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**Report Highlights:**

South Africa is a significant market for American agricultural goods. Due to its expanding market, which supports the effective delivery of both imported and domestically produced agricultural products to major urban areas and the broader Southern Africa region, the country is a desirable location for businesses. With the exception of wheat, rice, poultry, and oilseeds, South Africa's commercial agriculture industry is highly diversified and self-sufficient in the majority of basic goods, but the nation still provides chances for imports from the United States. Opportunities for U.S. agricultural exports in specialized food and beverage categories have been created by South African consumers' openness to trying new products and a rising demand for imported goods as a result of changes in health-conscious eating and drinking habits, but American exporters face challenges such as local suppliers with trade partnerships with other countries, Loadshedding and the volatile exchange rate.

## Market Fact Sheet: South Africa

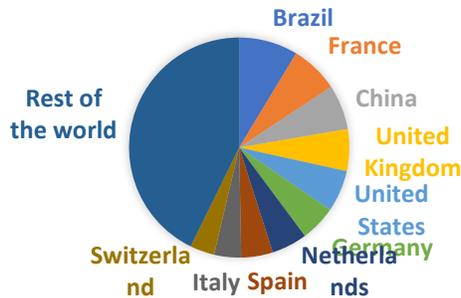
### Executive Summary

With growth estimated at 1.9% in 2022, South Africa is recovering from the pandemic. The GDP reached \$418 billion in 2021, the second largest in Africa, an increase of \$116 billion from the prior year. Although South Africa has an advanced agricultural sector, opportunities exist for U.S. exporters.

### Imports of Consumer-Oriented Products

South Africa had imports of consumer-oriented products, totaling \$7.3 billion in 2021, up 16 percent from the prior year. The United States was responsible for 4.27% of the country's imports.

**SOUTH AFRICA'S SUPPLIERS OF CONSUMER-ORIENTED PRODUCT IMPORTS IN 2021**



### Food Processing Industry

Due to its highly established and sophisticated food processing industry, South Africa imports a significant amount of food ingredients. There are more than 1,800 food producing businesses employing approximately 451,000 people in 2022, a 12 percent increase from the previous year. This has resulted in a greater demand for imported agricultural goods.

### Food Retail Industry

The industry is well-established and South African owned retailers are increasing their footprint in the region. Retail food sales in South Africa reached \$40 billion in 2021. Retailers express interest in extending US product lines.

*Data and Information Sources: Trade Data Monitor, Statistics South Africa (Stats SA), Euromonitor International, local trade contacts, local industry publications, and trade press*

**For more information, please contact FAS Pretoria at [AgPretoria@usda.gov](mailto:AgPretoria@usda.gov)**

### Quick Facts CY 2021

#### Imports of Consumer-Oriented Products (US \$million) 247

#### List of Top 10 Growth Products in Host Country

- |                      |                             |
|----------------------|-----------------------------|
| 1) Condiments        | 2) Animal Feed Preparations |
| 3) Essential Oils    | 4) Dairy Products           |
| 5) Beef products     | 6) Fruit & Vegetable Juices |
| 7) Meat alternatives | 8) Fertilizer               |
| 9) Barley            | 10) Fruit Products          |

#### Food Industry by Channels (U.S. billion) 2021

Food Industry Output	\$44 billion
Food Exports	\$12.4 billion
Food Imports	\$7.3 billion
Retail	\$40 billion
Food Service	\$3.7 billion
Wet Market	\$2.29 billion

#### Food Industry Gross Sales (US \$Billion) 2021

Food Industry Revenues – 44  
Food (Domestic market) – 40

#### Top 6 Host Country Retailers

Woolworths, Pick n Pay, Checkers, Makro, Shoprite, Spar

#### GDP/Population

Population (millions): 60.6  
GDP (billions USD): 418.0  
GDP per capita (USD): 6,994

Sources: StatsSA, TDM, GATS

### Analysis for U.S. Ag Exports to South Africa

Strengths	Weaknesses
Modern retail chains and an advanced economy can be found in South Africa (food and beverage distribution)	Costly transportation with the US. Trade barriers and delays in resolving market access issues are caused by unclear regulations. Deteriorating rail, road, and electrical production and supply infrastructure. Blackouts, also known as Loadshedding causes disruptions in the sector by increase costs on goods that require cold storage as alternate means will need to be identified. Port delays have also caused a negative impact on agricultural imports.
Opportunities	Challenges
There's a great deal of interest in expanding US product lines in SA. Links to other African countries' distribution networks offer ways to broaden distribution to other markets in the region.	Duties on goods from EU, the UK, and MERCOSUR are reduced due to trade agreements. Preference for other BRICS nations. High tariffs on American food and drink products. Limited consumer purchasing power due to significant unemployment.

## **SECTION 1: MARKET OVERVIEW**

South Africa, the thirty-third biggest economy on the planet, is one of the most developed and diverse economies in Sub-Saharan Africa. The nation has a GDP (gross domestic product) of \$418 billion, making it the second-largest economy in Africa after Nigeria. The country is an alluring market because of its developing business sector and an advanced trade framework, catering to efficient distribution of both imported and locally produced agricultural products to major urban centers and the entire Southern African region. The commercial agricultural sector in South Africa is highly diversified and is self-sufficient in most primary foods, with the exceptions of wheat, rice, chicken, and oilseeds. Despite South Africa's well-developed and competitive horticultural sectors (e.g., wine, fresh fruits, and vegetables), the country continues to offer opportunities for imports from the United States, especially in support of the growing food processing sector.

In addition to the pandemic, the South African economy suffered a setback after rolling blackouts became a norm in 2022 due to deteriorating infrastructure. The blackouts, known in South Africa as loadshedding, are emerging as significant threats to the South African food sector. For more information see the following [GAIN Report](#). Coupled with the blackouts, there was labor disputes at Transnet, South Africa's state-owned port authority, that resulted in a slowdown of port operations. These delays affected both the imports and exports of goods. More information regarding the labor strikes can be found in this [GAIN Report](#).

### **1.1 Population and Key Demographic Trends**

South Africa's current population is estimated to be 60.6 million people. Around 28 percent of the population is younger than 15 years and do not have much purchasing power, whilst approximately 9 percent are 60 years or older and tend to have more disposable income. Due to high youth unemployment, many in this age category support unemployed members of their extended families and make food purchasing decisions.

South Africa has a shrinking middle class, currently at 31 percent of the population, as individuals need to earn between US\$14,857 to US\$28,571 to be considered middle class. South Africa has one of the highest rates of income inequality in the world.

### **1.2 Size of Economy, Purchasing Power, and Consumer Behavior**

South Africa has the second largest economy in Sub-Saharan Africa, with GDP of \$418 billion. Although growth stagnated during the pandemic, cancellation of restrictions brought about by the COVID-19 pandemic has benefitted the economy. The removal of these restrictions has ensured businesses are able to operate during business hours.

The unemployment rate remains high at 34 percent. Although high, unemployment has fallen by one percent in the last year, increasing the purchasing power of the country.

Online shopping for food and groceries continues to grow in popularity. Many retailers began using phone-based apps for online shopping during the pandemic. Although in other countries the trend towards online food shopping has declined alongside relaxed pandemic-related restrictions, it remains

high in South Africa. In areas that lack sufficient public transportation systems, home delivery options made viable through online ordering allows customers to receive food much more efficiently while saving time and money on transportation costs. Consumers are also using online resources to research food products instead of going into the stores.

Inflation has forced many South Africans to reconsider food purchasing behaviors. Inflation is the loss of purchasing power. As purchasing power erodes, many South Africans feel the impacts on their budget. But those on a low income or fixed income often feel the pinch the most. It is due to this occurrence that South Africans are forced to purchase necessities over luxurious imported goods. In September 2022, prices for food and non-alcoholic beverages in South Africa rose by 11.9% on a yearly basis. Bread and cereals (3.6 percentage points) and meat (3.1 percentage points) were the major contributors to inflation, followed by milk, eggs, and cheese (1.3 percentage points).

The increase in the Rand-Dollar exchange rate has made it difficult for South African importers to purchase goods from outside its border. It should be noted that a weaker South African currency stimulates exports but makes imports more expensive. This has resulted in reduced imports from countries such as the U.S. due to the relative increase in prices of goods.

### **1.3 Overall Business Climate**

Despite a vulnerable economy, South Africa has consistently been a desirable market for businesses wishing to expand their footprint. Continuous resources have been put into developing an environment that encourages prospects for economic progress. Over the past ten years, however, South Africa's growth lagged: the GDP per capita is lower in 2021 than it was in 2010 by \$1,155 or 14 percent. Spending demands are intensifying to close the funding deficit in higher education, infrastructure, and healthcare.

Although the South African economy shrunk in 2020, there was an increase of 27% in GDP in 2021 due to the continued recovery from the pandemic. Travel and tourism were boosted by the relaxing of COVID protocols and this is evident with the overall growth of the economy.

South Africa is a net agricultural exporter. Agricultural exports reached a total of \$12.4 billion in 2021, up from \$10 billion in 2020. Corn, grapes, oranges, mandarins, apples, wine, lemons & limes, pears, and cane sugar are a few of the main exports. South Africa imported \$7.3 billion in agricultural products in 2021, up from \$6.3 billion in 2020 and even higher than the \$6.8 billion in 2019 which proved to be the pre-pandemic period. Major agricultural imports include palm oil (\$506 million), rice (\$482 million), wheat and meslin (\$466 million), odoriferous substances (\$464 million), prepared foods (\$210 million), cane sugar (\$207 million), chicken cuts and edible offal (\$187 million), cattle (\$158 million), whiskies (\$145 million) and meat and edible offal of chickens (\$129 million).

The United States exported \$307 million of agricultural products to South Africa in 2021, down from \$324 million in 2020. Major U.S. agricultural exports to South Africa include chicken (\$63 million), animal feed preparations (\$19 million), food preparations (\$16.9 million), whiskies (\$13 million), almonds (\$13 million), mixtures of odoriferous substances (\$12 million), dextrin's (\$10 million), corn (\$9 million), wheat and meslin (\$9 million), and protein concentrates (\$8 million).

## 1.4 Recent Trends

South Africans are now seeking to limit their trips to stores. Shoppers are buying in bulk to limit the number of times they go shopping due largely to high fuel costs. There has also been a trend for the types of goods purchased. South Africans are understood to be moving towards a healthier lifestyle and are purchasing more healthier foods and snacks as well as alternatives to meat.

**Table 1: Advantages and Challenges Facing U.S. Exporters**

Advantages	Challenges
South Africa has a sophisticated economy with well-established distribution networks for food and beverages, modern retail chains, and well-built infrastructure.	Due to diminished consumer spending power brought on by high unemployment and inflation, the South African market may not be able to import large volumes.
The food processing industry in South Africa is highly modern and well-developed, which increases demand for food ingredients.	High transportation costs are a result of the distance from the US. Frequent electrical outages pose a problem for items that need to maintain a cold chain, and technical barriers can be high.
Since South Africa is a gateway to the region, importers are interested in increasing the number of American products available in the market as well as in other Sub-Saharan markets. Many importers will be accepting of new suppliers and goods because they are accustomed to importing food supplies.	Trade agreements with the EU, UK, and MERCOSUR reduce duties for competing products from those countries, while preference for other BRICS countries (Brazil, Russia, India, and China) and high MFN tariffs for U.S. food and beverage products make it difficult for some American products to compete.

## SECTION 2: EXPORTER BUSINESS TIPS

### 2.1 Market Research

Before exporting to South Africa, U.S. suppliers are recommended to conduct in-depth market research. Regulation-related concerns, market size dynamics, consumption patterns, and import procedures and regulations should all be covered in this research. For more details on import laws, interested U.S. providers are urged to read Section 3 of this study.

Resources for South African market research:

- [BMI Research Pty Ltd](#)
- [Ipsos South Africa](#)
- [KLA Market Research](#)
- [South African Marketing Research Association \(SAMRA\)](#)

### 2.2 Local Business Customs and Trends

South Africa is a complex market with combined European and African elements and largely follows western business practices. Exporting through a reliable distributor or import agent with knowledge of the South African food and beverage sector is the safest way to enter the market. Some importers have long-standing relationships with suppliers, making them an asset to enter the market. U.S. suppliers are encouraged to contact FAS Pretoria for assistance. Making an in person visit to the country is an

excellent way for American companies that wish to expand exports to Southern Africa to establish relationships, build networks, acquire firsthand knowledge, and identify opportunities. FAS Pretoria has held several virtual trade events while travel was limited during the pandemic, but these are not a full substitute for meeting buyers face-to-face.

If U.S. exporters are interested in attending upcoming trade events in the area, they should get in touch with FAS Pretoria. To acquire additional market entrance support and knowledge, it is often helpful to engage with pertinent State Regional Trade Organizations (SRTGs), cooperator groups, and/or trade associations.

### **2.3 General Consumer Tastes and Trends**

- South African retail food sales totaled \$40 billion.
- Online research into products has increased and consumers are able to make informed decisions prior to visiting the store.
- South African consumers are interested in new and different foods, especially in the snack food, prepared food, sauces and dips, and beverage categories.
- Healthier offerings in the fresh food and wellness niches that was because of the improved awareness across various social media platforms related to health and wellness. This has boosted the demand for various food products and fresh vegetables, natural and organic foods, and sports, energy and performance beverages.
- Increased interest in plant-based and meat-alternative products.
- Young population tends to prefer processed and easy-to-prepare foods, including brands that they have seen on social media in movies and TV series.
- Increased consumer demand for affordable alternatives from retailer's private label offerings.
- Increased demand for high quality goods and services at competitive prices by cost conscious consumers.
- There is high income disparity in South Africa, and the smaller population of high-income earners could be skewing the view of consumption of more expensive U.S. brands.

## **SECTION 3: IMPORT FOOD STANDARDS, REGULATIONS, AND IMPORT PROCEDURES**

The food laws, regulations, and legislation of the country must be followed while importing food and agricultural products into South Africa. The Food and Agricultural Import Regulations and Standards (FAIRS) Country Report from FAS Pretoria, which gives an overview of pertinent standards and regulations, and the [FAIRS Export Certificate Report](#), which outlines documentation requirements for U.S. food and agricultural products going to South Africa, are linked in this section.

### **3.1 Customs Clearance**

The [FAIRS Country Report](#) provides details on customs clearance in addition to an analysis of South African legislation and import regulations that are relevant to food and agricultural imports.

### 3.2 Documents Generally Required by South Africa Authorities for Imported Food

Information on the required paperwork by South African authorities for different imported goods is provided in both the [FAIRS Country Report](#) and the [FAIRS Export Certificate Report](#).

All shipments to South Africa should typically be accompanied by the following fundamental paperwork in addition to any necessary import licenses and health certificates:

- A commercial invoice that details the price paid by the importer in addition to the ship's loading costs for the export of the goods
- Documentation for the bill of entry that includes the precise addresses of the supplier and storage facilities
- Bill of lading - Insurance papers as well as any additional documentation or certificates that the importer may need (such as laboratory test results or certificates if the product makes organic claims, for example).

### 3.3 South Africa Language Labelling Requirements

English must be used on labels. For further details, please consult the [FAIRS Annual Country Report](#).

### 3.4 Tariffs and Free Trade Agreements (FTAs)

Information on South African tariff schedules and trade agreements can be found through these sources:

- [Tariff information](#)
- [Tariff investigations, amendments, and trade remedies](#)
- Trade agreements:
  - o [SARS](#)
  - o [The DTIC](#)
  - o [SADC](#)
  - o [Country Commercial Guide](#)
  - o [Europa](#)

### 3.5 Trademarks and Patents Market Research

The [South Africa Companies and Intellectual Prosperities Commission](#) oversees trademarks and patents. Section VIII of the [FAIRS Country Report](#) has more details.

## SECTION 4: MARKET SECTOR STRUCTURE AND TRENDS

### 4.1 Top Sectors for Growth

Table 2: Top Five Countries Exporting Consumer-Oriented Products to South Africa

2021 South African Imports of Consumer-Oriented Products		
Country	Value (USD Millions)	Top 7 Product Categories
Brazil	273	Poultry meat & meat products, pork and pork products, meat products NESO, chewing gum and candy, processed vegetables, spices, soup and other food

		preparations
France	223	Distilled spirits, dairy products, wine and related products, coffee roasted extracts, soup and other food preparations, dog and cat food, pork and pork products.
China	208	Meat and meat products, fruit and vegetable juices, spices, soup and other food preparations, bakery goods, cereals, pasta, chewing gum and candy, processed fruit
United Kingdom	195	Distilled spirits, pork and pork products, chocolate and cocoa products, dairy products, bakery goods, cereals and pasta, soups, and other food preparations
United States	193	Poultry meat and Product (ex. eggs), Soup & Other food preparations, Distilled Spirits, Tree nuts, dairy products, beef & beef products, condiments, and sauces

## 4.2 Consumer-Oriented Product Prospects Based on Growth Trends

**Table 3: Top 10 Imports of Consumer-Oriented goods from the United States**

Product Description	Value (USD)		
	2019	2020	2021
Broiler Meat	76,538,050	59,836,374	63,639,871
Feed, Ingredients & Food	30,568,368	39,140,593	20,786,431
Essential Oils	16,809,488	18,204,981	18,682,058
Edible Tree Nuts	24,472,175	21,221,350	18,650,155
Miscellaneous Horticultural Products	17,292,231	17,240,103	17,393,365
Other Dairy Products	11,681,439	8,038,026	15,977,491
Distilled Spirits	15,758,048	9,732,661	15,822,004
Variety Meats, Beef	8,542,226	11,643,309	13,606,669
Grain & Feed Miscellaneous	11,033,547	11,850,111	12,868,512
Other Oils	7,334,496	3,529,063	10,935,775
Other Products	143,602,308	123,448,689	99,436,024

Source: Global Agricultural Trade System (GATS)

## 4.3 Retailer Information

In a highly competitive sector, retail chains in South Africa use loyalty programs, promotions, group discounts, and online shopping with home delivery to draw in and keep customers. The 2021 [Retail Foods Report](#) has more information.

**Table 4: Major South African Retailers**

Retailer	Website
Shoprite Holdings Ltd	<a href="http://shopriteholding.co.za">http://shopriteholding.co.za</a>
Massmart Holdings (Walmart)	<a href="https://massmart.co.za">https://massmart.co.za</a>
Woolworths Holdings Ltd	<a href="https://woolworths.co.za">https://woolworths.co.za</a>
Pick n Pay Retailers Pty Ltd	<a href="http://www.picknpay-ir.co.za">http://www.picknpay-ir.co.za</a>

The Spar Group Ltd	<a href="http://www.spar-international.com/contry/southafrica">http://www.spar-international.com/contry/southafrica</a>
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#### 4.4 Market Opportunities for Consumer-Oriented Products

South Africa is a well-developed entry point to do business in the Sub-Saharan Africa region and often follows the United States in food trends. The 2021 combined sales value of hotels, restaurants, and institutions (HRI) was \$ 3.5 billion, A 30 percent increase from 2020. Additional information can be found in the 2021 South Africa [Food Service-HRI](#).

U.S. exports continue to be affected by South Africa’s poultry tariff structure, delays in authorizing market access for certain U.S. products, and supply chain interruptions. However, changing consumer trends and the expansion of retail chains are creating opportunities for U.S. niche products, including beef, poultry, distilled spirits, wine, nuts, snack foods, as well as healthier and whole foods alternatives, including gluten-free, sugar-free, and plant-based foods.

#### 4.5 Competition to U.S. Exports

U.S. exports mostly face competition from South African producers and imports from other countries in the Southern African Development Community (SADC), EU, and MERCOSUR trade blocs, as well as a preference for BRICS countries. South Africa has free trade agreements with SADC and the EU, and a preferential trade agreement with MERCOSUR. The country is also in discussions to negotiate the tariff schedules related to preferential trade within the African Continental Free Trade Area (AfCFTA).

### SECTION 5: AGRICULTURAL AND FOOD IMPORTS

#### 5.1 Agricultural and Related Food Import Statistics

**Table 5: U.S. Agricultural Exports to South Africa**

	2017	2018	2019	2020	2021
Consumer Oriented	185,534	192,721	194,686	156,701	185,824
Intermediate	89,950	104,401	115,089	119,166	100,867
Bulk	88,861	22,969	53,857	48,018	21,107
Total	364,345	320,091	363,632	323,885	307,798

To learn more about American exports of bulk, intermediate, and consumer oriented (BICO) items to South Africa, consult the [FAS Global Agricultural Trade System](#) (GATS).

#### 5.2 Best High-Value and Consumer-Oriented Product Prospects

Condiments, Animal Feed Preparations, Essential Oils, Dairy Products, Beef, Fruit & Vegetable Juices, Meat alternatives, Fertilizers, Barley, Fruit Products are some potential markets for U.S. agricultural products in the South African food and beverage industry. Despite the comparatively modest spending

capacity of South Africans, demand for American agricultural products is rising, and many of these products may be found in both independent shops and chain supermarkets.

## **SECTION 6: KEY CONTACTS AND FURTHER INFORMATION**

### **6.1 FAS South Africa**

If you have questions or comments regarding this report, please contact the FAS Office of Agricultural Affairs in Pretoria at:

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Website: <https://www.usdasouthernafrica.org>

Other FAS market and commodity reports are available through the FAS website:

<https://www.fas.usda.gov/data>

### **6.2 Additional Useful Resources**

- American Chamber of Commerce in South Africa: <https://amcham.co.za>
- U.S. International Trade Administration – South Africa Country Commercial Guide: <https://www.trade.gov/knowledge-product/exporting-south-africa-market-overview>

### **Attachments:**

No Attachments