

A PROFILE OF THE SOUTH AFRICAN OSTRICH MARKET VALUE CHAIN

2023



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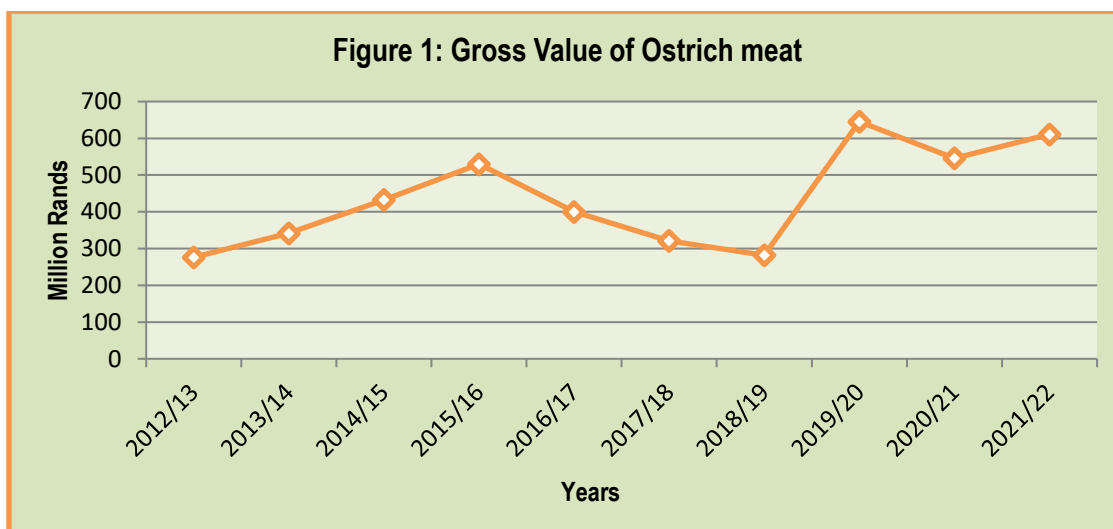
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1. DESCRIPTION OF THE INDUSTRY

South Africa dominates the ostrich industry worldwide with 75% of the global market share. Ostrich is characterized by three product phases, *i.e.* meat, leather and feathers and the current main source of income is meat and leather. The value of a slaughtered ostrich is broken down into 45% skin, 45% meat and 10% feather. This contrasts with Europe, where the breakdown is 75% meat and 25% skin. This is because of the popular healthy aspects that ostrich meat contains the lowest fat and cholesterol and is rich in protein and iron. South Africa has a unique ability to produce ostriches. A few decades ago, the country was the sole producer of farmed ostriches in the world and this monopoly was guarded by a law that made it illegal to export live birds. However, with the liberalisation of agriculture, the legal restriction was lifted and many other countries imported South African ostriches to start their industries.

In South Africa, ostriches require a dry climate, especially for breeding. Therefore, ostrich farming is more suitable in the western drier parts of the country or in winter rainfall regions. The industry dominates in the Western Cape in the Klein Karoo and Southern Cape regions. Oudsthoorn district in the Western Cape is called the ostrich capital due to the number of ostriches slaughtered and the value-added products from this area.

The gross value of ostrich product production depends on the quantity produced and the prices received by producers. Figure 1 below shows the gross value of ostrich production over the past ten years.



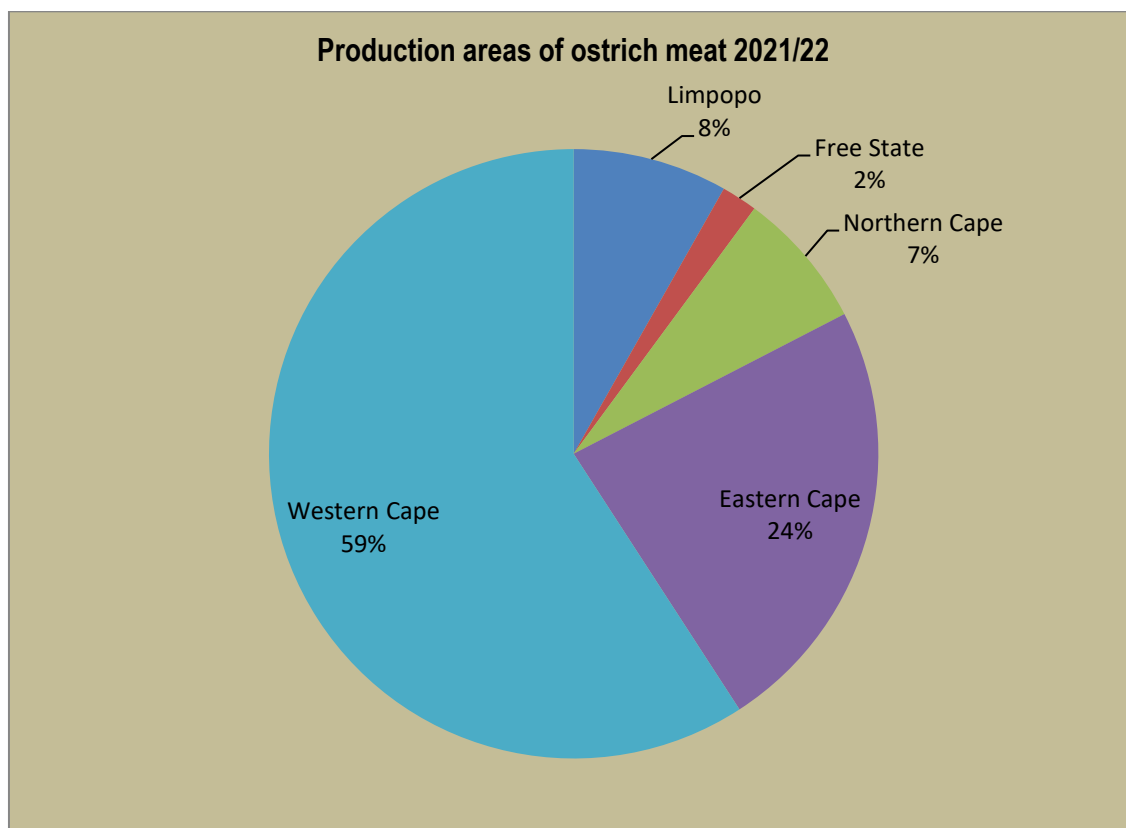
Source: Statistics and Economic Analysis, DALRRD

The average gross value of ostrich production amounted to R439 million per annum over the past ten years. The gross value of ostrich production was at first peak in 2015/16 at approximately R529.8 million and a new peak in 2019/20 at R645.5 million. The sector experienced the outbreak of Avian Influenza (also known as bird flu) (AI) in April 2011 whereby the producers had to cull the birds which lowered their income hence the gross value of production reached its minimum in 2012/13 at approximately R276 million. From 2012/13, the gross value of ostrich production started to recover and increased until 2015/16 when South Africa was hit by a severe drought. From 2015/16 to 2018/19, the gross value declined due to the drought coupled with another AI outbreak in 2017. In 2019, the ban imposed by the main markets (European Union) was lifted hence the 129% increase in gross value in 2019/20. However, in 2020/21, the gross value experienced another decrease of 15% and picked up again in 2021/22.

1.1. PRODUCTION AREAS

At least 70% of the world's ostriches are found in South Africa while 90% of the produced products (feathers, meat and leather) are exported. Ostriches are produced in a few provinces of South Africa.

Figure 2 below shows the production areas of ostriches in South Africa.



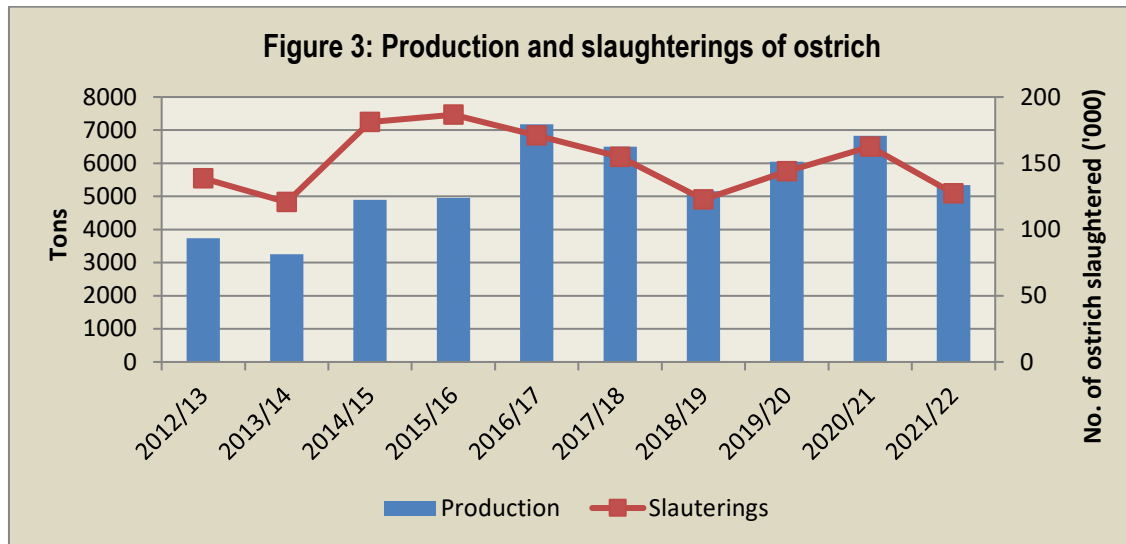
Source: SAOBC

According to Figure 2 above, 59% of the ostriches are found in the Western Cape, with the Klein Karoo dominating the production. Eastern Cape Province followed with a share of 24%. Limpopo, Northern Cape, Limpopo and Free State presented a production share of about 8%, 7% and 2% respectively in 2021/22. Oudtshoorn in the Klein Karoo of the Western Cape is regarded as the ostrich capital of the world.

1.2. PRODUCTION TRENDS

Local ostrich activities have spread from the Klein Karoo region (which maintains its prominent role) into the Eastern Cape, as well as to the Limpopo and Northern Cape. South Africa has about 317 registered export farms. There are 4 European Union-approved export abattoirs. Out of the 10 tanneries for exotic leather like crocodile, snake, game and ostrich, two are dedicated to ostrich. Most ostriches go to slaughter at 10 –14 months of age, produce about 42 kg of meat, 4.2 m² of leather and 1 kg of feathers.

Figure 3 below indicate the production of ostrich meat in South Africa from 2012/13 to 2021/22.

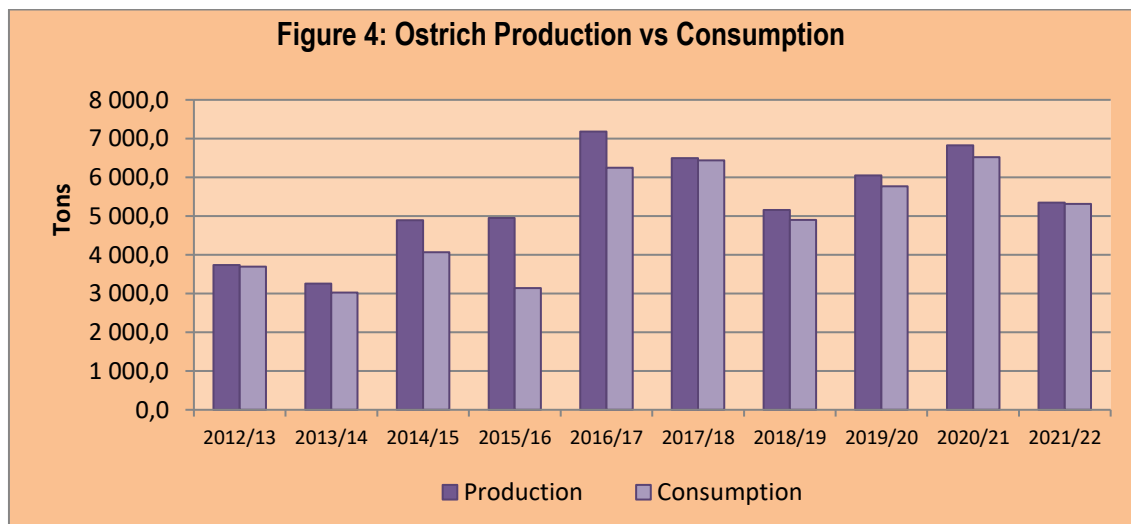


Source: Statistics and Economic Analysis, DALRRD and SAOBC

The production and slaughtering of ostrich have been fluctuating over the past decade. From 2012/13 the production and slaughtering of ostrich meat dropped by 13% each in the 2013/14 production season. The sector was still going through the outbreak of Avian Influenza that occurred in 2011, which led to the culling of 50 000 ostriches. The number of ostriches slaughtered declined and observably affected production. From 2014/15, production increased following the lifted export ban however followed by sluggish growth in 2015/16 due to severe drought in South Africa. The figure indicates that the maximum (peak) production of ostrich meat was reached in 2016/17 at approximately 7 179 tons. As the industry recovered in 2016/17 with an increase in production, another AI outbreak in 2017 led to the decline of ostrich production and slaughtering until 2018/19. During 2019, the import ban was lifted and that is reflected in the increased production in 2019/20 and 2020/21. However, in 2021/22, both production and slaughtering declined by 22% each.

1.3. LOCAL CONSUMPTION

Figure 4 below depicts the local consumption of ostrich meat compared to the total production for each year to determine if the country is self-sufficient.



Source: Statistics and Economic Analysis and Quantec

Production and consumption of ostrich meat have been fluctuating over the past decade. Figure 4 indicates that South Africa produces more than the local demand for ostrich meat, making the country self-sufficient and a net exporter of ostrich products. From 2016/17 to 2017/18, the production shows a declining trend while consumption is increasing. The production was affected by the AI outbreak in 2017 while the local consumption was due to ostrich producers' decision to explore the local market because of the ban on ostrich meat in the EU. Local consumption comes in all sorts of forms, with wors (sausage) and biltong (dried and spiced meat) being among the favourites. Production of ostrich meat constituted 65% of income derived from an ostrich farming. In 2019/20 and 2020/21, both production and consumption experienced an increase due to the lifting of the export ban in EU countries. However, they both declined in 2021/22 by 22% and 18% respectively.

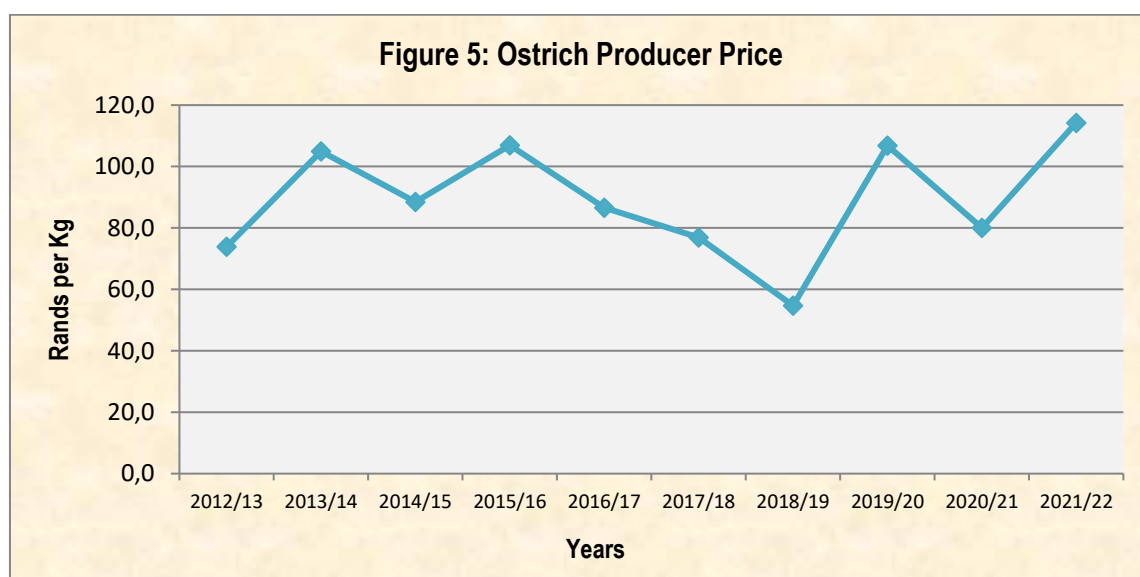
1.4. EMPLOYMENT

Resuming the exports of ostrich to the South African main market (European Union) due to ending of a four-year ban will contribute to increasing of jobs. The jobs will increase mainly in the Western Cape as the province produces about 75% of ostrich. Currently, the industry creates approximately 12,000 direct and indirect jobs in South Africa's rural areas.

2. MARKET STRUCTURE

2.1. DOMESTIC MARKET

Ostrich products were sold through the Klein Karoo Co-operative in “one channel marketing system” until November 1993. The farmers promoted this system to ensure protection and a satisfactory income since the industry was not governed by a Control Board. In November 1997, the “one channel marketing system” was replaced by a free market system. The prices are determined by forces of demand and supply. Since deregulation nine(9) new abattoirs were built, namely, Mosstrich, Grahamstown Ostrich Abattoir, Swartland Ostriches, Camdeboo Meat Processors Ltd, Exon, Marowe (Pty) Ltd, Philippe Genuine Ostrich Products and Camexo. Figure 5 below shows the average ostrich meat prices by abattoirs for the past decade.



Source: Statistics and Economic Analysis, DALRRD and SAOBC

The producer price of ostrich meat has been fluctuating throughout the period under analysis. The trend shows an immense increase from 2012/13 to 2013/14. The price of ostrich meat per kilogram reached its peak (R106.90) in 2015/16 and a new peak in 2021/22. The trend shows that the producer price of ostrich reached its lowest (R54.70) in 2018/19. Producer prices increased by 95% in 2019/20 emanating from the opening of the export market which encouraged the production expansion. The prices have shown a decrease of about 25% in 2020/21 emanating from the increase in local production. Similarly, the producer price increased following the lowered local production in 2021/22.

2.2 IMPORT- EXPORT ANALYSIS OF OSTRICH

Figure 6 below compares the quantities of imports and exports for ostrich from 2013 to 2022.



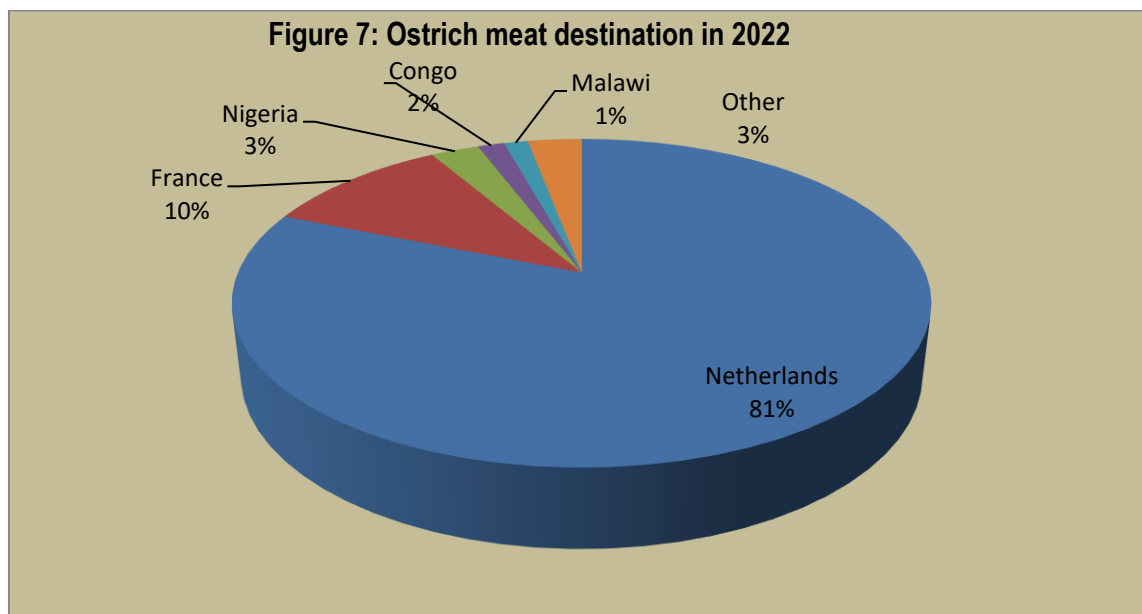
Source: Quantec EasyData

It is clearly indicated from Figure 6 above that South Africa has been a net exporter of ostrich throughout the entire period of analysis. The export quantities are far higher than the import quantities because the ostrich industry is export-oriented. The exports were very low in 2013 and increased up to 2016 following the lifted ban on ostrich meat in the EU market whereby South Africa was declared a disease free. The exports of ostrich reached the peak in 2016 at 1.8 million kilograms and this was due to the increased production reaching 6 244 tons of ostrich during the same period. The export of fresh ostrich meat was banned following another avian influenza outbreak in June 2017. This has led to a decrease in ostrich exports of meat by 48% in 2017 and 94% in 2018. This may also be attributed to the production decline during those years which emanated from drought experienced late 2015 and early 2016. In 2019, the EU lifted the import ban of ostrich meat from South Africa which resulted in exports increasing by 325% in 2019 and 13% in 2020. In 2021, the exports experienced a slight increase of 10%. In 2022, ostrich exports drastically declined due to local producers' inability to meet the EU requirements on residue testing procedures. The imports of ostrich were recorded only in 2013, 2014 and 2017 which is the period of shortage due to the AI outbreak.

2.2.1 EXPORTS OF OSTRICH MEAT

The ostrich industry is an important earner of foreign exchange through the export of ostrich meat, leather and feathers. Most of the ostrich meat exported is fillet. Ostrich meat is extremely popular in Europe due to its health characteristics (low in cholesterol and fat). Except the ban period, the European Union is the largest consumer of South Africa's ostrich meat and South Africa's major export destination, which accounts for 87%. The remaining is exported to the Far East Asia and Africa.

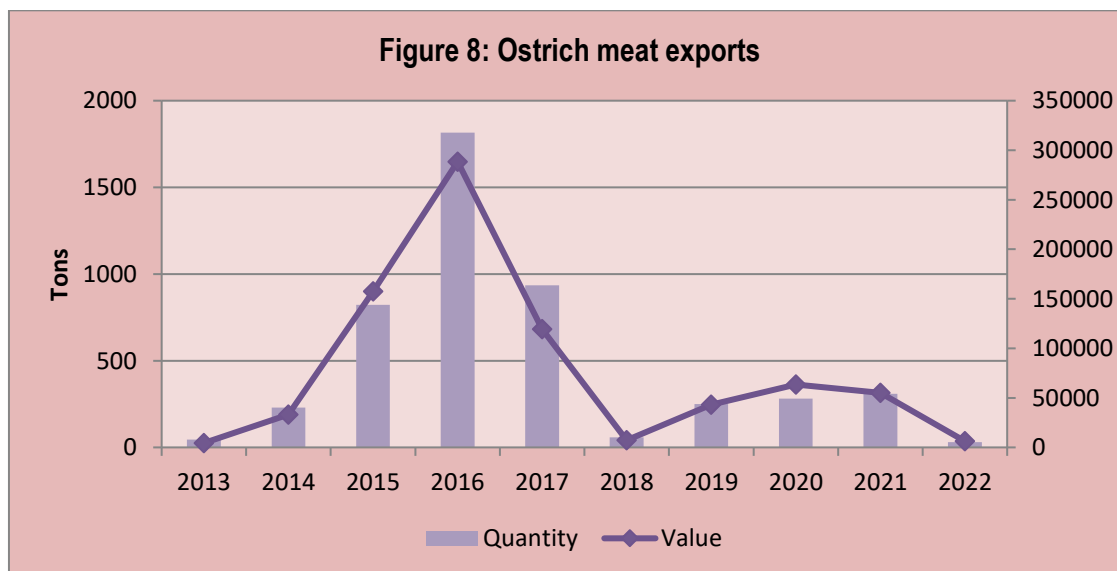
Figure 7 below shows the export destinations of ostrich during 2022.



Source: Trade map

During 2022, South Africa exported more ostrich meat to the Netherlands accounting for a share of 81% followed by France (10%), Nigeria (3%), Congo (1%) and Malawi (1%). Other countries together accounted for 1% share of South African ostrich meat in 2022.

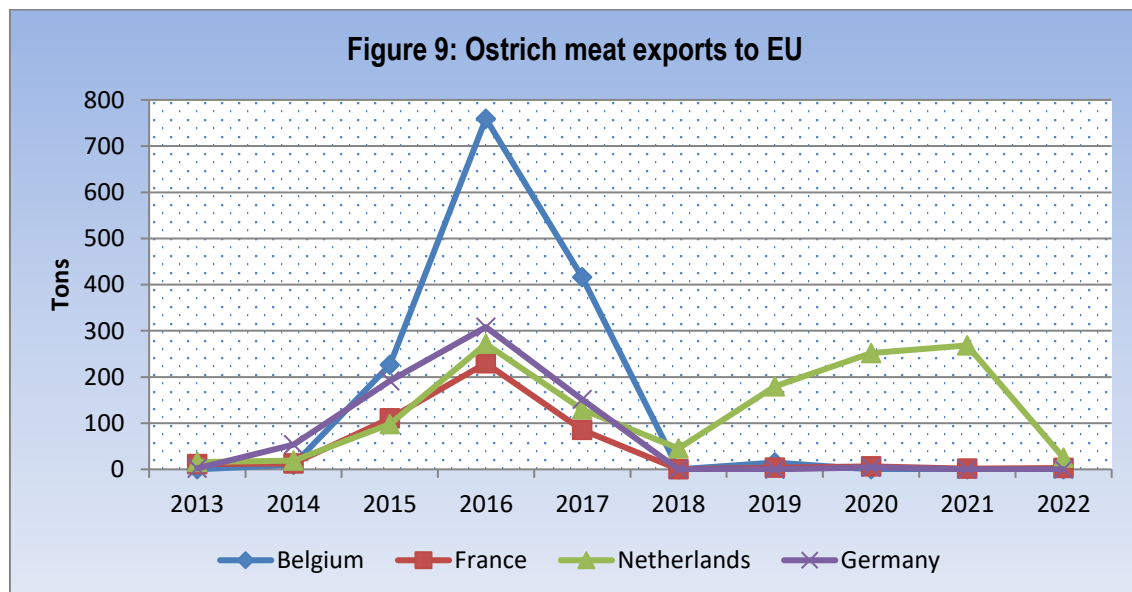
Figure 8 below presents the meat export in quantity and value from 2013 to 2022.



Source: Quantec EasyData

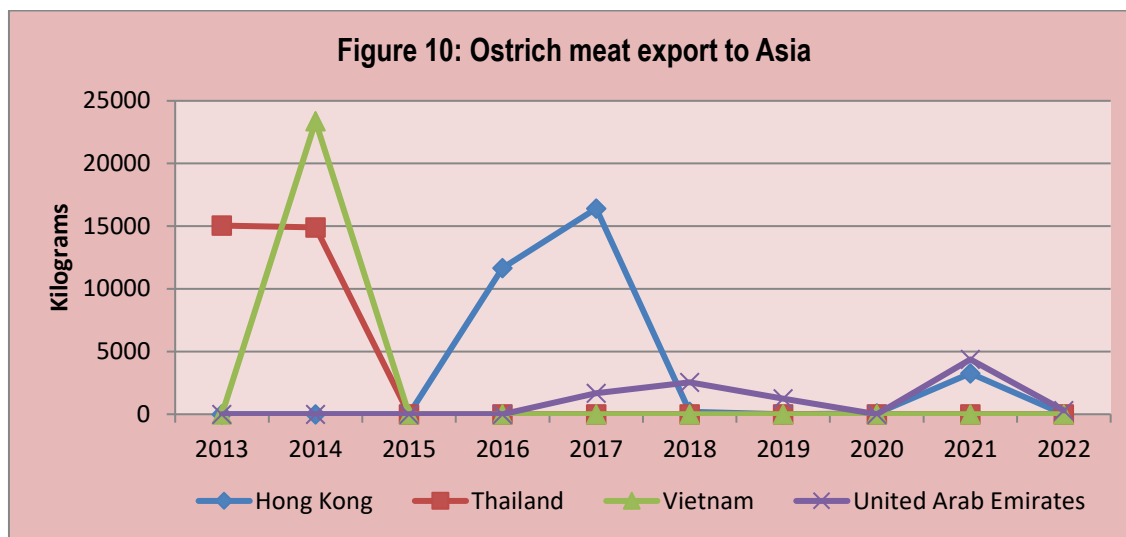
Figure 8 shows that ostrich meat exports quantity and value have been fluctuating in the past decade. Due to the EU import ban of South African ostrich meat in 2011, the exports quantity and value were very low until in the early years of the period under analysis. The EU lifted the ban in 2015 based on the prevalence of the Avian Influenza outbreak in South Africa. Following that, the exports immensely increased in 2016 reaching a new peak. The country faced another outbreak in 2017 which caused the exports to decline by 48% in quantity and 58% in value in 2017. The exports continued to decline in 2018 by 94% and 93% respectively. The ban was lifted in 2019, hence the exports pick up of 325% in quantity and 506% in value respectively. The ostrich meat export increased at a lower rate in 2020 as the world trade of goods were affected by Covid 19 restrictions. In 2021, the exports of ostrich has shown a slight increase of 10% while its value declined by 13%. South African exports drastically declined in 2022 facing another trade barrier from the main market (EU). The local producers failed to meet the EU requirements on residue testing procedure.

The ostrich export destinations in Figure 7, show that most of exports goes to EU. South African ostrich exports to EU, Asia and SADC will be presented in detail from Figure 9 to Figure 11 below.



Source: Quantec EasyData

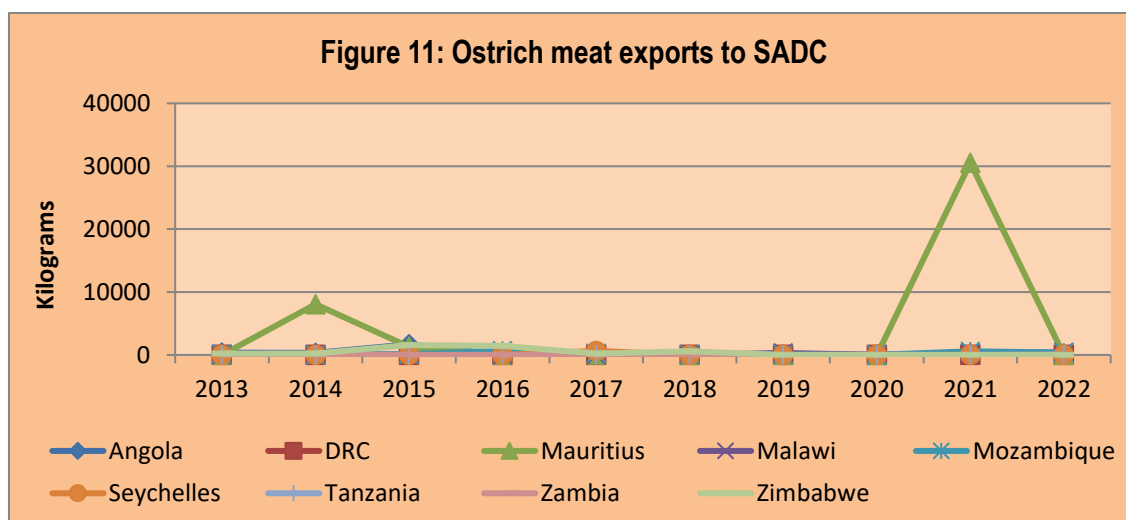
The European Union (EU) is the main import market for South African ostrich meat importing more than 80% of total exports. Exports of ostrich meat to EU were very low from 2013 to 2015 due to the H5N2 avian influenza outbreak in April 2011. There was slight overall improvement of ostrich meat export to EU in 2015 (627 tons) and 2016 (1605 tons). Following another AI outbreak in 2017, the export declined in 2017 and further decline in 2018. From 2018 to 2021, exports to most of the EU countries remained low while Netherlands increased. During this period the Netherlands significantly increase by 492% then followed by an immense decline of 91% in 2022. For the past 10 years in total, Belgium was the leading market with a share of 37% due to its highest exports from 2015 to 2017. Trailing Belgium was Netherlands with a share of 33% then Germany and France with 18% and 12% respectively.



Source: Quantec EasyData

Figure 10 indicate that ostrich exports to Asia were fluctuating over the period under analysis. Hong Kong export trend shows that AI outbreak has negatively affected trade with South Africa. Asia’s highest imports from South Africa were experienced in 2014 through Viet Nam. The exports to Thailand were shown in 2013 and 2014 with an amount of about 15 thousand kilograms in both years. The exports then declined to zero and remained flat for the rest of the period analysed. On average, Hong Kong is the highest importer of ostrich meat within Asia, which account for 33% followed by Thailand with 31%, then Vietnam and United Arab Emirates with 25% and 11% respectively. There were no exports of ostrich meat to Asia in 2015.

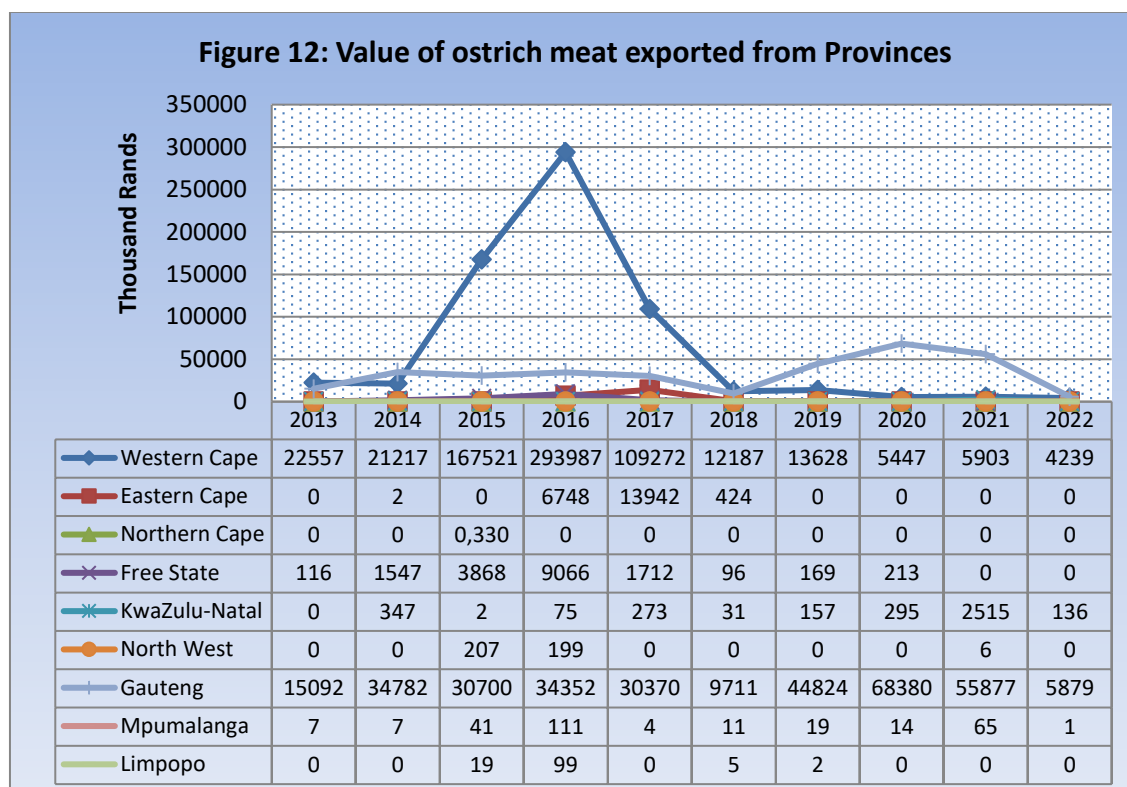
The exports of ostrich meat to SADC are presented in Figure 11 below.



Source: Quantec EasyData

According to Figure 11, ostrich exports were below 10 000 kilograms for majority of SADC countries from 2013 to 2020. The export volumes reached the highest point through Mauritius importing 30 550 kilograms in 2021. With the exclusion of Mauritius, ostrich meat exports were very minimal during the past decade. In 2012, the total exports was 7 495 kg whereby Mozambique accounted for 48%, followed by Zimbabwe with 35% and Angola 13%. However, in total, Mauritius accounted for the highest share of 39 978 kilograms of South African ostrich meat during the period under review, followed by Zimbabwe (6908 kilograms) and then Mozambique by 5 477 tons.

Values of ostrich meat exports from various provinces of South Africa are presented in Figure 12.

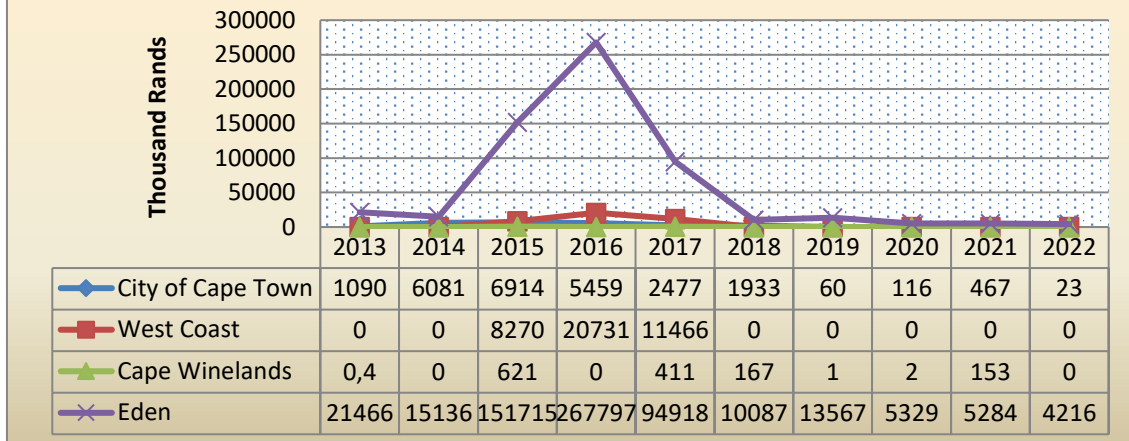


Source: Quantec EasyData

It is clearly indicated in Figure 12 above that the highest exports of ostrich meat originate from the Western Cape Province. This is because approximately 90% of the industry's primary production is in Western Cape Province. The second largest exporter is Gauteng and the third largest exporter is Eastern Cape Province. Intermittent exports were recorded from the other six provinces. The low exports from 2013 to 2014 were due to the export suspension of ostrich meat from South Africa due to the H5N2 avian influenza outbreak. After South Africa was declared disease-free in 2015, ostrich exports increased mainly in the Western Cape with a total share of above 70% from 2015 to 2018 respectively. In 2019 and 2020, Gauteng raised its exports and led the market with a share of 76% and 92% respectively. In 2021 and 2022, Gauteng exports declined however, the province was still leading with a share of 87% and 57%, followed by Western Cape with 9% and 41% then KwaZulu Natal with 4% and 1% respectively.

The following figures (Figures 13 - 21) show the value of ostrich meat exports from the various District Municipalities in the nine Provinces of South Africa.

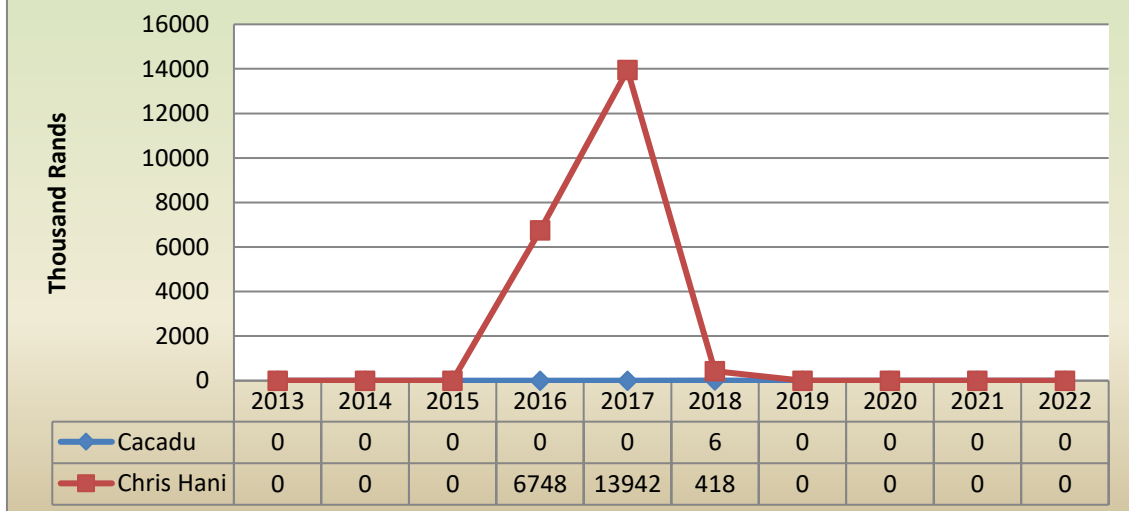
Figure 13: Value of meat exported from Western Cape Province



Source: Quantec EasyData

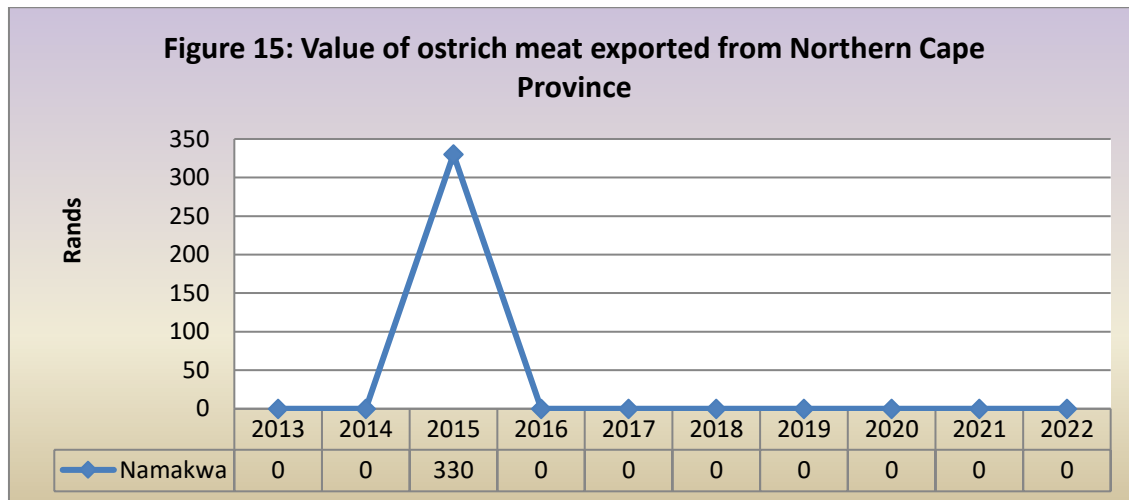
From the Western Cape Province, Eden District Municipality was the main exporter of ostrich meat with a total of R589 million during the period under review. The Municipality was followed by the West Coast District Municipality and City of Cape Town Metropolitan Municipality with a total of R40.4 million and R25 million respectively. Cape Winelands District Municipality was the smallest exporter of ostrich meat during the period under review with a total of R1.4 million. The figure shows that the value of ostrich meat exports from Eden District Municipality peaked at R267 million in 2016. The figure also shows that the increase in 2015 and 2016 for this province was mainly from Eden. Eden District Municipality had an export share above 90% in 2015 and 2016. The district declined again in 2017 following the export ban due to AI influenza and remained flat from 2018 to 2022. However, the district had the highest share of above 90% of ostrich products exports.

Figure 14: Value of ostrich meat exported from Eastern Cape Provinces



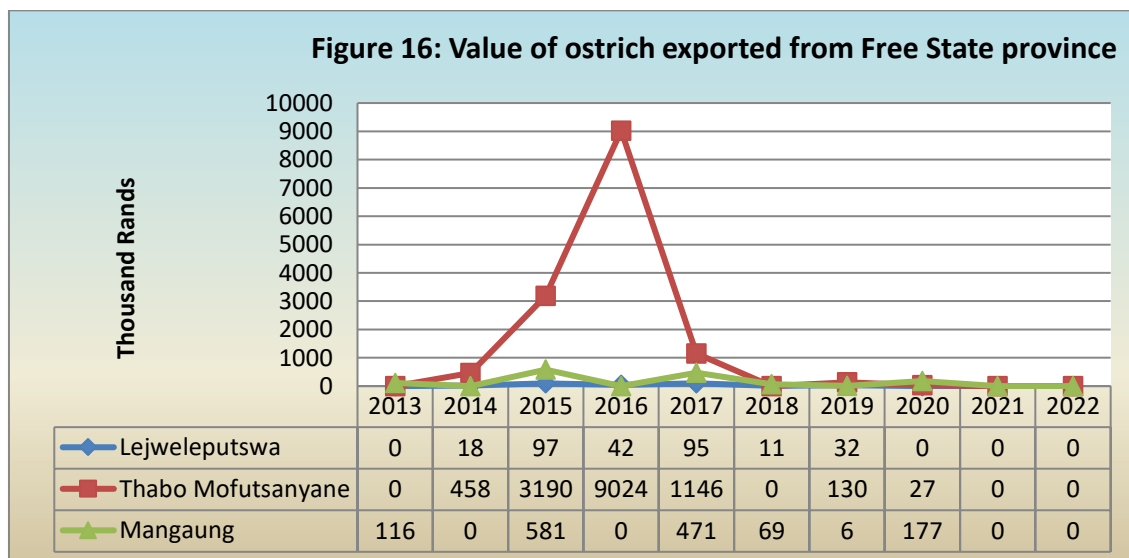
Source: Quantec EasyData

Figure 14 above shows that exports of ostrich meat from Eastern Cape Province were mainly from Chris Hani and Cacadu district municipalities. Chris Hani recorded the ostrich meat exports value from 2016 to 2018 while Cacadu recorded only in 2018. In total, Christ Hani ostrich meat is worth of R21 million and Cacadu District Municipality exported R6 000 during the past 10 years. There were no records of ostrich meat exports in the Eastern Cape from 2013 to 2015 and again from 2019 to 2022. Chris Hani reported a 100% share of exports of ostrich meat from 2016 to 2017 and 99% in 2018.



Source: Quantec EasyData

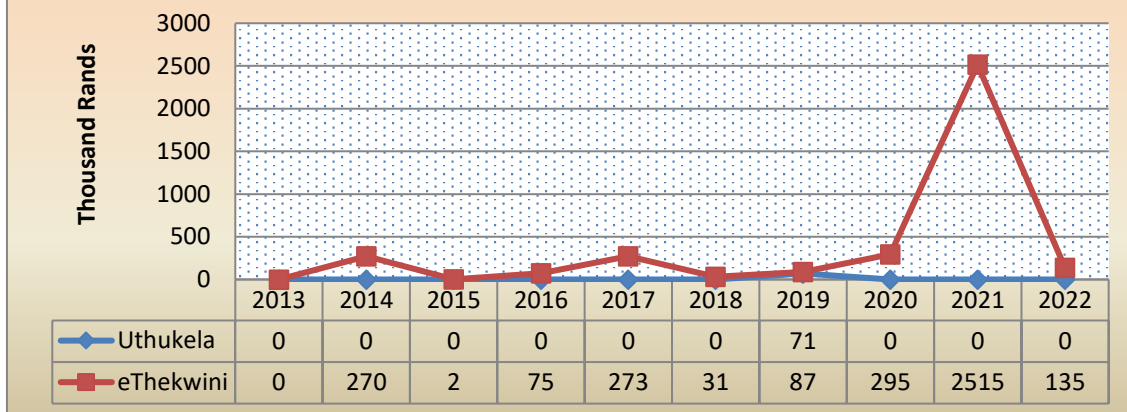
Figure 15 above shows that Namakwa District Municipality was the only municipality exporting ostrich meat in the Northern Cape Province for the past decade. Namakwa District Municipality recorded a value of R330 only in 2015. There were no records of ostrich exports in Northern Cape for the rest of the years.



Source: Quantec EasyData

From Free State Province, the exports of ostrich meat were recorded in Mangaung, Lejweleputswa and Thabo Mofutsanyane District Municipalities. Figure 16 above shows that the province started to export ostrich meat in 2013 through Mangaung. During the period under review, Thabo Mofutsanyane District Municipality was the highest exporter of ostrich meat worth approximately R14 million in total. It was followed by Mangaung with R1.4 million and lastly Lejweleputswa District Municipality with R294 878. Thabo Mofutsanyane was leading in the exporting years except 2020 where Mangaung took the lead with an export share of 87%. There were no exports of ostrich meat in the Free State province in 2021 and 2022.

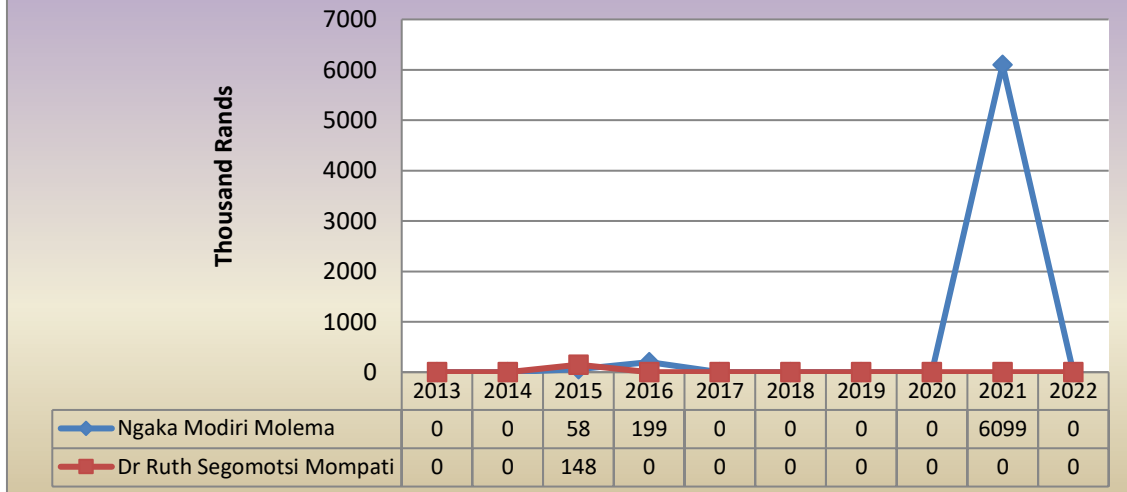
Figure 17: Value of ostrich meat exported from KwaZulu-Natal Province



Source: Quantec EasyData

From KwaZulu-Natal Province, eThekweni Metropolitan Municipality was the main exporter within the province. The municipality exported ostrich meat in the past decade except 2013. UThukela District Municipality recorded ostrich meat only in 2019. The total exports from the province declined by 88% in 2018. In 2019, both municipalities raised exports with eThekweni leading with market share of 55% and Uthukela 45% respectively. eThekweni Metropolitan Municipality recorded the 100% market share from 2020 to 2022.

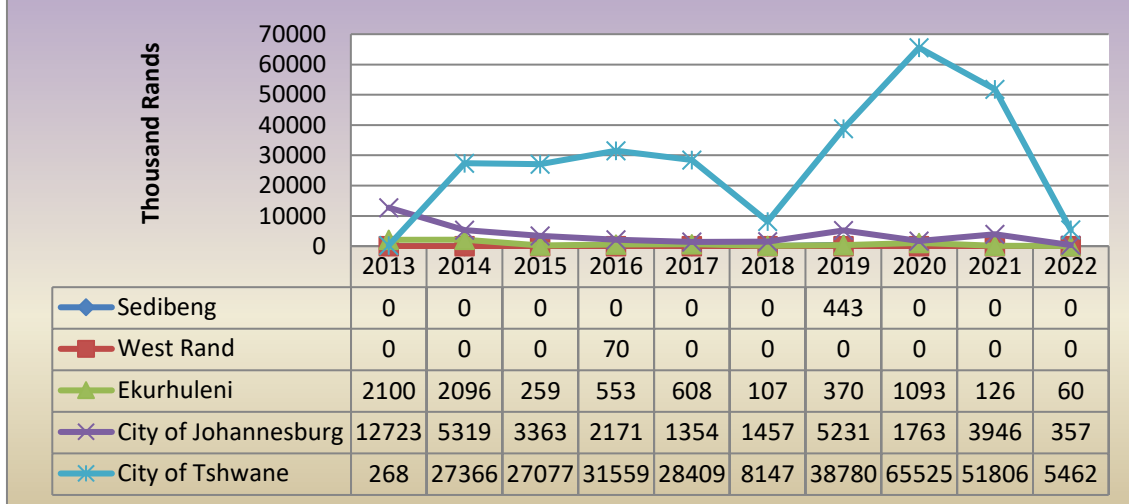
Figure 18: Value of ostrich meat exported from North West Province



Source: Quantec EasyData

Generally, exports from the North West Province are low since North West Province is a summer rain region and the establishment of ostrich farms in this province was triggered by the good price of ostrich meat. Figure 18 above indicates that from North West Province, Ngaka Modiri Molema District Municipality was the leading district that exported ostrich meat during the period under analysis. However, Ngaka Modiri Molema recorded its exports in 2015 and increased by 243% in 2016. In 2021, the exports from this district shot up its exports with a record of above R6 million. There were no exports of the ostrich meat in North West Province from 2013 to 2014 and again from 2017 to 2020 and in 2022. Dr Ruth Segomotsi Mompati District Municipality recorded exports only in 2015 while Ngaka Modiri Molema recorded the highest exports worth of R6 million in 2021.

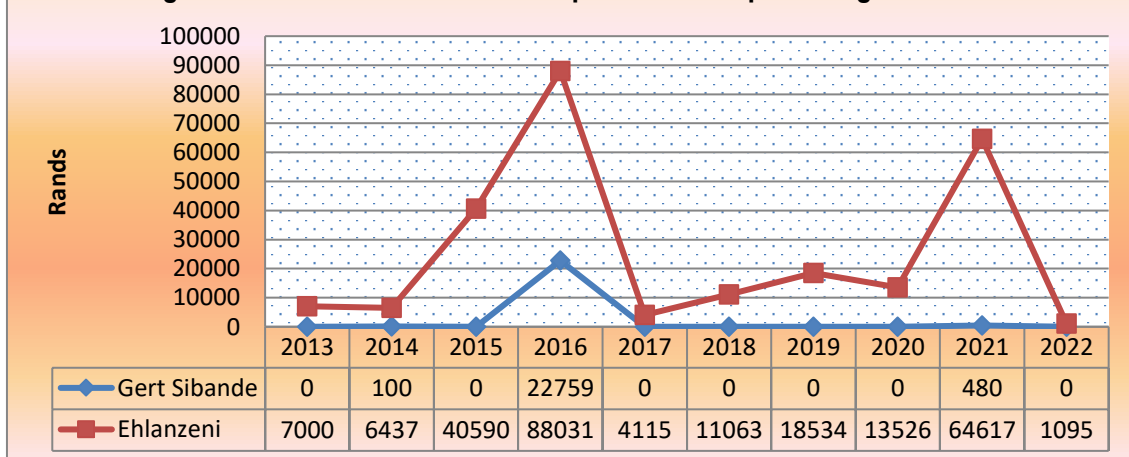
Figure 19: Value of ostrich meat exported from Gauteng Province



Source: Quantec EasyData

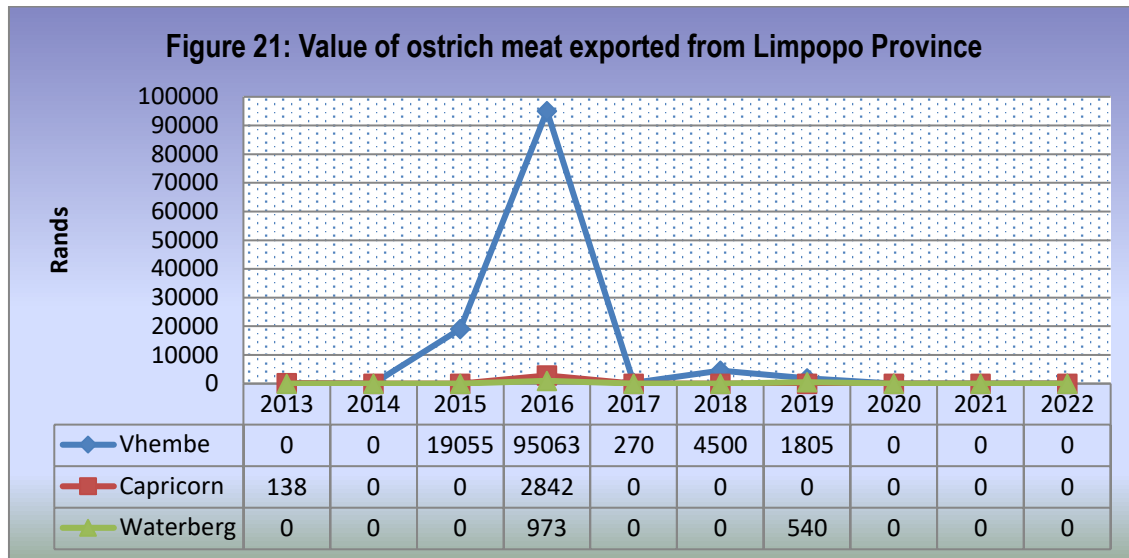
Figure 19 indicates that the City of Tshwane Metropolitan Municipality was the leading exporter of ostrich meat in value followed by City of Johannesburg Metropolitan Municipality during the period under review. City of Johannesburg was the leading exporter in 2013, and then City of Tshwane took over from 2014 to 2022. City of Tshwane immensely declined in 2018 due to the AI outbreak of 2017. City of Johannesburg Metropolitan Municipality attained a maximum of R12.7 million in 2013 and declined thereafter. Sedibeng, Ekurhuleni and West Rand District Municipalities recorded lowest exports of ostrich meat during the period under analysis.

Figure 20: Value of ostrich meat exported from Mpumalanga Province



Source: Quantec EasyData

In Mpumalanga province, the exports were recorded from Gert Sibande and Ehlanzeni District Municipalities. Gert Sibande District Municipality reported the exports in 2014, 2016 and 2021. Ehlanzeni District Municipality has accounted for greatest exports of ostrich meat from 2013 to 2022. In 2016, both districts increased exports whereby Ehlanzeni District Municipality attained highest value of ostrich meat export of R88 031 (79%) whilst Gert Sibande attained its highest of R22 759 (21%). From 2017 to 2020, Ehlanzeni 100% shares of ostrich exports. In 2021, both the district municipality have recorded export with Ehlanzeni accounting for 99% share. In 2022, Ehlanzeni dropped exports by 98% while Gert Sibande reported zero exports.

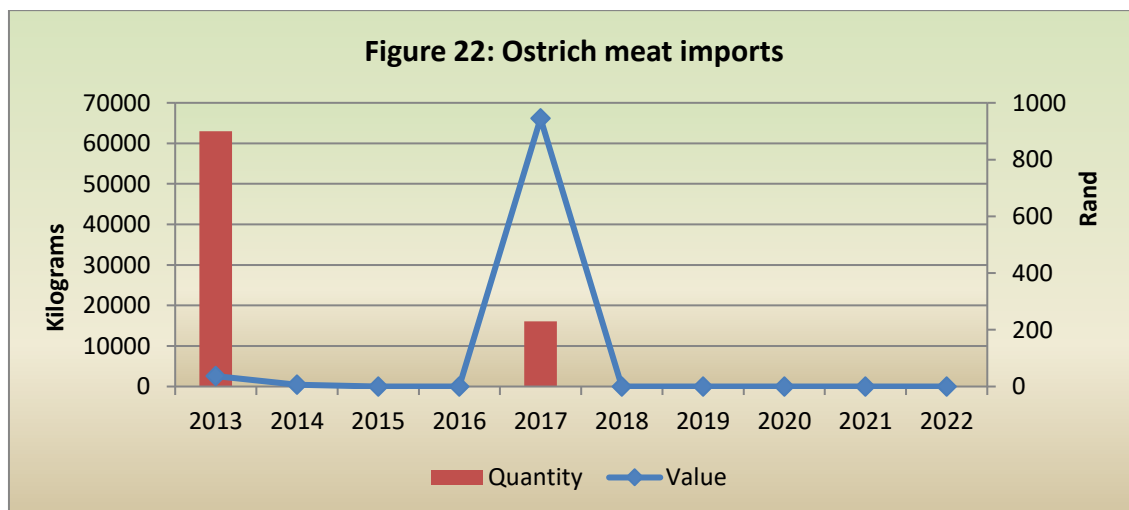


Source: Quantec EasyData

From Limpopo Province, Vhembe, Capricorn and Waterberg District Municipalities have recorded intermittent exports of ostrich meat during the period under analysis. Vhembe District Municipality reported ostrich meat exports from 2015 to 2019 whereas Capricorn District Municipality exported in 2013 and 2016 and lastly Waterberg reported exports in 2016 and 2019. The highest exports value of R95 063 was attained in 2016 from Vhembe District Municipality, which accounted for 92% export share. Waterberg and Capricorn District Municipalities dropped to zero exports in 2017 and 2018. In 2019, Vhembe and Waterberg had a share of 77% and 23% respectively. There were no exports of ostrich meat in 2014, 2020 to 2022 from Limpopo Province.

2.2.2. IMPORTS OF OSTRICH MEAT

Figure 22 below shows the quantities and values of South Africa's ostrich imports during the last ten years.



Source: Quantec EasyData

Import quantities and values have been fluctuating throughout the period under review and also following the same trend. During the period under review, the imports of ostrich meat were very low except in 2013. Thus, the ostrich imports was at its peak in 2013 by attaining 900 Kilograms with a value of R2 556. The imports of ostrich meat in South Africa were recorded in 2013, 2014 and 2017.

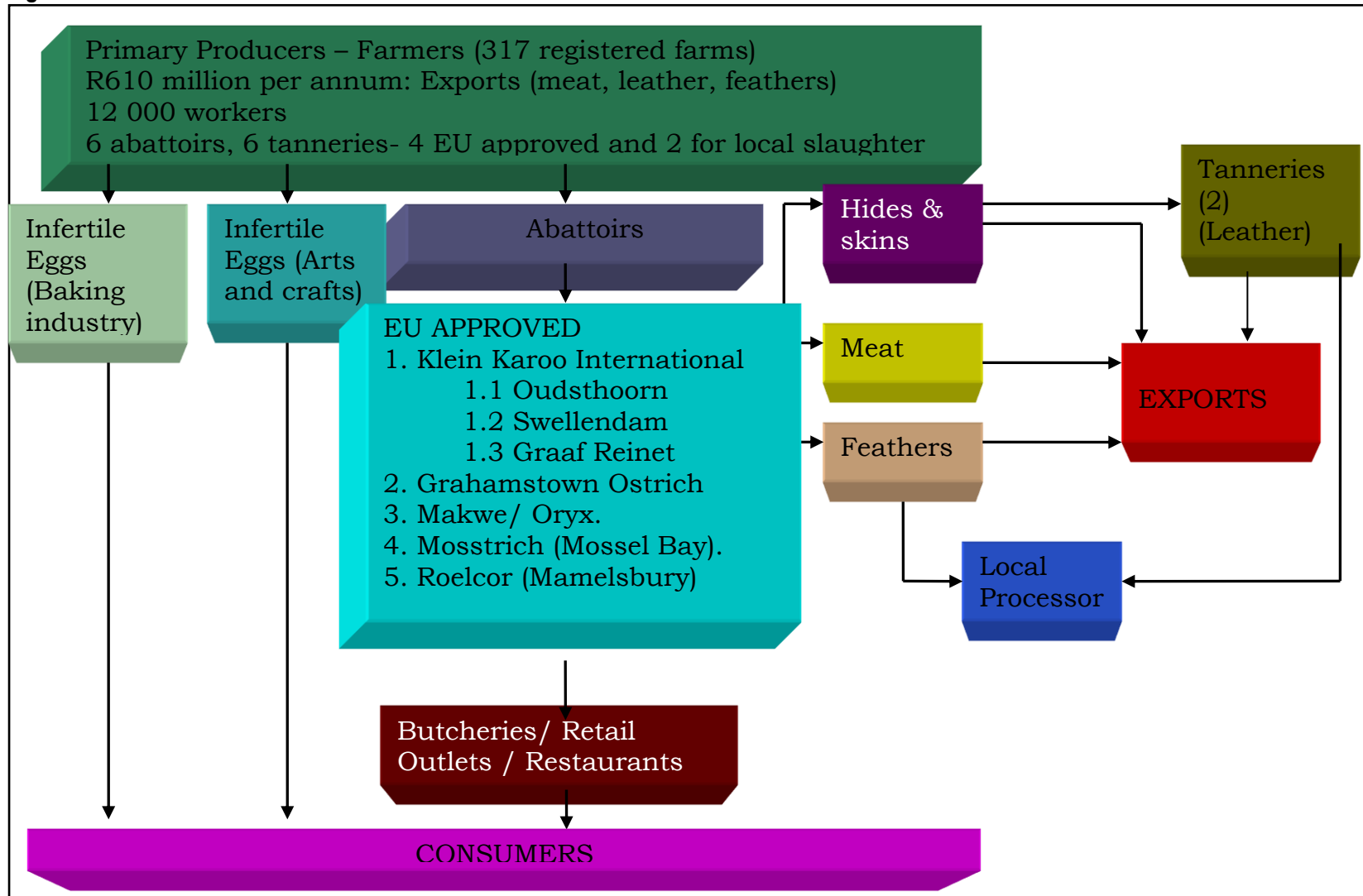
3. OSTRICH PRODUCTS VALUE CHAIN

Ostrich products (leather, meat, feathers and curios) are marketed locally and exported through a free market system. The main market for ostrich meat is restaurants, wholesalers, supermarkets and foodservice suppliers. The market for ostrich leather includes the clothing, fashion and upholstery industries and for feathers the household, fashion and carnival markets.

South Africa has a large number of independent role-players in its ostrich industry. Fierce competition prevails amongst them to market their products. Due to the fact that ostrich products are regarded as niche products, the industry as a whole and the different role-players individually has an approach to protect the industry in different ways. This *inter alia* led to an “each for himself”-approach. Unfortunately, it also resulted that there is no coordinated approach to work together or to provide important functions for the benefit of the whole industry, e.g. functions relating to product development, generic marketing, research, etc. On the international market, each processor sells its ostrich products independently of other processors. This led to the undercutting of prices in order to sell larger volumes. It also has a negative effect on monitoring of quality standards, which led to reduction of optimum income levels realized for ostrich products.

Since deregulation, nine new abattoirs were built. Approximately 70% of ostrich products are in the hands of a few players namely Klein Karoo International (Pty) Ltd, Mosstrich, Grahamstown Ostrich Abattoir, Swartland Ostriches, Camdeboo Meat Processors Ltd, Exon, Marowe (Pty) Ltd, Philippe Genuine Ostrich Products and Camexo. The ostrich products value chain is represented in Figure 23.

Figure 23: OSTRICH PRODUCTS VALUE CHAIN



4. ORGANISATIONAL ISSUES

The local ostrich industry is structured as follows: Producers belong to ostrich producer organisations according to provinces. These provincial organisations are members of the South African Ostrich Producers Organisation (SAOPO). The processors (ostrich abattoirs and ostrich leather tanneries) are represented in the National Ostrich Processors Organisation of South Africa (NOPSA). The South African Ostrich Business Chamber (SAOBC), representing both NOPSA and SAOPO, was established in 1998. The SAOBC is regarded as the umbrella body for the South African ostrich industry.

4.1. THREATS AND CONCERNS

- A stronger Rand decreases the profit as 90% of ostrich meat and products are exported.
- Smaller margins and labour legislation as well as the Avian Influenza led to producers leaving the industry.
- An increase in environmental awareness is being experienced on veld utilization.
- Research and development in the industry was previously managed and financed by the Klein Karoo Co-operative but since deregulation, this function has to be funded by the industry in collaboration with the then Department of Agriculture, Forestry and Fisheries.
- While South Africa is the world leader, proper Government Veterinary Services are needed to ensure that South Africa maintains this position.
- For new entrants into the industry new markets need to be explored as the existing markets are saturated.
- There must be an adequate skilled staff to provide regulatory service at all times.

5. CHALLENGES FACING EMERGING FARMERS

Because ostrich farming does not lend itself towards subsistence farming, there are few emerging farmers in the industry. The learning curve for new farmers is steep, as they grapple with the intricacies of general farm management and the industry-specific pitfalls of ostrich farming. Some of the challenges faced by emerging farmers and new entrants are as follows:

- Capital-intensive farming, processing etc.
- High start-up and running costs.
- High Risk Industry - It takes 30 months before money can be obtained from the business. The mortalities can be extremely high during chick raisings and chicks are born without immunity to diseases. Birds are sensitive to temperature changes. The information on diseases is difficult to access.
- Inexperience.
- The absence of guaranteed markets.
- Lack of export expertise.
- Abattoirs and tanneries – Standards are high.
- Feed consumption: 2.5 kg per ostrich per day
- Consumer guarantees on animal welfare and food safety must be given because of the strict requirements of the export market.
- The supply and quality must be consistent.
- The prices are market related and the profit is dictated by the rate of exchange.
- Quality cannot be compromised and must adhere to the same worldwide standards.

6. MEAT QUALITY STANDARDS

The export of ostrich meat is predominantly to Europe, which requires that the industry must comply with the phytosanitary requirements of the EU. (Although Switzerland is not part of the EU, they are applying the same phytosanitary standards).

The EU requirements are:

- Abattoirs and de-boning and packaging plants must be approved by the EU for the export of ostrich meat to the EU.
- The State as the recognised competent authority must provide meat inspection services at abattoirs approved for export of meat to the EU and must certify the meat prior to export.
- Residue testing of the meat must be done by the competent authority.
- Prior to slaughter, ostriches must be placed in quarantine for at least 14 days. The quarantine camps must be tick free, have no vegetation and must have a 3 metre cleaned area around the camp. Birds must be inspected and treated for tick infection when entering the quarantine camp. A record of the tick control measures must accompany the bird when presented for slaughter. The tick control is required to avoid the possible transmission of Congo fever.
- No growth stimulants or hormonal treatment is allowed.
- Inoculation against Newcastle disease is compulsory. An abattoir is also closed for export to the EU if an outbreak of Newcastle disease occurs within 10 kilometres of the abattoir. A Newcastle inoculation certificate must accompany a bird that is presented for slaughter.
- No sand, hay or other organic material are allowed on vehicles used for transporting birds to the abattoir and the vehicles must be disinfected before leaving the abattoir site.
- The Avian Influenza (AI) status of the farm of origin must be indicated when birds are presented for slaughter. The incidence of AI in South Africa during 2011 has caused the closure of the EU for the import of ostrich meat from South Africa. The EU applies strict control measures in this regard.
- All ostriches must have an identification tag that allows the meat to be traced to the farm of origin. Slaughter ostriches must originate from a registered farm and must have been on a registered farm for at least 3 months prior to slaughter. A farm must be registered for at least 6 months before birds can be presented for slaughter.

7. BLACK ECONOMIC EMPOWERMENT PROJECTS

7.1. Western Cape

7.1.1. Klein Karoo Agri Business Centre (Klein Karoo Region)

- **KLEIN KAROO International Ltd (KKI)** is the sponsor of the Klein Karoo Agri Business Centre (KKABC). The aim of the KKABC is to advise new entrants on their business plans and to assist them with funding applications. 286 new jobs have already been created and the aim is to reach 440 new jobs. Some of the KKABC's successful projects:
 - A manufacturing unit for ostrich leather items sold at the Klein Karoo Ostrich Boutique in Oudtshoorn.
 - At De Hoop (10 km outside Oudtshoorn) a group of previously disadvantaged rural women manufactures ostrich feather and ostrich egg shell products. They ship two containers with products to Germany every six months.
 - The Klein Karoo Feather Sorting Project in Dysselfdorp provides jobs for 100 people and is run independently by its members. KLEIN KAROO International supplies the ostrich feathers, which are sorted and sold back to KKI.
 - Various other projects are being established at the ten agricultural societies in the Klein Karoo region.
 - Study grants are provided to ten students from previously disadvantaged communities. This enables them to enter their first year of degree studies at the Free State University.

7.1.2. SCOT: Southern Cape Ostrich Tanning

- SCOT (Member of the Mosstrich Group, Mossel Bay) has established joint ventures with Transnet and Eskom. SCOT provides ostrich leather product manufacturing training to unemployed women in the Mossel Bay area and sells the products via SCOT's marketing channels. On occasion SCOT also donates leather for worthy developmental projects.

7.1.3. Mosstrich BEE Trust (Mossel bay)

- Mosstrich is owned by 180 ostrich producers. The company has implemented a project whereby 6 000 preferential shares, representing 6.5% of the issued shares capital, were given to 250 employees. The employees share in the company profits and a total of R1 815 million was paid out to the employees in the form of dividends. The next step is to extend this programme to farm labourers working on some of the farms of the ostrich producers.

7.2. Eastern Cape

7.2.1. Integrated Meat Processors of the Eastern Cape (IMPEC)

- Integrated Meat Processors of the Eastern Cape (IMPEC) is fully BEE-compliant and facilitates the economic empowerment of previously disadvantaged individuals through this integrated project where beneficiaries are included in the entire value chain and proper business training is provided to ensure sustainability.
- The Salem Project, which forms part of IMPEC, focuses on community development. It has trained more than 100 small-scale rural black farmers to raise 7 000 ostriches per annum for slaughter in Grahamstown.

7.2.2. Middleton - Ostrich Development Project

- This project creates the opportunity for the upliftment of various previously disadvantaged role players and farm employees.

7.3. Northern Cape

7.3.1. Kuruman

- The Kuruman Project is a Black-owned enterprise comprising 30 members who are involved in ostrich production.
- The SAOBC's ostrich production training booklet is used extensively by the members of this group.

7.4. ALL OSTRICH PRODUCTION AREAS: COUNTRY-WIDE

- Donating ostrich chicks to workers. The producers then assist with raising the chicks and obtaining feed. After the ostriches have reached maturity (slaughter age), the producers buy the birds from their workers.
- Mentorship programmes exist on numerous farms.
- There are also ostrich producers who have founded co-operatives for the benefit of their workers who are now also shareholders.

7.5. OSTRI-BEE QUICK FACTS

- BEE Expenditure: R12 Million per year.
- BEE Active Farms: 600 in Eastern, Western, Northern and Southern Cape.
- BEE Beneficiaries: 15 000 (Direct and indirect)
- The SAOBC commissioned the publication of The Ostrich Farm – How to Get Started. This booklet is given free of charge to new small-scale ostrich farmers.

8. MARKET INTELLIGENCE

8.1. EXPORT TARIFFS OF OSTRICH MEAT

Table 1 shows tariffs faced by ostrich meat originating from South Africa during 2021 and 2022.

Table 1: Tariffs faced by South African ostrich meat exports

Country	Product Code (NTL)	Trade regime description	2021		2022	
			Applied Tariffs	Total Ad valorem Equivalent tariff (estimated)	Applied Tariffs	Total Ad valorem Equivalent tariff (estimated)
Netherlands	02089010	Preferential tariff for South Africa	0%	0%	0%	0%
France	02089010	MFN duties applied	0%	0%	0%	0%
Nigeria	02089010	MFN duties applied	20%	20%	20%	20%

Source: Market Access Map

Table 1 indicates that South Africa received an export tariff of 0% when exporting ostrich meat to the Netherlands during 2021 and 2022. During the same period, France also applied 0% tariffs using the Preferential tariff for the South African trade regime. Lastly, in Table 1 above, Nigeria charged South Africa an MFN duties rate of 20% for the products coded above in 2021 and 2022.

8.2 IMPORT TARIFFS

Table 2: Import tariffs applied by South Africa on ostrich meat

	Article Description	Statistical unit	Rate of Duty					
			General	EU/UK	EFTA	SADC	MERCOSUR	AfCFTA
02.08	Other meat and edible meat offal, fresh, chilled or frozen:							
0208.90	Other							
0208.90.10	Of ostriches	Kg	free	free	free	free	free	free

Source: SARS

Table 2 clearly indicates that South Africa does not charge tariffs to all its trade agreements (EU/UK, EFTA, SADC, MERCOSUR and AfCFTA) on ostrich meat imports. South Africa is also applying free of charge on ostrich imports coming from any other general countries.

9. PERFORMANCE OF SOUTH AFRICAN OSTRICH INDUSTRY IN 2022

9.1. Exports

Table 3: List of importing markets for ostrich meat (fresh, chilled or frozen) exported by South Africa in 2022

Importers	Indicators														
	Value exported in 2022 (USD thousand)	Trade balance 2022 (USD thousand)	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	642	632	100	80	Tons	8025	-17	-24	-85		100	-3			
Netherlands	321	321	50	25	Tons	12840	-4	-16	-91	5	8.9	-6	5805	0.18	0
Belgium	189	189	29.4	30	Tons	6300	-23	-14	45	3	9.9	-9	5896	0.15	0
France	59	59	9.2	7	Tons	8429	-32	-34	290	2	10.6	4	5927	0.13	0
Namibia	13	4	2	7	Tons	1857	-51	-44	-51	133	0	-60	9190	1	0
Ireland	10	10	1.6	3	Tons	3333				39	0.09	-2	735	0.33	0
United Arab Emirates	8	8	1.2	1	Tons	8000	17	-9	-82	24	0.5	4	3116	0.35	5
Seychelles	8	8	1.2	1	Tons	8000	7			63	0.02	44	3391	0.85	0
Nigeria	6	6	0.9	1	Tons	6000	-21	-16	-60	88	0		4719	1	20
Italy	5	5	0.8	1	Tons	5000				7	5	-6	1052	0.14	0
Congo	4	4	0.6	1	Tons	4000	23	0		94	0	12	4995	0.46	0
Lesotho	3	3	0.5	2	Tons	1500	-24	-10	41	114	0	-52	369	1	0
Mozambique	3	3	0.5	1	Tons	3000	-12	-24	-70	116	0	29	879	1	0

Source: ITC calculations based on COMTRADE statistics.

In 2022, South Africa's exports represented **1%** of world exports for ostrich meat (fresh, chilled or frozen) and its ranking in world exports was **19**. Table 3 shows that during 2022 South Africa exported a total of 80 tons of ostrich meat at a unit value of US\$ 8 025/unit and the total value exported. The major export destinations for ostrich meat originating from South Africa in 2022 were the Netherlands, Belgium and France. The Netherlands was the leading market for ostrich meat, accounting for 50% of South Africa's export market followed by Belgium with 29.4% and France (9.2%) respectively.

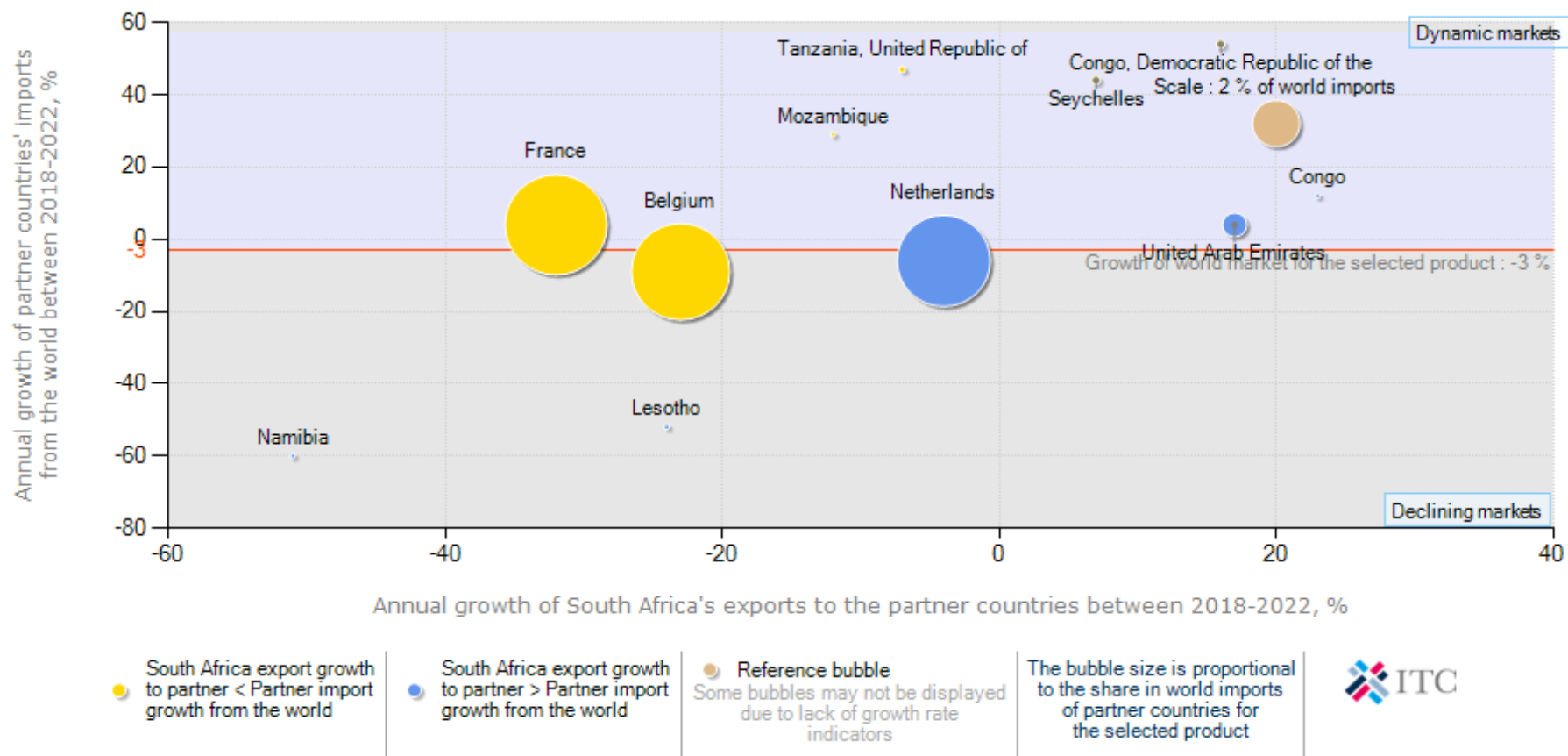
On average, during the periods 2018 and 2022, South Africa's exports of ostrich meat decreased by 17% in value and 24% in quantity. During the same period, the Netherlands increased by 4% in value and 16% in quantity per annum.

South Africa's exports of ostrich meat to the world decreased by 85% in value during the period 2021 to 2022. During the same period, the Netherlands decreased by 91% in value while Belgium increased by 45%.

Figure 24: Growth in demand for ostrich meat exported by South Africa in 2022

Growth in demand for a product exported by South Africa in 2022

Product : 020890 Fresh, chilled or frozen meat and edible offal of pigeons, game, reindeer and other animals (excl. bovine animals, swine, sheep, goats, horses, asses, mules, hinnies, poultry "fowls of the species Gallus domesticus, ducks, geese, turkeys, guinea fowl", rabbits, hares, primates, whales, dolphins and porpoises "mammals of the order Cetacea", manatees and dugongs "mammals of the order Sirenia", seals, sea lions and walruses "mammals of the suborder Pinnipedia", reptiles and insects)



Source: ITC Trademap

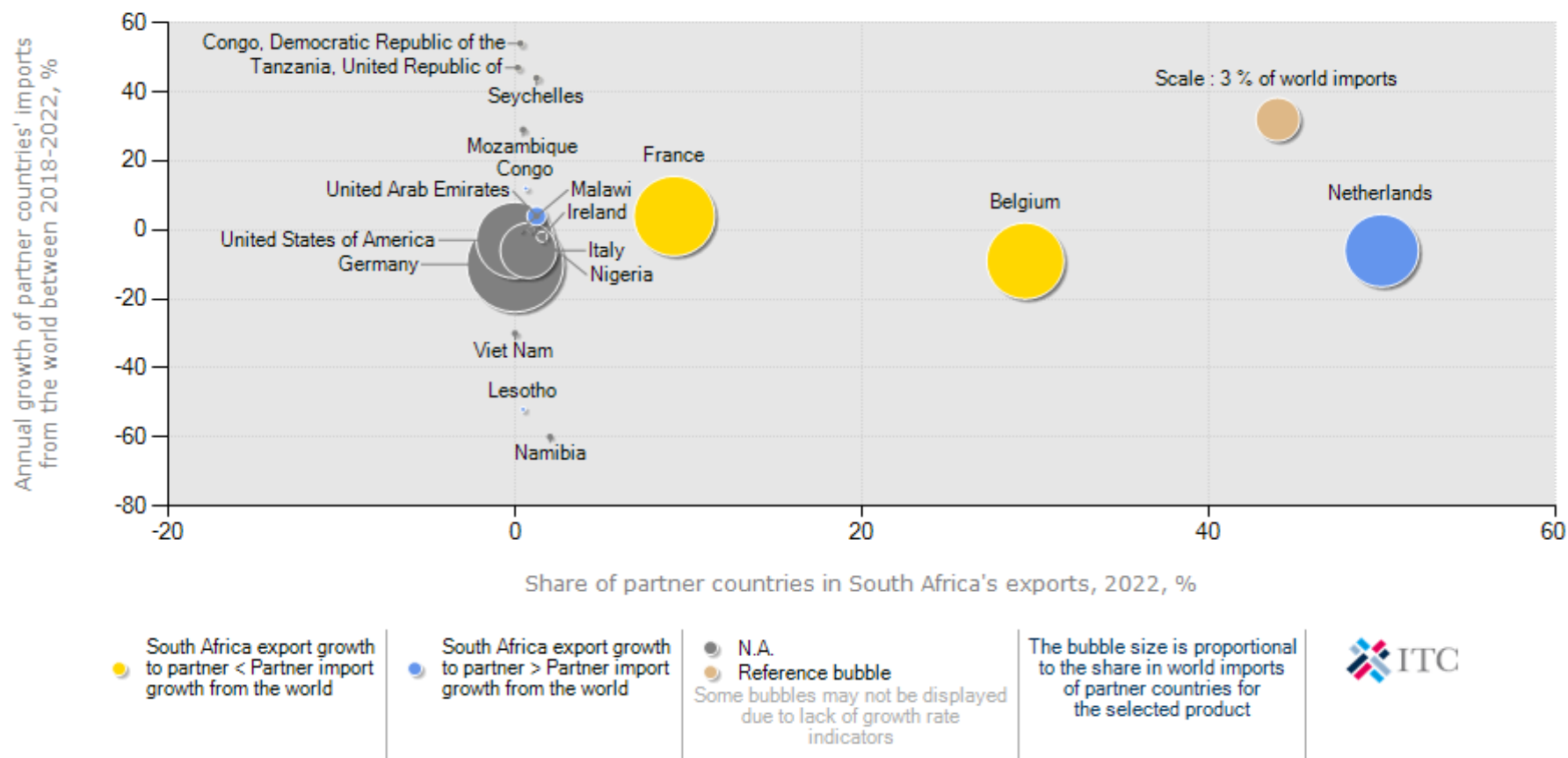
Figure 24 shows that between 2018 and 2022 South Africa's ostrich meat exports to France, Belgium, Tanzania and Mozambique were growing at a rate that is less than their imports from the rest of the world. During the same period, South Africa's ostrich meat exports to the Netherlands, UAE, Namibia and Lesotho were growing at a rate that was greater than their imports from the rest of the world.

Further analysis indicates that Lesotho and Namibia represent losses in declining markets. The most growing export market of South African ostrich meat is DRC and its annual import growth is 53%.

Figure 25: Prospects for market diversification for ostrich meat exported by South Africa in 2022

Prospects for market diversification for a product exported by South Africa in 2022

Product : 020890 Fresh, chilled or frozen meat and edible offal of pigeons, game, reindeer and other animals (excl. bovine animals, swine, sheep, goats, horses, asses, mules, hinnies, poultry "fowls of the species Gallus domesticus, ducks, geese, turkeys, guinea fowl", rabbits, hares, primates, whales, dolphins and porpoises "mammals of the order Cetacea", manatees and dugongs "mammals of the order Sirenia", seals, sea lions and walruses "mammals of the suborder Pinnipedia", reptiles and insects)



Sources: ITC Trademap

Figure 25 shows that if South Africa wishes to diversify its ostrich meat exports, the biggest market exists in Germany which has a share of 15.7% of the world's import market. The most attractive market although small is DRC because its annual growth of imports has increased by 54%. South Africa is currently exporting less than what Congo is importing from the world, therefore increasing market share may be beneficial.

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