EXPORTS

SA canned fruit gets Aussie thumbs-up

South Africa's canned fruit industry will now be able to supply processed fruit to Australia unhindered.

This follows the recent announcement by the Australian Productivity Commission (APC) that it intended to drop the anti-dumping probe it initiated last year.

In April 2013, canned food producer SPC Ardmona in Australia, asked for a 'safeguard action', claiming that 65% of the supposed dumping involved canned peaches from South Africa. The company wanted the Australian government to impose a total ban on all canned-fruit products produced abroad.

About 8% of South Africa's 150 000t annual output of canned peaches is exported to Australia.

IT WAS DISCOVERED THAT THE DUMPING MARGIN FOR PEACHES IMPORTED FROM SOUTH AFRICA WAS NEGLIGIBLE

Exports would have become less profitable or ceased altogether, said Rian Geldenhuys, director at the Trade Law Chambers in South Africa.

However, the APC's decision to drop the investigation now means that SA exporters will face no trade barriers when exporting processed fruits and tomato products to Australia.

"In addition, no anti-dumping duties will be imposed against any South African exports of processed peach products," said Geldenhuys.

South Africa accounted for the majority of processed fruit imports to Australia, he added.

In a report released in December, the APC said it proposed to terminate the investigation following a preliminary finding that the dumping margin for peaches imported from South Africa was "negligible".

As the APC pointed out, a 'safeguard action' is a temporary emergency action that can be taken by a member country of the World Trade Organisation where an increase in imports caused or threatened to cause serious injury to a domestic industry.

Measures can take the form of an increased tariff, a tariff quota or a quota.

However, any measure may initially only be put in place for a maximum of four years and must be progressively liberalised in order to enable local industry to adjust to competition from imports.

According to the APC, there had not been a recent, sharp, sudden and significant increase in import volumes of pears and peaches to Australia.

"The import volumes of pears increased marginally over the past five years," said the report.

"The import volumes of peaches increased more sharply between 2009 and 2011, but since then have returned to pre-2008 levels."

The APC conceded that Australia's domestic processed fruit industry had indeed suffered serious injury, but this was not due to "an increase in imports of products under reference". – *Peter Mashala*

TRADE

Trade balance posts surprise surplus

South Africa should expect a very different trade balance figure for the next release. This was according to Gerhard Lampen, head of Sanlam iTrade, after the November 2013 trade balance reflected a surprise R770 million surplus, compared with the R12,4 billion deficit in October, SARS reported on 30 December.

Lampen said SA's weaker rand had made exports more attractive, but cautioned that the country had been "heavily hit" on the price of imports of agricultural inputs such as fertiliser and fuel.

"Our trade deficit, which makes up the biggest part of our current account deficit, has to be financed by capital inflows. That makes us very vulnerable once the US Federal Reserve starts tapering, as it'll reduce emerging market inflows of investment capital.

"We expect a rocky road to a weaker rand exchange rate with the added potential of a flight of capital."

Rand Merchant Bank's currency strategist John Cairns said the weaker rand should lead to a re-balancing of the SA economy, leading to a slowdown in domestic consumption and imports, and a pickup in production and exports. "If the economy re-balances this year, then the pressure on the rand will ultimately ease. If not, then the risk of a rand crisis will keep rising," he said.

November's trade surplus was the first registered on the trade account since late 2012 and was the result of a 5,3% increase in exports and an 8,8% fall in imports.

"While the resumption in vehicle production, following strikes the previous month, supported the increase in exports, the improvement in the trade balance is consistent with stronger global growth, an undervalued currency and a slowdown in domestic demand," said Theuns de Wet, research head at RMB, in the bank's market commentary.

When Botswana, Lesotho, Namibia and Swaziland (BLNS) were excluded from the monthly trade statistics – as was done in statistics issued prior to 14 November 2012 – South Africa had a trade deficit of R9,24 billion.

In all, South Africa experienced a trade deficit of R74,74 billion (R154,99 billion excluding BLNS countries) for 2013 compared with R37,8 billion (R113,93 billion excluding BLNS countries) in 2012. Imports decreased by R8,26 billion (8,8%), while exports increased moderately by R4,33 billion (5,3%), with exports of vegetable products down by 18% or R471 million (R449 million excluding BLNS countries).

Absa AgriBusiness' Dawid Snyman said the fall in vegetable exports was mainly seasonal. "The November figures reflect exports that were made earlier, when we were coming out of winter. There's not much growing in winter, mainly crops like cabbages, potatoes and maybe carrots, which can be stored for a while." – *Robyn Joubert*