Trade report

Export opportunities for South Africa in MERCOSUR countries

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Department of Research and Information
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Export opportunities for South Africa in MERCOSUR countries

Introduction

MERCOSUR / MERCOSUL (Mercado Común del Sur in Spanish, Mercado Comum do Sul in Portuguese, Southern Common Market in English) is an economic and political bloc consisting of Argentina, Brazil, Paraguay, Uruguay and Venezuela. It was set up to promote economic integration as well as the free movement of goods, services and people across the member states.

The full members of MERCOSUR make up a market of nearly 280 million consumers and have a combined gross domestic product (GDP) in excess of USD 3.6 trillion in 2013, or 4.3% of global GDP according to International Monetary Fund estimates at purchasing power parity (PPP), making it the fifth largest economic bloc in the world. The bloc accounts for almost 83% of overall economic activity in South America and, with the recent accession of Venezuela, it claims approximately 20% of the world’s petroleum production. It is the world's fourth largest trading bloc after the European Union (EU), the North American Free Trade Agreement (NAFTA) grouping and the Association of South East Asian Nations (ASEAN).

MERCOSUR has five associate members – namely Chile, Bolivia, Colombia, Ecuador and Peru - that do not enjoy full voting rights nor have complete access to the markets of its full members. The associate members benefit from tariff reductions, but are not required to impose the common external tariff that applies to full MERCOSUR members. The MERCOSUR concept was inspired by the success of other regional economic integration groups (particularly the EU). A gradual approach to integration was adopted, starting from a free trade area to an eventual customs union, with the process starting from contractual agreements to a structured international organization.

The key objective of MERCOSUR is to bring about free trade amongst member countries by eliminating obstacles to regional trade such as high tariffs, as well as enhancing the exchange of goods and currencies. The agreement has both economic and political dimensions: the first phase - the free trade area – has already been achieved; the second phase - the customs union - is in progress; and the third phase - the common market - has not yet been accomplished. The trade bloc's ultimate aspiration is to unify the “Southern Cone” and then all of South America in an economic bloc.

MERCOSUR’s charter does not allow its member states to have individual free trade agreements (FTAs) with non-member countries and forbids members from participating in other blocs (e.g. the Andean Community of Nations (CAN), a smaller trade bloc that includes Bolivia, Colombia, Ecuador, and Peru). When Venezuela signed the ‘Protocol of Adhesion’, it was required to resign from CAN.

Agreements among members have ranged from debt relief (such as Brazil’s and Argentina’s renegotiation of Paraguay's debt) to trade deals. Argentina and Venezuela, for example, signed a host of bilateral agreements in the energy, industrial, agriculture and health sectors in January 2009. The most significant project to date is the Bank of the South, a monetary fund and lending organization established in September 2009 by Argentina, Brazil, Paraguay, Uruguay, Ecuador, Bolivia and Venezuela with an initial capital of USD 20 billion. The intention of the bank is to allow member countries to fund projects and investments without World Bank or International Monetary Fund involvement.

Preferential trade agreement between SACU and MERCOSUR

Following protracted negotiations, the Southern African Customs Union (SACU) and MERCOSUR entered into a Preferential Trade Agreement (PTA) in 2009. However, for the agreement to come into force, it needs to be ratified by all member countries. All SACU member countries have ratified the agreement, but on the MERCOSUR side Brazil and Argentina have not yet ratified it. Furthermore, Paraguay, whose 2012 suspension was lifted in August 2013, is yet to re-join the bloc due it its reservations about Venezuela’s continued membership of MERCOSUR.
Apart from the challenges related to delays in the ratification of the agreement, other barriers to trade have been identified. Amongst these is the prevalence of high non-tariff barriers in MERCOSUR. To lessen the negative impact, South Africa’s Department of Trade and Industry has been attempting to overcome these through bilateral negotiations with Brazil and Argentina. The broader PTA does attempt to cover trade-related issues such as sanitary and phytosanitary measures, as well as customs cooperation, but it spans a very limited range of products in agriculture, fisheries and manufacturing.

**MERCOSUR comparative indicators**

Comparative indicators show that Brazil is the dominant player in MERCOSUR. Its large population and growing influence in global politics also bolster Brazil’s dominant status in MERCOSUR. Brazil’s GDP is nearly two-and-a-half times larger than that of the rest of MERCOSUR combined. However, GDP per capita in Brazil only exceeds Paraguay’s and is marginally lower than Argentina’s. This is also a reflection of the large population sizes of the two countries and the relatively modest population sizes of other members of MERCOSUR.

**Figure 1: MERCOSUR comparative indicators**

Average economic growth in MERCOSUR countries ranged from around 3% p.a. to 7% annually over the period 2008 to 2012. The degree of openness of these economies, as measured by the ratio of their external trade (exports + imports) to GDP, is high with respect to the smaller economies and low particularly in Brazil at 23%.
Brazil dwarfs its MERCOSUR partners in terms of inward stock of foreign direct investment (FDI), accounting for 79.5% of the total for the bloc. The Brazilian stock market is also dominant relative to the rest of the bloc, which is characterised by small stock exchanges.

**MERCOSUR’s share of world trade**

MERCOSUR’s trade (imports + exports) with the rest of the world amounted to an estimated USD 1.05 trillion in 2012, representing nearly 2.2% of global trade (up from 1.7% in 2001). Brazil accounts for almost 60% of MERCOSUR’s trade with the rest of the world, followed by Venezuela and Argentina with shares of 18.6% and 18.5%, respectively.

**Export performance**

Despite unfavourable economic and trading conditions at the global level over the period 2008 to 2012, MERCOSUR recorded relatively strong export growth of 6.6% per annum, on average. More recently MERCOSUR’s exports to the rest of the world grew by 26.3% and 29.3% in 2010 and 2011, respectively, with an increasing focus on exports to each other and a number of other emerging markets in an effort to offset weak demand in advanced economies. MERCOSUR accounted for 2% of the world’s exports in 2012, as illustrated below.

**Figure 2: World’s leading exporters**

Brazil accounted for just over 57% of MERCOSUR’s exports to the rest of the world in 2012, or USD 424.6 billion. Venezuela, in turn, contributed about 20% of MERCOSUR’s exports, followed by Argentina (19%), Uruguay (2%) and Paraguay (1.7%).

The composition of MERCOSUR’s export basket has changed significantly over time, with the contribution made by raw material exports, particularly crude oil (Venezuela), iron ore (Brazil), as well maize and soya beans (Argentina), rising from 34.7% of the total in 2001 to 43.2% by 2012. Intermediate goods, in turn, saw their share of overall exports decline from 35.5% to 30.1% during the same period, while the shares claimed by consumption goods and capital goods declined by 2.2 and 1.5 percentage points, respectively.

**Import performance**

The basket of MERCOSUR’s imports from the rest of the world has also been expanding in value terms, recording an average annual growth of 8.9% over the period 2008 to 2012. MERCOSUR accounted for 2% of the world’s imports in 2012, as illustrated below.
The composition of MERCOSUR’s import basket has changed over time, with a growing presence of consumption goods (from a 21% share in 2001 to 24% in 2012) and lower shares claimed by intermediate goods (from 50% of the total in 2001 to 45.4% by 2012). The shares claimed by capital goods (19.2% of the total import basket in 2012) and raw material goods (9.2%) remained almost unchanged.

Key global markets in MERCOSUR’s external trade

Leading destinations for MERCOSUR exports

China has become the largest national market for MERCOSUR’s export trade, with its share of demand for the bloc’s exports rising from 2.9% in 2001 to 6.6% in 2008, and almost doubling to 12.4% in 2011 (note that detailed data for 2012 is not yet available in the case of Venezuela, hence the collective figures pertain to 2011). The USA, the Netherlands, Taiwan and Germany were the other leading destinations for MERCOSUR exports. Trade amongst the member states of MERCOSUR stood at around 14.7%, while the significantly higher shares claimed by the ‘others’ category reflects a growing diversification of the region’s export markets.
Export opportunities for South Africa in MERCOSUR countries

Leading sources of MERCOSUR imports

The USA, China and Germany have been the leading sources of MERCOSUR imports for some time, while South Korea has also been gaining prominence as it was the source of 2.9% of the bloc’s imports in 2011. Intra-MERCOSUR trade expanded marginally in relative terms over the decade under review.

Figure 5: Leading global sources of MERCOSUR imports

![Graph showing leading global sources of MERCOSUR imports from 2001 to 2011.]

Source: IDC, compiled from International Trade Centre data

Intra-MERCOSUR trade and MERCOSUR trade with the rest of the world

Balance of trade

MERCOSUR’s balance of trade with the rest of the world remained in the bloc’s favour over the period 2001 to 2012, with its surplus rising from USD 15.6 billion in 2001 to a high of USD 87.1 billion in 2011. A considerably lower surplus amounting to USD 46.1 billion was, however, recorded in 2012, as MERCOSUR exports totalled USD 424.6 billion, vis-à-vis an import value of USD 378.5 billion. The bloc’s exports are relatively diversified, including a variety of agricultural, industrial and energy products.

Intra-regional trade amongst the member states (i.e. intra-MERCOSUR trade) has fluctuated between 13% and 18% of total trade over this period, with Brazil and Argentina accounting for about 79.4% of intra-MERCOSUR trade in 2011.

The bloc’s significant reliance on European countries and the USA for export trade exposed its vulnerability to the economic slowdown in these markets. Nevertheless, MERCOSUR countries have, since 2010, turned increasingly towards emerging markets and other developing economies to offset weak demand in advanced economies. This has included the African continent, with the total trade between MERCOSUR and Africa having risen 4.6 times since 2001 to reach almost USD 34 billion by 2012. MERCOSUR-Africa trade expanded at an average rate of 10.2% per year since 2007.
**Export opportunities for South Africa in MERCOSUR countries**

Figure 6: MERCOSUR’s trade with the world by member state

Source: IDC, compiled from UNCTAD trade data

**MERCOSUR intra-regional trade trends and comparisons with other groupings**

As previously mentioned, intra-MERCOSUR trade varied between 13% and 17% of the bloc’s overall external trade during the period 2001-2012, but the ratio has exhibited a declining trend. This compares unfavourably with intra-regional trade in developing economies within the Americas, and falls short of the ratios attained in developing Asian economies as well as in the Eurozone, as illustrated below.

Figure 7: Intra-regional export trade comparisons

Source: IDC, compiled from UNCTAD trade and ITC data
Trade amongst the five MERCOSUR countries rose to its highest level of USD 121.2 billion in 2011. This was more than five times the quantum of USD 24 billion recorded in 2002.

**Figure 8: MERCOSUR’s trade (i.e. imports + exports) trends amongst member states**

Intra-MERCOSUR trade has long been dominated by the trade relationships between Brazil and Argentina with one another as well as with other member states. The combined value of Brazil’s and Argentina’s trade with the bloc at large amounted to approximately 79.4% of intra-MERCOSUR trade in 2011.

**Figure 9: Intra-MERCOSUR trade (i.e. exports + imports) in 2012**

Totalling USD 27.9 billion in 2012, Brazil’s exports to other MERCOSUR countries represented approximately 49% of intra-MERCOSUR export trade. Brazil also accounted for 41% (USD 20.6 billion) of intra-MERCOSUR imports. This was followed by Argentina, which contributed close to 39% (USD 41 billion) of intra-MERCOSUR export trade in 2012.
Export opportunities for South Africa in MERCOSUR countries

Table 1: Intra-MERCOSUR export trade and world exports to MERCOSUR in 2012

<table>
<thead>
<tr>
<th>Source of exports</th>
<th>Brazil</th>
<th>Argentina</th>
<th>Venezuela</th>
<th>Uruguay</th>
<th>Paraguay</th>
<th>MERCOSUR</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD billion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>16.5</td>
<td>1.0</td>
<td>2.19</td>
<td>2.9</td>
<td>22.0</td>
<td>22.0</td>
<td>223.1</td>
</tr>
<tr>
<td>Argentina</td>
<td>18.0</td>
<td>0.02</td>
<td>1.98</td>
<td>0.6</td>
<td>19.1</td>
<td>19.1</td>
<td>68.5</td>
</tr>
<tr>
<td>Venezuela</td>
<td>5.1</td>
<td>2.2</td>
<td>0.83</td>
<td>0.6</td>
<td>7.8</td>
<td>7.8</td>
<td>63.6</td>
</tr>
<tr>
<td>Uruguay</td>
<td>2.2</td>
<td>2.0</td>
<td>0.8</td>
<td>1.0</td>
<td>5.1</td>
<td>5.1</td>
<td>11.6</td>
</tr>
<tr>
<td>Paraguay</td>
<td>2.6</td>
<td>1.4</td>
<td>0.1</td>
<td>0.1</td>
<td>4.3</td>
<td>4.3</td>
<td>11.6</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>27.9</td>
<td>22.1</td>
<td>1.92</td>
<td>5.1</td>
<td>58.3</td>
<td>58.3</td>
<td>378.5</td>
</tr>
<tr>
<td>World</td>
<td>242.6</td>
<td>80.9</td>
<td>85.0</td>
<td>8.7</td>
<td>424.6</td>
<td>424.6</td>
<td>18 058.0</td>
</tr>
</tbody>
</table>

Note: Mirror data (i.e. imports in the country of destination) was used for Venezuela
Source: IDC, compiled from International Trade Centre data

This has made other MERCOSUR members more dependent on demand from Brazil and, to a lesser extent, Argentina (e.g. 49.2% of Paraguay’s exports to MERCOSUR in 2012 were destined for Brazil). Throughout the period 2001-2012 Brazil enjoyed large surpluses with other member states of MERCOSUR, amounting to USD 72 billion collectively, compared to deficits recorded by Argentina (USD 7.5 billion), Uruguay (USD 15.1 billion) Venezuela (USD 22.8 billion) and Paraguay (USD 12.5 billion).

South Africa’s trade with MERCOSUR

South Africa’s trade with MERCOSUR expanded substantially over the twelve-year period to 2012, although imports grew at a significantly faster pace than exports, as illustrated below. The expansion was particularly evident in the case of Brazil and, to a lesser extent, Argentina. The balance of trade has, furthermore, been in favour of MERCOSUR throughout the period. South Africa’s exports to MERCOSUR stood at just under USD 1.1 billion in 2012, compared to a much higher import value of around USD 2.8 billion.

Figure 10: South Africa’s trade with MERCOSUR

Source: IDC, compiled from International Trade Centre data
South Africa’s trade deficit with Brazil widened from just under USD 637 million in 2010 to USD 881 million by 2012, with exports in 2012 totalling USD 790 million compared to an import basket from Brazil valued at almost USD 1.7 billion. A trade deficit was also recorded with Argentina, widening from USD 809 million in 2010 to USD 821 million in 2012. In contrast, South Africa recorded trade surpluses with Venezuela from 2010 to 2012 (expanding from USD 37.1 million to USD 41.7 million) and with Paraguay in the latter year. The trade balance with Uruguay, which was in surplus in 2008, moved into deficit territory in subsequent years.

Figure 11: South Africa’s trade with individual MERCOSUR member states

Source: IDC, compiled from International Trade Centre data
**Leading product categories in South Africa’s export trade with MERCOSUR**

The composition of South Africa’s export basket to the MERCOSUR over the period under review shifted from a dominance of minerals and beneficiated products to higher value-add manufactured products. Prominent exports in 2012 included insecticides, stainless steel and automotive parts, which collectively accounted for 21% (or USD 221 million) of overall exports to MERCOSUR in that year.

**Figure 12: South Africa’s top exports to MERCOSUR**

**SA exports to MERCOSUR in 2002 (USD 234.5 m)**

- Coal and coal products: 15%
- Insecticides, fungicides, herbicides: 10%
- Ferro-alloys: 6%
- Titanium oxides: 6%
- Crude petroleum oils: 5%
- Other categories: 58%

**SA exports to MERCOSUR in 2008 (USD 1.03 bn)**

- Crude petroleum oils: 17%
- Ferro-alloys: 13%
- Coal and coal products: 12%
- Other categories: 47%
- Manganese ores and concentrates: 4%
- Engines, spark-ignition: 7%

**SA exports to MERCOSUR in 2012 (USD 1.06 bn)**

- Coal and coal products: 13%
- Insecticides, fungicides, herbicides: 9%
- Polymers in primary forms: 8%
- Parts & access of motor vehicles: 6%
- Flat-rolled products of stainless steel: 6%
- Other categories: 58%

Source: IDC, compiled from International Trade Centre data
Export opportunities for South Africa in MERCOSUR countries

Table 2: South Africa’s leading export products to MERCOSUR countries in 2012 (in order of importance)

<table>
<thead>
<tr>
<th>Brazil</th>
<th>Argentina</th>
<th>Paraguay</th>
<th>Venezuela</th>
<th>Uruguay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal; briquettes, ovoids and similar solid fuels manufactured from coal</td>
<td>Parts and accessories of motor vehicles</td>
<td>Polymers of propylene or of other olefins, in primary forms</td>
<td>Engines, spark-ignition reciprocating or rotary internal combustion pistons</td>
<td>Polymers of propylene or of other olefins, in primary forms</td>
</tr>
<tr>
<td>Insecticides, fungicides, herbicides packaged for retail sale</td>
<td>Centrifuges, including centrifugal dryers; filtering/ purifying machinery</td>
<td>Spirits, liqueurs, other spirit beverages, alcoholic preparations</td>
<td>Flat-rolled products of stainless steel, of a width of 600mm or more</td>
<td>Uncoated kraft paper and paperboard, in rolls/sheets not of heading 48.02/48.03</td>
</tr>
<tr>
<td>Polymers of propylene or of other olefins, in primary forms</td>
<td>Parts for use solely/principally with motor engines</td>
<td>Polymers of ethylene, in primary forms</td>
<td>Machine-tools for working metal by forging/ hammering, etc.</td>
<td>Spirits, liqueurs, other spirit beverages, alcoholic preparations</td>
</tr>
<tr>
<td>Aluminium plates, sheets and strip, of a thickness exceeding 0.2mm</td>
<td>Coal; briquettes, ovoids and similar solid fuels manufactured from coal</td>
<td>Flat-rolled products of stainless steel, of a width of 600mm or more</td>
<td>Synthetic rubber and factice from oil</td>
<td>Wire of iron or non-alloy steel</td>
</tr>
<tr>
<td>Flat-rolled products of stainless steel, of a width of 600mm or more</td>
<td>Synthetic rubber and factice from oil</td>
<td>Animal products not elsewhere specified</td>
<td>Stoppers, caps and lids of base metal</td>
<td>Carboxylic acids and their derivatives</td>
</tr>
<tr>
<td>Ferro-alloys</td>
<td>Flat-rolled products of stainless steel, of a width of 600mm or more</td>
<td>Composite diagnostic or laboratory reagents, not elsewhere specified</td>
<td>Manganese ores and concentrates etc.</td>
<td>Polymers of ethylene, in primary forms</td>
</tr>
<tr>
<td>Flat-rolled prod of iron or non-al/s, width/&gt;=600mm, clad, plated or coated</td>
<td>Iron and steel tanks, casks, drum cans, boxes (capacity &lt;=300l)</td>
<td>Uncased kraft paper and paperboard, in rolls/sheets not of heading 48.02/48.03</td>
<td>Centrifuges, including centrifugal dryers; filtering/ purifying machinery</td>
<td>Fish, frozen, whole</td>
</tr>
<tr>
<td>Engines, spark-ignition reciprocating or rotary internal combustion; pistons</td>
<td>Chromium ores and concentrates</td>
<td>Wine of fresh grapes</td>
<td>Ferrous waste and scrap; re-melting scrap ingots or iron or steel</td>
<td>Articles of iron or steel not elsewhere specified</td>
</tr>
<tr>
<td>Acyclic hydrocarbons</td>
<td>Polymers of propylene or of other olefins, in primary forms</td>
<td>Tubes, pipes and hoses, and fittings therefor, of plastic</td>
<td>Ferro-alloys</td>
<td>Fruit and vegetable juices, unfermented</td>
</tr>
<tr>
<td>Unsaturated acyclic and cyclic mono-carboxylic acid and anhydrides, halides</td>
<td>Uncased kraft paper and paperboard, in rolls/sheets not of heading 48.02/48.03</td>
<td>Chain and parts thereof, of iron or steel</td>
<td>Composite diagnostic or laboratory reagents, not elsewhere specified</td>
<td>Leather of bovine/equine animals, other than leather of heading 4108/4109</td>
</tr>
</tbody>
</table>

Source: IDC, compiled from International Trade Centre data

Relative importance of South Africa’s export trade with MERCOSUR

MERCOSUR remains a very small market for South Africa’s exports, with only 1.2% of the country’s total exports destined for the regional bloc in 2012. As illustrated in Figure 13 below, Brazil is the leading market for South Africa’s exports to MERCOSUR, claiming almost 0.9% of overall merchandise exports in 2012, followed by Argentina (0.2%), Venezuela (0.05%), Uruguay (0.02%) and Paraguay (0.01%).
South Africa is a minor source of imports as far as other MERCOSUR countries are concerned (refer to Figure 14 below). Furthermore, its penetration of individual MERCOSUR markets declined in 2012 in all instances. Nevertheless, the potential to enhance its export penetration in such markets is significant.
Opportunities for the further development of South Africa’s export trade with MERCOSUR

South Africa’s trade with the member states of MERCOSUR, although very limited, is expanding, particularly in the case of Brazil. Trade with Brazil, the principal trading partner for South Africa within the regional bloc as well as the latter’s dominant economy, falls short of the deemed potential. The challenge with regard to Brazil is partly related to the relatively similar composition of the respective export baskets. With respect to other MERCOSUR markets, insufficient market development endeavours and difficult market access are among the constraining factors hampering trade development with South Africa.
Methodology utilised in identifying opportunities for South African exports

Opportunities for the expansion of South Africa’s currently very small export trade with the individual MERCOSUR countries, or for the introduction of new export product categories, have been assessed quantitatively based on the following criteria and are listed in the tables contained in Appendix 1:

- The product is a major import (more than USD 100 million) into the specific MERCOSUR country from the rest of the world and showed positive growth over the five-year period 2008-2012;
- The product is substantially exported (more than USD 100 million) by South Africa to the rest of the world and also exhibited positive growth from 2008 to 2012;
- However, South Africa currently exports very little (less than USD 10 million) or none of that product category to the specific MERCOSUR country.

South Africa’s revealed comparative advantage in the identified export opportunities

A revealed comparative advantage (RCA) analysis was subsequently undertaken to determine whether South Africa has a comparative advantage with respect to the export opportunities (i.e. product categories) identified through the above methodology, by comparing its trade profile with those of the key sources of imports into MERCOSUR markets - namely the EU, USA, China, Japan and South Korea. The comparison was extended, where appropriate, to other leading sources of specific imports in Appendix 2 to this report.

Box 1: Revealed Comparative Advantage

The key assumption of the Revealed Comparative Advantage (RCA) method of analysis is that merchandise trade patterns mirror inter country relative costs differences and differences in non-price factors. It is these factors that indicate comparative advantage among trading economies. Changes in RCA are caused by economic factors such as structural change, global demand and trade specialisation.

The RCA index of a country is generally measured by the product’s share in the country’s total exports relative to its share in total world trade. The RCA is represented as flows:

$$\text{RCA}_{ij} = \left( \frac{x_{ij}}{X_{it}} \right) / \left( \frac{x_{wj}}{X_{wt}} \right)$$

Where \(x_{ij}\) and \(x_{wj}\) are the values of country i’s exports of product j and world exports of product j, and where \(X_{it}\) and \(X_{wt}\) refer to the country’s total exports and world total exports.

A value of less than unity implies that the country has a revealed comparative disadvantage in the product. Similarly, if the index exceeds unity, the country is said to have a revealed comparative advantage in the product.

If an RCA index value for a product for country A is greater than the RCA index value for the same product in country B (both greater than unity), then country A is considered to have a higher revealed comparative advantage than country B.

Source: Balassa, B (1965)

Table 3 below provides the results of the RCA analysis undertaken for the products that were identified in the opportunities identification exercise outlined above (with the detailed product lists for each of the MERCOSUR member states provided in Appendix 1).
Export opportunities for South Africa in MERCOSUR countries

The outcome of the revealed comparative advantage analysis indicates that South Africa has a higher RCA index than MERCOSUR’s leading sources of imports (excluding intra-MERCOSUR trade) for 12 out of the 35 products (on an HS 4 level of aggregation) that were identified as potential export opportunities (new or for expansion) in the bloc’s markets.

These 12 product categories (refer to Table 3 below) include certain agriculture and agro-processed products, processed mineral products and several manufactured products. This may indicate the potential for greater export market penetration in the respective MERCOSUR markets, possibly replacing similar products currently being imported by these economies from other trading partners.

Table 3: Products whose RCA index value for SA exceeds those of MERCOSUR’s leading sources of imports (RCA averages for SA and leading import sources for 2008-2012, followed by no. of MERCOSUR importers)

<table>
<thead>
<tr>
<th>HS4</th>
<th>Description</th>
<th>SA</th>
<th>EU</th>
<th>USA</th>
<th>China</th>
<th>South Korea</th>
<th>Japan</th>
<th>No. of partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>'0808</td>
<td>Apples, pears and quinces, fresh</td>
<td>9.71</td>
<td>1.33</td>
<td>1.42</td>
<td>1.18</td>
<td>0.23</td>
<td>0.17</td>
<td>1</td>
</tr>
<tr>
<td>'2204</td>
<td>Wine of fresh grapes</td>
<td>5.24</td>
<td>2.13</td>
<td>0.45</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td>1</td>
</tr>
<tr>
<td>'2601</td>
<td>Iron ores and concentrates; including roasted iron pyrites</td>
<td>11.48</td>
<td>0.08</td>
<td>0.13</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1</td>
</tr>
<tr>
<td>'2809</td>
<td>Diphosphorus pentaoxide; phosphoric acid and polyphosphoric acids</td>
<td>14.72</td>
<td>0.37</td>
<td>1.14</td>
<td>0.85</td>
<td>0.12</td>
<td>0.13</td>
<td>1</td>
</tr>
<tr>
<td>'2901</td>
<td>Acyclic hydrocarbons</td>
<td>3.84</td>
<td>1.20</td>
<td>0.89</td>
<td>0.13</td>
<td>3.69</td>
<td>1.35</td>
<td>1</td>
</tr>
<tr>
<td>'2905</td>
<td>Acyclic alcohols and their derivatives</td>
<td>1.63</td>
<td>0.70</td>
<td>0.88</td>
<td>0.20</td>
<td>0.94</td>
<td>0.54</td>
<td>3</td>
</tr>
<tr>
<td>'2914</td>
<td>Ketones and quinones, as well as their derivatives</td>
<td>7.14</td>
<td>1.25</td>
<td>1.29</td>
<td>1.35</td>
<td>0.76</td>
<td>1.20</td>
<td>1</td>
</tr>
<tr>
<td>'3102</td>
<td>Mineral or chemical fertilizers, nitrogenous</td>
<td>0.97</td>
<td>0.83</td>
<td>0.30</td>
<td>0.87</td>
<td>0.19</td>
<td>0.12</td>
<td>1</td>
</tr>
<tr>
<td>'7202</td>
<td>Ferro-alloys</td>
<td>31.70</td>
<td>0.46</td>
<td>0.12</td>
<td>1.05</td>
<td>0.59</td>
<td>0.45</td>
<td>1</td>
</tr>
<tr>
<td>'7308</td>
<td>Structures (rods, angles, plates) of iron and steel not elsewhere specified</td>
<td>2.18</td>
<td>1.41</td>
<td>0.42</td>
<td>2.03</td>
<td>1.72</td>
<td>0.21</td>
<td>2</td>
</tr>
<tr>
<td>'8474</td>
<td>Machinery for sorting/screening/washing; agglomerating/shaping mineral products</td>
<td>4.11</td>
<td>1.71</td>
<td>1.09</td>
<td>1.19</td>
<td>0.26</td>
<td>0.33</td>
<td>3</td>
</tr>
<tr>
<td>'8704</td>
<td>Trucks, motor vehicles for the transport of goods</td>
<td>3.30</td>
<td>1.15</td>
<td>1.61</td>
<td>0.32</td>
<td>0.71</td>
<td>2.18</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: IDC, compiled from International Trade Centre data

The tables listing all the opportunities for further development of South Africa’s exports to the individual member states of MERCOSUR as per the methodology outlined above are provided in Appendix 1 to the report.

The market penetration potential for the 12 export categories where South Africa has a higher revealed comparative advantage than other leading import sources (as previously listed), with respect to MERCOSUR economies, is illustrated in Appendix 2. The listing under each of the 12 product categories at the 4-digit harmonized system (HS) level is taken further to the 6-digit level so as to possibly identify more specific products.

In addition, the top 5 (where applicable) current sources of imports for each of the 12 product categories in MERCOSUR markets are listed in conjunction with their respective shares of the countries’ overall imports of that product category.
Concluding remarks

Although MERCOSUR is currently a very modest market for South Africa’s exports, it provides a useful entry point to an emerging giant such as Brazil. The latter, and to a lesser extent Argentina, has by far the dominant economy in the regional bloc and is an important market for global exporters.

South African exports to MERCOSUR may be reasonably diversified but remain very limited. An absence of historical trade links, language barriers and other non-tariff barriers are among some of the constraints inhibiting growth in trade between South Africa and MERCOSUR.

The analysis undertaken for this report suggests that there are, nonetheless, potentially significant trade opportunities for South Africa in MERCOSUR markets. Their relative geographical proximity to South Africa in comparison with other global suppliers, among other factors, may provide competitive advantages.

Figure 15 below summarises South Africa’s export opportunities to MERCOSUR, specifically with respect to product categories where South Africa has a revealed comparative advantage and for which the respective RCA indices exceed those of key sources of imports into MERCOSUR markets.

It is recommended, however, that the complete lists of export opportunities provided in Appendix 1 be taken into consideration when pursuing export market development opportunities in each of the MERCOSUR markets.
Figure 15: Export opportunities to MERCOSUR countries in which South Africa has a revealed comparative advantage vis-à-vis leading import sources

<table>
<thead>
<tr>
<th>Export Opportunities</th>
<th>Leading Import Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucks, motor vehicles for the transport of goods</td>
<td>Trucks, motor vehicles for the transport of goods</td>
</tr>
<tr>
<td>Structures (rods, angle, plates) of iron &amp; steel nes</td>
<td>Apples, pears and quinces, fresh</td>
</tr>
<tr>
<td>Machinery for sorting/screening/washing; agglomerating/shaping mineral products</td>
<td>Machinery for sorting/screening/washing; agglomerating/shaping mineral products</td>
</tr>
<tr>
<td>Acyclic alcohols and their derivatives</td>
<td>Acyclic alcohols and their derivatives</td>
</tr>
<tr>
<td>Acyclic hydrocarbons</td>
<td>Ketones &amp; quinones, &amp; their derivatives</td>
</tr>
</tbody>
</table>

- Iron ores & concentrates; including roasted iron pyrites
- Ferro-alloys
- Trucks, motor vehicles for the transport of goods
- Machinery for sorting/screening/washing; agglomerating/shaping mineral products
- Acyclic alcohols and their derivatives
APPENDIX 1: OPPORTUNITIES FOR THE EXPANSION OF SOUTH AFRICAN EXPORTS TO MEMBERS STATES OF MERCOSUR, OR FOR THE INTRODUCTION OF NEW EXPORT PRODUCTS

Table A1: SA top export opportunities to Brazil

<table>
<thead>
<tr>
<th>Product HS code</th>
<th>Product label</th>
<th>5 year average SA exports to the World (USD m)</th>
<th>5 year average SA exports to Brazil (USD m)</th>
<th>5 year average Brazil imports from the World (USD m)</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>'8703</td>
<td>Cars (incl. station wagons)</td>
<td>3 918</td>
<td>0.1</td>
<td>8 114</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8704</td>
<td>Trucks, motor vehicles for the transportation of goods</td>
<td>1 608</td>
<td>0.1</td>
<td>1 994</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2710</td>
<td>Petroleum oils, not crude</td>
<td>1 446</td>
<td>5.6</td>
<td>11 725</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8708</td>
<td>Parts and accessories of motor vehicles</td>
<td>827</td>
<td>3.8</td>
<td>5 330</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2204</td>
<td>Wine of fresh grapes</td>
<td>747</td>
<td>2.6</td>
<td>246</td>
<td>Expansion</td>
</tr>
<tr>
<td>'7208</td>
<td>Flat-rolled products of iron/non-al/s width/&gt;=600mm,hr,not clad</td>
<td>536</td>
<td>3.3</td>
<td>646</td>
<td>Expansion</td>
</tr>
<tr>
<td>'1005</td>
<td>Maize (corn)</td>
<td>499</td>
<td>0.0</td>
<td>140</td>
<td>Expansion</td>
</tr>
<tr>
<td>'7308</td>
<td>Structures (rods, angle, plates) of iron and steel not elsewhere specified (nes)</td>
<td>442</td>
<td>0.9</td>
<td>216</td>
<td>Expansion</td>
</tr>
<tr>
<td>'0808</td>
<td>Apples, pears and quinces, fresh</td>
<td>413</td>
<td>0.0</td>
<td>229</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8474</td>
<td>Machinery for sorting/screening/washing; agglomerating/shaping mineral products</td>
<td>361</td>
<td>1.7</td>
<td>330</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2809</td>
<td>Diphosphorus pentaoxide; phosphoric acid and polyphosphoric acids</td>
<td>354</td>
<td>0.0</td>
<td>156</td>
<td>New</td>
</tr>
<tr>
<td>'8431</td>
<td>Machinery parts (headings 84.25 to 84.30)</td>
<td>254</td>
<td>1.3</td>
<td>764</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2905</td>
<td>Acyclic alcohols and their derivatives</td>
<td>230</td>
<td>5.1</td>
<td>547</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8413</td>
<td>Pumps for liquids; liquid elevators</td>
<td>228</td>
<td>1.3</td>
<td>893</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8408</td>
<td>Diesel or semi-diesel engines</td>
<td>197</td>
<td>0.0</td>
<td>760</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2914</td>
<td>Ketones and quinones, and their derivatives</td>
<td>195</td>
<td>7.1</td>
<td>122</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8802</td>
<td>Aircraft, (helicopters, aeroplanes) and spacecraft (satellites)</td>
<td>189</td>
<td>0.0</td>
<td>1 180</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8429</td>
<td>Self-propelled bulldozers, angledozers, graders, excavators, etc</td>
<td>187</td>
<td>0.1</td>
<td>910</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8517</td>
<td>Electric appliances for line telephony, including current line system</td>
<td>149</td>
<td>0.4</td>
<td>3 862</td>
<td>Expansion</td>
</tr>
</tbody>
</table>

Note: Green shading indicates a product category in which South Africa has a higher RCA relative to MERCOSUR countries’ top trading partners
Source: IDC, compiled from International Trade Centre data
Table A2: SA top export opportunities to Argentina

<table>
<thead>
<tr>
<th>Product HS code</th>
<th>Product label</th>
<th>5 year average SA exports to the World (USD m)</th>
<th>5 year average SA exports to Argentina (USD m)</th>
<th>5 year average Argentina imports from the World (USD m)</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>'2601</td>
<td>Iron ores and concentrates; including roasted iron pyrites</td>
<td>5 490</td>
<td>2.2</td>
<td>797</td>
<td>Expansion</td>
</tr>
<tr>
<td>'7202</td>
<td>Ferro-alloys</td>
<td>4 239</td>
<td>5.9</td>
<td>156</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8703</td>
<td>Cars (incl. station wagons)</td>
<td>3 918</td>
<td>0.0</td>
<td>4 370</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8704</td>
<td>Trucks, motor vehicles for the transportation of goods</td>
<td>1 608</td>
<td>0.0</td>
<td>1 014</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2710</td>
<td>Petroleum oils, not crude</td>
<td>1 446</td>
<td>0.0</td>
<td>3 278</td>
<td>Expansion</td>
</tr>
<tr>
<td>'7208</td>
<td>Flat-rolled products of iron/non-al/s width&gt;=600mm,hr,not clad</td>
<td>536</td>
<td>0.0</td>
<td>142</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2901</td>
<td>Acyclic hydrocarbons</td>
<td>430</td>
<td>0.1</td>
<td>136</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3902</td>
<td>Polymers of propylene or of other olefins, in primary forms</td>
<td>418</td>
<td>2.7</td>
<td>183</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8474</td>
<td>Machinery for sorting/screening/washing; agglomerating/shaping mineral products</td>
<td>361</td>
<td>0.5</td>
<td>103</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8409</td>
<td>Parts for use solely/principally with the motor engines</td>
<td>256</td>
<td>3.2</td>
<td>420</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8431</td>
<td>Machinery parts (headings 84.25 to 84.30)</td>
<td>254</td>
<td>0.6</td>
<td>151</td>
<td>Expansion</td>
</tr>
<tr>
<td>'4011</td>
<td>New pneumatic tires, of rubber</td>
<td>236</td>
<td>0.2</td>
<td>479</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2905</td>
<td>Acyclic alcohols and their derivatives</td>
<td>230</td>
<td>0.1</td>
<td>158</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8413</td>
<td>Pumps for liquids; liquid elevators</td>
<td>228</td>
<td>0.2</td>
<td>327</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8408</td>
<td>Diesel or semi-diesel engines</td>
<td>197</td>
<td>0.6</td>
<td>499</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8802</td>
<td>Aircraft, (helicopters, aeroplanes) and spacecraft (satellites)</td>
<td>189</td>
<td>0.0</td>
<td>1 114</td>
<td>New</td>
</tr>
<tr>
<td>'8429</td>
<td>Self-propelled bulldozers, angledozers, graders, excavators, etc</td>
<td>187</td>
<td>0.0</td>
<td>318</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3808</td>
<td>Insecticides, fungicides, herbicides packaged for retail sale</td>
<td>172</td>
<td>0.3</td>
<td>523</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8517</td>
<td>Electric appliances for line telephony, including current line system</td>
<td>149</td>
<td>0.0</td>
<td>2 083</td>
<td>Expansion</td>
</tr>
</tbody>
</table>

Note: Green shading indicates a product category in which South Africa has a higher RCA relative to MERCOSUR countries’ top trading partners
Source: IDC, compiled from International Trade Centre data
Export opportunities for South Africa in MERCOSUR countries

Table A3: SA top export opportunities to Paraguay

<table>
<thead>
<tr>
<th>Product HS code</th>
<th>Product label</th>
<th>5 year average SA exports to the World (USD m)</th>
<th>5 year average SA exports to Paraguay (USD m)</th>
<th>5 year average Paraguay imports from the World (USD m)</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>'8703</td>
<td>Cars (incl. station wagons)</td>
<td>3 918</td>
<td>0.0</td>
<td>391</td>
<td>New</td>
</tr>
<tr>
<td>'8704</td>
<td>Trucks, motor vehicles for the transportation of goods</td>
<td>1 608</td>
<td>0.0</td>
<td>206</td>
<td>New</td>
</tr>
<tr>
<td>'2710</td>
<td>Petroleum oils, not crude</td>
<td>1 446</td>
<td>0.0</td>
<td>1 330</td>
<td>New</td>
</tr>
<tr>
<td>'4011</td>
<td>New pneumatic tires, of rubber</td>
<td>236</td>
<td>0.0</td>
<td>174</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3808</td>
<td>Insecticides, fungicides, herbicides packaged for retail sale</td>
<td>172</td>
<td>0.0</td>
<td>237</td>
<td>New</td>
</tr>
<tr>
<td>'8517</td>
<td>Electric appliances for line telephony, including current line system</td>
<td>149</td>
<td>0.0</td>
<td>508</td>
<td>New</td>
</tr>
<tr>
<td>'3105</td>
<td>Mixtures of nitrogen, phosphorous or potassium fertilizers</td>
<td>142</td>
<td>0.0</td>
<td>335</td>
<td>New</td>
</tr>
</tbody>
</table>

Note: Green shading indicates a product category in which South Africa has a higher RCA relative to MERCOSUR countries’ top trading partners

Source: IDC, compiled from International Trade Centre data

Table A4: SA top export opportunities to Uruguay

<table>
<thead>
<tr>
<th>Product HS code</th>
<th>Product label</th>
<th>5 year average SA exports to the World (USD m)</th>
<th>5 year average SA exports to Uruguay (USD m)</th>
<th>5 year average Uruguay imports from the World (USD m)</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>'8703</td>
<td>Cars (incl. station wagons)</td>
<td>3 918</td>
<td>0.0</td>
<td>292</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8704</td>
<td>Trucks, motor vehicles for the transportation of goods</td>
<td>1 608</td>
<td>0.0</td>
<td>195</td>
<td>New</td>
</tr>
<tr>
<td>'2710</td>
<td>Petroleum oils, not crude</td>
<td>1 446</td>
<td>0.0</td>
<td>810</td>
<td>New</td>
</tr>
<tr>
<td>'8078</td>
<td>Parts and accessories of motor vehicles</td>
<td>827</td>
<td>0.0</td>
<td>172</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3808</td>
<td>Insecticides, fungicides, herbicides packaged for retail sale</td>
<td>172</td>
<td>0.3</td>
<td>155</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8517</td>
<td>Electric appliances for line telephony, incl. current line system</td>
<td>149</td>
<td>0.0</td>
<td>208</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3105</td>
<td>Mixtures of nitrogen, phosphorous or potassium fertilizers</td>
<td>142</td>
<td>1.8</td>
<td>137</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3004</td>
<td>Medicament mixtures (not 3002, 3005, 3006), put in dosages</td>
<td>122</td>
<td>0.0</td>
<td>108</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8471</td>
<td>Automatic data processing machines; optical readers, etc.</td>
<td>120</td>
<td>0.0</td>
<td>124</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3102</td>
<td>Mineral or chemical fertilizers, nitrogenous</td>
<td>111</td>
<td>0.0</td>
<td>105</td>
<td>Expansion</td>
</tr>
</tbody>
</table>

Note: Green shading indicates a product category in which South Africa has a higher RCA relative to MERCOSUR countries’ top trading partners

Source: IDC, compiled from International Trade Centre data
### Table A5: SA top export opportunities to Venezuela

<table>
<thead>
<tr>
<th>Product HS code</th>
<th>Product label</th>
<th>5 year average SA exports to the World (USD m)</th>
<th>5 year average SA exports to Venezuela (USD m)</th>
<th>5 year average Venezuela imports from the World (USD m)</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>'8703</td>
<td>Cars (incl. station wagons)</td>
<td>3 918</td>
<td>0.0</td>
<td>476</td>
<td>New</td>
</tr>
<tr>
<td>'8704</td>
<td>Trucks, motor vehicles for the transportation of goods</td>
<td>1 608</td>
<td>0.0</td>
<td>333</td>
<td>New</td>
</tr>
<tr>
<td>'2710</td>
<td>Petroleum oils, not crude</td>
<td>1 446</td>
<td>0.0</td>
<td>884</td>
<td>New</td>
</tr>
<tr>
<td>'8708</td>
<td>Parts and accessories of motor vehicles</td>
<td>827</td>
<td>0.1</td>
<td>649</td>
<td>Expansion</td>
</tr>
<tr>
<td>'7208</td>
<td>Flat-rolled products of iron/non-al/s width/=600mm,hr,not clad</td>
<td>536</td>
<td>0.0</td>
<td>105</td>
<td>Expansion</td>
</tr>
<tr>
<td>'1005</td>
<td>Maize (corn)</td>
<td>499</td>
<td>2.4</td>
<td>413</td>
<td>Expansion</td>
</tr>
<tr>
<td>'7308</td>
<td>Structures (rods, angle, plates) of iron and steel n.e.s</td>
<td>442</td>
<td>0.4</td>
<td>151</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8474</td>
<td>Machinery for sorting/screening/washing; agglomerating/ shaping mineral products</td>
<td>361</td>
<td>0.1</td>
<td>101</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8431</td>
<td>Machinery parts (heading 84.25 to 84.30)</td>
<td>254</td>
<td>0.3</td>
<td>220</td>
<td>Expansion</td>
</tr>
<tr>
<td>'4011</td>
<td>New pneumatic tyres, of rubber</td>
<td>236</td>
<td>0.0</td>
<td>356</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2905</td>
<td>Acyclic alcohols and their derivatives</td>
<td>230</td>
<td>0.1</td>
<td>103</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8413</td>
<td>Pumps for liquids; liquid elevators</td>
<td>228</td>
<td>0.0</td>
<td>361</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8429</td>
<td>Self-propelled bulldozers, angledozers, graders, excavators, etc</td>
<td>187</td>
<td>0.0</td>
<td>320</td>
<td>New</td>
</tr>
<tr>
<td>'3808</td>
<td>Insecticides, fungicides, herbicides packaged for retail sale</td>
<td>172</td>
<td>0.0</td>
<td>120</td>
<td>Expansion</td>
</tr>
<tr>
<td>'8517</td>
<td>Electric appliances for line telephony, incl. current line system</td>
<td>149</td>
<td>0.0</td>
<td>442</td>
<td>New</td>
</tr>
<tr>
<td>'8544</td>
<td>Insulated wire/cable</td>
<td>143</td>
<td>0.0</td>
<td>230</td>
<td>Expansion</td>
</tr>
<tr>
<td>'3105</td>
<td>Mixtures of nitrogen, phosphorous or potassium fertilizers</td>
<td>142</td>
<td>0.0</td>
<td>152</td>
<td>New</td>
</tr>
<tr>
<td>'8702</td>
<td>Public-transport type passenger motor vehicles</td>
<td>126</td>
<td>0.0</td>
<td>126</td>
<td>New</td>
</tr>
<tr>
<td>'3004</td>
<td>Medicament mixtures (not 3002, 3005, 3006), put in dosages</td>
<td>122</td>
<td>0.1</td>
<td>1 820</td>
<td>Expansion</td>
</tr>
<tr>
<td>'2106</td>
<td>Food preparations, nes</td>
<td>122</td>
<td>0.0</td>
<td>192</td>
<td>Expansion</td>
</tr>
</tbody>
</table>

Note: Green shading indicates a product category in which South Africa has a higher RCA relative to MERCOSUR countries’ top trading partners
Source: IDC, compiled from International Trade Centre data
Export opportunities for South Africa in MERCOSUR countries

APPENDIX 2: MARKET PENETRATION POTENTIAL FOR EXPORT CATEGORIES IN WHICH SOUTH AFRICA HAS A HIGHER RCA THAN OTHER LEADING IMPORT SOURCES, WITH RESPECT TO MERCOSUR MEMBER STATES

Figure A1: H0808 - Apples, pears and quinces, fresh
-Pears (78.6%)
-Apples, fresh (21.4%)
-Quinces (0.0%)
-Pears and quinces, fresh (0.0%)

Argentina (67.0%)
Portugal (13.4%)
Chile (6.9%)
Spain (5.8%)
United States of America (0.4%)

Key:
Top imported products
Top sources of imports

Figure A2: H2204 - Wine of fresh grapes
-Grape wines nes.incl fort&grape must,unfermented by add alc in cont<=2L (86.9%)
-Grape wines, sparkling (12.5%)
-Grape wines nes.incl fort&grape must,unfermented by add alc in cont > 2L (0.6%)

Chile (31.2%); RCA=31.8 [SA RCA=5.24]
Argentina (19.8%)
France (14.8%)
Portugal (12.2%)
Italy (11.9%)
Figure A3: H2601 - Iron ores and concentrates, including roasted iron pyrites

Key:
- Top imported products
- Top sources of imports
- Iron ores & concentrates, other than roasted iron pyrites, agglomerated (74.5%)
- Iron ores & concentrates, other than roasted iron pyrites, non-agglomerated (25.5%)
- Roasted iron pyrites (0.0%)
- Brazil (100.0%)
- Spain (0.0%)
- United States of America (0.0%)
- Germany (0.0%)
- Canada (0.0%)

Figure A4: H2809 - Diphosphorus pentaoxide; phosphoric acid and polyphosphoric acids

Key:
- Top imported products
- Top sources of imports
- Phosphoric acid and polyphosphoric acids (99.3%)
- Diphosphorus pentaoxide (0.2%)
- United States of America (15.7%)
- Morocco (11.8%) RCA=140.6 [SA RCA=14.7]
- China (2.3%)
- Belgium (0.8%)
- Mexico (0.3%)
Figure A5: H2901 - Acyclic hydrocarbons

Key:
- Buta-1, 3-diene and isoprene (55.1%)
- Unsaturated acyclic hydrocarbons nes (27.9%)
- Ethylene (16.6%)
- Saturated acyclic hydrocarbons (0.3%)
- Propene (propylene) (0.1%)

- Brazil (60.3%)
- United States of America (28.1%)
- United Arab Emirates (11.4%)
- Germany (0.1%)
- Spain (0.1%)

Figure A6: H2905 - Acyclic alcohols and their derivatives

Key:
- Methanol (methyl alcohol) (42.0%)
- Ethylene glycol (ethanediol) (10.7%)
- Saturated monohydric acyclic alcohols nes (8.4%)
- Butan-1-ol (1-butyl alcohol) (8.7%)

- Ethylene glycol (ethanediol) (52.0%)
- Propylene glycol (propane-1,2-diol) (15.1%)
- Acyclic terpene alcohols (4.4%)
- Propan-1-ol(propan-2-ol) (3.5%)
- Octanol (octyl alcohol) and isomers thereof (2.9%)

- United States of America (34.9%)
- Peru (31.2%)
- Panama (12.0%)
- Mexico (8.7%)
- Germany (5.0%)
- Chile (12.4%)
- United States of America (34.9%)
- Venezuela (12.1%)
- Argentina (9.1%)
- Peru (31.2%)
- Panama (12.0%)
- Mexico (8.7%)
- Germany (5.0%)
- China (6.6%)
- Argentina (9.1%)
Export opportunities for South Africa in MERCOSUR countries

Figure A7: H2914 - Ketones and quinones, as well as their derivatives

- Acetone (29.7%)
- Cyclonic, cyclic, or cycloterpnic ketones w/o other oxygen function, nes (22.2%)
- Ketone-phenols and ketones with other oxygen function (22.4%)
- Ketone-alcohols and ketone-aldehydes (6.5%)
- Aromatic ketones without oxygen function, nes (5.6%)

Key:
- Top imported products
- Top sources of imports

- China (31.3%)
- United States of America (19.4%)
- Taipei, Chinese (11.8%)
- Spain (5.9%)

Figure A8: H3102 - Mineral or chemical fertilizers, nitrogenous

- Urea, whr/nt in aqueous solution in packages weighing more than 10 kg (78.1%)
- Mineral or chem fertilizers nitrogenous, nes, in pack weighing > 10 kg (13.7%)
- Ammonium nitrate, whether or not in aqueous sol in pack weighing > 10 kg (4.1%)
- Ammonium sulphate, in packages weighing more than 10 kg (3.3%)
- Urea/ammonium nitrate mix in aqueous/ammoniacal sol in pack of > 10 kg (0.4%)

Key:
- Top imported products
- Top sources of imports

- Argentina (29.4%)
- Iran (Islamic Republic of) (22.2%)
- Russian Federation (11.2%)
- Venezuela (8.2%)
- Bahrain (5.5%)
Export opportunities for South Africa in MERCOSUR countries

Figure A9: H7202 - Ferro-alloys

- Ferro-silico-manganese (30.4%)
- Ferro-molybdenum (23.6%)
- Ferro-silicon, containing by weight more than 55% of silicon (9.2%)
- Ferro-chromium containing by weight more than 4% of carbon (8.3%)
- Ferro-manganese containing by weight more than 2% of carbon (7.3%)
- Brazil (49.6%)
- Russian Federation (9.4%)
- Korea, Republic of (9.1%)
- Chile (5.8%)
- Norway (3.6%)

Key:
Top imported products
Top sources of imports

Figure A10: H7308 - Structures (rods, angles, plates) of iron and steel not elsewhere specified

- Structures & parts of structures, i/s (ex prefab bldgs of headg no. 9406) (67.7%)
- Props & similar equipment for scaffolding, shuttering/pit-propping, i/s (15.3%)
- Towers and lattice masts, iron or steel (13.7%)
- Doors, windows & their frames & thresholds for doors of iron or steel (3.0%)
- Bridges and bridge sections, iron or steel (0.4%)

- China (23.9%)
- Spain (20.5%)
- Germany (7.6%)
- Korea, Republic of (5.9%)
- Portugal (5.5%)

Key:
Top imported products
Top sources of imports
Figure A11: H8474 - Machinery for sorting/screening/washing; agglomerating/shaping mineral products

Figure A12: H8704 - Trucks, motor vehicles for the transportation of goods
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