

A PROFILE OF THE SOUTH AFRICAN BROILER MARKET VALUE CHAIN

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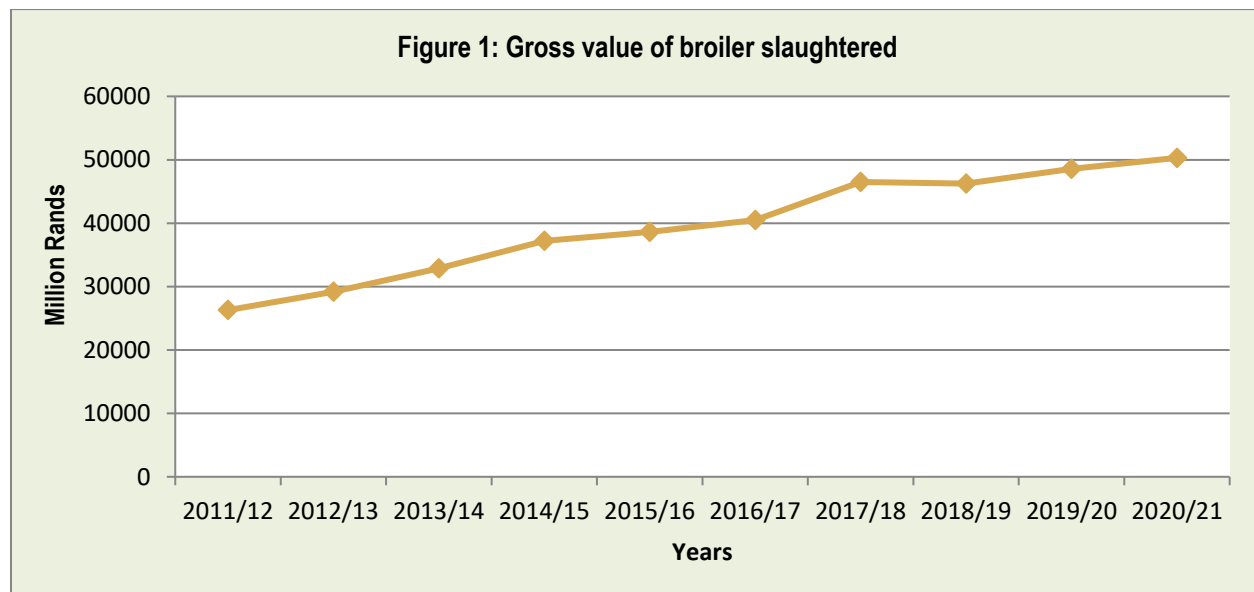
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1. DESCRIPTION OF THE INDUSTRY

The past years have been challenging for broiler producers due to the strict lockdown applied to curb the spread of COVID-19 diseases such as Highly Pathogenic Avian Influenza (HPAI). However, the broiler sector remains the biggest sector within the agricultural sector of South Africa in terms of production value. In 2020/21, the sector generated R50.3 billion in gross value, which was about 14% of the total gross value of agricultural products. In comparison to other livestock products, broiler accounts for 33% of all animal products in South Africa in Rand terms. South Africa remains the major broiler producer in Southern Africa accounting for 75% of total broiler production in the region. Broiler production dominates the agricultural sector, and it remains the cheapest supplier of protein relative to other animal proteins followed by beef. The growth had spillover effects in the grain and chick industries. Broiler meat accounts for about 90% of the total poultry meat production, with the rest made up of mature chicken slaughter (culls), small-scale and backyard broiler meat production and other specialized broiler meat products (geese, turkey, ducks and guinea fowl).

The gross value of broiler meat depended on the quantity produced and prices received by producers. Figure 1 below, shows the gross value of broiler meat production from 2011/12 to 2020/21. The trend shows that gross value has been increasing during the period under review. Only in 2018/19 were there was a slight decrease of 1% from the previous year. The average gross value of production is approximately R39.6 billion per annum over ten years. The gross value increase was due to the o increasing production and price of broiler meat.

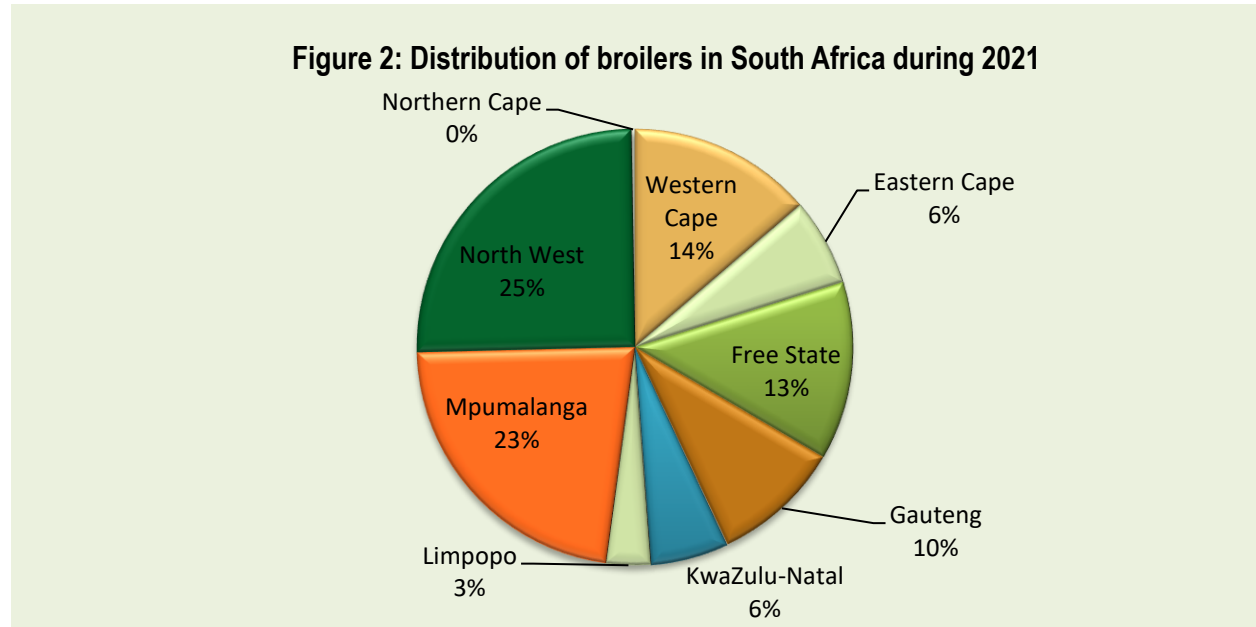


Source: Statistics and Economic Analysis, DALRRD

1.1. Production areas.

Broilers are produced throughout South Africa with North West, Western Cape, Mpumalanga and Free State Provinces being the largest producers accounting for approximately 75% of total production.

Figure 2 below shows the distribution of birds during 2021.

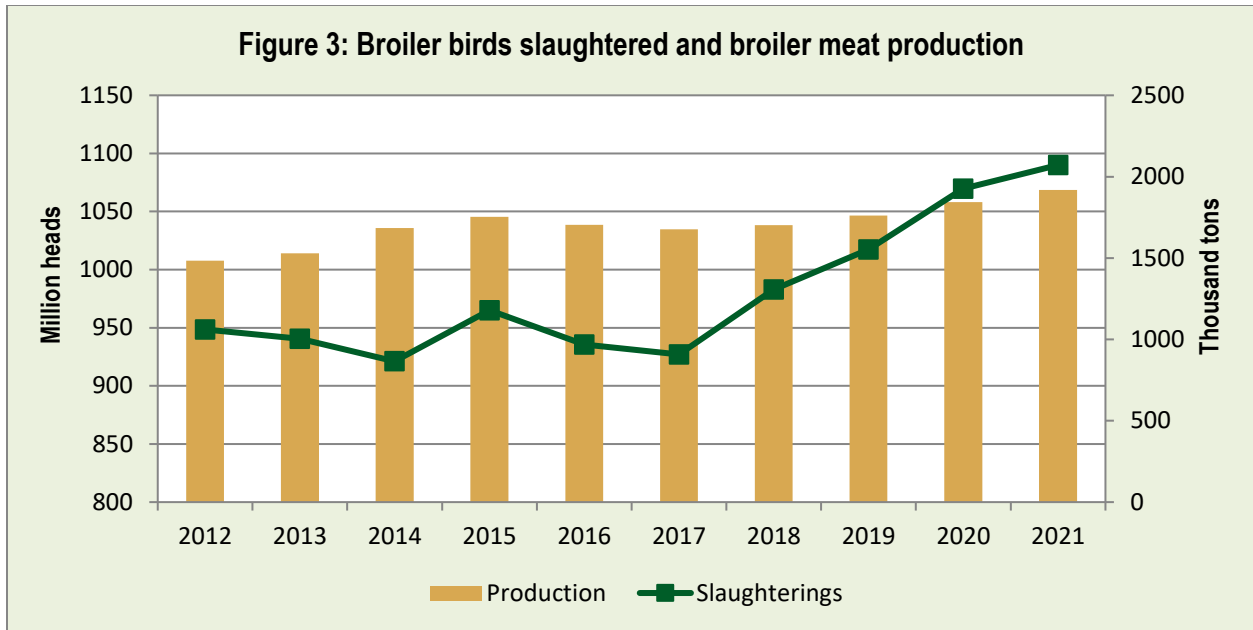


Source: South African Poultry Association (SAPA)

During 2021, North West Province produced 25% of the entire broiler in South Africa followed by Mpumalanga Province by 23%, Western Cape Province 14% and Free State Province 13%. Limpopo and Northern Cape province were the least producers, producing 3% of South African broilers.

1.2. Production trends.

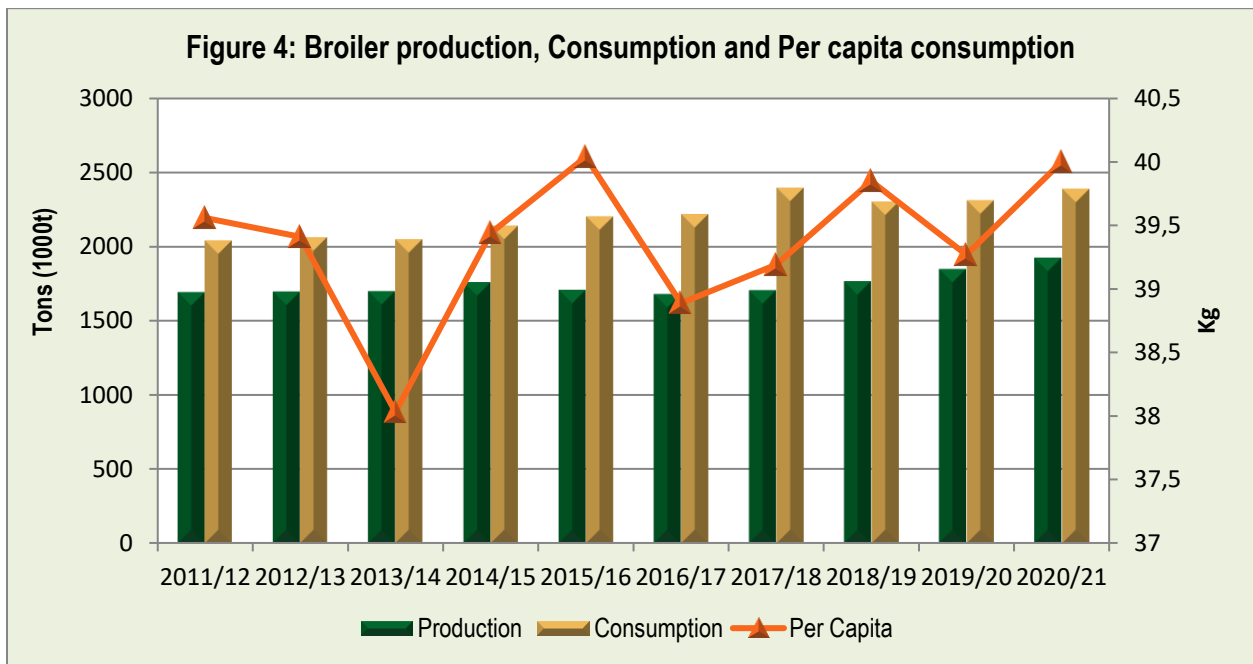
Of late, the increase in local production of chicken remains a consent in South Africa. Figure 3 below shows the broiler production and slaughtering trends from 2012 to 2021. Broiler meat production has been increasing from 2012 to 2015, followed by a decline to 2017. This might be due to the increasing inputs prices that put the profits under pressure coupled with the 2015/16 drought. While the slaughtering of birds realized the impact of the drought in the same period, both the production of broiler and slaughtering has shown an immense increase from 2017 to 2021 of 14% and 18% respectively. This is mainly driven by the increasing demand of chicken meat in South Africa. Furthermore, the last period increase could be influenced by the Poultry Master Plan with its expectation to grow local production in the short term.



Source: Statistics and economic analysis, DALRRD and SAPA

1.3. Local consumption.

Over the past decades, there has been rapid consumption growth. Figure 4 below depicts local consumption of broiler meat comparing it to total production for a period of 10 years, 2011/12 to 2020/21.



Source: Statistics and economic analysis, DALRRD

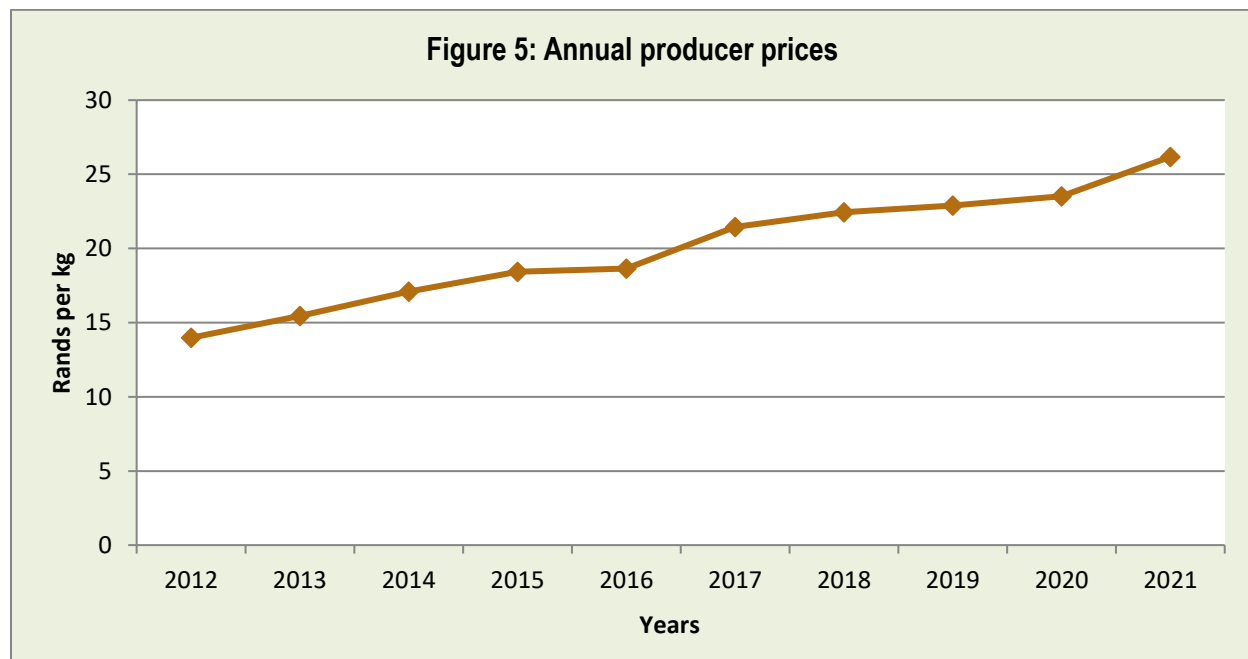
Figure 4 above shows that, South Africa consumes more broiler meat than what is produced locally, which means the country is not self-sufficient and depends on the imports to meet local demand. During 2020/21, South Africa produced a total of 1.92 million tons of broiler, while its consumption was at 2.38 million tons in the same year. The growing demand for broilers causes South Africa to become the growing net importer of broiler meat during the period under review. The per capita consumption of broiler meat in South Africa has shown a slight increase of 0.73 kg per person in 2020/21, which marks an approximately 1.9% increase. This could be attributed to the increase in price of other protein meat such as beef as the main alternative. Broiler meat has the highest per capita consumption than all other meat. This is the case, as chicken remains the most affordable source of animal protein in South Africa.

1.4. Employment

According to SAPA, employment estimates within broiler industry is inclusive of, hatchery and rearing industries, the processing sector and the broiler distribution industries. The grand total of employment within the broiler industry was 55 371 employees.

2. MARKET STRUCTURE

The domestic market consists of approximately 265 formal abattoirs. These abattoirs sell mainly to five main retailers (Pick n Pay, Shoprite-Checkers, Spar, Woolworths and MassMart) and SMME's in the retail sector. These retailers buy the largest share of domestic production. Figure 5 below shows the price movements from 2012 to 2021.



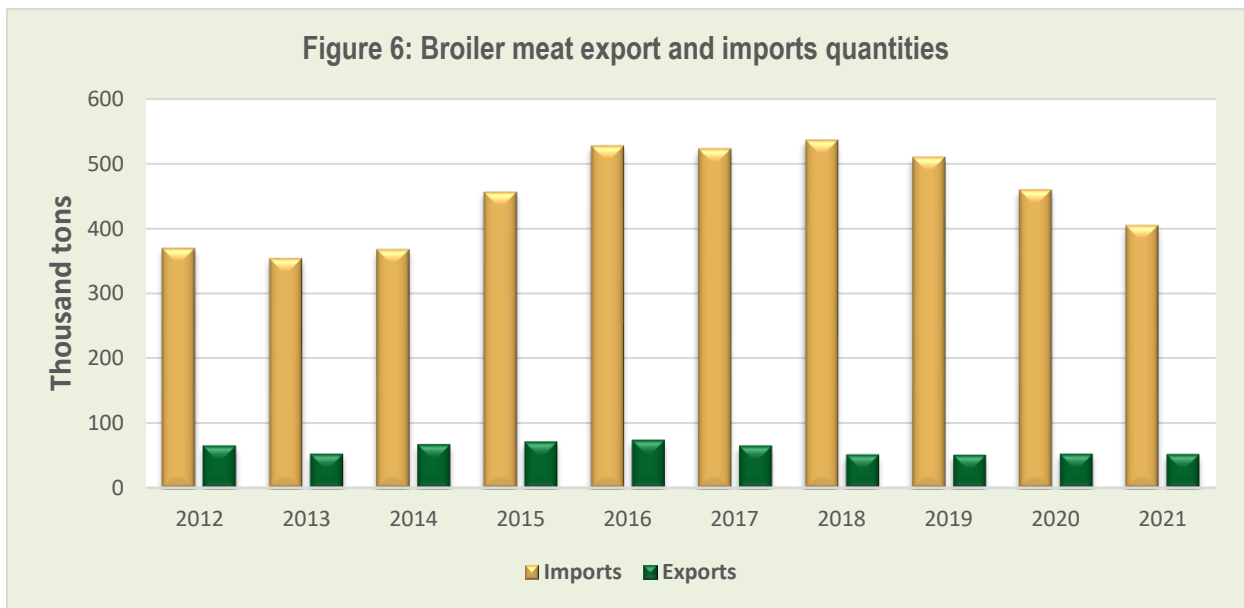
Source: SAPA

The producer prices show an increasing trend for the past decade. The average broiler producer price for this period was R20/kg per annum. The annual producer price in 2021 was R26.18/kg, which was R2.66

higher than the previous year. Generally, the price of broiler meat increased significantly mainly due to the increased input costs. For the past decade, the producer prices increased by about R12.20, which is 87%.

2.2. Import – Export analysis.

Figure 6 compares quantities of imports and exports of broiler meat from 2012 to 2021.

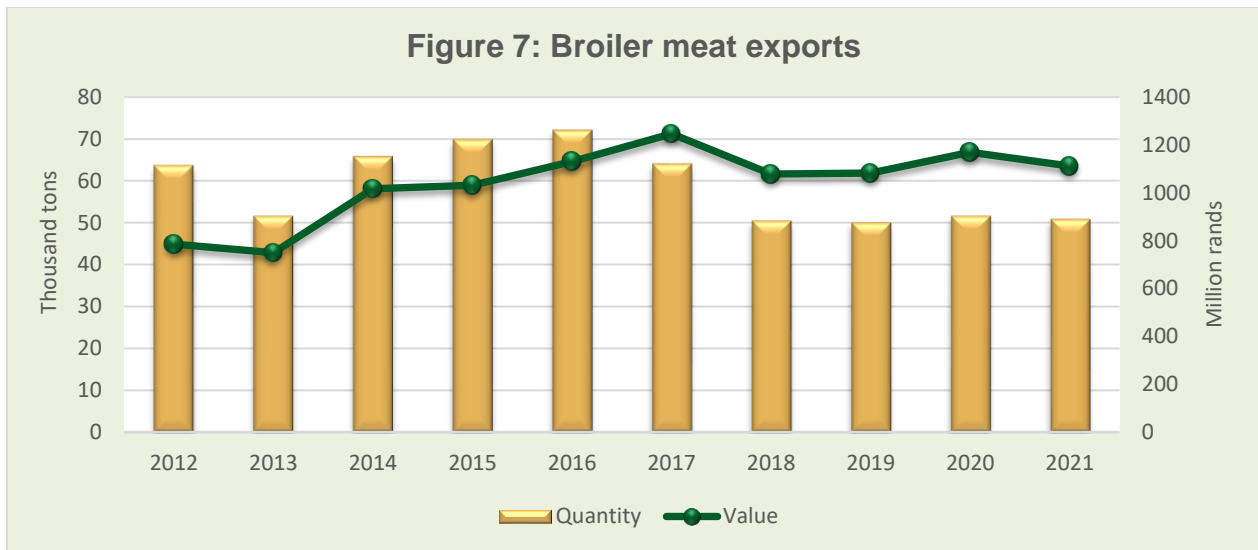


Source: Quantec EasyData

Figure 6 indicates that, for the past decade, South Africa has been a net importer of broiler meat as imports were far higher than exports. This is an annual phenomenon, and the situation might have been exaggerated by the alleged dumping of certain pieces of chicken from the USA along with Brazil and European Union (EU) import market for South Africa on poultry products. However, imports have been declining since 2018 which could be attributed to the trade protection measures against imports together with the rising local production in the same period.

2.2.1. Exports

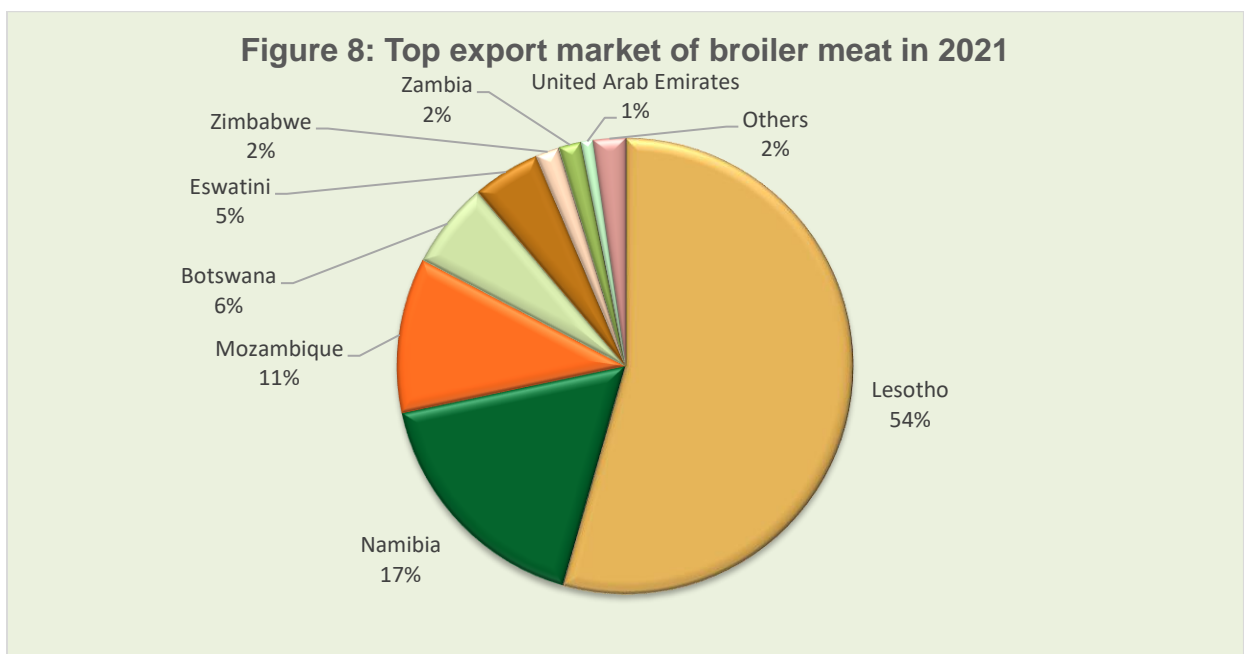
Despite the broiler net importer status, the broiler meat industry is also an earner of foreign exchange through the export of broiler meat. South Africa's broiler industry has exported approximately 51 000 tons of broiler meat worth of R1.1 billion in 2021. This was a decrease of 1.4% and 4.8% respectively from the previous year. Figure 7 below indicates the export of broiler meat from 2012 to 2021.



Source: Quantec EasyData

Broiler meat export quantity and value fluctuated throughout the entire period of analysis. The exports quantity reached a peak in 2016 attaining 72 thousand tons and a new trough in 2019 with 50 thousand tons. The value of exports was high in 2017, during this period the value increased while quantity decreased indicating that the chicken export market was profitable. From 2016, the exports quantity is showing a decreasing trend which comes from the Highly Pathogenic Avian Influenza (HPAI) outbreak in June 2017. The export quantity remained flat through to 2021 as South Africa is still struggling to gain back some of the lost markets coupled with the Covid-19 trade-related challenges. Most exported broiler meat were the cuts of offal fresh or chilled and quarters.

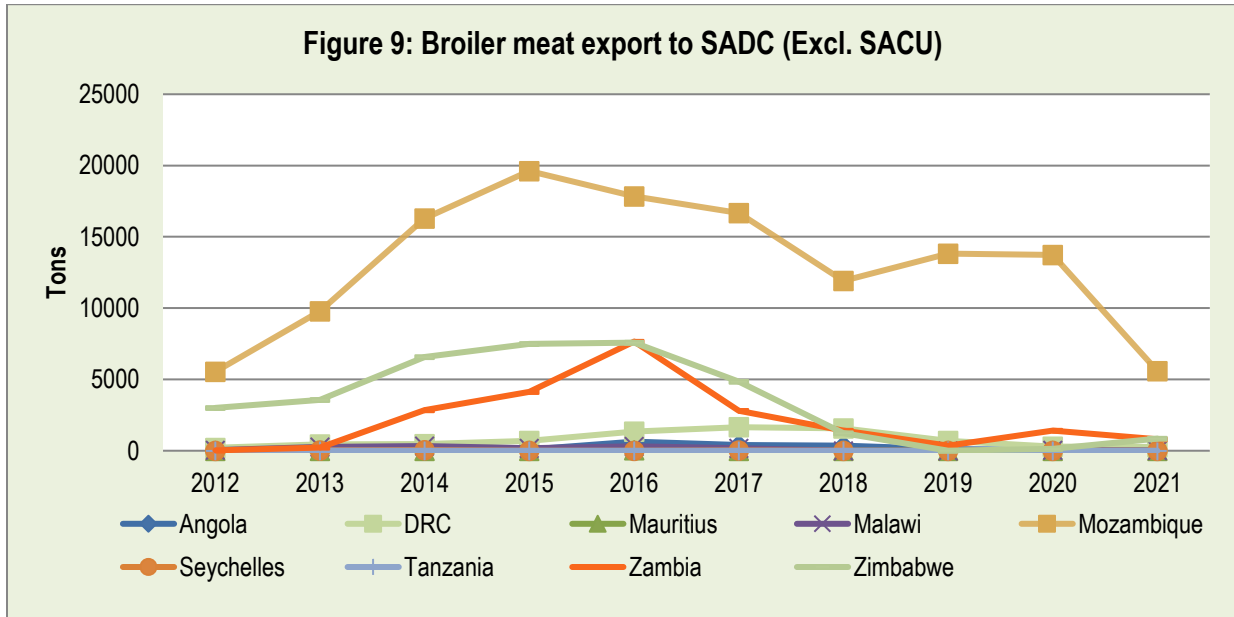
Figure 8 below, present the top export market of South African broiler meat in 2021.



Source: Trade Map

Figure 8 above shows the main export destinations of South Africa's broiler meat in 2021. Most of South African broiler meat was exported to Lesotho, which obtained 54% of South Africa's broiler meat followed by Namibia with 17% then Mozambique and Botswana with 11% and 6% share respectively. Other countries in total had a 2% share of South African broiler meat exports in 2021. It is noted that South African broiler meat is mostly exported to SADC countries whereby SACU members alone account for 82%.

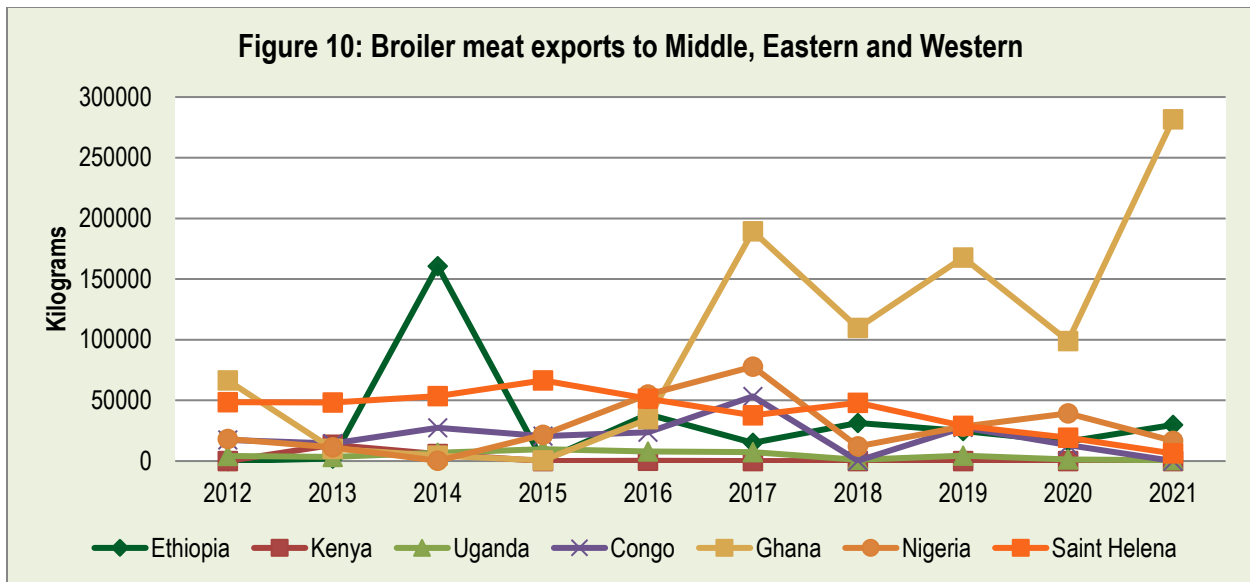
Figure 9 below shows the main SADC (Excl. SACU) export market of South Africa's broiler meat from 2012 to 2021.



Source: Quantec EasyData

Following the HPAI outbreak in 2017, most of the SADC countries that are known to be the main South African export markets suspended poultry imports from South Africa. This contributed to a huge decline of 38% from 2017 to 2018 in the SADC import market. Figure 9 above indicates that from SADC countries (Excluding SACU), Mozambique has been a leading export market. Mozambique has shown an immense increase in its import share and reached a peak in 2015 with almost 20 000 tons. Mozambique market decreased by 59% in 2021. However, the country remained the leading market within SADC with a share of more than 73%. Zimbabwe was the second leading export market of broiler meat for South Africa in most of the period analyzed. Tanzania, Mauritius and Seychelles have been the lowest export markets for South Africa broiler meat within the SADC region.

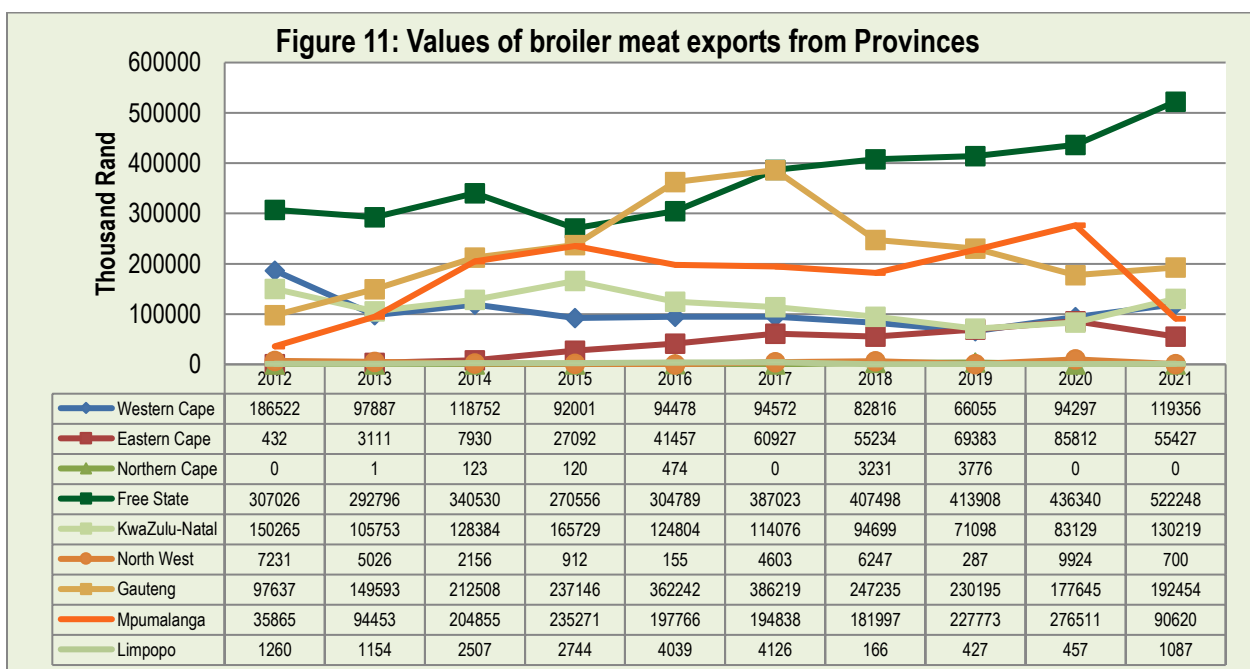
Figure 10 below shows the main export market of South Africa's broiler meat in Middle, Eastern and Western Africa from 2012 to 2021.



Source: Quantec EasyData

It is indicated from Figure 10 above that, broiler meat export to Middle, Eastern and Western Africa was fluctuating over the past decade. Ghana demanded the highest broiler meat during 2012 and from 2017 to 2021. Saint Helena commanded the highest export shares of broiler meat from South Africa in 2013 and 2015. Ethiopia has been importing smaller amounts of South African broiler meat for the past decade; however, the country commanded a 62% share of imports during 2014. In total, the broiler meat exports to Middle, Eastern and Western areas have increased by 78% in 2021. However, this is exaggerated by Ghana's increase of 184%.

Values of broiler meat exports from various provinces of South Africa are presented in Figure 11.

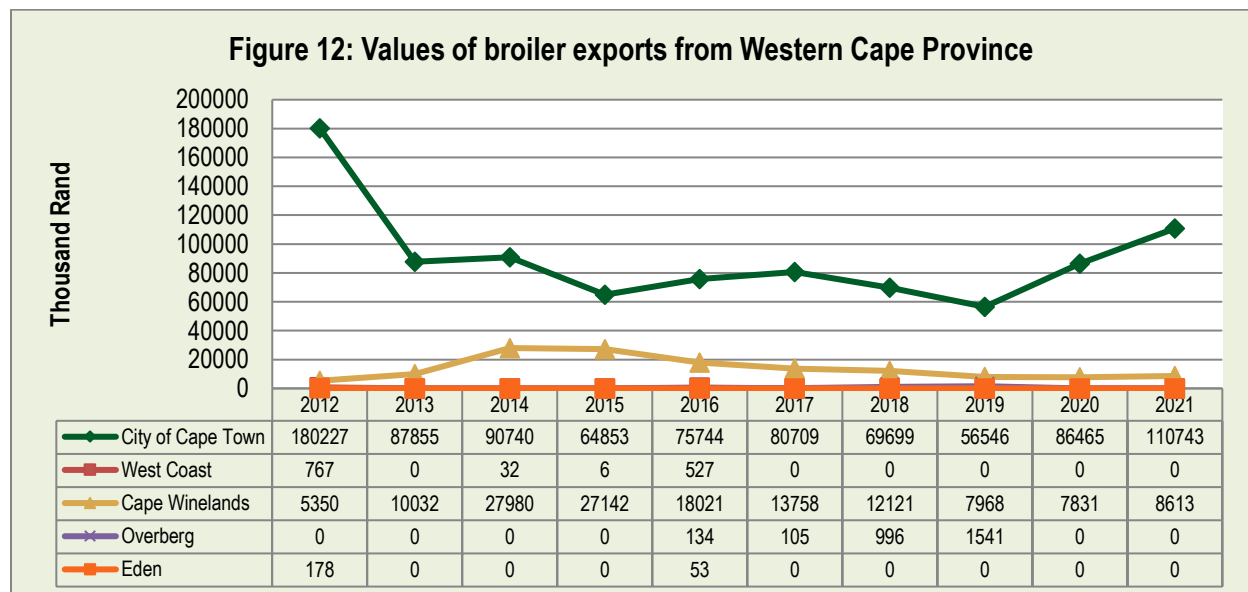


Source: Quantec EasyData

Figure 11 above shows that the broiler meat exports from provinces fluctuated over the period under analysis. Broiler meat exports are mainly from the Free State, Gauteng, Mpumalanga and KwaZulu-Natal provinces. Free State Province has recorded the greatest values in broiler meat exports during the period under review reaching a new peak in 2021. Gauteng is the second greatest exporter; it recorded its high values during 2016. This province experienced a huge decline (36%) in exports in 2018 and continued to decline until 2020 and rose by 8% in 2021. On the third position was Mpumalanga, although the province experienced the decline in 2021, it was in most of the period under review one of the top leaders. Eastern Cape, Northern Cape and North West provinces were the lowest exporter of broiler meat for the period under analysis.

The following figures (Figures 12 - 19) show the values of broiler meat exports from the various Districts in the nine Provinces of South Africa.

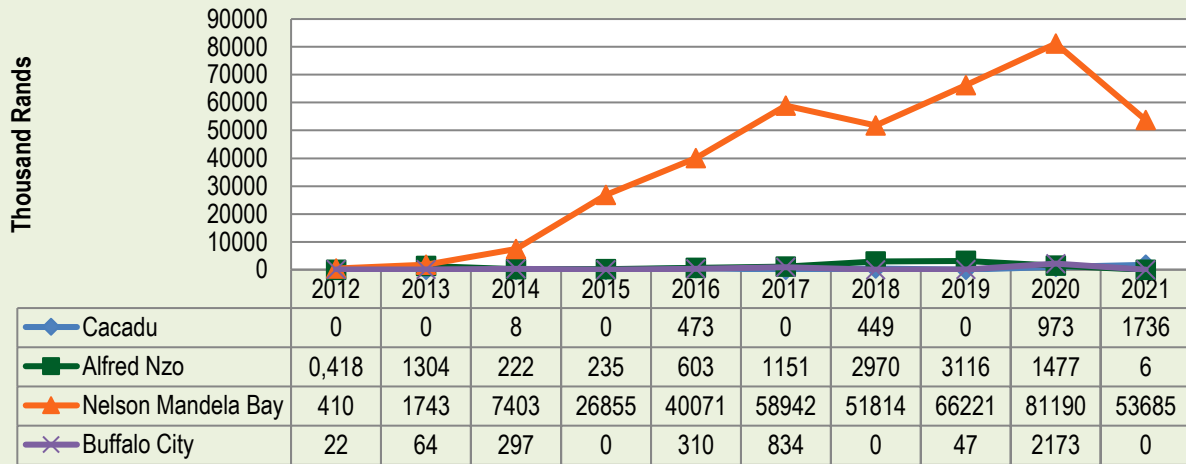
Figure 12 below shows the broiler exports from Western Cape Province. The greatest shares of broiler meat export value originate mainly from the City of Cape Town Metropolitan Municipality. The district was a leading exporter followed at a distance by Cape Winelands District Municipality. Minimal intermittent export values were recorded in West Coast, Overberg and Eden District Municipalities. For the period analyzed, the City of Cape Town commanded a share of over 86% in the past decade, followed by Cape Winelands with a share of 13%. The rest have shared the remaining 1%.



Source: Quantec EasyData

Broiler meat exports in Eastern Cape Province were from Nelson Mandela Bay District Municipality as a leading exporter for the entire period analysed. This municipality has accounted for over 90% share of exports for the period of its record, except in 2013 where Alfred Nzo took a share of 42%. Cacadu and Buffalo City District Municipalities have recorded irregular exports of broiler meat during the period under analysis.

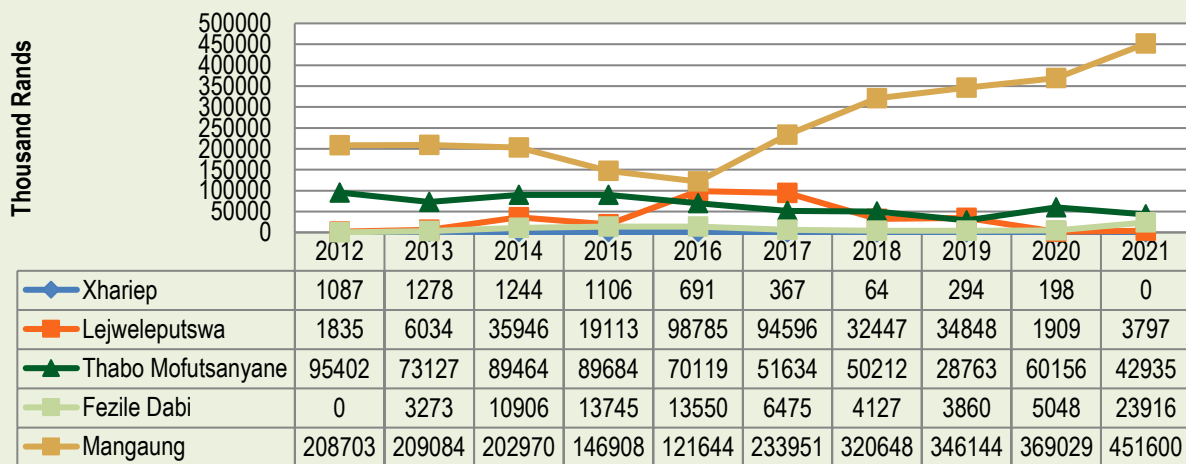
Figure 13: Values of broiler exports from Eastern Cape Province



Source: Quantec EasyData

In Free State Province, broiler meat exports were mainly from Mangaung and Thabo Mofutsanyane District Municipalities (see Figure 14 below). These municipalities were regular exporters of broiler meat during this period under analysis together with Lejweleputswa. In total, Mangaung District Municipality was leading with a total export share of 71%, followed at a distance by Thabo Mofutsanyane with a share of 18% in exports of broilers. Lejweleputswa and Fezile Dabi District Municipality contributed 9% and 1.2% share of exports respectively while Xhariep accounted for less than 1% share.

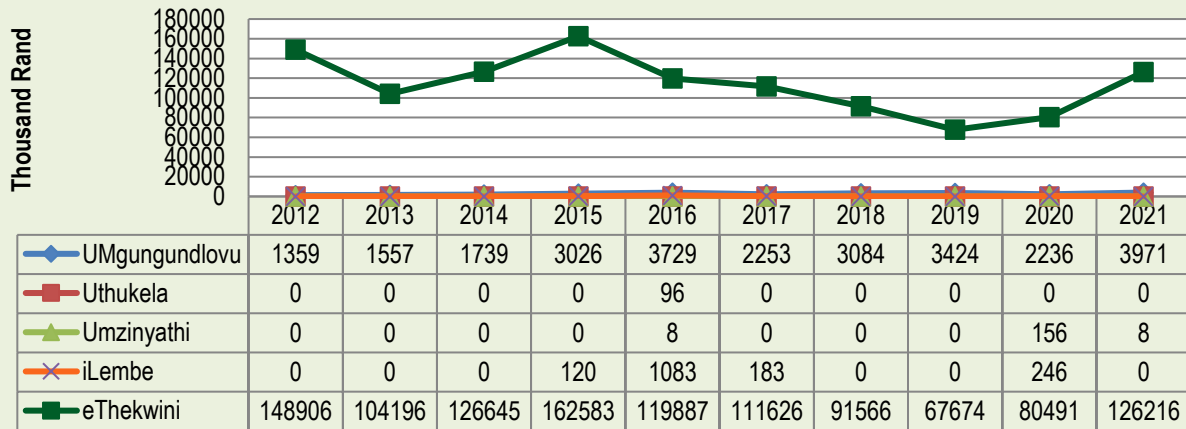
Figure 14: Values of broiler exports from Free State Province



Source: Quantec EasyData

In KwaZulu–Natal Province, exports of broiler meat were mainly from eThekweni District Municipality (see Figure 15 below). This district municipality has recorded exports for the past decade and commanded the greatest value of R1.1 billion during the past decade. Followed at a distance by UMgungundlovu District Municipality with a value of R26 million. Both municipalities have been regular exporters of broiler meat for the past decade. eThekweni commanded a share of 95% and more for the entire period of analysis. Uthukela, Umzinyathi and iLembe have irregularly exported lower quantities in the period reviewed.

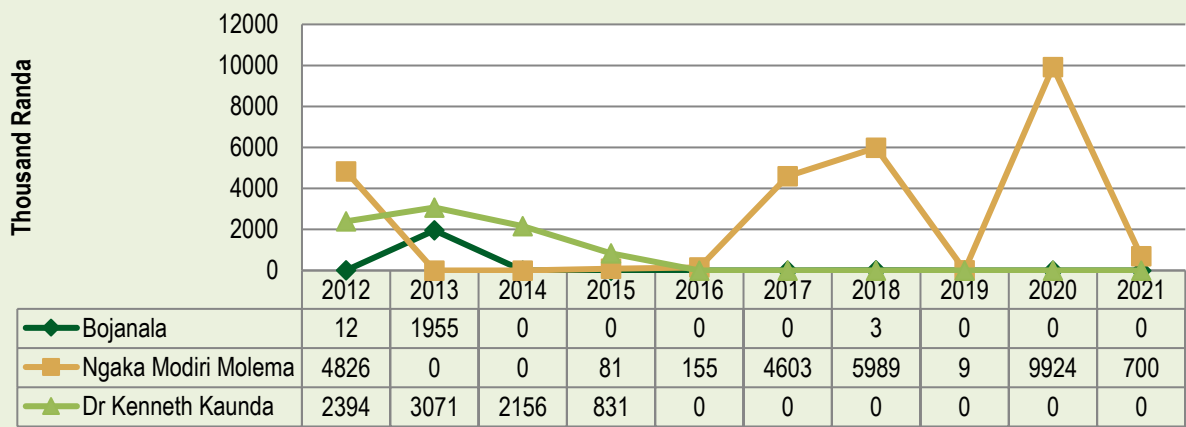
Figure 15: Values of broiler exports from Kwa-Zulu Natal Province



Source: Quantec EasyData

Within the North West province, all district municipalities reported irregular broiler exports (see Figure 16 below). Ngaka Modiri Molema was leading in broiler exports in 2012 and again from 2016 to 2021. Dr. Kenneth Kaunda District Municipality commanded the highest export values from 2013 to 2015. Bojanala District Municipality accounted for the lowest broiler meat exports. In total for the past decade, Ngaka Modiri Molema broiler meat exports accounted for 72% share, followed at a distance by Dr Kenneth Kaunda with a share of 23% and lastly Bojanala with 5%.

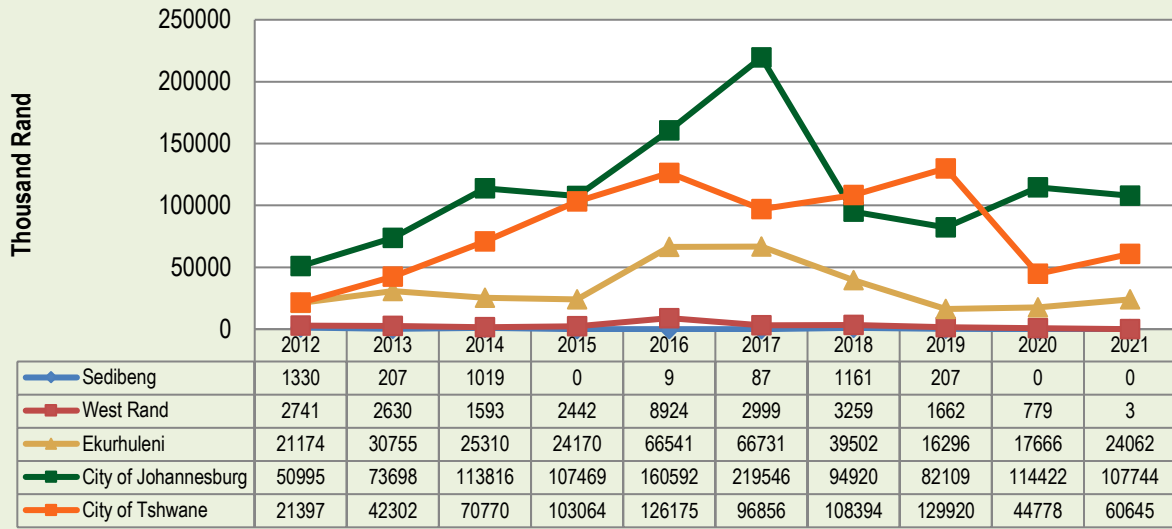
Figure 16 : Values of broiler exports from North West Province



Source: Quantec EasyData

In Gauteng Province, broiler meat exports arose mainly from the City of Johannesburg; Ekurhuleni and City of Tshwane District Municipalities (see Figure 17). City of Johannesburg dominated the export market of broiler meat in Gauteng Province. The City was leading from 2012 until 2017 where it reached a peak of R219 million. In 2018, there was a drastic decline of 56% while City of Tshwane rose and took the lead for 2018 and 2019. For the past decade, City of Johannesburg contributed an export value of R1.1 billion (49%). The City of Tshwane was the second leading exporter with R804 million (35%) of broiler meat exports followed by Ekurhuleni with R332 million (14.5%). West Rand and Sedibeng District Municipalities reported the lowest broiler exports with a share of R27 million (1.2%) and R4 million (0.2%) respectively.

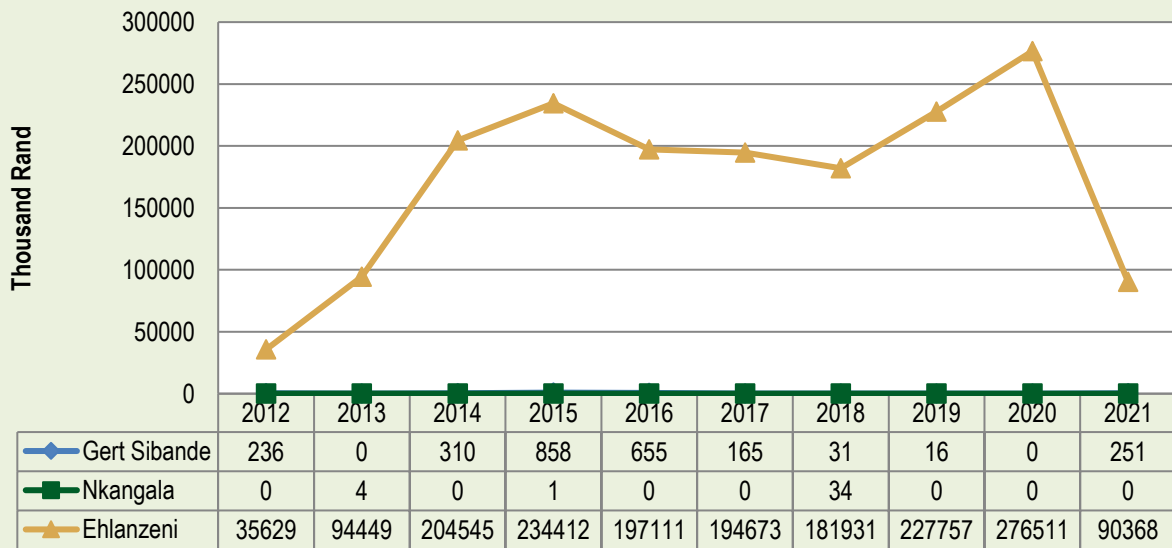
Figure 17: Values of broiler exports from Gauteng Province



Source: Quantec EasyData

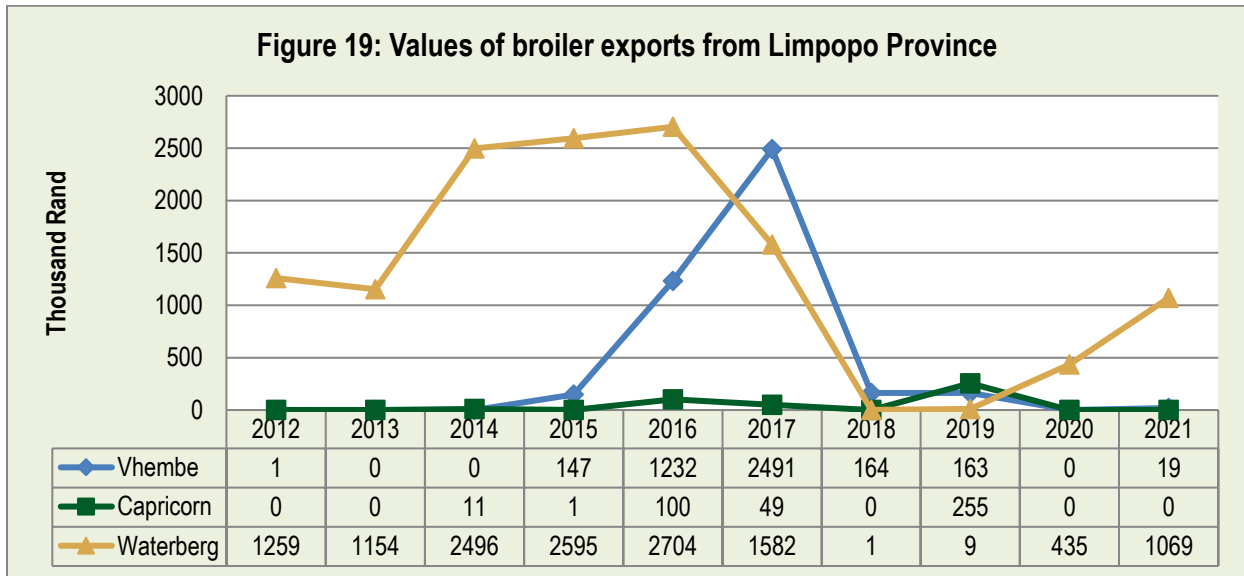
From Mpumalanga Province, Ehlanzeni District Municipality was the greatest exporter of broiler meat (see Figure 18). Ehlanzeni District Municipality increased exponentially from 2012, even though the following years there was a slight decline, the exports rose again and reached a new peak in 2021. In 2021, the district experienced an immense decline of 67%. Gert Sibande and Nkangala District Municipalities recorded fractional exports for the period under analysis. Ehlanzeni recorded a broiler export share of over 90% share for the period under analysis.

Figure 18: Values of broiler exports from Mpumalanga Province



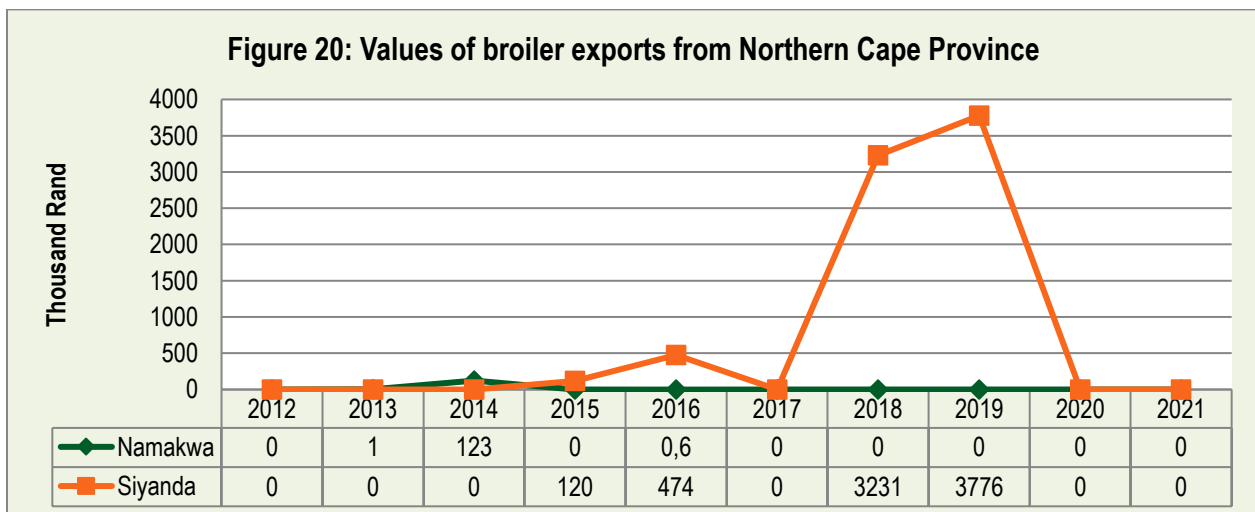
Source: Quantec EasyData

Figure 19 below indicates that all the district municipalities in Limpopo Province reported irregular exports of broiler meat during the period under analysis. Capricorn District Municipality recorded exports from 2014 to 2017 and 2019, whilst Waterberg recorded from 2012 to 2021. Waterberg District Municipality recorded the highest exports from 2012 to 2016 and from 2020 and 2021. Vhembe was the major broiler exporter in 2017 and 2018 with an export share of 60% and 99% respectively within Limpopo province. In 2021, the total broiler exports from Limpopo increased by 150% from the previous year. This could be due to the relaxation of COVID-19 strict rules and recovery from the HPAI outbreak that led to the export ban.



Source: Quantec EasyData

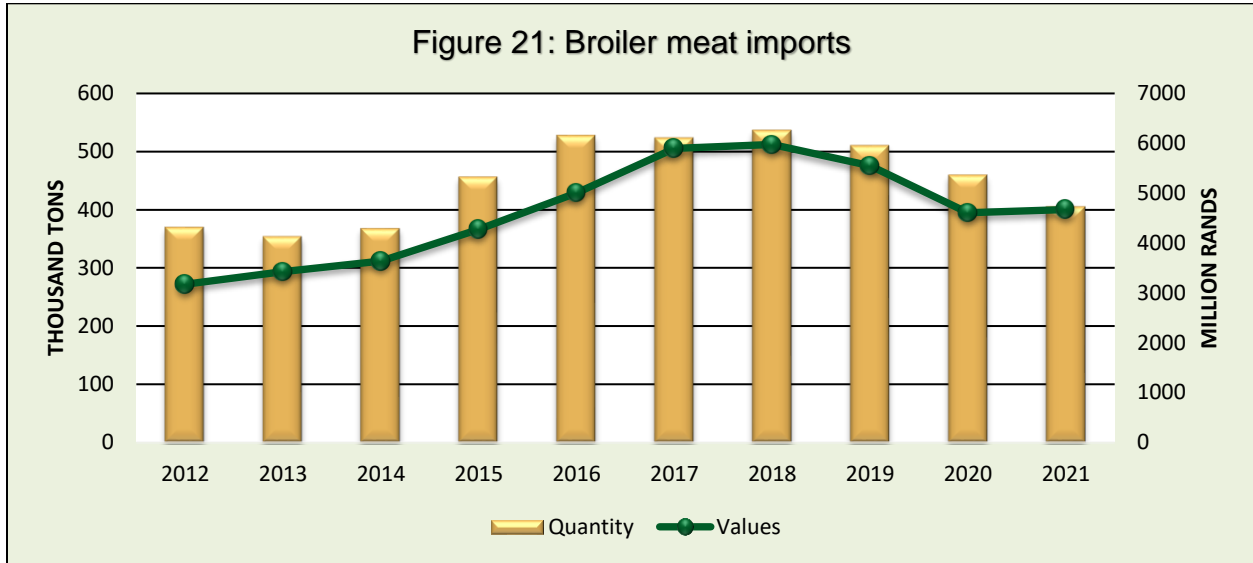
From Northern Cape Province, only Namakwa and Siyanda District Municipalities showed the exports of broiler meat under the period reviewed (See Figure 20 below). The province did not record exports in 2012, 2017, 2020 and 2021. In 2018 Siyanda exports were high at R3.2 million and reached a new peak in 2019 with R3.7 million. In total, Siyanda accounted for 98% of the export share within the province while Namakwa took the 2% share.



Source: Quantec EasyData

2.2.2. Imports

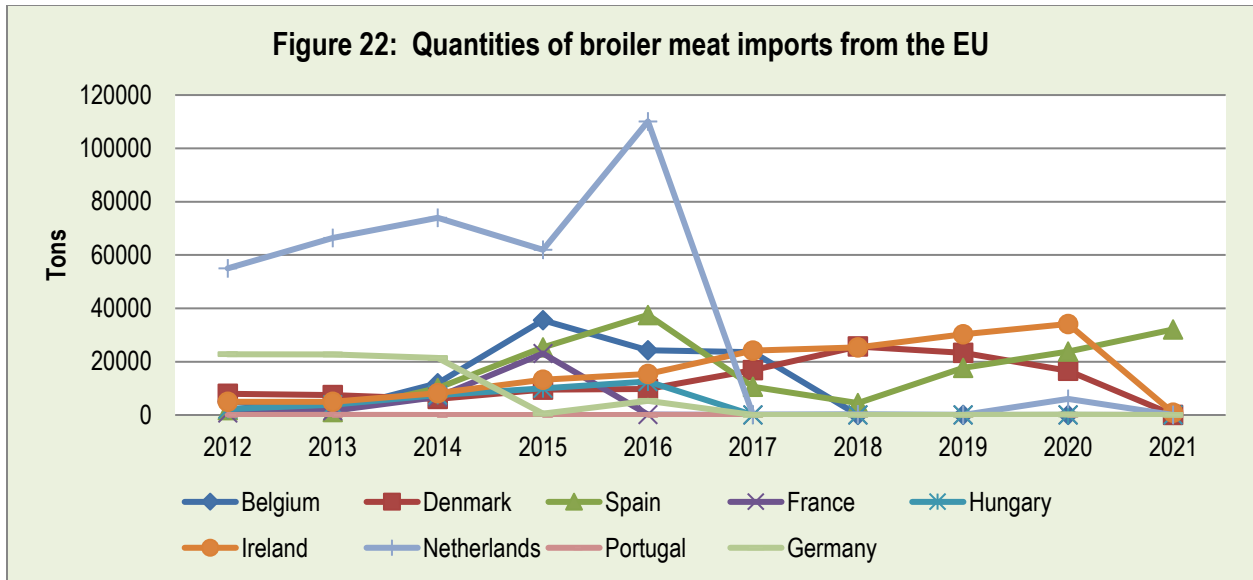
Figure 21 below show the imports of broiler meat from 2012 to 2021. South Africa imported approximately 405 000 tons of broiler meat in 2021 at an estimated value of R4.7 billion. This represents a decline of 12% in quantity and an increase of 1% in value respectively.



Source: Quantec EasyData

The import of broiler meat quantity and value increased significantly until 2018. This drastic increase is in line with the increasing consumption of broiler meat together with the stagnant production levels. However, the trend shows that chicken imports slightly declined in 2017 due to some of the top import markets within the EU being banned following the Avian Influenza outbreak in December 2016. Furthermore, Figure 21 shows that broiler meat imports experienced a steady decline until 2021. The decline of broiler meat imports could be from the applied trade protection coupled with the COVID-19 trade restrictions. The 2019 poultry master plan could also be playing a role in decreasing broiler meat imports as this was one of the priorities to curb the imports.

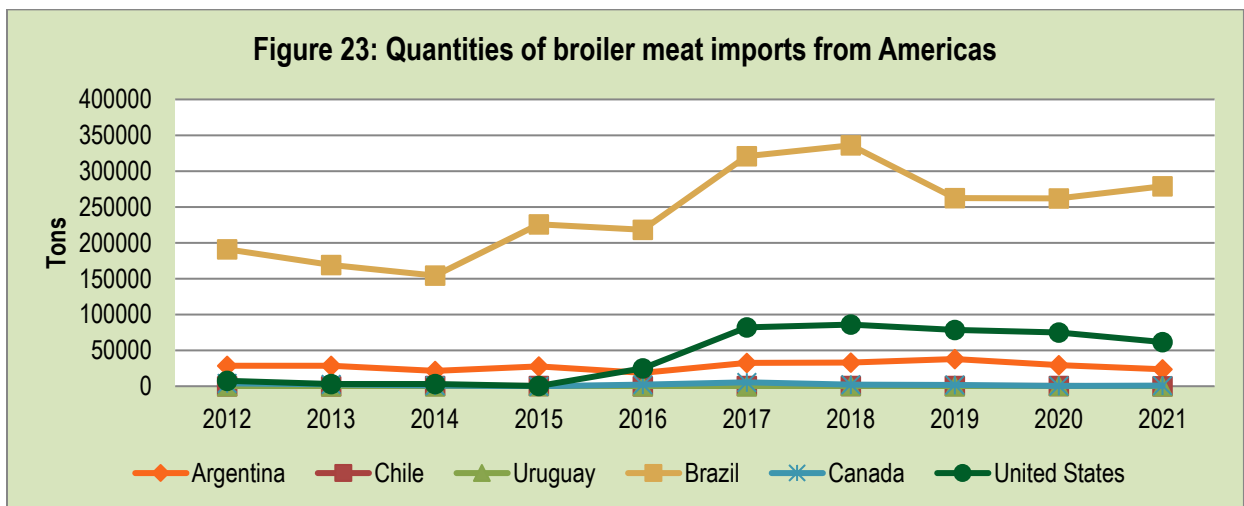
Figures 22 - 25 below show the main suppliers of broiler meat from the European Union, Americas, Asia and Oceania continents to South Africa during the period 2012 to 2021.



Source: Quantec EasyData

The broiler meat imports from the EU dropped in 2017 due to the ban that was imposed by South Africa on EU members because of the HPAI outbreak in Europe. In 2018 and 2019, the imports remained low. Figure 22 indicates that the import quantities from the Netherlands have been growing on average from 2012 to 2017 until 2017 when Europe was hit by the HPAI outbreak that caused a ban on exports to South Africa. During this period under analysis, the Netherlands commanded the highest imports from 2012 to 2016 and lost its leading position to Ireland in 2017. Germany commanded the second-highest imports of broiler meat to South Africa from 2012 to 2014. Denmark and Ireland broiler imports to South Africa remained stable irrespective of the HPAI outbreak in 2017. In 2021, both these countries' broiler meat imports drastically declined by 99% and 97% respectively. Imports from Spain increased in 2021 claiming first position with an export share of 97%. The lowest imports received during the past decade were from Portugal, Hungary, and France.

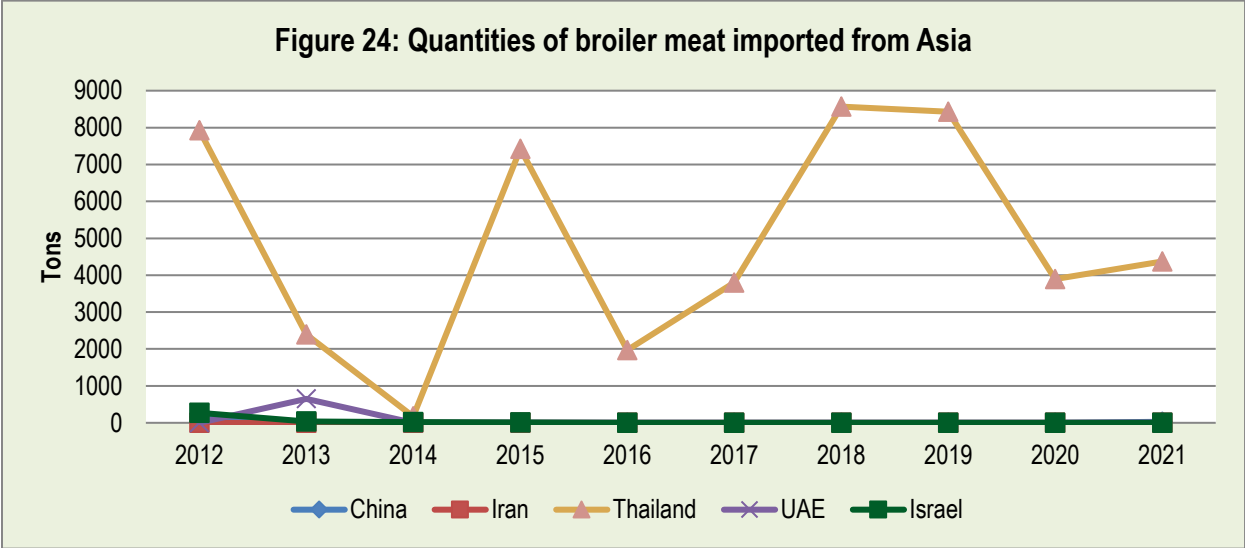
Figure 23 below presents the quantity of broiler meat imports from the Americas from 2012 to 2021.



Source: Quantec EasyData

Figure 23 shows the quantities of broiler meat imported by South Africa from the Americas during the past decade. In this period, Brazil commanded the highest quantities of South Africa's import market of broiler meat with a share of over 70%. Imports of broiler meat from Brazil increased by 47% in 2017 following EU's loss of South African market because of the HPAI outbreak. Generally, Brazil is the main supplier of broiler meat to South Africa within the Americas continent, and it is one of the highest producers of broiler meat in the world. Argentina was the second leading import supplier from 2012 to 2015. In 2016, the United States of America (USA) overtook the second position by gaining market access through the AGOA agreement with duty-free import quota in South Africa. In 2019, broiler imports from Brazil declined by 22% due to the EU members gaining back their position in the South African market. The trends show that broiler meat imports remained almost stable in 2020 and a slight increase in 2021, aggregate imports from these countries show a slight decrease of 1% in 2021.

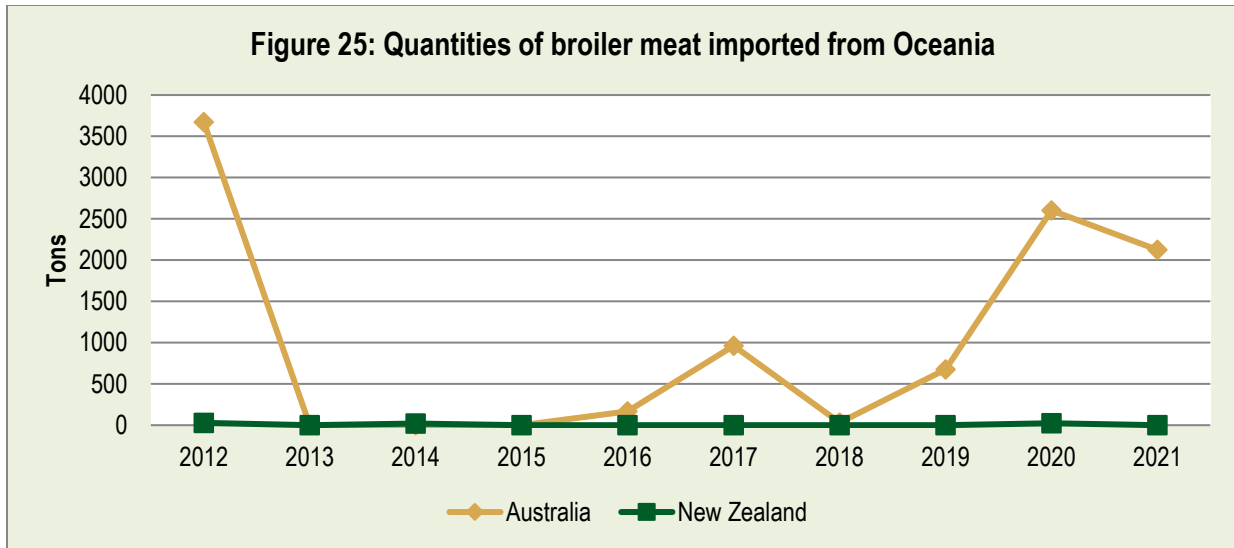
Figure 24 below presents the quantity of broiler meat imports from Asia from 2012 to 2021.



Source: Quantec EasyData

It is clear from Figure 24 that, Thailand was the main supplier of broiler meat to South Africa within Asia. This country was the largest from 2012 to 2021. In total, Thailand commanded a volume of 48 955 tons (97.7%); followed at a distance by the United Arab Emirates (UAE), which commanded 648 tons (1.3%) and Israel with 335 tons (0.67%) of broiler meat exported to South Africa over the period under review. Although Thailand has been the biggest contributor of broiler exports, in 2014, the imports showed a drastic decrease of 88% from the previous year. However, in 2015, imported quantities showed an immense increase and fluctuated throughout. Thailand commanded a 100% share of imports within Asia from 2016 to 2020.

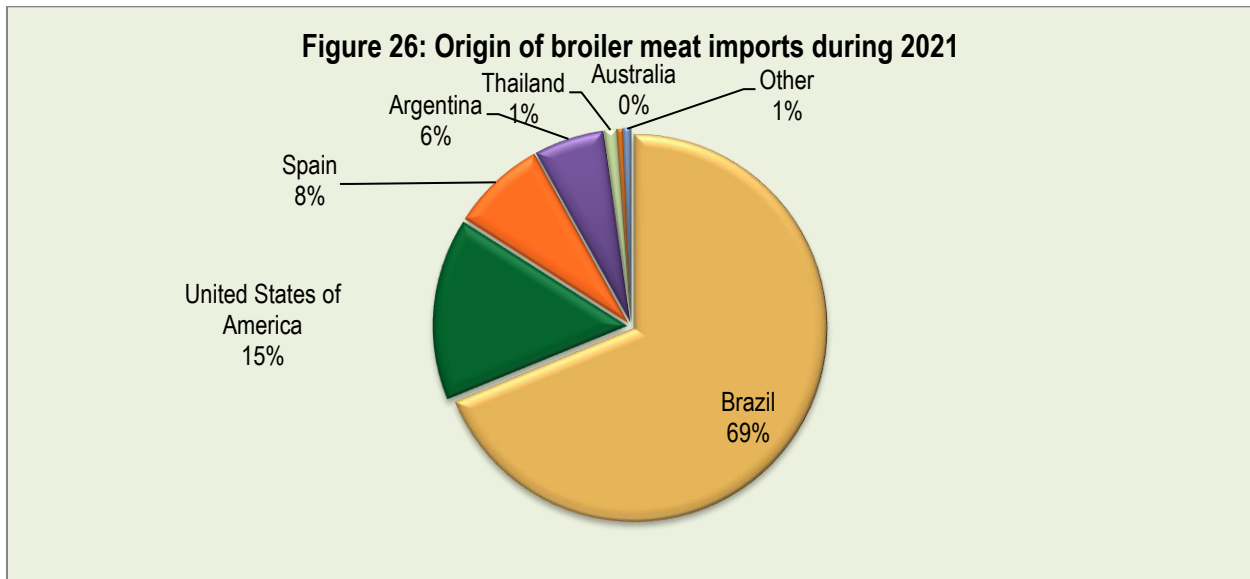
Figure 25 below presents the quantity of broiler meat imports from Oceania from 2012 to 2021.



Source: Quantec EasyData

It is indicated from Figure 25 above that in Oceania continent, Australia is the main source of broiler meat to South Africa. Although broiler exports were fluctuating, Australia was at a peak with imports in 2012. South Africa received the least imports of broiler meat from New Zealand. This country recorded imports in 2012, 2014 and 2020. Overall imports from Oceania in 2013 and 2015 were zero.

Figure 26 shows the countries of origin for the imported broiler meat during 2021.

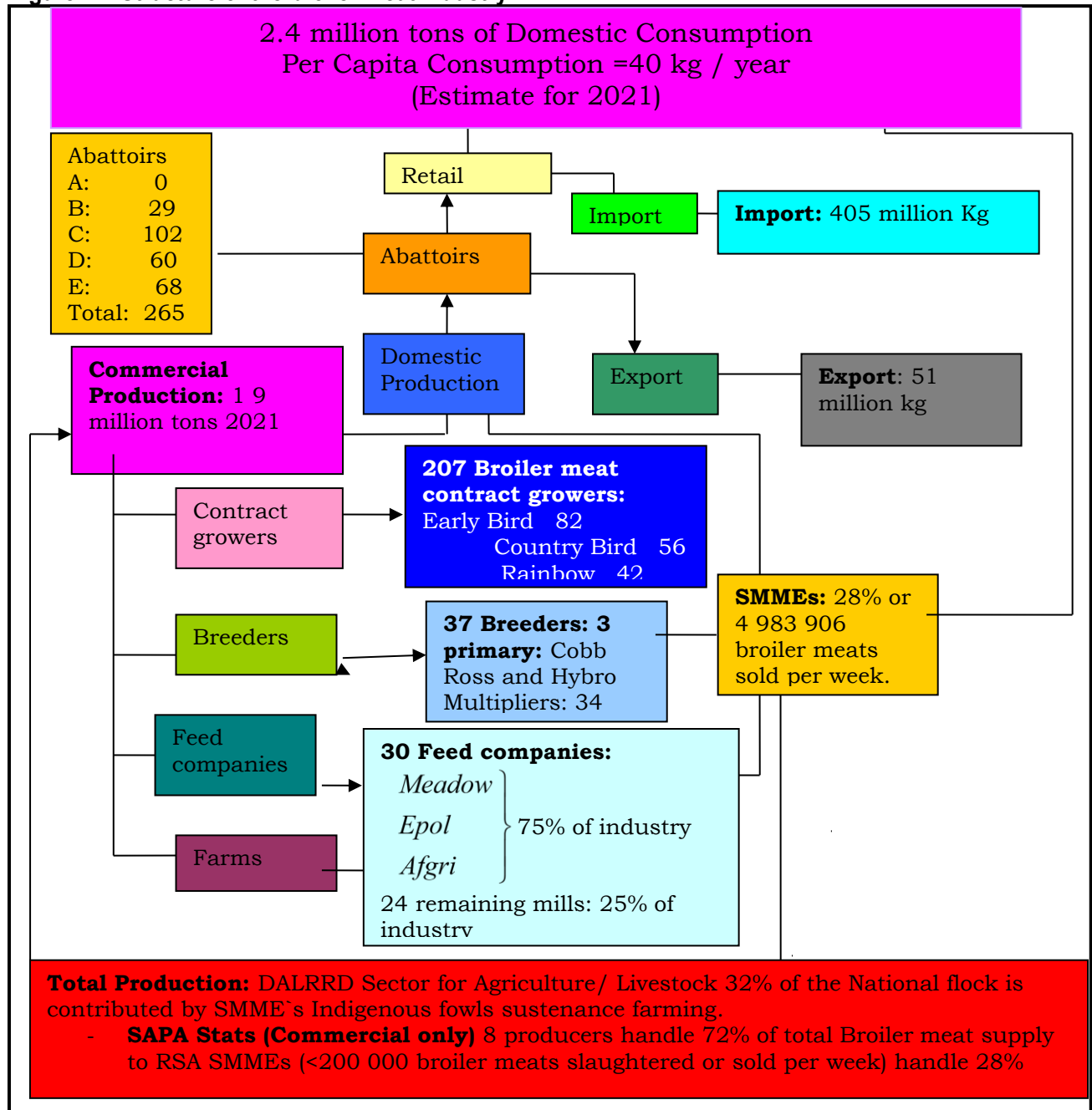


Source: Trade map

Figure 26 above shows the share of various suppliers of broiler meat to South Africa in 2021. Brazil commanded the highest market share of broiler meat imports in South Africa, leading with a 69% share. The broiler meat products imported from Brazil were frozen meat, cut and not cut in pieces. United States of America and Ireland followed at a distance with a share of 15% and 8%. Minimal imports were from Thailand and Australia.

3. BROILER MEAT MARKET VALUE CHAIN

Figure 27: Structure of the broiler meat industry.

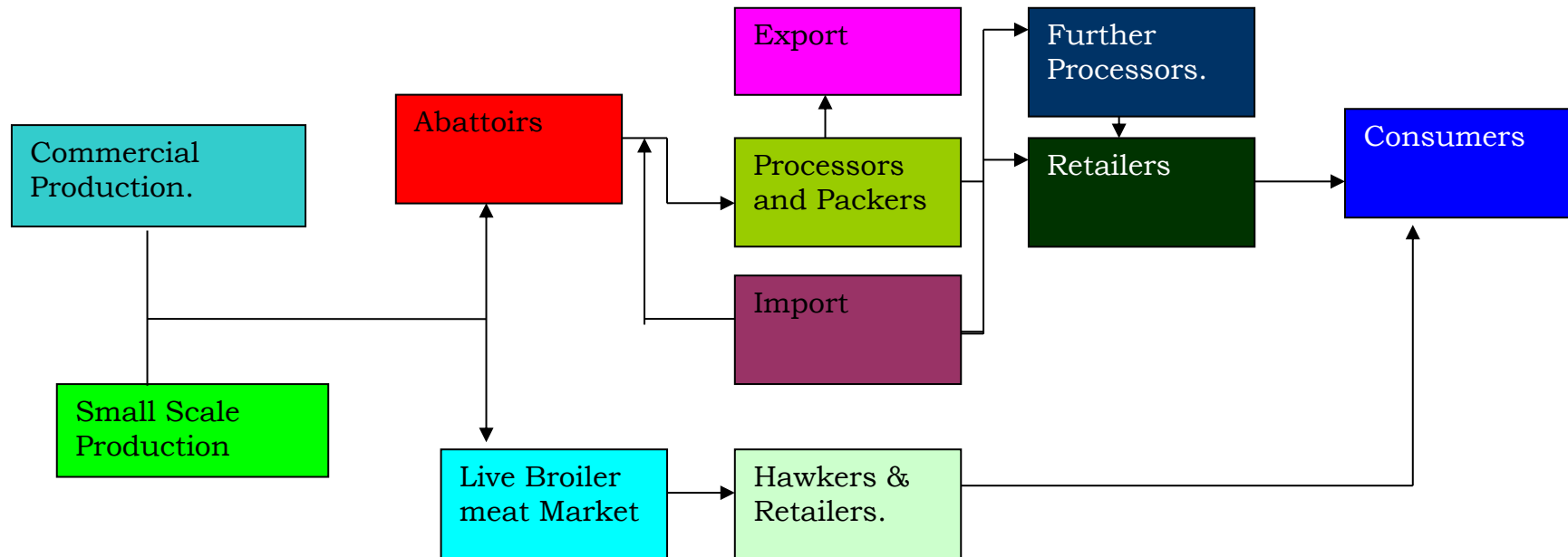


Source: Adapted from NAMC.

The value chain of South African broiler meat consists of broiler meat farms and contract growers, feed companies and other input suppliers and breeders. Some of the feed companies are vertically integrated with the large commercial producers. There are abattoirs, importers, exporters, and retailers in the secondary sector. There is 2.2 million tons of domestic consumption with a per capita consumption of 40 kg. Production is around 1.9 million tons, Imports 405 million kilograms and Exports 51 million kilogram

4. MARKETING CHANNELS FOR BROILER MEAT.

Figure 28: Marketing Channels.



From Figure 28, broiler meat production is by two sectors; commercial and small scale. Live broiler meat is marketed mainly through two channels, live broiler meat market and abattoirs. Majority of broiler meat from commercial is sold through abattoirs while small scale through live broiler meat market. Live broiler meat market depends on hawkers and small retailers for distribution to final consumers. Abattoirs slaughter broiler meat and sell it as carcasses to processors and packers, who sell chicken fresh, frozen or further processed, sell to retailers or further processors and export some of the chicken. Processors, packers, and further processors also rely on imports for their supplies. Further processors sell to retailers for final distribution to the consumer.

5. EMPOWERMENT STRATEGIES BY THE INDUSTRY AND GOVERNMENT.

- The Land Bank sponsors the distribution of broiler meat bulletins to developing farmers.
- Sector for Education and Training (SetaSA) sponsors training under the National Skills Broiler Project Fund.
- Rocklands broiler meat has entered into a R20-million joint venture with BEE company Kamnandi Trading to produce 265 000 live birds every eight weeks in the Eastern Cape town of Loerie over 20 years.
- Vukanathi Broiler Project in North West is presently an outgrower for Country Bird. Country Bird provides the day-old chicks, medicine, feed and the market for the project. In 2006 the venture was transformed into a black employment equity (BEE) entity that required Thembanani's assistance as a guarantor to secure a working capital and growth line of credit. The Vukanathi project will own 72% of the equity of the business and effectively transform the venture into a BEE entity, with a strategic partner owning 28% of this venture.

Possible market entry for SMME

- ❖ Contract growing.
- ❖ Empowerment purchases of existing operation's farms by workers.
- ❖ Strategic partnerships – not for beginner farmers.
- ❖ Resource centers in the form of central distribution points that will allow farmers to organize into buyer groups or small cooperatives.

6. BARRIERS TO PARTICIPATION BY THE EMERGING SECTOR.

The transaction costs of emerging farmers are much higher than those of their large, developed counterparts in the commercial sector.

The availability of day-old chicks is a problem because the big producers are given preference. The long distances from the suppliers to the farms could result in high fatalities.

The lack of abattoirs/slaughterhouses to market/sell dressed chickens in the formal markets. The lack of barcoding facilities and proper freezers to store dressed birds. Most retail companies look for bar-coded products for traceability.

The volumes produced and their location places them at a disadvantage in supplying the retail sector. Hence many farmers sell live birds to the informal sector.

Other constraints that affect the industry

- Low priced and high growth of imports.
 - Sanitary and Phytosanitary Standards.
 - Exchange rate fluctuations.
 - Chick Costs are high.
 - Higher input costs, especially feed prices.
 - Lack of Finance as small-scale farmers do not meet the requirements set by the commercial banks.
 - Lack of Health Control as state veterinarians are not trained in broiler or available when needed.
 - Lack of Marketing Skills.
- Lack of Technical Training.
 - Lack of strong Farmer Organization, support structures and mentorship.
 - The significant growth in volume of imports into South Africa.
 - Continuous threat of poultry diseases, especially the new variant of IB prevalent in SA.
 - Negative media comments around the practice of bringing are a potential crisis for the industry.

7. OPPORTUNITIES AND WEAKNESSES

The per capita consumption increased to 40 kg per person during 2021. If this trend continues, this is an opportunity for new entrants and the growth of existing broiler farmers in the industry.

The per capita broiler meat consumption is set to increase further with the redistribution of wealth, recovery of the economy and the increase in the level of disposable income. With the redistribution of wealth, the per capita income of the nation has resulted in an upward movement of individuals in the pyramid of purchasing power. This results in the demands increasing hence individuals would include more broiler meat in their regular meals.

35 producers deliver 64% of the total broiler meat market. Imports control 24% of the market. Hundreds of small/emerging farmers are supplying the balance of 12%. New entrants are free to enter but are limited in terms of capital, expertise, and the availability of day-old chicks.

Another inhibiting factor to the growth of the emerging sector is the lack of abattoirs to slaughter and sell their products to the retail sector. Their volumes are too small to warrant the capital outlay for the establishment of an abattoir. Thus, many emerging farmers sell their products in the informal sector as live birds.

Quality standards and barcoding are pre-requisites by most retail companies. Thus, government and industry can jointly address this area. This intervention could assist with the growth of the domestic supply and could ultimately reduce imports. Some farmers lack the knowledge/expertise to handle diseases on their farms.

8. MARKET INTELLIGENCE

8.1. Export tariffs for broiler meat.

Tariffs from different importing countries applied to broiler meat originating from South Africa in 2020 and 2021 are shown in Table 1 below.

Table 1: Broiler meat export tariffs

Importers	Product Code	Trade Regime Description	2020		2021	
			Applied Tariffs	Total Ad Valorem Equivalent Tariff (estimated)	Applied Tariffs	Total Ad Valorem Equivalent Tariff (estimated)
Lesotho Namibia Botswana & Eswatini	020711; 020712; 020713; 020714;	Intra SACU rate	0%	0%	0%	0%
Mozambique, Zambia and Zimbabwe	020711; 020712; 020713; 020714;	Preferential tariff for South Africa	0%	0%	0%	0%
Democratic Republic of the Congo (DRC)	020711; 020712; 020713; 020714;	MFN duties	10%	10%	10%	10%

Source: MacMap

Most of South Africa's broiler meat is exported to SADC. Lesotho, Namibia, Botswana and Eswatini have applied Intra SACU rate tariff regime of 0% for traded products in 2020 and 2021. Mozambique applied a 0% preferential tariff for South Africa in the same period. DRC charged South Africa a 10% tariff applying the MFN duties.

8.2. Import tariffs for broiler meat.

Tariffs that South Africa applied to imports of broiler meat originating from all possible countries in 2021 are shown in Table 2 below.

Table 2: Broiler meat import tariffs

	Article Description	Statistical unit	Rate of Duty					
			General	EU	EFTA	SADC	MERCOSUR	AfCFTA
0207	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen:							
0207.1	Of fowls of the species Gallus domesticus:							
0207.11	Not cut in pieces, fresh or chilled	Kg	free	free	free	free	free	free
0207.12	Not cut in pieces, frozen:							
0207.12.10	Mechanically deboned meat	Kg	free	free	free	free	free	free
0207.12.20	Carcasses (excluding necks and offal) with all cuts (e.g. thighs, wings, legs and breasts) removed	kg	31%	free	31%	free	31%	31%
0207.12.90	Other	kg	82%	free	82%	free	82%	82%
0207.13.	Cuts and offal, fresh or chilled	Kg	free	free	free	free	free	free
0207.14	Cuts and offal, frozen:							
0207.14.1	Boneless cuts:							
0207.14.11	Breast	Kg	42%	free	42%	free	42%	42%
0207.14.13	Thighs	kg	42%	free	42%	free	42%	42%
0207.14.15	Other	Kg	42%	free	42%	free	42%	42%
0207.14.2	Offal:							
0207.14.21	Livers	Kg	30%	free	30%	free	30%	30%
0207.14.23	Feet	Kg	30%	free	30%	free	30%	30%
0207.14.25	Heads	Kg	30%	free	30%	free	30%	30%
0207.14.29	Other	Kg	30%	free	30%	free	30%	30%
0207.14.9	Other:							
0207.14.91	Whole bird cut in half	Kg	62%	free	62%	free	62%	62%
0207.14.93	Leg quarters	Kg	62%	free	62%	free	62%	62%
0207.14.95	Wings	Kg	62%	free	62%	free	62%	62%
0207.14.96	Breasts	Kg	62%	free	62%	free	62%	62%
0207.14.97	Thighs	Kg	62%	free	62%	free	62%	62%
0207.14.98	Drumsticks	Kg	62%	free	62%	free	62%	62%
0207.14.99	Other	Kg	62%	free	62%	free	62%	62%

	Article Description	Statistical unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0207	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen:						
0207.1	Of fowls of the species Gallus domesticus:						
0207.11	Not cut in pieces, fresh or chilled	Kg	free	free	free	free	free
0207.12	Not cut in pieces, frozen:						
0207.12.10	Mechanically deboned meat	Kg	free	free	free	free	free
0207.12.20	Carcasses (excluding necks and offal) with all cuts (e.g. thighs, wings, legs and breasts) removed	kg	31%	free	31%	free	31%
0207.12.90	Other	kg	82%	free	82%	free	82%
0207.13.	Cuts and offal, fresh or chilled	Kg	free	free	free	free	free
0207.14	Cuts and offal, frozen:						
0207.14.1	Boneless cuts:						
0207.14.11	Breast	Kg	12%	free	12%	free	12%
0207.14.13	Thighs	kg	12%	free	12%	free	12%
0207.14.15	Other	Kg	12%	free	12%	free	12%
0207.14.2	Offal:						
0207.14.21	Livers	Kg	30%	free	30%	free	30%
0207.14.23	Feet	Kg	30%	free	30%	free	30%
0207.14.25	Heads	Kg	30%	free	30%	free	30%
0207.14.29	Other	Kg	30%	free	30%	free	30%
0207.14.9	Other:						
0207.14.91	Whole bird cut in half	Kg	37%	free	37%	free	37%
0207.14.93	Leg quarters	Kg	37%	free	37%	free	37%
0207.14.95	Wings	Kg	37%	free	37%	free	37%
0207.14.96	Breasts	Kg	37%	free	37%	free	37%
0207.14.97	Thighs	Kg	37%	free	37%	free	37%
0207.14.98	Drumsticks	Kg	37%	free	37%	free	37%
0207.14.99	Other	Kg	37%	free	37%	free	37%

Source: SARS

Table 2 indicate the tariff duties applied by South Africa to trade agreement members of EU, EFTA, SADC, MERCOSUR, AfCFTA and General members on sub products of fowls of the species Gallus domesticus, broiler meat. South Africa applied duty-free from both EU and SADC members due to its trade agreements. As per the table, South Africa applied different percentage charges according to different sub-products to (EFTA, MERCOSUR, AfCFTA and General Members of WTO). The total annual quota allocated for these products is applied only in the USA through AGOA, which was 69 972 tons in 2020/21.

9. PERFORMANCE ANALYSIS OF SOUTH AFRICAN POULTRY INDUSTRY IN 2021.

Table 3: List of importing markets for the Meat & edible offal of poultry exported by South Africa in 2021.

South Africa's exports represent 0.3% of world exports for Meat & edible offal of broiler, its ranking in the world's exports is 29.

Importers	Indicator														
	Value exported in 2021 (USD thousand)	Trade balance 2021 (USD thousand)	Share in South Africa's exports (%)	Quantity exported in 2021	Quantity unit	Unit value (USD/unit)	Growth in exported value between 2017-2021 (% p.a.)	Growth in exported quantity between 2017-2021 (% p.a.)	Growth in exported value between 2020-2021 (% p.a.)	Ranking of partner countries in world imports	Share of partner countries in world imports (%)	Total imports growth in value of partner countries between 2017-2021 (% p.a.)	Average distance between partner countries and all their supplying markets (km)	Concentration of all supplying countries of partner countries	Average tariff (estimated) faced by South Africa (%)
World	76965	-283784	100	51747	Tons	1487	-6	-5	4		100	3			
Lesotho	39007	39000	50,7	27869	Tons	1400	2	9	36	84	0,1	2	369	1	0
Namibia	14947	14947	19,4	8861	Tons	1687	0	-6	32	94	0,1	2	4399	0,34	0
Mozambique	11533	11533	15	5617	Tons	2053	-18	-19	-51	80	0,1	46	7843	0,11	0
Botswana	3504	3504	4,6	3146	Tons	1114	-11	-6	12	141	0,02	11	2424	0,4	0
Eswatini	3415	3131	4,4	2905	Tons	1176	10	11	38	161	0,01	14	8275	0,56	0
Ghana	918	918	1,2	282	Tons	3255	5	7	317	14	1,5	22	6255	0,15	35
Zimbabwe	748	748	1	862	Tons	868	-40	-43	526	157	0,01	-11	2694	0,4	0
UAE	697	697	0,9	442	Tons	1577	27	35	-59	9	2,9	1	9872	0,53	5
DRC	594	594	0,8	325	Tons	1828	-34	-39	64	63	0,2	-5	7163	0,12	10
Zambia	567	567	0,7	818	Tons	693	-26	-22	-36	102	0,08	40	9298	0,22	0
Spain	292	-49540	0,4	251	Tons	1163			206	17	1,3	-5	2216	0,17	0
Gabon	197	197	0,3	86	Tons	2291	428	30	23	55	0,4	5	6746	0,08	5

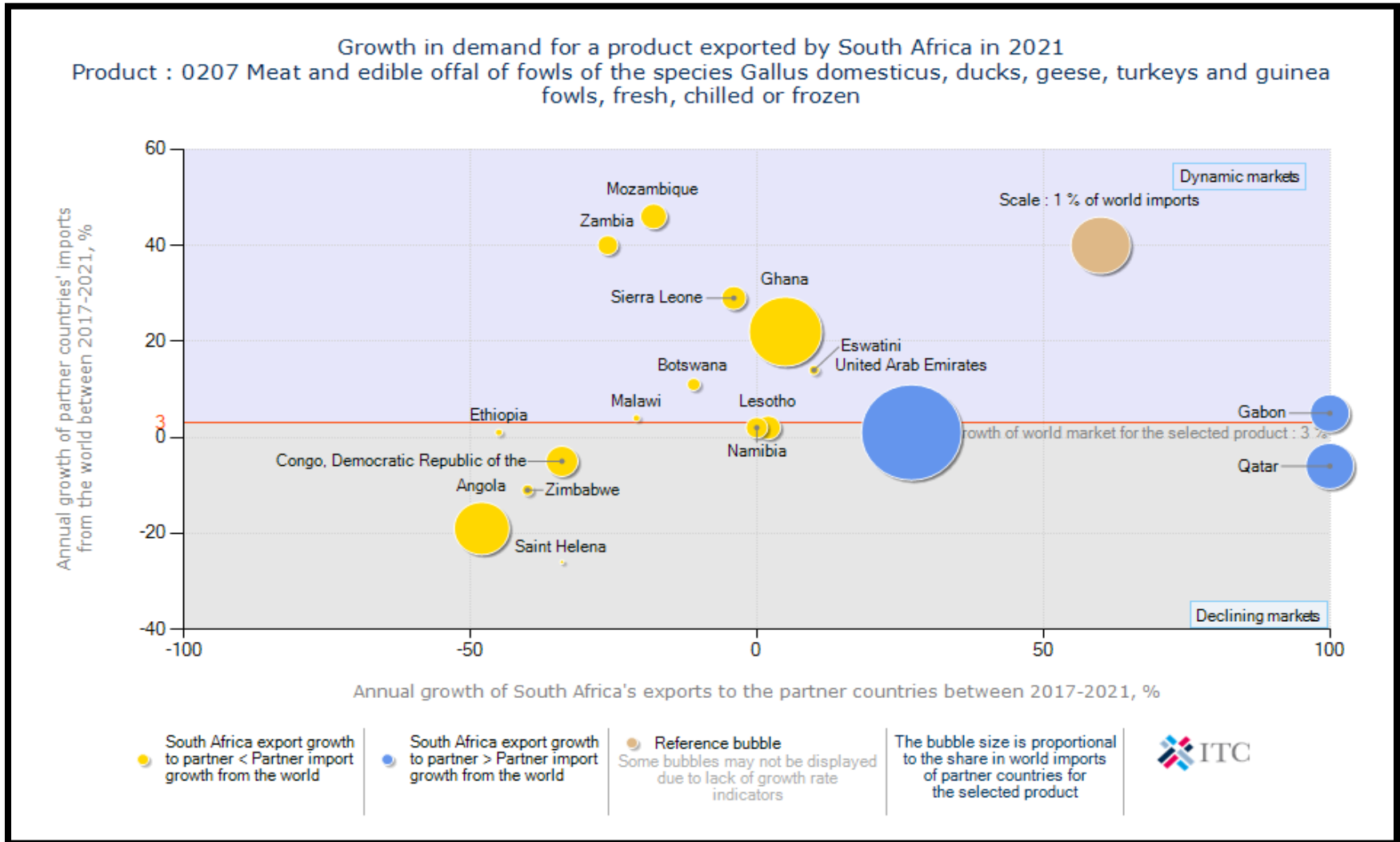
Source: ITC calculations based on COMTRADE statistics.

Table 3 shows that during 2021, South Africa exported a total of 51 747 tons of meat & edible offal of broiler at a unit value of US\$ 1 487/unit. The major export destinations for South African poultry products during 2021 were Lesotho with a share of 50.7, followed by Namibia and Mozambique with a share of 19.4% and 15% respectively.

South Africa's poultry products exports decreased by 6% in value and 5% in quantity between the periods 2017 and 2021. During the same period, exports of poultry products to Lesotho increased by 2% in value and 9% in quantity.

Between the periods 2020 and 2021, overall South Africa's export value of poultry products increased by 4%. During the same period, the export value of poultry products to Lesotho and Namibia increased by 36% and 32% while Mozambique experienced a decrease of 51%.

Figure 29: Growth in demand for poultry meat exported by South Africa in 2021

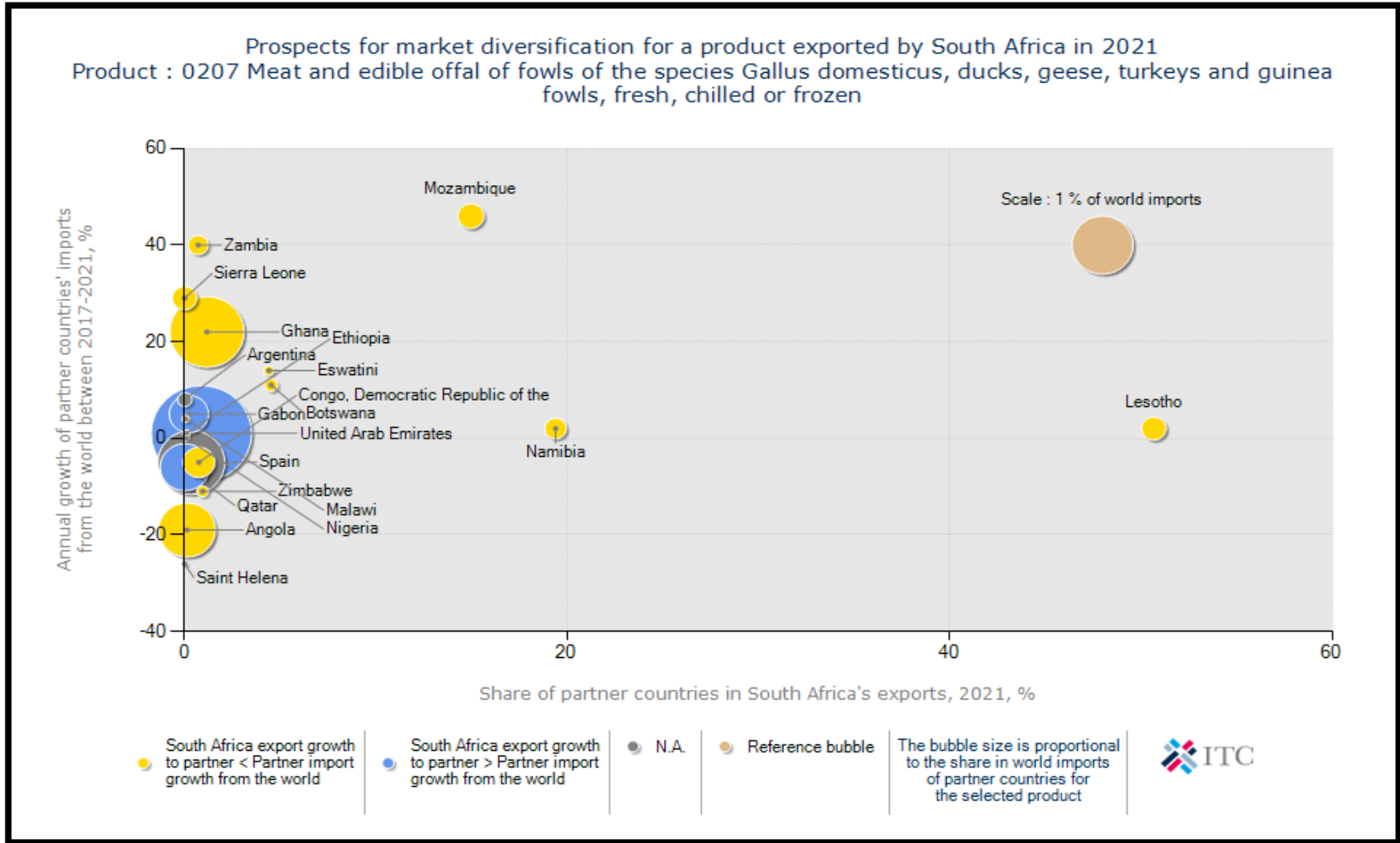


Source: Trademap, ITC

Figure 29 illustrates that between 2017 and 2021 South Africa's poultry products exports to the United Arab Emirates (UAE), Gabon and Qatar were growing at a rate that is more than their import growth from the rest of the world. Zimbabwe, Angola, DRC and Saint Helena represented a loss of South African exports during the period 2017 to 2021.

South Africa's meat & and edible offal of broiler exports to Sierra Leone, Eswatini, Botswana, Zambia, Mozambique and Ghana were growing at a rate that is less than their imports from the rest of the world during the period between 2017 to 2021.

Figure 30: Prospects for market diversification for poultry meat exported by South Africa in 2021



Source: Trademap, ITC

Figure 30 above shows the prospects for market diversification for poultry product exports by South Africa in 2021. The analysis of the results as shown in the figure above indicates that Lesotho commanded the greatest shares (50.7%) of South Africa's exports of poultry products during the year 2021. Namibia followed with a share of 19.4%

If South Africa is to diversify its meat & edible offal of broiler exports, the fastest growing markets exist in Zambia. The country's annual import growth is at 40% per annum respectively from 2017 to 2021. South Africa may penetrate this market due to its import growth and its export growth is less than Zambia's import growth from the world.

Table 4: List of supplying markets for poultry products imported by South Africa in 2021

South Africa's imports represent **1.2%** of the world's imports of Meat & edible offal of broiler, its ranking in the world's imports is **18**.

	Value imported in 2021 (USD thousand)	Trade balance 2021 (USD thousand)	Share in South Africa's imports (%)	Quantity imported in 2021	Quantity unit	Unit value (USD/unit)	Growth in imported value between 2017-2021 (% p.a.)	Growth in imported quantity between 2017-2021 (% p.a.)	Growth in imported value between 2020-2021 (% p.a.)	Ranking of partner countries in world exports	Share of partner countries in world exports (%)	Total exports growth in value of partner countries between 2017-2021 (% p.a.)	Average distance between partner countries and all their importing markets (km)	Concentration of all importing countries of partner countries	Average tariff (estimated) applied by South Africa (%)
World	360749	-283784	100	431308	Tons	836	-10	-6	15		100	2			
Brazil	213350	-213350	59,1	286980	Tons	743	-11	-6	54	1	23,2	0	12813	0,08	28,5
United States of America	61758	-61757	17,1	67308	Tons	918	-7	-6	9	2	15,9	6	6693	0,11	28,5
Spain	49832	-49540	13,8	37077	Tons	1344	61	51	73	15	1,6	6	2138	0,16	0
Argentina	17961	-17934	5	23715	Tons	757	-13	-7	21	20	0,8	-2	13476	0,34	28,5
Canada	8699	-8699	2,4	6462	Tons	1346	-10	-16	36	21	0,8	2	5433	0,32	28,5
Thailand	3034	-3034	0,8	4522	Tons	671	-21	-5	16	7	3,1	11	3375	0,3	28,5
Chile	2353	-2353	0,7	1484	Tons	1586	-3	-10	-4	14	1,7	13	9357	0,39	28,5
Australia	2003	-2003	0,6	2243	Tons	893	35	38	15	30	0,2	8	5371	0,16	28,5
Ireland	915	-915	0,3	852	Tons	1074	-50	-48	-97	27	0,3	-1	1338	0,43	0
Eswatini	284	3131	0,1	132	Tons	2152	-16	53		84	0	4	329	0,52	0
South Africa	132	-132	0	152	Tons	868			2411	29	0,3	-6	851	0,32	
Denmark	112	-112	0	100	Tons	1120	-68	-66	-99	26	0,4	-5	2504	0,14	0

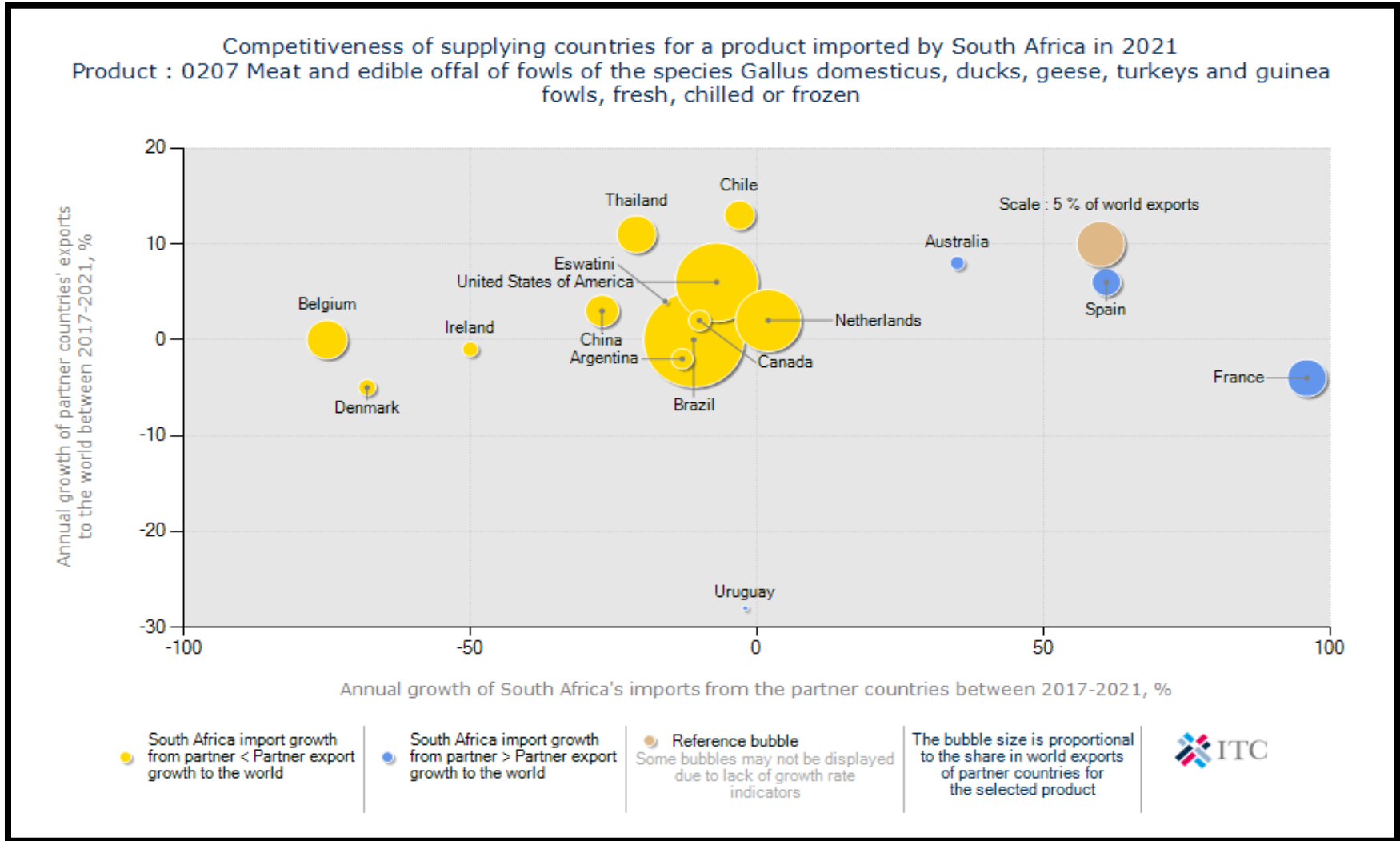
Sources: ITC calculations based on COMTRADE statistics

Table 4 shows that during 2021 South Africa imported a total of 431 308 tons of meat & edible offal of broiler at an average value of US\$ 836/unit. The major origins for poultry products imported by South Africa during 2021 were Brazil, USA and Spain. The greatest share of South African poultry products imports was from Brazil that commanded 59.1% followed by the USA with 17.1% and Spain with 13.8% respectively.

South Africa's poultry products imports decreased by 10% in value and 6% in quantity between the periods 2017 and 2021. During the same period, poultry from Brazil decreased by 11% in value and 6% in quantity while imports from the USA decreased by 7% in value and 6% in quantity.

Between the period 2020 and 2021, South Africa's imports of poultry products increased by 15% in value. During the same period, imports of meat & edible offal of broiler from Brazil increased by 54% and the USA increased by 9% in value.

Figure 31: Competitiveness of suppliers to South Africa for poultry meat imported in 2021

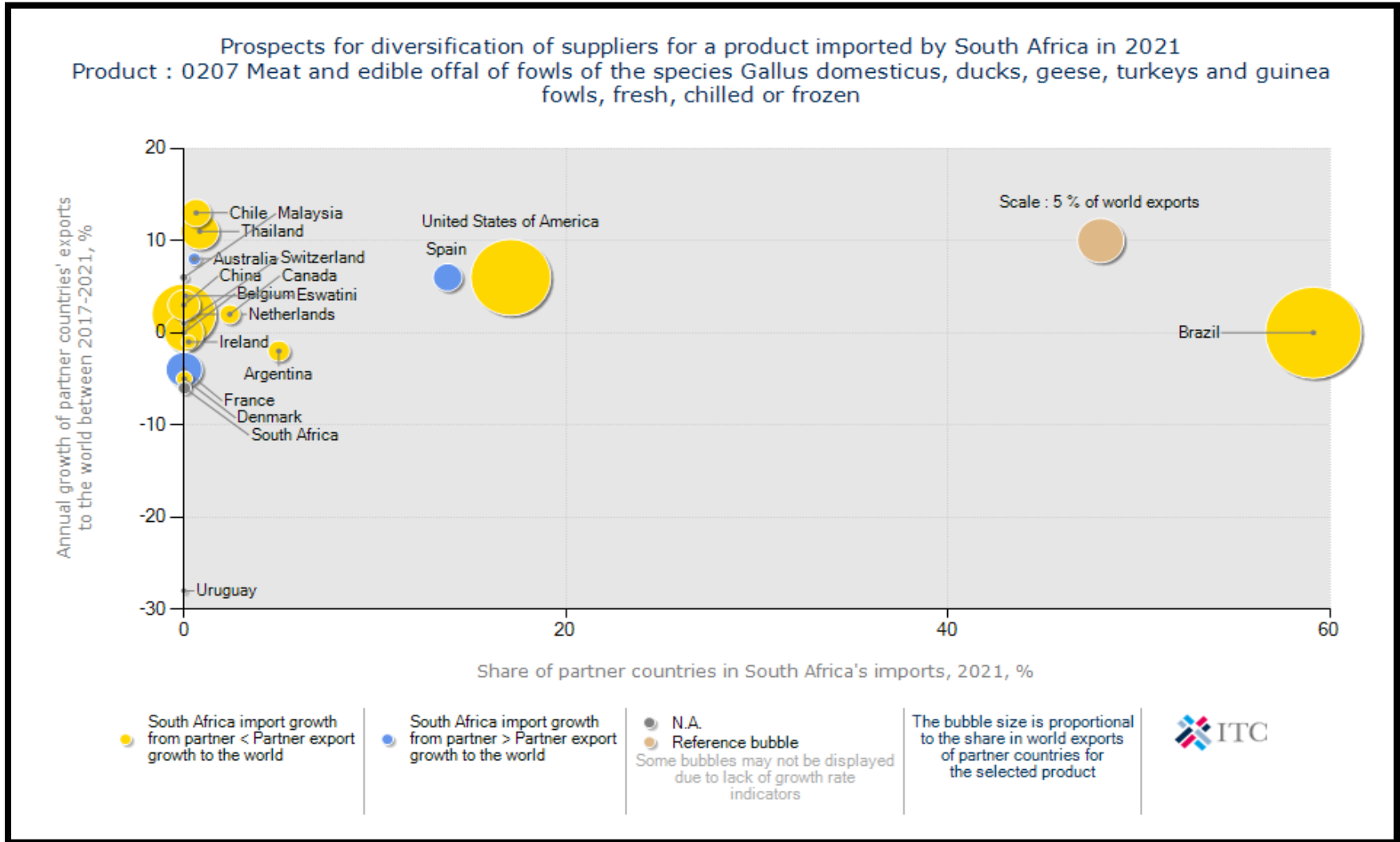


Source: Trademap, ITC

Figure 31 illustrates that between 2017 and 2021 South Africa's imports of poultry products from Thailand, Denmark, Brazil, China, USA, Chile, Argentina, Netherlands, Belgium, Canada and Spain were growing at a rate that is less than their export growth to the rest of the world. During the same period, South Africa's imports of poultry products from France, Spain and Australia were growing at a rate that was greater than their exports to the rest of the world.

Generally, the most competitive markets were Brazil and the United States of America (USA) with the market share of world exports of 23.2% and 15.9%

Figure 32: Prospects for diversification of suppliers for poultry meat imported by South Africa in 2021



Source: Trademap, ITC

Figure 32 above shows the prospects for diversification of suppliers for meat & edible offal of fowls' imports by South Africa in 2021. Brazil commanded the greatest share of 59.1% in South Africa's meat & and edible offal of fowls imports during the year 2021 followed by the USA (17.1%). They are both exporting more meat & edible offal of fowl meat to South Africa than to the rest of the world.

If South Africa is to diversify its meat & edible offal of fowls imports, Brazil remains a traditional supplier, however other possible supplier could be Chile due to its high annual export growth of 13%.

10. ACKNOWLEDGEMENTS

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www.dalrrd.gov.za.

Market Access Map

www.macmap.org.

Broiler Site

www.thepoultrysite.com

Quantec Easydata

www.easydata.co.za

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TradeMap

www.trademap.org.

Disclaimer:

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