

# SA agri posts trade surplus in Q2 despite ongoing Covid challenges

 By [Paul Makube](#)

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The results of both the first and second quarter of 2021 agriculture export performance reflects the resilience of the sector despite the ongoing Covid-19 related challenges across the globe.



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The agriculture sector was able to operate during the various lockdown periods due to it being considered an essential service. Weather also came to the party and allowed for an excellent agriculture season which saw record crops across most commodities with the grain and oilseed crop topping 17.07m tonnes which is almost 2% higher year-on-year.

Despite logistical challenges, the sector managed to move hefty quantity of produce to the rest of the world with the second quarter of 2021 recording a trade surplus of US\$1.5m which is 40% ahead of the same period in 2020. This follows a 36% year-on-year spike in total agriculture exports in quarter two of 2021 at US\$3.2bn, bringing the total 1H2021 export value to US\$6.1bn which is 30% higher year-on-year.

## Agricultural exports

Drilling down into agriculture export makeup, the major export commodity is citrus which saw volumes rising exponentially due to seasonal availability in 2Q2021 to 817,023 tonnes which is up 1.6% year-on-year according to the TradeMap data. This brought the 1H2021 total citrus exports to 852,964 tonnes, which is up 0.7% year-on-year. Strong demand on export markets due to the health benefits associated with citrus commodities in the wake of the Covid-19 global crisis underpinned the good export performance.

In value terms, Q2 citrus export revenue reached US\$626,585, which is 14.2% higher year-on-year while the 1H2021 cumulative total rose by 12.2% year-on-year to US\$655,946. Of the top ten country destinations, Netherlands accounted for 20.6% and 19.8% of the total second quarter and 1H2021 volumes respectively but both were still 14% down on the previous year.

Meanwhile:

- The industry's body, the Citrus Growers Association (CGA) lately pegged its estimate of the country's citrus exports 155.3 million cartons (15kg cartons) in its which is still way above the 2020 volumes.
- The cumulative total exports of grapefruit, lemons, and soft citrus for the year to week 30 of the export season have so far increased 15%, 1%, and 9% respectively year-on-year at 14.64m, 21.77m, and 16.01m cartons. In other fruits, apple exports are already 5% ahead of the 2020 levels at 23.54m cartons.

Data on the category other nuts, fresh or dried, whether or not shelled or peeled (excluding coconuts, Brazil nuts) showed a sharp increase of 414% quarter-on-quarter to 11,635 tonnes which is however still down by 10% year-on-year. This brought the total first half quantity shipped to 13,897 tonnes which is down by 10% year-on-year and further reflecting the tough trading environment and the subdued Chinese demand. China's share of the SA product was 41% in the second quarter and 35% of the cumulative year to June 2021.

Total Chinese second quarter imports of the SA product were substantially higher quarter-on-quarter, they were still 15% lower relative to the same period in 2020. The cumulative total quantity of the nut complex imported by China during the first half of 2021 was however down by 13% year-on-year at 13,897 tonnes which saw revenue fall by 14% year-on-year to US\$109.70m. Macadamia accounted for 58% of the second quarter total at 6,701 tonnes (-3% year-on-year), and 49% of the total for the year to June 2021 at 6,784 tonnes (-2% year-on-year) and export revenue contracting by 4% year-on-year at US\$38.49m.

The meat category (meat and edible meat offal) posted strong gains in exports in the Q2 with volumes up 86% quarter-on-quarter and 96% year-on-year at 46,650 tonnes. This brought the total year to June meat exports to 71,707 tonnes which is 46% higher year-on-year.

Kuwait accounted for 50% and 34% respectively of the Q2 and 1H2021 total SA meat exports.

In value terms, a 6% quarter rand appreciation knocked quarterly value marginally by 0.1% quarter-on-quarter in Q2 at US\$67.51m but was still 10% higher year-on-year. The total first half total export value was US\$135.11m which is 8% ahead of last year. Beef accounted for 55% and 41% of the total quantity of meat shipped during the second quarter and the first half of 2021 respectively.

The overall good export revenue was underpinned by strong export demand despite the Q2 Rand exchange rate appreciation of 6% quarter-on-quarter and 21% relative to the second quarter at R14.09/ US\$. The average exchange rate appreciation for the first half of 2021 was a whopping 13% relative to the same period in 2020.

Meanwhile, South Africa is likely to post another good agriculture season for 2021/22 if the recent weather forecasts of another La Nina year. La Nina is characterized by above-normal rainfall conditions in Southern Africa which bodes well for agriculture in the year ahead.

## ABOUT PAUL MAKUBE

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