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Report Name: The United States and Southern Africa Agricultural Trade Decreases Due to COVID-19

Country: South Africa - Republic of

Post: Pretoria

Report Category: Agricultural Situation, Agriculture in the Economy, Agriculture in the News, Promotion Opportunities

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Report Highlights:

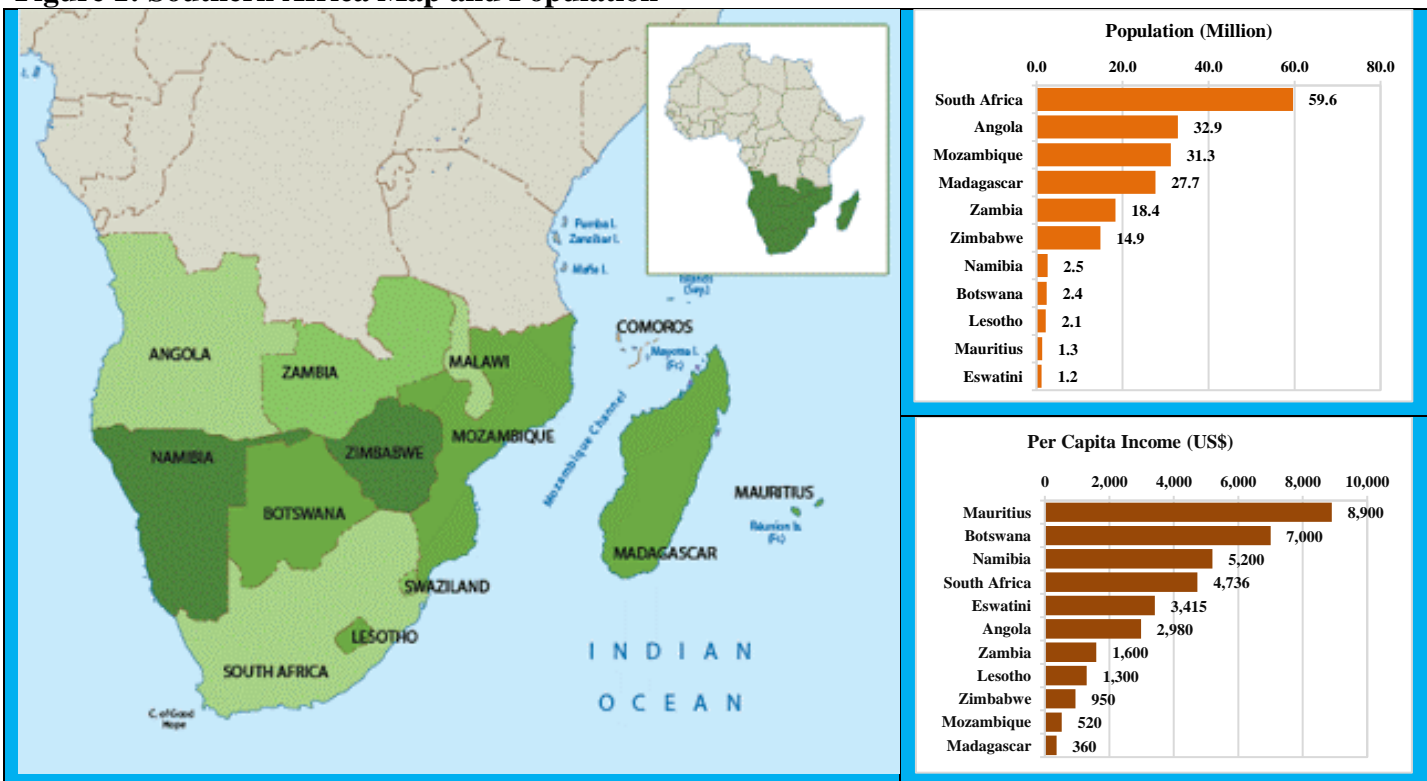
The partial and full lockdowns implemented globally including in Southern Africa to address COVID-19, severely disrupted the movement of people and agricultural trade in 2020. United States agricultural exports to Southern Africa were severely impacted by COVID-19, and decreased by 23 percent to US\$483.7 million in 2020. In comparison, Southern African agricultural exports to the United States were more resilient and only decreased by 13 percent to US\$883.2 million in 2020. This was due to more stringent measures that were placed on imports of liquor products by some countries, disruptions to supply chains, and decrease in demand due to low economic activities and consumer incomes as a result of COVID-19. Post expects improvements in agricultural trade in 2021, based on several countries lifting lockdown restrictions, improved management of supply chains, and increases in production of major crops following good rainfall received to date.

Background

In 2020, most countries globally including in Southern Africa implemented full to partial lockdowns to address the COVID-19 pandemic. These lockdowns disrupted the movement of people and trade in 2020. Southern Africa is an important trading partner to the United States, with total agricultural trade ranging from US\$983 million to about US\$1.7 billion per year, since 2010. Due to the disruptions and measures implemented to address COVID-19 such as lockdowns, the United States and Southern Africa total trade decreased by 17 percent to US\$1.4 billion in 2020, from US\$1.6 billion in 2019. This report provides a detailed analysis of the impact of COVID-19 to trade between the United States and selected Southern African countries.

For this report, Southern Africa refers to the countries that are covered by the Foreign Agricultural Service (FAS) office in Pretoria, specifically, Angola, Botswana, Eswatini (Formerly Swaziland), Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. Malawi is not included in the report as it is covered by the FAS office in Kenya. These selected Southern Africa have a total population of 194 million, which is about 59 percent of the total population of the United States. The per capita income of these selected countries ranges from US\$360 to US\$9,000 as shown in **Figure 1**, which is far too low in comparison to the U.S per capita income of US\$53,240.

Figure 1: Southern Africa Map and Population



Source: <http://maps-africa.blogspot.com/2012/05/southern-africa-map-pictures.html>, United Nations & Trading Economics

Decline in United States and Southern Africa Agricultural Trade

United States agricultural exports to Southern Africa were severely impacted by COVID-19, and decreased by 23 percent to US\$483.7 million in 2020, from US\$625.1 million in 2019. In comparison, Southern African exports to the United States only decreased by only 13 percent to US\$883.2 million in 2020, from US\$1 billion in 2019, as shown in **Table 1**. This is based on more stringent measures that were placed on imports such as liquor products by some countries in comparison to their exports, disruptions to supply chains, decrease in demand due to low economic activities and incomes.

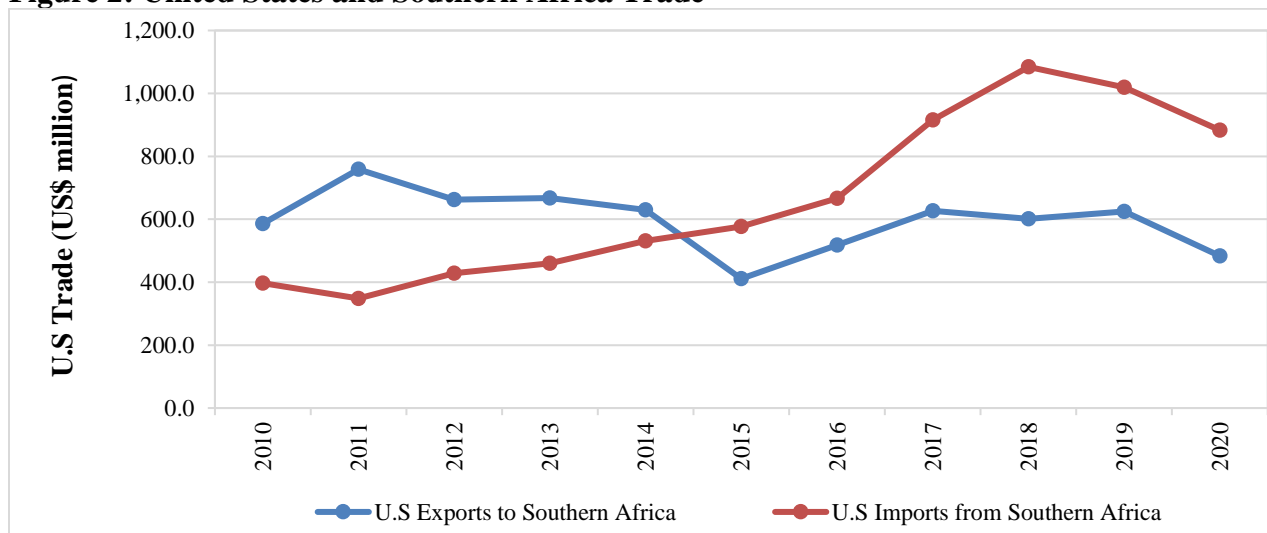
Table 1: United States and Southern Africa Trade (US\$ million)

	2015	2016	2017	2018	2019	2020	% Change 2020 vs 2019
U.S Exports to Southern Africa	411.0	518.0	627.3	601.1	625.1	483.7	-23%
U.S Imports from Southern Africa	577.3	666.1	915.4	1,084.2	1,019.5	883.2	-13%
Net Trade	-166.3	-148.0	-288.1	-483.1	-394.4	-399.5	

Source: Trade Data Monitor

Figure 2 shows that the United States has been a net importer of agricultural products from Southern Africa since 2015. Importers and retailers indicate that the main challenge for increasing U.S agricultural exports to Southern Africa is the high external tariffs and absence of a preferential or free trade agreement. Major competitors, such as the European Union, UK and Mercosur countries, enjoy the advantages through a free trade agreement and preferential trade agreement, respectively. U.S agricultural exports to Southern Africa fluctuate between US\$411 million and US\$759 million. The fluctuations are mainly caused by the inconsistent trade in corn and wheat, whose demand is largely driven by drought and price competitiveness. U.S agricultural Imports from Southern Africa have grown from US\$348 million in 2011, to a peak of US\$1.1 billion in 2018, due to some countries taking advantage of the African Growth Opportunity Act (AGOA) which allows duty free access for most Southern African countries, and the Generalized System of Preferences (GSP).

Figure 2: United States and Southern Africa Trade



Source: Trade Data Monitor

United States Exports More Severely Impacted by COVID-19

Total U.S agricultural exports to Southern Africa decreased by 23 percent to US\$484 million in 2020 due to the impact of COVID-19. United States agricultural exports to South Africa, Angola, Mozambique, Mauritius, Zambia and Botswana significantly decreased in 2020 as shown in **Table 2**. Decreases in U.S exports to South Africa in 2020 were mainly caused by the domestic restrictions on liquor sales and imports which resulted in declines in alcohol beverages (mainly whisky) and ingredients used in the manufacture of alcoholic beverages (hops, malt, and grain sorghum). See the following Post GAIN report on the impact of alcohol bans to address COVID-19 ([Widespread Relief as South Africa Lifts Alcohol Ban but Uncertainty Remains - Report No. SF2021-0004](#)). South Africa also had a record season for grains in 2020, which resulted in declines in imports of wheat and corn seed. The economic impact of COVID-19 to Southern African countries also resulted in decreases in demand for chicken, wheat, and beans from Angola; soybean oil, wheat and corn flour from Mozambique; and chicken from South Africa.

While it is from a low base, U.S agricultural exports to Zimbabwe, Madagascar, Eswatini, Namibia, and Lesotho grew significantly in 2020 as highlighted in green in **Table 2**. Increases in these U.S exports were due to the following products; Zimbabwe (grain sorghum, peas including seeds, whey); Madagascar (grain sorghum, malt, peas, rice and peanuts); Eswatini (almonds, essential citrus fruit oils and mixtures of odoriferous substances used in the food and drink industries); Namibia (wheat and hake); Lesotho (vegetable fats and oils).

South Africa and Angola are the largest importers of U.S agricultural products in the region, and accounted for 91 percent of the total U.S exports to Southern Africa in 2020. South Africa also serves as a gateway for distribution throughout the region. In 2020, U.S agricultural exports to South Africa accounted for 73 percent of the total exports to Southern Africa, followed by Angola (18 percent), Zimbabwe (2.4 percent), Madagascar (2.1 percent), Eswatini (1.5 percent), Namibia (1.0 percent), Mozambique (1.0 percent), Mauritius (0.7 percent) and Zambia (0.1 percent).

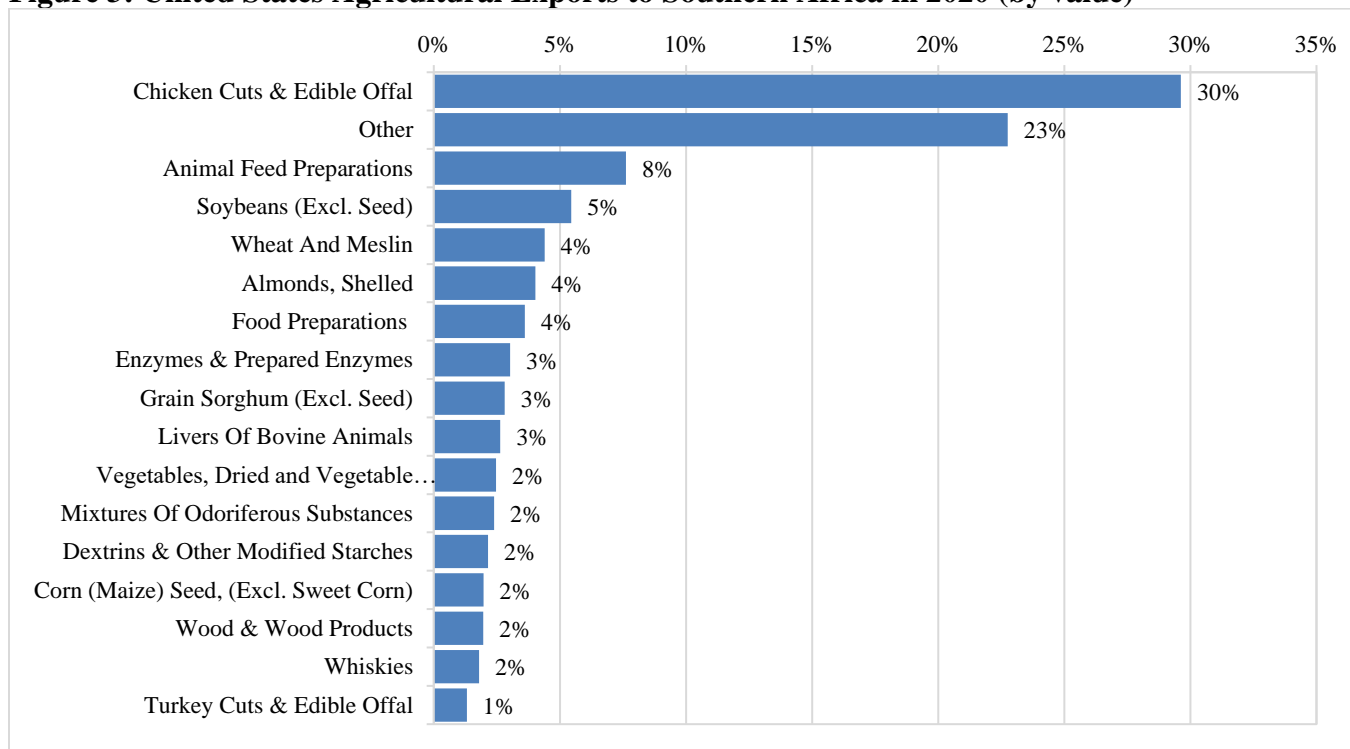
Table 2: United States Agricultural Exports to Southern Africa (US\$)

United States Exports to Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, Eswatini, Zambia, Zimbabwe							
Commodity: BICO - All Codes Agricultural and Related Products							
Partner	2015	2016	2017	2018	2019	2020	% Change 2020 vs 2019
TOTAL	410,960,277	518,029,238	627,251,442	601,067,128	625,062,460	483,687,117	-22.6%
South Africa	241,794,138	353,606,765	397,781,540	362,839,339	398,339,673	351,705,892	-11.7%
Angola	130,172,114	96,596,922	169,458,823	196,596,510	163,947,469	89,000,860	-45.7%
Zimbabwe	5,467,687	8,666,726	2,694,259	2,667,898	5,839,584	11,652,331	99.5%
Madagascar	4,259,485	11,000,055	7,101,265	2,797,083	5,969,193	10,097,812	69.2%
Eswatini	4,711,225	6,170,292	4,774,860	4,539,144	5,341,146	7,417,990	38.9%
Namibia	9,059,926	9,591,812	7,866,191	5,091,238	3,053,192	4,868,116	59.4%
Mozambique	10,381,531	26,125,305	31,759,371	20,588,815	36,525,853	4,763,308	-87.0%
Mauritius	4,222,894	4,047,628	4,923,681	5,416,237	4,848,476	3,335,342	-31.2%
Zambia	804,411	689,277	821,540	465,854	815,349	690,954	-15.3%
Botswana	56,324	81,412	63,312	50,810	379,047	100,207	-73.6%
Lesotho	30,542	1,453,044	6,600	14,200	3,478	54,305	1461.4%

Source: Trade Data Monitor

Chicken cuts and its edible offal were the leading U.S agricultural export to Southern Africa accounting for 30 percent of the total exports in 2020, followed by animal feed preparations (8 percent), soybeans (5percent), wheat (4 percent), almonds (4 percent) and food preparations (4 percent). **Figure 3** shows the shares of U.S agricultural exports to Southern Africa.

Figure 3: United States Agricultural Exports to Southern Africa in 2020 (by value)



Source: Trade Data Monitor

Southern Africa Agricultural Exports to the U.S. Were Resilient Despite COVID-19

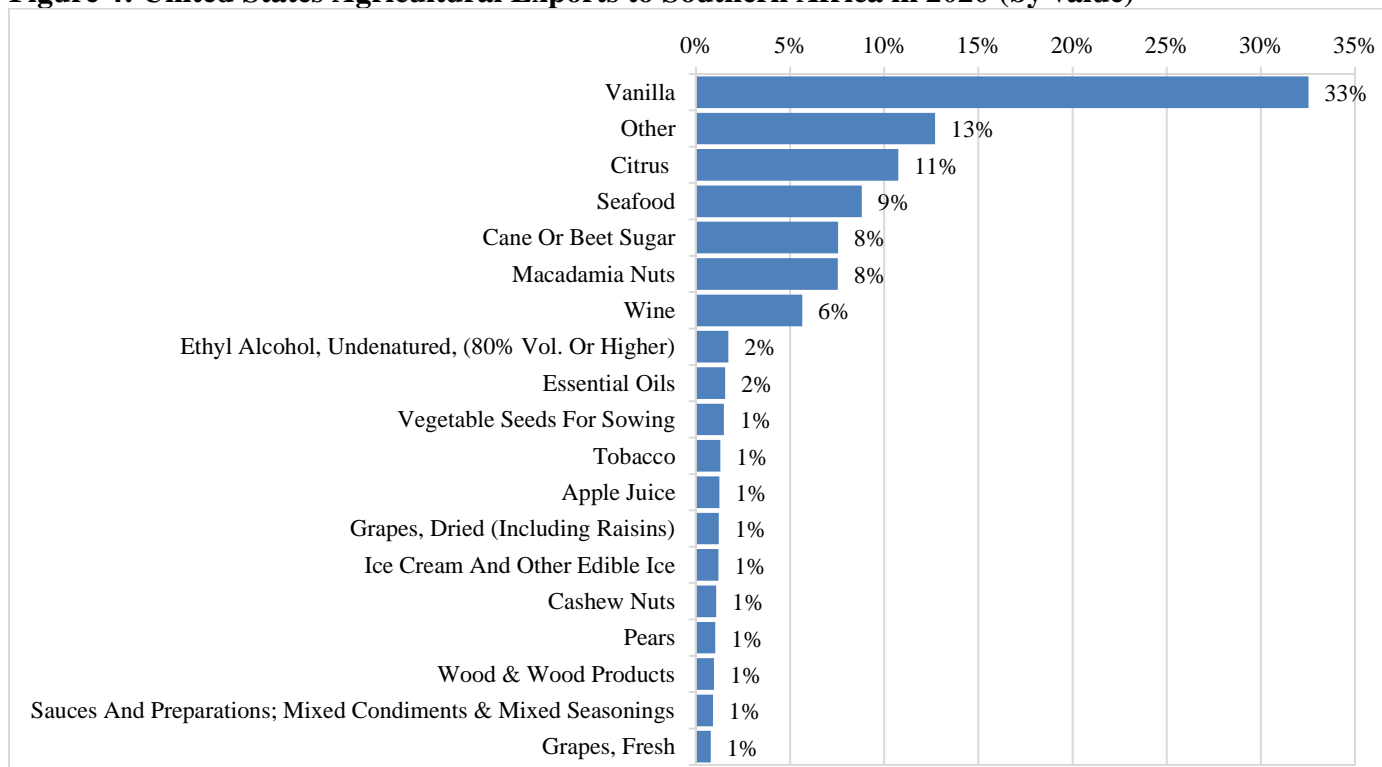
Total Southern Africa agricultural exports to the United States decreased by 13 percent to US\$883 million in 2020 due to the impact of COVID-19. This decrease was only from three countries, Madagascar (cocoa beans and vanilla), Mauritius (tuna) and Lesotho (vegetable products) as shown in **Table 3**. Despite the COVID-19 pandemic, agricultural exports from South Africa, Mozambique, Zimbabwe, Eswatini, Namibia, Zambia, Angola and Botswana were more resilient and increased in 2020 as shown in **Table 3**. Madagascar, South Africa and Mauritius accounted for 92 percent of the total U.S agricultural imports from Southern Africa in 2020.

The main commodities imported by the United States from Southern Africa include vanilla (33 percent), citrus (11 percent), seafood (9 percent), cane sugar (8 percent), macadamia nuts (8 percent), and wine (6 percent) as shown in **Figure 4**. Most products exported by Southern African countries to the United States are considered health foods, hence their resilience and continued trade due to rising demand driven by health reasons during COVID-19. Cane sugar exports to the United States are largely driven by the duty free access allocations to Mauritius, South Africa, Zimbabwe and Eswatini under the U.S Raw Sugar Tariff Rate Quota (TRQ).

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

United States Imports from Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, Eswatini, Zambia, Zimbabwe							
Commodity: Group BICO - Agricultural and Related Products							
Annual							
Partner	2015	2016	2017	2018	2019	2020	% Change 2020 vs 2019
TOTAL	577,280,435	666,053,057	915,367,146	1,084,206,936	1,019,509,758	883,198,893	-13.4%
South Africa	335,201,043	322,110,575	378,019,789	425,674,714	452,392,486	454,104,478	0.4%
Madagascar	129,663,533	239,384,910	421,724,761	537,094,601	430,778,168	303,413,760	-29.6%
Mauritius	48,193,855	50,395,998	49,286,278	64,849,223	71,553,973	51,521,492	-28.0%
Mozambique	26,367,409	27,074,096	36,060,786	31,249,929	27,016,281	27,572,170	2.1%
Zimbabwe	18,190,054	13,786,291	14,842,547	16,509,767	23,219,683	24,409,256	5.1%
Eswatini	14,596,225	11,293,190	13,173,807	6,681,744	11,676,424	15,700,811	34.5%
Namibia	478,419	359,945	514,547	847,090	1,734,701	3,873,981	123.3%
Zambia	503,998	658,685	1,563,702	905,851	1,020,011	2,407,100	136.0%
Angola	4,084,599	980,167	65,784	276,817	23,025	96,941	321.0%
Botswana	1,300	0	0	8,464	34,782	81,768	135.1%
Lesotho	0	9,200	115,145	108,736	60,224	17,136	-71.5%

Source: Trade Data Monitor

Figure 4: United States Agricultural Exports to Southern Africa in 2020 (by value)

Source: Trade Data Monitor

2021 U.S. and Southern Africa Trade Forecasts

United States agricultural exports to Southern Africa are forecast to rebound and improve in 2021 based on the pace of exports to date, several countries lifting lockdown restrictions, and improved management of supply chains. However, U.S. exports may still be partially affected by the slow economic growth in most Southern African countries due to the on-going impact of COVID-19. Post also expects improvements in Southern African agricultural exports to the U.S. in 2021, based on increases in production of major crops following good rainfall received in most countries and the pace of exports to date.

FAS Southern Africa Contact Details

FAS Southern Africa has an office in South Africa and staff in Angola and Mozambique. Contact details and additional information on FAS Southern Africa may be obtained on the following website, <https://www.usdasouthernafrica.org/> and agpetoria@fas.usda.gov.

Attachments:

No Attachments.