 14, 2024.

not characterised by market competitive objectives. This presents deficiencies in the exploitation of installed capacity, considering the low levels of mechanisation of exploration, as well as inability to influence the market or exert any pressure on products in the market.

22. It should be noted that, at the country level, of the total of 2,364,880 Family Agricultural, Fishing and Aquaculture Farms, 94.7% correspond to individual legal status, 5.3% to collective, and only 29% use machinery and equipment, such as the plow (around 23.3%), the wheeled tractor (2.7%), the motor pump (1.6%) and the seeder (1.5%).

23. As far as business holdings are concerned, more than half of the different livestock and aquaculture holdings have a tractor as their main agricultural equipment. The equipment that follows the tractor is less than half as representative, namely (plough, motor pump and backpack sprayers). Around 41.3% of the business holdings have a warehouse for their products, 23% have breeding stables/courts, and 12% have vaccination pens. It should also be noted that, from a market point of view, only 11% of holdings are entrepreneurial, indicating concentrated markets and low levels of investment.

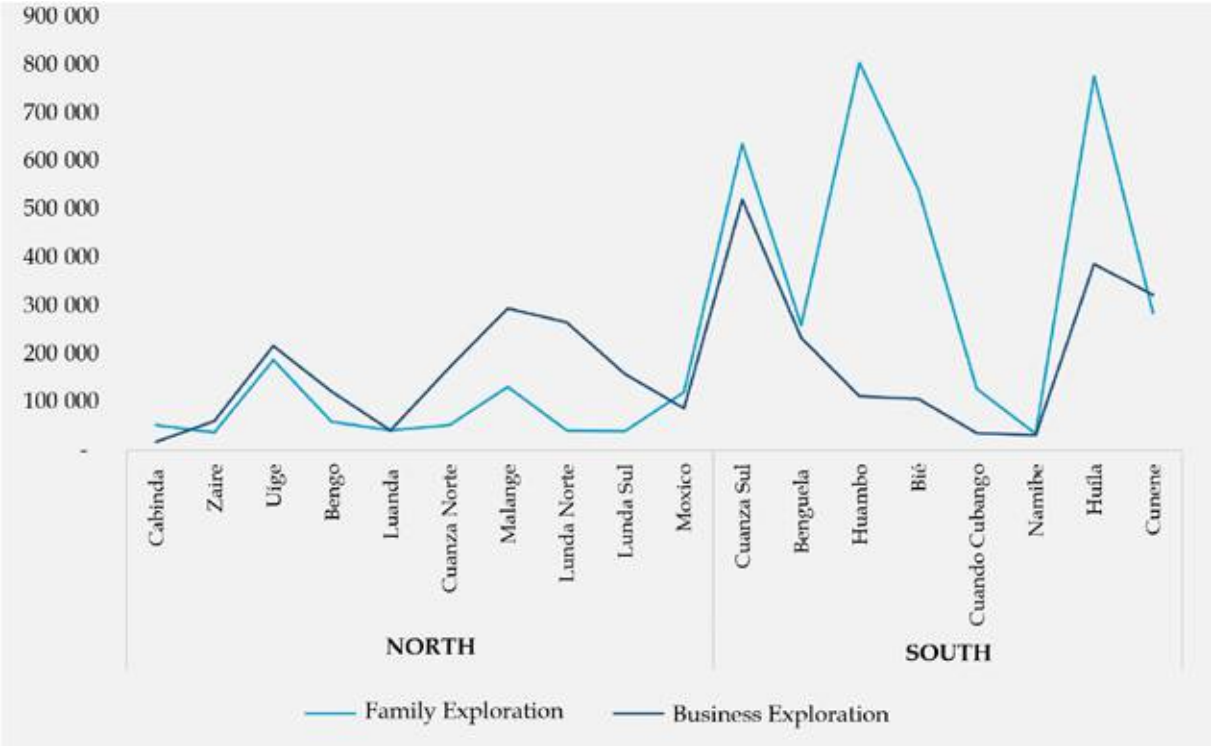
Figure 2 - Effective Agricultural Exploration (%)



Source: *Report on the results of family and business agricultural/fishing and aquaculture farms, INE, 2022.*

24. Regarding geographical distribution of agricultural farms, there is a greater contraction in primary activity in the south of the country (shown as 'SUL' in figure 3 below), resulting in greater occupation of exploited areas (with the exception of Namibe in the South, which has low levels of exploitation, for both family and business exploration).

Figure 3 - Farms by Province (hectare)



Source: *Report on the results of family and business agricultural/livestock/fishing and aquaculture farms, INE, 2022*

25. Despite having a lower level of exploitation, business exploitation in the North (shown as 'NORTH' in Figure 3) exceeds family exploitation. Notably, the provinces of Cabinda, Zaire and Luanda exhibit areas occupied for exploration with a lower degree of exploration or utilisation, which points to significant idleness.

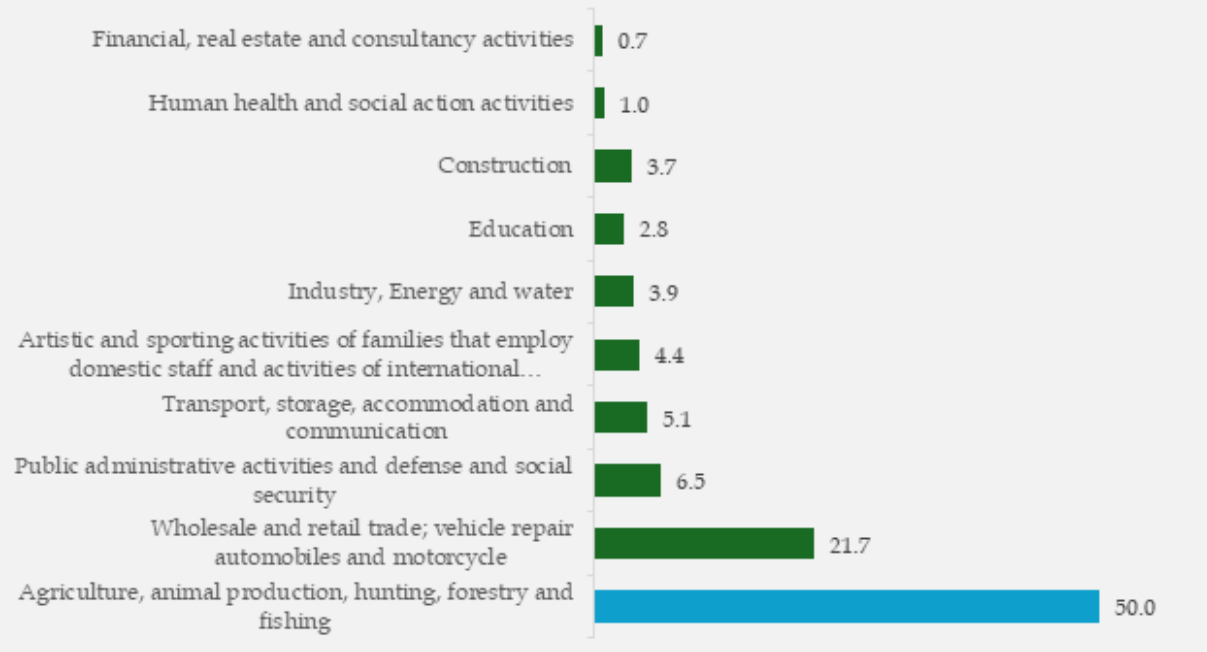
26. With regard to further characterisation of Angola's agricultural sector, the main crops in Angola are cassava, corn, beans, reindeer and sweet potatoes, soybeans, bananas, coffee, rice and other fruits and vegetables.

27. Favourable government policies encourage agricultural production and private sector involvement, such as the National Medium-Term Development Plan for the Agricultural Sector (PDMPSA).

28. Regarding the level of employability, data from the National Statistics Institute (INE) from the fourth quarter of 2022 indicates that around 50% of the employed Angolan population is engaged in agriculture, animal production, hunting, forestry and fishing, which is illustrated in figure 4 below.[7]

7 National Institute of Statistics – INE (2023). ***Employment Survey in Angola, Fourth Quarter 2022***. Available at: https://www.ine.gov.ao/publicacoes/detalhes/MTEyNzY%3D . Consulted on October 27, 2023.

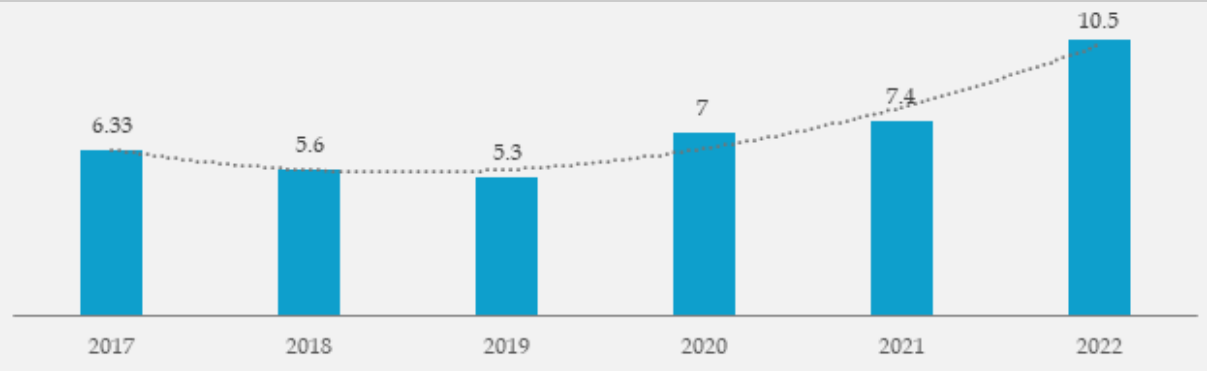
Figure 4 - Percentage Distribution of Economic Activity



Source: *Employment Survey in Angola, INE - Fourth Quarter, 2022*

29. In recent years, the percentage of agriculture in Angola's economy has grown rapidly, reaching around 3.1% per year, which has led to an increase in the share of agriculture in the Gross Domestic Product (GDP) from 5.3% to 10.5% during the period 2019-2022, as indicated by the trend line in the figure below.

Figure 5 - Share of the Agricultural Sector in GDP (%)



Source: *BNA (2023)*

30. Figure 4 above is explained, in large part, by the growing investment of the Angolan government in the agricultural sector, through the increase in funds from the General State Budget (OGE) allocated to the sector,[8] as shown in Figure 6 below. This commitment fits into the strategy diversification of Angola's economic structure, which is still concentrated in the oil sector, as well as promoting sustainable development.

8 Coefficient of Determination is 71%, which confirms the weight of funds allocated to the Agricultural Sector in the growth of its participation in GDP.

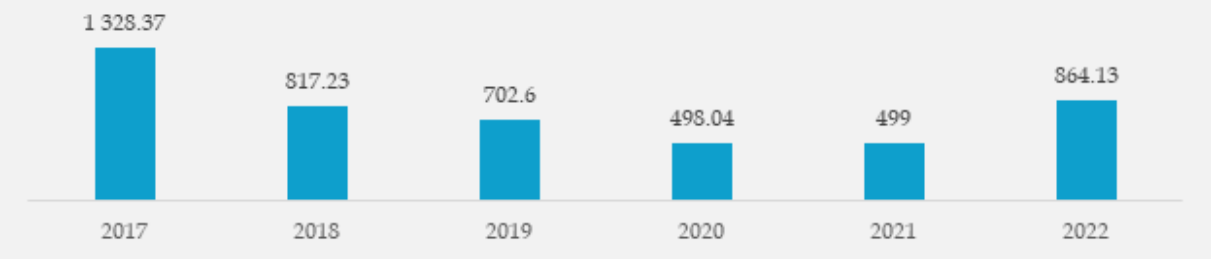
Figure 6 - Funds Allocated to the Agricultural, Forestry, Fishing and Hunting Sector (Millions of U$D)

Source: *MINFIN (2023)*

31. Although the sector is showing observable growth trends, it is still shrinking economically and has low productivity levels (at 13%), a fact that does not support a vision of improvement in the sector´s static performance as considered.

32. In Angola there are some programs and institutions involved in efforts to finance the agricultural sector, in order to boost national development and production.[9] Alongside the increase in OGE funds, recent years have also seen an increase in the granting of credit to the agricultural sector.

Figure 7 - Credit Granted to the Agricultural Sector (in millions of U$D)



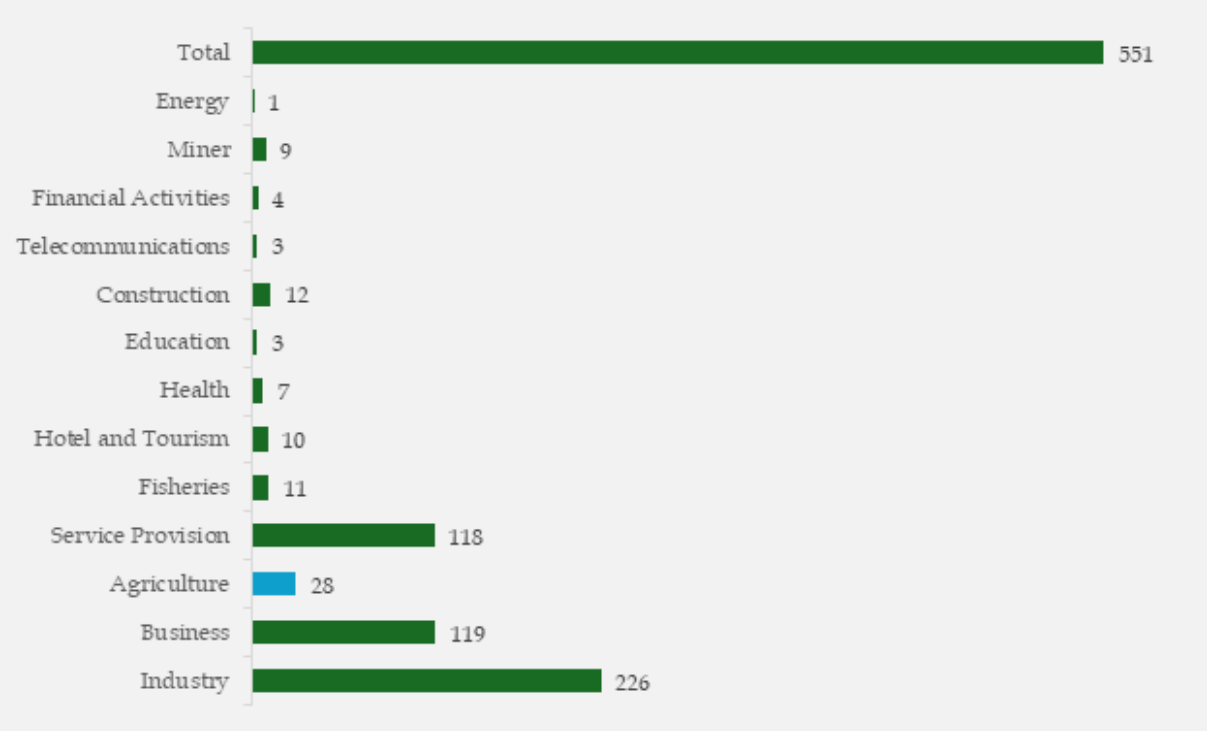
Source: *BNA (2024)*

33. As for Foreign Direct Investment (FDI), from August 2018 to December 2022 there were a total of 28 investment projects in the agriculture sector, valued at 379 million US dollars,[10] as shown in figures 8 and 9, respectively.

9 Among these, the following stand out: the Angolan Development Bank (BDA), the Agrarian Development Support Fund (FADA), the World Bank (BM), the French Development Agency (AFC) and commercial banks based in Angola.

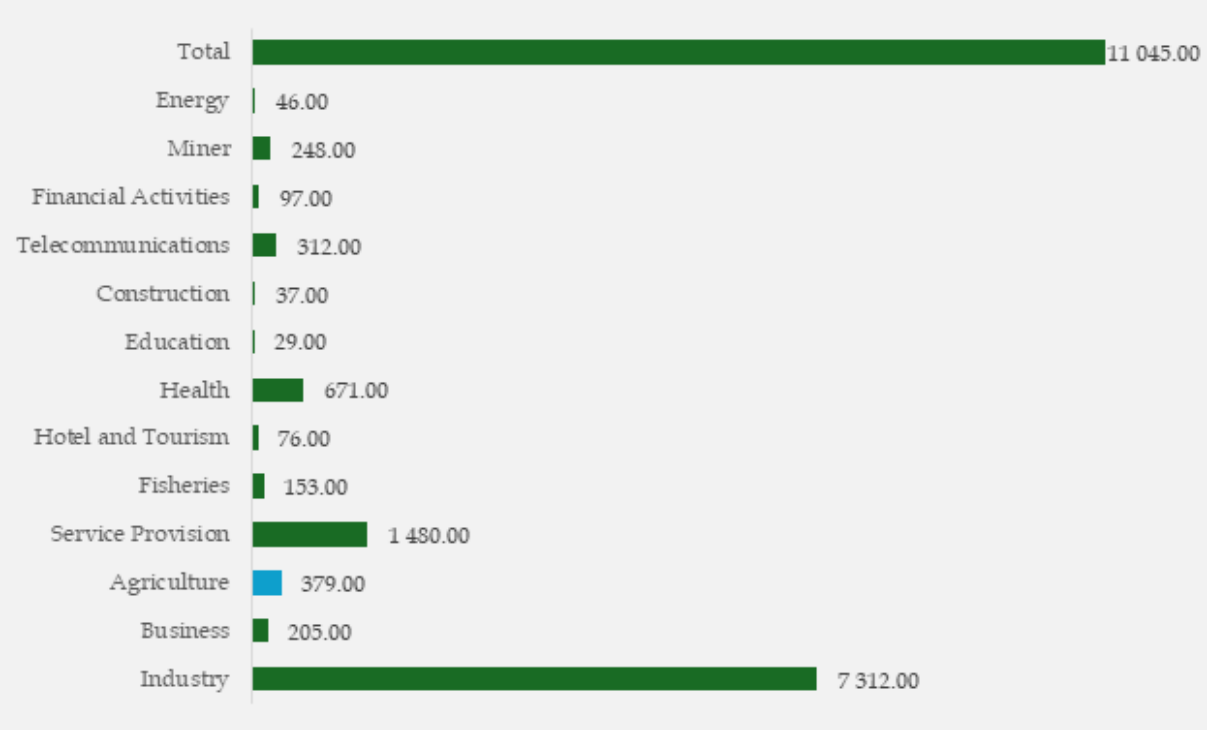
10 Private Investment and Export Promotion Agency - AIPEX (2023). ***Registered Project Statistics.*** Available at: https://www.aipex.gov.ao/PortalAIPEX/#!/estatisticas_ a ipex/estatisticas . Consulted on October 27, 2023.

Figure 8 - Project Registered by Activity Sector



Source: *AIPEX (2022)*

Figure 9 - Value of Registered Projects (in millions of U$D)



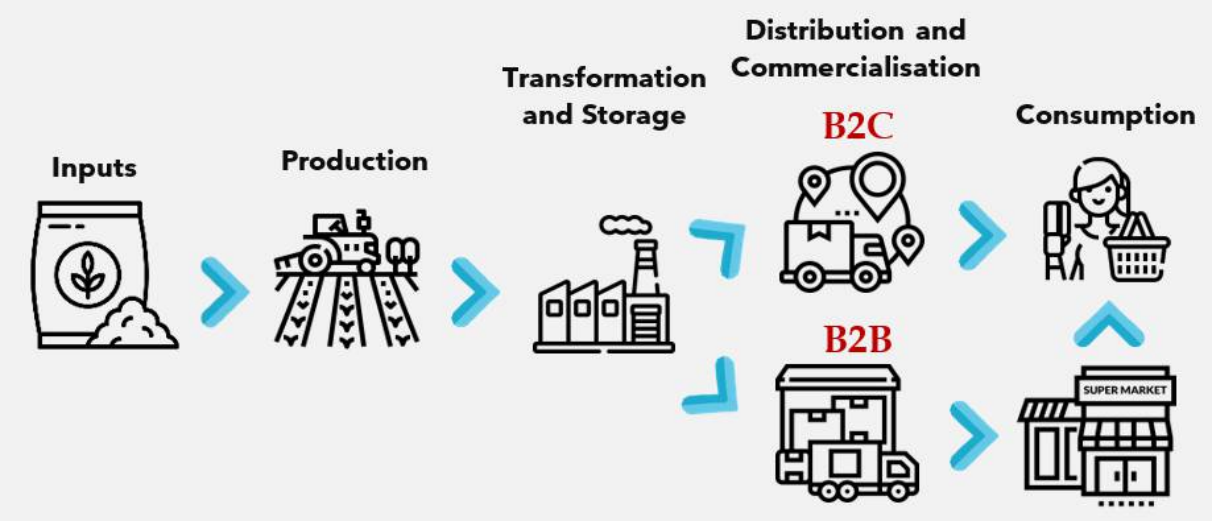
Source: *AIPEX (2022)*

4

COMMERCIAL FLOW OF THE AGRICULTURE AND AGRO-PROCESSING SECTOR IN ANGOLA

34. This section takes a detailed look at the supply chain segments of Angola's agricultural and agro-processing sector. Starting with the overall supply structure, the supply chain of the agricultural sector in Angola is segmented as follows: inputs, production and/or import, transformation and storage, distribution, marketing and consumption, with each of these activities presenting a different market structure.[11]

Figure 10 - Agricultural Sector Supply Chain



Source: *PwC Angola (2021), ARC (2024)*

4.1. Supply of Inputs

35. Due to its characteristic as the initial basis for production, the input supply constitutes the first stage of the agricultural production chain. Inputs are made up of various elements used in production, that is, everything that is provided to make production possible namely – seeds, soil improvers, fertilisers, agricultural pesticides, animal feed, veterinary medicines, tools and equipment, agricultural machinery and implements, and technology.

36. Angola imports a large part of its agricultural inputs, spending on average, around **US$26,10 million annually** on imports.[12] This segment faces several challenges, including difficult access to more modern, efficient seed varieties that guarantee greater food security and reduce soil contamination.

11 PricewaterhouseCoopers Angola (2020). ***Leadership in a global future, Agribusiness in Angola.*** Available at: https://www.pwc.com/ao/pt/assets/img/pwc-angola-agronegocio.pdf . Consulted on October 25, 2023.

12 Journal of Angola (2022). ***High import costs for inputs harm agricultural production.*** Available at: https://www.jornaldeangola.ao/ao/noticias/elevados-custos-de-importacao-de-insumos-prejudicam-a-producao-agricola/ . Consulted on October 27, 2023.

37. Furthermore, the high costs of importing fertilisers, seeds, agrochemicals and parts for the main machines that operate in the field are highlighted as the main factors contributing to the weak development of the agrarian sector in Angola.[13]

4.2. Production

38. Agricultural production includes the entire range of products and benefits generated by agricultural activity. It is the basis for maintaining the world economy. After all, it is from agriculture that food and raw materials for industries are produced.[14]

39. Presidential Decree No. 227/20 of September 4, which approves the Integrated Plan for the Acceleration of Family Agriculture and Fishing "PIAAPF" - 2020/2022, indicates that family production is responsible for the production of around 81% of cereals, 92% roots and tubers, 89% legumes and oilseeds, 85% meat and 30% fish.

40. According to the Multisectoral Commission of the Production Support Programme, Angolan agricultural production is classified according to the tables below.

Table 1- Agricultural Products Produced in Angola[15]

Class	Description
Cereals	Wheat, rice, corn, sorghum, paddy rice, seed wheat, Pennisetum gray.
Sugar	Sugar cane.
Tubers	Reindeer potatoes, sweet potatoes, cassava, cassava flour, beetroot, yam, croeira.
Legumes	Beans, seed beans
Oilseeds	Peanuts, soybeans, oil palm, coconut, peanut, sunflower, cotton, peanut seed soybean seed, cashew nuts, palm oil palm, cotton seed.
Spices	Coffee, cocoa, tea, ginger, pepper, piperine, cinnamon
Fruit trees	Banana, mango, pineapple, avocado, apple, tangerine, orange, lemon, pear, strawberry, guava, papaya, watermelon, passion fruit, cashew, banana bread, pinecone fruit, pineapple lime.
Vegetables	Tomato, cucumber, carrot, onion, cabbage, garlic, cabbage, lettuce, eggplant, turnip, okra, pepper, pumpkin.

Source: *National Producer Portal (2024)*

41. Data from the Angolan Embassy in Portugal shows that in the 2019/2020 agricultural campaign, 3,071,085 tons of the five types most consumed cereals in the country were produced (including corn, pennisetum gray, sorghum, rice and wheat), representing a growth of 5.6% (171,980 tons more) compared to the previous period.[16]

42. Most of this production was carried out in the province of Huambo, with 27.8%, followed by Cuanza Sul (22.9%), Bié (16.1%), Benguela (11.1%) and Huíla (8.7%), in an area of 2,903,111 hectares (3.6% more), where the average harvest was around 1,058 kg per hectare.

13 Idem.
14 PREVEDEL, Denise (2023). ***Agricultural production: understand the types and production systems.*** Available at: https://blog.aegro.com.br/producao-agricola/ . Consulted on October 27, 2023.
15 Multisectoral Commission for the Production Support Program (2023). ***National Production Disclosure Portal - Plant Productive Rows***. Available at: https://ppn.gov.ao/vegetal . Consulted on June 6, 2023.
16 Embassy of the Republic of Angola in Portugal (2022). ***Angola is self-sufficient in six food products.*** Available at: http://www.embaixadadeangola.pt/angola-e-auto-suficiente-em-seis-produtos-alimentares/ . Consulted on March 26, 2024.

43. Of the total production, corn led the top 5 in the cereal sector, reaching 2,972,177 tons, an increase of 5.4 percent (160,497 more) compared to the previous harvest, which resulted in the cultivation of around 1,367,200 tons. Of the total corn production, 2,375,653 tons of corn were produced by Family Agricultural Companies (FAC), while Corporate Explorations (CAE) harvested 596,524 tons, on an average of 1,143 kg per hectare.

44. Rice production amounted to 10,567 (4.6%) tons, distributed in terms of production by 5,336 tons for FAC and 5,231 tons for CAE, resulting in around 1,337 kg per hectare. Wheat totalled 9,368 (2.1%) tons, with 9,172 tons from FAC and 196 tons from CAE, with an average harvest of 715 kg per hectare.

45. Despite also registering an increase in production, legumes and oilseeds reached only 606,698 tons (+5.5%), cultivated on 1,037,644 hectares (+2.9%), with an average harvest of around 585 kg per hectare (+2.5%), in the provinces of Huambo (19.5%), Bié (17.9%), Cuanza Sul (16%), Uíge (11,3%) and Malanje (7.1%).

46. In this group, the production of beans, one of the most consumed foods in Angola, topped the list of three food goods, having totalled 344,762 tons (+5.8%), 304,533 of which were from FAC and 40,229 from CAE, with a record average harvest of around 512 kg per hectare.

47. Soybean production also increased by 1.6% to 37,961 tons, 25,698 for the FAC and 12,263 for the CAE, 1,064 kg per hectare. The agricultural sector recorded the production of 12,100 tons of coffee and 6.050 tons of commercial coffee in 2020, an increase of 14%, compared to the previous period.

48. However, the agricultural production sector experienced some difficulties and challenges, such as: poor protection against pests and diseases, precarious irrigation systems (with a high dependence on rain); lack of maintenance and replacement services for machines; as well as a low level of training of staff.[17]

4.3. Transformation and Storage

49. In addition to production, the sustainability of the agricultural sector is also based on the ability to transform products via agro-processing, as well as their conservation by way of appropriate storage.

50. In Angola, the transformation process includes, for example:

- **Corn Processing:** transformation into corn flour, starch and other products.
- **Coffee Processing:** Coffee processing involves drying, peeling and classifying the beans.
- **Cassava Processing:** Transformed into flour, starch and other products.
- **Palm Oil Production:** Palm oil is extracted from palm trees and is used in cooking and industry.
- **Tropical Fruit Processing:** Fruits such as bananas, pineapples and mangoes are processed into juices, pulps and jams.

51. Table 5 below lists the main agricultural products which undergo transformation and are processed in Angola, separated by product origin (either of plant origin or animal origin).

17 PricewaterhouseCoopers Angola (2020). ***Leadership in a global future, Agribusiness in Angola.*** Available at: https://www.pwc.com/ao/pt/assets/img/pwc-angola-agronegocio.pdf . Consulted on October 25, 2023.

Table 2- Processed Products in Angola[18]

Of plant origin	Of animal origin
Salt, cornmeal, wax, wheat flour, soybean cooking oil, table water, juices, beer, honey, palm oil, sunflower oil, peanut oil, cottonseed oil, soft drinks, vegetable oil, wheat, corn, sugarcane juice, cornmeal, butter, sugar, cashew nuts, spaghetti pasta.	Cheese, pork, beef, buffalo meat, horse meat, goat meat, sheep meat, chicken meat, dried beef, milk, powdered milk, other types of meat, sugar, yogurt, dried fish".

Source: *National Producer Portal (2024)*

52. The main stored agricultural products include cereals (such as corn and rice), legumes, roots (such as cassava) and fruits. Storage facilities range from traditional barns to modern structures such as silos and cold rooms.

53. In Angola, the transformation (processing) and storage segment has faced several challenges, including high fuel and electricity costs; costs of industrial material for transformation and processing; lack of adequate storage facilities; as well as low level of staff training.[19]

54. According to statistical data from the General Tax Administration (AGT), from 2017 to 2022 the country exported various agricultural and agro-industrial goods worth 109,43 million dollars,[20] as shown in the table below.

Table 3 - Exports of Agricultural and Agro-Industrial Goods in Thousands of Dollars (2017-2022)

Description	2017	2018	2019	2020	2021	2022
Live Animals and Products from the Animal Kingdom	**102,64**	**287,75**	**1 599,45**	**714,07**	**150,63**	**1,87**
Milk and dairy products, bird eggs and honey.	102,64	287,75	1 599,45	714,07	150,63	1,87
Products from the Vegetable Kingdom	**3 254,03**	**8 888,08**	**30 343,59**	**6 067,39**	**3 836,53**	**6 390,49**
Coffee, tea, mate and spices	1 883,86	1 588,45	2 083,73	1 932,02	1 955,21	66,37
Cereals	21,87	310,62	2 034,12	388,68	48,84	2,95
Products of the milling industry, malt.	1 281,06	6 965,75	26 111,09	3 726,05	1 829,88	6 293,93
Seeds and fruits oilseeds and grains.	67,25	23,27	114,64	20,64	2,59	27,24
Industrial Products Food and Beverages	**17 192,87**	**6 283,81**	**11 728,72**	**6 327,46**	**3 092,66**	**1 564,09**
Sugars and confectionery products	15 382,47	5 441,09	11 248,48	5 914,24	2 919,90	1 349,58
Fertilizers and fertilizers	1 810,41	842,72	480,25	413,23	172,76	214,51
Subjects Textiles and their Construction	**597,05**	**431,11**	**284,00**	**37,10**	**181,58**	**76,89**
Cotton	597,05	431,11	284,00	37,10	181,58	76,89
TOTAL	**21 146,61**	**15 890,76**	**43 955,76**	**13 146,04**	**7 261,39**	**8 033,33**

Source: *AGT (2022)*

18 Multisectoral Commission for the Production Support Program (2023). ***National Production Disclosure Portal - Production Lines of the Manufacturing Industry***. Available at: https://ppn.gov.ao/industria/transformadora . Consulted on January 2, 2024.

19 PricewaterhouseCoopers Angola (2020). ***Leadership in a global future, Agribusiness in Angola.*** Available at: https://www.pwc.com/ao/pt/assets/img/pwc-angola-agronegocio.pdf . Consulted on October 25, 2023.

20 This value is the sum of exports of agricultural and agro-industrial goods between 2017 and 2021.

4.4. Distribution and Marketing of Agricultural Products (Food)

55. The distribution phase is responsible for getting agricultural products to the intermediate and/or final consumer. At this stage, there are two groups operating: wholesalers and retailers.

56. The Angolan market has many distributors of agricultural and processed products, the main companies being: Angoalissar, Grupo Carrinho, Mercadoro Angola, Customs Warehouse and Sodosa.

57. Likewise, the following main retailers (supermarkets) in Angola stand out: Maxi, Shoprite, Arreiou, Jumbo, Kibabo, Kero, AngoMart, Alimenta Angola, Deskontão, Fresmart and Bem Barato, as well as some large informal markets distributed by provinces, namely the markets of Km 30 and Catinton (Luanda), 4 de Abril (Benguela), Germany (Huambo), Mutundo (Huila), São Pedro (Cabinda), 5 de Abril (Namibe), Chawandi (Malanje), Tchissindo (Bié) and Chingo (Cuanza Sul).

58. As PwC points out, the main challenges of the food distribution and marketing markets in Angola include the low quality of roads and lack of integration of transport networks, the low cost of imported products compared to national products, and the high incidence of the informal market.[21]

4.5. Consumption

59. Despite Angola having a vast amount of arable and/or fertile land, a large part of the food consumed in the country is imported.

60. However, there is a greater demand in coastal areas. Furthermore, a significant portion of national production, mainly agricultural, comes from the interior of the country, which, in turn, faces low demand for the respective products.

61. This situation is aggravated by the existence of poor logistical infrastructure and limited traffic routes. These factors result in difficulties and restrictions in the connection between production areas and large consumption centres. Consequently, the efficient functioning of markets and the competitiveness of national production are harmed, which indirectly encourages the importation of goods.

62. Data from the General Tax Administration (AGT) indicates that from 2017 to 2022 the country imported various agricultural and agro-industrial goods worth 5.76 billion dollars,[22] as shown in the table below.[23] The table also shows that the total imports of agricultural and agro-industrial goods has decreased at a compound annual rate of around 18%, during the period from 2017 to 2022.

Table 4 - Imports of Agricultural and Agro-Industrial Goods in Thousands of Dollars (2017-2022)

Description	2017	2018	2019	2020	2021	2022
Live Animals and Products from the Animal Kingdom	**119 768,77**	**204 159,96**	**220 046,44**	**126 014,76**	**90 814,22**	**2 193,89**
Milk and dairy products, bird eggs, honey.	119 768,77	204 159,96	220 046,44	126 014,76	90 814,22	2 193,89

21 PricewaterhouseCoopers (2020). ***Agribusiness in Angola***. Available at: https://www.pwc.com/ao/pt/assets/img/pwc-angola-agronegocio.pdf . Consulted on October 27, 2023.
22 This value is the sum of imports of agricultural and agro-industrial goods between 2017 and 2022.
23 AGT (2022). ***Trade balance.*** Available at: https://agt.minfin.gov.ao/PortalAGT/#!/estatisticas/estatistica-do-comercio-externo. Consulted on January 2, 2024.

Description	2017	2018	2019	2020	2021	2022
Products from the Vegetable Kingdom	**579 620,10**	**760 668,91**	**765 240,58**	**770 535,77**	**726 419,42**	**27 763,14**
Coffee, tea, mate and spices	14 958,09	18 031,51	14 492,87	5 897,70	8 293,53	6 893,81
Cereals	40 128,65	364 366,33	459 367,26	536 415,03	539 015,65	11 195,98
Products of the milling industry, malt.	510 875,76	361 404,91	278 026,67	217 732,88	171 115,22	1 151,20
Seeds and fruits oilseeds and grains.	13 657,60	16 866,16	13 353,77	10 490,16	7 995,01	8 522,15
Industrial Products Food and Beverages	**181 000,40**	**242 914,04**	**283 502,42**	**198 735,37**	**165 787,98**	**186 604,64**
Sugars and confectionery products	86 196,37	178 887,40	243 006,94	139 884,62	103 370,51	155 642,23
Fertilizers and fertilizers	94 804,03	64 026,64	40 495,48	58 850,75	62 417,47	30 962,42
Subjects Textiles and their Construction	**11 282,90**	**8 158,39**	**8 840,01**	**4 571,34**	**7 677,73**	**63 946,36**
Cotton	11 282,90	8 158,39	8 840,01	4 571,34	7 677,73	63 946,36
TOTAL	891 672,17	1 215 901,31	1 277 629,45	1 099 857,25	990 699,35	280 508,03

Source: *AGT (2022)*

63. Also, it should be noted that, according to the BNA, between 2017 and 2022 Angola spent around 16,11 billion dollars on importing food.[24]

64. The importation of food goods is carried out by complying with measures established in Presidential Decree No. 213/23, of October 30, which approves the Legal Regime for Incentives to National Production. Among the measures, the following stand out:

- the supply of national products enjoys priority over imports;
- the import process must be preceded by consultations with the national market, in order to determine the existence of the goods to be imported;
- authorisation is subject to demonstration of the prior conclusion of purchase contracts for national production, the existence of initiatives aimed at direct or indirect investment, or other forms of promoting national production, as well as the effective settlement of purchases made from producer nationals, or the existence of a guarantee of their future settlement;
- contracting public entities and their contracted suppliers must, preferably, purchase goods produced in Angola, and they will only be purchased from importers after all possibilities of purchasing from national producers have been exhausted. This means that the State must resort to importing products only when there is no availability in the national market.

24 BNA (2023). ***Import by Product Category***. Available at: https://www.bna.ao/#/pt/estatisticas/estatisticas-externas/dados-anuais. Consulted on January 2, 2024.

5

PRICE ANALYSIS

65. Most of the food consumed in Angola is subject to the Monitored Price Regime. This regime is established by Presidential Decree no. 206/11, of 29 July, which defines the General Bases for the Organisation of the National Price System, with Article 9(2) having been reworded by Presidential Decree no. 113/16, of 30 May, in which the monitored price now takes the form of a reference price, determined on the basis of the cost structure of the respective good or service[25].

66. The list of goods and services subject to the monitored price regime was published through Executive Decree no. 256/20, of 30 October.[26] Among the goods, the following stand out: sugar, rice, wheat flour, beans, cornmeal, pasta.

67. However, the "*rules and procedures for setting and changing prices*" practised in the different regimes, and the mechanisms for carrying out price control and inspection activities, are set out in Executive Decree no. 77/16, of 25 March.

68. In Angola, trade data shows that there is a steep rise in food prices from 2018 to 2022, because of rising exchange rates. Furthermore, according to the Association of Modern Commerce and Distribution Companies of Angola (ECODIMA), commercial establishments, supermarkets, as well as industrial units in various parts of the country operate with electrical generators, which increases companies' costs, reflecting in increasing prices. This trend of overall increased prices over time is seen in the table below, showing average prices of food goods from 2018 to 2022.

Table 5 – Average Price of Food Goods (in U$D)

DESCRIPTION	ONE	Pricing				
		2018	2019	2020	2021	2022
White Sugar	1kg	1.09	0.94	0.86	1.02	1.31
Rice	1kg	1.29	0.97	1.07	1.07	1.22
Banana	1kg	0.84	0.61	0.48	0.49	0.69
Reindeer potato	1kg	1.69	1.13	0.96	1.12	1.67
Sweet potato	1kg	1.35	0.86	0.76	1.06	1.40
Coffee	1kg	-	-	-	-	6.47
Tea	1kg	-	-	-	-	6.20
Wheat flour	1kg	1.12	0.84	0.89	0.91	1.24
Bean	1kg	2.66	1.92	2.03	2.21	2.48
Corn meal	1kg	1.03	0.83	0.76	0.90	1.15
food mass	1kg	0.84	0.57	0.51	0.52	0.68
Corn	1kg	-	-	-	2.54	0.39
Shelled soybeans	1kg	-	-	-	-	-
Wheat	1kg	-	-	-	-	1.09

Source: *Annual Price Report – MINFIN and Bulletin of the Wholesale Price Index (IPG) - INE (2022)*

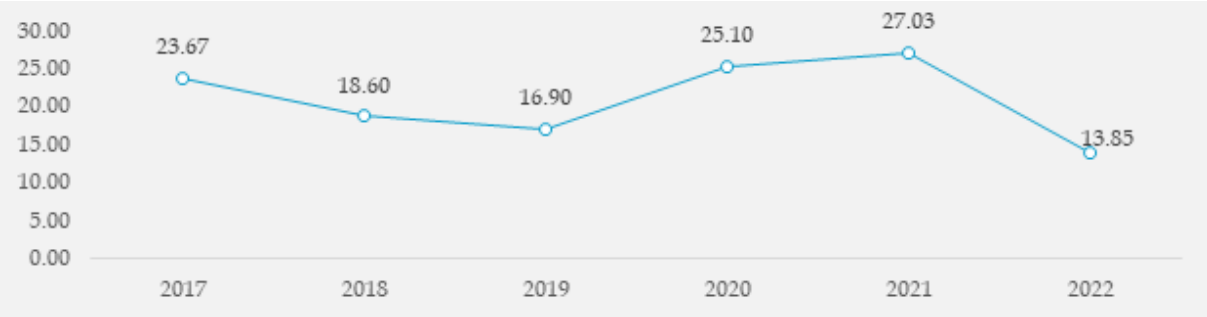
25 The monitored price regime arises from the need to correct distortions in the formation of prices for certain goods or services, because of price changes not justified by normal market conditions.

26 MINFIN (2022). ***Monthly Price Report Products under Regulated Price Regime***. Available at: https://www.ucm.minfin.gov.ao/cs/groups/public/documents/document/aw4z/ndix/~edisp/minfin3421790.pdf. Consulted on April 27, 2023.

69. In the last 6 years, Angola has seen high levels of food inflation, reaching a historic maximum of 27% in 2021, and a minimum of approximately 14% in 2022. As can be seen in figure 9 below, food prices have almost doubled since the start of the Covid-19 pandemic in the country.

70. It should also be noted that, in Angola, the most important components in the Consumer Price Index (CPI) are food and non-alcoholic drinks, which in 2022 represented 54% of the total weight. This means that the cost of these items has a significant impact on the country's overall inflation.[27]

Figure 11 - Food Goods Inflation in Angola (%)



Source: *INE (2023)*

71. The food category is the most important in the price index structure of Sub-Saharan African countries, constituting the main driver of the inflation trajectory in this region. It should be noted that in the top 10 economies in the region with the highest food inflation, Ethiopia and Angola are the countries that registered a slowdown in the growth of the prices of these goods.[28]

Table 6 - Ten countries with the biggest increase in food prices in Africa (%)

No.	Countries	Homologous Inflation[29]	
		2022 Q1	2022 Q2
1	Zimbabwe	75.0	226.2
2	Ethiopia	43.4	38.1
3	Ghana	2.6	26.1
4	Rwanda	2.6	26.1
5	Burkina Faso	13.5	15.3
6	**Angola**	**33.2**	**26.6**
7	Sierra Leone	23.0	23.0
8	Burundi	15.1	22.9
9	Malawi	17.1	19.5
10	Nigeria	17.2	19.5

Source: *Trading Economics (2023)*

27 National Institute of Statistics – INE (2023). ***Consumer Price Index 2022.*** Available at: https://www.ine.gov.ao/Arquivos/arquivosCarregados//Carregados/Publicacao_638107749745659207.pdf. Consulted on October 27, 2023.

28 BNA (2024). ***Inflation Notebook II Quarter 2022***. Available at: https://www.bna.ao/#/pt/publicacoes-e-media/relatorios/caderno-inflaccao/detalhe/440%20-%2021/03/2024 . Consulted on March 21, 2024.

29 The homologous inflation rate is the price of the whole basket in a certain month compared to its prices in the same month a year before.

6

COMMERCIAL FLOWS FROM ANGOLA AT AFRICAN AND GLOBAL LEVEL

72. An important element for the sustainability of Angola's agricultural development process lies in its relationship with the outside world, and the competitive insertion of the economy in the international context.

73. Angola is part of the international trade system,[30] which is why it consumes products from different countries around the world, thus giving the country's inhabitants the possibility of satisfying their consumption needs for goods and services that the country does not produce itself.

74. Within the framework of bilateral partnerships, Angola develops an extensive cooperation activity with all countries that, strategically, correspond to the country's political, social and economic challenges. This is aimed at the country´s development through the establishment of agreements of a different nature and public investment projects and private investment.

75. According to AGT statistical data, the Democratic Republic of Congo (DRC) is one of Angola's main export partners. However, between 2020 and 2022, there was a reduction in this commercial partnership. In 2017, trade between Angola and the DRC totalled to more than 13 million dollars,[31] which will fall to 1.14 million dollars in 2022.

Table 7 – Angola Exports by Product Category: 2017-2022 (values in U$D)

Destination Country	Product	2017	2018	2019	2020	2021	2022
DRC	Cane sugar	12,753,033.5	3,962,870.28	7,233,755.50	1,471,223.40	2,821,607.00	1,134,987.27
	Potatoes	19,218.28	10,994.00	148,336.88	114.00	5,196.76	4,752.09
	Tea	719,628.18	69,069.06	-	573.94	207.47	107.48
	Corn	717.49	77,275.91	19,471.65	4,390.65	5.38	1,195.63
	Cornflour	-	494,754.80	1,201,718.90	9,481.52	-	-
	Coffee	-	-	-	906.35	241.16	154.09
	Ginger	-	-	53.76	-	-	-
Guinea Conakry	Ginger	-	291.39	-	-	-	-
	Cane sugar	-	294.09	-	-	-	-
	Corn	-	232.03	-	-	-	-
Cape Green	Cane sugar	-	382.00	822.00	-	-	-
Ghana	Cornflour	28,514.84	-	-	-	-	-

30 Angola joined the WTO on November 23, 1996.
31 This value is the sum of Angola's exports to the DRC in 2017.

Destination Country	Product	2017	2018	2019	2020	2021	2022
Namibia	Ginger	3.82	-	39,529.84	16,635.31	-	-
	Tea	-	-	445.00	-	-	-
	Cornflour	-	-	205.03	-	-	-
	Cane sugar	-	-	-	649.38	-	-
	Corn	-	-	-	8,230.00	-	-
	Potatoes	401.68	-	12,028.11	76.48	-	-
Congo (Brazza-ville)	Cane sugar	-	-	1,449.20	-	-	-
	Potatoes	-	-	66.47	-	-	-
	Cornflour	-	-	1,102.00	-	-	-
	Corn	-	-	-	-	11,844.84	-
	Coffee	-	-	-	-	502.65	-
	Tea	3,485.24	-	-	-	13.20	-
South Africa	Coffee	-	26.93	-	-	-	-
	Potatoes	-	-	1.51	-	38.93	-
Gabon	Ginger	-	-	188.75	-	-	-
Guinea Bissau	Cane sugar	-	-	875.52	-	-	-
Liberia	Potatoes	-	-	-	62.00	65.00	-
	Ginger	-	-	-	-	117.00	-
	Corn	71.25	-	-	-	8.00	-
Morocco	Coffee	-	-	-	67,500.00	-	-
Mozam-bique	Cane sugar	-	-	447.60	-	-	-
S. Tomé and Príncipe	Tea	-	-	-	-	-	-
	Ginger	-	-	75.25	-	-	-
	Cane sugar	60.01	-	-	-	-	-
Zambia	Cornflour	-	-	89.81	-	-	-
	Cane sugar	-	-	5,015.59	-	-	-
Total		13,525,134.28	4,694,101.72	8,665,677.6	1,581,706.5	2,839,906.6	1,141,213.8

Source: *AGT (2024)*

76. As for imports, it is observed that, during the period from 2017 to 2022, the country spent more than 61 million US dollars on the import of various goods, with greater emphasis on obtaining corn. Most of the corn that Angola imports comes from South Africa.

Table 8 – Angola Imports by Product Category: 2017-2022 (values in U$D)

Destination Country	Product	2017	2018	2019	2020	2021	2022
South Africa	Potato	441,194.49	809,753.42	512,553.45	213,372.09	149,415.10	165,918.14
	Tea	167,955.71	158,876.55	62,149.64	54,438.38	40,619.97	40,651.35
	Corn	6,506,010.97	18,803,851.68	22,264,884.00	603,330.71	2,993,003.61	2,174,417.60
Namibia	Corn	38,846.20	263,916.24	627,109.18	13,134.75	1,122.31	1,735.89
	Tea	39.00	637.62	-	633.14	56.27	1,433.10
	Potato	21,298.59	-	17,498.26	6,689.39	24,679.87	86,720.84
Zambia	Corn	1,320,304.52	570,530.66	2,057.29	-	-	8,260.19
Mauritius	Corn	2,703.15	-	-	-	-	-
Nigeria	Tea	-	8,873.82	-	-	-	699.08
	Potato	-	114.64	-	-	-	-
	Corn	-	-	3.83	450.41	-	-
Kenya	Tea	1,823.00	8,713.00	327.11	2,314.70	-	22,141.82
Mali	Tea	1,822.50	-	-	-	-	-
DRC	Tea	33.66	-	2,889.37	1,502.92	-	-
	Corn	-	-	7,698.66	301.33	106,742.44	-
Ethiopia	Potato	-	718.44			208.05	-
	Tea	-	25,077.68	-	4,184.64	41,192.34	2,444.44
	Corn	-	-	80.00	-		
Egypt	Potato	-	-	25,999.83	-	113,295.71	40,035.39
	Corn	-	-		-	47,910.65	64,263.36
Cameroon	Tea	-	-	30.03	-	-	-
Congo (Brazzaville)	Tea	-	-	2,387.60	963.59	135.80	6,268.42
	Corn	-	-	340.89	1,720,691.1	-	-
	Potato	-	-	-	-	-	1,427.03
Algeria	Potato	-	-	-	-	4,080.00	-
Tunisia	Potato	-	-	-	-	4,430.14	
Burundi	Tea	-	-	-	-	-	1,719.74
Total		8,502,031.78	20,651,063.75	23,526,008.9	2,622,007.1	3,526,892.3	2,618 136.4

Source: *AGT (2024)*

77. As can be seen in tables 7 and 8 above, the country registered more imports than exports, which indicates a deficit in its trade balance and the domestic production of these agricultural goods.

6.1. Analysis of Angola's trade flows at African and global level by product

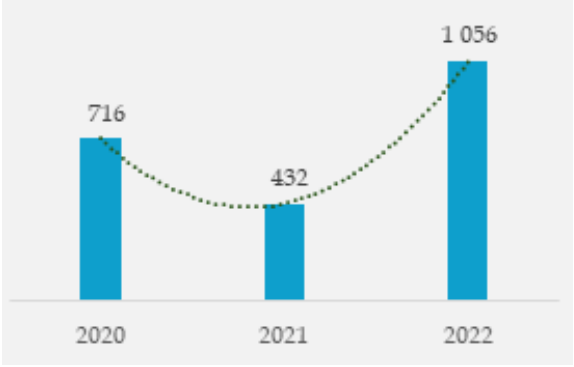
78. The tables presented above show exports and imports by product category in a generic way. However, this subchapter presents trade flows, by product, between Angola and the rest of Africa, and the world. Due to data limitations, only a few products will be analysed, namely fertilisers, seeds, rice, wheat, corn, coffee, tea and sugar.

6.1.1. Fertilizers

79. Among the essential factors for the success of agriculture, fertilisers and agrominerals emerge as key factors that drive the productivity and growth of the Angolan agricultural sector.

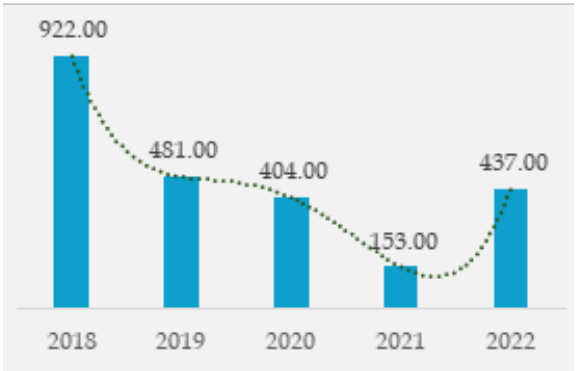
80. Between 2020 and 2022 Angola exported around 2,313 tonnes (equivalent to US$ 2.43 million) to the world, of which 2,204 tonnes (equivalent to US$ 2.40 million) was exported to the rest of Africa. As can be seen from the figures below, Angola purchases most of its fertilisers outside the African continent, and is a net importer of fertiliser in terms of its fertiliser trade with the rest of the world.

Figure 12 - Fertiliser Exports to Africa (tons)



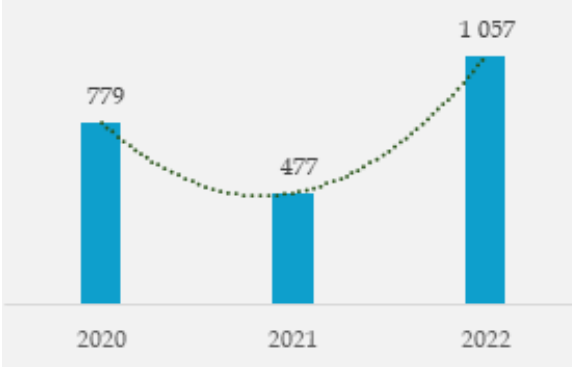
Source: *International Trade Centre (2023)*

Figure 13 - Fertiliser Exports to Africa (thousands of U$D)



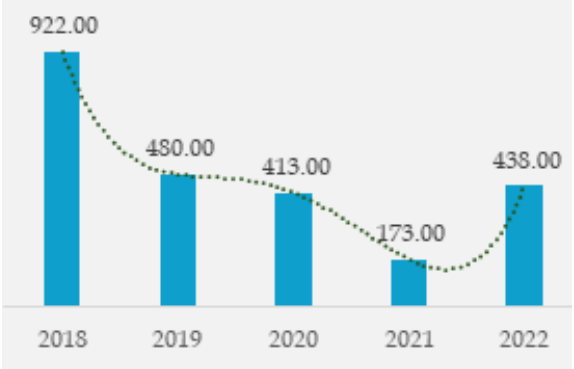
Source: *International Trade Centre (2023)*

Figure 14 - Fertiliser exports to the world (tons)



Source: *International Trade Centre (2023)*

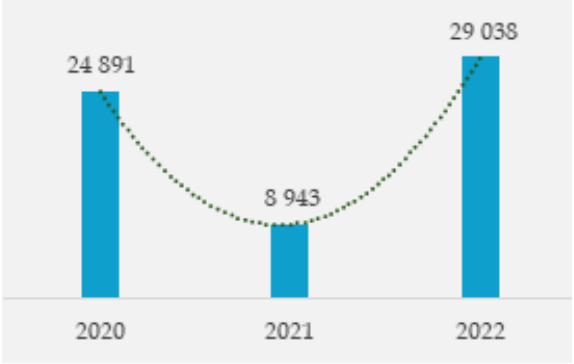
Figure 15 - Fertiliser Exports to the World (thousands of U$D)



Source: *International Trade Centre (2023)*

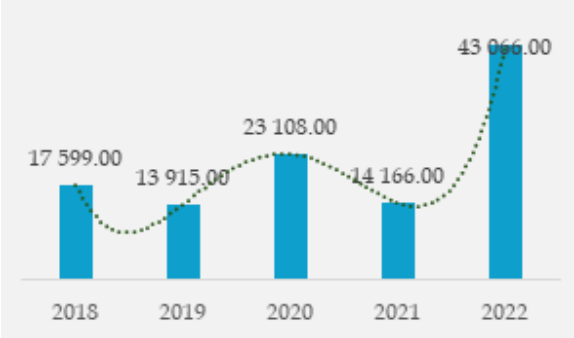
81. In the same period, it is observed that Angola's imports from the world were around 310,346 tonnes (the equivalent of 385.52 million US dollars), of which around 62,872 tonnes (the equivalent of 111.85 million dollars) were imported from Africa.

Figure 16 - Fertiliser Imports from Africa (tons)



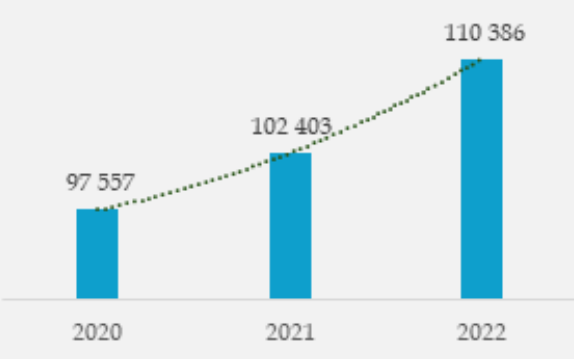
Source: *International Trade Centre (2023)*

Figure 17 - Fertiliser Imports from Africa (thousands of U$D)



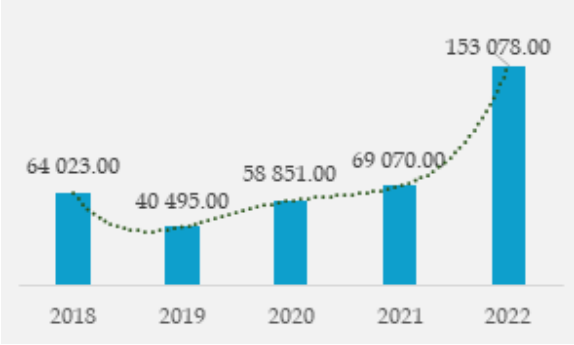
Source: *International Trade Centre (2023)*

Figure 18 - Import of Fertilisers from the rest of the world (tons)



Source: *International Trade Centre (2023)*

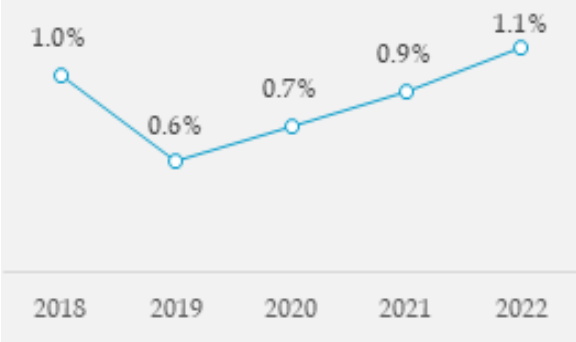
Figure 19 - Fertiliser Imports from world (thousands of U$D)



Source: *International Trade Centre (2023)*

82. Furthermore, between 2018 and 2022, Angola's imports from outside Africa averaged 54.73 million US dollars, which represents 71% of total fertiliser imports. It can be seen that most of the fertilisers imported by Angola come from outside Africa.

Figure 20 - Percentage of Fertiliser Imports from outside Africa



Source: International Trade Centre (2023)

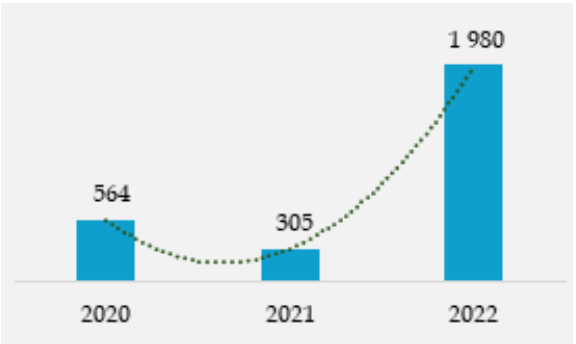
83. During the period in question, average import prices ($/ton) from Angola to Africa and the rest of the world were 1.33 U$D and 0,89 U$D, respectively.

84. Between 2018 and 2022, Angola's exports represented an average of US$ 5.80 thousand of Africa's total exports to the world, a very low value. Furthermore, the average export prices ($/ton) from Angola to Africa and the rest of the world were 0.44 U$D.

6.1.2. Seeds

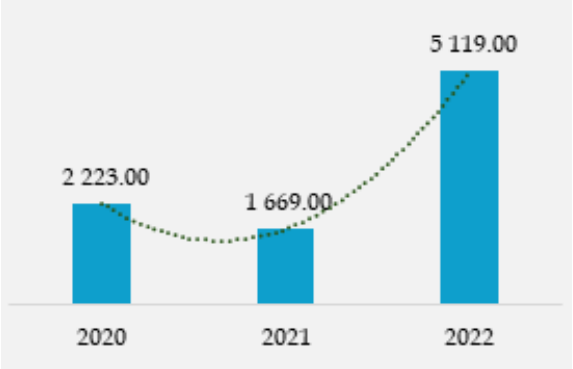
85. Seeds constitute, among other factors, the basis for the development of agricultural activities. In the period 2020 and 2022 Angola imported around 6,779 tons from the rest of the world (the equivalent of 25.60 million US dollars), of which around 2,849 tons (the equivalent of 9.01 million US dollars) was imported from Africa.

Figure 21 - Import of Seeds from Africa (tons)



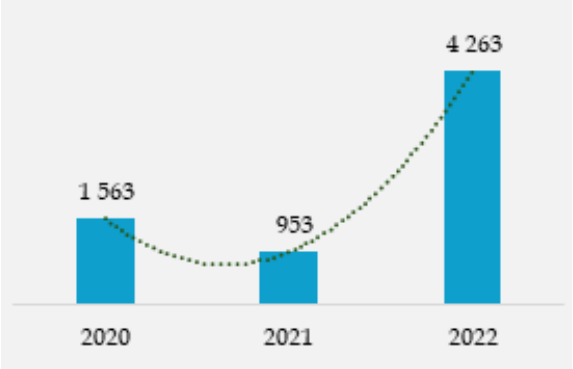
Source: *International Trade Centre (2023)*

Figure 22 - Import of Seeds from Africa (thousands of U$D)



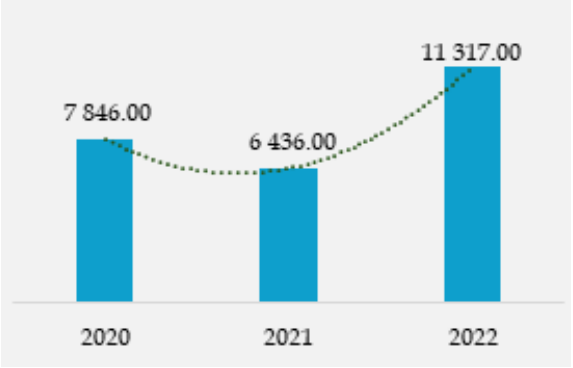
Source: *International Trade Centre (2023)*

Figure 23 - Import of Seeds from the world (tons)



Source: *International Trade Centre (2023)*

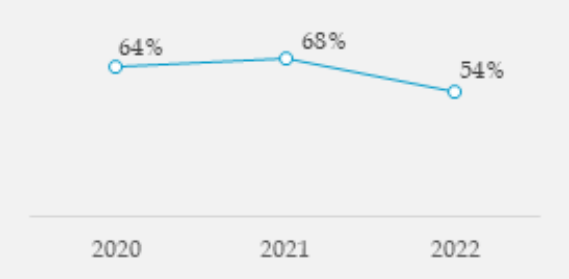
Figure 24 - Import of Seeds from the World (thousands of U$D)



Source: *International Trade Centre (2023)*

86. Furthermore, between 2020 and 2022, Angola's seed imports from outside Africa represented an average of US$ 5.53 million, which represents 67% of Angola's total seed imports. This shows that the bulk of seeds imported by Angola come from the rest of the world. However, in 2022, there was a reduction in imports from outside Africa, which implies an increase in seed imports to Angola from African countries.

Figure 25 - Percentage of Seed Imports outside Africa (%)



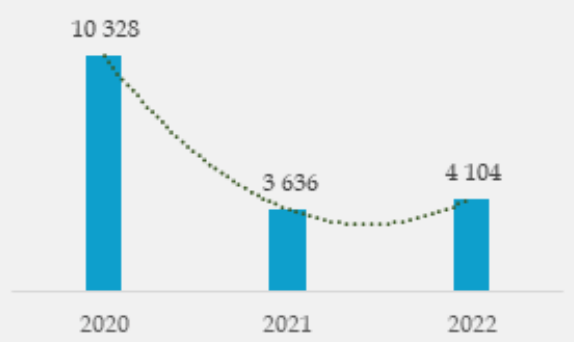
Source: *International Trade Centre (2023)*

87. During the period in question, the average prices ($/ton) for Angola's seed imports from Africa and from the rest of the world were 4.00 USD/t and 4.81 USD/ton, respectively.

6.1.3. Sugar and Confectionery

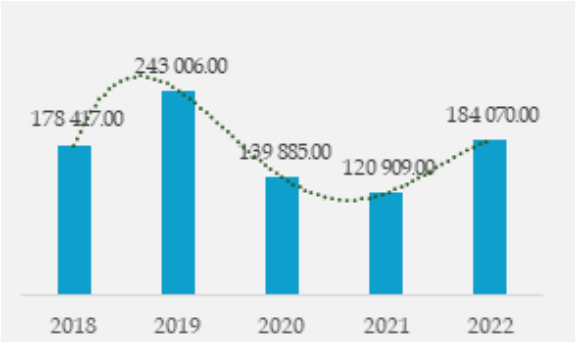
88. In the period 2020 and 2022 Angola exported around 18,121 tonnes (equivalent to 11.44 million dollars) of sugar and confectionery to the rest of the world, of which around 18,068 tonnes (equivalent to 10.85 million US dollars) were exported to Africa. The figures below show that there is a reduction in sugar exports (volume), both in terms of exports to Africa and to the rest of the world.

Figure 26 - Export of Sugar and Confectionery to Africa (tons)



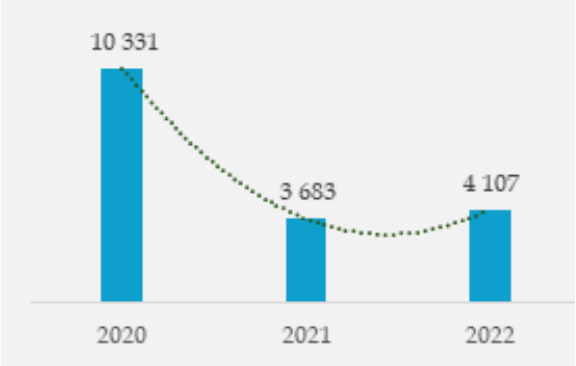
Source: *International Trade Centre (2023)*

Figure 27 - Export of Sugar and Confectionery to Africa (thousands of U$D)



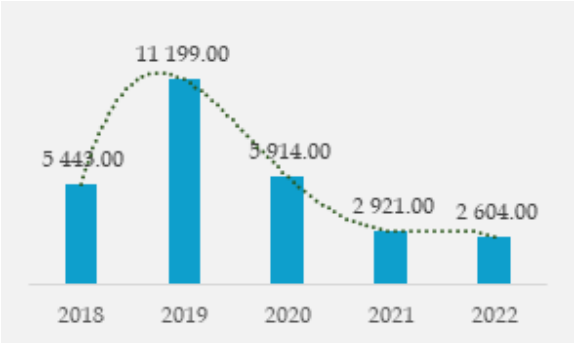
Source: *International Trade Centre (2023)*

Figure 28 - Export of Sugar and Confectionery to the world (tons)



Source: *International Trade Centre (2023)*

Figure 29 - Export of Sugar and Confectionery to the World (thousands of U$D)

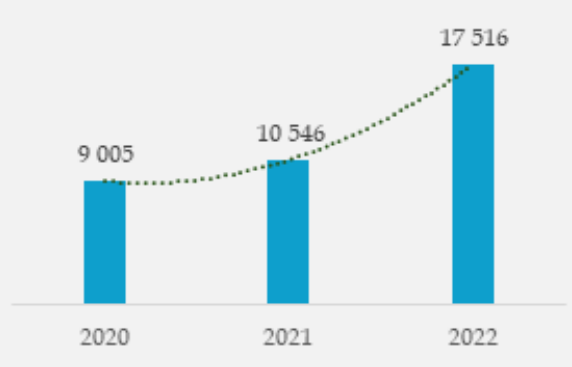


Source: *International Trade Centre (2023)*

89. Between 2018 and 2022, Angola's exports represented an average of 120.6 thousand dollars (USD) of Africa's total exports to the world, which constitutes a very low value. Furthermore, the average export prices ($/ton) from Angola to Africa and the rest of the world were around 1.00 U$D per tonnes.

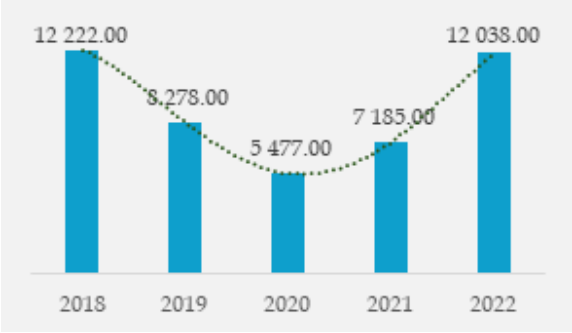
90. Additionally, in this period it appears that Angola's sugar imports from the world were around 694,611 tonnes (the equivalent of 444.86 million US dollars), of which around 37,067 tonnes (the equivalent of 24.70 million dollars) related to sugar imports from Africa.

Figure 30 - Import of Sugar and Confectionery from Africa (tons)



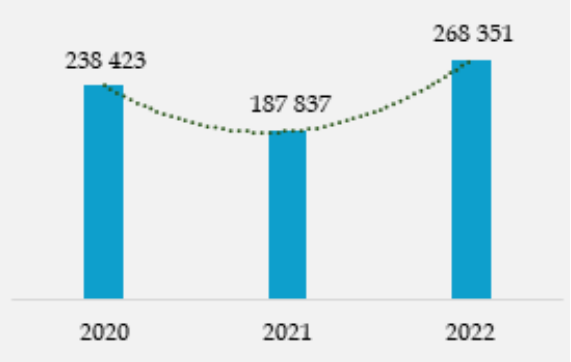
Source: *International Trade Centre (2023)*

Figure 31 - Import of Sugar and Confectionery from Africa (thousands of U$D)



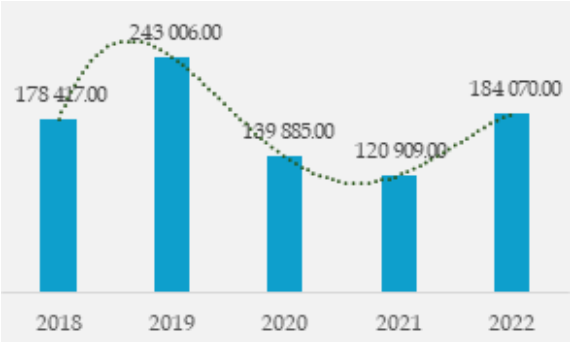
Source: *International Trade Centre (2023)*

Figure 32 - Import of Sugar and Confectionery from the rest of the World (tons)



Source: *International Trade Centre (2023)*

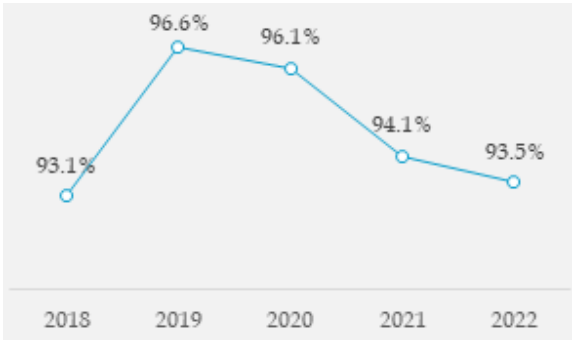
Figure 33 - Import of Sugar and Confectionery from Africa (thousands of U$D)



Source: *International Trade Centre (2023)*

91. On the other hand, between the period 2018 and 2022, Angola's imports of sugar from outside Africa represented an average of 164.22 million dollars, which represents 95% of Angola's total imports from the rest of the world.

Figure 34 - Percentage of Sugar and Confectionery Imports outside Africa



Source: *International Trade Centre (2023)*

92. During the period 2020 and 2022, average import prices ($/t) from Angola importing from Africa and from the rest of the world were 0.66 U$D and 0.64 U$D, respectively.

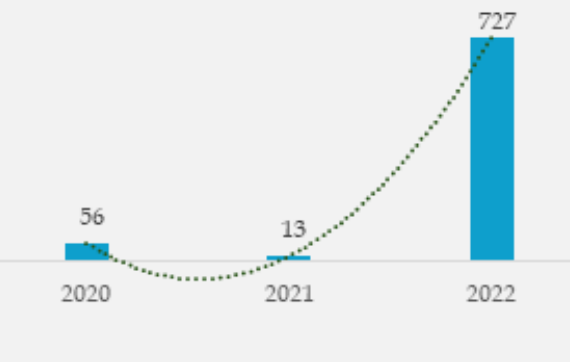
6.1.4. Rice

93. *"Rice is one of the most consumed foods in the world. Rice production in Angola continues to be below national consumption needs, a fact that leads to the import of this product on the international market"*.[32] Despite this, and given its comparative advantages, Angola has exported part of its internal rice production to Africa and to the world.

94. Data from the *International Trade Centre* (ITC) indicate that in the period from 2020 to 2022, Angola exported around 820 tons of rice to the world (the equivalent of 249 thousand US dollars), of which around 796 tons (the equivalent of 220 thousand dollars) are exported to Africa. This shows that most of the rice exported by Angola was destined for Africa.

32 Jornal Economia e Mercado (2023). Rice imports increased by another 240 million dollars between 2017 and 2021. Available at: https://www.economiaemercado.co.ao/artigo/importacao-de-arroz-aumentou-mais-240-milhoes-de-dolares-entre -2017-to-2021 . Consulted on March 15, 2024.

Figure 35 - Rice Exports to Africa (tons)

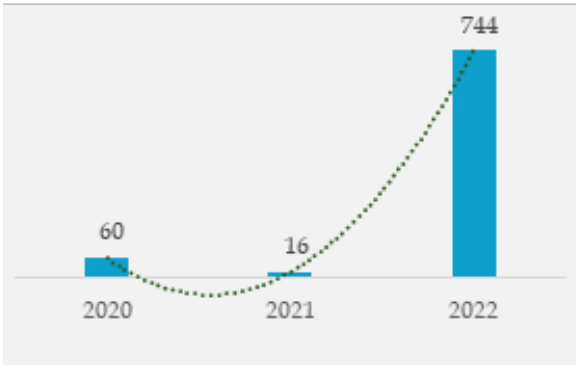


Source: *International Trade Centre (2023)*

Figure 36 - Rice Exports to Africa (thousands of U$D)

Source: *International Trade Centre (2023)*

Figure 37 - Rice Export to the World (tons)



Source: *International Trade Centre (2023)*

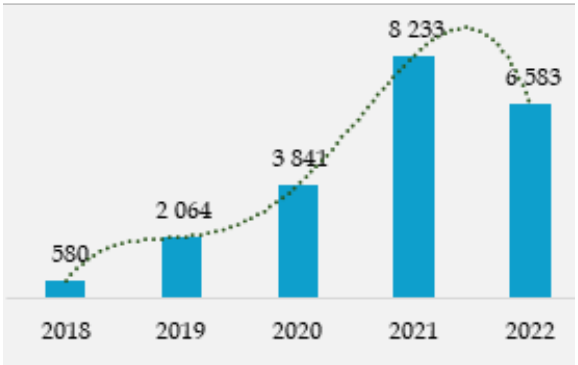
Figure 38 - Rice Export to the World (thousands of U$D)

Source: *International Trade Centre (2023)*

95. Between 2018 and 2022, Angola's exports represented an average of US$ 8.20 thousand of Africa's total exports to the world. This Angolan contribution to African exports to the world is equivalent to an average of 0.12%, a share considered very negligible.

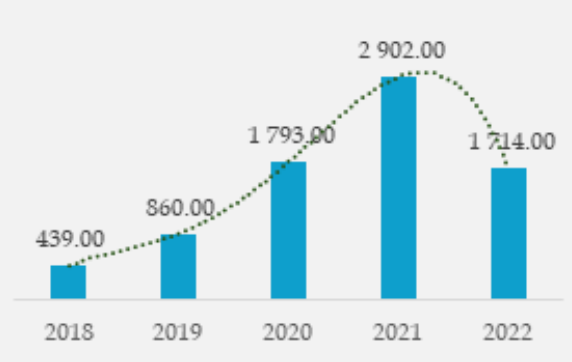
96. As for imports, it is observed that in the period from 2018 to 2022 Angola imported from the world around 2,378,782 tonnes (equivalent to 10.1 million US dollars), of which around 21,301 tonnes (equivalent to 7.71 million dollars) was imported from Africa.

Figure 39 - Import of Rice from Africa (tons)



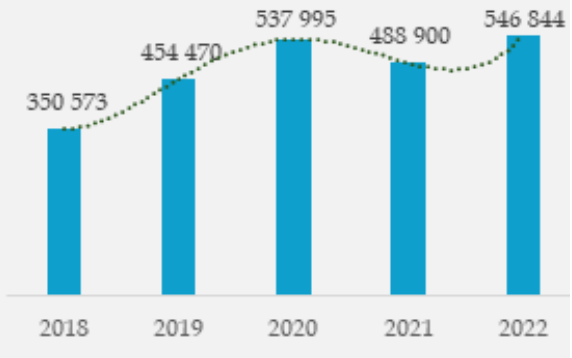
Source: *International Trade Centre (2023)*

Figure 40 - Import of Rice from Africa (thousands of U$D)



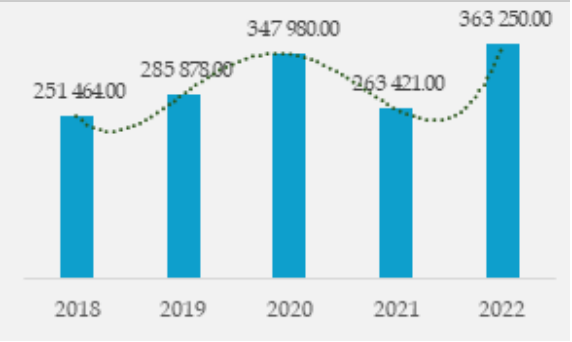
Source: *International Trade Centre (2023)*

Figure 41 - Import of Rice from the rest of the world (tons)



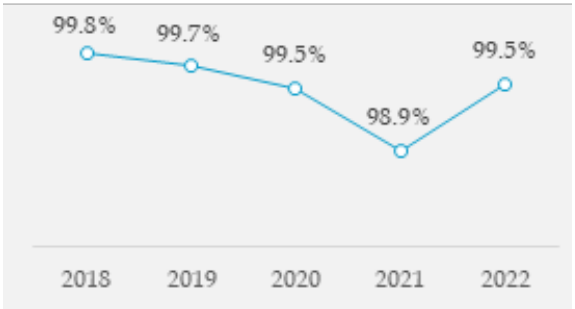
Source: *International Trade Centre (2023)*

Figure 42 - Import of Rice from the rest of the world (thousands of U$D)



Source: *International Trade Centre (2023)*

Figure 43 - Percentage of Rice Imports outside Africa

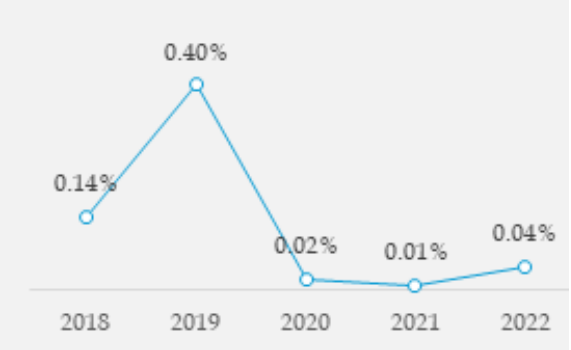


Source: *International Trade Centre (2023)*

97. On the other hand, in the period 2018 and 2022, Angola's imports outside Africa represented an average of 300.86 thousand US dollars, which represents 4% of Africa's total imports from the rest of the world. Furthermore, most of the rice imported by Angola comes from outside Africa.

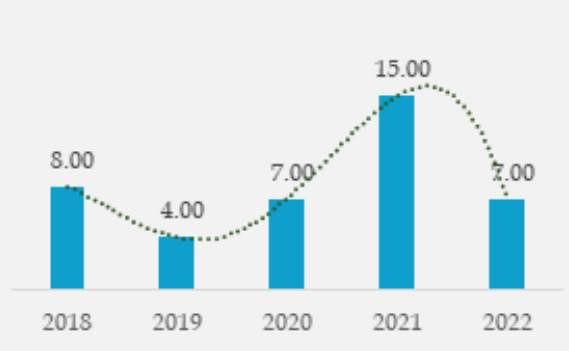
98. However, it should be noted that, during the period in question, average import prices ($/ton) from Angola to Africa and the rest of the world were 0.45 U$D and 0.64 U$D, respectively.

Figure 44 - Angola's contribution to African rice exports to the rest of the world (%)



Source: *International Trade Centre (2023)*

Figure 45 - Rice exports to outside Africa (thousands of U$D)



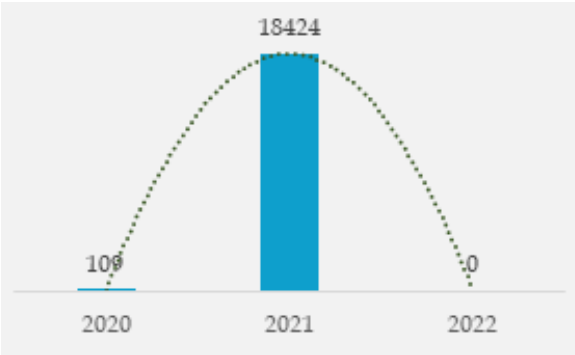
Source: *International Trade Centre (2023)*

99. It should also be noted that, during the aforementioned period, average export prices ($/ton) from Angola to Africa and the rest of the world were 0.83 U$D and 1.08 U$D, respectively.

6.1.5. Coffee

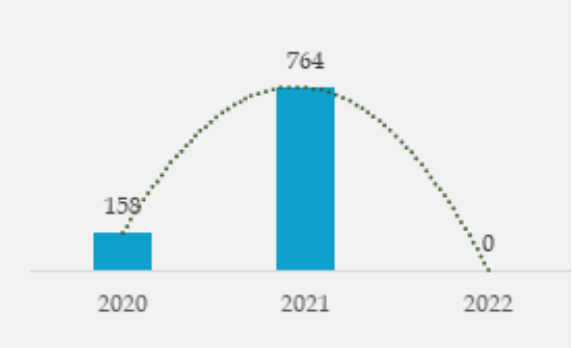
100. The graphs below indicate that, in the period 2020 and 2022, Angola exported around 20,251 tons of coffee to the world (the equivalent of 4.02 million US dollars), of which around 18,533 tons (the equivalent of 992 thousand US dollars) were exported to Africa. Exports grew from 2020 to 2021, as the graphs below show.[33]

Figure 46 - Coffee Exports to Africa (tons)



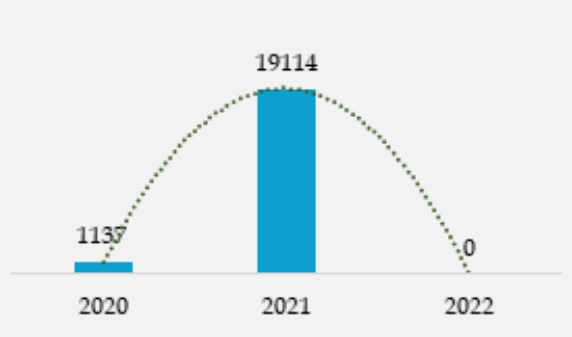
Source: *International Trade Centre (2023)*

Figure 47 - Coffee Exports to Africa (thousands of U$D)



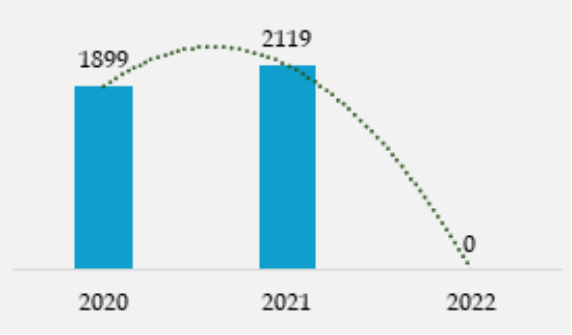
Source: *International Trade Centre (2023)*

Figure 48 - Coffee Export to the World (tons)



Source: *International Trade Centre (2023)*

Figure 49 - Coffee Exports to the World (thousands of U$D)



Source: *International Trade Centre (2023)*

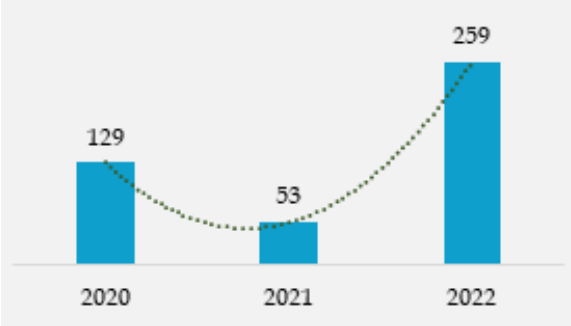
101. Between 2020 and 2022, Angola's coffee exports represented an average of 0.72% of Africa's total coffee exports to the world, a share considered very small and even insignificant.

33 It was not possible to obtain data for other years.

102. In terms of average export prices ($/ton) from Angola to Africa and to the rest of the world, these were 0.50 U$D and 0.59 U$D, respectively.

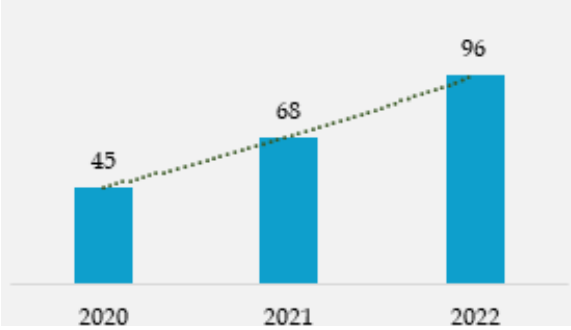
103. With regard to coffee imports, it was observed that in the aforementioned period Angola imported around 1,669 tons from the world (the equivalent of 9.88 million US dollars), of which around 441 tons (the equivalent of 209 thousand dollars) was imported from Africa.

Figure 50 - Import of Coffee from Africa (tons)



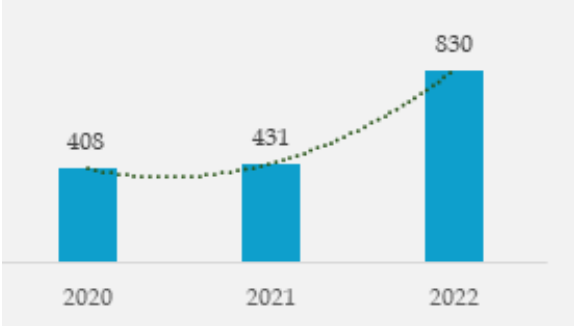
Source: *International Trade Centre (2023)*

Figure 51 - Import of Coffee from Africa (thousands of U$D)



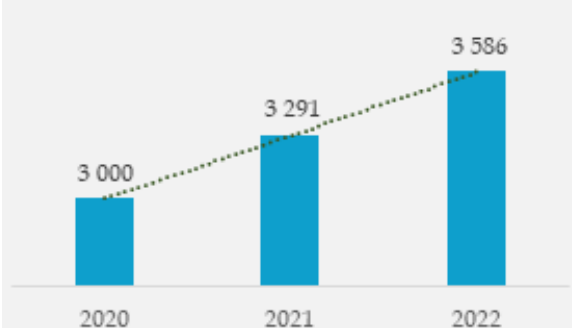
Source: *International Trade Centre (2023)*

Figure 52 - Import of Coffee from the rest of the world (tons)



Source: *International Trade Centre (2023)*

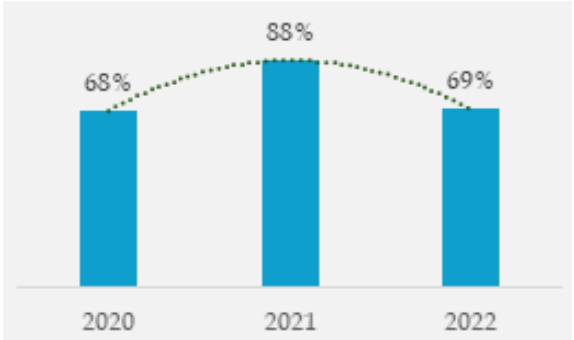
Figure 53 - Import of Coffee from the rest of the world (thousands of U$D)



Source: *International Trade Centre (2023)*

104. Furthermore, in the period 2020 to 2022, Angola's imports outside of Africa represented an average of 3.22 million dollars, representing on average 75% of Angola's total imports, which means that there is little commercial relationship with other African countries in relation to coffee imports.

Figure 54 - Percentage of Angola Coffee Imports from Outside Africa



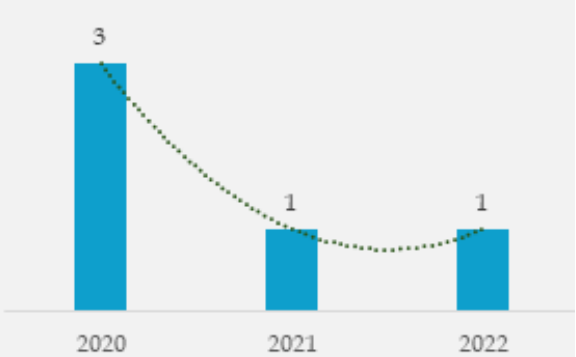
Source: *International Trade Centre (2023)*

105. During the period in question, average import prices ($/ton) from Angola to Africa and to the rest of the world were 0.67 U$D and 6.44 U$D, respectively. It was found that, in the period under analysis, average prices, both in Africa and globally, showed an almost regular behaviour.[34]

6.1.6. Tea

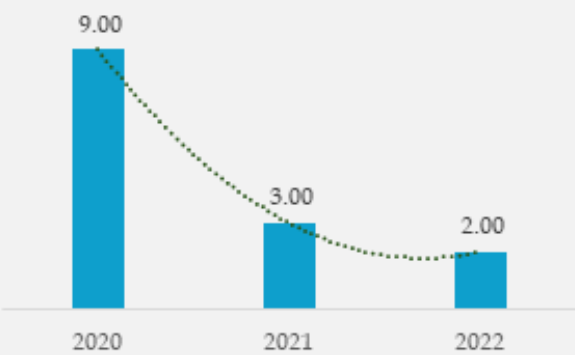
106. Regarding tea, in the period 2020 and 2022, Angola exported around 46 tons to the world (the equivalent of 46 thousand US dollars), of which around 5 tonnes (the equivalent of 14 thousand dollars) was exported to Africa. The volume of tea exports from Angola, both to Africa and to the world, is still incipient, as can be seen in the graphs below.

Figure 55 - Tea Export to Africa (tons)



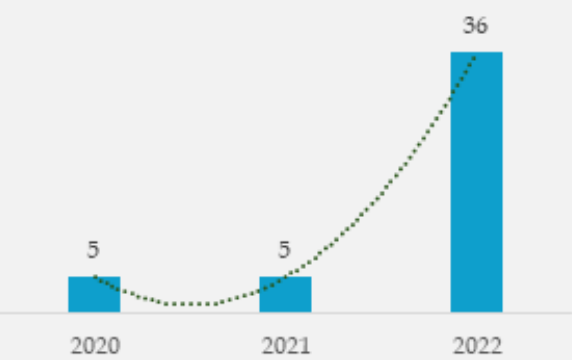
Source: *International Trade Centre (2023)*

Figure 56 - Tea Export to Africa (thousands of U$D)



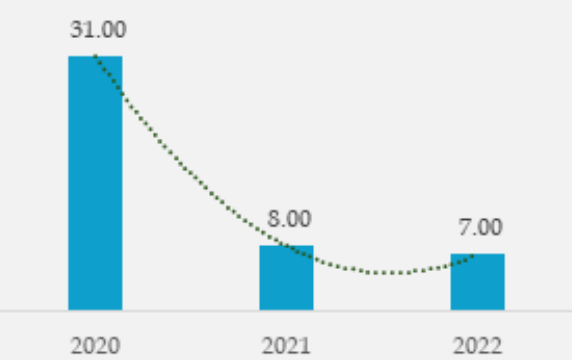
Source: *International Trade Centre (2023)*

Figure 57 - Tea Export to the World (tons)



Source: *International Trade Centre (2023)*

Figure 58 - Tea Export to the World (thousands of U$D)



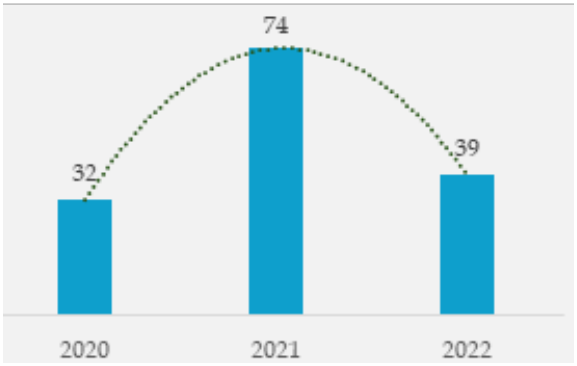
Source: *International Trade Centre (2023)*

107. Between 2020 and 2022, Angola's exports to the world were extremely low, representing an insignificant percentage of Africa's total tea exports. Furthermore, during this period, average export prices from Angola to Africa and the rest of the world were 2.67 U$D and 2.66 U$D, respectively.

108. Regarding imports, during the period mentioned, Angola acquired approximately 2,840 tons of tea from the world, which is equivalent to 9.58 million US dollars. Among these imports, around 145 tons of tea, corresponding to 328 thousand dollars, came from Africa.

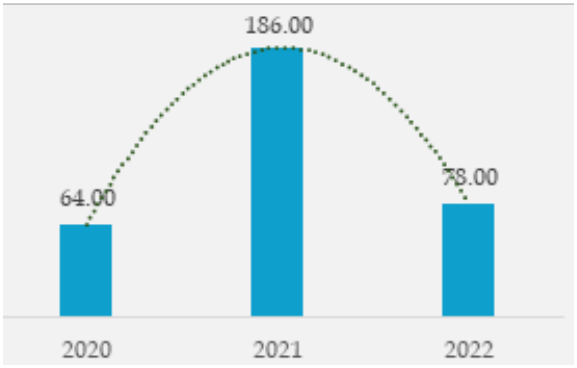
34 This behaviour is explained by the statistical variable, standard deviation (at the African level of 0.43 and at the world level of 1.50)

Figure 59 - Import of Tea from Africa (tons)



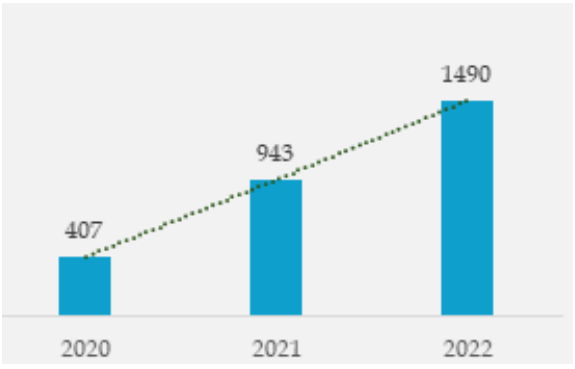
Source: *International Trade Centre (2023)*

Figure 60 - Import of Tea from Africa (thousands of U$D)



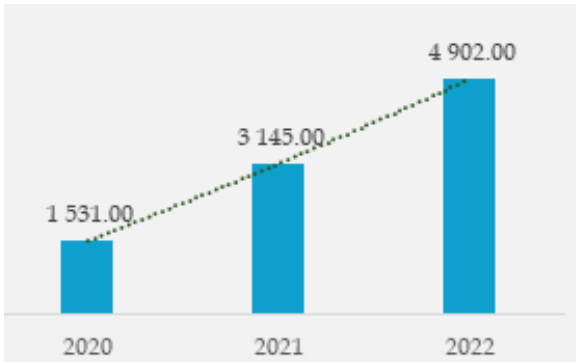
Source: *International Trade Centre (2023)*

Figure 61 - Import of Tea from the rest of the world (tons)



Source: *International Trade Centre (2023)*

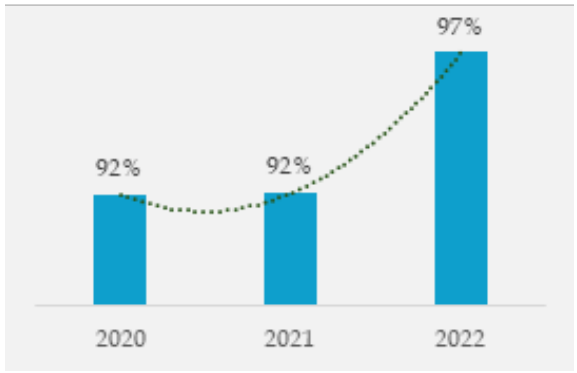
Figure 62 - Import of Tea from the rest of the world (thousands of U$D)



Source: *International Trade Centre (2023)*

109. Furthermore, between 2020 and 2022, Angola's imports from outside the African continent averaged US$ 3.08 million, representing 94% of the country's total imports. This shows that most of the tea consumed in Angola originates from other regions outside Africa.

Figure 63 - Percentage of Tea Imports Outside Africa



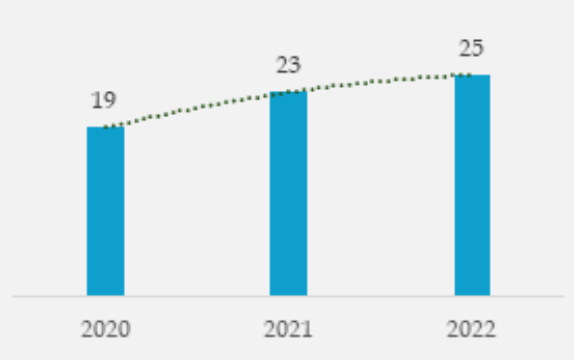
Source: *International Trade Centre (2023)*

110. It should be noted that during the period in question the average prices ($/ton) of Angola´s import from Africa and the rest of the world were 2.17 U$D and 3.46 U$D, respectively. Despite Angola purchasing more product from outside the continent, it appears that the average prices of the product purchased in Africa show a slight reduction.

6.1.7. Corn

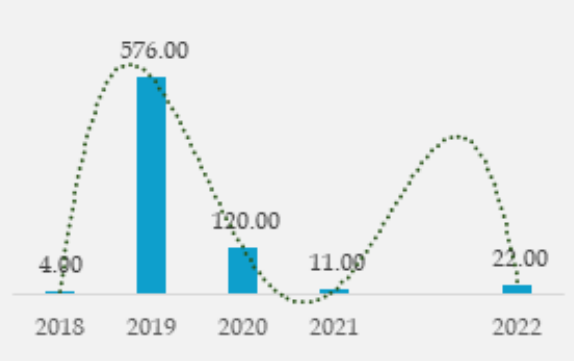
111. The graphs below indicate that, in the period 2020 and 2022, Angola exported around 67 tons of corn to Africa (equivalent to 153 thousand US dollars). It should be noted that the country did not export outside of Africa. Furthermore, the data indicates that exports showed a significant increase in the years 2019 and 2020, which can be linked to the effect of Covid 19, as in subsequent years it returned to normal behaviour – that is, the same as in the years before the Covid-19 pandemic.

Figure 64 - Corn Export to Africa (tons)



Source: *International Trade Centre (2023)*

Figure 65 - Corn Export to Africa (thousands of U$D)

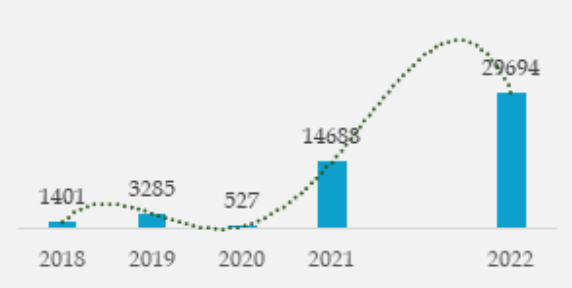


Source: *International Trade Centre (2023)*

112. Between 2020 and 2022, Angola's corn exports represented an average of 0.03% of Africa's total corn exports to the world, a share considered very small. Furthermore, it should be noted that, during the period under analysis, the average price ($/ton) for exports from Angola to Africa was 2.56 U$D.

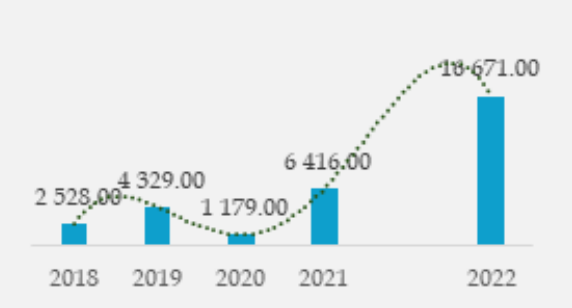
113. Regarding imports, it was observed that in the period under analysis, Angola imported around 148.573 tons from the world (in monetary value it was 131,73 million US dollars), of which around 44,909 tonnes (in monetary value it was 24.27 million US dollars) were imported from the African continent.

Figure 66 - Import of Corn from Africa (tons)



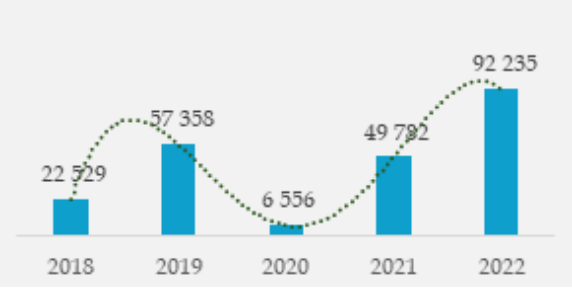
Source: *International Trade Centre (2023)*

Figure 67 - Import of Corn from Africa (thousands of U$D)



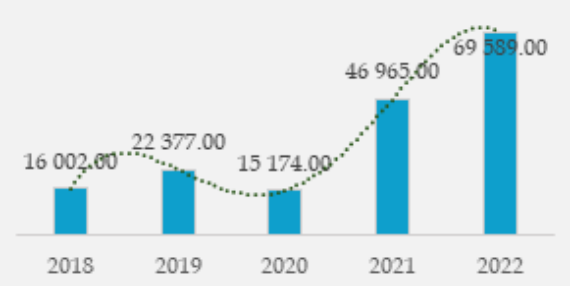
Source: *International Trade Centre (2023)*

Figure 68 - Import of Corn from the rest of the world (tons)



Source: *International Trade Centre (2023)*

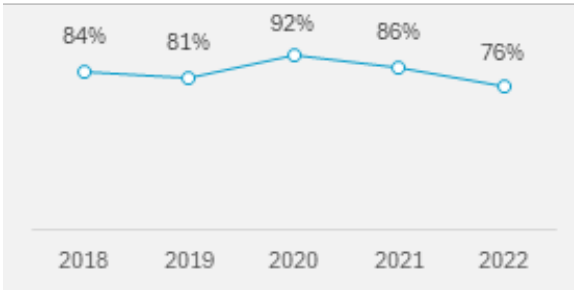
Figure 69 - Import of Corn from the rest of the world (thousands of U$D)



Source: *International Trade Centre (2023)*

114. Furthermore, in the period 2020 to 2022, Angola's imports from outside Africa represented an average of 35.82 million dollars, representing on average 85% of Angola's total imports, which means that there is little commercial relationship with the African countries in relation to the trade (imports) of corn.

Figure 70 - Percentage of Corn Imports Outside Africa



Source: *International Trade Centre (2023)*

115. During the period in question, Angola's average import prices ($/ton) from Africa and from the rest of the world were 1.27 U$D and 1.02 U$D, respectively. It was found that, in the period under analysis, average prices, both in Africa and globally, showed minimal volatility.

6.1.8. Wheat

116. In the period between 2018 and 2022, Angola's exports to Africa amounted to 283 thousand US dollars. As with corn, the data indicates that exports showed a significant increase in 2019 and 2020. In subsequent years, it returned to normal behaviour, that is, exports returns to zero, as was the occurrence before Covid-19. It should be noted that all exports of wheat were only to the African continent.

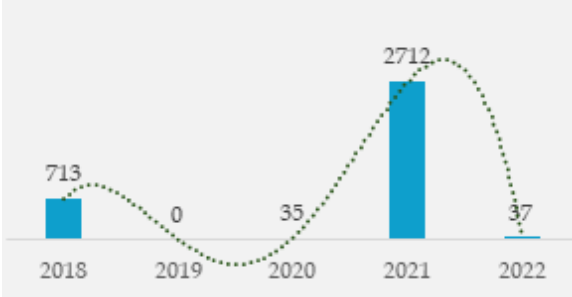
Figure 71 - Wheat Export to Africa (thousands of U$D)

Source: *International Trade Centre (2023)*

117. Between 2020 and 2022, Angola's wheat exports represented an average of 0.09% of Africa's total wheat exports to the world, a share considered insignificant. It should be noted that, during the aforementioned period, the average export price ($/ ton) from Angola to Africa was 0.32 U$D.

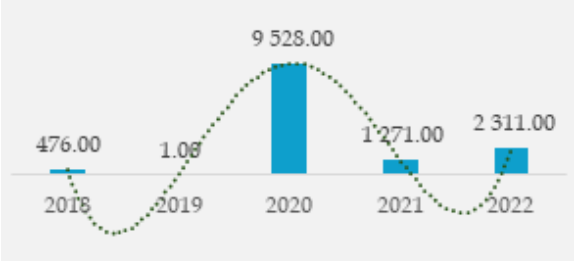
118. Regarding imports, it was observed that in the period 2018 and 2022, Angola imported around 2,034,189 tonnes from the rest of the world (in monetary value this was 1.09 billion US dollars), of which around 3,497 tonnes (in monetary value was 13.59 million US dollars) is imported from Africa.

Figure 72 - Import of Wheat from Africa (tons)



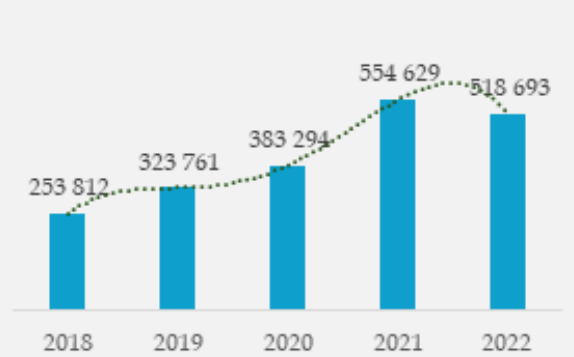
Source: *International Trade Centre (2023)*

Figure 73 - Import of Wheat from Africa (thousands of U$D)



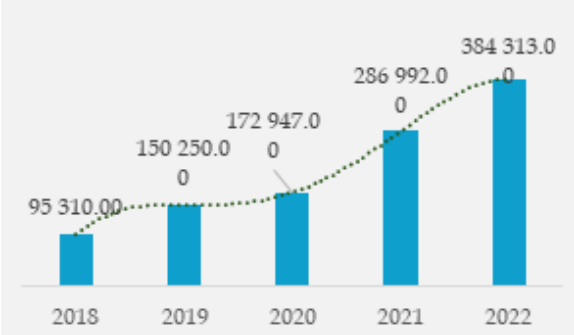
Source: *International Trade Centre (2023)*

Figure 74 - Import of Wheat from the rest of the world (tons)



Source: *International Trade Centre (2023)*

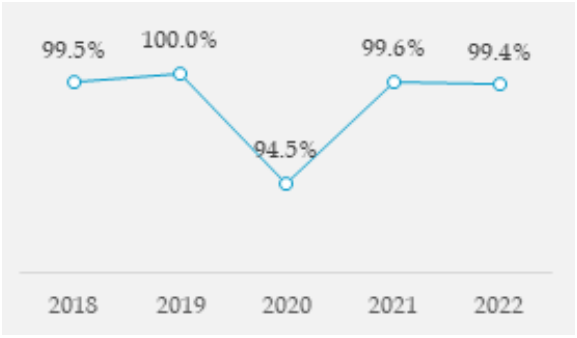
Figure 75 - Import of Wheat from the rest of the world (thousands of U$D)



Source: *International Trade Centre (2023)*

119. Furthermore, in the period 2020 and 2022, Angola's imports outside Africa represented an average of 215.25 million US dollars, representing on average 98.6% of Angola's total imports, which means that there is little relationship trade with African countries regarding the import of wheat. It should also be noted that wheat is the main raw material for the production of bread, one of the key foods most consumed by Angolans.

Figure 76 - Percentage of Wheat Imports Outside Africa



Source: *International Trade Centre (2023)*

120. The average import prices ($/ton) from Angola to Africa and to outside Africa, for the period 2018 to 2022, were 67.16 U$D and 0.51 U$D, respectively. It was found that there was a rise in the prices of imported products on the African continent, compared to wheat purchased outside Africa.

121. Overall, after analysing Angola's trade flow at two levels, continental and global, for the products mentioned above, it is observed that trade exchanges in the period under study between Angola and the rest of the world presented values below the agricultural potential that the country presents, as was noted in the introduction.

122. On the other hand, the data presented shows that Angola has more trade relations with countries outside the African continent. Furthermore, there was an unbalanced trade balance, that is, during the period under analysis, Angola's imports were greater than exports, showing the country to have a net importer status in relation to the key agricultural products considered.

123. This situation is due to the fact that there are some factors that limit the development of the agricultural and agro-processing sector, as well as the export of the respective products, namely:

- For all agricultural sectors, WTO sanitary and phytosanitary (SPS) requirements are generally very demanding, especially in developed country markets. Furthermore, there are trade barriers in terms of quality standard requirements and certification requirements;[35]
- For any consumer goods, meeting quality and safety standards are challenging, as well as certification requirements, packaging and labelling regulations, especially in developed country markets, particularly due to the poor infrastructure (in terms of quality) in Angola.

35 African Development Bank (2021). Study on Diversification of Angolan Exports. Available at: https://www.afdb.org/sites/default/files/2022/02/17/export_diversification_study_2019-03-20_pt.pdf . Consulted on March 15, 2024.

7

COMPETITIVE ANALYSIS

124. In recent years, the Angolan State has faced challenges in the food subsector, due to the national and international economic situation. The Production Support, Export Diversification, and Import Substitution Program (PRODESI) aims to improve families' access to food by stabilising prices, promoting production and the food industry in general, and creating an efficient model for importing and exporting basic products.

125. Furthermore, ensuring healthy competition in the subsector constitutes a crucial challenge for the Angolan economy, and it is necessary to make the market more competitive and attractive for different companies and, consequently, for private investment.

126. In this context, with a view to supporting family agricultural businesses, plus micro and small industries, the Angolan State provides incentives, through Presidential Decree No. 213/23, of 30 October, which has materialised initiatives to facilitate and promote access to credit.

127. In point 3 of article 3 of the aforementioned Decree, the State grants incentives to facilitate and promote access to credit for national producers, transporters, industrialists and traders who establish alliances among themselves, in the form of consortia of various types, cooperatives, as well as other forms of cooperation in the development of productive activity.

128. Despite the underlying public interest, paragraph 3 of article 3 of the respective Presidential Decree establishes measures restricting competition, by encouraging national production and, thus, favouring the Angolan business community to the detriment of other market operators.

129. This standard has the potential to distort competition in the food market, as it creates inequality of circumstances between competitors, a condition contrary to article 3 of the Competition Law (LdC), which establishes that in the competition process companies must compete on equal terms in order to attract their respective customers.

130. Article 4 of the above-mentioned Decree establishes that the import process must be preceded by consultations with the national market on the existence of the goods to be imported.

131. Furthermore, the State conditions authorisation of imports on demonstration of the prior conclusion of contracts for the purchase of national production, the existence of initiatives aimed at direct or indirect investment, or other mechanisms to promote national production. Additionally, the effective settlement of purchases made from national producers or, exceptionally, the guarantee of future settlement is required.

132. From a competition point of view, these measures create obstacles for companies wishing to import food, as they can be considered as excessive requirements that make it difficult for operators to enter this area of economic activity.

133. The import flow becomes slower because the signing of purchase contracts for national production does not depend solely on the company that wants to import. The investment initiative is also linked to financial capacity, something that companies are

generally able to meet. Furthermore, the RJIPN does not establish a specific deadline for the Ministerial Department responsible for trade to issue the binding opinion.

134. Furthermore, article 5(1) of the same provision, establishes that companies must submit annually, until the 15th of August, to MINDCOM information relating to the next 12 months on, "*input needs, by national producers and purchase intentions of consumer goods by importers,*" for publication purposes.

135. By making this information available, companies have the opportunity to share data and, consequently, coordinate practices to fend off their competitors. This can result in higher prices and a reduction in product variety, creating a business environment that is unfavourable to competition between companies.

136. Another consequence of exchanging information between companies is that it reduces uncertainty regarding competitors' strategies, and affects commercial independence between them.

137. Furthermore, article 6(1) of the same statute establishes that national producers must enter their price information, as well as the quantities and quality of their production, on MINDCOM's portal, while Article 6(3) states that the data provided is subject to registration and subsequent dissemination.

138. This measure may constitute a practice that restricts competition, as it may facilitate the conclusion of prohibited collective agreements between producers, risks of coordination and price increases, as well as a decrease in production and a reduction in the variety of products, which ultimately disadvantages end consumers.

139. In turn, the Strategic Food Reserve Regulation (RREA), approved by Joint Executive Decree no. 208/19, of 9 August, determines in its article 4 that the Strategic Food Reserve (REA) must be managed by an entity contracted for this purpose, whose terms of service provision must be agreed to by the State, represented by the respective oversight bodies.

140. However, with regard to the management instruments, Article 12(1) and (2) of the RREA requires operators to register annually with the REA Management Entity (EGREA), that is, Entreposto Aduaneiro E.P., in the following categories: seller, buyer or reseller of designated products, in order to allow it to maintain a database made up of national and foreign companies involved in the formal circuit of the food subsector, namely in the production, processing, distribution and commercialisation of the products listed in the annual purchasing plan.

141. The standard gives EGREA the power to control the main market operators, due to the size and strategic importance of REA in the food market, which can attract many companies operating at different stages of the value chain, making them, in a certain way, dependent on REA.

142. It should be noted that paragraph 3 of the same article requires registered operators to provide EGREA with data on prices and stocks of the goods they produce, process or store.

143. It is important to highlight that the EP Bonded Warehouse – a vertically integrated public company, has a broad corporate purpose related to the food sector, namely general trade, storage, wholesale distribution of food, and management of large warehouses, among others.

144. In this context, the power granted to EGREA can become a competition problem in the context of relationships between economic agents present at different levels of the value chain.

145. Therefore, it is important to examine the clauses of the contract signed between the parties, to verify whether it guarantees a structural separation of EGREA's actions, avoiding activities throughout the value chain and, consequently, distortions of competition.

146. As part of the survey carried out, the Association of Modern Commerce and Distribution Companies of Angola (ECODIMA) presented some competition concerns, namely:

    i. the lack of a legal regime for the movement of goods;
    ii. excesses in inspections and the application of heavy fines in commercial activities, with a product costing U$D 500.00 being penalised with fines that reach around U$D 45,000.00, increasingly aggravating the economic and financial situation of companies;
    iii. the existence of national producers/ wholesalers who do not observe the commercial chain and the rules of commercial activities, selling directly to consumers at the same price that they supply to distributors and/or retailers, becoming competitors of their customers;
    iv. the discrepancy in opportunities, such as greater ease of access to credit for foreign companies, to the detriment of national companies;
    v. restriction of access, by companies associated with ECODIMA (around 75 companies), to REA food products, for reasons unknown to this entity, which constitutes discriminatory treatment;
    vi. Propagation of lobbies and price fixing, as well as the promotion of competitive distortions, through the allocation of certain products to the informal market.

147. With regard to concentration operations, in the period between 2020 and 2023, the Angolan Competition Regulatory Authority (ARC) analysed seven notifications of mergers of companies in the agricultural sector, namely: Rovic & Lonrho Mês, Fazenda Kikuxi, Sociedade Agro-Pecuária do Bailundo, Grupo Edson Drov's, Telegest & Matadouro M. do Porto Amboim, DPI & Grupo Solevo and IEP & Fazendas (Quizenga, Quimba and Longa). The respective operations consisted of the merger and acquisition (vertical and horizontal integration) of companies.

148. The above companies are of national and foreign origin (Mauritius, United Kingdom, France) and carry out production, distribution and marketing activities of fertilisers, seeds, agricultural products and equipment, instruments and parts.

149. However, from the analysis carried out, it was concluded that the operations do not present potential harm to effective or future competition, nor do they create or reinforce a dominant position that would allow them to generate unilateral or coordinated effects, resulting in a non-opposition deliberation or operation.

150. As for regional trade relations, there is a discrepancy in terms of customs fees. It is noteworthy, for example, that *"Angolan trucks pay 4,000 dollars (around 3,734 euros) at the customs post in the DRC compared to 100 dollars (93 euros) for the Congolese at the Angolan border."*[36]

151. Although customs tariffs are used to protect national interests, their excessive application can have negative competitive and economic impacts, as it limits access to foreign products and restricts consumer choice, in addition to jeopardising commercial relations between these countries.

36 National Radio of Angola (2024). ***Angola and DRC will standardize customs fees at customs posts***. Available at: https://rna.ao/rna.ao/2024/02/13/angola-e-rdc-vao-uniformizar-taxa-aduaneira-nos-postos-fronteiricos/ . Consulted on March 15, 2024.

8

FINAL CONSIDERATIONS

152. Agriculture has a directly proportional relationship with the economic growth of any region. It serves as a source of raw materials for the manufacturing industry, absorbs labour (even the least qualified), provides a source of food for the population, as well as a source of foreign exchange for the country.

153. Undoubtedly, the promotion of agriculture makes it possible to improve the current inflationary situation that most African countries face. The war in Ukraine has shown that Africa, despite its agricultural potential, is still very dependent on the West, especially when it comes to the production and purchase of agricultural products, which jeopardises the continent's food and nutritional security.

154. Angola's agricultural sector is the largest employer in the economy, with around 50% of the workforce. Family farming is predominant and uses 96% of the entire area occupied for exploration. Business exploration presents a large gap between its exploration potential and the area actually used, with idleness in the order of 84%.

155. Furthermore, the Angolan agricultural sector faces several difficulties and/or challenges, namely: insufficient agricultural inputs and fertilisers, poor protection against pests and diseases, precarious irrigation systems (high dependence on rain), lack of quality infrastructure for flow, transformation and storage of products, lack of maintenance and replacement assistance for machines, low level of staff training, restrictions in the connection between production areas, and large consumption centres.

156. This situation contributes to the underdevelopment of the agricultural sector in Angola, resulting in a low supply of national products in the domestic market and, consequently, a dependence on imported products.

157. From the analysis carried out, it is clear that Angola's imports of agricultural and agro-processed products are higher than its exports, and that the country has few trade relations with other African countries, since the majority of imported products come from outside the continent.

158. With the exception of the sixth chapter, in which some barriers to accessing the international market were highlighted, the data obtained did not allow for a competitive analysis by product, limiting the study to the levels/phases of the value chain. This situation meant that competition concerns were analysed in a specific chapter, and not highlighted in each section of the study.

159. The challenges that the Angolan State has faced in the agricultural sector and, specifically, in the food subsector, due to the national and international economic situation, have led to the adoption of strategies and the approval of laws and regulations to improve the current situation.

160. However, such measures can create restrictions on competition in the market, limiting the efficient operation of companies and, therefore, negatively affecting the quality of life of the population, making it necessary to observe and respect competition law in tandem with the required policies and regulations needed for economic and agricultural development in Angola.

PART B
KENYA

COMPETITION AUTHORITY OF KENYA

Creating efficient markets for consumers

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1

INTRODUCTION

1. The agriculture sector in Kenya plays a vital role in the economy. It contributes 20% of the Gross Domestic Product (GDP) and indirectly contributes 27% of the same through its linkages with other sectors. The sector employs more than 40% of the total population, and more than 70% of Kenya's rural population.[1] The agricultural sector productivity in Kenya is the second highest in East Africa. Agricultural products represent 65% of Kenya's total exports. The country is the third-largest tea exporter globally, and the largest exporter of horticulture in East Africa. Kenya's agricultural exports include traditional agricultural exports (tea and coffee) and non-traditional agricultural exports such as vegetables and cut flowers.[2]

2. Besides being the backbone of the economy, agriculture is the main driver of non-agricultural sectors including manufacturing, and provides inputs and markets for non-agricultural operations such as building/construction, transportation, tourism, education, and other social services. Kenya's Vision 2030 identifies agriculture as one of the six key economic sectors expected to drive the economy. This goal will be realised through the promotion of innovative, commercially-oriented and modern agriculture.

3. Given the importance of the sector in the economy, strengthening and improving the performance of the sector is therefore a necessary condition for achieving recovery and growth of the national economy. Hence, the Government's vision to achieve agricultural transformation and inclusive growth is outlined in the Agricultural Sector Transformation Strategy and the Bottom-up Economic Transformation Agenda (BETA).[3]

4. The BETA proposes to transform 2 million poor farmers into surplus producers, through input finance and intensive agricultural extension support; to enhance the productivity of key value chains; and to reduce the dependence on basic food imports by 30%, through supporting local production and revitalisation of export crops.

5. The development of agriculture is equally important for poverty reduction, since most of the vulnerable groups like pastoralists, the landless, and subsistence farmers, depend on agriculture as their main source of livelihood. Growth in the sector is, therefore, expected to have a greater impact on a larger section of the population. The development of the sector is therefore important for the development of the economy as a whole.

1.1. Overview of Imports and Exports of Agriculture and Agro-processing

6. The African Competition Forum (ACF) initiated a cross-country study of food value chains in agricultural and agro-processing, and the analysis of trade data at different regional levels. The study aimed to understand concentration and competition issues within regional and continental value chains in agriculture and agro-processing. The focus on agricultural and agro-processing value chains stems from their importance for all

1 Central Bank of Kenya. Agriculture Sector Survey January 2023. 2023. https://www.centralbank.go.ke/uploads/market_perception_surveys/1997478297_Agriculture%20Sector%20Survey%20January%202023.pdf
2 Kenya Investment Authority (KenInvest). 2023 http://cn.invest.go.ke/sector/agriculture/
3 Kenya Association of Manufacturers (KAM). Strengthening local value chains key to Kenya's transformation. 2023. https://kam.co.ke/strengthening-local-value-chains-key-to-kenyas-transformation/

African economies, and the current high food inflation environment that continues to place pressure on consumers.

7. Kenya's major agricultural exports are tea, coffee, cut flowers,[4] and vegetables. The country is a net importer of agricultural products. Agricultural exports to Kenya reached $3.26 billion in 2021. The country faces supply deficits in most of its food sectors, and it uses instruments under the Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC) agreements, which both provide for high non-member tariffs on sensitive commodities including meat, dairy poultry, maize, rice, wheat, and beans to import food products.

8. According to the Kenya Economic Survey 2023, imports from Africa rose from USD 1.76 billion in 2021 to USD 2.10 billion in 2022, occasioned by an increase in imports from Mozambique, which more than doubled, South Africa (38.5%), Uganda (16.9%) and Zambia (33.7%). Imports from the EAC accounted for 40.1% of total imports from Africa having risen by 64.5% to USD 703. 42 million in 2021.

9. Based on the foregoing, Kenya focuses on coffee and tea, which are the country's main export products, and maize and sugar, whose importation rose recently to cushion the country from the high cost of living and to ease shortages. Some of the countries that Kenya exports coffee to are the Democratic Republic of Congo (DRC) and Mauritius, while we export tea to South Africa, Mauritius, and Zambia. The country also imports maize from Tanzania, Zambia and Uganda.

Table 1.1: Kenyan Crops Exports and Imports from African countries

Country	Imports		Exports	
	Product	**Value in USD Million 2021**	**Product**	**Value in USD Million 2021**
Mauritius	Sugar	52.47	Coffee	76
			Tea	1.08
South Africa	Sugar	4.88	Tea	1.07
			Fertilizers	1.1
Zambia	Sugar	14.19	Fertilizers	2.39
	Maize	5.87	Tea	221.64
	Rice	1	Coffee	2.59
Angola			Tea	25.33

Source: Trade Economics

10. Table 1.1 shows that the country imported maize corn worth $5.87 million from Zambia in 2021. It also imported sugar worth $52.47 million, $4.88 million, and $14.19 million from Mauritius, South Africa, and Zambia respectively. The two crops are critical to Kenyans, and are the most widely consumed. Tea and coffee are among Kenya's most important export commodities, and major contributors to the nation's economy.

4 The main cut flowers grown in Kenya are roses, carnations, and Alstroemeria

1.2. Study Objectives

11. The study's general objective is to improve opportunities for investment, growth, and price competitiveness within the context of continental and regional integration initiatives. The specific objectives of the study are:

    i. To understand the dynamics of regional value chains in ACF member countries' agriculture and agro-processing sectors. The focus is to explore the trade (export and import) flows of countries within the region, identify what food value chains are being traded currently, and at what price(s) along the value chain;

    ii. To understand the competition issues along regional value chains, particularly cross-border issues and what interventions are needed at a regional level; and

    iii. To understand competition issues that may arise because of the impact of constraints such as tariffs and non-tariff barriers, weak infrastructure, demanding quality standards, and weakly developed local suppliers, and how that hinders inclusivity into regional value chains.

1.3. Scope of the Study

12. The study explores the Kenyan trade (export and import) flows to countries within the region and at a continental level, and identifies what food value chains are being traded currently, and at what price(s) along the value chain. Kenyan main crops of focus are coffee, tea, maize, and sugar, and export and import of the same within the African continent.

2 RESEARCH METHODOLOGY

13. The study adopted quantitative research methods, and used both primary and secondary data. Primary data was obtained from various government agencies, including the Ministry of Agriculture, the Kenya National Bureau of Statistics (KNBS), the Ministry of Investment, Trade and Industry (MITI), and the Agriculture and Food Authority (AFA). Secondary data was sourced from various Kenyan economic surveys, publications, and reports. Data has been analysed descriptively using MS Excel, and presented in tables and graphs.

3 REGULATORY FRAMEWORK

14. The agriculture sector in Kenya is regulated by the Ministry of Agriculture, Livestock and Fisheries, which develops and enforces policies and legislation. Some of the functions of the ministry are, inter alia: formulation, implementation, and monitoring of agricultural legislation, regulations, and policies; development, implementation, and coordination of programmes; and regulating and quality control of inputs, produce, and products. The legislations are highlighted below:

a. **Agriculture and Food Authority Act No. 13 of 2013** – The purpose of this Act is to guide the promotion, development, and regulation of food crops. It provides for the establishment of the Agriculture and Food Authority, which is charged with the regulation of all food crops in Kenya.

b. **The Crops Act No. 16 of 2013** – The main aim of the Act is to accelerate the growth and development of agriculture, enhance the productivity and incomes of farmers and the rural population, improve the investment climate and efficiency of agribusiness, and develop crops as export crops.

c. **Crops (Food Crops) Regulations, 2019** – The principal objective of the Regulations is to promote the development and regulation of food crops and food produce, and to specifically provide for the registration of growers and growers' associations; certify processing plants, warehouses, collection centres, and markets; the issuance of export clearance permits, ensuring the safety and quality of food crops and food produce; the marketing of food crops and food produce; the promotion of best practices in production,

transportation, storage and processing of food crops and food produce; and the collection and maintenance of a database on the production, prices, and trade of food crops and food produce.

d. **Pest Control Products Board Act** – This Act regulates the importation, exportation, manufacture, distribution, and use of products used for the control of pests and the organic function of plants and animals and connected purposes, and for that purpose it establishes the Pest Control Products Board.

e. **Kenya Agricultural and Livestock Research Act, 2013** – The Act provides an administrative framework for agricultural research in Kenya, and provides for the promotion and coordination of agricultural research activities in the country. It establishes the Kenya Agricultural and Livestock Research Organisation (KALRO).

f. **Kenya Plant Health Inspectorate Service Act of 2012** – It is an Act that ensures the protection of plants, seeds and plant varieties, and agricultural produce. It further regulates the quality of agricultural inputs and produce, to prevent adverse impacts on the economy, the environment, and human health.

g. **Standards Act** – The Act makes provision for the promotion of standards in Kenya established by the Kenya Bureau of Standards (KEBs) which is mandated to ensure that the standards development process is aligned with the technological, economic, and social priorities of the Kenyan Nation and the provisions of the Standards Act. All imported products must satisfy Kenyan import requirements before export, and it is KEBs that issue the certificate of conformity.

h. **Competition Act No. 12 of 2010** – The Act regulates market conduct and market structure. It contains provisions on restrictive trade practices, regulation of mergers, abuse of a dominant position, and consumer welfare.

15. The country's regulatory regime in the agricultural sector does not impede competition in agricultural markets, but rather accommodates and encourages competition in Kenya's agricultural and agro-processing industries. Further, the regulatory environment promotes the exportation of agricultural produce including coffee, tea, and fruits and vegetables, among others.

4

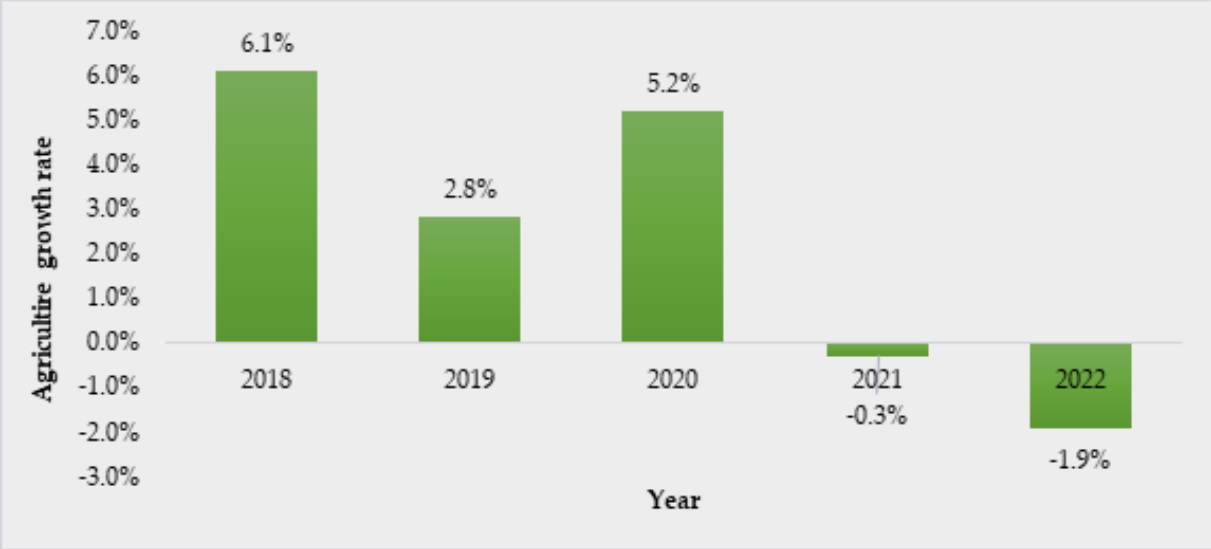
AGRICULTURAL AND AGRO PROCESSING **SECTOR TRADE FLOWS**

16. This section details the trade flows in the agricultural and agro-processing sector at a country level, and across the regional economic community.

4.1. Trade flow within the Agriculture and Agro-processing Sector in Kenya

17. Agricultural Trade plays an important role in providing a living for farmers and people employed along the sector's supply chains. It also contributes to reducing food insecurity in the country, and provides greater choice in consumer goods.[5]

Figure 4.1: Agriculture growth rate in Kenya from 2018 to 2022



Source: KNBS Economic Survey 2023

18. According to Figure 4.1, the agriculture growth rate is seen to have been fluctuating in the last five years. The rate declined from 6.1% in 2018 to 2.8% in 2019. The agricultural sector in Kenya did not grow in 2021 and 2022, despite significant growth in 2020 during the COVID-19 pandemic period, during which the sector expanded by 5.2%. The decline was largely occasioned by drought in most parts of the country, which severely affected agricultural production.[6]

19. Kenyan exports are dominated by agricultural commodities, particularly tea, coffee, pyrethrum, and horticultural products (flowers, fruit, and vegetables). According to the Economic Survey of 2022, the agricultural sector contributes 22% of the total trade

5 OECD. Monitoring the changing landscape of agriculture markets and trade. 2023 https://www.oecd.org/agriculture/topics/agricultural-trade/#:~:text=Trade%20plays%20a%20crucial%20role,greater%20choice%20in%20consumer%20goods.

6 Kenya National Bureau of Statistics (KNBS). Economic Survey 2023. 2023. https://www.knbs.or.ke/download/economic-survey-2023/

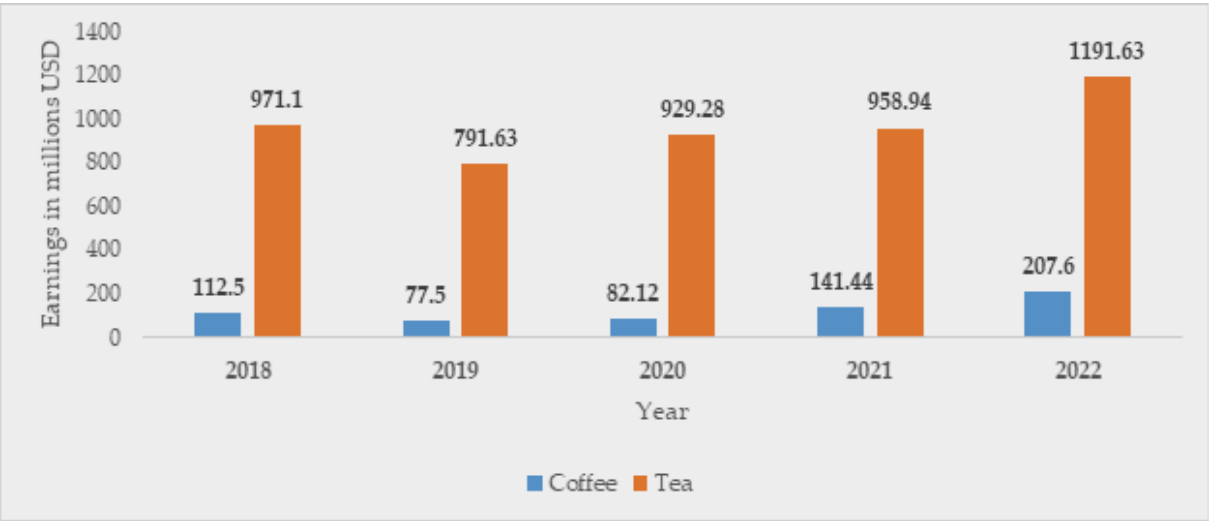
volume in Kenya. Coffee, tea, pulses, pyrethrum, sisal products, and horticulture (cut flowers, fruits, vegetables, herbs, spices, and nuts) are the lead export products that account for over 90% of agricultural exports in the country. Earnings from the marketed agricultural crop production[7] from 2018 to 2022 are shown in Figure 4.2, below.

Figure 4.2: Earnings from marketed agricultural production in Billion USD

Source: KNBS Economic Survey 2023

20. From Figure 4.2 above, the value of marketed production for crops increased from USD 2.41 billion in 2019 to USD 3.12 billion in 2022. This was due to improved prices, and increased quantities of some marketed crops like coffee.

Figure 4.3: Earnings from Coffee and Tea in million USD



Source: KNBs Economic Survey, 2023

7 These are Cereals (maize, wheat etc.), Horticulture (cut flowers, vegetables... etc.), Temporary industrial crops (sugarcane, pyrethrum... etc.), permanent crops (tea and coffee), and livestock and products

21. Figure 4.3 above indicates that earnings from tea have been on the rise since 2019, where they increased by 50% from USD 791.63 million in 2019 to USD 1.19 billion in 2022. However, the earnings from coffee have been fluctuating over the years, but they recorded significant progress in 2022 compared to 2018, where they increased from USD 112.5 Million in 2018 to USD 207.6 million (an increase of around 84% or 13% on a compound annual basis). This was a result of the increased quantity of marketed coffee despite lower coffee prices.[8]

4.2. Trade flows within (and across) the Regional Economic Community (REC)[9]

22. Kenya's imports and exports have been on an upward trajectory in value for the past two decades, except in periods of external influences like the COVID-19 pandemic. In 2020 during the pandemic, Kenya's goods exports recorded a 3.3% growth to $6 billion, and this was sustained by the continued world demand for Kenyan tea, coffee, fruits, and vegetables.[10] Kenya has seven major trading partners, including The East African Community (EAC), the Rest of Africa (ROA),11 the European Union (EU), the United Kingdom (UK), the United States of America (USA), China and India.

23. Historically, Kenya has had significant trade relations with countries in the EAC. The EAC is an intergovernmental organisation composed of seven partner states, namely: Kenya, Tanzania, Uganda, Rwanda, Burundi, South Sudan, and the Democratic Republic of the Congo. Kenya's developed infrastructure and membership in both the EAC and Common Market for Eastern and Southern Africa (COMESA) make it the ultimate trade and investment destination. The country's strategic location provides easy access to the EAC market. Kenya's trade with the rest of the region has been facilitated by factors such as trade agreements.[12]

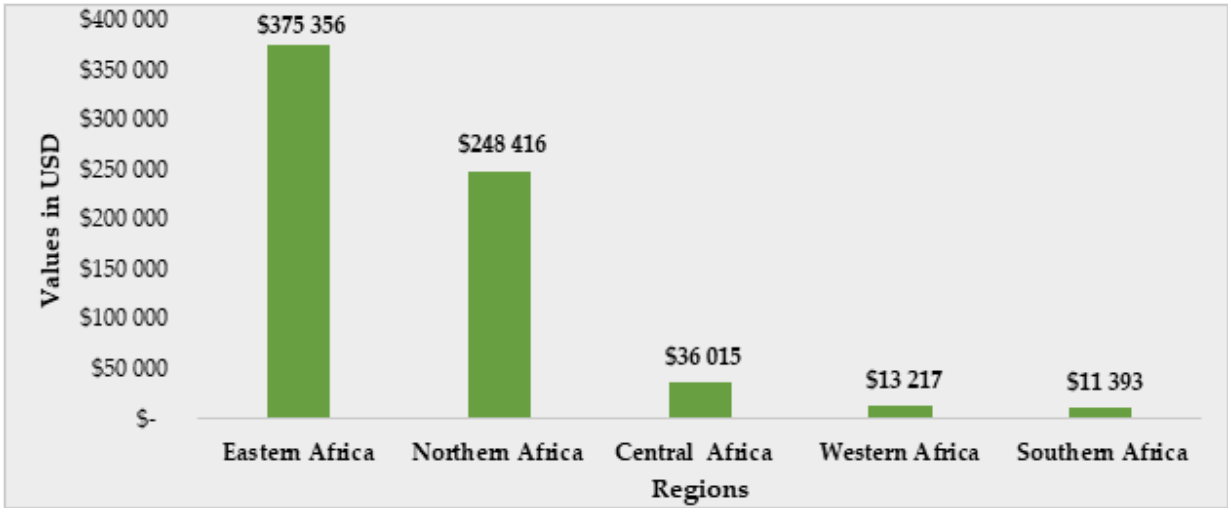
24. Kenya's imports from African countries account for 11% of all its imported goods, and are worth US$ 2 082 billion. The most important supplying markets are Tanzania (24%), Egypt (21%), South Africa (19%) and Uganda (15%). Among the products imported from these countries are cereals and sugars.[13]

Figure 4.4: Value of food exports from Kenya to the African continent between 2009 and 2019 (in 1,000 USD)

8 Ibid 6
9 The Regional Economic Communities in Africa group together individual countries in subregions for the purposes of achieving greater economic integration
10 Promoting Kenyan exports. A country- and product-specific analysis. Sherillyn Raga, Maximiliano Mendez-Parra and Dirk Willem te Velde December 2021. ODI-FSD Kenya emerging analysis series. 2023. https://www.fsdkenya.org/wp-content/uploads/2022/01/Promoting_Kenyan_exports.pdf
11 Rest of Africa here refers to all African countries except East African Community (EAC) members
12 Kenya and its role in intra-Africa regional trade. The prospects of the EU-Kenya EPA. 2023 https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/702596/EXPO_BRI(2023)702596_EN.pdf
13 Kenya and its role in intra-Africa regional trade. The prospects of the EU-Kenya EPA. 2023. https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/702596/EXPO_BRI(2023)702596_EN.pdf

25. According to Figure 4.4 above, food exports from Kenya to the African continent have been growing since 2015 until they declined to 684.4 million US$ in 2019, from a high of around 720 million US$ in 2018.

Figure 4.5: Value of food exports from Kenya to the African continent in 2019, by region (in USD '000')



Source: Statista

26. Figure 4.5 above shows that food exports from Kenya to neighboring countries in Eastern Africa reached an estimated 375.4 million USD in 2019. The region accounted for 54.8% of the country's food exports inside Africa in 2019. Exports of food items to Southern Africa recorded the lowest level, worth some 11.3 million USD, while Northern Africa, Central Africa, and Western Africa recorded 248.4 USD, 36.0 USD, and 13.2 USD, respectively. The stark contrast in Kenya's large food export values to Eastern and Northern Africa, relative to the smaller export values to the other regions, is likely due to, among others, ease of movement supported by the EAC common market and integration.

5

COFFEE, TEA, SUGAR, MAIZE, AND FERTILISER SUB-SECTORS IN KENYA

27. This section discusses coffee, tea, sugar, and maize sub-sectors in Kenya, including the production, import, and export of these products to countries in Africa.

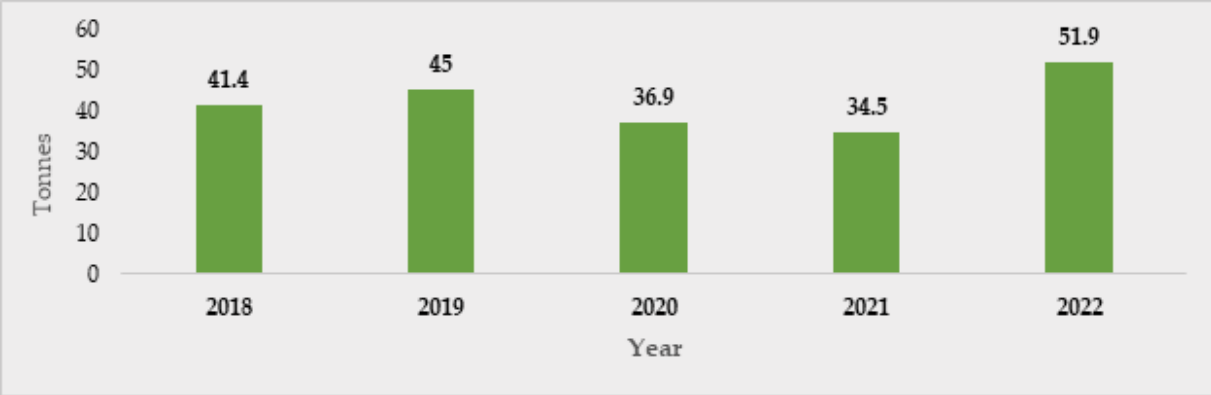
5.1. Coffee Sub-sector in Kenya

28. The coffee industry plays a key role in the Kenyan economy; it contributes about 1% to the GDP, 8% of the total agricultural export earnings, and up to 30% of the total labour force employed in the agriculture sector. The sector's key role is recognised in the Government's efforts to fight poverty, and is targeted as a sector that can contribute towards the realisation of Kenya's development blueprint, Vision 2030.[14] This blueprint aims to transform Kenya into a newly industrialising "middle-income country providing a high-quality life to all its citizens by the year 2030."

5.1.1. Coffee Production in Kenya

29. Coffee-growing areas are located within the Western, Rift Valley, Central Kenya, and Mount Kenya regions. Kenyan coffee is produced under two systems, comprising smallholder farmers (co-operative societies) and coffee estates, which are individually managed coffee plantations. Coffee in Kenya is grown by over 800,000[15] smallholder farmers clustered under 543 cooperative societies, and a total of about 3,000 coffee estates[16] (categorised as small, medium, and large) involved in coffee production. The total annual production has been fluctuating wildly due to climate change. In 2021, Kenya experienced its worst drought in over 40 years. Equally, due to climate change, harvest times and crop quality have become nearly impossible to control and predict. As of 2022, coffee production stood at 51,900 tonnes.

Figure 5.1: Coffee production in Kenya ('000 tonnes)



Source: KNBS Economic Survey 2023

14 KENYA VISION 2030 (POPULAR VERSION). https://vision2030.go.ke/wp-content/uploads/2018/05/Vision-2030-Popular-Version.pdf
15 Coffee Directorate. 2023. https://coffee.agricultureauthority.go.ke/index.php/sectors/overview
16 Kenya Coffee Production Guide. 2023. https://www.omwani.com/post/kenya-coffee-production-guide#:~:text=Coffee%20farming%20in%20Kenya&text=There%20are%20an%20estimated%20700%2C000%20smallholders%20and%20around%203%2C000%20estates.

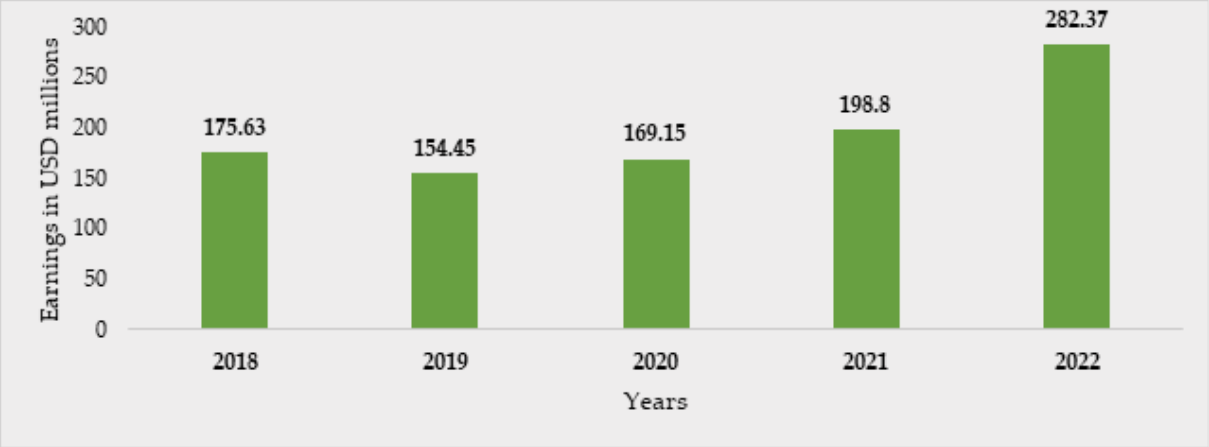
30. Over the last five years, the production of coffee declined from 45 metric tonnes in 2019 to 34.5 metric tonnes in 2021 (Table 5.1 further below). According to KNBS,[17] the decline is attributed to multiple factors, such as poor weather conditions in the coffee-growing areas, inadequate application of farm inputs by smallholder farmers, and the shift in land use from coffee farming to real estate, among others. The production then increased by 50.4%, from 34.5 metric tonnes in 2021 to 51.9 metric tonnes in 2022. The increase was attributed to an increase in yields, coupled with improved crop husbandry practices.[18]

5.1.2. Marketing of Coffee

31. Coffee in Kenya is sold through two marketing agents: the Central Auction, who offer their services purely for commercial purposes, and Direct Sales, who are growers marketing their coffee. The central auction is administered by the Nairobi Coffee Exchange Management Committee, which is drawn from industry stakeholders.[19]

32. Direct sales are where the farmers sell their coffee directly to locals or overseas. However, in cases where farmers cannot market their products directly, commercial marketing agents facilitate the process by drawing up sales agreements between producers and buyers, and handling other marketing logistics.[20]

Figure 5.2: Earnings from Coffee exports in Kenya in USD million



Source: KNBS Economic Survey 2023

33. From Figure 5.2 above, earnings from coffee exports increased from USD 175.63 million in 2018 to USD 282.37 million in 2022, an increase of 60%. This was due to an increase in production partly attributed to conducive weather conditions in the coffee-growing areas, and improved crop husbandry.[21]

5.1.3. Coffee Export in Kenya

34. The volume of exported coffee has been inconsistent over the last five years due to varying production quantities, which was attributed to unfavorable climate changes. Figure 5.3 details the quantity of coffee exported over the years.

17 Ibid 6
18 Ibid 6
19 International Coffee Organization. 2023. https://www.ico.org/documents/cy2018-19/icc-124-7e-profile-kenya.pdf
20 International Coffee Organization. 2023. https://www.ico.org/documents/cy2018-19/icc-124-7e-profile-kenya.pdf
21 Ibid 6

Figure 5.3: Quantities of coffee exported in tonnes, 2018-2022

Source: Kenya Economic Survey 2023

35. Figure 5.3 indicates that the quantities of coffee exported rose by 28.8% from 37.5 thousand metric tonnes in 2021 to 48.3 thousand metric tonnes in 2022. The main export destinations for Kenyan coffee are the United States, Belgium, Germany, Switzerland, and South Korea. In addition, there are African countries that coffee is exported to, as shown in Table 5.1 below.

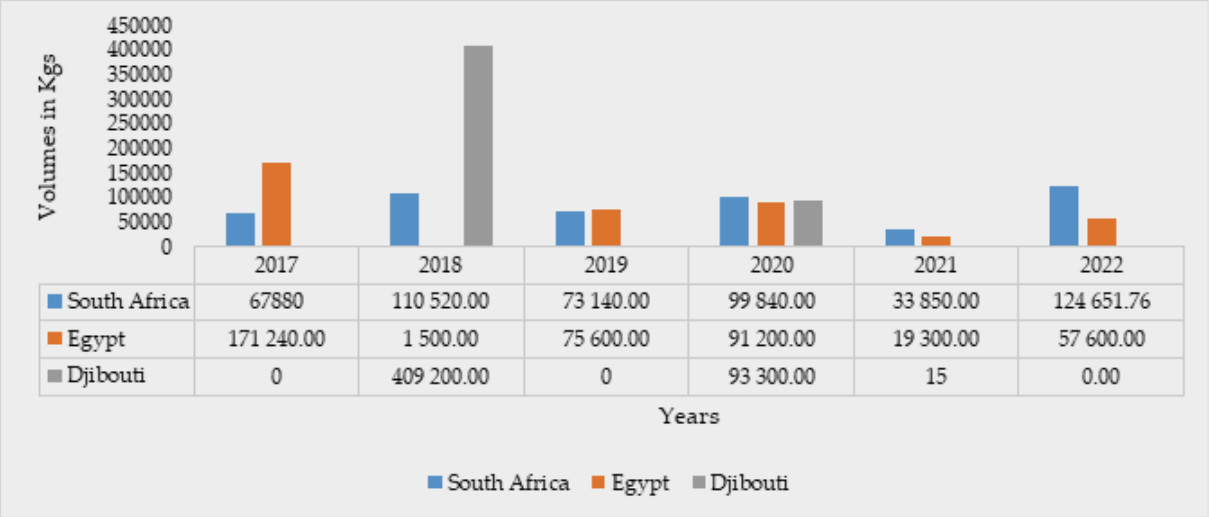
Table 5.1: Coffee Export to African Countries in Kgs and USD

Year	Country	Export volume	Export value in USD	Price per KG in USD
2017	South Africa	67,880.00	301,079.64	4.44
	Egypt	171,240.00	258,863.02	1.51
	Madagascar	100,800.00	198,991.85	1.97
	Morocco	192,000.00	259,508.31	1.35
	Nigeria	9,000.00	36,812.84	4.09
	Rwanda	233	1,108.69	4.76
	Somalia	337	1,128.37	3.35
	South Sudan	1,000.00	1,520.91	1.52
	Sudan	185,400.00	299,083.29	1.61
	Tunisia	511,200.00	1,439,761.49	2.82
	Uganda	344.61	1,787.92	5.19
2018	South Africa	110,520.00	424,461.73	3.84
	Egypt	1,500.00	3,082.22	2.05
	Djibouti	409,200.00	422,625.41	1.03
2019	South Africa	73,140.00	305,852.10	4.18
	Egypt	75,600.00	126,804.85	1.68
2020	South Africa	99,840.00	363,239.08	3.64
	Egypt	91,200.00	111,013.56	1.22
	Djibouti	93,300.00	72,832.89	0.78

Year	Country	Export volume	Export value in USD	Price per KG in USD
2021	South Africa	33,850.00	139,853.37	4.13
	Egypt	19,300.00	79,506.24	4.12
	DRC Congo	957,096.99	5,326,032.93	5.56
	Djibouti	15	16.85	1.12
2022	South Africa	124,651.76	605,531.67	4.86
	Egypt	57,600.00	205,498.95	3.57

Source: KNBS

Figure 5.4: Export Coffee Volumes for South Africa, Egypt and Djibouti in KGs



Source: Kenya Economic Survey, 2023

36. Some of the African countries that Kenya exports its coffee to include South Africa, Egypt, DRC Congo, Djibouti, Uganda, Morocco, Madagascar, Sudan, South Sudan, Rwanda, Nigeria and Somalia. Kenya exported coffee worth USD 10.65 million to these countries for the last 5 years. South Africa and Egypt have been the most consistent countries, in terms of coffee demand, that Kenya's coffee was exported to in the last five years (Figure 5.5 and Table 5.1).

37. The prices per kilogram, calculated by dividing the export values in USD by the export volumes in Kg, have been fluctuating over the last five years for different countries, as shown in Table 5.4 above. For instance, one kilogram of coffee was sold at USD 4.44 to South Africa in 2017, and it increased by 9% to USD 4.86 in 2022.

5.1.4. Coffee Sub-Sector Value Chain

38. The coffee value chain begins with production by farmers, who engage in land preparation, fertilising, spraying, tools maintenance, and harvesting. Once harvested, the coffee cherries are transported to factories for processing (dry or wet processing) and subsequently to commercial millers for milling and grading. In the processing stage, the cherry fruit or pulp is removed, leaving the seed or bean, which is then dried. The method used determines the flavours of roasted and brewed coffee. Once the pulp has been removed the bean is then left surrounded by two layers, the silver skin and the parchment.

39. The parchment is then ready for sun drying on tables, where it is regularly turned – to obtain the bluish color for which Kenyan coffee is

famous. Drying the coffee is the last process on the farm. The fully dried coffee is bagged and ready to be sent to the mills. Grinding is then done on the beans depending on their size, location, and altitude at which they were grown, how they were prepared and packed, and how they tasted, or their cup quality.[22]

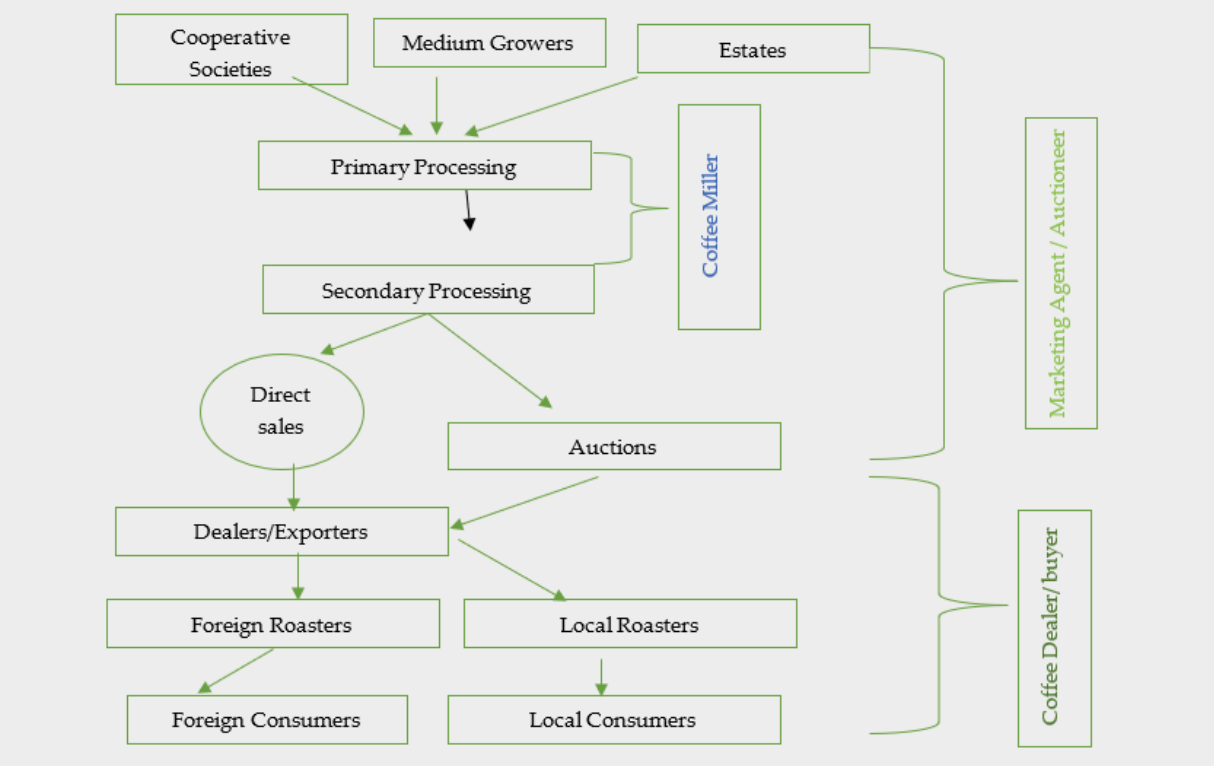
40. At the mills, the parchment skin surrounding each bean is removed, followed by mechanical grading of the coffee into seven (7) separate grades according to the size, weight, and shape of the bean. It is then graded by the number of imperfections (defective beans, pebbles, and sticks) per sample. Following this, a secondary processing of the coffee takes place.

41. The graded beans are passed to the coffee marketing agents, who market them through an auction at the Nairobi Coffee Exchange (NCE). Dealers consequently purchase from the auction and sell to the exporters (Dada, 2007). The Auction happens every Tuesday of each month annually, and the data on the prices per grade offered by various dealers who participate in the Auction is published online.

42. At the Auction, the coffee marketing agents are allowed to have price negotiations on the coffee presented as per the reserve price, and these are normally listed as 'noted' transactions, and if they agree on a price, they report the same to the NCE – or if they do not agree the marketer can present the same coffee to the auction the following Tuesday. In instances where the dealer and the marketer agree on a price on the floor, the sale is confirmed.

43. The processes of the value chain and the market players involved in the processes are summarised in Figure.

Figure 5.5: Coffee Sector Value Chain and Players in charge of the process



22 The Coffee Industry in Kenya. 2023. https://www.kenyarep-jp.com/en/business/coffee/#:~:text=Almost%20all%20Kenyan%20coffee%20is,to%20remove%20the%20outer%20skin

44. The coffee subsector has been central to the economy of Kenya since independence. At one time it was a leading foreign exchange earner for the country, a scenario that has since changed, relegating it to the number four (4) foreign exchange earner. Subsequently, the government embarked on a reform journey to restore the sub-sector to its lost position.[23] The purpose of the renewed effort by the government is to ensure that farmers benefit from their crops, and that the country increases its offering to the global markets.

45. The reforms, which started in June 2023, included having dealers purchase coffee through the Nairobi Coffee Exchange auction, as the government moved to revoke the licenses of cartels who had infiltrated the sector. These reforms are geared at making the Kenyan coffee sector more competitive, by eliminating market failures and improving coffee production.

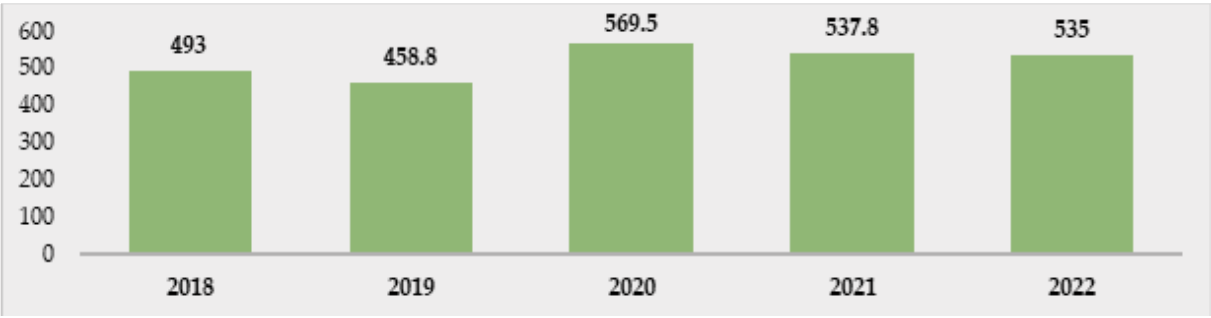
5.2. Tea Sub-Sector in Kenya

46. Kenya is the third-largest exporter of tea globally, after China and Sri Lanka, and the largest exporter of black tea and the third largest producer, after China and India.[24] The top exporters of tea in 2021 were China ($1.97B), Sri Lanka ($1.34B), Kenya ($1.2B), India ($709M), and the United Arab Emirates ($316M)[25]. The tea industry makes an important contribution to the Kenyan economy. It is among the leading foreign exchange earners, contributing about 23% of total foreign exchange earnings, and 2% of the Agricultural GDP. Annually, the country produces over 450 million Kg of tea, which earns the country over USD 912.55 million in export earnings, and USD 167.30 million in local sales. The industry supports about 5 million people directly and indirectly, while an estimated 650,000 tea growers depend on tea, making the industry one of the leading sources of livelihood in the country.[26]

5.2.1. Tea Production in Kenya

47. According to Figure 5.6 below, Kenyan tea production has been fluctuating over the years. It increased by 24.1% from 458.8 thousand tonnes in 2019 to 569.5 thousand tonnes in 2020, on account of adequate rainfall in tea-growing areas[27]. The production then declined to 537.8 thousand tonnes in 2021 and to 535 thousand tonnes in 2022 (Figure 5.7). The lower production in 2022 was attributed to depressed and poorly distributed rainfall during the year, where rainfall amounts received were below the expected amount for the respective months.[28]

Figure 5.6: Tea Production (in '000 Tonnes)



23 AFA Coffee directorate. 2023. https://coffee.agricultureauthority.go.ke/index.php/resource-center/licensed-coffee-buyers?download=56:licensed-coffee-buyers
24
25 OEC. Tea. 0902 (Harmonized System 1992 for 4-digit). 2023. https://oec.world/en/profile/hs/tea
26 Tea Directorate. 2023. https://tea.agricultureauthority.go.ke/index.php/sectors/overview
27 Ibid 6
28 Ibid 6

5.2.2. Tea Value Chain in Kenya

48. This section outlines the key players in the tea sector, and their interrelations. It attempts to show the role of each sector player in terms of how tea marketing is organised and operated, along the value chain from the producer to tea buyer/exporter – including through auction at the port of Mombasa.

5.2.2.1. Producers

49. Tea is produced by farmers who are categorised into small-holder or estate farmers. The small-holder farmers are organised into factories where they are individual shareholders, and the factories are corporate shareholders of the Kenya Tea Development Authority (KTDA). The role of KTDA is to ensure that farm agronomics, processing, handling storage, and marketing of tea in Kenya can give the farmer adequate returns commensurate with their expanded efforts.[29]

50. The producers of tea do not participate in the Mombasa tea auction. They however enter into a contract with a broker who represents them at the auction, using a sample of tea from the farmer. The broker charges a fee for this service. The Kenya Tea Growers Association (KTGA) represents the farmers, with the mandate of promoting the common interests of the members in the cultivation and manufacture of tea, and inculcating good industrial relations and sound wage policies for the workers.[30] KTGA members represent 40% of total tea production, while KTDA represents 60% of the tea produced by small-scale farmers in Kenya.

5.2.2.2. Brokers/Agents

51. The small-holder farmers sell their tea through brokers/agents at the public auction. They prepare catalogues for use at the auction. The farmers are members of the East Africa Tea Trader Association (EATTA), which is responsible for organising the Mombasa Tea Auction. The players are guided by the rules of EATTA, and they have a Tea Brokers Association.[31]

5.2.2.3. Buyers

52. The buyers are companies registered in Kenya and licensed by the Tea Directorate under AFA, to undertake the business of buying tea either at the auction, by private sale for export, or by sale to local tea packers.[32]

5.2.2.4. Warehouses

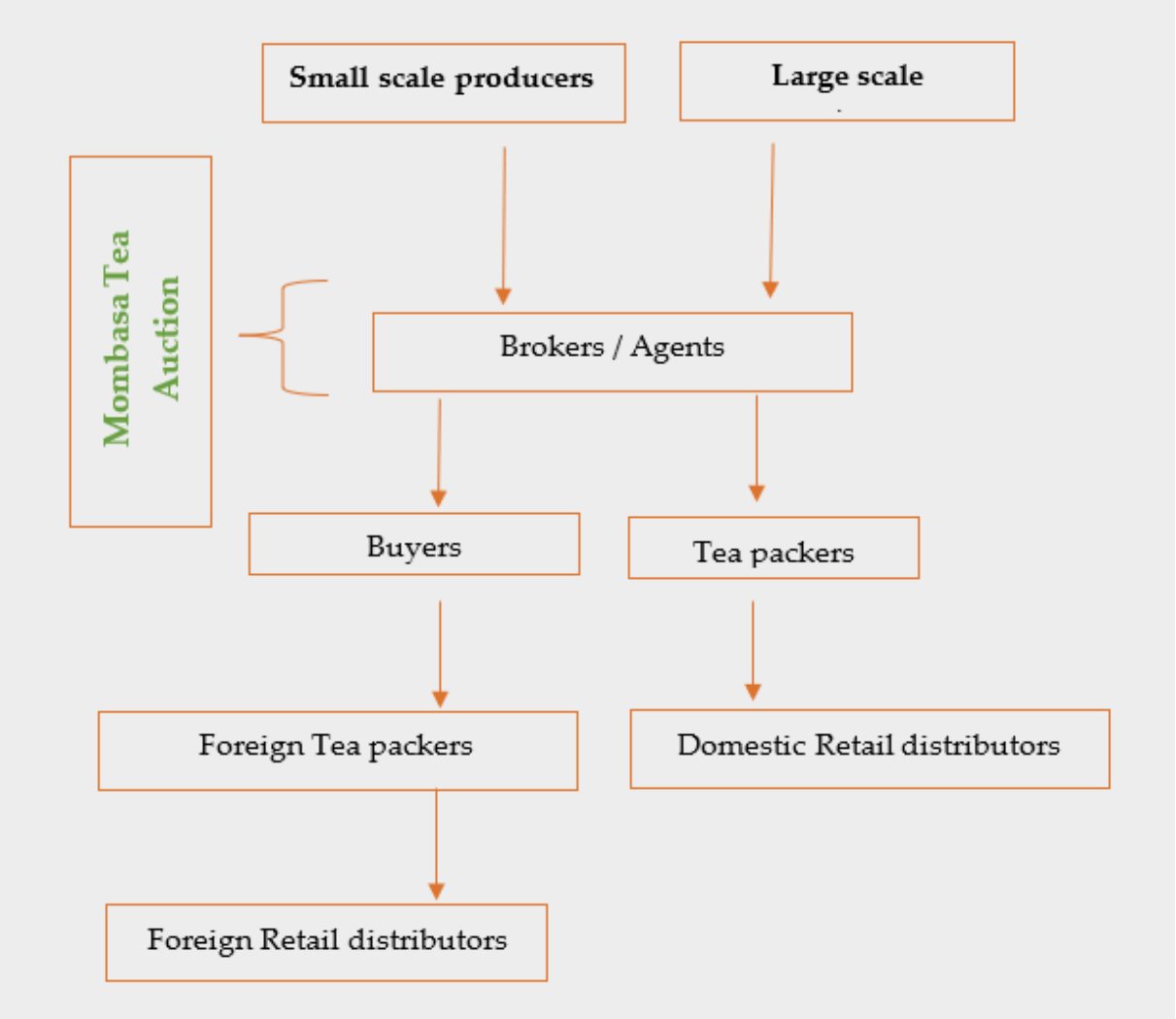
53. The warehouses are responsible for holding the tea on behalf of producers and buyers, as they bid at the auction. These are members of EATTA, and also have a warehousing association. The cost of warehousing is also partly borne by the tea farmers (producers).

5.2.2.5. Packers

54. These players blend and pack tea for the domestic market, and some for export. The packers source their tea mainly from buyers, after sourcing from the auction or brokers, and their target markets are normally domestic consumers. Figure 5.7 shows the players in the tea value chain.

29 KTDA. 2023. https://ktdateas.com/
30 KTGA. 2023. https://ktga.or.ke/background-information/
31 EATTA. Tea Brokers. 2023. https://eatta.co.ke/eatta-membership/eatta-member-functions/149-tea-brokers#:~:text=Collectively%2C%20the%20brokers%20form%20the,a%20proposer%20and%20a%20seconder.
32 EATTA. Mombasa Tea Auction Process. 2023. https://eatta.co.ke/the-mombasa-tea-auction

Figure 5.7: Players in the tea value chain in Kenya



5.2.3. Marketing of tea

55. Once the tea is produced by farmers, it is delivered to collection centres, transported to individual factories where it is processed, and then traded through:

I. Factory sales in normally small consumer packets;
II. Direct Bulk sales, from the factory through an agent or broker to packers and exporters; or
III. Auction sales from factories to buyers through agents/ brokers, who represent producers at the Mombasa Auction.

56. A large proportion of tea trading takes place via the auction through the Mombasa Port.33 All sale contracts are registered with the Tea Directorate within thirty days of finalisation of the contract.34 The auction operates under the rules of EATTA, which ensure fair play.[35]

57. Most of the tea produced in Kenya supplies the international market; 22%36 of the country's tea production is exported. The key destinations include Pakistan, the United Kingdom, and Afghanistan. In 2022, Kenya exported $1.39B worth of tea.

33 TradeMark Africa. World's Biggest Black Tea Auction for Export Goes Digital. 2023. https://www.trademarkafrica.com/press-release/worlds-biggest-black-tea-auction-for-export-goes-digital/
34 Ibid 29
35 Ibid 29
36 Overview Of The Kenyan Tea Market 2023. https://www.steepedcontent.com/blogs/blog/kenyan-tea-market#:~:text=Most%20of%20the%20tea%20produced,the%20majority%20of%20Kenya's%20tea.ea

The main destinations were Pakistan, having imported 181.98 Million Kgs, Egypt (65.89 Million Kgs), the United Kingdom (46.14 Million Kgs), and the United Arab Emirates (28.61 Million Kgs).37 Kenya also exported tea to some African countries. Table 5.2 shows the African countries to which Kenyan tea was exported between 2017 to 2022.

Table 5.2: Kenya Tea Exports Quantity to Africa (KGS)

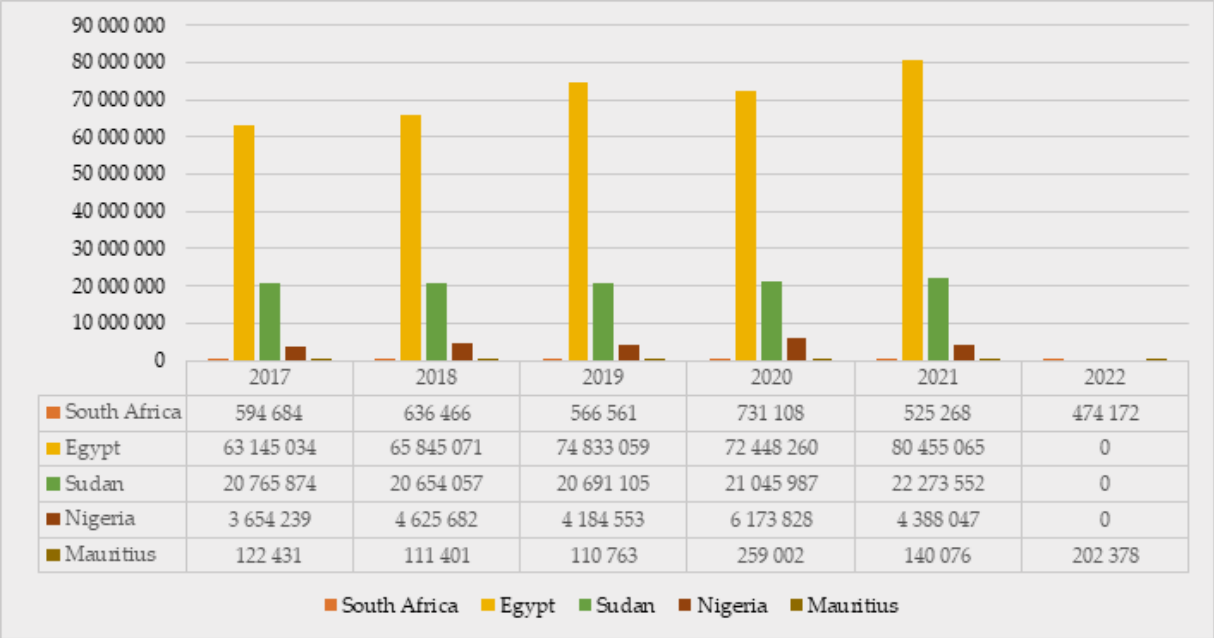
Year	Country	Export volume (kg)	Export value in USD	Price per KG in USD
2017	South Africa	594,684.00	1,479,725.81	2.49
	Egypt	63,145,034.00	132,531,415.62	2.10
	Sudan	20,765,874.00	38,060,146.64	1.83
	Nigeria	3,654,239.00	7,870,940.66	2.15
	Mauritius	122,431.00	220,900.10	1.80
	Botswana	182	824.68	4.53
	Central African Republic	13,540.00	17,028.73	1.26
	Chad	234,140.00	260,569.03	1.11
	Ghana	150,004.00	297,500.67	1.98
	Guinea	4	30.42	7.60
	Morocco	4,820.00	19,893.28	4.13
	Namibia	734	900.05	1.23
	Somalia	2,705,169.00	2,531,948.18	0.94
	Djibouti	542,914.00	983,716.26	1.81
	Eritrea	253,996.00	498,600.48	1.96
	Ethiopia	10,930.00	89,687.11	8.21
	Malawi	1,295.00	7,103.17	5.49
	South Sudan	399,421.00	705,708.90	1.77
	Zambia	115	1,482.09	12.89
	Rwanda	982.5	7,775.92	7.91
	Tanzania	109,909.38	284,796.63	2.59
	Uganda	23,675.97	86,195.65	3.64
2018	South Africa	636,466.00	1,428,438.05	2.24
	Egypt	65,845,071.00	132,432,569.95	2.01
	Sudan	20,654,057.00	33,646,400.19	1.63
	Nigeria	4,625,682.00	9,413,574.47	2.04
	Mauritius	111,401.00	171,071.23	1.54

37 Tea Earnings Post Better Returns] Last Year. 2024. https://www.kenyanews.go.ke/tea-earnings-post-better-returns-lastyear/#:~:text=Kenya%20tea%20was%20shipped%20to,Million%20Kgs%20valued%20at%20Sh14.

Year	Country	Export volume (kg)	Export value in USD	Price per KG in USD
2019	South Africa	566,561.00	1,034,018.78	1.83
	Egypt	74,833,059.00	130,025,894.67	1.74
	Sudan	20,691,105.00	27,121,888.29	1.31
	Nigeria	4,184,553.00	7,035,525.65	1.68
	Mauritius	110,763.00	162,007.81	1.46
2020	South Africa	731,108.00	1,270,957.85	1.74
	Egypt	72,448,259.95	119,374,482.55	1.65
	Sudan	21,045,987.37	28,298,596.51	1.34
	Nigeria	6,173,828.00	9,920,450.58	1.61
	Mauritius	259,002.00	404,708.57	1.56
2021	South Africa	525,268.10	893,182.48	1.70
	Egypt	80,455,064.97	141,958,511.90	1.76
	Sudan	22,273,552.33	29,398,388.44	1.32
	Nigeria	4,388,047.00	6,650,799.12	1.51
	Mauritius	140,076.20	231,994.47	1.66
2022	Zambia	98,518.00	154,489.76	1.57
	South Africa	474,172.00	1,170,361.67	2.47
	Uganda	53,840.35	275,852.97	5.12
	Tanzania	187,035.41	525,076.23	2.81
	Mauritius	202,377.80	378,310.44	1.87

Source: Kenya National Bureau of Statistics Submissions, 2023

Figure 5.8: Kenyan Tea Export to Top-Five African Countries



	2017	2018	2019	2020	2021	2022
South Africa	594 684	636 466	566 561	731 108	525 268	474 172
Egypt	63 145 034	65 845 071	74 833 059	72 448 260	80 455 065	0
Sudan	20 765 874	20 654 057	20 691 105	21 045 987	22 273 552	0
Nigeria	3 654 239	4 625 682	4 184 553	6 173 828	4 388 047	0
Mauritius	122 431	111 401	110 763	259 002	140 076	202 378

Source: Kenya National Bureau of Statistics Submissions, 2023

58. Kenyan tea was exported to over 21 African countries in 2017, having been sold between USD 0.94 to USD 12.81 per kg (Table 5.2 above). The largest volume was exported to Egypt, followed by Sudan in that year, which was 63,145 tonnes and 20,765 tonnes respectively. The prices per kg ranged between USD 2.24 to USD 1.31 from 2018 to 2021, and between USD 5.12 to USD 1.57 in 2022.

59. South Africa, Egypt, Sudan, Mauritius, and Nigeria were the consistent markets for Kenyan tea over the last five years (see Figure 5.9). The country's tea exports to Egypt have been on an upward trend since 2017, increasing from 63,145 tonnes in 2017 to 80,455 tonnes in 2021.

5.3. Maize Sub-sector in Kenya

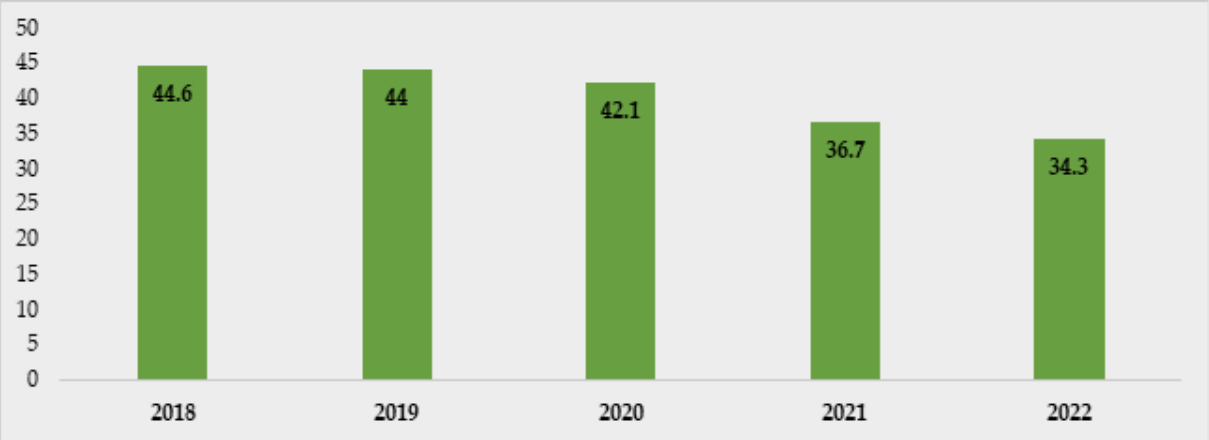
60. Maize is the most important staple food in Kenya. Farming is one of the most important agricultural activities in the country, contributing significantly to food security. Maize production has been on the decline over the past few years.[38]

5.3.1. Maize Production and Importation

61. Smallholder farmers account for 70% of the country's maize production.[39] Production fluctuates, according to the Economic Survey of 2023. It declined from 44.6 million bags[40] in 2018 to 34.3 million bags in 2022, translating to a 23.1% decrease in total production due to climate-related factors such as unreliable rainfall and an increase in temperatures, drought, and related events. Figure 5.9 below illustrates the production of maize for the past 5 years.

38 Ibid 6
39 International Livestock Research Institute (ILRI). Food safety landscape analysis: The maize value chain in Kenya. 2023. https://cgspace.cgiar.org/rest/bitstreams/ae73cfc3-510b-4290-a917-326eed46dec6/retrieve#:~:text=Analysis%20of%20the%20maize%20value,make%20the%20sub%2Dsector%20sustainable
40 1 bag of Maize is equivalent to 90 Kg

Figure 5.9: Maize Production in Million bags

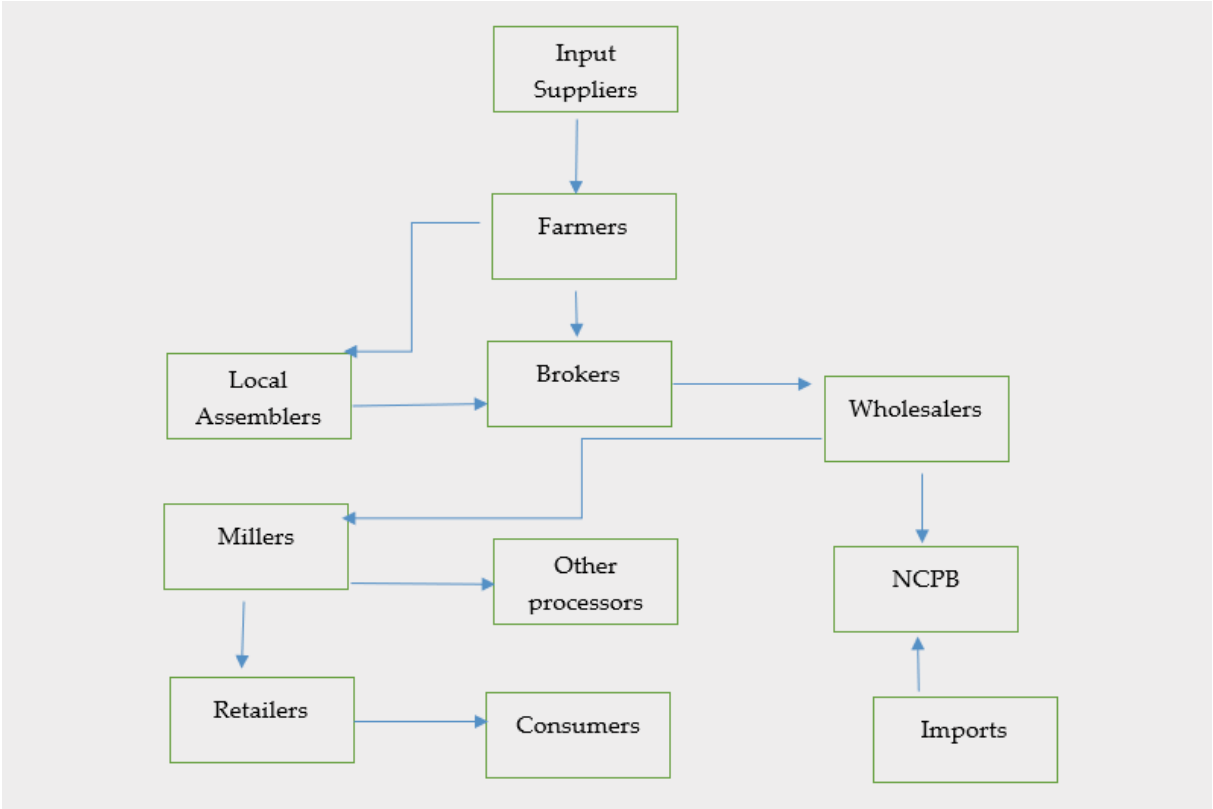


Source: KNBS 2023

62. As shown in Figure 5.10, the production of maize has been in decline since 2018. It decreased by 23.1% from 44.6 million bags in 2018 to 34.3 million bags in 2022, largely occasioned by unfavorable weather conditions.[41]

5.3.2. Maize Value Chain in Kenya

Figure 5.10: Maize Value Chain in Kenya[42]



41 Kenya National Bureau of Statistics (KNBS). Economic Survey 2023. https://www.knbs.or.ke/download/economic-survey-2023/

42 USAID. Kenya Agricultural Value Chain Enterprises (USAID-KAVES) Maize value chain analysis August 2015. 2023. https://pdf.usaid.gov/pdf_docs/PA00M2T3.pdf

63. The maize value chain encompasses various stages, from production to consumption, involving different stakeholders. Figure 5.10 illustrates an overview of the maize value chain in Kenya.

5.3.2.1. Input suppliers

64. The farmers need inputs like seeds and fertilisers to enhance the crop yield and protect it from pests and diseases. They get those inputs from different sources, including the government.

5.3.2.2. Farmers

65. Farmers are made up of small-scale farmers and large-scale farmers. Largely, maize farming is carried out in Rift Valley, Nyanza, and parts of the western and eastern regions. The small-scale farmers operate in low-input and low-yield systems, but produce about 70% of the national maize output. Large-scale farmers cultivate for commercial purposes and are heavy users of commercial inputs such as fertiliser, improved seeds, chemicals, and machinery. The large-scale farmers produce large volumes on more than 30 acres of land, and sell their grain to the National Cereals and Produce Board (NCPB) and large commercial millers.[43]

5.3.2.3. Marketers

66. Maize marketing in Kenya consists of thousands of small assemblers, brokers, medium-scale wholesalers, large wholesalers, transporters, and retailers.

5.3.2.3.1. Assemblers

67. Assemblers are the first commercial purchasers of maize from the field. They buy maize directly from farmers and then sell it to brokers. In some cases, they also act as purchasing agents of large commercial millers. They account for about 55% of sales by farmers.[44]

5.3.2.3.2. Wholesale traders

68. Wholesale traders buy maize from assemblers in bulk, store and fumigate it, and then sell it to retailers or millers. They also sell it to the National Cereal and Produce Board (NCPB). The NCPB is a cereal purchasing, marketing, and price regulatory agency that ensures a year-round supply of cereals for the nation.

5.3.2.3.3. Millers

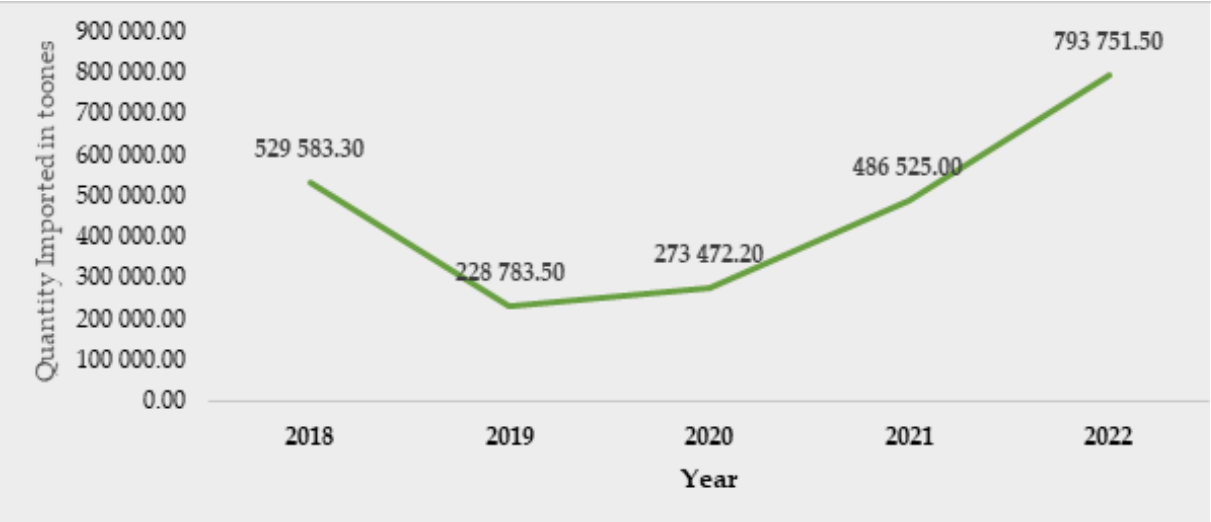
69. Milling of maize is the main form of its value addition. Maize is milled to produce various products such as maize flour, maize meal, and other derivatives. Millers buy maize from farmers and traders to meet their consumption demands, but if it is insufficient, they turn to the NCPB.

43 International Livestock Research Institute (ILRI). Food safety landscape analysis: The maize value chain in Kenya. 2023. https://cgspace.cgiar.org/rest/bitstreams/ae73cfc3-510b-4290-a917-326eed46dec6/retrieve#:~:text=Analysis%20of%20the%20maize%20value,make%20the%20sub%2Dsector%20sustainable

44 Ibid 38

5.3.3. Maize Imports in Kenya

Figure 5.11: Maize imports in Kenya from 2018 to 2022 in tonnes



70. According to Figure 5.11, the quantity of imported maize has been on the rise for the last three years in a row, reaching 793.8 thousand metric tonnes in 2022 from 228.7 metric tonnes in 2019. This is attributable to the drop in production to meet the deficit created by the low domestic output. Table 5.3 shows the quantity of maize imported from African countries over the last 5 years.

Table 5.3: Kenya Maize Imports in Kgs, 2017 - 2022

Year	Country of origin	Import volume	Import Value c.i.f. In USD	Price per Kg in USD
2017	Zambia[45]	95,046,435.00	27,800,997	0.29
	South Africa	254,967,897.00	58,383,667	0.23
	Uganda	164,930,000.00	29,413,178	0.18
	Tanzania	20,682,500.00	5,373,711	0.26
	Zimbabwe	105,000.00	144,151	1.37
	Ethiopia	32,212,000.00	9,823,330	0.30
	Mozambique	5,196,700.00	1,099,157	0.21
2018	South Africa	2,021,983.00	1,271,043	0.63
	Uganda	336,492,902.00	54,019,136	0.16
2019	South Africa	2,145,120.70	1,663,017	0.78
	Zimbabwe	29,330.90	37,404	1.28

45 There might be discrepancies with Zambia's export of maize and this might largely be attributed to the different data sources. Kenya used data from Kenya National Breau of Statistics (KNBS)

Year	Country of origin	Import volume	Import Value c.i.f. In USD	Price per Kg in USD
2020	South Africa	25,117,999.97	6,002,147	0.24
	Egypt	25,042.50	15,354	0.61
	Uganda	1,002.00	1,288	1.29
	Zimbabwe	126,854.00	269,863	2.13
2021	South Africa	2,686,967.89	1,905,744	0.71
	Egypt	25,392.94	25,254	0.99
	Uganda	3,119,093.42	785,596	0.25
	Zimbabwe	246,166.52	260,342	1.06
2022	South Africa	2,945,076.80	1,994,308	0.68
	Egypt	25,456.98	31,666	1.24
	Uganda	837,001.10	200,320	0.24
	Mauritius	27,500.00	2,801	0.10
	Zimbabwe	915,780.74	1,147,312	1.25

Source: Kenya National Bureau of Statistics data submissions

71. According to the Kenya National Bureau of Statistics (KNBS), the country has imported an average of 295,092 tonnes of maize annually over the past five years, against the country's annual maize requirement 52 million bags. Kenya has been importing maize from African countries to solve this deficit. In 2017, Kenya imported 573,140 tonnes of maize from seven African countries including; South Africa, Zambia, Uganda, Egypt, Mozambique, Tanzania, and Zimbabwe. The highest volume was imported from South Africa, which was 254,967 tonnes, followed by Uganda and Zambia, with 164,930 and 95,046 tonnes respectively.

72. In 2018, the country imported maize from South Africa and Uganda worth USD 1,271,043 and 54,019,135 respectively. South Africa and Uganda have been the consistent exporters of maize to Kenya in the last five years.

5.4. Sugar Sub-Sector in Kenya

73. Sugar is among the top commercial crops in Kenya, alongside tea and coffee, currently. The sugar industry contributes 4.1% to the value of agricultural marketed production, and 5.9% of all crops' marketed value. The industry supports the livelihoods of about eight million Kenyans directly or indirectly, and employs 500,000 workers along the entire value chain.[46]

5.4.1. Sugar Production and Importation in Kenya

74. Commercial sugarcane production in Kenya is concentrated in the western, Nyanza, Rift Valley, and coastal regions. Over 300,000 farmers supply sugarcane to the millers. Over 94% of the cane supply is by out-growers, the difference being supplied by the Nucleus Estates owned by the various milling companies.[47] Sugarcane is the raw material

46 Sugar Directorate. 2023. https://sugar.agricultureauthority.go.ke/index.php/sectors/overview#social-economic-importance

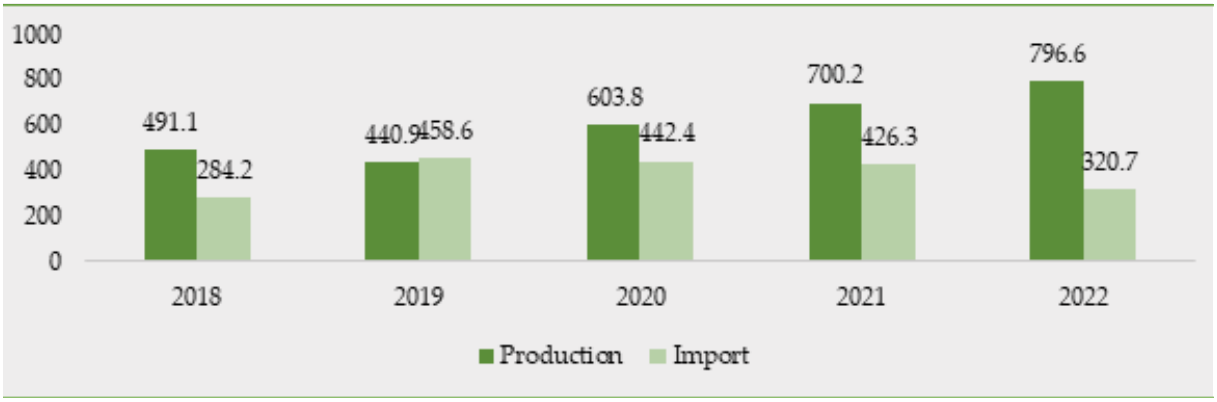
47 Ministry of Agriculture. Policy on Revitalization of the Sugar Industry. 2023. https://kilimo.go.ke/wp-content/uploads/2023/06/Policy-on-Revitalization-of-the-Sugar-Industry-After-SWAG-20.05.2023-for-validation-27th-June-2023.pdf

used for commercial sugar production in Kenya, with a range of varieties that mature between nine (9) and twenty-four (24) months, depending on altitude for the coastal and western regions, respectively.[48]

75. Currently, sugarcane is grown in 14 counties by an estimated 270,000 growers – in Bungoma, Kakamega, Busia, Trans Nzoia, Uasin Gishu, Nandi, Kericho, Kisumu, Siaya, Homabay, Migori, Narok, Kisii, and Kwale. These sugarcane growing-counties are broadly categorised into four zones: Nyando, South Nyanza, Western, and Coast.

76. Sugar production in Kenya has declined over the years, while the country's sugar imports have been increasing. The annual domestic demand is over 900,000 tonnes,[49] which makes the country a net importer of sugar. Kenya does, however, also export small quantities of sugar, mostly to South Sudan and Somalia. Most of the produced sugar is for domestic consumption. Figure 5.12 indicates the volumes of sugar produced and imported, in metric tonnes, between the years 2018 to 2022 in Kenya.

Figure 5.12: Sugar production and imports in Kenya in tonnes



Source: KNBS Economic Survey 2023

77. As indicated in Figure 5.12, sugar production has been increasing for the last four years, from 440.9 thousand tonnes in 2019 to 796.6 thousand tonnes in 2022. Due to the increased production, sugar imports declined from 458.6 thousand tonnes in 2019 to 320.7 thousand tonnes in 2022.

78. A total of 796,554 MT of sugar was produced in 2022, the highest ever recorded in the sector. This was 14% higher than the 700,241 MT realised in 2021. The increase is attributed to improved sugarcane supply in all sugar zones, and the coming into operation of the Naitiri and Mumias sugar mills. As earlier mentioned, the country is a net importer of sugar to meet its sugar requirements. COMESA countries are the main source of imported sugar in Kenya, and accounted for 67% of total imports in the country in 2019.[50]

48 Ibid 41.
49 Agricultural Sciences Vol.10 No.11, November 2019. Overview of Sugar Industry in Kenya and Prospects for Production at the Coast. 2023https://www.scirp.org/journal/paperinformation.aspx?paperid=96541
50 KAM. Sugar Subsector Profile. 2023. https://kam.co.ke/wp-content/uploads/2021/04/sugar-sub-sector-profile-2020.pdf

Table 5.4: Kenya sugar imports in Kgs, 2017-2020

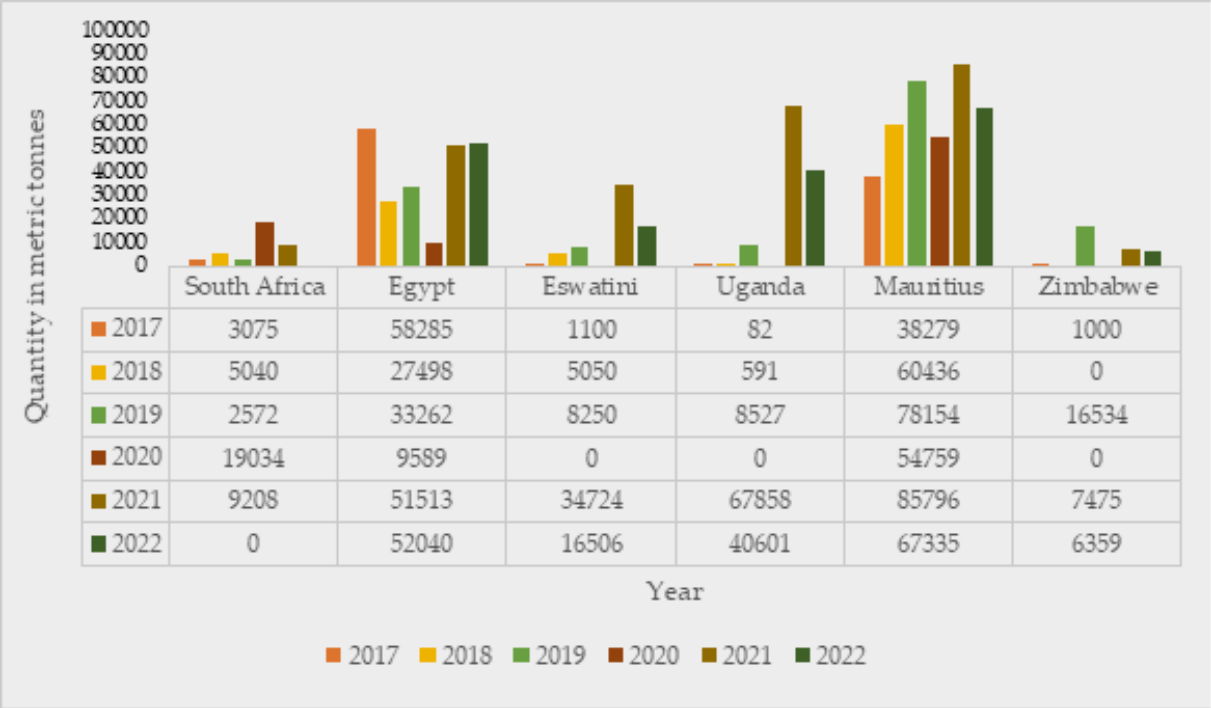
Year	Country of origin	Import volume	Import Value c.i.f in USD	Price per Kg in USD
2017	South Africa	3,075,000.00	1,279,143.82	0.42
	Egypt	58,285,020.00	27,035,321.80	0.46
	Eswatini	1,100,000.00	618,458.27	0.56
	Uganda	82,000.00	54,180.47	0.66
	Mauritius	38,279,100.00	18,508,950.52	0.48
	Zimbabwe[51]	1,000,000.00	427,606.10	0.43
	Morocco	1,200,000.00	515,092.02	0.43
	Zambia[52]	168,000.00	103,202.97	0.61
2018	South Africa	5,040,901.00	1,678,871.45	0.33
	Egypt	27,498,042.00	10,538,492.98	0.38
	Eswatini	5,050,000.00	1,799,177.21	0.36
	Uganda	591,450.00	373,718.20	0.63
	Mauritius	60,436,150.00	24,553,076.31	0.41
2019	South Africa	2,572,520.00	861,761.01	0.33
	Egypt	33,262,700.00	12,300,244.57	0.37
	Eswatini	8,250,000.00	3,228,241.79	0.39
	Uganda	8,527,400.00	4,020,521.52	0.47
	Mauritius	78,154,809.00	30,072,048.46	0.38
	Zimbabwe	16,534,000.00	6,717,894.41	0.41
2020	South Africa	19,034,500.00	6,891,691.68	0.36
	Egypt	9,589,000.00	3,481,824.52	0.36
	Mauritius	54,759,305.00	23,636,904.26	0.43
2021	South Africa	9,208,000.00	3,652,916.27	0.40
	Egypt	51,513,700.00	23,997,898.30	0.47
	Eswatini	34,724,000.00	15,023,339.37	0.42
	Uganda	67,858,860.00	37,844,397.86	0.46
	Mauritius	85,796,024.00	38,972,063.97	0.56
	Zimbabwe	7,475,000.00	3,897,685.41	0.66
2022	Egypt	52,040,451.24	28,837,324.82	0.48
	Eswatini	16,506,384.00	8,912,418.51	0.43
	Uganda	40,601,189.00	27,540,756.54	0.43
	Mauritius	67,335,577.00	38,451,626.25	0.61
	Zimbabwe	6,359,776.80	2,991,803.05	0.33

Source: KNBS

51 There might be discrepancies with Zimbabwe's export of sugar and this might largely be attributed to the different data sources. Kenya used data from Kenya National Breau of Statistics (KNBS)

52 There might be discrepancies with Zambia's export of sugar and this might largely be attributed to the different data sources. Kenya used data from Kenya National Breau of Statistics (KNBS)

Figure 5.13: Sugar imports from African countries in metric tonnes



	South Africa	Egypt	Eswatini	Uganda	Mauritius	Zimbabwe
2017	3075	58285	1100	82	38279	1000
2018	5040	27498	5050	591	60436	0
2019	2572	33262	8250	8527	78154	16534
2020	19034	9589	0	0	54759	0
2021	9208	51513	34724	67858	85796	7475
2022	0	52040	16506	40601	67335	6359

Source: Kenya National Bureau of Statistics data submissions

79. Kenya sources the bulk of its sugar imports from COMESA countries, as these countries53 enjoy duty-free access to Kenya's market up to an authorized quota.54 Kenya applies a 100% tariff on raw and refined sugar from outside the COMESA region. Some of the COMESA countries that Kenya imports sugar from are Uganda, Mauritius, Zimbabwe, and Egypt. Besides these COMESA countries, the country also imports sugar from South Africa and Eswatini. The countries from which Kenya imports most of its sugar are Egypt and Mauritius (See Figure 5.14 and Table 5.5).

5.4.2. Sugar Value Chain

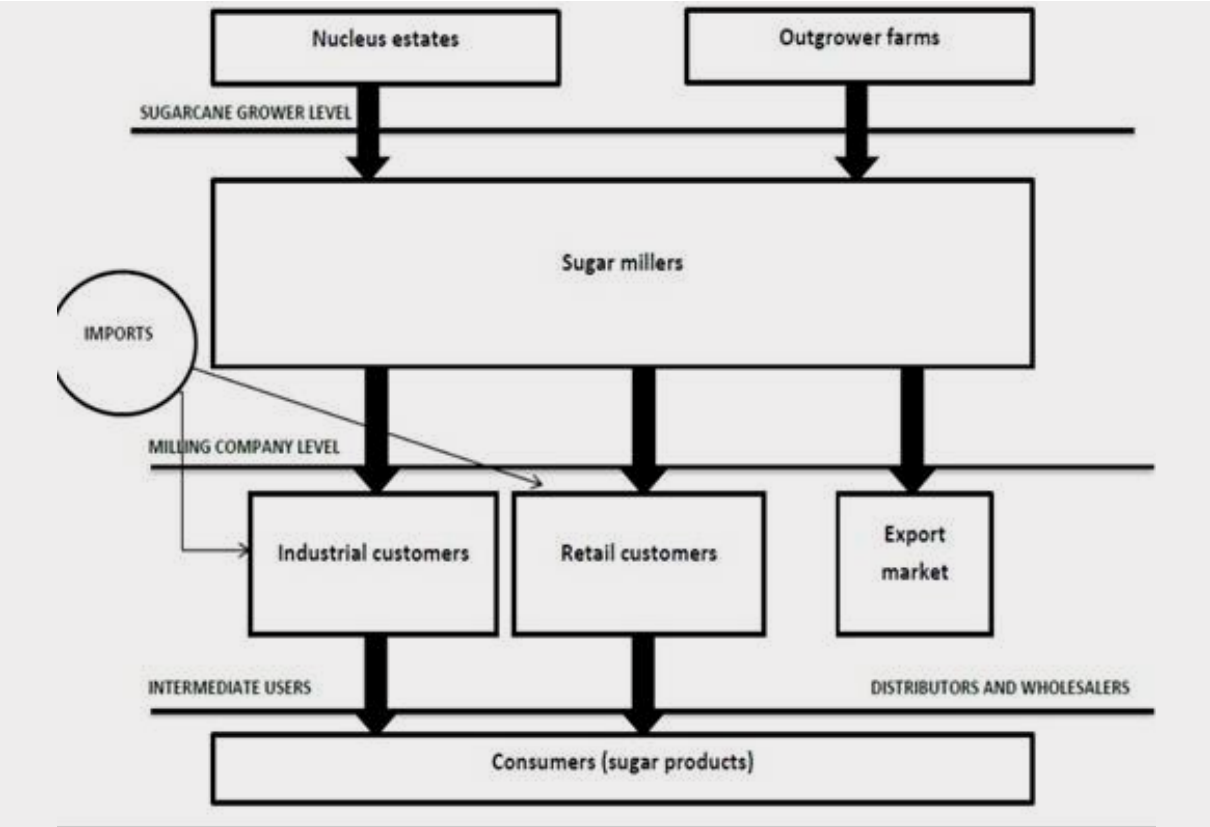
80. The key stages in sugarcane production involve land selection and farmer recruitment; land preparation; seed cane selection and planting; crop maintenance; harvesting; transportation; and cane weighing. Cane production is the first stage in the sugar value chain, and it has strong bearings on costs and the availability of sugar in subsequent stages in the sugar value chain. Sugar is produced in a sugarcane mill, when cane juice is extracted from sugarcane through the cane-crushing process to produce raw sugar (which at this stage is not fit for human consumption).

81. Following this, impurities (and most of the molasses) and foreign particles are removed and the remaining juice is then crystallised into granular brown sugar, which is further refined to produce refined (white) sugar. Generally, brown and white sugars are used by both household consumers (direct consumption) and manufacturers such as those in the baking, confectionary, beverage, and food processing industries (industrial consumption).[55]

53 Ibid 44
54 COMESA. COMESA Sugar Safeguard on Kenya is Paying-Off.2023. https://www.comesa.int/comesa-sugar-safeguard-on-kenya-is-paying-off/
55 CAK. Competition in the regional sugar sector: the case of Kenya, South Africa, Tanzania and Zambia. 2023. https://cak.go.ke/sites/default/files/Regional%20Sugar%20Sector%20Study_0.pdf

5.4.2.1. Cane Harvesting, Transportation and Buying

Figure 5.14: Sugar Value Chain



82. **Cane Harvestin**g – Cane harvesting is mainly done manually by contractors assigned by various millers. Manually harvested cane is either piled, heaped, stacked, or windrowed. Mechanical harvesting has been adopted by Kwale International Sugar Company Limited (KISCOL). It is common to have cane of different maturities harvested together. This compromises the optimal yield at the farm, and sucrose content. The cane harvesting program is frequently affected by various factors, which include unscheduled mill stops, cane fires, and cane on small land sizes.[56]

83. **Cane Transportation** – Transportation is currently carried out largely by contracted parties, but the day-to-day programming and allocation of transport tasks is managed by the various transport departments of respective millers, whose key task is to match transport resources with cane demand. A few factories have their own transport fleets. In most mill areas the cost of transportation is based on 4 Km or 10 Km distance bands from the respective mills. These rates are reviewed from time to time by millers, transporters, and farmers. Transportation costs generally average between 11% and 29% of the total cost of production per tonne, and vary from one cane zone to another. In general, the average cost of transportation is unfavorable where low payload vehicles are used for haulage from far-flung areas, or where cane is 8 transported from small land sizes. Transportation of cane during wet weather is extremely difficult, more so in low-lying terrains and in areas with poorly maintained roads, where tractors require intensive winching.[57]

56 Ibid 41
57 Ibid 41

84. **Cane buying centers** – Buying off the sugarcane is done at the weighbridges at factory gates. However, several sugar mills have installed off-site weighbridges at cane-buying centres. The setting up of the cane buying centres is currently unregulated, encouraging cane side selling outside farming contracts. The weighing process is often preceded by cane quality checks focusing on the extraneous matter, maturity, and general assessment of the cane for compliance with the appropriate quality threshold. With the collapse of the out-grower institutions, the lack of farmers' representation at the weighbridges has led to suspicion and complaints about recorded weights.[58]

85. Figure 5.14 shows that at the upstream level, there can be two types of growers – the nucleus (or miller-cum-planter) estates, and out-growers. A nucleus estate is where the miller farms their land and produces their sugarcane, whereas out-growers are independent farmers who produce sugarcane and sell it to millers. The ratio of out-growers to nucleus farming is an important factor that influences the entire value chain for sugar production.[59]

5.4.3. Sugar Sub-Sector Intervention

86. In 2018, the Authority initiated investigations regarding allegations from the public that market players were hoarding sugar – to create artificial shortages that would drive the price upwards.[60] The Authority interrogated the sugar value chain for cartel-like conduct and any impediments to competition in the sector. The investigations established that high sugar prices could have been catalysed by the inefficiencies of the sugar millers, the current importation regime, and the sharing of strategic information through their association.[61]

87. Further, it was established that the sharing of information was a result of a policy directive by the sector regulator. The sharing of information could have led to dampening of competition in Kenya's sugar market. The Competition Authority of Kenya, under Section 9 of the Act,[62] advised the Agriculture and Food Authority to employ strategies aimed at increasing production and minimising the sharing of disaggregated and historical information.

5.4.4. ACF Sugar Study

88. The Authority, under the African Competition Forum (ACF); a forum that seeks to promote the adoption of competition principles among African countries to alleviate poverty, conducted a study in the sugar industry alongside other member countries; South Africa, Tanzania, and Zambia. The research aimed at appreciating the factors that affected cross-border trade in the industry, and trade in-flows within the region.

89. The study found that, in the Kenyan sugar sector, there were a large number of sugar producers. However, this did not translate into lower consumer prices, as the sugar prices were exceptionally high. It was discovered that the sugar factories were inefficient in production, enjoyed strong protection against imports, and faced unreliable and insufficient sugarcane supply, as well as structural constraints to growth in productivity. The study also found that there was a lack of competitiveness in the sector, caused by the comparatively high levels of state intervention.[63]

5.4.5. Leasing of five state-owned sugar mills

90. In 2020, the Authority in exercising its advisory mandate under section 9 of the Act, and to

58 Ibid 41
59 Ibid 47
60 CAK Annual report 2016-2017 https://www.cak.go.ke/sites/default/files/annual-reports/FY%202016-2017%20CAK%20Annual%20Report.pdf
61 Ibid 52
62 Competition Act No. 12 of 2010
63 Ibid 47

deepen competition in the sugar sector, gave an advisory opinion regarding the Government initiative to revive the sugar sector, by leasing five State-owned sugar mills, and the Authority advised and recommended the following:

I. The Lessor(s) must ensure that contracts with farmers and suppliers are explicit, to eliminate instances of abuse of buyer power. It was recommended that the contracts at a minimum provide for the following: the terms of payment, payment date, interest rate payable on late payment, conditions for termination, and variation of contract, with reasonable notice and mechanisms for resolution of disputes;

II. Cross directorships among competitors should be avoided: this is to promote competition in the sector for the benefit of the farmers and consumers;

III. Approvals have to be sought from the Authority: this is because the leasing process amounts to notifiable merger(s). The Authority shall expedite the review and determination process;

IV. Terms of Reference of the Leasing Tender should include the following: the winning bidder(s) must demonstrate measures of increasing (a) efficiency and (b) output to cater to the growing demand. These will not only be measured by the level of technology employed, but also by proposed rates to farmers per delivery. In addition, the winning bidder should (c) highlight its capacity to progressively increase its uptake of raw sugar.

V. Abuse of Dominance: Taking into account section 23 (2)(a) of the Act[64] the lessor must not have cumulatively more than 50% of the market share, as this amounts to dominance, capable of exerting market power to the detriment of the farmers and consumers. It was thus recommended that each factory be leased to a different bidder, to promote competition and reduce the possibility of the creation of dominance within a region.

5.5. Fertilizer Sub-sector in Kenya

5.5.1. Market Overview[65]

91. Kenya has an annual demand for fertiliser of between 500 and 800th Mt per annum, with the main products being urea, AN, NPK, and DAP, and these are mostly imported from the Russian Federation, Norway, Romania, and the Middle East through the Mombasa port. The import prices in 2022 were US$842/t for DAP, US$753/t for Urea and NPK, and US$727/t for Ammonium Nitrate, more than double that of 2020. However, prices at agro-dealers were much higher again, at around $1200/t in 2022 for urea, and remaining above $800/t in May 2023, even while international prices had fallen to $330.

92. Imports are mainly in bulk form, which are then bagged close to the port, while some imports are already bagged and imported in containers, although these tend to be more expensive. Yara has its bagging facility in Mombasa, while the Kenyan Ports Authority also provides bagging services (Nduati, 2015). Bagging services have cost around $5 to $10 per tonne. Yara East Africa is headquartered in Kenya and has three distribution centres in the country – Nairobi, Mombasa, and Eldoret.

93. The fertiliser market's leading players include importers, blenders, and the Kenyan government, which runs a fertiliser subsidy program. There are different tiers of companies trading and supplying fertiliser. Large importers can arrange to source internationally, and land in bulk with their bagging facilities at the port. The two leaders, Yara and ETG, are estimated to have around a 40% market share each, with a third company, OCP, having around 20%. These companies import for Kenya as part of their planning to supply the whole of East Africa. The imports mainly come from the Middle East and

64 Competition Act No. 12 of 2010
65 COMESA concentration, and market outcomes in fertilizer markets in East and southern Africa 2024. https://comesacompetition.org/wp-content/uploads/2024/04/CCC_AMO-Fertiliser-Working-Paper.pdf

Norway, reflecting ETG links with SABIC, and Yara's production, as well as being imported from Russia.

94. In the second tier of medium-sized companies, there are around four to six of the substantial scale who could arrange imports themselves, however, this requires sourcing and shipping internationally, and the substantial financial commitment this entails. These companies instead buy from the tier-one importers, mainly from the port in bagged form, and sell through networks of agro-dealers across the country. They are therefore not well positioned to effectively compete, as they are dependent on the major importers for bulk supplies.

95. The Fertiliser Association of Kenya (FAK) was established in 2009 and in 2023 it had 13 members, including all the major suppliers and companies in related activities such as consulting services. According to FAK, there are seven blending plants, one granulation plant (Mea), and one plant manufacturing single superphosphate. We understand that Yara has two blending plants, and ETG, Toyota Tyusho (CFAO), and Mea each have one. Minjingu Mines Tanzania mines phosphate and produces phosphate fertilisers, and has a Kenyan business, Minjingu Mines and Fertiliser Kenya Ltd.

5.5.2. Kenya Fertilizer Market Inquiry[66]

96. The inquiry on the fertiliser market in Kenya was conducted for the Authority by the Centre for Competition, Regulation and Economic Development (CCRED) at the University of Johannesburg in 2015. The main objective of the inquiry was to identify any anticompetitive conduct, competition constraints, and consumer protection issues within the market for fertiliser. The inquiry also assessed the Government of Kenya's (GoK) fertiliser subsidy programme and its effect on competitive outcomes in the market as a whole.

97. The inquiry found that there were strong indications of anti-competitive conduct which has caused substantial harm to farmers purchasing fertiliser in the commercial market.[67] This includes coordination around pricing benchmarks, which appear to have served to increase and maintain prices substantially above competitive levels. In addition, it also found indications of market allocation. The inquiry recommended an investigation be initiated concerning possible anti-competitive conduct, including but not limited to restrictive practices that distort, limit or prevent competition.[68]

5.5.3. Fertiliser Sub-Sector Intervention[69]

98. The Authority conducted an investigation into the fertiliser sector concerning alleged market allocation and price fixing in the sector by fertiliser importers. The investigations focused on collusion in price, market, and output by market players, which are prohibited under section 21(3) of the Act. The Authority established that there were no price-fixing arrangements between members of the association, and that the sharing of the data was pursuant to the Ministry of Agriculture's directive. The parties were ordered to individually forward the information required to the Government through AFA.[70]

66 Kenya Fertiliser Market Inquiry 2015. https://www.cak.go.ke/sites/default/files/Kenya%20Fertiliser%20Market%20Inquiry.pdf
67 Ibid 66
68 Ibid 66
69 Ibid 52
70 Ibid 69

6

REGULATORY FEATURES OF THE NATIONAL AND REGIONAL MARKETS AFFECTING REGIONAL ECONOMIC ACTIVITY IN THE AGRICULTURE AND AGRO-PROCESSING SECTOR

6.1. Agricultural Export Requirements

99. The export of coffee is regulated by AFA under the Coffee Directorate, while tea is regulated by the Tea Board of Kenya[71] (TBK). The coffee in Kenya is sold through two marketing agents, and that is through Central Auction, who offer their services purely for commercial purposes, and Direct Sales, which are growers marketing their coffee. The central auction is administered by Nairobi Coffee Exchange Management Committee, which is drawn from industry stakeholders.

100. Direct sales are where the farmers sell their coffee directly to locals, or overseas. However, in cases where farmers cannot market their products directly, commercial marketing agents facilitate the process by drawing up sales agreements between producers and buyers, and handling other marketing logistics.

101. Traders of tea are required to register with the East African Tea Trade Association (EATTA). EATTA is an organisation that brings together tea producers, exporters, brokers, packers, and warehousemen to interact commercially at the tea auction, and to promote the best interests of the tea trade in Africa. The auction system has four main categories: producers, brokers, exporters, and warehousemen.

102. The Traders are required to be trained and then registered on the Trade Facilitation Platform (TFP) as users of the system. TFP is an electronic system that facilitates the online application, processing, approvals, and issuance of export and import permits, and declaration of goods. The TFP is managed by the Kenya Trade Network Agency (KenTrade).

103. A food hygiene license is required for all facilities that process and package products that are for human consumption, e.g. pack houses. The license is issued by Port Health Services Kenya (PHS) or by Public Health Officers, from the respective County Governments where the premises are located. The license is valid for one (1) calendar year.

104. Most of the small-scale holders in the tea sector are members of the Kenya Tea Development Agency (KTDA). KTDA is a private company owned by about 600,000 smallholder tea farmers, spread across 16 tea-growing counties in Kenya. The farmers are shareholders in 54 tea companies that own KTDA (H) and its 8 subsidiary companies.

71 Tea Board of Kenya guides the development, promotion, and regulation of the tea industry for the benefit of the tea growers and other stakeholders

It provides services such as transportation, processing, supply of inputs (fertiliser), and marketing of tea for the farmers.[72]

6.2. Import Requirements [73]

105. Import of food and agricultural products to Kenya is regulated by five key agencies, which are linked to a single online export/ import approval system. Those agencies are the Kenya Plant Health Inspectorate Service (KEPHIS), the Directorate of Veterinary Services (DVS), the Kenya Dairy Board (KDB), the Kenya Bureau of Standards (KEBS), the National Biosafety Authority (NBA), and the Department of Public Health (DPH). All certification requests are submitted through the Kenya Electronic Import Export System (KESWS).

106. In addition to product-specific certifications, a Certificate of Conformity (CoC) issued after pre-export certification by an agent of the Kenya Bureau of Standards (KEBS) is mandatory for all exports to Kenya. For a trader to obtain a CoC, an imported product must satisfy Kenyan import requirements before export. This evaluation is conducted by pre-export verification of conformity (PVoC) agents appointed by GOK. Once a PVoC agent has issued a CoC, the importer may present the CoC to KEBS for clearance of the goods and apply for the Import Standardisation Mark (ISM), a stick-on-label to be affixed to each retail container. Below is the description of ten (10) import procedures after a CoC has been acquired;

i. The importer will notify a clearing agent (CA) of the arrival date of a shipment.
ii. The CA notifies the Kenya Revenue Authority (KRA) via its online clearing system. The importer must use a KRA-registered CA.
iii. The CA enters the arrival date and manifest number into the KRA system.
iv. The KRA posts the manifest number to the specified Kenyan bank.
v. The CA pays the relevant taxes using HS Codes and VAT rates where applicable.
vi. The KRA agent clears and confirms the entry of the cargo to the CA.
vii. The CA uses the KRA confirmation to pay the various port charges at the Kenya Ports Authority (KPA).
viii. The CA uses the KPA documents, and any related import permits to request clearance from KEPHIS, KEBS, Port Health, and the local police.
ix. The KPA conducts a final physical verification of the cargo before releasing it into the domestic market.

107. Customs and trade regulations play an important role in ensuring that products adhere to safety and quality standards. These procedures and regulations should therefore not be viewed as a barrier to trade, especially the requirement to obtain a Certificate of Conformity from a Kenya Bureau of Standards appointed pre-export verification of conformity (PVoC) partner, and the obligation to obtain an Import Standards Mark (ISM) for a list of sensitive products imported into Kenya. These regulations have therefore bolstered trade in agricultural products amongst countries on the continent.

6.2.1. Sanitary and Phyto-sanitary Requirements

108. The General Agreement on Tariffs and Trade (GATT) indicates that members of the World Trade Organisation (WTO)[74] have the right to take Sanitary and Phytosanitary (SPS) measures necessary for the protection of

72 Kenya Tea Development Agency. https://ktdateas.com/about-us/
73 Food Crop Directorate. Export/Import Guidelines. https://food.agricultureauthority.go.ke/index.php/export-import-guidelines
74 World Trade Organization (WTO). Understanding the WTO Agreement on Sanitary and Phytosanitary Measures. 2023. https://www.wto.org/english/tratop_e/sps_e/spsund_e.htm#:~:text=The%20Agreement%20on%20Sanitary%20and,the%20purpose%20of%20trade%20protection.

human, animal, or plant life or health. Kenya being a signatory to the WTO complied with the requirement and set up Kenya Plant Health Inspectorate Service (KEPHIS) as the regulatory body that is mandated to carry out Phyto-sanitary inspections, and analysis of fresh produce samples and farm input quality.

109. Traders are required to obtain a copy of a Plant Import Permit and Phyto-sanitary certificate for each consignment imported into Kenya. The certificate verifies that a competent authority in the exporting country examined the plant material for pests and diseases before they left the country, and that the plant materials meet Kenya's Phyto-sanitary requirements. The Phyto-sanitary certificate is also issued to all export consignments that meet the quality standards. To this extent, this requirement has promoted trade in agricultural export and import markets within the continent, by creating trust and dependability on these products.

6.3. Regional Organisations Agreement

110. Kenya is a member of the EAC, the COMESA, and the Intergovernmental Authority on Development (IGAD). Kenya was among the first countries to ratify the African Continental Free Trade Area Agreement (AfCFTA). Kenya views these Regional Blocs as market opportunities to expand their export markets including for agricultural products.

6.3.1. East African Community (EAC)

111. The EAC is an intergovernmental organisation composed of seven member states, namely the three founding members of Kenya, Tanzania, and Uganda, as well as Rwanda, Burundi, South Sudan, and the Democratic Republic of the Congo. In 2010, The member states signed the East African Community Customs Union and the Common Market Protocol. These agreements aim to promote free trade and economic integration among member states. Consequently, Kenya has enjoyed certain benefits in terms of reduced trade barriers, harmonised customs procedures, and increased market access within the EAC region. However, it is important to note that Kenya's trade relations are not limited to EAC countries alone.

6.3.2. Common Market for Eastern and Southern Africa (COMESA)

112. COMESA Member States established a Free Trade Area (FTA) on 31 October 2000, when nine of the Member States, namely: Djibouti, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia, and Zimbabwe eliminated their tariffs on COMESA-originating products, in accordance with the tariff reduction schedule adopted in 1992.[75] The establishment of FTA was intended to promote free trade, economic integration, and elimination of trade barriers among member states. Kenya has exploited this agreement, especially in the importation of Sugar from COMESA countries.

113. In conclusion, these regulations have worked to the benefit of Kenyan Agricultural value chain markets, not only at regional markets but also at continental levels. Through the implementation of the regulations, agricultural export and import markets have been expanded, and agricultural food product safety and quality guaranteed.

6.4. Access to Finance and Other Agricultural Essentials

114. The use of farm inputs such as improved seeds and fertilisers has the potential to increase the level of output and reduce food insecurity for the masses, whose backbone is agriculture. It is part of the government's plans to reduce the cost of food production in the country, thus reducing the cost of

75 COMESA in brief. 2023. https://www.comesa.int/wp-content/uploads/2020/05/COMESA-in-brief-FINAL-_web.pdf

living. Given this, the government-initiated fertiliser subsidy program makes it easier for farmers to access affordable fertilisers.

115. Access to timely and affordable financing remains a major challenge for many farmers in Kenya. One of the most common agricultural financing options in Kenya is agricultural lines of credit. Financial institutions such as banks and microfinance institutions offer agricultural lines of credit to farmers at competitive interest rates.

116. In addition to that, Kenyan farmers can also access government-sponsored financing programs which are aimed at providing affordable financing solutions to small-scale farmers. An example of such is the funding offered by the Agricultural Finance Corporation (AFC) to farmers engaged in crop and livestock production, agro-processing, and value addition.

6.5. Entry Barriers

117. The Kenyan agricultural trade market has been stifled by entry barriers for more productive investors and specialisation in commodities that have low demand growth. Some of the challenges are poor infrastructure[76] and other non-tariff barriers in Kenya, like the requirement to obtain a Certificate of Conformity, the obligation to obtain an Import Standards Mark (ISM) for a list of sensitive products imported into Kenya, and cumbersome procedures in obtaining the requirements from the regulatory agencies[77] and other NTBs in trading partners.[78] The requirements of SPS measures imposed by trading partners are also a challenge, as several Kenyan agro-food products were affected for violating the SPS regulations and market access restrictions. Agro-food products are among the products that have been adversely affected by these measures.[79]

6.6. Non-tariff barriers

118. Non-tariff barriers (NTB) are a bigger and more hidden menace to intra-African trade, particularly in the agricultural sector. Most of these NTBs stem from regulations imposed by one Partner State over one or more of the others. The NTB challenges Kenyan traders face include the cumbersome import and export procedures, like the requirement to obtain a Certificate of Conformity from a Kenya Bureau of Standards appointed pre-export verification of conformity (PVoC) partner, and the obligation to obtain an Import Standards Mark (ISM) for a list of sensitive products imported into Kenya.

76 Africa's Investment Gateway. How Taveta-Holili chokepoint is fueling Kenya-Tanzania trade war. 2023. https://theexchange.africa/countries/how-taveta-holili-chokepoint-is-fueling-kenya-tanzania-trade-war/
77 Kenya - Trade Barriers. 2023. https://www.export.gov/apex/article2?id=Kenya-trade-barriers
78 KPSA & TPSF. Expanding Business Opportunities Beyond Borders: Bridging The Trade Gap Between Kenya and Tanzania. 2023. https://www.tralac.org/images/docs/11983/expanding-business-opportunities-beyond-borders-bridging-the-trade-gap-between-kenya-and-tanzania-kepsa-tpsf-august-2017.pdf
79 KIPPRA. Sanitary and Phytosanitary Standards Constraints in Kenya. 2023 https://kippra.or.ke/sanitary-and-phytosanitary-standards-constraints-in-kenya/

7

INSIGHTS AND OBSERVATIONS FROM TRADE FLOW DATA

119. The main coffee export destinations within the African continent are Egypt, South Sudan, South Africa, Tunisia, and Morocco. On the other hand, Kenyan tea is mainly exported to Egypt and Sudan, and tea exports to other countries within the continent remain relatively low in value.

120. Maize is the main staple food in Kenya. The quantity of the country's imported maize has been on the rise for the last three years in a row, due to the drop in maize production – to meet the deficit created by the low production which was occasioned by climate change. South Africa and Uganda have been the consistent exporters of maize to Kenya in the last five years, up to 2023.

121. Kenya is a net importer of sugar, and sources the bulk of its sugar imports from the COMESA countries. Some of the COMESA countries that Kenya imports sugar from are Uganda, Mauritius, Zimbabwe, and Egypt. Besides these COMESA countries, the country also imports sugar from South Africa, Madagascar, and Eswatini.

122. The Kenyan traders are facing significant challenges to trade smoothly with the EAC and the Rest of Africa (ROA), because of non-tariff barriers (NTBs) such as the requirement for SPS measures, which greatly affected the agricultural products; inadequate infrastructure to support the free movement of goods and services; and cumbersome procedures in meeting the import and export requirements.

123. The Competition Authority of Kenya has taken decisions on several cases in the agricultural sector. In addition, it has conducted market inquiries in the agricultural sector, and provided advisories to government agencies in the sector. Agricultural and food markets in Kenya are susceptible to market failures, especially farmers, who are mainly price takers and are subjected to broker prices, consequently not earning the commensurate revenues from their products.

124. The Competition Authority of Kenya continues to work in agricultural markets and trade. In this regard, it highlights the following insights going forward:

i. Ease of doing business: The government should simplify the process of getting the documents required for the importation or exportation of products, to minimise the cumbersome procedure through one-stop shops, computerisation, and extensive digitisation of the processes;

ii. Collaboration in competition enforcement: Regional institutions and regional-level enforcement agencies are key to building a better holistic response to anti-competitive conduct. Collaboration among the regional competition agencies is imperative in tackling regional anti-competitive behaviour, such as cross-border cartels in food markets.

iii. Co-operation: The Competition Authority of Kenya will continue to work together with national and other sector regulators in the agricultural sector, to deepen the culture of competition by way of advocacy initiatives, and to eliminate market failures in agricultural food value chains.

iv. Access to financing: The choice of the farmers to access capital is determined by the ease

of accessing it; improving digital finance services can help address the challenge of access to finance, credit, and savings by the smallholder farmers in rural areas, especially where traditional finance models have not adequately addressed the demands in rural agricultural production markets.

v. African countries need to promote regional and continental trade in agricultural food products, by facilitating the implementation of the Tripartite FTA[80] Agreement provisions through harmonisation and consistent implementation of customs procedures, transit procedures, tariff liberalisation, and Rules of Origin.

80 COMESA-EAC-SADC

PART C
MAURITIUS

competition commission

shaping markets, furthering progress

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1

INTRODUCTION

1. Mauritius is a small island of 2,040 Km^2, open to international trade, as reflected in the trade to GDP ratio of 118%[1] for the year 2022. It has evolved from a mono-crop, sugar export-based economy in the 1960s to a well-diversified one, with several pillars such as tourism, financial services, textiles and construction. Agriculture, nonetheless, remains an important sector for the Mauritian economy, contributing around 4.1% of the Gross-Value-Added (GVA); and 5.6% to total employment for the year 2022. The agricultural sector is also one of the main sources of foreign exchange earnings, accounting for around 31%[2] of the country's total merchandise export earnings in 2022.

2. Agriculture and the agro-processing industry are of utmost importance in ensuring food security. In this regard, it is worth highlighting that Mauritius is largely self-sufficient in food commodities like sugar, tea, vegetables and fresh chicken. At the same time, however, it relies heavily on importation for several staple food items such as wheat, rice, pulses and dairy products. The main sources of importation for these commodities have traditionally been countries like France, India, Australia, and Madagascar (mostly for pulses). For exports of its agricultural products, in particular sugar, the European market has for a long time been its primary destination. This is explained by the colonial ties that Mauritius has had with Great Britain, and the trade preferential agreements from which it benefitted with the European Union (EU) in the post-independence era after 1968.

3. Mauritius is no longer benefitting from preferential treatment in terms of guaranteed volume and price for the export of its sugar to the EU (under the Lome Convention). It now has to be competitive on the international market for trade in agricultural commodities, and for other products. Being a member of the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and recently the African Continental Free Trade Area (AfCFTA), Mauritius must tap into trade opportunities within Africa. An understanding of the current Mauritian trade flows into agricultural products could be useful in devising and implementing strategies that can boost regional intra-trade for the country, and promoting economic integration within Africa.

1.1. MOTIVATION AND SCOPE

4. This study is part of the collaborative African Competition Forum (ACF) research into regional trade flow patterns related to the agriculture and agro-processing sectors. There are six participating ACF member countries, namely, Mauritius, Angola, Kenya, South Africa, Zambia and Zimbabwe. The study provides a regional focus on important, highly-traded food products and agricultural inputs.

5. This chapter of the ACF study provides an assessment of the trade flows for selected agriculture and agro-processing products for Mauritius, with a focus on African continental and regional community levels. The selected agricultural inputs and food products are grouped in the following categories:

1 The Trade to GDP ratio has been computed for 2022 figures from the National Account Estimates, accessed at https://statsmauritius.govmu.org/Pages/Statistics/ESI/National_Accounts/NA/NAE_Mar24.aspx

2 Indicative figures computed from the Digest of agricultural statistics 2022 which can be found at https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/Agriculture/Agri.aspx

a. Agricultural inputs: fertilisers, seeds for sowing and oilcake.
b. Vegetable oils: sunflower oil, soybean oil and palm oil.
c. Beverages and other commodities: tea, coffee and sugar.
d. Grains and legumes: wheat and rice.
e. Protein foods: poultry.
f. Vegetables: onions and tomatoes.
g. Citrus fruit: lemons, mandarins, oranges and other citrus fruits.

1.2. METHODOLOGY

6. The study analyses the volume of trade in the above-mentioned selected agri-food commodities at global, continental and regional levels for the period 2018 to 2022.

7. For benchmarking purposes, the study compares the weighted average prices of exports and imports across the partner countries, and at regional level. To the extent possible, price comparison with the World Bank's commodity price has been undertaken. For sugar and tea, two main crops for Mauritius, the average domestic prices from Statistics Mauritius have been compared with import and export prices.

8. Both CIF and FOB values have been used to analyse average export and import prices, and also to assess changes in freight and insurance components.

9. The value of exports and imports, reported in Mauritian rupees in the source data, have been converted to US dollars (US$), using the computed annual average exchange rate based on figures from monthly statistical bulletins of the Bank of Mauritius[3].

10. Data used in this report has been gathered from various sources, including Statistics Mauritius,[4] trade statistics tool of the Mauritius Chamber of Commerce Industry (MCCI)[5] (which is based on data from the Customs Department of the Mauritius Revenue Authority[6]) and the World Bank's commodity price data.[7] Data from websites[8] of market players and other agricultural organisations has also been used.

1.3. STRUCTURE

11. The rest of the report is structured as follows:

- Chapter 2 analyses the overall trade-flow patterns for the selected agricultural inputs and food products.
- Chapter 3 presents the analysis of regional trade for the selected commodities.
- Chapter 4 highlights the main findings, and provides the conclusion.

3 See https://www.bom.mu/publications-statistics/monthly-statistical-bulletin
4 https://statsmauritius.govmu.org/SitePages/Index.aspx
5 https://www.mcci.org/en/our-services/trade-tools/trade-statistics/
6 Reference is made to page 13 of the Trade Tools User Guide accessible at https://www.mcci.org/media/111579/trade-tools-user-guide.pdf
7 See https://www.worldbank.org/en/research/commodity-markets
8 The list of websites consulted include Eclosia, Meaders Feeds Ltd, Moroil, Mauritius Cane Industry Authority Mauritius Sugar Syndicate, MCCI, Omnicane, La Chartreuse Tea Manufacturing Co. Ltd, Corson Tea Estate, Care Ratings (Africa), Chamarel 7 coloured earth (Café de Chamarel), Food and Agricultural Organisation, Les Moulins de la Concorde, Namib mills, InVivo group, State Trading Corporation, Livestock and Veterinary Division, Agricultural Marketing Board, Savemax and Made in Moris amongst others.

2

TRADE FLOW PATTERNS OF SELECTED AGRICULTURAL COMMODITIES

12. This section of the report provides an analysis of the trade-flow patterns for the years 2018-2022 for the selected products.

2.1. AGRICULTURAL INPUTS

2.1.1. Fertilisers

13. Mauritius relies on imports in the supply of fertilisers for vegetable growing, especially for sugarcane plantations. It is to be highlighted that sugarcane is the primary cash crop for Mauritius, which accounted for 83%[9] of the total cultivated land area of 47,064 hectares in 2022. Fertilisation is a key driver of increased sugarcane production, which accounts for around 25%[10] of the total cost.

14. Mauritius does not produce inorganic (chemical) fertilisers as the country is not endowed with natural resources such as phosphate rock, potash, and natural gas. Mauritius relies heavily on the importation of fertilisers, although there is one local company, namely, Ingenia (previously known as Mauritius Chemical & Fertiliser Industry Limited), which processes imported raw materials and supplies blended and NPK complex fertilisers. There are also private importers engaged in the importation and distribution of chemical fertilisers (inorganic), whether straight or complex. There is a local company, Island Renewable Fertilisers Ltd,[11] which produces and supplies organic fertilisers, albeit in a lower volume compared to inorganic fertilisers.

15. Mauritius imports chemical fertilisers, which are classified into straight or complex fertilisers. Straight fertilisers are nitrogenous fertilisers, phosphatic fertilisers and potassic fertilisers. Complex fertilisers refer to fertilisers containing nitrogen phosphorus with potassium, also known as NPK fertilisers.

16. The average annual fertiliser consumption in Mauritius has been in decline, from 35,000 tonnes in 2017 to around 26,000 tonnes in 2022.[12] This is mainly explained by a reduction in land cultivation area for sugarcane, and decreases in imports of processed fertilisers.

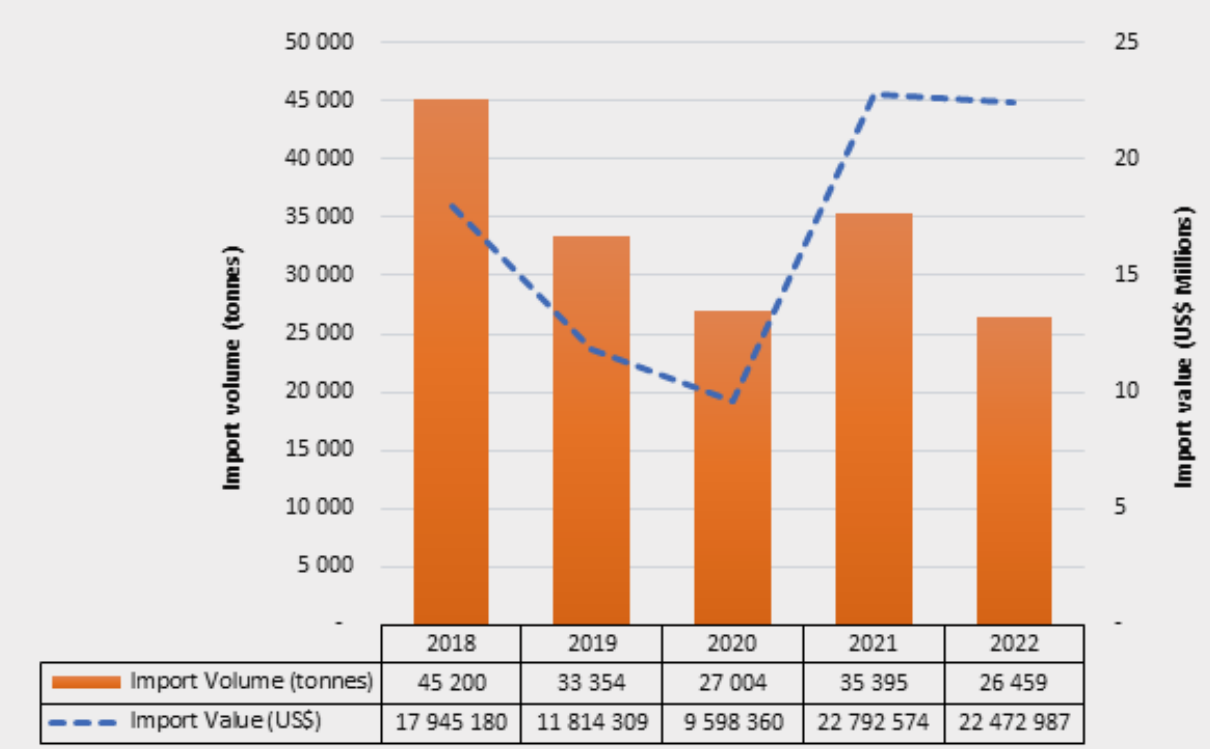
17. As highlighted above, the country depends mostly on importation of inorganic fertilisers. The section below analyses fertiliser trade for the period under review.

Imports of fertilisers

18. Figure 1 below depicts the total value and volume of chemical fertilisers imported by Mauritius during the period 2018 to 2022. It is observed that imports of fertilisers have been on a declining trend, from 43,881 tonnes in 2018 to 26,459 tonnes in 2022; except for 2021.[13]

9 Figures have been computed from Digest of Agriculture Statistics (Table 5) accessible at https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/Agriculture/Agri.aspx
10 See https://mcia.mu/wp-content/uploads/2022/04/Mauritius-Sugarcane-Sector-Review-Policy-Note.pdf
11 See https://madeinmoris.mu/en/island-renewable-fertilisers
12 Figures from Digest of Agriculture Statistics 2017-2022, (Table 44) accessible at https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/Agriculture/Agri.aspx
13 With the opening of borders and gradual resumption of activities, total imports of fertilisers increased significantly to 35,395 tonnes compared to the volume in 2020, whereby trade was largely affected by the Covid-19 pandemic.

Figure 1: Imports of fertilisers by Mauritius, 2018-2022



	2018	2019	2020	2021	2022
Import Volume (tonnes)	45 200	33 354	27 004	35 395	26 459
Import Value (US$)	17 945 180	11 814 309	9 598 360	22 792 574	22 472 987

Source: MCCI, trade statistics

19. The decline in fertiliser imports can, to a large extent, be attributed to the reduction in land cultivation area for sugarcane, from 47,678 hectares in 2018 to 39,199 hectares in 2022. Another factor explaining the reduction in fertiliser imports is the decrease in volume of processed fertilisers exported from Mauritius to regional countries. Also, the adoption of sustainable agricultural practices, through the use of organic fertilisers, explains to some extent the lower volume of chemical fertiliser imported into the country.

20. Table 1 below provides the average import prices and freight and insurance costs[14] incurred by Mauritius for imports of fertilisers from 2018 to 2022.

Table 1: Import prices for fertilisers, 2018-2022

(US$/tonnes)	2018	2019	2020	2021	2022
Import CIF prices	397	354	355	644	849
Of which:					
FOB	*355*	*311*	*303*	*572*	*707*
freight and insurance	*42*	*43*	*52*	*72*	*142*

Source: MCCI, trade statistics

14 Average Indicative figures computed for total fertilisers imported are based on the difference of Import prices at CIF and FOB prices from MCCI trade statistics data.

21. Over the five-year period, a significant increase in the CIF import price can be observed, from US$397 per tonne in 2018 to US$849 per tonne in 2022 or by 114%. The increase is mainly explained by an increase in price of fertiliser at source, as reflected in the FOB values. The increase is also explained by freight and insurance costs. It was also observed that import prices of fertilisers fell in 2019, relative to 2018. According to the World Bank, global costs of inputs used to produce fertilisers fell in 2019, leading to increased production and lower prices that year.[15]

22. The top sources of importation for fertilisers for Mauritius are provided in Table 2 below. The import volume is categorised in terms of the following types of fertilisers: Nitrogenous, Phosphatic, Potassic and NPK fertilisers.

Table 2: Mauritius' major fertiliser import sources, 2018-2022 (tonnes)

		2018	2019	2020	2021	2022
Nitrogenous fertiliser	**Total imports**	**18,020**	**17,854**	**13,964**	**14,906**	**15,207**
	Top importing partners:					
	Belgium	4,208	4,032	2,850	5,546	5,951
	China	6,070	7,643	9,190	5,845	3,892
	South Africa	181	237	235	870	3,848
Phosphatic fertiliser	**Total imports**	**168**	**21**	**344**	**970**	**247**
	Top importing partners:					
	China	165	13	206	324	54
	France	-	-	-	68	81
	Turkey	-	-	-	-	112
Potassic fertiliser	**Total imports**	**6,748**	**5,575**	**4,768**	**5,123**	**3,278**
	Top importing partners:					
	Germany	2,001	2,559	2,210	1,274	-
	Jordan	1,497	995	-	-	490
	Belarus	1,172	27	-	1,679	-
	Lao	1,004	1,248	-	-	-
	China	214	516	54	1680	
	South Africa	0.43	2	4	-	775
	Russia	-	-	29	527	511
	Israel	-	-	-	-	513
	Morocco	-	-	-	-	410

15 See https://blogs.worldbank.org/en/opendata/fertilizer-prices-edge-lower-amid-lower-input-costs-and-improved

		2018	2019	2020	2021	2022
NPK fertiliser	**Total imports**	**20,264**	**9,904**	**7,929**	**14,396**	**7,728**
	Top importing partners:					
	Vietnam	3,320	2,046	1,025	513	1,605
	Morocco	960	-	-	50	1,193
	Malaysia	6,391	2,025	1,040	75	550
	China	5,880	3,857	3,499	1,959	534

Source: MCCI, trade statistics

23. Between 2018 to 2022, Mauritius has largely imported nitrogenous fertiliser (urea-based) (49%) and NPK fertiliser (35%) accounting for around 84% of total imports. Potassic fertiliser accounted for 15%, and phosphatic fertiliser in low volume (averaging less than 1% for the period under review).

24. Nitrogenous fertiliser, the most imported form of fertilisers in Mauritius, was primarily sourced from Belgium and China. It was also observed that the import volume from South Africa rose from 181 tonnes in 2018 to 3,848 tonnes in 2022, representing a growth of 25%.

25. With regard to phosphatic fertiliser, the major percentage was sourced from the largest producing country globally, China.[16] It was observed that, post Covid-19, Mauritius started importing from France and Turkey, albeit in a smaller volume. This could potentially be explained by restrictive measures adopted by China in 2022, when the country imposed export quotas[17] to curb its rising domestic prices of phosphatic fertilisers.

26. With regard to potassic fertilisers, Mauritius has imported from mostly European and Asian countries. Imports from Belarus, in 2022, halted as a result of restrictions on the use and supply of Belarusian potash fertiliser by the EU, which affected the country's exports due to its status as a landlocked country.[18]

27. Mauritius sourced NPK fertilisers from the major producing countries, namely China and Vietnam, and to a lesser extent from Morrocco, for the period under review.

28. When assessing regional trade, it can be observed that Africa's share in Mauritius' importation of fertilisers has grown from 1,686 tonnes (4%) in 2018 to 7,939 tonnes (30%) in 2022. South Africa has become a major provider of nitrogenous fertilisers. Mauritius imported 36% of its potassic fertilisers from South Africa (775 tonnes) and Morocco (410 tonnes) in 2022. With regard to NPK fertilisers, Mauritius imported 23%, around 1,816 tonnes, from Morocco and Egypt.

29. A further analysis of the average import prices from African countries, compared to countries from other continents, was undertaken and presented below.

16 See https://www.statista.com/statistics/1252657/phosphate-fertilizer-production-by-country/
17 See https://www.reuters.com/article/markets/currencies/china-issues-phosphate-quotas-to-rein-in-fertiliser-exports-analysts-idUSKBN2OQ0KX/
18 See https://www.ips-journal.eu/topics/economy-and-ecology/belarus-potash-industry-is-going-through-the-mill-7139/

Table 3: Import price analysis of all fertilisers, 2018-2022

Import price (US$/kg)	2018	2019	2020	2021	2022
Nitrogenous fertiliser					
Africa	0.26	0.34	0.39	0.57	0.90
Other countries	0.24	0.28	0.26	0.28	0.59
Phosphatic fertiliser					
Africa	-	-	-	0.57	-
Other countries	0.92	2.64	0.42	0.33	0.96
Potassic fertiliser					
Africa	-	-	-	-	0.84
Other countries	0.35	0.35	0.34	0.35	1.03
NPK fertiliser					
Africa	1.0	0.9	0.8	0.7	1.1
Other countries	0.6	0.5	0.5	1.2	1.4

Source: Computed from MCCI trade statistics

30. Table 3 presents the import prices (in US$/kg) for the different types of chemical fertilisers imported by Mauritius, from 2018 to 2022. For nitrogenous fertilisers, the import prices from Africa were 46% higher on average than from other countries, indicating that Mauritius sourced nitrogenous fertilisers at better prices from outside Africa.

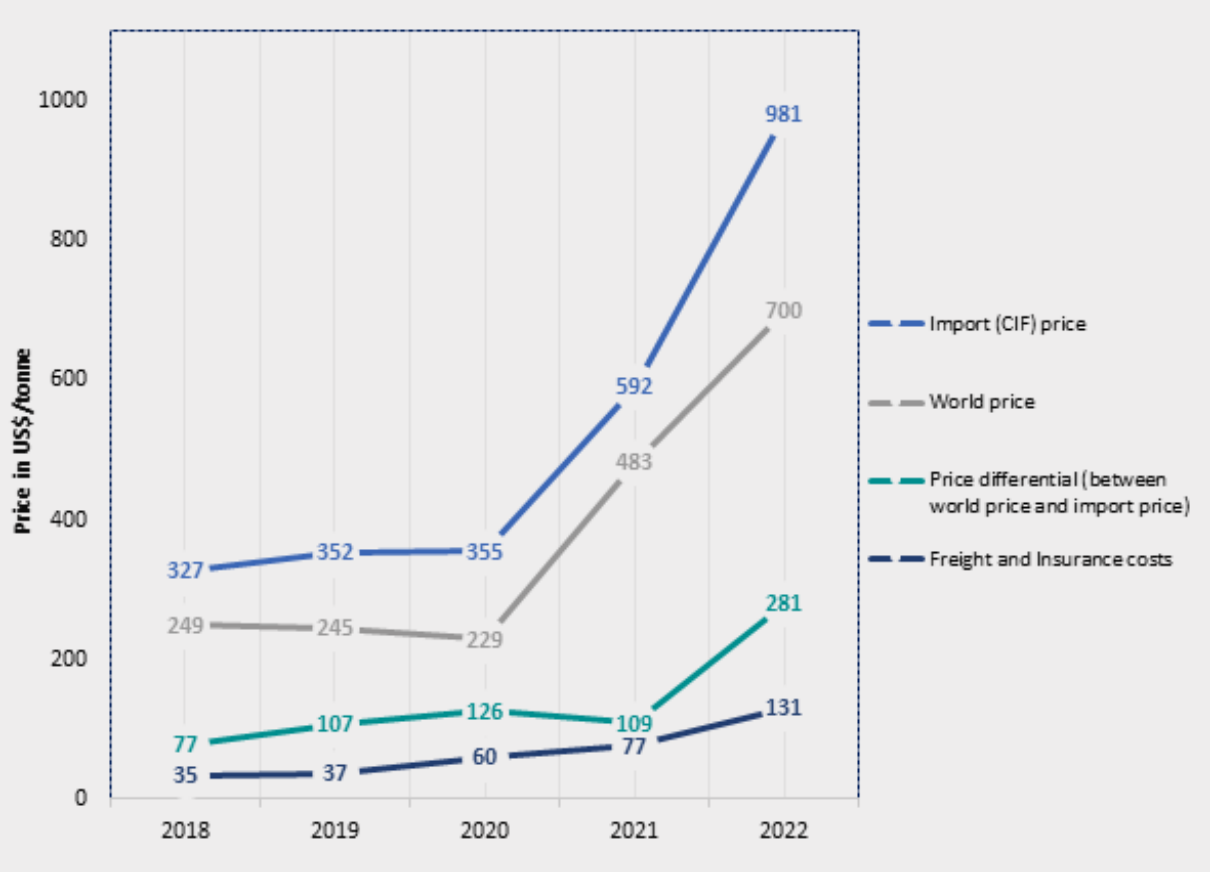
31. Regarding phosphatic fertilisers, Mauritius imported mostly outside Africa (mainly from China and France, the largest-phosphatic fertiliser producing countries). It is to be highlighted that year 2021 was an exception when Mauritius imported phosphatic fertilisers from Africa. However, the average import price from Africa was US$ 0.57, significantly higher than from other sources.

32. From 2018 to 2021, Mauritius imported potassic fertilisers mostly outside Africa. In the year 2022, Mauritius imported a significant amount of potassic fertilisers from Africa (South Africa and Morocco) at a price of US$ 0.84 per kg, 18% lower than prices from non-African countries.

33. From 2018 to 2020, import prices for NPK fertilisers from Africa were 69% higher than from other countries. It is to be highlighted that in 2022, Mauritius sourced a significant amount of NPK fertilisers from Africa (principally Morocco) at US$ 1.1 per kg, 20% lower than prices from non-African countries that year. This suggests that Africa could potentially be a cheaper source of imports for NPK fertilisers for Mauritius.

34. Urea-based nitrogenous fertilisers are the most imported form of fertiliser in Mauritius. A benchmarking analysis between Mauritius' import prices and the world prices of urea-based nitrogenous fertilisers is presented in Figure 2 below.

Figure 2: Comparison of prices of urea-based nitrogenous fertilisers, 2018-2022



Sources: World Bank's Commodity prices and MCCI trade statistics

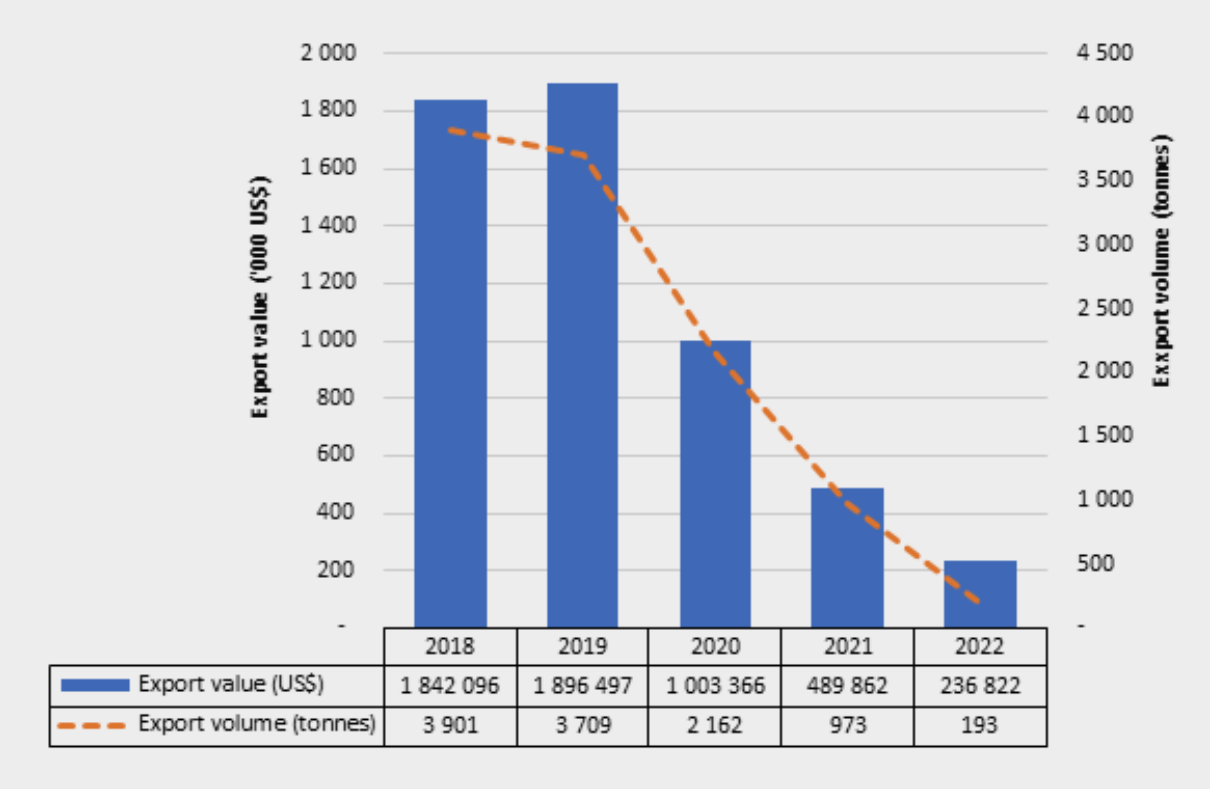
35. Mauritius imported urea-based nitrogenous fertilisers at US$ 327 per tonne in 2018, increasing significantly to US$ 981 per tonne in 2022, partly explained by an increase in prices of freight and insurance costs, from US$ 35 per tonne in 2018 to US$ 131 per tonne in 2022.

36. The world price of urea-based nitrogenous fertilisers revolved around US$ 250 per tonne to US$ 700 per tonne. When benchmarked against the world price, it can be observed that the price differential (between world price and import price) has risen significantly, from US$ 77 per tonne in 2018 to US$ 281 per tonne in 2022, which can be explained by rising prices in source countries.

Exports of fertilisers

37. Figure 3 below presents Mauritius' export value and volume of fertilisers from 2018 to 2022.

Figure 3: Exports of fertilisers by Mauritius, 2018 to 2022



	2018	2019	2020	2021	2022
Export value (US$)	1 842 096	1 896 497	1 003 366	489 862	236 822
Export volume (tonnes)	3 901	3 709	2 162	973	193

Source: MCCI, trade Statistics

38. Mauritius' exports of fertilisers have been on a declining trend for the period 2018 to 2022, from 3,901 tonnes to 193 tonnes. Mauritius exports' volume of fertilisers fell by more than 95% for the corresponding period. In 2022, Mauritius exported 152 tonnes of NPK fertilisers, accounting for 79% of all fertiliser exports. Other exports included 32 tonnes of potassic fertilisers (17%), 9 tonnes of nitrogenous fertilisers (4%), and 1 tonne of phosphatic fertilisers. These exports were mostly destined to regional islands.

39. Table 4 below presents Mauritius' main exportation destinations for fertilisers, for the period 2018 to 2022.

Table 4: Mauritius' major fertiliser export destinations, 2018-2022 (tonnes)

		2018	2019	2020	2021	2022
Nitrogenous fertiliser	**Total exports**	**358**	**309**	**292**	**34**	**9**
	Top exporting countries:					
	Belgium	-	-	9	-	-
	China	-	-	140	-	-
	Madagascar	10	-	-	-	-
	Reunion	289	271	128	5	-
	Seychelles	59	38	15	30	9
Phosphatic fertiliser	**Total exports**	**-**	**5**	**1**	**12**	**1**
	Top exporting countries:					
	China	-	5	-	-	-
	Seychelles	-	-	1	12	1
Potassic fertiliser	**Total exports**	**402**	**55**	**25**	**29**	**32**
	Top exporting countries:					
	Belgium	-	5	-	-	-
	Germany	-	-	-	19	-
	Madagascar	-	50	25	-	32
	Rwanda	402	-	-	-	-
	Seychelles	-	-	-	10	-
NPK fertiliser	**Total exports**	**3141**	**3339**	**1845**	**898**	**152**
	Top exporting countries:					
	China	-	-	5	-	-
	Madagascar	379	679	300	685	45
	Reunion	2704	2615	945	126	20
	Seychelles	58	27	91	87	87
	South Africa	-	18	3	-	-
	Tanzania	-	-	500	-	-
Total exports of all fertilisers		**3901**	**3709**	**2162**	**973**	**193**

Source: MCCI, trade statistics

40. In 2018, 908 tonnes of fertilisers were exported to Africa, comprising 402 tonnes from Rwanda, 389 tonnes from Madagascar, and 117 tonnes from Seychelles. This accounted for almost 23% of all fertiliser exports. Over the years, Africa's portion increased to 90% in 2022; Madagascar (76 tonnes) and the Seychelles (96 tonnes).

41. Considering the low export volume of fertiliser from 2018 to 2022, an analysis of price has been deemed unnecessary.

2.1.2. Seeds for sowing

42. Mauritius relies heavily on seeds for sowing, particularly for the production of food crops: vegetables and fruits. Food crops are cultivated on around 7,864 hectares[19] (17%

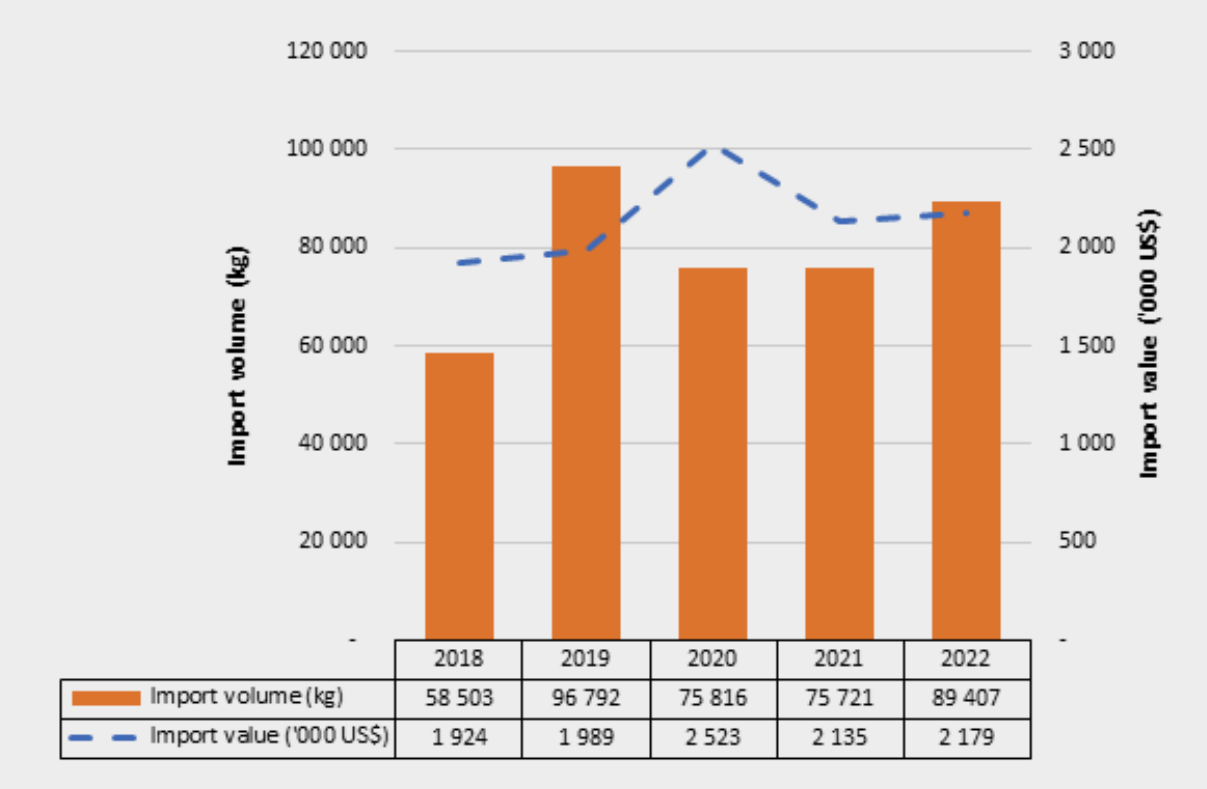
19 See table 5 of, Digest of agricultural statistics 2022 available at https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/Agriculture/Agri.aspx

of total land cultivation) in Mauritius. These are grown in open field (hydroponic and non-hydroponic).

43. Mauritius' annual importation of seeds is in the range of 50,000 kg to 80,000 kg. Mauritius imports different types of seeds, namely seeds for vegetables, fruits and spores, herbaceous plants, forage plants and lucerne plants. The bulk of seeds imported into the country remains vegetable seeds.

44. Figure 4 below provides Mauritius' total volume and value of importation of seeds for sowing for the period 2018 to 2022.

Figure 4: Imports of seeds for sowing by Mauritius, 2018-2022



	2018	2019	2020	2021	2022
Import volume (kg)	58 503	96 792	75 816	75 721	89 407
Import value ('000 US$)	1 924	1 989	2 523	2 135	2 179

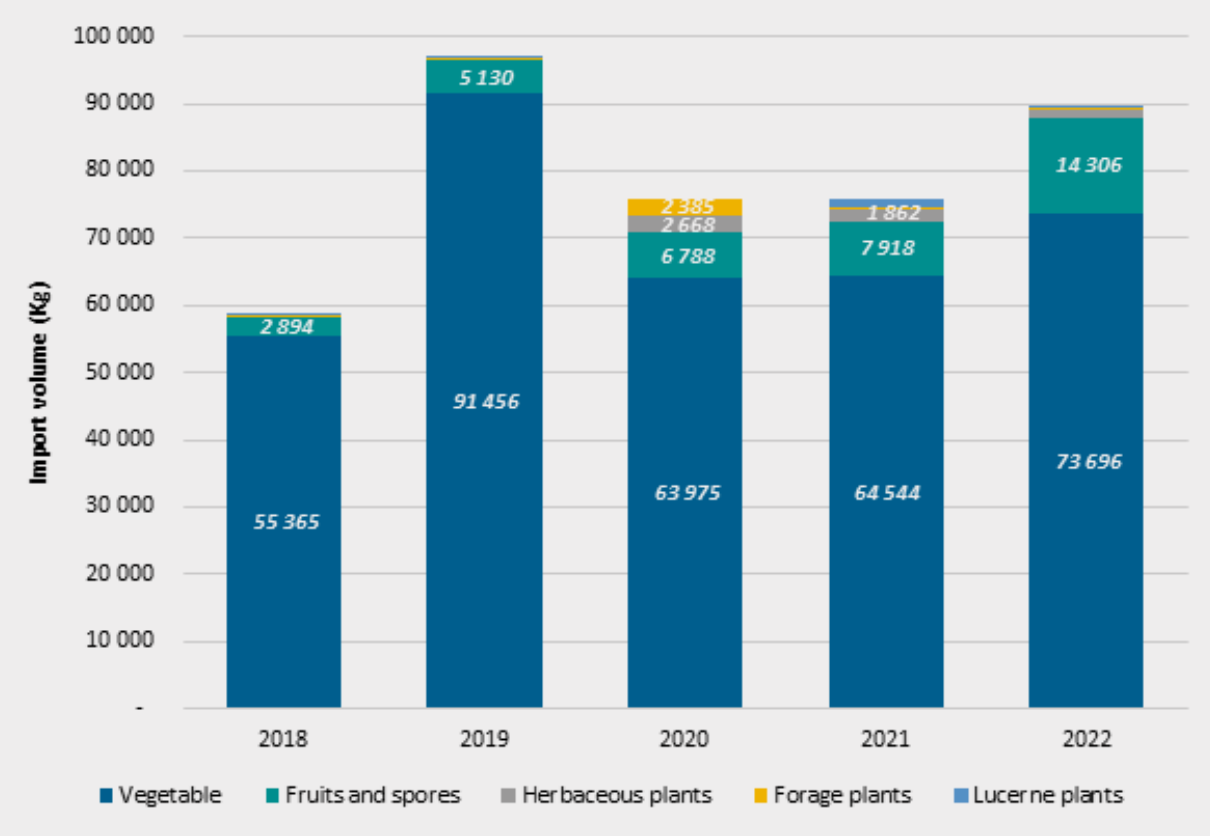
Source: MCCI, statistics

45. Mauritius imported 58,503 kg of seeds at US$ 33 per kg in 2018. The import volume rose significantly to 96,792 tonnes in 2019, and then fell during the Covid period 2020-21 to around 76,000 tonnes. In 2022, imports of seed rose to 89,407 kg, costing around US$ 28 per kg.

46. The increase in importation of seeds for sowing, from 2018 to 2022, can partly be explained by an increase in land under cultivation for food crops, from 7,646 hectares in 2018 to 7,865 hectares in 2022. Also, the adoption of soilless agriculture practices, under protective cultures, explains to an extent the increase in the volume of seeds imported into the country. For instance, production of food crops rose from 96,847 tonnes in 2018 to 117,115 tonnes in 2022; out of which 107,879 tonnes[20] came through open fields and 9,237 tonnes through covered cultures.

20 Figures computed from Digest of Agricultural statistics 2022 (table 28) available at https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/Agriculture/Agri.aspx

Figure 5: Breakdown of import volume of seeds by categories, 2018-2022



Source: MCCI, trade statistics

Table 5: Share of import volume of seeds, 2018-2022

	2018	2019	2020	2021	2022
Vegetable	95%	94%	84%	85%	82%
Fruits and spores	5%	5%	9%	10%	16%
Herbaceous plants	-	-	4%	2%	2%
Forage plants	-	-	3%	-	-
Lucerne plants	-	-	-	1%	-
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Computed based on MCCI trade statistics

47. From Table 5, it can be observed that the share of vegetable seeds of the total volume of seeds imported into the country for the period 2018 to 2022, remained above 80%. The import volume of seeds for fruits and spores rose from 5% in 2018 to 16% in 2022. The import volume of seeds of herbaceous plants accounted for around 2% of the total imports, in 2022. Import percentages for seeds of forage and lucerne plants were minimal, ranging from 0.43% to 0.06%, respectively. Overall, Mauritius heavily relies on imported vegetable seeds to support its agricultural activities, with increasing imports of fruits, and spores observed over the years.

48. Table 6 below provides the major sources of importation of seeds for Mauritius in 2022.

Table 6: Major import sources of seeds, 2022

	Lucerne plants	Forage plants	Herbaceous plants	Fruits and spores	Vegetable
South Africa	100%	86%	30%	21%	1%
India	-	-	35%	74%	30%
Italy	-	-	6%	-	23%
France	-	-	-	2%	20%
Thailand	-	13%	2%	1%	10%
Hong Kong	-	-	-	-	4%
China	-	-	-	-	3%
Pakistan	-	-	-	-	3%
United States	-	-	-	1%	2%
Netherlands	-	-	23%	1%	1%
Others	-	2%	4%	1%	4%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, statistics

49. Mauritius imported large volumes of vegetable seeds from India (30%), Italy (23%) and France (20%). The main source of imports for fruits and spores for sowing was India (74%). Mauritius sourced a large proportion of seeds from South Africa: lucerne plants (100%), forage plants (86%), herbaceous plants (30%) and fruits and spores (21%). Other countries like Thailand (26%), Hong Kong (4%), China (3%), Pakistan (3%), and the United States (3%) also contributed to the import volumes across different seed categories, albeit to a lesser extent.

50. An analysis of the import prices for seeds between Africa and non-African countries is presented in Table 7 below.

Table 7: Import price analysis for seeds for sowing, 2018-2022

	2018	2019	2020	2021	2022
Lucerne plants					
Africa	0.93	0.27	-	-	0.35
Other countries	0.70	0.29	-	-	-
Forage plants					
Africa	1.14	-	1.77	-	0.11
Other countries	1.64	1.25	3.80	1.84	0.45
Herbaceous plants					
Africa	-	2.66	0.19	0.14	1.06
Other countries	16.17	3.34	0.25	0.14	0.29
Fruits and spores					
Africa	6.33	1.38	1.15	1.00	0.43
Other countries	2.67	0.93	0.54	0.45	0.22
Vegetable					
Africa	0.58	2.13	5.79	3.20	6.85
Other countries	0.75	0.46	0.64	0.62	0.53

Source: MCCI, statistics

51. It was observed that Mauritius sourced vegetable seeds at better prices from non-African countries than African countries. Similarly, the average import price for other types of seeds were higher for Africa compared to those from countries in other continents.

Exports of seeds for sowing

52. In so far as exports of seeds is concerned, Mauritius exported a very small quantity (between 759 kg to 2,130 kg) for the period 2018 to 2022, as illustrated in Table 8 below.

Table 8: Exports of seeds for sowing, 2018 – 2022

	2018	2019	2020	2021	2022
Export value (US$)	21,280	74,077	4,555	27,950	29,183
Export volume (kg)	2,056	1,098	759	2,130	1,165

Source: MCCI, statistics

53. Mauritius has exported three main categories of seeds over the years: seeds for fruits and spores, vegetable and fescue.

Table 9: Breakdown of export volume, by categories, 2018-2022 (%)

	2018	2019	2020	2021	2022
Fruits and spores	100%	94%	100%	97%	100%
Vegetable	-	4%	-	3%	-
Fescue	-	2%	-	-	-
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, statistics

Table 10: Market shares, by country's export volume in tonnes, 2022 (%)

	Seeds, fruits and spores for sowing
India	67%
Turkey	28%
United States	5%
Grand Total	**100%**

Source: MCCI, statistics

54. In 2022, Mauritius exported seeds, fruits and spores to India (67%), Turkey (28%) and the United States (5%). The export price analysis of seeds was not undertaken, considering low export volume of seeds by Mauritius.

2.1.3. Oilcake

55. Mauritius imports oilcake, including solid residues from soybean oil extraction, primarily from South America. These serve as crucial inputs for animal feed factories.[21] There are

21 Reference is made to https://documents1.worldbank.org/curated/pt/699591575303518289/pdf/Annex-Oil-Cake-from-Soya.pdf

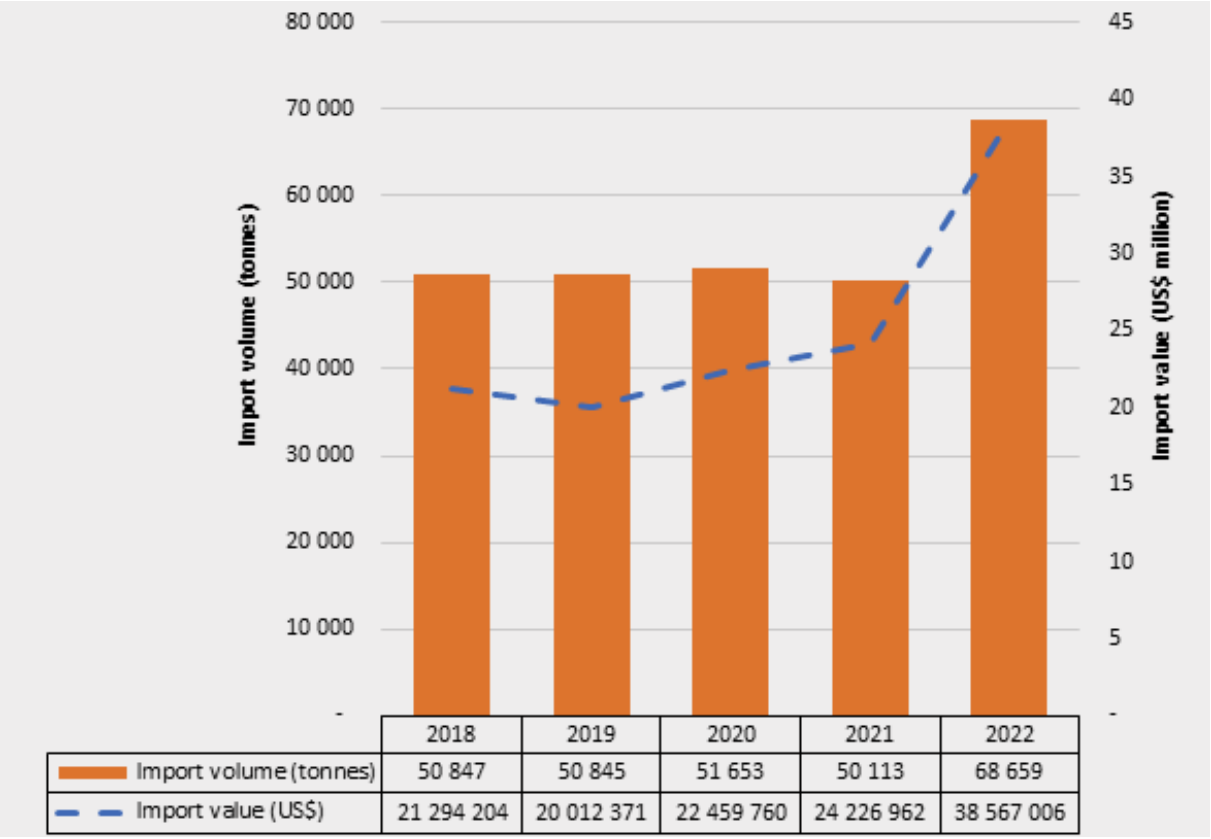
at present two manufacturers in the animal feed sector in Mauritius, namely, *Livestock Feed Ltd* ("LFL")[22] and *Meaders Feeds Ltd* ("MFL")[23]. Both manufacturers cater for local and regional markets.

56. LFL (part of Eclosia group) operates three feed plants, in namely Mauritius, Madagascar and Rwanda. The company has a regional production capacity of 242,000 tonnes[24] per year: Mauritius (140,000 tonnes), Madagascar (90,000 tonnes) and Rwanda (12,000 tonnes). LFL supplies animal feed locally and to Madagascar, Seychelles, Comoros and the French territory (Reunion Island).

57. MFL (part of Innodis group) has an annual regional production capacity of 100,000 tonnes[25] of animal feed. MFL's main export markets for feed include the Seychelles, Comoros Islands, Mayotte, Reunion Island and Madagascar.

58. Mauritius is a net importer of oilcake. Mauritius imported oilcake annually in the range of 50,000 to 60,000 tonnes, during the period 2018 to 2022, as observed in Figure 6 below.

Figure 6: Imports of oilcake by Mauritius, 2018-2022



	2018	2019	2020	2021	2022
Import volume (tonnes)	50 847	50 845	51 653	50 113	68 659
Import value (US$)	21 294 204	20 012 371	22 459 760	24 226 962	38 567 006

Source: MCCI, Trade statistics

22 See https://www.eclosia.com/en/nourish/production/livestock-feed
23 See https://www.meadersfeeds.com/
24 See https://www.grouplfl.com/en/corporate/
25 See https://www.meadersfeeds.com/

Table 11: Import prices for oilcake, 2018-2022

(US$/kg)	2018	2019	2020	2021	2022
Import CIF price	0.42	0.39	0.43	0.48	0.56
Of which:					
FOB	0.37	0.35	0.38	0.44	0.48
Freight and insurance	0.05	0.05	0.05	0.04	0.09

Source: MCCI, Trade statistics

59. From Table 11 above, it can be observed that the average import price for oilcake increased considerably, from US$ 0.42 per kg in 2018 to US$ 0.56 per kg in 2022. This represents an increase of 33% over the five-year period. The increase is mainly explained by increases in cost at source, as reflected in the FOB prices. It is to be noted that Mauritius sourced oilcake from the largest producers, which have been subject to drought, leading to decreased soybean production and high prices.[26]

60. Table 12 below provides the major import sources for oilcake from 2018 to 2022.

Table 12: Import sources for oilcake, 2018-2022

	2018	2019	2020	2021	2022
Paraguay	23%	16%	37%	37%	58%
Argentina	77%	71%	60%	47%	42%
Ukraine	-	-	3%	-	-
Uruguay	-	-	-	13%	-
Puerto Rico	-	13%	-	-	-
United Arab Emirates	-	-	-	3%	-
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI trade statistics

61. Over the period 2018 to 2022, Mauritius relied on imports of oilcake from South American countries: namely Argentina and Paraguay. A gradual shift in the proportion of imports can be observed for the period 2018 and 2022 in favour of Paraguay, which increased from 23% in 2018 to 58% in 2022. Imports from Argentina fell from 77% in 2018 to 42% in 2022, which can be explained by prolonged periods of extreme droughts, adversely affecting the production of the main input, soybean.[27] Interestingly, Mauritius imported these from South Africa in 2022, albeit at a low volume (0.35%).

62. Table 13 below provides the price comparison for imports of oilcake from Argentina and Paraguay.

26 https://farmdocdaily.illinois.edu/2022/02/soybean-prices-rise-as-drought-in-south-america-reduces-harvest.html
27 See https://www.agriculture.com/weather/news/unyielding-argentina-drought-puts-crop-production-in-jeopardy

Table 13: Import price analysis of Oilcake

Import price (US$/kg)	2018	2019	2020	2021	2022
Argentina	0.43	0.39	0.44	0.46	0.57
Paraguay	0.42	0.39	0.44	0.46	0.57

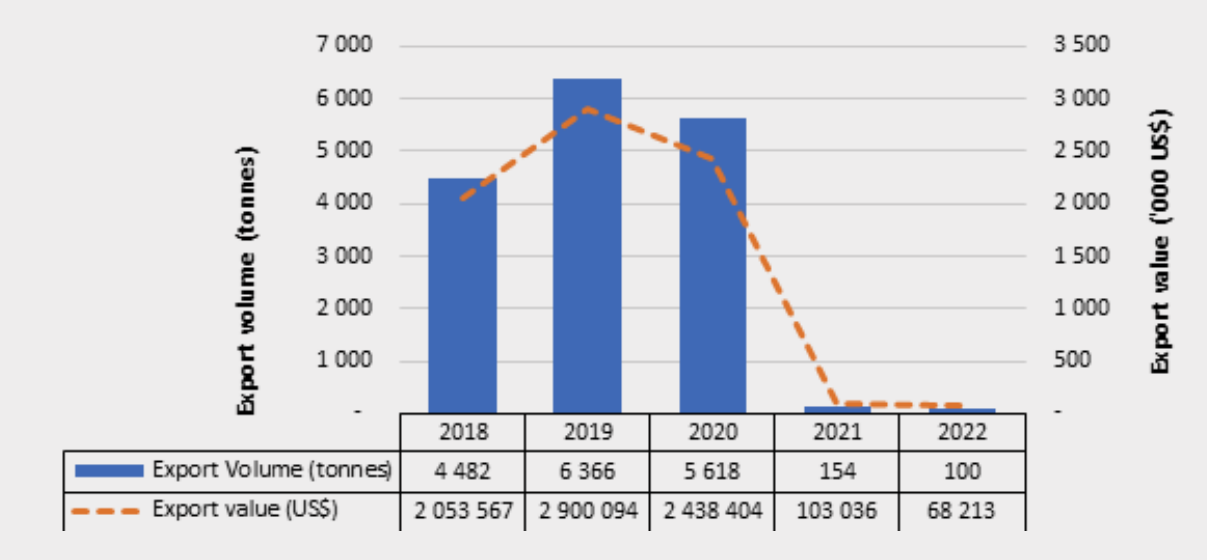
Source: MCCI trade Statistics

63. From 2018 to 2022, the import prices of oilcake from both countries were somewhat identical each year, gradually increasing over time. It was observed that before 2020, prices of oilcake were on a declining trend, reaching US$ 0.39 in 2019. Prices maintained an increasing trend as from the year 2020 to 2022, reaching US$ 0.57 in 2022. Over time, while import volumes from Argentina decreased, Paraguay proved to be a relatively cheaper source for oilcake.

Exports of oilcake

64. Over the years, Mauritius exported oilcake, mainly in regional markets: Rwanda, Madagascar, Seychelles and French territories (Reunion and Mayotte). The total export volume of oilcake was 4,482 tonnes in 2018. The total volume fell from 4,482 tonnes in 2018 to a negligible amount of only 100 tonnes in 2022

Figure 7: Exports of oilcake by Mauritius, 2018-2022



Source: MCCI, Trade statistics

Table 14: Export sources for oilcake, 2018-2022

	2018	2019	2020	2021	2022
Rwanda	-	-	-	-	100%
Reunion	-	-	19%	-	-
Seychelles	4%	-	-	-	-
Madagascar	94%	100%	81%	100%	-
Mayotte	2%	-	-	-	-
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, Trade statistics

65. Trade data analysed for exports of oilcake indicate that from 2018 to 2021, Madagascar absorbed more than 80% of Mauritius' exports of oilcake. In 2022, Mauritius exported a low volume of oilcake to Rwanda, totalling only 100 tonnes.

Table 15: Export price analysis for oilcake, 2018-2022

Export price (US$/kg)	2018	2019	2020	2021	2022
Other countries	0.46	0.45	0.43	0.52	-
Africa	0.47	0.46	0.43	0.67	0.68

Source: MCCI, Trade statistics

66. The comparative analysis for oilcakes do not indicate much difference in export prices across the exporting countries, as indicated in Table 15 above.

2.2. VEGETABLE OILS

67. This section relates to trade of the main edible oil for Mauritius, namely soybean oil, sunflower oil and palm oil. The analysis relates to the period 2018 to 2022.

2.2.1. Supply of edible oil in Mauritius

68. Edible oil is regarded as an essential product for households. It is sourced from plants and can only be consumed in refined form. The process of refining crude edible oil involves the extraction of impurities from the solvent extraction plant, and entails making the oil more palatable and stable against rancidity upon storage. It also includes degumming, deacidification, decolorising, deodorising and dewaxing.

Supply chain

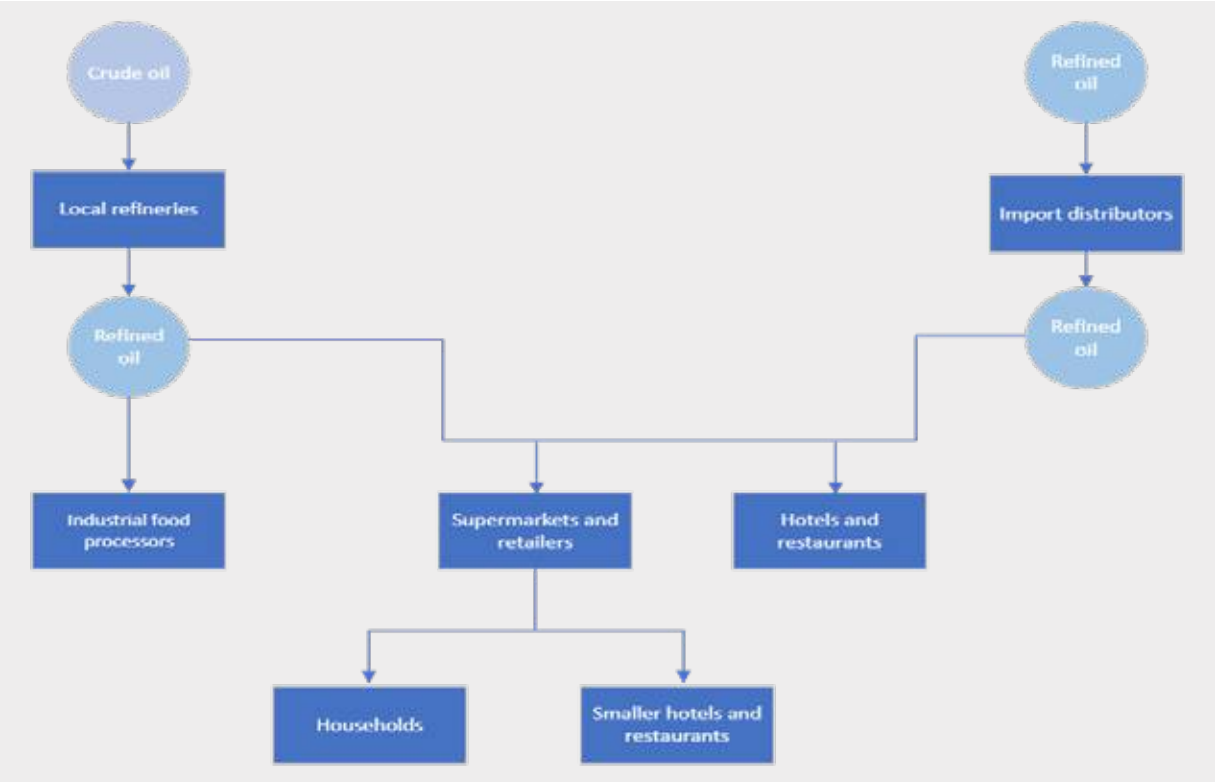
69. In Mauritius, pre-packed edible oil is imported, as well as crude oil for refining and distribution. The supply chain for edible oil is shown below.

70. As illustrated in Figure 8, local refineries and wholesale import distributors operate in the market for wholesale supply of refined edible oil in Mauritius. Their main customer groups are (i) supermarkets and other retailers (ii) hotels and restaurants and (iii) industrial food processors. Local refineries and importers supply their products directly to hotels and restaurants. The latter can also procure edible oil from supermarkets and other retailers.

71. The two long-standing edible oil refineries in Mauritius, Mauritius Oil Refineries Limited (Moroil) and Ramdenee Edible Oil Products Ltd (REOP), are the ones supplying most of the blended vegetable oil to the domestic market. They import crude soya bean oil and sunflower oil, which are refined and blended with imported refined palm oil. REOP imports crude oil in flexi bags, whereas Moroil imports crude oil in tanker ships and containers, refining the products and supplying refined blended edible oil in pouches, bottles, gallons, and tanks. Moroil also imports and distributes bottled refined edible oil, such as extra virgin olive oil.[28]

28 More information can be accessed at: https://www.moroil.mu/en/brands/olivor/olive-oil-and-olives

Figure 8: Supply chain for edible oil



Policy measures for edible oil

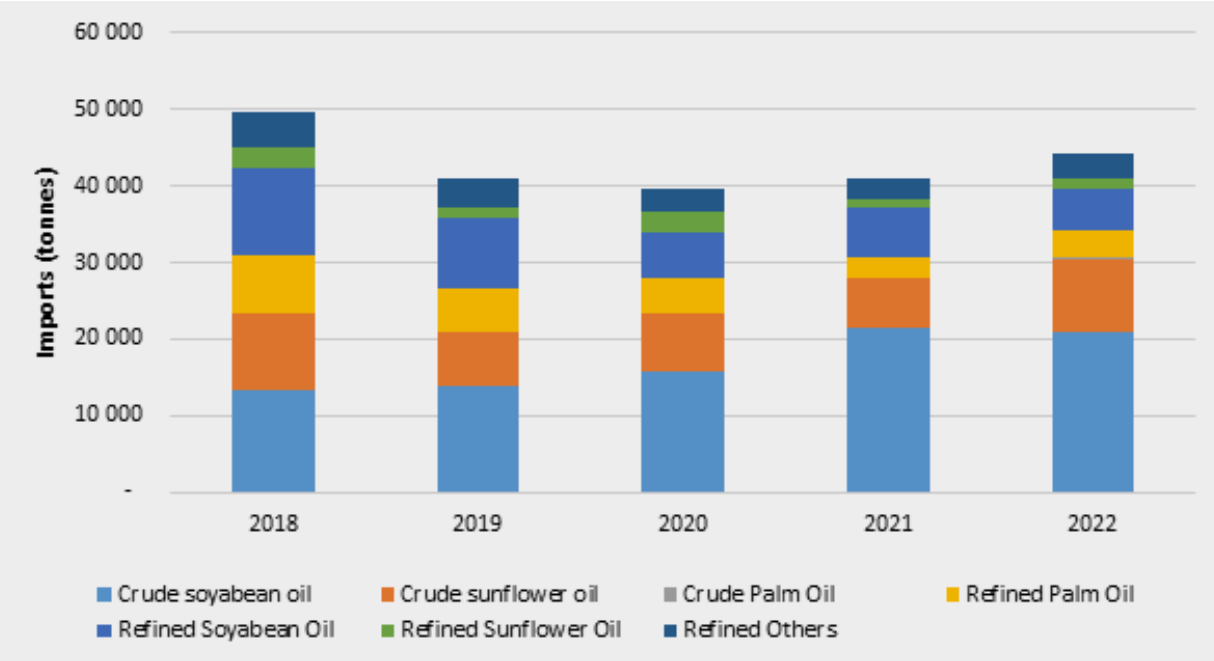
72. With regards to trade policy measures applicable for edible oil, there is currently no tariff imposed on the importation of crude oil in Mauritius. However, for refined oil, a 10% tariff rate is generally applicable for imports of refined soybean oil and refined sunflower oil, from different countries, except for COMESA Free Trade (FTA) member states (Group 1), Indian Ocean Commission (IOC), and the SADC member states. A 1% tariff is also applicable to non-FTA COMESA member states (Group 2). There is currently no tariff rate applicable for refined palm oil, olive oil, crude soybean oil and crude sunflower oil.[29]

Import volumes of crude and refined oil and consumption of edible oil

73. Figure 9 below illustrates imports of crude and refined edible oil for the period 2018 to 2022.

29 Customs Tariff Schedule (Integrated Tariff) updated HS 2022 Version as at 01 April 2024. Accessible at: https://www.mra.mu/index.php/customs1/tariff-information

Figure 9: Import volume of edible oils by Mauritius, 2018-2022 (tonnes)



Source: MCCI trade Statistics

74. It can be observed that the total volume of edible oil (both crude and refined) imported into the country revolved around 44,000 tonnes between 2019 and 2022.

75. Imports of crude soybean oil accounted for the majority of imports. Since 2018, the imports of crude soybean oil have increased steadily, from 13,370 tonnes in 2018 to 20,886 tonnes in 2022, compared to refined edible oil imports, which have decreased from 11,161 tonnes in 2018 to 5,602 tonnes in 2022.

76. It is to be noted that the country has progressively relied more on the domestic production of refined soybean oil and blended vegetable oil from imports of crude oil, than on imports of refined edible oil for the period 2018 to 2022, as shown in the Table 16 below.

Table 16: Breakdown by import volume of crude and refined (%)

	2018	2019	2020	2021	2022
Crude edible oil (%)	47	51	59	68	69
Refined edible oil (%)	53	49	41	32	31

Source: MCCI trade Statistics

77. Table 17 below shows that the major import source of crude soybean oil and crude sunflower oil in 2022 was Argentina. For refined soybean oil, the major import sources were African countries, namely Egypt and Mozambique.

78. For refined palm oil, Madagascar was the third most important source of imports, preceded by Indonesia and Malaysia. For refined sunflower oil, Egypt was the second most important source of imports, preceded by Turkey.

Table 17: Major import sources of oil in 2022 (and their market shares)

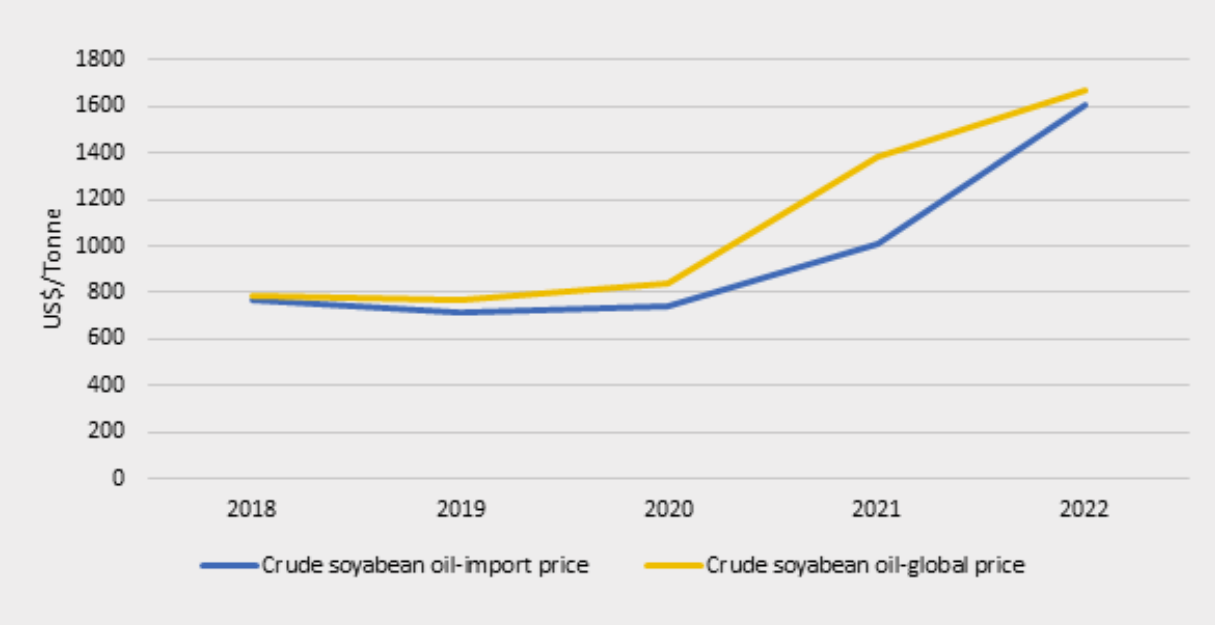
Sources of imports (2022)	Crude soyabean oil	Crude sunflower oil	Refined palm oil	Refined soyabean oil	Refined sunflower oil
Argentina	85%	76%			
Egypt				66%	40%
Ukraine	3%	18%			
Turkey					43%
Malaysia	2%		30%	-	8%
Germany	5%				
Indonesia			57%		
Madagascar			13%		
Mozambique				33%	
UK					5%
Others	5%	6%		1%	4%

Source: MCCI, trade statistics

Benchmarking analysis of import price

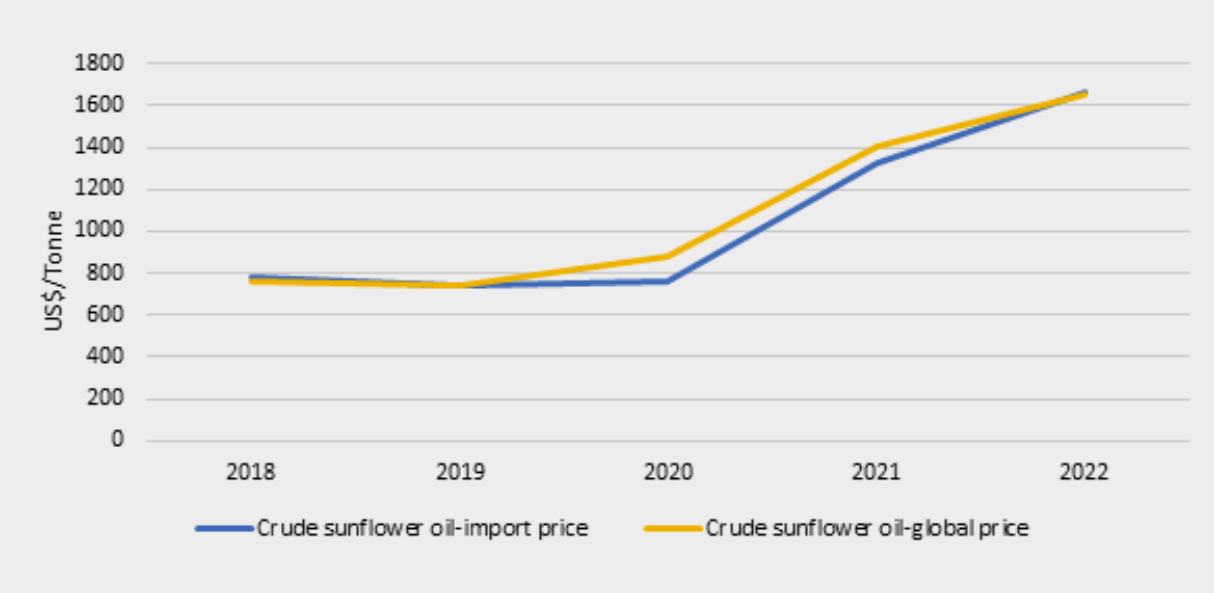
79. A benchmarking of the import price (computed as the CIF value over volume (in tonnes)) was carried out with average global prices for crude soybean oil, crude sunflower oil and palm oil (kernel).

Figure 10: Pricing analysis for crude soybean oil, 2018-2022



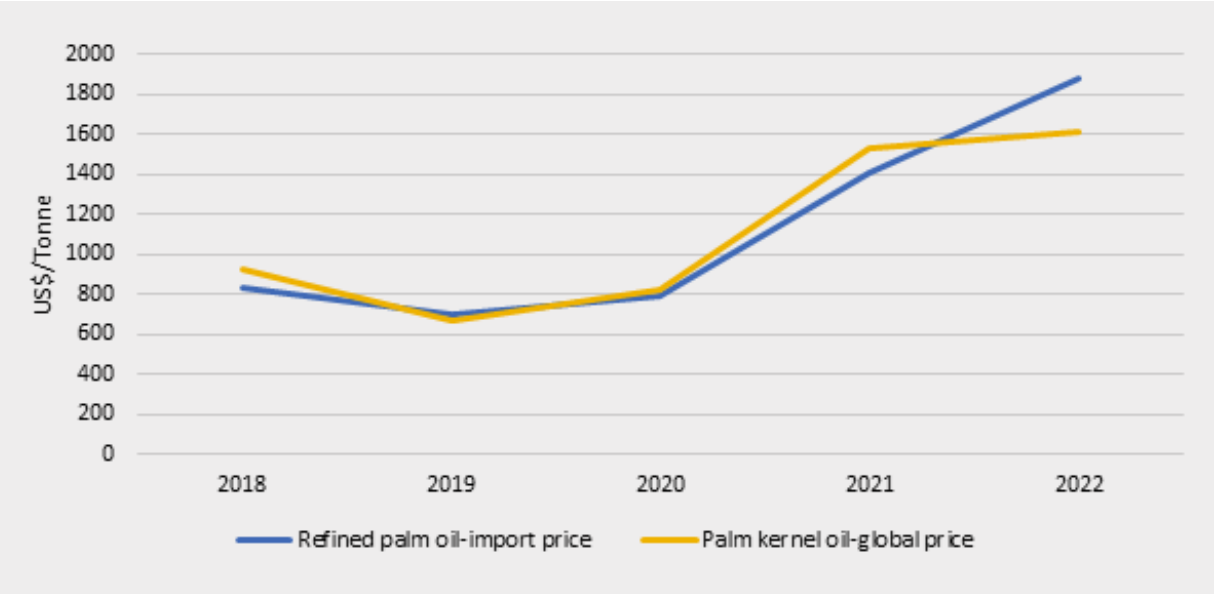
Source: Figures are computed from MCCI trade statistics and World Bank's commodity prices.

Figure 11: Pricing analysis for crude sunflower oil, 2018-2022



Source: Figures are computed from MCCI trade statistics and World Bank's commodity prices.

Figure 12: Pricing analysis for refined palm oil, 2018-2022



Source: Figures are computed from MCCI trade statistics and World Bank's commodity prices.

80. Figures 10 and 11 show that the import prices and the global prices were somewhat aligned for crude soybean oil, and crude sunflower oil. The country imported crude soybean oil at a price cheaper than the global price, for the period 2018 to 2022. Similarly, Figure 12 above shows that import price and global price for refined palm oil were also aligned, except for the year 2022.

81. An analysis of the average import price from African countries, compared to countries from other continents, is presented in Table 18 below.

Table 18: Import price analysis (US$ per kg)

Import price (US$/kg)	2018	2019	2020	2021	2022
Crude soybean oil					
Africa	-	0.75	0.75	0.91	-
Other countries	0.81	0.76	0.76	0.99	1.53
Crude sunflower oil					
Africa	-	-	-	-	1.17
Other countries	-	-	-	-	2.22
Refined sunflower oil					
Africa	1.19	1.23	1.00	1.40	1.91
Other countries	2.08	2.51	2.29	2.54	2.93
Refined palm oil					
Africa	-	-	-	1.50	1.47
Other countries	-	-	-	1.17	1.57
Refined soyabean oil					
Africa	0.91	1.23	0.93	1.31	2.06
Other countries	1.43	1.18	1.22	1.87	2.42

Source: MCCI, trade statistics

82. The comparative analysis shows that the import price from African countries was more or less similar to non-African countries for crude soybean oil. For crude sunflower oil, the import price from African countries was lower than that of other sources by 89%. With regard to refined sunflower oil, the import price from African countries was on average 45% lower than that from other countries. For refined palm oil, the import price from African countries was 6% less than from other sources, for the year 2022. For refined soybean oil, the import price from African countries was 14% less expensive than from non-African countries, on average.

83. The study does not lay emphasis on exports of vegetable oils, as Mauritius is not a producer of vegetable oils, and only re-exports vegetable oils in low volumes.

2.3. BEVERAGES AND OTHER COMMODITIES

2.3.1. Sugar

84. Cane sugar has traditionally been the most important agricultural sector in the Mauritian economy. Sugarcane was first introduced in Mauritius by the Dutch colonisers around 1638. The sugar industry witnessed a boom under British colonisation in 1810, and continued to be the main crop generating revenue for the economy for more than 100 years after its introduction.[30] By 1858 there were 288 factories, the largest number of factories to have operated on the island. The increased production and export of sugar led to significant development in the country.[31]

30 Our history – Mauritius Sugar Syndicate
31 Our Savoir Faire – Mauritius Sugar Syndicate

85. In 1936, the entire community of sugar planters joined the syndicate for sugar, the Mauritius Sugar Syndicate, which became the sole organisation in charge of local sale and exports of sugars produced on the island. As from 1975, sugar began to be exported and traded under the Sugar Protocol (SP).[32] Under the Sugar Protocol, the European Union has been the main export market for a very long time, owing to trade preferential areas.[33]

86. In 1978, specialty sugars such as demerara and golden granulated were first produced and exported. In 2009 and up to 2015, an exclusive partnership agreement was established with *Sudzucker*, the largest beet sugar company in the European Union, for the marketing of Mauritius white refined sugar, equivalent to the EU quality, across the European continent, while the market base for special sugars was diversified to attain the annual sales target of 120,000 tonnes.[34] In 2012, 71% of Mauritius' cane sugar was destined for the EU.

87. In 2017 the Sugar Protocol ended, and exports of sugar fell significantly below the average of US$ 229 m. Producers were compelled to review their production mix, and diversified into other types of sugar for exports. New markets for exports of sugar were identified.[35]

88. As a result, Mauritius now produces and exports special sugars which are used for diverse household and industrial usage, sweetening beverages, confectionery, baking, winemaking, and haute cuisine. Examples of such sugars include coffee crystals, extra light muscovado, light muscovado, dark brown soft, dark muscovado, molasses sugar, dry demerara, clear demerara, fine demerara, standard demerara, dark demerara, dark standard demerara, golden granulated, fine caster, golden caster, special raw, brown cane sugar, and Mauritius Industrial cane sugar.[36]

89. In 2022, the exports of cane sugar amounted to US$ 197 m; of which 46% were exported to the EU. The share of exports to Africa was 32%.[37] This represents a significant increase when compared to the share of export to Africa of only 1% in 2012[38]. Kenya was the primary market in Africa for Mauritian export of sugar. In 2022, Mauritius exported around 66,000 tonnes of sugar, or 23% of total exports, to Kenya.

90. In addition to the European Union and Eastern Africa (where preferential access in the form of duty-free exports is secured under the COMESA treaty)[39], the Mauritius Sugar Syndicate presently exports special sugars to over 30 destinations worldwide. The Mauritius Sugar Syndicate have set a target to increase sales of special sugars to 180,000 tonnes by 2026.[40]

91. There is also the Free Trade Agreement between China and Mauritius, in force since January 2021, whereby Mauritius benefits from a tariff quota of 50,000 tonnes of sugar, which will be implemented over a course of 8 years, with an initial quantity of 15,000 tonnes.[41] Additionally, as of 1 January 2021, Mauritius is trading with the UK under the UK-Eastern and Southern Africa (ESA) economic partnership agreement (EPA). The agreement is a "continuity" agreement that replicates the current trade agreement with the EU, and consequently maintains preferential access on the UK market for Mauritian products, including sugar[42].

32 Ibid
33 Export Insights Report-December 2023-Mauritius Chamber of Commerce and Industry (MCCI).
34 Our history – Mauritius Sugar Syndicate
35 Export Insights Report-December 2023-Mauritius Chamber of Commerce and Industry (MCCI).
36 Products – Mauritius Sugar Syndicate
37 Export Insights Report-December 2023-Mauritius Chamber of Commerce and Industry (MCCI).
38 Export Insights Report-December 2023-Mauritius Chamber of Commerce and Industry (MCCI).
39 Export Insights Report-December 2023-Mauritius Chamber of Commerce and Industry (MCCI).
40 Trade Policy Review document-World Trade Organisation-October 2021.
41 Trade Policy Review document-World Trade Organisation-October 2021.
42 Ibid.

2.3.2. Local sugar industry

92. The Mauritius Cane Industry Authority, established in 2011 under the Mauritius Cane Industry Authority Act 2011, aims to promote the sustainable development of the cane sector. Its objectives include coordinating industry activities, supporting sustainable development, formulating policies, overseeing operations, resolving disputes, promoting co-products, facilitating modern agricultural practices, and enhancing competitiveness.[43]

93. The Mauritius Sugar Syndicate (MSS) serves as the commercial entity for Mauritius' sugar sector, and is responsible for overseeing the marketing and export of all locally produced sugar. It operates independently and is governed by its members, comprising corporate and independent sugarcane growers as well as millers. Its departments focus on marketing, sales, logistics, finance, producer assistance, and ensuring sugar quality and food safety.[44]

94. The sugar industry is vertically integrated, as it consists of three private millers who engage in production of sugarcane, as well as milling and refining of sugar. In 2022, the private millers cultivated around 20,814 hectares of sugarcane. There is a small number of planters who grow sugarcane on a small scale. In 2022, small scale planters occupied 21,339 hectares for sugarcane cultivation.

95. The millers are namely: Alteo Ltd, Omnicane Ltd and Terra Milling Ltd.[45] Alteo Ltd is the leading sugar producer in Mauritius, and produces added value special sugars. It is also a leader in the African sugar industry, operating two sugar factories in Kenya and Tanzania.[46] Alteo Ltd in particular has 17,700 hectares of land under sugar cultivation in Mauritius and Tanzania; produces 284,000 tonnes of sugar in Mauritius, Kenya and Tanzania per year, and produced 47,000 tonnes of premium sugars in Mauritius in one year.[47]

96. Omnicane Ltd Incorporated, established in 1926, is engaged in the cultivation of sugarcane and the production of refined sugar, bioethanol, thermal energy and electricity.[48] The company has 14,500 hectares of land under cane cultivation in the south of Mauritius. It produced around 250,000 tonnes of refined white sugar produces per year and crushes about 1.3 million tonnes of cane per year[49]. The company has also expanded its operations in Eastern Africa and the United Kingdom.[50]

97. Terra Milling Ltd used to be an essentially sugar-oriented company and has diversified its activities to become involved in energy production, manufacturing of alcoholic beverages, commercial distribution and property development. Terra Milling Ltd operates a sugar mill in Cote D'Ivoire. The company has 12,000 hectares of land under sugar cane cultivation; 875,000 tonnes of sugarcane processed annually from its factory area; 93,000 tonnes of sugar produced per year; and 85,000 tonnes of specialty sugars, such as golden granulated and demerara, are sold to international markets per year.

2.3.3. Imports of sugar

98. Mauritius is principally a sugar exporting sugar. It exports white sugar and special sugars namely, light, extra light or dark muscovado, dark brown soft, molasses sugar,

43 https://www.mcia.mu/functions-of-the-authority/
44 https://mauritiussugar.mu/
45 The Millers – Mauritius Sugar Syndicate
46 The Millers – Mauritius Sugar Syndicate
47 The Millers – Mauritius Sugar Syndicate
48 https://omnicane.com/omnicane-glance
49 https://mauritiussugar.mu/the-millers/
50 Ibid.

dry demerara, clear demerara, fine demerara, standard demerara, dark demerara, dark standard demerara, golden granulated, fine caster, golden caster, special raw, brown cane sugar, and Mauritius Industrial cane sugar.

99. It is worth highlighting that Mauritius imports an important volume of sugar for refining and exportation. Table 19 below provides the value and quantity of sugar imported. Trade data analysed for the period 2018 to 2022 indicates a growth in importation of sugar from 22,598 tonnes in 2018 to 136,668 tonnes in 2022.

Table 19: Imports of sugar for refining by Mauritius, 2018-2022

	2018	2019	2020	2021	2022
Import value (US$)	11,046,371	33,387,247	22,308,039	50,035,042	61,845,506
Quantity (tonnes)	22,598	102,454	59,844	135,814	136,668

Source: MCCI, Trade statistics

100. A breakdown of sugar imported by Mauritius has been provided in the figure and table below for the period 2018 to 2022.

Figure 13: Sugar imports by main categories, 2018-2022

Source: MCCI, Trade statistics

Table 20: Sugar imports by main categories, 2018-2022

	2018	2019	2020	2021	2022
Cane sugar for refining	-	81%	70%	97%	96%
White cane sugar	99%	16%	30%	3%	4%
Other cane or beet sugar	1%	3%	-	-	-
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, Trade statistics

101. It can be observed that Mauritius mostly imported cane sugar for refining and, to a lesser extent, white cane sugar and other cane or beet sugar, for the period under review. Imports of cane sugar for refining increased from 83,060 tonnes in 2019 to 131,866 tonnes in 2022. Imports of white cane sugar decreased from 22,356 tonnes in 2018 to 4,801 tonnes in 2022. The import volume of other cane or beet sugar has been low.

Table 21: Import sources for sugar, 2018-2022

	2018	2019	2020	2021	2022
Cane sugar for refining					
Brazil	-	100%	100%	100%	70%
India	-	-	-	-	30%
White cane sugar					
Morocco	-	-	-	-	81%
Mozambique	6%	14%	32%	21%	7%
Brazil	2%	1%	-	33%	6%
Madagascar	-	-	-	-	5%
Egypt	2%	47%	32%	13%	-
India	24%	-	13%	31%	-
Pakistan	3%	-	-	-	-
South Africa	7%	6%	-	-	-
Thailand	56%	30%	21%	3%	-
United Arab Emirates	-	-	3%	-	-
Other cane or beet sugar					
France	1%		85%	93%	69%
United Kingdom	-	-	14%	-	27%
Belgium	-	-	-	-	5%
Egypt	-	100%	-	-	
Thailand	98%	-	-	-	-
Others	1%	-	1%	7%	-

Source: MCCI, Trade statistics

102. The share of import volume per country, in tonnes, is provided in Table 21 above. For the period 2019 to 2021, Mauritius sourced cane sugar for refining only from Brazil, the world's largest sugar producer. In 2022, Mauritius also imported sugar for refining

from India, and the volume accounted for 30% of total importation of sugar for refining. Imports from Brazil remained high at 92,672 tonnes, representing 70% of the total volume imported. The decrease in share of imports of Brazil, from 100% to 70% can partly be explained by drought conditions affecting sugar production in Brazil; which may explain Mauritius' importation of 39,195 tonnes of cane sugar for refining from India in 2022.

103. It can be observed that Mauritius has sourced white sugar from different importing sources. Between 2018 to 2020, Thailand was one of the major import sources of white sugar. As from 2020, the decline in importation of white sugar from Thailand can partially be explained by decreased sugarcane production and delays in contracted shipments, caused by container shortages in Thailand.[51] In 2022, Mauritius imported white sugar primarily from Morocco and, to a lesser extent, from Mozambique, Brazil and Madagascar.

104. Other cane or beet sugar were imported in low volumes. In 2018 Mauritius imported other cane or beet sugar primarily from Thailand and, to a lesser extent, from France and other countries. In 2019, Mauritius mostly sourced other cane or beet sugar from Egypt. Between 2020 and 2022, Mauritius sourced other cane or beet sugar from France, the United Kingdom and Belgium.

105. A benchmarking analysis of the average import price from African countries, compared to other sources, was undertaken and is tabled below.

Table 22: Import price analysis of sugar, 2018-2022

Import price (US$ per kg))	2018	2019	2020	2021	2022
Cane sugar for refining					
Brazil	-	0.3	0.3	0.4	0.4
India	-	-	-	-	0.5
White cane sugar					
Africa	0.6	0.5	0.5	0.5	0.7
Other countries	0.5	0.5	0.6	0.6	0.7
Other cane or beet sugar					
Africa	-	0.5	-	-	-
Other countries	0.5	6.9	11.3	10.0	8.3

Source: MCCI, trade statistics

106. The benchmarking analysis provides the import prices of African countries and other sources for the period 2018 to 2022. Mauritius imported cane sugar for refining outside Africa, namely Brazil and India. The import prices from Brazil of other cane sugar for refining was US$ 0.3 per kg between 2019 to 2020, which increased to US$ 0.4 per kg as from 2021. The import price from India was US$ 0.5 per kg in 2022.

107. With regard to import prices of white cane sugar, the prices varied from US$ 0.5 per kg to US$ 0.7 per kg for other countries for

51 See page 7 of https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Sugar%20Annual_Bangkok,_Thailand_TH2022-0030.pdf

the period under consideration. The import prices from Africa also aligned with the prices of other sources. On average, import prices from African countries were 3% lower than from other continents, indicating that Mauritius imported white cane sugar at better prices from Africa.

108. As mentioned above, Mauritius has imported other cane or beet sugar from non-African countries from 2018 to 2022. The import prices varied significantly from US$ 0.5 to US$ 11.3 per kg for the corresponding period.

2.3.4. Exports of sugar

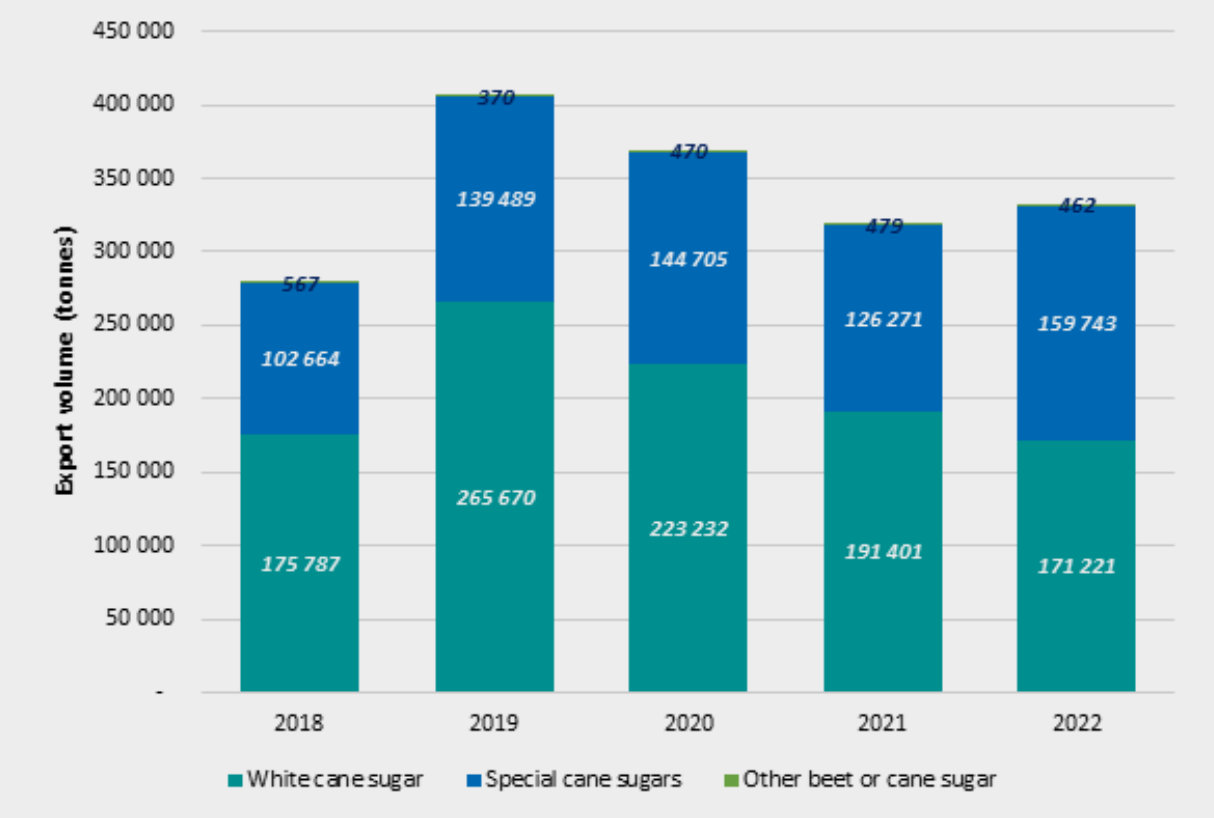
109. Mauritius is a net sugar exporter. Mauritius' exports of sugar have increased from 279,018 tonnes in 2018 to 331,427 tonnes in 2022. Mauritius has primarily exported white cane sugar and special sugars.

Table 23: Exports of sugar by Mauritius, 2018-2022

	2018	2019	2020	2021	2022
Value (US$)	141,718,293	183,596,271	184,313,054	168,635,591	195,218,898
Quantity (tonnes)	279,018	405,529	368,407	318,150	331,427

Source: MCCI, trade statistics

Figure 14: Sugar exports by main categories, 2018-2022

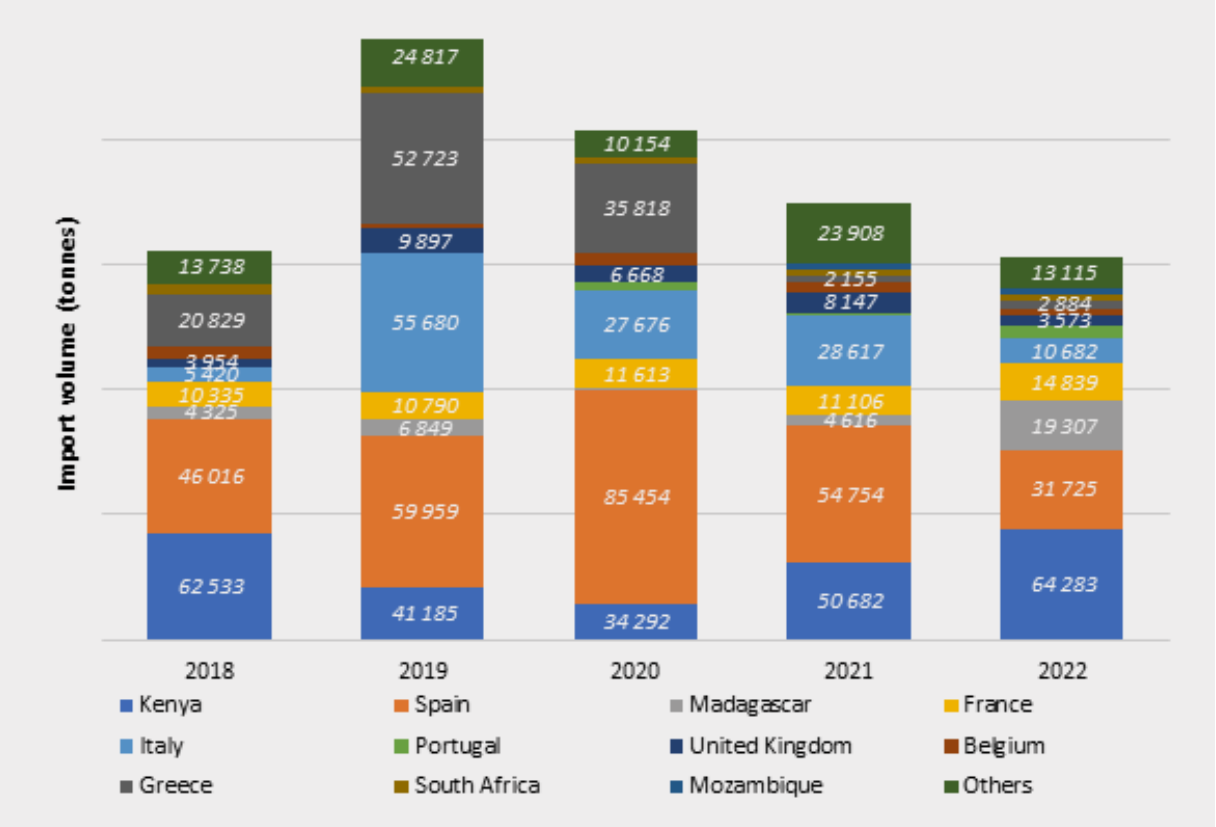


Source: MCCI, trade statistics

110. Figure 14 above provides the categories of sugar exported, namely, white cane sugar, special sugars and other cane or beet sugar for the period 2018 to 2022. It can be observed that Mauritius largely exported white and special sugars for the period under review. Other beet or cane sugar were exported in low volumes. Exports of white cane sugar decreased from 175,787 tonnes in 2018 to 171,221 tonnes in 2022. Exports of special sugars increased from 102,664 tonnes in 2018 to 159,743 tonnes in 2022. Mauritius also exported other cane or beet sugar and white cane sugar, averaging less than 400 tonnes for the period under consideration. The principal exporting destinations for Mauritian sugars were Kenya, Spain, United Kingdom, United States, Italy and Madagascar, amongst others.

111. The figure and table below provide the top exporting destinations for Mauritian white cane sugar for the period 2018 to 2022.

Figure 15: Mauritius major exporting destinations for white cane sugar, 2018-2022



Source: MCCI, trade statistics

Table 24: Mauritius' major export destinations of white cane sugar, 2018-2022

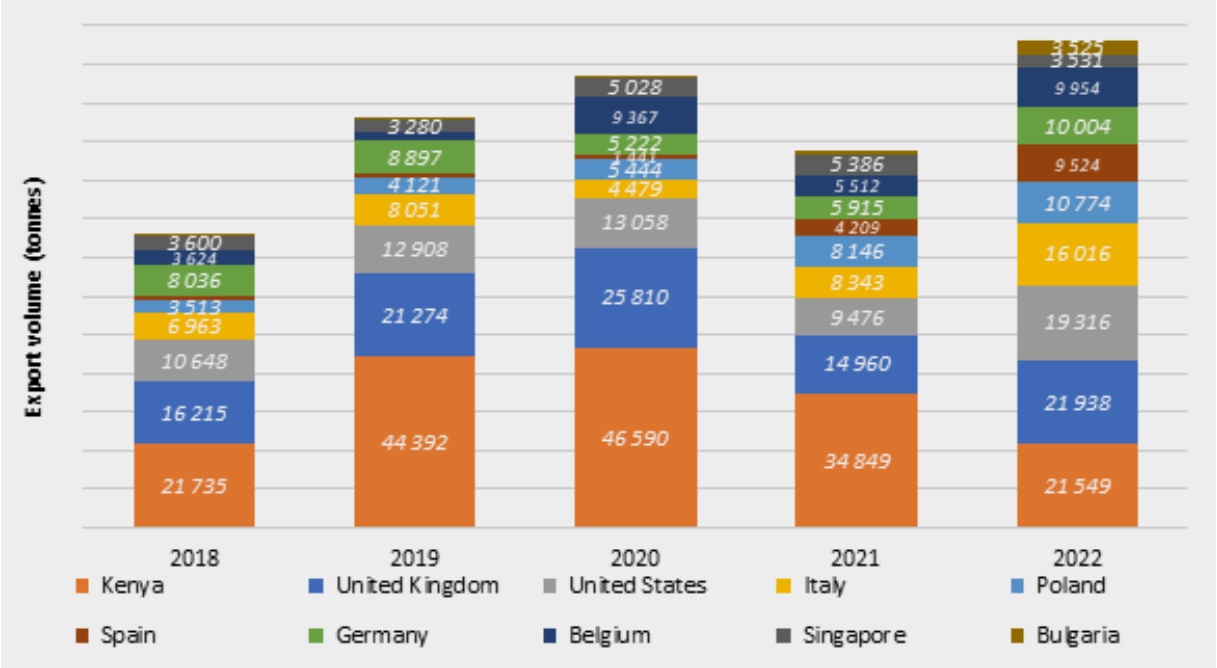
	2018	2019	2020	2021	2022
Kenya	36%	16%	15%	26%	38%
Spain	26%	23%	38%	29%	19%
Madagascar	2%	3%	-	2%	11%
France	6%	4%	5%	6%	9%
Italy	3%	21%	12%	15%	6%

	2018	2019	2020	2021	2022
Portugal	-	-	1%	-	3%
United Kingdom	2%	4%	3%	4%	2%
Belgium	2%	1%	2%	2%	2%
Greece	12%	20%	16%	1%	2%
South Africa	2%	1%	1%	1%	2%
Mozambique	-	-	-	1%	1%
China	2%	-	-	4%	1%
Germany	2%	1%	1%	-	1%
Poland	-	-	-	-	1%
Comoros	-	-	-	1%	1%
Others	4%	9%	4%	5%	3%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

112. The figure and table above present the main export destinations for white sugar for the period 2018 to 2022. Between 2018 and 2022, Mauritius exported white sugar to Kenya, Spain and Madagascar. In 2018, 43% of Mauritius' white sugar exports went towards Africa, representing around 76,389 tonnes out of 175,787 tonnes. The principal export destinations were Kenya (62,533 tonnes) and to a lesser extent Tanzania (5,025 tonnes), South Africa (4,332 tonnes) and Madagascar (4,325 tonnes) amongst others. In 2022, Mauritius supplied 53% of its total white cane sugar to Africa, totalling 89,906 tonnes out of 171,221 tonnes to Kenya (64,283 tonnes), Madagascar (19,307 tonnes) and to a lesser extent South Africa (2826 tonnes), Mozambique (1944 tonnes) and Comoros (1219 tonnes) amongst others.

Figure 16: Mauritius major exporting destinations for special sugars, 2018-2022 (in tonnes)



Source: MCCI, trade statistics

Table 25: Special sugars exports to main countries, 2018-2022 (%)

	2018	2019	2020	2021	2022
United Kingdom	16%	15%	18%	12%	14%
Kenya	21%	32%	32%	28%	13%
United States	10%	9%	9%	8%	12%
Italy	7%	6%	3%	7%	10%
Poland	3%	3%	4%	6%	7%
Germany	8%	6%	4%	5%	6%
Belgium	4%	1%	6%	4%	6%
Spain	1%	1%	1%	3%	6%
Singapore	4%	2%	3%	4%	2%
Bulgaria	1%	-	-	1%	2%
Portugal	-	1%	1%	1%	2%
France	6%	10%	3%	4%	2%
Greece	2%	2%	2%	2%	2%
United Arab Emirates	-	-	1%	1%	1%
Israel	2%	1%	2%	2%	1%
Lithuania	-	-	-	1%	1%
Austria	1%	1%	2%	1%	1%
Russia	2%	1%	1%	1%	1%
Others	13%	6%	8%	4%	12%
Grand total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

113. The figure and table above provide Mauritius' major export destinations of special sugars between 2018 and 2022. Mauritius has largely exported special sugars to the United Kingdom, Kenya, United States and Italy amongst others. It is to be highlighted that exports of special sugars to Africa have decreased from 38% in 2018 to 15% in 2022.

2.3.5. Export price analysis of sugar

114. Comparative analyses of Mauritius' export prices for special and white cane sugars have been undertaken between African and other sources, and are presented in the below tables.

Table 26: Export price analysis of white cane sugar, 2018-2022

Export price (US$/kg)	2018	2019	2020	2021	2022
Africa	0.38	0.35	0.42	0.50	0.54
Other countries	0.40	0.38	0.42	0.46	0.52

Source: MCCI, trade statistics

115. Table 26 compares the weighted average of export prices of white cane sugar to African countries with other destinations. It can be observed that export prices of white cane sugar to Africa increased from US$ 0.38 per kg in 2018 to US$ 0.54 per kg in 2022. For non-African countries, export prices of Mauritius also increased from US$ 0.40 per kg in 2018 to US$ 0.52 per kg in 2022. Export prices of white cane sugar to Africa were 1% higher for the period 2021-22.

Table 27: Export price analysis of special sugars, 2018-2022

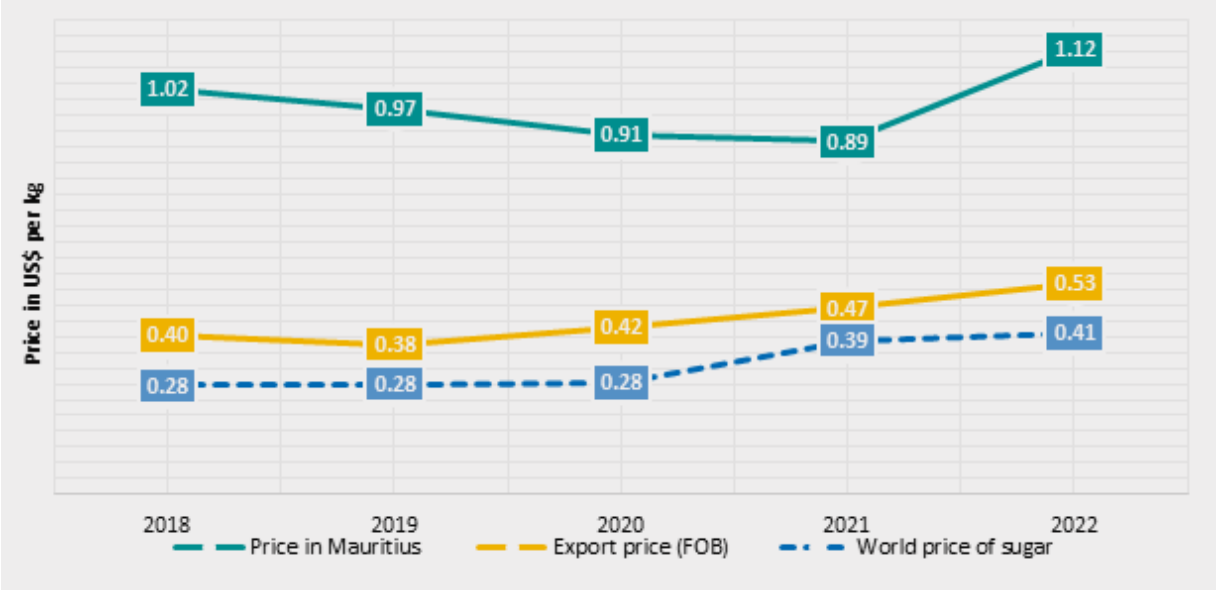
Export price (US$/kg)	2018	2019	2020	2021	2022
Africa	0.52	0.48	0.51	0.53	0.52
Other countries	0.74	0.64	0.67	0.65	0.67

Source: MCCI, trade statistics

116. Table 27 provides a comparison of the export prices of special sugars between African countries and other destinations for the period 2018 to 2022. Throughout the period 2018 to 2022, export prices of special sugars to other countries were higher than to African countries. The export prices of special sugar to Africa were 24% lower on average than other destinations, from 2018 to 2022. Prices of special sugars to Africa remained competitive. While Mauritian special sugars were mostly exported to Kenya, there is untapped potential for exports to other African countries.

117. White cane sugar remained the most exported type of sugar by Mauritius. The export price of Mauritian white cane sugar, in US$ per kg, has been benchmarked against the world price of sugar[52] and the annual average domestic price[53] in Mauritius is presented in Figure 17 below.

Figure 17: Benchmarking analysis of export price of white cane sugar, 2018-2022



Sources: Statistics Mauritius, MCCI's trade statistics and World Bank's Commodity price.

52 Annual prices of commodities which can be accessed at https://www.worldbank.org/en/research/commodity-markets
53 Average prices of selected commodities which can be accessed at https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/CPI/SB_CPI.aspx

118. The export price of white sugar from 2018 to 2022 was consistently higher than the world price. It is observed that, locally, Mauritius sells white sugar at a much higher price than what it exports to other countries. In 2022, the price of white sugar in Mauritius was US$ 1.12 per kg, while the export price was US$ 0.41 per kg.

2.3.6. Tea

119. Mauritius has a rich history of tea plantation. Mauritius was the first member of the Small Islands Developing States to develop a commercial tea industry.[54] The tea plant, also known as Camellia Sinensis, was introduced in 1760 in Mauritius. In 1817, commercial tea cultivation was encouraged by the British colonisers. In 1955, thousands of small planters benefited from a plot of land for tea cultivation, through the Tea Smallholding Scheme and the Project Planters Scheme.[55]

120. In 1960, the Tea Control Board was set up to regulate and control the activities of the expanding tea sector. In 1970-1971, the government brought in the tea intensification programme, known as the Mauritius Tea Development Authority, following which Mauritius became a major player in the global tea market. The tea industry grew as one of the pillars of the Mauritian economy, providing employment to many Mauritians.[56]

121. In the mid-1980s, the Mauritian tea industry faced serious difficulties due to uncertainties caused by declining global prices, high costs of production, climatic conditions and an ageing labour force, amongst others.[57] In 1994, Mauritius diversified away from tea to sugarcane cultivation, where some 2500 hectares of tea lands were converted for sugarcane plantation.[58] This was done to fulfil the higher-yielding additional quota under the SPS Agreement.[59] Thus, tea production fell by 36%, from 30,300 tonnes in 1993 to 19,500 tonnes in 1995.[60] Mauritius then entered a phase of producing tea mainly to satisfy local needs.[61]

122. Eventually, government-led tea factories closed and only three private factories survived, which included Bois Cheri Estate, Corson Tea Estate Co. Ltd and La Chartreuse Tea Manufacturing Co. Ltd. In 2017, Mauristea Investment Co. Ltd joined the tea sector.

2.3.7. Regulatory body of the tea sector

123. Established in 2013, the National Agricultural Products Regulatory Office (NAPRO), is mandated by the National Agricultural Products Regulatory Office Act 2013. [62] It is a division within the Ministry of Agro Industry and Food Security which merges the functions of the former Tea Control Board and the regulatory functions of the ex-Tobacco Board, and the Mauritius Meat Authority under the NAPRO Act.

124. It is empowered to:

- control and regulate the import, export, production, and sale of regulated products (i.e. tea and tea products, tobacco and tobacco products, and meat and meat products);
- control and regulate the preparation,

54 Reigniting the engine of growth A forward-looking business model for the Mauritian tea industry at https://openknowledge.fao.org/server/api/core/bitstreams/b433dade-a9fa-4b51-b50d-dbac0d0feb3b/content
55 Organisation des Nations Unies pour alimentation et l'Agriculture at https://www.fao.org/madagascar/actualites/detail-events/fr/c/1417109/
56 Organisation des Nations Unies pour alimentation et l'Agriculture at https://www.fao.org/madagascar/actualites/detail-events/fr/c/1417109/
57 https://openknowledge.fao.org/server/api/core/bitstreams/b433dade-a9fa-4b51-b50d-dbac0d0feb3b/content
58 https://www.fao.org/madagascar/actualites/detail-events/en/c/1417109/
59 https://www.elibrary.imf.org/view/journals/002/1997/030/article-A001-en.xml
60 https://www.elibrary.imf.org/view/journals/002/1997/030/article-A001-en.xml
61 https://www.fao.org/madagascar/actualites/detail-events/en/c/1417109/
62 https://agriculture.govmu.org/Pages/Departments/Departments/National%20Agricultural%20Products%20Regulatory%20Office/National-Agricultural-Products-Regulatory-Office-%28NAPRO%29.aspx

processing, packing, and manufacturing of regulated products.

- determine the producer prices for green tea leaves and leaf tobacco.

125. Through the NAPRO Act, the government implements a policy which allows for the importation of black tea for blending purposes only.[63]

2.3.8. Local tea industry

126. Tea is normally cultivated by factory estates, metayers (a person who, under a tea contract with a cultivator, cultivates green leaf on the land of the cultivator, and sell to the cultivator at prices determined by NAPRO),[64] free planters and planters in co-operative societies.

127. The production of green tea leaves in Mauritius by type of producers can be seen in Table 28 below, for the period 2018 to 2022.

Table 28: Producers of green leaf, in tonnes, by type of producer

Type of producer	2018	2019	2020	2021	2022
Free planters	3,841	3,991	2,560	2,257	2,872
Metayers	1,646	1,823	1,016	1,250	1,738
Planters in co-operative societies	1,602	1,359	1,095	1,117	1,390
Factory estates	968	1,156	434	410	350
Total	**8,056**	**8,329**	**5,105**	**5,034**	**6,351**

Source: Statistics Mauritius, Digest of Agricultural statistics

128. In 2022, 94% of green tea leaves were harvested by free planters (45%), metayers (27%), and planters in co-operative societies (22%). Disruptions brought on by the Covid-19 pandemic led to a fall in the production of green leaf tea by 39% in 2020 and 1.39% in 2021, when compared to the previous years (2019 and 2020 respectively).

129. Production of green leaf grew by 26%, from 5,034 tonnes in 2021 to 6,351 tonnes in 2022. The slight increase in production can partly be attributed to the introduction of the winter allowance by the government in 2018 for small planters.[65] The allowance aimed at boosting production of tea during winter, through which small planters could earn a monthly income support of around 50-75 cents per kg of harvested tea leaves during winter. The amount was later revised to Rs 2.00 per kg in 2022, to encourage more production.[66]

2.3.9. Tea factories

130. Tea factories process green tea leaves into tea. There are currently four privately owned tea factories in Mauritius: La Chartreuse Tea Manufacturing Co. Ltd, Société Usinière de Bois Chéri, Corson Tea Estate Ltd and Mauristea Investment Co. Ltd. La Chartreuse is considered the market leader in the tea market, with 51% market share, followed by Bois Cheri at 32% and Corson at 16%.[67]

131. La Chartreuse Tea Manufacturing Co. Ltd was established on 13 January 1999, and started

63 See NAPRO Act 2013 at https://www.mcci.org/media/35835/national-agricultural-products-regulatory-office-act-2013.pdf
64 IBID
65 National Budgets 2018-2019; 2022-2023 available at https://mof.govmu.org/Pages/Past-National-Budgets.aspx
66 National Budgets 2018-2019; 2022-2023 available at https://mof.govmu.org/Pages/Past-National-Budgets.aspx
67 https://www.careratingsafrica.com/upload/CompanyFiles/RR/202306081147_Chartreuse_Group_Ltd_-_Rating_Rationale_27_June_2023.pdf

commercial operations in January 2000. The factory employs around 200 employees.[68] The tea factory produced more than 50% of the local black tea, around 481 tonnes, in 2022[69] and earned around US$ 6.1m from the local tea market in 2022.[70]

132. La Chartreuse Tea Manufacturing Co. Ltd is also part of Chartreuse Group Ltd.[71] Chartreuse group diversified in the fast-moving consumer goods field, and is vertically integrated in retail and distribution.[72] It occupies SaveMax as a retail business, which operates more than 28 convenience stores across the island.[73] Chartrade Co. Ltd operates as an import, packaging and distribution business amongst others, also ensuring supply of food commodities in the SaveMax retail outlets. La Chartreuse Tea partnered with Royal Herbs,[74] through which it proposes a variety of herbal teas for the local market.

133. Société Usinière de Bois Chéri is the second largest black tea producer in Mauritius.

134. Corson Tea Estate was established in 1992. The tea factory is the third largest black tea producer in Mauritius. The factory employs around[75] employees and manufactures 28 types of tea products.75 The tea factory earned around US$ 2m in 2023.[76]

135. Mauristea Investment Co. Ltd, otherwise known as Kuanfu tea, was established through the reopening of the ex-Dubreuil Tea Factory in 2017. In 2022, the factory produced 6 tonnes of black tea.

136. Table 29 below provides the production volumes of black tea by tea factories in Mauritius.

Table 29: Producers of black tea, in tonnes, by tea factory

Factory	2018	2019	2020	2021	2022
La Chartreuse	724	714	506	481	592
Bois Cheri	475	549	365	390	348
Corson	271	320	212	226	211
Mauristea	-	-	-	-	6
Total	**1,470**	**1,583**	**1,083**	**1,097**	**1,156**

Source: Mauritius Statistics, Digest of agricultural statistics

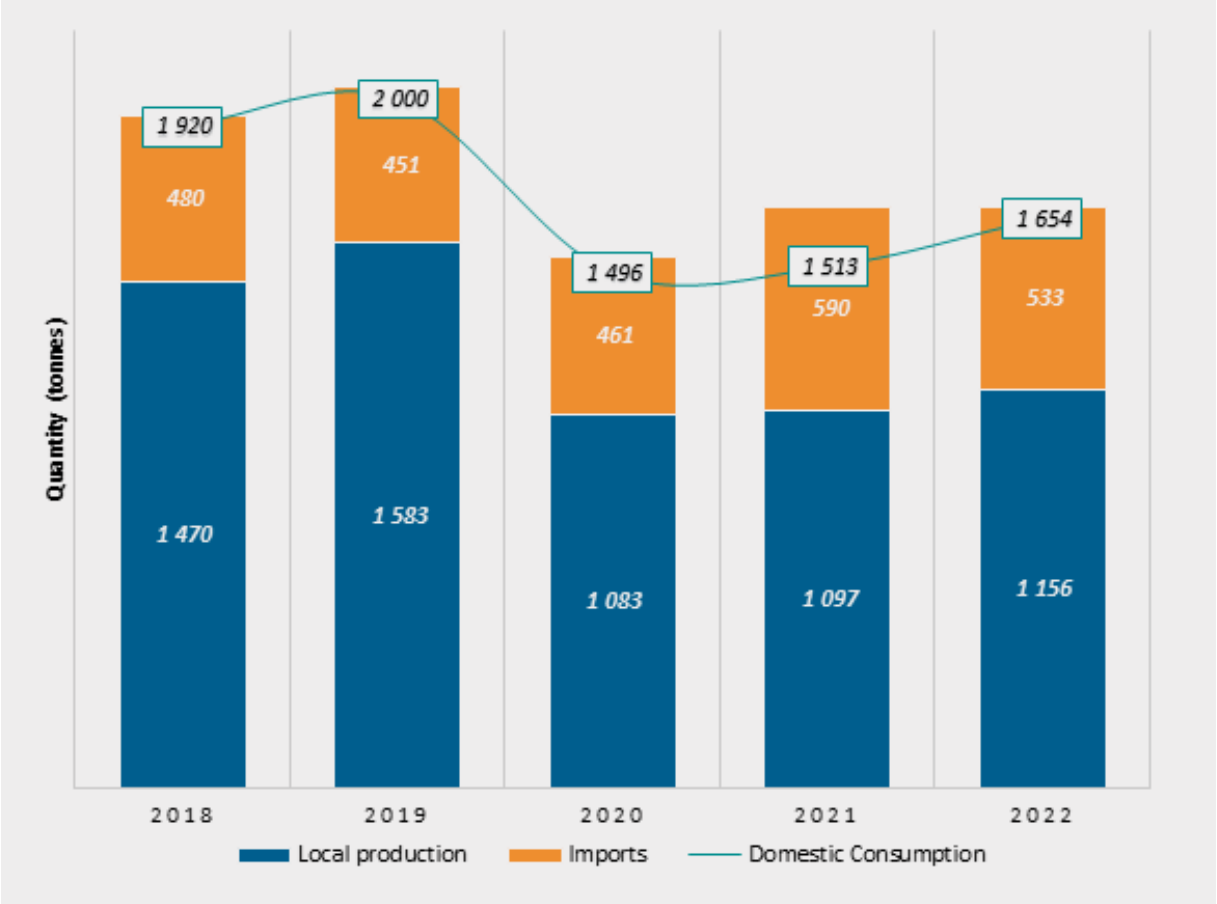
137. In 2022, the four factories led the production of the Mauritian black tea market: La Chartreuse (51%), Bois Cheri (30%), Corson (18%), and Mauristea (1%). These factories produced a combined total of 1,156 tonnes of black tea, marking a 5% increase from the previous year. While the share of other factories' production fell steadily throughout the years, La Chartreuse maintained a slight growth in its output. The production of tea has

68 https://chartreusetea.com/about-us/
69 Digest of agricultural and fish production 2022
70 https://www.careratingsafrica.com/upload/CompanyFiles/RR/202306081147_Chartreuse_Group_Ltd_-_Rating_Rationale_27_June_2023.pdf
71 https://www.chartreusegroup.mu/
72 https://www.careratingsafrica.com/upload/CompanyFiles/RR/202306081147_Chartreuse_Group_Ltd_-_Rating_Rationale_27_June_2023.pdf
73 https://savemax.mu/
74 https://royalherbs.com/classic-range/
75 https://www.1886corsontea.com/
76 https://portalmns.mu/#

decreased over the years due to factors such as labour shortage, demographic age profile of tea growers, and high cost of labour.[77]

138. Figure 18 below depicts the trends in consumption, production and importation of tea for the period 2018 to 2022.

Figure 18: Consumption, local production and importation of tea in Mauritius, 2018-2022



Source: Mauritius Statistics, Digest of agricultural statistics

139. Significant fluctuations were observed in production volumes of tea, which can partially be explained by labour shortage, ageing tea growers and cost of labour, amongst others. The local production is insufficient to cater for increasing demand. In 2022, 68% of tea consumption was supplied through local production, while the rest came through imports (32%).

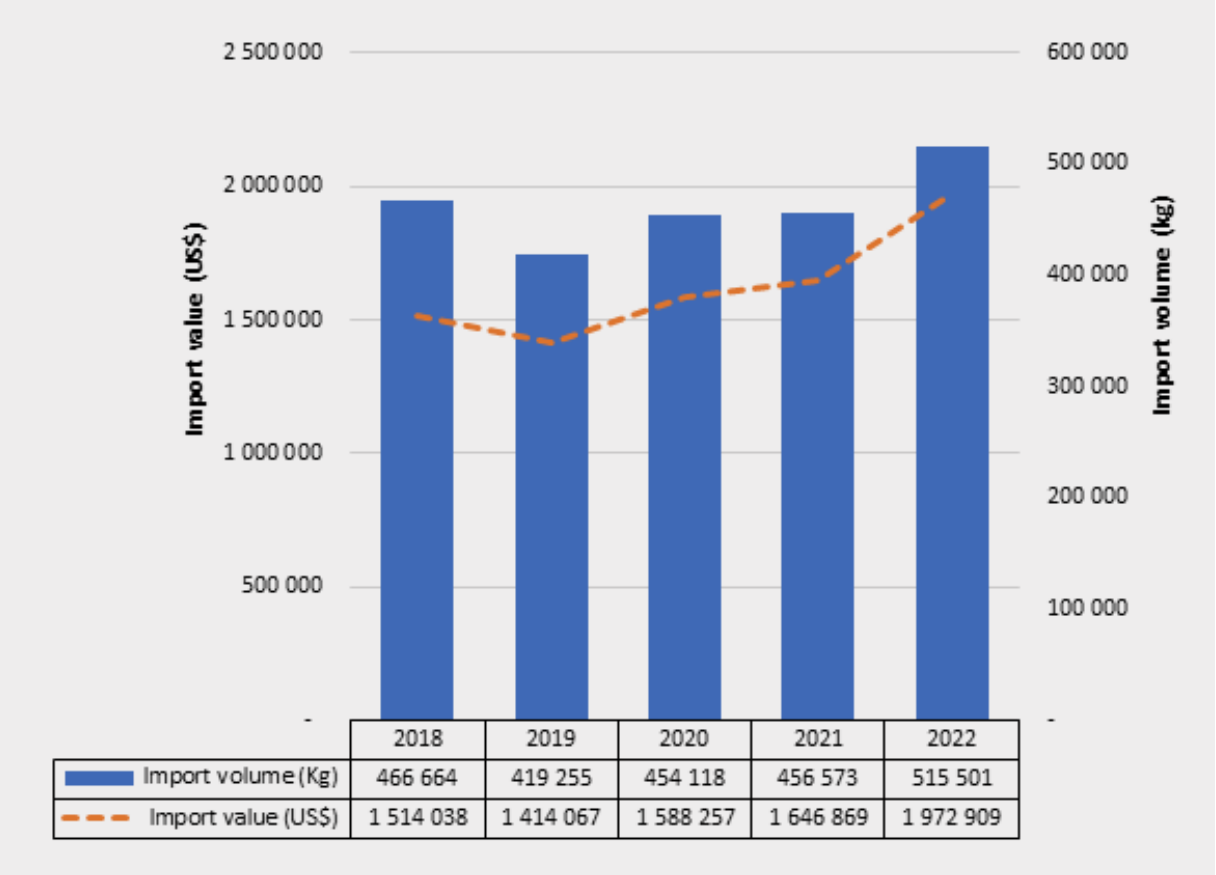
2.3.10. Imports of tea

140. Mauritius produces around 1,000 tonnes of tea per annum, and imports around 500 tonnes of tea per annum. Mauritius mainly imports black tea, and in lower volumes green tea.

141. Figure 19 below illustrates imports of tea for the period 2018 to 2022.

Figure 19: Imports of tea by Mauritius, 2018-2022

77 Ministry of Agroindustry & Food Security Annual report 2022-2023 at https://agriculture.govmu.org/Pages/Reports/Annual-Report.aspx



Source: MCCI, Trade statistics

142. Overall, import volume has increased from 466,664 kg in 2018 to 515,501 in 2022, marking a 10% increase.

143. A breakdown of the importation of tea by categories for the years 2018 to 2022 has been provided in Table 30 below.

Table 30: Imports of tea by categories, 2018-2022 (kg)

	2018	2019	2020	2021	2022
Black tea	446,843	391,176	426,283	426,192	485,610
Green tea	19,821	28,079	27,835	30,381	29,891
Grand Total	**466,664**	**419,255**	**454,118**	**456,573**	**515,501**

Source: MCCI, Trade statistics

144. Over the years, Mauritius has largely imported black and green tea in lower volumes. Imports of black tea increased from 446,843 kg in 2018 to 485,610 kg in 2022. Volumes of green tea imported into the country increased from 19,821 kg in 2018 to 29,891 kg in 2022.

145. Table 31 below illustrates the sources of importation for black and green tea for Mauritius.

Table 31: Major sources of imports of tea by category, in 2022

	Black tea	Green Tea
Kenya	74%	-
United Kingdom	5%	5%
Sri Lanka	5%	8%
Poland	4%	24%
India	4%	14%
France	3%	13%
Taiwan	2%	6%
Malaysia	1%	1%
China	1%	18%
Japan	-	6%
Germany	-	1%
South Africa	1%	-
Others	1%	3%
Grand total	**100%**	**100%**

Source: MCCI, Trade statistics

146. The primary source of importation for black tea was Kenya (74%). For green tea, Poland (24%), China (18%), India (14%) and France (13%) were the main sources.

147. A comparative price analysis is provided in Figure 20 below.

Figure 20: Benchmarking analysis of import price of black tea

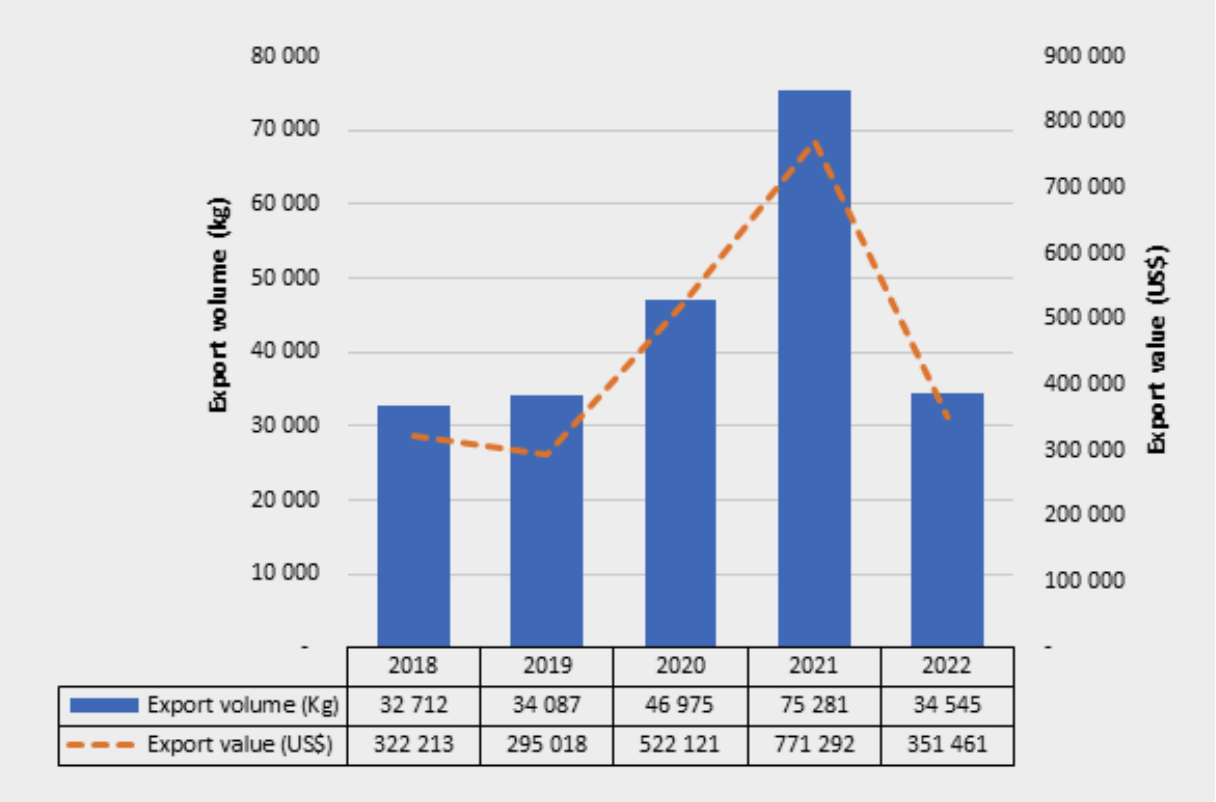
Sources: MCCI's trade statistics, World Bank's Commodity prices and Statistics Mauritius.

148. It is observed that import price of black tea aligned with global price for tea for the period 2018 to 2022. Price of local black tea is found to be as much as three times higher than the international benchmark.[78]

2.3.11. Exports of tea

149. Mauritius is a net importer of tea. It exports a small amount of black and green tea as illustrated in Figure 21 below. The main export destinations were Reunion, Seychelles, France, and China.[79]

Figure 21: Export of tea by Mauritius, 2018-2022



	2018	2019	2020	2021	2022
Export volume (Kg)	32 712	34 087	46 975	75 281	34 545
Export value (US$)	322 213	295 018	522 121	771 292	351 461

Source: MCCI, Trade statistics

150. Table 32 indicates the volume of black and green tea exported by Mauritius from 2018 to 2022.

Table 32: Exports of tea by categories, 2018-2022 (kg)

	2018	2019	2020	2021	2022
Black tea	32,380	33,868	41,955	74,837	34,320
Green tea	332	219	5020	444	225

Source: MCCI, Trade statistics

78 The world price has been computed based on average prices for tea from Kenya, India and Sri Lanka based on the World Bank's commodity data.
79 https://openknowledge.fao.org/server/api/core/bitstreams/b433dade-a9fa-4b51-b50d-dbac0d0feb3b/content

151. The majority percentage of tea exported by Mauritius for the period 2018 to 2022 remains black tea; green tea is exported in low volumes as shown in Table 32 above.

152. Table 33 below provides the major sources of tea for the year 2022.

Table 33: Major sources of exports of tea by category, in 2022

Sources of imports	Black tea	Green tea
Reunion	45%	66%
France	42%	
Australia	5%	
United Kingdom	3%	1%
Seychelles	2%	11%
China	2%	
Germany	1%	4%
Canada	1%	
Slovakia		17%
Grand total	**100%**	**100%**

Source: MCCI, Trade statistics

153. In 2022, Mauritius exported black tea to Reunion (45%), France (42%) and Australia (5%) among others. For green tea, exports were mostly destined for Reunion (66%) and Slovakia (17%).

2.3.12. Coffee

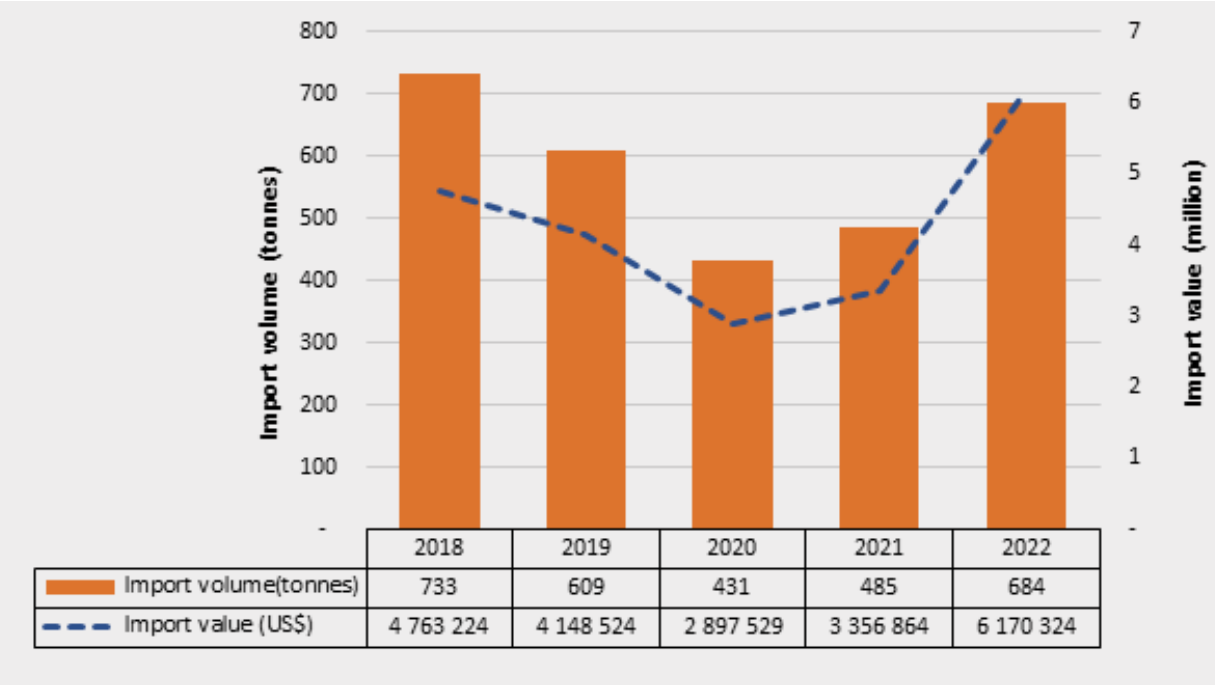
154. Coffee is one of the highly consumed beverages in Mauritius, with a per capita consumption of around 1.05 kg in 2022. However, Mauritius only produces annually around 10 tonnes of coffee.[80] The bulk of the local demand is met through importation. The import of coffee ranges from around 400 tonnes to 700 tonnes per annum. Mauritius has largely sourced coffee from Switzerland, France, Italy, South Africa, Belgium and, to a lesser extent, from Brazil, Poland, Germany, Guatemala and the United Kingdom.

2.3.13. Imports of coffee

155. Figure 22 below illustrates the volume and value of coffee imported in Mauritius from 2018 to 2022.

80 https://www.chamarel7colouredearth.com/cafe-de-chamarel

Figure 22: Import of coffee by Mauritius, 2018-2022



Source: MCCI, trade statistics

156. The volume of coffee imported in Mauritius has decreased from 733 tonnes in 2018 to 684 tonnes in 2022.

157. Table 34 below provides the share of countries in importation of coffee by Mauritius for the period 2018 to 2022.

Table 34: Breakdown of import volume by country, 2018-2022

	2018	2019	2020	2021	2022
Switzerland	36%	36%	37%	34%	28%
France	13%	15%	21%	19%	21%
Italy	12%	12%	7%	7%	18%
South Africa	19%	14%	14%	22%	14%
Belgium	1%	3%	4%	3%	6%
Brazil	4%	5%	2%	2%	3%
Poland	-	1%	4%	6%	3%
Germany	-	1%	1%	2%	2%
Guatemala	1%	2%	1%	1%	1%
United Kingdom	1%	1%	2%	1%	1%
Ethiopia	1%	1%	1%	-	-
Spain	2%	1%	1%	1%	-
Malaysia	1%	2%	-	-	-
Rwanda	1%	1%	-	-	-
Others	9%	6%	6%	2%	2%
Grand total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

158. It can be observed that Mauritius imported more coffee from regions other than Africa during 2018 to 2022. The breakdown of coffee import volume by country from 2018 to 2022 reveals dynamic shifts in market shares among importing nations. Mauritius imported less from Switzerland over the years, and more from France and Italy. South Africa's export volume of coffee to Mauritius fluctuated, where it increased in 2021 and decreased in 2022. The market shares of countries like Belgium, Brazil, and Poland as sources of imports rose over the years.

159. A comparative price analysis between Africa and non-African countries is provided in Table 35 below for the period 2018 to 2022.

Table 35: Import price analysis for coffee, 2018-2022

Import price (US$/kg)	2018	2019	2020	2021	2022
Africa	6.60	6.14	6.37	8.20	11
Other countries	6.47	6.97	6.80	6.55	8.69

Source: MCCI, trade statistics

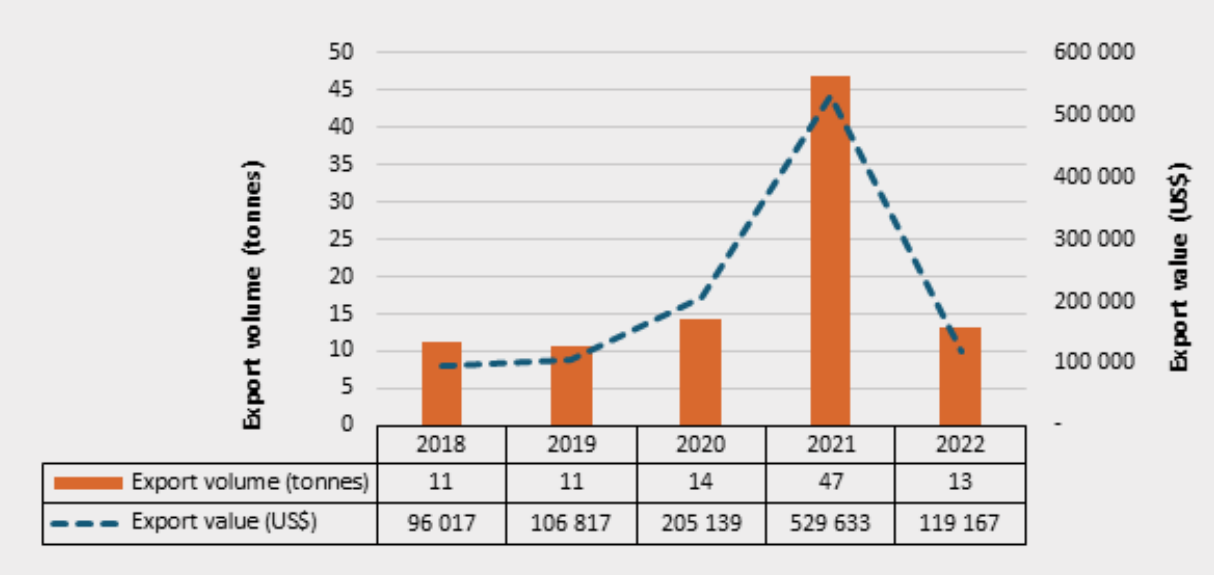
160. The import prices from African countries compared to other sources were higher for coffee on average by 7%. Mauritius sourced coffee at lower prices from non-African countries.

2.3.14. Exports of Coffee

161. Mauritius is not a major exporter of coffee. The highest export volume was 47 tonnes in 2021, amounting to $529,633. In 2022, the exports decreased significantly to 13 tonnes, worth US$ 119,167.

162. Figure 23 below illustrates the exports of coffee by Mauritius for the period 2018 to 2022.

Figure 23: Exports of coffee by Mauritius, 2018-2022



Source: MCCI, trade statistics

163. Table 36 below provides the share of countries in export volume of coffee by Mauritius over the period 2018 to 2022.

Table 36: Breakdown of export volume by country, 2018-2022

	2018	2019	2020	2021	2022
Madagascar	-	-	38%	34%	77%
Seychelles	46%	62%	27%	35%	23%
United Kingdom	1%	1%	1%	1%	-
Netherlands	4%	-	-	-	-
South Africa	-	1%	-	-	-
Comoros	-	1%	19%	27%	-
France	14%	-	-	-	-
Reunion	27%	31%	14%	3%	-
United Arab Emirates	5%	3%	1%	-	-
Maldives	4%	-	-	-	-
Grand total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

164. In 2018, Mauritius mostly exported coffee to Seychelles (46%) and the French territory Reunion Island (27%). In 2022, the top coffee export destinations for Mauritius remained Madagascar (77%) and the Seychelles (23%).

165. An export price comparison between African and non-African countries for the period 2018 to 2022 has been provided in Table 37 below.

Table 37: Export price analysis for coffee, 2018-2022 (US$ per kg)

Export price (US$/kg)	2018	2019	2020	2021	2022
Africa	9	11	15	11	11
Other countries	8	6	6	8	5

Source: MCCI, trade statistics

166. Over the period 2018 to 2022, the export prices to African countries compared to other destinations was higher for coffee on average by 42%.

2.4. GRAINS AND LEGUMES

2.4.1. Wheat

167. Wheat is a crucial ingredient in various food products, including bread, pasta, and pastries. Mauritius has a tropical climate, which is not conducive to large-scale wheat cultivation. Since there is no domestic cultivation of wheat grains, Mauritius relies on importation of raw wheat, which is then milled into wheat flour.

168. Wheat is imported by the only flour mill in the country, Les Moulins de La Concorde Ltee ("LMLC"), which was established in 1987 and is a partnership between Eclosia Group[81] (a conglomerate which is engaged in poultry production, production of livestock feed, production of dairy products, and imports of

81 About – Eclosia Group

ready-to-eat foods and vegetables, amongst other activities), and Namib Mills[82], which operates several flour mills in Namibia and Southern Africa. The main shareholders of LMLC[83] are Livestock Feed Ltd (29.13%), Custos NMI (Pty) Ltd (28.49%), Management and Development Company Ltd[84] (18.29%) and Mauritius Ports Authority[85] (8.33%).

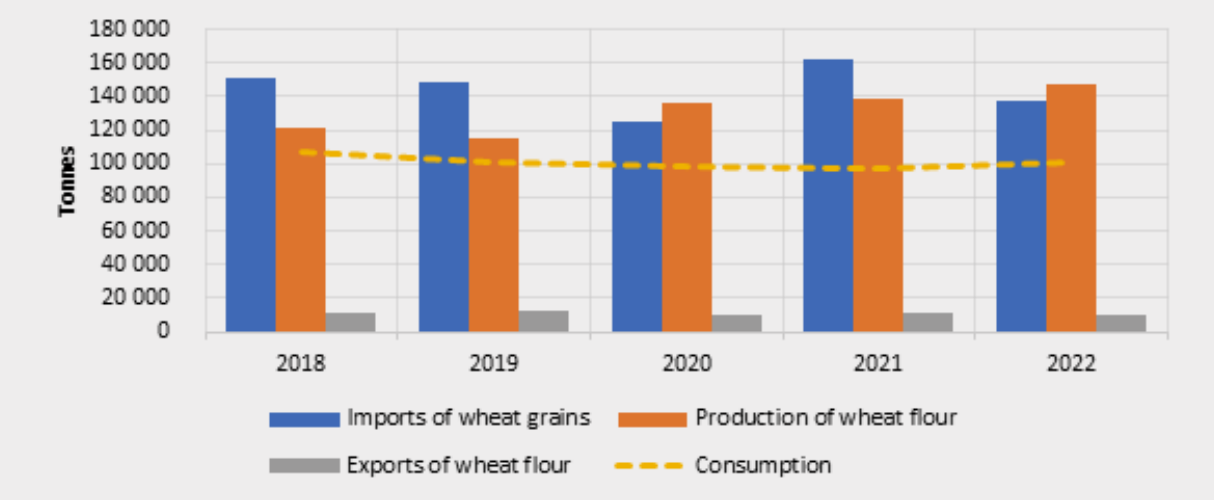
169. Since 2008, LMLC has concluded an agreement with Soufflet, a French group,[86] which is part of Invivo, a leading European agricultural group operating across the entire food value chain,[87] and Office National Interprofessionnel des Grandes Cultures (ONIGC) pertaining to a guaranteed supply of 130,000 tonnes of wheat in case of reduced supply of wheat on the world market.

170. Around 160,000 tonnes of wheat are imported annually by LMLC and stored in its sixteen (16) silos, to be processed into flour. LMLC also produces wheat bran for animal feed. The silos have a total storage capacity of 40,000 tonnes of wheat. LMLC is able to produce a wide variety of flour for various uses.[88] LMLC produced 113,000 metric tons of flour and 29,000 metric tons of wheat bran, which was used for animal feed in the period 2021/2022.[89]

171. The majority of the flour produced is sold to the State Trading Corporation, through international tenders, which then redistributes it to local suppliers at competitive prices after applying government subsidies. The State Trading Corporation is the trading arm of the Government and supplies the domestic market with wheat flour, basmati and non-basmati rice.[90] This is done to ensure that the population can afford flour and bread.[91]

172. Figure 24 below depicts the volume of wheat imported, produced and exported for the years 2018 to 2022.

Figure 24: Wheat grains' import, production, consumption and exports of wheat flour



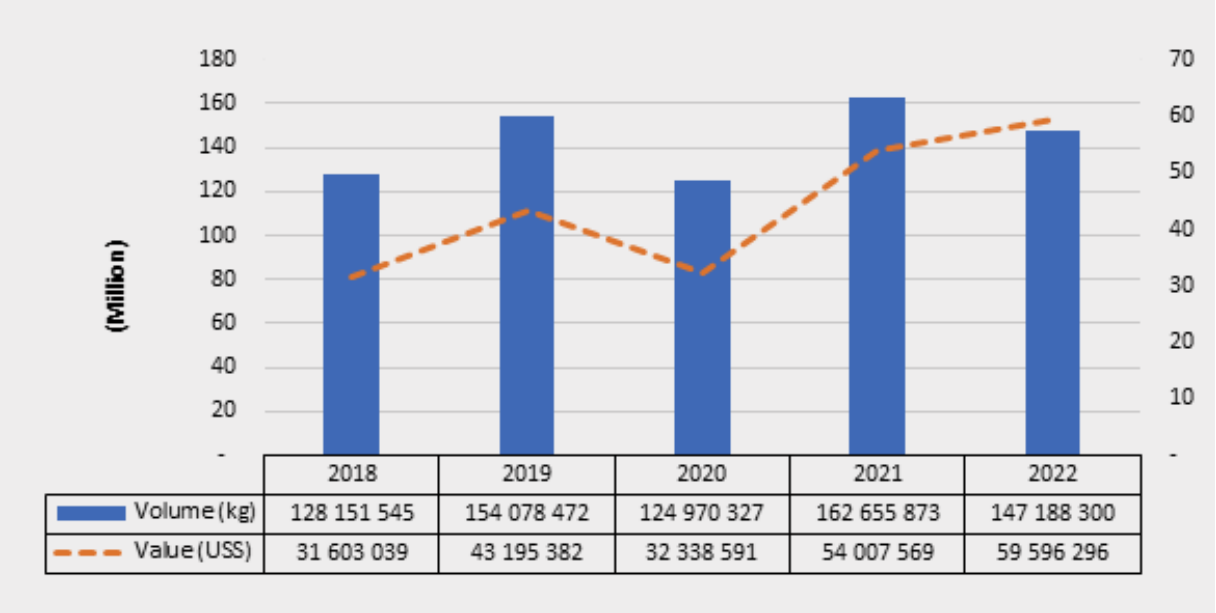
Source: Mauritius Statistics, Digest of agricultural statistics

82 Namib Mills | Home
83 Annual Report of LMLC for 2023 accessible at: LMLC_AR_2023 (fliphtml5.com)
84 The holding company of Eclosia Ltd
85 The landlord regulatory authority of the Port of Port-Louis.
86 Les Moulins de la Concorde (lmlc.mu)
87 InVivo group (invivo-group.com)
88 Qui Sommes-Nous ? | Les Moulins de la Concorde (lmlc.mu)
89 Coin investisseurs | Les Moulins de la Concorde (lmlc.mu)
90 STC - STATE TRADING CORPORATION | Home (stcmu.com)
91 Qui Sommes-Nous ? | Les Moulins de la Concorde (lmlc.mu)

173. Imported wheat is primarily used to produce flour. 90% of the flour production is consumed locally, and the remaining 10% is exported or used for other purposes. While imported wheat grain enters Mauritius duty-free and is processed into wheat flour, duty tarrifs are applied on imported wheat flour.

174. Figure 25 below illustrates the volume and value of wheat imported by Mauritius for the period 2018 to 2022.

Figure 25: Import of wheat by Mauritius, 2018-2022



	2018	2019	2020	2021	2022
Volume (kg)	128 151 545	154 078 472	124 970 327	162 655 873	147 188 300
Value (US$)	31 603 039	43 195 382	32 338 591	54 007 569	59 596 296

Source: MCCI trade statistics

175. In 2018, wheat was imported solely from France, amounting to 128,151 tonnes. In 2022, wheat imports rose to 147,188 tonnes. The major sources of imports of wheat in 2022 were France (47%) and Australia (53%). There are no regional imports for wheat.

2.4.2. Rice

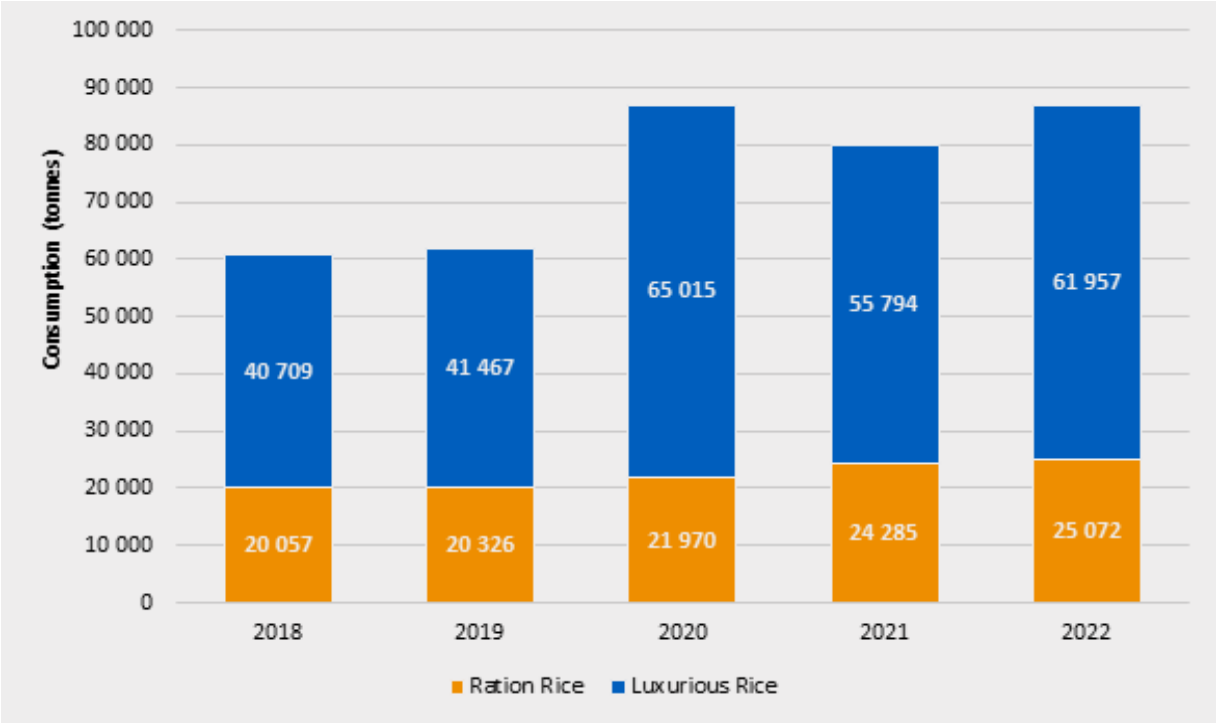
176. Rice is an important dietary staple in Mauritius, which is imported to meet local consumption requirements. The two categories of rice consumed in Mauritius, are ration rice, commonly known as Long Grain White Rice,[92] and luxurious rice, known as Basmati Rice.

177. The luxurious "Basmati" rice market is primarily imported by private enterprises. The STC,[93] the commercial arm of the Government, also imports luxury rice, following concerns raised on persistent price increases and adulteration in basmati rice. Whereas ration rice is imported solely by STC, for food security purposes. The ration rice is sold at subsidised prices, as it targets poorer households in Mauritius.[94]

178. Figure 27 below illustrates the consumption of rice in Mauritius: Luxurious (basmati rice) and ration rice over the period 2018 to 2022.

92 See https://www.stcmu.com/products/long-grain-rice
93 See https://ageconsearch.umn.edu/record/274151/files/Abstracts_18_05_22_10_55_39_96__131_204_52_198_0.pdf
94 See https://mopri.govmu.org/controlled-products

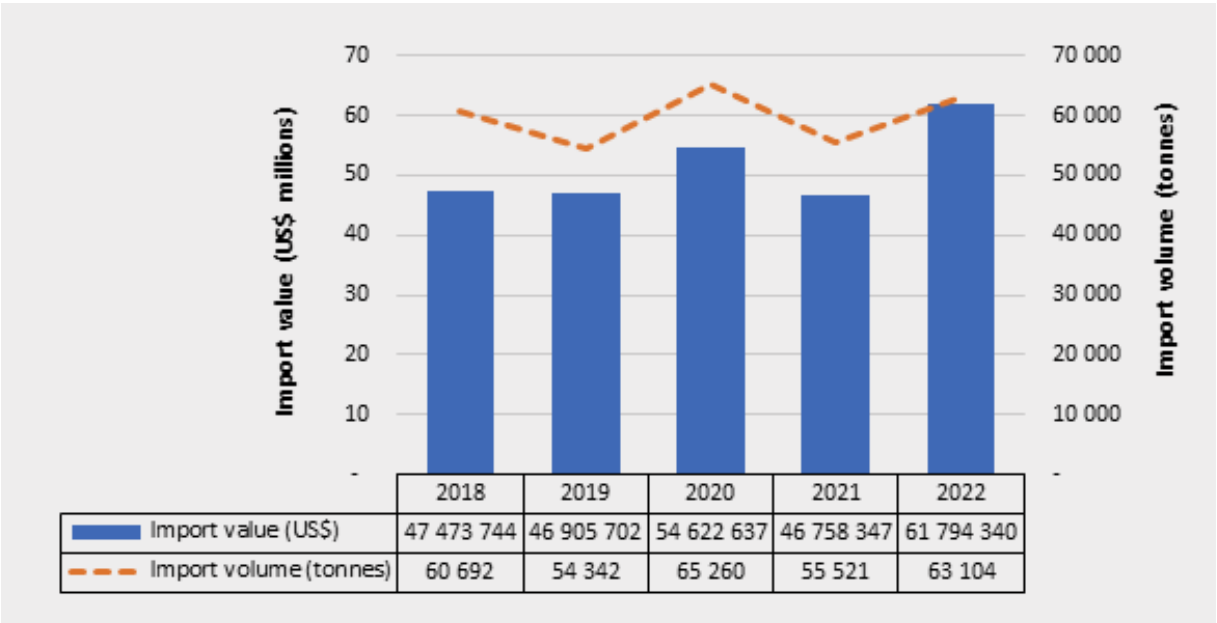
Figure 27: Trends in consumption of rice, 2018-2022



Source: Statistics Mauritius, Digest of Agricultural Statistics

179. The consumption of basmati rice was around 61,957 tonnes, reflecting a 71% share in total rice consumed, for 2022. The consumption of ration rice was around 25,072 tonnes in 2022. It can also be observed that the volume consumed of both types of rice has increased over the years. However, luxurious rice remained the most consumed rice in Mauritius.

Figure 28: Imports of rice by Mauritius, 2018-2022

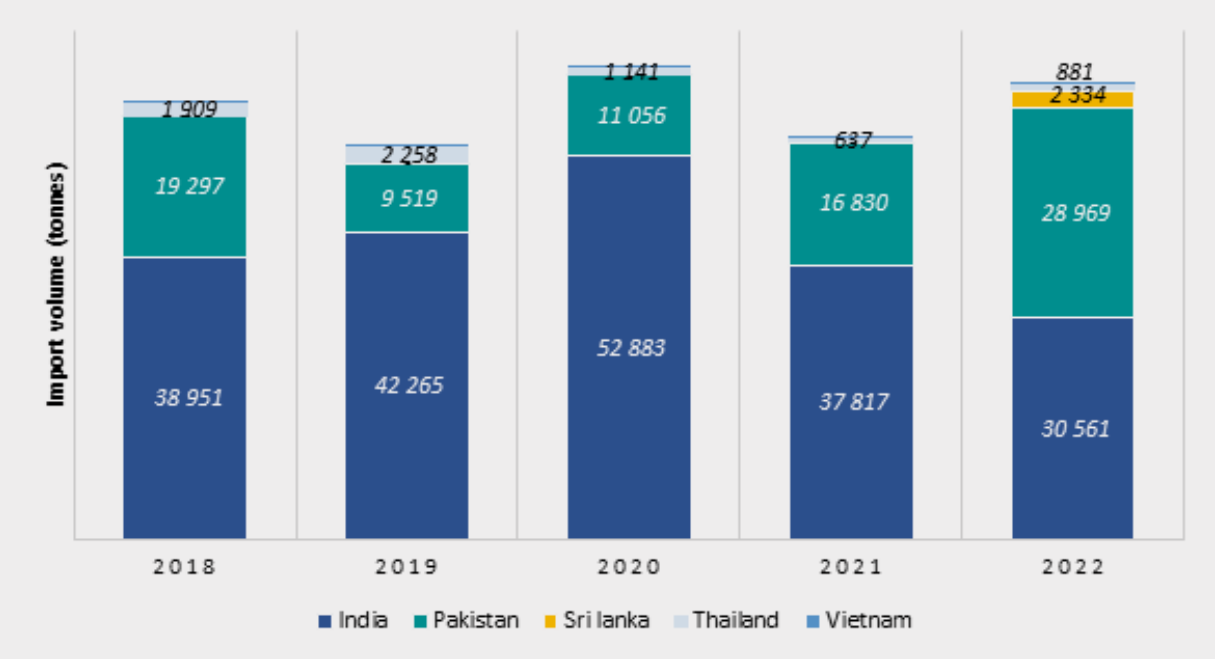


	2018	2019	2020	2021	2022
Import value (US$)	47 473 744	46 905 702	54 622 637	46 758 347	61 794 340
Import volume (tonnes)	60 692	54 342	65 260	55 521	63 104

Source: MCCI trade Statistics tool

180. Figure 29 shows the top import partners for the period 2018 to 2022.

Figure 29: Top Mauritius' import partners of rice,2018-2022



Source: MCCI trade Statistics tool

181. It can be observed that, for the period 2018 to 2022, Mauritius mostly imported rice from India, Pakistan and Thailand; from the biggest rice producing countries.[95] Mauritius also sourced rice from Vietnam in low volumes.

182. Mauritius exported rice in negligible volumes. In 2022, Mauritius exported 270 tonnes of rice to countries like Madagascar (92%), Seychelles (3%), Pakistan (1%) and Taiwan (1%), earning the country a revenue of US$283,255. Considering the low volume, an export price analysis has been deemed unnecessary.

2.5. PROTEIN FOODS

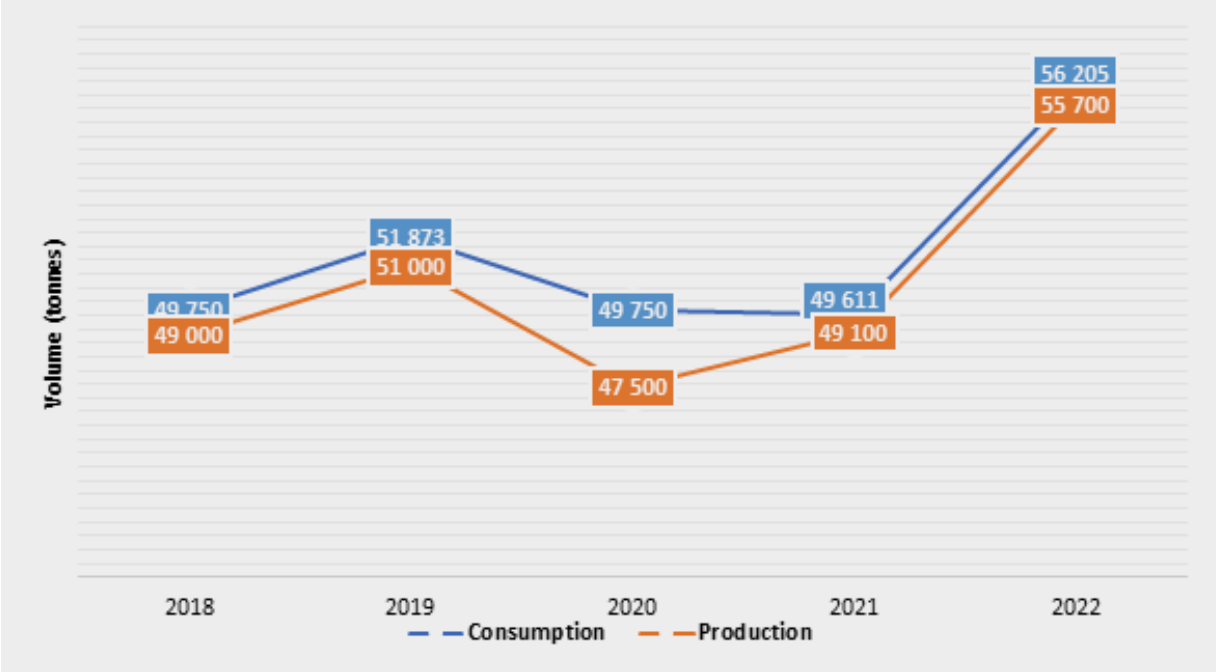
2.5.1. Poultry

183. Poultry is an important source of protein in Mauritius. The country is self-sufficient in poultry meat to an extent, albeit some form of poultry is imported to satisfy local needs. The annual consumption of chicken meat in Mauritius has been increasing, from around 50,000 tonnes in 2018 to around 56,000 in 2022.

184. Figure 30 below provides the trends in domestic production and consumption in chicken meat in Mauritius for the period 2018 to 2022.

95 See https://www.visualcapitalist.com/776-million-tonnes-of-rice-production-by-country/

Figure 30: Domestic production and consumption of chicken meat, 2018-2022



Source: Statistics Mauritius, Agricultural and fish production digest

185. A significant increase in consumption and production volumes of chicken meat can be observed for the period under review. It is to be highlighted that production volumes decreased to 47,500 tonnes in 2020, mainly due to disruptions brought on by the Covid-19 pandemic.

2.5.2. Imports of poultry

186. Importation of poultry and poultry products (frozen, fresh or chilled meat) into Mauritius are subject to an import permit,[96] which is based on the Animal Diseases Act (1925) and Food Regulation introduced in 1999. Veterinary approval and inspection of the cold/chilled room is mandatory for the issue of the import permit. Livestock and Veterinary Division[97] is the regulatory body responsible for the issue of import permit and verification of cold storages at the registered importer's premises.

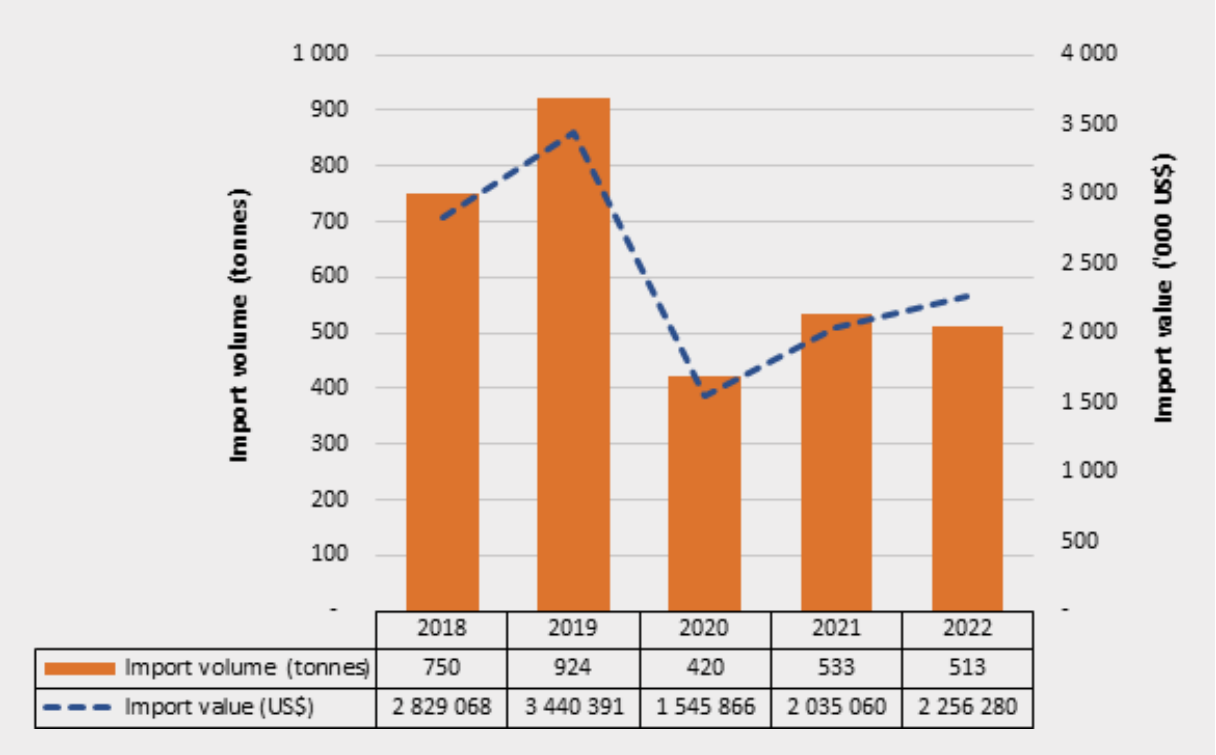
187. Poultry is imported in the form of turkey meat, gallus domesticus fowls' meat, duck meat and poultry meat, amongst others. Mauritius imported poultry products at low volumes, around 500 to 900 tonnes, for the period under consideration. Mauritius sourced poultry primarily from Brazil, France, Malaysia, Netherlands and Poland, and to a lesser extent from Portugal, Seychelles, Spain and Taiwan.

96 Overview of poultry products' regulations available at https://www.mauritiustrade.mu/en/import-procedures/select-your-product/customs-and-compliances/regulation?id=471&code_produit=02071100&pays_procedure=&mode=industry&keyword=&code_client=

97 Overview of the activities of the livestock and veterinary division's activities at https://sps.govmu.org/lvd-portal/

188. Figure 31 shows the Mauritius' import values and volumes for poultry from 2018 to 2022.

Figure 31: Imports of poultry by Mauritius, 2018-2022



	2018	2019	2020	2021	2022
Import volume (tonnes)	750	924	420	533	513
Import value (US$)	2 829 068	3 440 391	1 545 866	2 035 060	2 256 280

Source: MCCI, trade statistics

189. It is observed that poultry importation decreased from 750 tonnes in 2018 to 513 tonnes in 2022. The decline in importation of poultry can partly be explained by a rise in local poultry production, from 49,500 tonnes in 2018 to 55,700 tonnes in 2022.

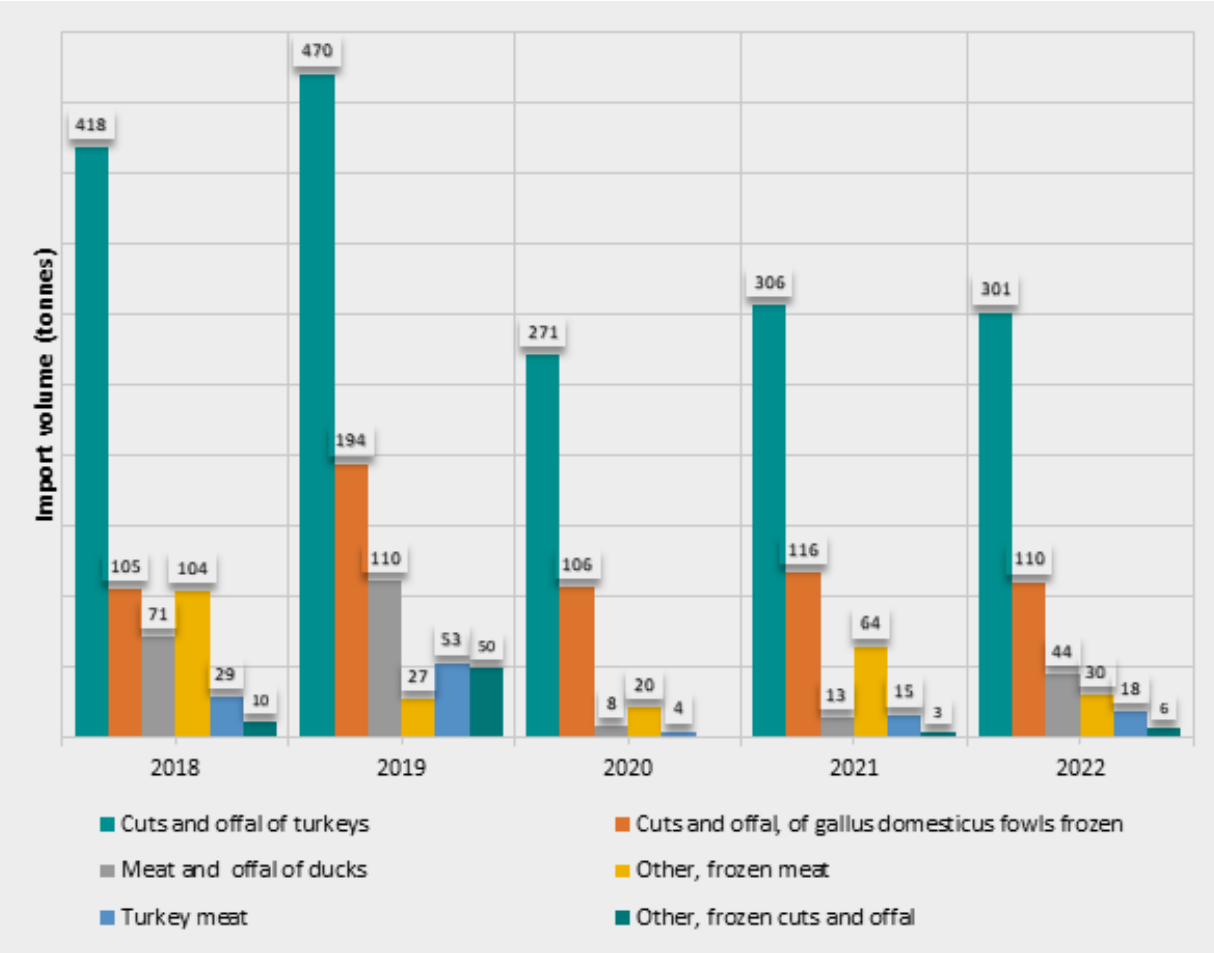
190. A breakdown of import of poultry by categories has been provided in the below table and figure, for the period 2018 to 2022.

Table 38: Breakdown of imports of import volume of poultry, by categories, 2018-2022

	2018	2019	2020	2021	2022
Cuts and offal of turkey	56%	51%	64%	57%	59%
Cuts and offal, of gallus domesticus fowl	14%	21%	25%	22%	21%
Fresh, chilled or frozen of ducks	9%	12%	2%	3%	9%
Other, frozen meat and edible offal	14%	3%	5%	12%	6%
Turkey meat	4%	6%	1%	3%	4%
Other, frozen poultry cuts and offal	1%	5%	-	1%	1%
Grand total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

Figure 32: Breakdown of import volume of poultry, by categories, 2018-2022



Source: MCCI, trade statistics

191. The analysis of the import volume of poultry meat from 2018 to 2022 showed that Mauritius has mostly imported cuts and offal of turkey: accounting for more than 50% of imports on average. Other forms of poultry imported by Mauritius in low volumes, for the period under consideration, comprised gallus domesticus fowls, duck meat, turkey meat and cuts and offal of poultry meat.

192. Table 39 below provides the top sources for importation of poultry in 2022.

Table 39: Major import sources of poultry (cuts and offals, frozen) 2022

	Turkey meat	Gallus domesticus fowls	Ducks	Other turkey meat	Other poultry meat
Brazil	10%	-	67%	20%	-
France	31%	93%	24%	80%	25%
Malaysia	-	-		-	
Netherlands	-	-	8%	-	17%
Poland	58%		-	-	42%
Portugal	-	1%	-	-	-
Seychelles	-	1%	-	-	-
Spain	-	5%	-	-	-
Taiwan	-	-	-	-	16%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

193. Mauritius largely sourced poultry from South America and Europe in 2022. The main import partners pertaining to poultry were Brazil, France and Poland. With regard to cuts and offal of frozen turkey, most of the imports of were sourced from Poland (58%). Cuts and offal of gallus domesticus were mostly imported from France (93%) while frozen meat and edible offal of ducks were imported from Brazil (67%). When looking at regional trade, importation of meat from Africa accounted for less than 1% in 2022.

2.5.3. Exports of poultry

194. Mauritius exported a low volume of poultry for the period under consideration, which can be observed in the Table 40 below.

Table 40: Export of poultry by Mauritius, 2018-2022

	2019	2020	2021	2022
Export volume (tonnes)	51	0.05	22	7.9
Export value (US$)	404,713	287	31,563	8,432

Source: MCCI, Trade statistics

195. Mauritius exported poultry in the form of cuts and offal of fresh, chilled or frozen gallus domesticus fowls, frozen ducks and other frozen meat amongst others. In 2019, Mauritius exported mainly cuts and offal of gallus domesticus fowls, frozen (whether cut in pieces or not) totalling around 51 tonnes. In 2022, Mauritius exported 7.9 tonnes of poultry, consisting of frozen poultry cuts and offal (71%), cuts and offal of gallus domesticus fowls frozen (27%), frozen meat and edible offal of poultry (1%), and meat and edible offal, fresh, as well as chilled or frozen ducks not cut in pieces (1%).

Table 41: Breakdown of Export volume by categories, 2018-2022 (%)

	2019	2020	2021	2022
Frozen poultry cuts and offal	-	-	-	71%
Cuts and offal, of gallus domesticus fowls frozen	76%	-	4%	27%
Frozen meat and edible offal of poultry	1%	100%	-	1%
Duck meat	-	-	-	1%
Frozen meat of gallus domesticus fowls	24%	-	-	-
Fresh or chilled meat of gallus domesticus fowls	-	-	96%	-
Grand Total	**100%**	**100%**	**100%**	**100%**

Source: MCCI, Trade statistics

196. The major export destinations of poultry from Mauritius will be analysed in the below table, in percentage share

Table 42: Major sources of exports of poultry by category (cuts and offal, frozen), in 2022

	Gallus domesticus fowls frozen	Duck meat	Poultry meat	Other form of poultry
Malaysia	-	-	-	86%
Portugal	72%	-	-	-
Seychelles	28%	100%	-	-
Taiwan	-	-	100%	14%
Grand Total	**100%**	**100%**	**100%**	**100%**

Source: MCCI, Trade statistics

197. Table 42 above analyses the share of export destinations, in volume, by percentage share, for 2022. In 2022, Mauritius exported cuts and offal of frozen fowls to Portugal (72%) and Seychelles (28%). Exports of edible meat and offal of ducks was exported to Seychelles (100%). Frozen meat and offal of poultry went to Taiwan. Other frozen poultry cuts and offal went to Malaysia (86%) and Taiwan (14%).

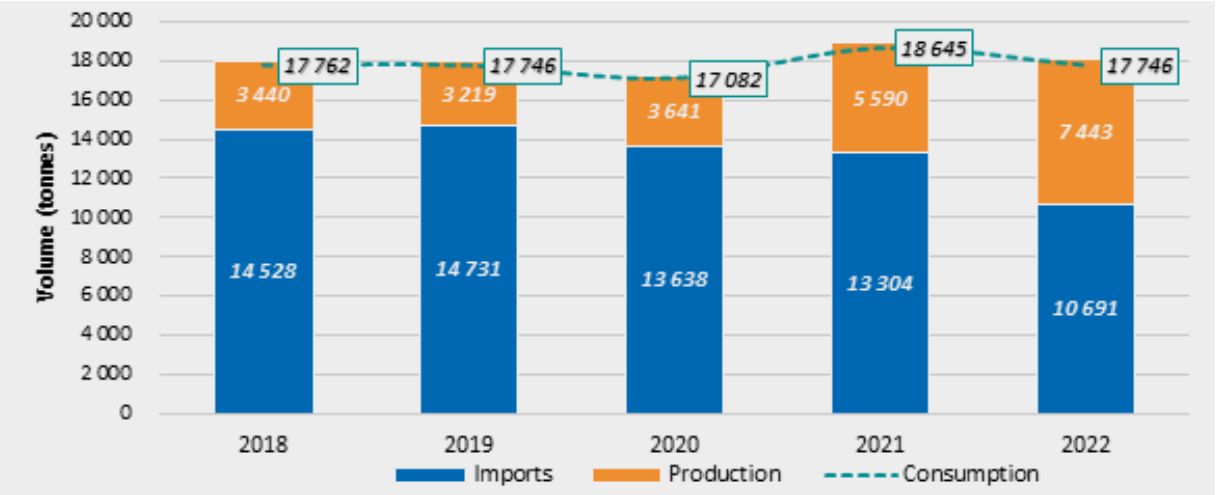
2.6. VEGETABLES

2.6.1. Onions

198. Mauritius relies on both production and importation of onion to meet the local demand. The importation of onions is regulated by the Agricultural Marketing Board (AMB), which is itself a major player in the market. The AMB imports between 50% - 60% of the total import requirement, and issues import permits to private enterprises for importation and supply of the remaining local requirement.[98]

199. Onions are regarded as an essential commodity, as it is commonly used in the local Mauritian cuisine. The current local consumption of onions ranges from around 17,000 - 18,000 tonnes per annum. Local production of onions merely meets around 20%-40% of the national requirement. As such, Mauritius relies heavily on imports from India, the Netherlands and Egypt to satisfy local demand.

Figure 33: Trends in consumption, production and imports of onions, 2018 - 2022



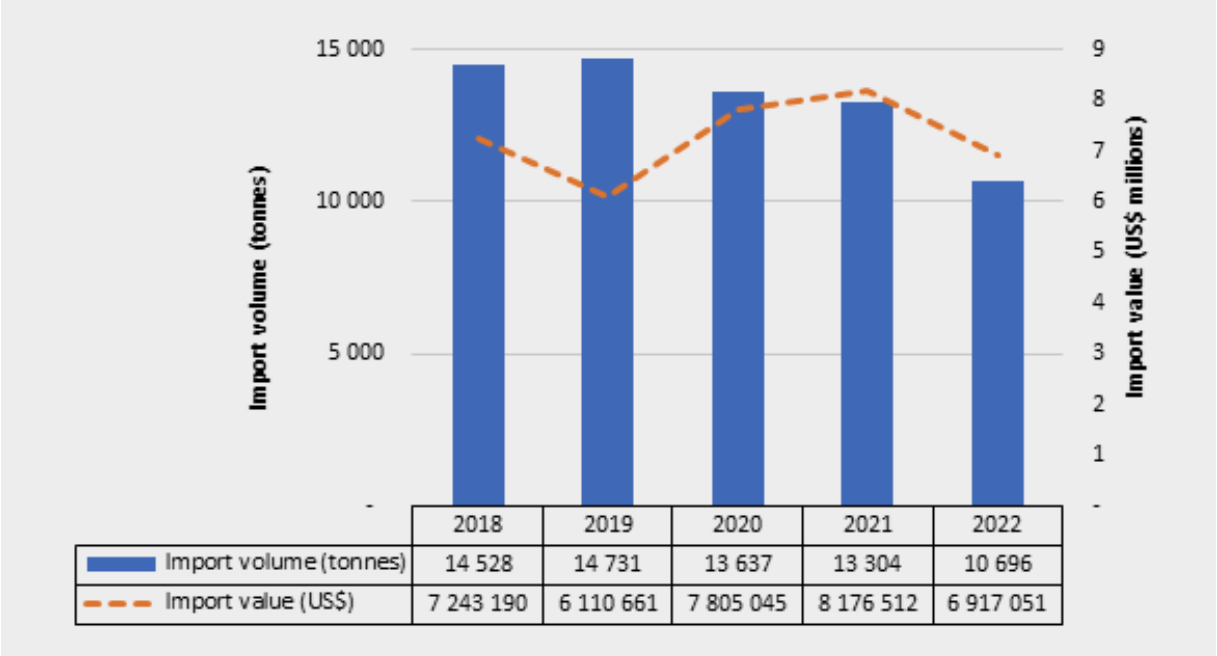
Source: Statistics Mauritius, Agricultural and fish production digest

200. Figure 33 above depicts the trends in consumption, production and importation of onions for the period 2018 to 2022. As observed, consumption of onions has ranged around 17,000 to 18,000 tonnes for the period under consideration. Between 2018 and 2020, local production varied around 3,500 tonnes per annum. Local production surged significantly to 5,590 tonnes in 2021 and 7,443 tonnes in 2022. This can partly be explained through subsidies provided to small planters on purchase of seeds sold by the Agricultural Marketing Board (AMB) and on fertilisers, resulting in an increase in production of onions by small planters.[99]

201. Figure 34 below provides the imported volume and value of onions in Mauritius for the period 2018 to 2022.

98 https://ambmauritius.mu/portofolio/onions/
99 See https://mauritius-chamber-of-agriculture.org/wp-content/uploads/2022/11/Bilan-de-la-production-doignon-2021-.pdf

Figure 34: Imports of onions by Mauritius, 2018 - 2022



	2018	2019	2020	2021	2022
Import volume (tonnes)	14 528	14 731	13 637	13 304	10 696
Import value (US$)	7 243 190	6 110 661	7 805 045	8 176 512	6 917 051

Source: MCCI, Trade statistics

202. In 2018, Mauritius sourced 14,528 tonnes of onions at US$ 498 per tonne, which decreased to 10,696 tonnes of onions at US$ 646 per tonne in 2022. This decrease can partially be explained by an increase in the local production of onions, from 3,440 tonnes in 2018 to 7,443 tonnes in 2022.

203. Table 43 below depicts the major sources and breakdown of import volume of onions for the period 2018 to 2022.

Table 43: Major sources and breakdown of import volume, 2018-2022

	2018	2019	2020	2021	2022
India	84%	78%	54%	49%	49%
Netherlands	15%	3%	40%	29%	31%
Egypt	-	17%	1%	11%	16%
Turkey	-	-	-	5%	3%
South Africa	-	2%	4%	6%	1%
Madagascar	-	-	1%	-	-
Others	1%	1%	-	-	-
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**

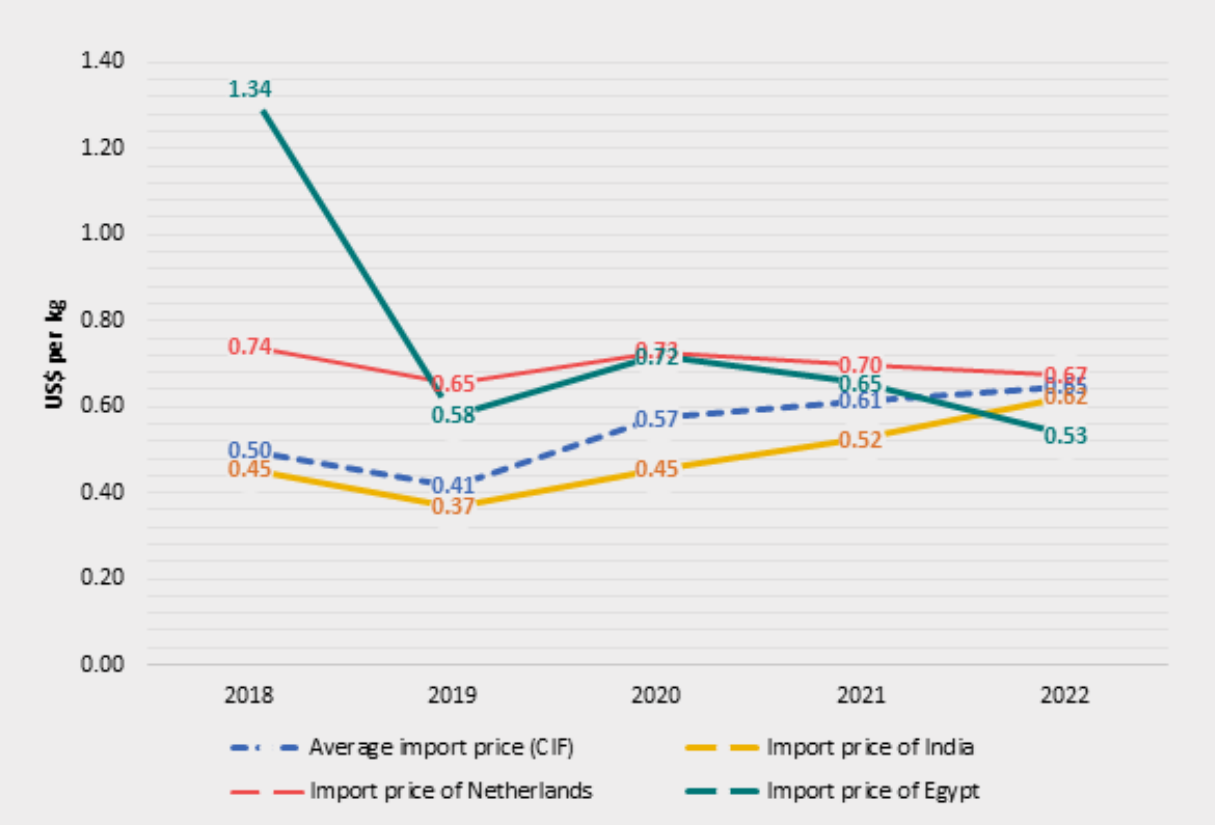
Source: MCCI, Trade statistics

204. Over the period 2018 to 2022, Mauritius largely imported onions from India, the Netherlands and Egypt. The country imported from Turkey and South Africa in low volumes. The percentage share of India in import volume fell from 84% in 2018 to 49%

in 2022, which can be explained by export control policies imposed by the country.[100] Netherlands' imports volume grew from 15% in 2018 to 31% in 2022. Egypt (16%) emerged as a growing market for Mauritius' imports of onions in 2022.

205. Figure 35 below compares the import prices of the top three importing partners, with the overall import price of onions from 2018 to 2022.

Figure 35: Import price analysis of onion, 2018 - 2022



Source: MCCI, Trade statistics

206. From 2018 to 2021, import prices from India were comparatively lower than other countries. In 2022, the import prices from Egypt, in comparison to other countries, were lowest at US$ 0.53 per kg, suggesting that Mauritius obtained onions at a better price from Egypt. For the same year, the prices from Netherlands were relatively higher than India and Egypt.

2.6.2. Fresh tomatoes

207. Trade data on imports of fresh tomatoes from 2018 to 2020 showed that Egypt was the main source of imports (above 95%). This is illustrated in Table 44 below.

100 https://www.financialexpress.com/policy/economy-no-plan-to-lift-ban-on-onion-exports-despite-falling-mandi-prices-3362335/

Table 44: Imports of tomatoes, 2018-2020

	2018	2019	2020
Total imported volume (kg)	7,508	11,095	23,571
Total imported value (US$)	10,192	12,286	29,913
Import price (US$/kg)	1.36	1.11	1.27

Source: MCCI trade Statistics

208. Fresh tomatoes were no longer imported as from 2020, following a ban on their importation.[101] As a result, the country has had to become self-sufficient in tomato production. In the year 2022, tomatoes were cultivated over a total area of 536 hectares, with an average annual production of 14,269 tonnes,[102] compared to a total cultivation area of 655 hectares with an average annual production of 13,832 tonnes in the year 2021.[103] The yield of tomatoes increased despite a reduction in the area of cultivation.

209. The local tomato production industry is estimated to be worth $ 14 million.[104] Farmers are provided with seeds by the Food and Agricultural Research and Extension Institute (FAREI), and the following varieties of tomatoes are planted and harvested in Mauritius: Summer King, Summer Star, and Rising Star[105]. Additionally, production of tomatoes in greenhouses[106] has increased, with the following varieties of tomatoes being harvested: San Marzano, Beef Heart and Cherry tomatoes.

2.7. CITRUS FRUITS

210. Citrus fruits belong to the Rutaceae family and are one of the most widely grown perennial fruit crops in the world. Citrus fruits constitute a crucial source of vitamin C. Among the most cultivated types, oranges account for more than half of world citrus production. In 2022, the global production of oranges amounted to 76m[107] tonnes.

211. In Mauritius, the average production of citrus fruits averages 1,550 tonnes per annum. The production comprises 800 tonnes of mandarins, 500 tonnes of lemons and 250 tonnes of other citrus fruits annually.

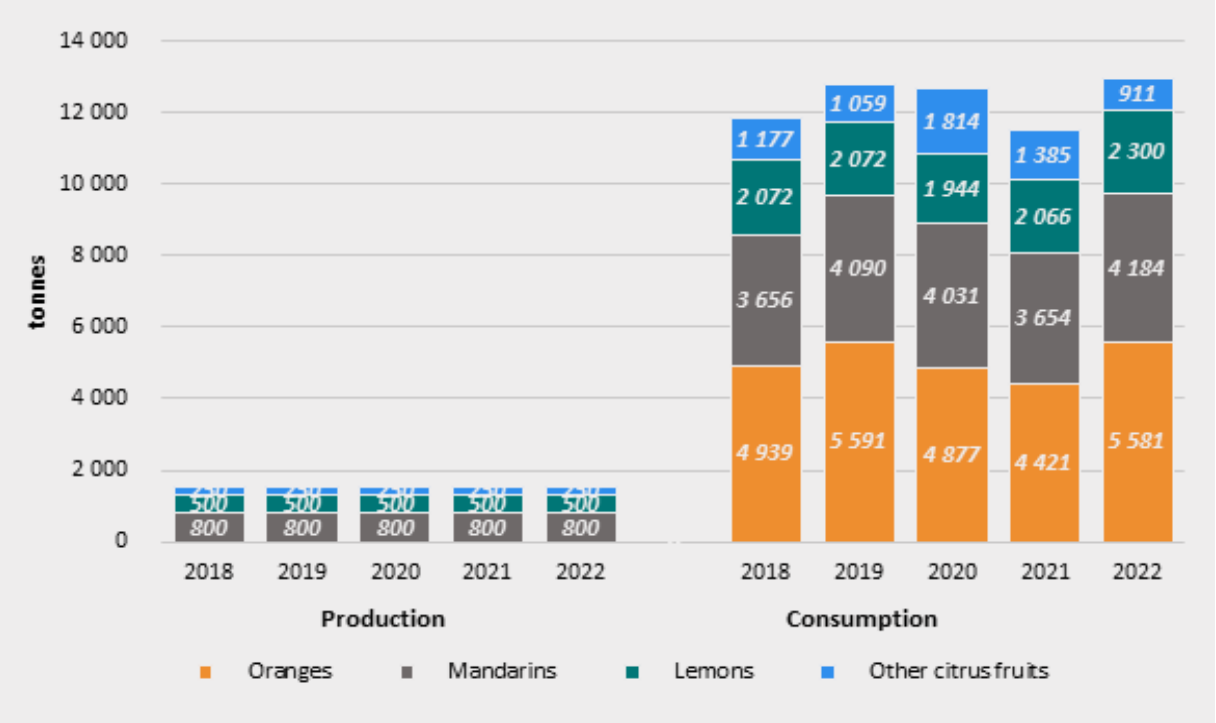
212. Mauritius' consumption of citrus fruits revolves around 11,000 to 13,000 tonnes per annum. Orange remains the most preferred citrus fruit, with its consumption ranging from 4,500 to 5,500 tonnes per year. This is followed by mandarins (3,000-4,000 tonnes) and lemons (1,000-1,800 tonnes).

213. The country imports citrus fruits in the form of oranges, mandarins, lemons, grapefruits, clementines and other citrus hybrids. The imports of citrus fruits ranges from 9,000 to 11,000 tonnes per annum. The country has traditionally sourced citrus fruits from South Africa, Egypt, Morrocco, China and, to a lesser extent, from Pakistan and Spain.

214. Figure 36 below provides the total consumption and production of citrus fruits in Mauritius for the period 2018 to 2022.

101 As per a representative of the Food and Agricultural Research and Extension Institute (FAREI) quoted in an article accessible at the following link: Nuclear Technology Helps to Develop Heat-Tolerant Tomato Varieties in Mauritius | United Nations in Mauritius
102 https://statsmauritius.govmu.org/Documents/Statistics/ESI/2023/EI1706/Agri_Fish_Yr22_150323.pdf
103 https://statsmauritius.govmu.org/Documents/Statistics/ESI/2023/EI1706/Agri_Fish_Yr22_150323.pdf
104 Nuclear Technology Helps to Develop Heat-Tolerant Tomato Varieties in Mauritius | United Nations in Mauritius
105 Nuclear Technology Helps to Develop Heat-Tolerant Tomato Varieties in Mauritius | United Nations in Mauritius
106 Top Nature | Made in Moris
107 Indicative figures taken from https://ourworldindata.org/grapher/orange-production?tab=table

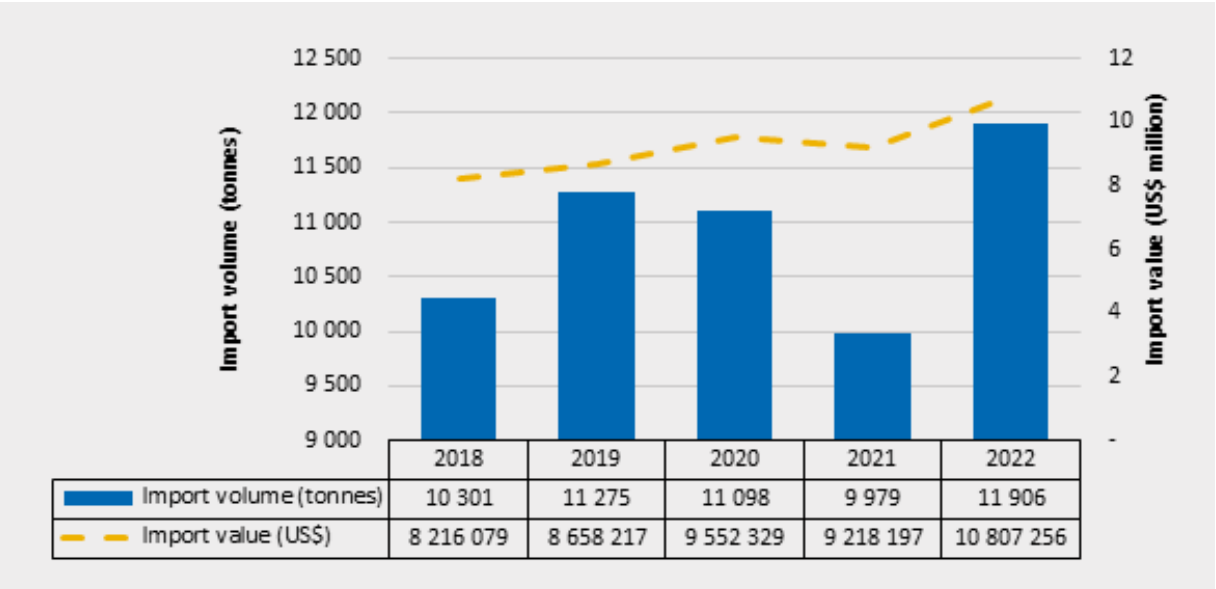
Figure 36: Production and consumption of citrus fruits in Mauritius, 2018-2022



Source: Statistics Mauritius, Digest of Agricultural Statistics

215. Between 2018 and 2022, Mauritius' citrus fruit production remained at 1,550 tonnes, with mandarins and lemons accounting for 80% of the total production. The average citrus fruit consumption for the period amounted to 12,365 tonnes per annum. Local production of citrus fruits met around 13% of the total consumption, while 87% was provided through importation.

Figure 37: Import of citrus fruits by Mauritius, 2018-2022

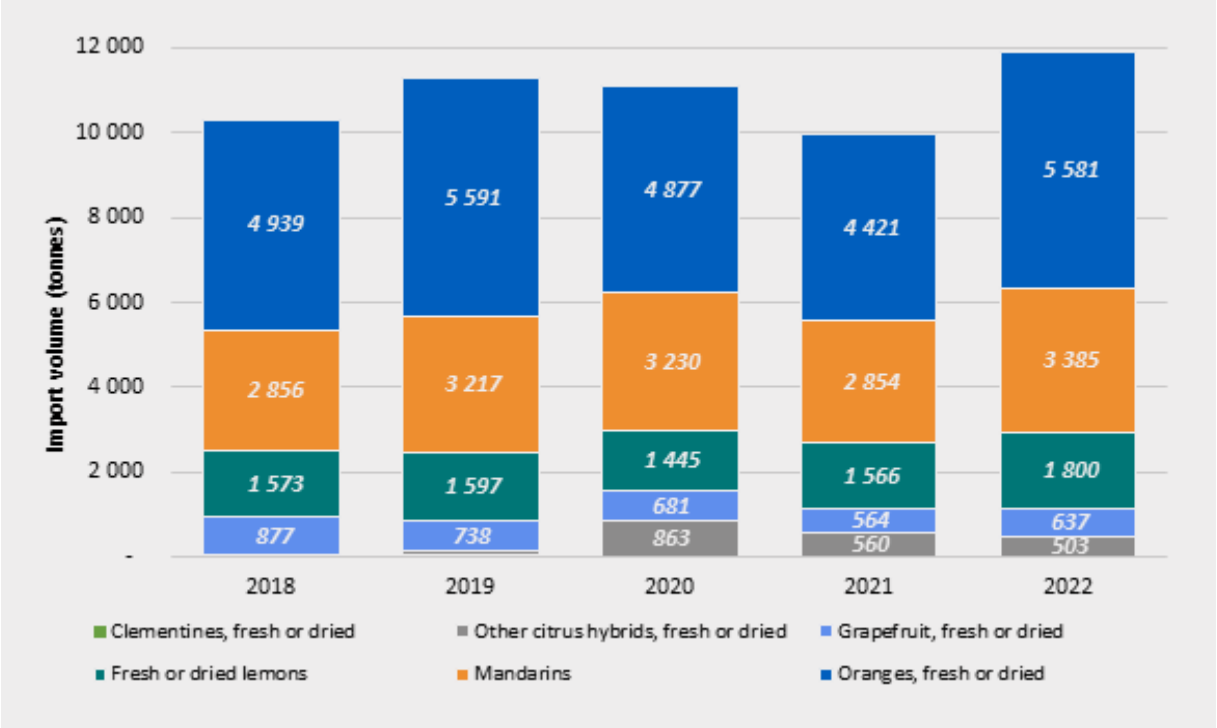


	2018	2019	2020	2021	2022
Import volume (tonnes)	10 301	11 275	11 098	9 979	11 906
Import value (US$)	8 216 079	8 658 217	9 552 329	9 218 197	10 807 256

Source: MCCI, trade statistics

216. Figure 37 above provides the total value and volume of citrus fruits imported by Mauritius, for the period 2018 and 2022. Imports did not vary significantly, and remained around 10,000 to 11,000 tonnes for the period under consideration, except for 2021. The import volume of citrus fruits fell from 11,098 tonnes in 2020 to 9,979 tonnes in 2022. This can partly be explained by a reduction in imports of citrus fruits from Egypt of around 2,315 tonnes in 2021. During that period, Egypt faced unfavourable weather conditions and volatile temperatures during flowering of the citrus trees, which affected production for citrus fruits in Egypt.[108]

Figure 38: Breakdown of import volume by categories, 2018-2022



Source: MCCI, trade statistics

Table 45: Breakdown of import volume by categories, 2018-2022

	2018	2019	2020	2021	2022
Oranges, fresh or dried	48%	50%	44%	44%	47%
Mandarins	28%	29%	29%	29%	28%
Lemons, fresh or dried	15%	14%	13%	16%	15%
Grapefruit, fresh or dried	9%	7%	6%	6%	5%
Other citrus hybrids, fresh or dried	-	1%	8%	6%	4%
Clementines, fresh or dried	1%	1%	-	-	-
Grand total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

108 See https://calfreshfruit.com/2022/02/22/despite-production-challenges-egypt-to-continue-as-worlds-largest-fresh-orange-exporter/

217. The above figure and table present the categories of citrus fruits imported by Mauritius, in the form of oranges, mandarins, lemons, grapefruits, clementines and citrus hybrid fruits. Between 2018 to 2022, oranges, mandarins and lemons represented most of the imports, accounting for around 90% of total import share. Grapefruits, clementines and other citrus hybrids fruits have been imported in low volumes: representing less than around 10% of the import share.

Table 46: Breakdown of major import sources of citrus fruits, 2018-2022

		2018	2019	2020	2021	2022
Oranges, fresh or dried	South Africa	55%	55%	54%	67%	59%
	Egypt	45%	45%	46%	33%	41%
Mandarins	South Africa	43%	50%	60%	70%	57%
	Egypt	11%	5%	14%	8%	29%
	Morocco	-	-	7%	11%	9%
	Pakistan	45%	45%	18%	10%	6%
Lemons, fresh or dried	South Africa	62%	67%	79%	63%	68%
	Egypt	36%	30%	19%	37%	31%
	China	-	-	-	-	1%
	Others	2%	2%	3%	-	-
Clementines, fresh or dried	Spain	-	-	1%	-	100%
	South Africa	85%	100%	-	100%	-
	Egypt	-	-	97%	-	-
	Italy	15%	-	2%	-	-
Grapefruit, fresh or dried	South Africa	74%	69%	49%	75%	83%
	China	3%	12%	26%	3%	11%
	Egypt	2%	8%	-	9%	6%
	India	3%	-	-	-	-
	Israel	4%	-	-	-	-
	Turkey	15%	10%	25%	13%	-
	Spain	-	1%	-	-	-
Other citrus hybrids, fresh or dried	Pakistan	-	99%	95%	99%	100%
	Egypt	17%	-	4%	1%	-
	South Africa	83%	-	1%	-	-

Source: MCCI, trade statistics

218. Table 46 above outlines the primary sources for Mauritius' citrus fruits imports, in the period 2018 to 2022. Mauritius has predominantly sourced oranges from Egypt and South Africa, Africa's largest producers of oranges.[109] As for 2021, Egypt's import volume of oranges fell to 1,439 tonnes, almost lower by 35% than what was imported in 2020. As mentioned above, this was caused due to unfavourable weather conditions impacting production of oranges. It is to be noted that Mauritius has imported oranges in low volumes, averaging less than 1%, from countries like Indonesia, Spain, France Turkey and Italy.

109 See https://knoema.com/data/africa+agriculture-indicators-production+oranges

219. Between 2018 and 2022, Mauritius has imported mandarins from South Africa, Egypt and, to a lesser extent, from Pakistan and Morocco. It can be observed that, as from 2020, imports of mandarins declined significantly from Pakistan, which was subject to changing weather conditions, while citrus diseases like Citrus Canker and fruit flies affected Pakistan's citrus production.[110] As a result, Mauritius diverted towards alternative markets such as Morocco.

220. Mauritius has traditionally imported more than 90% of its lemons requirements from South Africa and Egypt; the top producers of lemons in Africa.[111]

221. In 2018, Mauritius imported clementines primarily from South Africa, and to a lesser extent from Italy. It was observed that clementines were not imported from South Africa in 2020 and 2022. This was largely on account of adverse weather patterns affecting production volumes in the Western Cape province, which accounts for around 60%[112] of clementine land cultivation in South Africa. Mauritius imported clementines entirely from Spain in 2022.

222. Between 2018 and 2022, Mauritius has imported grapefruits primarily from South Africa, China and Egypt, and to a lesser extent from India, Israel and Turkey. Other citrus hybrids were imported in low volumes, mostly from Pakistan.

223. A comparative assessment between Mauritius' import prices from African nations and other countries has been undertaken and shown in the table below. The assessment relates to the different categories of citrus fruits imported by Mauritius, for the period under consideration.

Table 47: Import price analysis of citrus fruits, 2018-2022

Import price (US$/kg)	2018	2019	2020	2021	2022
Oranges, fresh or dried					
Africa	0.62	0.61	0.75	0.75	0.72
Other countries	0.70	0.93	1.11	1.17	0.65
Mandarins					
Africa	0.17	1.10	1.14	1.27	1.19
Other countries	0.63	0.58	0.64	0.79	0.94
Lemons, fresh or dried					
Africa	1.12	1.03	0.95	0.98	0.97
Other countries	1.17	1.44	1.51	-	1.27
Clementines, fresh or dried					
Africa	1.14	1.31	0.71	1.30	-
Other countries	1.20	-	2.97	-	6.20
Grapefruit, fresh or dried					
Africa	0.88	0.82	0.87	0.92	0.94
Other countries	1.05	0.85	0.87	1.14	1.27

110 See page 17 of https://fpcci.org.pk/wp-content/uploads/2023/07/Exploring-Value-Addition-Opportunities-and-Export-Potential-A-Case-of-Citrus-Industry.pdf
111 See https://ourworldindata.org/agricultural-production
112 See https://www.citrusresourcewarehouse.org.za/home/document-home/news-articles/south-african-fruit-journal-safj/sa-fruit-journal-2020/6763-sa-fruit-journal-aug-sept-2020-overview-of-clementines/file

Import price (US$/kg)	2018	2019	2020	2021	2022
Other citrus hybrids, fresh or dried					
Africa	3.08	2.67	0.79	0.79	1.03
Other countries	-	1.30	0.58	0.61	0.84

Source: MCCI, trade statistics

224. Table 47 above shows the evolution of Mauritius' import prices of citrus fruits from Africa and other territories for the period 2018 to 2022. It can be observed that, prior to 2020, the price of oranges from Africa was declining. As from 2020, the prices surged to US$ 0.75 per kg, which can partially be explained by an increase in prices from source countries due to the knock-on effect of the Covid-19 pandemic, resulting in global demand worldwide for products rich in Vitamin C[113].

225. The import prices of mandarins from African countries varied between US$ 1.10 per kg to US$ 1.27 per kg, between 2018 to 2022. Import prices from other countries varied between US$ 0.63 per kg to US$ 0.94 per kg. It was observed that average import prices from other countries were 65% lower on average than from African countries. Amongst other countries, Mauritius imported mandarins mainly from Pakistan, which sells mandarins at lower prices globally.

226. The import prices of lemons from African countries ranged between US$ 0.95 per kg to US$ 1.12 per kg for the period under consideration. Import prices from other countries varied between US$ 1.17 per kg to US$ 2.88 per kg. It was seen that the average prices from African countries were 32% lower on average than from non-African sources.

227. As far as clementines are concerned, Mauritius has imported clementines in the price range of US$ 0.71 per kg to US$ 1.31 per kg from African countries. The import prices from other countries varied between US$ 1.20 per kg to US$ 6.20 per kg. In 2022, Mauritius imported clementines from Spain at US$ 6.20 per kg, which has been subject to low citrus supply and persistent inflation (rising from 3.09% in 2021 to 8.32% in 2022).[114]

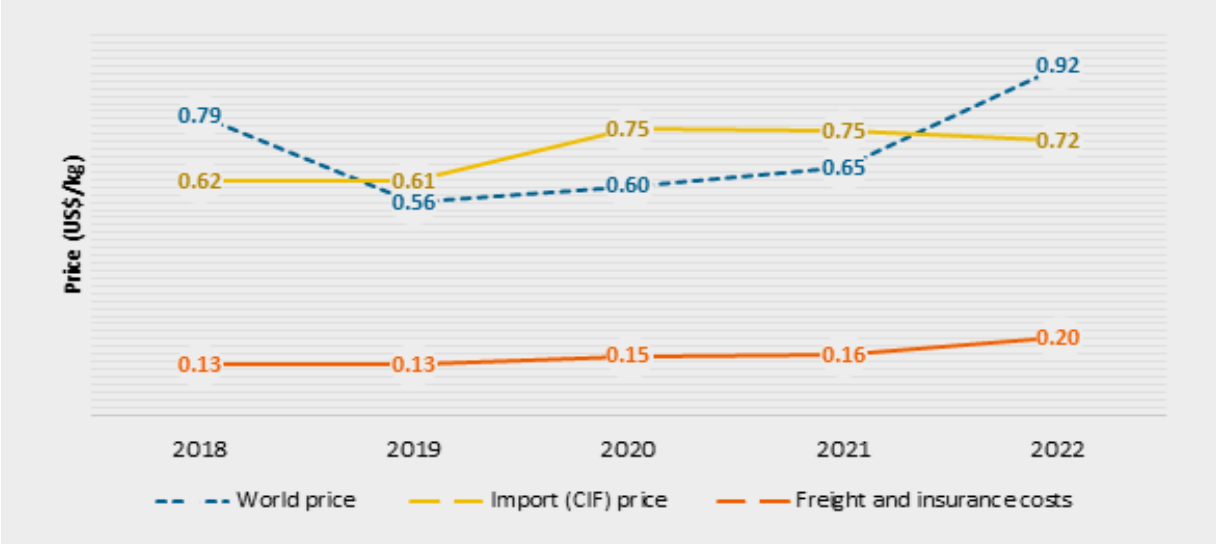
228. Mauritius imported grapefruits from African countries at prices ranging from US$ 0.88 per kg to US$ 0.92 per kg, whilst import prices from other countries at US$ 0.85 per kg to US$ 1.05 per kg. It was observed that, on average, Mauritius imported grapefruits at prices lower by 13% from Africa, than from other sources.

229. For other citrus hybrids fruits, the import prices from African countries varied from US$ 1.03 per kg to US$ 3.08 per kg. Import prices of other countries ranged between US$ 0.58 per kg and US$ 1.30 per kg.

113 See https://citrusresourcewarehouse.org.za/home/document-home/news-articles/fresh-plaza/fresh-plaza-2020/6325-fresh-plaza-27-03-20-overview-global-orange-market/file

114 See indicative figures from https://www.statista.com/statistics/271077/inflation-rate-in-spain/

Figure 39: Benchmarking analysis of prices of oranges, 2018-2022



Source: Figures computed from World Bank's Commodity prices and MCCI's trade statistics

230. Import (CIF) prices ranged from $0.62 to $0.75 per kg. Mauritius imported oranges at $0.62 per kg in 2018 rising to $0.72 per kg in 2022, mainly due to an increase in freight and insurance costs, from $0.13 per kg in 2018 to $0.20 per kg in 2022.

231. The world price of oranges ranged from US$ 0.79 per kg to US$ 0.92 per kg. When benchmarked against the world prices, it can be observed that for 2018 and 2022 the average import price of oranges was lower than the world price. Whereas, between 2019 to 2021, the import prices of orange were higher than world price.

2.7.1. Exports of citrus fruits

232. Mauritius has exported citrus fruits, in low volumes, in the form of grapefruit, lemons and other citrus hybrids fruits, as observed in Table 51 below. Mauritius exported mostly grapefruits and lemons in low volumes, ranging from 67 kg to 2,521 kg, for the period 2018 to 2022.

Table 48: Export volume and value of citrus fruits, 2018-2021

	2018	2019	2020	2021
Export value (US$)	2,652	101	1,531	3,044
Export volume (kg)	2,169	67	760	2,521

Source: MCCI, trade statistics

233. Table 49 below provides a breakdown of the types of citrus fruits exported by Mauritius from 2018 to 2021. From 2018 to 2021, Mauritius' exportation of citrus fruits varied significantly by type. Grapefruit had minimal exportation, except for the years 2019 (45%) and 2021 (99%).

234. Other citrus fruits saw significant exports only in 2018 (34%) and a small amount in 2021 (1%). Exports of other citrus hybrids were negligible throughout this period. Fresh or dried lemons were exported, particularly in 2018 (65%), 2019 (55%), and completely in 2020 (100%). Overall, lemons were Mauritius' most consistently exported citrus fruit during these years.

Table 49: Breakdown of export volume by categories, 2018-2021

	2018	2019	2020	2021
Grapefruit, fresh or dried	-	45%	-	99%
Citrus fruit, fresh or dried,	34%	-	-	1%
Other citrus hybrids, fresh or dried	1%	-	-	-
Fresh or dried lemons	65%	55%	100%	-
Total	**100%**	**100%**	**100%**	**100%**

Source: MCCI, trade statistics

235. Table 50 below provides Mauritius' export of citrus fruits to the various destinations from 2018 to 2021.

Table 50: Export destinations for citrus fruits, 2018-2022

	2018	2019	2020	2021
Citrus fruit, fresh or dried				
France	100%	-	-	-
Madagascar	-	-	-	100%
Lemons, fresh or dried				
France	-	-	100%	-
Italy	100%	-	-	-
United Kingdom	-	100%	-	-
Grapefruit, fresh or dried				
Madagascar	-	-	100%	100%
United Kingdom	-	100%	-	-
Other citrus hybrids, fresh or dried				
Germany	100%	-	-	-

Source: MCCI, trade statistics

236. From 2018 to 2021, Mauritius exported citrus fruits to various destinations.

3

REGIONAL TRADE ANALYSIS FOR SELECTED COMMODITIES

237. This chapter analyses the regional trade dynamics at the level of COMESA[115] and SADC,[116] Mauritius being part of these regional economic communities, for the selected agricultural inputs and food products for the period 2018 to 2022.

238. It is to be highlighted that there are eight member states which have overlapping membership with SADC and COMESA. These are Comoros, Democratic Republic of Congo, Eswatini, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe.

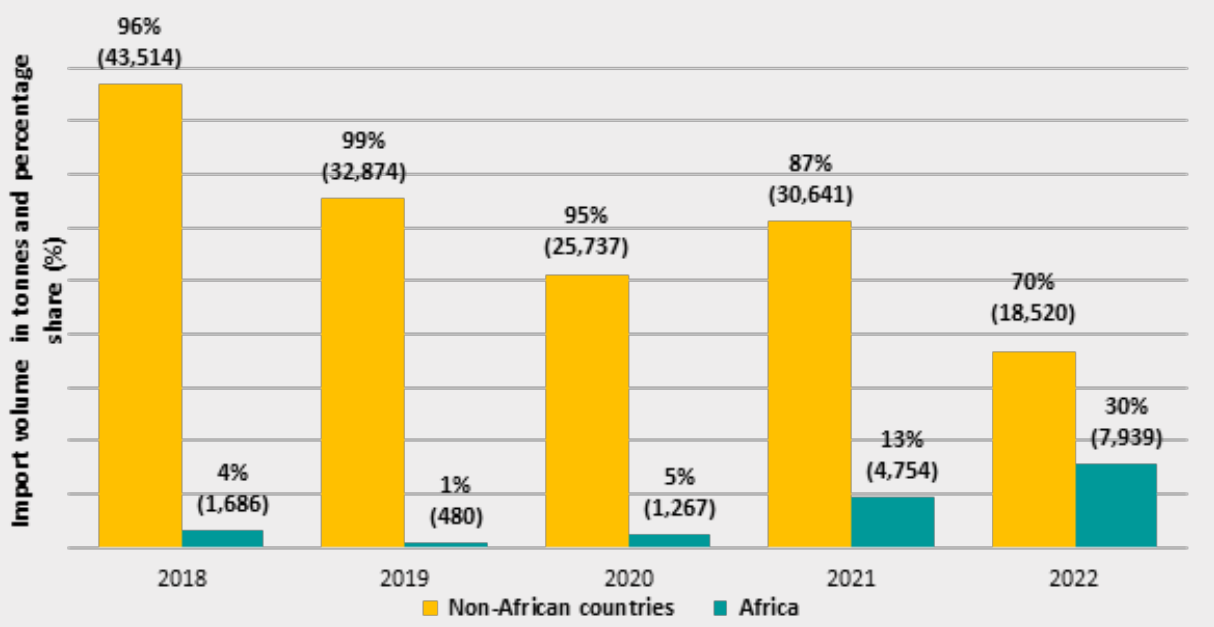
239. For the purpose of the analysis of Mauritius' trade within SADC and COMESA, the same figures for trade with the overlapping members have been reported for each bloc.

3.1. FERTILISER

240. Mauritius has largely sourced fertilisers outside Africa from the biggest producers: China, Belgium and Vietnam, for the period 2018 to 2022.

241. A comparative analysis of Mauritius' import volume of fertilisers from Africa and non-African countries is provided in Figure 40 below.

Figure 40: Mauritius' fertiliser imports from Africa, 2018-2022



Source: MCCI, trade statistics

115 The COMESA is a regional bloc of 21 member states: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

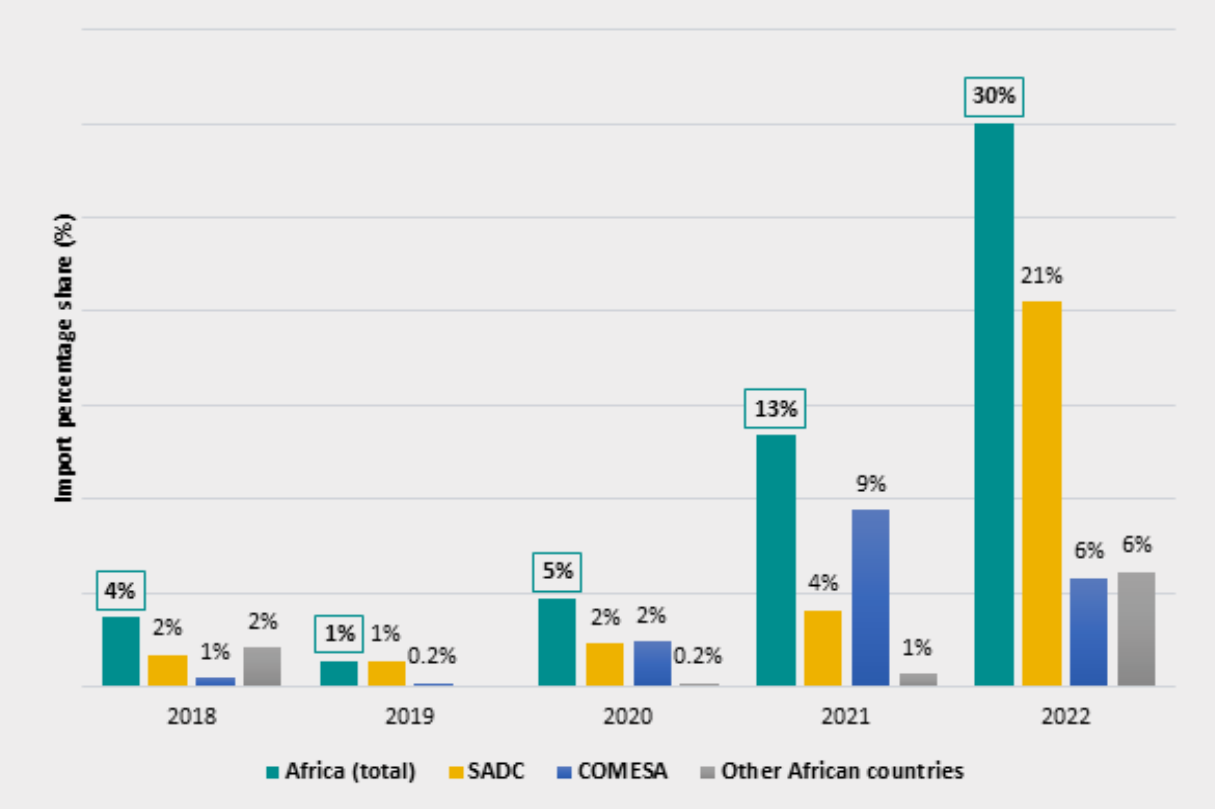
116 SADC constitutes of 16 member states, namely: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

242. In 2018, Mauritius imported 43,514 tonnes of fertilisers from non-African countries, representing 96% of the total fertilisers' import volume. In 2022, this volume fell to 18,520 tonnes, representing 70% of the import volume. Simultaneously, a significant increase in the import volume of fertilisers from Africa was observed during the five-year period under consideration. Imports from Africa rose from 1,686 tonnes in 2018 to 7,939 tonnes in 2022.

243. The majority of Mauritius' intra-Africa trade, regarding imports of fertilisers, comes from the COMESA and SADC regions, which benefit from duty-free access.

244. A breakdown of imports of fertilisers from SADC and COMESA for the period under review is provided in Figure 41 below.[117]

Figure 41: Mauritius' fertiliser imports from Africa, COMESA and SADC, 2018-2022



Source: MCCI, trade statistics

245. In 2022, Mauritius imported 30% of its fertiliser requirements from Africa; which principally came from South Africa (18.2%), Morocco (6.1%), Egypt (3.5%) and Madagascar (2.3%).

246. It is to be highlighted that nitrogenous fertilisers were the most imported form of fertiliser in 2022, which were around 15,207 tonnes out of 26,409 tonnes. Out of 15,207 tonnes, Mauritius imported 25% (3,848 tonnes) of its requirements from South Africa, which forms part of SADC.

117 In the illustrations, reference is made to imports from COMESA (Egypt), SADC (South Africa), COMESA/SADC (Madagascar) and other African Countries (Morocco and Sierra Leone)

247. The second most imported form of fertilisers, in 2022, were NPK fertilisers totalling around 7,728 tonnes, which accounted for 29% of total import volume of fertilisers. The country imported 1,193 tonnes and 622 tonnes (representing each around 15% and 8% of its NPK fertiliser requirements) from Egypt, a COMESA member state, and Morocco.

248. The country also imported 3,278 tonnes of potassic fertilisers in 2022, representing around 12% of the total fertiliser import volume. Mauritius sourced 774 tonnes and 410 tonnes from South Africa, a SADC member state, and Morocco respectively, which represented around 36% of the potassic fertiliser's import volume.

249. The comparative average import prices of the various types of fertilisers, except for potassic fertiliser, not imported from Africa are presented in Table 51 below.

Table 51: Mauritius' import prices for fertilisers from COMESA and SADC, 2018-2022

Import prices (US$/kg)		Non-African countries	COMESA	SADC	Other African countries
Nitrogenous fertiliser	2018	0.24	0.14	0.26	-
	2019	0.28	0.16	0.34	-
	2020	0.26	0.36	0.38	-
	2021	0.28	0.51	0.53	-
	2022	0.59	0.54	0.89	-
NPK fertiliser	2018	0.60	-	2.70	0.45
	2019	0.50	-	0.90	-
	2020	0.50	-	0.80	-
	2021	1.20	0.71	0.92	0.44
	2022	1.40	1.04	1.04	1.15
Potassic fertiliser	2018	0.35	-	1.38	0.45
	2019	0.35	-	0.75	-
	2020	0.34	-	0.94	-
	2021	0.35	0.81	-	0.44
	2022	1.03	1.44	0.80	1.15

Source: MCCI, trade statistics

250. With regard to Nitrogenous fertiliser, it was found that the average import price from COMESA was the lowest in 2022. However, the volume of import from COMESA countries (Madagascar and Egypt) was very low compared to South Africa, which belongs to the SADC bloc. The average import price from SADC was higher than from other regions.

251. Similarly, the average import price of US$ 1.04 per kg for NPK fertiliser in 2022 was lower from the COMESA and SADC countries compared to other African (US$1.15 per kg) and non-African countries (US$1.40 per kg). However, the main source of importation for Mauritius remained outside Africa, namely, China and Vietnam.

252. For potassic fertiliser, the import price from the SADC region (South Africa) in 2022 was US$ 0.80 per kg, around 58% lower than other countries. But again, SADC was not the major source of importation.

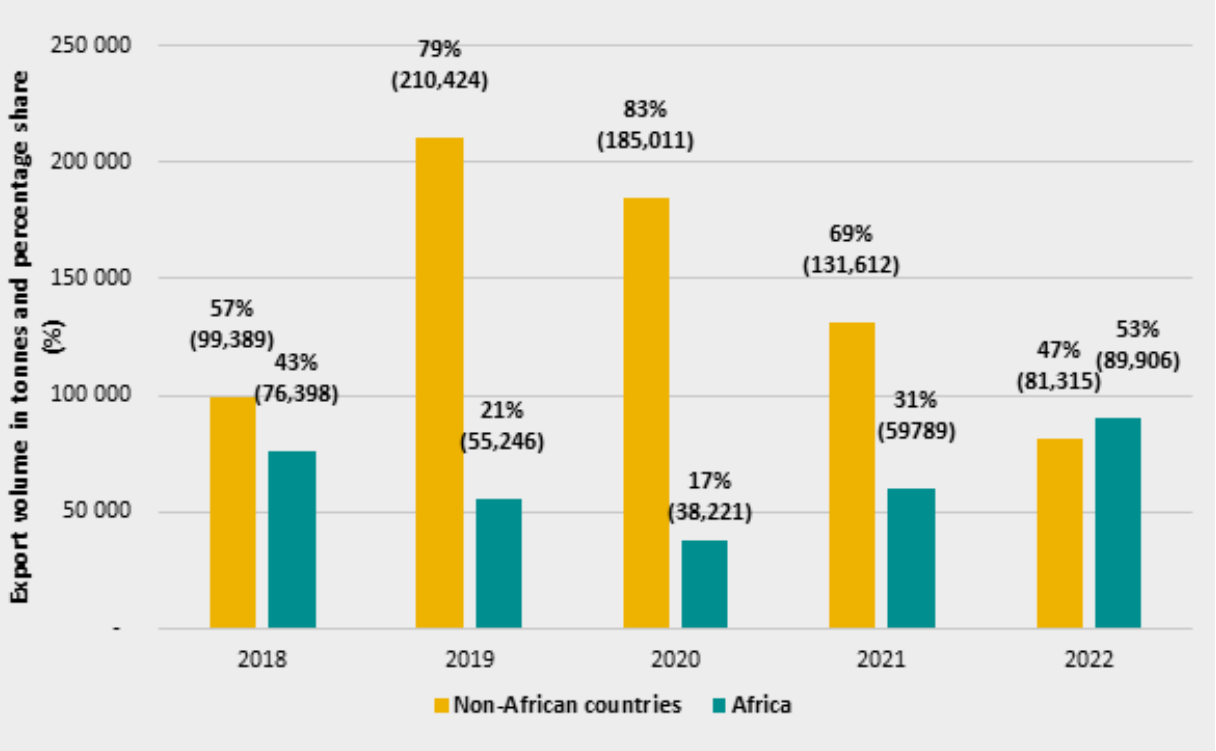
3.2. SUGAR

253. Africa has become an important market for Mauritian sugar exports, rising from 99,905 tonnes in 2018 (out of 279,018 tonnes) to 116,483 tonnes in 2022 (out of 331,427 tonnes).

254. Figure 42 below provides the evolution of regional trade with Africa for Mauritian white cane and special sugars.

3.2.1. White cane sugar

Figure 42: Mauritius' white cane sugar exports to Africa, 2018-2022

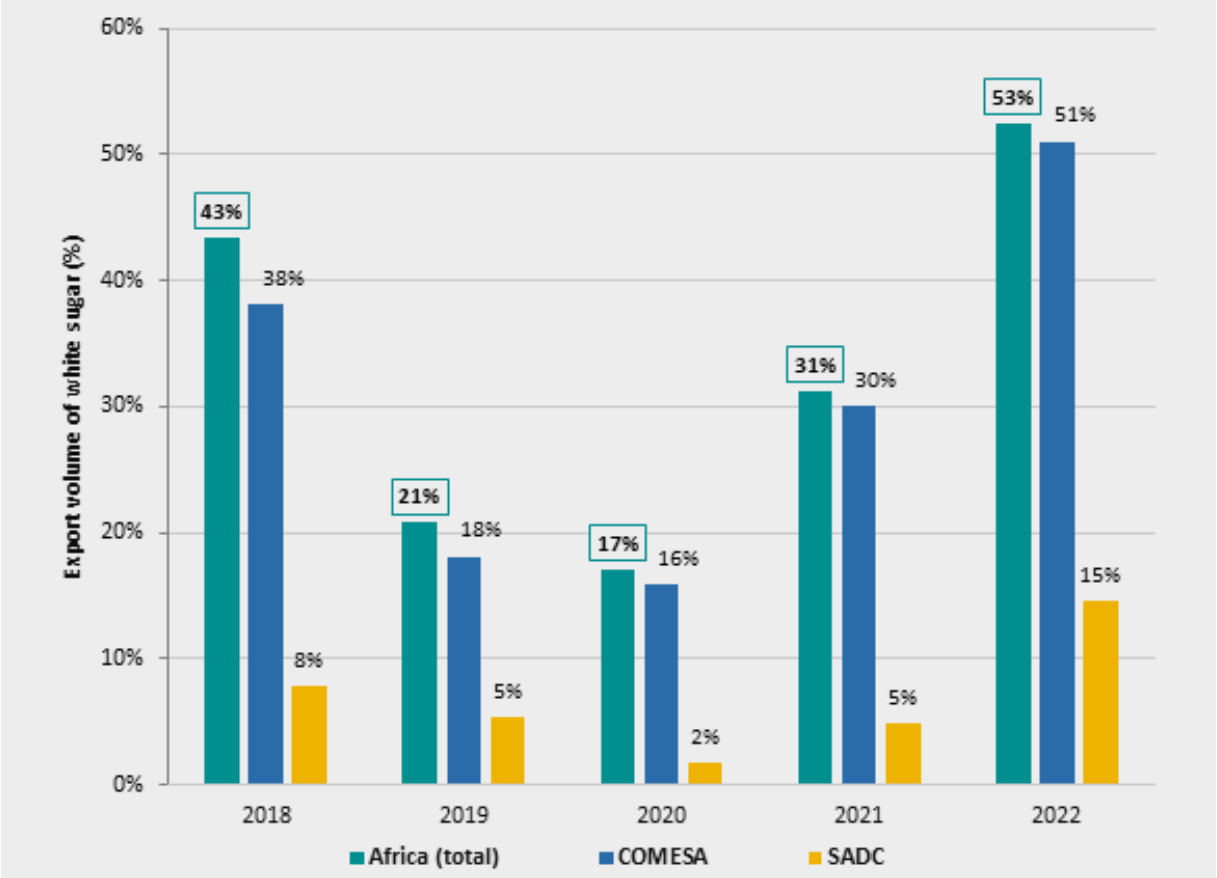


Source: MCCI, trade statistics

255. The export of white cane sugar to Africa rose from 76,398 in 2018 to 89,906 tonnes in 2022, representing an increase of 18%. Of the total export of white sugar to Africa in 2022, 53% was destined for Kenya and Madagascar, both being part of COMESA. White cane sugar exports to non-African countries significantly decreased, from 99,389 tonnes in 2018 to 81,315 tonnes in 2022.

256. Figure 43 below provides a comparative assessment of trade in white sugar at regional trade bloc levels.

Figure 43: White cane sugar exports to Africa, COMESA and SADC, 2018-2022



Source: MCCI, trade statistics

257. The export share of COMESA member states in white cane sugar has risen from 62,666 tonnes (38%) in 2018 to 67,056 tonnes (53%) in 2022, while exports to SADC have increased from 4,346 tonnes (8%) in 2018 to 19,307 tonnes in 2022 (15%). It is to be highlighted that for COMESA, principally, Kenya was the main destination for white sugar for the period under review. In 2022, Mauritius exported 64,283 tonnes out of 171,221 tonnes of white sugar to Kenya, representing 38% of the total export volume. Madagascar (member state of both COMESA and SADC) accounted for 11% (19,307 tonnes out of 171,221 tonnes) of total export volume in 2022.

258. Table 52 below provides a price comparison of Mauritian white sugar export between African and non-African countries.

Table 52: Mauritius' white sugar export prices to SADC and COMESA, 2018-2022

Export prices (US$/kg)	2018	2019	2020	2021	2022
Non-African Countries	0.40	0.38	0.42	0.46	0.52
COMESA:					
Kenya	0.40	0.36	0.41	0.50	0.54
COMESA and SADC:					
Madagascar	0.38	0.36	0.41	0.48	0.56

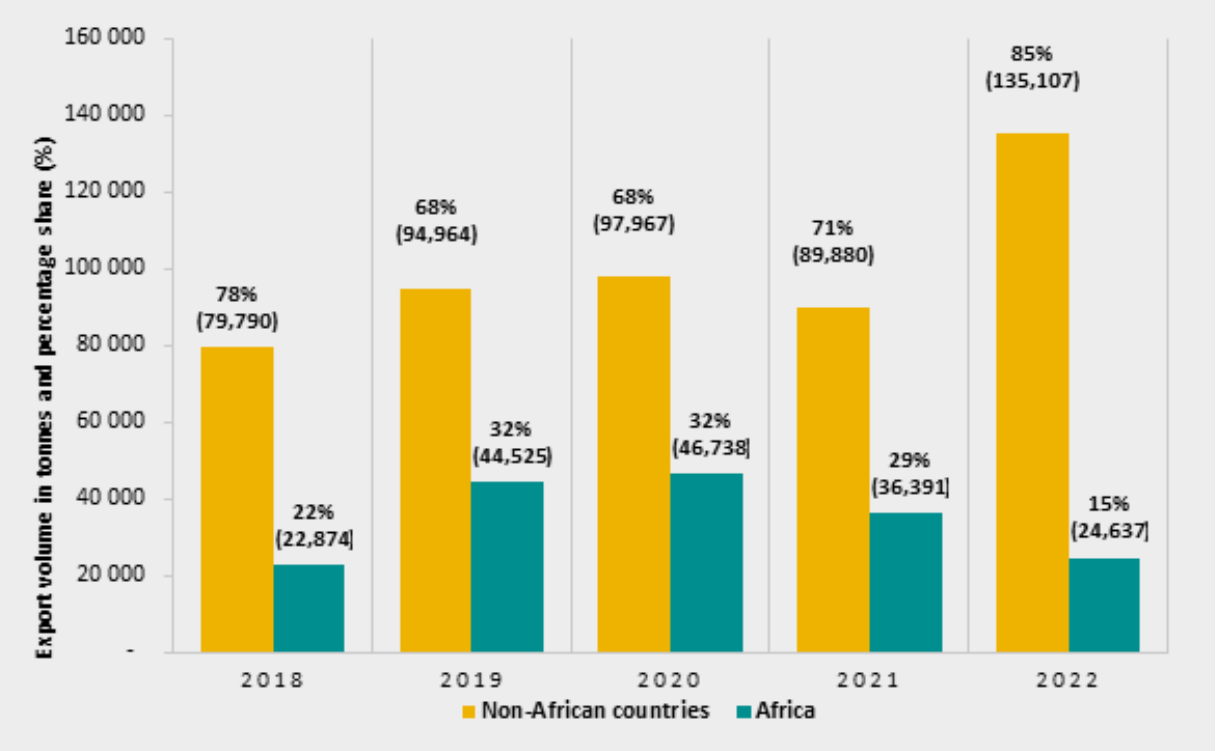
Source: MCCI, trade statistics

259. The pricing analysis indicates that for the period under review, Mauritius sold white cane sugar to non-African countries at lower prices than COMESA and SADC member countries. On average, the export prices of white cane sugar to both blocs were 1% higher than non-African countries.

3.2.2. Special sugars

260. Figure 44 below depicts export of special sugars to African and non-African countries.

Figure 44: Mauritius' special sugars exports to Africa, 2018-2022

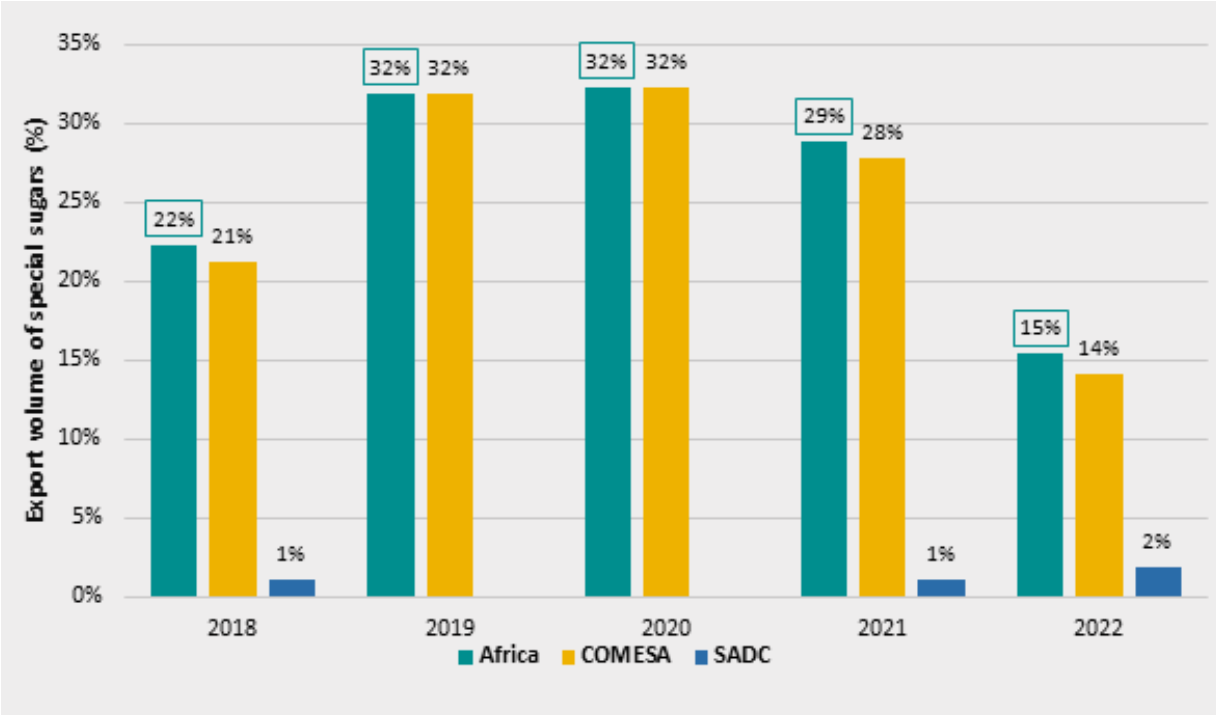


Source: MCCI, trade statistics

261. Non-African countries, mainly from the European Union, remained the principal destinations for Mauritian special sugars from 2018 to 2022. At regional level, Mauritius has exported to Kenya for the period under review. In 2022, the share of export volume to Kenya was around 21549 tonnes (accounting for 13%). The remaining 2% was exported to Madagascar (1%) and Namibia (1%) amongst others.

262. Figure 45 below provides the export volume of Mauritian special sugars at regional level.

Figure 45: Mauritius' special sugars exports to COMESA and SADC, 2018-2022



Source: MCCI, trade statistics

263. At regional bloc level, Mauritius has mostly exported special sugars to COMESA member states, mainly Kenya. The country exported to SADC member states, comprising Namibia and Madagascar, in lower volumes.

264. Table 53 below provides a comparative analysis of export prices for the period 2018 to 2022.

Table 53: Mauritius' special sugar export prices, 2018-2022

	2018	2019	2020	2021	2022
Non-African countries	0.74	0.64	0.67	0.65	0.67
COMESA	0.53	0.48	0.51	0.53	0.55

Source: MCCI, trade statistics

265. Over the period 2018 to 2022, Mauritius exported special sugars to COMESA countries at prices 23% lower than to non-African countries.

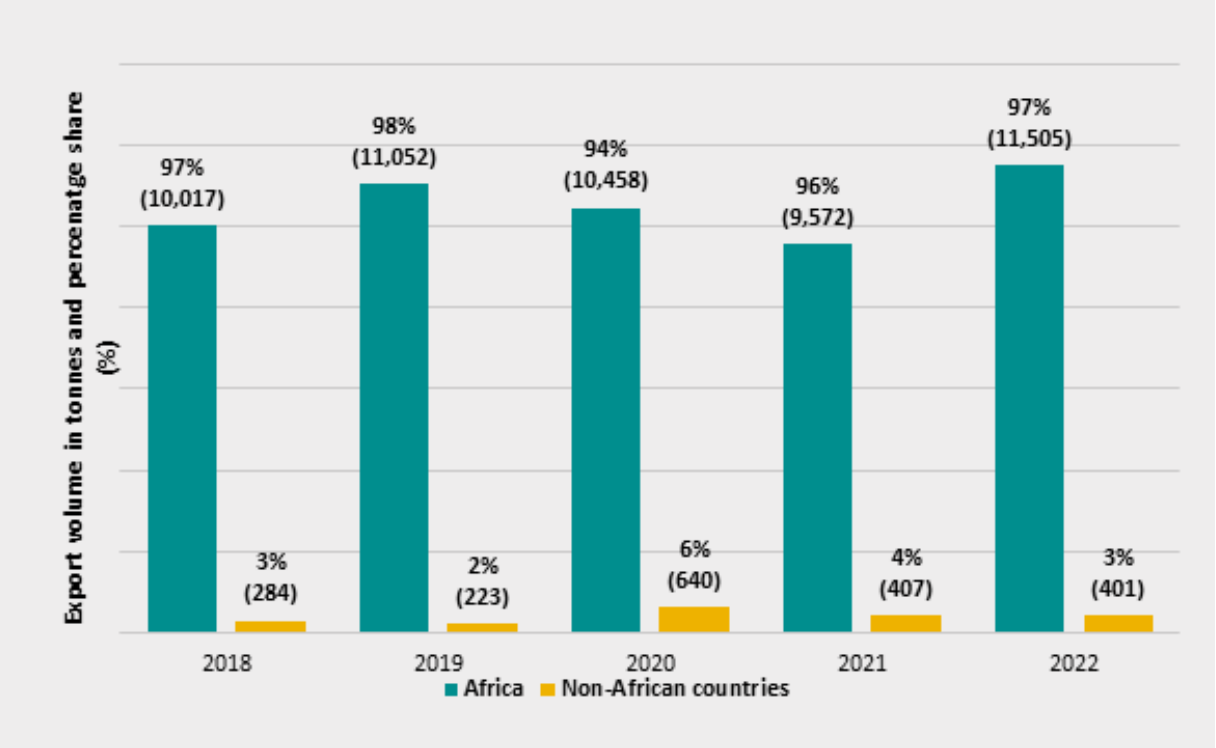
3.3. CITRUS FRUITS

266. Africa has grown into an important citrus producer over the years. Egypt (COMESA member state), Morocco and South Africa (SADC member state) are the world's largest exporters. These countries feature strongly in almost all categories of citrus exports, including oranges, mandarins, lemons and

grapefruits.[118] Mauritius has largely relied on these top African producers for importation of citrus fruits. Mauritius' high intra-Africa trade pertaining to importation of citrus fruits is largely driven by the duty-free access under COMESA and SADC regional blocs.

267. Figure 46 below illustrates the import volume of citrus fruits from African and non-African countries.

Figure 46: Imports of citrus fruits, 2018-2022



Source: MCCI, trade statistics

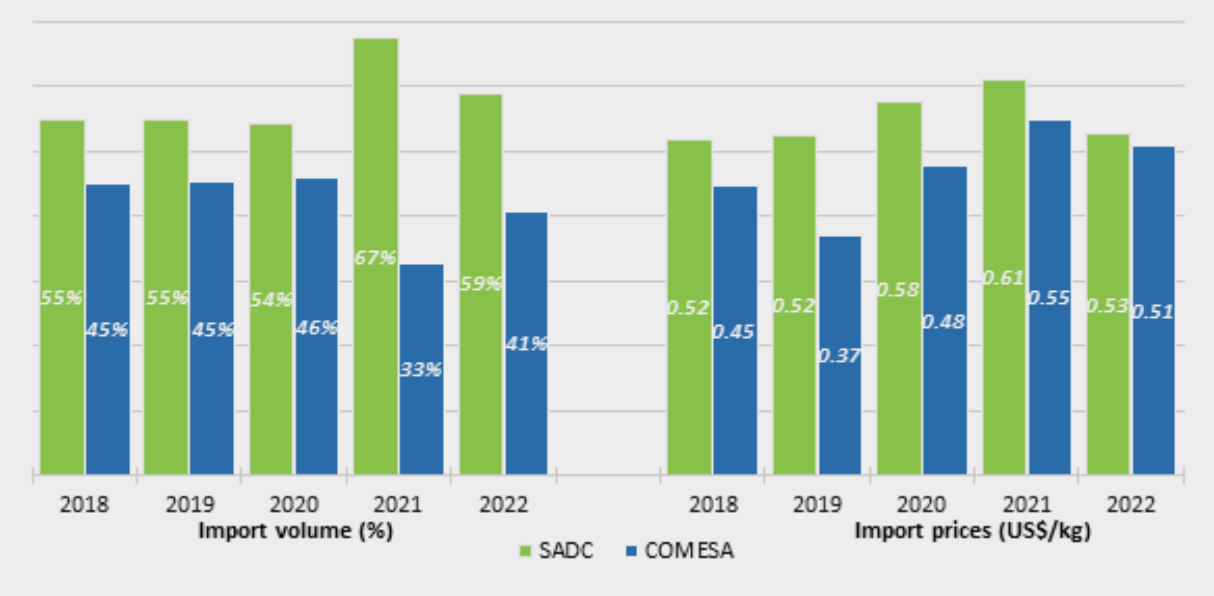
268. Over the period 2018 to 2022, import volume of citrus fruits from Africa increased from 10,017 tonnes (out of 10,301 tonnes) in 2018 to 11,505 tonnes (out of 11,906 tonnes) in 2022. The import share of non-African countries increased from 284 tonnes in 2018 to 401 tonnes in 2022.

269. Figures 47, 48 and 49 provide the import prices and volumes for oranges, mandarins and lemons respectively, at regional trading bloc level, for the period 2018 to 2022.

118 See https://www.howwemadeitinafrica.com/africas-citrus-industry-buoyant-despite-global-shocks/145058/

3.3.1. Oranges

Figure 47: Mauritius' imports of oranges from COMESA and SADC, 2018-2022

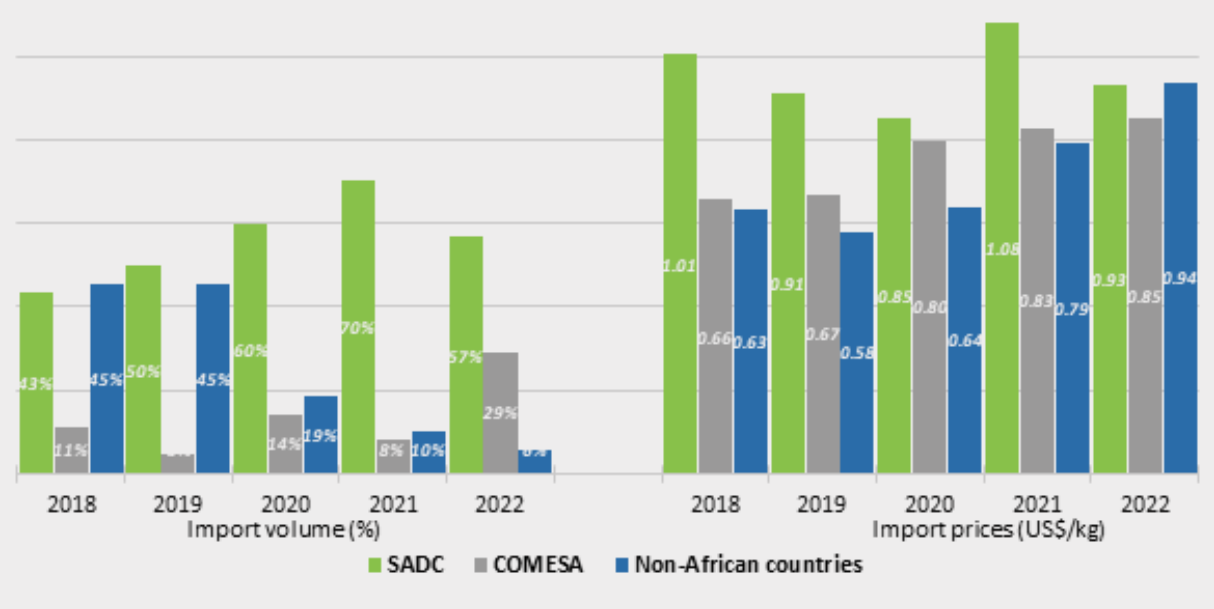


Source: MCCI, trade statistics

270. Over the five-year period, Mauritius mainly sourced oranges from Egypt, a COMESA member state, and South Africa, a SADC member state. In 2022, Mauritius imported 3,290 tonnes of oranges (out of 5,581 tonnes) from South Africa and 2,275 tonnes from Egypt. The pricing analysis indicated that, from 2018 to 2022, import prices from COMESA were 15% lower than prices from SADC.

3.3.2. Mandarins

Figure 48: Mauritius' imports of mandarins from COMESA and SADC, 2018-2022

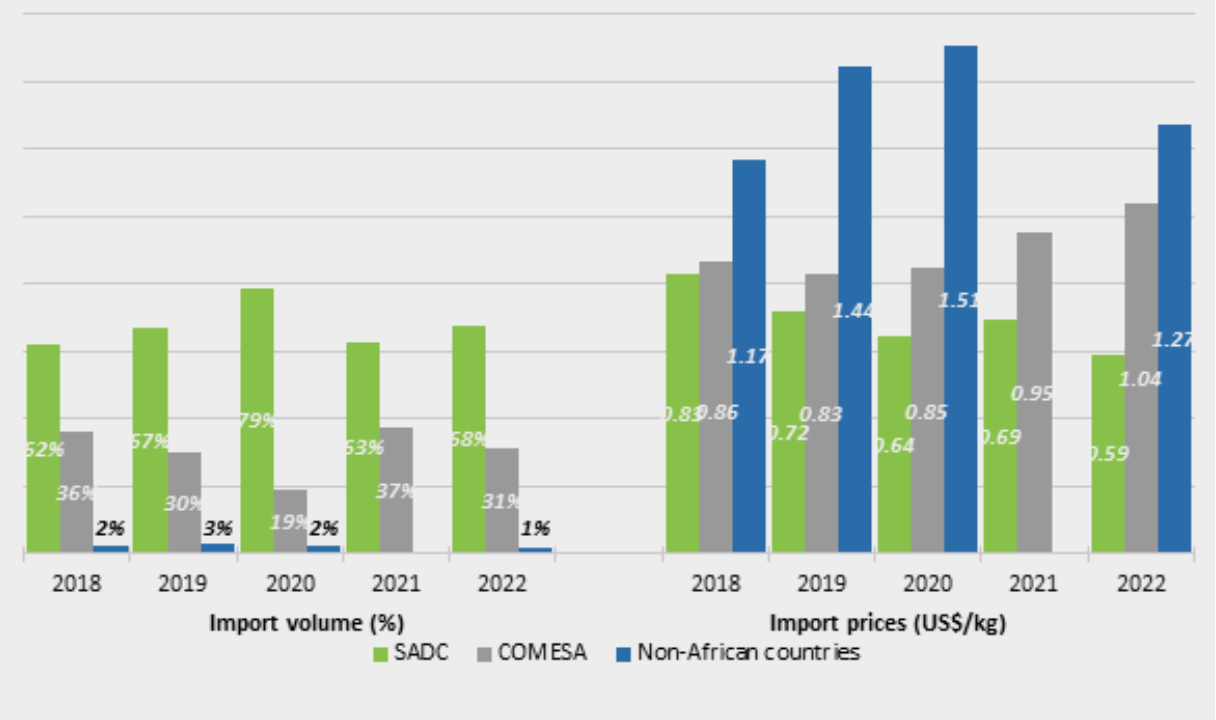


Source: MCCI, trade statistics

271. From 2018 to 2022, Mauritius largely imported mandarins from South Africa and Egypt. The country imported mandarins from other non-African countries in low volumes. In 2022, Mauritius imported 86% of its mandarins' requirements from COMESA and SADC, accounting for around 2,209 tonnes out of 3,384 tonnes. In 2022, Mauritius sourced mandarins at better prices from South Africa and Egypt, at US$ 0.93 and US$ 0.85 respectively, while prices from non-African countries were around US$ 0.94.

3.3.3. Lemons

Figure 49: Mauritius' imports of lemons from COMESA and SADC, 2018-2022



Source: MCCI, trade statistics

272. Between 2018 to 2022, Mauritius imported lemons from SADC member states, mainly from South Africa, and COMESA member states, mainly from Egypt. With regard to the pricing analysis, prices from SADC and COMESA were on average 48% and 33% lower respectively than prices of non-African countries from 2018 to 2022, indicating that Mauritius sourced lemons at better prices from these regional trading blocs compared to other countries.

3.4. EDIBLE OIL

273. Table 54 below provides a comparative analysis of Mauritius' import volume and prices for edible oils at regional trading blocs level for the period 2018 to 2022.

Table 54: Import volume and prices of vegetable oils, 2018-2022

	Import volume (%)					Import prices (US$ per kg)				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Crude soybean oil										
Non-African countries	100%	79%	92%	96%	100%	0.81	0.76	0.76	0.99	1.53
COMESA		21%	8%	1%						
SADC				3%					1.01	
Refined soybean oil										
COMESA	92%	98%	99%	100%	66%	0.96	0.9	0.93	1.31	1.87
SADC	8%				33%	0.87				2.25
Non-African countries	1%	2%	1%		1%	1.43	1.18	1.22	1.87	2.42
Refined sunflower oil										
COMESA	93%	70%	30%	46%	39%	1.06	1.16	1.02	1.53	1.89
Non-African countries	7%	30%	70*%	54%	61%	2.08	2.51	2.29	2.54	2.93
Refined palm oil										
Non-African countries	100%	100%	100%	91%	88%	0.72	0.64	0.79	1.17	1.57
COMESA				9%	12%				1.5	1.46

Source: MCCI, trade statistics

274. For imports of refined edible oil in 2022, the main sources of imports were from COMESA and the SADC region: Egypt (66%), followed by Mozambique (33%). It is worth highlighting that there is no tariff rate applicable in respect of refined oil imports for COMESA Free Trade Area (FTA) member states, whereas a tariff rate of 1% is applicable for COMESA non- FTA member states.

275. For refined sunflower oil, the main source of imports was from the COMESA region, with Egypt representing 39.3% of the share of imports. As for refined palm oil, the COMESA/SADC region was also a significant source of imports, particularly from Madagascar (12%).

276. The comparative analysis of the import price (USD/Kg) for the different types of edible oil imported showed that the import price from African countries was lower than that of other sources. For instance, for crude sunflower oil, the import price from African countries was lower by 89%; for refined sunflower oil, the import price from African countries was on average 45% lower; for refined palm oil, the import price from African countries was 6% lower; for refined soybean oil, the import price from African countries was lower by 14.8%. The analysis of import prices indicates that imports from the COMESA/SADC region are beneficial to Mauritius in terms of price competitiveness.

277. For exports of crude soybean oil and refined soybean oil in 2022, the COMESA/SADC region once more was the main destination, principally to Madagascar.

3.5. POULTRY

278. With regard to importation of chicken meat, Mauritius is self-sufficient. However, it imports other forms of poultry meat in lower volumes. While looking at regional trade, importation of meat from Africa accounted for less than 1% in 2022, where the import volume of poultry, namely, gallus domesticus meat, was from the Seychelles (0.6 tonnes), which is a member of both COMESA and SADC.

279. Export destinations of cuts and offal of frozen fowls and edible meat and offal of ducks, albeit of an insignificant volume, was to the Seychelles.

3.6. TEA

280. For tea, Mauritius imported black tea principally from Kenya (a SADC member state). South Africa only represented 1% of imports of black tea. The import price (USD/kg) in 2022 was lower than the global price (by 2.6%), suggesting that Mauritius obtained better prices for its imports from Kenya.

3.7. COFFEE

281. In 2022, Mauritius sourced 14% of coffee from South Africa, which forms part of SADC, while the rest of the coffee imports mostly came from Switzerland, France and Italy. In terms of exportation, Mauritius exported coffee in lower volumes to Madagascar (77%) and Seychelles (23%), which are both part of RECs, COMESA and SADC.

3.8. WHEAT

282. Mauritius relies on imports of wheat for production of flour. Over the period 2018 to 2022, wheat was mostly imported from non-African countries, namely France and Australia.

3.9. RICE

283. There are no regional imports for rice (long grain or luxurious). The major sources of imports are India (66%) and Pakistan (31%). However, in 2022, Mauritius exported rice to Madagascar (92%) and Seychelles (3%), both forming part of the COMESA and SADC regional trading blocs.

3.10. TOMATOES

284. With regard to tomatoes, there is a ban on importation of fresh tomatoes. Using an import substitution strategy, Mauritius has been able to achieve self-sufficiency in production of tomatoes over the past few years, rising from 9,190 tonnes in 2018 to 14,269 tonnes in 2022. This can be explained by the increasing adoption of soilless agriculture by farmers in Mauritius, which basically refers to growing tomatoes under protected structures.

3.11. SEEDS FOR SOWING

285. For the period under review, the most imported type of seeds by Mauritius were for vegetable, which mainly came from India. It was also observed that, in 2022, seeds for plants, namely Lucerne, forage and herbaceous, were imported in low volumes from South Africa, which forms part of the SADC region. In terms of exportation of seeds, Mauritius exported only fruits and spores in negligible volumes.

3.12. ONIONS

286. With regard to importation of onions, Mauritius sourced the majority from India and Netherlands and, to a lesser extent, from African countries from 2018 to 2022. In 2022, Mauritius imported 1,736 tonnes (out of 10,696 tonnes) from Egypt (COMESA member state) and 73 tonnes from South Africa (SADC member state).

4

CONCLUSION

287. The study aimed at understanding the regional trade dimension of highly traded food products and agricultural inputs, through an emphasis on cross-border trade flows of these products, as well as any potential competition concerns in relation to these identified products.

288. An assessment of the trade flow data was carried out for the period 2018 to 2022, which covered important food categories including agricultural inputs, vegetable oils, grains, protein, fruits and vegetables, and other commodities like sugar, tea and coffee.

289. Mauritius' intra-trade with Africa has been progressively increasing; with rising imports from Africa from US$ 747m in 2018 to US$ 890m in 2022, and exports to Africa growing from US$ 522m in 2018 to US$ 620m in 2022.[119] During this period, Mauritius has primarily sourced certain products, namely fertilisers, sugar, tea and citrus fruits amongst others, from Africa at various costs.

290. As highlighted in the above chapters, Mauritius' imports of fertilisers from Africa have increased from 1,142 tonnes (1%) in 2018 to 6,849 tonnes (26%) in 2022: mostly from South Africa. The analysis tends to show that import prices for nitrogenous fertilisers are higher from African countries than from other sources. Simon Roberts (2017)[120] highlighted issues such as presence of cartels and high prices in Southern Africa's fertiliser sector that may have parallels in Mauritius. Addressing these problems could enable Mauritius to access more competitively priced fertilisers. Enhancing regional trade within Africa, particularly with South Africa serving as a hub for fertilisers, could offer Mauritius cost benefits and reduce its reliance on imports from outside the African continent. This potentially depends on various factors, including freight costs.

291. The study analysed sugar; the main cash crop of Mauritius. The sugarcane sector in Mauritius is an integrated system that not only produces sugar, but also generates electricity for local consumption, as well as by-products such as alcohol, molasses, and bagasse. This integration with electricity generation and renewable energy sources makes domestic policies particularly important. While the study focused on sugar, it is essential to broaden the scope to include the entire sugarcane sector. The price analysis for white sugar tends to show that domestic prices of white sugar are higher when benchmarked against world and export prices. Further analysis of the sugarcane supply chain is necessary to understand the underlying factors behind the high local sugar prices.

292. With regard to the tea sector, through the NAPRO Act, the government implemented a policy,[121] which allows for importation of black tea only for blending purposes. The study found that Mauritius primarily sourced black tea from Kenya, only for blending purposes. When benchmarked against prices of other

119 Indicative figures have been taken from table 5 and table 9 from the digest of external trade from Statistics Mauritius 2022 available at https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/External_Trade/SB_External_Trade.aspx

120 See Roberts, S. (2017), Competition and industrial policies relating to food production in southern Africa, Working Paper Series N° 255, African Development Bank, Abidjan, Côte d'Ivoire at https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/WPS_No_255_Competition_and_industrial_policies_relating_to_food_producti....pdf

121 NAPRO Act 2013 at https://agriculture.govmu.org/Pages/Departments/Departments/National%20Agricultural%20Products%20Regulatory%20Office/National-Agricultural-Products-Regulatory-Office-(NAPRO).aspx

countries, the domestic tea prices tend to be higher. Mauritius has implemented strong domestic policies to protect its domestic industries, particularly in the sugar and tea sectors. These policies have led to higher prices domestically for these products, which might have been more competitive otherwise.

293. As far as poultry is concerned, Mauritius is self-sufficient in production of poultry meat, with local production revolving around 50,000 tonnes per annum. The country has imported, to a lesser extent, other forms of poultry, particularly turkey meat. With regard to regional trade, importation of poultry from Africa accounted for less than 1% in 2022. Mauritius' reliance on Africa for inputs in livestock feed is low.

294. One such significant input for animal feed analysed in the study was oilcake: which is obtained through extraction of oil from soybeans. Trade data analysed for the period 2018 to 2022 indicated that Mauritius relied traditionally on imports of oilcake from South American countries: Argentina and Paraguay. Interestingly, Mauritius imported oilcake from South Africa in 2022, albeit at a low volume (0.35%). There is considerable scope for further strengthening regional trade with Africa.

295. Mauritius' reliance on Africa for agricultural inputs and food commodities is relatively low. Mauritius mostly depends on other countries for seeds, oilcake, and edible oils, sourcing these from major producers such as Indonesia, Malaysia, China, and Belgium. Given that Africa itself is a large importer of these commodities, the question arises as to how regional trade can be better exploited.

PART D
SOUTH AFRICA

competition commission
south africa

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1

INTRODUCTION

1. Agriculture plays a significant role in the South African economy, as it contributes to food security, job creation, raw material supply to agro-industrial and manufacturing sectors, as well as export-driven foreign exchange income.[1] The Competition Commission of South Africa has prioritised the food and agro-processing sector in its Prioritisation Framework since 2008, due to the sector being a source of staple foods, as well as the potential of the sector to create significant employment opportunities – thereby serving as a driver of inclusive growth in the South African economy.[2]

2. Similarly, the significance of agriculture holds true for the rest of the African continent as well. Africa's agriculture sector accounts for about 35% of the continent's gross domestic product, and provides the livelihoods of more than 50% of the continent's population.[3] Agriculture is at the core of fostering economic growth, reducing poverty, and improving food security on the continent.[4]

3. Recent supply shocks, such as the Covid-19 pandemic and the Russian Ukraine war, along with climate change, and the high food inflation environment, have shown the vulnerability of the African food system, and the need to increase resilience and food security. In South Africa, Agri-food markets are generally characterised by high import dependencies, low prices for Small and Medium Enterprise (SME) producers, and high prices for end consumers – which are often related to the concentration of market power of large integrated firms that operate along regional or international value chains.[5]

4. In recent years, African agriculture and food markets have undergone notable transformations, including the expansion of global input suppliers, increased agricultural production by medium and large-scale farmers, as well as the expansion of commodity traders through key acquisitions.[6] Furthermore, while there has been relatively strong growth in agricultural output in many African countries since 2000,[7] food processing has not seen the same growth as observed in agricultural output production. It is also observed that there are vast differences in the trade flows of agricultural markets between

1 International Trade Administration (ITA). 2024. *South Africa – Country Commercial guide, Agriculture Sector*. https://www.trade.gov/country-commercial-guides/south-africa-agricultural-sector#:~:text=Overview,-South%20Africa%20is&text=The%20agricultural%20sector%20contributed%20around,a%20value%20of%20%2412.0%20billion.

2 Competition Commission. 2020. *Priority Sector Review 2017/2018 – 2018/2019*; CCSA. 2023. Media Statement. https://www.compcom.co.za/wp-content/uploads/2023/03/Media-Statement-Commission-launches-Fresh-Produce-Market-Inquiry-23-March-2023.pdf

3 Nachum, L. 2023. *Africa's agribusiness sector should drive the continent's economic development: Five reasons why.* (The Conversation). *https://theconversation.com/africas-agribusiness-sector-should-drive-the-continents-economic-development-five-reasons-why-198796*

4 USAID. 2023. *Agriculture and Food security*. https://www.usaid.gov/southern-africa-regional/agriculture-and-foodsecurity#:~:text=Agriculture%20is%20central%20to%20fostering,performance%20in%20the%20agriculture%20sector.

5 Thakoor, V. 2020. *Market Power, Growth, and Inclusion: The South African Experience*. IMF Working paper, WP/20/206.

6 ILO. 2021. *Agriculture Global Supply Chains: Drivers and Constraints A Synthesis review*. https://vzf.ilo.org/wp-content/uploads/2021/09/OSH_improvement-Agriculture_04Web.pdf ; Rechtsteiner, R., Schabram, J., & Thomas, A. 2023. *The future of commodity trading* (McKinsey).

7 Badiane, O., Diao, X. & Jayne, T. (2021). *Africa's unfolding agricultural transformation*. In K. Otsuka & S. Fan (eds), Agricultural development: New perspectives in a changing world (pp. 153-192); Suttie, David & Benfica, Rui. (2016). *Fostering Inclusive Outcomes in African Agriculture: Improving Agricultural Productivity and Expanding Agribusiness Opportunities through Better Policies and Investments*.; Nakamura et al. 2018; OECD/FAO.

African countries, highlighting concerns about how well markets may be working for African consumers and producers.

5. There has been increased attention on regional integration as a contributor to African economic development, and the African Continental Free Trade Area (AfCFTA) is an important step towards the long-term goal of regional integration, which can provide great impetus for regional trade and industrialisation.[8] In a recent article, AfCFTA Secretary-general, Mr Wamkele Mene, has highlighted that conflicts in Ukraine and the Middle East have disrupted global supply chains, and are affecting food security in Africa. He noted that the inflationary pressure resulting from these conflicts means that the continent needs to focus on, "boosting food production and ramp up intra-African trade,"[9] and so this context further emphasises regional integration and more opportunities for cross-border trade, especially for other countries to sell agricultural products to South Africa.

6. As firms are integrated into value chains, be it in the form of ownership relations, strategic partnerships, as well as distribution agreements, a regional perspective to firm decision-making – such as that which relates to investment and location of production, is necessary. Ordinarily, given scale economies and relatively small national markets, firms make decisions across countries in a region. Studies indicate the huge potential for regional and continental cooperation, to bring win-win outcomes through increased value addition and upgrading at the firm, value chain, and industry levels across national boundaries.[10]

7. Furthermore, a value-chain approach to trade in Africa and across different regions can also assist in showing the ultimate product beneficiation where, for example, a product like fertiliser is a significant input into various other agricultural products, and as such there is a multiplier effect in increasing the productivity of other sectors or industries related to a product like fertiliser. As a key part of food value chains, it is well established that agro-processing has the potential to drive economic growth via the potential for higher productivity, scale economies and linkages. Agro-processing activities have strong linkages with other activities in an industry. These include backward linkages that extend to primary agriculture (such as manufacture of chemical inputs like fertiliser) as well as forward linkages that include packaging industries, logistics, storage, and retail and wholesale services.

8. As such, the purpose of this study is to understand what regional economic activity there is in the agriculture and agro-processing sector. The study identifies trends in respect of trade flows over the period 2017 to 2022 and, where possible, indicates the limiting factors to the potential for more economic activity between African countries, and across regional economic communities. Further, the study identifies, where possible, opportunities that exist to strengthen the regional economic activity in these sectors. Furthermore, the study highlights where there might be competition issues in the agriculture and agro-processing sector across regions, and explore what further research could be done.

8 Black, A., Edwards, L., Gorven, R., Mapulanga, W. 2022. *How agro-processing can boost regional integration and development*. How agro-processing can boost regional integration – and development | SA-TIED (unu.edu)

9 Magubane, K. 2024. *Wamkele Mene, the African Continental Free Trade Area secretary-general, says contintent must act as global conflicts hit food security*. Sunday Times (date: 10 March 2024).

10 Fessehaie, J., Roberts, S., & Takala-Greenish, L. 2015. *Key findings from case studies of mining capital equipment, infrastructure inputs and soy agro-processing in Southern Africa and implications for regional industrial development agenda*. Pretoria: TIPS. CCRED.

2

OVERVIEW OF THE STUDY

2.1. STUDY OBJECTIVES

9. Considering the increased focus on regional integration and value addition as possible contributors to Africa's economic development, this study seeks to use trade flow data and related research to better understand the current regional economic activity in agriculture and agro-processing. The study aims to provide a regional focus on important, highly-traded food products and agricultural inputs, via an emphasis on cross-border trade flows of these products, as well as any potential competition concerns in relation to these identified products. More specifically, the ACF study objectives include the following:

9.1. To understand the dynamics of regional value chains in the agriculture and agro-processing sectors in ACF member countries. The focus will be to explore the trade (export and import) flows of countries within the region, identify what food value chains are being traded currently, and consider average pricing trends in food value chains.

9.2. To understand the potential and current competition issues within certain value chains, and suggest what future research might investigate in relation to interventions that could be required at a regional level.

9.3. To provide an overview of factors which facilitate regional trade, as well as those aspects which hinder increased agricultural trade in Africa – taking into account regulatory features and feasible opportunities for furthering regional trade.

10. The location of agricultural trade patterns across the different regions, along with regional and product-related trade insights and opportunities, would then further pave the way for additional and future research into certain problematic food value chains, or simply those food value chains that warrant more intensive analysis going forward.

2.2. SCOPE OF THE STUDY

11. The scope of the study relates to the cross-border analysis of trade flow patterns (exports and imports) for products in the agriculture and agro-processing sector, at a global level, continent level (i.e. trade at the African level), and trade at a regional economic community level (such as trade at the Southern African Development Community 'SADC' level), along with any further country-level trade insights and opportunities for increased trade more broadly. The relevant period for which trade data is analysed covers the 2017 to 2022 period.

12. The study relies on the Harmonised System codes, at a 4-digit level, for trade flow data,[11] and as a research guide, the selected food products arise from the following key food categories:

12.1. Agricultural inputs, such as fertiliser, seeds for sowing, and oilseed cake;

12.2. Vegetable oils, such as sunflower oil and palm oil;

11 The Harmonised System is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. At the international level, the Harmonised System (HS) for classifying goods is a six-digit code system. The first 4 digits are called the tariff heading and represent a broad category of products.

12.3. Grains and legumes, such as maize, wheat, rice and soybeans;

12.4. Protein foods, such as poultry;

12.5. Vegetables, like onions;

12.6. Fruits, like citrus fruits;

12.7. Beverages and other commodities, including coffee, tea and sugar.

13. The scope of the South African chapter includes the following key food products, namely: fertilisers, seeds for sowing, oilseed cake, sunflower oil (crude), maize, poultry, onions, citrus fruit, coffee, tea, and sugar.

2.3. RESEARCH METHODOLOGY

14. The ACF study incorporates both quantitative and qualitative research methods, and utilises a combination of publicly available primary and secondary sources of information. Primary data in the study relates to the quantitative trade flow data, including annual export and import volume, and value data (and thus average prices per unit),[12] sourced by each country's national statistics base, or a trade online database in relation to their respective trade flows for important and traded food products at the different geographic trade levels (i.e. global, continental, or regional).

15. Secondary and qualitative data related to the study includes data sources from various economic reports, surveys, publications, and online reports, which were used to research and understand certain trade-related observations from the data.

16. The ACF study incorporates these kinds of data, using the primary, SARS-based ITC Trade Map data, on an annual basis, to track export and import values and volumes over the 2017 to 2022 period. This data covers the important products traded (as noted above) for South Africa in relation to the different geographic trade levels, and the annual data accounts for seasonality effects which are commonly seen in agricultural markets. The time period analysed also accounts for, and would capture movements in trade flows related to, the pre-Covid, Covid, and post-Covid rebound period, as well as likely impacts from the Ukraine-Russian conflict in the 2021/2022 period.

17. In terms of the ITC Trade Map data, the data follows international standards in that exports are reported in Free on Board (FOB) terms, while imports are reported in Cost, Insurance and Freight (CIF) terms. As noted above, ITC's trade data is based on South African Revenue Services (SARS) data, and global data is based on the United Nations COMTRADE statistics.[13]

12 The average export and import prices are calculated by dividing the annual trade value (in dollar terms) by the annual trade volume (in tons) for each product to get an average dollar per ton price.

13 The annual data in Trade Map for products at 2, 4, and 6-digit level of the Harmonised System are mainly based on UN Comtrade, the world's largest database of trade statistics, maintained by the United Nations Statistics Division (UNSD). This data is complemented by national sources, when the information is not available in UN Comtrade. The quarterly and monthly data come from national and regional sources.

3

ANALYSIS OF TRADE BY REGION FOR AGRICULTURE & AGRO-PROCESSING

18. This section covers the analysis of bilateral trade statistics for South Africa's trade, in terms of import and export data (volume and value), with different geographic regions. The study first assesses the overall trade flows and pricing trends with South Africa, per product, on an African level (which is assessed alongside South Africa's corresponding global trade), and at the relevant regional level – that being its trade with the SADC region as a whole.

19. Where comparable data exists, international benchmarking is included by way of tracking the World Bank's commodity price data, relative to average import and export prices, as calculated from ITC Trade Map data.[14] Furthermore, the trade of a narrower set of commonly traded, key food products (namely maize, sugar, coffee, tea) is also analysed on an individual country basis, to map out examples of trade on a more disaggregated basis, and to consider how this might add to insights from other geographic levels of trade.

20. Furthermore, this section of the study closes with a brief examination of trade and regulatory elements, emphasising both facilitators and hindrances to increased agricultural trade in Africa. It explores feasible opportunities and insights aimed at advancing regional trade. Factors that ease regional trade are highlighted alongside those that impede it, providing an understanding of the challenges and potential avenues for improvement in fostering agricultural trade across Africa.

21. The selection of agricultural food products for the study relates to the importance these products play in terms of their contribution to the average consumer's grocery basket (and especially for poorer households), their nutritional and strategic importance for agriculture, and the products having a significant amount of trade (volume and value) data recorded relative to a similar product in each food category. The selection of food items, therefore, creates a comprehensive overview of key traded food products, which can assist in identifying current trade flows at different geographic levels of trade, and what this might reveal or point to in terms of competition issues, or areas of improvement for continental and regional trade going forward.

3.1. SOUTH AFRICAN TRADE FLOWS AT THE AFRICAN AND GLOBAL LEVEL

22. This section provides an overview of South Africa's trade flows and average prices[15] with the rest of Africa and with the world – of which the trade data recorded for the world also contains the trades recorded for Africa, which means there is a degree of overlap in the trade flow data at the different regional levels.

23. The eleven products considered in this study, namely fertiliser, seeds for sowing, oilseed cake, crude sunflower oil, maize, poultry, onions, citrus fruit, coffee, tea and sugar, are each analysed in the subsections below.

14 This section includes World Bank Commodity price data where available and where most relevant/comparable, which applies to the following products: fertiliser; maize; chicken/poultry; coffee; tea; and sugar. The data has also been converted to a $/kg metric for ease of comparison (if the commodity data was captured in any other measurement).

15 The prices are volume-weighted average prices

3.1.1. Fertilisers

24. At the global level, the fertiliser industry is characterised by high and increasing levels of concentration. There are a handful of countries which account for the bulk of the world's production capacity for the major nitrogen, phosphate and potash fertilisers, namely, China, US, Russia, India, Canada and Indonesia.[16] The leading five fertiliser companies worldwide, as of January 2024 (based on market capitalisation) include Wesfarmers from Australia, Nutrien from Canada,Tthe Saudi Arabian Fertilizer company, CF Industries and The Mosaic Company, both from the US.[17]

25. Low-income regions like Sub-Saharan Africa are highly dependent on imported fertiliser, and the price of fertiliser imports is generally a large percentage of fertiliser supply costs in the region. In this section, the study focuses on fertiliser under the description, 'mineral or chemical fertilisers, nitrogenous' with the HS heading 3102, as this fertiliser product is generally significantly traded relative to other types of fertilisers,[18] and is a key input (and high-cost item) at the origin or base of many other agricultural value chains. For example, in South Africa, maize accounts for around 41% of total fertiliser application, while other large consumers of fertiliser include sugar cane at about 18%, and the horticultural and fruit crop sectors account for about 20% of fertiliser consumption.[19]

26. The figures below depict South Africa's import and export volumes in tons (primary axis) and the corresponding trade values (in US Dollar thousand on the secondary axis), in relation to its African trade, and also in relation to South Africa's global fertiliser trade. What is clear from the figure on trade at the intra-continental level, is that South Africa exports much more fertiliser (in volume and value terms) than it imports from Africa. It is also observed that export volume and value to the rest of Africa shows an increasing trend from 2020, which coincides with the Covid-19 pandemic that resulted in shortages in key production regions for the raw materials and chemical inputs to fertilisers, as well as global transport and storage constraints.[20]

27. South Africa's global fertiliser trade shows that the country imports more mineral or chemical nitrogenous fertiliser than it exports, and is a net importer of fertiliser at the global level, similar to most African countries. The same 'Covid effect' is seen in fertiliser trade at the global level, as import volumes and value display a marked increase from 2020.

16 Eck, C. 2023. *The top 10 fertilizer producing countries in the world*. https://a-z-animals.com/blog/the-top-fertilizer-producing-counties-in-the-world// ; Statista. 2024. *Distribution of agricultural fertiliser production capacity worldwide in 2022, by region*.https://www.statista.com/statistics/1265915/share-global-fertilizer-capacity-by-region/

17 Statista. 2024. *Leading fertiliser companies worldwide as of January 2024, based on market capitalisation.* Largest fertilizer companies worldwide 2024 | Statista

18 ITC Trade Map. 2023. *Trade Statistics for international business development*. Trade Map - Trade statistics for international business development

19 DAFF. 2020. *South African Fertilisers Market Analysis Report*. http://webapps1.daff.gov.za/AmisAdmin/upload/South%20African%20Fertilizer%20Market%20Analysis%20Report%202020.pdf

20 Marlow, S. 2020. *Covid-19: Effects on the Fertiliser Industry*. (S&P Global, Commodity insights) https://www.spglobal.com/commodityinsights/en/ci/research-analysis/report-covid19-effects-on-the-fertilizer-industry.html

Figure 1: SA fertiliser trade with rest of Africa, 2017 - 2022

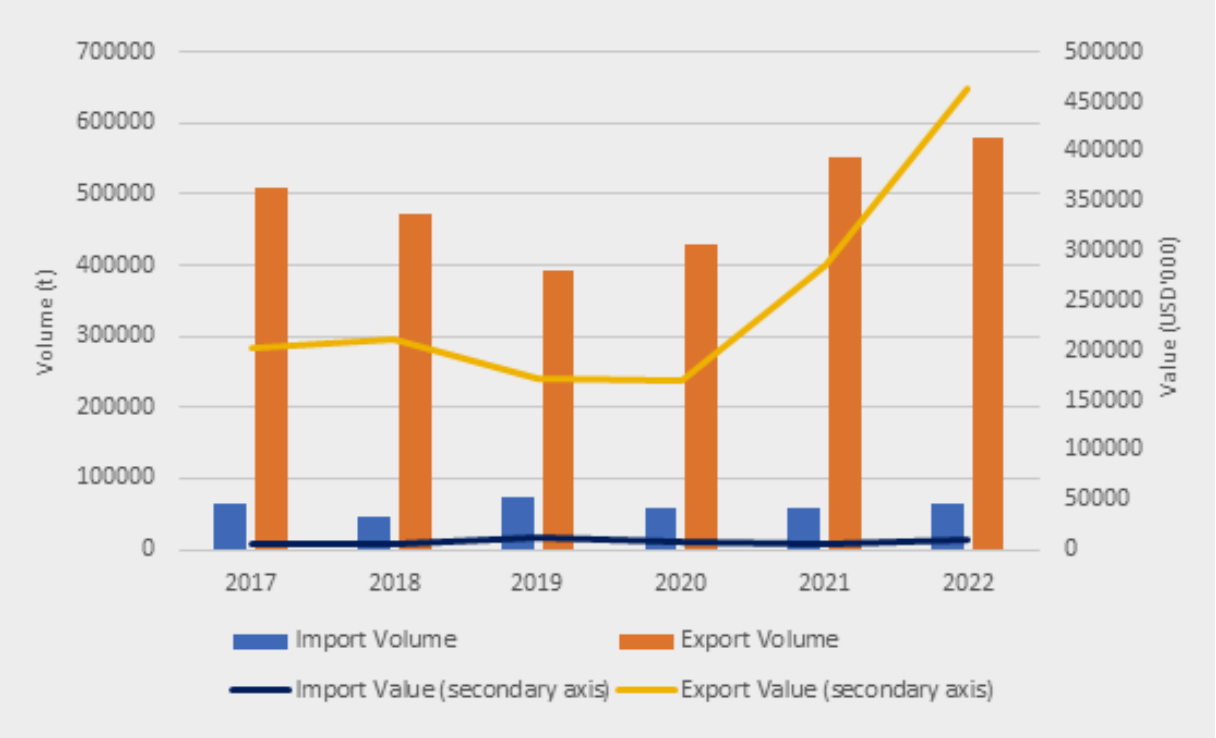
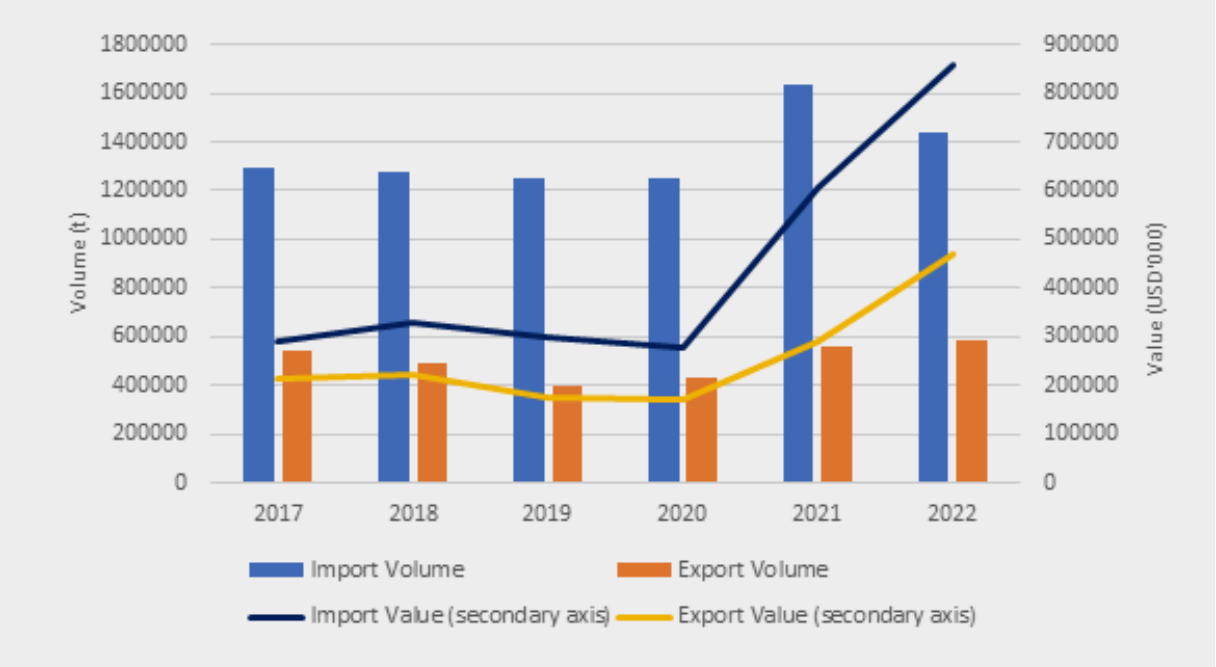


Figure 2: SA fertiliser trade with the world, 2017 - 2022



Source: ITC Trade Map (2023)

28. In terms of potential data overlap between the African and global fertiliser trade, it is clear that South Africa's global imports are vastly greater in volumes compared to what the country imports from Africa. Over the 2017 - 2022 period, South Africa's imports

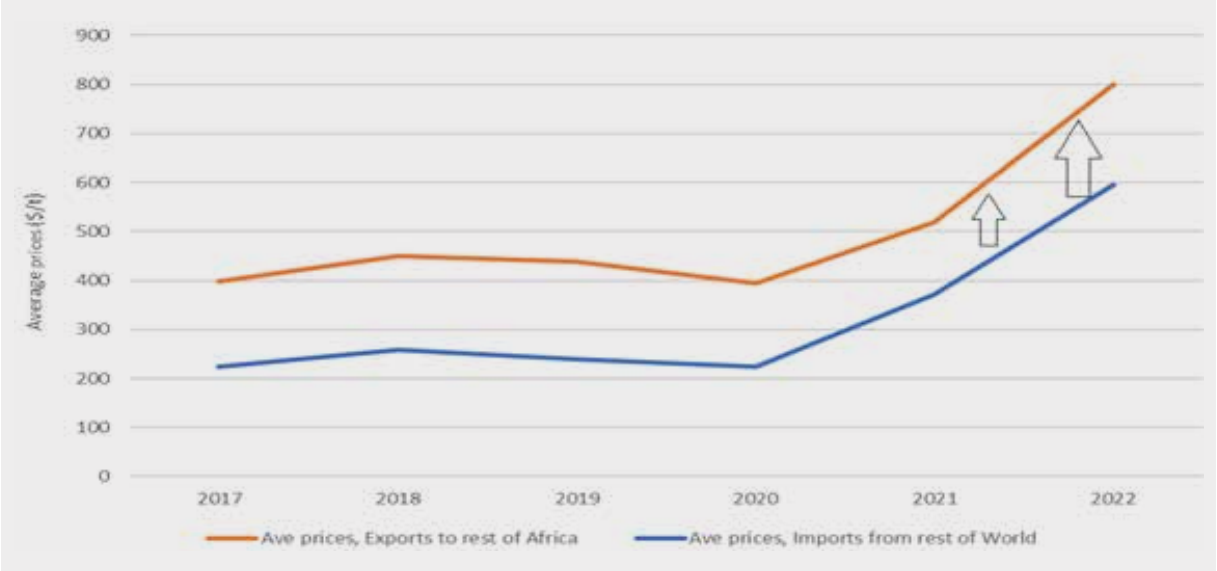
from the rest of Africa account for only around 3,6 - 5% of its world imports for mineral or chemical nitrogenous fertiliser. This points to South Africa's role as a gateway point for globally imported fertiliser to reach other African countries, in that South Africa could be simply fulfilling a re-exporter role – where it imports a large volume of fertiliser globally to then export to other African countries.

29. As of 2022, the top five major global supplying markets for South Africa's fertiliser needs include (in descending value), Saudia Arabia, Qatar, Oman, China and Russia, while South Africa's top five major export markets for fertiliser include African countries such as Zambia, Zimbabwe, Botswana, Ghana and Namibia.[21]

30. In terms of average pricing trends for fertiliser, the figure below shows average volume weighted prices for global imports and exports to the rest of the continent. The average prices are calculated per unit, as a 'dollar per ton' ($/t) price.[22] It is clear that around the time of the pandemic in 2020, there was an increasing trend in average prices, and also a slight difference (in absolute terms, indicated by the arrows) between African export prices, shown in orange, and global import prices, shown in blue.

31. Even though both imports and exports show increasing average prices from 2020, the average export price to the rest of the continent is increasing by slightly more than global import prices (which is seen from 2021 to 2022 in the figure below). This points to the nature of fertiliser trade, because fertiliser prices are mainly determined by the costs related to importing which include transportation costs, warehouse handling and bagging, as well as the margins of importers and traders.[23]

Figure 3: Average prices for fertiliser ($/t), at global and African level, 2017 - 2022



Source: ITC Trade Map (2023)

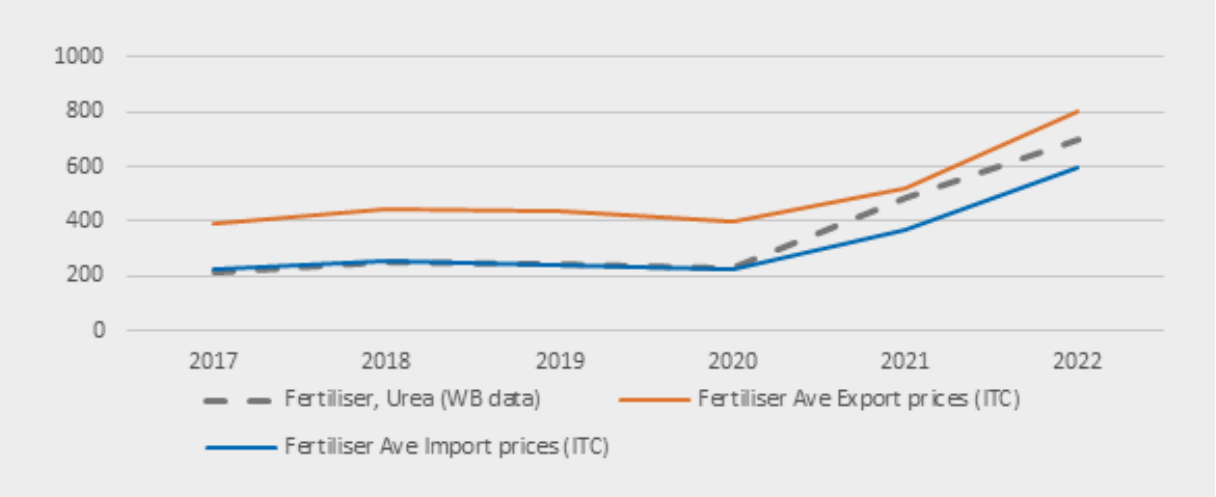
21 ITC Trade Map. 2023/24. Trade Map - List of importing markets for a product exported by South Africa
22 The average export and import prices are calculated by dividing the annual trade value (in dollar terms) by the annual trade volume (in tons) for each product to get an average dollar per ton price.
23 S, Roberts., Shedi, O., Tausha, I., Kaonga, K., Nsomba, G. & Tshabalala, N. 2023. *Competition, concentration, and market outcomes in fertiliser markets in East and Southern Africa*. CCRED, COMESA Working Paper.

32. The observed higher export prices to the rest of the continent can also be explained by the presence of product differentiation, where disaggregated data (at the 6-digit level) related to different fertiliser categories, like urea for example, shows that urea forms a large part of the observed overall fertiliser volume and value. This category is trans-shipped and not produced or blended in South Africa, which links to the point above on prices being influenced by related importing costs. Price tracking research conducted by the African Market Observatory also confirms that urea fertiliser prices have remained high in the East and Southern African region.[24]

33. When considering how average import and export prices for South Africa's fertiliser trade compare with international benchmarks, the study utilised the World Bank's commodity price data, which is termed 'pink sheets.' The World Bank's Pink Sheets refer to a dataset that contains monthly time series of commodity prices from January 1960 onwards (currently ending at March 2024). This dataset can be used to study the trends and volatility of commodity prices, and can provide a resource for understanding the dynamics and pricing of global commodity markets.[25] The World Bank gathers this information from various sources, including international organisations, commodity exchanges, and other data providers.[26] These prices are then analysed and compiled to create a comprehensive dataset that reflects the current and historical market prices of various commodities.[27]

34. The figure below shows again the average fertiliser prices ($/t) for South Africa's imports from the rest of the world, and average prices for its exports to Africa, but also includes the World Bank's commodity price data over the same 2017 - 2022 period for a product named 'Urea, E.Europe'[28] due to it being a comparator fertiliser product to the ITC Trade Map data for the product 'mineral or chemical fertilisers, nitrogenous' with the HS heading 3102, as urea forms a large part of this product's overall volume and value (as noted above).

Figure 4: South African average global import prices compared with WB commodity prices and export prices to Africa for fertiliser ($/t), 2017 to 2022



24 CCRED, African Market Observatory (AMO) Price Tracker. 2024. *Fair &Sustainable Markets for Food Security- February 2024 food price tracker*. Slide 8.
25 World Bank. 2024. Commodity Markets. https://www.worldbank.org/en/research/commodity-markets
26 See https://www.worldbank.org/commodities (Pink sheets- p.3, Description of Price Series)
27 World Bank. 2024. Commodity Markets. https://www.worldbank.org/en/research/commodity-markets .The calculation of these commodity prices involves considering factors such as supply and demand dynamics, market trends, geopolitical events, and other relevant economic indicators.
28 World Bank description of price series: Urea, E. Europe, prilled urea, spot f.o.b. Middle East.

35. As is clear from the figure above, the average import prices from the rest of the world, and South Africa's export prices to the rest of the continent appear to track each other closely for the majority of the period under review. A slight divergence in this trend is observed in 2021, where South Africa's export prices to the rest of Africa appear to have increased at a slightly higher rate than its import prices from the rest of the world. This notwithstanding, it appears that South Africa's export prices to the rest of the continent are moving in tandem, to some degree, with global price changes over this period. The figure shows that the commodity prices from the World Bank's data for Urea tracks very closely to the average import prices as sourced from ITC from 2017 to 2020, after which the Urea price starts to increase and trend closer towards the average export prices for fertiliser, which suggests that fertiliser prices have in general been showing more volatility and increases since 2020.

36. More recently, from 2022 to 2023, reports note rising and high profits for global fertiliser companies, off the back of price spikes attributed to the Ukraine-Russian war, where the profits of the world's top nine fertiliser producers tripled in 2022 from two years previously.[29] Other articles note that the rising prices of chemical fertilisers had already began earlier, with surges in natural gas prices in 2021 causing the reduction of ammonia production, which is a key component of nitrogen fertiliser. The diminished global supply of fertiliser has knock-on effects beyond just those market players interacting with it, and a chemical supply chain like fertiliser can hold implications that are felt on both micro and macroeconomic levels. Rising fertiliser prices can impact agriculture and food production globally, as farmers struggle to afford important components necessary for production, which adds to supply chain disruptions.[30] Less production of agricultural output would then in turn cause price hikes of produce, and this could possibly lead to more food insecurity.

37. Furthermore, research shows that the impact has been even greater on fertiliser supplies to African farmers, who are subjected to higher costs, and that high profit margins for fertiliser companies are being sustained in many African countries even while international prices have come down. This creates a situation where farmer margins and production are being squeezed by high input costs. The large gaps between fertiliser prices in African regions (like Southern Africa) and international fertiliser prices could point to issues within the fertiliser supply chain, as excess margins of around 30-80% are being earned on sales to many African countries.[31] The price of fertiliser may be high in some African countries due to the concentrated market structure, with only a few importers dominating the market and making it less competitive.[32]

3.1.2. Seeds for sowing

38. A general seed value chain involves actors who are interlinked through both commercial and non-commercial relationships in the development, production, assessment, transport and use of seeds.[33] This section considers another valuable input into

29 Roberts, S. & Tshabalala, N. 2023. *Food crisis in Africa: the high cost of imported fertilisers is adding to the problem (The Conversation)*. https://theconversation.com/food-crisis-in-africa-the-high-cost-of-imported-fertilisers-is-adding-to-the-problem-209664om); GRAIN & IATP.2023. *A corporate cartel fertilises food inflation* (Grain) https://grain.org/en/article/6988-a-corporate-cartel-fertilises-food-inflationfertilises food inflation

30 Larsen, C. 2022. The Fertiliser Supply Chain Situation (MAERSK). https://www.maersk.com/insights/resilience/2022/07/06/the-fertiliser-supply-chain-situation

31 Suri,T., & Udry, C. 2021. *African Agricultural Technology*. Journal of Economic Perspectives, Vol 52.

32 Suri,T., & Udry, C. 2021. *African Agricultural Technology*. Journal of Economic Perspectives, Vol 36, pp.33-56; https://blogs.worldbank.org/voices/transformed-fertiliser-market-needed-response-food-crisis-africa

33 Donovan, J., Rutsaert, P, Mausch, K. 2021. *Strengthening seed value chains: Persistent challenges and ways forward.* https://www.slideshare.net/ifpri/strengthening-seed-value-chains-persistent-challenges-and-ways-forward-250428926

agricultural value chains, that being input seeds for sowing, named as '*Seeds, fruits and spores, for sowing (excl. leguminous vegetables and sweetcorn, coffee, tea)' with HS code* '1209.[34]

39. Seeds or planting materials of a crop or plant are an important component of crop production, as good seeds interact with the environment around them, and determine the health of the crop or plant. Even when there is a conducive farming environment, a poor-quality seed can cause production to be less than if quality input seeds are used. At a basic level, selecting good quality seeds for sowing a crop is essential for achieving high crop yields and better-quality produce. Access to quality input seed is thus a crucial component of agricultural inputs into production and agro-processing.

40. One of the high input costs farmers face (especially smaller farmers) is the price of seeds, as they become more commodified – with the major seed companies touting hybrid and genetically modified seeds as better options for African smallholder agriculture.24 The Commission has previously done work in the seed industry, such as looking at concentration in grain seed, as part of its Concentration Tracker report, which measures levels and trends in concentration and participation in the South African economy.[35]

41. The report noted that four major agricultural input companies in the world in 2017 were previously 25 smaller companies before 1996, which highlights the level of consolidation in the seed industry. Merger activity has been a key driver of concentration in the global seed industry, with ripple effects in South Africa. Three major international mergers occurred in 2017, namely the ChemChina/Syngenta merger, the Bayer/Monsanto merger, and the Dow/Du Pont merger.[36] The report notes that concentration is of particular concern in South Africa, because it is usually not an efficient form of growing concentration, but rather inefficient because, "*the economy inherited a concentrated market structure from the Apartheid era, with entrenched leaders that remain dominant today. Inefficient concentration is associated with higher margins and is seen to impose a structural constraint on growth*." A United Nations report on global agriculture also highlights the dangers of market concentration in seed markets, as a limited number of seed suppliers leads to the concentration of research and development of a limited number of seed varieties.[37] The research points out that concentration can make it difficult for new companies to enter the market, as well as having anticompetitive effects by leading to massive price increases for seeds.

42. With regard to South Africa's trade with the rest of Africa for input seeds, the figure below shows that South Africa exports more volumes to Africa than it imports. In terms of its imports, a large jump (around 258%) in volume is seen from 2021 to 2022, while the compound annual growth rate for the five-year period is around 18%. The increase in South Africa's imported seeds from Africa could likely be linked to the Russian-Ukraine conflict, as Russia and Ukraine account for a large portion of global grain and oilseed exports.

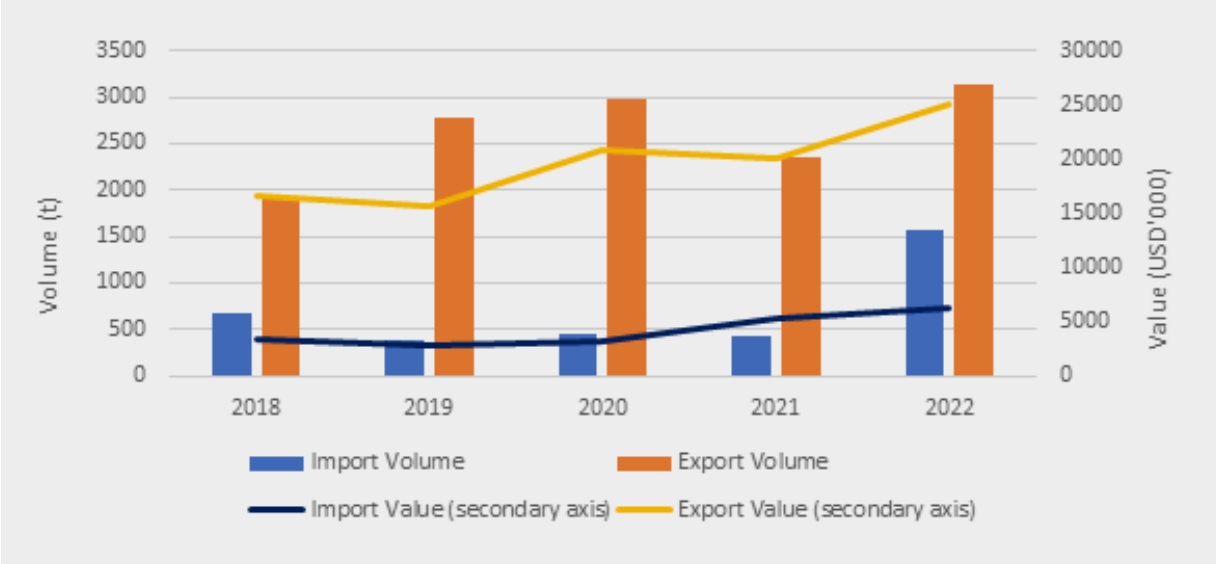
34 The full product name is recorded by ITC as '*Seeds, fruits and spores, for sowing (excluding leguminous vegetables and sweetcorn, coffee, tea, mate' and spices, cereals, oil seeds and oleaginous fruits, and seeds and fruit used primarily in perfumery, medicaments or for insecticidal, fungicidal or similar purposes).*

35 CCSA. 2021. *Measuring Concentration and Participation in the South African Economy: Levels and Trends- Main Report*. https://www.compcom.co.za/wp-content/uploads/2021/12/Concentration-Tracker-Main-Report-1.pdf

36 CCSA. 2021. *Measuring Concentration and Participation in the South African Economy: Levels and Trends- Main Report*. https://www.compcom.co.za/wp-content/uploads/2021/12/Concentration-Tracker-Main-Report-1.pdf

37 UN/IAASTD. 2009. *Agriculture at a Crossroads- Executive Summary of the Synthesis Report*. https://www.publiceye.ch/fileadmin/doc/Saatgut/Agriculture_at_a_crossroads_Executive_Summary_of_the_Synthesis_Report-2009Agriculture_at_Crossroads_Synthesis_Report_Executive_Summary.pdf; Public Eye. 2014. *The Dangerous concentration of the seed market*. https://www.publiceye.ch/en/topics/seeds/concentration-of-the-seed-market

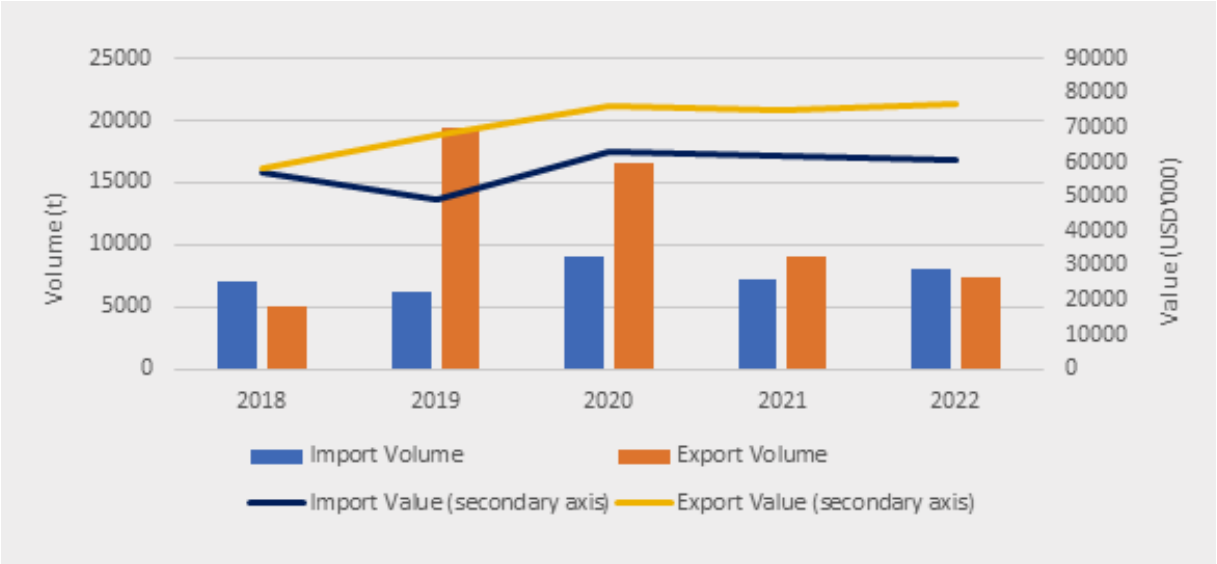
Figure 5: SA trade with rest of Africa, Seeds for sowing, 2018-2022



Source: ITC Trade Map (2023)

43. In terms of South Africa's global trade for input seeds, the figure below depicts a larger volume of exported seeds for sowing globally than reported in South Africa's imports of seeds. One would expect South Africa to be a net importer of seeds for sowing, due to the market dominance by global players such as Bayer Monsanto in the seed market. South Africa does, however, import much higher volumes of input seeds globally that it imports from Africa, and exports higher volumes globally than it does to Africa, which reduces the measure of overlap across the regions in terms of the trade data for seeds for sowing.

Figure 6: SA global trade, Seed for sowing, 2018-2022

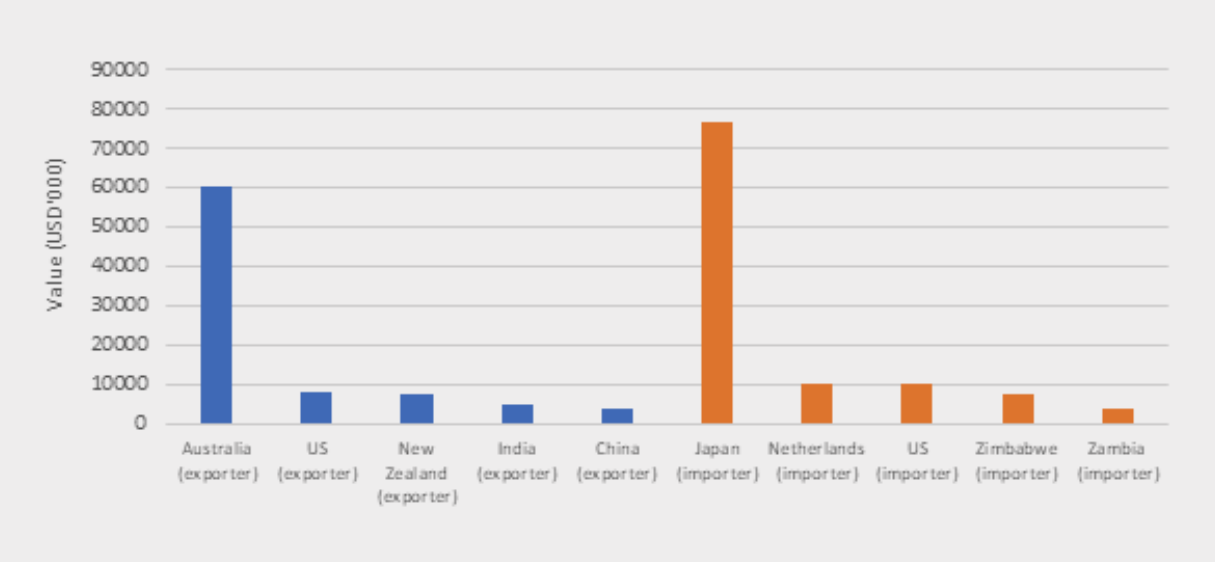


Source: ITC Trade Map (2023)

44. Upon further inspection, in 2019 and 2020 there was a large increase in South Africa's export volume of seeds for sowing which, when looking into the 6-digit level of the product, shows that the bulk of the input seed volume relates to the alfalfa (lucerne) seed, which was exported mainly to China. Available reports show that China hit record highs of alfalfa (lucerne) seed imports, which falls under 'seed for sowing, HS1209', due to its rapid transition toward larger-scale commercial dairy production. This transition, along with China's limited resources at the time for high-quality alfalfa production, are key factors for the dramatic increases in its alfalfa imports.[38]

45. As of 2022, the top five major global supplying markets for South Africa's seed for sowing include (in descending value) Australia, the US, New Zealand, India and China, while South Africa's top five major export markets for fertiliser include Japan, Netherlands, the US, Zimbabwe and Zambia.[39] This is shown in the figure below for 2022, where it is evident that the importing countries have imported slightly higher volumes from South Africa (i.e South Africa's exports), than what South Africa imported from its supplying markets.

Figure 7: SA top trading partners for Seed for sowing (based on 2022 value)



Source: ITC Trade Map (2023)

46. In terms of sowing-seeds' pricing trends over the period, the figure below shows that generally there are higher average prices ($/t) for import prices than export prices. This appears to change for both South Africa's trade with the rest of Africa (figure on the left) and with the world (figure on the right) around 2021 to 2022, as average export prices rise above import prices, with market reports showing a steeper rise in the value of exports in sowing seeds globally during this time.40

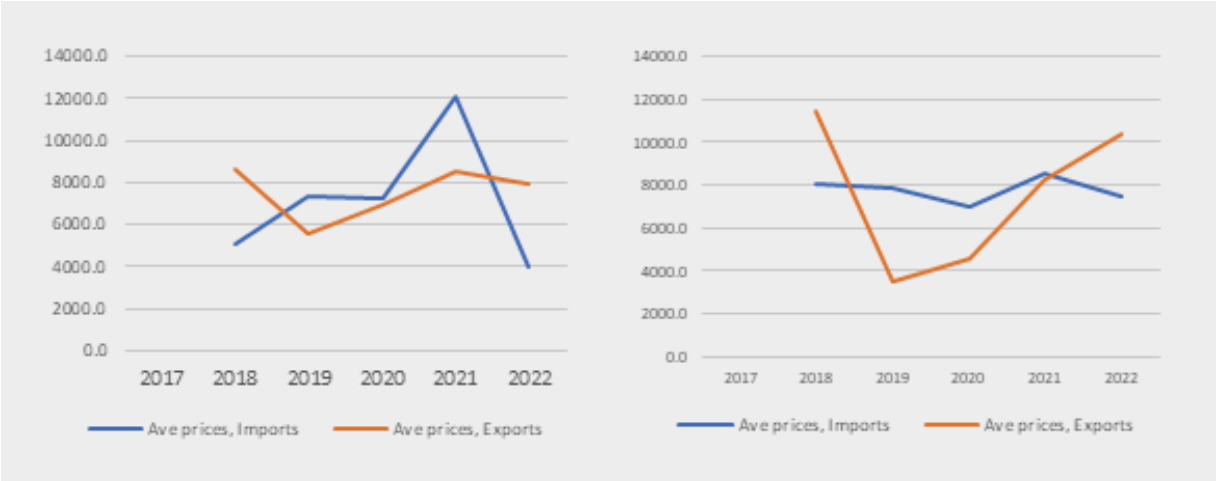
38 Wang, Q. & Zou, Y. 2020. *China's alfalfa market and imports: Development, trends, and potential impacts of the U.S.-China trade dispute and retaliations*. Journal of Integrative Agricultures (vol 19, Issue 4).

39 ITC Trade Map data: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c710%7c%7c%7c%7c120991%7c%7c%7c8%7c1%7c1%7c1%7c2%7c1%7c2%7c2%7c1%7c1; China was South Africa's major importer of seed for sowing during 2019 and 2020.

40 OEC World. 2024. *Sowing Seeds* (Harmonised System 4digit- 1209) https://oec.world/en/profile/hs/sowing-seeds

47. In terms of world trade, sowing seeds grew by 9,11% over the 2020 to 2021 period, from $8,17 billion to around $8,92 billion.41 The average prices for South Africa's sowing seeds trade with the rest of Africa, in terms of import prices, also shows more volatility over the 2017 to 2022 period than global average import prices. From 2020 to 2021, the chart with average prices for Africa shows a very steep increase in prices which are not seen at the global level, and from 2021 to 2022, the figures show that average prices at the African level of trade then decreased dramatically for imports which (again) is not seen at the global level.

Figure 8: SA trade with rest of Africa and the world, seeds for sowing, average prices ($/t), 2017-2022



Source: ITC Trade Map (2023)

3.1.3. Oilseed cake or oilcake

48. Oilseed cake or oilcake describes the residues obtained after the extraction of oil from the plant source, such as oilseed, by expelling or by solvent extraction. The extraction of oil from seed or fruit is carried out by two methods – by pressing, or with chemical solvents.42 Oil-cake is one of the largest inputs for farmers in the livestock industry, as it serves as valuable feed for livestock due to it being rich in protein. These agricultural residues provide major valuable feedstock for cattle, and are further used for the production of value-added products like biogas, biofuel, biopolymer, antibiotics and enzymes.43 Furthermore, numerous products like edible films, protein concentrates, isolates and emulsifiers can be extracted by properly processing the waste and by-products from oilseeds.

49. Trade research as far back as 2010 shows that soya oil-cake at the time comprised around 25% of the total feed costs in South Africa, which translated to around 17,5% of the total costs associated with livestock rearing.44 Because of its economic relevance, and nutrients such as protein, fibre, carbs, and antioxidants, oilseed cakes have found a desirable place in livestock and poultry feed, and are thus an important part of

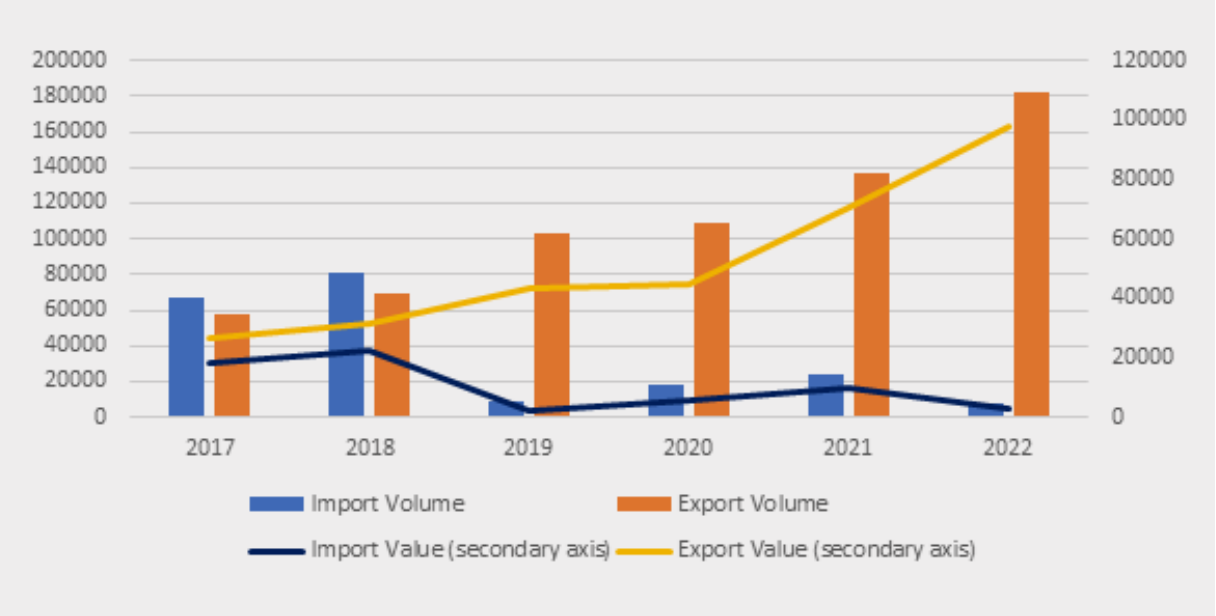
41 OEC World. 2024. *Sowing Seeds* (Harmonised System 4digit- 1209) https://oec.world/en/profile/hs/sowing-seeds
42 Sunil, L., Appaiah, P., Kumar, P.K. & Krishna, A.G. 2015. *Preparation of food supplements from oilseed cakes*. Journal of Food Science & Technology 2015; 52 (5): 2998-3005.
43 Sarkar, N. Chakraborty, D., Dutta, R., Agrahari, P., Bharathi, S.D., Singh, A.A, & Jacob, S. 2021. *A comprehensive review on oilseed cakes and their potential as a feedstock for integrated biorefinery.* JABET 2021; 4(3): 376-387.
44 http://www.itac.org.za/upload/document_files/20140928120707_Report-324.pdf

the agricultural industry as they affect the input costs for other food value chains. The assessment evaluated oil-cake under the code HS'2304, formally named '*oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil.*'

50. The figure below shows that in terms of intra-continental trade, South Africa is a net exporter of oil-cake, with export volumes multiples larger than import volumes since 2019 (where prior, from 2017 to 2018, South Africa imported more oil-cake from Africa than it exported to Africa). This change seen in 2019 can potentially be attributed to establishing domestic crushing plants, and the increase in the production of soybeans, which resulted in increased oilcake and assisted in import replacements, as well as new soybean seed technology investments, and a levy to incentivise the development of new cultivars and technology.[45]

51. South Africa's top African countries to which it exports oil-cake include Zimbabwe, Eswatini, Botswana, Mozambique and Namibia.[46] Figure 9 below shows a different picture when considering South Africa's global trade in oil-cake. South Africa has, for the bulk of the period (2017 – 2021), been a net importer of oil-cake volumes, after which imports decreased substantially to equalise with export volumes in 2022 (as also seen in the trade values). The main supplying markets for South Africa's global oil-cake imports include Argentina (which accounts for 97% of South Africa's total imports), and the rest, which account for much smaller values include Zambia, Zimbabwe, Eswatini and South Africa (where trade between South Africa and itself is explained by re-import activity).[47]

Figure 9: South African trade with rest of Africa, Oil-cake

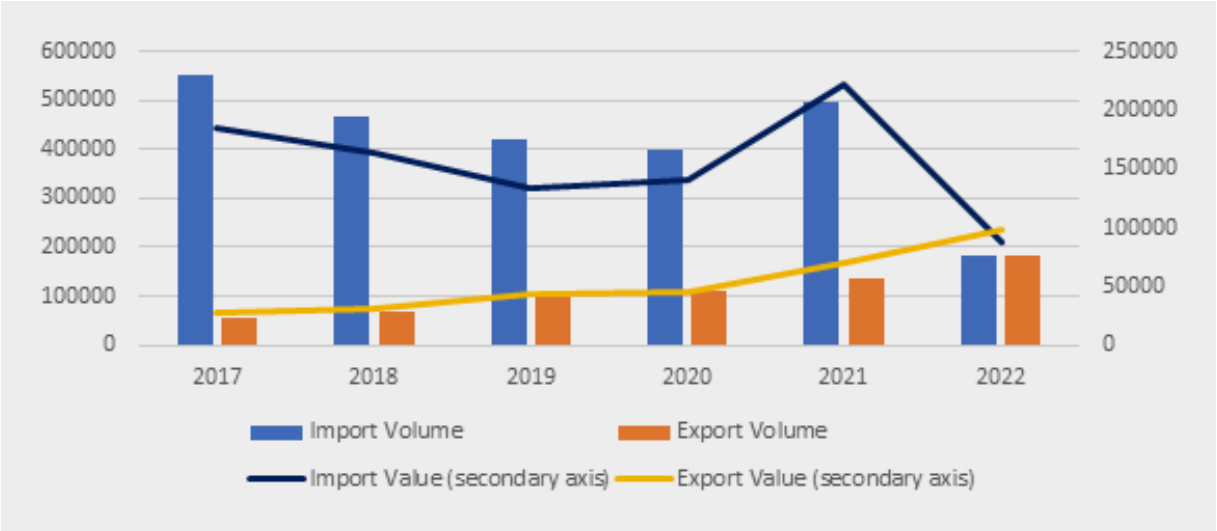


45 Maluleke, I. 2021. Grain SA- Perspective Week 22. grainsa.co.za/week22n/21/perspektief.html

46 ITC Trade Map data: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c710%7c%7c%7c7%7c230400%7c%7c%7c6%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1 (based on SA exported value in 2022).

47 ITC Trade Map data: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c710%7c%7c%7c%7c2304%7c%7c%7c4%7c1%7c1%7c1%7c2%7c1%7c2%7c1%7c1%7c1

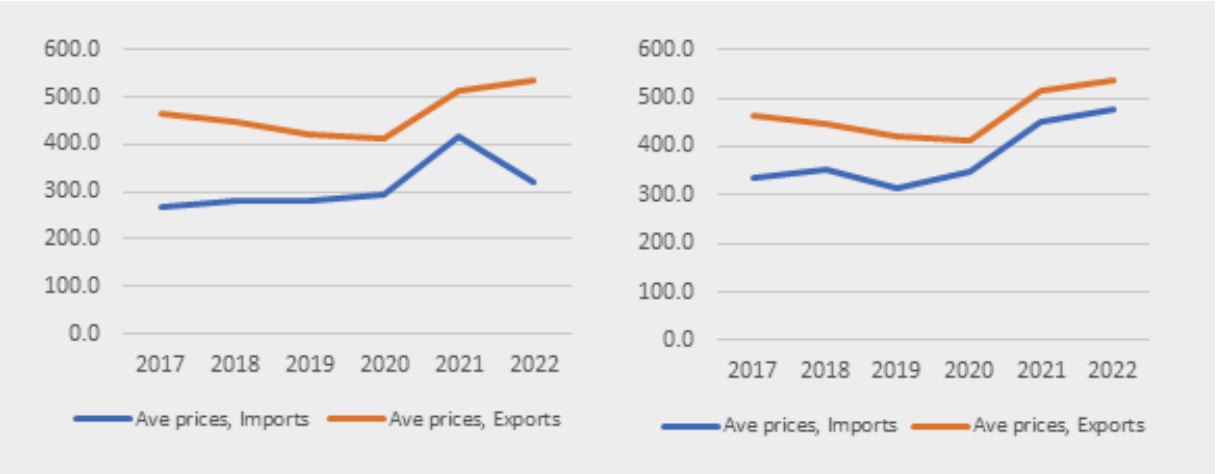
Figure 10: South African trade with the world, Oil-cake



Source: ITC Trade Map (2023)

52. The average pricing trends, in $/t terms, for oilseed cake are seen in the figures below for South Africa's trade with the rest of Africa (on the left) and its global trade (on the right). Across both regions, average prices trend upwards from 2020 to 2021, and again more volatility is seen at the African level for average import prices, in that it decreases to pre-Covid 19 levels while South Africa's average import prices with the world continue to show an increasing trend from 2020 to 2022. During this time, reports noted the global upside risks to oilseed prices, mainly due to poor production conditions and climate effects (dry weather) in key producing regions like South America and Asia, the added supply risk due to the Russia-Ukraine war, and the strong demand for oilseeds.[48]

Figure 11: SA Oilseed cake trade with rest of Africa and the world, average prices ($/t), 2017-2022



Source: ITC Trade Map (2023)

48 Food for Mzansi. 2022. Global grain and oilseed supply still a major concern, by Wandile Sihlobo. (21 April 2022). https://www.foodformzansi.co.za/global-grain-and-oilseed-supply-still-a-major-concern/; Grain SA. 2021. *Oil prices continue to Soar*. By Ikageng Maluleke. (April 2021) https://www.grainsa.co.za/oil-prices-continue-to-soar

3.1.4. Crude sunflower oil

53. Crude sunflower oil is obtained from partially dehulled seeds, by mechanical pressing followed by extraction and water degumming. In basic terms, it is the oil pressed from the seeds of the sunflower. Crude sunflower oil is used in the production of refined edible sunflower oil, mixed edible oil, blended edible vegetable fat, fat spreads, mayonnaise and related products. Sunflower oil is generally used in food or technical applications such as cooking oil, for biofuels and cosmetics.

54. In South Africa sunflower oil is mainly used for cooking purposes,[49] and it is a basic food staple bought by many households. During the 2021 to 2022 period there were many reports surrounding the steep price hikes seen in cooking oil, mainly due to oil-producing crop shortages internationally, and higher-than-usual demand from the main consumer countries like China and India, in addition to the supply shortage resulting from the Russian-Ukraine conflict.[50]

55. The Commission also analysed cooking oil price trends in its September 2023 Essential Food Price Monitoring report.[51] The report covered the importance of Eastern European countries to the global supply of sunflower seeds and edible oils, while also noting that high and growing concentration along the sunflower oil value chain (from sowing seeds to the refining level) creates the risk of opportunistic price increases above cost increases, during periods of inflation.

56. Furthermore, in South Africa, fertiliser and crude oil prices directly affect other food value chains like poultry, as feed costs make up around 70% of broiler production costs, and so the high cost of agro-inputs can directly impact the production capacity of the poultry industry.[52] Due to its importance to most households, and its linkages to other food value chains, the study considers trade patterns of crude sunflower oil, formally named '*sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined*' as HS code 1512.

57. The figures below, once again, show how, at the African level of trade, South Africa plays the net exporter role of crude sunflower seed oil, while at the global level, South Africa is a net importer – which could point to the gateway or re-export role of South Africa, as it imports globally and then exports crude sunflower oil to African countries.

58. More movement in the trade volumes and values is observed around the Covid-19 pandemic where at the global level, there is a noticeable decrease in import volume and value from 2020 to 2021, and then a very steep increase the following year (from 2021 to 2022). There is less movement in South Africa's trade at the African level, which is different to the volatility observed at the global level, and this possibly speaks to the increased price inflation and resultant volatility in the sunflower oil value chain. This has been linked to the Covid-19 pandemic, and exacerbated by the Eastern European conflict, as that region is a major producer and exporter of vegetable oils and seeds.[53]

49 DAFF & ITC. *Market Analysis: Sunflower Oil*. Sunflower Oil Market Analysis_04052011 (2 (grainsa.co.za)

50 Ellis, E., Jubase, H. & Kamnqa, S. 2022. *Perfect international storm lights a rocket under the cost of cooking oil* (Daily Maverick). https://www.dailymaverick.co.za/article/2022-04-20-perfect-international-storm-lights-a-rocket-under-the-cost-of-cooking-oil/; CBI. 2024. *What is the demand for grains, pulses and oilseeds on the European market?* What is the demand for grains, pulses and oilseeds on the European market? | CBI ; BizCommunity. 2023. State of the Retail Nation- Cooking oil has highest inflation rate, https://www.bizcommunity.com/Article/196/162/240061.html; Farmers Review Africa. 2023. *Cooking oil prices tamed amid the record 2023 canola harvest*, https://farmersreviewafrica.com/cooking-oil-prices-tamed-amid-the-record-2023-canola-harvest/

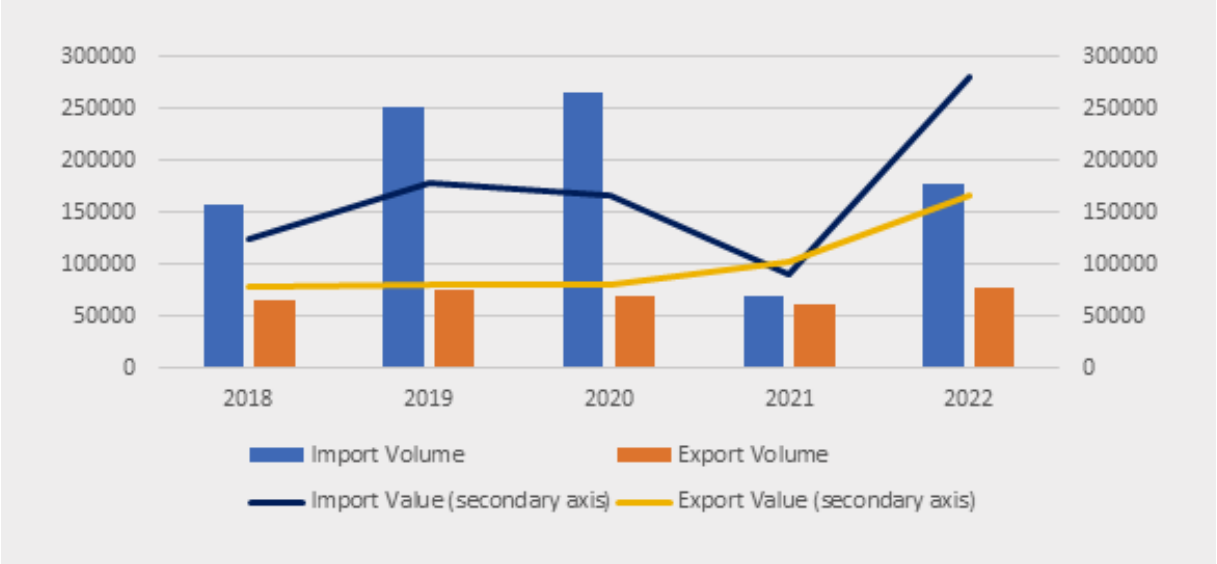
51 CCSA. 2023. Essential Food Pride Monitoring Report (September 2023 issue), https://www.compcom.co.za/wp-content/uploads/2023/09/EFPM-Report_Sep-2023_publication.pdf

52 NAMC. 2022. *Trade Probe- The impact of Russia-Ukraine conflict on South African oil price* (Issue 89, May 2022), https://www.namc.co.za/wp-content/uploads/2022/08/Trade-Probe-Issue-89.pdf

53 CCSA. 2022. *Essential Food Price Monitoring Report* (August 2022 version)

Figure 12: SA trade with rest of Africa, crude sunflower oil, 2018 - 2022

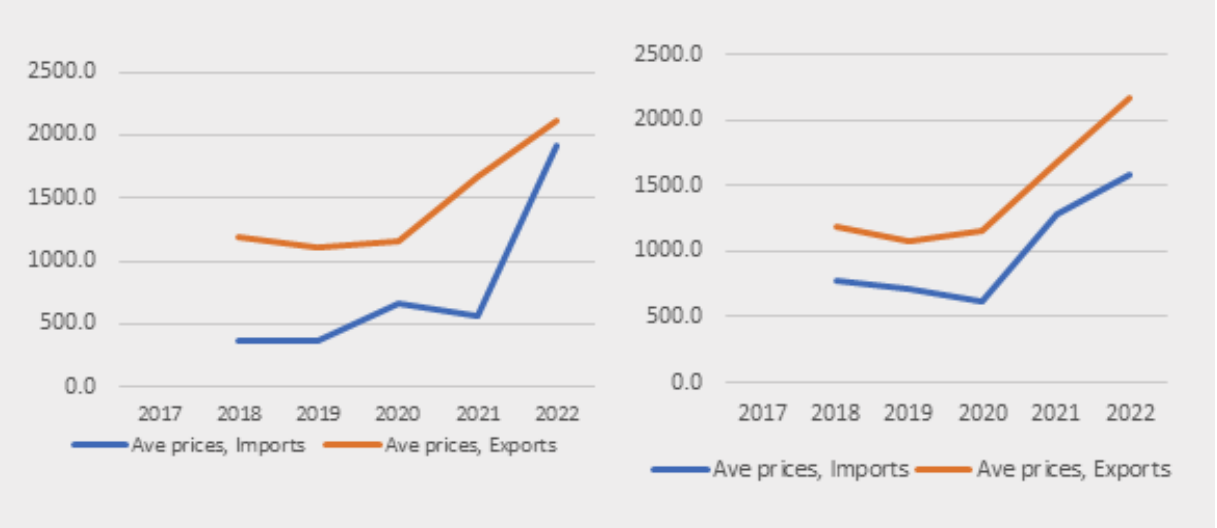
Figure 13: SA trade with the world, crude sunflower oil, 2018 - 2022



Source: ITC Trade Map (2023)

59. These findings for trade volumes track against the average prices ($/t) for sunflower oil, where there are generally increased price rises observed from around 2020/21 for both South Africa's trade in Africa, and globally.

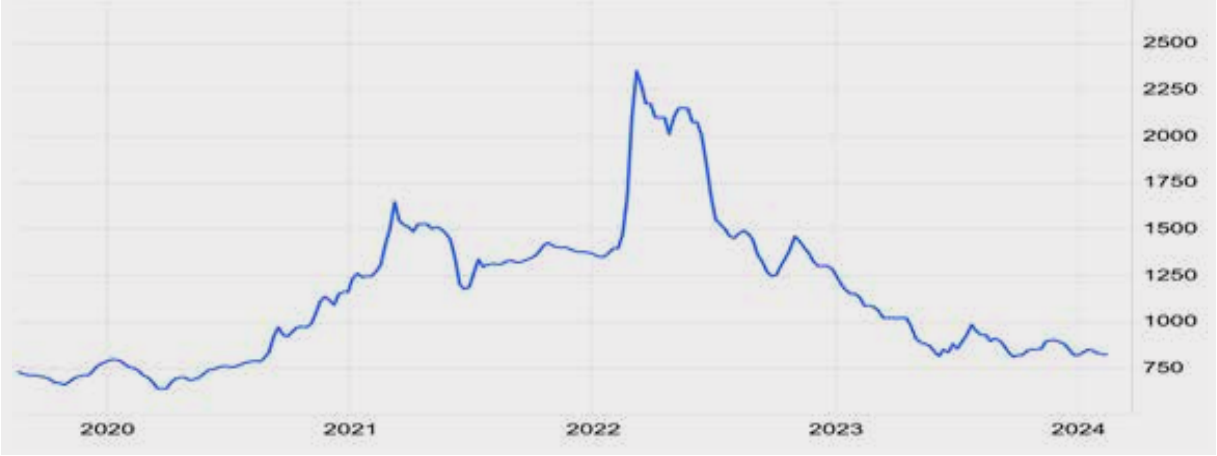
Figure 14: Average prices ($/t) for SA trade with rest of Africa, and the world, crude sunflower oil



Source: ITC Trade Map (2023)

60. The chart below displays more recently tracked global prices of sunflower oil, which shows that sunflower oil prices reached an all-time high of $2400/ton in March of 2022, whereas it currently trades at around $815/ton.[54] Around the first quarter of 2022 there were many reports which noted the global food inflation and already tight supply on vegetable oil, soya, sunflower and canola, as well as the Ukraine-Russian conflict that further intensified food inflation experienced by consumers – due to these regions being major supply areas of sunflower oil in the world, and due to the importance of sunflower oil for cooking and related products which use sunflower oil.[55]

Figure 15: Updated sunflower oil prices, 5-year overview (2020-2024)



Source: Trading Economics (2024)

54 Trading Economics. 2024. Summary, *Sunflower Oil*. https://tradingeconomics.com/commodity/sunflower-oil

55 BusinessTech. 2022. Food prices in South Africa continue to soar- and worse is still to come, https://businesstech.co.za/news/lifestyle/581870/food-prices-in-south-africa-continue-to-soar-and-worse-is-still-to-come/; Phooko, K. 2022. *South Africans can expect steep price hike in 2-litre oil due to war in Ukraine* (The Citiizen), https://www.citizen.co.za/business/south-africans-expect-price-hike-in-2-litre-oil/; Durbin, D., Wieting, A & Chan.K. 2022. *Russia's war heats up cooking oil prices in global squeeze* (AP News), https://apnews.com/article/russia-ukraine-covid-business-health-africa-688a358195a4723fc862cfe3f9e60474

3.1.5. Maize

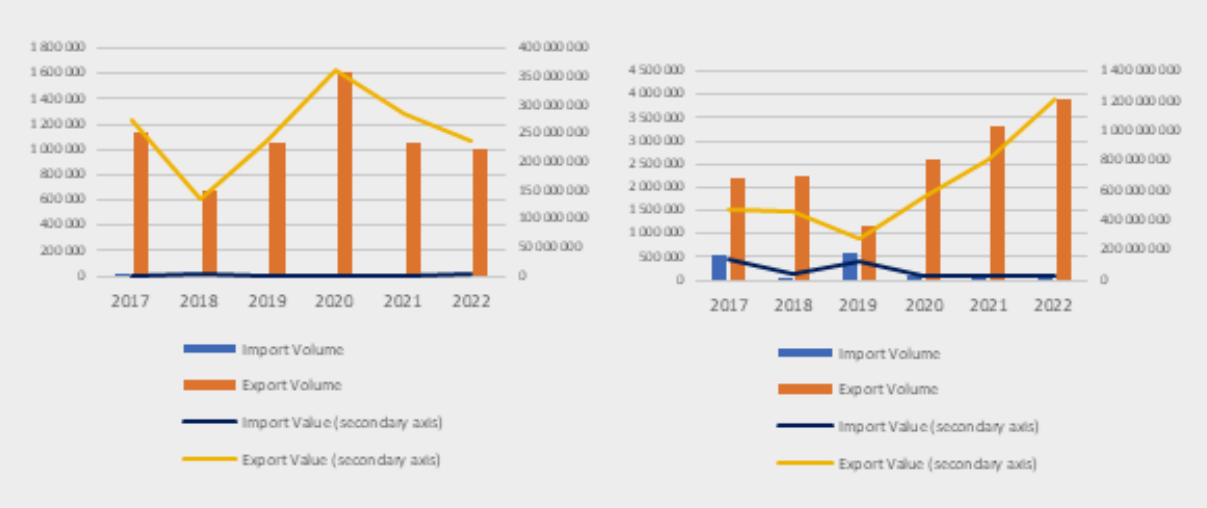
61. Maize is an important staple food for millions of people, and is particularly key for food security in developing countries, where it represents a dietary staple and a critical source of calories, protein, and micronutrients for many people. Due to maize being a versatile crop that can grow in a variety of climates and soils, it is a suitable crop for small-scale farmers in developing countries, and therefore contributes to agricultural production and employment. Furthermore, maize is a low-cost food source that is easily accessible to low-income households.

62. Maize is a source of food for both humans and animals, and can also be used for industrial purposes such as the production of biofuels, starch and oil. In many countries, maize is the primary staple food, and it provides a significant portion of people's daily calorie intake. In sub-Saharan Africa, for example, maize is reported to account for more than 30% of the daily calorie intake, and in some countries accounts for up to 50% of the total calorie intake.[56]

63. Given its importance and contribution to food security, the study includes maize[57] as a product from the grains category to consider. This section looks at both ITC Trade Map data for insights related to South Africa's maize trade globally and in Africa, as well as SAGIS maize data, which includes country production over the 2017 to 2022 period.

64. The ITC Trade Map data below depicts South Africa's maize trade with the rest of Africa (figure on the left) and globally (figure on the right) from 2017 to 2022. Over the period, it is clear that South Africa is a strong net exporter of maize to Africa and globally. In Africa, the top importing countries of South African maize include Botswana, Eswatini, Namibia, Mozambique and Lesotho.[58] On a global scale, the top 5 importing countries of maize from South Africa, based on export value for 2022, include Taiwan, Japan, Vietnam, Korea and Italy.[59]

Figure 16: SA maize trade with rest of Africa and the world, 2017 - 2022



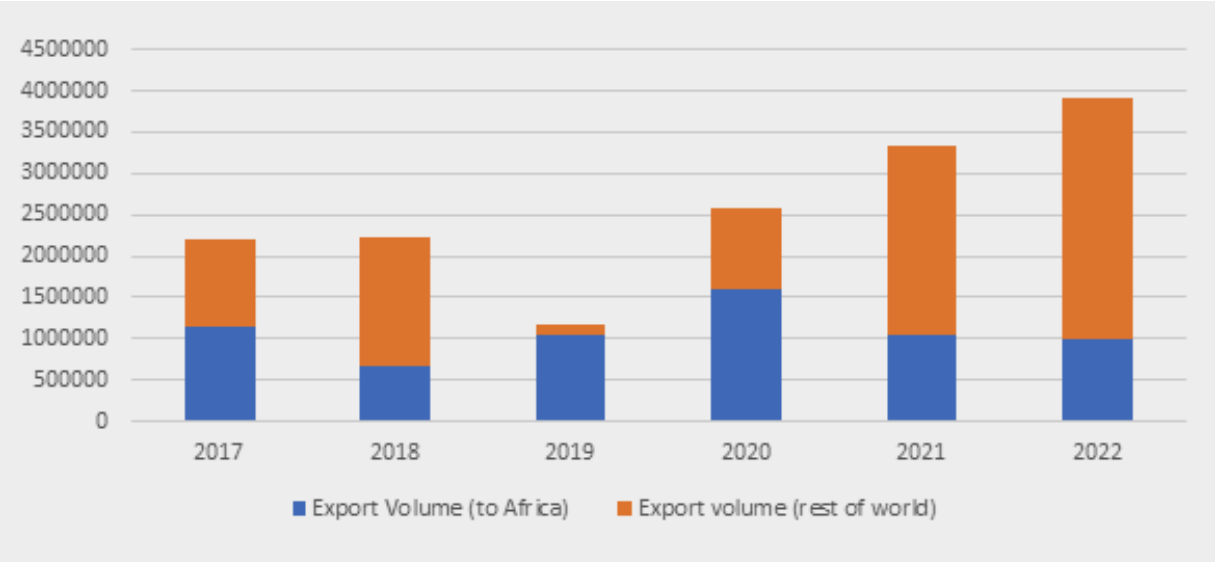
Source: ITC Trade Map (2023)

56 Ryan, J. 2023. *Understanding the value of Maize* (farmer's weekly), https://www.farmersweekly.co.za/crops/field-crops/understanding-the-value-of-maize/
57 The name description for maize is HS1005 Maize or corn.
58 ITC Trade Map data: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c710%7c%7c%7c7%7c1005%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1
59 ITC Trade Map data: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c710%7c%7c%7c%7c1005%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1

65. The figures above show broadly similar export trends for both Africa and the world from 2017 to 2020, as a decrease is seen (more pronounced at the Africa level) from 2017 to 2018, which appears a year later at the global level, and then an increase in exports until 2020 at the African level. From 2020, however, South Africa' export volumes to Africa show a declining trend, while its exports globally continue to increase year-on-year. From the figures above, it is also evident that large maize volumes are exported to Africa, and this would be counted in South Africa's global export volumes of maize too.

66. In order to account for the overlap in trade data, the figure below, therefore, displays South Africa's total export volumes for maize each year, where the proportion of exports to Africa is shown in blue, and the remaining portion represents export volume to non-African (rest of world) countries, which is shown in orange. The figure illustrates that Africa as a whole accounts for a large portion of South Africa's export demand for maize, especially evident in 2019, where Africa accounted for around 90% of all South Africa's exported maize. From 2020, the figure also shows that the non-African trade from the rest of the world is increasingly accounting for a larger share of South Africa's maize exports.

Figure 17: SA total maize exports (tons), 2017-2022

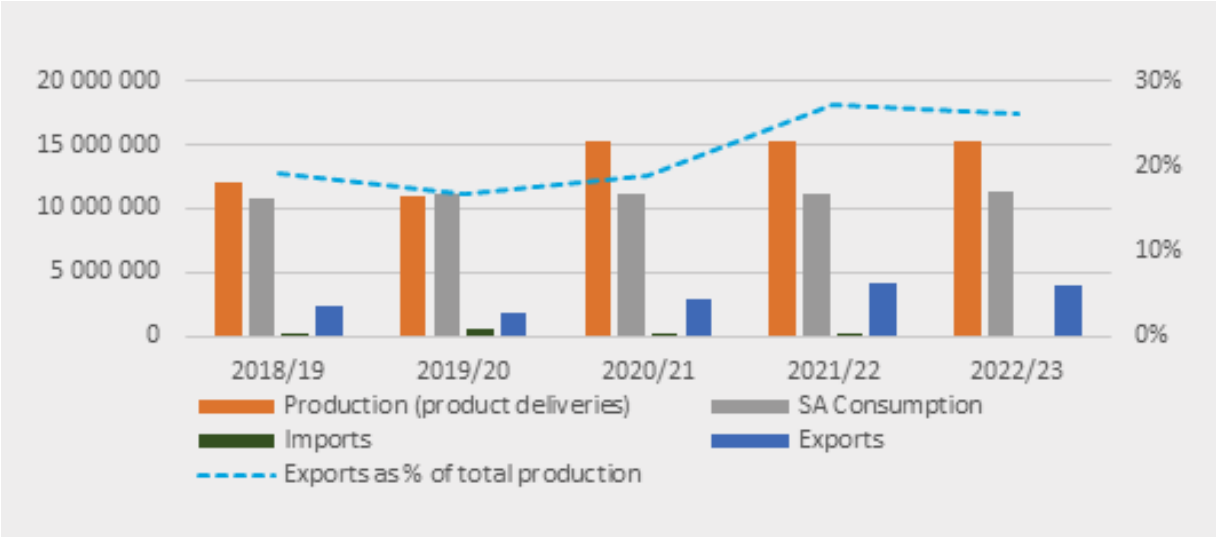


Source: ITC Trade Map (2023)

67. In terms of SAGIS data for maize, the figure below shows South Africa's annual maize production (product deliveries) per market year,[60] South Africa's annual maize consumption, maize imports and exports, and exports as a percentage of total production. The figure shows that, while local consumption has remained relatively constant across the 2018-2023 period, maize production has increased steadily, with exports showing a similar rising trend each year. This is evident from the rising trend in 'exports as a % of total production,' where exports represented around 19% of South Africa's total maize production in the 2020/21 year, which increased to 27% in the following 2021/22 year.[61]

60 SAGIS data. https://www.sagis.org.za/historic%20whole%20grain%20info.html; Market year runs from 1 May to 30 April.
61 SAGIS data. https://www.sagis.org.za/historic%20whole%20grain%20info.html

Figure 18: SA maize production, consumption and trade volumes (tons)



Source: SAGIS data

68. The figure above shows that when South Africa's maize production increases, higher export volumes of maize are observed. From 2019/20 to 2020/21, maize production increased by 40%, while consumption largely remained constant, and exports saw a dramatic increase of around 58% during this period.

69. In terms of pricing trends, figure 19 below shows, on the left chart, the average import and export prices ($/t) for maize in relation to South Africa's trade with the rest of the continent. In addition, the chart on the right shows the average import and export prices ($/t) for maize in relation to South Africa's trade with the rest of the world. Each chart also includes the World Bank's commodity price for maize, as shown in the dotted grey line. [62]

Figure 19: Average prices ($/t) for SA maize trade in Africa, and globally, and WB commodity prices, 2017-22.
Figure 20: Maize, average prices ($/t)

Source: ITC Trade Map (2023); World Bank Commodity Data (Pink Sheets)

62 World Bank description of price series: U.s no.2,yellow, f.o.b, US Gulf ports.

70. The chart on the left shows that average export prices to the rest of the continent are very low when compared to South Africa's import prices from the rest of Africa. It is also notable that South Africa's export prices to the rest of Africa have been relatively stable over the review period. However, it is observed that South Africa's import prices from the rest of the continent are seen to have an upward trend from 2017 to 2020, after which there was a steep decline in prices from 2020 to 2021, and then a steep price increase occurred from 2021 to 2022 – to levels similar (and slightly higher) than pre-Covid levels. The steep and large movements of the average dollar per ton prices (value over volume) appear driven by a steep rise in South Africa's maize import volumes, while import value showed a sizeable drop from 2020 to 2021.[63]

71. In terms of global average prices in the chart on the right, South Africa's average import price displays a steep increase in average prices (value over volume, on a dollar per ton basis) from 2017 to 2018, which appears to be linked to a dramatic drop in import volumes, which then affects average prices, as shown in the steep, temporary rise. There is a gradual upward trend as prices increase from 2020, and then steeply so from 2021, while average export prices remain low and fairly unchanged. It was reported that the steep upward trend in import prices, at both the African and global level, arose from high maize demand, along with rising production costs for energy, fertiliser and labour, along with low global maize inventories, which amplified the upward price trend from 2021 to 2022.[64]

72. When considering average prices of South Africa's maize trade with the rest of the world, the figure above shows how these average prices compare over time with a benchmark price for maize, used from the World Bank's commodity prices for maize – shown by the dotted grey line.. For both South Africa's maize trade with the rest of Africa, and its trade globally, the figures show that the World Bank's commodity price trends more closely to South Africa's average export prices (than import prices), for the 2017 to 2022 period, which could point to South Africa's maize exports being part of, and influenced by, the larger global market. Notably, the figure above also shows our African trade relative to global maize trade – where the prices at which we export to Africa appear consistent with the global picture, and that average import prices are much higher at both the African and global level.

3.1.6. Poultry

73. Within South Africa's agriculture and agro-processing sector, poultry as a protein food and as an industry is of special interest. The poultry industry accounts for around 65% of all animal protein consumed in South Africa, due to the production of both chicken meat and eggs. The poultry industry, including broiler chicken and egg production, is furthermore the biggest contributor to South Africa's agricultural sector, with a total annual gross value of production of almost R72 billion in 2022 (and R61 billion the previous year).[65]

74. The poultry industry's overall agro-processing component has also grown rapidly. With respect to the poultry industry, it supports many marginal businesses and industries (such as the feed industry) and others in the downstream levels of the value chain. The poultry industry also provides direct and

63 The ITC Trade Map data shows that South Africa's import volume from the rest of Africa increased significantly from 837 tons to 8267 tons, while import value had decreased from USD 1 460 000 to USD 1 242 000, from 2020 to 2021.

64 Global Maize Market. 2024. Market Analysis, Forecast, Size, Trends and Insights (IndexBox, Key Stats). Available at: https://www.indexbox.io/store/world-maize-market-report-analysis-and-forecast-to-2020/; GrainSA. 2020. Maize market prospects for next season. Available at: https://www.grainsa.co.za/maize-market-prospects-for-next-season ;

65 Who Owns Whom (2023). "*The Poultry and Egg Industry in South Africa, SIC codes 30111b and 61210a*"; CCSA. 2023. *Poultry Value Chain Scoping Study* (24 November 2023).

indirect employment, with over 118,000 people estimated to be employed across the value chain.[66]

75. The poultry value chain in South Africa includes poultry feed processing, to broiler and egg production and supply. There are various activities which form part of the poultry value chain, with another key part of industry being the poultry feed market (which accounts for around 70% of total poultry industry costs). Essentially, the poultry value chain is comprised of activities starting with feed production, day-old chick supply, broiler chicken production, egg production and then the distribution and cold storage. There is an increasing trend among big poultry producers to vertically integrate the whole poultry business, from the production of day-old chicks, to the growing of chickens through contracts farming, slaughtering, processing, and supply of feed.[67]

76. Significant investments and coordination throughout the supply chain highlight the role of large corporations in the poultry industry. Moreover, due to the generally limited size of markets in many countries, the industry tends to be highly consolidated, and marked by comprehensive vertical integration arrangements.

77. Major players in the poultry industry expanded both horizontally and vertically within the value chain. For instance, Astral acquired National Chicks (Natchix) and Earlybird Farms during that period.[68] Rainbow similarly broadened its reach through strategic acquisitions, such as Vector Logistics, in 2004. From 2010 to 2013 various challenges, including a challenging economic climate for poultry producers, a strong South African Rand, and competition from imported poultry from Brazil and Europe, led to the acquisition of smaller producers. Significant mergers during this time included Daybreak/Rossgro, Astral/Corpclo, Rainbow/Bushvalley Farms, and Pioneer/Darling. Additionally, Pioneer effectively divested its operations in the Western Cape Province to Astral.[69]

78. As an earlier example of a specific case in the poultry industry, the Competition Commission reached a settlement agreement in 2012 with Astral Operations Limited, under which Astral had admitted to colluding with a competitor to fix the price of fresh poultry in the Western Cape. Astral had also admitted that the terms of its Elite joint venture was an abuse of dominance, and had an exclusionary effect undermining Country Bird's ability to compete.[70] Astral had agreed to pay an administrative penalty amounting to 3% of County Fair (a division of Astral) fresh poultry revenue in the Western Cape for the 2008 financial year.[71]

79. The Commission has also recently initiated a scoping study in order to understand the levels of competitiveness and participation within the poultry industry, and whether further intervention by the Commission may be required.[72] The study reported that the poultry industry in South Africa is concentrated, with a few vertically integrated companies accounting for the bulk of overall output, which creates entry and expansion barriers within the poultry value chain.

66 Who Owns Whom (2023). "*The Poultry and Egg Industry in South Africa, SIC codes 30111b and 61210a*".
67 CCSA. 2023. *Poultry Value Chain Scoping Study* (24 November 2023).
68 Bosiu, Teboho and Das Nair, Reena and Paelo, Anthea, *The Global Food Value Chain and Competition Law and Policy in BRICS Countries: Insights from Selected Value Chains in South Africa* (November 1, 2017). CCRED Working Paper No. 21.
69 Roberts, S. 2016. *Competition in Africa- Insights from key industries*. HSRC Press. https://www.researchgate.net/profile/Simon-Roberts-2/publication/350312928_Competition_in_Africa_Insights_from_key_industries/links/60599835a6fdccbfeafcd6c7/Competition-in-Africa-Insights-from-key-industries.pdf
70 Astral Operations Limited/Elite Breeding Farms [2009] (CT) (Case No. 74/CR/JUN08)
71 As part of the agreement, Astral had also undertaken not to engage in any conduct that contravenes the Competition Act, to cooperate with the Commission in any on-going investigations and to submit its pricing data to the South African Poultry Association via third party statisticians and in a form that is aggregated across all product categories and pack sizes.
72 CCSA. 2023. *Poultry Value Chain Scoping Study* (24 November 2023).

The report highlights that contract grower relationships could signal a lack of sufficient space for independent entry and expansion within the industry, outside of contracting with the major producers – who appear to have become gatekeepers to the industry via their control of genetic stock, production of parent stock, control of abattoirs and commercial relationships with retailers and restaurants.[73]

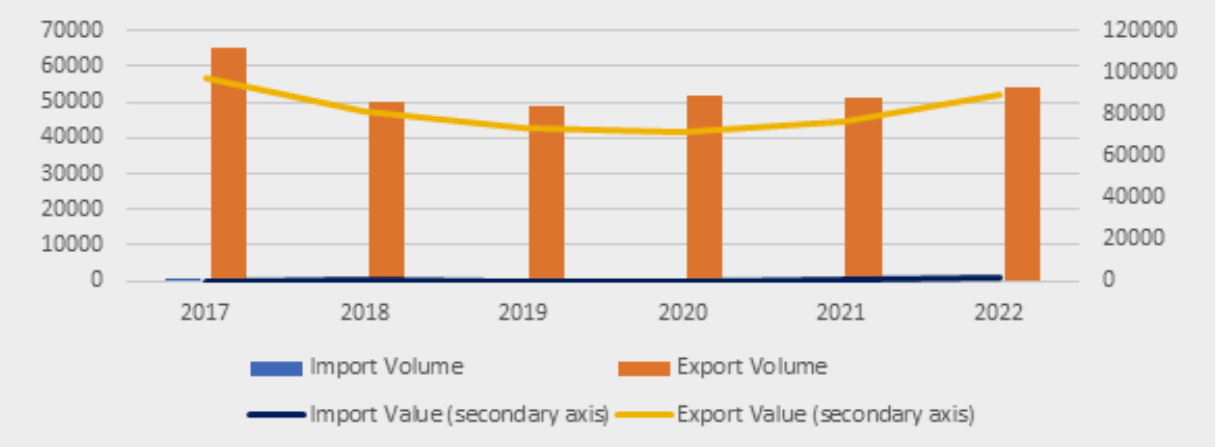
80. In terms of poultry breeding, the global concentration in this industry, and the expansive influence of multinational corporations in many industries, implies that mergers and cartel agreements in one region, like Europe or north America, could affect countries all over the world, including in Southern Africa.[74] The concentration and vertical integration in the industry resulting from mergers has shaped poultry value chains beyond the merging parties' borders (as well influencing other industry value chains),[75] and this points to the importance of enhanced cross-border competition enforcement, to try to minimise unwanted or unforeseen spill-over anti-competitive effects.

81. This section therefore considers the poultry industry by looking at South Africa's trade at the global and Africa continent level for poultry (HS'0207'), formally named '*meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen*'.

82. The figures below depict South Africa's poultry trade with the rest of Africa and also globally, over the 2017 to 2022 period. What is clear from South Africa's intra-continental trade is that South Africa is a key exporter of poultry to the continent, while importing very little to negligible amounts of poultry from Africa. The picture of poultry trade changes considerably when considering South Africa's global trade of poultry, as shown in Figure 21, with South Africa being a net importer of poultry.

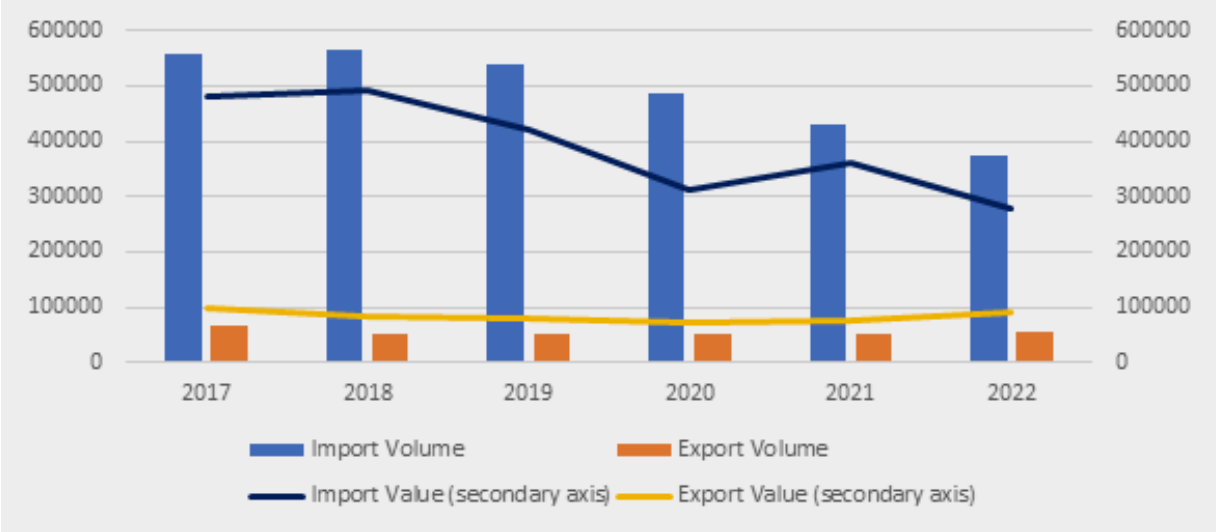
83. Figure 21 shows that South Africa's global import volumes of poultry, while showing a general decline, are significantly larger than what South Africa exports globally. Furthermore, there is considerable overlap in the export volumes to the different geographic levels of trade, as South Africa's exports to Africa account for around 97-98% of its global poultry exports (i.e. South Africa mainly exports poultry to Africa).

Figure 21: SA poultry trade with rest of Africa, 2017 - 2022



73 CCSA. 2023. *Poultry Value Chain Scoping Study* (24 November 2023).
74 Goga, S. & Roberts, S. 2023. *Multinationals and competition in poultry value chains in South Africa, Zambia, and Malawi*. CCRED Working Paper 2023/11.
75 Goga, S. & Roberts, S. 2023. *Multinationals and competition in poultry value chains in South Africa, Zambia, and Malawi*. CCRED Working Paper 2023/11.

Figure 22: SA poultry trade with World, 2017-2022



Source: ITC Trade Map (2023)

84. The major markets from which South Africa imports poultry, based on import value for 2022, include Brazil, the US, Argentina, Spain and Chile (and more recently Australia too). South Africa's major export markets for poultry, based on export value for 2022, are Lesotho, Mozambique, Namibia, Botswana, and Eswatini.[76]

85. The figures below show the average price trends ($/t) for South Africa's poultry trade with the rest of Africa (the graph on the left), and its trade globally (the graph on the right). The volatility seen in South Africa's average import prices, in trade with the rest of Africa, on the left, is likely due to sizeable movements in its import volumes, which increased dramatically from 2017 to 2018, and then the drop in average prices seen from 2019 corresponds to a substantial drop in import value from 2019 to 2020, likely caused by increased import duties and a rise in local poultry production over the period.[77]

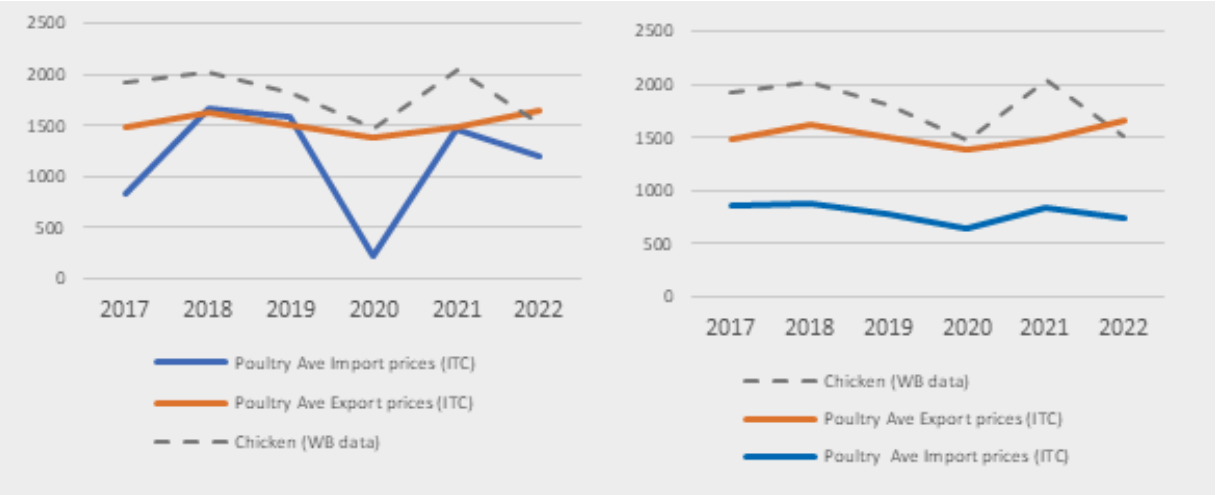
86. Both the charts also include the World Bank's 'Chicken' prices from 2017 to 2022,[78] which can be seen to be higher than both average export and import prices from ITC's data, which points to South Africa's poultry trade with the rest of Africa, as well as its trade to the rest of the word as below the international price benchmark (aside from 2022) – which ties in with challenging factors, such as dumping, that local producers players face in South Africa's poultry industry. The charts also show how African trade looks relative to a more global picture (via the commodity benchmark) – that being a tough poultry trade context, where average prices are seen to be under pressure, as noted above.

76 ITC Trade Map data: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c710%7c%7c%7c%7c0207%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1

77 Food Business Africa. 2020. South Africa raises import duties on poultry to protect local sector. https://www.foodbusinessafrica.com/south-africa-raises-import-duties-on-poultry-to-protect-local-sector/; USDA. 2020. South Africa: Poultry and Products Annual. https://fas.usda.gov/data/south-africa-poultry-and-products-annual-5.

78 World Bank description of price series: U.S Urner Barry North East weighted average for broiler/fryer, whole birds, 2-1/2 to 3.5 pounds, USDA grade A.

Figure 23: Average prices ($/t) for SA poultry trade with rest of Africa and the world, and WB commodity prices, 2017 - 2022



Source: ITC Trade Map (2023), World Bank Commodity Price data (Pink Sheets)

87. Domestically, following months of decreases in global chicken imports (as seen in Figure 21 above), South Africa's chicken imports have recorded an increase of around 18% in the first quarter of 2022 compared to the previous quarter. Brazil, the USA and Argentina remain dominant suppliers of poultry imports to South Africa. Australia is supplying a reasonable amount of poultry since the fourth quarter of 2021.[79]

88. Poultry retail prices have remained elevated in response to the High Pathological Avian Influenza and the Ukraine conflict-induced feed costs, which are both negatively affecting production expansion locally. A further strain on local poultry production and feed manufacturing is the continued electricity supply challenge in South Africa. In light of these developments, the increase in imports may have dampened recent local prices to a certain degree.[80]

3.1.7. Onions

89. Onions are a versatile and widely used vegetable in many cultures around the world, including Africa. They are a member of the allium family, which also includes garlic, leeks and shallots. Onions represent a staple food globally, and have economic importance as a vegetable crop for food, farming and household income generation, as well as medicinal uses. Onions are one of the most widely traded vegetables in Africa, and are particularly notable for their storage life and versatility, making them a central agricultural product in many African markets. In South Africa, the onion vegetable crop constitutes around 14% of fresh produce crops trade. For the country, onion is the third-largest crop, preceded by potatoes at 34% of traded fresh produce crop, and tomatoes at 16% of the total value of traded fresh produce.[81]

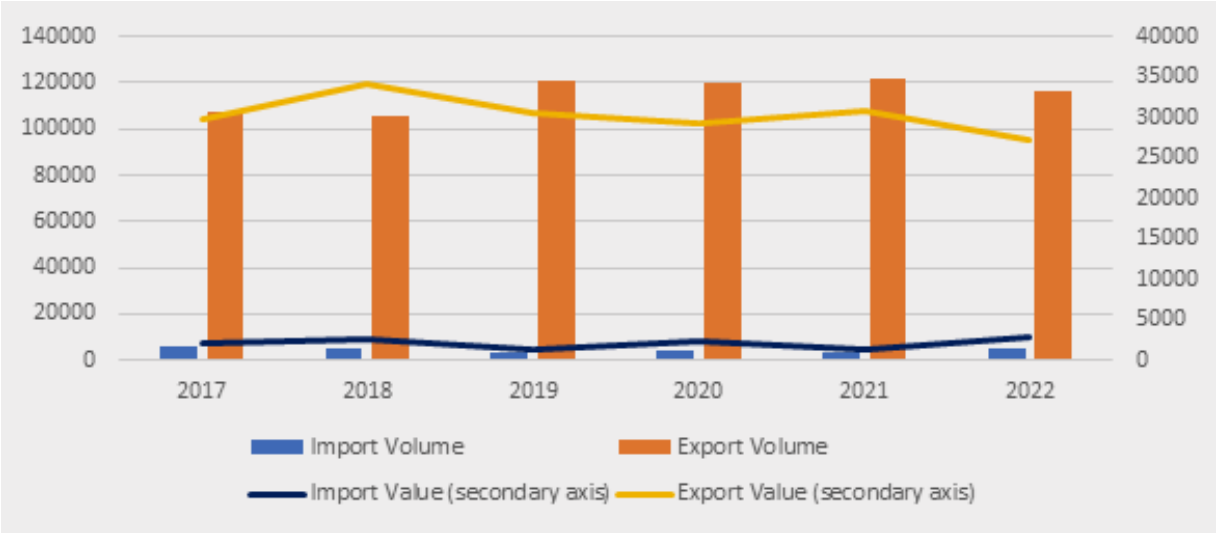
79 NAMC. 2022. *South African Poultry Products Prices Monitor* (Issue 9, June 2022), https://www.namc.co.za/wp-content/uploads/2022/06/Poultry-Products-Price-Monitor-June-2022-1.pdf

80 NAMC. 2022. *South African Poultry Products Prices Monitor* (Issue 9, June 2022), https://www.namc.co.za/wp-content/uploads/2022/06/Poultry-Products-Price-Monitor-June-2022-1.pdf

81 Enza Zaden Africa. *Onions in South Africa*, https://www.enzazaden.com/za/news-and-events/trends-and-inspiration/onions-south-africa-from-good-to-great ; ARC. *Commercial vegetables- Onion,* https://www.arc.agric.za/arc-vopi/Pages/Plant%20Breeding/Commercial-Vegetables.aspx

90. Considering the importance of a vegetable crop like onion, this study looks at South Africa's trade dynamics with Africa and globally for onions over the 2017 to 2022 period. The figure below shows that South Africa has recorded high export volumes and value for onions, while the country's imports are much lower in terms of volume and value. Again, as with many other traded products, in terms of bilateral trade between South Africa and Africa, there is a bias towards South Africa's export market for onions relative to Africa. This points to opportunities for the rest of Africa to sell their key vegetables, like onions, to South Africa.

Figure 24: SA trade with rest of Africa, Onions (2017 -2022)

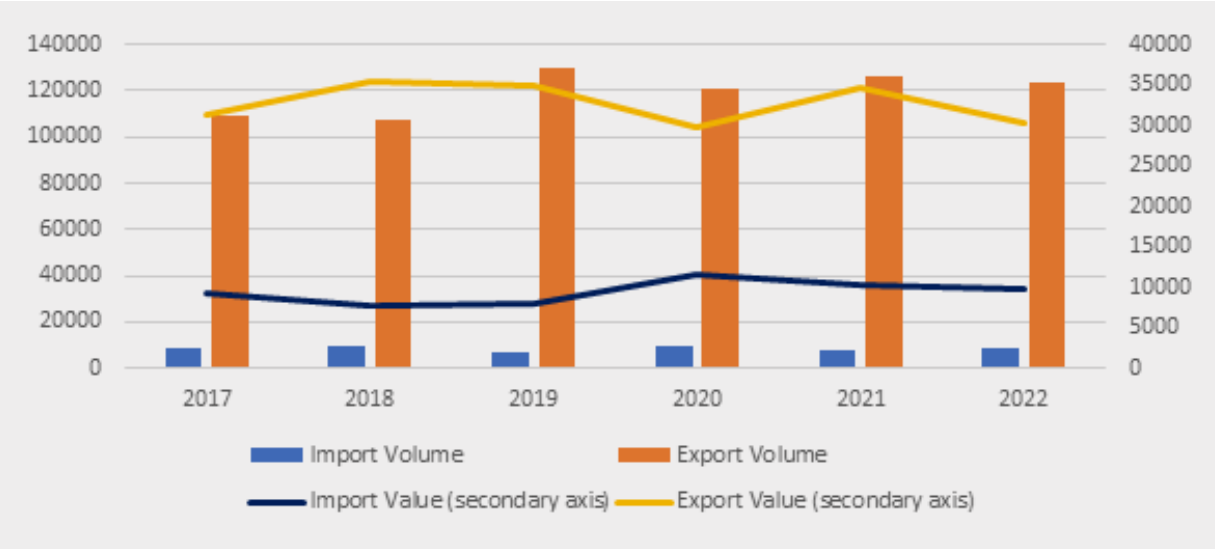


Source: ITC Trade Map (2023)

91. The study notes that, for the onion trade to the world, the picture does not change much – there is still a clear, large magnitude of exports to the world, and much lower volumes of onions imported into South Africa. This appears to be the case due to the overlap in the trade data for Africa, which is also being counted as part of the global trade data (as noted in sections before). When considering the actual annual export volumes to the world, around 93 to 99% of these volumes are accounted for by Africa (i.e, exported to Africa).

92. What is also seen across these figures is that South Africa's imports from Africa do not overlap with global imports to the same degree as its onion exports – there is a fair measure of overlap, but this is considerably less than the export overlap (with the measure of overlap in terms of African imports accounting for global imports being in the 44 – 64% range). This could potentially be explained by a consideration of whether (and which) African countries are major exporters to the world, and when looking at the rankings of the top onion exporters globally, there are no African countries listed (aside from Egypt, with much less export value than compared to China, for example). In terms of South Africa's top supplying markets for onions, there is a mix of African and non-African countries who export onions to the country – which could explain the higher magnitude of import volumes at the global level relative to the African trade level.

Figure 25: SA trade with world, Onions (2017-2022)



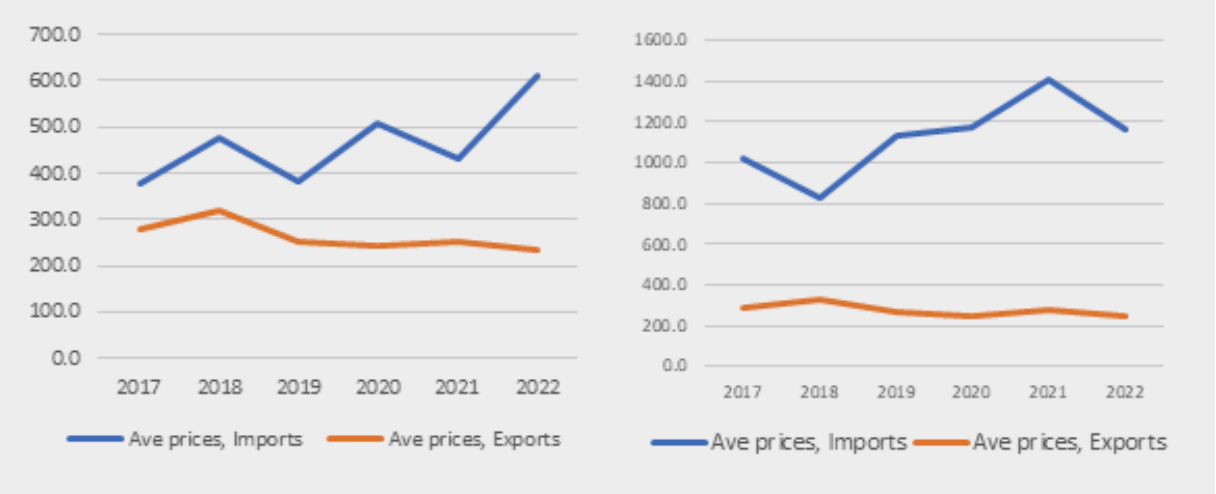
Source: ITC Trade Map (2023)

93. The major export markets for South Africa's onions, as of export value in 2022, include mainly African countries such as Mozambique, Angola, Namibia, Eswatini as well as the United Kingdom, and newer markets like Saudi Arabia, Portugal and Croatia.[82] South Africa mainly imports onions from Spain, Namibia, Malaysia, China and the Netherlands (as based on imported value in 2022).[83]

94. The figures below depict the average annual pricing for South Africa's exports and imports of onions over the 2017 to 2022 period. Both charts show that South Africa's average price per ton, for onion imports from Africa and the world, are higher than its average export prices. Export prices have generally tracked sideways, while import prices from Africa show more volatility as there are numerous increases and decreases in the price. Global import prices, however, show more stability (at a higher price range than for Africa) with an overall increasing trend, aside from the recent decrease around the 2021/22 period.

82 NAMC. 2023. *Market Intelligence Report- October 2023*, Market-Intelligence-Report-October-2023.pdf (namc.co.za)
83 ITC Trade Map Data: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c710%7c%7c%7c%7c0703%7c%7c%7c4%7c1%7c1%7c1%7c2%7c1%7c2%7c1%7c1%7c1

Figure 26: Average prices for SA's onion trade with rest of Africa, and the world, 2017 - 2022



Source: ITC Trade Map (2023)

3.1.8. Citrus fruit

95. Citrus is a key fruit in South Africa's fruit industry, and the citrus fruit industry is a mature and established industry. Citrus accounts for around 32% of total fruit production (in volume terms) in South Africa, and it also represents the main export fruit at around 45% of total fruit export earnings in the country. In global terms, South Africa is the second-largest exporter of citrus fruit, after Spain.[84]

96. South Africa has a citrus fruit industry which is export-oriented, with over 100 years of exporting to developed countries. This is observed in the figures below, which show the country's export dominance in terms of its citrus fruit[85] trade at both the African level and the global level. The top export markets for South Africa's citrus fruit include the Netherlands, the UK, Russian Federation, United Arab Emirates, China and the US.[86] The figures below show that South Africa imports only a negligible amount of citrus fruit, with these markets including countries like Morocco, Spain, Eswatini, Turkey and Israel.

84 Innovation & Inclusion in Agro-processing. 20220. *Citrus in South Africa- Prospects for increased participation of small and medium-sized citrus producers*, https://iiap.info/wp-content/uploads/2020/04/South-Africa-Citrus-Brief.pdf
85 Citrus fruit, as HS code '0805 is formally named 'Citrus fruit, fresh or dired'.
86 ITC Trade Map data: Trade Map - List of importing markets for a product exported by South Africa

Figure 27: SA citrus trade with rest of Africa, 2017 - 2022

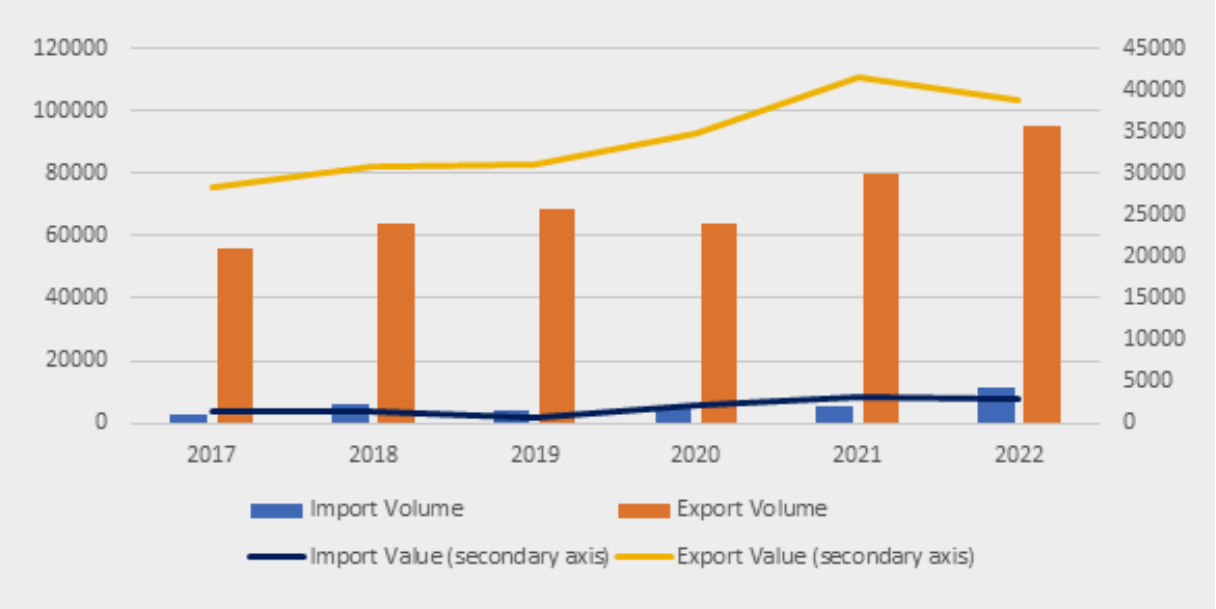
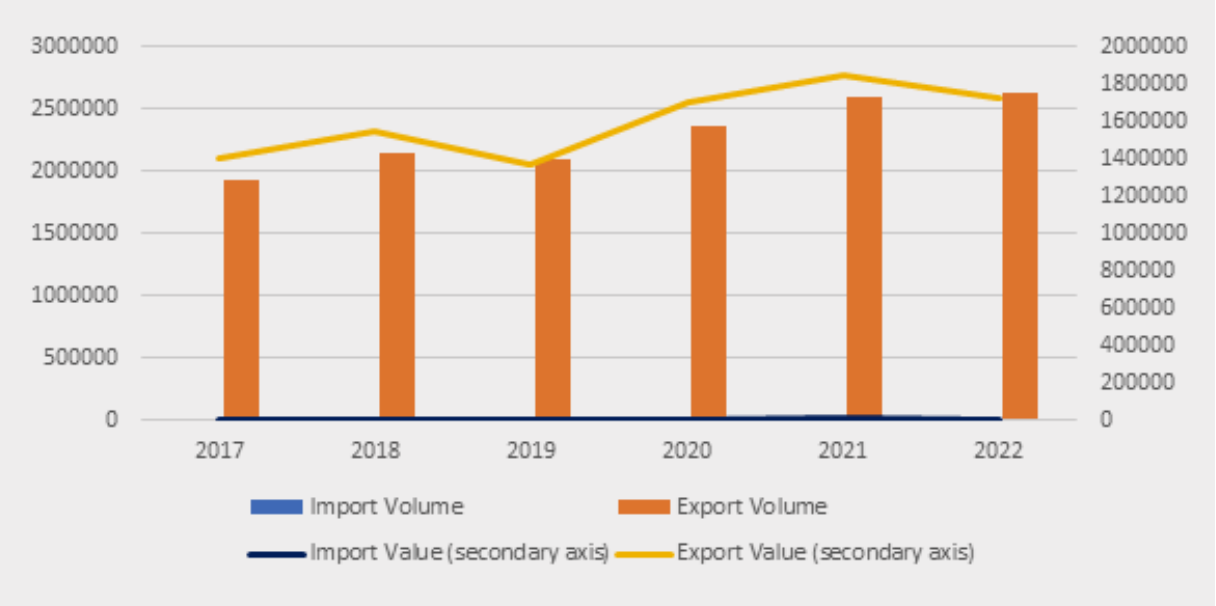


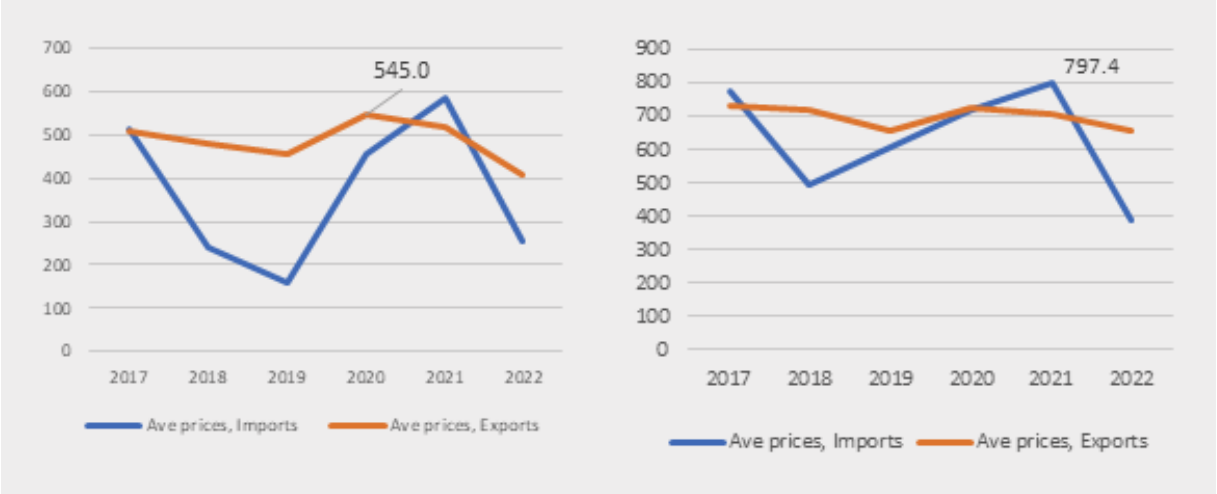
Figure 28: SA citrus trade with the world, 2017 -2022



Source: ITC Trade Map (2023)

97. Citrus farming in South Africa has potential for higher earnings, due to the majority of the fruit produced on the farms being sold in the overseas market, as a farmer can sell citrus for higher prices than on the local market. The figures below show average import and export prices (in $/t terms) for South Africa's trade with the rest of Africa and global markets. The figure for global trade (on the right side) shows a higher set of average prices for citrus exports, while exports to Africa show generally lower average prices (on left side). The highest average price for citrus exports globally reached around $797/t in 2021, while the highest average price for citrus imports reached only $545/t in 2020.

Figure 29: Average prices for SA's citrus trade with the rest of Africa, and with the world, 2017 - 2022



Source: ITC Trade Map (2023)

98. Even though the citrus industry in South Africa is export-focused, there is still considerable citrus processing activity within the industry. A sizeable portion of citrus fruit production is used in the manufacturing of fruit juices, citrus fruit jams, jellies, marmalades, purees, pastes and preserved citrus fruit. The citrus fruit value chain provides opportunities for job creation and employment, as many small and medium-sized citrus growers are able to sell their produce to fruit processing companies – or themselves venture into fruit-processing operations.

3.1.9. Coffee

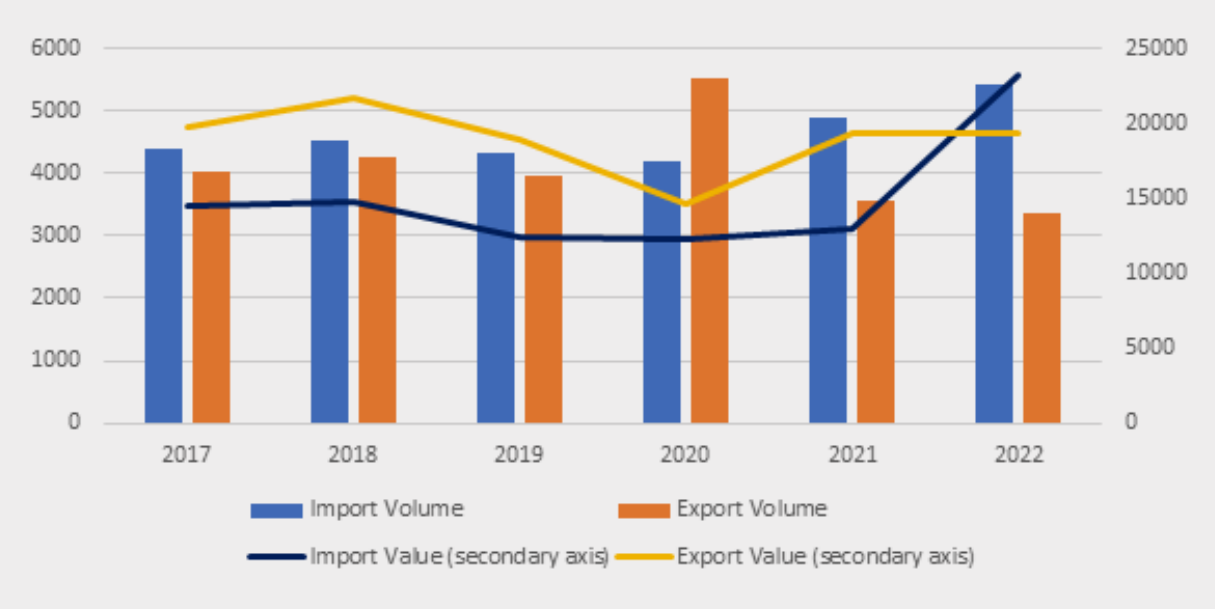
99. In terms of value, coffee is one of the world's most important commodities. It is a vital crop for developing countries, as it provides foreign exchange earnings and an income for farmers. Importantly, the coffee crop is an ideal crop for areas with poor infrastructure, as it is one of few tropical horticultural crop products that can be stored for relatively long periods without perishing.[87] The three main growing regions for coffee across the world include Africa/Arabia, Asia, and Central/South America.

100. This section looks at bilateral trade statistics (exports and imports) between South Africa and the African continent, as well as the global level of trade for coffee, (HS'0901) formally named, *'coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion'*.

101. The figure below shows South Africa's annual coffee trade with the rest of Africa from 2017 to 2022. Many African countries actually import substantial amounts of coffee from Europe, including the coffee that was grown in Africa. The country's import and export volumes appear fairly matched, until 2021 when more coffee imports from Africa are seen than the volume of exports to Africa. The export value shows a decrease from 2018 until 2020, after which an increase in value is observed, while import value remained fairly constant but climbed significantly from 2021, despite import value only showing a moderate increase during this period.

87 ScienceDirect. 2022. *Trends in Food Science & Technology*. https://www.sciencedirect.com/topics/agricultural-and-biological-sciences/coffee ; Agribook.digital. *Coffee*, https://www.agribook.co.za/forestry-and-industrial-crops/coffee/

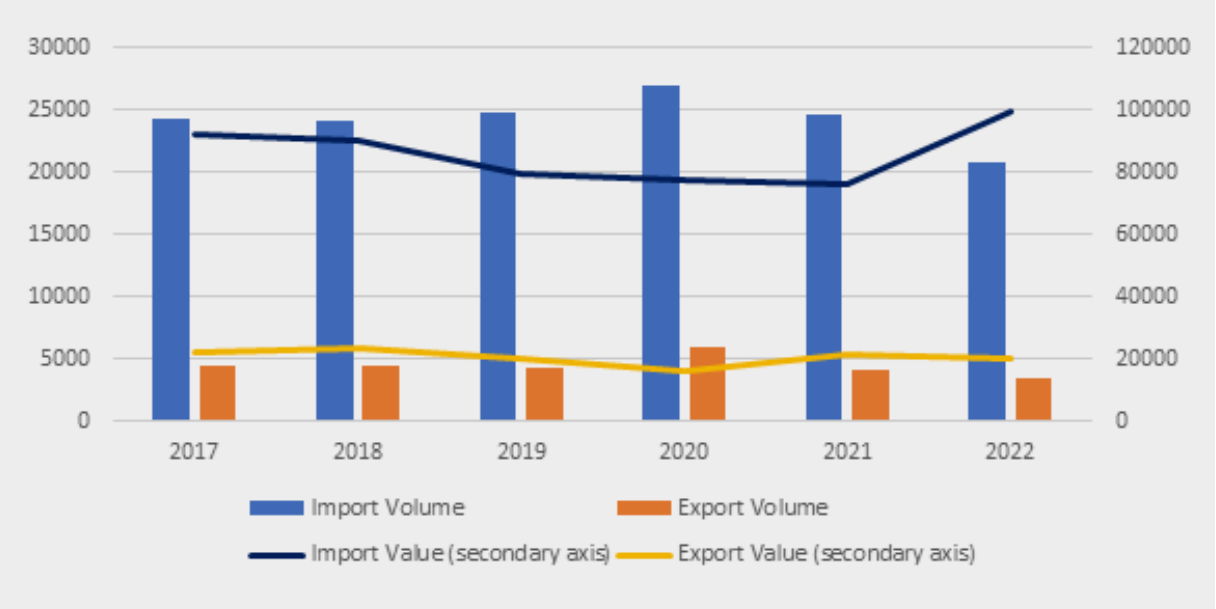
Figure 30: SA Coffee trade with rest of Africa, 2017 -2022



Source: ITC Trade Map (2023)

102. In terms of the picture of South Africa's global coffee trade, the figure below illustrates that South Africa imports significantly more coffee volume than it exports globally, and there is a large difference between the much higher import value (in USD'000, secondary axis) and the much lower export value over the period (where this difference is a lot smaller in the figure above relating to African trade, and export value to Africa is higher than import value in this case).

Figure 31: SA Coffee trade with the world, 2017 - 2022



Source: ITC Trade Map (2023)

103. In terms of the local business environment, South Africa imports almost all of its coffee, as the country is not a major producing region – it is reported that South Africa produces around only 0,4% of the coffee that is consumed in the country.[88]

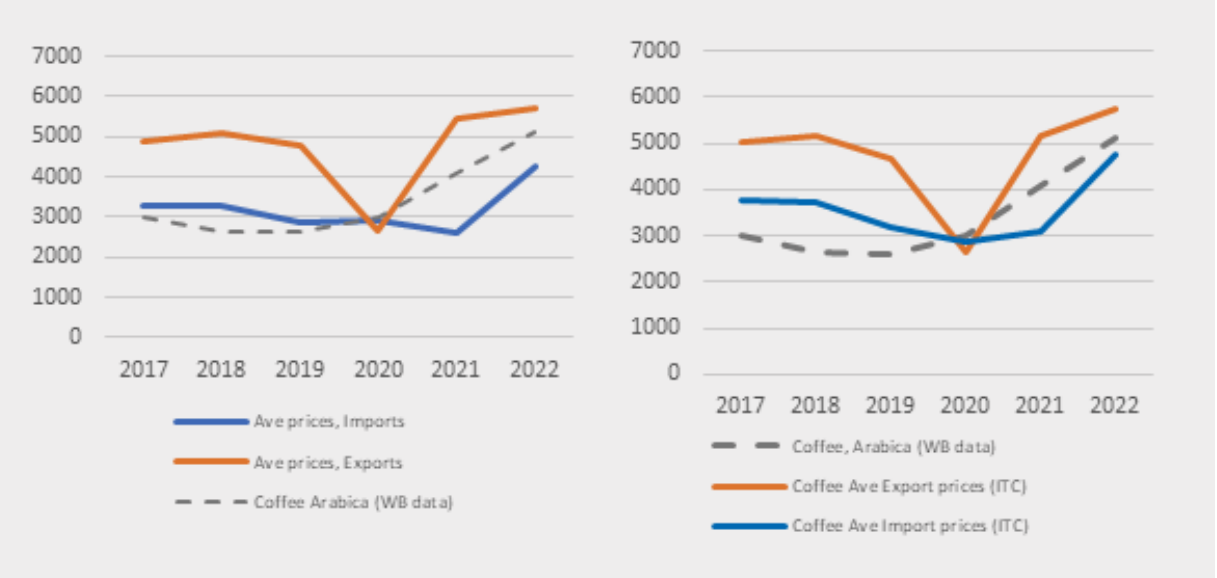
104. South Africa's main export markets for coffee (by export value in 2022) include Namibia, Botswana, Eswatini, Lesotho, Mozambique and Mauritius. The main supplying market for coffee to South Africa, by imported value in 2022, include Switzerland, Brazil, Vietnam, Tanzania, Italy, Ethiopia and Uganda.

105. The figures below depict the average prices for South Africa's trade with the rest of Africa (on the left) and with the world (on the right). Average export prices tend to be a distance above the average import prices, and the figure shows a drop in export prices in 2020, with a rebound in the price the following year. This same pattern is seen in the average prices for South Africa's exports and imports from the world (the figure on the right). The COVID-19 pandemic led to disruptions in global trade and economic activity, impacting demand for commodities like coffee. Reduced demand from key importing countries due to lockdowns, economic slowdowns and changes in consumer behavior, led to a decrease in export prices, as seen below.[89]

106. The figures below also show the World Bank commodity price for Arabica coffee, relative to the average prices for South Africa's exports and imports in terms of its trade with the rest of Africa, as well as with the rest of the world. From the World Bank's commodity prices for coffee, using the Arabica coffee species, the graphs both show that the World Bank's prices for coffee tracked at a level below the average import and export prices (calculated by value over volume) from 2017 to 2020, after which the commodity price increased to a level generally lower than export prices, and higher than import prices.[90] This shows that, at both the African and global level of trade, coffee export prices are generally higher than the commodity prices, with import prices seen to be higher than the commodity price from 2017 to 2020, after which import prices drop below commodity prices from 2020 to 2022, Arabica coffee prices from the World Bank's commodity prices are selected due to it being the most widespread and renowned bean used globally, and covering around 70% of global production.[91]

88 Agribook.digital. *Coffee*, https://www.agribook.co.za/forestry-and-industrial-crops/coffee/
89 International Coffee Organization.2020. *Annual Review Coffee Year 2019/2020*. https://www.ico.org/documents/cy2019-20/annualreview-2020-en.pdf
90 World Bank description of price series: Arabica (ICO), International Coffee Organization indicator price, other Arabicas, average New York and Bremen/Hamburg markets, ex-dock.
91 https://www.lavazza.com.au/en/coffee-secrets/coffee-arabica-origins-curiosities-taste#:~:text=The%20one%20known%20as%20Arabica,the%20so%20called%20Arabica%20blend.

Figure 32: SA trade with rest of Africa and the world, average coffee prices ($/t), and WB commodity prices, 2017 - 2022



Source: ITC Trade Map (2023); World Bank Commodity Price data (Pink Sheets)

3.1.10. Tea

107. This section of the study looks at the trade flows of tea (HS'0902 tea, whether or not flavoured) between South Africa and the continent, as well as at the global level. The tea industry is one of the oldest agricultural industries, with massive direct employment numbers, particularly in remote rural areas. Tea is a significant commodity for various developing countries, as it contributes to job creation and export earnings.[92]

108. Production and exports of tea generates foreign exchange, employment opportunities, and provides a material base for national economic growth. The tea industry also contributes significantly to food security by helping to cover food import bills, which makes tea trade critical for policies around food security, trade and rural development in developing countries.[93]

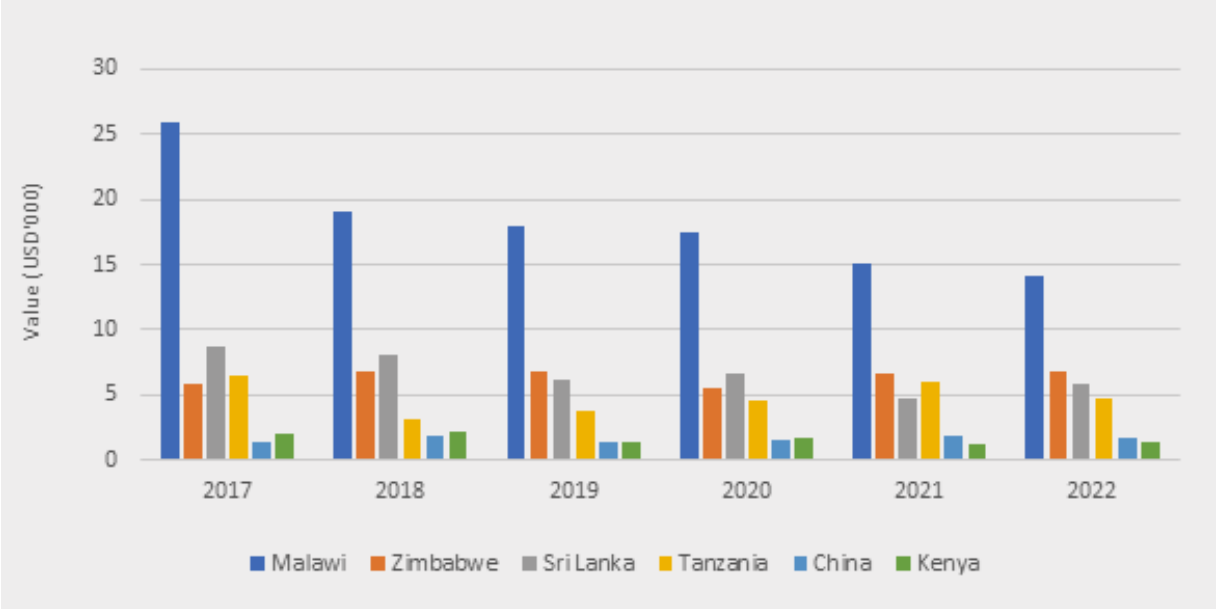
109. The main export markets (supplying markets) to South Africa, as seen in the figure below, for tea include (based on exported value in 2022) Malawi, Zimbabwe, Sri Lanka, Tanzania, China and Kenya. As a supplying market, Malawi has consistently been the largest exporter of tea to South Africa over the 2017 - 2022 period. Globally, the top tea exporters include China, Kenya, Sri Lanka, India and the United Arab Emirates.[94]

110. It is worth noting that Kenya is a large global producer and exporter of tea, but within the African continent it only ranks as the 6th largest supplying market to African countries. This could imply that certain product grades or quality classifications influence regional trade dynamics – in this

92 Chasomeris, M., Munapo,E., Khumalo,T and Adeyeye, O. 2015. *The South African tea industry: challenges and business strategies,*. Environmental Economics, 6(4-1), 133-142.
93 FAO. 2015. *Contribution of Tea Production and Exports to Food Security, Rural Development and Smallholder Welfare in Selected Producing Countries,*
94 https://www.trademap.org/Country_SelProduct_TS.aspx?nvpm=1%7c%7c%7c%7c%7c0902%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1

case, Kenya could be exporting the bulk of its higher grade, quality teas to higher-paying export markets globally (where countries benefit from trading higher quality goods), while its lesser grade teas are exported locally within Africa.[95]

Figure 33: Top tea export markets to South Africa (USD'000)



Source: ITC Trade Map (2023)

111. The figures below show that South Africa does not export much tea, and is a net tea importer within Africa mainly, as there is a large degree of overlap between its African and global import volumes (i.e. around 88 – 91% of South Africa's global imports come from Africa). Similarly, there is also overlap between South Africa's exports to Africa and globally, and so most of the country tea exports are for African markets (as around 85 – 96% of its global tea exports are for African countries).

112. Due to the significant degree of overlap between the trade regions, the import and export values also show similar trends over the 2017 – 2022 period.[96]

95 Summer Tea Kenya Tea Exporters & Packers. 2023. *Kenyan Tea Grades And International Markets: Trends And Demand*, https://summertea.co.ke/kenyan-tea-grades-and-international-markets-trends-and-demand/; Dufrene, B. 2019. *Africa dominates World Tea Exports, while still evolving*, (Tea and Coffee Trade Journal), https://www.teaandcoffee.net/feature/21743/africa-dominates-world-tea-exports-while-still-evolving/; Mody, A., Igan, D., & Fabrizio, S. 2007. The Dynamics of Product Quality and International Competitiveness, IMF Volume 2007: Issue 097, https://www.elibrary.imf.org/view/journals/001/2007/097/article-A001-en.xml; International Monetary Fund. (2021). *Selected Issues Paper on Kenya* (IMF Country Report No. 21/276). Washington.

96 IDH. 2022. *Impact of Covid-19- Emergency response in tea supply chain*, https://www.idhsustainabletrade.com/impact-of-covid-19-in-tea/ ; OECD. 2020. *Food Supply Chains and Covid-19: Impacts and Policy Lessons*, https://www.oecd.org/coronavirus/policy-responses/food-supply-chains-and-covid-19-impacts-and-policy-lessons-71b57aea/

Figure 34: SA tea trade with rest of Africa, 2017 - 2022

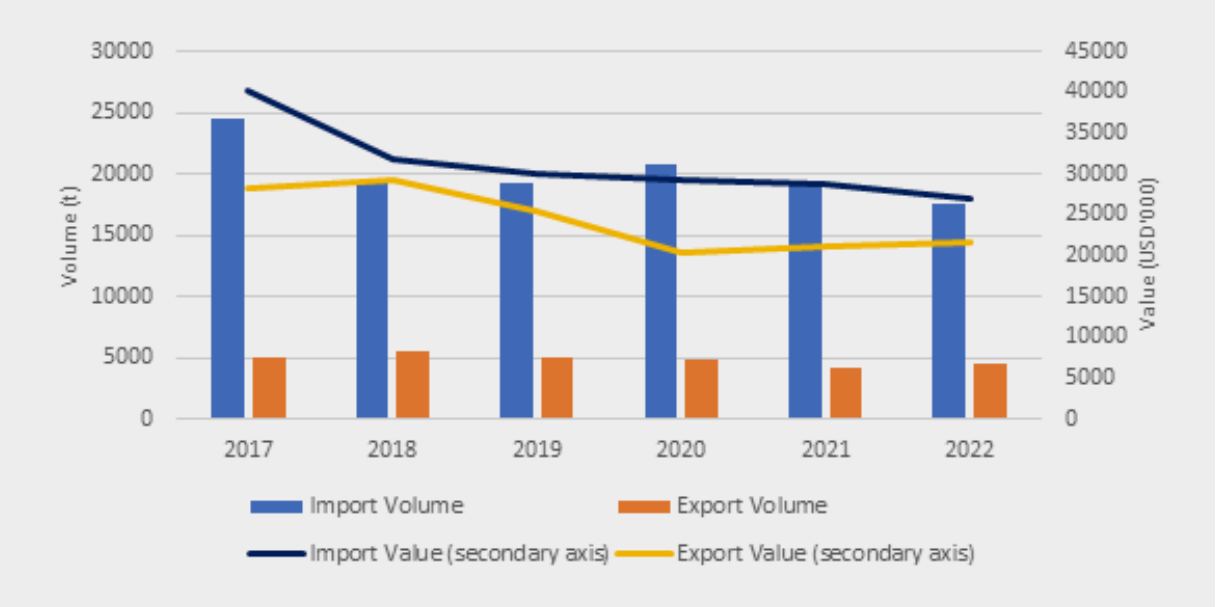
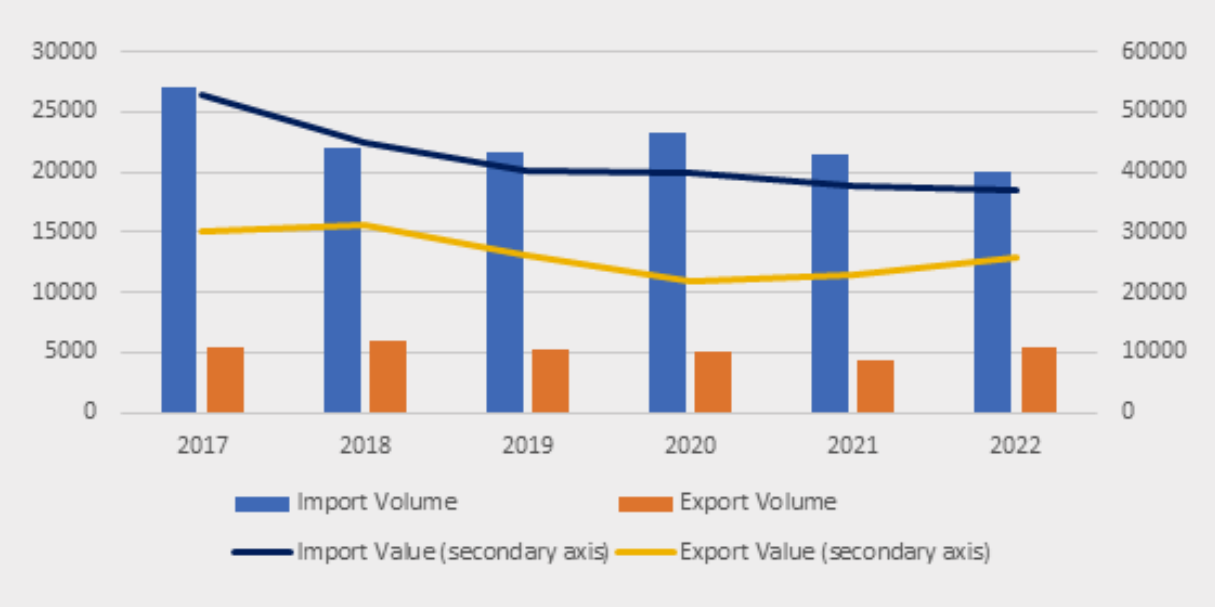


Figure 35: SA tea trade with the world, 2017 - 2022



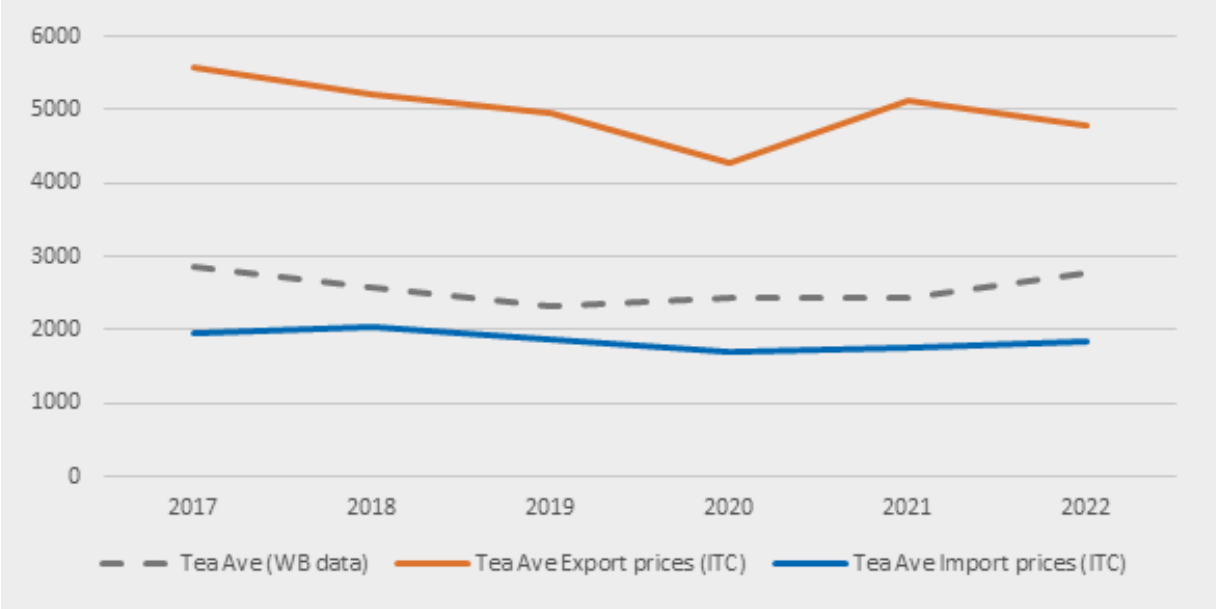
Source: ITC Trade Map (2023)

113. Figure 36 below shows South Africa's average export and import price for tea ($/t) at the global trade level, as (due to the overlap) these prices show the same general price trends, along with the World Bank's commodity prices for tea over the same period.[97] The figure shows average import prices for tea, as well as the World Bank's commodity prices for tea, at a much lower price level than average export prices

97 This commodity price is tracked as the average price for the three main teas for which the World Bank collects data, namely Colombo, Kolkata and Mombasa. World Bank description of price series: average three auctions, arithmetic average of uotations at Kolkata, Colombo and Mombasa/Nairobi.

for tea, with export prices showing a dip lower in 2020, likely due to trade and supply effects from the Covid-19 pandemic, as export and import restrictions during this time led to uncertainty in tea markets.[98]

Figure 36: SA global trade in tea, average prices ($/t) and World Bank Commodity prices, 2017 - 2022



Source: ITC Trade Map (2023); World Bank Commodity Price data (Pink sheets)

3.1.11. Sugar

114. The sugar industry has played an important role historically in developing economies around the world, encouraging job creation and investment in non-sugar sectors. The importance of sugar production to developing countries comes from the fact that sugar cane is a crop able to withstand weather extremes that exist in tropical regions. The industry creates large-scale employment in rural areas, and the expansion of the sugar cane industry in developing countries goes hand in hand with establishing small grower schemes and projects. Furthermore, sugar production is an agro-industrial process, which supports the development of various engineering skills that transfer to other parts of the economy, and sugar industries provide much needed export earnings and tax revenues.

115. The South African sugar industry supports around one million livelihoods through direct and indirect employment. This sector has, however, been experiencing challenges due to factors such as global prices below South Africa's cost of production; increasing volumes of low-priced, tariff-free exports from Eswatini into the Southern African Customs Union; and the Health Promotion Levy (a tax on sugar-containing drinks). These factors have resulted in many South African sugarcane farmers and millers incurring unsustainable losses, with potentially devastating consequences for rural unemployment and poverty.

98 IDH. 2022. *Impact of Covid-19- Emergency response in tea supply chain*, https://www.idhsustainabletrade.com/impact-of-covid-19-in-tea/ ; OECD. 2020. *Food Supply Chains and Covid-19: Impacts and Policy Lessons*, https://www.oecd.org/coronavirus/policy-responses/food-supply-chains-and-covid-19-impacts-and-policy-lessons-71b57aea/

116. To aid the challenging industry situation the government, after extensive consultation with industry stakeholders, published the South African Sugarcane Value Chain Master Plan to 2030 (Sugar Masterplan) in November 2020. The government has developed the Sugar Masterplan to address challenges facing the local sugar industry, which has experienced declining production, job losses, and negative impacts on rural areas. The plan aims to decrease the industry's decline, preserve jobs, restructure and transform the industry, and invest in sustainable value chains.[99] The plan focuses on improving industrial capacities, increasing sugar exports and reclaiming the domestic market lost to imports. The Sugar Masterplan, with long-term goals for 2030, includes seven key action plans which focus on restoring the local market – price restraint, trade protection, employment preservation, support for small-scale growers, transformation and industry restructuring.[100]

117. In terms of more recent enforcement in the industry, the Competition Commission granted the South African Sugar Association (SASA) and its members a conditional exemption until 30 June 2023 (unless extended further). The exemption has been granted subject to conditions to ensure that the information SASA and its members share is limited to what is necessary to give effect to the purposes of the Sugar Master Plan, without compromising competition in the long run.[101] The exemption covers the production and milling value chains of the sugar industry, and does not provide for collaboration by retail, wholesale and industrial sugar users. However, a key element of the Sugar Masterplan is that retail, wholesale and industrial sugar users commit to increased sourcing of locally produced sugar for a period of three years.[102]

118. The Commission further published guidelines on collaboration in the implementation of the Sugar Masterplan (Guidelines) on 16 July 2021. The purpose of these non-binding Guidelines is to provide guidance to the sugar industry on collaboration in the implementation of industry commitments to increasing the sourcing of local sugar, as contemplated in the Sugar Masterplan, in a manner that does not raise competition concerns.[103]

119. Considering its importance, and the multiplier effect sugar has on employment and the economy, this section considers the trade flows between South Africa and different geographic levels of trade. In this study, sugar refers to raw sugar as product HS'1701, 'Cane or beet sugar and chemically pure sucrose, in sold form'. The figure below depicts the import and export volumes of South Africa in its trade with the rest of Africa, and Figure 37 below shows the same, but at the global level. From the graph below, it can be seen that South Africa is generally an importer of sugar in terms of intra-continental trade, as seen from 2020 to 2022.

99 DTIC. 2020. *South African Sugar Value Chain Master Plan 2030*. http://www.thedtic.gov.za/wp-content/uploads/Masterplan-Sugar.pdf

100 DTIC. 2020. *South African Sugar Value Chain Master Plan 2030*. http://www.thedtic.gov.za/wp-content/uploads/Masterplan-Sugar.pdf

101 Polity. 2020. Competition Commission grants a short-term exemption to the South African Sugar Association. https://www.polity.org.za/article/competition-commission-grants-a-short-term-exemption-to-the-south-african-sugar-association-2020-10-28 ; CDH. 2021. *Competition Commission's guidelines on collaboration for the South African Value Chain Sugarcane Master Plan*. https://www.cliffedekkerhofmeyr.com/news/publications/2021/Agri/Agriculture-Aquaculture-Fishing-Alert-20-October-2021competition-commissions-guidelines-on-collaboration-for-the-south-african-value-chain-sugarcane-master-plan.html

102 CDH. 2021. *Competition Commission's guidelines on collaboration for the South African Value Chain Sugarcane Master Plan*. https://www.cliffedekkerhofmeyr.com/news/publications/2021/Agri/Agriculture-Aquaculture-Fishing-Alert-20-October-2021competition-commissions-guidelines-on-collaboration-for-the-south-african-value-chain-sugarcane-master-plan.html

103 CCSA. 2021. *Guidelines on collaboration in the implementation of the South African Value Chain Sugarcane Master Plan to 2030*. (Final, July 2021).

Figure 37: SA sugar trade with rest of Africa, 2017 - 2022

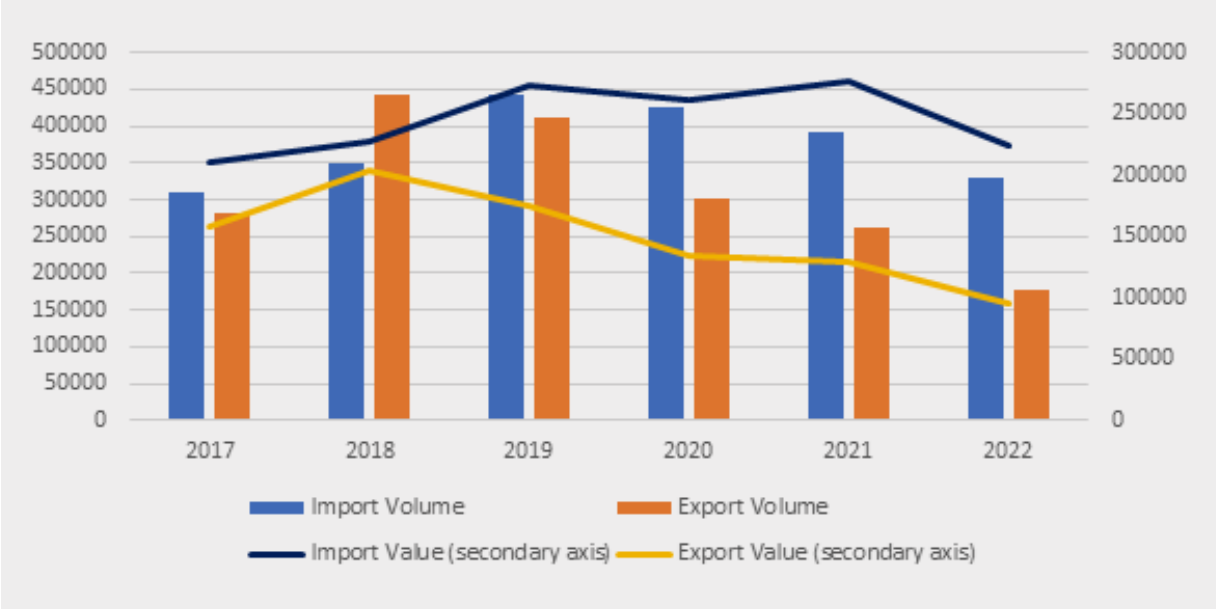
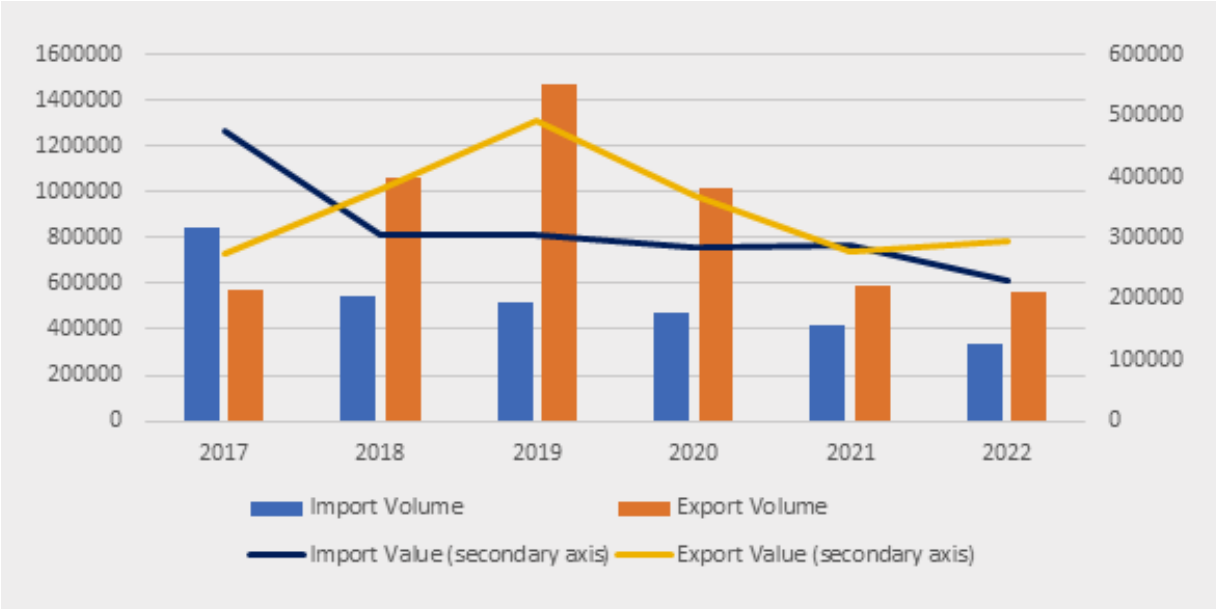


Figure 38: SA sugar trade with the world, 2017 - 2022



Source: ITC Trade Map (2023)

120. When considering South Africa's global sugar trade, South Africa is a net exporter of sugar from 2018, with large increases seen in its exported volumes in 2019 particularly, along with rising export values for sugar at the time.[104] In addition to the sugar market being a 'dumped' market,[105] it is also reported that Eswatini had enjoyed market

104 The DTIC. 2022. *Sugar Industry Master Plan – Engagement with the downstream sugar industry on possibilities and challenges to sugar beneficiation (Food and Beverages Sectors),* https://www.thedtic.gov.za/wp-content/uploads/the-dtic-Downstream-Sugar-Industry.pdf

105 'Dumping' in trade occurs when a country or company exports a product at a price that is lower in the foreign importing market than the price in the exporter's domestic market. Dumping leads to international price discrimination where the price of a product sold in the importing country is less than the price in the market of the exporting country.

access in the EU for a while, but since the preferential EU quotas were abolished in September 2017, Eswatini has been pushing its sugar exports into South Africa.[106] Trade data does indeed show that South Africa imports most of its sugar in Africa from Eswatini.[107]

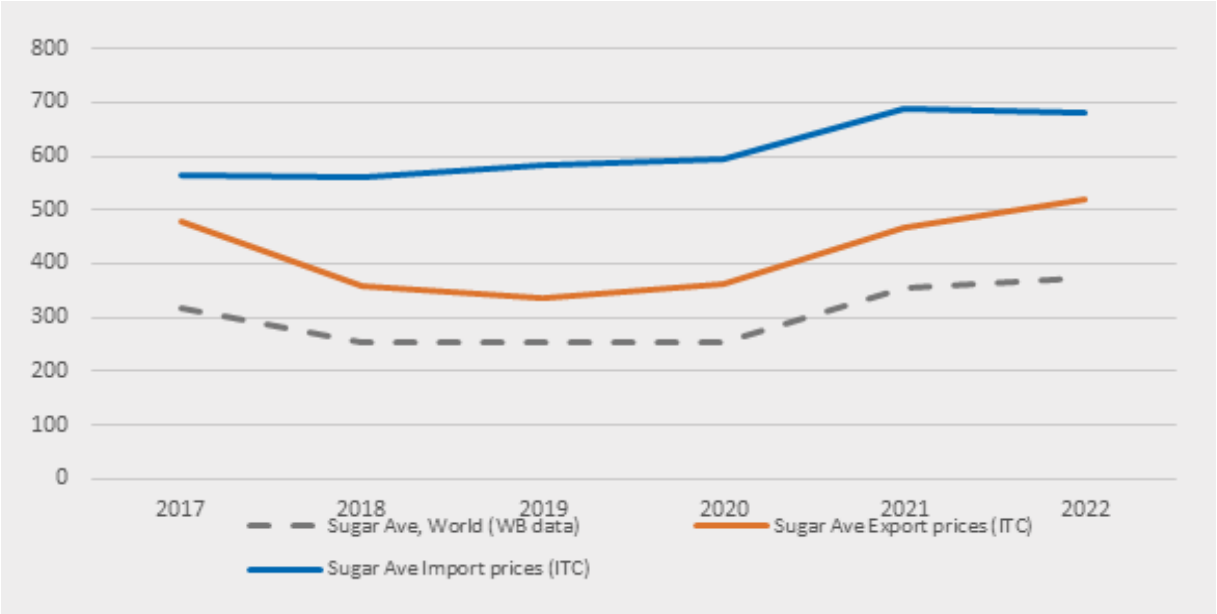
121. In terms of global sugar trade, the top exporting nations, by 2022 exported value, include Brazil, India, Thailand, France and Germany. The main sugar exporting countries in Africa are Morocco, Eswatini, South Africa, Mauritius and Egypt.

122. The average prices of South Africa's sugar trade globally are seen in the chart below, Figure 39, (as, due to the overlap, these prices show the same general trends as with the African level of trade), where it is clear that average prices for imports ($/t) are higher than average prices for exports, as well as higher than the World Bank's commodity prices for sugar (the grey, dotted line),[108] and there is an increase seen in all price series from 2020. Sugar prices have remained fairly low relative to other commodity prices – tea for example, as noted in the section above, has an average price of just under 5000$/t for the 2017 - 2022 period.

123. This is generally attributed to the sugar industry being heavily subsidised, as well as increased supply and dumping practices internationally (which reflects in the low World Bank commodity prices for sugar).[109] SA Cane Growers Association reported dumping as a key cause of the local sugar industry's lower profitability in recent years, as the cheap, low quality imports caused losses for the industry, while the country has to export its surplus sugar into an over-supplied world market at large losses.[110] Overall, the sugar industry in South Africa has faced significant challenges and decline due to a combination of factors, namely: distorted global prices for sugar (below South Africa's cost of production), the increasing volumes of low-priced, tariff-free exports from eSwatini, and the Health Promotion Levy (a tax on sugar-containing drinks implemented in April 2018) which has reduced sugar demand in South Africa.[111]

106 USDA. 2022. *Sugar Annual* (Report SZ2022-0001), https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Sugar%20Annual_Pretoria_Eswatini_SZ2022-0001.pdf; https://www.thedtic.gov.za/wp-content/uploads/Masterplan-Sugar.pdf
107 ITC Trade Map data: Trade Map - List of supplying markets for a product imported by South Africa
108 World Bank description of price series: International Sugar Agreement (ISA), daily price, raw, f.o.b and stowed at greater Caribbean ports.
109 Phillips, L. 2020. *SA sugar industry losing billions due to dumping* (farmer's weekly), https://www.farmersweekly.co.za/agri-news/south-africa/sa-sugar-industry-losing-billions-due-to-dumping/
110 Phillips, L. 2020. *SA sugar industry losing billions due to dumping* (farmer's weekly), https://www.farmersweekly.co.za/agri-news/south-africa/sa-sugar-industry-losing-billions-due-to-dumping/
111 The DTIC. 2020. *South African Sugar Value Chain Master Plan 2030*, https://www.thedtic.gov.za/wp-content/uploads/Masterplan-Sugar.pdf

Figure 39: SA averages prices ($/t) for Sugar, and World Bank commodity prices, 2017 - 2022



Source: ITC Trade Map (2023); World Bank Commodity Price data (Pink Sheets)

3.2. SOUTH AFRICAN TRADE FLOWS AT THE REGIONAL LEVEL

124. Trade is fundamental to the economic development of the Southern African Development Community (SADC) Region, and has broader benefits that support the process of regional integration. Countries that increase and expand trade with others through trade liberalisation increase economic growth, and improve the quality of life of their people.[112]

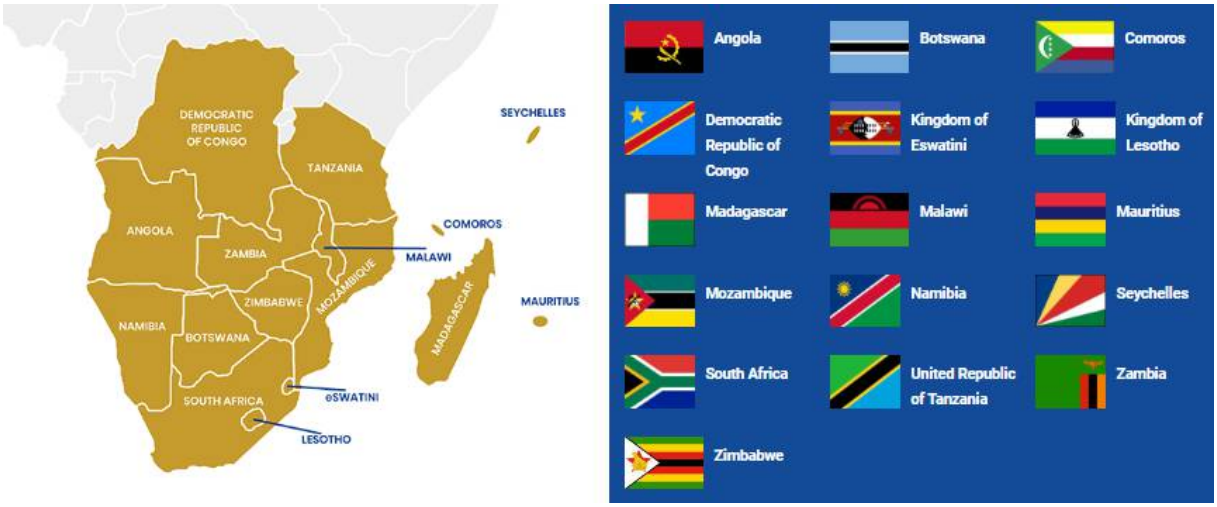
125. The main objectives of SADC are to, *"achieve development, peace and security, and economic growth, to alleviate poverty, enhance the standard and quality of life of the peoples of Southern Africa, and support the socially disadvantaged through regional integration, built on democratic principles and equitable and sustainable development."*[113] *Furthermore, the mission of the SADC regional economic community is, "to promote sustainable and equitable economic growth and socio-economic development through efficient, productive systems, deeper co-operation and integration, good governance, and durable peace and security; so that the region emerges as a competitive and effective player in international relations and the world economy".*[114]

126. The trade flow data, as measured by ITC Trade Map, shows significant overlaps in traded export and import volumes, as one shifts from analysing global trade to continental trade, and now in this section analysing the trade data at a regional level – which is at the SADC level. There is a large degree of overlap between trade data from Africa and from the SADC regional level, which means that SADC trade accounts for a large portion of recorded volumes between South Africa and Africa.

112 SADC. 2023. *Trade*, https://www.sadc.int/pillars/trade
113 SADC. 2023. *SADC Objectives*, https://www.sadc.int/pages/sadc-objectives
114 Chinyamakobvu, O. 2013. *Global and SADC Trade in Agriculture and Food Products* (SADC and DG COMP), https://tis.sadc.int/files/8013/9100/3110/Global_and_SADC_Trade_in_Agriculture_and_Food_Products.pdf

127. This section considers the same key 11 agricultural products as analysed before (at the continent and global level), but here the focus is on the bilateral trade between South Africa and the SADC region, which captures the aggregate level of trade between South Africa and the SADC country group combined, to further provide insights into food trade flows in the region. There are 16 member states of the SADC regional economic community, as seen in the figure below, which includes the following countries: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.[115]

Figure 40: SADC member countries



Source: SADC website (2022)

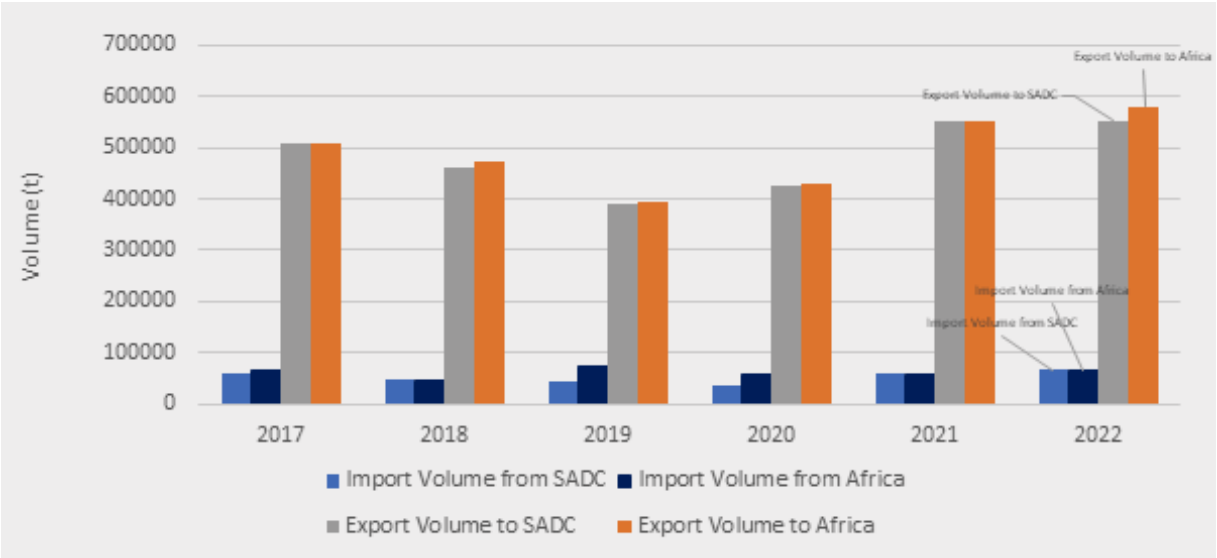
3.2.1. Fertiliser

128. The figure below clearly illustrates the data overlap between South Africa's trade volumes (imports and exports) with Africa and its trade volumes with the SADC region as a whole. The grey bars indicate South Africa's export volumes to SADC and to Africa, and the figure shows that these amounts are extremely close, which is seen each year from 2017 to 2022. The blue bars also show that there is a large degree of overlap between what South Africa imports from Africa and from SADC – this is, however, to a lesser extent in 2019 and 2020, where only 61% of the country's fertiliser imports were from SADC, and the rest from other countries in Africa during that period, including Nigeria and Egypt.[116]

129. Overall, the graph clearly shows that South Africa is a net exporter of nitrogenous fertiliser within Africa and the SADC region (which is different to its global trade position as noted in the section above), and that a significant portion of its African exports are supplying SADC member countries. This corresponds to public reports on South Africa's fertiliser trade, where it is noted that the SADC countries have been notable importers of nitrogenous fertilisers from South Africa.[117]

115 SADC. 2023. *SADC Member States*, https://www.sadc.int/member-states
116 ITC Trade Map data: Trade Map - List of supplying markets for a product imported by South Africa
117 DAFF. 2020. *South African Fertilizers Market Analysis Report.* http://webapps1.daff.gov.za/AmisAdmin/upload/South%20African%20Fertilizer%20Market%20Analysis%20Report%202020.pdf

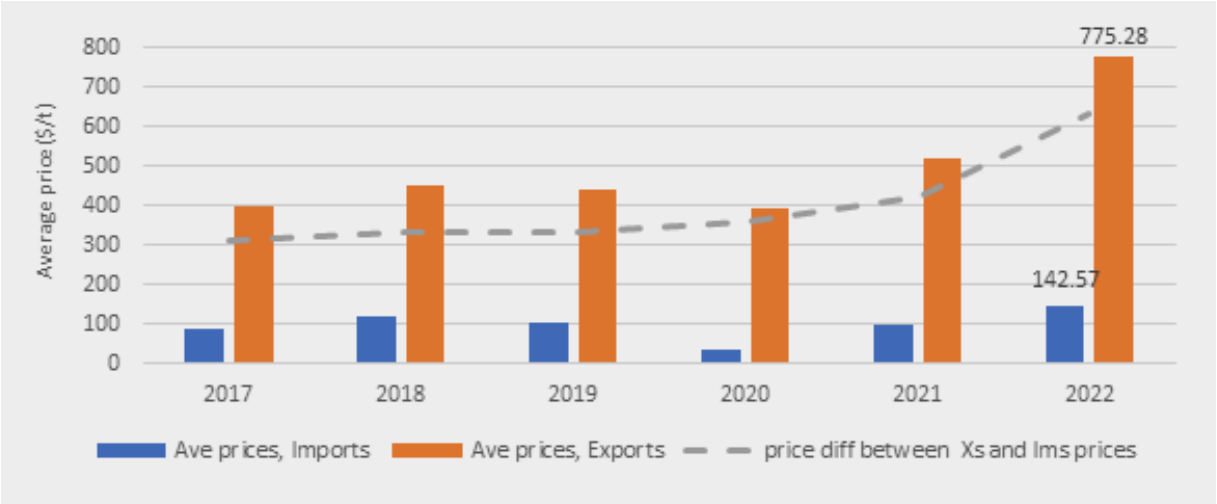
Figure 41: Africa to SADC overlap, SA Fertiliser trade in volumes (t), 2017 - 2022



Source: ITC Trade Map (2023)

130. Below, the figure shows average prices ($/t) for South Africa's exports of nitrogenous fertiliser to the SADC region, which show a clear upward trend from 2020, reaching a high of $775 per ton, while the average prices of its imports seem to fluctuate around the level of $100 per ton (and reaching a high of $142 per ton in 2022). These dynamics explain the rising trend in the grey line, which captures the increasing difference between average prices for fertiliser exports and imports in relation to SADC-level trade. Reports note that, globally, fertiliser prices have shown significant increases between 2021 to 2022, driven mainly by surging input costs, supply disruptions caused by sanctions, as well as export restrictions, which then influence local and regional fertiliser prices.[118]

Figure 42: Average prices ($/t) for SA fertiliser trade with SADC, 2017 - 2022



Source: ITC Trade Map (2023)

118 World Bank. 2022. *Fertiliser prices expected to remain higher for longer*,https://blogs.worldbank.org/opendata/fertilizer-prices-expected-remain-higher-longer#:~:text=Fertilizer%20prices%20have%20risen%20nearly,and%20export%20restrictions%20(China).

131. Research related to fertiliser supply in Africa has also shown that markets in East and Southern Africa are oligopolistic in nature, with just a few large firms having the capability to source fertiliser internationally in bulk, and having the necessary bagging and warehousing facilities at the main ports.[119] In relation to competition enforcement in the fertiliser industry, the South African fertiliser cartel was characterised by a range of complex information sharing schemes, and fertiliser firms had been found to be involved in allocating markets and price fixing until around 2006.[120] The cartel affected prices for fertiliser not only in South Africa, but also in several Southern African countries too, which highlights the potential overspill into other countries due to regional, cross-border and transnational dynamics in fertiliser trade.[121]

132. Additionally, the Competition Commission addressed a case of price fixing against the Fertiliser Association of Southern Africa (FERTASA) and five agricultural lime manufacturers, which was referred to the Competition Tribunal in 2014, following an investigation that revealed that the manufacturers made use of FERTASA to fix commissions paid to agents.[122] Furthermore, in 2015 a group of 58 farmers won a case against Sasol, where Sasol was accused of fixing fertiliser prices between 1996 and 2004.[123]

3.2.2. Seed for sowing

133. A similar picture emerges when comparing South Africa's trade with the rest of Africa and its trade with the SADC region – in that it is clear from the figure below that the country is a net exporter of seeds for sowing, as it exports a much larger volume than it imports from the SADC region. For ease of comparison, the figure below contains a smaller inlay figure of Africa trade, where the similarity in trade flow patterns can be seen. While the extent of overlap in trade data between the African continent and global level is minimal (as noted in the 'Seed for sowing' section above), at the regional level it is apparent that there is a large degree of overlap between South Africa's traded volumes with Africa and its trade with SADC, meaning that the SADC members account for the large majority of trade in 'seeds for sowing' at the continental level.[124]

119 Roberts, S., Shedi, O., Tausha, I., Kaonga, K., Nsomba, G. & Tshabalala, N. 2023. *Competition, concentration, and market outcomes in fertilizer markets in East and Southern Africa*. CCRED, COMESA Working Paper.

120 CCSA. 2009. Competition News, *The Unravelling of a Fertiliser Cartel as Sasol Settles with the Commission on a Record Fine*. Edition 32 (June 2009); Vilakazi, T. 2017. *Undermining Inclusive Growth? Effects of Coordination on Fertiliser Prices in Malawi, Tanzania, and Zambia* [Chapter in '*A Step Ahead: Competition Policy for Shared Prosperity and Inclusive Growth'*, by Licett, M.M., Pop, G., Nyman, S. & Govez, T, P. 2017. World Bank Group eLibrary.]

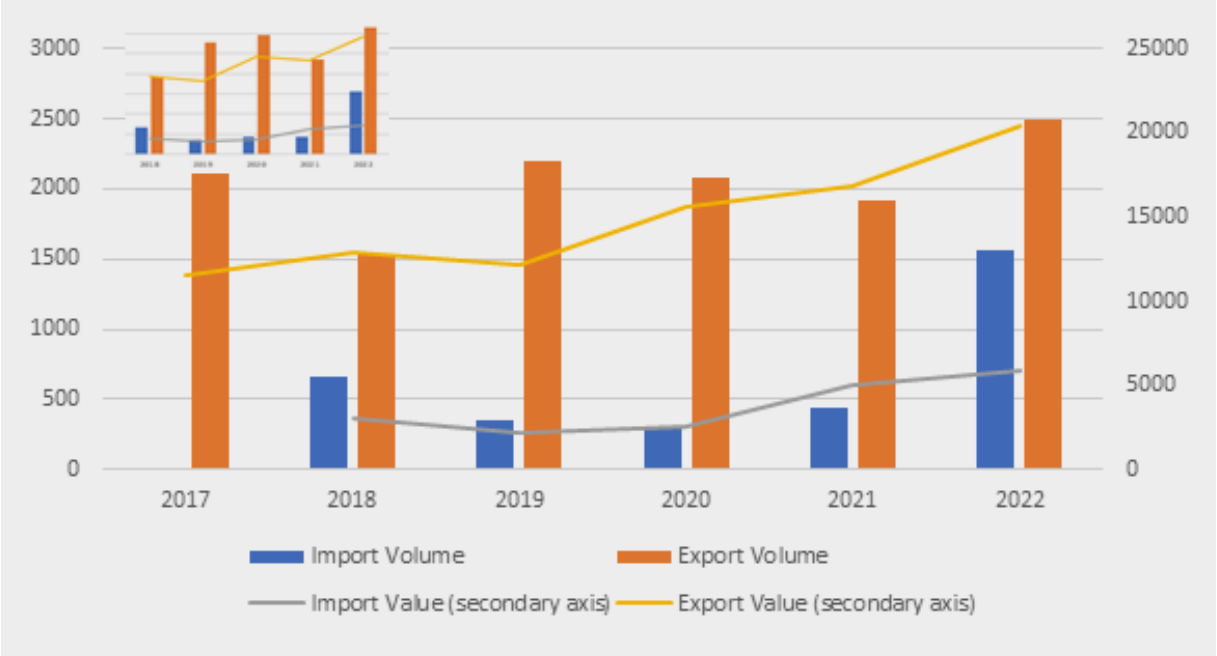
121 Kaira, T. 2017. *Chapter 3: Cartel enforcement in the Southern African Neighbourhood* [Chapter in '*Competition Law and Economic Regulation in Southern Africa: Addressing Market Power in Southern Africa'* by Roberts, S Valodia, I. Wits University Press.

122 Bosiu, Teboho and Das Nair, Reena and Paelo, Anthea, *The Global Food Value Chain and Competition Law and Policy in BRICS Countries: Insights from Selected Value Chains in South Africa* (November 1, 2017). CCRED Working Paper No. 21.

123 Bosiu, Teboho and Das Nair, Reena and Paelo, Anthea, *The Global Food Value Chain and Competition Law and Policy in BRICS Countries: Insights from Selected Value Chains in South Africa* (November 1, 2017). CCRED Working Paper No. 21.

124 South Africa's export volume to SADC account for around 70-81% of its exports to Africa, and between 70-100% of its imported volumes for input seed are supplied by SADC members.

Figure 43: SA trade with SADC, Seed for sowing, 2017 - 2022



134. The figure above shows that import volumes grew by 18,5% on a compound annual basis for the period 2018 to 2022, while export volumes grew slower at a CAGR of 10,3% for the same period. The average prices for South Africa's input seed trade with SADC is shown below, and considering the overlap with the African picture, it is again observed that South Africa's average import price rises toward a high of around $11 505 per ton before dropping dramatically to around $3736 per ton, while average prices for South Africa's exports to the SADC region show less volatility, rising to $8817 per ton in 2021 and slightly down to around $8165 per ton in 2022. The increases seen from around 2018/19 to 2021, as noted before, are likely due to the issue of climate change, with dryer weather affecting key production regions.

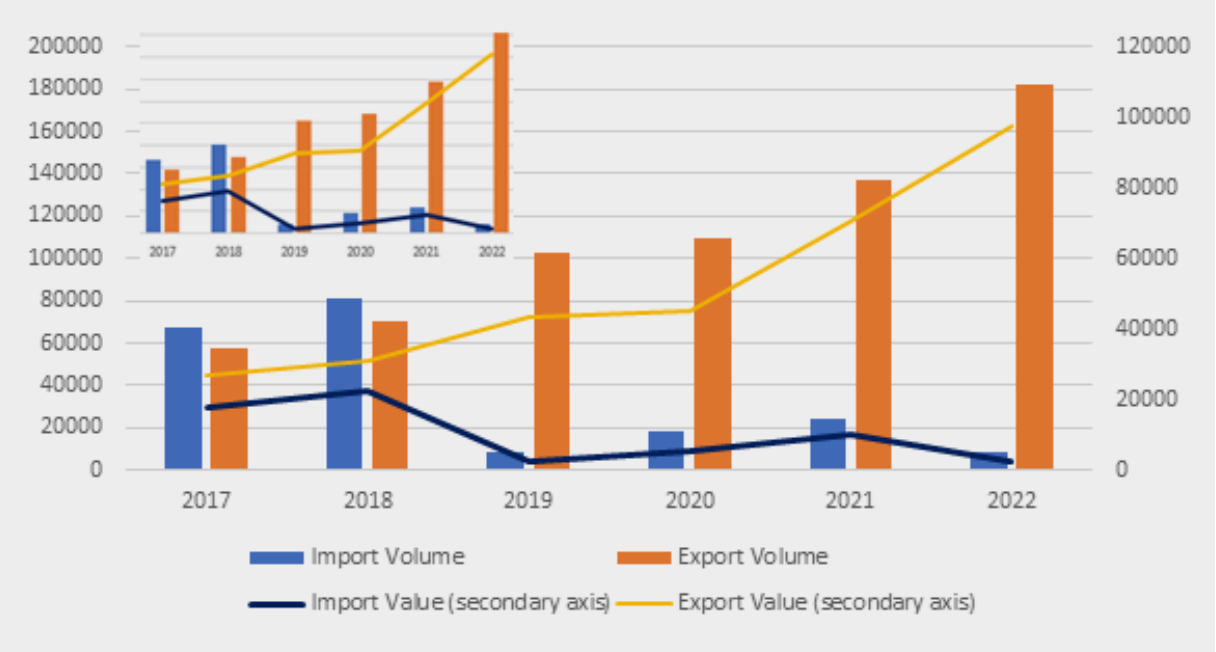
Figure 44: Average prices ($/t) for SA trade with SADC , Seed for sowing, 2017 - 2022

Source: ITC Trade Map (2023)

3.2.3. Oilseed Cake

135. The figure below shows that South Africa is a net exporter of oilseed cake, as it shows export volumes at much higher levels than import volumes since 2019. For 2017 and 2018, South Africa imported more oilseed cake from the SADC region than it exported. The graphical inlay in the figure below illustrates the close similarity in trade flows between South Africa and Africa, and between South Africa's trade with the SADC region. When looking at the trade flow data for African trade compared to the SADC level data, it is clear that the bulk of South Africa's oilseed cake trade occurs at the SADC regional level.

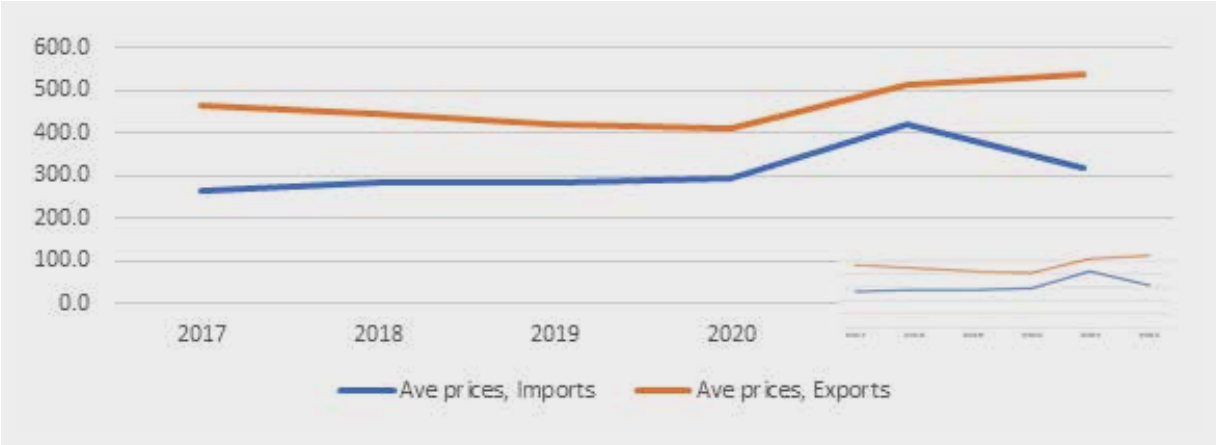
Figure 45: SA trade with SADC, Oilseed cake, 2017 - 2022



Source: ITC Trade Map (2023)

136. The average price trends over the 2017 to 2022 period, at the SADC level, are consequently the same as the pricing movements seen at the African level, shown by the chart inlay to the bottom-right of the figure below. The average prices show increases from 2020 to 2021, after which import prices decrease, while export prices still show some increase from 2021 to 2022.

Figure 46: SA oilseed cake trade with SADC, average prices ($/t), 2017 - 2022

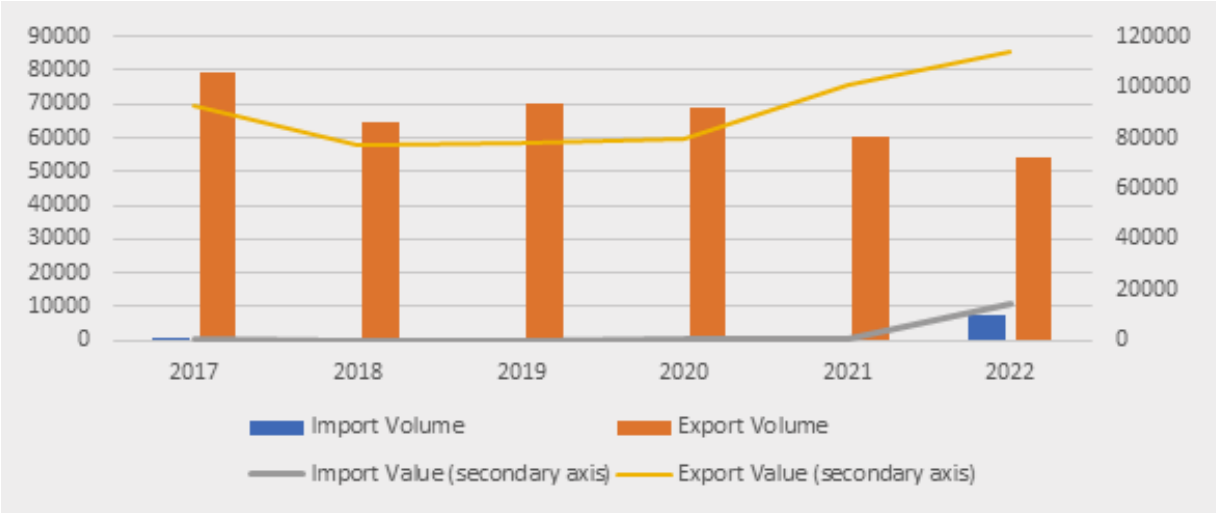


Source: ITC Trade Map (2023)

3.2.4. Crude sunflower oil

137. The South African oil-processing industry has shown significant growth with respect to crude oil production via crushing plants as well as oil refinement, and has become a major player in supplying SADC countries with sunflower oil[125] – which is evident in the figure below. South Africa is seen to be a net exporter of sunflower oil volumes in the region, despite some export volume decreases seen in the 2021 and 2022 years. This is the same picture seen in the section above, covering South Africa's continental trade, and means that most of its African trade in sunflower oil is accounted for by the SADC countries. This dynamic could also be attributed to some countries, like Tanzania, being large producers of sunflower seed, but not having enough local processor capacity to meet the country's cooking oil requirements, and thus importing sunflower oil from other countries like South Africa.[126]

Figure 47: SA trade with SADC, Crude Sunflower Oil, 2017 -2022



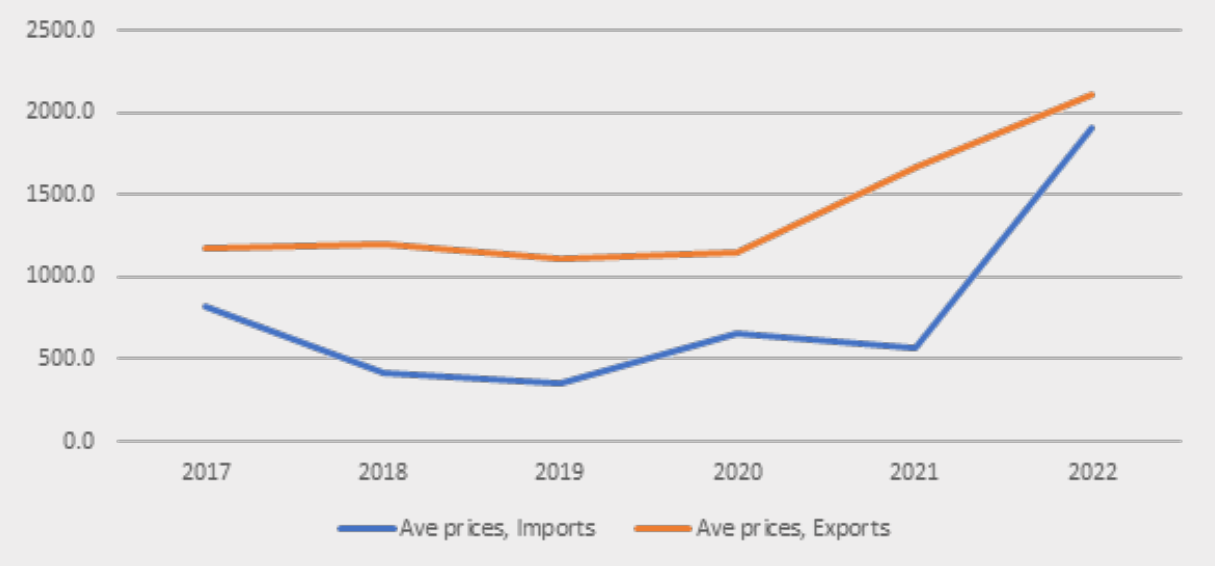
Source: ITC Trade Map (2023)

125 BFAP. 2020. *Sunflower Quality Report (August 2020),* https://www.bfap.co.za/wp-content/uploads/2023/04/BFAP-Sunflower-Quality-Report_2020-08-31_FINAL_text-edited.pdf

126 BFAP. 2020. Sunflower Quality Report (August 2020), https://www.bfap.co.za/wp-content/uploads/2023/04/BFAP-Sunflower-Quality-Report_2020-08-31_FINAL_text-edited.pdf

138. The figure below shows the same average prices seen in the section above on the African level of sunflower oil trade – where average import prices show a compound annual growth rate of around 15% for the six-year period, with average export prices growing at 10,2%% on a compound annual basis. Furthermore, even at the SADC level of trade, the global rise in edible oil prices and its effect are noticeable from the increases seen at the regional level from 2020 onwards. Reports note that poor climate conditions globally resulted in poor harvests of sunflower, canola, palm and other edible oils, in their respective production regions, which has created global shortages, with the consequence of higher shelf prices for popular oils like sunflower oil.[127]

Figure 48: SA trade with SADC, average prices for Sunflower oil ($/t), 2017 - 2022



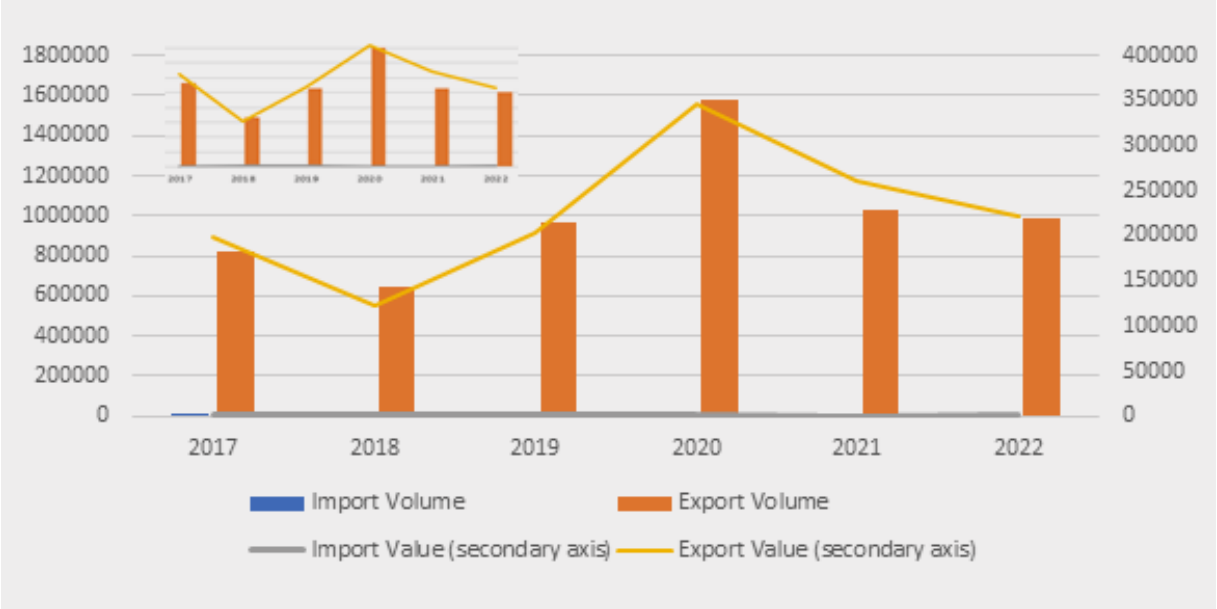
Source: ITC Trade Map (2023)

3.2.5. Maize

139. This section briefly considers the trade in maize at the SADC regional level. The figure below depicts the trade between South Africa and the SADC group, which also shows the same patterns in import and export volumes (and values) as seen at the continental level – shown in the smaller chart insert below for ease of reference. This points to the large degree of overlap between South Africa's trade with the rest of Africa, and its trade with the SADC region, as the region represents the bulk of its maize exporting markets. The average price trends for maize traded at the SADC level correspond to and follow the same patterns as for South Africa's trade with the rest of Africa (see Section 3.1.5 on Maize above).

127 Oildrop. 2024. *Cooking oil Prices succeeding 60% affect the SA market*. https://oildrop.co.za/blog/cooking-oil-prices-succeeding-60percent-affect-the-south-african-market

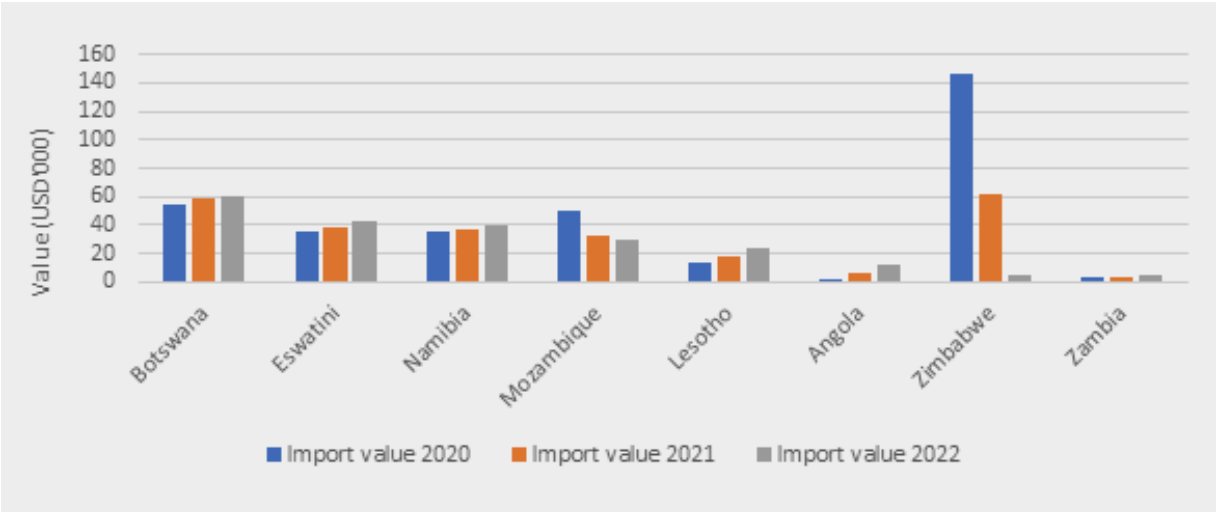
Figure 49: SA maize trade with SADC region



Source: ITC Trade Map (2023)

140. South Africa's large importers of maize from the SADC region are shown in the figure below, where it indicates that Botswana, Eswatini, Namibia, Mozambique, Lesotho, Angola, Zimbabwe and Zambia are the countries accounting for the bulk of SADC's imports of maize from South Africa (as per 2022 values). The figure shows that Zimbabwe's imported value of maize in 2020 is 168% larger than the next biggest importer that year (Botswana) and likely due to Zimbabwe's poor domestic maize harvest from the 2018/19 production season, and the resultant lack of domestic maize supply, as noted in reports at the time.[128]

Figure 50: Largest SADC importers of SA maize, 2020 - 2022



Source: ITC Trade Map (2023)

128 Sihlobo, W. 2020. *Zimbabwe imports the largest weekly maize volume from SA in 7-years*. Agricultural Economics Today.

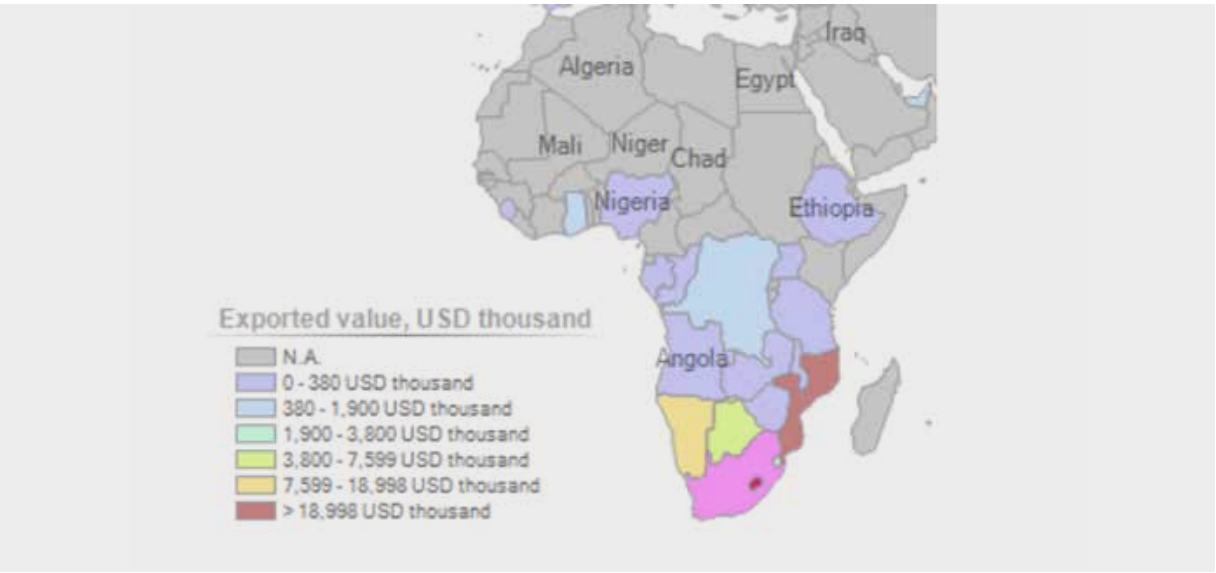
141. In terms of anti-competitive conduct in the broader grain industry, the Commission found that, from 1999 to 2007, a number of key firms had engaged in cooperative behaviour which resulted in the uncovering of three main cartels – the bread cartel, flour cartel and the maize meal cartel. The four firms involved in all three cartels (Premier Foods, Tiger Brands, Pioneer Foods and Foodcorp) represented major firms in the milling industry, and accounted for more than 90% of all milled wheat sales.[129] As seen from the regional trade data above, most SADC countries import key grains, such as maize, from South Africa, and so anti-competitive conduct in one market can spill over into other country trade partners – which points to the need and potential benefit of more cross-border collaboration in terms of competition enforcement, especially in key markets such as maize.

3.2.6. Poultry

142. The chart showing South Africa's poultry trade with the SADC region is largely represented by Figure 20, showing the country's trade at the African continent level, as this is due to the data overlap between the two geographical trade regions. At the SADC level, South Africa is also seen as a key exporter of poultry to the region, while importing very little poultry from the SADC region. In the section above, Figure 22 shows average import and export poultry prices for South Africa's trade with the rest of Africa, which is the same trend seen at the SADC level.

143. The map below of Africa illustrates the importing markets of South Africa's poultry, based on the value of that country's imports in 2022 (in USD'000). The map key is located at the bottom left of the illustration, and can be interpreted as the countries in light purple accounting for a minor amount (between 0 – 380 USD'000) of South Africa's export value for poultry in 2022, while the countries in red account for a much larger amount of the country's export value, that being greater than 18 998 USD'000.[130]

Figure 51: List of African importing markets for SA poultry exports (by 2020 value, USD'000)



Source: adapted from ITC Trade map (2023)

129 CCSA.2015. *Market Access and Oligopoly: Food and Agro-processing* (by Dr Liberty Mncube).
130 ITC Trade Map data: https://www.trademap.org/Country_SelProductCountry_TS_Map.aspx?nvpm=1%7c710%7c%7c%7c%7c0207%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c3

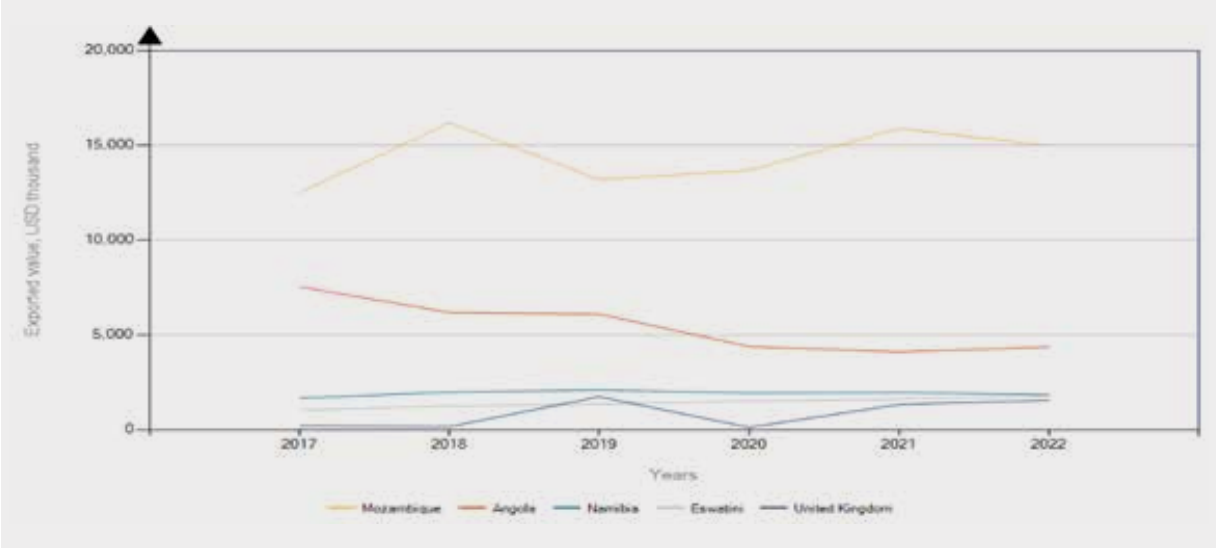
144. The map illustrates the concentration of South Africa's poultry trade in the SADC region, particularly in relation to those countries bordering or close to South Africa, such as Namibia with 12 095 USD thousand, Botswana with 3885 USD thousand, Mozambique with 28 434 USD thousand, and Lesotho with the highest amount, accounting for a sizeable 37 996 USD thousand in terms of the value of poultry it imported from South Africa in 2022. Further north, the map shows more of the blue to grey colour – signalling less poultry import value from South Africa for these countries, aside from the Democratic Republic of Congo, showing an import value of around 1018 USD thousand in terms of its poultry imports from South Africa in 2022.

3.2.7. Onions

145. In terms of onion trade at the SADC level, there is a large degree of trade data overlap such that the trade analysed within Section 3.1.7 above (for trade with the rest of Africa), is represented in large part by South Africa's onion trade with the SADC countries. As seen at the Africa continent level of trade, it is also clear that, at the SADC level, South Africa is a net exporter of onions.

146. Looking further into the main SADC markets, the graph below shows the list of the top five importing markets for onions exported by South Africa, by value (USD'000) for 2022. The graph shows that of the top five countries, the top four are from the SADC region – that being (in descending order) Mozambique, Angola, Namibia and Eswatini. These SADC countries have, furthermore, held their respective rankings over the 2017 to 2022 period, and are consistently importing higher values of onions than the United Kingdom (which shows low values and a slight, temporary increase in 2019).

Figure 52: Main onion import markets for South Africa (by value USD'000), 2017 - 2022

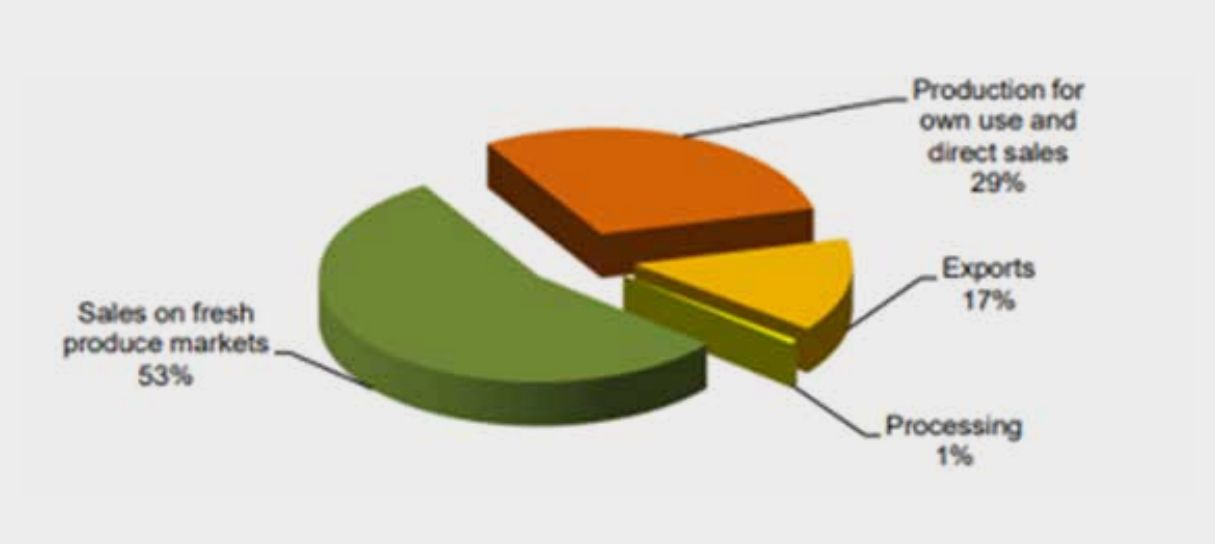


Source ITC Trade map (2023)

147. With regard to South Africa's onion market, even though the country is a net exporter at the regional SADC level, South Africa's local consumption of onion is also quite high. The pie chart below, from a 2022 agricultural trends report, shows the distribution of

South Africa's onion crop – where 17% of onion production goes to export markets. This corresponds to trade data on 'export volumes as a percentage of South Africa's onion consumption', which ranges from around 16,5% to 20% over the 2017 to 2020 period.[131]

Figure 53: Distribution of SA onion crop, 2021/22



Source: DALRRD (2022)[132]

3.2.8. Citrus fruit

148. As noted in the previous section on citrus fruit at the Africa continent and global level, the South African citrus industry is export-orientated, with the Citrus Growers Association of Southern Africa reporting that the country exported 77% of the citrus it produced, with around 18% allocated for processing into juice and other by-products, and around 5% for local fresh consumption.[133]

149. With regard to South Africa's trade in the SADC region for citrus fruits, the top SADC countries importing SA's citrus fruit (based on 2022 value) include Mauritius, Zambia, Namibia, Botswana, Mozambique, and then Angola and Eswatini. The EU has been South Africa's main trading partner in citrus since 2000 under the Trade, Development and Cooperation Agreement. In October 2016, a new SADC-EU Economic Partnership Agreement (EPA) became effective, with the aim of providing for improved market access for oranges and lemons as a key feature of the agreement. The EPA strengthens the parties' commitment towards sustainable development in agriculture, and includes improved tariff rate quotas for frozen orange juice, and no export subsidies under the EPA to level the playing field.[134]

150. The figure below shows a similar trend to the trade flows seen at the continental

131 DAFF. 2021. *A Profile of the South African Onion Market Value Chain,* http://webapps1.daff.gov.za/AmisAdmin/upload/Onion%20Market%20Value%20Chain%20Profile%202021.pdf; ITC Trade Map data for SA export volumes to SADC.
132 DALRRD. 2022. *Trends in the Agricultural Sector*. https://www.dalrrd.gov.za/images/Branches/Economica%20Development%20Trade%20and%20Marketing/Statistc%20and%20%20Economic%20Analysis/statistical-information/trends-in-the-agricultural-sector-2022.pdf
133 NAMC. 2022. *South African Fruit Trade Flow* (Issue No.48, December 2022), https://www.namc.co.za/wp-content/uploads/2023/02/SA-Fruit-Flow-Report-Issue-48-December-2022_Final.pdf
134 SADC-EU. 2017. *SA Citrus trade with the EU*, https://sadc-epa-outreach.com/images/files/brochures/sadc-eu-epa-citrus-snapshot- 27-9-2017.pdf

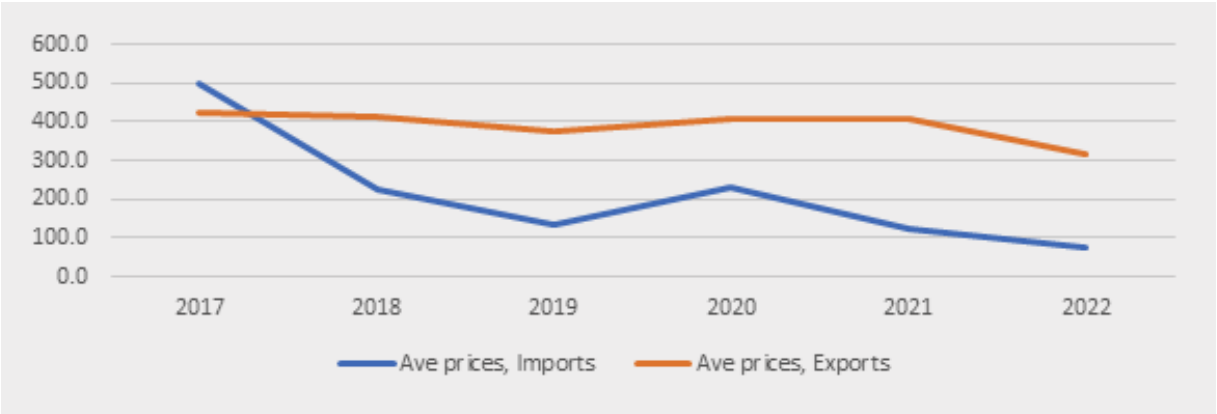
level, as there is a measure of overlap in the trade data between the Africa and SADC level. In the case of global citrus fruit trade, however, South Africa has a strong level of global export trade, so the data overlap between Africa and the world is less, as noted in the section 3.1.8 above. There is also less overlap between Africa and the SADC region than what is observed for other food products analysed in the study. It still, however, remains that a large portion of South Africa's citrus fruit exports to Africa are in fact exported to SADC countries. Over the six-year period, it is observed that export volumes have shown a slight increasing trend, while South Africa's imports displayed a general sideways trend for the period.

Figure 54: SA citrus trade with SADC, 2017 - 2022

Source: ITC Trade Map (2023)

151. The figure below shows that South Africa receives substantially higher prices for its citrus fruit exports to SADC, than the average prices of its citrus fruit imports from the SADC region. The chart illustrates the more noticeable decline in average import prices, which decreased by around 85% from 2017 to 2022, while average export prices have also seen some decline over the period, although to a lesser extent, at about a 26% decrease.

Figure 55: Average prices ($/t) for SA citrus trade with SADC, 2-17 - 2022

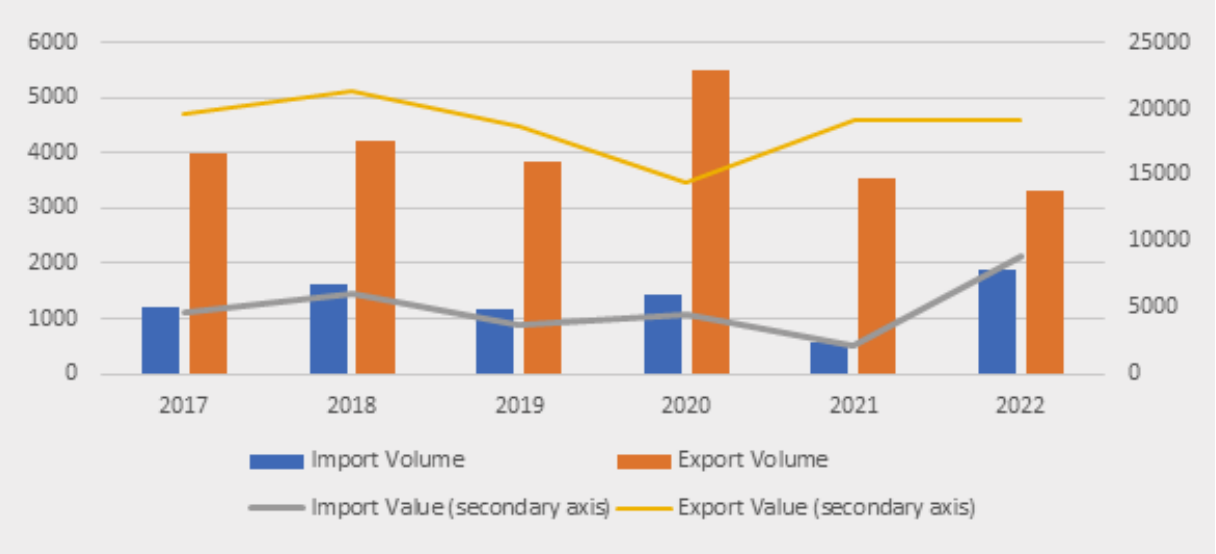


Source: ITC Trade Map (2023)

3.2.9. Coffee

152. The figure below indicates that South Africa's coffee trade with the SADC region is mainly accounted for by its export volumes to the region, as import volumes for this trade level are fairly low (aside from a sizeable increase seen from 2021 to 2022). South Africa's coffee exports saw a large, temporary increase in 2020, which seems to be driven by a large increase in coffee volume (in tons) imported by Namibia, which saw an increase of 130% in its import volumes from 2019 to 2020.

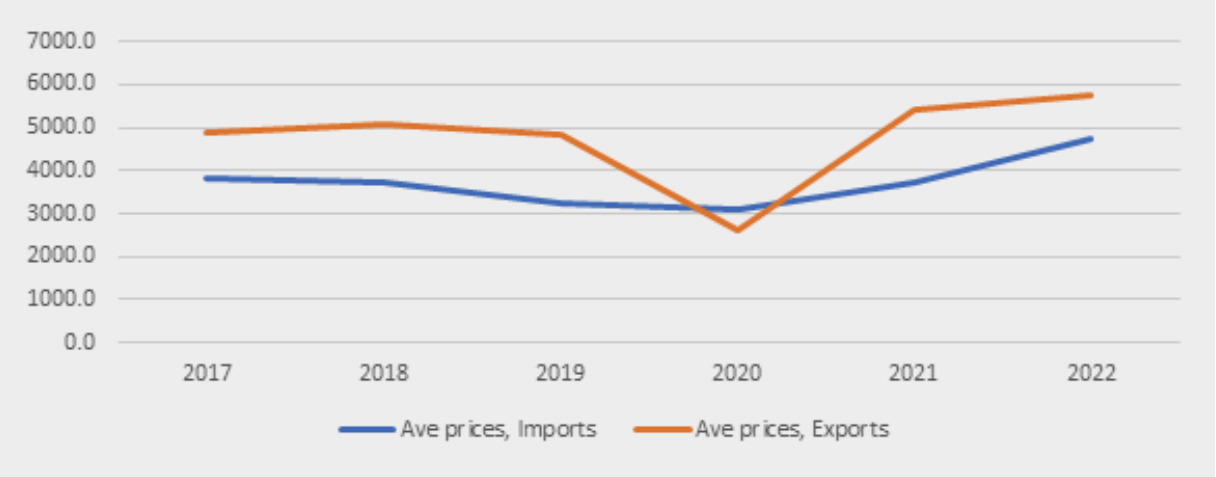
Figure 56: SA coffee trade with SADC, 2017 - 2022



Source: ITC Trade Map (2023)

153. The figure below shows a slight increasing trend in average import prices, while average export prices show a noticeable drop in prices in 2020, likely in relation to increased export volume in that same year (and the lower export value recorded at the time).

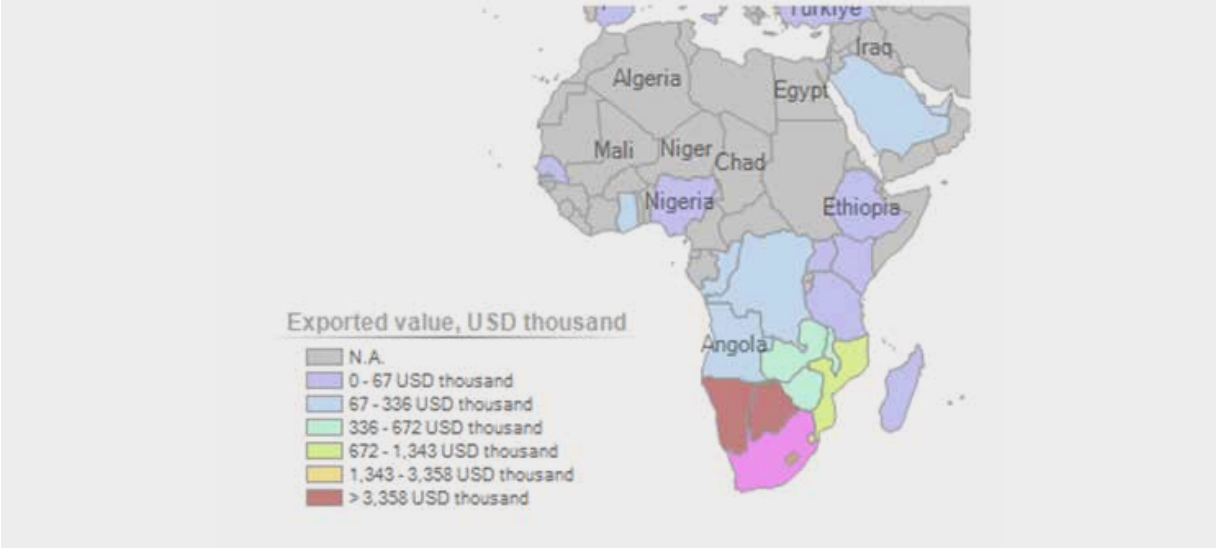
Figure 57: SA coffee trade with SADC, average prices ($/t), 2017 - 2022



Source: ITC Trade Map (2023)

154. The figure below illustrates that South Africa's trade in coffee exports in Africa is concentrated in the SADC region, with SADC countries importing the bulk of South Africa's coffee exports (in USD thousand). Namibia and Botswana in the red colour import the bulk of South Africa's coffee exports, at a value of 6717 USD thousand and 5813 USD thousand respectively. The next largest SADC-based importer of coffee is Mozambique with around 1108 USD thousand, Zambia at 452 USD thousand, the DRC at 275 USD thousand, and Angola with around 100 USD thousand.

Figure 58: Importing markets for coffee exported by SA (by 2022 export value)



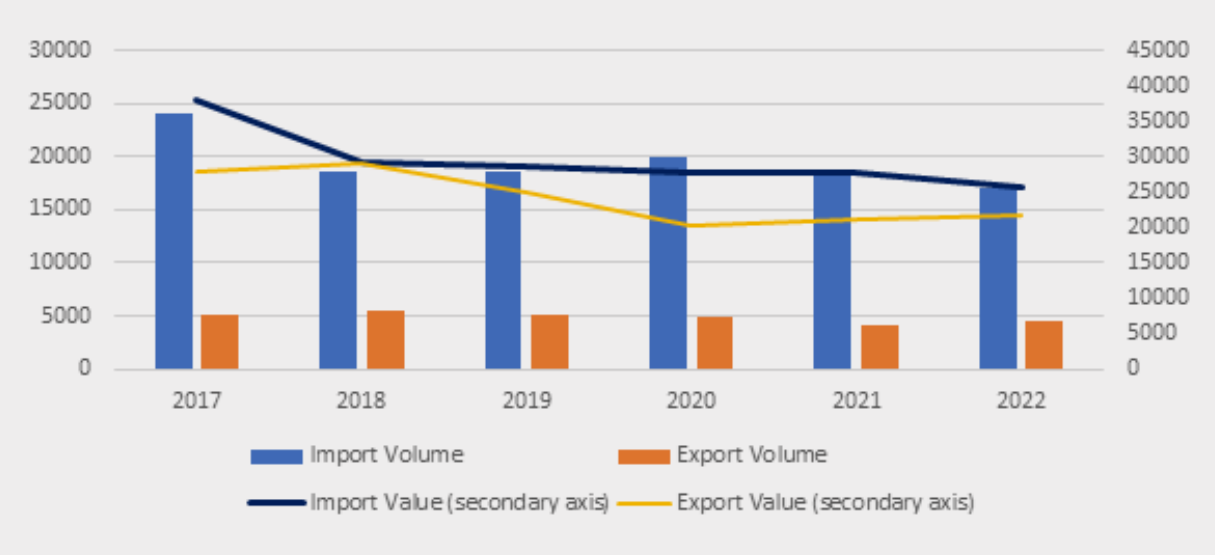
Source: ITC Trade Map (2023)

3.2.10. Tea

155. The chart below indicates that for SADC level trade in tea, South Africa is a net importer of tea, as its import volumes are much higher than its export volumes of tea. There is a large amount of data overlap between South Africa's bilateral trade at the Africa level and the regional SADC level, which means that the bulk of its African tea imports are concentrated in the supplying markets of the SADC region. Tea at the 4-digit level includes black tea, where market value chain profiles state that South Africa is a net importer of black tea, which is also mainly imported from its SADC partners, and these imports are mostly secondary grade tea suitable only for blending purposes – while premium quality teas that are recognised globally are imported from Sri Lanka and Kenya (as noted below).[135]

135 DAFF. 2017. *A PROFILE OF THE SOUTH AFRICAN BLACK TEA MARKET VALUE CHAIN*. http://webapps.daff.gov.za/AmisAdmin/upload/Black%20Tea%20Market%20Value%20Chain%20Profile%202017.pdf

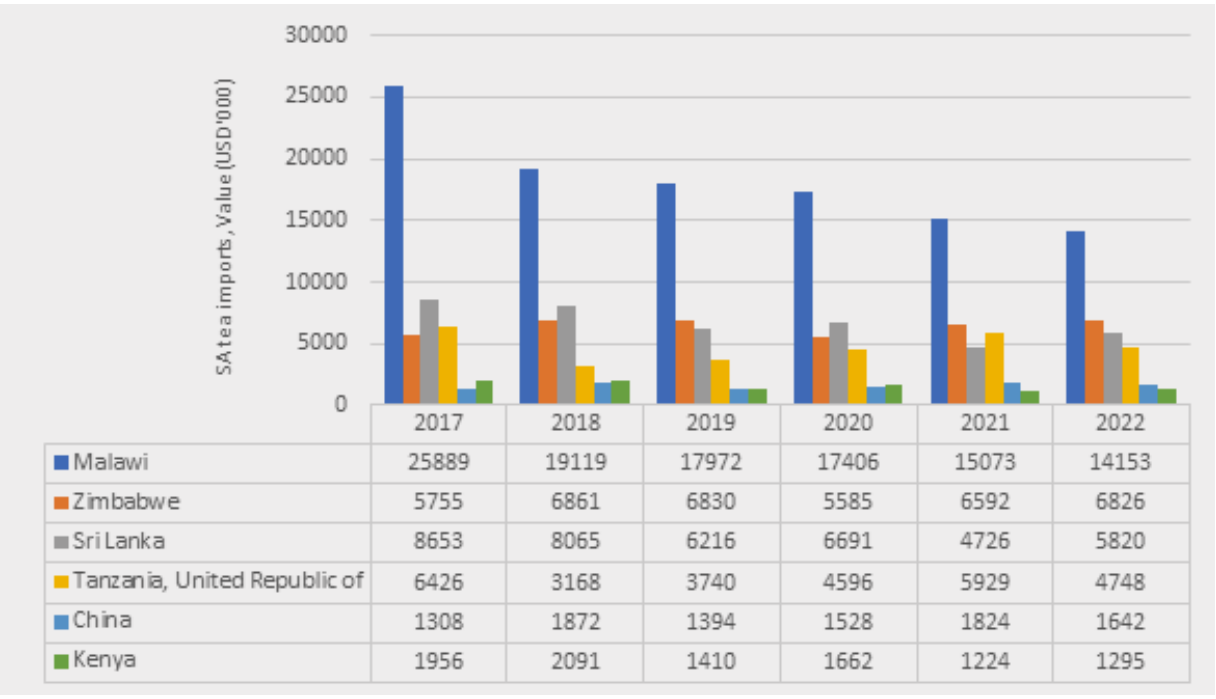
Figure 59: SA tea trade with SADC, 2017 - 2022



Source: ITC Trade Map (2023)

156. The main tea-supplying markets to South Africa and their exported values (in USD thousand) are shown in the figure below. From 2017 to 2022, the graph shows that South Africa has imported most of its tea from Malawi, then Zimbabwe, Sri Lanka, Tanzania, China and Kenya.

Figure 60: Main exporters of tea to South Africa, by value (USD'000)

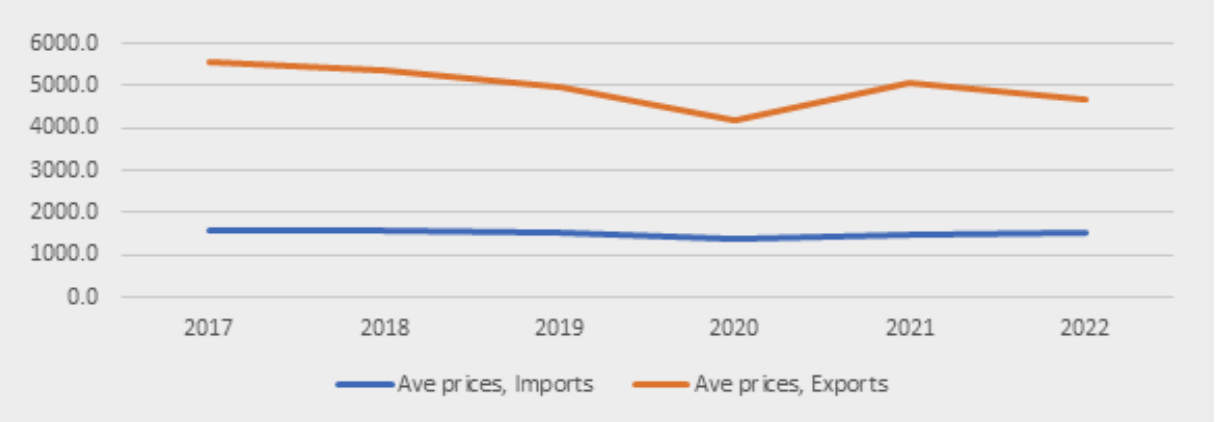


	2017	2018	2019	2020	2021	2022
Malawi	25889	19119	17972	17406	15073	14153
Zimbabwe	5755	6861	6830	5585	6592	6826
Sri Lanka	8653	8065	6216	6691	4726	5820
Tanzania, United Republic of	6426	3168	3740	4596	5929	4748
China	1308	1872	1394	1528	1824	1642
Kenya	1956	2091	1410	1662	1224	1295

Source: ITC Trade Map (2023)

157. The average prices for South Africa's tea imports and exports are shown in the figure below. The figure shows much higher average prices for tea exports, on a $ per ton basis, which is seen to decrease temporarily in 2020, likely due to the Covid pandemic and related supply issues, as well as a temporary reduction in demand from importing countries due to lockdowns, trade restrictions and social distancing policies.[136]

Figure 61: SA tea trade, average prices ($/t), 2017 - 2022

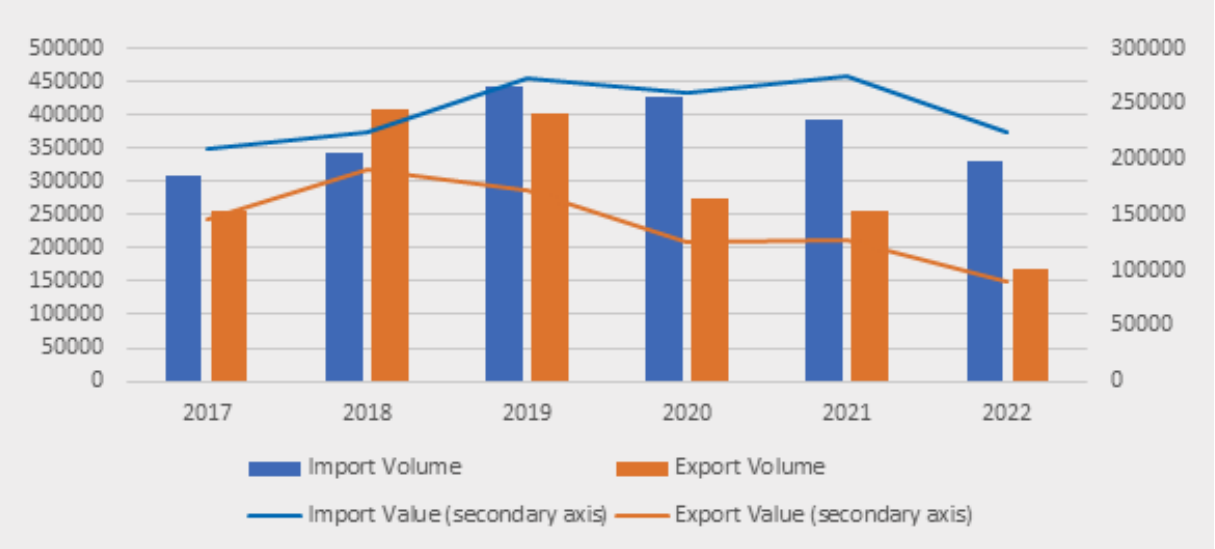


Source: ITC Trade Map (2023)

3.2.11. Sugar

158. The figure below shows that at the SADC level, South Africa is generally a net importer of sugar, and its import volumes have shown, overall, a slightly increasing trend, while its exports have shown a decreasing trend over the 2017 to 2022 period (which is seen for import and export values).

Figure 62: SA Sugar trade with SADC, 2017 - 2022



Source: ITC Trade Map (2023)

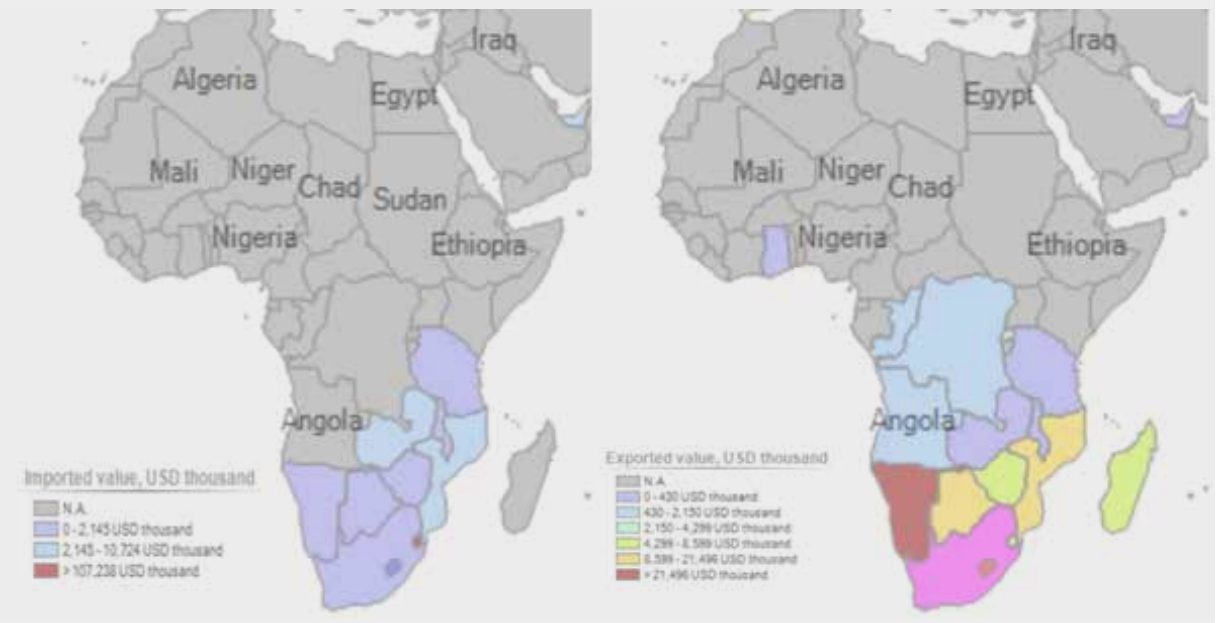
136 IDH. 2022. *Impact of Covid-19- Emergency response in tea supply chain*, https://www.idhsustainabletrade.com/impact-of-covid-19-in-tea/

159. The charts below illustrate the various countries that trade sugar with South Africa from an African perspective. The map of Africa on the left shows South Africa's imports from Africa, in value terms (USD thousand), and the map on the right indicates the main African countries that South Africa exports its sugar to. The table below the map contains the top 10 countries from which South Africa imported sugar, based on 2022 value (in USD thousand), as well as the top 10 countries that South Africa exported its sugar to in 2022.

160. When considering trade at the Africa level, it is clear that the charts below indicate that the bulk of South Africa's bilateral trade in sugar occurs at the SADC regional level (which is also confirmed in the large degree of trade data overlap between Africa and SADC). In terms of South Africa's sugar imports, it can be seen that South Africa imported the bulk of its sugar from Eswatini, with a significant value of 214 475 USD thousand, and in terms of other African countries it also imported sugar from Zambia (3418 USD thousand), Mozambique (2587 USD thousand), Mauritius (1691 USD thousand), Malawi (1345 USD thousand), and Botswana (706 USD thousand).

161. The map on the right shows that South Africa exported the bulk of its sugar to the following SADC countries, including Namibia (42 993 USD thousand), Mozambique (11 756 USD thousand), Lesotho (9744 USD thousand), Botswana (9 240 USD thousand), Zimbabwe (4383 USD thousand), Madagascar (4574 USD thousand), and smaller amounts to Angola (2052 USD thousand), and the DRC (938 USD thousand).

Figure 63: SA Sugar trade within the SADC region (by 2022 trade value, USD'000)



Source: ITC Trade Map (2023)

Table 1: SA top sugar import and export markets (from 2022 trade value, USD'000)

SA Sugar Imports	Imported value in 2022	SA Sugar Exports	Exported value in 2022
Eswatini	214,475	Namibia	42,993
Zambia	3,418	UK	36,693
UAE	2,837	Croatia	36,623
Mozambique	2,587	Malaysia	36,062
Mauritius	1,691	US	21,85
Germany	1,402	Bulgaria	17,118
Malawi	1,345	Portugal	15,656
Botswana	706	Spain	15,236
Brazil	652	Romania	14,605
China	280	Mozambique	11,756

Source: ITC Trade Map (2023)

162. In terms of average pricing trends for SADC-level trade of sugar, the same observations from the Africa level of trade apply to South Africa's trade with the SADC region – in that average import prices ($/t) are higher than average export prices, and the sugar trade in the SADC region also sees fairly low prices relative to other commodities. As noted in Section 3.1.11 above, this could be linked to the sugar industry being subsidised, and due to dumping practices and increased supply of sugar, as well as South Africa having to export its surplus sugar into the global market at lower prices or losses.

3.3. SOUTH AFRICAN TRADE FLOWS AT THE INDIVIDUAL COUNTRY LEVEL

163. In this section, South Africa's agricultural trade flows are analysed at the individual country level, mainly considering individual SADC countries as well as Kenya, in respect of key products such as tea, coffee, maize and sugar. This section therefore provides a more in-depth look at some key traded products between South Africa and certain countries, as well as top trading partners per product, which could potentially explain some of the trade flow patterns seen at the regional, continental and even global levels, in addition to pointing to certain trade flow gaps that may exist.

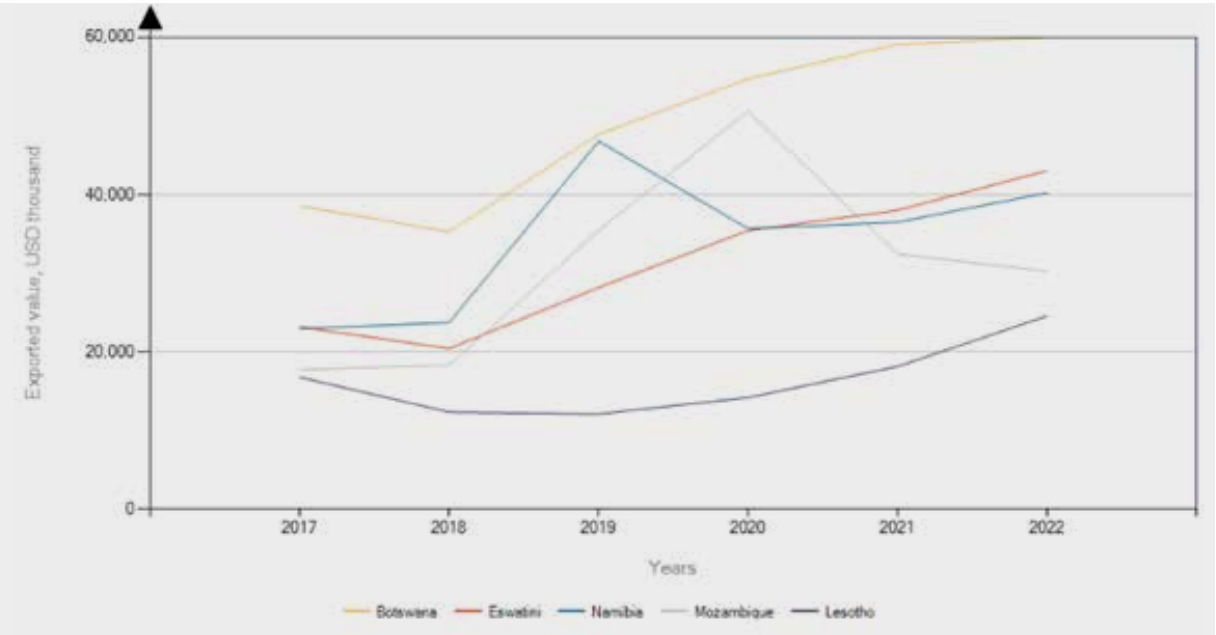
164. The traded products considered in this section cover a smaller set of four key agricultural products which are widely traded in the SADC region amongst its member states, and are important staple agricultural crops for most developing nations. These key products include maize, sugar, coffee and tea. This is considered on an individual country basis below, along with the relevant global and African trade context.

3.3.1. South Africa's Maize trade with individual countries

165. The figure below depicts the top 5 countries that represent South Africa's largest export markets within the SADC region, which is based on South Africa's exported value (USD thousand) in 2022. The figure shows that Botswana has been the largest importer of South Africa's maize over the 2017 to 2022 period, with a high of 59 934 USD thousand reached in 2022. For the 2022 period, the next largest maize importer from the SADC region is Eswatini with 43 000 USD thousand, then Namibia with 40 177 USD thousand, Mozambique with 30 231 USD thousand

and Lesotho as the fifth largest importer with 24 529 USD thousand. Kenya, although not shown on the graph below, also imports a portion of South Africa's maize, ranking it the 8th largest importer of maize, based on its 2022 import value of 4585 USD thousand.

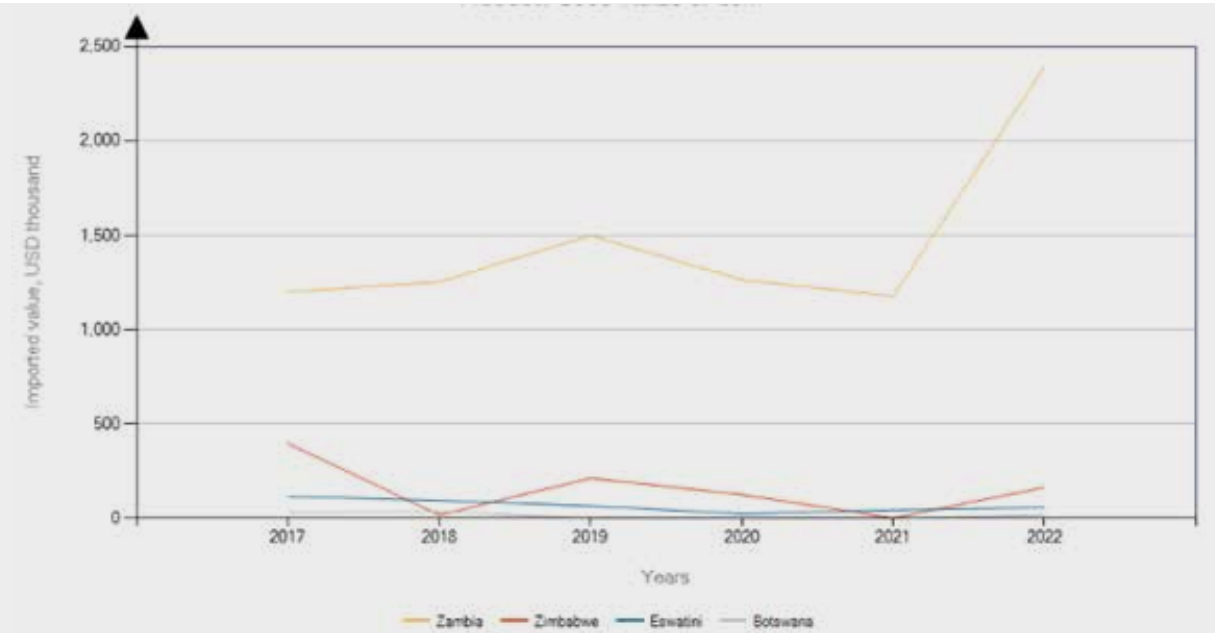
Figure 64: Top SADC importers of SA Maize (based on 2022 value, USD'000)



Source: ITC Trade Map (2023)

166. The chart below similarly shows South Africa's top supplying markets within the SADC region for its maize imports (which are at much lower trade levels than its export volumes, as seen in Figure 48 above), namely Zambia, Zimbabwe, Eswatini and Botswana.

Figure 65: Top SADC exporters of Maize to SA (based on 2022 value, USD'000)



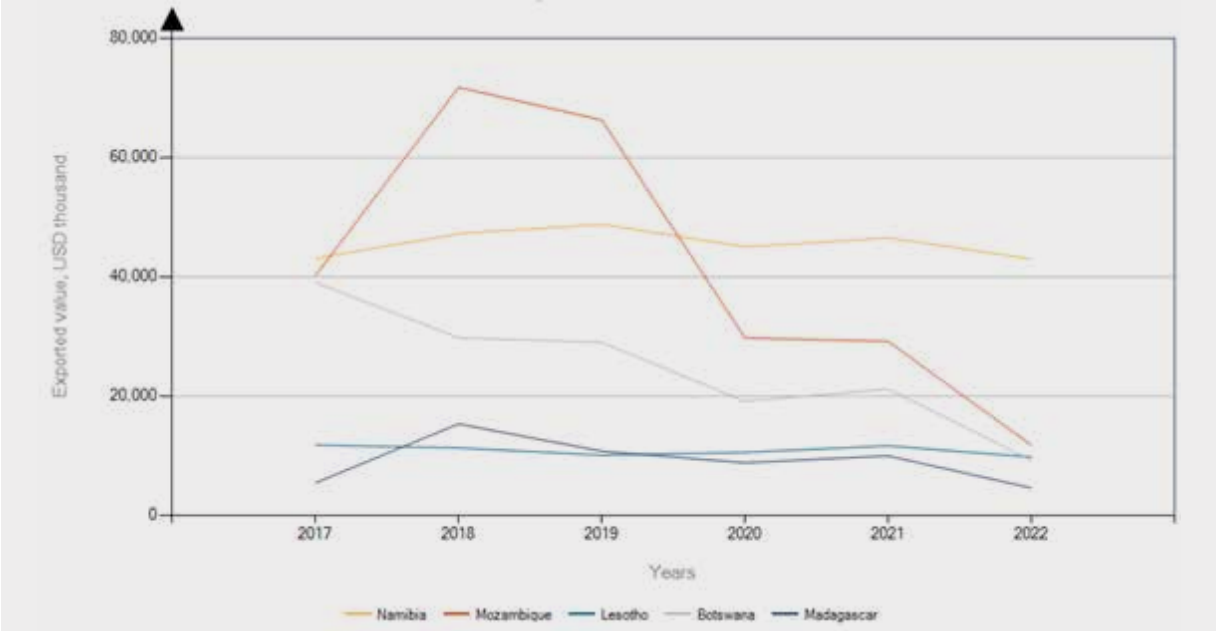
Source: ITC Trade Map (2023)

167. The only African country in the top 10 largest maize importers globally is Egypt, as the 7th largest maize importer by value in 2022, and it is reported that Egypt's top trading partners supplying its maize requirements are mainly non-African trading partners including Brazil, Argentina, Ukraine, Romania and Moldova. In terms of the top 10 largest exporters of maize globally, South Africa is the only African country, ranked 8th largest according to exported value in 2022.

3.3.2. South Africa's Sugar trade with individual countries

168. The figure below depicts the top 5 countries that represent South Africa's largest sugar export markets from the SADC region, which is based on the exported value (USD thousand) in 2022. These countries, from the largest import value, include Namibia, with 42 993 USD thousand, Mozambique with 11756 USD thousand, Lesotho (9 744 USD thousand), Botswana (9 240 USD thousand), and Madagascar (4 574 USD thousand).

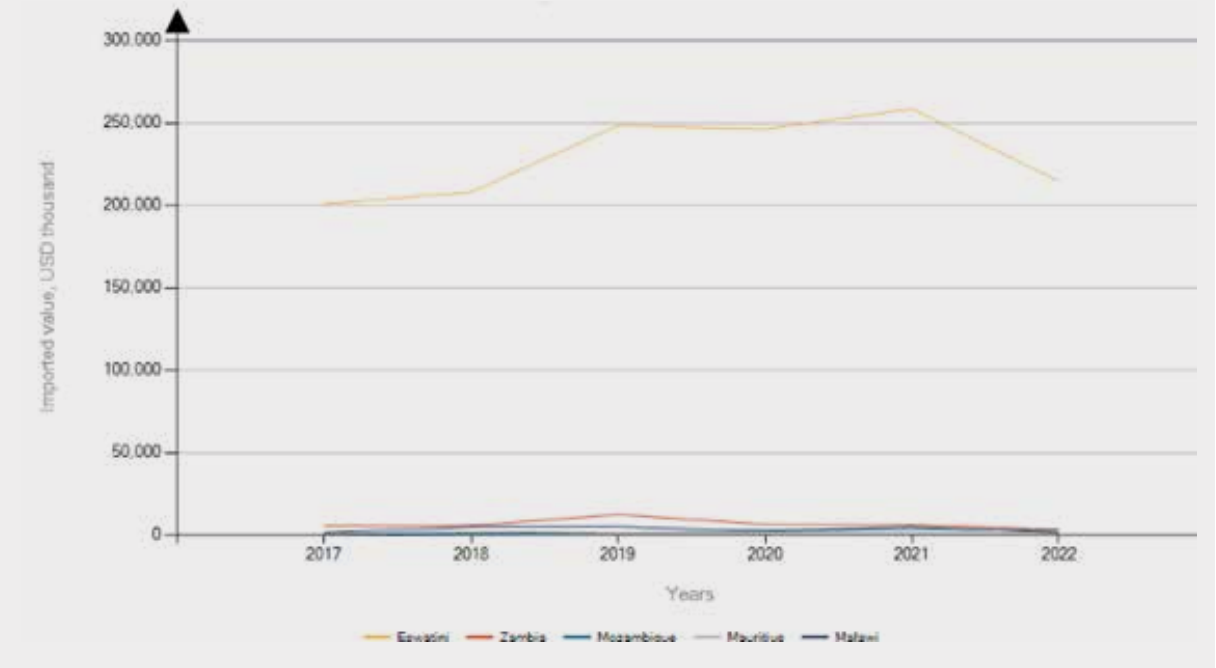
Figure 66: Top SADC importers of SA sugar (based on 2022 value, USD'000)



Source: ITC Trade Map (2023)

169. The figure below shows that Eswatini is a major SADC exporter of its sugar to South Africa, with a significant value of 214 475 USD thousand in 2022, while other exporting countries in the SADC region only export very little sugar to South Africa relative to Eswatini, namely Zambia with 3418 USD thousand, Mozambique with 3587 USD thousand, Mauritius with 1691 USD thousand, and Malawi with 1345 USD thousand. The graph also indicates that Eswatini has been a significant sugar exporter to South Africa across the period analysed, from 2017 to 2022.

Figure 67: Top SADC exporters of sugar to SA (based on 2022 value, USD'000)



Source: ITC Trade Map (2023)

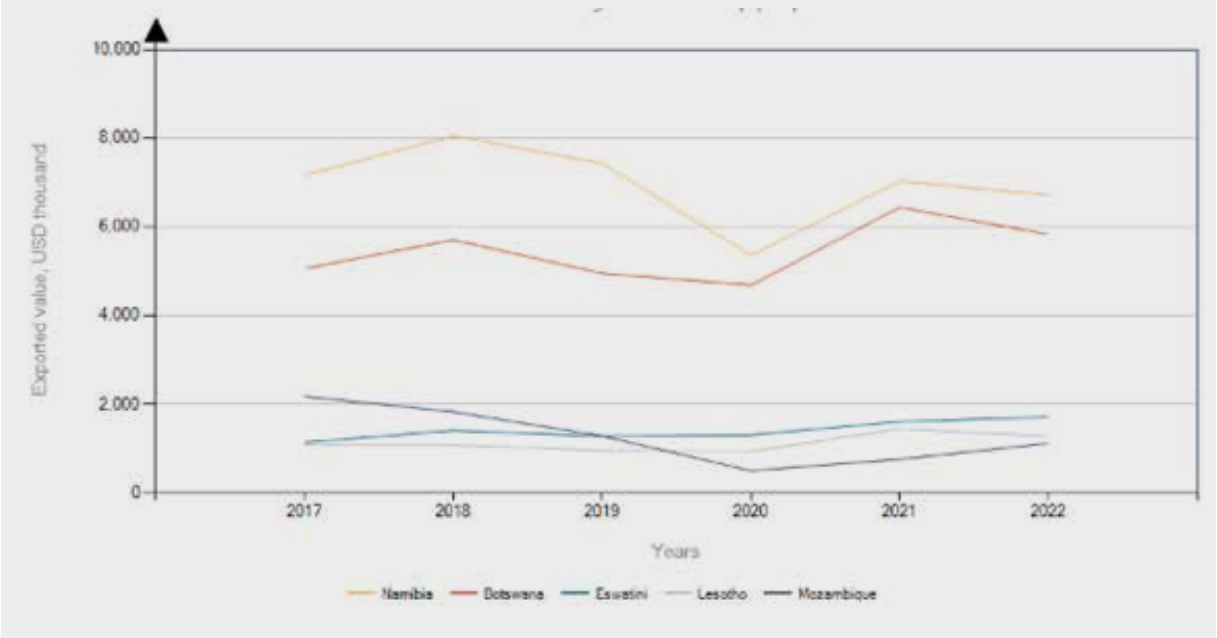
170. In terms of the largest sugar importers globally, there are African countries featured which include Nigeria (ranked 11th by 2022 import value), Morocco ranked 12th, and Algeria ranked 13th for largest importers on a global level. Nigeria is reported to source its sugar imports mainly from non-African countries like Brazil, Andorra, Switzerland, Niger and Poland.[137] Morocco imports most of its sugar from Spain, Egypt, Turkey, France and Belgium.[138] Algeria sources its sugar primarily from Brazil, Poland, Turley, the UAE and from France.[139] Kenya, as a non-SADC country, is not recorded as having any sugar imports from South Africa across the 2017 to 2022 period. Kenya imports its sugar primarily from Eswatini, Zambia, Zimbabwe and Egypt.

3.3.3. South Africa's Coffee trade with individual countries

171. In terms of coffee trade between South Africa and certain countries, starting with the SADC countries, the figure below shows that its largest export markets for coffee (based on exported value in USD thousand), include Namibia with 6717 USD thousand, Botswana with 5831 USD thousand, Eswatini with 1708 USD thousand, Lesotho with 1272 USD thousand and Mozambique with 1108 USD thousand. The graph also demonstrates that of the SADC countries, Namibia and Botswana have consistently imported the most value of coffee from South Africa, and at a level considerably higher than other SADC countries.

137 OEC World. 2022. *Raw Sugar in Nigeria*, https://oec.world/en/profile/bilateral-product/raw-sugar/reporter/nga
138 https://oec.world/en/profile/bilateral-product/raw sugar/reporter/dza#:~:text=Algeria%20imports%20Raw%20Sugar%20primarily,%2C%20and%20France%20(%24161k).
139 OEC World. 2022. *Raw Sugar in Algeria,* https://oec.world/en/profile/bilateral-product/raw-sugar/reporter/dza

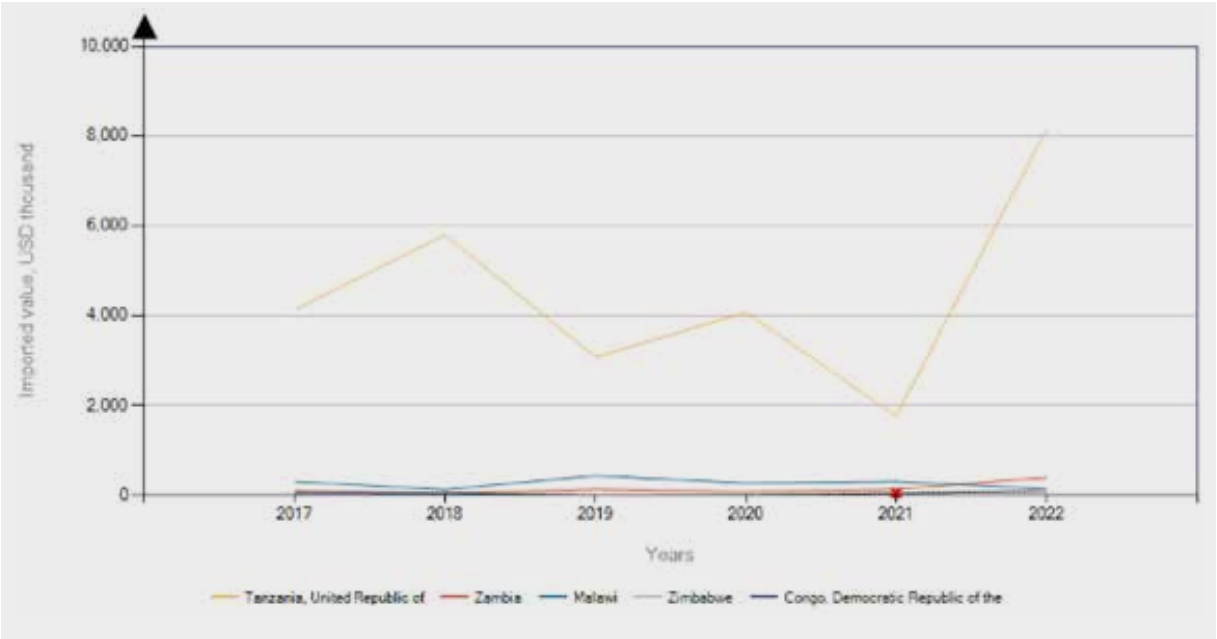
Figure 68: Top SADC importers of Coffee from SA (based on 2022 value, USD'000)



Source: ITC Trade Map (2023)

172. Below, the figure illustrates the top SADC exporters of coffee to South Africa, where it is clear that Tanzania exports the most coffee (in value terms) which is consistent with the prior years shown, from the 2017 to 2022 period. For 2022, Tanzania exported coffee to South Africa to the value of 8149 USD thousand, while Zambia exported much less at 386 USD thousand, Malawi with 138 USD thousand, Zimbabwe with 129 USD thousand and DRC with 80 USD thousand.

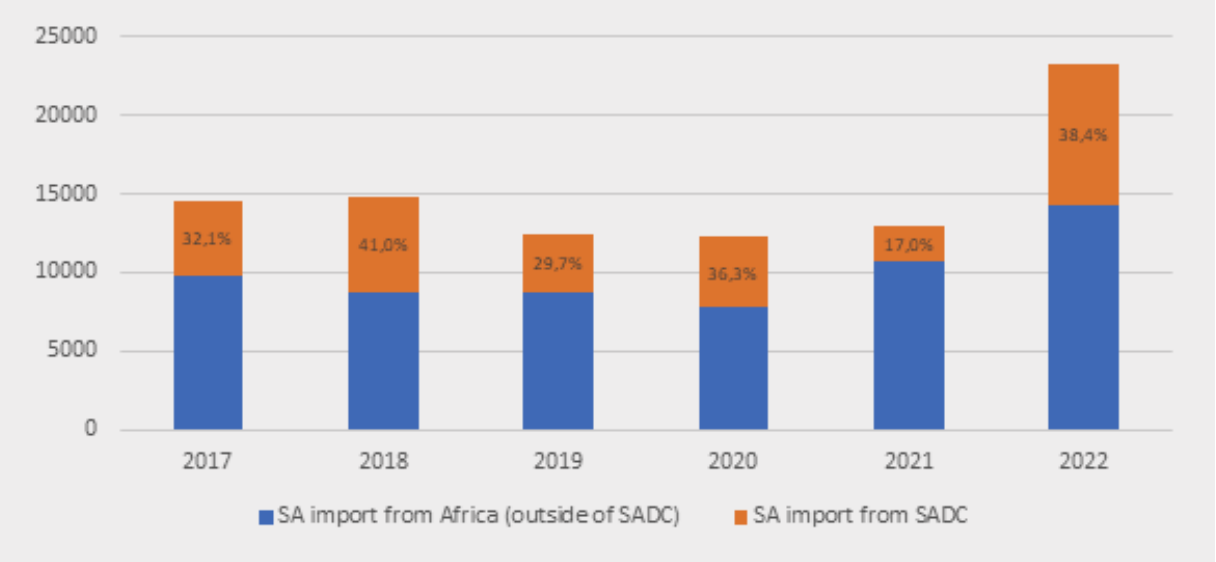
Figure 69: Top SADC exporters of Coffee to SA (based on 2022 value, USD'000)



Source: ITC Trade Map (2023)

173. While not insignificant, these coffee imports from SADC countries do not account for the majority of South Africa's imports from Africa. The figure below illustrates this, where for each year, South Africa's total coffee imports (by value) from Africa are split between those imports from SADC countries and those from other African countries outside the SADC region. The stacked chart therefore shows that the bulk of South Africa's annual coffee imports (by value) are sourced from other African countries not part of SADC, including Ethiopia, Uganda, Rwanda and Kenya.[140]

Figure 70: SA Coffee import (by value) across SADC and other African countries



Source: ITC Trade Map (2023)

174. In terms of the portion of South Africa's imports of coffee that are sourced from African countries outside the SADC region, the table below shows that South Africa imports significant values of coffee from Ethiopia, Uganda, Rwanda and Kenya. The table shows that South Africa's coffee imports from Uganda have increased dramatically from 2020 to 2021, which aligns to reported increases in South Africa's overall imports from Uganda.[141]

Table 2: Non-SADC countries exporting Coffee to South Africa (value, USD'000)

Non-SADC Countries	2017	2018	2019	2020	2021	2022
Ethiopia	3201	2951	2907	331	236	5615
Uganda	4979	36	3752	3007	6724	5106
Rwanda	917	725	1121	434	833	1847
Kenya	646	989	483	606	328	1212

Source: ITC Trade Map (2023)

140 AFCA. 2019. *About South Africa (AFCA Chapters),* https://afca.coffee/portfolio-item/south-africa/; AGOA,info. 2019. *Industry Sectors- Coffee,*https://agoa.info/toolkit/industry-sectors/5156-coffee.html.

141 SA News. 2023. *Call to improve trade between SA and Uganda*, https://www.sanews.gov.za/south-africa/call-improve-trade-between-sa-and-uganda

175. Kenya is a major coffee exporter and is ranked the 5th largest exporter from Africa by 2022 export value (in USD'000). Globally, Kenya exports the bulk of its coffee to countries like the US, Germany, Belgium, Korea and Sweden. In terms of its African exports, the top countries include Tunisia, Somalia, South Africa, Egypt and South Sudan.

3.3.4. South Africa's Tea trade with individual countries

176. In terms of South Africa's tea trade with SADC countries, the Section 3.2.10 above notes that South Africa is a net importer of tea at the SADC level. The table below shows further detail on this trade position, in terms of which SADC countries South Africa mainly imports its tea from. Malawi is the largest tea supplier to South Africa from the SADC region, followed by Zimbabwe and then Tanzania. Beyond SADC countries supplying tea to South Africa, other African countries trading tea to South Africa include Kenya, Morrocco, Nigeria, Cameroon and Rwanda.

Table 3: SADC tea exporters to SA (USD'000), 2017 - 2022

SADC Tea Exporters	2017	2018	2019	2020	2021	2022
Malawi	25889	19119	17972	17406	15073	14153
Zimbabwe	5755	6861	6830	5585	6592	6826
Tanzania	6426	3168	3740	4596	5929	4748

Source: ITC Trade Map (2023)

177. The world's largest five tea exporters, according to exported value in 2022 (USD'000) are China, Kenya, Sir Lanka, India, and the UAE. The main markets for Kenya's tea exports include Pakistan, Egypt, the UK, the UAE and Yemen (based on exported value for 2022). Kenya's largest five markets for tea, in Africa, include Egypt, Sudan, Nigeria, Somalia, and Cote d'Ivoire. Within the SADC region, the largest markets for Kenya's tea exports include South Africa, Tanzania, Mauritius, Zambia and the DRC (based on 2022 value, in USD thousand).

3.4. TRADE POLICY AND REGIONAL ECONOMIC ACTIVITY IN THE AGRICULTURE AND AGRO-PROCESSING SECTOR

178. This section provides a brief overview of trade and regulatory features in South Africa, which includes a consideration of factors facilitating regional trade, as well as those aspects which hinder increased agricultural trade in Africa. The section closes with some feasible opportunities and insights that could benefit increased regional trade in Africa, considering the current challenges facing agricultural trade.

179. South Africa's agricultural trade policy has been evolving, with a strong focus on increasing regional trade and boosting the agricultural and agro-processing sector. Several key policies and agreements have been designed to enhance the country's agricultural trade capabilities and regional integration, which are covered in brief below.

180. In terms of regional and international trade agreements, South Africa is a member of SADC and SACU, which have been pivotal in creating a free trade area, offering a common external tariff and facilitating smoother trade across member countries. Additionally, the

AfCFTA aims to create a single market for goods and services across Africa, enhancing trade and economic integration.[142]

181. South Africa's trade policy underlines an export-led growth strategy, aiming to extend its agricultural exports beyond traditional markets like the EU.[143] This approach has led to the growth of exports driven by productivity gains, although challenges remain, such as high tariff and non-tariff barriers, as well as delays in export permits,[144]

182. Various support and development programmes have been implemented to assist previously disadvantaged and smallholder farmers, such as the Comprehensive Agricultural Support Programme (CASP) and the Agri-Industrial Fund.[145] These initiatives focus on providing inputs, capacity building, and facilitating access to markets.[146] Additionally, the government has been involved in land redistribution efforts, to enhance agricultural development and rectify historical inequalities.[147]

183. Trade policy in South Africa also focuses on infrastructure and service support. Investment in rural infrastructure and the development of food security strategies are key components of South Africa's agricultural policy.[148] This includes upgrading irrigation and water systems, improving roads and railways, and providing technical and advisory services to enhance agricultural productivity and sustainability.[149]

184. Furthermore, South Africa's trade policy includes considerations towards climate change mitigation and adaptation, as policies have been adapted to address climate change impacts. This includes a commitment to reduce greenhouse gas emissions, as well as the implementation of a carbon tax. These measures are designed to align with global climate goals, and to improve the sustainability of agricultural practices.[150]

185. There are a number of factors which facilitate and develop South Africa's agriculture and agro-processing trade in the SADC region and across Africa. These factors include: regional trade agreements; trade facilitation measures (such as simplified customs procedures); export promotion programmes to penetrate new markets in Africa; infrastructure investment; capacity building and technical assistance to enhance skills and knowledge; the promotion of value addition and agro-processing; as well as support to smallholder farmers.[151]

142 African Union. 2019. *Agreement Establishing the African Continental Free Trade Area*. https://au.int/sites/default/files/treaties/36437-treaty-consolidated_text_on_cfta_-_en.pdf
143 DTIC. 2021. *A Trade Policy for Industrial Development and Employment Growth.* https://www.thedtic.gov.za/wp-content/uploads/SA_Trade_Policy.pdf
144 International Trade Administration. 2024. *South Africa – Country Commercial Guide (Trade Barriers).* https://www.trade.gov/country-commercial-guides/south-africa-trade-barriers
145 IDC. 2021. *The Agri-Industrial Fund*. https://www-idc-co-za.b-cdn.net/wp-content/uploads/2021/03/A32734_AGRI_Fund_A4_V8_Digital.pdf
146 DALRRD. 2022. *Comprehensive Agricultural Support Programme (CASP)* https://old.dalrrd.gov.za/Programme/Comprehensive-Agricultural-Support-Programme
147 SA government. 2022. *Issues – Land Reform*. https://www.gov.za/issues/land-reform
148 DTIC. 2021. *Industrial Development - Agro processing*. http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/agro-processing/;DBSA. 2022. *The widespread economic benefits of infrastructure development*. https://www.dbsa.org/article/widespread-economic-benefits-infrastructure-development
149 Mncwango, S. 2024. Fix Failing infrastructure demands farmers (Food for Mzansi). https://www.foodformzansi.co.za/fix-failing-infrastructure-demands-farmers/
150 IMF, African Dept. 2023. *South Africa: Selected Issues*. Published by IMF, Vol 23: Issue 195.
151 DALRRD. 2022. *Agriculture and Agro-processing Master Plan "Social Compact"*. https://gs1za.org/wp-content/uploads/2022/06/Agriculture-and-Agro-processing-Master-Plan-May-2022.pdf; WEF. 2023. *How Africa's new Free Trade Area will turbocharge the continent's agriculture industry*. https://www.weforum.org/agenda/2023/03/how-africa-s-free-trade-area-will-turbocharge-the-continent-s-agriculture-industry/

186. While the factors above currently do support and facilitate South Africa's increased regional and African trade, there are various key challenges and limiting aspects which hinder trade development and growth in agriculture. These challenges are outlined briefly below.

186.1. *Trade barriers:* Tariffs and non-tariff barriers imposed by importing countries can restrict South Africa's agricultural exports. High tariffs on certain products and stringent import regulations, such as sanitary and phytosanitary standards, can increase the cost and complexity of exporting agricultural goods.[152] For example, South African citrus fruits, especially oranges and lemons, face high tariffs when exported to the EU, which is further compounded by strict phytosanitary regulations.[153] Nigeria imposes high tariffs on several processed food products, including those from South Africa. Products such as processed meats and food preparations are particularly affected, making it challenging for South African exporters to compete in this market.[154] Despite being a major market for agricultural products, China imposes high tariffs on certain fruits and nuts exported from South Africa, including macadamia nuts and avocados.[155] Brazil's high tariffs on sugar and dairy products affect South African exports of these goods. The tariffs, along with other trade barriers, reduce the competitiveness of South African sugar and dairy in the Brazilian market.[156]

186.2. *Competition concerns:* South Africa faces competition from other countries in the SADC region and beyond, which produce similar agricultural products. Lower production costs, subsidies, and preferential trade agreements enjoyed by competitor countries could challenge the competitiveness of South African agricultural exports.[157] More recent research highlights the absence of robust regional competition in East and Southern Africa, and emphasises the need to investigate transportation, storage and logistical challenges to food trade. The research points to price disparities along transport routes, which result in profits for transporters, and arbitrage opportunities for major traders. It also indicates that intermediaries purchase supplies at low prices during harvests, and withhold them to artificially inflate prices. Given the vulnerable nature of food systems and the growing consolidation within critical value chains, there is a clear call for a regional competition policy to foster resilient and sustainable regional value chains, while ensuring a level playing field for all stakeholders.[158]

152 TRALAC. 2010. *Determining the scope and nature of Non-tariff Measures prevalent in selected international markets.* https://www.namc.co.za/wp-content/uploads/2017/10/Non-Tariff-Measures-affecting-SA-agric-exports.pdf; ITA. 2024. *Tariffs and NTB's*. https://www.trade.gov/country-commercial-guides/south-africa-trade-barriers.

153 Polity ZA. 2021. *Why South African agricultural products face frontiers in African markets*. https://www.polity.org.za/article/why-south-african-agricultural-products-face-frontiers-in-african-markets-2021-10-15

154 World Integrated Trade Solution (WITS). 2016. *Nigeria tariffs on South Africa*. https://wits.worldbank.org/tariff/trains/en/country/NGA/partner/ZAF/product/all#; Polity ZA. 2021. *Why South African agricultural products face frontiers in African markets*. https://www.polity.org.za/article/why-south-african-agricultural-products-face-frontiers-in-african-markets-2021-10-15

155 FoodforMzansi. 2024. *2024 loading: Agbiz navigates Mzansi's agricultural future*. https://www.foodformzansi.co.za/2024-loading-agbiz-navigates-mzansis-agricultural-future/

156 Polity ZA. 2021. *Why South African agricultural products face frontiers in African markets*. https://www.polity.org.za/article/why-south-african-agricultural-products-face-frontiers-in-african-markets-2021-10-15

157 WTO. 2020. *The WTO can cut living costs and raise living standards.* https://www.wto.org/english/thewto_e/whatis_e/10thi_e/10thi01_e.htm ;NAMC. 2022. *Trade Probe, Issue 91*. https://www.namc.co.za/wp-content/uploads/2023/02/Trade-Probe_Issue-91.pdf;

158 The Conversation. 2022. *Enforcing competition would ease food price hikes is east and southern Africa (CCRED research).* https://theconversation.com/enforcing-competition-would-ease-food-price-hikes-in-east-and-southern-africa-182879

186.3. *Infrastructure constraints:* Inadequate transportation networks, storage facilities, and logistical infrastructure hinder the efficient movement of agricultural products within South Africa and across borders.[159] Poor infrastructure increases transportation costs, delays shipments, and reduces the quality and shelf life of perishable goods.

186.4. *Market access challenges:* Limited market access and trade barriers within the SADC region and Africa constrain South Africa's ability to expand its agricultural exports.[160] Non-tariff barriers, such as restrictive import licensing regimes and cumbersome customs procedures, create barriers to entry into certain markets.

186.5. *Climate change and environmental pressures:* Climate change-related challenges, such as droughts, floods, and extreme weather events, pose significant risks to agricultural production in South Africa.[161] Erratic weather patterns and environmental degradation can disrupt supply chains, reduce yields, and increase production costs for farmers and agro-processors.

186.6. *Land reform and property rights:* Uncertainty surrounding land reform policies and property rights in South Africa can deter investment in agriculture and agro-processing. Concerns about expropriation without compensation and land tenure insecurity discourage long-term investment in the sector.[162]

186.7. *Skills shortages and Labour issues:* Shortages of skilled labour, and a lack of technical expertise in agriculture and agro-processing, limit productivity and innovation in the sector. Difficulty in attracting and retaining qualified workers, particularly in rural areas, thus hampering the adoption of modern farming techniques and agro-processing technologies.[163]

186.8. *Volatility in input costs and currency fluctuations:* Fluctuations in input costs, such as fuel, fertiliser, and electricity, affect the profitability of agricultural production and agro-processing activities.[164] Moreover, currency fluctuations can impact the competitiveness of South African agricultural exports in international markets, making pricing unpredictable for both producers and buyers.

187. Addressing these challenges would require a coordinated approach involving government intervention, private sector investment, and stakeholder collaboration to enhance the resilience and competitiveness of South Africa's agriculture and agro-processing trade. Following from (and linked to) the above-mentioned challenges, and trade facilitating factors, there are numerous opportunities for improving and developing South Africa's agricultural and agro-processing trade, discussed briefly below.

187.1. *Investment in infrastructure:* Fluctuations in input costs, such as fuel, fertiliszer, and electricity, affect the profitability

159 Agenpo. 2023. *Addressing Infrastructure Challenges in African Agribusiness and Trading*. https://www.linkedin.com/pulse/addressing-infrastructure-challenges-african-agribusiness-trading ;Kujteyi, D. & Winkler, H. 2022. *Logistics Cahllenges in Sub-Saharan Africa and Opportunities for Digitalization*. MDPI, Sustainability, Vol 14 (4). https://www.mdpi.com/2071-1050/14/4/2399

160 IMF. 1998. Trade Reform and Regional Integration in Agrica- SADC and SACU. (IMF); FAO. 2017. Agricultural policy in South Africa (Discussion Document for Ministry for Agriculture and Land Affairs). https://faolex.fao.org/docs/pdf/saf178047.pdf

161 Tchonkouang, R.D, Oneaka, H, Nkoutchou, H. 2024. *Assessing the vulnerability of food supply chains to climate change-induced disruptions. Scient of the Total Environment*, Vol 920 (171047).

162 BASA. 2023. *BASA public submission on the Expropriation Bill (B23B – 2020)* https://www.banking.org.za/wp-content/uploads/2023/03/Public-Submission-Expropriation-Bill-B23B-2020-6-March-2023_.pdf; Boshoff, T, Sihlobo, w & Ntombela, S. 2018. *Redistribution of Agricultural Land: Expropriation without Compensation Debate*. https://agbiz.co.za/uploads/AgbizNews18/Expropriation_Without_Compensation_debate.pdf

163 FAO. 2017. *The future of food and agriculture- Trends and Challenges.* https://openknowledge.fao.org/server/api/core/bitstreams/2e90c833-8e84-46f2-a675-ea2d7afa4e24/content

164 NAMC. 2022. *Food Cost Review 2022*. https://www.namc.co.za/wp-content/uploads/2023/03/Food-Cost-Review-2022.pdf

of agricultural production and agro-processing activities. Moreover, currency fluctuations can impact the competitiveness of South African agricultural exports in international markets, making pricing unpredictable for both producers and buyers.

187.2. *Market diversification:* South Africa should explore new markets within the SADC region and Africa. Strengthening trade agreements and partnerships with neighbouring countries can lead to increased export opportunities for South African agricultural products. Additionally, tapping into emerging markets with high demand for specific products, such as fruits, vegetables, and processed foods, can drive export growth.

187.3. *Value-addition and agro-processing:* Encouraging agro-processing industries can add value to raw agricultural products, creating more lucrative export opportunities. Government incentives, such as tax breaks or subsidies for agro-processing companies, can stimulate investment in this sector. Furthermore, supporting research and development initiatives to improve processing technologies and techniques can enhance the competitiveness of South African agro-processing products in regional and international markets.

187.4. *Technology adoption*: Promoting the adoption of technology and innovation in agriculture can increase productivity and efficiency. This includes the use of precision farming techniques, irrigation systems, and mechanisation. Government support for research and development in agricultural technology, as well as incentives for farmers to adopt these technologies, can drive modernisation in the sector.

187.5. *Capacity building and skills development:* Investing in agricultural education and training programs can build the skills and capacity of farmers and agribusinesses. This can involve initiatives such as vocational training, extension services, and knowledge-sharing platforms. Building a skilled workforce will improve productivity and competitiveness in the agricultural sector.

187.6. *Sustainable practices:* Emphasising sustainable agricultural practices is crucial for long-term environmental and economic viability. Policies that promote sustainable land management, water conservation, and biodiversity protection can enhance resilience to climate change, and ensure the sustainability of agricultural production. Additionally, certification schemes for sustainable agricultural products can improve market access and consumer confidence.

187.7. *Trade facilitation:* Simplifying trade procedures and reducing barriers to cross-border trade can facilitate the flow of agricultural goods within the SADC region and Africa. Harmonising regulations, streamlining customs procedures, and implementing digital trade platforms can reduce transaction costs and improve market access for South African agricultural products. To bolster weak food security in Africa, exacerbated by climate change, it is key to ensure access to produce from various parts of the region. This approach not only presents the most economical means of meeting customer demands, but also serves as a way to incentivise producers to increase their supply.

187.8. *Financial support and access to credit:* Providing access to affordable financing and credit facilities is essential for smallholder farmers and agribusinesses to invest in their operations and expand

production. Government-backed loan programs, microfinance initiatives, and agricultural insurance schemes can help mitigate risks and support growth in the sector.

188. By implementing policy options and trade opportunities along these lines, South Africa can enhance its agriculture and agro-processing trade within the SADC region and with the rest of Africa, contributing to economic growth, food security, and rural development.

189. While this section has provided an overview on more general aspects affecting South Africa and regional agricultural trade, the next section focuses on the key insights and findings emanating from the trade statistics and trade flows of the selected significantly traded products across different geographical levels, namely agricultural trade globally and in Africa, regionally, as well as at the individual country level.

4

INSIGHTS AND OBSERVATIONS FROM TRADE FLOW DATA

190. The study maps out the key trade flow patterns of eleven highly traded and significant agricultural products over the 2017 to 2022 period, which cover important food categories including agricultural inputs, vegetable oils, grains, protein, fruits and vegetables, and other well-traded commodities like coffee, tea and sugar.

191. South Africa's agricultural and agro-processing trade flows at different geographic trade levels are covered in the study. The recent trends of high food inflation, and global issues relating to food trade, underscore the importance of understanding global, regional and country-level trade flows.

192. This section presents the main findings and observations from the trade flow data, detailed below according to the different geographic levels of trade per agricultural product, after which the section concludes with the overall findings from the study.

4.1. FINDINGS AT THE AFRICAN AND GLOBAL LEVEL OF TRADE

193. ***Fertilisers.*** Agricultural inputs, like fertiliser, are of strategic importance to agricultural production and to many other agricultural value chains. The analysis of trade flows between South Africa and the rest of Africa as a whole, show that South Africa exports much more fertiliser (in volume and value terms) than it imports from the rest of the continent. In terms of South Africa's global trade, however, the country imports more fertiliser (HS'3102)[165] than it exports, and is a thus a net importer of fertiliser at the global level. This points to South Africa's role as a gateway point for globally imported fertiliser to reach other African countries, in that South Africa could be fulfilling a re-exporter role – where it imports a large volume of fertiliser globally, to then export to other African countries.

194. In terms of average prices for fertiliser, the trade data shows that around the time of Covid-19 in 2020, there was an increasing trend in average prices. The trade data shows a slightly widening gap or difference in absolute terms between African export prices and global import prices, with the average export prices to the rest of Africa increasing by slightly more than global import prices. This could potentially point to higher costs (particularly transport costs) of conducting trade between African countries, or signify that South Africa, as a large exporter of the relevant products to the continent, engages in further beneficiation of value-add activities before exporting such products to the continent.

195. The prices of chemical fertilisers started to rise with surges in natural gas prices in 2021, causing the reduction of ammonia production (a key component of nitrogen fertiliser). Rising fertiliser prices can impact agriculture and food production globally, as farmers struggle to afford important components necessary for production, which then adds to knock-on supply chain

165 Fertiliser under the description, '*mineral or chemical fertilizers, nitrogenous*' with the HS heading 3102.

disruptions.[166] Furthermore, there are large gaps between fertiliser prices in other African regions and international prices, which could signal excessive margins and other issues within the fertiliser supply chain. The World Bank commodity prices for Urea also showed increases from 2020, moving closer to South Africa's export prices for fertiliser, which seems to follow trends in fertiliser prices showing more volatility and increases since 2020.

196. ***Seeds for sowing***. In terms of input seeds for sowing, South Africa's trade with the rest of Africa shows that it is a net exporter of input seeds. Similarly, its trade globally shows a larger volume of exported seeds than imports. When inspecting the trade data further, at a more disaggregated 6-digit level, it appears that the majority of the input seeds exports relate to the alfalfa (lucerne) seed, which was mainly exported to China. Average price trends, on a global level, for input seeds show a general increasing trend from around the Covid-19 pandemic in 2020, while average prices for trade with the rest of the continent show more volatility, particularly in average import prices.

197. ***Oilseed cake***. In terms of its intra-continental trade, South Africa is a net exporter of oilseed cake, as its export volumes are multiples larger than its import volumes since 2019. For its global trade in oilseed cake, South Africa has generally been a net importer. This also points to South Africa's role as a gateway to African trade on oilseed cake, in similar fashion as fertiliser. The average prices for South Africa's oilseed cake trade in Africa, and its trade globally, show that prices trend upwards from 2020 to 2021, and again more volatility is seen at African level.

198. ***Crude Sunflower oil.*** The trade data shows how, at the African level of trade, South Africa plays the net exporter role of crude sunflower seed oil, while at the global level, South Africa is a net importer. As observed with other products, this could point to a gateway or re-export role for South Africa, as it imports globally and then exports crude sunflower oil to other African countries. At the global level of crude sunflower oil trade, increased price inflation and volatility is seen, which is likely linked to the Covid-19 pandemic, and further intensified by the Russian Ukraine conflict, as the region is a major producer and exporter of vegetable oils and seeds.

199. ***Maize.*** Over the period analysed, from 2017 to 2022, it is clear that South Africa is a strong net exporter of maize to the rest of Africa and globally. When considering the potential data overlap between South Africa's exports globally, and what is exported to the rest of Africa, it is evident that Africa as a region accounts for the majority of all South Africa's exported maize. The data also points to the trend of non-African countries from the rest of the world accounting for a larger share of South Africa's maize exports. The upward trend observed in average maize prices, at the African and global level, as well as from the World Bank's commodity prices, arose from high maize demand along with increasing energy costs, fertiliser and labour costs, in combination with low global maize inventories, which intensified the price rise from 2021 to 2022.

200. ***Poultry.*** South Africa's intra-continental poultry trade shows that South Africa is a key exporter of poultry to the continent, while importing very little to negligible amounts of poultry from Africa. This changes considerably when considering South Africa's global trade of poultry, with South Africa being a net importer of poultry. South Africa's poultry trade (in relation to average import and export prices) has lagged below

166 Larsen, C. 2022. *The Fertiliser Supply Chain Situation* (MAERSK). https://www.maersk.com/insights/resilience/2022/07/06/the-fertiliser-supply-chain-situation

international price benchmarks, such as the World Bank's commodity price series for chicken – likely due to challenges such as dumping practices. In terms of South Africa's retail prices for poultry, this has remained elevated in response to the High Pathological Avian Influenza and the Ukraine conflict-induced feed costs, which are both negatively affecting production expansion locally.

201. ***Onions.*** In terms of South Africa's onion trade with the rest of Africa, it has recorded high export volumes and value for onions, while the country's imports are much lower in terms of volume and value. In relation to its global onion trade – there is still a clear, large magnitude of exports to the world, and much lower volumes of onions imported into South Africa. Both South Africa's average price in trading with the rest of Africa, and with the world show that its average import prices are higher than average export prices for onions, with global average prices showing less volatility, and at a higher price range than for trade at the Africa level.

202. ***Citrus fruit.*** South Africa's citrus fruit industry is export-oriented, as observed in the trade flow data, which illustrates the country's export dominance at both the African and global level. In terms of average trade prices, the global export prices are relatively high, while exports to the rest of Africa show generally lower average prices. The citrus value chain offers opportunities for employment, as there are also citrus processing activities within the industry.

203. ***Coffee.*** In terms of its global coffee trade, South Africa imports significantly more coffee volumes than it exports globally. The country's import and export volumes appear fairly matched in terms of its Africa trade, until 2021 where more coffee imports from the rest of Africa are observed than the volume of exports to other African countries. With regard to average coffee prices, we see that average export prices tend to be a distance above the average import prices, and a drop in export prices is recorded in 2020, with a rebound in price for the following year. Arabica coffee prices, from the World Bank's commodity price data, tracked below South Africa's average import and export prices until 2020, after which they rose moderately (trending higher than import prices), reflecting shifting market dynamics since 2020.

204. ***Tea.*** The trade data on tea shows that South Africa does not export much tea, and is a net tea importer within Africa mainly, as we see a large degree of overlap between its African and global import volumes. Similarly, there is also overlap between South Africa's exports to the rest of Africa and globally, and so most of the country tea exports are for African markets.

205. The average import prices for tea (along with the World Bank's commodity price for tea) are observed at a much lower price level than average export prices for tea, with export prices showing a dip lower in 2020, likely due to trade and supply effects from the Covid-19 pandemic, as export and import restrictions during this time led to uncertainty in tea markets.

206. ***Sugar.*** In terms of its intra-continental trade, South Africa is generally an importer of sugar, which is seen in the trade data from 2020 to 2022. Interestingly, South Africa's global trade in sugar shows it is a net exporter from 2018, with significant increases observed in its export volumes (particularly in 2019), along with increasing export values for sugar at the time. Underlying this trend could be that there exists demand for sugar from Africa, which is then exported globally. The sugar industry faces challenges from higher import prices, driven by subsidies and dumping practices internationally, which is also reflected in the World Bank's low commodity prices for sugar over the 2017 to 2022 period.

207. Broadly, the main observations emanating from the trade data include the following:

207.1. South Africa is likely fulfilling a gateway and 're-export' role for certain key products to reach other African countries, such as fertiliser and crude sunflower oil. There is a trade imbalance towards South Africa, which points to opportunities for increased trade and more balance in trade in Africa. This highlights the prospect for the rest of Africa to work towards selling product to the South African market. By way of context, the Secretary General of the AfCFTA noted that the observed trade imbalance across the continent is largely due to the differences in industrial development capacity on the continent. He noted that, "*[One] challenge is the differentials in African industrial development capacity. Some [countries] can take immediate advantage of the industrial capacity. But the focus must be on those that don't have the industrial development to ensure that they export and import goods.*"[167]

207.2. For strategic agricultural inputs, like fertiliser, seeds for sowing and oilseed cake, SA is a net exporter at the African level of trade. Inputs, such as fertiliser, input seed and oilseed cake have seen increases in average prices over the 2017 to 2022 period – mainly caused by global factors such as the Covid 19 pandemic and its effect on global supply chains, as well as the Russian-Ukraine conflict which affects key production regions for these inputs. Similarly, for other important products, like poultry, there have also been disease-related aspects impacting the sector.

207.3. In some instances, such as with seeds for sowing, the trade data shows that demand shifts in large economies like China can materially influence a country's trade position, which points to the interconnectedness of trade at the global level.

207.4. Trade at the global and continent level points to the numerous value chain linkages across various agricultural industries. Key inputs like seeds and fertiliser influence the costs and production in other food value chains. Another example is where cooking oil finds its way into other products like animal feed, which means even marginal increases can imply higher prices for meat at the consumer level.

207.5. Key producer regions, such as the Black Sea region for wheat, sunflower oil, crude oil and fertiliser, influence global supply and can subsequently affect any linked food value chains. For example, the continuous rise in cooking oil prices was reported to dampen demand for poultry.

207.6. For certain agricultural products, like citrus fruit for South Africa, or tea for Kenya, when a country is dominant in its exports for that product – there are opportunities for selling at higher prices when the produce is sold in the overseas market, particularly if that market has a shortage. Where countries have a competitive advantage could point to where there may be value chain opportunities in that sector, to create more employment opportunities, like with citrus processing activities for example.

207.7. Across the African and global trade data, the trade data generally shows a change in trend, or the pre-existing trend gets steeper around the Covid-19 pandemic in 2020. This speaks to the connection in trade across continents, and the profound and extensive impact that the Covid-19

167 Magubane, K. 2024. *Wamkele Mene, the African Continental Free Trade Area secretary-general, says contintent must act as global conflicts hit food security*. Sunday Times (date: 10 March 2024).

pandemic has had on both global and regional trade.

4.2. FINDINGS AT THE REGIONAL LEVEL OF TRADE

208. This section looks at the same products above, but considers the trade flow data and observations at the SADC regional level of trade.

209. ***Fertiliser.*** When considering fertiliser trade at the regional level, the trade data clearly shows that South Africa is a net exporter of nitrogenous fertiliser within Africa and the SADC region (which is different to its global trade position), and that a significant portion of its African exports are supplying SADC member countries. This corresponds to public reports on South Africa's fertiliser trade, where it is noted that the SADC countries have been notable importers of nitrogenous fertilisers from South Africa.

210. ***Seeds for sowing.*** In terms of seeds for sowing, South Africa is a net exporter of seeds for sowing to the SADC region. The trade data shows that import volumes grew by 18,5% on a compound annual growth rate (CAGR) basis for the period 2018 to 2022. Meanwhile, export volumes also grew, but at a slower CAGR of 10,3% for the same period. This highlights South Africa's growing role as a key supplier of seeds for sowing within the SADC region, reflecting the country's strategic position in agricultural inputs within the regional trade ecosystem.

211. ***Oilseed cake.*** When looking at the trade flow data for African trade compared to the SADC level data, it is clear that most of South Africa's oilseed cake trade occurs at the SADC regional level. The average price ($/t) trends over the 2017 to 2022 period, at the SADC level, are consequently the same as the pricing movements seen at the African level. The average prices show increases from 2020 to 2021, after which import prices decrease, while export prices still show some increase from 2021 to 2022.

212. ***Crude Sunflower oil.*** South Africa has become a major player in supplying SADC countries with sunflower oil – which is evident from the trade flow data, as South Africa is seen to be a net exporter of sunflower oil volumes in the region. Even at the SADC level of trade, the global rise in edible oil prices and its effect are noticeable from the increases seen at the regional level from 2020 onwards. Reports cite poor climate conditions globally, resulting in poor harvests of sunflower, canola, palm and other edible oils, in their respective production regions, which has created global shortages – with the consequence of higher shelf prices for popular oils like sunflower oil.

213. ***Maize.*** There is a large degree of overlap between South Africa's maize trade with the rest of the continent and its trade with the SADC region, as the region represents the bulk of its maize exporting markets. What stands out from the main SADC importers is Zimbabwe's imported value of maize in 2020, which was 168% larger than the next biggest importer that year (Botswana) and likely due to Zimbabwe's poor domestic maize harvest from the 2018/19 production season, and the resultant lack of domestic maize supply , as noted in reports at the time.

214. ***Poultry.*** At the SADC level, South Africa is also seen as a key exporter of poultry to the region, while importing very little poultry from the SADC region. When mapping out regional trade for poultry, it is clear that South Africa's poultry trade is concentrated within the SADC region, especially in relation to countries bordering or close to South Africa.

215. ***Onions.*** As observed at the continental level, it is also clear that at the SADC level South Africa is a net exporter of onions.

Even though the country is a net exporter at the regional SADC level, South Africa's local consumption of onion is also quite high, which leaves around 17% of onion production going to export markets.

216. ***Citrus fruit.*** A large portion of South Africa's citrus fruit exports to the rest of Africa are in fact exported to SADC countries. Over the six-year period, it is observed that export volumes have shown a slight increasing trend, while South Africa's imports displayed a general sideways trend for the period analysed. Average pricing data shows that South Africa receives substantially higher prices for its citrus fruit exports to SADC, than the average prices of its citrus fruit imports from the SADC region.

217. ***Coffee.*** The trade data indicates that South Africa's coffee trade with the SADC region is mainly accounted for by its coffee export volumes to the region, as import volumes of coffee at this trade level are fairly low (aside from a sizeable increase seen from 2021 to 2022). South Africa's coffee exports saw a large, temporary increase in 2020, which seems to have been driven by a large increase in coffee volume (in tons) imported by Namibia, which saw an increase of 130% in its import volumes from 2019 to 2020.

218. ***Tea.*** For the SADC level trade in tea, South Africa is a net importer of tea, as its import volumes are much higher than its export volumes of tea. In terms of the average prices for South Africa's tea imports and exports, the trade data shows much higher average prices for tea exports, on a dollar per ton basis, which was seen to decrease temporarily in 2020 – likely due to the Covid pandemic and related supply issues.

219. ***Sugar.*** South Africa is generally a net importer of sugar, and its import volumes have shown a slightly increasing trend, while its exports have shown a decreasing trend over the 2017 to 2022 period. The trade data indicates that the bulk of South Africa's bilateral trade in sugar occurs at the SADC regional level (which is also confirmed in the large degree of trade data overlap between Africa and SADC). The same observations from the Africa level of trade apply to South Africa's trade with the SADC region as a whole – in that, average import prices ($/t) are higher than average export prices, and the sugar trade in the SADC region also sees fairly low prices relative to other commodities, due to subsidised and dumped imports in the sugar market.

220. Broadly, the main observations emanating from trade at the regional level include the following:

220.1. Movements in supply and prices at the global level influence and affect prices seen at the regional level. For instance, the global rise in edible oil prices due to climate-related supply shortages had noticeable impacts at the regional level of trade, from 2020 onwards;

220.2. Crop production and harvest at a country level influence or drive trade flows (and trade volumes) at the regional level. For example, Zimbabwe's poor maize season was seen to cause a rise in recorded exports from South Africa to the region;

220.3. There are some trade gaps at the regional level, evidenced for example in terms of coffee and tea trade. The trade data shows South Africa does not import meaningful amounts of coffee from the SADC region, which shows there may be opportunities for cross-border, regional collaboration in the labour-intensive coffee value chain. The coffee value chain therefore also offers employment opportunities along the production process. There exist opportunities for SADC markets supplying tea to South Africa to expand into producing premium teas (where currently this demand is met mainly by countries like Kenya and Sri Lanka).

4.3. FINDINGS AT THE COUNTRY LEVEL OF TRADE

221. In terms of South Africa's agricultural trade at the individual country level, the section below summarises the main findings for each of the key analysed agricultural products.

222. ***Maize***. South Africa is one of the largest African exporters of maize globally, and also within the SADC region, where it trades as a net exporter of maize. The top importers of South Africa's maize in the SADC region, by order of value in 2022, include Botswana, Eswatini, Namibia, Mozambique and Lesotho. Egypt is one of the few larger maize importers globally, and interestingly it sources the bulk of its maize from countries outside of Africa, like Brazil and Argentina, despite Africa being a major production region for maize.

223. ***Sugar.*** As noted above, South Africa is a net importer of sugar in the SADC region, with most of its traded volumes taking place at the SADC level. South Africa exports most of its sugar in the SADC region to Namibia, Mozambique, Lesotho, Botswana and Madagascar, while Eswatini is a major exporter of its sugar to South Africa, which as noted above, has been intensified further due to its EU preferential quotas coming to an end in 2017. Individual country level trade data shows that there are countries in Africa which are large importers of sugar (by global standards) and these countries source their sugar predominantly from non-African countries like Brazil, Switzerland, Poland, Spain, France and Belgium.

224. ***Coffee.*** In terms of South Africa's SADC trade in coffee, its largest importers are Namibia and Botswana, while South Africa generally sources its coffee from Tanzania, and in terms of general African countries (outside the SADC region), it mainly imports coffee from Ethiopia, Uganda, Rwanda and Kenya. Kenya is also a major coffee exporter globally, and ranks as the 5th largest exporter of coffee from Africa by 2022 trade value (in dollar thousand).

225. ***Tea***. South Africa is a net importer of tea at the SADC level, with most of its imports coming from Malawi, Zimbabwe and Tanzania. Outside of the SADC region, other African countries exporting tea to South Africa include Kenya, Morocco, Nigeria, Cameroon and Rwanda. Kenya is a major tea producer, and its main global markets for its tea exports include Pakistan, Egypt, the UK and UAE. In Africa, its main export markets are Egypt, Sudan, Nigeria, Somalia and Cote d'Ivoire, while within the SADC region these markets are South Africa, Tanzania, Mauritius, Zambia and the DRC.

226. Broadly, the main observations emanating from the trade data at the country level include the following:

226.1. Maize trade data shows that there could be some gaps in trade within Africa. The case of Egypt being one of the largest maize importers globally, but sourcing most of its maize from countries outside of Africa, might point to gaps in current regional trade, and thus offer opportunities to understand the current structure of the maize trade, and potentially encourage maize trade on an intra-continental level.

226.2. Similarly to the maize trade, there appears to be a gap in African sugar trade, as large sugar importers source their sugar mainly from non-African countries, where this could point to missed opportunities for more African and regional trade.

226.3. Further to maize and sugar, the coffee trade market and tea trade also point to potential trade gaps, where it could be that African-based producers can share more in the benefits of trade in the key crops. For instance, South Africa imports most of its coffee from non-SADC countries, while tea presents another case

of African producers selling most of their tea globally, which could imply these crops can offer value chains with more trade potentially, within SADC and Africa.

4.4. SUMMARY OF OVERALL FINDINGS

227. South Africa's agricultural trade flows present a multifaceted picture, reflecting its strategic position in both regional and global markets. At the global and African levels, South Africa emerges as a crucial player, serving as a net importer of key agricultural inputs like fertilisers, while also acting as a significant exporter of agricultural products to other African countries. This dual role points to South Africa's importance in connecting African markets with global supply chains, particularly evident in its export of maize, citrus fruits, and poultry, among others.

228. The country's agricultural trade dynamics are influenced by global events, such as the Covid-19 pandemic, climate change, disease outbreaks and geopolitical tensions, which have led to increased prices and market volatility – highlighting the interconnectedness of global supply chains, and the importance of South Africa in maintaining regional food security.

229. Within the Southern African Development Community (SADC) region, South Africa's trade flows highlight its role as a central agricultural hub. It is a net exporter of essential crops like maize and a key supplier of agricultural inputs, including seeds and fertilisers, to neighbouring countries. This regional trade is crucial for food security and economic stability within the SADC region, with South Africa's exports supporting both direct consumption needs and agricultural production across the region. The country's strategic export of sugar, despite being a net importer at the SADC level, along with its significant trade in coffee and tea, further illustrate the depth of its agricultural trade relationships within the region.

230. At the individual country level, South Africa's agricultural trade flows reveal a landscape of bilateral trade relationships. The country's role as a major exporter of maize to nations like Zimbabwe and Botswana highlights its importance in addressing food security challenges within the continent. Conversely, its import of sugar from countries like Eswatini, alongside its export of sugar to other SADC countries, reflects nuanced trade dynamics driven by regional agreements and preferential quotas, and market demand. Furthermore, South Africa's importation of coffee and tea from specific African countries, along with its global export markets for these commodities, showcases its strategic approach to diversifying trade partners, and optimising its agricultural export portfolio.

231. Despite being a net exporter for many products, South Africa's dependency on imports for key inputs like fertilisers and seeds for sowing underscores the interdependence within the SADC region, the persistence of concentration in key input industries, and the importance of maintaining robust trade relations with both regional and global partners.

232. Membership in regional and international trade agreements such as SADC, SACU, and the AfCFTA plays a pivotal role in creating a free trade area and facilitating smoother trade across member countries. Export-led growth strategies and various support programs target smallholder farmers and promote value addition, while infrastructure investment and capacity building initiatives aim to improve market players' skills, and enhance productivity. However, challenges such as trade barriers, competition concerns, infrastructure constraints, and climate change impacts hinder trade development and growth in agriculture.

233. Addressing these challenges requires a coordinated approach and improved stakeholder collaboration. Despite the

trade challenges, there are numerous opportunities for improving South Africa's agriculture and agro-processing trade, including investment in infrastructure, market diversification, value addition, technology adoption, capacity building, sustainable practices, trade facilitation, as well as financial support and access to credit. By implementing these policy options and trade opportunities, South Africa can strengthen its agriculture and agro-processing trade within the SADC region and across Africa, contributing to economic development and food security.

234. The study illustrates that trade flows (and pricing) for agricultural products are significantly influenced by global market dynamics, due to market connectivity, including supply chain disruptions, global demand shifts, disease outbreaks and international pricing trends. This indicates the necessity for SADC countries to enhance their adaptive capacities and resilience to external shocks, which further suggests that missing market opportunities or gaps in trade should be explored.

235. Finally, the study shows that there exist opportunities for value addition, and potential trade gaps. Higher prices placed on certain exports from South Africa to other SADC countries, such as citrus fruits and sunflower oil, point to opportunities for value addition within the region, and within other areas of the value chain like processing. Developing processing capacities in other SADC countries could lead to increased intra-regional trade and economic diversification. Certain trade gaps, such as the dynamic whereby an African country is sourcing most of its maize requirements from outside of Africa, could also point to the potential of fostering new trade flow opportunities in new markets. Although South Africa accounts for a larger portion of intra-African and regional trade, as it is well-known that South Africa is primarily an exporter to the rest of the continent, this does again reflect the potential for the rest of Africa to sell more of their agricultural products to South Africa.

236. South Africa's trade at different geographic levels thus plays a key role in shaping regional trade development and integration. The insights from the study suggest the potential for a more integrated, resilient, and prosperous SADC region, which then also enhances trade in other regional economic communities. More cross-border collaboration and cooperation for agricultural trade, as well as for competition enforcement, can result in increased awareness of food trade and linked value chains at African and regional levels, more trade beneficiation and therefore more food security, and agricultural growth for African countries.

237. 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.

PART E
ZAMBIA

CCPC
COMPETION AND CONSUMER PROTECTION COMMISSION

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ABSTRACT

Zambia's agricultural market and its export potential remain high, given the country's resource endowment and affiliation to preferential regional blocks. However, these factors are yet to be fully utilised to the full benefit of the country. This paper analyses Zambia's trade flows of essential food products and agricultural inputs within Africa, regional economic communities (RECs), and key counterparts, and seeks to highlight competition issues or constraints related to traded food products and agricultural inputs. The study further considers pricing trends for the traded goods. The main findings of the study are that Zambia's main imports for agriculture, and import segments, are crude edible oils, fertilisers and tilapia fish, while the main exports include raw cane sugar, maize seed, oilcake, and industrial products such as sweet biscuits and sugar confectionaries. There is room to reduce imports, as seen with efforts in investments in the fertiliser and fish sectors, while the right policies and support can increase emerging industrial exports of agriculture food products. While markets, particularly fertiliser and sugar, remain highly susceptible to competition issues, changing policies and increasing competition promotion will be key to changing the markets' structures and firm behavior. Export market pricing appears to extract margins in near, less competitive markets, than far, more competitive markets. Given the limited reach of country specific competition laws, this requires regional competition promotion, in order to protect less competitive markets from being subjected to unfairly high prices

2

INTRODUCTION

1. Zambia covers 75 million hectares (752,000 km^2), out of which 58 percent (42 million hectares) is classified as medium-to-high-potential for agriculture production. Despite the 42 million hectares of arable land, an abundance of groundwater resources, nutrient-rich soil, and low population density, Zambia's agriculture sector has not yet been exploited to reach its full potential. The government recognises that increasing agriculture and agribusiness is critical for improving incomes and food security, reducing poverty, and creating a more diversified and resilient economy.[1] In addition, Zambia stands to benefit from global and regional markets as food demand continues to grow for crops such as soybeans and maize, which are inputs to animal feed and vegetable oil.[2] Eastern and Southern Africa have persistent agricultural trade deficits, and are subject to extreme weather shocks, such as the 2021/2022 droughts in Kenya, and in the Horn of Africa. It is projected that over time, the East and Southern Africa regions will have more frequent and deeper shocks, and it will therefore be even more important that Zambia sustainably expands agricultural production and exports for the region's adaptation to climate change.[3]

2. However, trade restrictions and anti-competitive conduct are major roadblocks to realising Zambia's full potential. Zambia's farmers in crops such as soybeans and maize have consistently been subjected to returns as low as 40-50%, which is lower than what they could have obtained in more attractive export markets. Prices for key imported inputs, such as fertiliser, have been inflated by up to 45%, exacerbating the drain on subsidies for the Farmer Input Support Program (FISP), and eroding the competitiveness of non-subsidised agriculture.[4]

3. Notably, despite the slow diversification process, agriculture remains a prioritised sector due to its high poverty reduction, job creation, foreign exchange earnings, and industrialisation potential.[5] The low contribution to GDP in Zambia is due to high rainfall dependence, limited investments and value addition, poor productivity, and immature markets.[6] Furthermore, contemporary challenges such as climatic change have awakened Zambia and the entire globe to the need for food security. This is essential as 840 million people are expected to go hungry by the year 2030.[7]

4. Thus, it is paramount for Zambia to not only expand its agriculture food and input product scope by partaking in international trade, but

1 World Bank Group (Brief of May 16, 2018), Zambia: Harvesting Agricultural Potential published on https://www.worldbank.org/en/about/partners/brief/zambia-harvesting-agricultural-potential accessed on 26/6/2024
2 Simon Roberts and Grace Nsomba (2023); Building competitive agricultural markets for Zambia: Unlocking export potential, published on https://www.theigc.org/publications/building-competitive-agricultural-markets-zambia-unlocking-export-potential accessed on 26/6/2024
3 Simon Roberts (2023); Unlocking Zambia's potential for regional agri-food exports in resilient value chains through tackling uncompetitive cross-border markets published on https://www.theigc.org/collections/unlocking-zambias-potential-regional-agri-food-exports-resilient-value-chains-through accessed on 26/6/2024
4 Simon Roberts and Grace Nsomba (2023); Building competitive agricultural markets for Zambia: Unlocking export potential, published on https://www.theigc.org/publications/building-competitive-agricultural-markets-zambia-unlocking-export-potential accessed on 26/6/2024
5 Data compiled form https://www.statista.com/statistics/457737/share-of-economic-sectors-in-the-gdp-in-zambia/
6 Phiri, J.; Malec, K.; Majune, S.K.; Appiah-Kubi, S.N.K.; Gebeltová, Z.; Kotásková, S.K.; Maitah, M.; Maitah, K.; Naluwooza, P. Durability of Zambia's Agricultural Exports. *Agriculture* 2021, *11*, 73. https://doi.org/10.3390/agriculture11010073
7 https://www.export.gov/apex/article2?id=Zambia-Agricultural-Sector

to also enhance the resilience of its agricultural exports.[8] To accelerate the diversification process, the Zambian Government is promoting agriculture as a way to diversify the economy away from the overreliance on copper, through the development of farm blocks in all 10 provinces for large and medium commercial farming, fish farming, and livestock production.[9]

2.1. BACKGROUND

5. The African Competition Forum (ACF), a network of African Competition Authorities (ACF) embarked on a regional research study focusing on regional and continental trade flows of agriculture food products and agro-input products. The study of trade flows and regional value chains in key agricultural sectors involved six African countries; Kenya, Mauritius, South Africa, Zambia, Zimbabwe, and Angola, with the aim of providing critical insights into the economic interdependencies, competitive dynamics, and structural challenges within the continent. The regional research aims to elucidate trade flows and competition issues that shape the agricultural and agro-processing sectors.

6. The examination of the intricate trade relationships seeks to foster a deeper understanding of how regional integration and market structures influence economic outcomes and agricultural frameworks. By integrating the insights from six diverse but interconnected markets, this study aims to contribute to the discourse on regional economic integration and agricultural development in Africa. Through this study, the African Competition Forum seeks to inform industry stakeholders, and researchers, about the intricate dynamics of agricultural trade at different geographic levels, and the critical measures needed to optimise the benefits of regional integration and enhanced regional trade in agriculture.

2.2. STUDY OBJECTIVE

7. The overall study objectives are to:

i. Analyse trade flows of essential food products and agricultural inputs within Africa, regional economic communities (RECs), and key counterparts.
ii. Understand competition issues or constraints related to traded food products and agricultural inputs.
iii. Conduct market structure and pricing trends analysis for the traded goods.
iv. Provide recommendations to the study outcomes.

2.3. SCOPE

8. The Zambian Chapter (Chapter) is aimed at examining trade dynamics, in terms of both Zambia's exports and imports within the region. Further, the Chapter sought to identify the current food value chains being traded, and to analyse the associated prices at different stages of the value chain.

2.4. METHODOLOGY

9. The study relied on secondary data and information gathered from previous research, reports by the Commission, concluded investigation cases, and studies conducted by other institutions. It focused on analysing the top food products and agricultural inputs traded by Zambia. The chosen products for analysis encompass a range of categories that are significant in the agricultural trade dynamics of Zambia, and its neighbouring countries within the Southern Africa Development Community (SADC) and the Common markets for Eastern and Southern Africa (COMESA) regions. These products were selected based on their prevalence and importance in trade interactions within the region.

8 Phiri, J.; Malec, K.; Majune, S.K.; Appiah-Kubi, S.N.K.; Gebeltová, Z.; Kotásková, S.K.; Maitah, M.; Maitah, K.; Naluwooza, P. Durability of Zambia's Agricultural Exports. *Agriculture* 2021, *11*, 73. https://doi.org/10.3390/agriculture11010073
9 https://www.export.gov/apex/article2?id=Zambia-Agricultural-Sector

3

ZAMBIA'S TRADE

10. According to the Diagnostic Trade Integration Study Update (DTISU) for Zambia published in 2023, Zambia is open to domestic and foreign trade; with foreign trade accounting for 86 percent of the country's GDP. Zambia is the 83rd largest export economy in the world, and the 78th most complex economy, according to the Economic Complexity Index (ECI).[10] Zambia's merchandise exports are broadly concentrated in primary commodities with agriculture exports, particularly oilcakes and cane sugar, together with other Non-Traditional Exports (NTE) accounting for 19% of exports, while unrefined copper ($6.2billion) and refined copper ($2.2billion), constituted 56 percent as of 2021. Zambia's top imports include fertilisers ($279.56) as an agro input, while other imports such as petroleum oils, medicaments, and motor vehicles accounted for ($610. 35 million), ($229.88), ($212.67) constituting about 9 percent, 4 percent, and 3 percent respectively.[11]

11. Zambia's exports encounter several non-tariff measures (NTMs) in its various markets. The NTMs include government involvement in trade, restrictive practices, customs and administrative entry procedures, technical barriers, SPS measures, labeling requirements, and licensing constraints. The lack of coordination among border agencies, checkpoints, stringent rules of origin, burdensome technical regulatory frameworks, and insufficient knowledge of procedures and requirements for importing and exporting are also hindering progress. A recent study by the World Bank highlighted that NTBs reduce the competitiveness of Zambian exports in the region, including for small-scale trade (World Bank, 2018). Here are some examples of non-tariff measures that have been identified as limiting Zambia's exports to market destinations.[12]

3.1. AFRICA'S REGIONAL TRADE

12. Africa's recorded cross-border trade has grown modestly in recent decades, with limited growth in merchandise trade, and an unchanged share of services trade in GDP. These trade patterns are consistent with the continent's limited integration, reflecting its fragmented trade policy landscape, and marked by multiple regional economic communities, a challenging trade environment with gaps in structural factors such as transport networks, customs and border processes, and a lack of access to finance.[13] Beyond the structural constraints, intra-regional trade in Africa faces numerous challenges, such as lack of resource and production complementarities between many African countries, and low levels of incomes and investment. There are various infrastructure-related and policy-induced impediments to intra-African trade.[14]

10 https://atlas.cid.harvard.edu/rankings accessed on 26/6/2024
11 MINISTRY OF COMMERCE, TRADE, AND INDUSTRY (2023); ZAMBIA DIAGNOSTIC TRADE INTEGRATION STUDY UPDATE (DTISU) published on https://www.mcti.gov.zm/wp-content/uploads/2024/01/FINAL.-Diagnostic-Trade-Integration-Study-Update-2023_Zambia.pdf accessed on 26/6/2024
12 MINISTRY OF COMMERCE, TRADE, AND INDUSTRY (2023); ZAMBIA DIAGNOSTIC TRADE INTEGRATION STUDY UPDATE (DTISU) published on https://www.mcti.gov.zm/wp-content/uploads/2024/01/FINAL.-Diagnostic-Trade-Integration-Study-Update-2023_Zambia.pdf accessed on 26/6/2024
13 INTERNATIONAL MONETARY FUND (MAY 2023), Trade Integration in Africa Unleashing the Continent's Potential in a Changing World, publications@IMF.org
14 https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEB%20VOL%202%20Issue%2011_AEB%20VOL%202%20Issue%2011.pdf

13. It should be noted that intraregional trade importance remains high for the continent. Although intraregional trade still accounts for only a small share of total trade in Africa, it has increasingly grown in importance. Still, Africa suffers from challenges that most other regions do not face; hence, the region requires unprecedented levels of commitment for interregional trade to succeed. These challenges include geographic and political fragmentation and thick borders (a complex mix of tariff and nontariff restrictions that slow trade) – all of which increase the per unit cost of moving goods across borders.[15]

14. There is potential for Zambia to take advantage of its "geographic bias" – which favours intraregional trade. Despite the broad trend toward globalisation and the reduction of trade barriers, the relative share of intraregional trade should be a priority, due in part to trade-related advantages such as proximity, lower transport costs, increased knowledge from repeated interaction, cultural and historical affinity, as well as preferential trade agreements that Zambia has made with other economies.

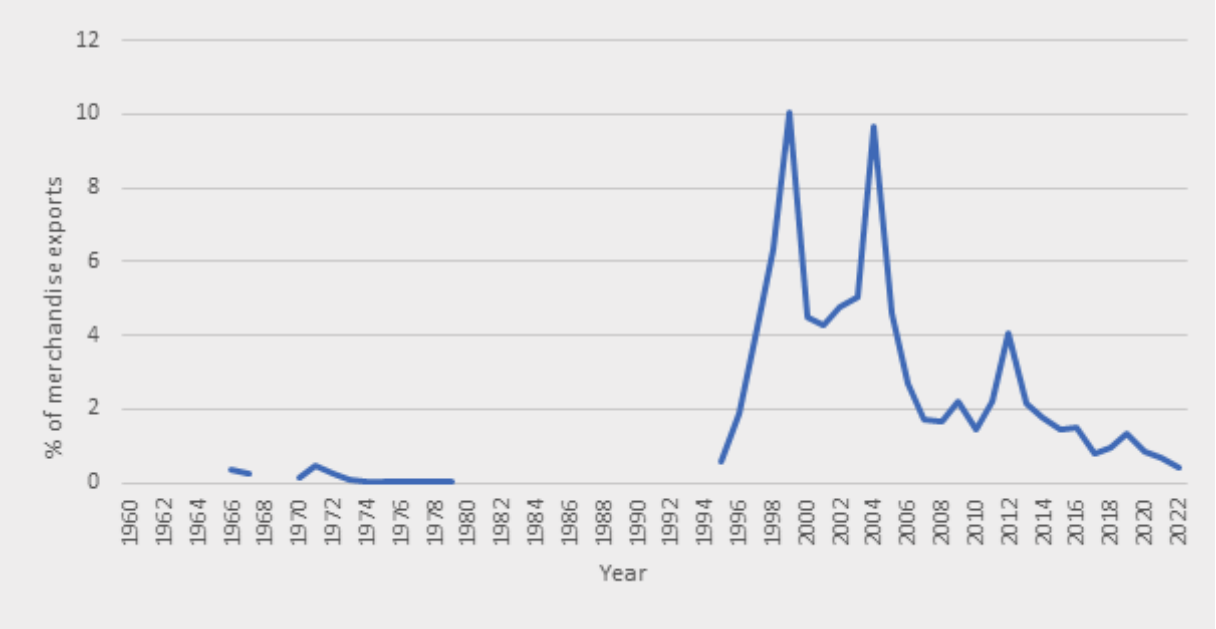
15. To facilitate trade, Zambia has made improvements at key border crossings, including the opening of integrated customs services at the Zambia-Zimbabwe border at Chirundu, the DRC-Zambia border at Kasumbalesa, the Zambia-Namibia border at Katimamulilo, the Zambia-Botswana border at Kazungula, the Zambia-Tanzania border at Nakonde, the Zambia-Malawi border at Mwami, and the Zambia-Mozambique border at Chanida. The cross-border movement of goods remains low, and combined with an insufficiently developed and maintained network of primary, secondary, and tertiary roads, this creates steep transportation costs for traded agricultural goods.[16]

3.2. ZAMBIA'S AFRICAN TRADE PROFILE

16. Zambia's agriculture product export profile has remained somewhat volatile, as shown in fig 2 below.[17] Despite the broad trend toward globalisation and the reduction of trade barriers, the relative share of intraregional trade should be a priority, due in part to trade-related advantages, such as proximity, lower transport costs, increased knowledge from repeated interaction, and cultural and historical affinity, as well as preferential trade agreements that Zambia has made with other economies – as hitherto stated.

15 https://elibrary.worldbank.org/doi/abs/10.1596/978-1-4648-1756-4_ch6
16 https://www.trade.gov/country-commercial-guides/zambia-market-challenges
17 World Bank staff estimates based data from International Monetary Fund's Direction of Trade database. https://data.worldbank.org/indicator/TX.VAL.MRCH.WR.ZS?locations=ZM

Figure 2: Zambia's Agriculture exports (% of merchandise exports)



Source: The World Bank (2024)

17. Agricultural products account for approximately 23.9 - 29% percent of Zambia's Non-Traditional Exports (NTEs).[18] Zambia's key agricultural exports include maize, sugar, and soybean products. The export volume for agricultural products is estimated at around 2 million metric tons, with a value of $300 million. Key trading partners in this sector include Zimbabwe, the Democratic Republic of Congo, and South Africa.[19] Zambia is a net importer of fish, baby foods, dairy, edible oils, horticulture, and processed poultry products. Some imported foods need to be substituted with locally processed foods. The local fish supply gap of up to 127,000 tons per annum presents great aquafeeds and fish processing opportunities. Zambia is also faced with a 104,436-ton per annum edible oils deficit, which needs reducing with locally produced products.[20]

18. Although the country has run a trade surplus over the 2015 to 2022 period, as shown in fig 3 below, the magnitude of the surplus indicates only a slight difference between its agriculture exports and imports.

18 Zambia statistical Bulletin Volume 251 of 2024
19 https://thetradecouncil.com/major-exports-of-zambia/
20 Zambia Development Agency Food Processing Sector Investment Profile Summary Zambia

Figure 3: Zambia Africa Trade Balance – Food products and Input

TradeMap (2023).

3.3. TRADE FACILITATION

19. Transport and trade facilitation costs significantly impact Zambia's export competitiveness. High logistics and trade-related costs have been a persistent barrier to enhancing the country's export performance, reducing its ability to compete in international markets. The Zambia Statistical Bulletin for January 2024 indicates that road transport has continued to account for the highest value of exports, representing a 43.6% share (imports 50.6 %). Rail transport is second with 3.9% (imports 0.4%) and air transport was third with 2.3 percent (Imports 6.5%).[21] The Zambia Development Agency compilation of the cost of doing business for 2014 showed that road transport costs on average between USD120 to USD250 per ton, while railway costs between USD30 to USD130 per ton.[22] Further, a 2015 study by the Centre for Competition, Regulation and Economic Development (CCRED) showed that the range of $100-$110/ton serves as a good benchmark for the break-even point of trucking companies operating in the Zambian market, with return load, while without return load it is about $185/ton.[23] The high cost was attributed to the high cost environment compared to their counterparts, for example in Tanzania, driven by high fuel costs, road tolls, and taxes and levies which operators in other countries did not face, as well as fuel levy, inspection of trucks at $6/truck for every four months, and road tax of approximately $200/truck per year among others.[24]

20. Zambia, being a landlocked country, faces substantial challenges related to transport. The cost of moving goods to and from seaports through neighbouring countries adds significantly to overall export costs.

21 Zambia statistical Bulletin Volume 251 of 2024
22 Zambia Development Agency (2014), Cost of Doing Business – 3rd Edition; published on http://www.unido.or.jp/files/Cost-of-Doing-Business-in-Zambia-Handbook-January-2014-edition.pdf accessed on 26/6/2024
23 Phumzile Ncube, etal (2015); STUDY OF COMPETITION IN THE ROAD FREIGHT SECTOR IN THE SADC REGION - CASE STUDY OF FERTILIZER TRANSPORT AND TRADING IN ZAMBIA, TANZANIAAND MALAWI (Working Paper 3/2015); Centre for Competition, Regulation and Economic Development University of Johannesburg
24 Phumzile Ncube, etal (2015); STUDY OF COMPETITION IN THE ROAD FREIGHT SECTOR IN THE SADC REGION - CASE STUDY OF FERTILIZER TRANSPORT AND TRADING IN ZAMBIA, TANZANIAAND MALAWI (Working Paper 3/2015); Centre for Competition, Regulation and Economic Development University of Johannesburg

For example, inefficiencies in road and rail networks, along with high fuel costs and border delays, increase the expenses associated with exporting Zambian goods. These transport costs can be as high as 40% of the product value, making Zambian exports less competitive compared to those from coastal countries with more efficient and cheaper logistics networks.[25]

21. Beyond transport, various trade facilitation issues further impact export competitiveness. Complex customs procedures, inadequate infrastructure at border posts, and lack of automation contribute to longer clearance times and higher costs. UNCTAD highlights that inefficiencies in trade facilitation can increase trade costs by 8-15%, affecting the speed and reliability of supply chains, which are critical for maintaining export competitiveness.[26] Efforts are being made to address these challenges. For instance, Zambia has been working on implementing the WTO Trade Facilitation Agreement, which aims to simplify and harmonise international trade procedures. Investments in infrastructure, such as improving road networks and border facilities, are also being undertaken. The introduction of automated systems like ASYCUDA (Automated System for Customs Data) is expected to streamline customs procedures and reduce delays.[27]

3.4. ZAMBIA'S FOOD PRODUCTS AND INPUT IMPORTS FROM AFRICA

22. Zambia's imports from Africa between 2015 and 2022 were around USD 34 billion, of which 8% or USD 2.7 billion were agriculture-related imports. The main import products during 2015-2022 were fertilisers, including mineral or chemical fertilisers – with nitrogen, phosphorus and potassium, ammonium nitrate, diammonium hydrogenorthophosphate (diammonium phosphate) and ammonium dihydrogenorthophosphate (monoammonium phosphate) among others. The second most prominent import was crude oil, specifically other palm oil & its fractions (whether or not refined, but not chemically modified), crude soybean oil and margarine (excl. liquid) as shown in table 3 below. The table shows that fertiliser accounts for 83% of Zambia's imports in terms of value, and 90% of its imports in relation to imported volume.

Table 1: Zambia's Top import Products

Imports USD 000	(FOB)	Net Weight (Kg)	(FOB)	Net Weight (Kg)
Fertiliser	1,056,9545,000	1,313,292,000	83%	90%
Crude Oils	172,055,000	128,943,000	14%	9%
Frozen Fish	19,852,000	8,841,000	2%	1%
Baking Aids	19,951,000	12,833,000	2%	1%
Products of heading 9, 44 and 10	5,385,000	2,256,000	0%	0%

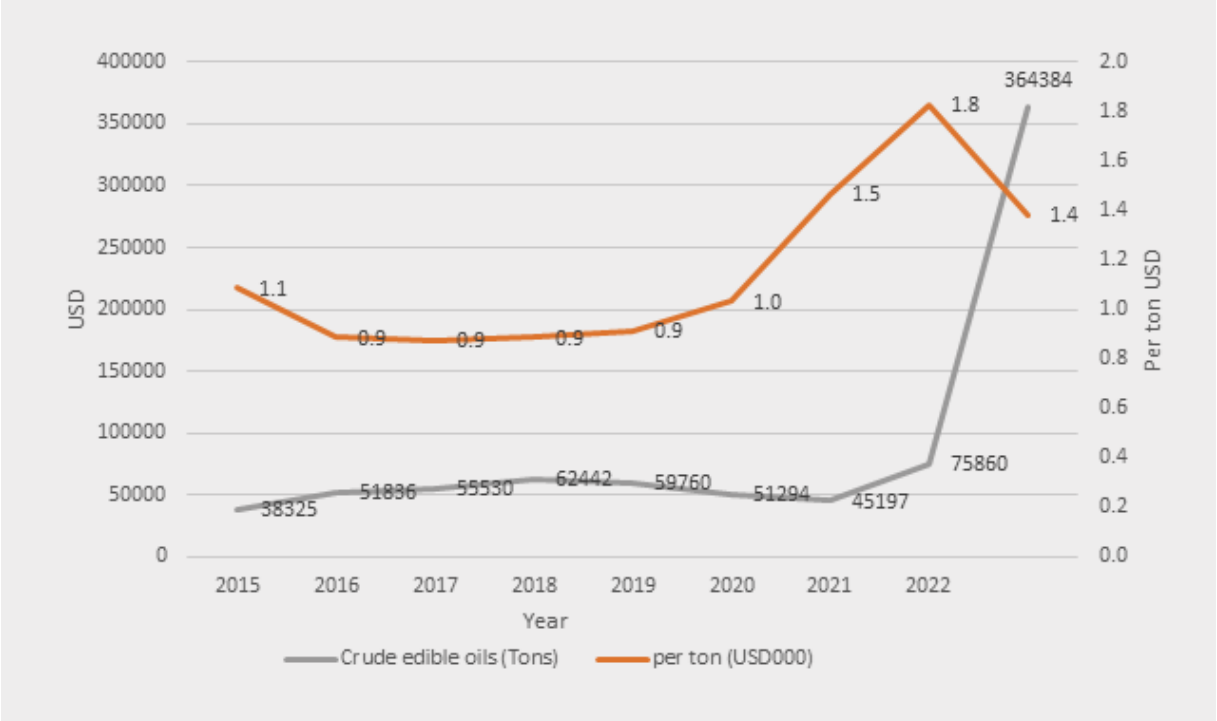
Source: Zambia Statistical Agency Data (2022)

25 Economic and Social Commission for Asia and the Pacific (December 2009); Impact of trade facilitation on export competitiveness : a regional perspective; accessed on https://www.unescap.org/publications/impact-trade-facilitation-export-competitiveness-regional-perspective-studies-trade-and#
26 https://unctad.org/topic/transport-and-trade-logistics
27 Economic and Social Commission for Asia and the Pacific (December 2009); Impact of trade facilitation on export competitiveness : a regional perspective; accessed on https://www.unescap.org/publications/impact-trade-facilitation-export-competitiveness-regional-perspective-studies-trade-and#

23. Zambia is faced with an increasing edible oils deficit, which is serviced by imports worth more than $200 million per year.[28] This market situation presents investment opportunities in alternative oilseeds production and processing. The national requirement for edible oils in Zambia, on the basis of national consumption estimates, is about 120,000 tonnes per year. Of this, 33 percent is currently supplied by domestic production, and 67 percent is supplied by imports of refined, semi-processed and crude edible oils.[29] Edible oils import sources include the SADC (54%), Asia (27%) and COMESA (19%).[30] Zambia consumes about 120,000 tons of cooking oil but only produces 30 percent of the total supply, with more than 70% of Zambia's edible oil consumption imported from the Far East and South Africa.[31]

24. Zambia's imports on average 55 tons annually of edible crude oil. Imports of crude edible oils peaked over a few years, reaching a high of 364,000 tons as of 2022, on the back of falling per ton prices as shown in fig 4 below.

Figure 4: Zambia crude edible oil imports and the prices



Source; TradeMap (2023)

25. Edible oils, manufactured domestically from local raw materials, only constitute about 20 percent of the national requirement,[32] effectively exposing the country to significant world developments in the edible oils industry. The removal of waivers for excise duties, import taxes and Value Added Tax (VAT) in December 2021 on edible oils sourced from outside Zambia saw an increase of 40% at the retail level, with significant socio-

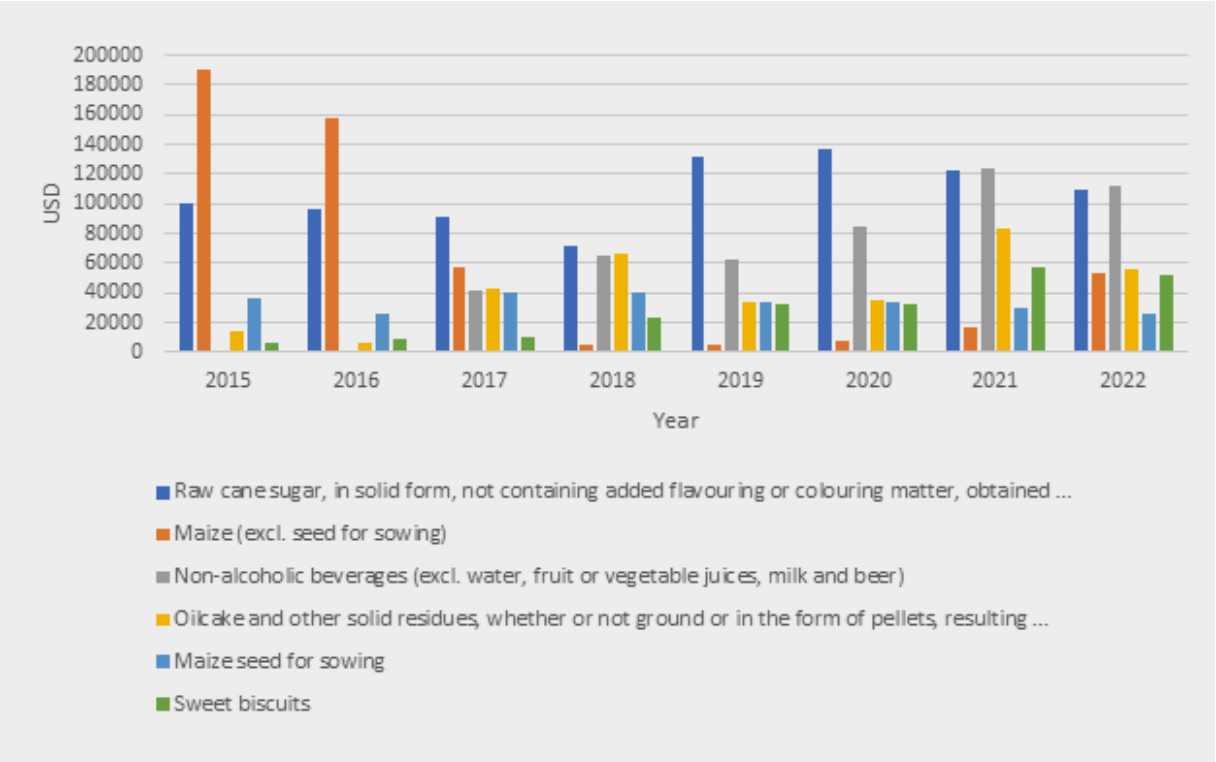
28 ZDA (2022), FOOD PROCESSING SECTOR INVESTMENT PROFILE ZAMBIA
29 http://www.executivesinafrica.com/2017/04/10/emily-fryer-executive-search-consultant-agri-shares-insights-network-challenges-faced-edible-oil-sector-zambia/
30 ZDA (2022), FOOD PROCESSING SECTOR INVESTMENT PROFILE ZAMBIA
31 http://www.xinhuanet.com/english/2018-07/05/c_137301855.htm
32 http://www.executivesinafrica.com/2017/04/10/emily-fryer-executive-search-consultant-agri-shares-insights-network-challenges-faced-edible-oil-sector-zambia/

economic considerations.[33] The Government of Zambia is now facilitating the development of an Edible Oils Strategy, to boost national oilseeds production and value addition,[34] and also to reduce the country exposure to imports of edible oils.

3.5. ZAMBIA'S FOOD PRODUCTS AND INPUT EXPORTS TO AFRICA

26. Raw cane sugar has significantly contributed to Zambia's exports, second only to copper. Nevertheless, recent developments have seen maize and oilcake, among other exports (fig 5) surpassing sugar exports, highlighting the enormous potential within the sector.[35] Increasingly, Zambia is also exporting sweet biscuits and non-alcoholic beverages. It is imperative that Zambia continue to broaden its export product portfolio, in order to diversify the risks and increase its export resilience and durability.

Figure 5: Zambia's food products and Input Export profile – 6 major exports by value

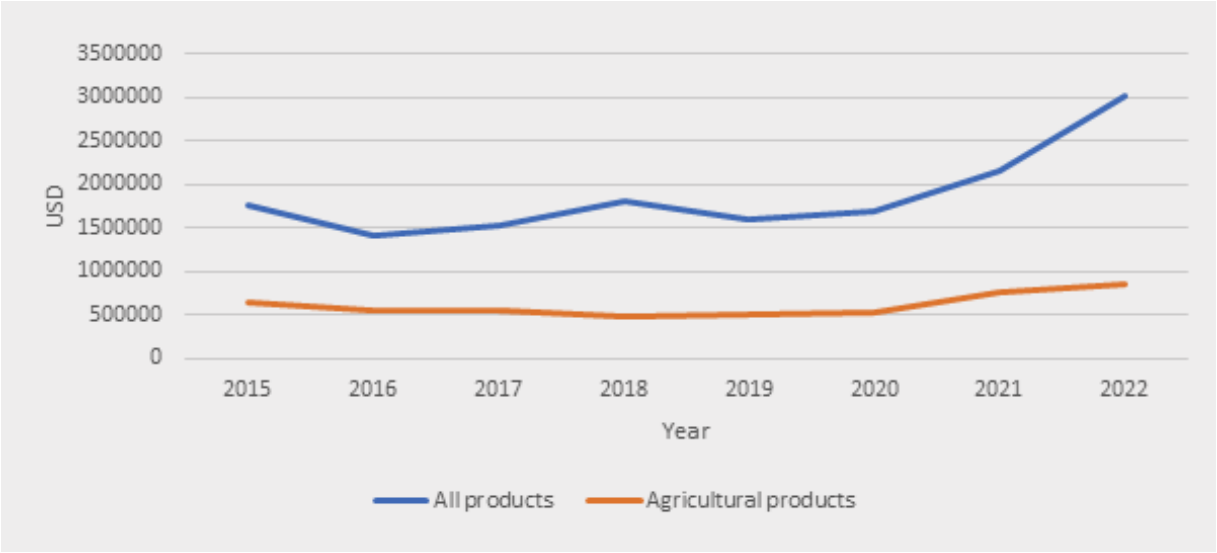


Source: TradeMap (2023)

27. The steady increase in the export profile of the country has seen the country running a positive agriculture trade balance, as shown in fig 6 below. Although this shows progress in the country's economic diversification efforts, the trade balance remains low – an indication that the country nearly exports as much as it imports in value terms.

33 https://zambianbusinesstimes.com/cooking-oil-prices-go-up-by-25/
34 https://africap.info/oil-seeds-strategy-to-grow-farming-jobs-and-income/
35 Grace Nsomba and Simon Roberts (2023), Building competitive agricultural markets for Zambia: Unlocking export potential; (CCRED, University of Johannesburg)

Figure 6: Trade balance – Agriculture food products and Input Exports



Source: TradeMap (2023)

28. A significant amount of the country's exports, constituting 82%, are destined for the African market. The Democratic Republic of Congo continues to be Zambia's major export market for food products, with half of the country's exports destined for this market. This is largely attributed to the proximity of the country to Zambia, as well as its high population. Other export destinations, as shown in table 2 below, include Zimbabwe, South Africa, Kenya and Malawi as top export destinations.

Table 2: Zambia's top Export Destinations – Agriculture Food and Inputs

	2015-2022	Percentages
World	5,942,000	82%
Africa Aggregation	4,882,000	83%
Congo, Democratic Republic of the	2,025,000	50%
Zimbabwe	844,086.00	21%
South Africa	550,213.00	14%
Malawi	389,079.00	10%
Kenya	254,164.00	6%

Source: TradeMap (2023)

29. In value terms, 83% of Zambia's' exports are contributed by the country's top five exports, as indicated in the table below. The main export products for Zambia include Raw Cane Sugar, Oilcake, Maize Seed, Sweet Biscuits and Sugar Confectioneries, Soybeans and Maize Flour. For the period 2017 to 2022, raw cane sugar accounted for 33% in value (USD terms) and 30% in volume, while oilcake accounted for 28% in value and 19% in volume, as shown in table 3 below.

Table 3: Zambia's Top Export Products (2022)

	EXPORTS USD000	(FOB)	Net Weight (Kg)	(FOB)	Net Weight (Kg)
1	Raw Cane Sugar	317,596,000	517,745,000	33%	30%
2	Oilcake	269,118,000	328,644,000	28%	19%
3	Maize Seed	161,357,000	296,466,000	17%	17%
4	Sweet Biscuits and Sugar confectioneries	155,020,000	272,442,000	16%	16%
5	Soybeans	43,301,000	208,602,000	4%	12%
6	Maize Flour	16,361,000	90,042,000	2%	5%
	Totals	**962,752,000**	**1,713,940,000**	**100%**	**100%**

Zambia Statistical Agency Data (2022)

3.6. REGIONAL TRADE

30. Zambia belongs to the 21-member Common Market for Eastern and Southern Africa (COMESA), which allows for preferential tariff duties among member states. Zambia also belongs to the 16-member Southern African Development Community (SADC), which established a free trade area in 2008. The establishment of a single market through the merged Tripartite Free Trade Area (COMESA, the East African Community [EAC], and SADC) was formally launched in June 2015.[36] Zambia deposited the instruments of ratification for the African Tripartite Free Trade Area Agreement with COMESA on January 15, 2021.

31. Zambia is a signatory to the African Continental Free Trade Agreement (AfCFTA). The country signed to the Agreement on 10th February 2019, and deposited instruments of ratification on 5th February 2021. Though a signatory to the AfCFTA, Zambia had not finalised its participation as of February 2022, as it has sought more time to consult with the private sector before committing.[37]

32. Since the operationalisation of the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), Zambia's most stellar exports to SADC and COMESA happened in 2013, when the country recorded exports worth US$ 3.1 billion and US$ 1.8 billion, respectively, in Non-Traditional Exports (NTEs). Post the 2013 export boom, Zambia's utilisation of its regional export markets has been in decline, only accounting for 4.7% and 17.2% of aggregated intra SADC and COMESA exports respectively, in 2020.[38]

3.6.1. COMESA Trade

33. COMESA trade statistics indicates that Zambia's total exports to the COMESA region increased by 3 percent between 2019 and 2020. The increase in nominal value terms was from US$1.23bn in 2019 to US$1.27bn in 2020. Zambia's imports from the COMESA region declined by 40 percent from 2019 to 2020 – from US$700 million in 2019 to US$422 million in 2020. Major destinations for Zambia's exports into COMESA region in 2020 were the Democratic Republic of Congo, Malawi, Zimbabwe, Kenya and Burundi.

36 https://www.trade.gov/country-commercial-guides/zambia-import-tariffs
37 https://www.trade.gov/country-commercial-guides/zambia-trade-agreements
38 Kasonde Chituta (2022); Restoring Zambia's Eroded Regional Export Markets, Article published on http://zam.co.zm/restoring-zambias-eroded-regional-export-markets/

Although the specific figures of agriculture products are unknown, top agriculture products included oilcake to Zimbabwe and raw cane sugar to Kenya worth US$ 13.4 million.[39] In addition, the overall import and export values of informal trade volumes in Zambia significantly increased from USD 13.3 Million in 2019 to USD 77.2 Million in 2021. Similarly, the informal trade export value rose from USD 81.02 million in 2019 to USD 206.08 million during the same period.[40]

3.6.2. SADC Trade

34. SADC trade statistics indicates that Zambia's total exports to the SADC averaged USD1.8 billion, and recorded a reduction from USD2.1 billion in 2018 to USD1.4 billion in 2022. Zambia's imports from the SADC region averaged USD 4 billion, and recorded a marginal increase from USD 4 billion in 2018 to USD 4.5 billion in 2022, as shown in table 4 below. Major trading partners in the SADC region included South Africa and Zimbabwe. Overall, Zambia trade in SADC has been in a trade deficit from 2018 to 2022, primarily due to its trade with South Africa accounting for 92% of its imports and only 17% of its exports.

Table 4: Zambia's Agriculture SADC Trade Direction

Agriculture Products USD1000	Value in 2018	Value in 2019	Value in 2020	Value in 2021	Value in 2022
Zambia Exports to SADC	2,151,000	2,151,000	2,134,000	1,188,000	1,385,000
Zambia Imports from SADC	4,095,000	3,492,000	3,409,000	4,357,000	4,585,000
Trade Balance	-1,943,000	-1,341,000	-1,274,000	-3,169,000	-3,200,000

Source: TradeMap (2023)

3.6.3. Country Specific Trade and Price Analysis

35. This price analysis is based on the exports to the region based on the Free-On-Board (FOB)[41] costing. Zambia exports are recorded as FOB, while imports are recorded as Cost, Freight and Insurance (CIF) for value and duty purposes. Prices per unit were calculated by dividing the ZMW and USD by the weight, and denotes the average ZMW and USD price per unit and exchange for the trade over the period, as shown in the table 5 below.

39 https://www.comesa.int/zambia-is-re-strategizing-to-increase-its-intra-comesa-trade-share/

40 This is according to the results of a survey conducted on Zambia's Small Scale Cross Border Trade (SSCBT) which was announced on Tuesday, 3 May 2022 at the COMESA Secretariat. The highest volume of informal export was recorded at the Kasumbalesa border with DR Congo with the main informal export products being fish and fish products and rice being the main informal import product. Refer to https://www.comesa.int/informal-cross-border-trade-on-steady-rise-in-zambia/

41 Free on Board (FOB) is a term used to indicate when the ownership of goods transfers from buyer to seller and who is liable for goods damaged or destroyed during shipping.

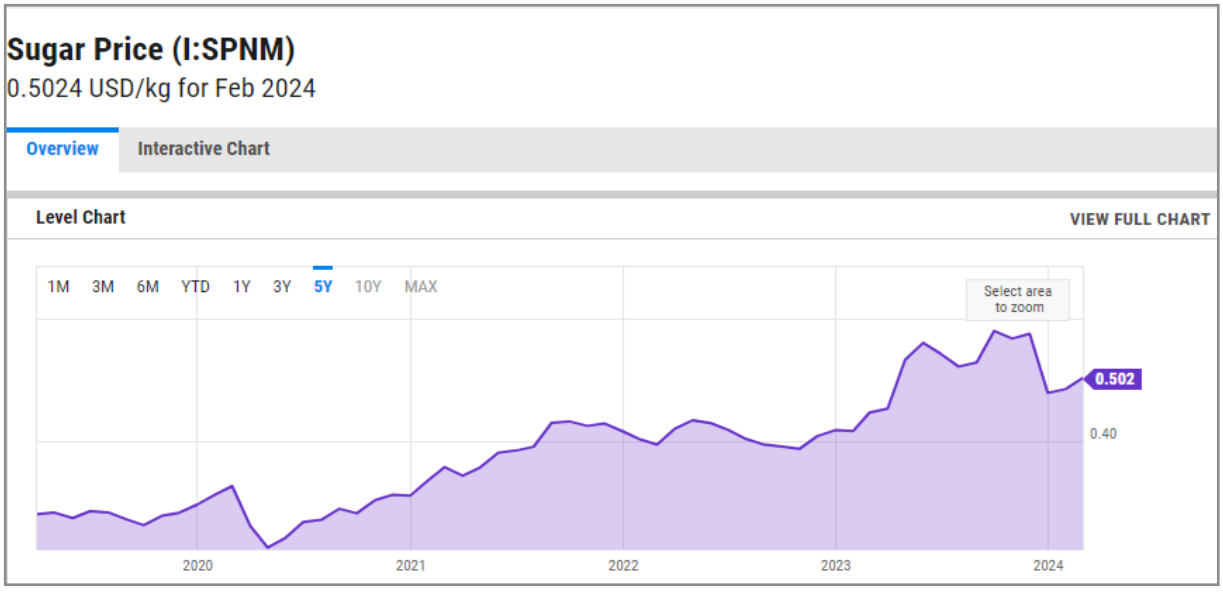
Table 5: merchandise Trade Price ZMW/USD per Unit

				Exchange Rate Bank of Zambia	
	ZMW/kg	USD/kg	ZMW/USD	2017	9.56
Raw Cane Sugar	9.76	0.61	15.91	2018	10.50
Oilcake	12.69	0.82	15.50	2019	12.95
Maize Seed	8.59	0.54	15.79	2020	18.34
Sweet Biscuits and Sugar Confectioneries	8.74	0.57	15.36	2021	19.94
Soybeans	2.77	0.21	13.36	2022	16.93
Maize Flour	2.11	0.18	11.59	2023	20.26
			14.58	Av	**15.50**

Source: TradeMap (2023)

36. From the data in table 8 above, raw sugar, which is the main export, has been sold at an average of USD0.61/kg. Comparisons with world prices show a hike from USD 0.280 to USD 0.502, with a peak of USD 0.580 (see fig 7 below). The difference of USD0.03/kg from the observed price and the world sugar price of the period is either an indication of regional inefficiencies, or as a result of the premium placed on Zambian sugar exports.

Figure 7: World Sugar Prices[42]



Source: Ychart (2024)

3.7. EXPORT DURABILITY

37. In order to consider specific pricing trends, it can be useful to first establish the export durability – as this indicates the long-term influence of the product in the pricing structure. For example, one paper looking at Zambia's export durability of agriculture

42 https://ycharts.com/indicators/world_sugar_price

products in Zambia, with specific attention to maize, sugar, cotton, and tobacco between 1996 and 2019, found that approximately 39% of Zambia's agricultural products were exported beyond the first year of trading, and less than 10% lasted up to 6 years of trading.[43]

38. Data of top exports examined shows that 85% of the top exports survived more than one year of export, with fertilised bird eggs showing a lower durability rate at 64%, as shown in table 6 below.

Table 6: Zambia's' Agriculture Export Durability

	Durability
Raw Cane Sugar	81
Oilcake	100
Maize Seed	76
Sweet Biscuits	100
Soybeans	71
Maize Flour	100
Fertilised Bird Eggs	64
Average	**85**

Source: TradeMap (2023)

39. The low fertilised bird eggs export duration may be explained by the fact that it is not a traditional export, and hence Zambian exporters are actively searching for durable markets. It is however one of the export products that has shown great potential, as Zambia seeks to become the regional hub for commercial poultry production.

3.8. SPECIFIC PRODUCT CATEGORY PRICING TRENDS

3.8.1. Maize seed

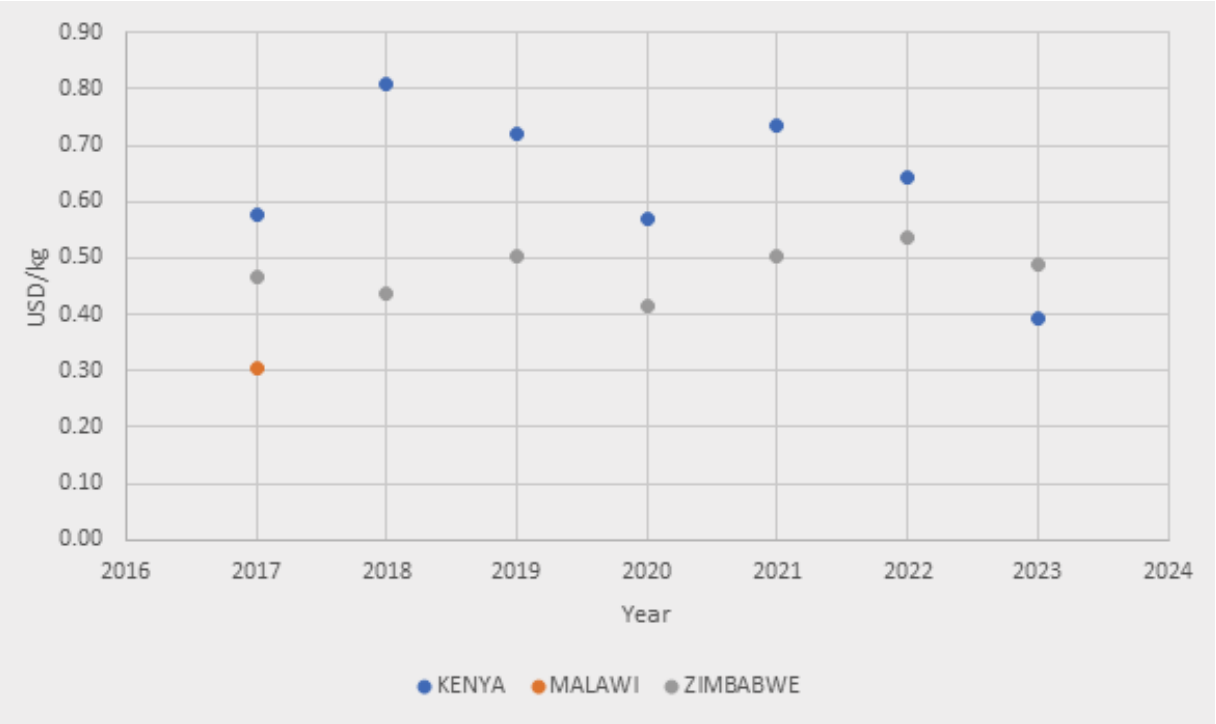
40. Zambia has a mature seed industry, which exports over 60,000 metric tons of seed, mainly maize, each year.[44] Zambia's seed certification standards are considered equivalent to all other OECD member countries within the same seed schemes, giving the Zambian seed companies the capability to trade using the globally recognized OECD seed label for export, and to have access to markets with stringent seed regulations. This, coupled with investments into the seed industry, has made Zambia the largest exporter of maize seed within the SADC region, and across Africa.[45] Figure 8 below shows the existence of trade for Zambian maize seed in Kenya, Malawi and Zimbabwe.

43 Phiri, Joseph, Karel Malec, Socrates Kraido Majune, Seth Nana Kwame Appiah-Kubi, Zdeňka Gebeltová, Sylvie Kobzev Kotásková, Mansoor Maitah, Kamil Maitah, and Patricia Naluwooza. 2021. "Durability of Zambia's Agricultural Exports" *Agriculture* 11, no. 1: 73. https://doi.org/10.3390/agriculture11010073

44 https://sdhsprogram.org/country/zambia/

45 https://www.usaid.gov/zambia/news/zambian-seed-industry-expanding-southern-africa-regional-markets-feed-future-and-usaid

Figure 8: Maize seed export trade (USD/kg)



Source: Calculated with data from TradeMap (2023)

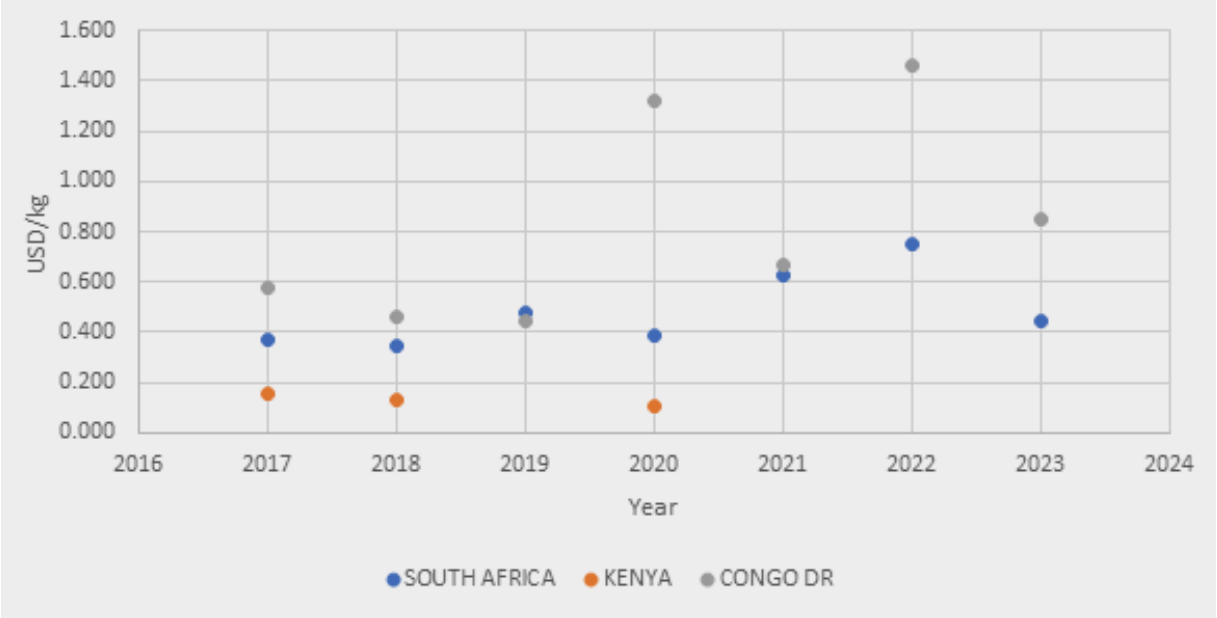
41. The data above shows that Kenya may have been exposed to higher export prices than Zimbabwe. While the information at hand may not provide an exhaustive explanation, one might consider the proximity of Zambia and Zimbabwe, which may have resulted in close trade relationships and hence the observed price trends. It should be noted that the Kenyan prices have shown a gradual reduction towards the Zimbabwean prices, and recorded a USD 0.1 below the Zimbabwean prices per kg in 2023.

3.8.2. Raw Cane Sugar

42. In 2022, Zambia exported $89.9M in raw cane sugar, making it the 37th largest exporter of raw cane sugar in the world. In the same year, raw cane sugar was the 17th most exported product in Zambia.[46] Zambia Sugar is the country's leading sugar producer, serving the domestic market and regional markets, and is a producer of a wide range of sugar and sugar products.[47] It should be noted that there are other sugar producers, such as Kafue and Mansa, who have implemented a US$54 million investment which commenced operations in 2015 in Chembe District of Luapula Province.[48] The sugar industry has largely remained concentrated, particularly with regard to industrial sugar and sugar exports, as the other players are predominantly into domestic household sugar sales. Fig 9 below shows the pricing trends of raw sugar to South Africa, Kenya and Congo DR. The table shows that the exports to South Africa and Kenya have been present throughout the seven-year duration under consideration.

46 https://oec.world/profile/bilateral-product/raw-sugar/reporter/zmb
47 https://www.zamsugar.co.zm/
48 http://www.mansasugar.com/

Figure 9: Raw cane sugar export trade (USD/kg)



Source: Calculated with data from TradeMap (2023)

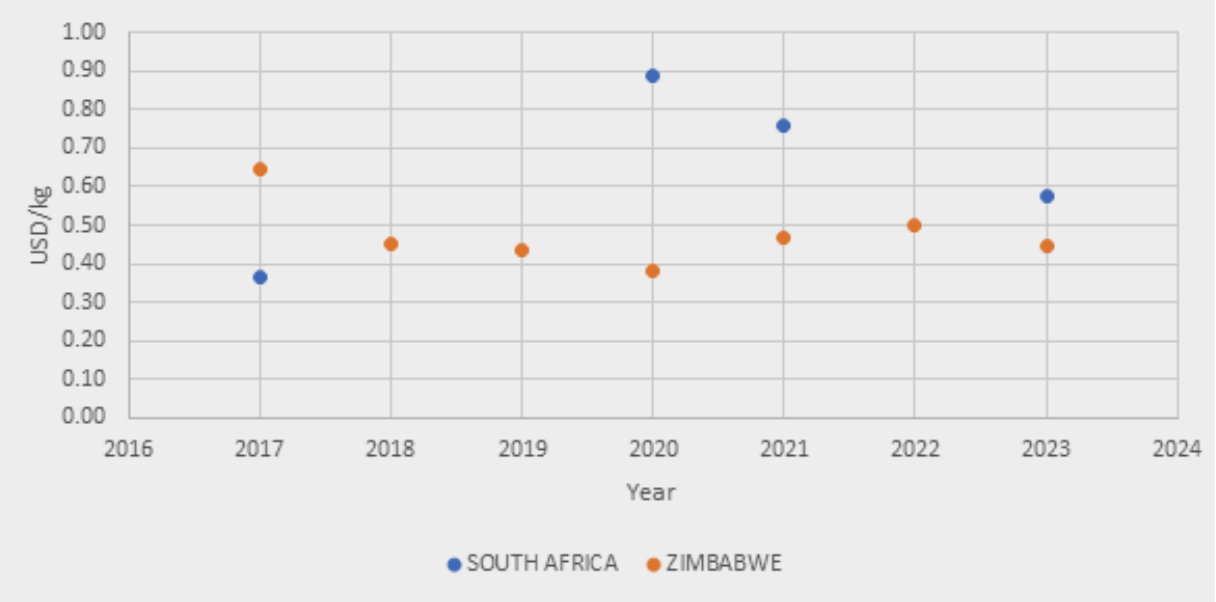
43. The pricing trends indicate that the Congo DR prices have been higher than the South African prices on average, despite the proximity of Zambia to Congo DR. This may be an indication of a response to competition, with South Africa expected to be more competitive in the sugar market than Congo DR.

3.8.3. Soya beans

44. In 2022, Zambia exported $13.6M in Soybeans. The main destinations of Zambia exports of soybeans were South Africa ($3M), Pitcairn Islands ($2.96M), Zimbabwe ($2.26M), Botswana ($2.1M), and Equatorial Guinea ($1.15M)[49] as shown in fig 10 below. The Pitcairn Islands, officially Pitcairn, Henderson, Ducie and Oeno Islands, are a group of four volcanic islands in the southern Pacific Ocean that form the sole British Overseas Territory in the Pacific Ocean. The inhabitants of this tiny isolated economy exist on fishing, subsistence farming, handicrafts, and postage stamps. The fertile soil of the valleys produces a wide variety of fruits and vegetables, including citrus, sugarcane, watermelons, bananas, yams, and beans. Bartering is an important part of the economy. The major sources of revenue are the sale of postage stamps to collectors, and the sale of handicrafts to passing ships.[50] It therefore would appear that the soybeans exports of close to USD 3 million dollars were for tax avoidance purposes.

49 https://oec.world/profile/bilateral-product/soybeans/reporter/zmb
50 https://www.countryreports.org/country/PitcairnIslands/economy.htm

Figure 10: Soybeans export trade (USD/kg)



Source: Calculated with data from TradeMap (2023)

45. The data in the figure above shows that South Africa was exposed to higher prices per unit than Zimbabwe over the same period. The close proximity of Zimbabwe to Zambia, and the long-established trade relations, may partly explain this development. However, elements of discrimination cannot be ruled out, and would only be established through a thorough inquiry.

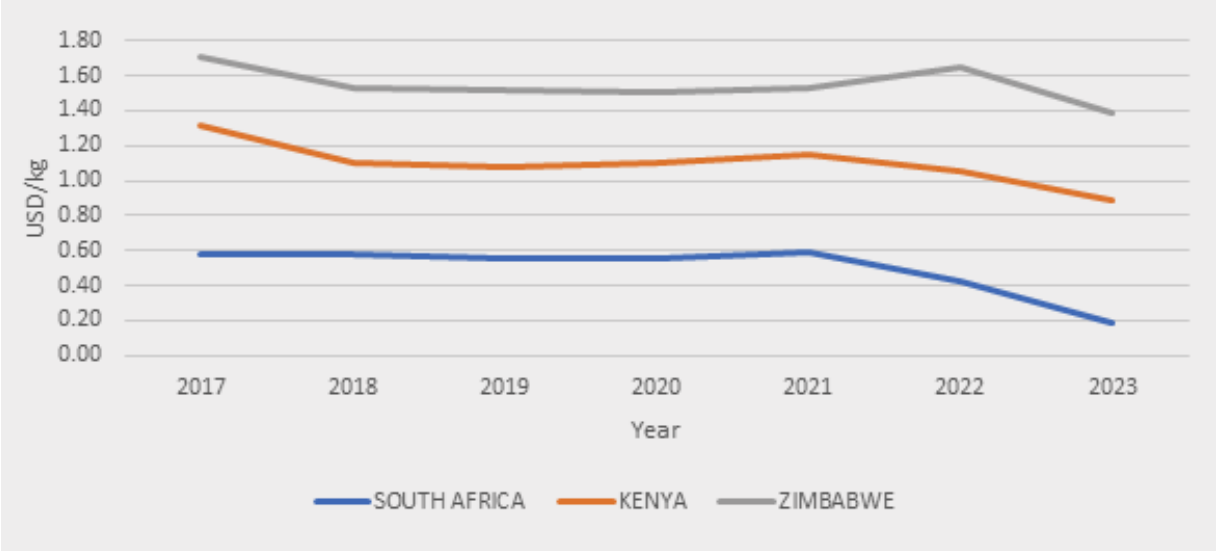
46. As of March 2023, soybean was trading at $540 per ton, which was a 1.9% drop from the previous month. Despite the decrease, the price remained at 10% lower than the same period in 2022. This decline in price was a result of a well-supplied market, with limited large parcel trades. Zambia's soybeans have since found export markets in India and China, which will continue to drive up the demand and prices. The elevated market prices will incentivise growers, particularly small-holder farmers, to include soybeans in their growing programs.[51]

3.8.4. Oilcake

47. Exports of commodity group 2304 "Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soyabean oil" amounted to 0.719% of total exports from Zambia (cumulative merchandise exports from Zambia totaled $11.6 billion in 2022).[52] Zambia exports of oilcake and other solid residues, constituently broken down, was as follows in USD'000: Zimbabwe ($11,621.19; 23,013,100 Kg), Kenya ($11,579.36; 27,173,900 Kg), Tanzania ($5,917.65; 14,402,400 Kg), South Africa ($2,386.11; 8,942,860 Kg) and Namibia ($1,710.74; 6,056,980 Kg)[53].

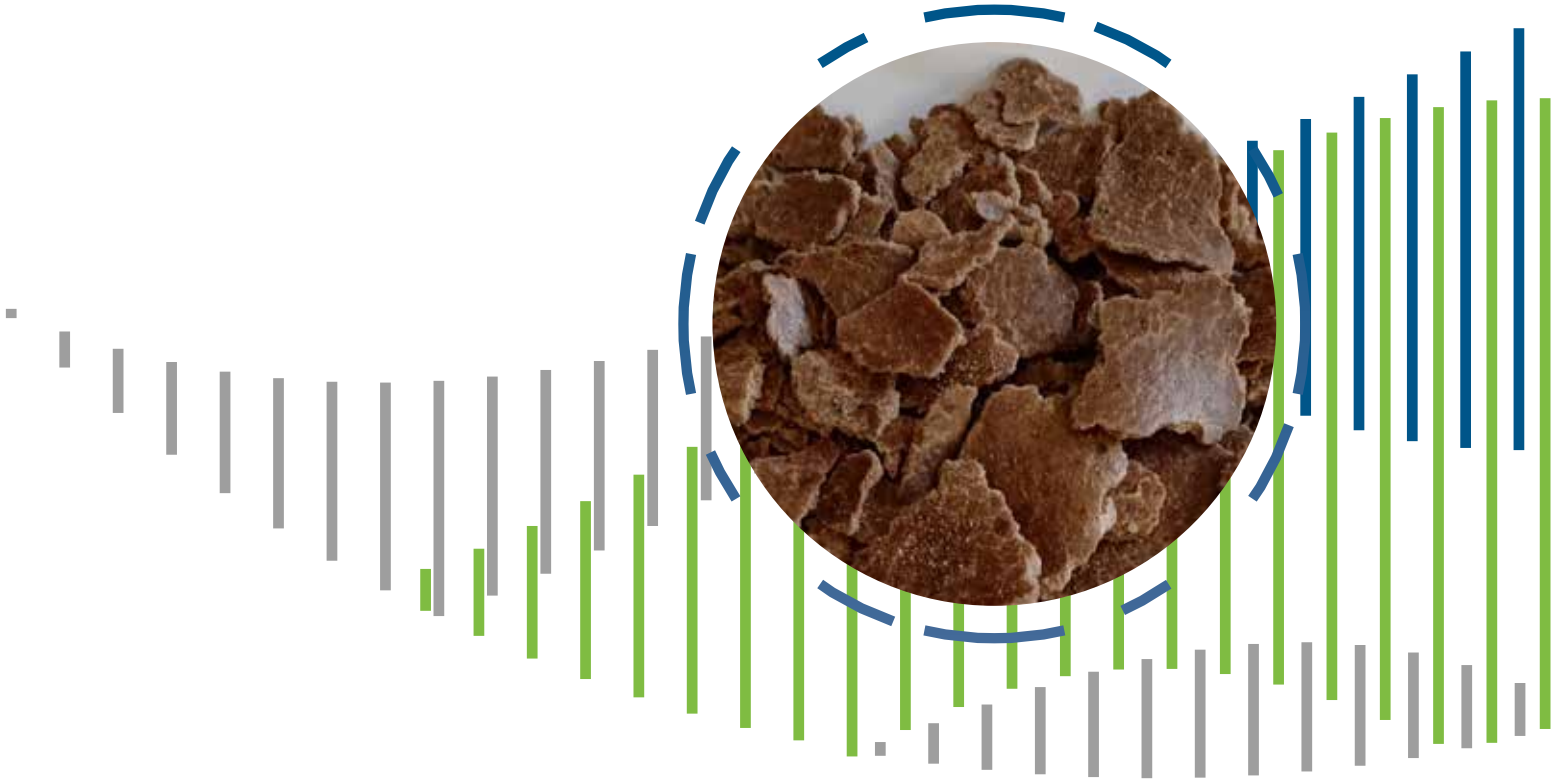
51 https://thefarmersjournal.com/soya-beans-market-report-prices-production-and-outlook-for-2023-zambia/
52 https://trendeconomy.com/data/h2/Zambia/2304
53 https://wits.worldbank.org/trade/comtrade/en/country/ZMB/year/2019/tradeflow/Exports/partner/ALL/product/230400

Figure 11: Oil cake export trade (USD/kg)



Source: Calculated with data from TradeMap (2023)

48. The specific pricing trends on selected partner countries over the 7-year period, shown in figure 10 above, indicate that Zimbabwe experienced higher FOB prices for the period than Kenya and South Africa. South Africa had the lowest price of the three countries per standard unit of measure.



4

TARIFF STRUCTURES AND DUTIES

49. Zambia's tariff structure for agricultural products varies significantly between COMESA (Common Market for Eastern and Southern Africa) and SADC (Southern African Development Community) member countries, reflecting different levels of trade integration and preferential treatment within these blocs. Within COMESA, Zambia benefits from a Free Trade Area (FTA), which significantly reduces or eliminates tariffs on goods traded between member states. While there has been progress with tariff reductions, both COMESA and SADC regions face challenges with Non-Trade Barriers (NTBs), which can impede the smooth flow of trade despite reduced tariffs. These NTBs include complex customs procedures, stringent standards, and inefficient infrastructure, which can delay shipments and increase costs.

50. Zambia's trade policy has remained substantially unchanged since the country undertook a comprehensive reform programme in the 1990s, removing exchange controls, reducing import duties, eliminating import and export license requirements, abolishing export bans, introducing a number of export incentives, removing subsidies, and decontrolling prices. According to the World Bank's Trade Tariff Restrictiveness Index, Zambia's trade regime is more open than that of an average sub-Saharan African or low-income country.[54] The simple average applied MFN[55] tariff of 13.4% has dropped only slightly since the late 1990s, but Zambia continues to work toward lower trade barriers, especially through the COMESA and SADC free-trade areas. In terms of customs operations, Zambia remains one of the world's least efficient countries, according to the World Bank classification scheme. It ranks 153rd out of 181countries, due to the higher number of required documents, considerably longer processing times for exports, and relatively high per container export and import costs, compared with those of an average sub-Saharan African or low-income country.[56]

51. Zamba is part of the SADC group, meaning most of the goods imported from SADC countries are duty free. However, some products continue to face duties of up to 25% – for example various knitted and woven fabrics, some petroleum and fresh persimmons. There are also separate duties for South Africa and other SADC countries. For example, wheat flour from South Africa is duty free, while wheat flour from other SADC countries faces a 25% tariff.[57]

52. Zambia's customs valuation is tallied on a Cost Insurance and Freight (CIF) basis. Most goods fall into one of three tariff bands: 0-5 percent (Capital Equipment and Raw Materials); 15 percent (Intermediate Goods); or 25 or 40 per percent (Finished Goods). The duty on productive machinery for agriculture, aquaculture is zero percent. Other duty-free items include veterinary supplies among others, fertilisers, and seeds. Import Value

54 http://fra.org.zm/about-us/who-we-are/ accessed on 8/11/2018
55 Most Favoured Nation, which means…
56 WT/TPR/S/219 Zambia Trade Policy Review
57 https://www.tralac.org/documents/publications/trade-data-analysis/2159-zambia-intra-africa-trade-and-tariff-profile-september-2018/file.html

Added Tax (VAT) is collected on behalf of the VAT Division and is charged on the Taxable Value, that is, Customs Value + Customs Duty (+ Excise Duty, where applicable) at the rate of 16 percent.[58]

53. COMESA member countries often benefit from tariffs as low as 0-5%, significantly lower than the general MFN rates that can go up to 40%. For example, the tariff rate for Uganda (5%) compared to the general MFN rate (up to 25%) represents a significant reduction, reflecting a 20% difference. Ethiopia's rate of 22.5% versus the MFN rate of 25% shows a smaller but still notable preferential margin. This preferential treatment is aimed at enhancing trade flows and economic integration within the COMESA region.[59]

54. Similarly, SADC has established an FTA, which reduces tariffs on intra-regional trade. However, the tariff rates and non-tariff barriers (NTBs) within SADC are sometimes different compared to COMESA. For non-FTA COMESA countries or certain SADC countries, the General ad valorem MFN (Most Favoured Nation) tariffs apply ranging from 5% to 40%, depending on the specific agricultural product. The average tariff for many agricultural products is 25%, but it can be higher for certain goods. This is part of Zambia's broader tariff bands, which are 0-5% for capital equipment and raw materials, 15% for intermediate goods, and 25% for finished goods.[60]

4.1. FERTILISERS

55. Based on the 2023 tariff book,[61] Zambia's import products under HS31[62] are qualified for duty purposes in kgs, and are currently zero rated for Value Added Tax and Customs Duty Free. This means fertilisers under HS31 are imported into the country free.

4.2. CRUDE OILS

56. Products under HS15[63] which comprise of animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; and animal or vegetable waxes are generally subject to a 5% customs duty. There are certain sub-headings that attract either a free customs duty rate, or a 15% customs duty rate, while others are free. For example, imports under code1507.10.00 – Crude oil, whether or not degummed, attract a free customs duty and a standard VAT rate which currently is at 16% on Value for Duty Purposes. Products under code 1508.10.00 or 1511.90.10 – Palm Stearin, when imported in bulk for further processing, attract a 15% customs duty rate and a standard VAT rate.[64]

4.3. FISH

57. Chapter 3[65] products, that is, fish and crustaceans, mollusks and other aquatic invertebrates, are subject to a 40% customs duty, with the standard unit of quality being kgs. The heading is not subject to Excise Duty Rate and is VAT exempt as of 2023/24.

4.4. CEREALS, COFFEE, TEA AND SPICES (HS10)

58. Products under HS10 cereals are subject to a 25% customs duty rate, and a standard Vat rate, while those for heading 10; coffee, tea and spices are subject to either a 5% or

58 https://www.trade.gov/country-commercial-guides/zambia-import-tariffs
59 Willemien Viljoen (April 2011); Non-tariff barriers affecting trade in the COMESA-EAC-SADC Tripartite Free Trade Agreement; accessed on https://www.tralac.org/publications/article/4240-non-tariff-barriers-affecting-trade-in-the-comesa-eac-sadc-tripartite-free-trade-agreement.html
60 US International Trade Administration (2022); Import Tariffs; article accessed on https://www.trade.gov/country-commercial-guides/zambia-import-tariffs
61 https://www.zra.org.zm/wp-content/uploads/2023/04/2023-NATIONAL-TARIFF-BOOK.pdf
62 Fertilizers
63 Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes
64 2023 Zambia Tariff Book
65 Fish and crustaceans, molluses and other aquatic invertebrates

a 15% rate, depending on the purpose of importation. For example, seeds are subject to a 5% customs duty rate and are VAT exempt, while husked (brown) rice (HS1006.20.00) though VAT exempt, is subject to 15% customs duty as shown in table 6 below.

Table 7: Applicable Tariffs

Imports	Stat. Unit of Qty	Cust. Duty Rate	Excise Duty Rate	VAT Rate
Fertiliser	kg	free	nil	Z
Crude Oils	kg	Free, 5%, 15%	nil	S
Frozen Fish	kg	40%	nil	E
Cereals	kg	25%	nil	S
Coffee, Tea and Spices	kg	5%, 25%	nil	S, Z

Source: 2023 Zambia tariff Code - Z= zero rated, S=suspended, E=Exempted

5

SPECIFIC TRADE COMMODITIES AND COMPETITION DYNAMICS

5.1. FERTILIZERS

59. Since the inception of the Farmer Input Support Program (FISP), Government has increased budgetary allocations for fertiliser procurement. In 2024, Government provided K8.56 billion (approximately USD 360 million) with only a 6.5% reduction from the 2023 Budgetary allocation to the program. In 2011, US$ 184 million was spent on fertiliser procurement and distribution, representing approximately 29% of the agriculture budget in 2010,[66] and this figure was only increased to 56%[67] in 2016.

60. Over 65% of the total fertiliser consumed in Zambia is under the FISP program, and this is mainly focused on small scale farmers. Commercial fertiliser, or private market importers, have their own licenced agents in major towns and well-established farm areas.[68] Agents supply large commercial farmers as well as very large agricultural producers, mostly by placing advance orders directly with the importer, or with an agent. Despite commercial prices of fertiliser in Zambia being quite competitive in comparison with prices in other countries in the region, such as Tanzania and Mozambique,[69] prices have remained higher than benchmark international prices.

61. Zambia imports most of its required fertiliser, where it is received through Beira, Dar-es-Salaam and South African ports. The national fertiliser consumption is estimated at 250,000-300,000 MT, 200,000 of which is under the FISP program.[70] Currently, total national fertiliser consumption is approximately 400,000 MT. However, estimates by fertiliser companies and other actors in the chain indicate that the potential fertiliser consumption in Zambia stands higher – between 500,000 - 600,000 MT if the right policy environment were to prevail, and farmers were to receive appropriate and adequate extension services.[71]

62. Zambia applies a zero rate to fertiliser imports,[72] that is, there is 0% duty and 0% tax on major fertiliser ingredients like Nitrogen, Phosphorous and Potassium – to promote the importation of these raw materials for the production of fertiliser locally.[73] In general, the tax regime is designed to promote local manufacturing of fertiliser, and discourage importation of finished fertiliser. For instance, income from chemical manufacturing of fertiliser is taxed at a reduced rate of 15%[74]

66 https://agriknowledge.org/downloads/8w32r563r
67 http://www.renapri.org/wp-content/uploads/2017/01/IAPRI-Booklet_2016.pdf
68 Agribusiness Indicators: Zambia, The World Bank, December 2012
69 In May 2012, the average retail price of urea was US$ 38 per 50-kilogram bag, which then was lower than in countries like Tanzania and Mozambique, which have sea ports. Significant volumes of fertilizer come to Zambia from South Africa, including a certain portion transported via railway, which is much less costly than transporting by truck. It could also be that commercially sold fertilizer is bought mainly by large-scale farms that are more likely to buy in bigger bulks, which would reduce the unit price of fertilizer. https://agriknowledge.org/downloads/8w32r563r
70 http://www.fao.org/faostat/en/#data/RV
71 https://ifdcorg.files.wordpress.com/2015/04/zambia-fertilizer-assessment.pdf
72 Value Added Tax Cap 331 of the Laws of Zambia
73 http://documents.worldbank.org/curated/en/481731468166490328/pdf/825080WP0ABIZa00Box379865B00PUBLIC0.pdf
74 www.zra.org.zm/commonHomePage.html?viewName=TaxIncentives

compared to the standard rate of 35% (2018 and 2019) for importers.[75] Fertiliser produced locally is thus expected to be cheaper, compared to imported finished fertilisers.

63. Incumbent companies, especially multinational companies, have an established supply network which makes it easier for them to access fertiliser and/or fertiliser raw materials than small companies, as well as local and new companies. Moreover, companies like Yara and Omnia have parent or sister companies operating in other countries, where they source fertiliser or fertiliser raw materials. These difficulties in accessing the supply of either fertiliser or fertiliser raw materials may be a hindrance, not only to downstream players seeking to enter upper stream, but also to new entrants.

64. Logistics and management constraints pose challenges that potentially hinder entrants in the market. Due to the fact that Zambia is landlocked, it receives most of its imports through ports in neighboring countries, such as Beira (Mozambique), Dar-es-salaam (Tanzania) and Durban (South Africa). This implies long haulage distances along mostly poor roads that are prevalent in Zambia, which ultimately translates into increased transportation costs for the fertiliser, or the materials used in the blending thereof.

65. Threats of cartel conduct have continued in the fertiliser sector due to the market structure and the existence of the FISP program. In 2013, CCPC found the FISP fertiliser market to have been plagued with allegations of bid-rigging and market allocation between two input suppliers, Omnia Zambia Limited and Nyiombo Investments Limited, who were the winners of the government's FISP tenders between 2007 and 2011.[76] Investigations led to the fining of Omnia Fertilizer Zambia Limited and Nyiombo Investments Limited, with a fine of five per cent each of their respective annual turnovers for engaging in cartel conduct. The cartel was estimated to have cost the Zambian people more than $20 million over the years during which the two companies had been supplying fertiliser to the Government.[77]

5.2. SUGAR SECTOR

66. Domestic sugar retail prices in Zambia have remained high, and are in fact higher than retail prices in Kenya, a high-cost producer subject to tariff and non-tariff barriers. Furthermore, prices in Zambia do not seem to follow the trend of international prices. The high price persists despite the fact that Zambia is a low-cost producer, able to compete in the depressed international export market. The highly concentrated structure of production, paired with barriers to import competition, are likely to have an influence on prices.

67. In 2017, CCPC fined Zambia Sugar K76,728,650 (USD 3,069,146) for price discrimination and unfair pricing. This was after investigations were carried out, covering the period 2008 to 2012. Investigations revealed that both industrial sugar consumers and household sugar consumers were being exploited. Further findings were that industrial sugar users on contract agreements with Zambia Sugar were categorised as A and B, allegedly based on volumes purchased. Category A was contracted for at least 1000 tons and Category B for at most 1000 tons of sugar per year. However, CCPC found that some consumers within category A were still charged lower prices for the same industrial sugar compared to others. Further, the investigation revealed that customers that purchased the highest quantities within Category A, such as Trade Kings Zambia, paid much more than other customers that purchased lower volumes, namely Zambia Breweries PLC over the 2008-

75 PWC Zambia-budget-2019.pdf and 2019 Budget Speech
76 https://one.oecd.org/document/DAF/COMP/GF(2014)1/en/pdf
77 https://allafrica.com/stories/201306070434.html

2012 investigation period. The investigations thus revealed that industrial customers were not accorded similar discounts even based on volumes. Investigations also revealed that domestic household sugar was priced higher than export prices for the same commodity, mostly destined for the Great Lake's region.[78]

68. In addition to the investigations, CCPC has made several representations to have the technical barriers to sugar imports revised. Currently, household domestic sugar sold on the Zambian market is required by law to have micro nutrient fortifications. While this has been touted as a health measure meant to increase access to micronutrients (Vitamin A) by vulnerable groups, it has indirectly served as a technical barrier to trade, and has strengthened the dominant positions of the Zambian sugar players.

5.3. ANIMAL FEED

69. The animal feed sector is part of Zambia's growing agro-processing industry. The sector falls under the manufacturing sector. Though specific contributory statistics for the animal feed sector are scant, the manufacturing sector is reported to contribute around 7.5% to Zambia's Gross Domestic Product (GDP). In terms of value, the value of animal feed produced in Zambia is about K1.5 billion per annum (put the USD dollar amount here), which is mainly biased towards poultry. Poultry constitutes about 50% of all meat consumed in Zambia, resulting in about 80% of the feeds produced being destined for the poultry market.[79]

70. The Zambian animal feed industry is a K1.5 billion (USD 60 million) per annum industry, which is shared across all the investors involved in animal feed industry. Most of the value within the value chain is localised in Zambia. Data from the Food and Agriculture Organisation (FAO) shows that between 1975 and 2016, imports of soybeans into Zambia constituted on average only about 7% of total soybeans available in the economy, demonstrating that Zambia largely grows its own soya beans. The FAO statistics also reveal that Zambia imports only about 19% of its soybean cake, which also shows that cake demand is largely sourced from the local market. This implies that the K1.5 billion (also put USD value) animal feed industry largely rewards the local value chain, which demonstrates that the industry is very critical for sustaining livelihoods in Zambia.

5.4. EDIBLE OILS

71. Despite a fairly large number of producers, the edible oil industry is highly concentrated. Estimates from one edible oil producer, a recent entrant that is only about two years into production, are that there is a dominance of only one producer, Global Oil Industries, ahead of all the other players. It is estimated that Global Industries has a market share of about 60%, following their aggressive entry into the industry, with Mt Meru being a distant second player, with a much smaller market share of about 25%. This would therefore imply that two players in the edible oil industry have a market share of over 80% combined, thus pointing to a market that is highly concentrated.

5.5. MAIZE

72. From time immemorial, the Government of the Republic of Zambia has always played a role in the maize subsector. It is as a result of various regulations that have been put in place, that enable and allow the Government to intervene. Despite its efforts to completely liberalise the maize market, the government has failed to meet this intended objective, as it has always intervened in this market. These interventions in the maize subsector have been through the Farm Input Support

78 https://cuts-lusaka.org/pdf/Consumer_Watch-Aug-Oct2017.pdf
79 https://tradingeconomics.com/zambia/exports/malawi/oilcake-vegetable-fats-oils

Programme (FISP) and the Food Reserve Agency (FRA), as a way of encouraging small scale farmers to increase productivity of maize – which is the staple food of Zambia.[80]

73. Like any other commodity capable of being sold on a commercial basis, maize is subject to the Control of Good Act Cap 412 of the Laws of Zambia. Cap 412 provides for sweeping presidential powers with regards to trading in goods. It is an Act that enables the President to provide by regulation for the control of the distribution, disposal, purchase and sale, and the wholesale and retail prices of any manufactured or unmanufactured commodity or of any animal or poultry, or of any class of any such commodity, animal or poultry, for the control of imports into, and exports from Zambia, and for other purposes incidental and supplementary.

74. Besides the FISP program, Government activities in the sector are largely through the Food Reserve Agency (FRA). The Food Reserve Agency (FRA) was established by the Food Reserve Act Chapter 225 of the Laws of Zambia[81] to ensure national food security, engage in market facilitation, and in the development and management of national storage facilities. This was done to ensure that designated agricultural commodities for the country are in good supply, thereby maintaining food security in case of emergencies.[82] Through the Act, FRA is able to carry out a number of functions, such as the setting and buying of grain (mainly maize, which is Zambia's main staple crop) from farmers.

80 The National Agriculture Policy 2012-2030, (2011).
81 http://www.parliament.gov.zm/sites/default/files/documents/acts/Food%20Reserve%20Act.pdf
82 http://fra.org.zm/about-us/who-we-are/ accessed on 8/11/2018

6

CONCLUSION

75. Zambia has positioned itself in a fairly favourable position with respect to its regional trade policy. As a member of both the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) Free Trade Areas (FTAs), Zambia is one of the few countries whose exports enjoy duty-free access to SADC and COMESA. At the same time, since SADC and COMESA are still Free Trade Agreements, and Zambia's World Trade Organization (WTO) commitments are not particularly constraining, Zambia enjoys considerable freedom to adjust its extra-regional tariffs and conduct its multilateral trade relationships as it sees fit.

76. Fertiliser, crude edible oils, and frozen fish have remained Zambia's largest imports from Africa and other regions. While strides have been made to reduce the deficits and make Zambia self-sufficient, the gap still remains. In addition to traditional exports such as raw cane sugar, oilcake, and maize seed, Zambia has seen industrial value-added products such as sweet biscuits and sugar confectioneries gaining prominence in Zambia's export profile. This shows Zambia's potential to value add and take advantage of its proximity to markets such as DR Congo and Zimbabwe.

77. The fertiliser market has remained susceptible to cartel conduct at a time when Government has been increasing budgetary allocations to fertiliser procurement. This is largely due to the structure of the fertiliser market, which involves a huge percentage being procured through the Farmer Input Support Program, as well as the concentration and vertical integration of players in the sector – which make market allocation and cross sharing of information highly likely. Competition concerns are also present in the sugar sector, which has seen high domestic sugar prices compared to regional peers, with a bearing on the sugar dependent industries such as confectionaries and others. There are also concerns of high animal feed prices, despite Zambia being largely self-sufficient in soybeans, and having had moderate investments in oil seed crushing and animal feed production. High animal feed prices entail high animal products, with the potential to render Zambian products uncompetitive on the export market.

78. Regional markets equally appear to be affected by specific country markets, as seen with Zambia's sugar exports. While Kenya and South Africa are relatively far markets compared to DR Congo, they enjoyed relatively lower prices than DR Congo, partly explained by the fact that Kenya and South Africa are competitive and mature markets while DR Congo is not, and exhibits a high demand for Zambian sugar. Therefore, margins may be extracted in near markets, to compensate for low margins in far and competitive markets. This also holds true with soya cake exports, with Zimbabwe a near market compared with exports to higher prices than Kenya and South Africa for Zambia-originating exports. While these are important competition issues and require markets to function properly, they require regional intervention.

7

RECOMMENDATIONS

Issue	Recommendations
Trade Flow Analysis Zambia prominent imports include fertiliser, crude edible oils and fish, while exports include raw cane sugar, oilcake, maize seed, and other emerging industrial products such as sweet biscuits and sugar confectionaries.	**For Imports** 1. For crude edible oils, in addition to the promotion of oil seed growing, particularly soybeans, palm oils and other oil seed, crops such as sunflower and cotton must be supported, including through research, investment, and promotion. 2. While fertiliser processing has seen growth of local capacity, reduction in the cost of imported fertiliser will require investments in transportation, particularly railway.
	For Exports 1. Zambia puts in place an export-focused industrial policy, and invests in securing and protecting its proximity markets 2. Support value addition through the creation of an enabling environment (energy, support infrastructure and labor policies) in addition to ensuring that anti-competitive conduct does not unduly restrict and/or restrain the growth of the sector.
Competition Analysis Sugar, fertiliser and animal feed sectors, while having huge export potential, may be affected by anti-competitive conduct including cartel conduct and unfair pricing.	1. Empower institutions responsible for competition regulations, and promote effective competition regulation. In addition, and through policy measures, restructure some Government programs, such as FISP, in fertiliser and import restrictions on sugar, in order to induce competition disciplines in the markets.
Pricing trends analysis The general picture appears to be that of extracting higher margins in close markets with less competition, compared to relatively far markets with competition.	1. Regional competition promotion must be enhanced, to protect sub-regional markets with low internal competition in food markets, so as to lower their costs from imports.

PART F
ZIMBABWE

COMPETITION & TARIFF COMMISSION

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1

INTRODUCTION

1. Zimbabwe's National Development Strategy (NDS 1, 2021-2025) identifies agriculture as a key economic sector. The macroeconomic objective of the plan emphasises the acceleration of value addition and beneficiation in agriculture production, highlighting the importance of agro-processing in the food market. Boosting agriculture production and agro-processing has far-reaching benefits, including food and nutrition security, and increased income for various stakeholders in the agribusiness value chains.

2. Situated in Southern Africa, Zimbabwe boasts a thriving agricultural sector that plays a pivotal role in the nation's economy. Agriculture has historically served as Zimbabwe's economic backbone, providing substantial employment and contributing significantly to the GDP. The country's agricultural landscape is characterised by the cultivation of crops such as tobacco, maize, cotton, and horticultural produce, alongside livestock farming. These products not only cater to domestic consumption but are also traded globally, underscoring the critical role of trade flows in sustaining Zimbabwe's economic prosperity.

3. Conducting research on regional and continental value chains can prove instrumental in helping African economies seize opportunities for investment, growth, and price competitiveness in food markets and the agricultural inputs sector. This research aligns with broader efforts to support continental and regional integration initiatives. Many African countries, Zimbabwe included, have pursued structural reforms. They have opened up their economies to export-oriented policies driven by market dynamics and exemplified by agreements like the African Continental Free Trade Area (AfCFTA).

2

RESEARCH OBJECTIVES AND METHODOLOGY

4. The focus of this study section on Zimbabwe is fourfold:

   i) analysing trade flows of essential agricultural food products and agricultural inputs concerning Africa, regional economic communities (RECs), and key counterparts,

   ii) understanding competition issues or constraints related to traded agricultural food products and agricultural inputs,

   iii) conducting pricing trends analysis for the traded goods and

   iv) assessing the potential trade distortions in terms of tariff and non-tariff barriers at regional level.

5. For the methodology employed in this study, secondary data, and information gathered from Commission reports, including investigated cases and research studies, was utilised. The study concentrates on analysing the top and critical agricultural food products and agricultural inputs traded by Zimbabwe. The selected products for analysis include agricultural inputs (fertiliser, oilseed cake), vegetable oils (crude soybean oil), grains and legumes (maize, wheat, soybeans), protein foods (poultry), vegetables and fruits (citrus fruits), and other commodities (tea & sugar), as these represent commonly traded products among the countries participating in the study.

3

ANALYSIS OF TRADE BY REGION FOR AGRICULTURE & AGRO-PROCESSING

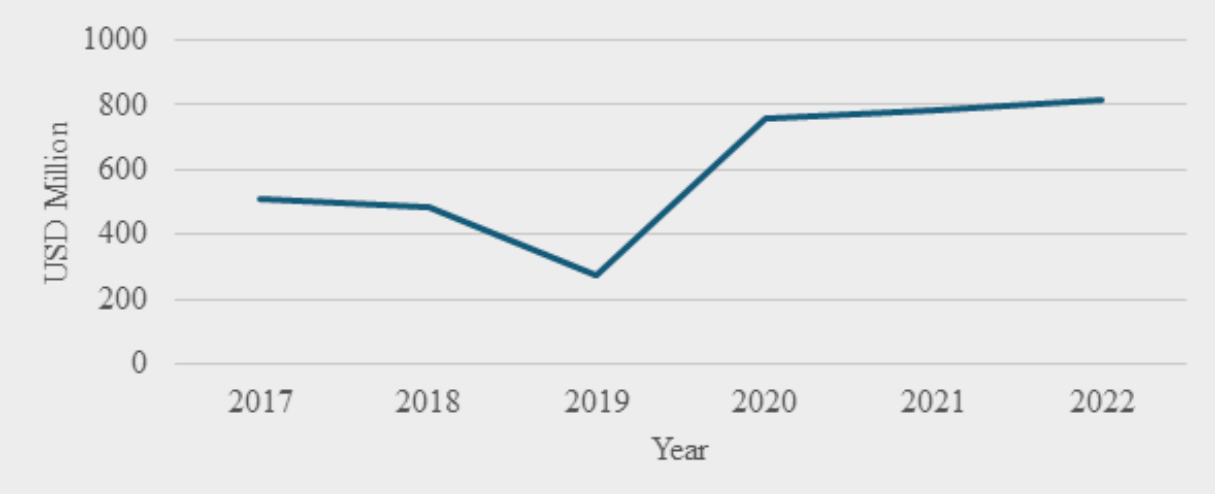
6. This section delves into the examination of Zimbabwe's trade dynamics in terms of both exports and imports of agricultural food products and agricultural inputs, considering interactions with Africa, regional economic communities (SADC & COMESA), and other significant partner countries. The analysis spans the periods before and after the onset of the COVID-19 pandemic, presenting the exchange of these goods in value terms, and providing insights into the balance of trade.

3.1. ZIMBABWE TRADE FLOWS AT THE AFRICAN LEVEL

7. In the last decade, Africa has consistently faced an average food trade deficit of approximately US$30 billion annually, despite the continent's ample land availability and fertile soils.[1] The significance of agricultural food product value chains and inputs cannot be overstated for African economies, serving as crucial sources of employment and poverty alleviation.[2] The recent surge in food inflation[3] has heightened the importance of these sectors, prompting governments to explore strategies for achieving food self-sufficiency.

8. Between 2017 and 2022, Zimbabwe's imports of agricultural food products from the rest of Africa exhibited fluctuations, with an overall upward trajectory. The figure 1 below illustrates this trend.

Figure 1: Zimbabwe imports of agricultural food products from Africa



Source: ITC Trade Map (2024)

1 Nsomba, Grace, Simon Roberts, and Ntombifuthi Tshabalala. *Assessing agriculture markets in Eastern and Southern Africa: Implications for inclusion, climate change and the case for a market observatory*. Vol. 7. CCRED Working Paper, 2021.

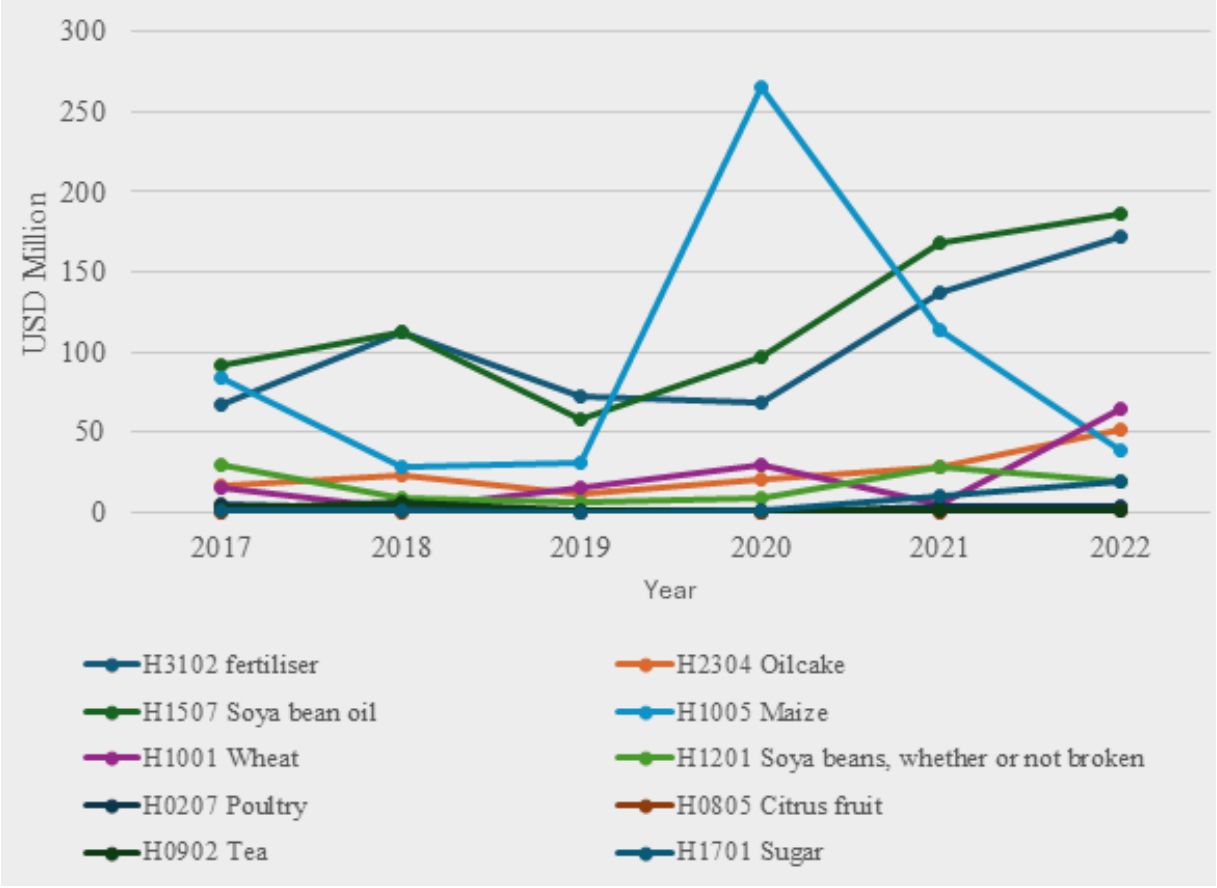
2 Annandale, Desmond Lawrence. "The African Continental Free Trade Area (AfCFTA): Opportunity or pipedream for South Africa's Agricultural Exports." PhD diss., Stellenbosch: Stellenbosch University, 2022; El-Enbaby, Hoda, Jose Luis Figueroa, Hagar El-Didi, and Clemens Breisinger. "The role of agriculture and the agro-processing industry for development in Egypt: An overview." Egypt Strategy Support Program (2016).

3 Zimbabwe has been characterized by a substantial decline in agriculture production and high food prices which increased food insecurity in 2019 (Runganga, Raynold, and Simbarashe Mhaka. "Impact of agricultural production on economic growth in Zimbabwe." (2021). Available at: https://mpra.ub.uni-muenchen.de/106988/1/MPRA_paper_106906.pdf).

9. Upon closer inspection of figure 1 above, a notable decline in agricultural food product imports occurred from 2018 to 2019, followed by a substantial surge leading into 2020. The steady rise from 2020 to 2022 can be attributed to the continued trading of essential goods, including food products, even during the peak of the COVID-19 pandemic.[4] Figure 2 below zooms in on critical agricultural food products such as wheat, maize, soybean oil, and agricultural inputs like fertiliser and oilcake, offering a more disaggregated view of Zimbabwe's trade flows.

10. Of interest is the trend in maize imports, which is seen to show a sharp increase in the agricultural products imports from the period 2019 to 2020. Maize is a staple food in Zimbabwe, and its importation is prioritised during periods of shortages. Zimbabwe experienced adverse weather conditions during the 2018/19 cropping seasons, including rainfall deficits which resulted in a lower maize output of about 780 000 tonnes.[5] This prompted increased imports during the subsequent period.

Figure 2: Zimbabwe imports of specific food products and agricultural inputs from Africa



Source: ITC Trade Map (2024)

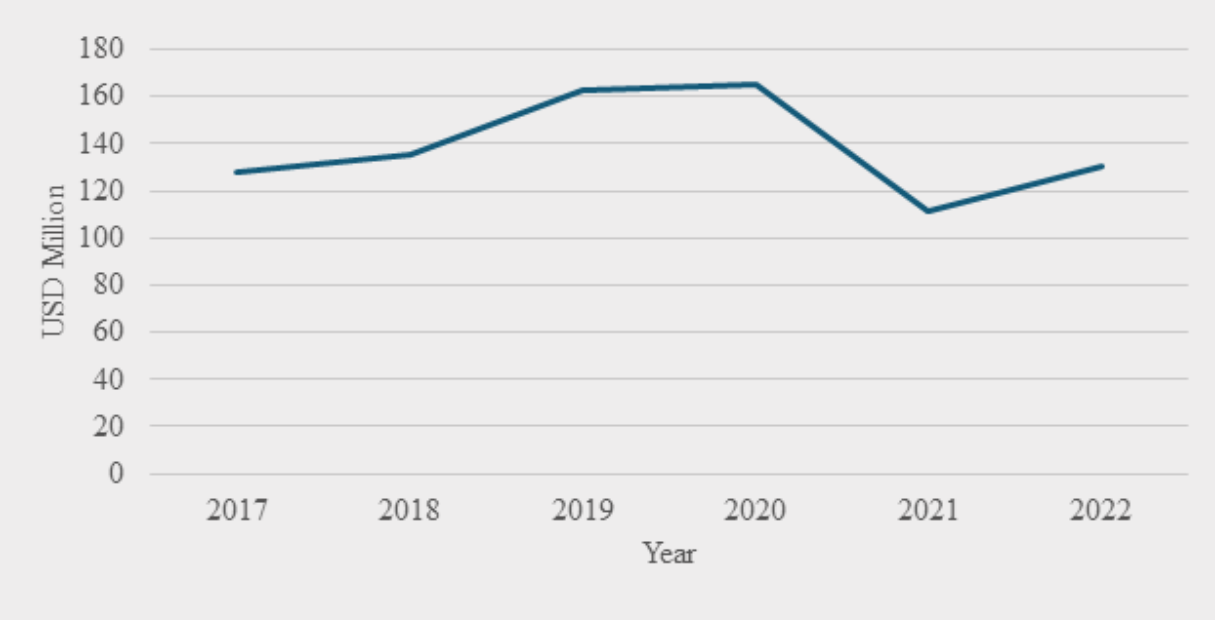
11. Among agricultural food products and agricultural inputs, soybean oil and fertiliser (ammonium nitrate & urea) emerged as crucial imports for Zimbabwe by 2022 respectively. The Zimbabwean government continues to invest heavily in agriculture, and this is leading to increased imports of agricultural inputs such as fertiliser. Furthermore, ammonium

4 FAO. 2019. GIEWS Update: Available at: https://www.fao.org/3/ca6624en/ca6624en.pdf.
5 FAO. 2019. GIEWS Special Alert: Available at: https://www.fao.org/3/ca3387EN/ca3387en.pdf.

nitrate fertiliser is commonly used in maize production in Zimbabwe. Zimbabwe's largest import component in food products was maize in 2020, as seen above in figure 2.

12. The figure 3 below highlights Zimbabwe's exports of food products to Africa. The overall assessment of the 5-year period indicates a general trend of slight increases in food exports to Africa. Notably, the period from 2017 to 2020 witnessed a modest increase in food product exports, followed by a decline from 2020 to 2021, and a subsequent increase in exports in 2022.

Figure 3: Zimbabwe exports of food products to Africa

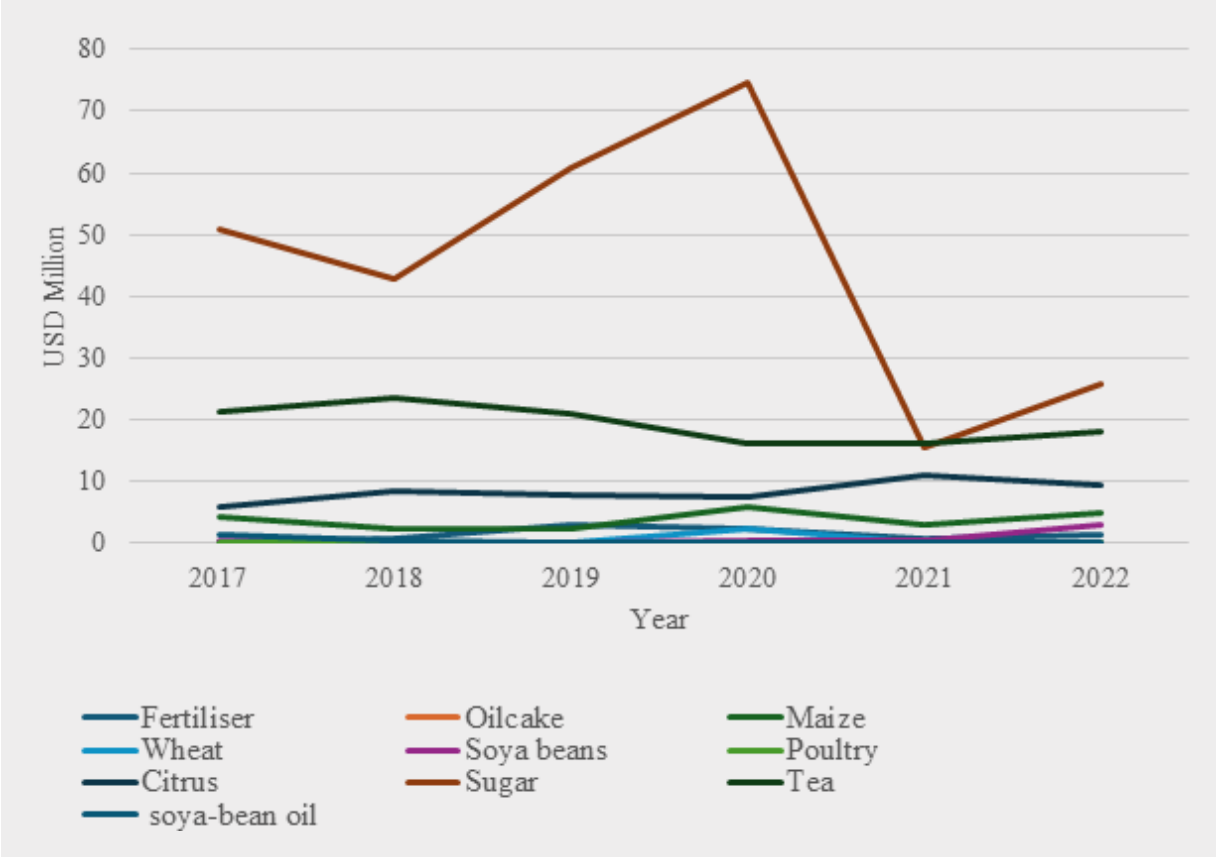


Source: ITC Trade Map (2024)

13. An analysis of exports in figure 4 below indicates that Zimbabwe's largest exports were sugar, tea, citrus fruits, and maize. Zimbabwe exported mainly tea and citrus fruits to South Africa, and maize to Zambia and Mozambique. The decline in exports in 2020 to 2021, seen above in figure 3, can also be attributed to the huge decline in exports of sugar during this period. Zimbabwe exports of sugar have traditionally been directed to Botswana, Mozambique, and Kenya.

14. In 2021 there was an indication of no exports recorded to one of Zimbabwe's biggest sugar export destinations (Kenya), which may have contributed to the 2021 decline in the value of food products to Africa. Overall, Figure 4 below also indicates a decline in tea exports to Africa over the period.

Figure 4: Zimbabwe exports of specific food products and agricultural inputs to Africa



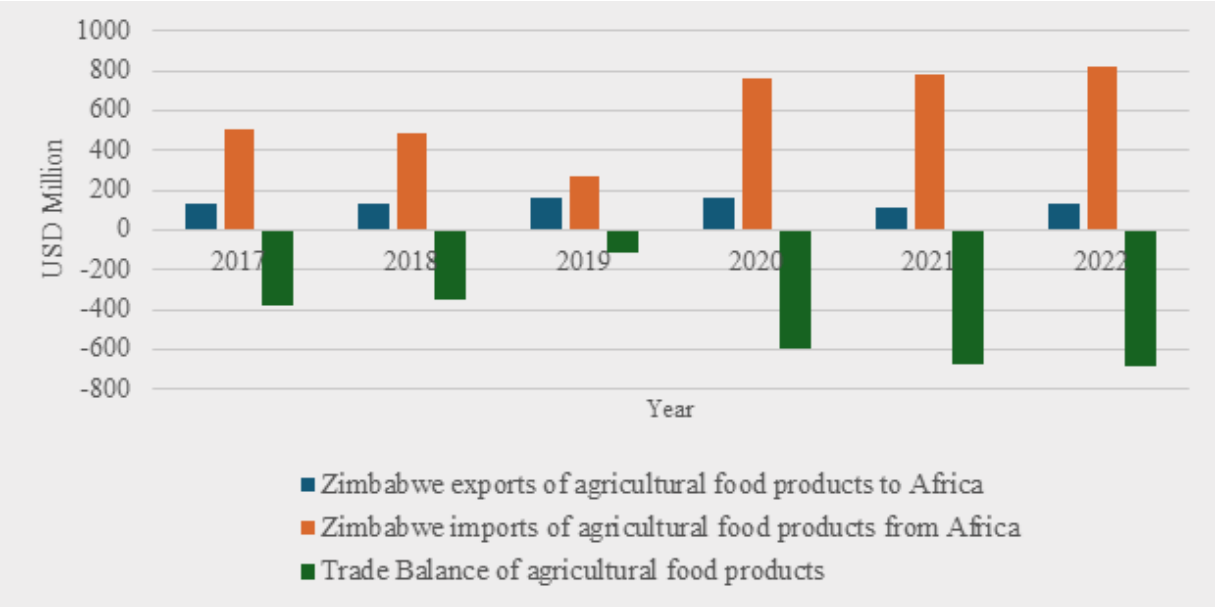
Source: ITC Trade Map (2024)

15. The decline in exports to Africa, most notably for sugar, could also be explained by disruptions to economic activity during the peak of the Covid 19 pandemic, although borders were not closed for essential product movement.[6]

16. The figure 5 below showcases Zimbabwe's trade balance of agricultural food products with Africa from 2017 to 2022. The analysis shows a negative trade balance, indicating that Zimbabwe is importing more food products than it is exporting to the African region. This trade deficit has implications for Zimbabwe's current account, and may lead to reduced foreign exchange income which can be used to finance the deficit.

6 Steinwehr, U. 2020. Africa: When closed borders become a problem. Available at: https://www.dw.com/en/africa-when-closed-borders-become-a-problem/a-53311669.

Figure 5: Zimbabwe Trade Balance of Agricultural Food Products (2017 -2022) with Africa in USD Millions



Source: ITC Trade Map (2024)

17. A more in-depth examination of the trade deficit in food products indicates a decline in the trade deficit from 2017 to 2019, and a subsequent increase in the trade deficit from 2020 to 2022. This suggests that Zimbabwe's agriculture sector may not be meeting domestic demand and population growth adequately. This could be attributed to various factors, including inefficiencies and unfavorable weather conditions.[7] Regarding competitiveness in the aggregate African market, the trade deficit may indicate that other countries might be able to produce and supply food products more efficiently and at a lower cost than Zimbabwe.

18. This external dependence has been a concern for Zimbabwe's policymakers, especially during times of global economic uncertainty. However, as nations in the AfCFTA aim at enhancing intra-Africa trade, there is an opportunity for countries to address shortfalls and trade more efficiently within the continent, particularly when African nations are not meeting the national requirements in terms of domestic production.[8]

19. The ten products considered in this study, namely fertiliser, maize, wheat, soybean, oilcake, soybean oil, poultry, citrus fruit, sugar and tea, are each analysed in the subsections below. This section first considers the trade of these products at the continental (African level), cascading down to regional level, and then finally at the country level.

3.1.1. Fertiliser

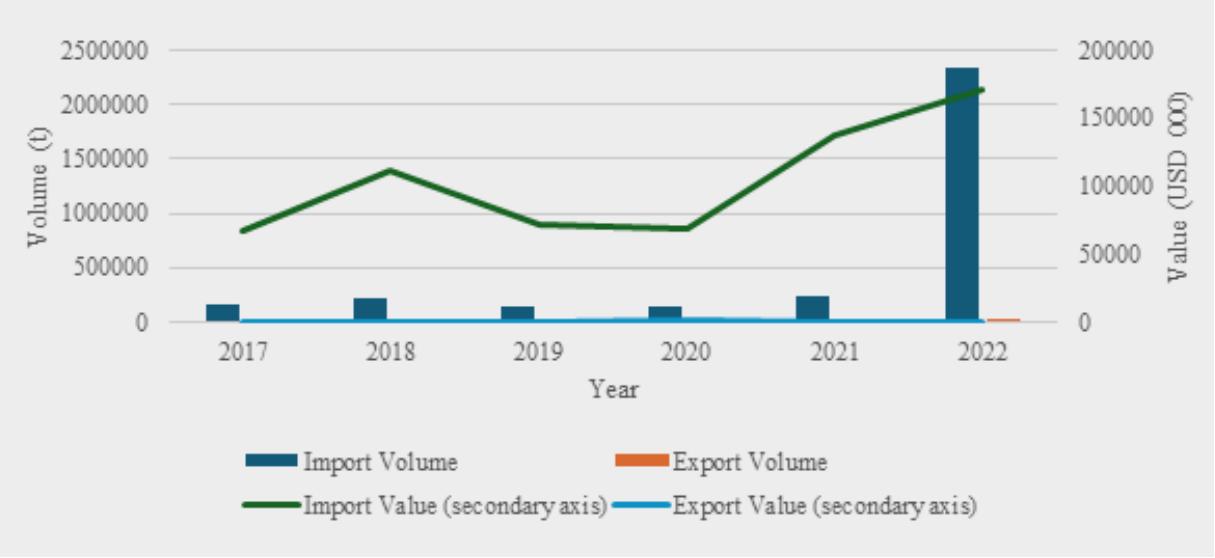
20. Zimbabwe, like other Sub-Saharan African countries, is largely dependent on fertiliser imports, although it has a fertiliser industry that consists of players at various stages of the value chain, namely mining, primary production[9]

7 FAO. 2019. GIEWS Special Alert: Available at: https://www.fao.org/3/ca3387EN/ca3387en.pdf.
8 UNECA. 2023. Implementing the AfCFTA Agreement will boost intra-African trade and industrialization | United Nations Economic Commission for Africa (uneca.org)
9 Zimbabwe has huge potential to replace imports, as it has phosphate rock deposits mined and extracted by Dorowa Minerals (Private) Limited - a 100% subsidiary of Zimbabwe Phosphates Industries Limited (Zimphos). The phosphate is then supplied to Zimphos to produce Single Super Phosphates (SSP) and Triple Super Phosphates (TSP). Ammonium nitrate (AN) has been manufactured by Sable Chemicals though the company has been struggling to meet local demand.

and secondary production. In Zimbabwe, the three main fertiliser types used are the NPK granular compounds, the NPK blends, and top dressing (AN). Improving fertiliser production and application has not only been an agenda for Zimbabwe but for Africa as a region, which has been highlighted in the 2003 Maputo Declaration initiative to raise agricultural investment, as well as the 2006 *Abuja Declaration on Fertiliser for an African Green Revolution,* and the Comprehensive Africa Agriculture Development Programme.

21. Government input schemes such as Command Agriculture and Presidential input schemes are the major fertiliser consumers in Zimbabwe. In 2018, the total estimated demand for fertiliser in Zimbabwe was about 649 000 tonnes,[10] while actual production was around 400 000 tonnes per year. The difference was thus supplemented by imports. The figure 6 below shows Zimbabwe's import and export volumes in tons (primary axis) and the corresponding trade values (in US Dollar thousands on the secondary axis), in relation to its African trade. The figure 6 below shows that Zimbabwe imports more fertiliser from Africa than it exports, in volume and value terms, and that this trend for imports has shown an overall increase over the 2017 to 2022 period.

Figure 6: Zimbabwe fertiliser trade with rest of Africa 2017 - 2022



Source: ITC Trade Map 2024

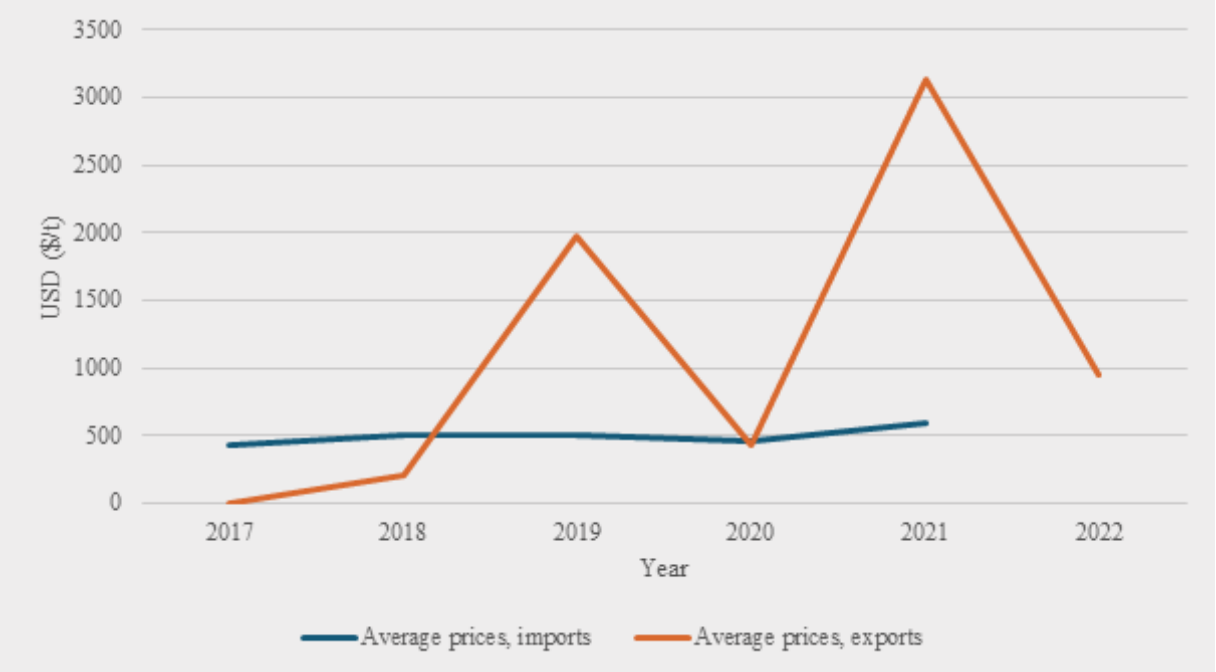
22. Zimbabwe imported most of its fertiliser from South Africa. South Africa supplied about 56% of the fertiliser imports to Zimbabwe to meet its demand, especially from the government, to cater for its agricultural input scheme. In 2021 the demand for imported fertiliser increased steeply, as the government intervened through the agriculture input scheme to enhance agricultural production and food security. Zimbabwe's fertiliser cost of production is hindering its capacity to meet the local demand, due to the cost of ammonia, which doubled on the international market. This is due to the high natural gas prices after supplying countries imposed some restrictions on exports, driving local prices to high levels. Natural gas is a critical raw material for the production of fertiliser, and an increase in ammonia costs leads to pass-through price on the subsequent products that use this raw

10 Commission. 2018. A Study of the Zimbabwe Fertiliser Industry. Harare: Competition and Tariff Commission.

material as an input, and thus a spike in prices. Zimbabwe has great potential in the fertiliser sector due to availability of some of the raw materials such as phosphates locally, and the potential gas available at Muzarabani.[11]

23. The figure 7 below shows price trends per tonne ($ per tonne) for imported and exported fertiliser from Africa to Zimbabwe during 2017 to 2022.

Figure 7: Pricing trend for imported and exported fertilizer ($/t)



Source: ITC Trade Map (2024)

24. The price trend for imported fertiliser prices from Africa shows a general average rise in the price of fertiliser from $497 in 2017 to $593.52 in 2021. The average export prices are generally fluctuating, though showing an upward trend. Zimbabwe is mainly a net importer of fertiliser, and has insignificant exports, which explains the trend.

25. In relation to market structure, the fertiliser production and distribution market structure analysis for 2016 indicated high concentration, with the top four players controlling 90% of the market, as highlighted in table 1 below. Concentration ratios (HHI and CR4) suggested a market which was highly concentrated, as of 2016.

11 World Oil. (2023). Invictus energy makes significant natural gas discovery onshore Zimbabwe. https://worldoil.com/news/2023/12/7/invictus-energy-makes-significant-natural-gas-discovery-onshore-zimbabwe/

Table 1: Fertiliser Production and Distribution Market Structure as at 2016

Firm	Volumes (t)	Market Share (%)	HHI
FSG	120 000	30	900
Omnia	100 000	25	625
ZFC	80 000	20	400
Windmill	60 000	15	225
Others (Grow Fertilizer, Newfert, TRIOMF and Profert)	40 000	10	10
Total	**400 000**	**100**	**2 160**

Source: Author's Compilation

26. The market was oligopolistic in nature, as 90% of the market was controlled by four large players. Notably, the international and Zambian fertiliser markets[12] demonstrate considerable concentration. Furthermore, there are close links between ETG and FSG, due to ETG's joint venture with SABIC from 2022, and Meridian's acquisition by Ma'aden in 2019. SABIC and Ma'aden, both owned by the Saudi Arabian state, have common shareholdings in fertiliser operations in Saudi Arabia (ibid). Government interventions via input schemes have an influence on a sizeable portion of the supply chain, and has an effect on the fertiliser market as a whole. Governmental influence on markets is manifested through direct involvement as a large purchaser of goods and services. Zambia, akin to Zimbabwe, features major suppliers playing pivotal roles in the fertiliser sector. These include: i) ETG/Zambian Fertilisers, holding approximately a 40% market share; ii) FSG/Meridian, owned by the Saudi Arabian company Ma'aden, also commanding roughly 40% of the market; iii) Omnia, a South African producer specialising in ammonium nitrate and ammonium phosphate fertilisers; and iv) Yara, one of the largest global fertiliser producers with extensive operations across the African continent.[13]

27. In relation to competition issues, the homogeneity of the product with inelastic demand made the market vulnerable to anti-competitive practices, such as collusion and abuse of collective dominance.[14] Barriers to entry and expansion were identified as capital, infrastructure, and regulation. Cross-ownership among primary and secondary producers hindered innovation and efficiency in production systems.

3.1.2. Maize

28. Maize is a staple food in Zimbabwe, and is prominent in Zimbabwe's agricultural landscape. It is grown mainly for human and animal consumption, and is adaptable to various geographic locations. Zimbabwe has seen low levels of maize exports (see figure 8 below) as it has been prioritising local self-sufficiency before it focuses on meeting international demand. The government announced the removal of import duties on maize in September 2023, with the aim to

12 Nsomba, G. & Roberts, S. 2023. Building competitive agricultural markets for Zambia: Unlocking export potential. https://www.theigc.org/sites/default/files/2023-11/Nsomba%20and%20Roberts%20Final%20report%20November%202023.pdf

13 Nsomba, G. & Roberts, S. 2023. Building competitive agricultural markets for Zambia: Unlocking export potential. https://www.theigc.org/sites/default/files/2023-11/Nsomba%20and%20Roberts%20Final%20report%20November%202023.pdf

14 Commission. 2018. A Study of the Zimbabwe Fertilizer Industry. Harare: Competition and Tariff Commission.

help shore up domestic supplies, in view of the likely reduced harvest in 2024 (caused by the El-nino effect[15] during the 2023/24 agricultural season).[16] The figure 8 below depicts Zimbabwe maize trade with the rest of Africa from 2017 to 2022, and it is clear that Zimbabwe is a net importer of maize.

Figure 8: Zimbabwe maize trade with the rest of Africa

Source: ITC Trade Map (2024)

29. The table 2 below highlights the list of supplying markets for Zimbabwe maize import requirements, quantity imported, total volume and value imported, as well as average prices from the different countries.

Table 2: Supplying markets from Africa for Zimbabwe maize imports

Exporters	Volume (Tons)					Total by Country (2018-2022)		
	2018	2019	2020	2021	2022	Volume (Tons)	Value (USD Mi)	Average Price (USD/t)
Africa	47 174	73 600	820 161	352 277	119 017	1 412 229	$477.560	$338.16
South Africa	39 641	25 360	648 142	257 776	25 405	996 324	$344.120	$345.39
Zambia	6 695	5 510	75 025	68 043	72 832	228 105	$67.244	$294.79
Mauritius	-	13 635	77 802	1,892	-	93 329	$32.760	$351.02
Malawi	726	-		21 430	19 760	41 916	$14.670	$349.99
Tanzania	-	14 993	19 192	-	-	34 185	$11.672	$341.44
Morocco	-	14 100	-	-	-	14 100	$5.222	$370.35
Mozambique	112			3 000	1 020	4 132	$1.824	$441.43
Botswana	-	2	-	136	-	138	$44	$318.84

Source: ITC Trade Map (2024)

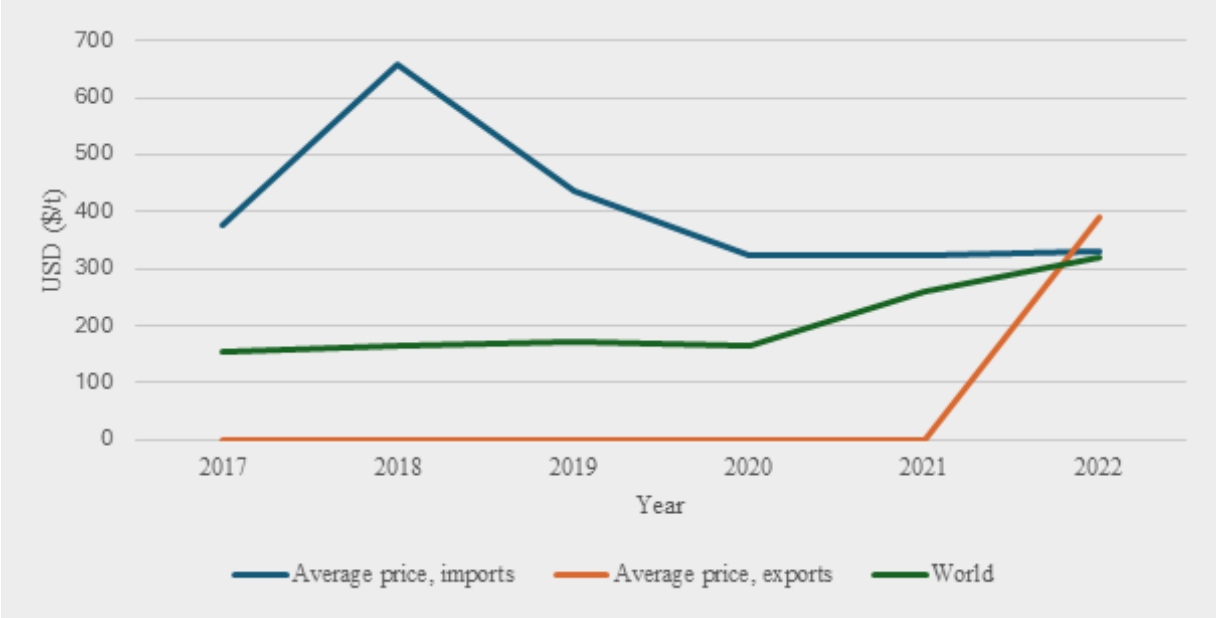
15 El Niño leads to below-average precipitation which can result in water shortages, crop failures, and food insecurity, negatively affecting agricultural production.

16 FAO. 2023. Zimbabwe Food Security Snapshot. https://www.fao.org/giews/countrybrief/country.jsp?code=ZWE&lang=AR

30. The supply market for maize to Zimbabwe is dominated by South Africa, contributing about 71% of the maize imported by Zimbabwe from Africa over the period. The Zimbabwean government values the importation of maize to supplement the domestic shortage, as maize is a staple food. In 2020, Zimbabwe imported more maize from Africa to supplement the national demand, as the country had experienced adverse weather conditions during the previous season, which limited domestic production.[17] Zambia, on average, offered a competitive price per tonne, while South Africa (the major partner) offered less competitive prices than offered in Africa in general. Mozambique has the highest price per tonne over the period.

31. The figure 9 below shows average price trends (dollar per tonne) for maize imports and exports in relation to Zimbabwe's trade with the rest of the continent during 2017 to 2022. Over the period, it can be seen that maize import prices increased sharply from 2017 to 2018, and they started declining after 2018. Zimbabwe has experienced adverse weather conditions such as El Nino over the years, including the 2015-2016 El Nino events which resulted in severe droughts significantly affecting agriculture, water resources and food security in Zimbabwe as crop yields were reduced. The price trend indicates convergence over the period with world commodity prices. The average export price has been mainly zero, given that Zimbabwe was mainly a net importer of maize during the period assessed.

Figure 9: Pricing trend for maize imports and exports ($/t)



Source: ITC Trade Map (2024); World Bank Commodities Prices18Data 2022

32. In terms of maize competition issues, in 2019 the Grain Millers Association of Zimbabwe (GMAZ) sought the Commission's approval for its Cost Review Technical Committee (CRTC), acknowledging its potentially collusive nature, but asserting its necessity for public and national interest. The Commission found that CRTC's operations indeed restricted

17 FAO. 2019. GIEWS Update: Available at: https://www.fao.org/3/ca6624en/ca6624en.pdf.
18 World Bank Commodities Price Data (The Pink Sheet) https://thedocs.worldbank.org/en/doc/5d903e848db1d1b83e0ec8f744e55570-0350012021/related/CMO-Pink-Sheet-April-2022.pdf

competition by fostering information sharing among millers, resulting in uniform prices for staple foods like maize. The Commission's investigations uncovered CRTC's role as a hardcore cartel, negatively impacting consumers and hindering the competition process. The near-universal membership of millers in GMAZ intensified its monopolistic tendencies.

33. Given these findings, the Commission deemed CRTC's operations a restrictive practice against the public interest. It referred the case to the Commercial Crimes Division (CCD) for CCD to initiate prosecution processes. The immediate disbandment of CRTC and its operations was also advised.[19] In 2019, due to SI 145 of 2019,[20] the Grain Marketing Board (GMB) was the sole trader of maize, and this was amended through SI 56 of 2023,[21] which has now added other authorised agencies to participate in the trade of maize. This move has also allowed farmers to benefit from receiving fair prices for their maize.[22]

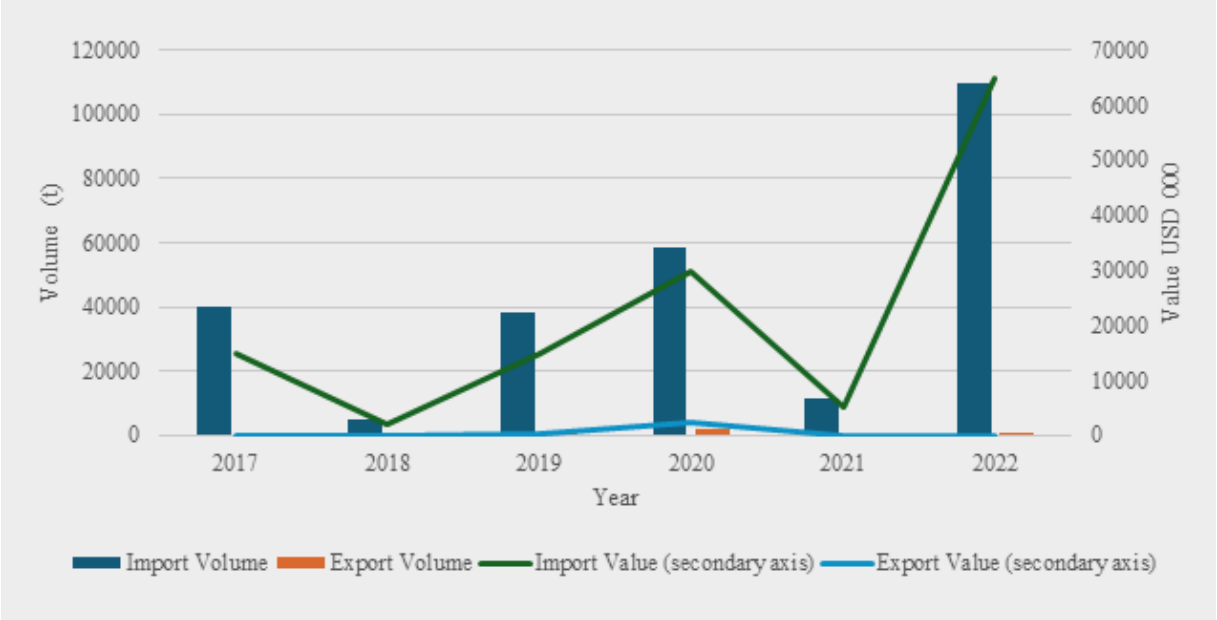
3.1.3. Wheat

34. Wheat is the second most important cereal after maize in the food security basket in Zimbabwe, mainly because of the end product - bread. Bread has become a key staple food in the country and its demand has been rising, with the general populace switching consumption from traditional maize meal (*sadza*) to pasta and bread. Zimbabwean wheat is grown in winter under irrigation using electricity, making the crop costly to grow compared with other regions, where the crop is rainfed. Zimbabwe produced around 375 000 tonnes of wheat in 2022, and the average annual wheat requirement for the country is estimated to be about 400 000 tonnes, implying that Zimbabwe in recent times has been mostly self-sufficient.

35. In a bid to move towards self-sufficiency and reduce wheat imports, the Government made strides in 2016 to increase private sector participation in the production of wheat, through the command agriculture scheme. Private contractors have access to land through joint ventures with land beneficiaries from the land reform program, and rentals payable for the lease are a major cost element that makes the crop uncompetitive. Further to producing inadequate quantities of wheat, Zimbabwe produces mainly soft wheat, which is low in protein content. According to the bakers, the soft wheat is not suitable for quality bread production. The soft wheat is blended with hard wheat, which is usually imported, to meet the gristing qualities of flour demanded by bread bakeries. Imports of wheat are also there to cover periods of wheat shortages. The figure 10 below shows Zimbabwe's wheat trade with the rest of Africa. It can be observed that Zimbabwe has been a net importer of wheat over the period reviewed.

19 Commission. 2019. Report on Investigation into application for authorisation and condonation of the operations of GMAZ's Cost Review Technical Committee.
20 Grain Marketing (Control of Sale of Maize) Regulations, 2019 (S.I. 145 of 2019) provided for the control on the marketing of maize and declared maize to be a controlled product in terms of the Agricultural Marketing Authority Act.
21 Grain Marketing (Control of Sale of Maize) (Amendment) Regulations, 2023 Statutory Instrument 56 of 2023 transitioned the sale of maize from a controlled market to market liberalisation.
22 Herald. (2023, May 13). SI 56 will allow us to get maximum value of produce. The Herald. https://www.herald.co.zw/si-56-will-allow-us-to-get-maximum-value-of-produce/

Figure 10: Zimbabwe wheat trade with rest of Africa, 2017-2022



Source: ITC Trade Map (2024)

36. The table 3 below highlights the list of supplying markets to Zimbabwe for wheat, the quantity imported, total volume and value imported, and average prices from the different countries.

Table 3: Supplying markets from Africa for Zimbabwe wheat imports

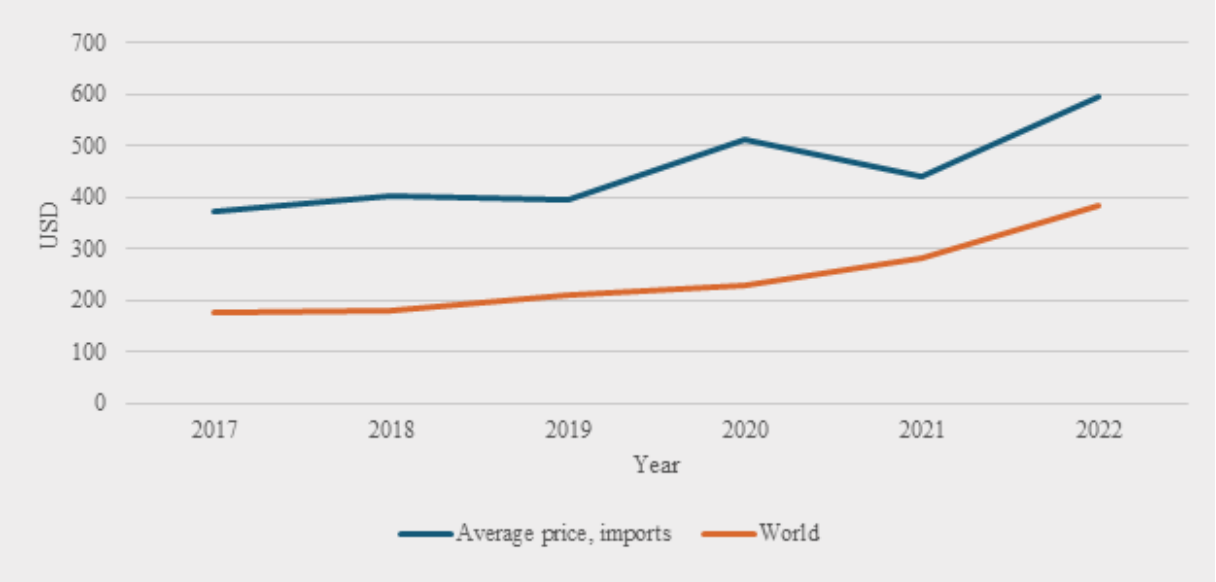
Exporters	Volume (Tons)					Total by Country (2018-2022)		
	2018	2019	2020	2021	2022	Volume (Tons)	Value (USD Million)	Average Price (USD/t)
World	273 788	124 632	244 249	180 726	172 774	996 169	$442.441	$ 444.14
Africa Aggregation	4 764	38 042	58 273	11 448	109 473	222 000	$116.813	$ 526.18
South Africa	4 764	38 042	51 813	10 448	94 393	199 460	$97.674	$ 489.69
Mozambique	-	-	4 060	-	15 080	19 140	$17.786	$ 929.26
Seychelles	-	-	-	1 000	-	1 000	$446	$ 446.00

Source: ITC Trade Map (2024)

37. Average global prices for wheat were generally lower compared to the average prices of wheat in Africa, pointing to potential competitiveness issues. The global supply market is competitive, with countries such as Poland, United Kingdom and Canada contributing 30% of the imported wheat to Zimbabwe. South Africa supplied 20% of wheat to Zimbabwe over the period. South Africa has competitive wheat prices on average, which is below the average prices for the Africa region. This is, however, still above the average for global prices. Mozambique has the highest price per tonne over the period.

38. The figure 11 below shows average price trends (dollar per tonne) for wheat imported from Africa during 2017 to 2022, compared with World Bank commodity prices for wheat. It can be seen that Africa's wheat import price is rising over the 2017 to 2022 period, similar to the world prices for wheat.

Figure 11: Pricing trend for imported wheat in Africa and World



Source: ITC Trade Map (2024); World Bank Commodities Prices[23] Data 2022

39. The Russain-Ukraine war restricted importation from both countries, and caused a rise in wheat prices globally. The Zimbabwean government used to rely on wheat imports to balance low local production, but has found other means and implemented contract wheat farming to increase production, aimed at meeting the local demand and building strategic reserves.

40. In relation to the market structure, wheat is mainly grown by contract growers, with some players vertically integrated. The main private players contracting farmers under the Command Agriculture Scheme include National Foods through affiliated company Paper Hole Investments (PHI), Northern Farming and Staywell. Wheat produced under private contract schemes accounts for at least 70% of the national wheat production, though in terms of land usage, private contracted farmers occupy half of the land under wheat production. Private contractors' yield per hectare is higher (at around 6 tonnes per hectare) than that of small-scale farmers (at around 4.5 tonnes per hectare).

41. Regarding competition issues, marketing of wheat was liberalised, allowing it to be traded on the open market. Despite deregulation, GMB remained the buyer of choice for many farmers, due to the Government's announced prices. Higher producer prices set by Government are meant to incentivise farmers to venture into wheat farming. The producer price of wheat was increased from $500/tonne in 2017 to $630/tonne in 2018. Both contract and free farmers have therefore resorted to delivering all their wheat produce to the GMB.

23 World Bank Commodities Price Data (The Pink Sheet) https://thedocs.worldbank.org/en/doc/5d903e848db1d1b83e0ec8f744e55570-0350012021/related/CMO-Pink-Sheet-April-2022.pdf

42. GMB currently does not have a grading system for wheat, buying all the wheat at a flat fee despite differences in grain quality. The absence of a grading system disincentivises farmers to produce, maintain and deliver graded wheat. The GMB pricing system also does not recognise the differences in wheat protein content because of the uniform price. Due to the yield differences between hard and soft wheat, farmers tend to produce soft wheat, which yields 9 tonnes per hectare, relative to 6 tonnes per hectare for hard wheat.

3.1.4. Soybean

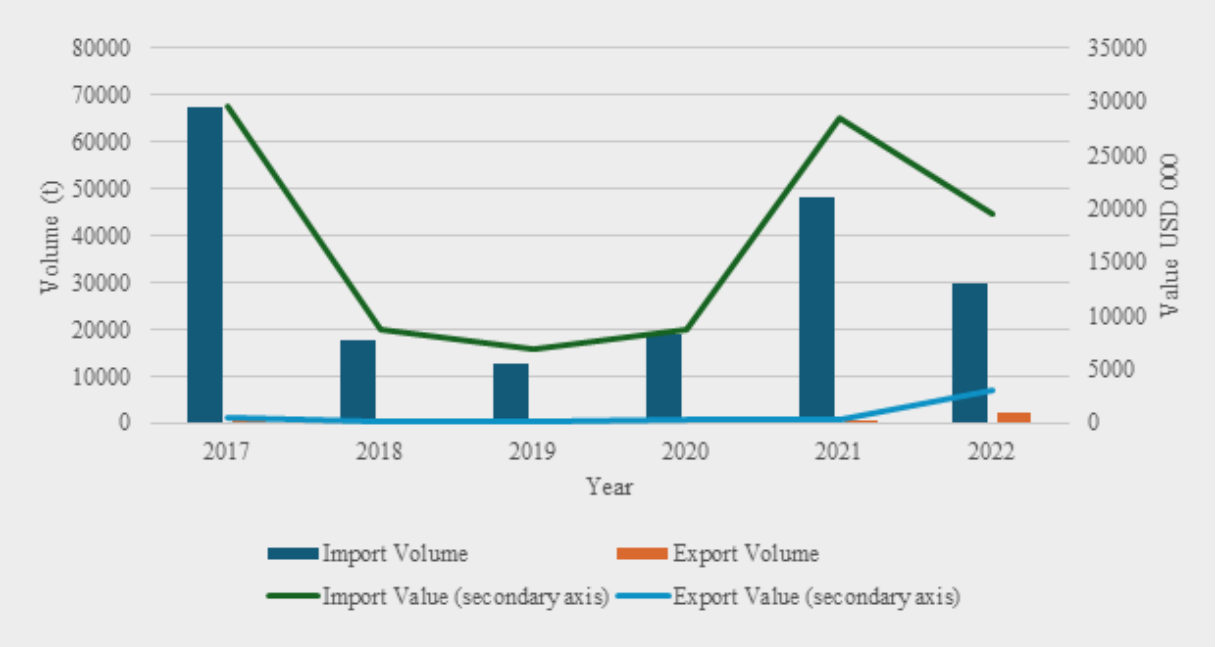
43. Soybean production is mainly done by a significant number of independent commercial farmers, and soybean contract farming between farmers and large agricultural corporations, such as oil expressers. Examples include URL's SOBOA initiative started in 2022, wherein it accessed 4000 Mt. In 2023, targeted output is expected to reach 18 000 metric tonnes (Mt). ZIMGOLD is also involved in soybean contract farming through big contractors, for 4000 hectares under production, supported with an expected output of 10 000 Mt. This was motivated by Government's encouragement that oil expressers must provide 40% of the edible oil requirement through local oilseeds, to localise the value chain and depend less on imported crude oil.[24]

44. Soybean is primarily processed into animal feed and vegetable oil. Zimbabwe has witnessed a general decrease in production of soya beans over the years between 2000 to 2021, from about 140 793 Mt in 2001 to 54 404 Mt[25] in 2021. Due to shortages of locally produced edible oilseeds, some soybean supplies are sourced from Zambia and South Africa[26] as indicated in table 5 further below. Due to shortages of locally produced edible oilseeds, some soybean supplies are sourced from Zambia and South Africa, though in South Africa it is mainly GMO soybean.[27]

45. The ITC Trade Map data below depicts Zimbabwe's soybean trade with the rest of Africa. It is observed that Zimbabwe has been a net importer of soybean from Africa over the period.

24 Commission. 2023. Edible Oils Value Chain Study: Challenges and Policy Proposals.
25 FAOSTAT Database. 2023. Zimbabwe Food Security Snapshot. Available at: https://www.fao.org/giews/countrybrief/country.jsp?code=ZWE&lang=AR.
26 ITC Trade Map. 2024.
27 Commission. 2023. Edible Oils Value Chain Study: Challenges and Policy Proposals. Genetically Modified Organisms (GMOs) and non-GMOs (conventionally bred or organic) soybeans differ mainly in their genetic makeup, cultivation methods, potential environmental impact, and sometimes, nutritional profile. Genetically modified soybeans have been altered using genetic engineering techniques to introduce specific traits, such as resistance to pests, diseases, or herbicides. Non-GMO soybeans have been bred using traditional methods such as selective breeding.

Figure 12: Zimbabwe soya bean trade with the rest of Africa, 2017 - 2022



Source: ITC Trade Map (2024)

46. The table 4 below highlights the list of supplying markets to Zimbabwe for soybean, the quantity imported, total volume and value imported, and average prices from the different countries.

Table 4: Supplying markets from Africa for Zimbabwe soya bean imports

Exporters	Volume (Tons)					Total by Country (2018-2022)		
	2018	2019	2020	2021	2022	Volume (Tons)	Value (USD Mil)	Average Price (US-D/t)
Africa Aggregation	109 388	58 951	90 932	106 072	96 618	461 961	$622,409	$1347
South Africa	87 978	52 440	63 523	50 368	41 716	296 025	$376,300	$1271
Mozambique		62	15 256	50 269	54 302	119 889	$198,801	$1658
Mauritius[28]	21 381	6 449	12 003	4 927	600	45 360	$46,402	$1023
Zambia	29		150	508	0	687	$0.906	$1319

Source: ITC Trade Map (2024)

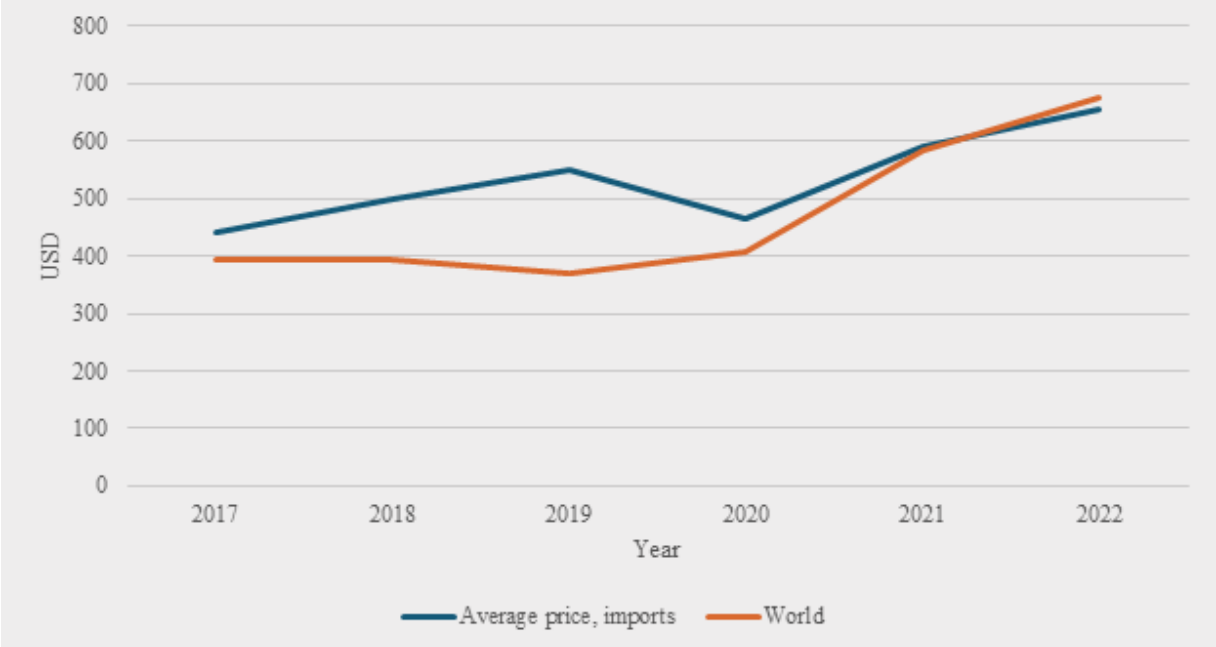
47. South Africa and Mozambique supply about 90% of the soybean imported by Zimbabwe. South Africa has a competitive average price per ton for soybean as compared to Mozambique, which charges the highest. Although Mauritius is more competitive in price per ton for soybean, Zimbabwe is seen to import less from Mauritius than other

28 There is a trade data mismatch in relation to Zimbabwe's soybean imports and Mauritius' soybean exports due to potential underreporting or differences in data recording methodologies and data of trade data capturing, used by different data sources.

African countries, and this could point to more opportunities for trade with Mauritius in relation to soybean. In relation to tariff and non-tariff barriers to trade for soybean, there is a requirement for permits from the MLAWRD.

48. In relation to pricing trends for soybean, figure 13 below shows average price trends (dollar per tonne) for soybean imported by Zimbabwe from Africa during 2017 to 2022. Soybean prices have been rising over the past period in Africa. Africa prices have been less competitive on the soybean price before 2020, and have been slowly converging with world price.

Figure 13: Pricing trend for imported soya bean ($/t)



Source: ITC Trade Map (2024); World Bank Commodities Prices29Data 2022

3.1.5. Oilcake

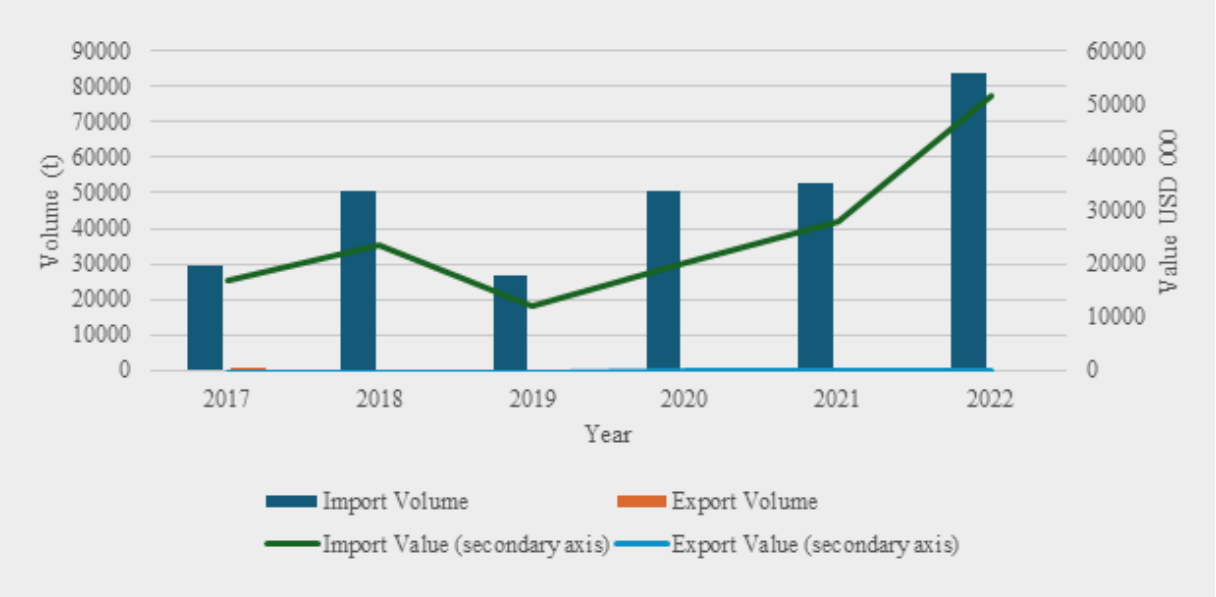
49. Oilcake is primarily a by-product of crushing oilseeds such as soybean. Oilcake is crucial for the poultry production in Zimbabwe, as it is the main source of feed.[30] Zimbabwe has witnessed a general decrease in production of oilseeds (i.e soybeans) over the years between 2000 to 2021, from about 140 793 Mt in 2001 to 54 404 Mt in 2021,[31] thus most of the oilcake shortages are covered through imported oilcake. The figure 14 below illustrates Zimbabwe's reliance on imports for soybean, as its import volumes and values are significantly higher than its exports (which are relatively negligible), and this trend shows a general increase over the period.

29 World Bank Commodities Price Data (The Pink Sheet) https://thedocs.worldbank.org/en/doc/5d903e848db1d1b83e0ec8f744e55570-0350012021/related/CMO-Pink-Sheet-April-2022.pdf

30 Zengeni. T. 2014. The competitiveness and performance of the Zimbabwe poultry industry (Doctoral dissertation, University of the Witwatersrand, Faculty of Commerce, Law and Management, School of Economic and Business Sciences).

31 FAOSTAT. Database. 2023. Zimbabwe Food Security Snapshot. Available at: https://www.fao.org/giews/countrybrief/country.jsp?code=ZWE&lang=AR

Figure 14: Zimbabwe Oilcake trade with the rest of Africa, 2017-2022



Source: ITC Trade Map (2024)

50. The list of supplying markets to Zimbabwe for oilcake, the quantity imported, total volume and value imported, as well as average prices from the different countries.

Table 5: List of supplying markets from Africa for oilcake imported by Zimbabwe

Exporters	Volume (Tons)					Total by Country (2018-2022)		
	2018	2019	2020	2021	2022	Volume (Tons)	Value (USD Mil)	Average Price (USD/tonne)
Zambia	36 680	19 035[32]	25 938	14 808	27 913	124 374	$61,685	$495.96
South Africa	-	293	4 300	25 896	50 495	80 984	$50,021	$617.67
Malawi	14 023	7 484	20 460	11 944	5 568	59 479	$23,605	$396.86
Mozambique	-	-	1	-	-	1	$0.001	$1,000

Source: ITC Trade Map (2024)

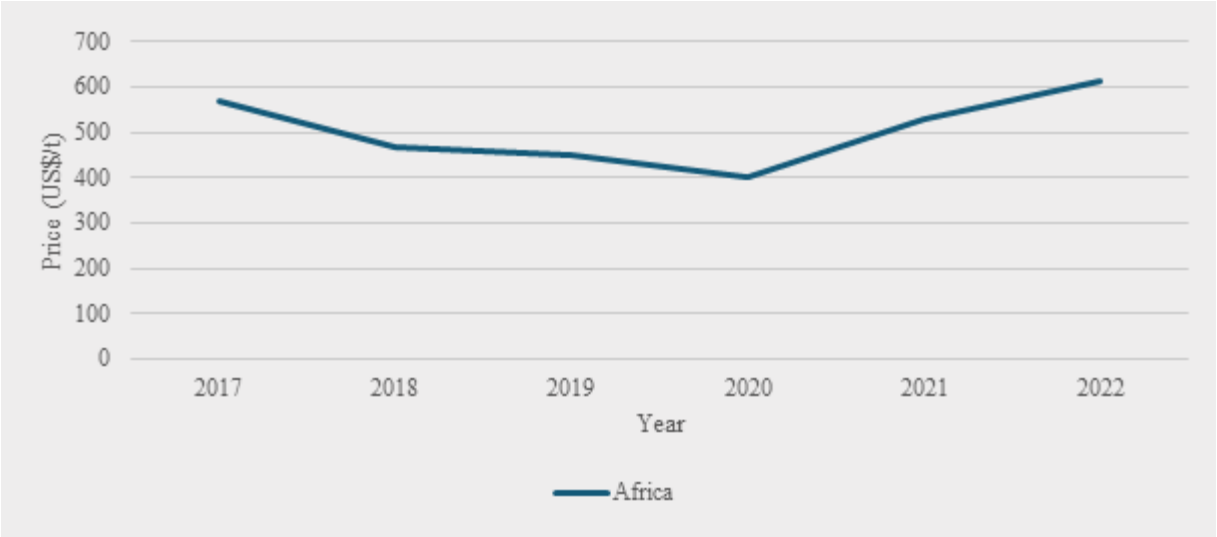
51. The global export market is highly competitive, with countries like Argentina and Brazil producing more than 1 million Mt of soya cake, thus dominating the market based on huge economies of scale. However, looking into intra-Africa trade, one can observe from the table 5 above that Zambia has been the main supplier of oilcake for Zimbabwe, and it has been providing competitive prices. According to a study conducted, favorable pricing for soybeans coupled with a rise in fertiliser prices have prompted farmers to turn from maize to soybean cultivation, which then encourages more availability of

32 There is a data discrepancy when considering Zambia exports of oilcake to Zimbabwe which is indicating 23013tonnes showing potential trade mis-invoicing. https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c894%7c%7c716%7c%7c2304%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c1%7c2%7c1%7c1

oilcake.[33] Malawi has the lowest average price per tonne over the 2018 to 2022 period. Low soybean production levels in Zimbabwe negatively impact the country's ability to meet its oilcake requirements.

52. The figure 15 below shows average price trends (dollar per tonne) for oilcake imported from Africa during 2017 to 2022.

Figure 15: Pricing trend for oilcake ($/t)



Source: ITC Trade Map (2024)

53. The African oilcake prices have been following the same trend path over the 2017 to 2022 period as with SADC and COMESA. Of interest, the 2017 to 2019 period shows a rise in the price trend for soybeans, but at the same time a decline in the price of oilcake could be seen, which is a by-product of soybeans. A possible explanation here could be that the feed industry in Africa is producing more soybeans and could be failing to absorb the increased oilcake produced when crushing to get soybean oil, thereby causing the price to drop.

54. The Commission undertook an edible oils value chain study and noted that soybean meal has by far the largest demand of meal in comparison with other seeds, as seen in table 7 below. This is likely attributable to the fact that it is highly preferred in the production of non-ruminant feeds such as poultry feeds. Poultry feed is in high demand due to the presence of many small holder farmers in chicken production (see table 6 below). Sunflower meal is more suitable in ruminants than nonruminants feeds.[34]

Table 6: Oilcake Demand per Oil Seed

Type of Cake	National Demand in Metric Mt
Soya Meal	190 000
Cotton Meal	77 000
Sunflower Meal	14 000

Source: LMAC (2023)

33 Nsomba, G., Roberts, S., & Tshabalala, N. 2021. Assessing agriculture markets in Eastern and Southern Africa: Implications for inclusion, climate change and the case for a market observatory. CCRED Working Paper. Vol 7.

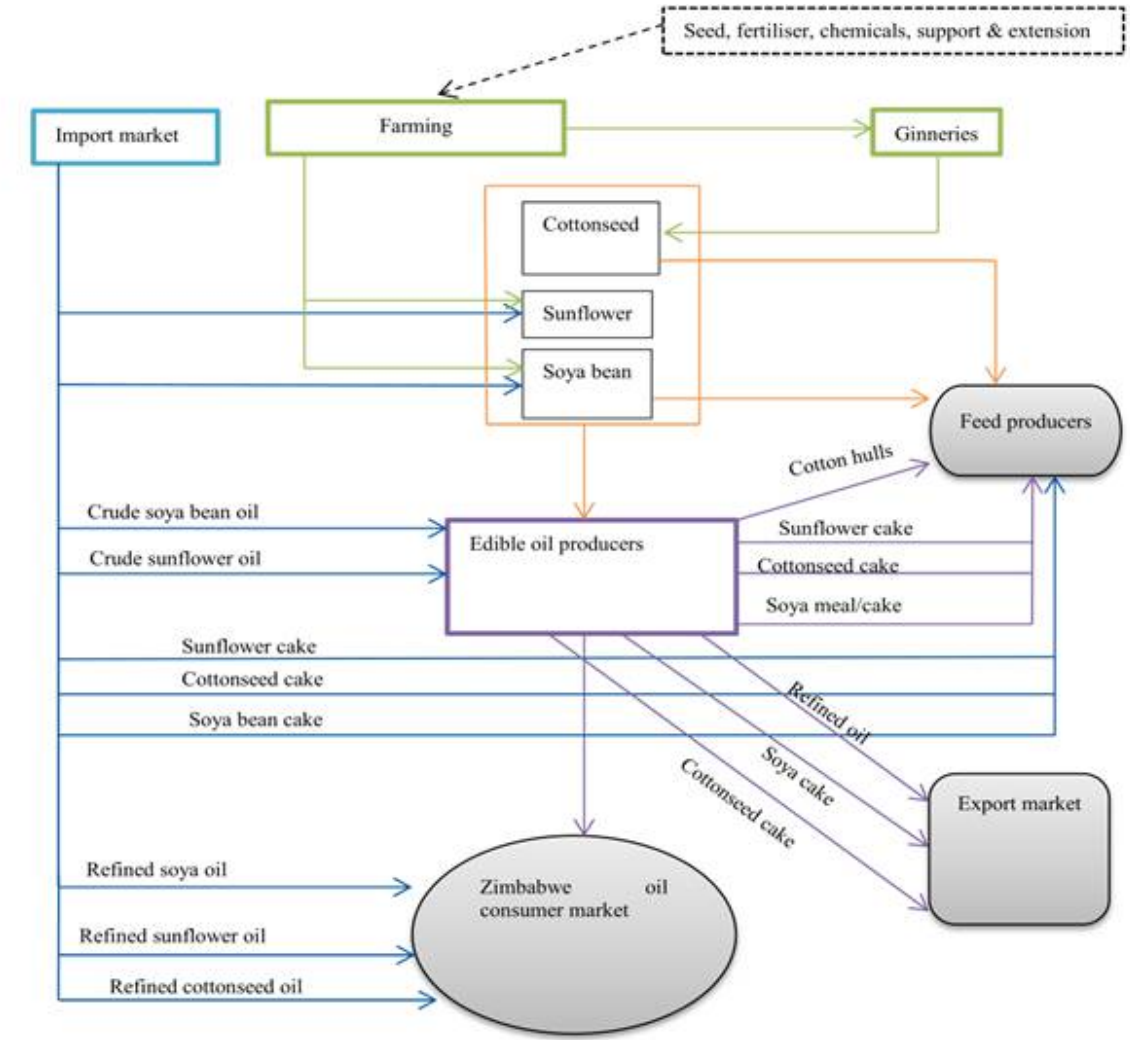
34 Vasilachi, A., Ciurescu, G., Grosu, H., & Grigore, D. 2019. Growth performance, carcass traits, and blood biochemistry of broiler chicks fed with low-fibre sunflower meal and phytase. South African Journal of Animal Science. Chapter 49(4), p 735-745.

55. Given the above, the Commission has handled competition issues related to oilcake in the stock feeds market, whereby some of the stock feeds manufacturers were tying the sale of stock feeds with day old chicks (DOCs).[35] In one of the cases handled, negotiations were concluded with one of the DOCs distributors for the discontinuance of tying and bundling, however the distributor noted an appeal in the High Court against part of the order that was issued by the Commission, and the matter is still pending.[36]

3.1.6. Soybean Oil

56. Soybean oil plays a crucial role in people's dietary lives, as a source of dietary fats. The local value chain for edible oils, including soybean oil, has three distinct stages, namely i) seed production, ii) seed crushing and iii) refining as shown in figure 16 below.

Figure 16: Oil Seed to Edible Oil Value Chain in Zimbabwe

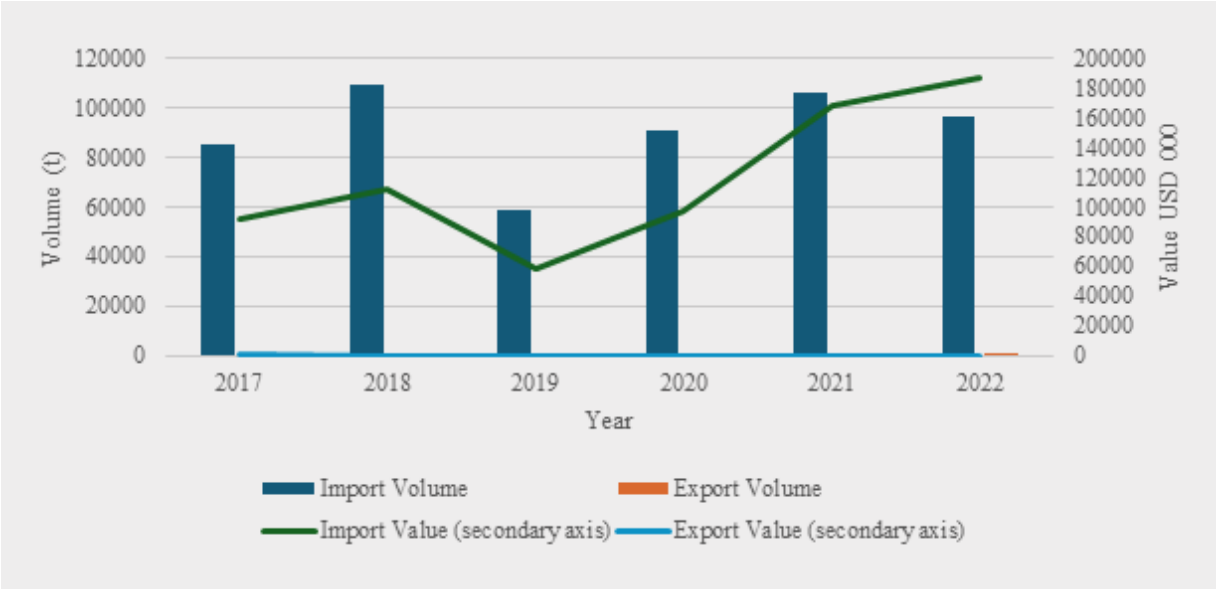


Source: Dube, Dube and Matsika (2019)

35 Commission. 2018. Report on Restrictive Business Practices in the distribution of Day-Old Chicks.
36 Commission. 2022. Report on Negotiations Held Between the Commission and Profeeds Pvt Ltd on the Distribution and Selling od Day Old Chicks and Broiler Stock Feed. Harare: Competition and Tariff Commission.

57. In Zimbabwe, edible oil companies were allocated US$74.8 million through the foreign exchange auction trading system (FEATS), representing 4.5% of the total allotments by the Reserve Bank of Zimbabwe (RBZ) in 2021. Dominance of the edible oil sector on the RBZ FEATS indicates that Zimbabwe relies on imports for soybean oil due to low production levels for soya beans in the country. The figure 17 below depicts Zimbabwe trade of soybean oil with the rest of Africa, 2017 – 2022. The figure 17 below illustrates Zimbabwe's reliance on imports for soybean, as its import volumes and values are significantly higher than its exports (which are relatively negligible), and this trend shows a general increase over the period.

Figure 17: Zimbabwe soya bean oil trade with the rest of Africa, 2017-2022



Source: ITC Trade map (2024)

58. The table 7 below, highlights the list of supplying markets to Zimbabwe for soybean oil, total value imported and prices from the different countries.

Table 7: List of supplying markets to Zimbabwe for crude soya bean oil (2021)

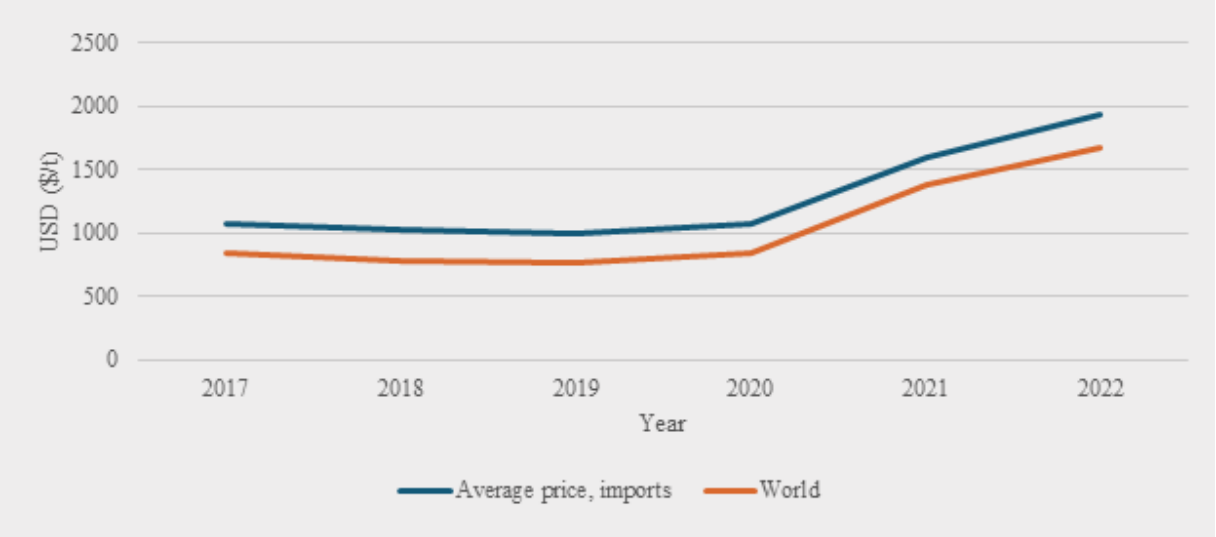
Exporters	Value Imported (USD Mil)	Quantity Imported (Tons)	USD/t
Mozambique	80.936	50 269	$1610
South Africa	79.604	50 300	$1583
Argentina	52.928	33 314	$1589
Mauritius	7.358	4 927	$1493
Zambia	0.688	508	$1354
United Arab Emirates	0.624	423	$1475
China	0.390	271	$1439
World	222.527	140 012	

Source: ITC Trade Map (2023)

59. The crude soybean oil supply market in 2021 showed competitive average prices, ranging from US$1354 to US$1610. The countries with the highest exported volume were Mozambique (50 269 tonnes), South Africa (50 300 tonnes) and Argentina (33 314 tones), together accounting for 96% of Zimbabwe's crude soybean oil imports from the world for the period. Mozambique is the major supply source for Zimbabwe's crude soybean oil, and had the highest price per tonne in 2021. Though Zimbabwe sources less crude soybean oil from Zambia, the price per tonne is more competitive. This could point to future trade opportunities for sourcing crude soybean oil at more competitive prices from other African countries, thus supporting intra-African trade.

60. The figure 18 below shows average price trends (dollar per tonne) for soybean oil imported from Africa by Zimbabwe during 2017 to 2022, compared with World Bank commodity prices for soybean oil. Price trends have generally been rising for soybean oil in Africa. The price escalation occurred against the backdrop of soybean price increases in 2021, and subsequent rise in 2022.

Figure 18:Pricing trend for soybean oil



Source: ITC Trade Map (2024)

61. The estimated market shares and concentration of the edible oil market are presented in table 8 below.

Table 8: Market share and concentration indices in the edible oil market in Zimbabwe

Company	Market Share	CR4	HHI
ZIMGOLD Oil	33%	33	1089
Cangrow Trading	21%	21	441
Surface Wilmar/ Olivine Industries	15%	15	225
United Refineries	14%	14	196
Willowton	13%		169
Mount Merru	4%		16
Total	**100**	**83%**	**2 136**

Source: Author Compilation through stakeholder consultation

62. Market shares were sourced using amount refined per month by oil expressers from stakeholder consultations and previous reports. The edible oil market Herfindahl-Hirschman Index (HHI)[37] is between 1,500 and 2,500, implying the market is moderately concentrated. Some of these players in Zimbabwe are also present in other countries such as Zambia and Malawi, as shown in table 9 below:

Table 9: Edible Oil Players in the Southern Region

Malawi	Zambia
ETG	Parrogate/ETG
Mount Meru	Mount Merru
Global/Wilmar	Global/Wilmar
CORI	Alliance

Source: Nsomba and Roberts (2023)

63. These regional commodity traders, such as Mount Meru and ETG, leverage their sourcing, supply and logistics coordination capabilities to provide soybean crushing and processing capabilities for vegetable oils and animal feed production for countries such as Zimbabwe, Zambia and Malawi.[38]

3.1.7. Poultry

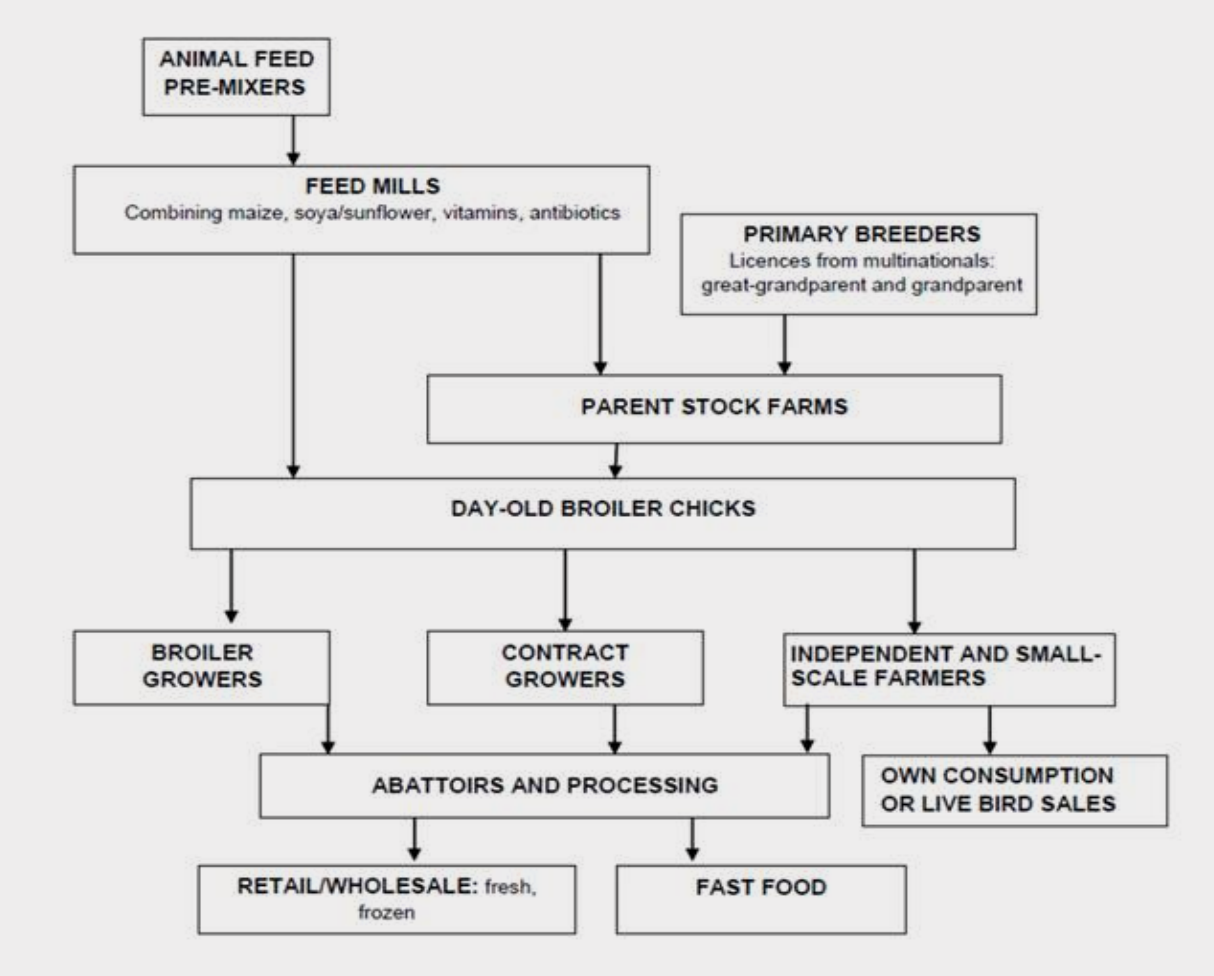
64. The poultry sector has become an important source of protein in Zimbabwe and in many countries globally. Zimbabwe has largely shifted away from being a mainly beef-eating country to a poultry consuming country. Poultry meat consumption increased from 7.4 kgs in 2013 to 13 kgs/person/year in 2021.[39] The poultry value chain details the different stages from feed production, primary breeding, parent stock production, day old chick production, broiler production, abattoir and processing and distribution. The poultry value chain in Zimbabwe is composed of seven distinct crucial stages of production, as reflected in figure 19 below.

37 The HHI is the superior measure of concentration in comparison to the CR4 and is calculated by summing up the squares of the individual firm's market shares. Unconcentrated markets: HHI below 1500; Moderately concentrated HHI is between 1500 and 2500 and Highly concentrated Markets: HHI above 2500

38 Nsomba, G., Roberts, S., & Tshabalala, N. 2021. Assessing agriculture markets in Eastern and Southern Africa: Implications for inclusion, climate change and the case for a market observatory. CCRED Working Paper. Vol 7.

39 Commission. 2022. Merger Report on the Acquisition of Charles Stewart Day Old Chicks (Pvt) Ltd by Shanksville Farming (Pvt) Ltd.

Figure 19: Poultry Value Chain in Zimbabwe



Source: Zengeni (2014)

65. The figure 20 below provides Zimbabwe's poultry trade with the rest of Africa for the period 2017 to 2022.

Figure 20:Zimbabwe poultry trade with the rest of Africa, 2017-2022

Source: ITC Trade Map (2024)

66. The table 10 below highlights the list of supplying markets for poultry to Zimbabwe, the quantity imported, total volume and value imported, as well as the average prices from the different countries.

Table 10: List of supplying markets from Africa for poultry imported by Zimbabwe

Exporters	Volume (Tons)					Total by Country (2018-2022)		
	2018	2019	2020	2021	2022	Volume (Tons)	Value (USD Mil)	Average Price (USD/tonne)
Namibia	2 048	918	489	2 325	3 535	9 315	$8,394	$901.13
South Africa	1 080	5	151	888	349	2 473	$2,324	$939.75
Mozambique	-	-	-	26	-	26	$0.029	$1115.38

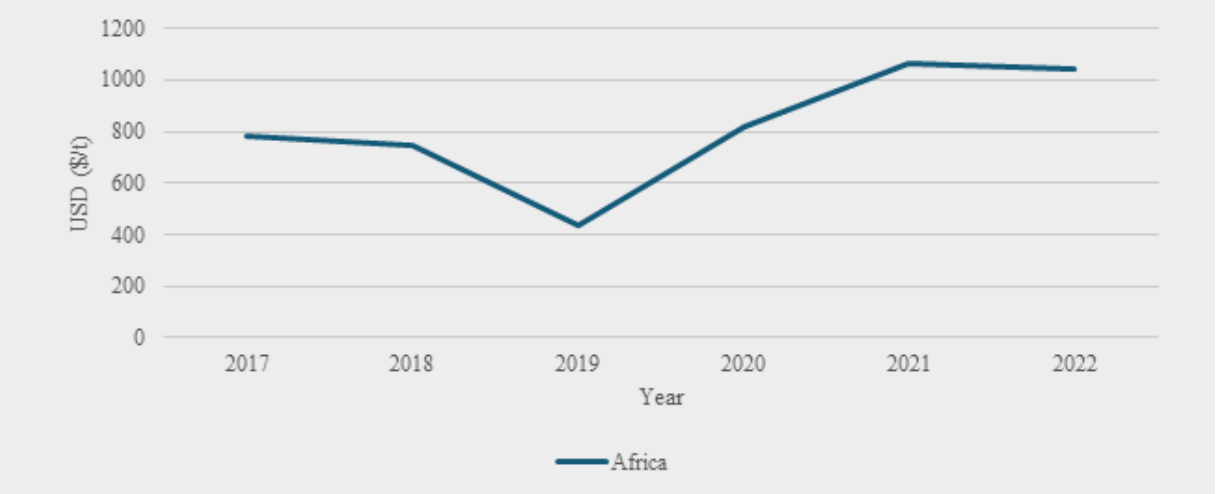
Source: ITC Trade Map (2024)

67. Zimbabwe imports most of its poultry from Namibia, which supplies about 79% of imported poultry from Africa to meet Zimbabwe's demand for poultry meat.[40] In 2021 the demand for imported poultry rose sharply, as there was an increase in poultry meat consumption because of change in taste and preference in Zimbabwe, and poultry has become a popular source of protein. Namibia and South Africa are shown to offer more competitive prices as compared to Mozambique, and for Namibia the average poultry price is below the price average for Africa. Mozambique has the highest average price per tonne over the period.

68. The figure 21 below shows average price trends (dollar per tonne) for poultry in Africa during 2017 to 2022.

40 This figure is derived from using the total imported volume, for Namibia relative to the Africa aggregation, for the whole 2018 - 2022 period.

Figure 21:Pricing trend for poultry ($/t)



Source: ITC Trade Map (2024)

69. The figure 21 above shows fluctuations for the poultry price trend over the period in Africa only, with a general average rise in price. The persistent rise of poultry price from 2020 to 2021 also witnessed a decline in the volume of poultry that was imported by Zimbabwe in 2020, and an increase in imported poultry volume in 2021. The rise in poultry price can also be linked to the rise in oilcake prices witnessed in 2020 to 2022. The rise in poultry price is also attributed to a shift in taste and preference, which increased the consumption for poultry meat.[41]

70. Irvine's Zimbabwe is the market leader, with around 36% market share in the broiler chickens and chicken products market, followed by Sable and Surrey, as highlighted below in table 11 below.

Table 11: Estimated Market Shares & Concentrations in the Broiler Chickens and Chicken Products Market

Broiler Chicken Producer	Market Shares	HHI	CR4
Irvine's Zimbabwe	36%	1296	36
Sable	16%	256	16
Surrey	16%	256	16
Big Brother	13%	169	13
Fair Hill	9%	81	-
Others	10%	10	-
Total	**100%**	**2068**	**81**

Source: Commission (2022)

41 Zimbabweland. 2023. https://zimbabweland.wordpress.com/2023/06/19/the-poultry-value-web-in-zimbabwe-the-growing-hidden-middle/

71. The HHI of 2068 reflects that the market is moderately concentrated, and the four top companies control about 81% of the market.

72. In relation to competition concerns, two dominant breeds of chickens are used worldwide in the broiler production industry, namely the *Ross* breed supplied by Aviagen, and the *Cobb* breed supplied by Cobb-Vantress of the United States of America.[42] Typically, the holder of the breeder license (intellectual property), in this case Aviagen or Cobb Vantress, sells grandparents to a distributor (usually through a franchise arrangement) who then breeds grandparents to supply day-old parent stocks to the market.

73. Zimbabwe used to have two primary breeder licence holders for the production of the Cobb 500 and Hubbard breeds. Following the exit of Hubbard and Lunar Chickens, Zimbabwe currently has one primary breeder, Irvine's Zimbabwe, with an exclusive breeding license for the Cobb 500 in Zimbabwe and for the rest of the African continent, except South Africa. The existence of exclusive breeding rights for the different breeds, which is an international practice, means the only way to enhance competition at this level is through attracting a second primary breeder in the country. Thus, at the primary breeding level, Zimbabwe currently has a monopoly.

74. In 2018, the Commission initiated yet another investigation into the poultry value chain, which involved allegations of tying and bundling in the sale of day-old chicks and poultry feed.[43] The allegation was that the buying of day-old chicks was conditional upon customers also buying stock feed. This practice is against the provisions in the Competition Act, and the Commission registered cease and desist orders which deterred firms from engaging in the practice in future.

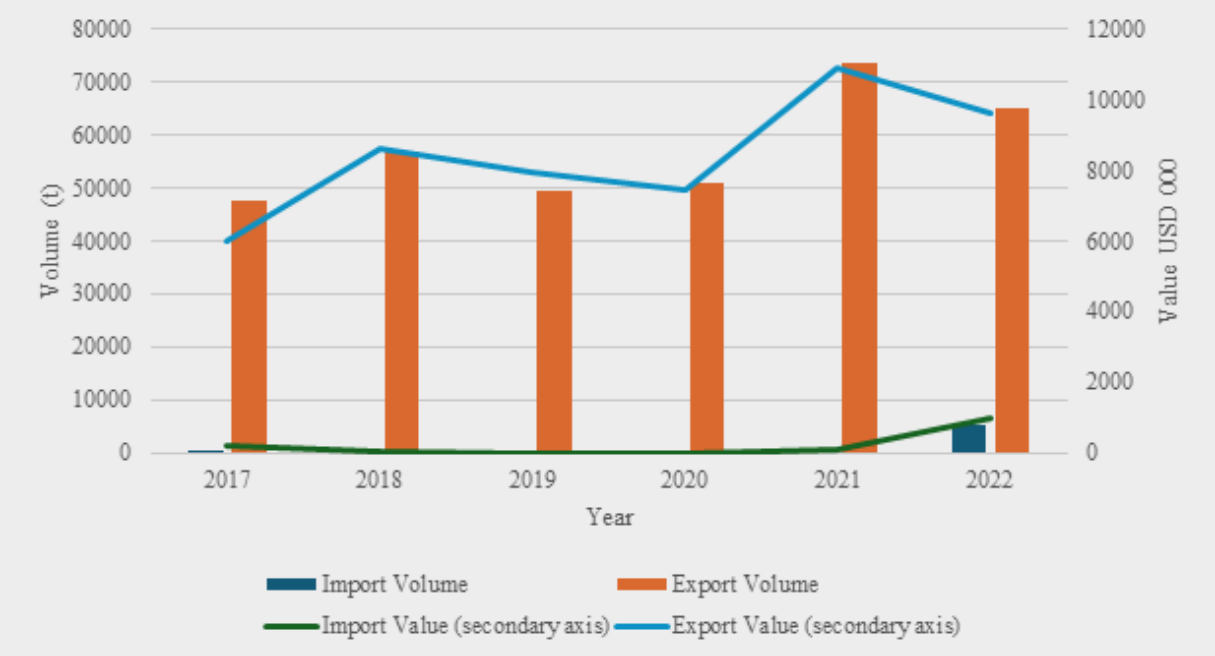
3.1.8. Citrus Fruit

75. Zimbabwe has a well-established citrus fruit value chain due to its climatic[44] conditions, which make it possible for the country to produce at a time when most countries are off-season for fruit production. Large volumes of fruits are produced for sale to the export market, as well as for the formal and informal local markets. The export market is served by the large-scale commercial farmers.

76. According to the 2020 Zimbabwean Fruit and Vegetables sector standards for export and agro-processing, oranges make up about 90% of Zimbabwe's fruit exports. There are three major commercial citrus fruit producers in the local market, which include Nottingham and Bishopstone, both based in Beitbridge, and Interfresh, which is based in Mazowe. The two Beitbridge-based firms supply both Beitbridge Juicing Company and the South African market, as well as other export destinations.[45] The ITC Trade Map data below, in figure 22 below, depicts Zimbabwe citrus fruit trade with the rest of Africa. As illustrated, Zimbabwe is a net exporter of citrus fruits.

42 Ncube, Phumzile, Simon Roberts, and Tatenda Zengeni. "Development of the animal feed to poultry value chain across Botswana, South Africa, and Zimbabwe." (2016).
43 Commission. 2018. Report on Restrictive Business Practices in the distribution of Day-Old Chicks.
44 Citrus fruits are sub-tropical in origin, require wet warm summer favouring temperatures above 2 degrees Celsius, and can withstand temperatures above 30 degrees Celsius.
45 Commission. 2020. Merger Report on the Acquisition of Interfresh Limited by Takura Ventures (Pvt) Ltd. Harare: Competition and Tariff Commission.

Figure 22:Zimbabwe citrus fruit trade with the rest of Africa, 2017-2022



Source: ITC Trade Map (2024)

77. The market for citrus fruit production in Zimbabwe is highly concentrated, with an HHI of 3150, as shown in table 12 below.

Table 12: Market Shares for Citrus Fruits

Name of Company	Market Share	Sum of Squares
Bishopstone	40%	1600
Nottingham Estates	30%	900
Interfresh	25%	625
Other	5%	25
Totals	**100%**	**3150**

Source: Commission (2020)

78. The local citrus fruit producers' market is one that requires availability of land, which was specified by the Citrus Growers association as sandy loam to sandy soils, which can be well drained. According to the submissions from the Citrus Growers Association, it is recommended that a minimum of +/- 200ha's of land worth US$4,000,000 and a Pack house worth US$1,500,000 is required for one to start a commercial citrus growing business, making the minimum capital requirement close to US$5.5 million.[46]

79. In relation to competition concerns in the citrus export market, a large number of citrus fruits are grown for export. The Commission provides an analysis of an analytical article

46 Commission. 2020. Merger Report on the Acquisition of Interfresh Limited by Takura Ventures (Pvt) Ltd. Harare: Competition and Tariff Commission.

that it produced in assessing prospects in one of the export markets for oranges, which is China. Thus, competition issues discussed will be mainly related to the export market. The table 13 below lists some of the top suppliers of oranges to China.

Table 13: List of Top 5 Supplying Markets for China (Fresh and Dried Oranges): USD Millions

Exporters	Imported value in 2018	Imported value in 2019	Imported value in 2020	Imported value in 2021	Imported value in 2022
World	436.79	399.22	313.51	264.90	228.24
South Africa	133.07	105.73	107.39	102.29	117.49
Egypt	68.20	126.01	88.09	66.84	36.18
Australia	107	74.98	57.81	43.42	35.56
United States of America	84.83	38.15	46.58	47.88	30.13
Spain	39.57	51.41	11.09	2.39	7.94
Others	4.10	2.92	2.53	2.04	0.92

Source: ITC Trade Map (2023)

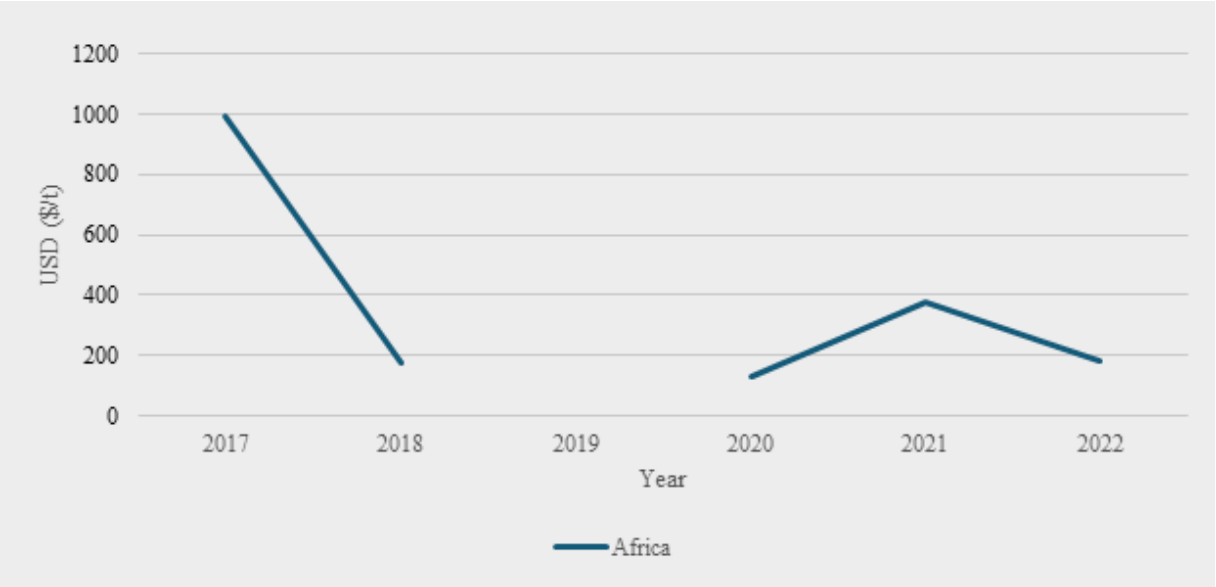
80. From table 13 above, it can be noted that South Africa and Egypt are some of the key citrus fruits exporters to China, and Zimbabwe would be competing with these players. Furthermore, these markets have been dominated by 5 countries supplying more than 98% of the product.[47] Despite Zimbabwe's huge potential, it would face stiff competition from these players, given that its highest export value recorded in 2022 of US$33.781 million of fresh or dried oranges only translates to around 29% of South Africa's exports in 2022.

81. Competition in the international citrus markets considers factors such as the government support citrus farmers receive, and the national business environment (political, economic, social and technological), possibly having an effect of distorting competition in the international playing field. Food safety concerns linked to health issues have produced barriers to citrus fruits exporters, as producers of fresh fruits have to adhere to food safety standards,[48] global good agricultural practices, and phytosanitary requirements.[49] Empirically, industries with more intense domestic competition will also export more.[50]

82. The figure 23 below shows average price trends (dollar per tonne) for citrus in Africa during 2017 to 2022.

47 ITC Trade Map. 2023.
48 Ndou, P., & Obi, A. 2012. The competitiveness of the South African citrus industry in the face of the changing global health and environmental standards (Doctoral dissertation, University of Fort Hare).
49 Chisoro-Dube et al. 2019. Technological developments in South Africa's fruit industry and implications for market access and participation.'. CCRED Working Paper 2019/5. Johannesburg: CCRED.
50 Xie and Li. 2017. Export intensity, domestic competition, and product innovation in an emerging economy | International Journal of Technology Management (inderscienceonline.com)

Figure 23: Pricing trend for citrus ($/t)



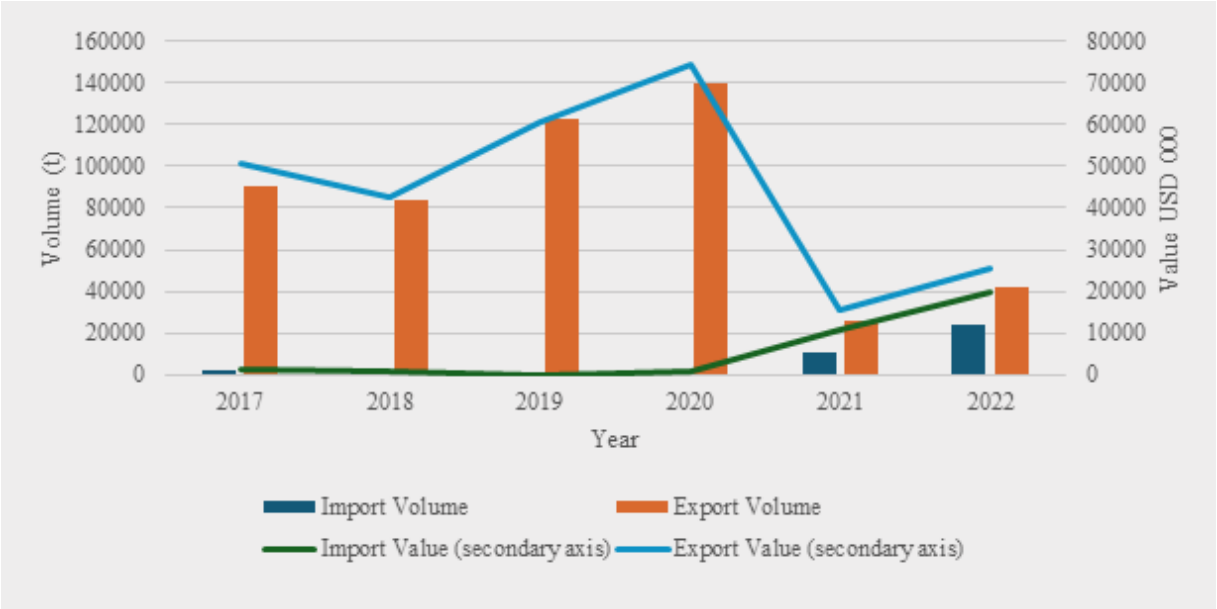
Source: Trademap (2024)

83. The price trend for citrus seen in figure 23 above has some unavailable price data for Africa, and the 2019 data is missing. Overall, the price has declined from US$995.31 in 2018 to U$180.26 in 2022.

3.1.9. Sugar

84. The sugar industry in Zimbabwe is divided into the primary and secondary sugar industries. The primary sugar industry, being the sugar cane growers, whilst the secondary sugar industry are the millers. In relation to the primary sugar industry (the sugar cane growers), in Zimbabwe, sugar is produced almost exclusively from sugarcane. Sugarcane is grown under canal irrigation in the lowveld area of Triangle and Hippo Valley, in the Chiredzi District, Masvingo Province. The figure 24 below indicates Zimbabwe's sugar trade with the rest of Africa. The figure 24 below shows that Zimbabwe is a net exporter of sugar.

Figure 24: Zimbabwe's sugar trade with the rest of Africa, 2017-2022



Source: ITC Trade Map (2024)

85. The table 14 below highlights the list of importing markets for sugar, the quantity imported, total volume and value imported, and average prices for the different countries.

Table 14: Importing markets from Africa for cane sugar exported by Zimbabwe

Importers	Volume (Tons)					Total by Country (2018-2022)		
	2018	2019	2020	2021	2022	Volume (Tons)	Value (USD Mil)	Average Price (USD/ tonne)
Africa Aggregation	84 243	122 415	139 605	26 344	42 009	414 616	$219,376	$529.11
Kenya[51]	44 464	66 394	91 860	-	3 536	206 254	$108,090	$524.06
Mozambique	20 918	35 000	29 982	13 500	16 714	116 114	$57,341	$493.83
Botswana	14 045	10 019	15 578	12 720	19 725	72 087	$43,188	$599.11
South Africa	2 852	10 324	1 904	34	34	15 148	$7,830	$516.90
Zambia	1 964	498	281	90	2 000	4 833	$2,841	$587.83
Malawi	-	180	-	-	-	180	$0.086	$477.78

Source: Trademap (2024)

51 There are discrepancies with Kenya imports of sugar, and this is largely attributed to different data sources.

86. Over the past 5 years Kenya has been the biggest beneficiary of Zimbabwean sugar exports, accounting for 49% of Zimbabwe exports to Africa. However, there is a significant decline in exports to Kenya. According to the report on the sugar bill, Kenya has been on COMESA sugar safeguards since 2002, to enable it to improve competitiveness of its sugar industry. Safeguard measures have been instituted by Kenya to protect their local industry,[52] which include banning of sugar rebranding, and imposing CET maximum tariff on sugar imported from outside the COMESA region.

87. Brown sugar market is limited to the THL Group in Zimbabwe, as shown below in table 15 below.

Table 15: Production and Supply of Brown Sugar in Zimbabwe

Firm	Estimated market share (%)	Squared market shares
Tongaat Hulett Limited (THL) Group	100	10,000
Total	**100**	**10,000**

Source: Commission (2022)

88. To operate at the size of THL, a potential new entrant has to acquire sugarcane farming land of at least 14 986 hectares, in Region 4 and/or 5.[53] In the African region as a whole, the THL group is not only based in Zimbabwe, but also available in South Africa, Mozambique and Eswatini.

Table 16: Production and Supply of White Sugar in Zimbabwe

Firm	Estimated market share (%)	Squared market shares
Starafrica	62.5	3,906.25
THL Group	32.5	1,056.25
Imports	5	5
Total	**100**	**4,967.5**

Source: Commission 2022

89. The HHI of 4,967.5, as shown in table 16 above, indicates a highly concentrated market. Starafrica is the main competitor to THL in the white sugar category. Starafrica's raw sugar supplier is THL, which affects the competition dynamics in the market. Starafrica's prices are, to a larger extent, determined by the prices THL charges for raw sugar. THL can be hostile to SACL by increasing raw sugar prices exorbitantly, and could potentially take Starafrica out of the sugar market.

90. The Zimbabwe sugar processing value chain is largely monopolised by Tongaat Hulett. Inputs supplies, including fertilisers and chemicals,

52 Directorate of Departmental Committees. 2023. Report on the Sugar Bill (National Assembly Bill No. 34 0f 2022). http://www.parliament.go.ke/sites/default/files/2023-07/Report%20of%20Agriculture%20Committee%20on%20Sugar%20Bill%20no%2034%20of%202022-4-1-compressed.pdf.pdf.

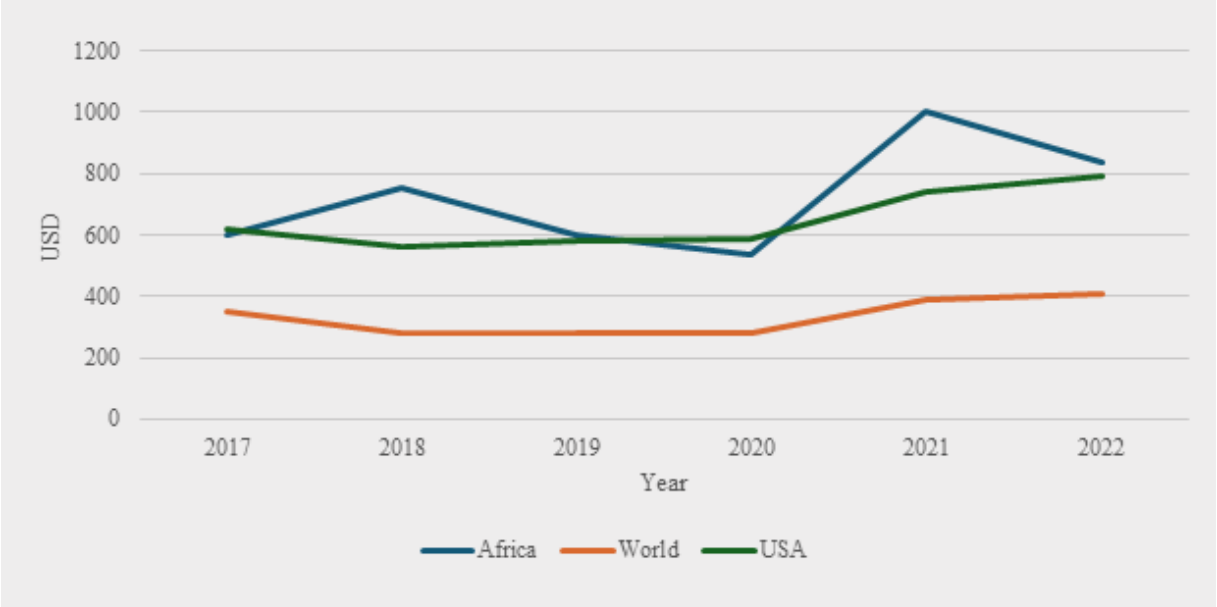
53 Commission. 2019. State and Structure of the Zimbabwean Economy. Harare: Competition and Tariff Commission.

are mainly imported. Water[54] for irrigation is managed by Tongaat Hulett through its well-established irrigation equipment. The sugar production mode significantly changed after the land reform programme, as land holding transformed from predominantly large-scale outgrowers and miller-cum-planter estates controlling about 75% of land, to around 56%, and small-scale private owners increasing from around 25% to around 44%. The transformation did not change much in terms of productivity, as the estates still contribute around 80% of sugar cane production, while the small-scale private owners only contribute around 20%. In other words, small-scale growers' productivity is too low as they lack the experience, technical expertise and funding to increase productivity. The estates' continued dominance in sugar cane production may provide millers with more bargaining power to suppress and abuse growers.

91. The Commission investigated the sugar sector as far back as December 2002, and submitted a report to the then Ministry of Industry and International Trade in 2004. Findings were that the sugar industry was highly concentrated and coordinated through Zimbabwe Sugar Sales (ZSS), to the detriment of the competition process. In its report, the Commission named the Zimbabwe Sugar Refineries Corporation Ltd (ZSR), Hippo Valley Estates Ltd (Hippo), ZSS, and Triangle Ltd (Triangle) as sugar industry kingpins, "*involved directly or indirectly at all levels of production, from cane growing sugar refinement and distribution.*" It highlighted how the lack of effective competition was cause for concern, since it stifled innovation and hindered efficient allocation of resources in the sugar industry. The Commission was concerned that the close linkages between production, processing and distribution companies made the market susceptible to abuse.[55]

92. The figure 25 below shows average price trends (dollar per tonne) for sugar in Africa during 2017 to 2022.

Figure 25:Pricing trend for sugar ($/t)



Source: Trademap (2024)

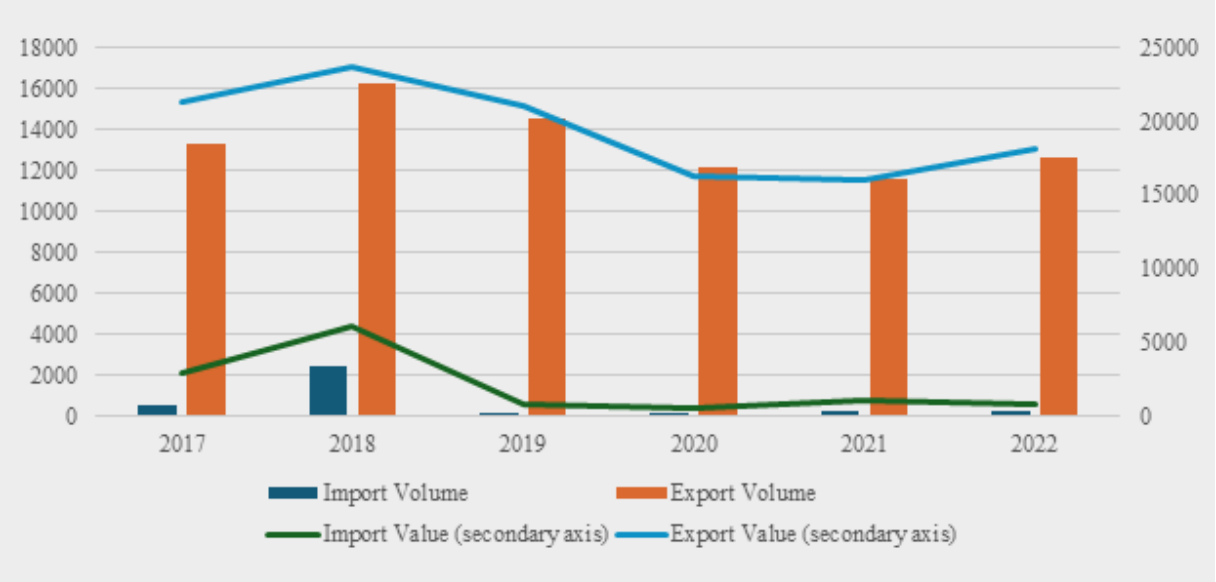
54 Tongaat Hulett currently has water rights for Lake Mutirikwi.
55 Commission. 2019. State and Structure of Zimbabwean Economy: Harare: Competition and Tariff Commission.

93. The figure 25 above highlights fluctuations of sugar price trend for Africa (2017-2022). Generally, sugar prices have been increasing over time in Africa. World prices for sugar are relatively lower, with USA prices slightly converging at some points with import prices of sugar from Africa.

3.1.10. Tea

94. Commercial tea production in Zimbabwe was started in the 1920s in Chipinge District, by Tanganda Tea Company (Mtisi, 2003). It was joined by South Down Holdings in Chipinge and Eastern Highlands Plantations Ltd, Aberfoyle Plantations in the (Honde Valley), and Katiyo Tea Estate also in the Honde Valley. There are also out-grower schemes which consist of communal farmers within the radius of the company plantations, such as in Honde. Zimbabwe is a net exporter of tea, as show by the ITC Trade Map data in the figure 26 depicted below.

Figure 26: Zimbabwe's trade of tea with the rest of Africa, 2017-2022



Source: ITC Trade Map 2024

95. The table 17 below highlights the list of supplying markets for tea, quantity imported, total volume and value imported and average prices from the different countries.

Table 17: List of importing markets from Africa for tea exported by Zimbabwe

Importers	Volume (Tons)					Total by Country (2018-2022)		
	2018	2019	2020	2021	2022	Volume (Tons)	Value (USD Mil)	Average Price (USD/tonne)
South Africa	9 581	8 362	7 243	7 002	9 460	41 648	$56,964	$1,367.75
Mozambique	4 832	5 834	4 555	4 143	2 571	21 935	$30,432	$1,387.37
Zambia	1 852	337	340	386	543	3 458	$7,690	$2,223.83
Malawi	15					24	$0.101	$2,589.74
Botswana					14	5	$0.082	$4,315.79

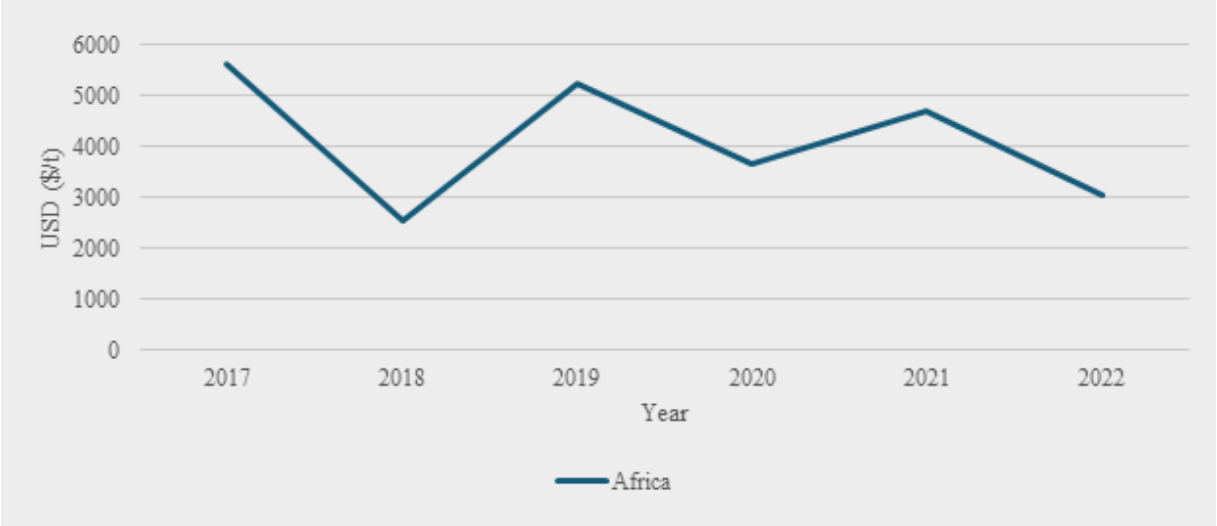
Source: ITC Trade Map (2024)

96. South Africa has, over the period, been the major importer of tea from Zimbabwe, accounting for around 62% of Zimbabwe's tea exports. Due to the Coronavirus pandemic, there was a decline for tea imported by South Africa (2019-2021), as coffee shops and restaurants (tea) were battling to survive due to the country being placed in lockdown. In 2022, the rise in tea imports can be attributed to the variety of new and innovative ways of consuming tea that are emerging – as part of attempts to capture the attention and imagination of consumers, both globally and locally.[56]

97. In relation to competition concerns, the outgrowers, such as those in Honde Valley, do not have a wide choice of buyers as they sell mainly to the plantations in their radius. Thus, the position of outgrower farmers will be weak, partly because of the characteristics of their produce. Tea is very perishable, and the manufacturing process must start soon after plucking.[57] The majority of tea outgrowers depend on the tea companies, the buyers, for transport and agricultural inputs. On the other hand, companies are not entirely dependent on the outgrowers for their supply of tea, as their own estates can provide sufficient supply to feed their factories.[58]

98. The figure 27 below shows average price trends (dollar per tonne) for tea in Africa during 2017 to 2022.

Figure 27: Pricing trend for tea ($/t)



Source: ITC Trade Map (2024)

99. The figure 27 above shows interesting fluctuations of the average prices for tea in Africa. Generally, Africa and SADC exhibit a similar trend over the period that is inverse to the COMESA price trend. As the average prices for tea rise in Africa, (SADC) concurrently falls in COMESA and vice versa, hence exhibiting inverse relation in different regional communities.

56 https://www.linkedin.com/pulse/novel-tea-experiences-brewing-growth-south-african-market/
57 Mtisi, J. P. 2003. Green harvest: The Outgrower Leaf Collection System in the Honde Valley, Zimbabwe. Delivering Land and Securing Rural Livelihoods: Post-Independence Land Reform and Resettlement in Zimbabwe (2003: Nyanga Zimbabwe).
58 Mtisi, J. P. 2003. Green harvest: The Outgrower Leaf Collection System in the Honde Valley, Zimbabwe. Delivering Land and Securing Rural Livelihoods: Post-Independence Land Reform and Resettlement in Zimbabwe (2003: Nyanga Zimbabwe).

3.2. ZIMBABWE TRADE FLOWS AT THE REGIONAL LEVEL

100. Trade is pivotal to the economic development of regional economic communities such as COMESA and SADC, to which Zimbabwe belongs, and can foster regional integration. Regional integration is fundamental to developing countries such as Zimbabwe, to achieve economic development and growth through facilitating trade between developing countries.

101. Recognising the importance of regional economic communities, there is need to understand trade performance for Zimbabwe in the SADC and COMESA regions. Zimbabwe imports of agricultural food products[59] from SADC indicate a similar trend to Zimbabwe imports from Africa, indicating that, even considering the whole of Africa, a larger percentage of Zimbabwe's trade has been within the SADC region.

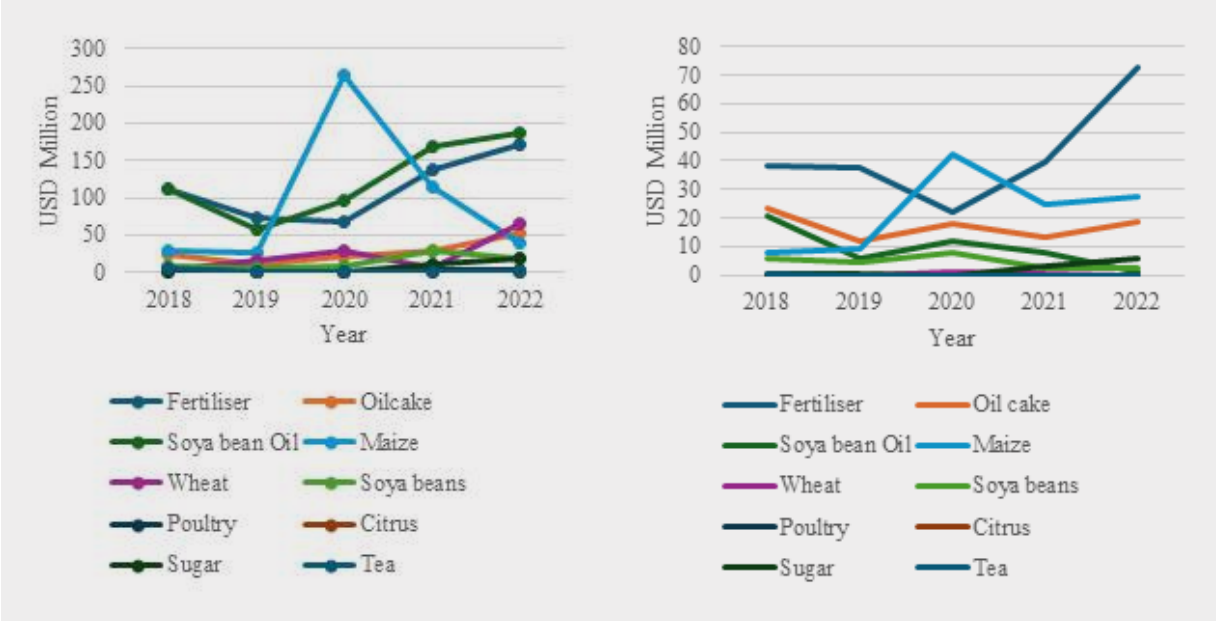
102. Zimbabwe's largest imports of agricultural food products from SADC were soybean oil, wheat and maize, while in terms of agricultural inputs, fertiliser was the main agricultural input from SADC, as highlighted in the figure 28 below. The figure 28 below shows imports from SADC on the left, and imports from COMESA on the right. Maize is the staple food in Zimbabwe, thus, it can be seen that a similar trend can also be observed, as explained above in Zimbabwe's trade in Africa. This trend being that the value imported from the SADC region sees a sudden rise in 2020, same as the Africa trend, and continues to decline afterwards in both the Africa trend and SADC trend.

103. Zimbabwe's imports of agricultural food products from COMESA (as shown on the right side of Figure 28 below) have increased slightly, with large increases seen for some products like fertiliser. In 2018, Zimbabwe imported US$149 million worth of agricultural food products from COMESA and in 2022, it imported US$173 million worth of agricultural food products, which represents an increase of 16%.

104. A number of factors may have contributed to the increase in reliance of food imports from COMESA over the period, which include unfavorable weather conditions as well as increasing demand for food due to a rising population.[60] Zimbabwe's top 3 imports from COMESA, seen in the figure 28 below, among the selected products include fertiliser, oilcake and maize. Zimbabwe is an agriculture-based economy, and the availability of fertiliser is critical for the development of this strategic sector, which underpins the country's food security. Fertiliser, which shows a marked increase in COMESA imports from 2020 onwards, was imported from Mauritius and Mozambique, while maize and oilcake was imported from South Africa and Zambia.

59 ITC Trade Map. 2024.
60 FAO. 2019. GIEWS Special Alert: Available at: https://www.fao.org/3/ca3387EN/ca3387en.pdf.

Figure 28: Zimbabwe Imports of agricultural food products and inputs from SADC & COMESA



Source: ITC Trade Map (2024)

105. Zimbabwe's exports to SADC were mainly citrus fruits (largely oranges), sugar and tea. Zimbabwe exported the oranges and tea mainly to South Africa. Zimbabwe has been exporting less food products because there is still a need to meet the national demand of a growing population, which means there are then less products available for export. Sugar has been Zimbabwe's main export product into the COMESA region. The decline in exports of food products into COMESA can also be largely explained by a significant decline in sugar exports from Zimbabwe into the region, due to safeguards.[61] The other main exports from Zimbabwe into the COMESA region were tea and maize.

106. An analysis of trade in regional economic communities indicates that Zimbabwe trades more with the SADC region as compared to the COMESA region. Zimbabwe's imports from SADC in 2022 were about US$793m, while its imports from the COMESA region were much lower at US$173m, which is around 4 times less than the country's trade with SADC. A study showed that South Africa's regional orientation regarding exports of selected agricultural products has generally been strongly oriented towards the SADC region.[62] South Africa is a neighboring country to Zimbabwe, and is Zimbabwe's largest trading partner. The fact that Zimbabwe's trade is also strongly oriented to SADC means that Zimbabwe can possibly experience difficulties in exploiting market opportunities in other RECs in Africa, despite tariff reductions, and this points to another opportunity for both Zimbabwe and South Africa to look for more trade markets beyond the SADC region.

107. The section considers the same key 10 agricultural products as analysed at the African continental level, which is considered

61 Safeguards is a temporary import restriction (for example a tariff increase or a quota) that the country can impose on a product if increased imports, of that product, are causing, or threatening to cause serious injury to a country's (Zimbabwean) industry.

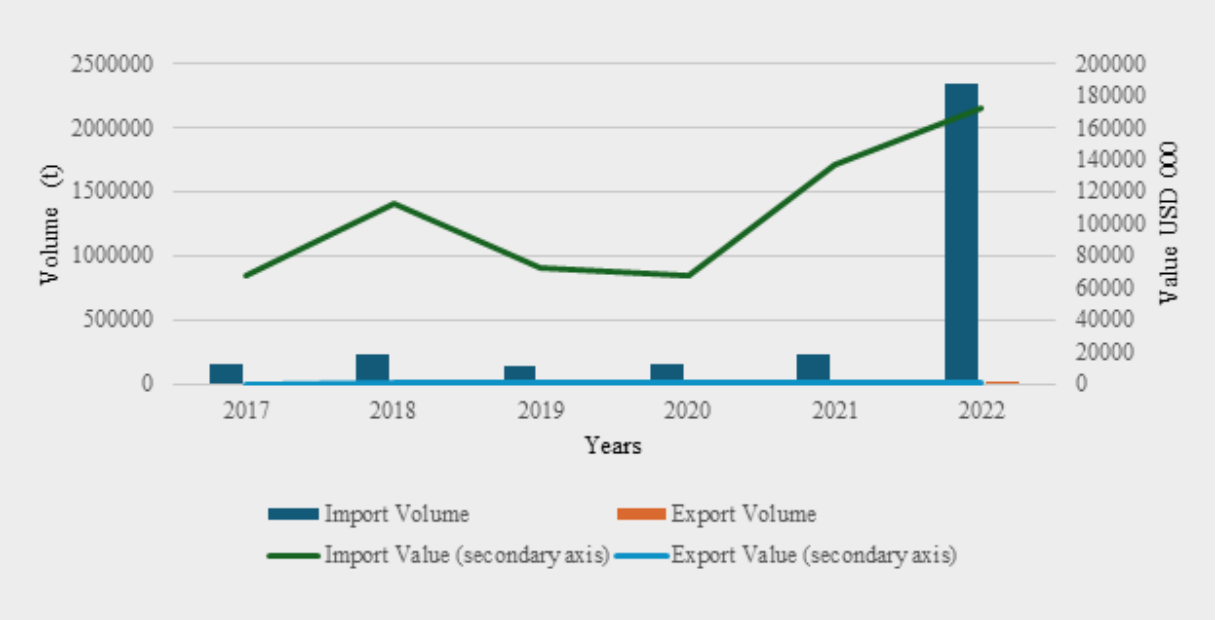
62 Annandale, D. L. 2022. The African Continental Free Trade Area (AfCFTA): Opportunity or pipedream for South Africa's Agricultural Exports.

in this section at the regional level. The focus is on the bilateral trade between Zimbabwe and the SADC region, and Zimbabwe and the COMESA region, in order to capture insights and trade opportunities from considering both regional economic communities which Zimbabwe trades with.

3.2.1. Fertiliser

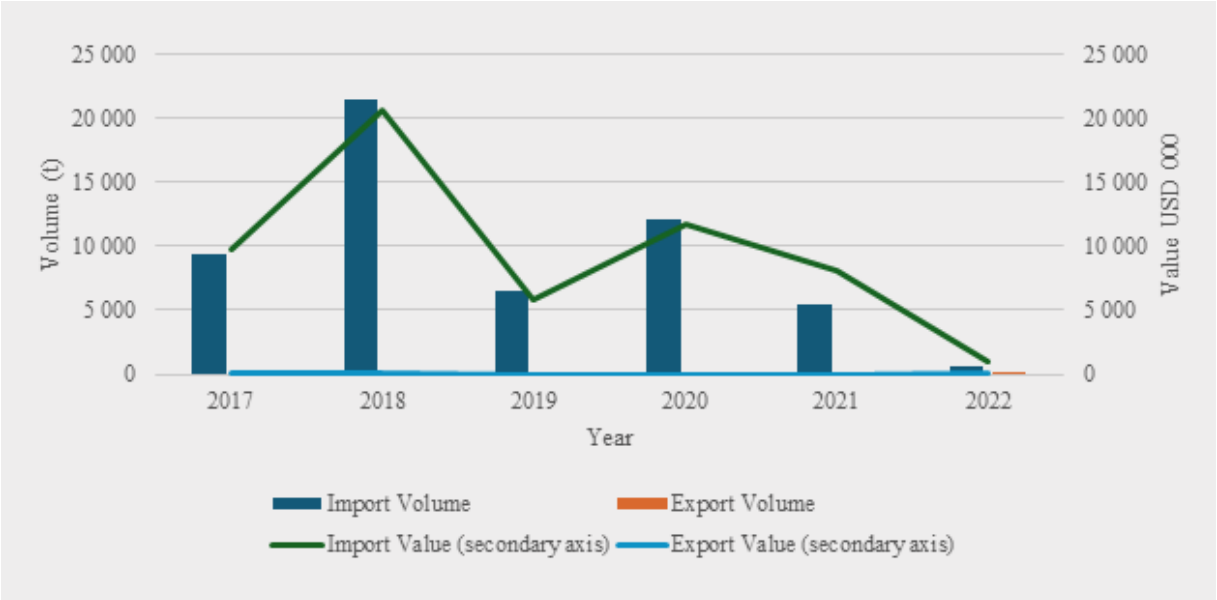
108. The figures 29 and 30 below highlight Zimbabwe fertiliser trade with SADC and COMESA. Analysis of the two graphs indicates that Zimbabwe is a net importer of fertiliser from both the SADC and COMESA regions, and that again (similar to the African level of trade) the trade with SADC shows a general increasing trend in fertiliser imports over the period analysed. Zimbabwe's fertilizer trade with COMESA, however, shows a general decreasing trend over the 2017 to 2022 period.

Figure 29: Zimbabwe fertilizer trade with SADC



Source: ITC Trade Map (2024)

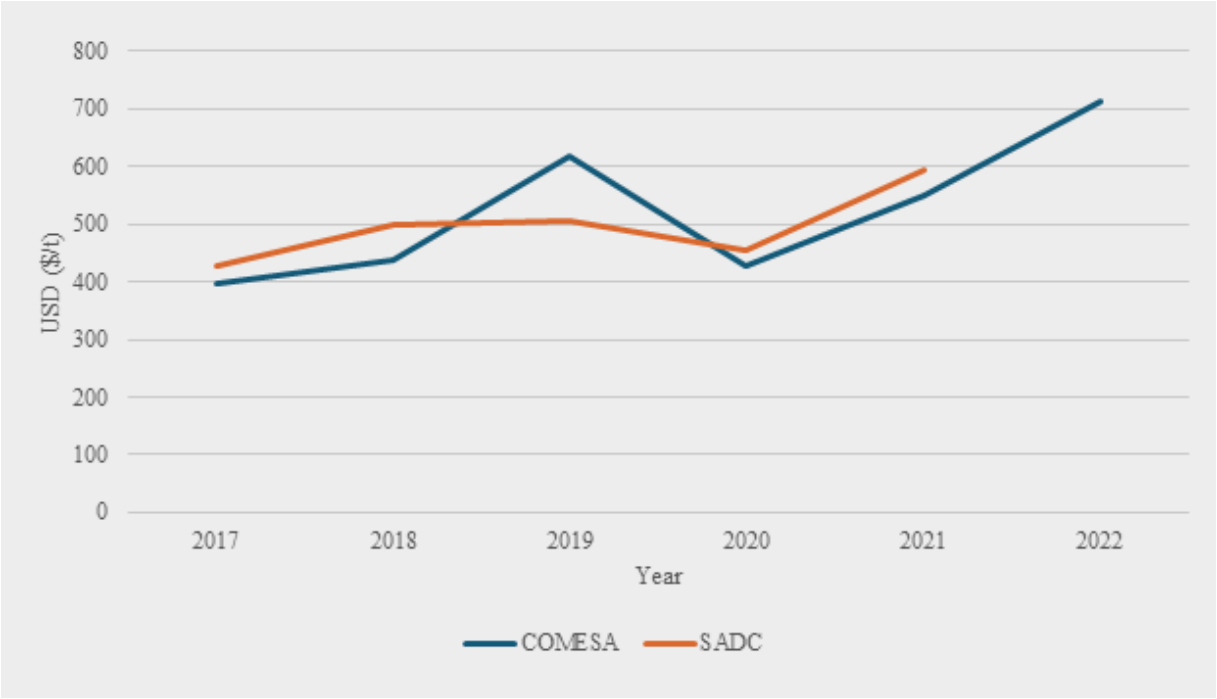
Figure 30: Zimbabwe fertiliser trade with COMESA



Source: Trademap (2024)

109. The figure 31 below shows price trends[63] per tonne ($ per tonne) for fertiliser in COMESA and SADC during 2017 to 2022.

Figure 31: Pricing trend for fertilizer ($/t)



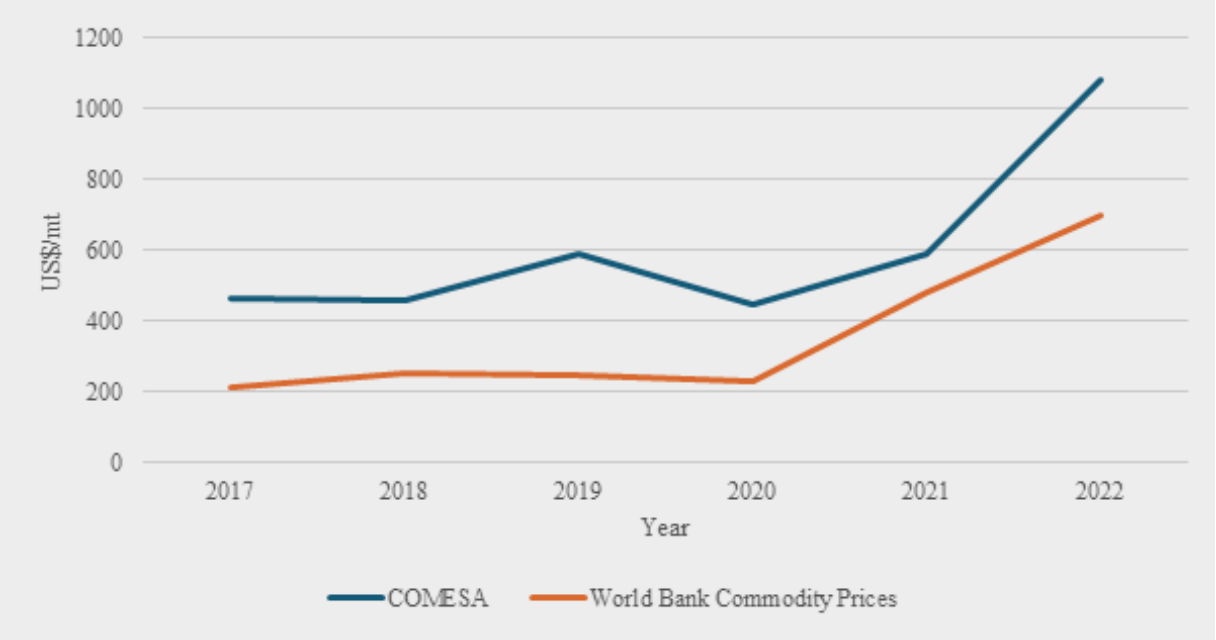
Source: ITC Trade Map (2024)

63 The fertiliser price trend focused on the import price as Zimbabwe has no significant exports of fertilizer.

110. The price trend for fertiliser prices in SADC and COMESA shows a general increase over the 2017 to 2022 period, with a higher measure of volatility observed in COMESA fertiliser prices. SADC prices exhibited a similar trend with Africa, and on average has been rising to $593.52 in 2021. The rise of fertiliser price in 2018 to 2019 also coincided with a decline in the value of fertiliser that was imported by Zimbabwe during the same period.

111. In the 2021 to 2022 there is a sharp rise in the price of fertiliser from the COMESA region, and this can largely be attributed to the effect of geopolitical tensions between Russia and Ukraine. This had the effect of increasing the cost of fertiliser raw materials and shipping costs, and there was an increase in natural gas prices, which is the primary energy input for urea production.[64] This highlights the interconnected nature of agricultural trade, where regional trade is susceptible to global dynamics, and is an important consideration for improving regional food security. The figure below shows highlights of urea import prices, compared with World Bank commodity prices of urea to assess price differences.

Figure 32: Price trend for Urea (US$/t)



Source: ITC TradeMap (2024); World Bank Commodities Prices65Data

112. The figure above highlights huge price differentials between urea sold at the world level, versus the one being imported from the COMESA region into Zimbabwe, with some of the prices almost double the prices with which urea then reaches into Zimbabwe.

64 Nsomba, G. & Roberts, S. 2023. Building competitive agricultural markets for Zambia: Unlocking export potential. https://www.theigc.org/sites/default/files/2023-11/Nsomba%20and%20Roberts%20Final%20report%20November%202023.pdf.

65 World Bank Commodities Price Data (The Pink Sheet) https://thedocs.worldbank.org/en/doc/5d903e848db1d1b83e0ec8f744e55570-0350012021/related/CMO-Pink-Sheet-April-2022.pdf

113. In relation to tariff and non-tariff barriers, Zimbabwe has regulatory[66] frameworks on quality, standards, measures and safety in use pertaining to importation of fertiliser products. Fertiliser such as urea and ammonium nitrate are subject to standards approved by the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development (MLAFWRD). Government of Zimbabwe, through the Ministry of Industry and Commerce gazetted SI 122 of 2017 Control of Goods (Open General Import Licence) (Amendment) Notice, 2017 (No 5) (SI 122) with the objective of cushioning local industry from intense competition. This has however been amended through SI 237A of 2018 Control of Goods (Open General Import License) (Amendment) Notice, 2018 (No.6) by the reduction of the import license fee, so as to ensure Zimbabwe is moving towards a more liberalised trade for fertiliser products. Inconsistent use of the quota system for import regulation, and the arbitrary nature of quotas, created an uneven playing field. Manufacturers have raised concerns regarding the allocation of duty-free import quotas, alleged to favour traders at the expense of manufacturers, and the arbitrary manner in which the quotas were awarded.[67] Table 18 below provides the applicable tariffs for urea and ammonium nitrate.

Table 18: Applicable rate of duty on Urea and Ammonium Nitrate

Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
3102.10.00	- Urea	1. Kg 2. t	25%	25%	0%
3102.40.00	Ammonium nitrate	1. Kg 2. t	25%	25%	0%

Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

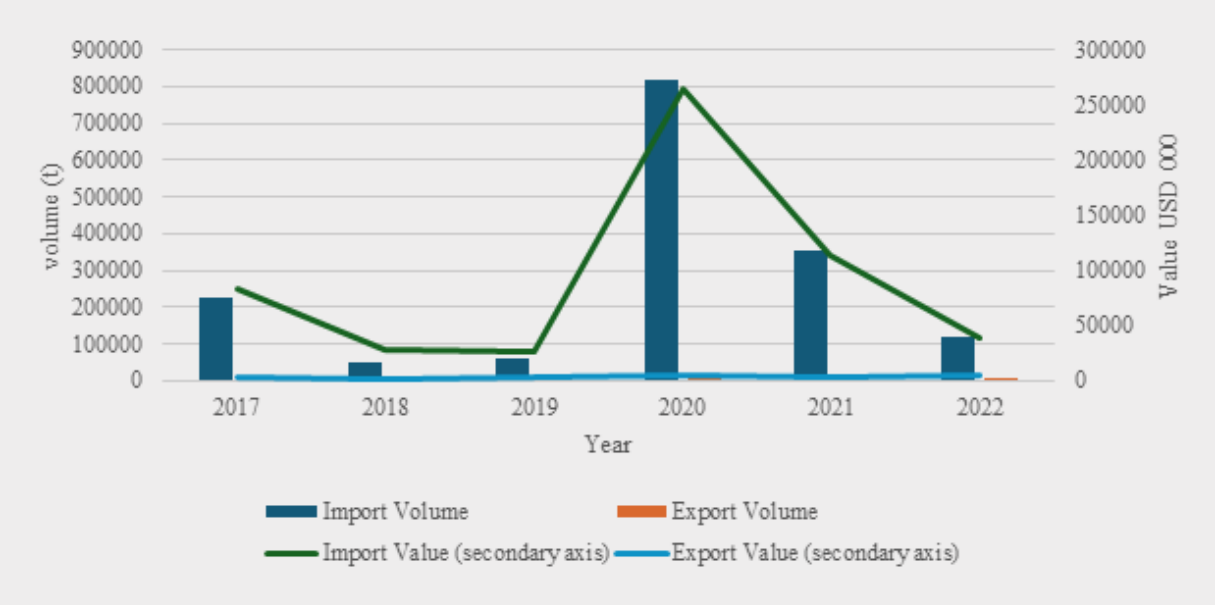
3.2.2. Maize

114. The following figures 33 and 34 highlight Zimbabwe trade in maize within the SADC and COMESA regions. The pattern in maize trade is similar to patterns observed at the continental level. This indicates that for Zimbabwe, a larger degree of trade in Africa occurs within the SADC region. Zimbabwe is a net importer of maize in both the SADC and COMESA regions. For both fertiliser and maize, at the Africa and regional level, the trade data shows that more volatility (especially in terms of trade values) is seen from the onset of the Covid-19 pandemic from 2020 onwards, relative to the pre-Covid period era of 2017 to 2019.

66 The Zimbabwe food and agricultural import regulations and standards are developed, administered and implemented by the MLAWCRD, Ministry of Health and Child Care, Ministry of Industry and Commerce, Ministry of Environment, Climate, Tourism & Hospitality Industry

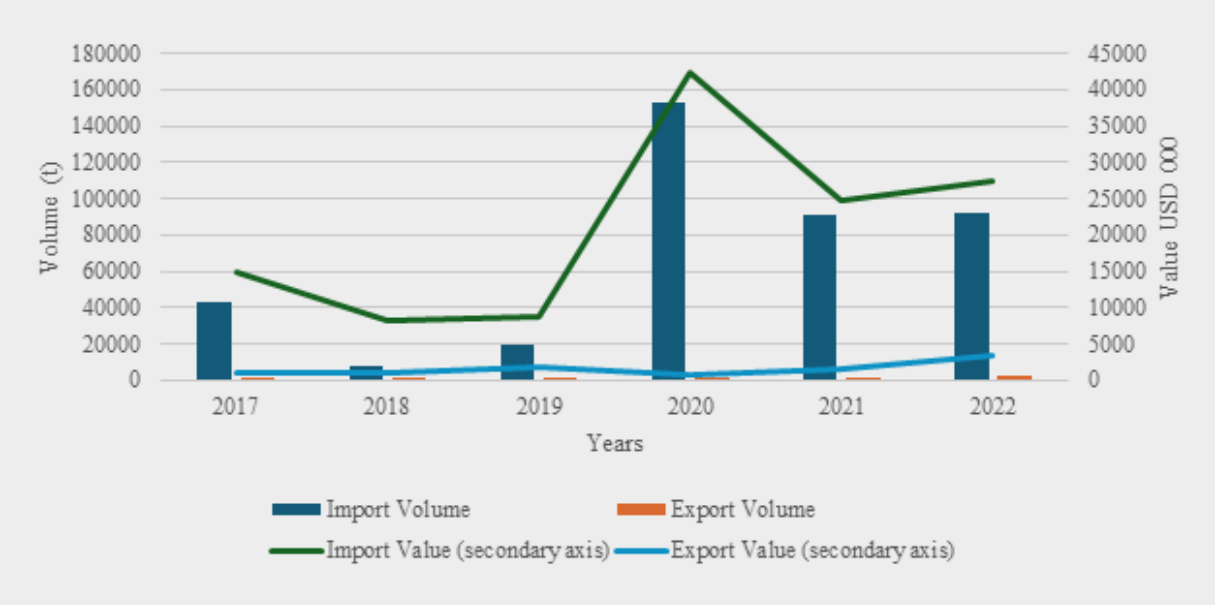
67 Commission. 2018. A Study of the Zimbabwe Fertilizer Industry. Harare: Competition and Tariff Commission.

Figure 33: Zimbabwe maize trade with SADC, 2017-2022



Source: ITC Trade Map (2024)

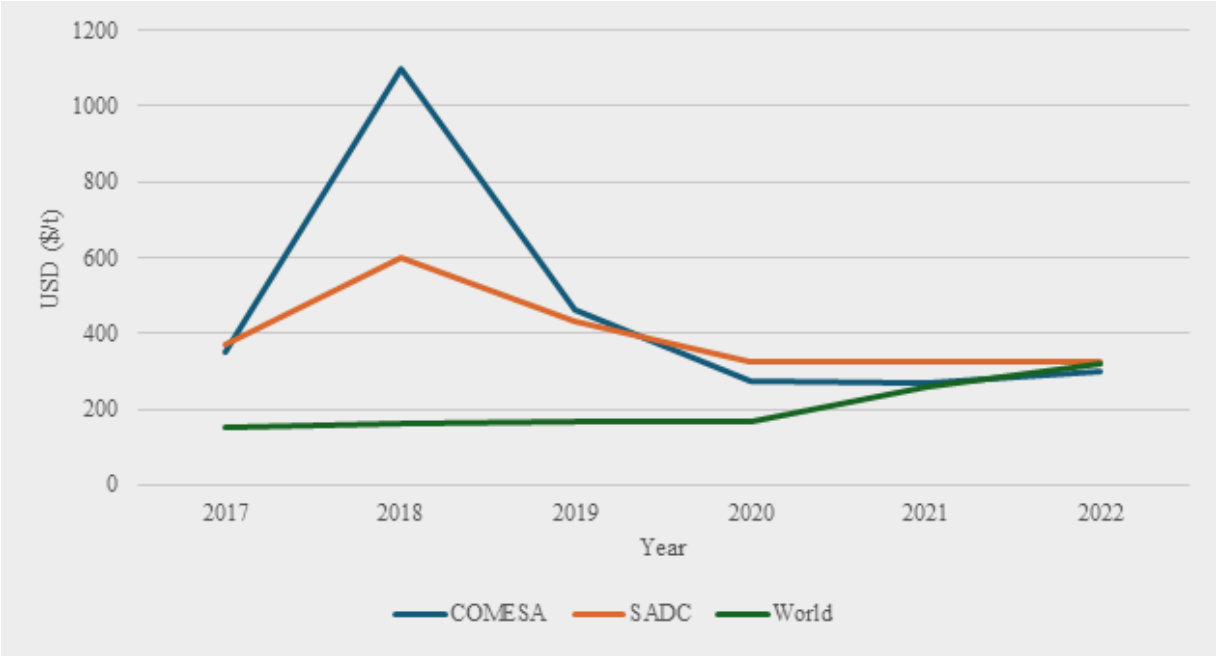
Figure 34: Zimbabwe maize trade with COMESA, 2017 - 2022



Source: ITC Trade Map (2024)

115. The figure 35 below shows average price trends (dollar per tonne) for maize in COMESA and SADC during 2017 to 2022, where again more volatility is seen for prices in the COMESA region between 2017 to 2019.

Figure 35: Pricing trend for maize ($/t)



Source: Trademap (2024); World Bank Commodities Price Data (2022)

116. Over the period, maize prices have been declining in COMESA and SADC. SADC pricing has been less competitive in the last 3 years. Zambia has competitive average prices as compared to the prices over the period for COMESA and SADC, considering the exceptionally high fertiliser prices in 2021 and 2022.[68] World prices for maize have been very low, and the trend has shown a gradual increase in price which is different from maize price increases in the region. In 2022 the price differentials have decreased significantly, and have almost aligned, indicating improving competitiveness in the production of maize in the region.

117. In terms of tariff and non-tariff barriers, only maize seed has a duty of 10% at MFN level, however maize for nutrition purposes has zero percent duty, as maize is a staple food for Zimbabweans and duty has been removed for free movement of maize. Table 19 provides the applicable rate of duty for maize.

Table 19: Applicable rate of duty on maize

Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
1005.10.00	- Seed	1. Kg 2. t	10%	0%	0%
1005.90.00	- Other	1. Kg 2. t	0%	0%	0%

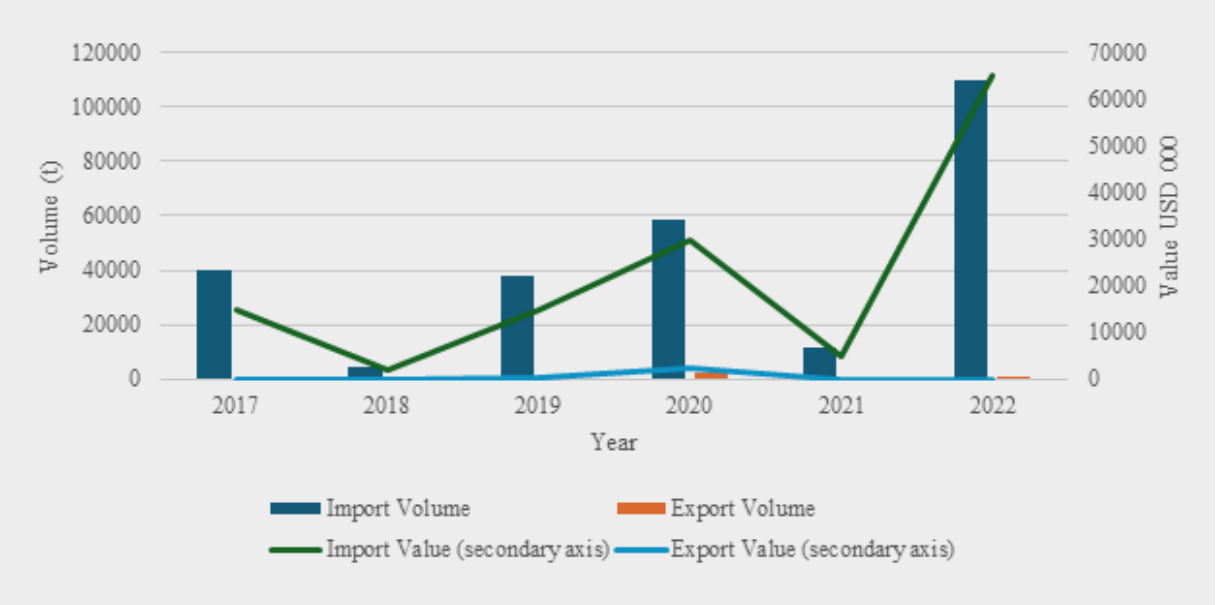
Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

68 Nsomba, G. & Roberts, S. 2023. Building competitive agricultural markets for Zambia: Unlocking export potential. https://www.theigc.org/sites/default/files/2023-11/Nsomba%20and%20Roberts%20Final%20report%20November%202023.pdf.

3.2.3. Wheat

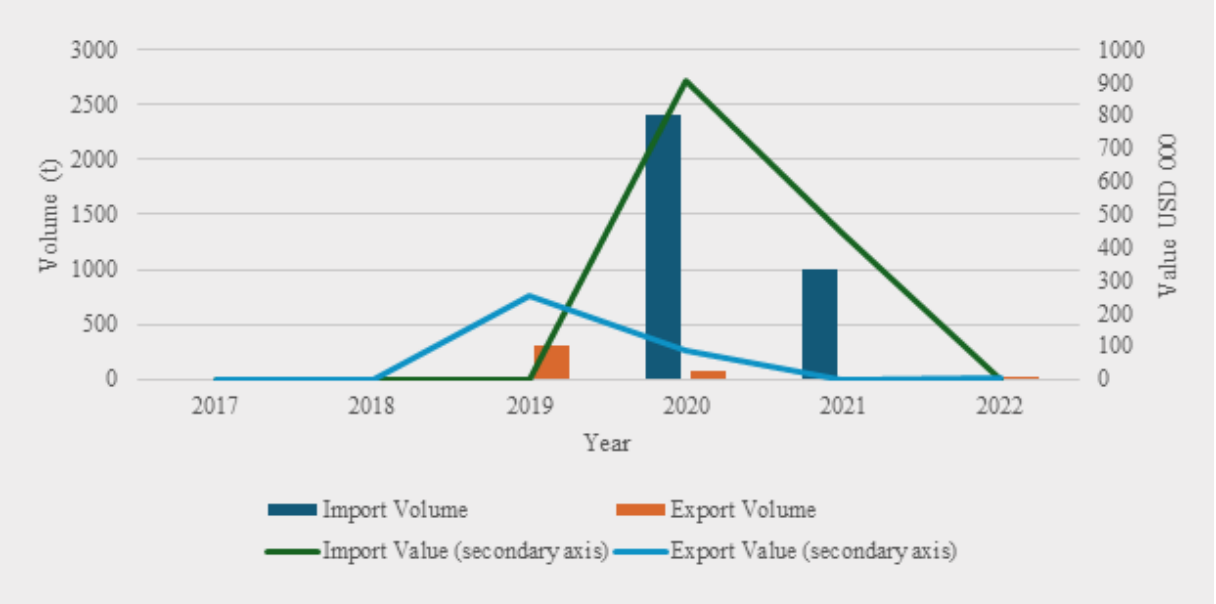
118. The following figures 36 and 37 highlight Zimbabwe wheat trade in the SADC and COMESA regions. Wheat cereal trade indicates Zimbabwe has been a net importer of wheat from the SADC and COMESA regions. The graphs also indicate that a bigger share of Zimbabwe wheat trade is with the SADC region.

Figure 36: Zimbabwe wheat trade with SADC



Source: ITC Trade Map (2024)

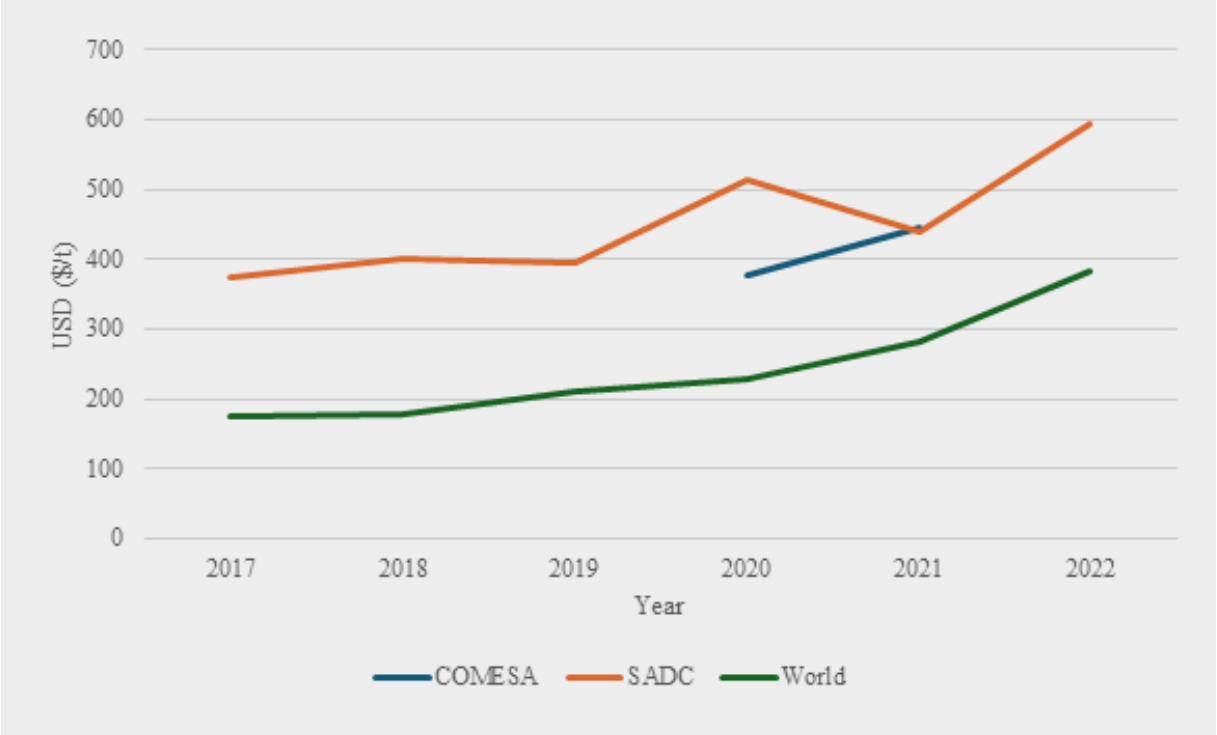
Figure 37: Zimbabwe wheat trade with COMESA



Source: ITC Trade Map (2024)

119. The figure 38 below shows average price trends (dollar per tonne) for wheat in COMESA and SADC during 2017 to 2022, and comparison of regional price data with World Bank Commodities price data for the same period.

Figure 38: Pricing trend for wheat ($/t)



Source: ITC Trade Map (2024); World Bank Commodities Price Data (2022)

120. SADC's wheat price is rising over the 2017 to 2022 period, and COMESA's wheat price increased from 2021 to 2022. SADC's price is less competitive than COMESA, though there is lack of data for COMESA. The world prices for wheat are significantly cheaper as compared to prices in the region. Mozambique has the highest price per tonne in the region over the period. The Russian-Ukraine war restricted importation from both countries, and caused a rise in wheat prices globally. However, sharp increases in prices experienced at regional level, for example 2019 to 2020, are quite different from what was prevailing at the world level. World commodity prices for wheat are more likely cheaper in the world and in places such as Europe, as the climatic conditions can be more favourable for wheat production. The Zimbabwean government used to rely on imports, to balance low local production, but has implemented contract wheat farming to increase production, aimed at meeting the local demand and building strategic reserves.[69]

121. In relation to non-tariff barriers, wheat and flour are subject to phytosanitary standards, and importation of wheat requires permits from the MLAWRD. In relation to tariff measures, wheat is entering duty free into Zimbabwe, and this has been part of a raft of measures aimed at mitigating the effects of the El-Nino-induced drought, which guaranteed national food security.

69 Shonhe, T., & Scoones, I. 2022. Private and state-led contract farming in Zimbabwe: Accumulation, social differentiation and rural politics. Journal of Agrarian Change., Chapter 22(1), p 118-138.

Table 20: Applicable rate of duty on Maize

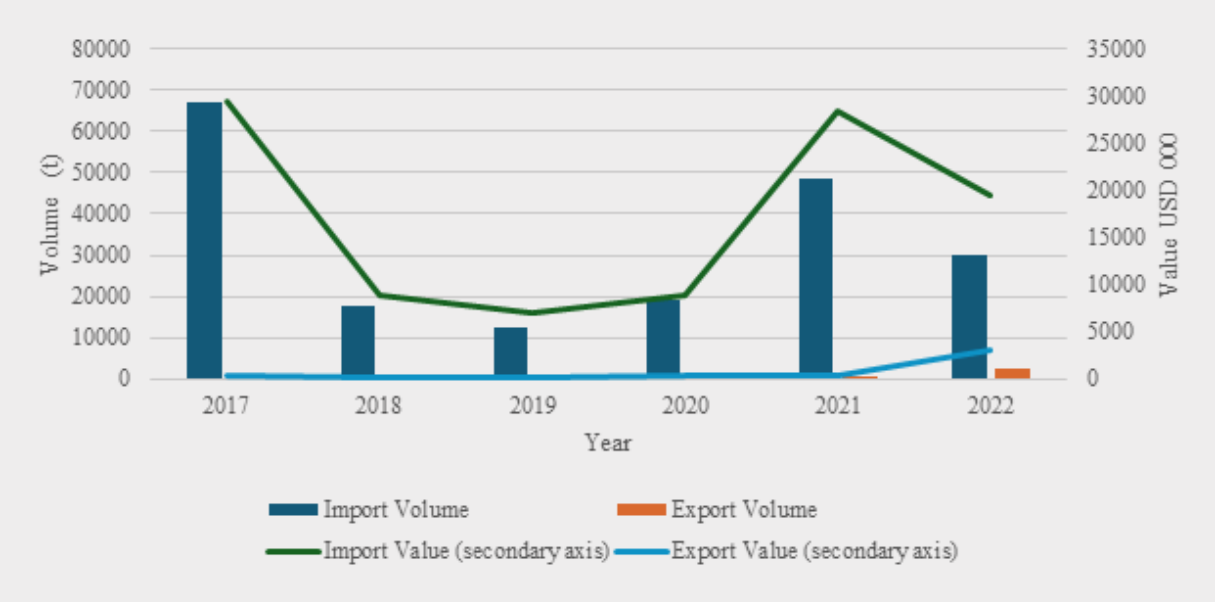
Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
1001.11.00	- - Seed	1. Kg 2. t	0%	0%	0%
1001.19.00	- - Other	1. Kg 2. t	0%	0%	0%

Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.2.4. Soybean

122. Soya bean is mainly produced by commercial farmers, under programs such as CBZ Agro Yield supporting its production. Due to shortages of locally produced edible oilseeds, some soybean supplies are sourced from Zambia and South Africa.[70] Zimbabwe is a net importer of soybean in the SADC and COMESA regions. It is however observed that there has been a decline in imports of soybean from COMESA over the period.

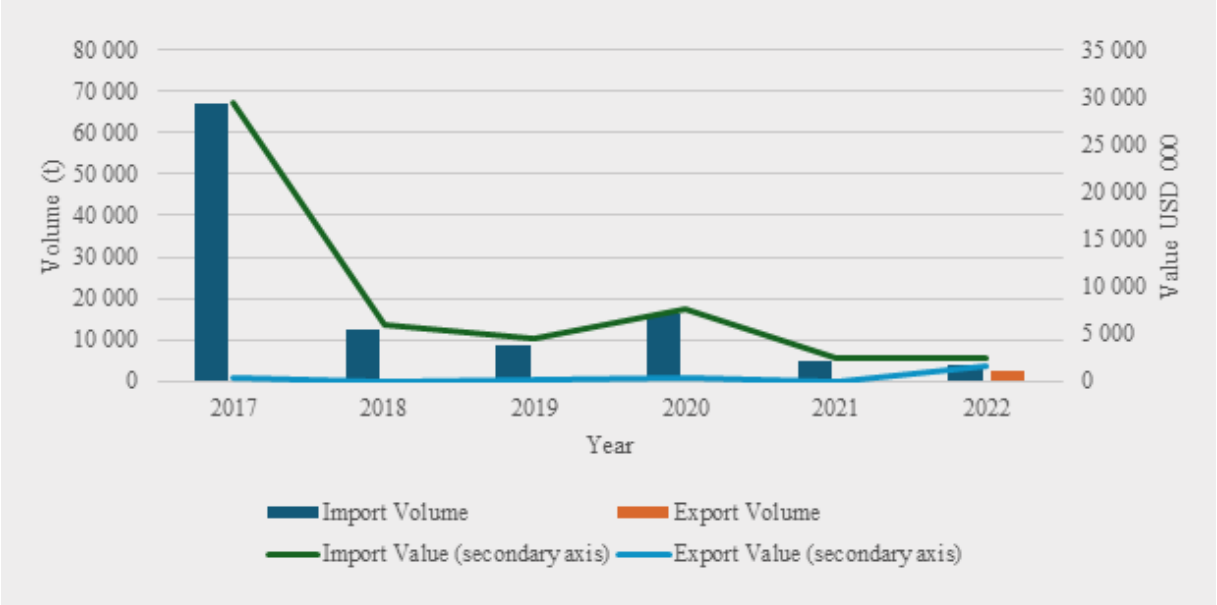
Figure 39: Zimbabwe soybean trade with SADC



Source: ITC Trade Map (2024)

70 ITC Trade Map. 2024.

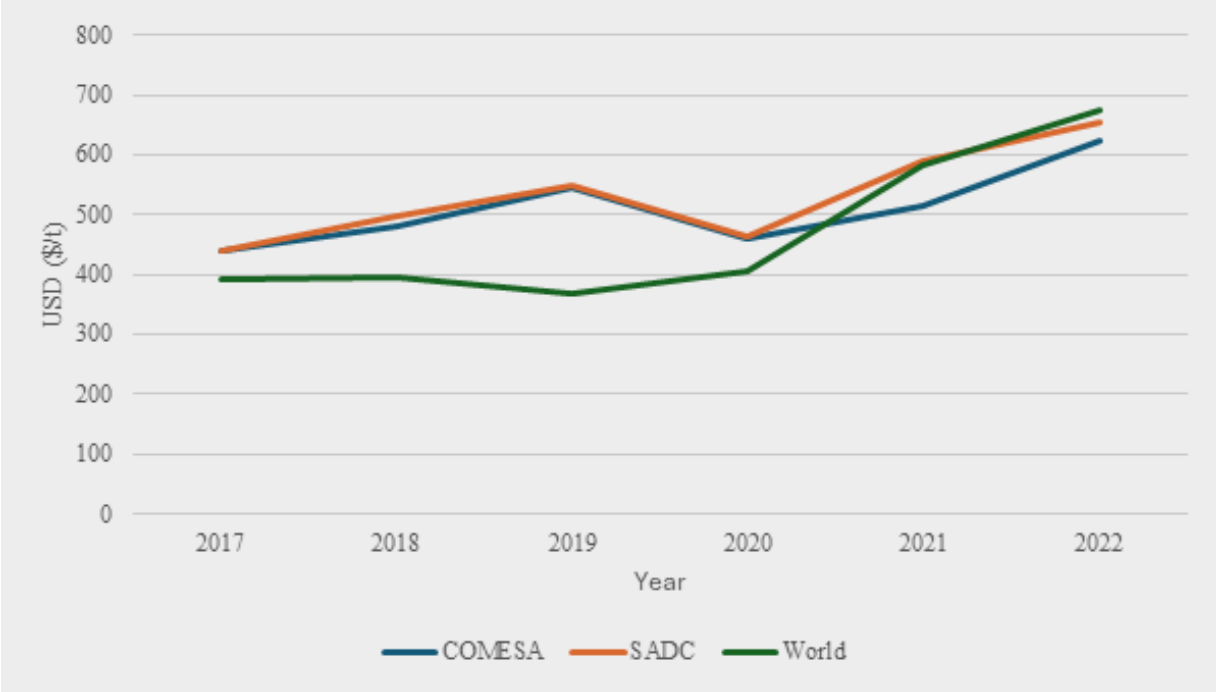
Figure 40: Zimbabwe soybean trade with COMESA



Source: ITC Trade Map (2024)

123. The figure 41 below shows average price trends (dollars per tonne) for soybeans in COMESA, SADC and the world during 2017 to 2022.

Figure 41: Pricing trend for soya bean ($/t)



Source: ITC Trade Map (2024); World Bank Commodities Price Data (2022)

124. Soybean prices have been rising over the period in both the COMESA and SADC regions. SADC has been less competitive on the soybean price over the period, compared to COMESA. Mozambique has the highest price on average over the period. The rise in soybean prices in 2021 and 2022 also contributed to the price escalation of soybean oil in 2021, and a subsequent rise in 2022. Soybean prices have been competitive compared to other products, given the lesser margins compared to world commodity prices prevailing, and in 2022 the world commodity prices surpassed those prevailing in the region. This can be attributed to weather conditions which are suitable for soybean production as compared to wheat, which may be more favourable in colder regions such as Europe. The Table 21 below indicates that in Zimbabwe, the tariff applicable for soybeans are favourable, as soybean is critical for promotion of the livestock industry, as well as ensuring steady supply of various food products which rely on soybeans as a raw material, such as cooking oil for human consumption.

Table 21: Applicable rate of duty on soya bean

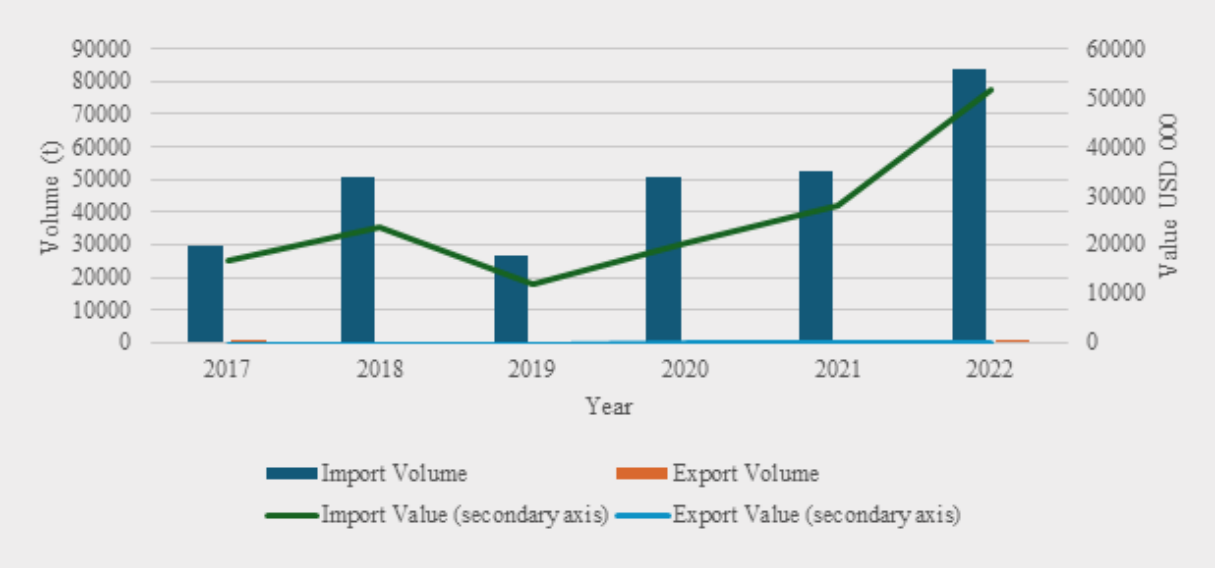
Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
1201.10.00	- Seed	Kg	5%	0%	0%
1201.90.00	- Other	Kg	5%	0%	0%

Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.2.5. Oilcake

125. The figures 42 and 43 below show Zimbabwe oilcake trade in SADC and COMESA. Zimbabwe is a net importer of oilcake in the SADC and COMESA regions due to a low production and output of soybeans. The figures 41 and 42 below show that generally there is an increasing trend in trade volume and value of oilcake with SADC, while more volatility is observed in the trade with COMESA.

Figure 42: Zimbabwe Oilcake trade with SADC



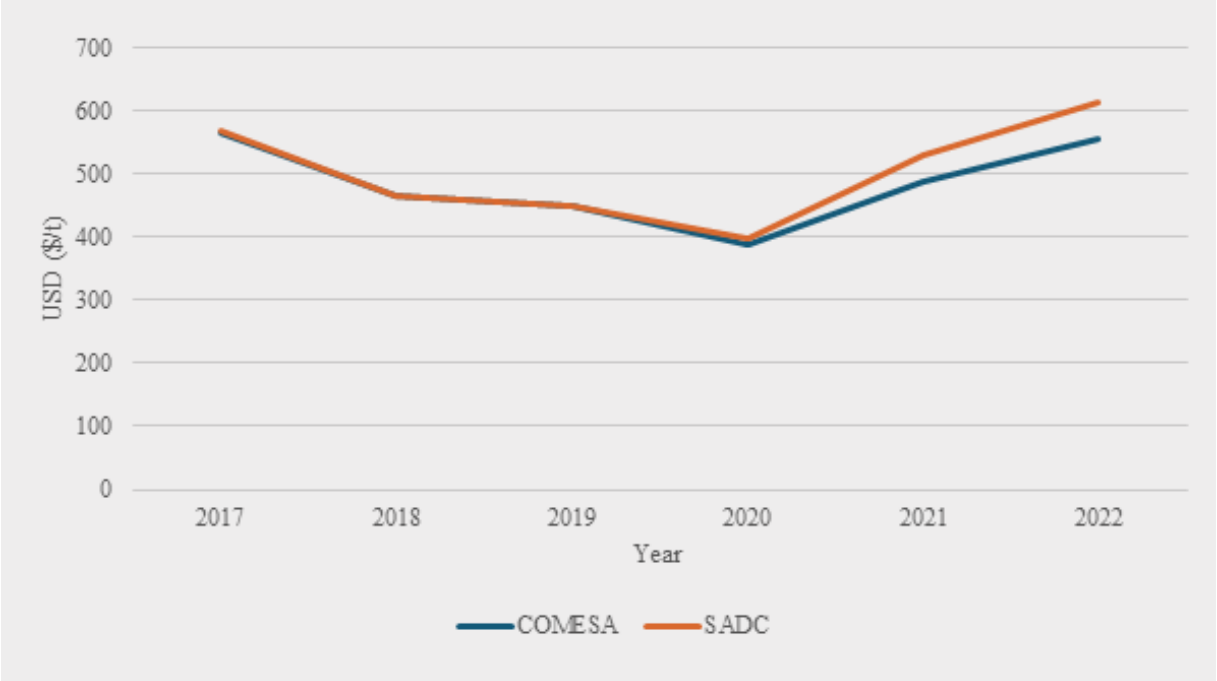
Source: ITC Trade Map (2024)

Figure 43: Zimbabwe oilcake trade with COMESA

Source: ITC Trade Map (2024)

126. The figure 44 below shows average price trends (dollar per tonne) for oilcake in COMESA and SADC during 2017 to 2022.

Figure 44: Pricing trend for oilcake ($/t)



Source: ITC Trade Map (2024)

127. The figure 44 above shows that COMESA and SADC prices have been following the same trend path over the 2017 to 2022 period, although COMESA prices trended slightly lower than SADC prices from 2020 to 2022. SADC oilcake price is less competitive when

compared to COMESA from 2020 onwards. Zambia and Malawi are more competitive in oilcake price; while South Africa has the highest average price over the period.

128. Of interest, the 2017 to 2019 period shows a rise in the price trend for soybean, but at the same time a decline could be seen in the price of oilcake, which is a by-product of soybean. A possible explanation here could be that the feed industry in countries producing more soybean could be failing to absorb the increased oilcake produced when crushing to get soybean oil, thereby causing the price to drop. For example, Zambia and Malawi's local demand for soybean oilcake ranges around 200-300 thousand tonnes, implying that half of the oilcake produced is exported.[71]

Table 22: Applicable rate of duty on oilcake

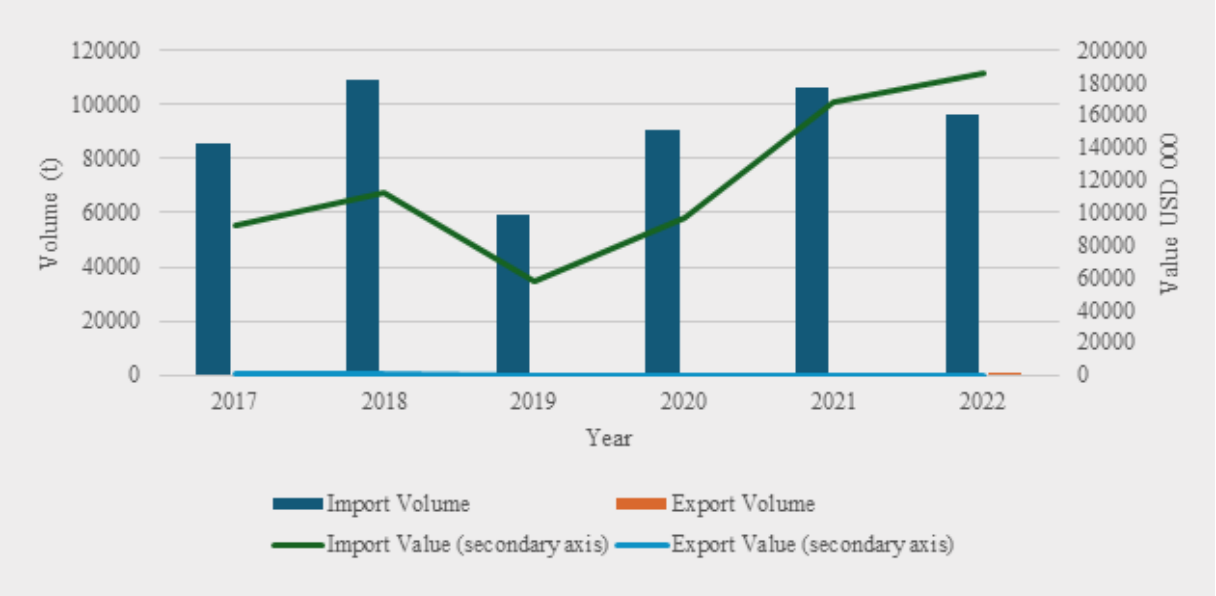
Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
2304.00.00	Oilcake	Kg	5%	0%	0%

Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.2.6. Soya bean Oil

129. The figures 45 and 46 below indicate Zimbabwe's soybean trade in SADC and COMESA. The graphs indicate that Zimbabwe has been a net importer of soybean oil from the SADC and COMESA regions. This is largely due to low production levels for the major raw material, which is soybeans.

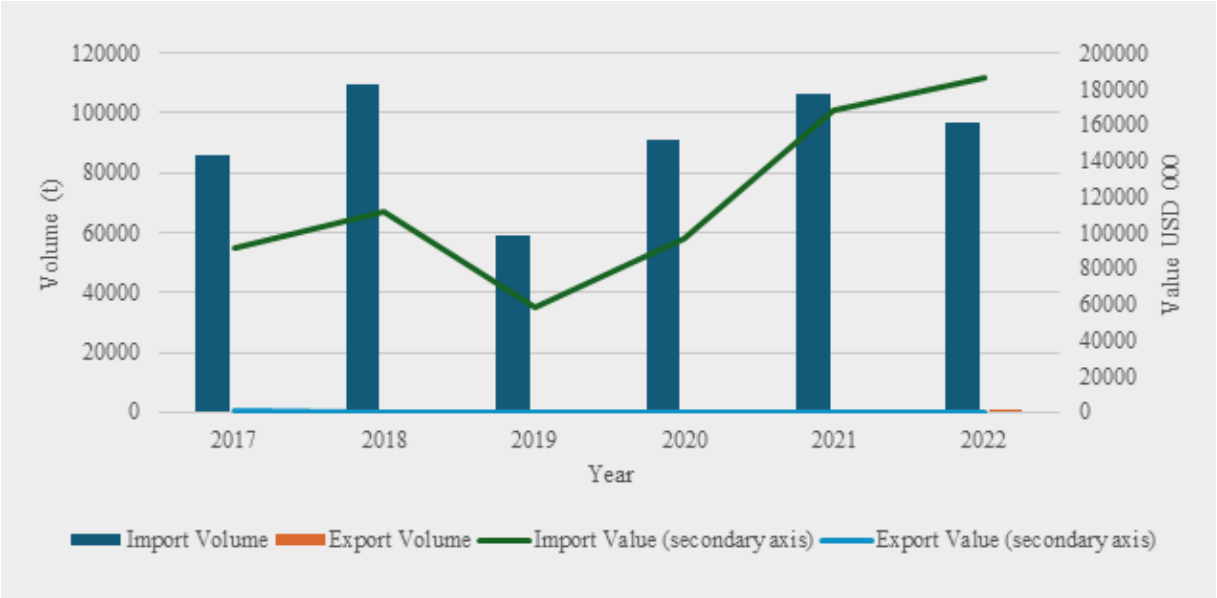
Figure 45: Zimbabwe Soybean Oil Trade with SADC



Source: ITC Trade Map (2024)

71 Nsomba, G., Roberts, S., & Tshabalala, N. 2021. Assessing agriculture markets in Eastern and Southern Africa: Implications for inclusion, climate change and the case for a market observatory. CCRED Working Paper. Vol 7.

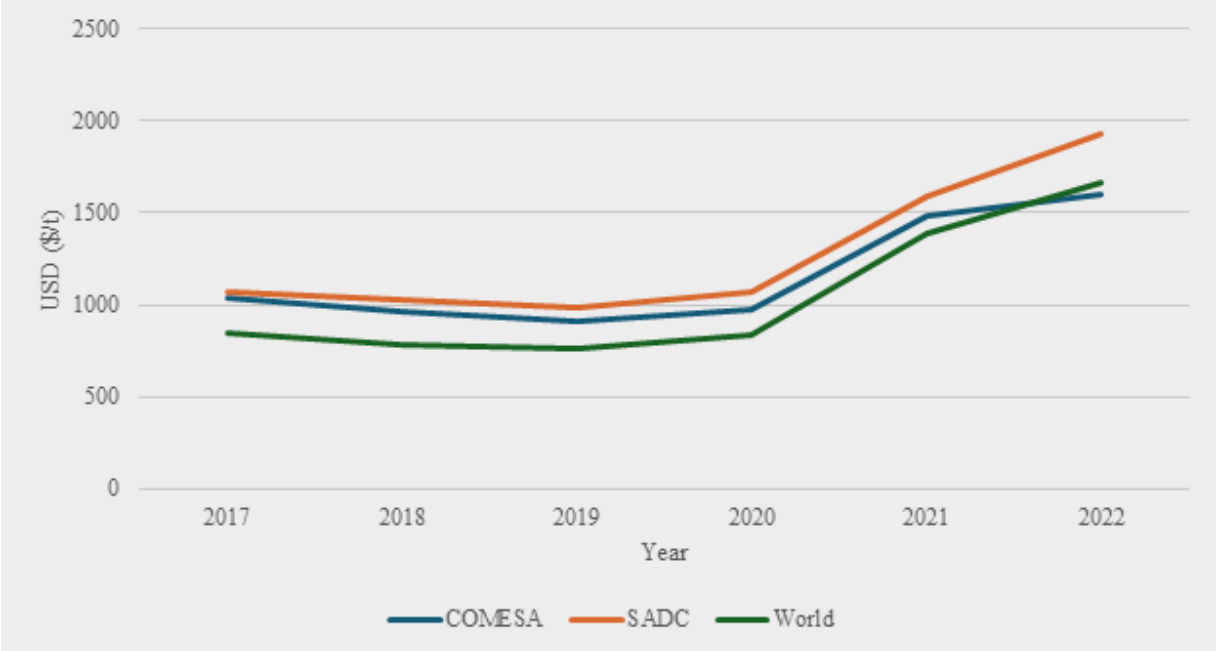
Figure 46: Zimbabwe Soya bean oil trade with COMESA, 2017 - 2022



Source: ITC Trade Map (2024)

130. The figure 47 below shows average price trends (dollar per tonne) for soybean oil in COMESA, SADC and World during 2017 to 2022.

Figure 47: Pricing trend for soybean oil



Source: ITC Trade Map (2024); World Bank Commodities Price Data (2022)

131. The price trends have generally been rising for soybean oil in COMESA and SADC. The price escalation occurred against the backdrop of soybean price increases in 2021, and a subsequent rise in 2022. Over the period, COMESA has been offering competitive prices as compared to SADC. In 2021 Zambia also had competitive soybean oil prices, below the SADC and COMESA prices. In 2022, Zimbabwe witnessed a huge spike in the price of soybean oil, indicating that supply shocks caused by the Russia-Ukraine geopolitical tensions had an effect of raising prices above reasonable levels, due to the region being a major producer region.[72] The world prices have been slightly cheaper, but showing a similar trend to that prevailing in the region. Table 23 shows the applicable rate of duty for crude soybean oil, and shows that, in the region, there are zero tariffs for the importation of crude soybean oil; given that it is an essential part of the citizens' dietary needs. Given that soybean prices highlighted above were competitive, it can also be seen that this has had spillover effects on the edible oil sector, which provides cooking oil, as the prices have been competitive.

Table 23: Applicable rate of duty on soya bean oil

Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
15071000	Crude soybean oil	kg	5%	0%	0%

Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.2.7. Poultry

132. Zimbabwe poultry trade with SADC shows a general overall decline from 2017 to 2022. There is a sharp decline from 2017 to 2019, followed by a sharp increase in imported poultry products from 2020 to 2022. From the COMESA region there is no trade in poultry over the period. The overall decline in trade can be attributed to the Avian Influenza outbreak in May 2017, which resulted in a ban on imports of poultry products from South Africa.[73]

72 Glauber, J. W., & Laborde Debucquet, D. (2023). *The Russia-Ukraine conflict and global food security*. Intl Food Policy Res Inst.

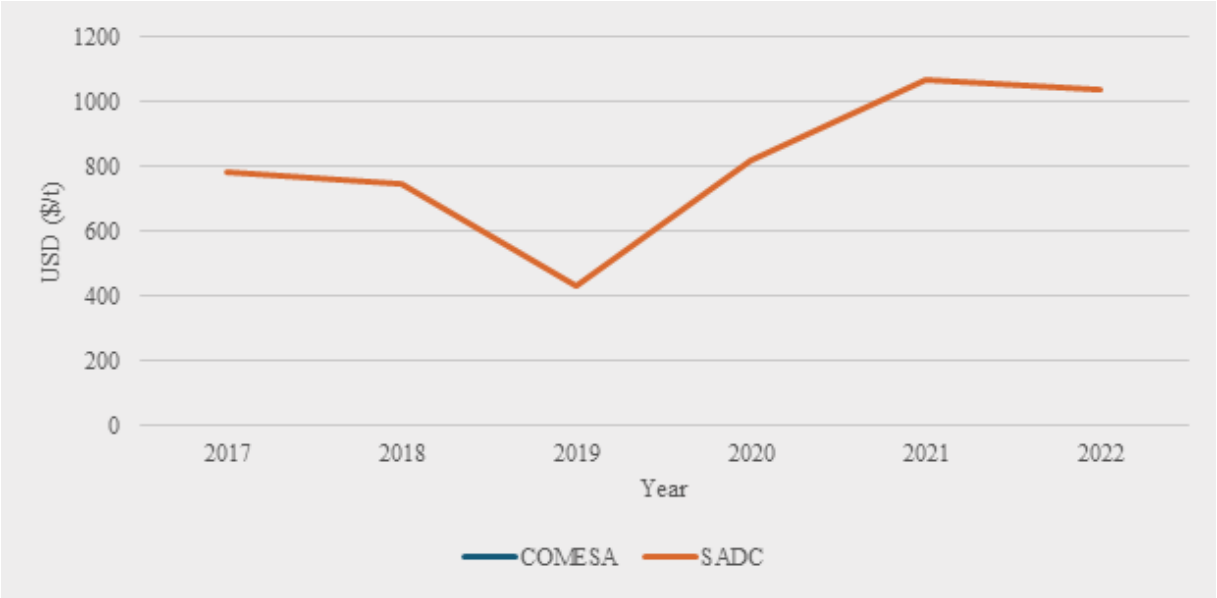
73 Zimbabwe Poultry Association (2018, May) ZPA Newsletter. https://www.livestockzimbabwe.com/Updates/ZPA%20newsletter%20May%202018.pdf

Figure 48: Zimbabwe poultry trade with SADC

Source: ITC Trade Map (2024)

133. The figure 49 below shows average price trends (dollar per tonne) for poultry in COMESA and SADC during 2017 to 2022.

Figure 49: Pricing trend for poultry ($/t)



Source: ITC Trade Map (2024)

134. The figure 49 above shows fluctuations for poultry price over the period in SADC only, with a general average rise in price, but more especially the trend shows a decrease from 2017 to 2019, after which the poultry price rises until 2021. COMESA's poultry price data is unavailable. Mozambique has a high average poultry price per tonne, and is a supplying market for Zimbabwe.

135. The persistent rise of poultry prices from 2020 to 2021 also witnessed a decline in the volume of poultry that was imported by Zimbabwe in 2020, and an increase in imported poultry volume in 2021. The rise in poultry price can also be linked to the rise in oilcake prices witnessed in 2020 to 2022. Competitiveness of the poultry industry is deeply tied to the access to affordable maize and soybean oil cake, which is a crucial component in raising chickens (as observed in countries such as Brazil).[74] The rise in poultry price is also attributed to a shift in taste and preference, which increased the consumption for poultry meat.[75]

136. In relation to tariff and non-tariff barriers to trade, poultry products are subject to customs duty of 40% at the MFN level, and 15% under SADC. There are agencies, such as the Department of Livestock and Veterinary Services, which are responsible for formulating policy and reducing risk in the import and export of animal products.

Table 24: Applicable rate of duty on poultry

Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
0207.25.00	Not cut in pieces, frozen	Kg	40% or US$1.5/kg	15% or US$1.50/Kg whichever is higher	0%
0207.26.00	Cuts and offal, fresh or chilled	Kg	40% or US$1.50/kg	15% or US$1.50/Kg whichever is higher	0%

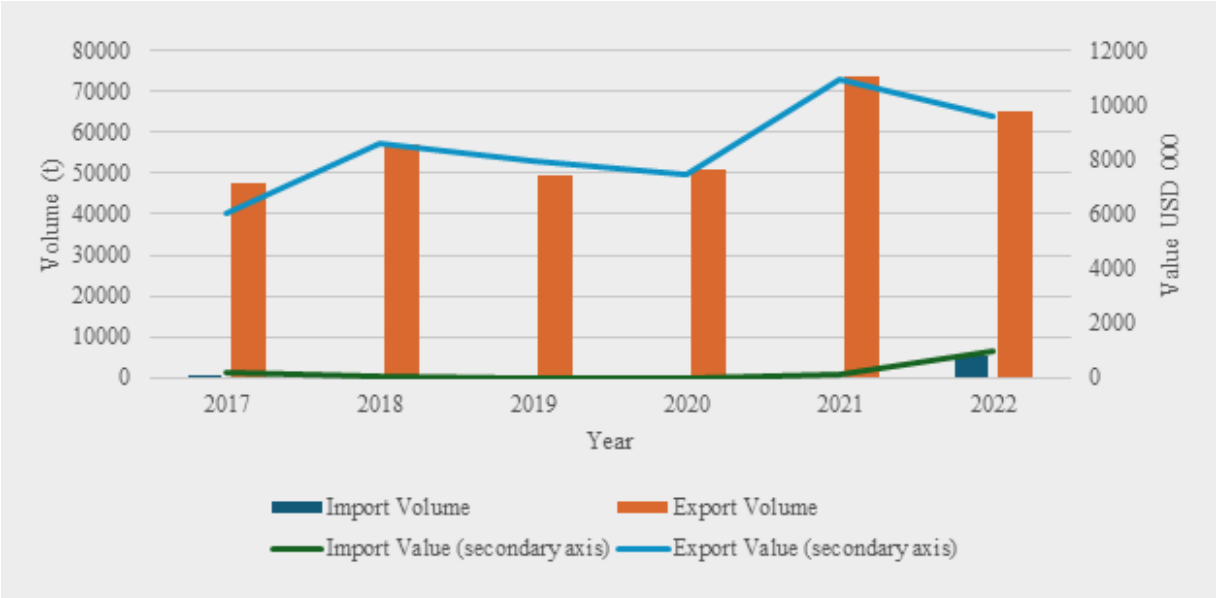
Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.2.8. Citrus Fruit

137. The figures 50 and 51 below highlight Zimbabwe citrus fruit trade in the SADC and COMESA regions. Zimbabwe is a net exporter of citrus fruits into the SADC and COMESA regions.

74 Lundström, M. 2009. Prosperity and marginalisation: An analysis of the expanding meat production in southern Brazil.
75 Bureau for Food and Agricultural Policy 2023. https://www.bfap.co.za/wp-content/uploads/2023/04/Modelling-Poultry-Markets-in-Eastern-and-Southern-Africa.pdf.

Figure 50: Zimbabwe Citrus Trade with SADC



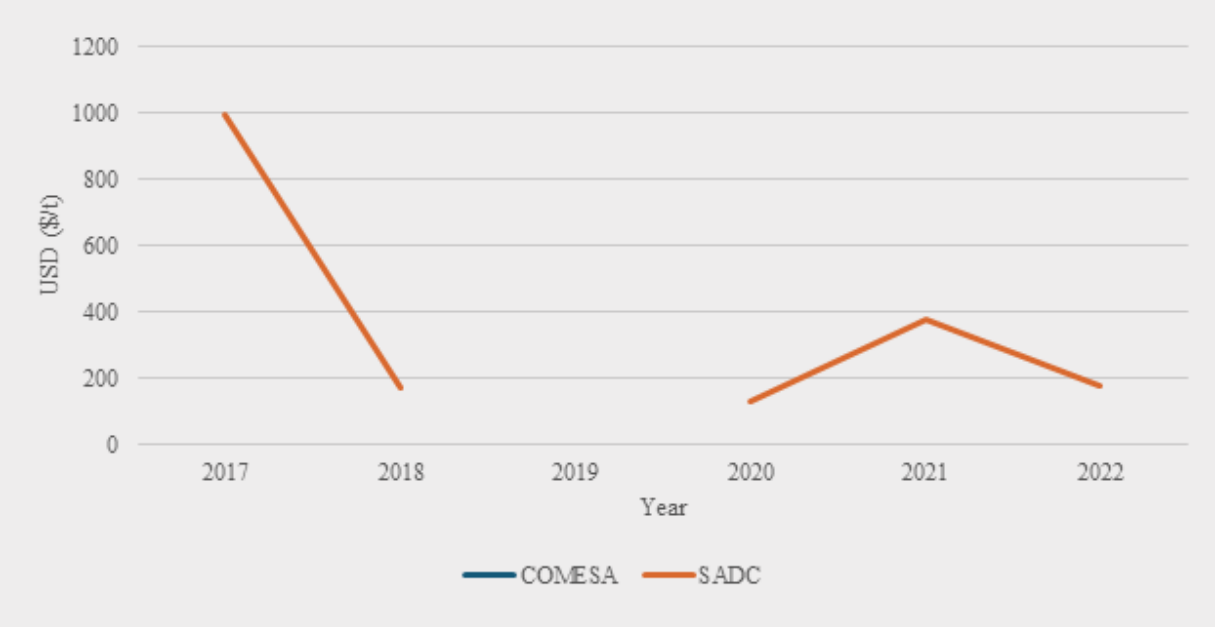
Source: ITC Trade Map (2024)

Figure 51: Zimbabwe Citrus Trade with COMESA

Source: ITC Trade Map (2024)

138. The figure 52 below shows average price trends (dollar per tonne) for citrus in COMESA and SADC during 2017 to 2022.

Figure 52: Pricing trend for citrus ($/t)



Source: ITC Trade Map (2024)

139. The price trend for citrus in figure 51 above contains some gaps in the price data for COMESA and SADC, due to data unavailability. In the case of SADC, the citrus price trend has variability over the period, although the 2019 data is missing. Overall, the price has declined from around US$995.31 in 2018 to around U$180.26 in 2022. On average, South Africa and Zambia offered much more competitive prices for citrus (dollar per tonne) during the same period.

Table 25: Applicable rate of duty for citrus fruits

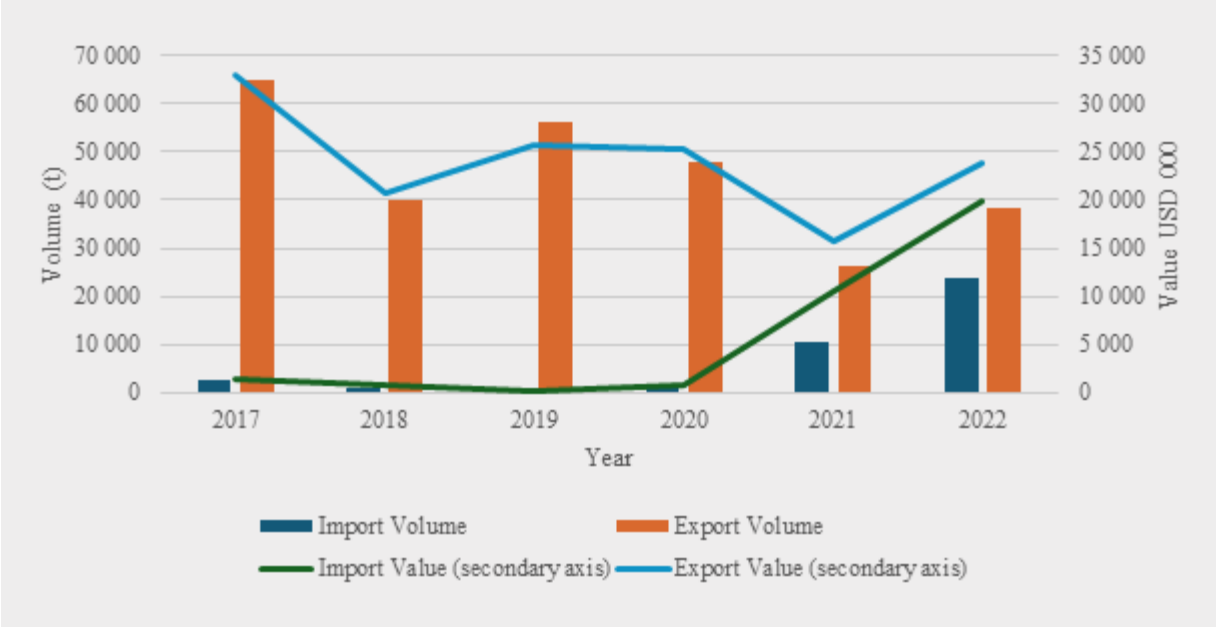
Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
0805.10.00	Oranges	Kg	40%	15%	0%
0805.40.00	Grapefruit and pomelos	Kg	40%	15%	0%
0805.50.00	- Lemons	Kg	40%	15%	0%

Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.2.9. Sugar

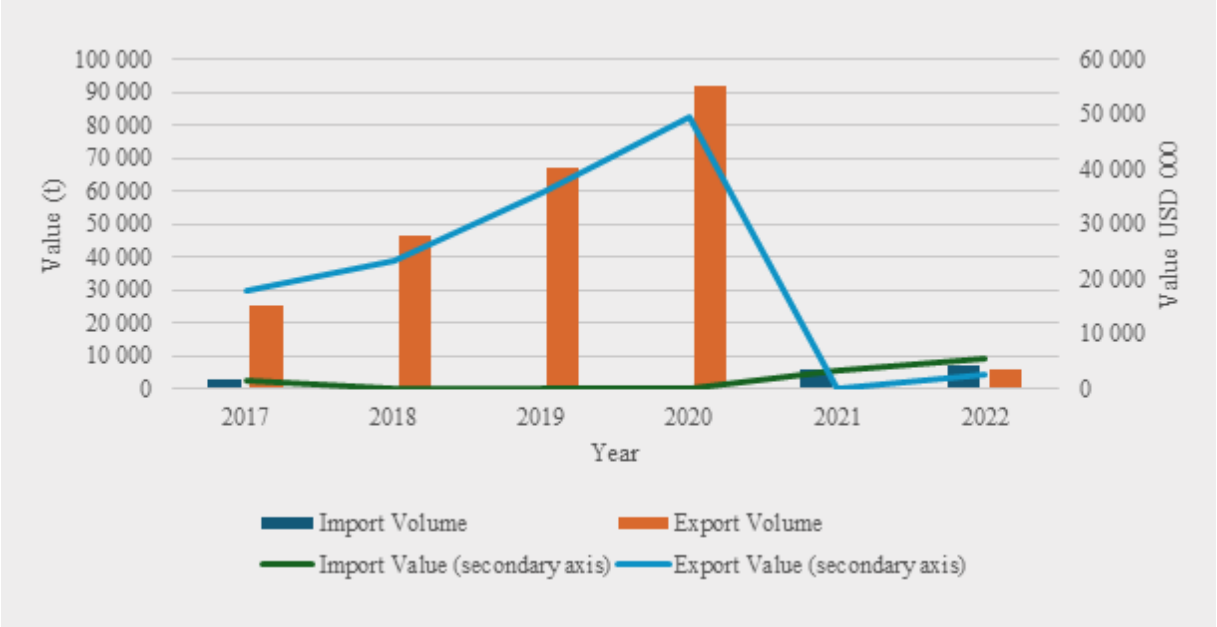
140. The figures 53 and 54 below show Zimbabwe's trade of sugar in the SADC and COMESA regions. Zimbabwe is a net exporter of sugar in the SADC and COMESA regions.

Figure 53: Zimbabwe Sugar Trade with SADC



Source: ITC Trade Map (2024)

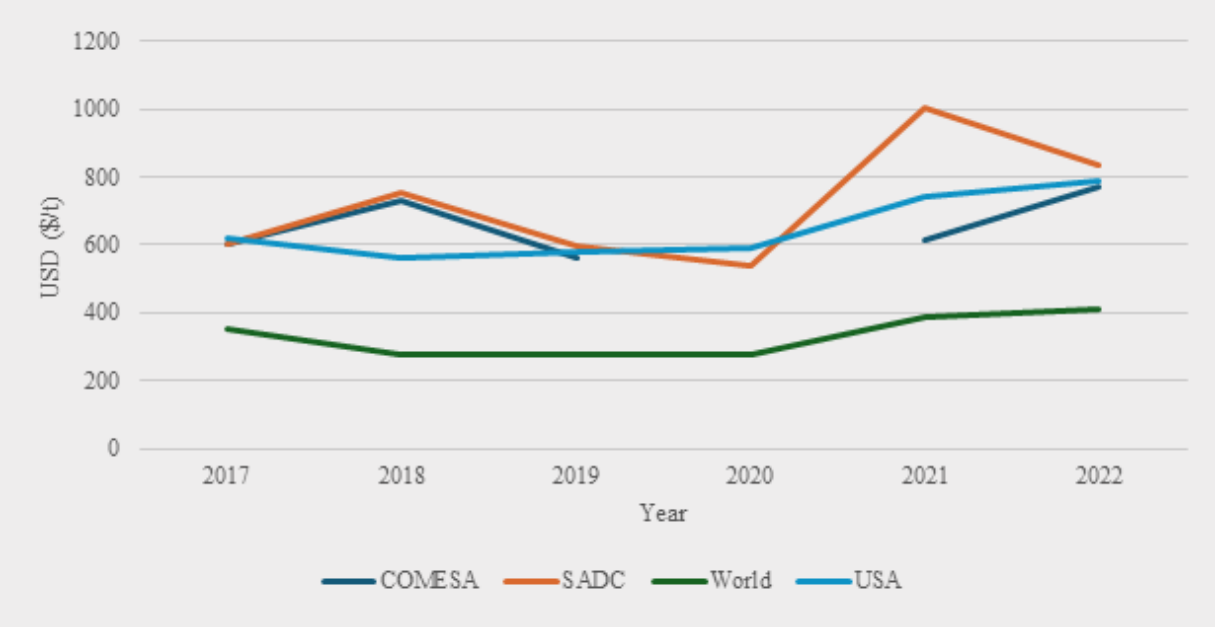
Figure 54: Zimbabwe Sugar Trade with COMESA



Source: ITC Trade Map (2024)

141. The figure 55 below shows average price trends (dollar per tonne) for sugar in COMESA, SADC, world and USA during 2017 to 2022.

Figure 55: Pricing trend for sugar ($/t)



Source: ITC Trade Map (2024); World Bank Commodities Price Data (2022)

142. The figure 55 above highlights fluctuations of the sugar price trend for COMESA, SADC, world and USA (2017-2022). COMESA has competitive sugar prices over the period, and in 2020 there is unavailable data. Generally, sugar prices have been increasing over time in both SADC and COMESA. Zimbabwe offered much more competitive sugar prices on average to Malawi (a recent importer). World price however indicates that there are more affordable prices available, indicating that there are more cost-effective producers of sugar in the world. Table 26 indicates that the sugar industry is a strategic industry, and it is protected, especially assessing the world and SADC region, though there are no customs duties for COMESA.

Table 26: Applicable rate of duty for Sugar

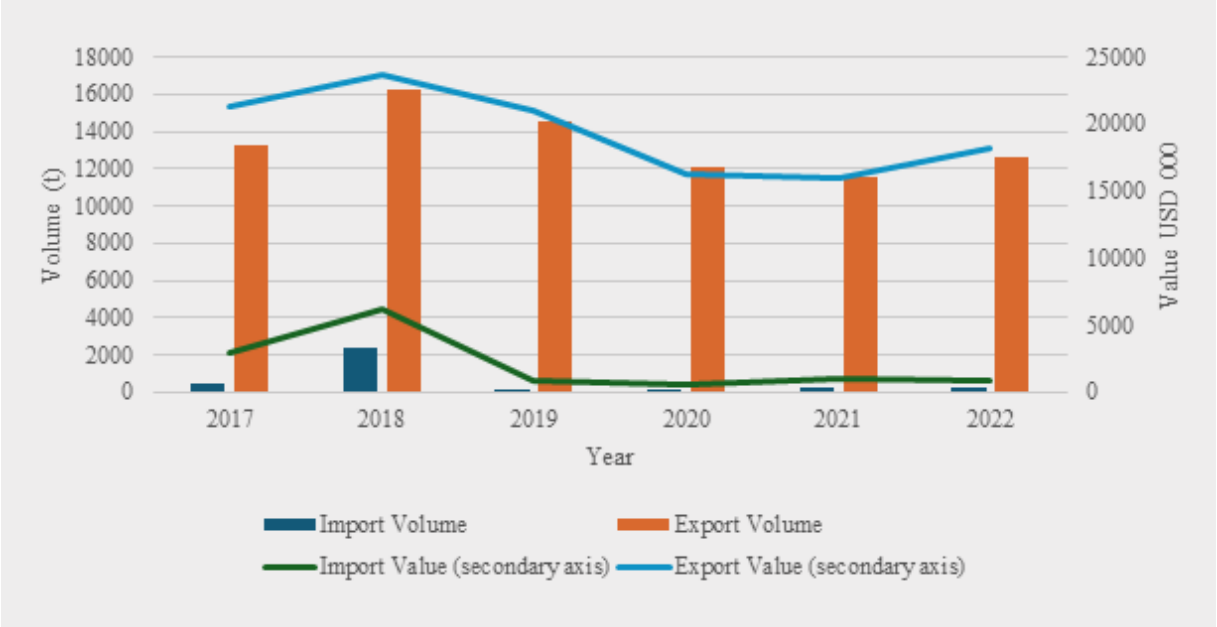
Tariff Code	Description of goods	Quantity data	MFN	SADC	COMESA
1701.13.00	Cane sugar	1. Kg 2. t	10% + US$100/t	10% + US$100/t	0

Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.2.10. Tea

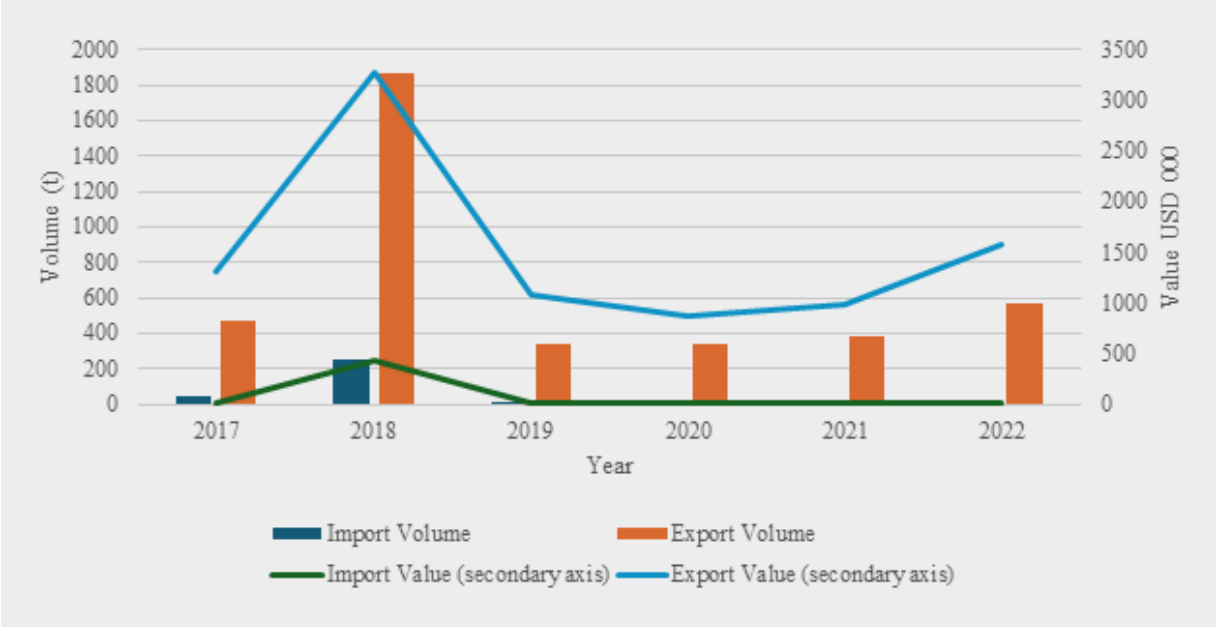
143. The figures 56 and 57 below showcase Zimbabwe's tea trade with SADC and COMESA. Zimbabwe is a net exporter of tea into the SADC and COMESA regions.

Figure 56: Zimbabwe Tea Trade with SADC



Source: ITC Trade Map (2024)

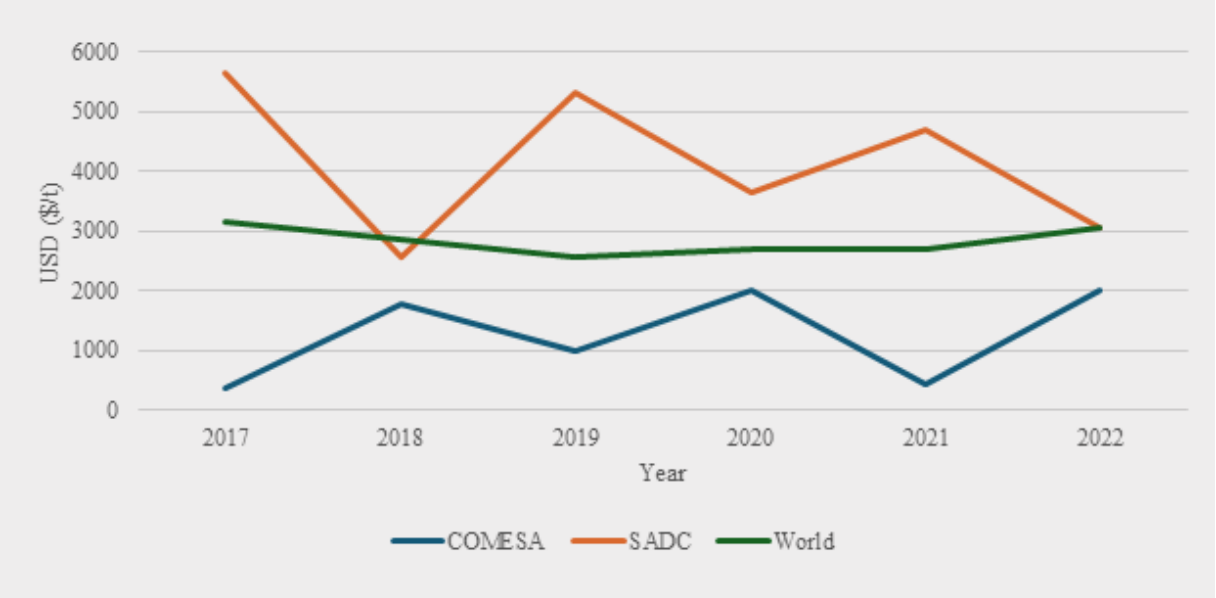
Figure 57: Zimbabwe Tea Trade with COMESA



Source: ITC Trade Map (2024)

144. The figure 58 below shows average price trends (dollar per tonne) for tea in COMESA and SADC during 2017 to 2022.

Figure 58: Pricing trend for tea ($/t)



Source: ITC Trade Map (2024)

145. The figure 58 above shows a noteworthy pattern of fluctuation in the average prices for tea in COMESA and SADC. Generally, SADC and Africa exhibit a similar trend over the period that is inverse to the COMESA price trend. As the SADC price trend is declining over the period, COMESA average prices are rising during the same period, 2017 to 2022. COMESA has competitive prices over the period, as compared to SADC, which is way above US$2000 per tonne. Zimbabwe offered more competitive tea export prices, on average, to South Africa and Mozambique, which is way below SADC's tea prices, and within COMESA's price range. Table 27 below shows the applicable rate of duty for tea. There is free movement of tea at the regional level, assessing on the rate of duty.

Table 27: Applicable rate of duty for tea

Tariff Code	Description of goods	Quantity data	MFN	SADC	COME-SA
09023000	- Black tea (fermented) in immediate packings of a content not exceeding 3Kg	Kg	40%	0%	0%
09024000	Other black tea (fermented)	Kg	40%	0%	0%

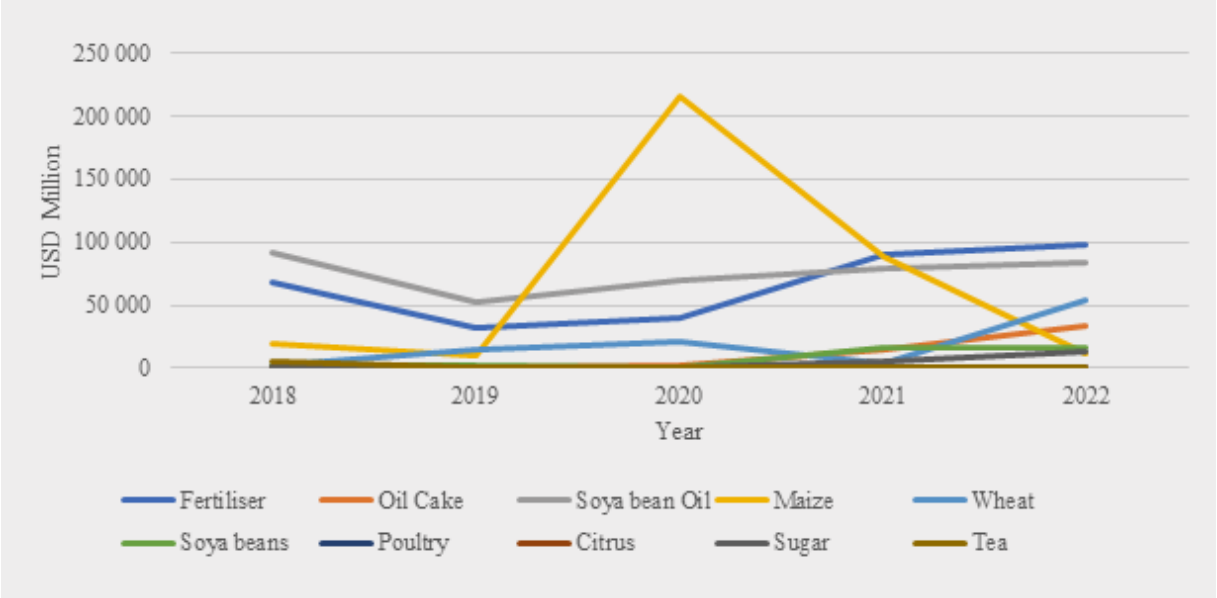
Source: Zimbabwe Tariff Handbook (2022) & Customs and Excise (Tariff) Notice, 2022, SI 203 of 2022

3.3. ZIMBABWE TRADE FLOWS AT THE COUNTRY LEVEL

146. This section considers Zimbabwe's trade flows at individual country level, focusing on SADC countries and mainly South Africa, in respect to being Zimbabwe's top trading partner for most products being analysed in this study. This section therefore provides more detail on products under study in relation to Zimbabwe's value chain, its source of imports and average prices, market structure, and competition concerns that are arising from internal and external influences at the country level of trade.

147. Zimbabwe's imports from South Africa were mainly related to maize, fertiliser and soybean oil. Zimbabwe has been importing more agricultural input products, because there is still a need to meet national demand of the agricultural input scheme and secure food security for Zimbabwe. Figure 59 below indicates the decline in agriculture inputs such as fertiliser in 2020, as result of high prices being driven up by natural gas price increases, which subsequently raised the cost of nitrogen production. This was then followed by the impact of Russia's invasion of Ukraine in 2020 (with Russia being a major producer of Nitrogen), which then further increased fertiliser prices. In addressing the issues and reducing the adverse impact of weather conditions like El-Nino, Zimbabwe waived the duty on 250 000 tonnes of fertiliser in 2022, and further suspended import tax on fertiliser in 2023.

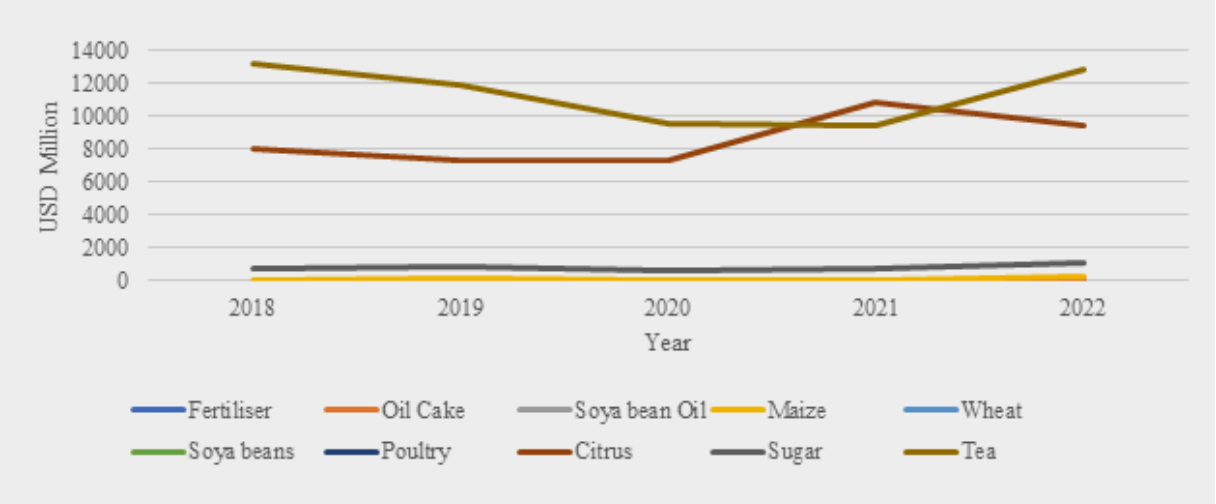
Figure 59: Zimbabwe's imports of specific agriculture food products and agricultural inputs from South Africa



Source: ITC Trade Map (2024)

148. Zimbabwe's exports to South Africa were mainly tea, citrus and sugar. Zimbabwe has been exporting less food products, because there is still a need to meet the national demands of a growing population, so there have consequently been less products available for export.

Figure 60: Zimbabwe's exports of specific agriculture food products and agricultural inputs to South Africa



Source: ITC Trade Map (2024)

149. In 2020, Zimbabwe exported less tea to South Africa as pandemic-related disruptions to logistics affected tea trade, and international tea prices weakened due to the increased supply of tea by Kenya, which was not matched by corresponding world demand.[76] For citrus, in 2021 Zimbabwe exported more citrus to South Africa because of the Covid-19 pandemic, which resulted in a surge in demand for citrus fruits due to their perceived immune-boosting benefits.

3.4. REGULATORY ENVIRONMENT, AUTHORITIES AND MAJOR AGRICULTURAL FOOD LAWS

150. In relation to import and export requirements, given that the focus of this study is on agricultural food products, Zimbabwe has food and agricultural import and export regulations and standards that are developed, administered, and implemented by the MLAFWRD, Ministry of Health and Child Care, Ministry of Industry and Commerce, Ministry of Environment, Climate, Tourism and Hospitality, and the Ministry of Higher & Tertiary Education, Science and Technology Development (MHTESTD). These ministries also appoint independent agencies to undertake specific regulatory, certification and implementation functions. Due to the various ministries and agencies involved in regulating agricultural and food products, imported and exported products may be subject to multiple regulations under the various ministries.

76 https://allafrica.com/stories/202008270830.html#:~:text=Last%20year%20international%20tea%20prices,matched%20by%20corresponding%20world%20demand.

4

INSIGHTS AND OBSERVATIONS FROM TRADE FLOW DATA

151. The ACF research into Zimbabwe's regional agricultural trade has analysed: i) trade flows of essential food products and agricultural inputs in Africa and regional economic communities ii) competition issues and constraints related to traded food products and agricultural inputs, and iii) market structure and pricing analyses for traded goods and pricing trends over time.

4.1. TRADE FLOWS AND ANALYSIS

152. Zimbabwe faces a negative trade balance, importing more food products and agricultural inputs than it exports to Africa, potentially impacting the current account and foreign exchange reserves. Zimbabwe's imports from Africa show fluctuations in imports between 2017 and 2022, with an overall upward trajectory over the period. There was a notable decline of imports in 2018-2019, followed by a surge in 2020, attributed to continued trading during the COVID-19 pandemic. Zimbabwe's exports to Africa indicated a slight decline in food exports over the 5-year period, with the main exported products being sugar, tea and citrus fruits.

4.2. REGIONAL TRADE ANALYSIS

153. In relation to Zimbabwe's regional orientation, the trade data shows that its trade of selected agricultural products is strongly oriented towards the SADC region. Key imports include soybean oil, wheat, maize, and fertiliser. In Zimbabwe's trade with COMESA, the decline in exports to COMESA was mainly due to reduced sugar exports.

154. Zimbabwe's key imports from COMESA include fertiliser, oilcake, and maize amongst the products analysed in this study. South Africa is a key trading partner for Zimbabwe, indicating potential challenges in exploring market opportunities in other African regions despite tariff reductions. The enactment of the AfCFTA will not provide a silver bullet in regard to expanding trade of food products and agricultural products into and from Africa, at least not in the short to medium term. Sectors which are export oriented, such as the citrus and tea sectors, have competition concerns, largely related to their international trade constraints.

4.3. GOVERNMENT INTERVENTION

155. Trade restrictions, through instituting safeguard measures or bans, has an implication on Africa realising improved intra-Africa trade. Government participation as buyers of agricultural, inputs as an example, has implications on market concentration of agricultural sectors, as well as efficient functioning of markets.

4.4. MULTINATIONAL FIRM LINKAGES

156. Regional commodity traders and multinational corporations have effectively harnessed the benefits of economies of scale and bulk procurement of raw materials, leveraging their significant buying power to source products. This strategic approach not only enables them to dominate the regional market, but also enhances their efficiency in procurement, distribution, and overall supply chain operations. By capitalising on economies of scale, these entities can achieve cost efficiencies, streamline their

operations, and exert substantial influence over the sourcing and distribution of commodities. Additionally, their adept utilisation of bulk procurement provides them with a competitive edge, allowing for strategic negotiations with suppliers, and facilitating seamless regional dominance in the trade of various products.

4.5. REMARKS ON FINDINGS:

157. The study highlights and recommends the following:

- Competition Authorities should continue advocacy initiatives on the impact of government intervention in the development of agricultural markets.
- Promoting increased intra-Africa trade requires encouraging trade in key value chains where Africa has supportive climatic conditions, such as the soybean value chain, as it has multiple linkages in other sectors.
- Promoting regional integration efforts in the AfCFTA may also require significant investment in transport systems such as rail, to ensure that logistical costs are reduced significantly.
- In terms of enhancing agricultural productivity to achieve food self-sufficiency, Zimbabwe needs to heavily invest in high-precision irrigation systems, to diminish effects of climate change.

PART G

OVERVIEW OF MAIN FINDINGS

1

OVERVIEW OF MAIN FINDINGS

1. Agriculture remains the backbone of most African economies, playing a pivotal role in food security, employment, and gross domestic product (GDP) contribution. The focus on agricultural value chains, particularly for key, highly traded products, is driven by their economic significance, and their potential to enhance regional trade and economic resilience. Further, agricultural and agro-processing value chains are important, given the current high food inflation environment that continues to place pressure on consumers.

2. The agriculture sector faces numerous challenges, including climate change, market access barriers, and anti-competitive practices. These issues not only impede the optimal functioning of markets, but also affect the livelihoods of millions who depend on agriculture. In addition, supply shocks like the Covid-19 pandemic and the Russian-Ukraine war, combined with climate change and high food inflation, have highlighted the African food systems' vulnerability, and the need for greater resilience and food security. Emphasising regional and continental value chains allows African competition authorities to collectively conduct research and enforce policies that can enhance investment opportunities, economic growth, and price competitiveness within the framework of continental and regional integration efforts.

3. The study of trade flows and regional value chains in key agricultural sectors across six African countries – Kenya, Mauritius, South Africa, Zambia, Zimbabwe, and Angola – provides critical insights into the economic interdependencies, competitive dynamics, and structural challenges within the continent. The research aims to elucidate trade flows and competition issues that shape the agricultural and agro-processing sectors. By examining the trade relationships (including large and small intra-Africa trade volumes) and regulatory landscapes governing these interactions, the study seeks to foster a deeper understanding of how regional integration and market structures influence economic outcomes and agricultural frameworks.

4. By integrating the insights from six diverse but interconnected markets, this study aims to contribute to the discourse on regional economic integration and agricultural development in Africa. The findings underscore the importance of fostering competitive markets, reducing trade barriers, and enhancing regional collaboration to achieve sustainable growth and food security. Through this study, the African Competition Forum seeks to inform industry stakeholders, and researchers about the intricate dynamics of agricultural trade at different geographic levels, and the critical measures needed to optimise the benefits of regional integration and enhanced regional trade in agriculture. Further, the study shows the potential for developing and expanding smaller intra-African trade volumes further within the continent.

5. The objective of this chapter is to identify trends and trade linkages across the countries, challenges or barriers to improving regional trade, the main competition issues in agriculture and agro-processing markets, and to offer key insights

towards opportunities for improving regional agricultural trade in Africa, as well as future research avenues that could be considered, going forward.

1.1. ANALYSIS OF AGRICULTURAL TRADE ACROSS THE AFRICAN COUNTRIES

6. In terms of trade patterns across the countries, the discussion below outlines the key aspects for each country's agricultural trade, after which a summary of trends and challenges is provided.

7. In respect of Zimbabwe, the main agricultural exports include sugar, tea, citrus fruits and tobacco. Key import commodities include fertiliser, maize, wheat, and soybean oil. Zimbabwe's main trade partners include neighbouring countries like South Africa, Mozambique and Zambia. Zimbabwe faces a number of trade challenges, such as inadequate infrastructure, high transportation costs, and complex regulatory frameworks which impede trade efficiency. The country's trade dynamics reflect strong linkages to regional partners, for both agricultural exports and imports. The trade relationships within SADC and COMESA are crucial for meeting domestic food security needs and supporting the agricultural sector's growth.

8. In terms of Kenya's trade, the country plays a pivotal role in East African trade, with a diversified agricultural export portfolio. The country's major exports include tea, coffee, horticultural products, as well as floriculture. Kenya's agricultural exports have grown significantly, driven mainly by demand in European and Asian markets. The country imports substantial quantities of maize, rice and wheat, primarily from regional partners, and some international markets. While Kenya benefits from relatively advanced infrastructure and logistics networks, challenges remain in reducing non-tariff barriers and improving regional trade integration.

9. With regards to agricultural trade in Mauritius, despite its small size, the country is a key player in regional trade, particularly in the agro-processing sector. Mauritius exports a variety of processed food products, as well as sugar and seafood products. Its export destinations are diversified, with significant shipments to Europe, Africa and Asia. Mauritius imports food products, raw materials and agricultural inputs to support its processing industries. The country's key import partners include India, South Africa, and China. Mauritius focuses on enhancing value addition, and leveraging its strategic location to boost re-exports and facilitate trade. It does, however, face significant trade challenges in achieving self-sufficiency on basic food commodities, due to its dependence on imports for most agricultural inputs and food products.

10. Zambia's trade profile reveals a strong reliance on agricultural exports within the Southern African region. Its major agricultural exports include raw cane sugar, oilcake, maize and soybeans. The key export markets for Zambia include the Democratic Republic of Congo, Zimbabwe, and South Africa. Zambia imports fertilisers, crude oil and processed foods. There is a notable deficit in edible oils, with imports meeting a significant portion of domestic demand. Zambia, despite being self-sufficient in many crops like maize and sugar, faces high trade barriers and transport costs that limit its trade efficiency at the African level. While Zambia generally maintains a positive trade balance in agricultural products, the country's infrastructure and logistical challenges pose barriers to further growth in agricultural trade.

11. In terms of agricultural trade in South Africa, the country serves as a major hub for trade within the African continent, with well-developed agricultural and agro-processing sectors. The country exports a wide range of agricultural products, including citrus fruits, oilseed cake, crude

sunflower oil, and maize. The export markets are diverse, encompassing Africa, Europe and Asia. South Africa's key imports include fertilisers, crude sunflower oil and seeds, which are crucial for supporting its large-scale agricultural production and processing industries. South Africa's key export partners in the rest of Africa include Namibia, Mozambique, Botswana, Eswatini, and Lesotho, particularly for products like maize, sugar, coffee, and tea, while it imports significant agricultural products from Eswatini, Zambia, Mozambique, Malawi, and Mauritius. The identified challenges to South Africa's agricultural trade include infrastructure constraints, market access challenges, climate-related risks, as well as factors like high tariff and non-tariff barriers, inadequate transportation networks and extreme weather events, which increase costs and reduce competitiveness, thus hindering trade development and growth.

12. For Angola, the country represents vast agricultural potential with significant arable land, and an agricultural sector that is predominantly driven by family farming, with significant underutilisation in business farming. The country's trade in agriculture relies on imports of essential agricultural inputs and food products, including fertilisers, seeds, and sugar. Angola's primary exports include coffee, with other exports like tea and corn (maize) being exported at lower volumes. Angola's key trading partners for food exports like sugar and potatoes in Africa include the Democratic Republic of Congo, Guinea, and Namibia, among others. For food imports such as corn, Angola's dominant partner is South Africa, with additional contributions for food imports from countries like Zambia, Namibia and Kenya.

13. The country faces several challenges in agricultural trade, including inadequate infrastructure, a high dependence on rain, and regulatory barriers such as stringent sanitary and phytosanitary (SPS) requirements, as well as a dependency on imports for critical agricultural inputs, which can constrain agricultural productivity. Angola does, however, have vast agricultural potential, having around 35 million hectares of arable land, with only around 17% currently cultivated.

14. When analysing agriculture trade flows across the participating member countries, several commonalities are revealed in the traded products. These commonalities highlight overarching product-specific insights and regional economic patterns, as well as a shared reliance on specific commodities. These common, product-specific aspects are outlined briefly below, with reference to key, highly traded agricultural commodities, namely maize, sugar, coffee, tea, processed foods and agro-processed products, as well as fertilisers and agricultural inputs.

14.1. The trade of maize (a key staple food) is prevalent within the Southern African region, and across all the participating members, with countries like Zambia and South Africa exporting maize to their neighbours, while Kenya, Angola, Mauritius and Zimbabwe generally import maize to meet domestic demand. Kenya has increasingly imported maize from South Africa and Uganda, to address its domestic production deficits, with annual import volumes rising significantly over recent years. Average prices and volumes for maize trade have fluctuated over time, influenced by regional production levels and global market conditions, where both maize export and import volumes have shown an overall increasing trend across the participating countries.

14.2. The sugar sector is important for employment and economic stability for many African countries, notably Zimbabwe, Zambia, Kenya and South Africa, who have substantial sugar production industries. Kenya, despite being a producer, is also

a significant importer of sugar, sourcing primarily from COMESA countries, including Uganda, Mauritius and Zimbabwe. In 2022, Zambia exported $89.9 million in raw cane sugar, making it a larger exporter of sugar in Africa. The Zambian sugar industry is dominated by a few major players, such as Zambia Sugar, which cater to both domestic and regional markets. In South Africa, sugar production is significant, but the market is also characterised by high concentration and limited competition, impacting pricing and market accessibility.

14.3. Coffee is a vital crop for developing countries, providing foreign exchange earnings and an income for farmers, as it is one of the few crop products that can be stored for relatively long periods without perishing.[1] Coffee trade has generally shown an increasing trend in both export and import volumes over the available years. Kenya is a notable exporter of coffee, while other African countries such as South Africa and Mauritius, although not major producers, play important roles in the coffee trade in Africa, focusing more on coffee imports. Coffee production in Kenya holds a significant position, with a well-established market structure (from smallholder farmers to exporters) and competitive pricing.

14.4. Tea, similar to coffee, generates substantial foreign exchange revenue for developing countries, and provides employment for millions of people in these countries – including farmers, plantation workers, and those involved in processing and distribution. The tea industry in Kenya is well-structured, with major companies dominating production and export processes. However, both industries face challenges related to global market fluctuations, and competition from other major producers. In comparison, the other countries in the study have less significant coffee and tea sectors, focusing more on other agricultural commodities.

14.5. In terms of processed foods and agro-processed products, countries like Mauritius, South Africa and Kenya have significant agro-processing industries. These countries export processed food products while also importing raw materials for their agro-processing sectors. The focus on adding value through processing is a common strategy to increase export revenues, and reduce reliance on raw commodity exports.

14.6. All the countries in the study import fertilisers and other agricultural inputs, to support their agricultural sectors. Access to these inputs is critical for improving agricultural productivity and ensuring food security. Fertilisers and other inputs are often traded within the region, reflecting the interconnectedness of the agricultural supply chains. Agricultural inputs are further discussed below.

15. While the points above cover the product-specific insights and commonalities, the traded products across Kenya, South Africa, Zimbabwe, Zambia, Mauritius, and Angola also exhibit notable divergences and different trade dynamics, reflecting each country's unique economic strategies, resource endowments, and market demands. Agricultural contributions to exports are based on a limited number of products, while other countries like South Africa, are reliant on several products for export. South Africa, for example, has several products in its agricultural export portfolio, which include maize, sugar, citrus fruits, and sunflower oil, while other countries, like Kenya and Zimbabwe, primarily focus on tea and coffee exports. Kenya's tea and coffee sectors are critical to its economy, driving significant foreign exchange earnings and

1 While coffee is not exclusively a developing country crop, its economic and social significance is more pronounced in these regions. Developed countries, such as the EU and the US, are significant consumers and importers of coffee, but they do not rely on coffee production as a primary source of income and employment.

employment. Zimbabwe, while also a key exporter of tea and coffee, faces structural challenges such as non-tariff barriers and inefficient infrastructure, that impede its trade efficiency.

16. Zambia's trade profile is heavily influenced by its maize production, positioning it as a significant supplier within the region. The country's ability to export maize is crucial for addressing food security in neighbouring countries. However, Zambia's reliance on imports for key agricultural inputs like fertiliser points to its vulnerability to external supply chain disruptions. Mauritius, despite its limited agricultural base, plays a strategic role in the regional sugar trade, both importing and exporting sugar to balance its domestic needs and economic goals.

17. Angola presents a trade dynamic of a combination of imports and exports influenced by infrastructure, economic strategies and regional trade relations. The country's trade is characterised by substantial imports of agricultural products to meet domestic demand, highlighting the ongoing efforts to develop its agricultural capacity. An interesting aspect of Angola's trade is its potential for growth in agro-processing, which remains underexploited compared to other countries in the region. Despite its vast arable land and favourable natural conditions, the country imports a large amount of its agricultural inputs, spending around $26.10 million annually on fertilisers, seeds, and agrochemicals. This reliance on imports presents both a challenge and an opportunity for Angola to develop its domestic production capabilities, and reduce dependency on foreign inputs.

18. Noteworthy factors affecting these countries' trade include the impact of unique global events such as the COVID-19 pandemic and the Russia-Ukraine conflict. These events have caused significant disruptions in supply chains, affecting trade volumes and commodity prices. For instance, the pandemic led to fluctuating trade volumes and prices in South Africa's sunflower oil market, while the rising cost of fertiliser, exacerbated by the Ukraine conflict, has impacted agricultural production costs across the region. Furthermore, non-tariff barriers, such as sanitary and phytosanitary measures, pose significant challenges, particularly for countries like Zimbabwe and Zambia, which struggle with inadequate infrastructure and regulatory inefficiencies.

19. The diverse trade profiles of Kenya, South Africa, Zimbabwe, Zambia, Mauritius, and Angola reflect their distinct economic contexts and challenges. While shared regional trade in agricultural products is evident, and there are common features across key traded products, there is also the reality that each country's unique factors (from infrastructure and regulatory issues to the impacts of global events) play a critical role in shaping their trade dynamics and economic resilience.

20. Further to the above, the ACF study has also pointed to key findings in relation to agricultural trade at different geographic levels, including aspects of global trade, intra-African trade, regional trade, and trade at the individual country level.

21. At the global level, South Africa emerges as a significant player due to its role as a net importer of essential agricultural inputs like fertilisers, while also serving as an exporter of key agricultural products such as maize, fertiliser, citrus fruits, and poultry. This dual role highlights South Africa's strategic importance in connecting other African markets with global supply chains. The global market dynamics, influenced by events such as the COVID-19 pandemic and the Russia-Ukraine conflict, have highlighted the interconnectedness of global supply chains, and the role South Africa plays in maintaining regional food security.

22. The study shows that there are positive developments related to intra-trade within the various trade blocs on the continent. This underscores the likely benefits that may arise from the implementation of the African Continental Free Trade Agreement, particularly if focus is given to the removal of restrictions to trade, and an enabling infrastructural and regulatory environment is put in place to facilitate increased trade. Regarding intra-African or continental trade, the trade patterns reveal significant interdependencies. South Africa is a central hub in the Southern African Development Community (SADC), exporting essential crops like maize, and supplying agricultural inputs including seeds and fertilisers to neighbouring countries. Zimbabwe's agricultural trade is oriented towards the SADC region, with key imports like maize and fertiliser primarily sourced from South Africa.

23. At the regional level of trade, agricultural trade within regional economic communities such as SADC and COMESA show varied dynamics. For example, Mauritius imports significant quantities of sugar from South Africa and Zambia, which it processes and re-exports, leveraging its strategic position within the regional sugar market. Similarly, Kenya's participation in the East African Community (EAC) facilitates the import of essential commodities like maize and sugar, addressing domestic supply deficits and highlighting the critical role of regional trade agreements.

24. The trade dynamics within the East African Community (EAC), the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), highlight the critical role of regional trade agreements in facilitating agricultural trade. Kenya, for instance, has leveraged its membership in these regional blocs to import essential commodities like maize and sugar, thereby addressing domestic supply deficits. Similarly, Mauritius and Zambia have positioned themselves as key exporters of sugar, benefiting from preferential market access under COMESA. South Africa's diversified agricultural trade portfolio underscores its role as a major trading partner within the Southern African Development Community (SADC), while Zimbabwe and Angola continue to navigate the complexities of regional trade to bolster their agricultural sectors.

25. In terms of trade at the individual country level, unique trade dynamics are observed. South Africa’s diversified agricultural export portfolio includes maize, citrus fruits, and sugar, which it exports to various African countries to address food security needs and stabilise markets. Zimbabwe exports products such as tea, citrus, and sugar primarily within Africa, though it faces challenges due to structural inefficiencies and adverse weather conditions that impact production. Angola, with a recovering and growing agricultural sector, relies heavily on imports from South Africa and Zambia to meet domestic demand, highlighting the ongoing efforts to rebuild its agricultural capacity.

26. The trade patterns across these countries highlight the importance of regional integration and cooperation in enhancing agricultural trade, while also pointing to potential trade gaps where more trade, or new trade relations, might be available, and where opportunities exist for value addition. An example of such an instance would be the case where Egypt is currently sourcing the bulk of its maize requirements from outside of Africa. There is also the need to capture and develop smaller intra-African trade volumes, particularly for products like sugar and fertiliser, as trade data from Zambia and other countries shows significant trade flows of these products, and the potential to expand these flows further within Africa. Findings from Angola, Kenya

and Zimbabwe, for example, also indicate untapped opportunities in expanding trade in agricultural products such as maize, sugar and soybeans across regional markets. The insights from the study suggest that coordinated efforts at various geographic levels can boost regional trade, improve food security, and promote a more African-based development of agriculture.

1.2. COMMON BARRIERS OR LIMITATIONS TO AGRICULTURAL TRADE ACROSS AFRICAN COUNTRIES

27. The research has shown that there are several common barriers or limiting factors which impede the efficiency and growth of agricultural trade in the continent.

28. One such barrier is infrastructure deficiencies, as poor transport networks and inadequate transportation infrastructure significantly hinder the movement of agricultural goods, leading to increased costs and delays. Zimbabwe, Zambia, Kenya, and Angola note the challenges regarding underdeveloped transport infrastructure, which impede their ability to efficiently move goods to markets and ports. Insufficient storage facilities, including cold storage for perishable goods, exacerbate post-harvest losses and reduce product quality, with Zimbabwe, Kenya, and Angola notably affected by inadequate storage infrastructure – which compromises the shelf life and marketability of their agricultural products.

29. Another known limitation to increased agricultural trade relates to regulatory and bureaucratic barriers. Lengthy and complex procedures increase the time and cost of trading across borders. Kenya, Zambia, South Africa, and Angola frequently encounter bureaucratic hurdles that slow down trade processes, which complicate cross-border transactions. Stringent Sanitary and Phytosanitary (SPS) measures further restrict market access for agricultural exports. Compliance with these standards often requires significant investment in infrastructure and training, posing substantial challenges for Kenya, Zimbabwe, and Angola, which face difficulties meeting the high SPS standards required by international markets.

30. Tariff policies and tariffs pose a limitation to agricultural trade amongst African countries. Non-tariff barriers (NTBs), including quotas, import licenses, and other regulatory measures, limit the free flow of agricultural goods. All six countries experience various NTBs that complicate trade, particularly within regional economic communities like COMESA and SADC. High import tariffs on agricultural inputs, such as fertilisers and machinery, increase production costs and reduce competitiveness. Zambia, Zimbabwe, and Angola are particularly impacted by these high tariffs, which hinder their agricultural productivity and economic growth. There is a pressing need to review policies related to trade preferential or discriminatory pricing policies. Zambia's experiences with discriminatory pricing in the sugar industry are a case in point, highlighting the negative impacts on both market efficiency, pricing and fairness, especially for the trade in sugar, which is a key food commodity.

31. Market access issues have also come up as limiting the expansion of intra-regional trade in agriculture. Limited access to finance is a pervasive barrier across Kenya, Zimbabwe, Zambia, and Angola, constraining farmers and agricultural enterprises from investing in productivity-enhancing technologies and practices. Furthermore, a lack of timely and accurate market information prevents farmers from making informed decisions about production and marketing. Zimbabwe and Zambia, in particular, face significant gaps in market information systems, which adversely affect trade efficiency and market responsiveness.

32. Other factors affecting regional trade are climatic and environmental challenges.

Unpredictable weather patterns, droughts, and floods, exacerbated by climate change, adversely affect agricultural production, leading to supply instability. Kenya, Zimbabwe, Zambia, and Angola are highly susceptible to climate-related disruptions, which undermine their agricultural output and trade capabilities. Additionally, soil degradation and deforestation reduce land productivity in Zimbabwe and Zambia, further impacting agricultural yields and sustainability.

33. Competition and market dynamics also present a common barrier to enhancing agricultural trade in Africa. Market dominance and anti-competitive practices by large agribusinesses or cartels reduce competition and negatively affect prices. South Africa and Kenya have reported issues with market dominance in certain agricultural sectors. Disparities in regulations and standards between neighbouring countries can also lead to unfair competition and trade disputes, particularly affecting Kenya and Zambia within the East African Community (EAC) and COMESA trade blocs. The study points to a need for further understanding in relation to competition concerns, such as the protection of historical monopolies. For instance, the sugar sector n Kenya and Zambia illustrates how market concentration and preferential policies could limit competitive market dynamics.

1.3. TRADE LINKAGES FOR AGRICULTURAL PRODUCTS ACROSS AFRICAN COUNTRIES

34. The trade linkages across the selected countries for agricultural products are characterised by interdependencies that facilitate the flow of goods and services within the region. These countries engage in both intra-regional and extra-regional trade, leveraging their respective agricultural strengths to meet domestic and international demands.

35. Zimbabwe, predominantly an exporter of tea, citrus fruits and sugar, maintains robust trade relations with Kenya, another key player in the tea sector. Both countries export their high-quality tea to various international markets, including Europe and North America. However, intra-regional trade remains crucial, with Zimbabwe importing agricultural inputs, such as fertilisers from South Africa, to bolster its production capacities. This exchange illustrates the synergistic trade dynamics, where Zimbabwe's agricultural output is supported by imported inputs from South Africa..

36. Angola, with its developing agriculture sector, imports a substantial portion of its agricultural products from neighbouring countries to meet domestic demand. South Africa and Zambia are significant suppliers of maize and other staple crops to Angola, facilitating food security and contributing to the country's gradual agricultural revival. These imports are critical, especially given Angola's ongoing efforts to build its agricultural infrastructure and reduce dependency on external food sources.

37. Kenya and Zimbabwe also illustrate strong trade linkages through the export of coffee and tea to regional markets, including South Africa and Mauritius. These trade routes are supported by established logistics networks and regulatory frameworks under regional agreements like COMESA and SADC. Moreover, the intra-regional trade in agricultural commodities such as maize, sugar, and horticultural products is enhanced by these countries' participation in these regional economic communities, which aim to reduce trade barriers and harmonise standards.

38. South Africa emerges as a central hub in the region's agricultural trade network, exporting a diverse range of products, including maize, sugar, and citrus fruits, to its neighbours. Zambia, a significant producer of maize, regularly exports this staple to Zimbabwe

and Kenya, addressing food security needs and mitigating production shortfalls in these countries. For instance, Kenya, faced with declining maize yields due to climate variability, relies heavily on maize imports from Zambia to stabilise its food supply and manage price volatility.

39. Similarly, Mauritius, despite its smaller agricultural base, plays a pivotal role in the regional sugar trade. The country imports significant quantities of sugar from South Africa and Zambia to satisfy its domestic needs, and processes it further for both local consumption and re-export. This trade linkage underscores Mauritius's strategic position within the regional sugar market, highlighting its capacity for value addition and its reliance on regional partners for raw materials.

40. Another key linkage for the participating African countries relates to their common reliance on, and need for, key agricultural inputs such as fertilisers, seeds for sowing and oilseed cake or oil-cake.

40.1. In terms of fertilisers as a key input, the pricing of fertilisers is notably high across these countries, driven by global supply chain disruptions and local market conditions. For instance, in Zimbabwe, fertiliser prices have risen from around $497 per ton in 2017 to $593 in 2021, and were influenced by international ammonia prices and local production constraints. In relation to intra-African trade, the study shows that fertiliser markets are oligopolistic across the countries, as they are dominated by a few large firms, leading to high prices. The intra-African trade in fertilisers is significant, with countries like Zimbabwe importing primarily from South Africa. However, regional market dynamics and logistical issues often lead to higher prices, when compared to global averages.

40.2. The cost of seeds is another major input expense across these countries. Angola's high seed costs are a result of heavy import reliance, while Zimbabwe faces high prices due to the dominance of hybrid and genetically modified seeds. South Africa's seed market is heavily influenced by international mergers and market consolidation, leading to increased prices. Zambia has a mature seed industry, exporting maize seed annually within the SADC region. Intra-African trade plays a crucial role, with South Africa being a major exporter of seeds to the rest of Africa. Notably, Zambia exports maize seed to countries like Kenya, Malawi, and Zimbabwe, indicating strong regional trade relationships despite the higher prices compared to global standards.

40.3. Oilcake (or oilseed cake) serves as an agricultural input due to it being rich in protein and minerals, and therefore commonly being utilised as animal feed. In Zambia, oilcake is a significant export commodity, with major importers including Zimbabwe, Kenya, and Tanzania. Prices for oilcake are higher in Zimbabwe compared to Kenya and South Africa, reflecting regional market dynamics where South Africa might benefit from substantial local production of oilcake, reducing its dependency on imports and therefore influencing pricing. Intra-African trade in oilcake is robust, with Zambia exporting primarily to neighbouring countries. Despite this, prices generally remain higher than global averages, influenced by regional production capacities and trade logistics.

40.4. The high cost of agricultural inputs across these countries poses a significant barrier to improving agricultural productivity and affordability in Africa. Compared to global averages, African countries face higher prices for fertilisers, seeds for sowing, and oilseed cake. This disparity appears to be driven by regional market inefficiencies and higher transportation and logistical costs.

40.5. In relation to the market structure aspects of agricultural inputs, these markets are

often dominated by a few large firms, which can lead to anti-competitive practices and higher prices. In the fertiliser market, a few large multinational companies dominate, resulting in limited competition and higher prices. These firms tend to have established supply networks, and can access fertilisers and raw materials more easily than smaller, local companies. This dominance restricts market entry for new competitors, and can lead to anti-competitive practices. The seed market also shows signs of high concentration, as seen in South Africa for example. The seed market is influenced by international mergers and market consolidation, leading to increased prices. The oilseed cake markets in these counties also exhibit characteristics of an oligopolistic market structure, where the market is dominated by a few large firms, as seen in Zambia for example.

41. The agricultural trade linkages among Angola, Kenya, Mauritius, South Africa, Zambia, and Zimbabwe are multifaceted, reflecting the diverse agricultural landscapes and economic strategies of each country, as well as common key agricultural inputs required for intra-African trade. These linkages are essential for addressing food security and fostering regional integration. The mutual dependencies and cooperative trade practices underscore the importance of regional collaboration in achieving sustainable agricultural development and economic growth.

1.4. COMPETITION ISSUES AND IMPLICATIONS FOR ENFORCEMENT IN AGRICULTURE AND FOOD MARKETS

42. Competition issues in agricultural trade and agro-processing across Angola, Kenya, Mauritius, South Africa, Zambia, and Zimbabwe reveal significant challenges that affect market efficiency, pricing, and overall economic development. These issues are rooted in structural inefficiencies, regulatory environments, and market dynamics, which collectively hinder competitive practices within these countries.

43. In South Africa, the agricultural sector is characterised by a high degree of market concentration, where large agribusinesses and cartels have dominated key markets such as maize, sugar, and citrus fruits. This dominance stifles competition, leading to price manipulation and reduced market access for smaller producers. The Competition Commission of South Africa has identified such anti-competitive practices, and has taken steps towards addressing these issues through investigations and regulatory and legislative interventions, such as amending the Competition Act in 2019 to strengthen its powers – aimed at promoting fair competition, addressing market concentration and protecting consumer interests.

44. Kenya similarly noted competition challenges in its agricultural markets, particularly within the coffee and tea sectors. The presence of large cooperatives and marketing agencies, which control significant portions of the supply chain, results in limited market entry for smaller farmers and producers. These entities often set prices and control market access, which can lead to monopolistic practices and reduced incentives for quality improvements. The Competition Authority of Kenya has been active in addressing these issues by promoting transparency, and advocating for regulatory reforms to enhance market competition.

45. In Zimbabwe, competition in the agricultural sector is impeded by regulatory barriers and inefficient market structures. The dominance of state-owned enterprises in the marketing and distribution of key agricultural inputs and outputs limits the opportunities for private sector participation and competition. For instance, the Grain Marketing Board's control over maize marketing creates monopolistic conditions that affect pricing and market access. Efforts by the Competition and

Tariff Commission of Zimbabwe to liberalise the market and encourage private sector involvement are crucial steps toward fostering a more competitive environment.

46. Zambia faces similar competition issues, particularly in the fertiliser and maize sectors. The market for agricultural inputs such as fertilisers is highly concentrated, with a few dominant firms controlling the majority of supply. This concentration leads to higher prices and reduced availability of inputs for smallholder farmers. The Zambian Competition and Consumer Protection Commission has recognised these challenges and is working towards increasing market competition through regulatory measures (such as cartel investigations and fines, representations to revise technical barriers to sugar imports, and implementing tax incentives to promote local manufacturing over imports), and promoting fair trading practices.

47. Mauritius also contends with competition issues in its sugar industry. The concentration of sugar production and processing within a few large firms limits market entry and competition. This scenario is compounded by trade policies that protect domestic producers at the expense of market efficiency. The Competition Commission of Mauritius has been proactive in addressing these issues, by investigating anti-competitive practices and advocating for policy reforms to open up the market.

48. In Angola, key competition issues affecting the agricultural sector relate mainly to market concentration and mergers, the high informal market presence, and economic policies favouring national production. There have been several mergers and acquisitions in the agricultural sector, involving national and foreign companies, and vertical and horizontal integrations, which did not present immediate harm to competition but need ongoing monitoring to prevent the formation of monopolies. The prevalence of informal markets undermines the formal agricultural market, leading to price distortions and unfair competition for formal businesses. There are policies which aim to promote national production but can restrict competition, where incentives and credit facilities favour national producers and can create inequalities.

49. The competition issues in the agricultural markets of these countries highlight the key role of competition enforcement in promoting fair, efficient, and dynamic agricultural markets. Effective competition enforcement requires a multifaceted approach, including regulatory reforms, market diversification, anti-trust interventions, and regional policy harmonisation.

50. The scope for enforcement by competition authorities could include prioritising regular market audits and encouraging the entry of new players to diversify markets, policy changes that reduce state control and open up markets to private sector participation, targeted interventions to reduce dependency on a few dominant suppliers, as well as the promotion of fair-trading practices and foreign investment to stimulate competition and growth. The study highlights the necessity for a deeper understanding of competition issues by competition authorities, including the preferential treatment and safeguarding of longstanding monopolies. For example, the sugar industry in Kenya and Zambia demonstrates how market concentration and favourable policies may restrict competitive market forces.

51. There are information platforms, such as the African Market Observatory (AMO) price tracker which collects and monitors prices of selected staple food products in East and Southern Africa, as well as early

warning systems for food price data,[2] that could be utilised and expanded within the continent, to assist authorities in developing market intelligence for informed decision-making and policy formulation, as well as identifying market failures and facilitating benchmarking and enhanced trend analysis. By addressing these challenges, and utilising existing agriculture price information and trend sources, competition authorities can contribute towards promoting regional integration, enhancing market efficiency, and promoting agricultural development across these countries. Further, considering the potential for cross-border cartels and mergers, the chances of a wider impact from anticompetitive behaviour or mergers are significant. Consequently, enhanced cooperation between competition authorities in the investigation of mergers and conduct is crucial.

1.5. OPPORTUNITIES FOR INCREASED REGIONAL TRADE IN AFRICA

52. The opportunities for increased regional trade in agriculture and agro-processing across African countries are substantial, and can enhance economic integration, food security, and sustainable development in the region. These opportunities stem from complementary agricultural strengths, strategic geographic locations, and existing regional frameworks that facilitate trade.

53. The study reveals a number of insights that could facilitate and boost trade in Africa, namely leveraging complementary production, enhancing trade facilitation and infrastructure, harmonising regulatory frameworks, promoting agro-processing and value addition, strengthening regional trade agreements, improving access to finance, adopting climate-resilient agricultural practices, and improving market information systems. These aspects are covered briefly below.

53.1. *Leveraging complementary production.* Countries can capitalise on their unique production strengths and complementary agricultural outputs to enhance regional trade. For example, Zambia's surplus maize production can be channelled more effectively to meet Kenya's and Zimbabwe's maize deficits. Similarly, Kenya's robust horticultural sector can supply fruits and vegetables to neighbouring countries, addressing regional food security needs and boosting economic interactions.

53.2. *Enhancing trade facilitation and infrastructure.* Investing in infrastructure improvements and streamlining customs procedures can significantly reduce trade costs and improve the efficiency of cross-border trade. Collaborative infrastructure projects, such as upgrading transport corridors and developing regional storage facilities, can facilitate smoother trade flows between landlocked countries like Zambia and coastal nations like Kenya and South Africa. These efforts can ensure more reliable and cost-effective transport of agricultural products.

53.3. *Harmonising regulatory frameworks.* Standardising sanitary and phytosanitary (SPS) measures and reducing non-tariff barriers (NTBs) can enhance market access for agricultural products. Implementing regional standards for agricultural products can simplify compliance and reduce delays at borders, making it easier for countries like Zimbabwe and Zambia to export to South Africa and other markets. Harmonised regulations can streamline trade processes and foster greater market integration.

2 Consumers International, in collaboration with BFAP, developed a tool that acts as an early warning system by comparing monthly food price margins (as the difference between wholesale and retail prices) against the previous six months (or any other specified period) to detect deviations and can flag margins that are within one or two standard deviations relative to the previous specified period.

53.4. *Promoting agro-processing and value addition*. Encouraging investment in agro-processing facilities can help countries move up the value chain, increasing export revenues and reducing dependency on raw commodity exports. Mauritius's success in agro-processing can serve as a model for other countries. Investing in processing plants for sugar, coffee, and tea in Kenya and Zimbabwe can add value to exports, create more jobs, and stimulate local economies.

53.5. *Strengthening regional trade agreements*. Deepening integration within regional trade blocs like COMESA, SADC, and the EAC can enhance trade cooperation and reduce barriers. Strengthening the African Continental Free Trade Area (AfCFTA) can open new markets and provide a larger platform for regional agricultural exports, benefiting all participating countries. Effective implementation of these agreements can facilitate smoother and more extensive trade interactions.

53.6. *Improving access to finance*. Expanding access to affordable financing for farmers and agribusinesses can boost agricultural productivity and trade capacity. Regional financial institutions can develop tailored credit products for smallholder farmers in Zambia and Kenya, facilitating investments in improved seeds, fertilisers, and farming equipment. Access to finance is crucial for enabling farmers to adopt modern agricultural practices and enhance productivity.

53.7. *Climate-resilient agricultural practices*. Promoting climate-resilient farming techniques can help mitigate the impact of climate change on agricultural production, ensuring more stable trade flows. Sharing best practices and technologies for drought-resistant crops and efficient water management can enhance resilience in countries like Zimbabwe and Kenya. Regional cooperation in climate-smart agriculture can strengthen the capacity of farmers to adapt to changing climatic conditions.

53.8. *Enhancing market information systems*. Developing robust market information systems can help farmers and traders make informed decisions, improving market efficiency and trade outcomes. Implementing regional platforms for sharing real-time market data, prices, and trade opportunities can benefit producers and traders in South Africa, Kenya, and other countries. Access to accurate and timely market information is essential for optimiing trade strategies and responding to market demands.

54. Further, there are also strategic opportunities for furthering intra-regional trade in Africa that stem or relate more directly to each country, and their trade linkages to other African countries. Some examples of these opportunities are described below.

54.1. South Africa, for example, has a diversified agricultural base that presents significant opportunities for regional trade. South Africa is a major producer of maize, sugar, and citrus fruits, which are in high demand across the region. Enhanced trade agreements and reduced non-tariff barriers could facilitate greater exports of these products to neighbouring countries like Angola, which imports substantial quantities of maize to meet its domestic needs.

54.2. Kenya, with its robust tea and coffee sectors, can capitalise on increased regional trade by exporting these high-value crops to countries like Zimbabwe and South Africa. Kenya's strategic location within the EAC, and its well-developed port infrastructure, provide a strong foundation for expanding trade.

54.3. Mauritius has a well-established sugar processing industry that offers significant regional trade potential. Mauritius can import raw sugar from countries like

Zambia and Zimbabwe, where sugarcane production is substantial, and process it for re-export within the region. This not only adds value to the raw agricultural products, but also strengthens regional trade ties and economic integration.

54.4. Zambia, a key producer of maize and other staple crops, can enhance its role as a regional food supplier by expanding its export markets to neighbouring countries experiencing food deficits. Improved trade logistics and infrastructure investments are crucial to supporting this expansion.

54.5. Zimbabwe, with its significant agricultural potential, particularly in the production of tobacco, maize and tea, can benefit from increased regional trade by diversifying its export destinations. By integrating more deeply into regional value chains and improving market access through harmonised trade policies, Zimbabwe can stabilise its agricultural sector and boost foreign exchange earnings.

54.6. Angola's agricultural sector presents opportunities for both imports and exports. As Angola builds its agricultural capacity, it can import essential agricultural inputs and technologies from more developed regional markets like South Africa and Kenya. Concurrently, Angola can export surplus agricultural products such as coffee and tropical fruits to neighbouring countries, fostering a mutually beneficial trade environment. Additionally, adding value through processing local agriculture produce can increase export value and create jobs.

55. The table below provides an overview of the main points and findings across the six countries included in the ACF study, highlighting each country's trade characteristics, trade opportunities, common trends and challenges, as well as key insights or potential recommendations for enhancing regional agricultural trade.

Table 1: Overview of key points and findings across countries

Country	Trade characteristics	Trade opportunities	Key agriculture trends	Key trade challenges	Insights/ recommendations
Angola	Underutilized arable land; imports fertilisers and seeds; minimal exports in rice, coffee, sugar; focus on increasing agricultural production and agro-processing.	Expanding cultivation and agro-processing; improving infrastructure for trade with DRC; considering trade opportunities in Africa.	Emerging focus on increasing agricultural land under cultivation; emphasis on diversification & value addition.	High transport costs; infrastructure deficits; trade imbalances; market access limited by technical barriers, complex regulations.	Enhance infrastructure and trade facilitation; promote investment in agriculture and agro-processing; invest in transport infrastructure; simplify customs.

Country	Trade characteristics	Trade opportunities	Key agriculture trends	Key trade challenges	Insights/ recommendations
Zambia	High potential in agriculture, with a significant portion of land suitable for cultivation; major focus on maize, sugar, and soya beans (exports); Imports: fertilizers, processed foods.	Diversify agricultural exports; strengthen regional trade within COMESA, SADC; improving trade facilitation & infrastructure.	Volatile but increasing agricultural exports; efforts to diversify	High logistics costs; dependency on road transport; trade barriers	Improve road and rail networks; reduce trade barriers; support export diversification
Zimbabwe	Strong agricultural base with emphasis on tobacco, maize, sugar and horticultural products (exports); diversification efforts underway.	Simplify customs; harmonize regulations; invest in transport, logistics facilities.	Regional integration efforts: COMESA, SADC; Shift towards diversification; increasing focus on horticulture.	Market access & trade barriers; infrastructure challenges; economic instability.	Enhance infrastructure; diversify agricultural exports; encourage trade in key value chains (with supportive climatic conditions) like soya bean.
Kenya	Diverse agricultural sector with strong horticultural and tea production; significant exporter within the region.	Enhancing value addition in horticulture; expanding markets for tea and flowers; Implement WTO Trade Facilitation Agreement.	Growth in horticulture and floriculture; stable tea production	Infrastructure bottlenecks; trade & access barriers; competition from other exporters;	Invest in infrastructure; enhance value addition; improve market access.
South Africa	Developed agricultural sector with a focus on a variety of crops and livestock; major exporter of citrus fruits, oilseed cake, crude sunflower oil, and maize.	Expand agro-processing. Continue infrastructure investment. Leveraging advanced agricultural techniques; increasing exports to new markets	Consistent growth in fruit production; advanced farming techniques.	Trade barriers; market access issues; maintaining quality standards	Reduce trade barriers; expand into new markets; invest in advanced agricultural techniques

Country	Trade characteristics	Trade opportunities	Key agriculture trends	Key trade challenges	Insights/ recommendations
Mauritius	Limited agricultural land; focus on high-value crops and value-added products; reliance on imports for many agricultural products.	Developing high-value crops; expanding agro-processing capabilities; Strategic location for re-exports	Focus on value addition and high-value crop production; regional integrations efforts.	Limited agricultural land; dependency on imports; high production costs	Focus on high-value crops; enhance agro-processing & value-addition; improve trade facilitation & maximise trade agreement benefits.

56. The opportunities for increased regional trade in agriculture and agro-processing among countries like Angola, Kenya, Mauritius, South Africa, Zambia, and Zimbabwe are significant, and are not limited to only large-volume trade, as the study has shown there are untapped opportunities for expanding trade in agricultural products such as maize, sugar and soybeans across regional markets. By leveraging complementary agricultural strengths, strategic geographic positions, and existing regional trade frameworks, these countries (and Africa more broadly) can enhance economic integration, improve food security, and promote increased agricultural trade.

2

CONCLUSION

57. The ACF analysis of trade flow patterns and regional value chains in the agriculture and agro-processing sectors across the selected countries, reveals a comprehensive story of challenges and opportunities, trade patterns and linkages, key findings and competition issues which shape the regional trade landscape.

58. Agriculture continues to serve as a foundation for many African economies, as it is key for aiding food security, employment, and economic growth. The sector's potential to enhance regional trade is limited by challenges such as market access barriers, climate change, and anti-competitive practices. The study conducted under the African Competition Forum (ACF) provides insights into trade flows and competition issues, emphasising the importance of regional and continental value chains for sustainable development.

59. The findings illustrate the need for leveraging complementary production strengths, enhancing trade facilitation and infrastructure, harmonising regulatory frameworks, promoting agro-processing, and improving access to finance. For instance, Zambia's surplus maize can address deficits in Kenya and Zimbabwe, while Mauritius's agro-processing success serves as a model for other countries. The implementation of regional trade agreements like AfCFTA can further reduce barriers and open new markets, enhancing economic integration and growth.

60. Competition issues, including market concentration and the dominance of large players, hinder market efficiency and development, while prices are kept high and entry into agriculture markets is limited. South Africa and Kenya need to dismantle concentrated structures to limit exclusionary effects, while Zimbabwe and Zambia require regulatory reforms to facilitate market entry and private sector participation. Addressing these issues through targeted interventions, and promoting fair trading practices, is essential for fostering more competitive markets.

61. Common barriers to agricultural trade include infrastructure deficiencies, regulatory hurdles, and tariff policies. Poor transport networks, inadequate storage facilities, and complex customs procedures increase costs and delay trade in agriculture and agro-processing. Non-tariff barriers and high import tariffs further complicate trade, particularly within regional communities like COMESA and SADC. Climate and environmental challenges, along with competition and market dynamics, also impact agricultural trade.

62. Trade linkages among the six countries are characterised by interdependencies and mutual dependencies, highlighting the importance of regional collaboration. South Africa's role as a major trading hub, Zambia's maize exports, and Mauritius's strategic sugar trade illustrate these connections. Enhancing these linkages through improved infrastructure, regulatory harmonisation, and investment in agro-processing can significantly boost regional trade.

63. 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 like fertiliser and agricultural inputs, and food value chains where there

are currently trade gaps (such as with maize), or simply those food value chains that warrant additional analysis going forward, like the sugar value chain – where significant trade imbalances and opportunities for value addition exist, or the tea value chain that holds potential for premium product development and market diversification.

64. In conclusion, addressing competition issues and utilising trade opportunities requires coordinated efforts, regulatory and policy reforms, as well as investments in infrastructure and technology. By enhancing regional cooperation and integrating agricultural value chains, the countries in this study (and then more broadly in Africa) can achieve increased trade across different geographical levels, which would support sustainable growth, improved food security, as well as foster a more integrated and prosperous regional trade environment.

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