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# The South African meat market

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**Report Highlights**

Over the past two decades, steady economic growth and increased average income in South Africa resulted in the rapid expansion of meat consumption. While continued growth in meat consumption is projected in the coming decade, slower economic growth will result in moderate consumption growth relative to the past. South Africa consumes about 2.9 million tons of poultry, beef and pork meat per annum, with poultry meat consumption representing more than 60 percent of total meat consumption. Local production of poultry, beef and pork is about 2.4 million tons and as a result, production needs to be complimented by imports. South Africa’s major trading partners of meat imports include Brazil, the Netherlands, the United Kingdom and Germany. Although the United States can also play an important role in supplying the South African consumer with affordable meat, the South African meat market remains closed for United States products, due to anti-dumping duties and unresolved sanitary restrictions.

# The South African meat market

## Consumer Trends

Although property, jewelry and cars represent obvious signs of wealth, there is another, less apparent indicator of the country's growing affluence: the food consumers are putting on their plates. Over the past two decades, steady economic growth and increased average income in South Africa, pushed large numbers of consumers towards protein-filled diets and convenience and as a result meat consumption levels have skyrocketed. Last year, the South African consumer spent approximately R165 billion (US$12.7 billion) on meat products, which represented one third of total expenditure on food. Ten years ago South Africans spent R46 billion (US$3.5 billion) on meat products, representing only about a quarter of total expenditure on food.

Class mobility, defined as the movement of consumers towards higher income groups, has been a key feature of the South African consumer landscape for many years. From 2004 to 2014 the share of South African adults that classified as poor declined by more than 80 percent, accompanied by an increase in the share of adult population classified within the middle class consumer groups. Currently, the middle class represent about 70 percent of the South African population and 55 percent of total income earnings (see also Table 1). In the past five years the percentage of the population that earned less than R5,000 (US$385) per month decreased from 56 percent to 40 percent, while the percentage of the population that earned more than R5,000 (US$385) per month increased from 44 percent to 60 percent.

**Table 1: Demographics of the South African consumer**

| | **Poor consumers** | **Middle class consumer** | **Upper middle class consumer** | **Wealthy consumer** |
|---|---|---|---|---|
| **Average household monthly income** | Less than (US$200) | US$200 - US$530 | US$525 - US$1,300 | More than US$1,300 |
| **Total adults** | 4.2 million | 19.4 million | 8.0 million | 6.1 million |
| **% of population** | 10.1% | 51.8% | 21.8% | 16.2% |
| **% of total income** | 5% | 30% | 25% | 40% |

**Source:** Bureau for Food and Agricultural Policy

With the growth in disposable income, South African's fondness for meat is reflected by its buying behavior. In 1994, the average person ate a total of 41kg of meat a year; while 20 years later the average South African is eating 65kg of meat a year – an increase of about 60 percent over the period.

Although red meat consumption has also increased, it has seen more moderate growth than that of white meat. In 2000, South Africans were eating 22.4kg of red meat per person. Fourteen years later, this amount had increased to 26.6kg, which represent an increase of 19 percent over the period (see also Table 2). On the other hand, the consumption of poultry meat (of which most is broiler meat) increased by almost 80 percent, from 21.5 kg per person per year in 2000 to 38.5 kg per person per year in 2014. As poultry meat is relatively inexpensive and ubiquitous, it has grown to be the most important protein source in the diet of the majority of South Africans.

**Table 2: Per capita consumption (kg) of meat in South Africa**

| Years | Beef | Poultry meat | Pork | Mutton/lamb |
|---|---|---|---|---|
| **2000** | 15.6 | 21.5 | 3.0 | 3.8 |
| **2001** | 12.7 | 21.5 | 2.6 | 3.6 |
| **2002** | 13.5 | 21.7 | 2.8 | 3.3 |
| **2003** | 14.2 | 22.7 | 3.2 | 3.2 |
| **2004** | 14.5 | 25.8 | 3.8 | 3.3 |
| **2005** | 15.5 | 32.2 | 3.9 | 3.6 |
| **2006** | 17.6 | 35.5 | 4.1 | 3.8 |
| **2007** | 18.3 | 37.3 | 4.4 | 4.3 |
| **2008** | 16.0 | 37.9 | 4.1 | 3.9 |
| **2009** | 16.1 | 37.8 | 4.1 | 3.7 |
| **2010** | 17.8 | 38.4 | 4.4 | 3.5 |
| **2011** | 17.6 | 39.9 | 4.6 | 3.1 |
| **2012** | 16.7 | 40.3 | 4.6 | 3.0 |
| **2013** | 17.4 | 39.7 | 4.7 | 3.3 |
| **2014** | 18.5 | 38.5 | 4.5 | 3.6 |

***Source:*** *Department of Agriculture, Forestry and Fisheries*

The producers, retailers and the foodservice sector also responded to this increased demand for protein by supplying the market with competitively priced, value-added and convenience products. Currently, retail sales accounts for more than 50 percent of total meat sales in South Africa, followed by wholesale (approximately 25 percent) and foodservices (approximately 15 percent), with the foodservice sector growing quicker than retail and wholesale trade in recent years.

In Table 3, the trends in the retail prices of different meat sources in South Africa are shown. From the table it is clear that chicken is the cheapest source (in terms of R/kg) of meat in South Africa. However, in the past two years, the price of chicken meat increased in percentage terms more than that of lamb or beef, due to the increase the in import tariffs on chicken products and sharp increase of feed costs.

**Table 3: The trends in the retail prices of different meat sources in South Africa**

| | Jul-2013 | Jul-2014 | Jul-2015 | Change 2014 - 2015 | Change 2013 - 2015 |
|---|---|---|---|---|---|

| | *R/kg* | *R/kg* | *R/kg* | *Percentage* | *Percentage* |
|---|---|---|---|---|---|
| **Pork chops** | 57.45 | 62.50 | 69.25 | 11% | 21% |
| **Lamb** | 96.88 | 100.00 | 109.30 | 13% | 9% |
| **Beef T-bone** | 77.46 | 80.76 | 81.15 | 0.5% | 5% |
| **Beef mince** | 60.36 | 63.97 | 65.36 | 2% | 8% |
| **Whole chicken (fresh)** | 34.55 | 37.97 | 39.96 | 5% | 16% |
| **Chicken portions (fresh)** | 44.42 | 47.00 | 51.12 | 9% | 15% |
| **Chicken portions (frozen)** | 25.07 | 27.22 | 29.29 | 8% | 17% |

***Source:*** *The National Agricultural Marketing Council (NAMC)*

**Meat demand outlook**

As already mentioned, meat consumption in South Africa has expanded rapidly over the past decade and while continued growth in meat consumption is projected in the coming decade, slower economic growth will result in slower consumption growth relative to the past. South Africa's economy is expected to grow by less than two percent in the next three years, as lower commodity prices, labor unrest, a weak exchange rate and prospects of a weaker global economy will impact negatively on economic growth. As already mentioned, economic growth is the main overall driver for the increased demand in meat.

According to the Bureau for Food and Agricultural Policy (BFAP), chicken meat consumption in South Africa is projected to increase by 38 percent over the next decade, compared to 60 percent through the past 10 years. This equates to about 700,000 tons of additional poultry consumption by 2024, surpassing 44 kg per capita. Having increased by 42 percent over the past decade, pork consumption will expand by a further 33 percent over the next ten years, which equates to an additional 75,000 tons. BFAP projects that the demand for beef in South Africa will increase by almost 28 percent the next ten years (compared to 15 percent the past ten years), resulting in almost 200,000 tons of additional beef consumption by 2024. Lamb consumption is expected to increase by 17 percent over the next ten years.

**Trade**

South Africa consumes about 2.9 million tons of poultry, beef and pork meat per annum (1.8 million tons of poultry meat, 875, 000 tons of beef and 240, 000 tons of pork), and while local production is about 2.4 million tons. As a result, local production needs to be complimented by imports. However, South Africa maintains relatively high import tariffs for meat products for countries outside the Southern Africa Development Community (SADC) and the European Union, in the case of poultry, as indicated in Table 4. South Africa upholds a free trade agreement with SADC countries and the European Union.

**Table 4: South Africa's import tariffs for specific meat products**

| **Tariff Heading** | **Product description** | **Rate of duty** | | | |
|---|---|---|---|---|---|
| | | **General** | **EU** | **EFTA** | **SADC** |

| | | | | | |
|---|---|---|---|---|---|
| **02.01** | **Meat of bovine animals, fresh or chilled** | | | | |
| 0201.10 | Carcasses and half carcasses | 40% or 240c/kg | 40% or 240c/kg | 40% or 240c/kg | Free |
| 0201.20 | Other cuts with bone-in | 40% or 240c/kg | 40% or 240c/kg | 40% or 240c/kg | Free |
| 0201.30 | Boneless | 40% or 240c/kg | 40% or 240c/kg | 40% or 240c/kg | Free |
| **02.02** | **Meat of bovine animals, frozen** | | | | |
| 0201.10 | Carcasses and half carcasses | 40% or 240c/kg | 40% or 240c/kg | 40% or 240c/kg | Free |
| 0202.20 | Other cuts with bone-in | 40% or 240c/kg | 40% or 240c/kg | 40% or 240c/kg | Free |
| 0202.30 | Boneless | 40% or 240c/kg | 40% or 240c/kg | 40% or 240c/kg | Free |
| **0203.1** | **Meat of swine, fresh or chilled** | | | | |
| 0203.11 | Carcasses and half carcasses | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | Free |
| 0203.12 | Hams, shoulder and cuts thereof, with bone-in | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | Free |
| 0203.19.10 | Ribs | Free | Free | Free | Free |
| 0203.19.90 | Other | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | Free |
| **0203.2** | **Meat of swine, frozen** | | | | |
| 0203.21 | Carcasses and half carcasses | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | Free |
| 0203.22 | Hams, shoulder and cuts thereof, with bone-in | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | Free |
| 0203.29.10 | Ribs | Free | Free | Free | Free |
| 0203.29.90 | Other | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | Free |
| **02.07** | **Meat of poultry** | | | | |
| 0207.12.10 | Mechanically deboned meat | Free | Free | Free | Free |
| 0207.12.20 | Carcasses (excluding necks and offal) with all cuts removed, frozen | 31% | Free | 31% | Free |
| 0207.12.90 | Frozen whole birds, frozen | 82% | Free | 82% | Free |
| 0207.14.10 | Boneless cuts | 12% | Free | 12% | Free |
| 0207.14.20 | Offal | 30% | Free | 30% | Free |
| 0207.14.90 | Bone-in portions | 37% | Free | 37% | Free |

**Poultry meat imports**

In value terms, South Africa's poultry meat imports represent about two percent of world trade in poultry meat and four percent in quantity.  South Africa imported 392,820 tons of poultry meat at a value of US$375 million in 2014, which is one percent more than the 389,440 tons imported in 2013. Post estimates poultry meat imports could increase by approximately five percent to reach 415,000 tons in 2015, with a weakening exchange rate hindering higher imports.

Broiler meat accounts for about 90 percent of all poultry meat imports by South Africa, with the balance largely being turkey products (see also Figure 1). Broiler meat imports increased by four percent to 368,955 tons in 2014 from 354,728 tons imported in 2013. The value of broiler meat imports was US$338 million in 2014. Post estimates broiler meat imports will increase to 390,000 tons in 2015, representing about 22 percent of South Africa's local consumption of broiler meat.

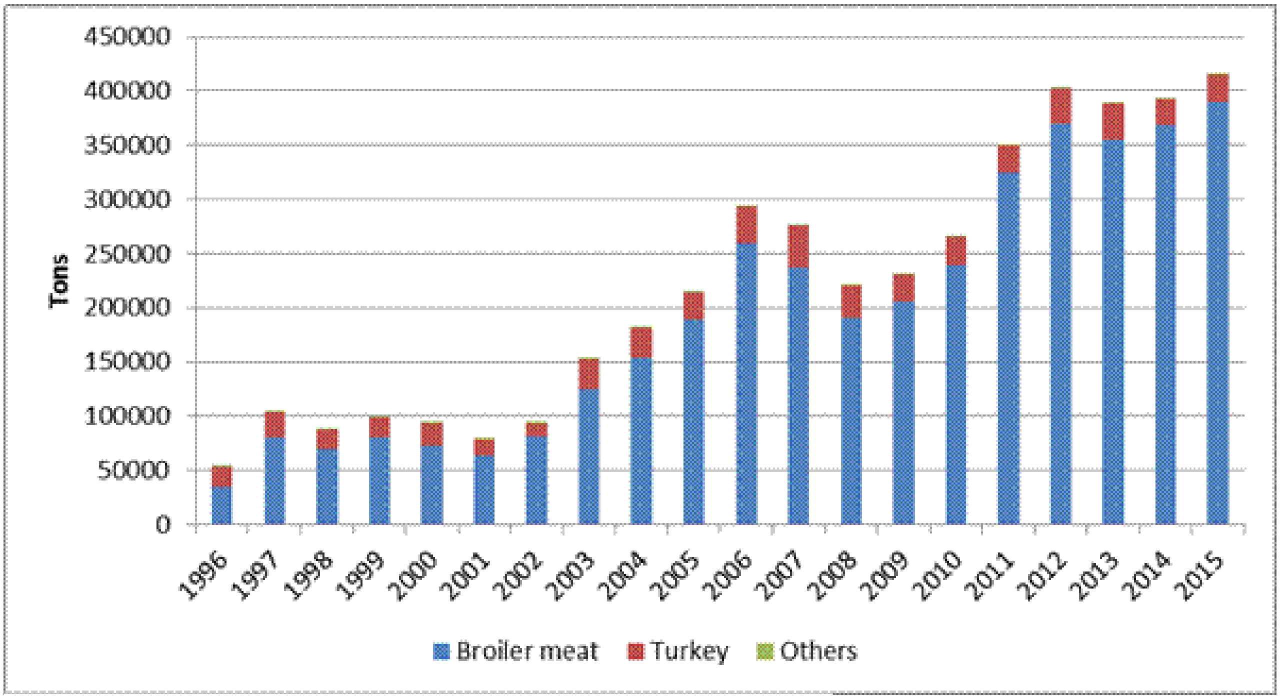


**Figure 1: The trend in poultry meat imports by South Africa**
***Source:*** *Global Trade Atlas (GTA)*

Brazil is the most important trading partner for South Africa in terms of poultry meat, with a 43 percent market share of the import market (see also Figure 2 and Figure 3). However, Brazil's market share is on a declining trend and dropped from 52 percent in 2012 to 43 percent in 2014, as it struggles to compete with tariff free imports from the European Union. More than 75 percent of Brazil's poultry meat export basket to South Africa consists of mechanically deboned meat.

The Netherlands is the second largest exporter of poultry meat into South Africa with 19 percent market share of the import market, growing from almost zero percent market shares in 2010. With the growth in poultry meat production in Europe, but a decline in poultry meat consumption, European Union countries are exploring new export markets, especially in Africa. The Netherland mainly exports frozen bone-in portions to South Africa and has the biggest (34 percent) market share in this category of poultry meat imports. The United Kingdom is the third largest exporter of poultry meat into South Africa with a 11 percent market share and is followed by the Germany (6 percent) and Argentina (6 percent). The five largest importing countries supply almost 85 percent of South Africa's imported poultry meat.

In 2014, the United States supplied less than two percent of South Africa's total poultry meat imports. This represented about five thousand tons of poultry meat at a value of approximately $US5 million.

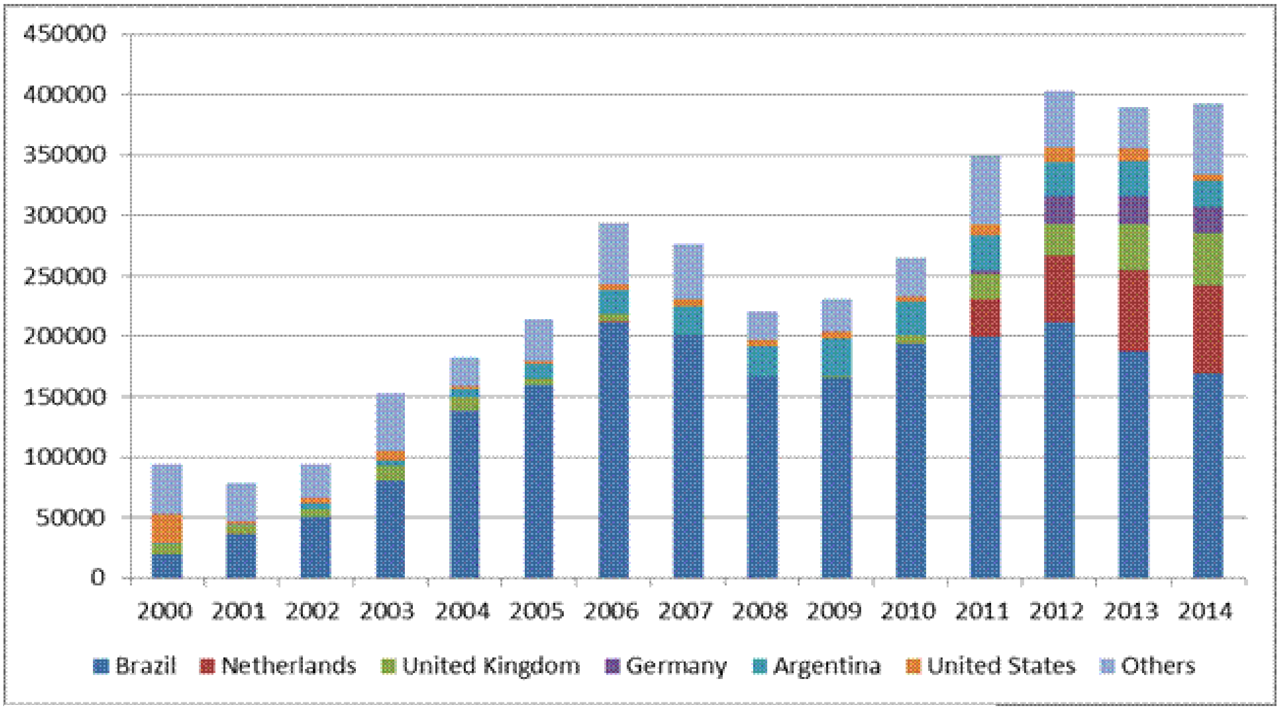



**Figure 2: The origin of poultry meat imports into South Africa over time**
***Source:*** *GTA*

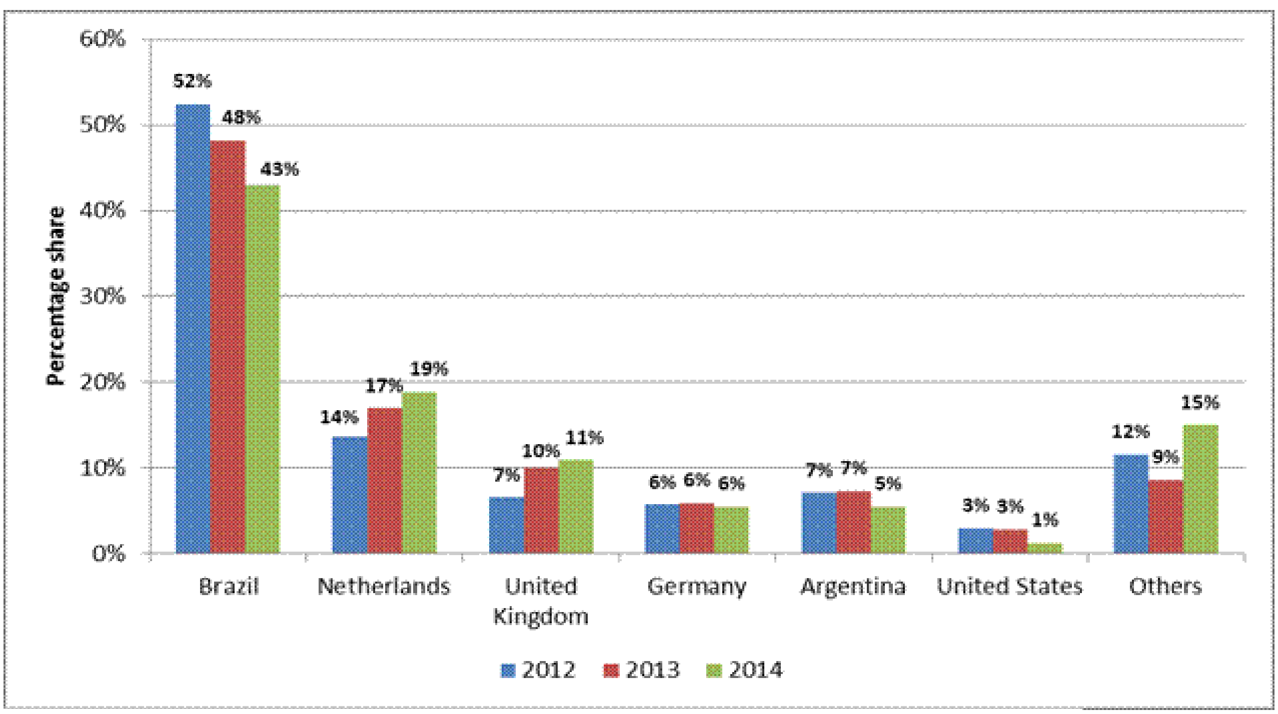



**Figure 3: Origin of poultry meat imports into South Africa the past three years**

*Source:* GTA

Figure 4 illustrates the percentage contribution of specific poultry meat products imported by South Africa since 2012. In 2014, chicken bone-in portions represented the largest category of broiler meat imports, namely 40 percent or almost 160 thousand tons, at a value of $US211 million (56 percent of the total value of poultry meat imports).

The second largest category in volume is mechanically deboned meat with a share of 37 percent or 150,000 tons, at a value of $US67 million (18 percent of the total value of poultry meat imports). The share of mechanically deboned meat as percentage of total poultry meat imports increased since 2012, when it was 33 percent. These two poultry meat product segments represent more than 75 percent of total poultry meat imports in quantity by South Africa and are followed by chicken offal (9 percent), turkey (6 percent), whole chicken (5 percent) and boneless cuts (5 percent).

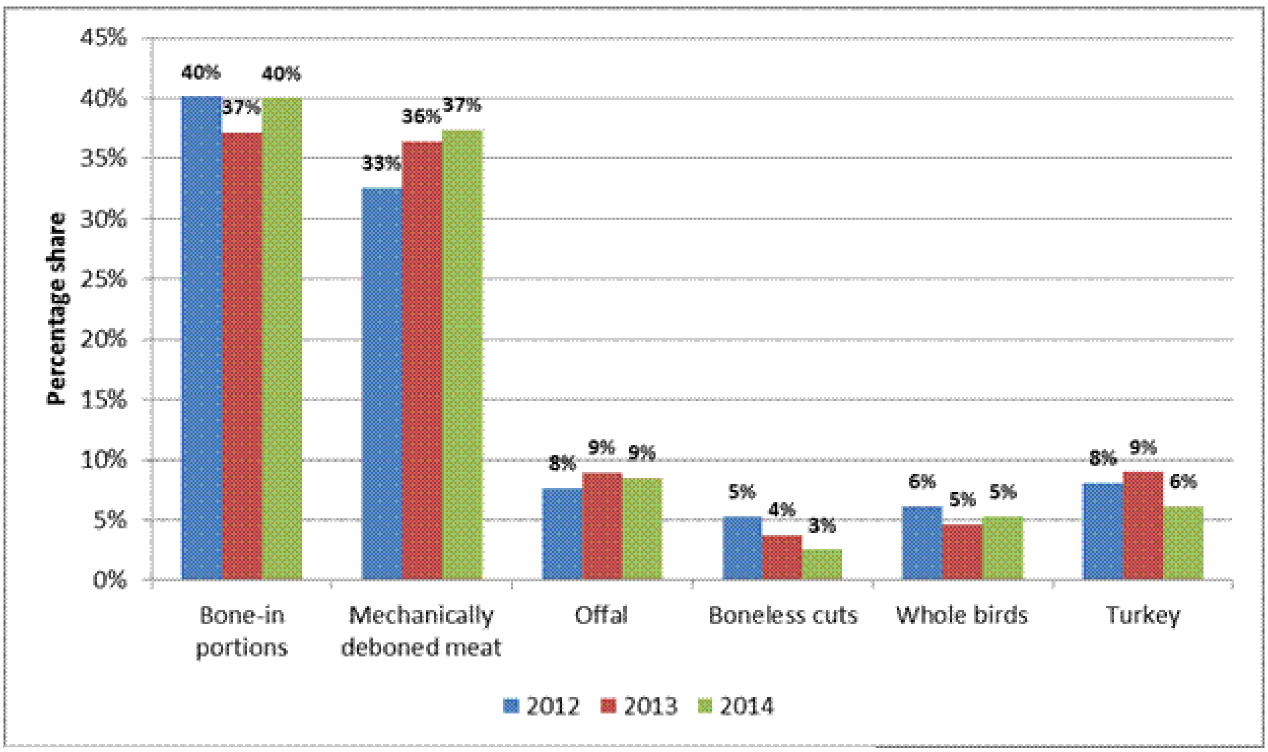
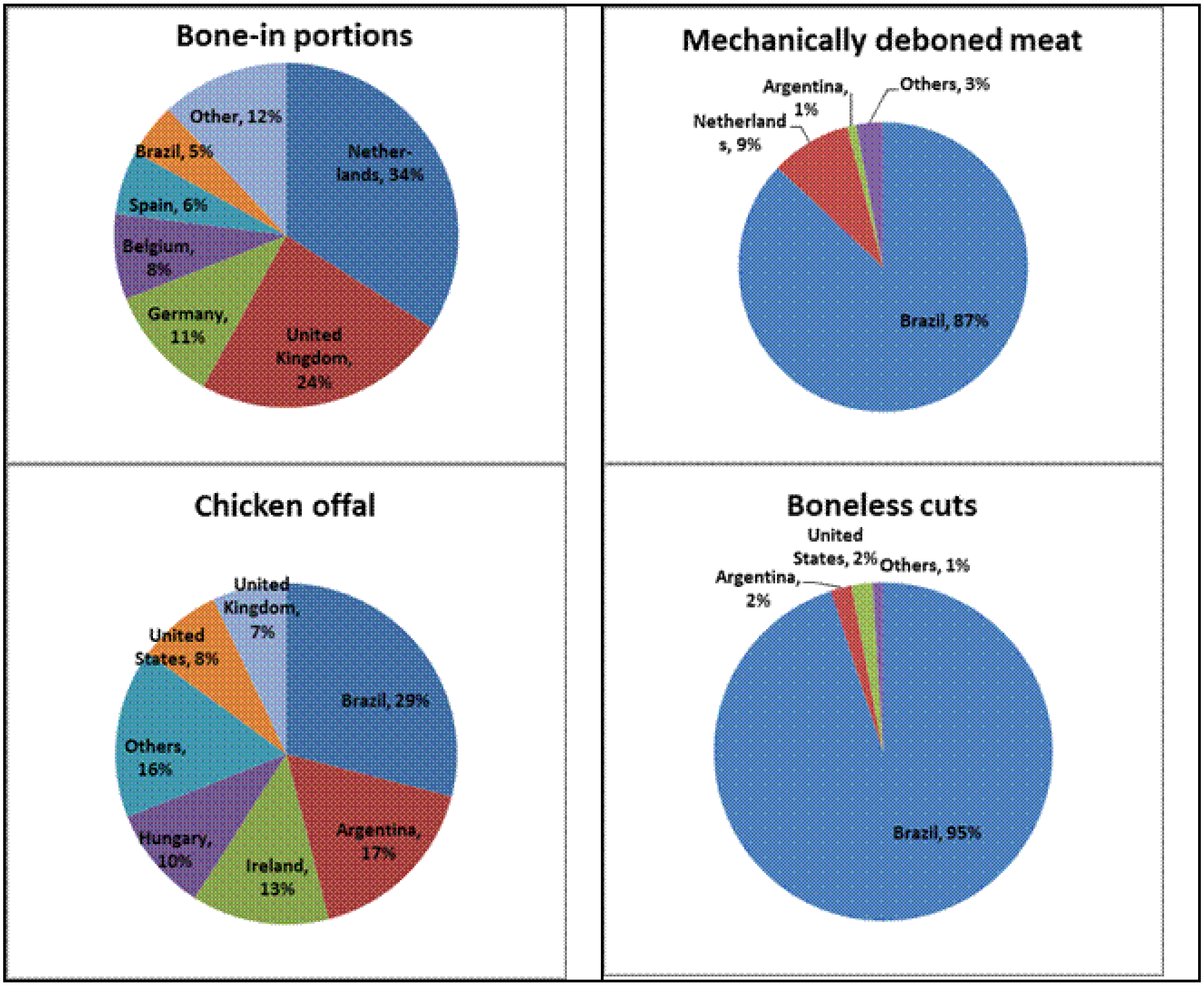
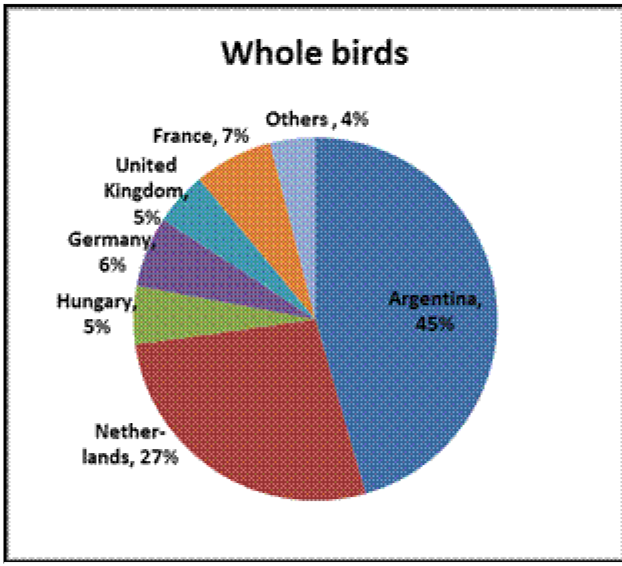


**Figure 4: South Africa's poultry meat import market (quantity)**
*Source:* GTA

Figure 5 illustrates the market share of different countries to each poultry product segment imported by South Africa in 2014. From the figure the dominance of Brazil at each product segment is clearly visible except for bone-in portions, where Europe is the dominant player.


Bone-in portions
Nether-lands, 34%
United Kingdom, 24%
Germany, 11%
Belgium, 8%
Spain, 6%
Brazil, 5%
Other, 12%
Mechanically deboned meat
Brazil, 87%
Netherlands, 9%
Argentina, 1%
Others, 3%
Chicken offal
Brazil, 29%
Argentina, 17%
Ireland, 13%
Hungary, 10%
Others, 16%
United States, 8%
United Kingdom, 7%
Boneless cuts
Brazil, 95%
Argentina, 2%
United States, 2%
Others, 1%



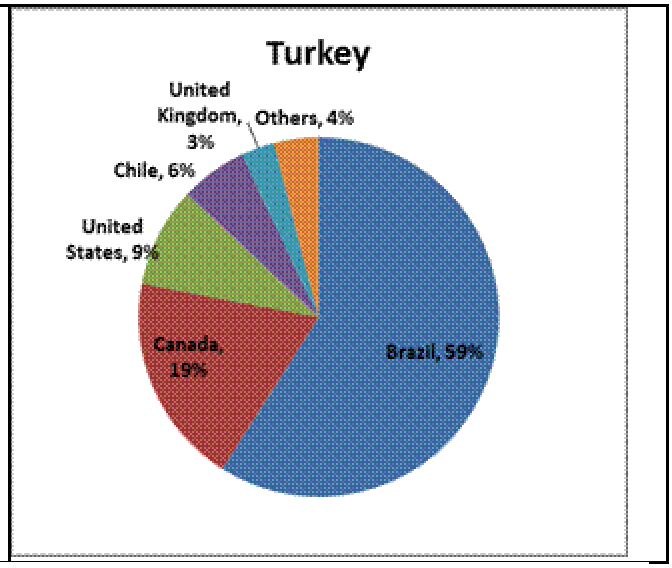




**Figure 5: The market share of different countries to each poultry product segment imported by South Africa in 2014**

**Beef imports**

South Africa's imports of beef and beef products is relatively small compared to global trade and only represents about 0.4 percent of world imports of beef in volume and 0.2 percent in value. In 2014, South Africa imported about 25,000 tons of beef; mainly from its neighboring countries Botswana and Namibia (see also Table 5). Post estimate that the quantity of imported beef will stay constant at around 25,000 tons in 2015 as lower economic growth hinders higher meat demand.

**Table 5: Beef imports by South Africa**

| | **2013** | | **2014** | | **2015 (estimate)** | |
|---|---|---|---|---|---|---|
| | **Tons (thousands)** | **Value (US$ millions)** | **Tons (thousands)** | **Value (US$ millions)** | **Tons (thousands)** | **Value (US$ millions)** |
| **Botswana** | 1 | 4 | 11 | 37 | 14 | 28 |
| **Namibia** | 1 | 2 | 12 | 30 | 9 | 37 |
| **Australia** | 2 | 5 | 1 | 3 | 0 | 0 |
| **Uruguay** | 2 | 4 | 10 | 3 | 1 | 2 |
| **Others** | 1 | 1 | 0 | 1 | 1 | 3 |
| **Total** | **7** | **16** | **25** | **74** | **25** | **70** |

***Source:*** *GTA*

Figure 6 illustrates the product components of beef imports into South Africa. Boneless frozen beef is the most prominent product being imported by South Africa, representing 64 percent of all imported beef products. Boneless frozen products is followed by fresh or chilled carcasses (12 percent) and bone-in beef (8 percent).

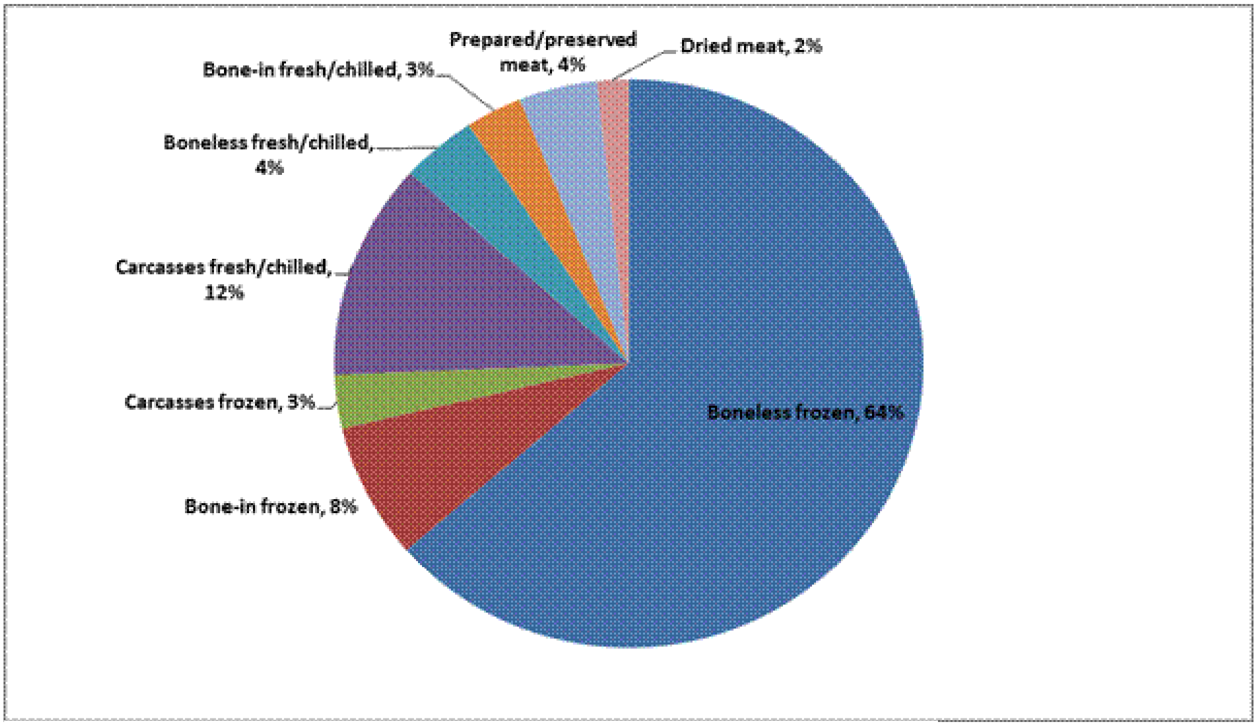



**Figure 6: The product components of beef imports into South Africa**
***Source:*** *GTA*

**Pork meat imports**

South Africa's imports of pork meat is relatively small compared to global imports and only represents about 0.2 percent in value and quantity. However, South Africa's pork meat imports shows an increasing trend the past 15 years, but has not reached levels above 35,000 tons per year (see also Figure 7). South Africa's pork meat imports are primarily focused on rib imports from Europe and mainly from Germany (see also Table 6). Post expects South Africa will import approximately 30,000 tons of pork in 2015, with more than 40 percent of imports originating from Germany. Canada also plays an important role in pork imports to South Africa with about 20 percent market share in the imported products. Figure 8 illustrates the product components of pork meat imports into South Africa with ribs dominating with more than 75 percent of imports. Ribs are followed by frozen swine meat with 20 percent share of the import market.

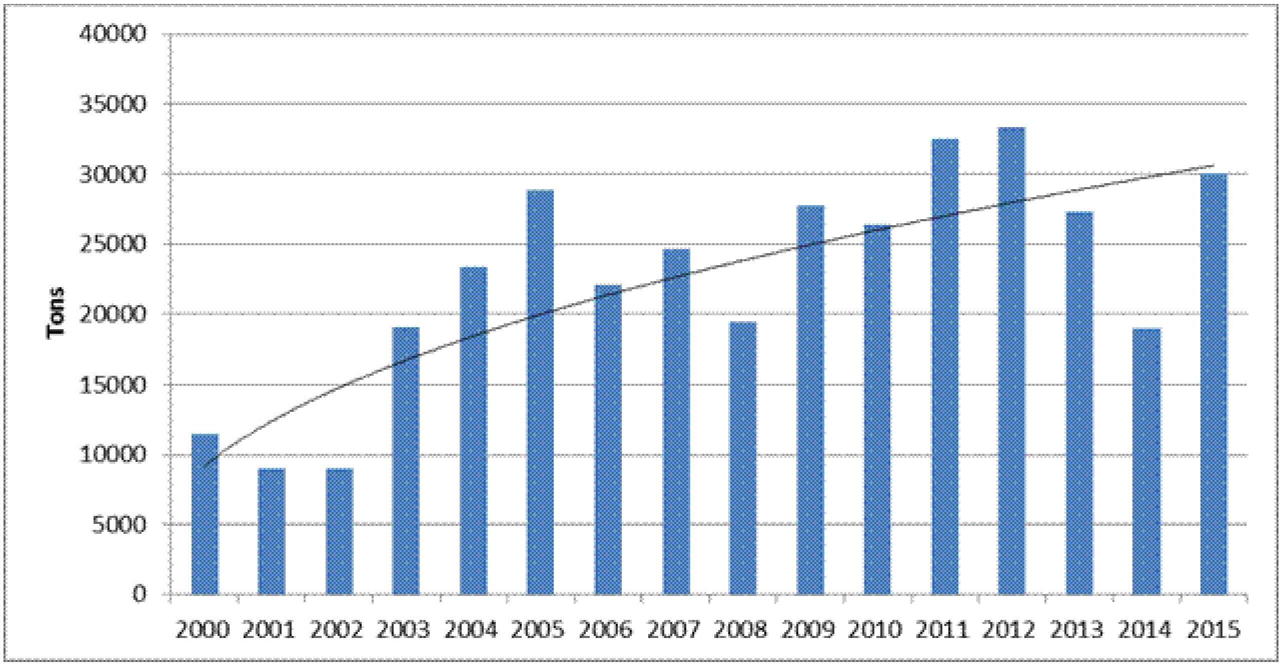



**Figure 7: The trend in pork meat imports by South Africa**
***Source:*** *GTA*

**Table 7: Pork meat imports by South Africa**

| | **2013** | | **2014** | | **2015 (estimate)** | |
|---|---|---|---|---|---|---|
| | **Tons (thousands)** | **Value (US$ millions)** | **Tons (thousands)** | **Value (US$ millions)** | **Tons (thousands)** | **Value (US$ millions)** |
| **Germany** | 11 | 26 | 10 | 28 | 12 | 30 |
| **Canada** | 7 | 16 | 2 | 4 | 7 | 16 |
| **Spain** | 2 | 7 | 2 | 5 | 5 | 13 |
| **France** | 1 | 4 | 2 | 6 | 1 | 4 |
| **United Kingdom** | 1 | 2 | 1 | 3 | 1 | 4 |
| **Belgium** | 1 | 3 | 1 | 3 | 1 | 1 |
| **Others** | 4 | 7 | 1 | 7 | 3 | 4 |
| **Total** | **27** | **65** | **19** | **56** | **30** | **72** |

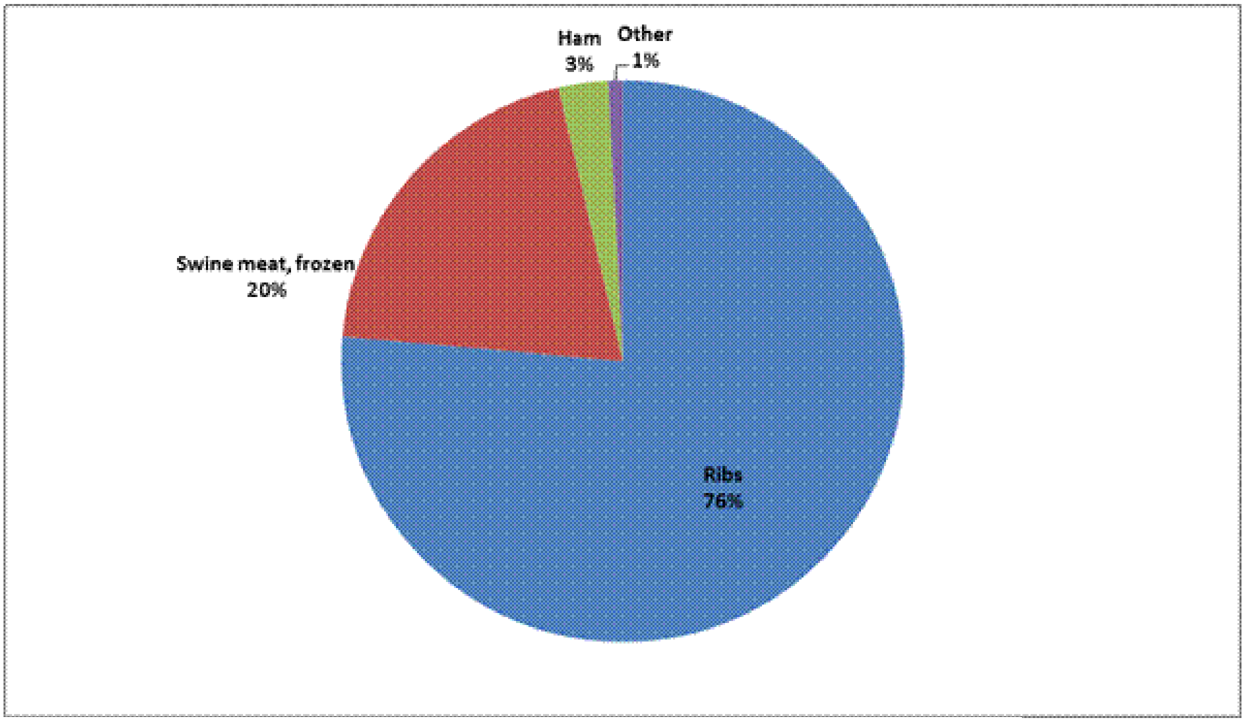



**Figure 8: The product components of pork meat imports into South Africa**
***Source:*** *GTA*

**The South African meat market remains closed for United States products**

**Poultry:** On December 25, 2014, South Africa banned poultry exports from the United States due to the detection of HPAI in the western United States. The blanket ban is inconsistent with World Organization for Animal Health (OIE) standards as South Africa has rejected the United States' request for regionalization. Additionally, United States bone-in chicken has been affected by an anti-dumping duty put in place in 2000. In 2012, the anti-dumping duty was extended for another 5 years and was set at R9.40 per kilogram. In June 2015, representatives from the United States and South African poultry industries met in Paris and agreed on a tariff rate quota of 65,000 tons of United States bone-in broiler meat to enter South Africa without the anti-dumping duty. However, South Africa has not yet taken steps to place that agreement into force. South Africa also maintains a zero tolerance protocol for specified strains of salmonella. The United States poultry industry has strongly asserted this requirement as a barrier to trade. To date, the issue is still lingering, keeping the United States out of the mechanically deboned market. Post's conservative estimates indicates that the United States could export an additional US$60 million worth of poultry products to South Africa if the market opens.

**Beef:** South Africa has maintained a ban on the import of all U.S. ruminant products, including pet food, following the detection of a bovine spongiform encephalopathy (BSE) positive animal in Washington State in 2003. In November 2013, United States Department of Agriculture (USDA) formally requested the restart of discussions for market access for the entire range of United States beef and products to South Africa, in recognition of the OIE changed BSE risk classification for the United States to negligible risk, in May 2013. South Africa, however, stated that for the United States to get acknowledgement of its negligible risk status a cabinet level decree must be issued that rescinds a

March, 2007 decree that limits beef imports related to BSE. On June 26, 2015 the South African Cabinet reportedly issued a decree to recognize the United States' negligible risk status. The health certificate now needs to be negotiated which could take period of time. Post's conservative estimates indicates that the United States could export about US$30 million worth of beef products and pet food to South Africa if the market opens.

**Pork:** In May 2012, South Africa notified the World Trade Organization of a new restriction regarding porcine reproductive and respiratory syndrome (PRRS) and began enforcing the measure in June 2013, which stopped United States pork exports to South Africa. South Africa also imposes additional requirements on pork due to concerns for pseudorabies and trichinae. Although USDA believes these barriers are unwarranted, the United States is trying to find ways to compromise and meet some of South Africa's mitigation protocol. Despite concessions by the United States, South Africa approved a limited list of United States pork cuts for export to South Africa, which excludes shoulder cuts, a priority for United States industry. Post estimated indicates that the United States could export about US$15 million worth of pork products to South Africa if the market opens.