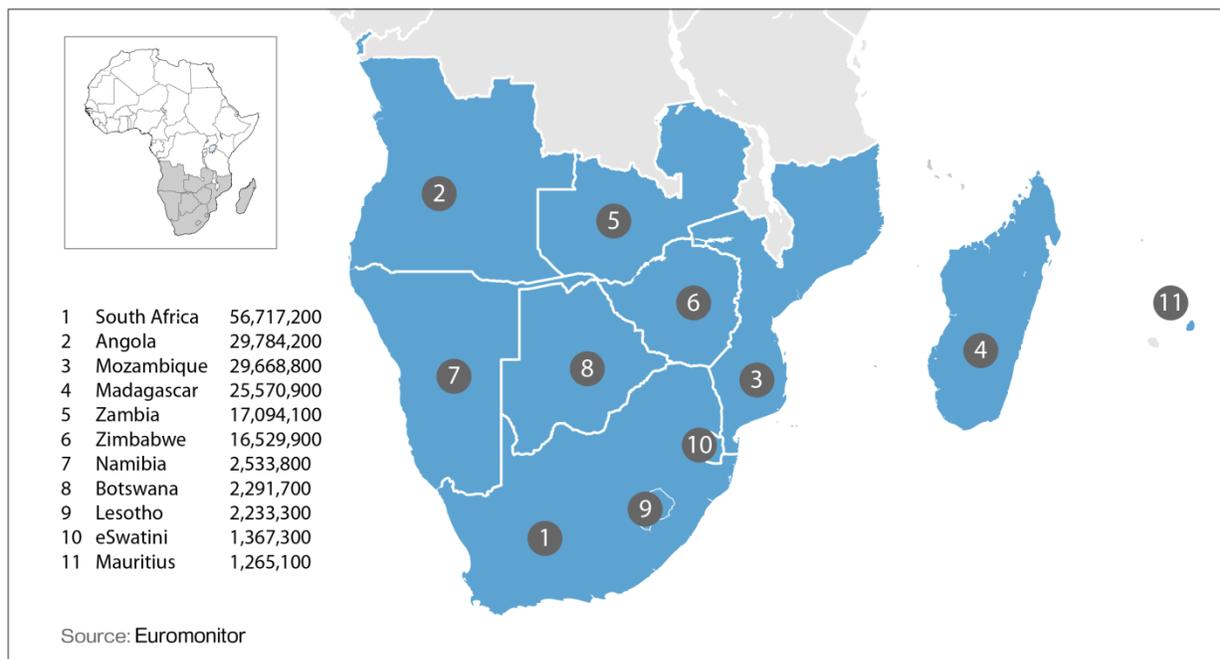


Southern Africa: A Promising Region for U.S. Agricultural Exports

Two-way agricultural trade between the United States and Southern Africa has grown significantly in the past decade, reaching a record \$1.5 billion in 2017. The region imported \$14 billion in agricultural and related products last year and the potential for U.S. export growth is strong, given that many of these are products that the United States produces competitively. USDA’s Foreign Agricultural Service (FAS) defines the Southern Africa region as the countries of Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, eSwatini (formerly Swaziland), Zambia, and Zimbabwe. The region is home to 167 million people.

Figure 1: Southern Africa Map and Population



Demographic and Consumption Trends

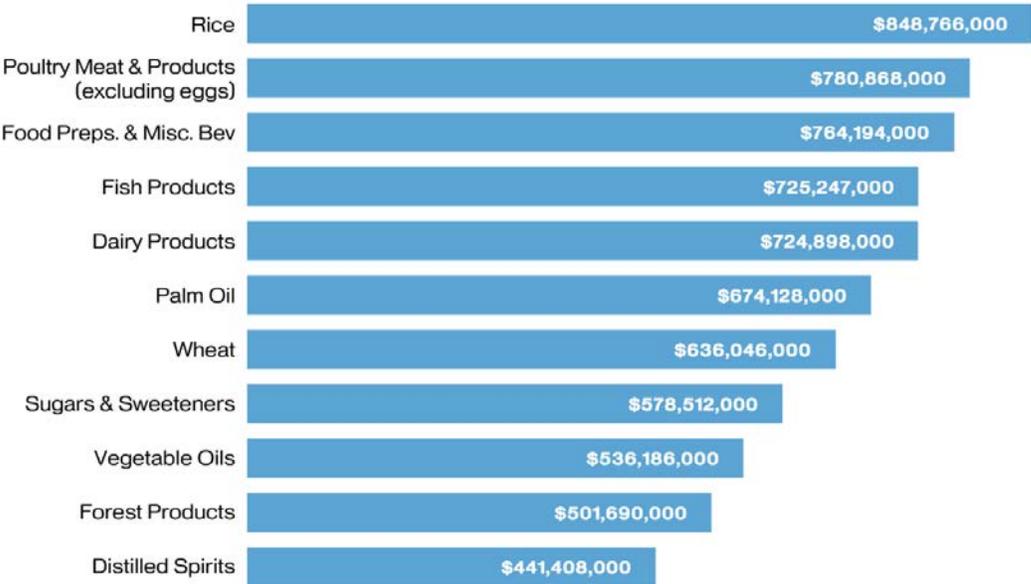
Among the countries in Southern Africa, the World Bank classifies Angola, Botswana, Mauritius, Namibia, and South Africa as upper middle-income economies with per capita

income of between \$4,408 and \$9,794. Lesotho, eSwatini, Zambia, and Zimbabwe are classified as lower middle-income economies, while Madagascar and Mozambique are classified as low-income economies. The World Bank estimates average annual population growth in Sub-Saharan Africa, of which Southern Africa is a part, at 2.7 percent, with real GDP growth for the region at 2.6 percent. South Africa and Angola, the two strongest economies of the Southern Africa region, are projected to experience increased overall economic growth in 2018, as the business environment improves. A growing middle class and large scale rural-to-urban migration have created strong demand for diverse agricultural products across Sub-Saharan Africa, resulting in the growth of imports over the past decade. These factors combine to create an exciting opportunity for U.S. agricultural exporters.

Global Market Perspective

Southern Africa is typically a net importer of agricultural products. In recent years imports have been largely driven by demand for diverse food and agricultural products and the changing tastes and preferences of a more connected, global society. Increased urbanization is driving demand for convenient and ready-to-eat foods. As a result, the number of restaurants, bars, and cafes (including U.S. and local fast food chains) is growing as dining out becomes more popular throughout the region, especially in South Africa.

Top Southern African Agricultural Imports from the World
 (Average Dollars, 2015-2017)



Source: IHS Markit, BICO HS-6

U.S. Exports to Southern Africa

U.S. agricultural exports to Southern Africa have fluctuated over the past 10 years between \$372 million and \$766 million. This fluctuation is caused primarily by drought-related variations in local corn production and competition from other wheat suppliers. South Africa and Angola are the largest importers of U.S. agricultural products in the region, accounting for 90 percent of U.S.-origin imports in 2017. South Africa serves as a gateway for distribution throughout the region and U.S. products may be transshipped to neighboring countries. U.S. agricultural exports to Southern Africa totaled \$627 million in 2017, accounting for only 4 percent of the region's \$14 billion in total imports.

U.S. Agricultural Exports to Southern Africa										
Country	Values in Million USD									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
South Africa	447	198	333	402	302	333	288	242	354	398
Angola	144	80	174	230	268	271	299	130	97	169
Mozambique	50	43	45	74	51	34	19	10	26	32
Namibia	8	5	3	18	10	10	4	9	10	8
Madagascar	10	4	14	12	11	4	0*	4	11	7
Mauritius	13	2	3	6	6	7	5	4	4	5
eSwatini	3	3	5	2	7	7	9	5	6	5
Zimbabwe	40	37	8	12	5	1	5	5	9	3
Zambia	4	1	1	2	2	1	1	1	1	1
Botswana	0*	0*	0*	0*	1	1	0*	0*	0*	0*
Lesotho	0*	0*	0*	7	14	0*	0*	0*	1	0*
Total Agricultural Exports	720	372	587	766	676	670	630	411	519	627

Source: USDA-FAS GATS/U.S. Census Bureau - BICO HS-10, * = less than \$1 million

U.S. Exports, Market Share, and the Policy Landscape

Top U.S. Exports of Agricultural Products to Southern Africa					
Product	Values in Millions USD				
	2013	2014	2015	2016	2017
Poultry Meat & Products (ex. eggs)	263	283	113	114	249
Wheat	36	17	20	56	45
Corn	0.2	0.3	0.1	48	39
Planting Seeds	24	22	20	22	25
Tree Nuts	20	25	23	20	22
Dairy Products	30	18	15	14	18
Prepared Food	28	19	19	22	18

Forest Products	18	18	19	19	16
Beef & Beef Products	15	17	8	6	15
Feeds & Fodders	11	9	12	17	14
Total Agricultural Products	670	630	411	518	627
Source: USDA FAS GATS/U.S. Census Bureau, BICO HS-10					

For the last five years, poultry meat and products (excluding eggs) have topped the list of U.S. agricultural exports to Southern Africa, with sales primarily to South Africa and Angola. Exports of chicken legs to South Africa have fared well despite a quota of 65,000 tons (at the most-favored-nation tariff rate of 37 percent) and prohibitively high anti-dumping tariff rates above the quota. In May 2018, Namibia opened its market to U.S. poultry and FAS projects that Namibian broiler meat imports could increase by about 3.5 percent this year, reaching approximately 30,500 tons in 2018, driven by local demand that cannot adequately be met by local supply. Broiler meat is relatively affordable and is becoming an increasingly important protein source in the diet of many Namibians.

Another new opportunity in the region is the opening of South Africa to imports of U.S. table and hatching eggs. While South Africa was previously self-sufficient in egg production, the local egg industry is now recovering from highly pathogenic avian influenza (H5N8) outbreaks in 2017. FAS projects that South African table egg imports could reach 75 tons in 2018. There are also opportunities for hatching eggs as a result of the H5N8 outbreaks. However, South African government officials have informed FAS that the opening of the hatching egg market will likely be a temporary concession.

As noted earlier, the demand for U.S. corn and wheat is highly dependent on domestic supplies and global prices. The 2016/2017 marketing year saw U.S. wheat at highly competitive prices due to problems with the European crop, but recently wheat from countries in the Black Sea region has proven very competitive. Strong U.S. corn exports in 2016 and 2017 were a result of drought conditions in the Sub-Saharan Africa region and demand for U.S. corn is expected to revert to pre-2016 levels as domestic yields rebound. While U.S. exports of planting seeds, tree nuts, prepared foods, forest products, and feeds and fodder have remained steady over the last five years, there is ample opportunity to capture market share from international competitors.

Free Trade Agreements

In 2017, the United States provided only 4 percent of Southern Africa's agricultural imports. Major competitors for market share are the European Union with 27 percent, followed by African countries with 26 percent, Asian countries with 24 percent, and the Mercosur countries with 13 percent. This can be explained in part by the preferential trade relationships and free trade agreements that the region has with the EU, other African countries, and Mercosur. The

United States does not have a free trade agreement with the region. While Asian countries do not have a free trade agreement either, they have a comparative advantage in the production of rice and palm oil.

Free Trade Agreements (FTAs) in Southern Africa	
Active FTA	Participating Southern African Countries
Southern African Customs Union (SACU)	Botswana, Lesotho, Namibia, South Africa, eSwatini
SACU and the European Free Trade Association (EFTA) - Iceland, Liechtenstein, Norway and Switzerland	Botswana, Lesotho, Namibia, South Africa, eSwatini
SACU-Southern Common Market (Mercosur) Preferential Trade Agreement	Botswana, Lesotho, Namibia, South Africa, eSwatini
Southern African Development Community (SADC) Protocol on Trade	Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, eSwatini, Zambia, Zimbabwe
SADC & European Union Economic Partnership Agreement (EPA)	Botswana, Lesotho, Namibia, South Africa, eSwatini, Mozambique
Common Market for Southern and Eastern Africa (COMESA)	Madagascar, Mauritius, Zambia, Zimbabwe
Zimbabwe/South Africa bilateral trade agreement	South Africa, Zimbabwe
Mauritius and Madagascar FTA	Madagascar, Mauritius
Mauritius and Turkey FTA	Mauritius
Mauritius - Pakistan Preferential Trade Agreement	Mauritius
FTA in Negotiations	Participating Southern African Countries
SACU - India Preferential Trade Agreement	Botswana, Lesotho, Namibia, South Africa, eSwatini
SADC - East Africa Community - COMESA Tripartite Free Trade Agreement	Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, eSwatini, Zambia, Zimbabwe
Africa Continental Free Trade Agreement (ACFTA)	Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, eSwatini, Zambia, Zimbabwe
Source: WTO Trade Agreement databases	

Opportunities for U.S. Ag Exporters

Potential Opportunities for U.S. Exporters	
Product	Southern African Countries
Almonds	eSwatini, Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Zambia
Animal Feed	Botswana, Namibia, South Africa, Zambia, Zimbabwe
Apples	Madagascar, Mauritius
Beef	Angola, eSwatini, Lesotho, Mauritius, Mozambique, South Africa
Blueberries	eSwatini, South Africa
Chicken	Angola, eSwatini, Lesotho, Mozambique, Namibia, South Africa
Corn	Madagascar, Mauritius

Craft Beer	South Africa
Dairy Products	Madagascar, Mauritius, Zimbabwe
Table Eggs	South Africa
Food Ingredients	eSwatini, Mozambique, South Africa, Zambia, Zimbabwe
Table Grapes	Madagascar, Mauritius
Hops	Lesotho, Namibia, South Africa, Zimbabwe
Legumes	Zimbabwe
Plant and Animal Genetics	Botswana, eSwatini, Lesotho, Mozambique, Namibia, South Africa, Zambia, Zimbabwe
Plant Varieties	Zimbabwe
Pork	Madagascar, Mauritius, South Africa
Seafood	eSwatini, Lesotho, Madagascar, Mauritius, South Africa
Seeds	Mauritius (onion and potato), Zimbabwe (non-genetically modified)
Sorghum	Botswana, Lesotho, South Africa, Zimbabwe
Soybeans	eSwatini, Lesotho, Mauritius, Mozambique, Namibia, South Africa
Turkey	Angola, South Africa
Whiskey	Angola, Botswana, eSwatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, Zambia, Zimbabwe
Wheat	Angola, eSwatini, Mozambique, Namibia, South Africa, Zimbabwe
Wine	South Africa
Other Consumer-Oriented Products	Angola, Botswana, eSwatini, Lesotho, Mozambique, Namibia, South Africa, Zambia, Zimbabwe
Source: FAS/Pretoria and FAS GAIN report: <i>U.S. and Southern Africa Agricultural Trade Reaches Record High</i>	

Across the Southern Africa region, there has recently been strong growth in imports of liquor (whiskey and bourbon), animal feed, plant and animal genetics, and consumer-oriented products. American whiskey sales to South Africa grew 17 percent from 2016 to 2017, reaching more than \$10.5 million. Additionally, [a decline in South Africa's wine production and stocks may translate to new opportunities for U.S. wines despite a 25-percent import tariff](#). Similarly, [U.S. apples from areas free of apple maggot \(*Rhagoletis pomonella*\), may see new opportunities in South Africa](#) due to the severe drought in the Western Cape in 2017/2018, which will likely adversely impact domestic production.

With lifestyles and tastes around the world changing at an amazing speed, opportunities abound for expansion of U.S. agricultural products into emerging markets like those in Southern Africa. U.S. exporters offer high quality and variety and FAS is poised to assist with growing these markets and expanding the reach of U.S. agriculture.

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