

A PROFILE OF THE SOUTH AFRICAN BROILER MARKET VALUE CHAIN

2023



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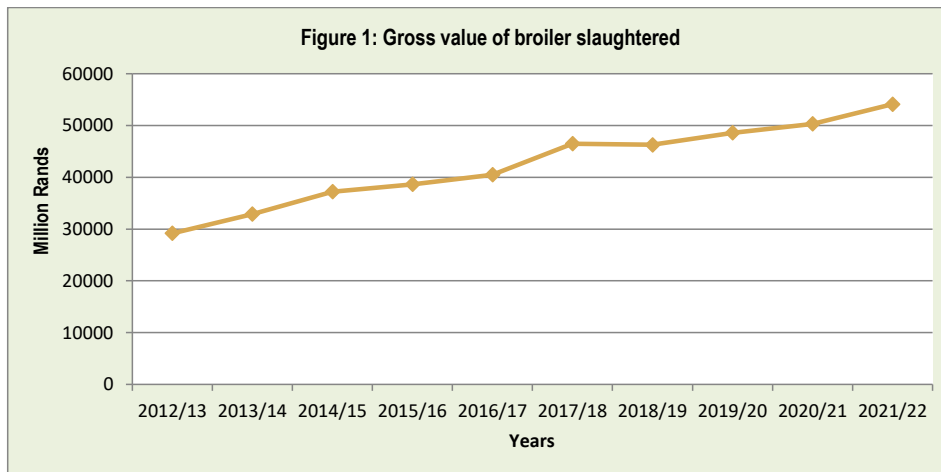
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1. DESCRIPTION OF THE INDUSTRY

The broiler sector remains the biggest sector within the agricultural industry of South Africa in terms of production value, despite the challenges faced by the poultry industry in the past years such as COVID-19 disease, Highly Pathogenic Avian Influenza (HPAI) and load-shedding. In 2021/22, the sector generated R54.1 billion in gross value, about 13.4% of the total gross value of agricultural products. In comparison to other livestock products, broiler accounts for 32% 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 remains the cheapest protein supplier relative to other animal proteins followed by beef. The growth had spillover effects in the grain and chick industries. Broiler meat accounts for approximately 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 2012/13 to 2021/22. 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 R42.4 billion per annum over ten years. The gross value increase was due to the increasing production and price of broiler meat.

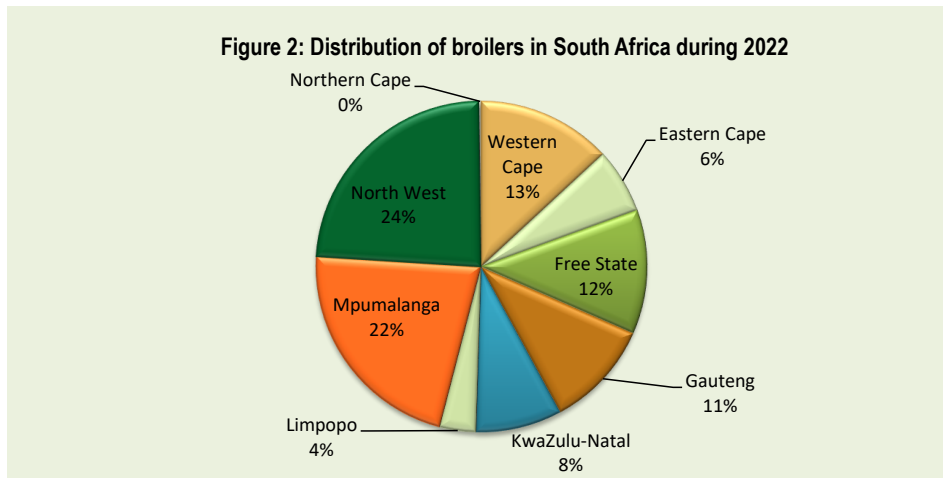


Source: Statistics and Economic Analysis, DALRRD

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 71% of total production.

Figure 2 below shows the distribution of birds during 2022.

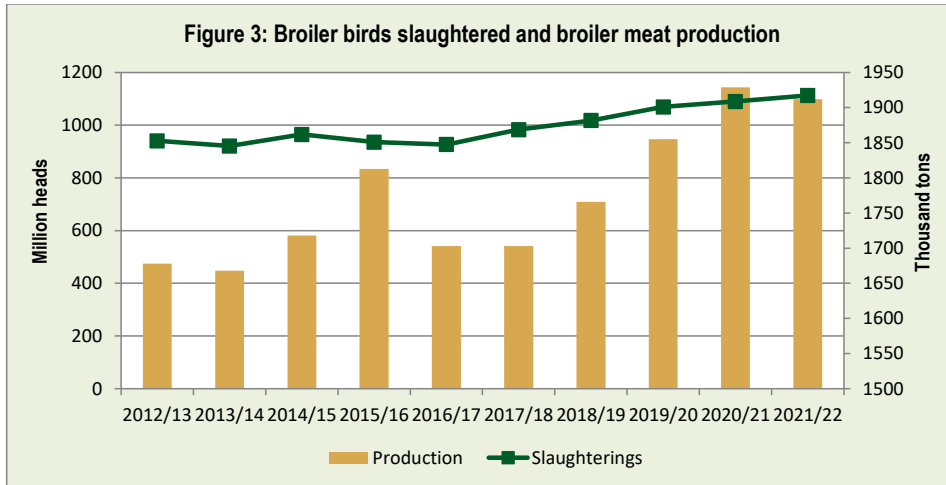


Source: South African Poultry Association (SAPA)

During 2022, North West Province produced 24% of the entire broiler in South Africa followed by Mpumalanga Province by 22%, Western Cape Province 13% and Free State Province 12%. Limpopo and Northern Cape province were the least producers, producing 4% and 0.2% of South African broilers respectively.

1.2. Production trends.

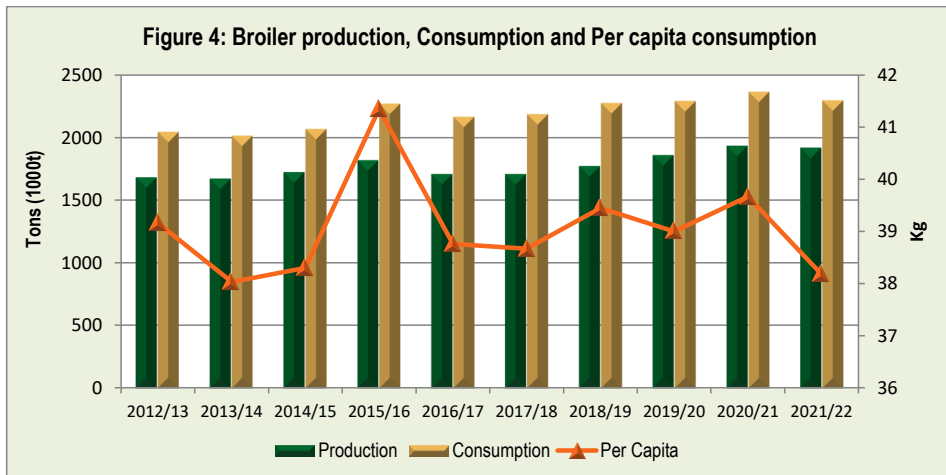
Of late, the increase in local production of chicken remains a consent in South Africa. Figure 3 below shows the broiler production and slaughtering trends from 2012/13 to 2021/22. Broiler meat production has shown an increasing trend from 2013/14 to 2015/16, followed by a decline in 2016/17. This was due to the increasing input prices that had 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 broilers and slaughtering showed an immense increase from 2017/18 to 2020/21 of 12% and 13% 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. In 2021/22, Production has shown a slight decrease of 1% while slaughtering increased by 2%.



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, from 2012/13 to 2021/22.



Source: Statistics and economic analysis, DALRRD

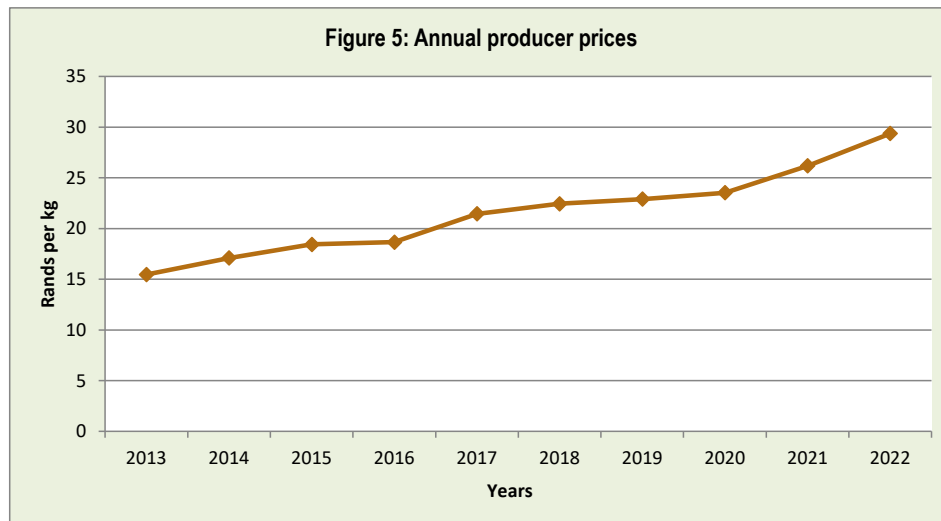
Figure 4 above shows that, South Africa consumes more broiler meat than what is produced locally, which means the country is not self-sufficient and depends on imports to meet local demand. During 2021/22, South Africa produced a total of 1.9 million tons of broiler, while its consumption was at 2.29 million tons on the same year. The growing demand for broilers resulted in South Africa becoming 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 decrease of 1.96 kg per person in 2021/22, which marks an approximately 5% decrease. This could be attributed to the increase in the price of other protein meat such as beef as the main alternative. Broiler meat has the highest per capita consumption of 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 the broiler industry are inclusive of, hatchery and rearing industries, the processing sector and the broiler distribution industries. The 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 2013 to 2022.



Source: SAPA

The producer prices show an increasing trend for the past decade. The average broiler producer price for this period was R21.5/kg per annum. The annual producer price in 2022 was R29.36/kg, which was R3.18 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 R13.90, which is 90%.

2.2. Import – Export analysis.

Figure 6 compares quantities of imports and exports of broiler meat from 2013 to 2022.

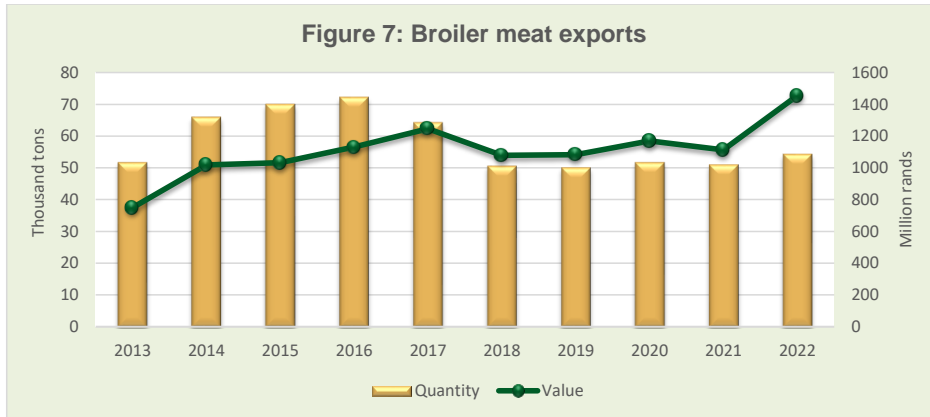


Source: Quantec EasyData

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 the 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. The Poultry Master Plan (2018) also contributed to the decline of imports.

2.2.1. Exports.

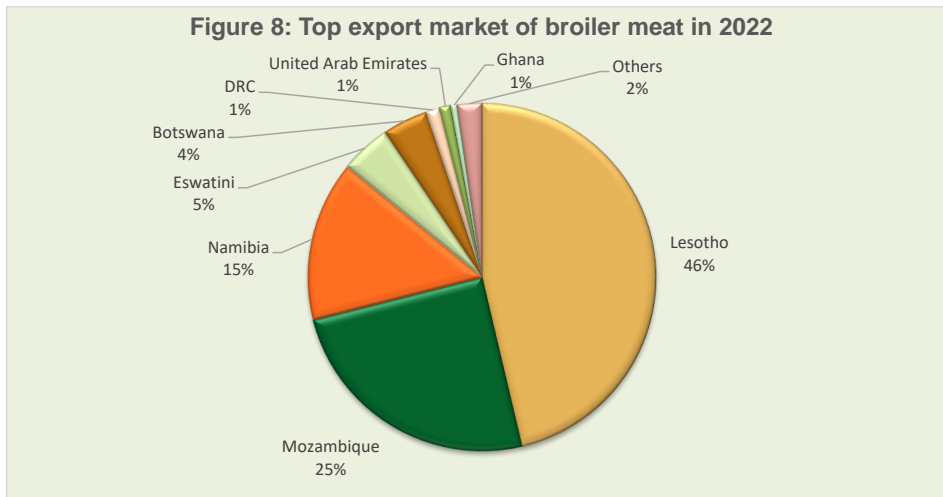
Despite the broiler net importer status, the broiler meat industry is also an earner of foreign exchange through the export of broiler meat. South Africa's broiler industry has exported approximately 54 000 tons of broiler meat worth R1.5 billion in 2022. This was a decrease of 7% and 31% respectively from the previous year. Figure 7 below indicates the export of broiler meat from 2013 to 2022.



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 2022, during this period both value and quantity increased indicating that the chicken export market was profitable. From 2018, the export 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 2021, the country was 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 ofal fresh or chilled and quarters.

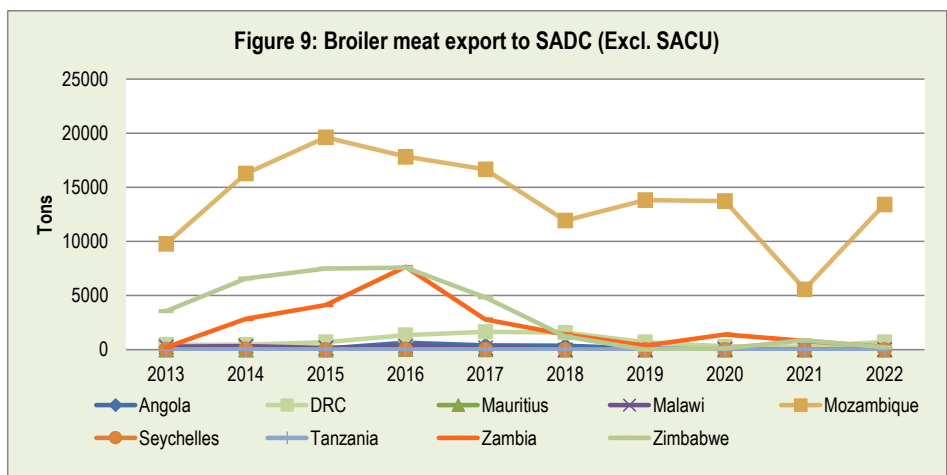
Figure 8 below, presents the top export market of South African broiler meat in 2022.



Source: Trade Map

Figure 8 above shows the main export destinations of South Africa's broiler meat in 2022. Most of South African broiler meat was exported to Lesotho, which obtained 46% of South Africa's broiler meat followed by Mozambique with 25% then Namibia and Eswatini with 15% and 5% share respectively. Other countries in total had a 2% share of South African broiler meat exports during 2022. It is noted that South African broiler meat is mostly exported to SADC countries whereby SACU members alone account for 70%.

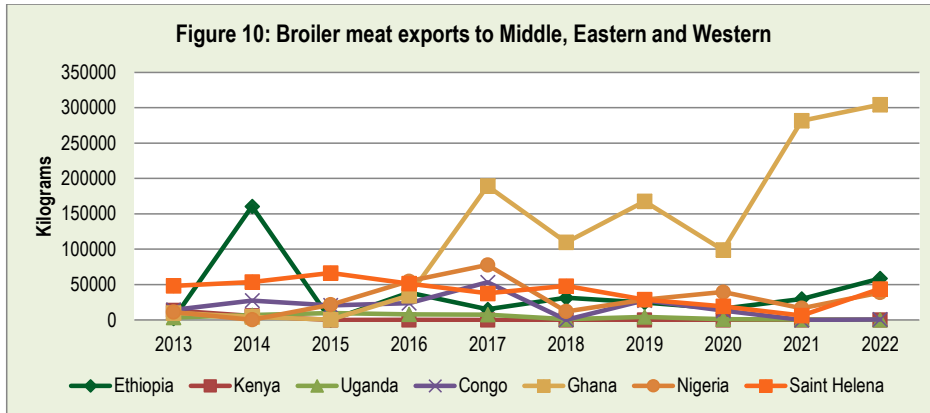
Figure 9 below shows the main SADC (Excl. SACU) export market of South Africa's broiler meat from 2013 to 2022.



Source: Quantec EasyData

Following the HPAI outbreak in 2017, most of the SADC countries that are known to be the main South African export market 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. In 2021, the Mozambique market decreased by 59% followed by an immense increase of 140% in 2022. However, the country remained 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 analysed. Tanzania, Mauritius and Seychelles have been the lowest export market for South African broiler meat within the SADC region.

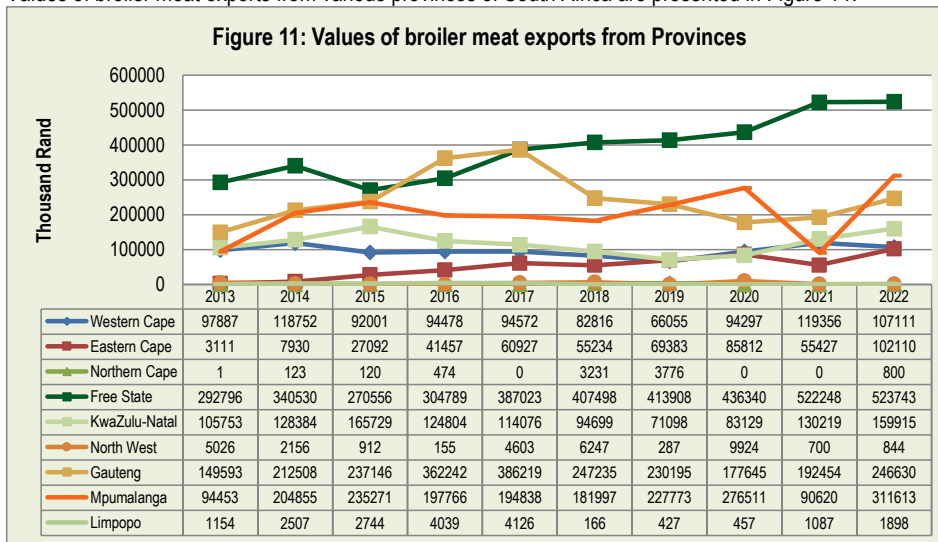
Figure 10 below shows the main export market of South Africa's broiler meat in Middle, Eastern and Western Africa from 2013 to 2022.



Source: Quantec EasyData

It is indicated from Figure 10 above that, broiler meat export to Middle, Eastern and Western Africa has fluctuated over the past decade. Ghana demanded the highest broiler meat from 2017 to 2022. 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 accounted 62% share of imports in 2014. In total, broiler meat exports to the Middle, Eastern and Western areas have increased by 78% in 2021 and 33% in 2022. However, this is exaggerated by Ghana's increase of 184% and 8% in both years.

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

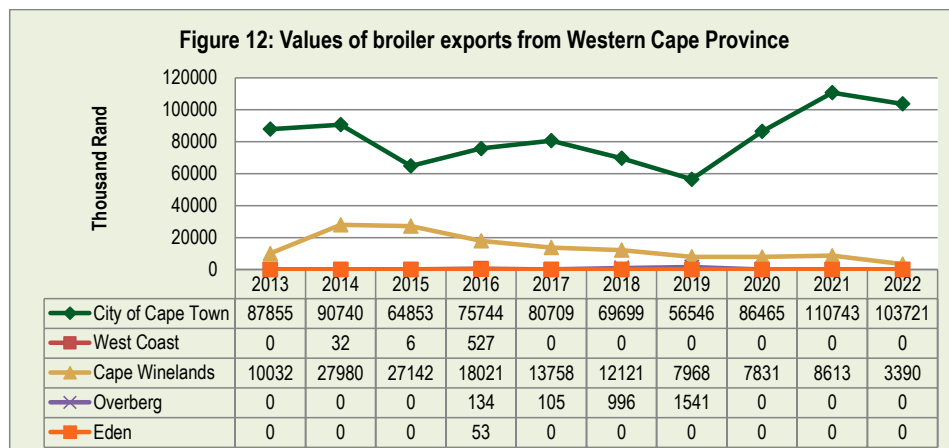


Source: Quantec EasyData

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 except in 2016. Gauteng was mostly the second greatest exporter; it recorded its high values in 2017. This province experienced a huge decline (36%) in exports in 2018 and continued to decline until 2020 and started to pick up in 2021 and 2022. In the third position was Mpumalanga, although the province experienced a decline in 2021 and rose again by 244% in 2022, earning a second position. 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.

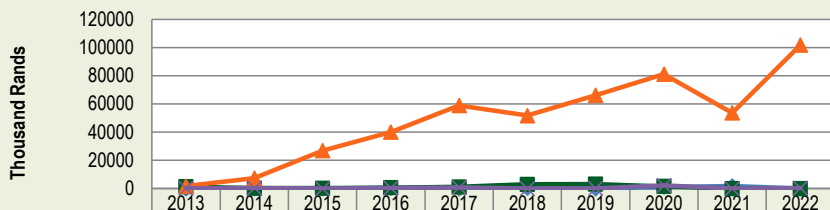
Figure 12 below shows the broiler exports from Western Cape Province. The greatest shares of broiler meat export value originate mainly from the City of Cape Town Metropolitan Municipality. The district was a leading exporter followed at a distance by Cape Winelands District Municipality. Minimal intermittent export values were recorded in West Coast, Overberg and Eden District Municipalities. For the period analyzed, City of Cape Town commanded a share of over 85% in the past decade, followed by Cape Winelands with a share of 14%. 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 over 90% share of exports for the period of its record, except 2013 where Alfred Nzo took a share 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

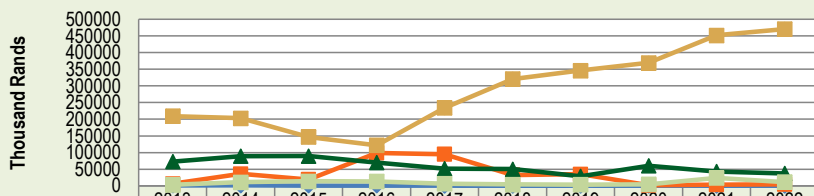


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
—●— Cacadu	0	8	0	473	0	449	0	973	1736	0
—■— Alfred Nzo	1304	222	235	603	1151	2970	3116	1477	6	0
—▲— Nelson Mandela Bay	1743	7403	26855	40071	58942	51814	66221	81190	53685	101834
—×— Buffalo City	64	297	0	310	834	0	47	2173	0	276

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 74%, followed at a distance by Thabo Mofutsanyane with a share of 15% in exports of broilers. Lejweleputswa and Fezile Dabi District Municipality contributed 9% and 3% share of exports respectively while Xhariep accounted for less than 1% share.

Figure 14: Values of broiler exports from Free State Province

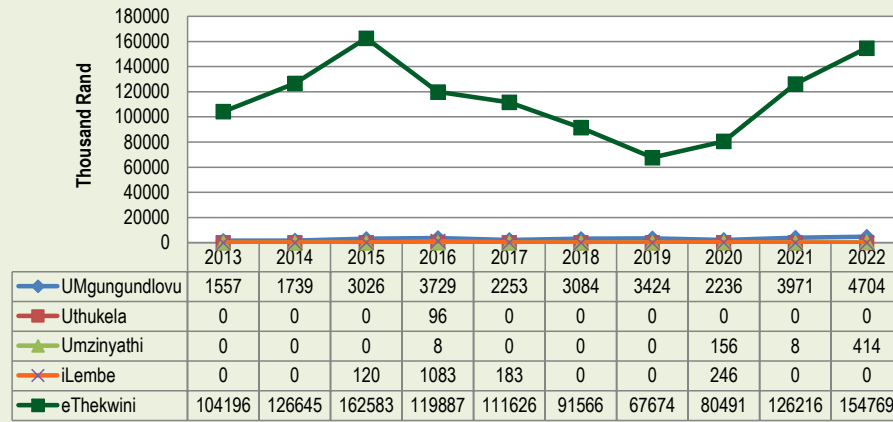


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
—●— Xhariep	1278	1244	1106	691	367	64	294	198	0	1
—■— Lejweleputswa	6034	35946	19113	98785	94596	32447	34848	1909	3797	4471
—▲— Thabo Mofutsanyane	73127	89464	89684	70119	51634	50212	28763	60156	42935	37476
—■— Fezile Dabi	3273	10906	13745	13550	6475	4127	3860	5048	23916	11342
—■— Mangaung	209084	202970	146908	121644	233951	320648	346144	369029	451600	470453

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 R1.14 billion during the past decade. Followed at a distance by UMgungundlovu District Municipality with a value of R30 million. Both municipalities have been a regular exporter 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.

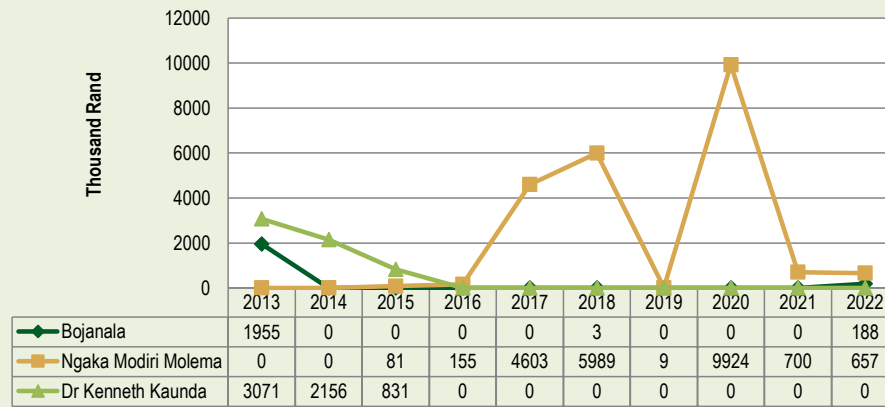
Figure 15: Values of broiler exports from Kwa-Zulu Natal Province



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 from 2016 to 2022. 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 73% share, followed at a distance by Dr. Kenneth Kaunda with a share of 20% and lastly Bojanala with 7%.

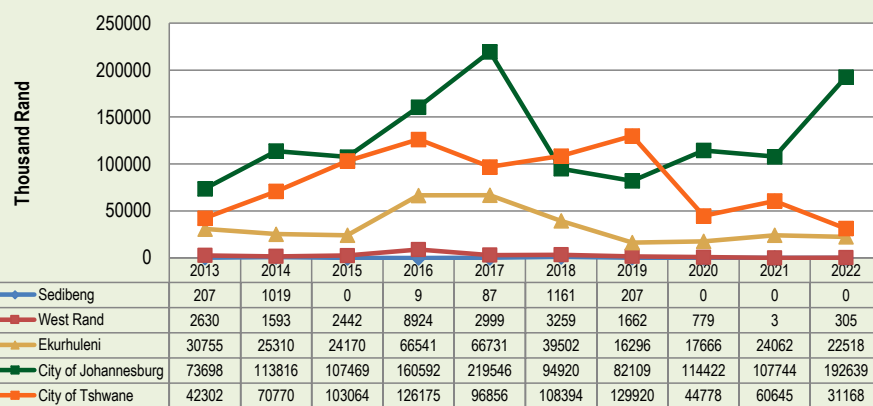
Figure 16 : Values of broiler exports from North West Province



Source: Quantec EasyData

In Gauteng Province, broiler meat exports arose mainly from 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 leading from 2013 until 2017 where it reached a peak of R219 million. In 2018, there was a drastic decline of 56% while the City of Tshwane rose and took the lead for 2018 and 2019. The City of Tshwane dropped exports, losing the leading position back to the City of Johannesburg. For the past decade, City of Johannesburg contributed an export value of R127 billion (52%). The City of Tshwane was the second leading exporter with R814 million (33%) of broiler meat exports followed by Ekurhuleni with R334 million (13.7%). West Rand and Sedibeng District Municipalities reported the lowest broiler exports with a share of R25 million (1%) and R2.7 million (0.11%) respectively.

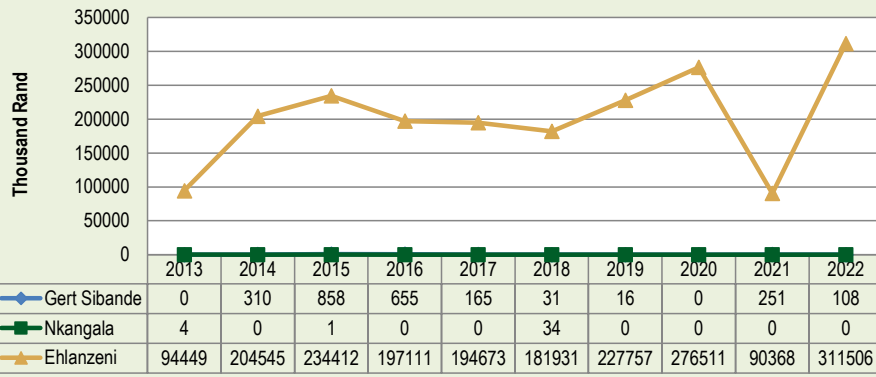
Figure 17: Values of broiler exports from Gauteng Province



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 2014, even though the following years there was a slight decline, the exports rose again and reached a new peak in 2020. In 2021, the district experienced an immense decline of 67% and rose again by 245% in 2022. 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 analyses.

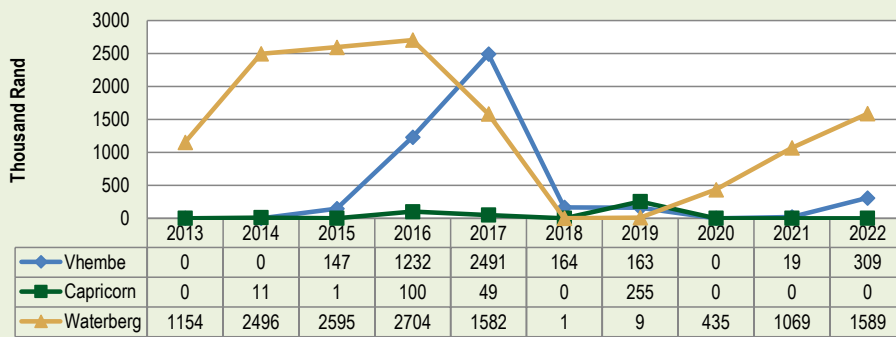
Figure 18: Values of broiler exports from Mpumalanga Province



Source: Quantec EasyData

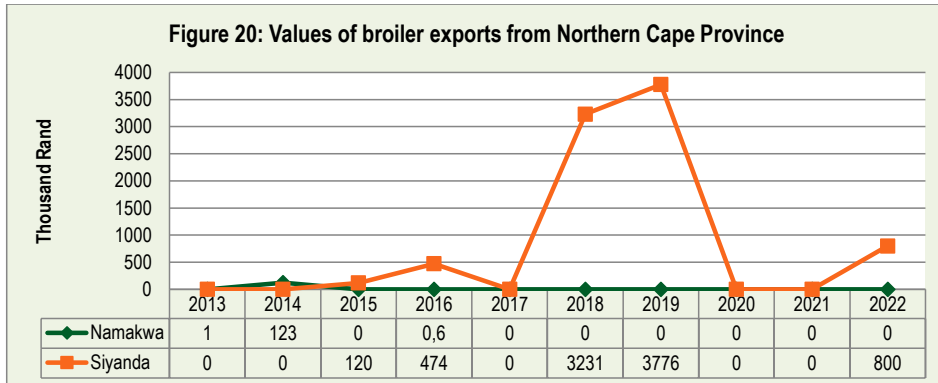
Figure 19 below indicates that all the district municipalities in Limpopo Province reported irregular exports of broiler meat during the period under analysis. Capricorn District Municipality recorded exports from 2014 to 2017 and 2019, whilst Waterberg recorded from 2013 to 2022. Waterberg District Municipality recorded the highest exports from 2013 to 2016 and from 2020 to 2022. Vhembe was the major broiler exporter in 2017 and 2018 with an export share of 60% and 99% respectively within Limpopo province. In 2021 and 2022, the total broiler exports from Limpopo increased by 150% and 75% 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.

Figure 19: Values of broiler exports from Limpopo Province



Source: Quantec EasyData

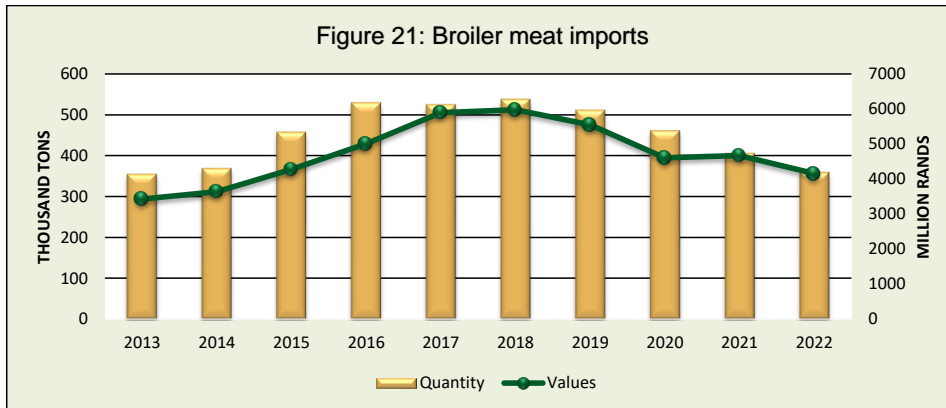
From Northern Cape Province, only Namakwa and Siyanda District Municipalities showed the exports of broiler meat under the period reviewed (See Figure 20 below). The province did not record exports in 2017, 2020 and 2021. In 2018 Siyanda exports were high at R3.2 million and reached a new peak in 2019 with R3.7 million. Siyanda recorded R800 thousand in 2022. In total, Siyanda accounted for 99% of the export share within the province while Namakwa took the 1% share.



Source: Quantec EasyData

2.2.2. Imports

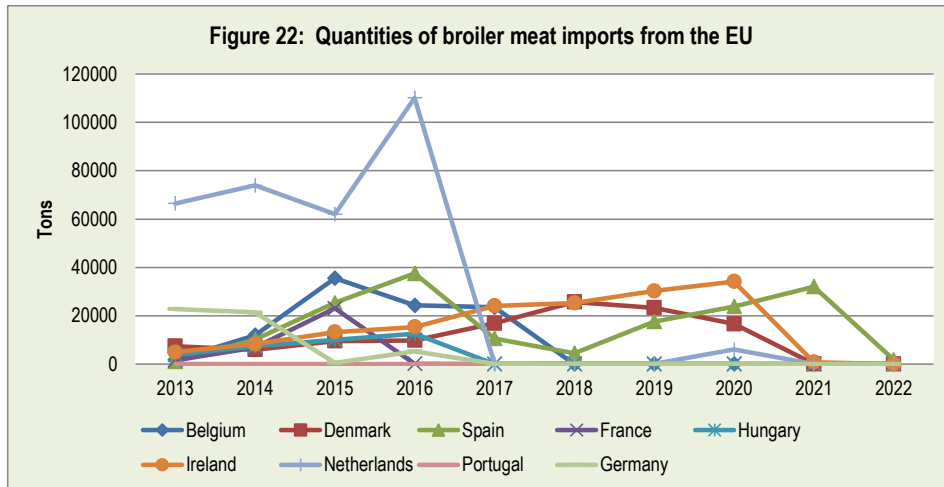
Figure 21 below shows the imports of broiler meat from 2013 to 2022. South Africa imported approximately 359 023 tons of broiler meat in 2022 at an estimated value of R4.2 billion. This represents a decline of 11% in quantity and 1.1% in value respectively.



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 2022. The decline in 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.

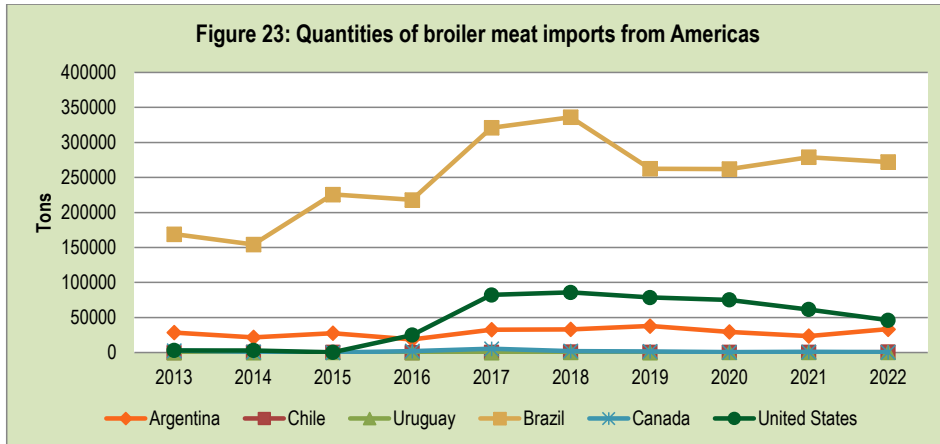
Figures 22 - 25 below show the main suppliers of broiler meat from the European Union, Americas, Asia and Oceania continents to South Africa during the period 2013 to 2022.



Source: Quantec EasyData

The broiler meat imports from EU have dropped in 2017 due to the ban that was imposed by South Africa on EU members because of 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 2013 to 2016 until 2017 when Europe was hit by the HPAI outbreak that caused a ban on exports to South Africa. During this period under analysis, Netherlands commanded the highest imports from 2013 to 2016 and lost its leading position to Ireland in 2017. Germany commanded the second-highest imports of broiler meat to South Africa from 2013 to 2014. Denmark and Ireland broiler exports to South Africa remained stable irrespective of the HPAI outbreak in 2017. In 2021, both these countries' broiler meat imports share drastically declined by 99% and 97% respectively and declined to zero in 2022. Imports from Spain increased in 2021 claiming first position with an export share of 97%. In total, broiler meat imports from the EU have decreased by 94% in 2022. The lowest imports received during the past decade were from Portugal, Hungary and France.

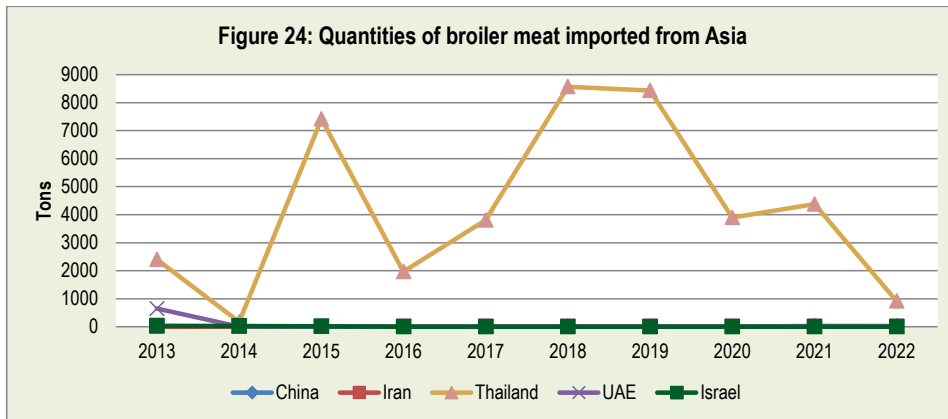
Figure 23 below presents the quantity of broiler meat imports from the Americas from 2013 to 2022.



Source: Quantec EasyData

Figure 23 shows the quantities of broiler meat imported by South Africa from 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 producer of broiler meat in the world. Argentina was the second leading import supplier from 2013 to 2015. In 2016, United State of America (USA) overtook the second position by gaining market access through 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. In aggregate imports from these countries show a decrease of 3.4% in 2022.

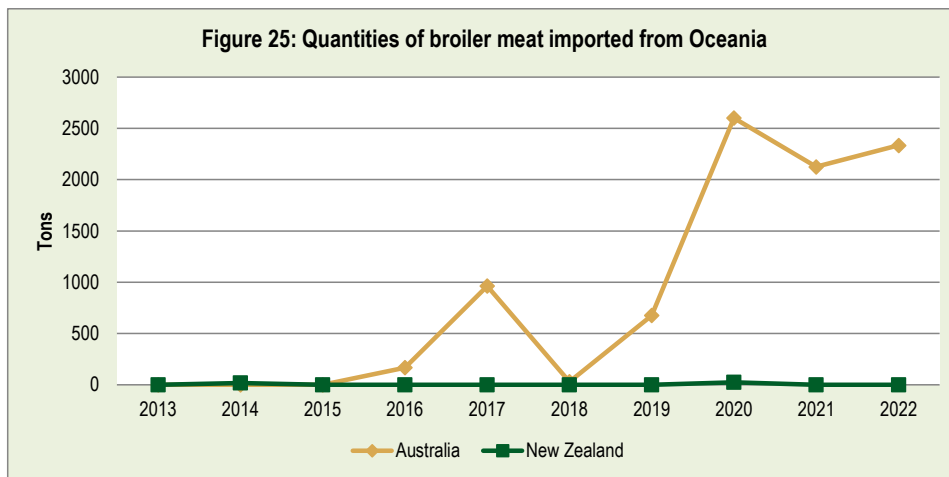
Figure 24 below presents the quantity of broiler meat imports from Asia from 2013 to 2022.



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 2013 to 2022. In total, Thailand accounted for 98% 41 942 tons); followed at a distance by the United Arab Emirates (UAE), which contributed 648 tons(1.5%) and Israel with 64 tons (0.15%) of broiler meat exported to South Africa over the period under review. Although Thailand has been the biggest contributor of broiler exports. However, in 2015, imported quantity have shown an immense increase and fluctuated throughout. In 2022, the imports showed a drastic decrease of 79% from the previous year. Thailand commanded a 100% share of imports within Asia from 2016 to 2020.

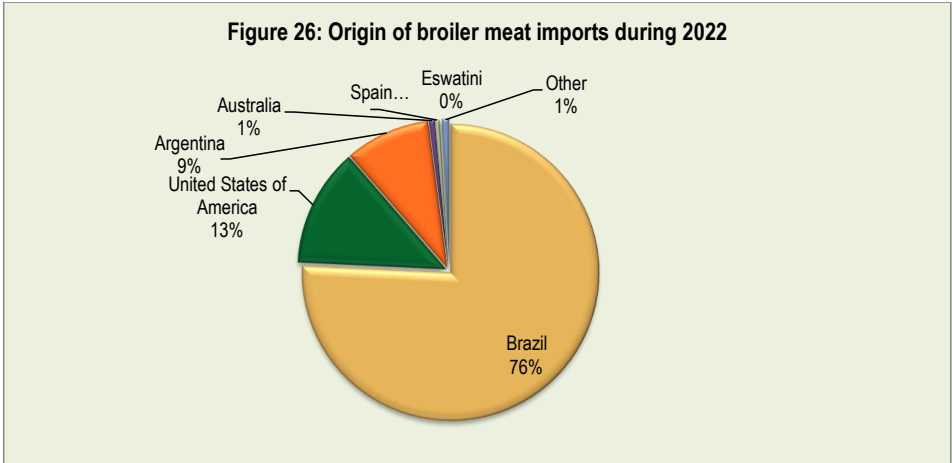
Figure 25 below presents the quantity of broiler meat imports from Oceania from 2013 to 2022.



Source: Quantec EasyData

It is indicated from Figure 25 above that in the 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 2020. South Africa received the least imports of broiler meat from New Zealand. This country recorded imports in 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 2022.

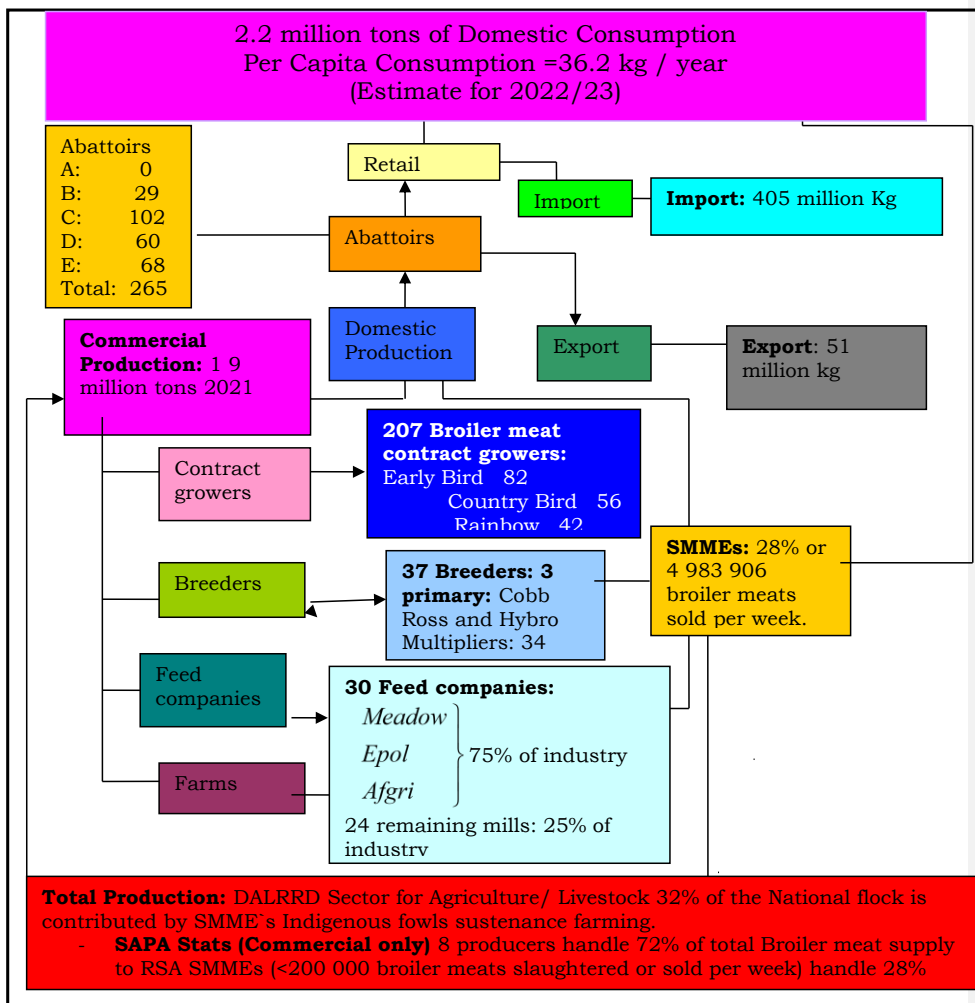


Source: Trade map

Figure 26 above shows the share of various suppliers of broiler meat to South Africa in 2022. Brazil accounted for the highest market share of broiler meat imports in South Africa, leading with a 79% share. The broiler meat products imported from Brazil were frozen meat, cut and not cut in pieces. United States of America and Argentina followed at a distance with a share of 13% and 9%. Minimal imports were from Spain and Eswatini with a share of less than 1% each.

3. BROILER MEAT MARKET VALUE CHAIN

Figure 27: Structure of the broiler meat industry.

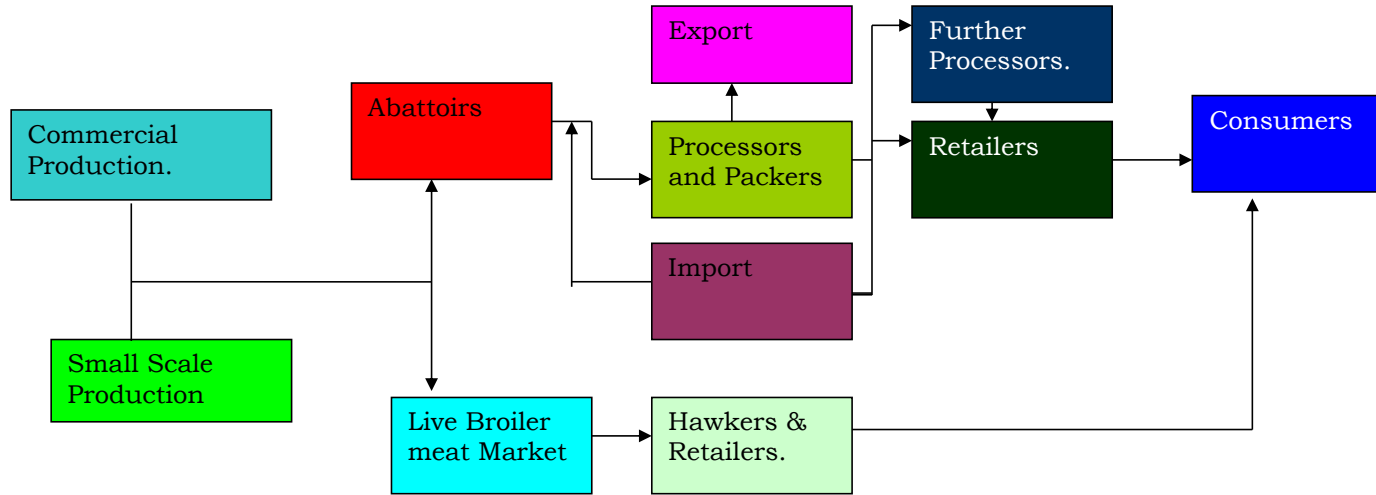


Source: Adapted from NAMC.

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 are 2.2 million tons of domestic consumption with a per capita consumption of 36.2 kg. Production is around 1.97 million tons, Imports 359 million kilograms and Export 54 million kilograms.

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. The 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 out grower for Country Bird. Country Bird provides the day old chicks, medicine, feed and the market to the project. In 2006 the venture was transformed into black employment equity (BEE) entity that required Thembani's assistance as 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/slaughter houses to market/sell dressed chickens in the formal markets. The lack of bar-coding 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 to supply to 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 brining are a potential crisis for the industry.

7. OPPORTUNITIES AND WEAKNESSES

The per capita consumption increased to 36.2 kg per person during 2022. 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.

There are 35 producers who 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.

The quality standards and barcoding are prerequisites for most retail companies. Thus, the 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 2021 and 2022 are shown in Table 1 below.

Table 1: Broiler meat export tariffs

Importers	Product Code	Trade Regime Description	2021		2022	
			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%
United Arab Emirates (UAE)	020711; 020712; 020713; 020714;	MFN duties	5%	5%	5%	5%
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 2021 and 2022. United Arab Emirates applied 5% of MFN duties 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 2022 are shown in Table 2 below.

Table 2: Broiler meat import tariffs

	Article Description	Statistical unit	Rate of Duty					
			General	EU/UK	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	A 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%

Source: SARS

Table 2 indicates the tariff duties applied by South Africa to trade agreement members of EU/UK, 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 2021/22.

Commented [J1]: Khumo

9. PERFORMANCE ANALYSIS OF SOUTH AFRICAN POULTRY INDUSTRY IN 2022.

Table 3: List of importing markets for the Meat & edible offal of poultry exported by South Africa in 2022.

South Africa's exports represent 0.3% of world exports for Meat & edible offal of broiler, its ranking in the world's exports is 30.

Importers	Indicators														
	Value exported in 2022 (USD thousand d)	Trade balance 2022 (USD thousand d)	Share in South Africa's exports (%)	Quantity exported in 2022	Quantity unit	Unit value (USD/unit)	Growth in exported value between 2018-2022 (% p.a.)	Growth in exported quantity between 2018-2022 (% p.a.)	Growth in exported value between 2021-2022 (% 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 2018-2022 (% 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	91496	-187210	100	55289	Tons	1655	1	1	19		100	8			
Lesotho	37996	37994	41.5	25316	Tons	1501	5	6	-3	90	0.10	12	369	1	0
Mozambique	28434	28434	31.1	13639	Tons	2085	-4	-7	147	83	0.1	37	8289	0.12	0
Namibia	12095	12094	13.2	8192	Tons	1476	12	10	-19	71	0.2	17	7513	0.27	0
Botswana	3885	3885	4.2	2291	Tons	1696	-8	-2	11	142	0.02	4	3593	0.46	0
Eswatini	3282	2029	3.6	2835	Tons	1158	16	10	-4	162	0.01	16	428	1	0
United Arab Emirates	1622	1622	1.8	572	Tons	2836	-21	-25	133	9	3.7	11	10244	0.62	5
DRC	1018	1018	1.1	746	Tons	1365	-16	-22	71	65	0.2	-1	6168	0.13	10
Ghana	903	903	1	304	Tons	2970	25	29	-2	28	0.8	15	6216	0.15	35
Spain	356	-2043	0.4	253	Tons	1407		126	22	15	1.5	4	2449	0.19	0
Zambia	346	346	0.4	254	Tons	1362	-20	-24	-39	99	0.08	29	5961	0.23	0
Gabon	272	272	0.3	151	Tons	1801	21	31	38	59	0.3	9	7196	0.12	5
Zimbabwe	220	220	0.2	216	Tons	1019	3	11	-71	152	0.02	37	3059	0.49	0

Source: ITC calculations based on COMTRADE statistics.

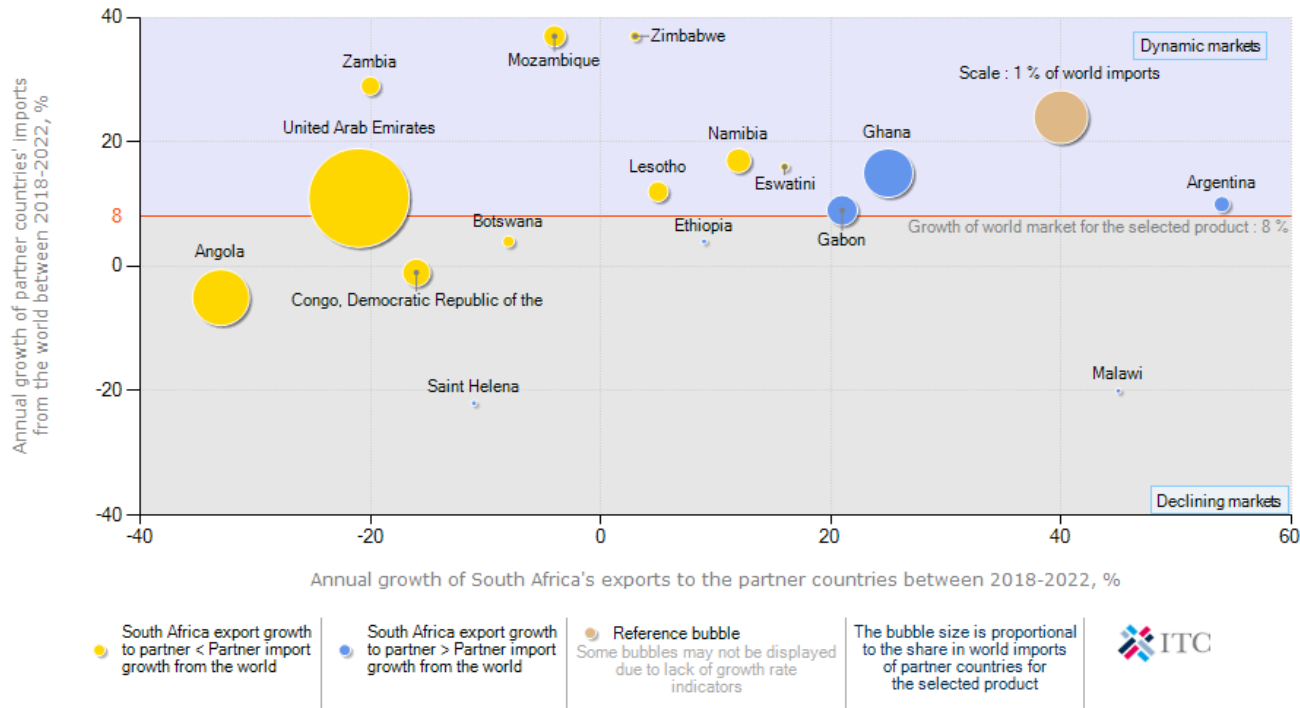
Table 3 shows that during 2022, South Africa exported a total of 55 289 tons of meat & edible offal of broiler at a unit value of US\$ 1 655/unit. The major export destinations for South African poultry products during 2022 were Lesotho with a share of 41.5, followed by Mozambique and Namibia with a share of 31.1% and 13.2% respectively.

South Africa's poultry products exports increased by 1% in value and 1% in quantity between the periods 2018 and 2022. During the same period, exports of poultry products to Lesotho increased by 5% in value and 6% in quantity.

Between the periods 2021 and 2022, South Africa's export value of poultry products increased by 19%. During the same period, the export value of poultry products to Lesotho and decreased by 3% while Mozambique experienced an increase of 147%.

Figure 29: Growth in demand for poultry meat exported by South Africa in 2022

Growth in demand for a product exported by South Africa in 2022
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



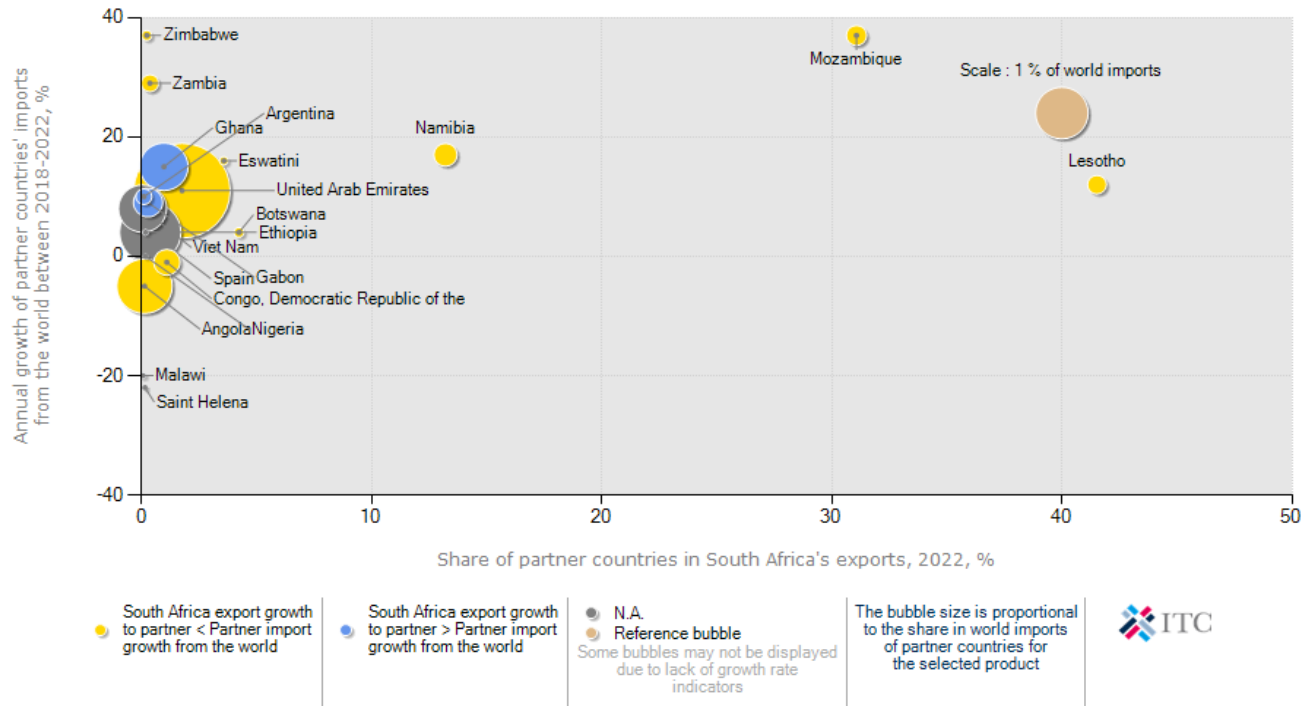
Source: Trademap, ITC

Figure 29 illustrates that between 2018 and 2022 South Africa's poultry products exports to Ghana Gabon and Argentina were growing at a rate that is more than their import growth from the rest of the world. Angola, DRC and Saint Helena represented a loss of South African exports during the period 2018 to 2022.

South Africa's meat & edible offal of broiler exports to UAE, Zimbabwe, Angola, DRC, Botswana, Lesotho, Zambia, Mozambique and Namibia were growing at a rate that is less than their imports from the rest of the world during the period between 2018 to 2022.

Figure 30: Prospects for market diversification for poultry meat exported by South Africa in 2022

Prospects for market diversification for a product exported by South Africa in 2022
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



Source: Trademap, ITC

Figure 30 above shows the prospects for market diversification for poultry product exports by South Africa in 2022. The analysis of the results as shown in the figure above indicates that Lesotho commanded the greatest shares (41.5%) of South Africa's exports of poultry products during the year 2022. Mozambique followed with a share of 31.1%.

If South Africa is to diversify its meat & edible offal of broiler exports, the fastest growing markets exist in Zimbabwe. The country's annual import growth is at 37% per annum from 2018 to 2022. South Africa may penetrate this market due to its import growth and its export growth is less than Zimbabwe's import growth from the world.

Table 4: List of supplying markets for poultry products imported by South Africa in 2022

South Africa's imports represent **0.8%** of the world's imports of Meat & edible offal of broiler, its ranking in the world's imports is **31**.

Exporter s	Indicators														
	Value importe d in 2022 (USD thousand d)	Trade balance 2022 (USD thousand d)	Share in South Africa's imports (%)	Quantit y importe d in 2022	Quantit y unit	Unit value (USD/unit)	Growth in importe d value between 2018-2022 (% p.a.)	Growth in importe d quantit y between 2018-2022 (% p.a.)	Growth in importe d value between 2021-2022 (% 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 2018-2022 (% p.a.)	Average distance between partner countries and all their importin g markets (km)	Concentrati on of all importing countries of partner countries	Average tariff (estimate d) applied by South Africa (%)
World	278706	-187210	100	372481	Tons	748	-12	-10	-23		100	7			
Brazil	202837	-202784	72.8	281618	Tons	720	-4	-3	-5	1	24.6	9	12580	0.07	28.5
United States of America	41430	-41427	14.9	47774	Tons	867	-14	-15	-33	2	15	11	7164	0.1	28.5
Argentina	24735	-24631	8.9	33455	Tons	739	-5	-4	38	17	0.8	0	14019	0.38	28.5
Spain	2399	-2043	0.9	2061	Tons	1164	-6	-10	-95	15	1.4	5	1435	0.18	0
Chile	1563	-1563	0.6	1334	Tons	1172	-20	-25	-34	11	2.1	19	9389	0.38	28.5
Canada	1531	-1531	0.5	1358	Tons	1127	-29	-29	-82	24	0.6	4	3760	0.46	28.5
Australia	1371	-1371	0.5	2334	Tons	587	28	48	-32	31	0.2	16	4718	0.21	28.5
Eswatini	1253	2029	0.4	984	Tons	1273	35	20	340	82	0	26	428	1	0
Thailand	1216	-1216	0.4	1056	Tons	1152	-39	-39	-60	6	3.2	12	3337	0.28	28.5

Sources: ITC calculations based on COMTRADE statistics

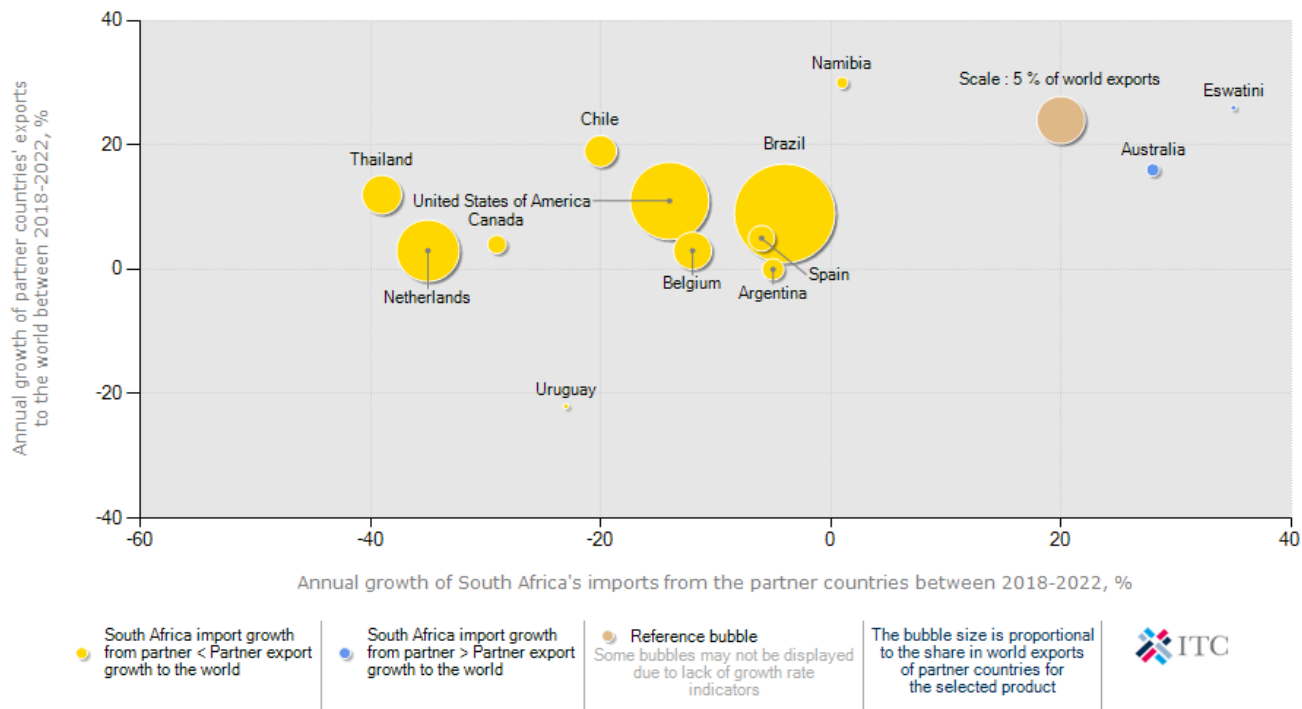
Table 4 shows that during 2022 South Africa imported a total 372 481 tons of meat & edible offal of broiler at an average value of US\$ 748/unit. The major origins for poultry products imported by South Africa during 2022 were Brazil, USA and Argentina. The greatest share of South African poultry products imports was from Brazil which accounted for 72.8% followed by USA at 14.9% and Argentina with 8.9% respectively.

South Africa's poultry products imports decreased by 12% in value and 10% in quantity between the periods 2018 and 2022. During the same period, poultry from Brazil decreased by 4% in value and 3% in quantity while imports from the USA decreased by 14% in value and 15% in quantity.

Between the period 2021 and 2022 South Africa's imports for poultry products decreased by 23% in value. During the same period, imports of meat & edible offal of broiler from Brazil decreased by 5% and USA decreased by 33% in value.

Figure 31: Competitiveness of suppliers to South Africa for poultry meat imported in 2022

Competitiveness of supplying countries for a product imported by South Africa in 2022
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



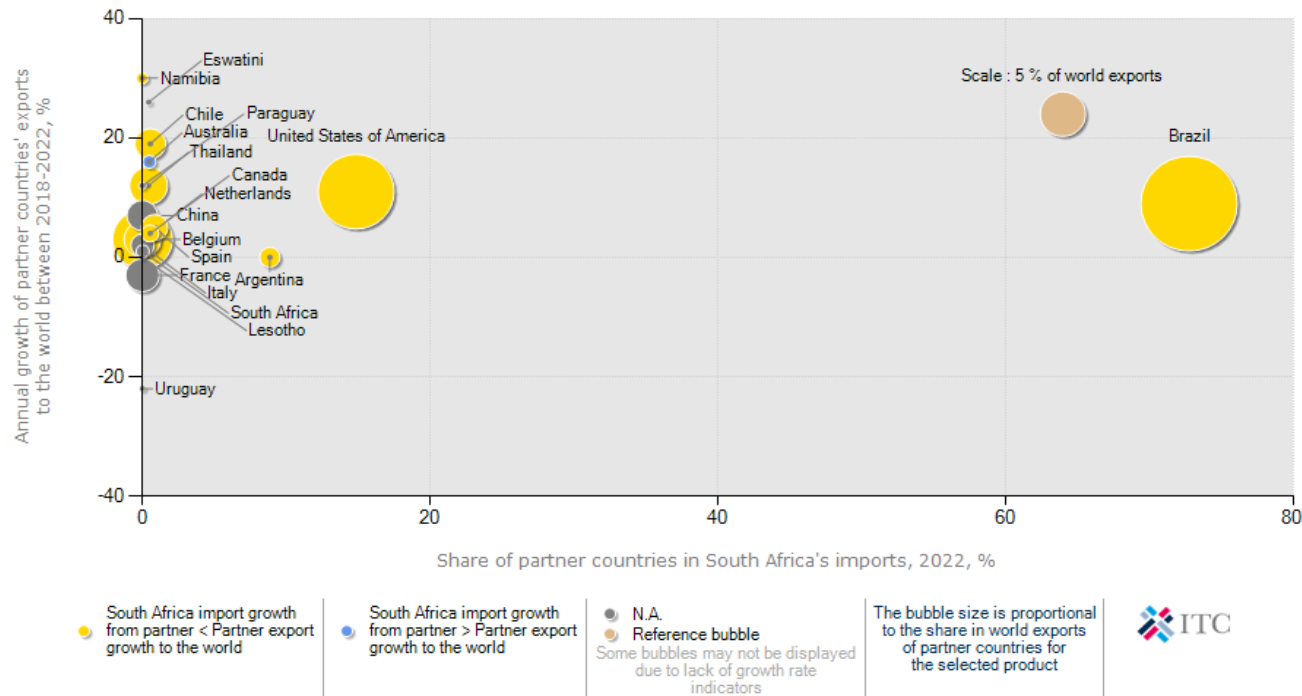
Source: Trademap, ITC

Figure 31 illustrates that between 2018 and 2022 South Africa's imports of poultry products from Thailand, Brazil, 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 Eswatini and Australia were growing at a rate that is 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 24.6% and 15%

Figure 32: Prospects for diversification of suppliers for poultry meat imported by South Africa in 2022

Prospects for diversification of suppliers for a product imported by South Africa in 2022
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



Source: Trademap, ITC

Figure 32 above shows the prospects for diversification of suppliers for meat & edible offal of fowl imports by South Africa in 2022. Brazil commanded the greatest share of 72.8% in South Africa's meat & edible offal of fowls imports during the year 2022 followed by USA (14.9%). 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 fowl imports, Brazil remains a traditional supplier, however, other possible suppliers could be Namibia due to its high annual export growth of 22%.

10. ACKNOWLEDGEMENTS

Agricultural Statistics
Tel: 012 319 8453
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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

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