

# Quarterly Economic Review of the Food and Beverages Industry in South Africa

October to December 2021

Volume 8 number 2

**DIRECTORATE: AGRO-PROCESSING SUPPORT**



agriculture, land reform  
& rural development

Department:  
Agriculture, Land Reform and Rural Development  
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## PREFACE

The National Development Plan (NDP) identifies the agro-processing industry for its potential to spur economic growth and create sustainable employment. The agriculture and agro-industries are postulated as having the latent potential to contribute to inclusive economic growth through forward and backward linkages by providing various opportunities for earning income in the food production, processing, distribution and retailing phases of the agro/food value chain. At policy level, the Medium-Term Strategic Framework (MTSF), **specifically outcome 1: Economic transformation and job creation**, notes the agro-processing industry as a key pillar for inclusive economic growth. At sector level, the Agriculture and Agro-processing Master Plan (AAMP), **specifically pillars 5 and 6**, notes the crucial role the agro-processing industry should play towards mitigating post-harvest losses, providing access to markets for farmers and ensuring household food security. At operational level, the competitive performance of agribusinesses is directly linked to the competitiveness of the industry and sector.

Consequently, the Department of Agriculture, Land Reform and Rural Development (DALRRD) established the Directorate: Agro-processing Support within the Branch: Economic Development, Trade and Marketing (EDTM) to develop and facilitate implementation of policies and strategies to enhance competitive performance of agro-processing agribusinesses. Among others, the function of the directorate is to provide timely and updated agro-processing economic and statistical information geared to monitor the performance of the industry and provide insight into the effects of economic policies and exogenous factors. To achieve this purpose, the directorate publishes regular quarterly reviews of the agro-processing industry.

This publication, *“Quarterly Economic Review of Food and Beverages Industry in South Africa: October to December”*, evaluates the performance of the food and beverages divisions during the fourth quarter of 2021. The main economic indicators reviewed are the changes in producer price, production volume, value of sales, capacity utilisation by large enterprises, formal employment and trade balance.

Any comments and suggestions on the content of this publication are welcome.

Dr Mahlogedi L.V Thindisa  
Director: Agro-processing Support  
Pretoria

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*Disclaimer: The Department of Agriculture, Land Reform and Rural Development did everything to ensure the accuracy of the information reported in this publication. The department will, however, not be liable for the results of actions based on this publication.*

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Compiled by Directorate: Agro-processing Support  
Department of Agriculture, Land Reform and Rural Development  
Sefala Building  
503 Belvedere Street, Arcadia, South Africa

All correspondence can be addressed to:  
Director: Agro-processing Support  
Private Bag X416, Pretoria 0001, South Africa  
Tel.: +27 (12) 319 8457  
Fax: +27 (12) 319 8093  
E-mail: [VictorTH@dalrrd.gov.za](mailto:VictorTH@dalrrd.gov.za)

This publication is also available on the internet at: <http://www.dalrrd.gov.za>

## EXECUTIVE SUMMARY

South Africa's real economic activity resumed in 2021: Q4 as the real gross domestic product (GDP) increased by 1,2% following a revised contraction of 1,7% in the third quarter from the impact of the Covid-19 disease. Real output increased in the primary, secondary and tertiary sectors in 2021: Q4. Growth in the real GVA by the primary sector reverted to 2,1% in 2021: Q4 following a revised decline of 8,4% in the third quarter, largely driven by a recovery in the agricultural sector while mining output contracted further.

The real output of the manufacturing sector expanded by 2,8% in 2021: Q4. As a result of the expansion in the manufacturing sector, the volume of production of the food and beverages division rebounded by 3,2% from a 4,6% contraction recorded in the last quarter, however, the division contracted by 1,6% year-on-year. The quarter-to-quarter value of sales in the food and beverages divisions, on the other hand, contracted by 0,7% in 2021: Q4 from a 0,6% growth in 2021: Q3. Sales of the food and beverages division, however, moderated by 3,6% year-on-year.

The quarter-to-quarter and year-on-year food and beverages exports rebounded by 26,1% and 7,2% in 2021: Q4 from a 3,0% and 9,6% contraction in 2021: Q3, respectively. Quarter-to-quarter food and beverages imports contracted by 10,4% from a 19,1% growth in the previous quarter, however, the division moderated by 9,6% year-on-year. As a result, the trade balance rebounded from a R20,6 million deficit in the preceding quarter to a trade surplus of R922,5 million in the current quarter under review.

The main destination of South African food exports is Africa with a share of about 51%, followed by Asia, Europe and the Americas. Oceania accounted about 2,0% of South African food exports. Likewise, South African beverages exports are destined to Africa with a share of about 43%, followed by Europe, the Americas and Asia. Oceania accounted 2% share of South African beverages exports.

The formal employment in the food, beverages and tobacco division rebounded quarter-to-quarter by 1,7% in 2021: Q4 from a contraction of about 0,4% in 2021: Q3. However, year-on-year, the employment increased by 1,1% in 2021: Q4. As a result, the number of formal employment increased to 259 863 in 2021: Q4 from about 255 432 in 2021: Q3. This translates to 4 431 jobs created in 2021: Q4.

## 1. INTRODUCTION

In 2021: Q4, the South Africa's real gross domestic product (GDP) increased by 1.2%. The Real gross value added (GVA) by the primary sector increased by 2.1% in 2021: Q4, this follows a significant contraction of about 8.4% in 2021: Q3. Likewise, the real output of the agricultural sector expanded by a notable 12,2% in 2021: Q4. The increase in agricultural output was, amongst others, mainly driven by an increase in production of animal products (SA Reserve Bank, 2021).

This Quarterly Review provides analysis of the South African Food and Beverages Industry. It mainly looks at the following variables: consumer and producer price index, the utilisation capacity, volume of production, value of sales, employment and trade patterns. Moreover, the wholesale and retail trade sales of food, beverages and tobacco and income from bar sales are also analysed. The review is organised as follows: the first section provides the analysis of the food division. The second section analyses beverages industry, and lastly, it is the conclusion.

## 2. FOOD PRODUCTS

According to the Standard Industrial Classification (SIC), the food industry incorporates groups of products that are categorised into the following four codes:

- Code 301: refers to manufacturing, processing and preservation of meat, fish, vegetables, fruit, oils and fats
- Code 302: refers to manufacturing, processing and preservation of dairy products
- Code 303: refers to manufacture of grain mill products, starch products and prepared animal feeds
- Code 304: refers to manufacture of other food products like bread, sugar, chocolate, pasta, coffee, nuts and spices.

Hereafter, food products refer to those primary agricultural and fisheries products that have undergone some form of change through manufacturing and processing or performed some value addition activities such as preservation.

### 2.1 PRICE

#### *Consumer Price Index (CPI)<sup>1</sup>*

The quarter-to-quarter consumer price index for all items moderated by 1,1% in 2021: Q4, following a growth of 1,6% in the previous quarter. Some of the items that moderated quarter-

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<sup>1</sup> Stats SA defines CPI as a current social and economic indicator that is constructed to measure changes over time in the general level of prices of consumer goods and services that households acquire, use, or pay for.

to-quarter were meat and “other food” by 1,3% and 1,5%, respectively. The CPI for fruit, vegetables and sugar, sweets and desserts rebounded by 4,7%, 3,7% and 1,6%, respectively. Conversely, the CPI for food and alcoholic beverages and food grew by 1,3% and 1,2%, respectively. However, the CPI for fish stagnated at 0,4%, while for milk, cheese and eggs it remained unchanged as compared to a 0,5% growth in the last quarter.

In terms of year-on-year, the consumer price index for all items increased by 5,6% in 2021: Q4 from a 5,1% growth in the last quarter. The consumer price of most food items moderated year-on-year during the period under review. Those items were: food and non-alcoholic beverages (5,6%), food (6,1%), bread and cereals (2,1%), meat (8,6%), fish (3,2%), milk, eggs and cheese (5,1%), oils and fats (18,8%), vegetables (4,2%) and sugar, sweets and deserts (5,0%). However, the consumer price index of fruit further contracted by 3,3%, while of “other food “it increased by 5,7% (see Table 2.1).

Table 2.1: Consumer Price Index of food products

Food products	Weight	Indices			% Change between	
		2020: Q4	2021: Q3	2021: Q4	2021: Q3 and 2021: Q4	2020: Q4 and 2021: Q4
All items (CPI Headline)	100	94.3	95.5	96.9	1.1	5.6
Food and non-alcoholic beverages	15,4	94.4	95.8	97.6	1.3	5.6
Food	14,2	94.0	95.5	97.4	1.2	6.1
Bread and cereals	3,5	97.7	98.9	99.0	1.0	2.1
Meat	4,6	91.3	93.4	95.7	1.3	8.6
Fish	0,4	96.4	97.8	98.7	0.4	3.2
Milk, eggs and cheese	1,7	95.0	96.1	99.4	0.0	5.1
Oils and fats	0,5	83.4	86.3	94.3	2.2	18.8
Fruit	0,2	101.3	103.9	96.2	4.7	-3.3
Vegetables	1,6	98.7	97.6	100.2	3.7	4.2
Sugar, sweets and deserts	0,6	94.8	97.2	98.7	1.6	5.0
Other food	0,9	94.5	95.1	96.4	1.5	5.7

Source: (Stats SA, 2021)

## Producer Price Index (PPI)<sup>2</sup>

During 2021: Q4, the quarter-to-quarter producer price index of final manufactured goods increased by 2,9% from a 2,1% growth in 2021: Q3. The quarter-to-quarter producer price index moderated for fruit and vegetables (0,5%), oils and fats (1,3%) and sugar (4,1%). The producer price index increased for food products (2,2%), fish and fish products (2,4%), "other food products" (2,3%) and bakery products (2,1%). However, for Grain mill products it rebounded by 2,5%; starch and starch products, animal feeds it decelerated by 0,7%, while for dairy products it contracted by 1,0%.

In terms of year-on-year, the producer price index of all items increased by 9,5% in 2021: Q4 from a 7,4% growth in the last quarter. The year-on-year producer price index increased for food products (6,5%), fish and fish products (6,5%), fruit and vegetables (4,3%), dairy products (8,3%), "other food products" (4,5%), bakery products (3,2%) and sugar (10,5%). Meat and meat products, oils and fats, grain mill products and starch and starch products, animal feeds items it moderated by 8,2%, 26,1%, 2,9% and 10,4%, respectively, during the period under review (see Table 2.2).

Table 2.2: Producer Price Index of food products

Food products	Weight	Indices			% Change between	
		2020: Q4	2021: Q3	2021: Q4	2021: Q3 and 2021: Q4	2020: Q4 and 2021: Q4
Final manufactured goods (Headline PPI)	100	99.9	106.3	109.4	2.9	9.5
Food products	26,3	99.3	103.5	105.8	2.2	6.5
Meat and meat products	4,5	97.8	100.7	105.8	5.1	8.2
Fish and fish products	1,6	99.7	103.6	106.1	2.4	6.5
Fruit and vegetables	2,4	100.8	104.6	105.1	0.5	4.3
Oils and fats	0,5	99.4	123.6	125.3	1.3	26.1
Dairy products	3,3	100.9	110.3	109.2	-1.0	8.3
Grain mill products	1,8	98.8	99.2	101.6	2.5	2.9
Starch and starch products, animal feeds	1,6	97.1	107.9	107.1	-0.7	10.4
Other food products	0,9	99.9	102.0	104.4	2.3	4.5
Bakery products	6,9	99.6	100.6	102.7	2.1	3.2

<sup>2</sup> OECD defines the Producer Price Index (PPI) as a measure of the change in the prices of goods either as they leave their place of production or as they enter the production process. The PPI can be used as an economic indicator of inflation, as an escalator in contracts and as a deflator in the calculation of the national accounts.

Sugar	1,9	101.4	107.6	112.0	4.1	10.5
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Source: Stats SA (2022)

### Import Unit Value Index<sup>3</sup>

Table 2.3 presents the import unit value index of selected food products during 2021: Q4. The import unit value, quarter-to-quarter, rebounded for food products, fats and oils and grain mill products by 1,4%, 5,3% and 11,7%, respectively, in 2021: Q4. However, it receded further year-on-year for food products by 5,5%. Conversely, it rebounded by 2,3% for fats and oils, while it increased by 8,4% for grain mill products.

Table 2.3 presents the import unit value index of selected food products during 2021: Q4

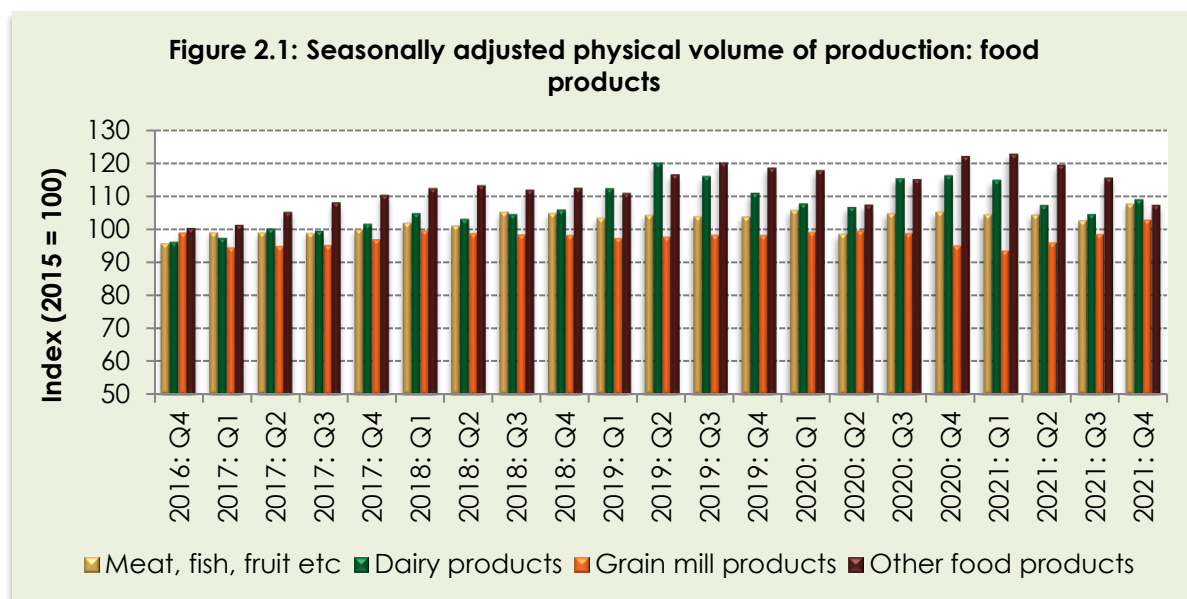
Food products	Indices			% Change between	
	2020: Q4	2021: Q3	2021: Q4	2021: Q3 and 2021: Q4	2020: Q4 and 2021: Q4
Food (total)	103.1	100.7	98.5	1.4	-5.5
Fats and oils	-4.6	-2.3	-2.2	5.3	2.3
Grain mill products	-2.4	-4.4	-10.3	11.7	8.4

Source: Stats SA (2022)

<sup>3</sup> IMF defines export and import unit value index as a measure the overall change in the prices of transactions in goods and services between the residents of an economic territory and residents of the rest of the world. The average unit value is obtained by dividing the value of exported/imported goods in monetary terms with the respective volume/weight of the goods.



## 2.2 PRODUCTION



Source: Statistics SA (2022)

Figure 2.1 presents seasonally adjusted physical volume of production for the food products division in 2021: Q4. The quarter-to-quarter and year-on-year seasonally adjusted volume of production for meat, fish and fruit rebounded by 4,9% and 2,3% in 2021: Q4 following a 1,7% and 2,0% contraction, respectively, in the last quarter. Similarly, the seasonally adjusted physical volume of production for dairy products rebounded by 4,2% quarter-to-quarter in 2021: Q4 from a 2,5% contraction in the previous quarter, however, it receded further by 6,2% year-on-year. Grain mill products, it increased by 4,5% quarter-to-quarter from a 2,6% growth in the preceding quarter, while it rebounded by 8,2% year-on-year. "Other food products", it decelerated by 7,2% quarter-to-quarter in 2021: Q4 from a 3,2% contraction in the last quarter, however, it contracted by 12,1% year-on-year.

### Production capacity

Table 2.4: Utilisation and reasons for underutilisation of production capacity by large enterprises: Food products (percentage)

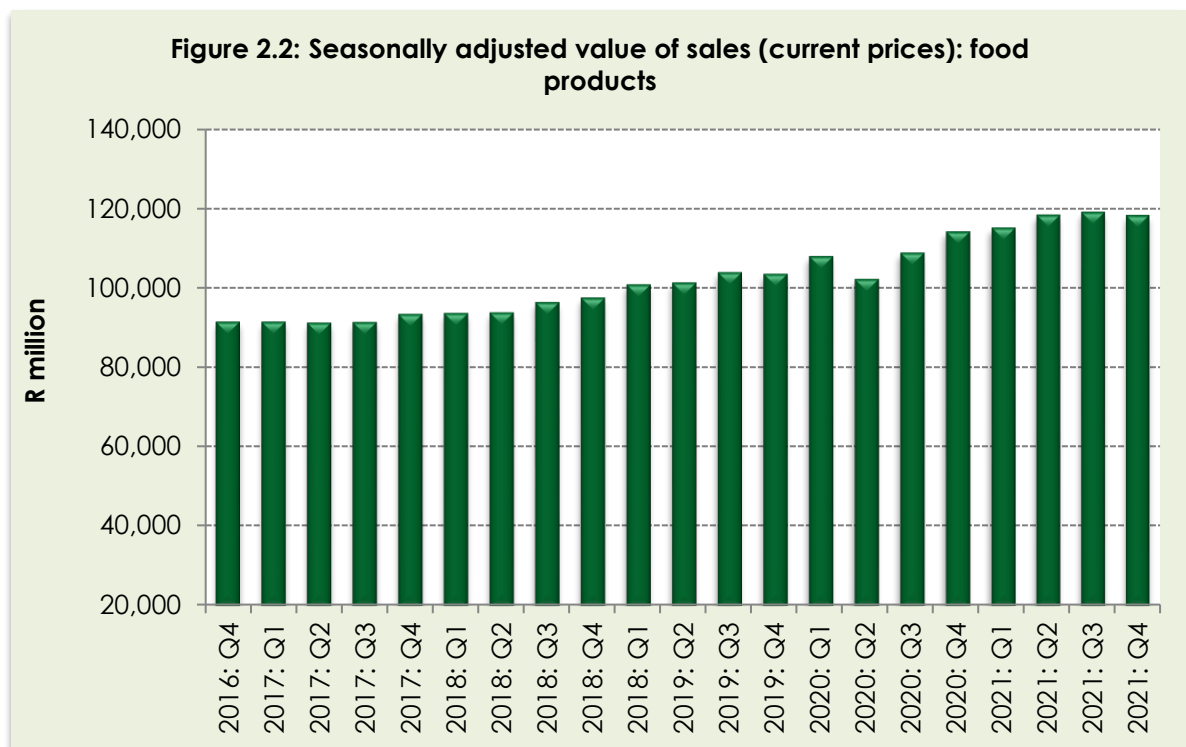
Period	Utilisation	Reasons for underutilisation					
		Total under-utilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi-and unskilled		
2020: Q4	83.2	16.8	2.1	0.9	0.2	9.9	3.8

2021: Q3	82.7	17.3	3.0	0.9	0.1	9.5	3.7
2021: Q4	81.7	18.3	3.0	1.0	0.2	9.8	4.4

Source: Statistics SA (2022)

As Table 2.4 shows, the utilisation of production capacity by large enterprises of the food products division declined year-on-year and quarter-to-quarter. The quarter-to-quarter decline is by 1,0 percentage point, while year-on-year it declined by 1,5 percentage points . Insufficient demand remained the main reason for underutilisation in 2021: Q4, followed by other reasons such as seasonal factors.

## 2.3 VALUE OF SALES

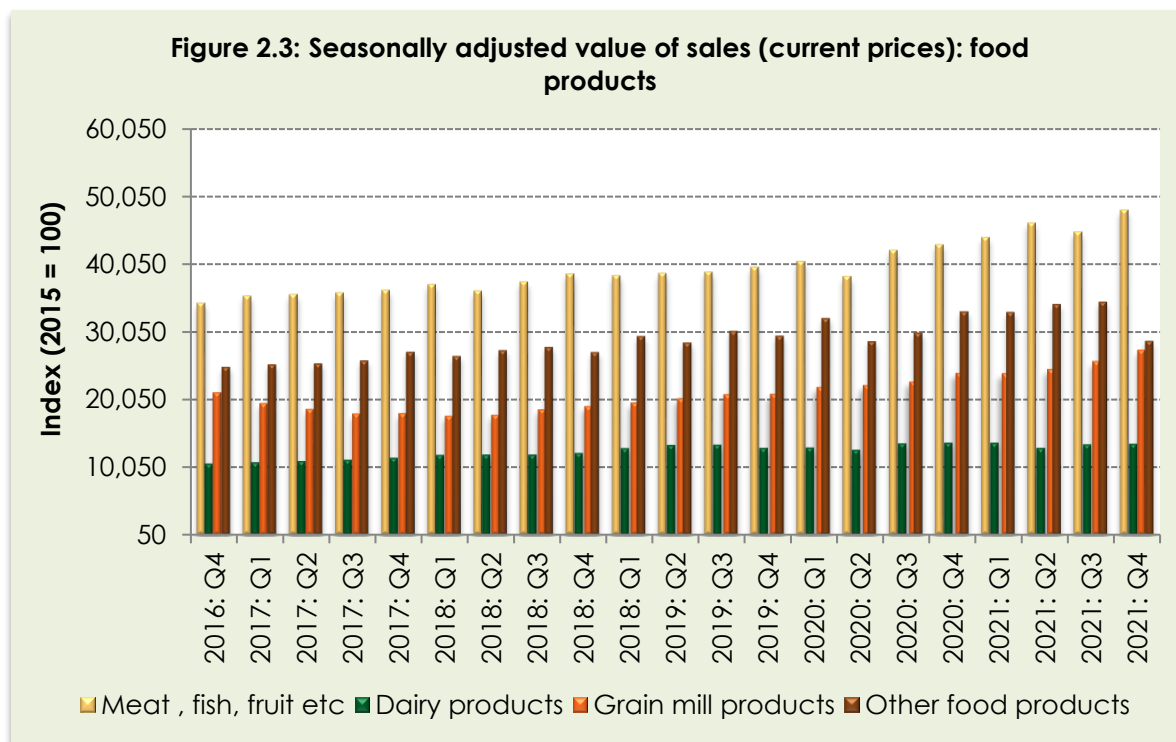


Source: Statistics SA (2022)

During 2021: Q4, the quarter-to-quarter value of sales of food products contracted by 0,7% as compared to a 0,6% growth in the last quarter. However, it moderated year-on-year by 3,6% in 2021: Q4 following a growth of 10,4% in 2021: Q3 as illustrated in Figure 2.2.

As Figure 2.3 shows, quarter-to-quarter sales of meat, fish and fruit rebounded by 7,2%, in 2021: Q4 as compared to a contraction of 2,9% in the last quarter, however, it accelerated year-on-year by 12,0%. Quarter-to-quarter seasonally adjusted value of sales for the dairy products division moderated by 0,7% in 2021: Q4 from a growth of about 4,1% in 2021: Q3, however, it receded further by 1,0% year-on-year. Grain mill products sales increased by 6,4% in 2021: Q4 following a 4,8% growth in the last quarter. Similarly, sales for grain mill products division increased by 14,3% year-on-year. "Other food products" division, its sales, on the other hand,

contracted quarter-to-quarter by 16,8% in 2021: Q4 from 1,0% growth in the preceding quarter. Likewise, sales for other food products division contracted by 13,1% year-on-year in 2021: Q4.



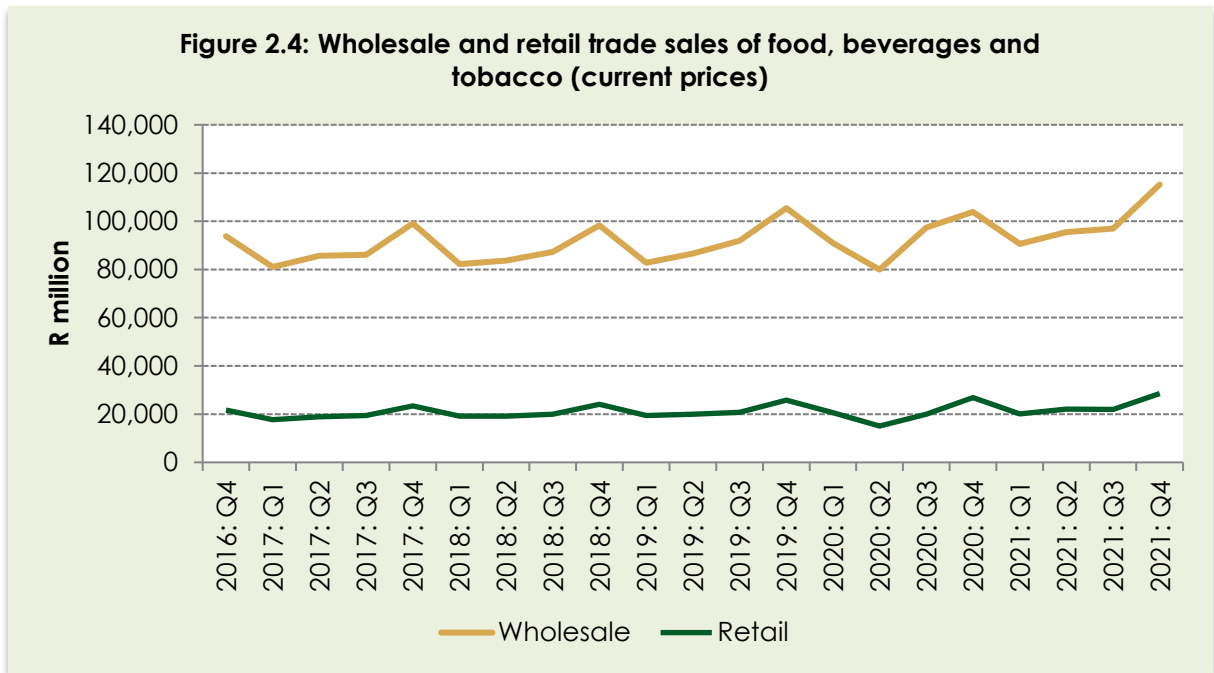
Source: Statistics SA (2022)

#### Wholesale and retail sales<sup>4</sup>

The quarter-to-quarter wholesale trade sales of the food, beverages and tobacco divisions accelerated by 18,8% in 2021: Q4, as compared to a growth of 1,5% in 2021: Q3, however, it rebounded year-on-year by 10,9% in 2021: Q4 from a 0,4% contraction in the previous quarter. Conversely, the quarter-to-quarter retail trade sales rebounded by 30,4% in 2021: Q4, from a contraction of about 1,1% in 2021: Q3. However, the retail trade sales moderated year-on-year by 6,1% in 2021: Q4 following a 9,8% growth in the last quarter.

As a result, the wholesale trade sales increased to R115 246 million in 2021: Q4 from R96 983 million in 2021: Q3. The retail trade sales also increased to R28 581 million in 2021: Q4 from R21 888 million in 2021: Q3 as shown in Figure 2.4.

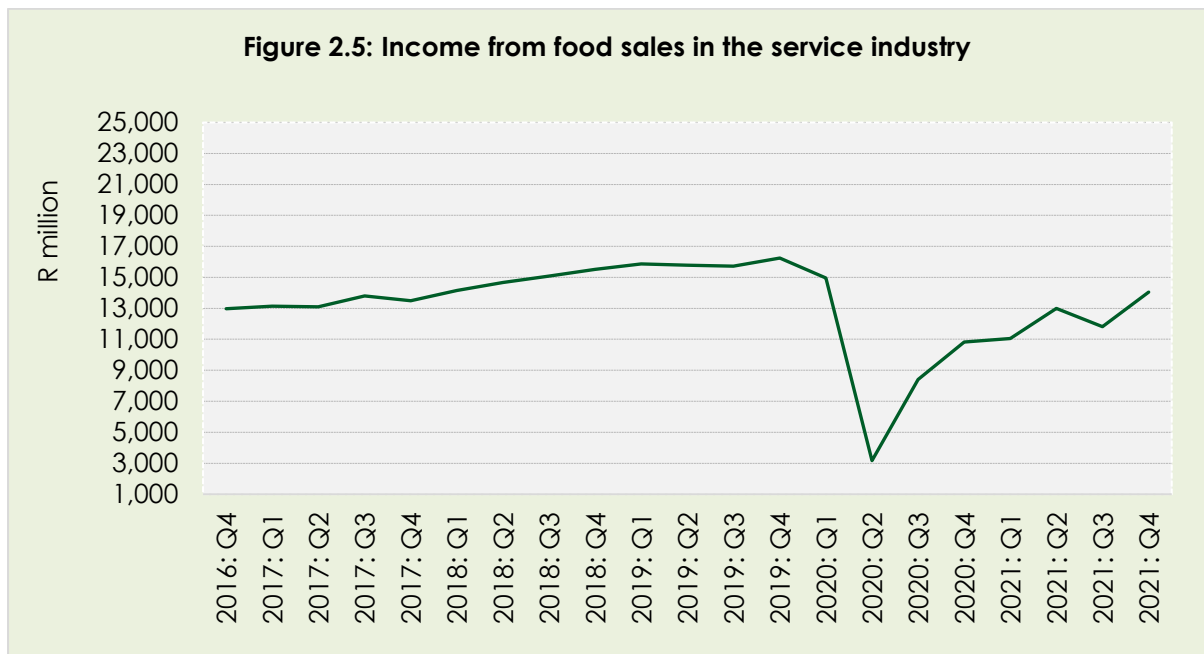
<sup>4</sup> Statistics South Africa (Stats SA) conducts a monthly survey covering enterprises in the wholesale and retail trade industry. The results of the monthly wholesale and retail trade sales survey are used to compile estimates of the gross domestic product (GDP) and its components, which are used in monitoring the state of the economy and formulation of economic policy. These statistics are also used in the analysis of comparative business and industry performance.



Source: Statistics SA (2022)

## 2.4 INCOME FROM FOOD SALES IN THE SERVICE INDUSTRY<sup>5</sup>

Table 2.5 below shows the income from food sales in the service industry, which includes food sales in restaurants and coffee shops, take-away/fast food outlets and catering services.

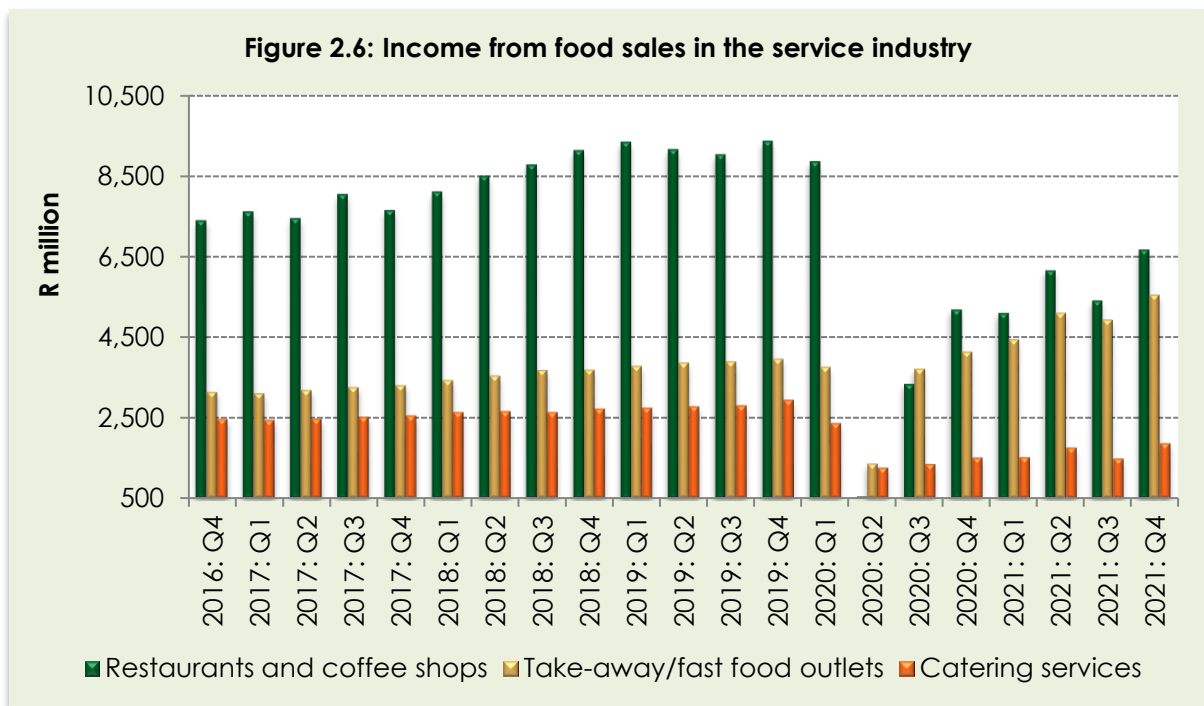


Source: Statistics SA (2022)

<sup>5</sup> Income from food sales in the service industry refers to income from the sale of meals and non-alcoholic drinks.

The total income from food sales in the service industry rebounded by 19,1% quarter-to-quarter in 2021: Q4 as compared to a 9,1% contraction in 2021: Q3. However, the total income from food sales moderated by 30,0% year-on-year in 2021: Q4 from an increase of about 40,6% in 2021: Q2. As a result, the income from food sales increased to R14 056,8 million in 2021: Q4 from R11 807 million in 2021: Q3 as presented in Figure 2.5.

Figure 2.6 shows the income from food sales in the service industry. The quarter-to-quarter income from food sales in restaurants and coffee shops, takeaway/fast food outlets and catering services rebounded by 23,3%,12,5% and 25,5% in 2021: Q4 as compared to a 12,1%, 3,2% and 15,5% contraction in 2021: Q3, respectively. However, year-on-year, income from food sales in restaurants and coffee shops and catering services moderated by 28,7%, income from sales of takeaway/fast food outlets increased by 34,0% and catering services accelerated by 23,2% during 2021: Q4.



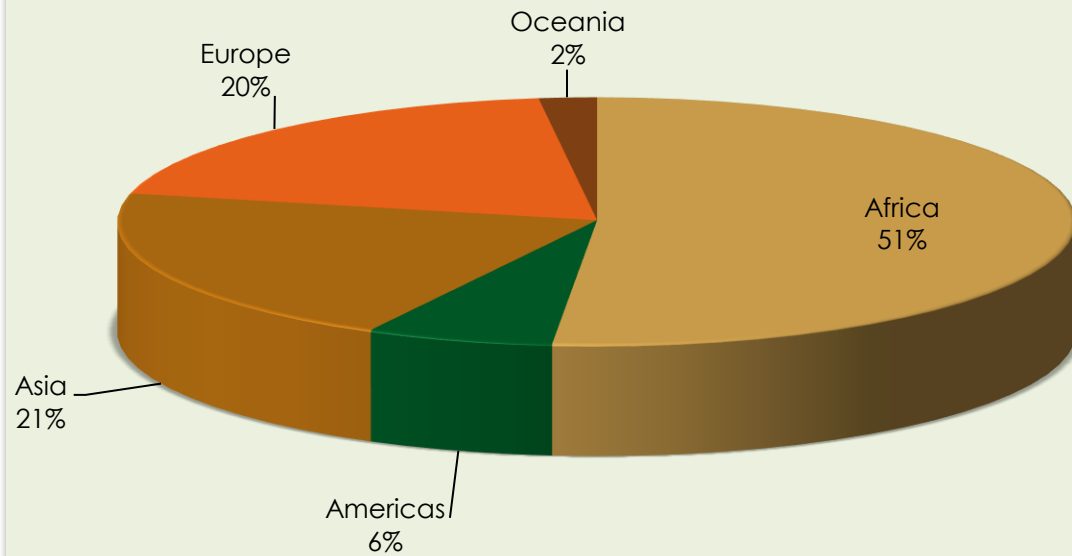
Source: Statistics SA (2022)

## 2.5 TRADE

### Main food export destinations and products

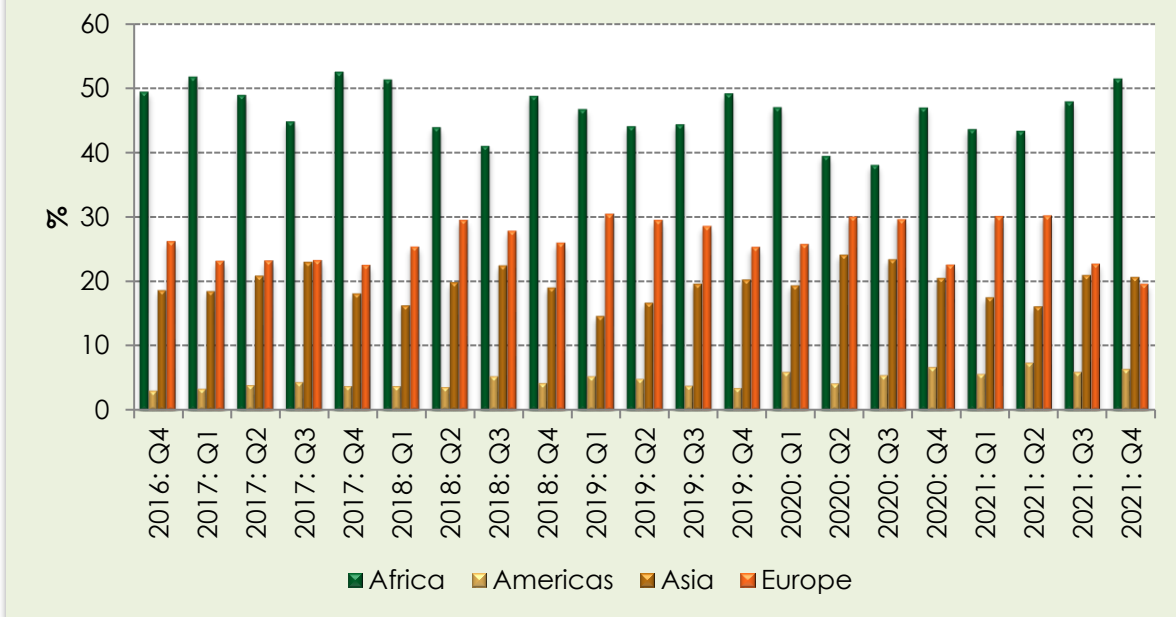
Figure 2.7 shows food export destinations' share of the continents. Africa accounted for the highest share of South African food exports in 2021: Q4. Africa accounted for about 51% of South African food exports, followed by Asia, Europe and the Americas with a share of 21%, 20% and 6%, respectively. Oceania has the least share at approximately 2%. Figure 2.8 shows that, for the past five years, Africa accounted for the largest share of food exports in the world.

**Figure 2.7: The food export destinations' share of continents in 2021: Q4**



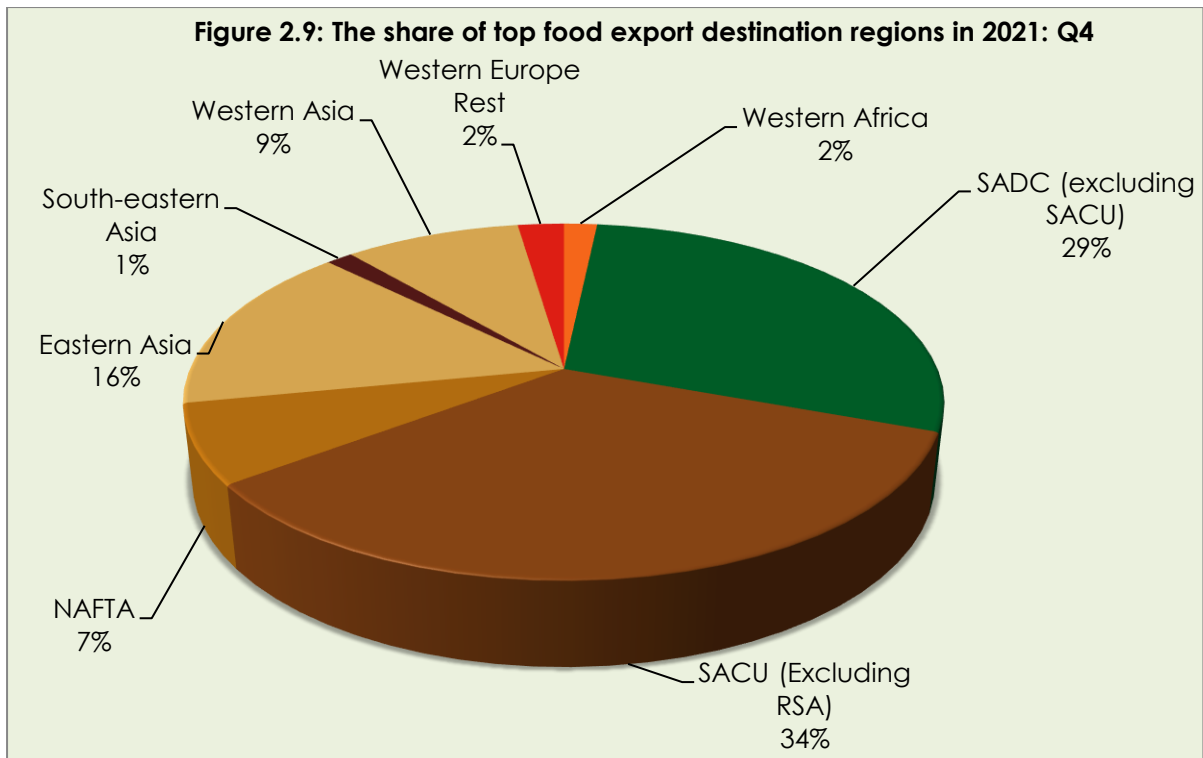
Source: Quantec (2022)

**Figure 2.8: The food export destination's share of the continents (2016: Q4-2021: Q4)**



Source: Quantec (2022)

Figure 2.9 shows the food export destinations' share of the main regions in 2021: Q4. Among the main regions, SACU (excluding RSA) accounted for the highest share of South African food exports (34%) followed by SADC (excluding SACU) (29%), then Eastern Asia (16%), Western Asia (9%), NAFTA (7%) and Western Europe and Western Africa both accounting for 2%. South-Eastern Asia accounted for a 1% share of South African food exports in 2021: Q4.



Source: Quantec (2022)



Source: Quantec (2022)

Figure 2.10 shows the top ten food export destinations by countries in 2021: Q4. Botswana, Namibia, Mozambique, Zimbabwe, Lesotho, the United States and Zambia accounted for 8,2%, 7,9%, 7,1%, 6,6%, 6,4%, 5,1% and 5,1% share of food exports, respectively, in 2021: Q4. Japan, Spain and China accounted for a 4,9%, 4,5% and 4,2% share of South African food exports, respectively, during the period under review.

Table 2.5 presents the major exports of food products during 2021: Q4 and their year-on-year percentage change in the food category. The leading South African exports of food products are Maize (excluding seed for sowing) (HS100590), Oranges HS080510) and Cranberries, bilberries and other fruit of the genus Vaccinium (HS081040) with an export value of R2 635,37 million, R1 756,33 million and R1 725,19 million, respectively, in 2021: Q4.

Table 2.5: Major exported food products 2021: Q4

HS code	Product description	Export value R_million	Year-on-year- change %
100590	Maize (excluding seed for sowing)	2 635,37	74,21
080510	Oranges	1 756,33	85,28
081040	Cranberries, bilberries, and other fruit of the genus Vaccinium	1 725,19	10,82
080262	Fresh or dried macadamia nuts, shelled	1 437,48	123,26
080610	Fresh grapes	1 430,31	-26,14
080810	Apples	1 022,54	13,86
170114	Other cane sugar	642,75	6,60
210690	Food preparations, n.e.s.	633,03	-11,43
230990	Preparations of a kind used in animal feeding (excluding dog or cat food put up for retail sale)	575,09	17,03
030474	Hake	528,40	14,54

Source: Quantec (2022)



Table 2.6 shows the major imports of food products during 2021: Q4 and their percentage change in the food category. The leading imports of food products are palm oil and its fractions amounting to R2 053,56 million, Semi-milled or wholly milled rice (R1 885,48 million) and cane sugar (R 866,03 million).

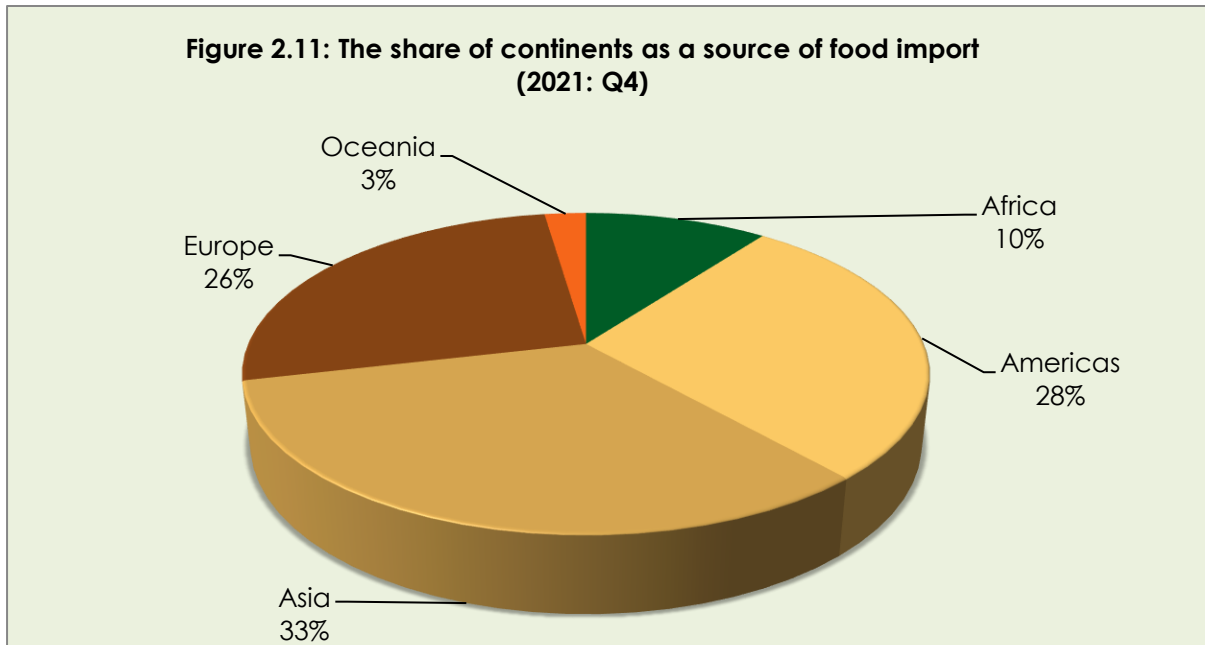
Table 2.6: Major imported food products in 2021: Q4

HS code	Product description	Import value R_million	Year-on- year % change
151190	Palm oil and its fractions	2 053,56	28,47
100630	Semi-milled or wholly milled rice	1 885,48	-24,96
170113	Cane sugar	866,03	12,15
100199	Wheat and meslin	816,19	34,13
230400	Oilcake and other solid residues, whether ground or in the form of pellets, resulting from the extraction of soya-bean oil	814,75	17,09
210690	Food preparations, n.e.s.	785,48	-7,64
020712	Frozen fowls of the species Gallus domesticus, not cut in pieces	699,62	20,70
020714	Cuts and offal, frozen	597,28	-2,55
050400	Guts, bladders, and stomachs of animals (other than fish)	541,29	17,11
150790	Soya-bean oil and its fractions	453,88	11,57

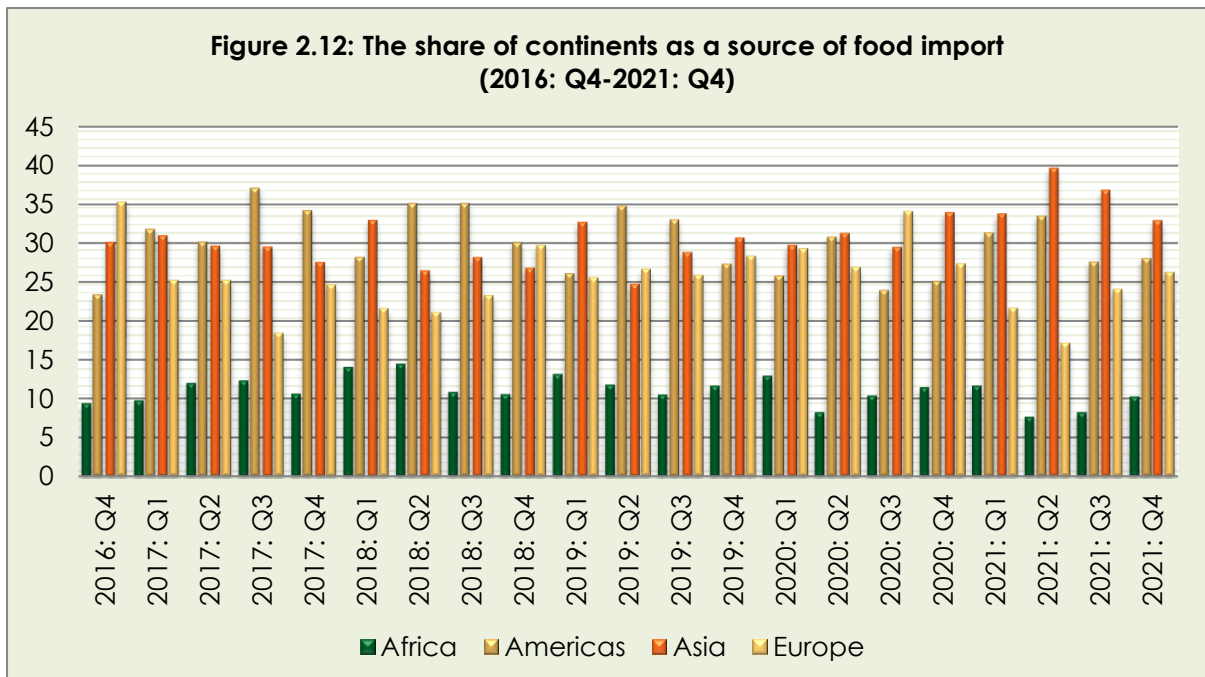
Source: Quantec (2022)

### Main source of imported food products

South Africa's main source of food imports during 2021: Q4 is presented in Figure 2.11. Asia accounted for a 33% share of food imports in 2021: Q4, followed by the Americas with a share of about 28%, Europe (26%) and Africa (10%). Oceania accounted for the least of South African food imports at around 3%. Figure 2.12 below shows that, for the past five years, Asia and the Americas accounted for the larger share of South African food imports.

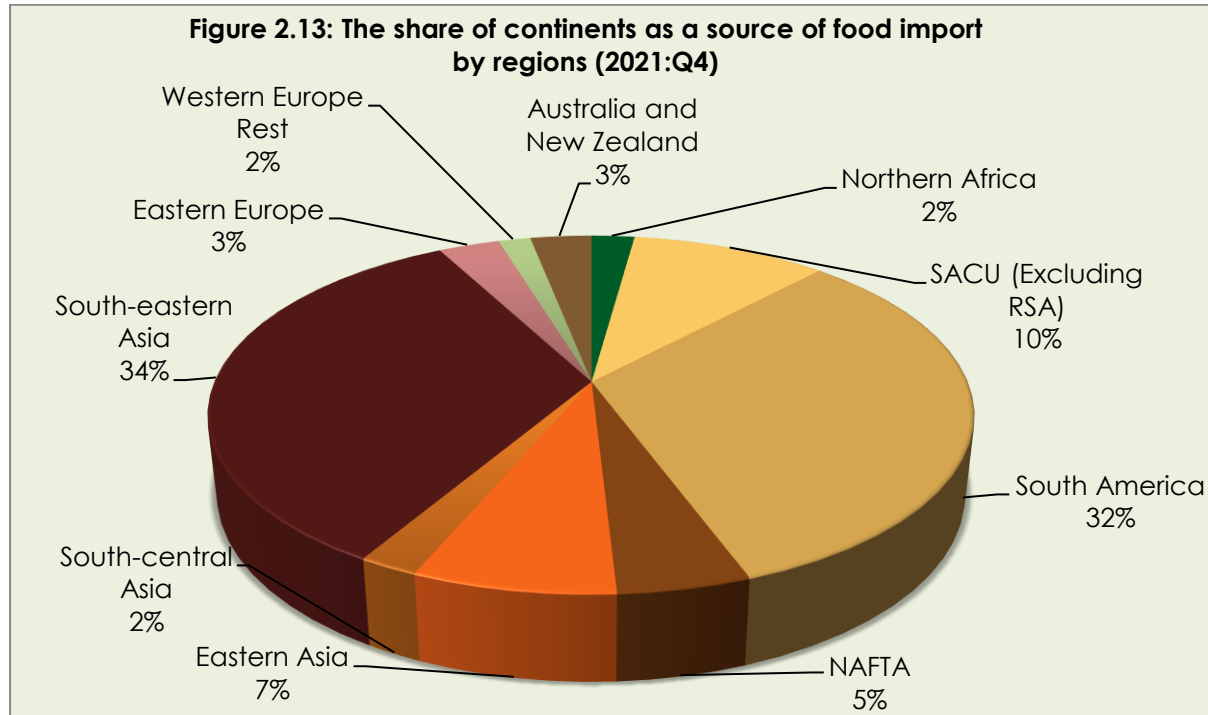


Source: Quantec (2022)

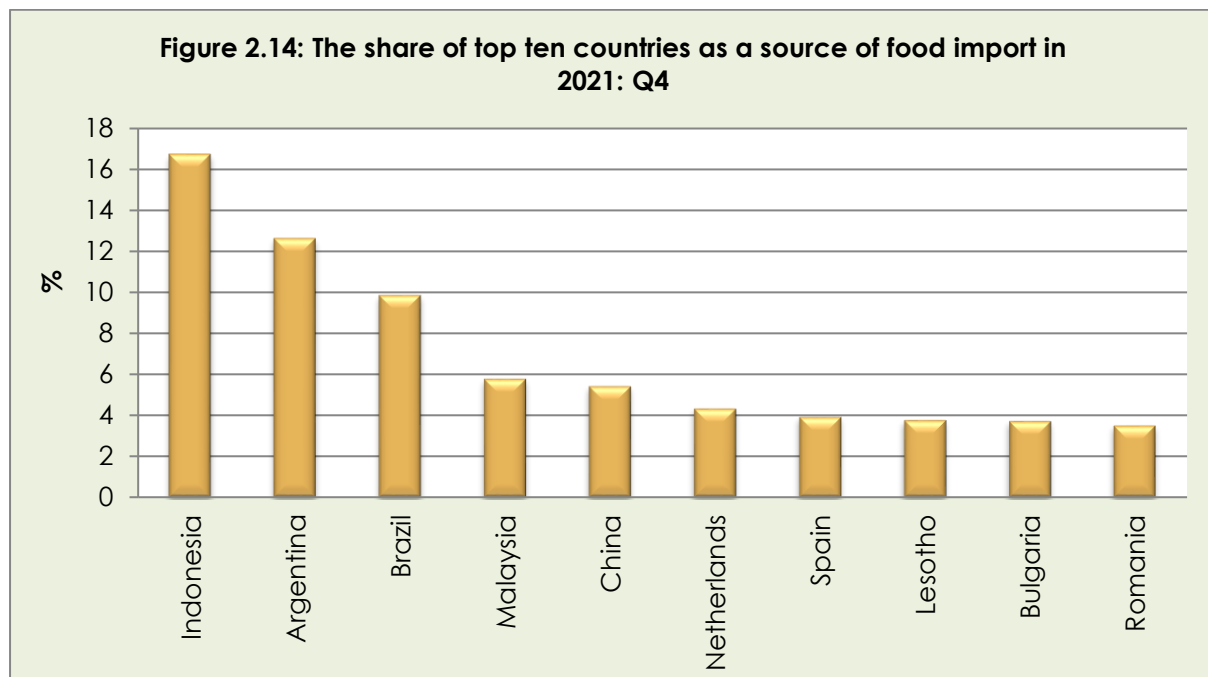


Source: Quantec (2022)

Amongst the trading regions, South-Eastern Asia accounted for an approximate 34% share of South African food imports, followed by South America (32%) and SACU (excluding SA) (10%). Eastern Asia, NAFTA, Eastern Europe and Australia and New Zealand accounted for 7%, 5%, 3% and 3% share of South African food imports, respectively, in 2021: Q4. Northern Africa and Western Europe (rest) accounted for the least share, both at 2% as presented in Figure 2.13.

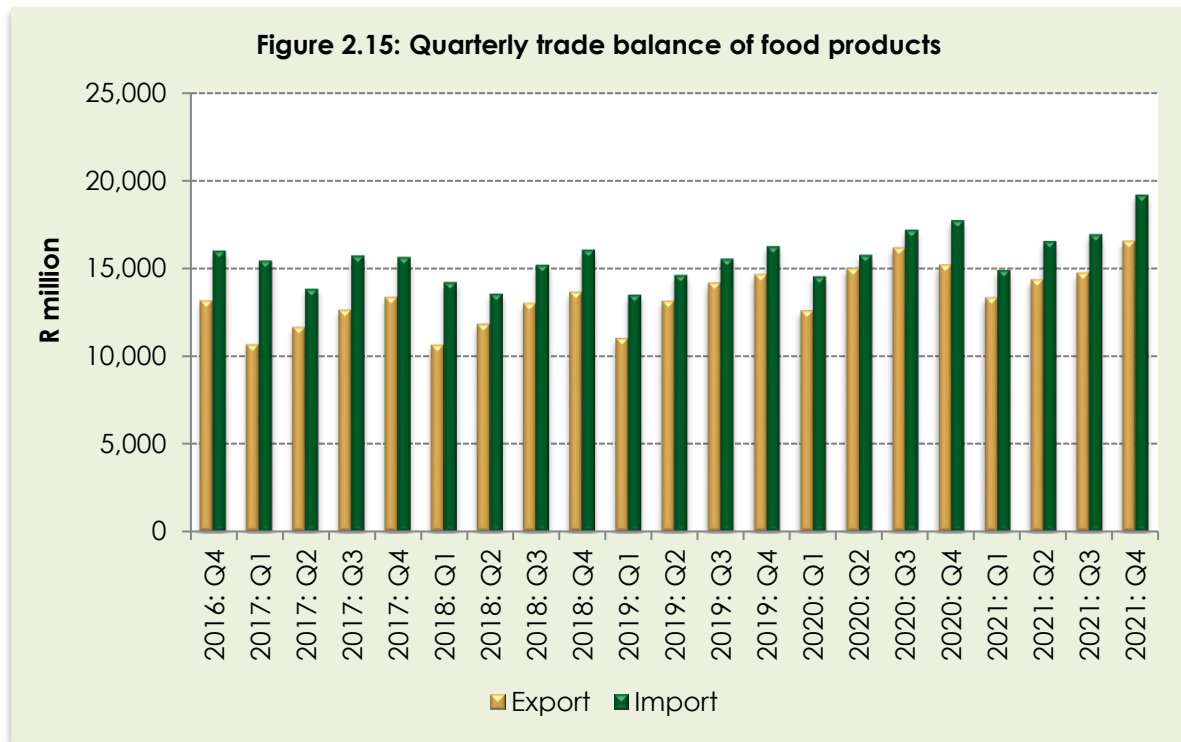


Source: Quantec (2022)



Source: Quantec (2022)

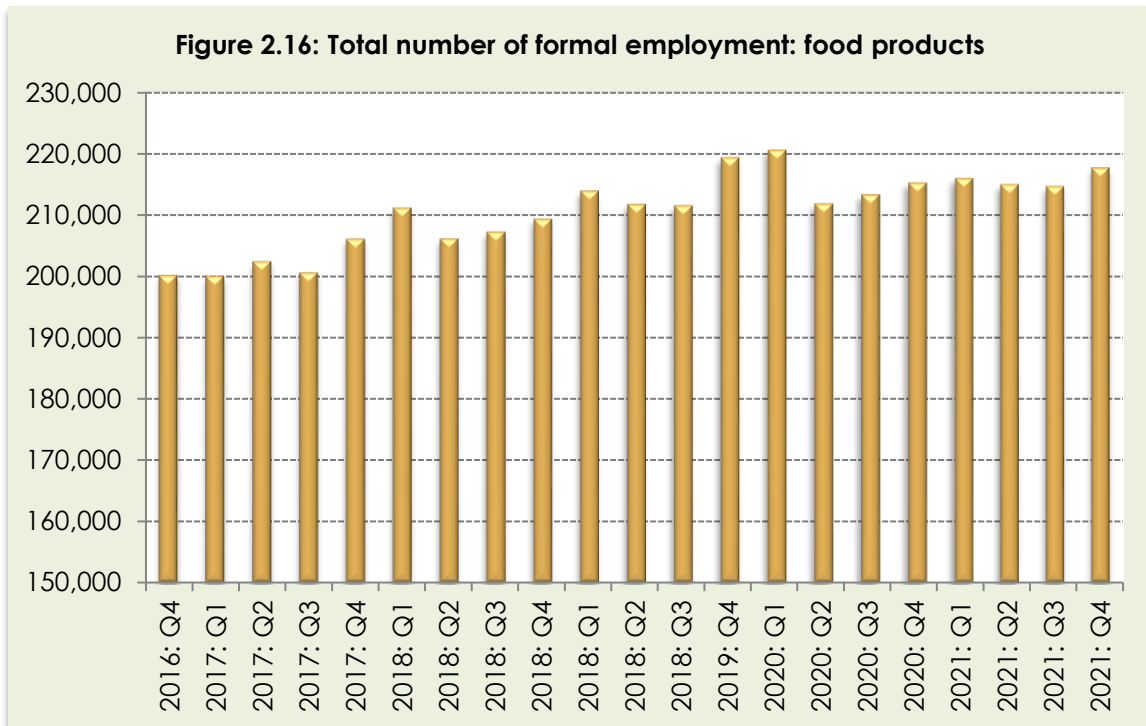
Figure 2.14 shows the top ten countries as a source of South African food imports in 2021: Q4. South Africa's imported food products mainly come from Indonesia, which has a share of about 16,7%, followed by Argentina (12,6%) and Brazil (9,9%). Malaysia, China and the Netherlands had a share of 5,8%, 5,4% and 4,3%, respectively, in 2021: Q4.



Source: Quantec (2022)

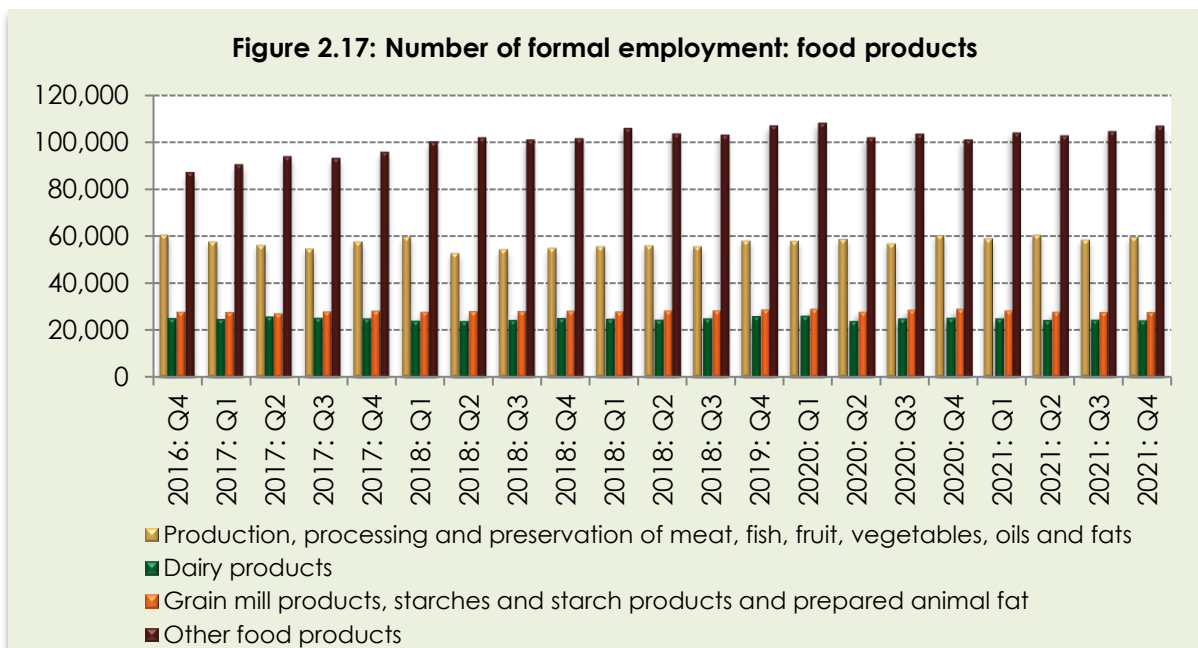
Figure 2.15 shows the quarterly trade balance of food products in 2021: Q4. During 2021: Q4, the quarter-to-quarter food exports and imports grew by 12,3% and 13,3% from a 2,7% and 2,3% growth in 2021: Q3, respectively. However, the year-on-year exports and imports rebounded by 8,9% and 8,2%, respectively, in 2021: Q4. As a result, the trade deficit widened from R2 176 million in 2021: Q3 to R2 611,5 million in 2021: Q4.

## 2.6 EMPLOYMENT



Source: Statistics SA (2022)

Figure 2.16 shows the number of formal employment in the food products division. The quarter-to-quarter formal employment in the food products division rebounded by 1,4% in 2021: Q4 from a 0,2% contraction in 2021: Q3. However, the employment in the food products division increased by 1,1% year-on-year. As a result, 3 029 jobs created during the period.



Source: Statistics SA (2022)

Figure 2.17 shows the number of formal employment in the food products divisions in 2021: Q2. During 2021: Q4, the quarter-to-quarter employment in meat, fish and fruit and vegetables, etc. rebounded by 1,8% from a 3,4% contraction in the last quarter. Conversely, the employment in dairy products contracted by 1,2% in 2021: Q4 following a 0,8% growth in the preceding quarter. Grain mill products employment receded further by 0,1% in 2021: Q4 as compared to a 0,7% contraction in the previous quarter. The quarter-to-quarter and year-on-year employment in "Other food products" grew by 2,2% and 5,7% as compared to a growth of a 1,7% and 1,1% in the preceding quarter. In terms of year-on-year, employment in meat, fish and fruit and vegetables division contracted by 1,5%, dairy products it decelerated by 4,3%, while grain mill products it also decelerated by 4,9%.

### 3. BEVERAGES

Beverages, according to the SIC, is code 305 and comprises of the following beverage products:

- Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented materials
- Manufacture of wine
- Manufacture of beer and other malt liquors and malt
- Breweries, except sorghum beer breweries
- Sorghum beer breweries
- Manufacture of malt
- Manufacture of soft drinks; production of mineral waters.

#### 3.1 PRICE

Table 3.1 below shows the consumer price indices, producer price indices and export unit value of the beverages division in 2021: Q4. During 2021: Q4, the consumer price index for all items moderated quarter-to-quarter by 1,1% from a 1,6% growth in 2021: Q3. Conversely, the consumer price index increased by 5,6% year-on-year.

The consumer price index for alcoholic beverages, wine and beer moderated quarter-to-quarter by 0,5%, 0,9% and 0,6%, respectively, in 2021: Q4. However, the consumer price index for non-alcoholic beverages and hot beverages rebounded quarter-to-quarter by 0,8% and 0,7%, respectively. Cold beverages, on the other hand, it increased by 1,1%, while for spirits it remained unchanged as compared to a growth of 0,1% in the last quarter.

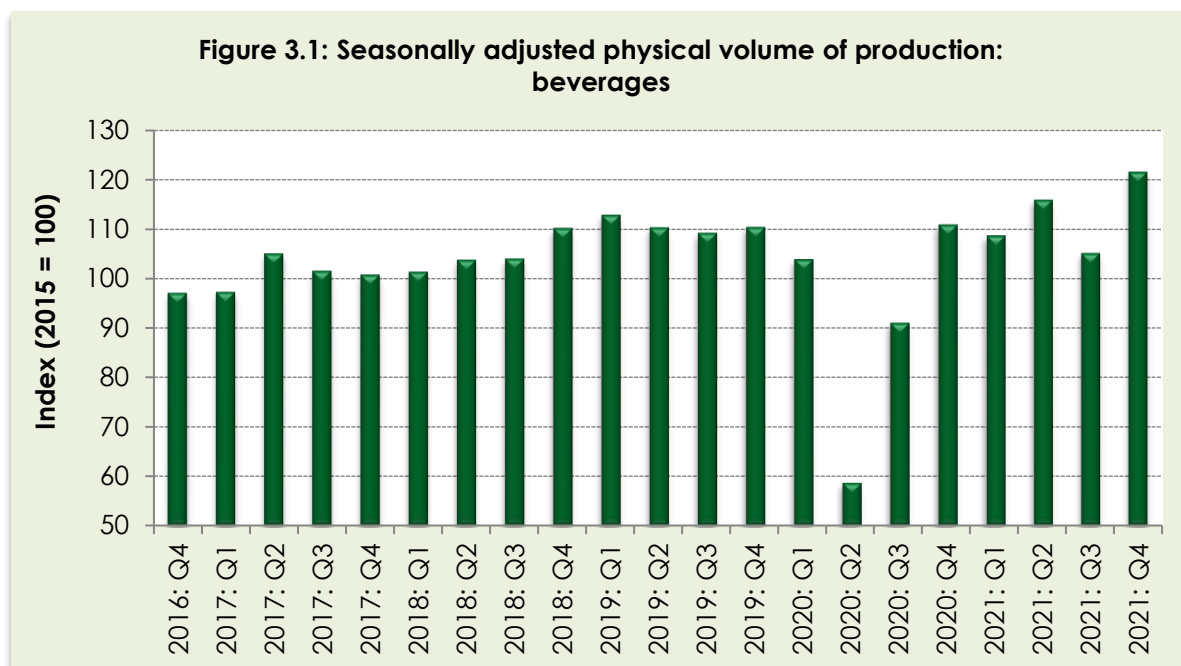
In terms of year-on-year, the consumer price index for all items grew by 5,6% from a 5,1% growth recorded in the last quarter. The year-on-year producer price index for non-alcoholic beverages, hot beverages and cold beverages moderated by 1,9%, 1,5% and 2,3%, respectively. Spirits and wine it stagnated at 3,9% and 7,7%, respectively. Alcoholic beverages and beer it grew by 5,6% and 4,9%, respectively, during the quarter under review. The producer price index for beverages, however, moderated by 1,8% year-on-year.

Table 3.1: Price indices of beverages

Beverages products	Weight	Indices			% change between	
		2020: Q4	2021: Q3	2021: Q4	2021: Q3 and 2021: Q4	2020: Q4 and 2021: Q4
		Consumer price indices				
All items (CPI Headline)	100	94.3	98.5	99.5	1.1	5.6
Alcoholic beverages	3,9	94.7	99.5	100.0	0.5	5.6
Spirits	0,8	96.3	100.1	100.1	0.0	3.9
Wine	0,7	92.8	99.0	99.9	0.9	7.7
Beer	2,5	95.3	99.4	100.0	0.6	4.9
Non-alcoholic beverages	1,2	97.9	99.0	99.8	0.8	1.9
Hot beverages	0,3	98.3	99.2	99.8	0.7	1.5
Cold beverages	0,9	97.6	98.8	99.8	1.1	2.3
		Producer price index				
Beverages	8,5	100.0	100.6	101.8	0.0	1.8
		Export unit value				
Beverages	135,2	103.1	100.7	98.5	1.4	-5.5

Source: Stats SA (2022)

### 3.2 PRODUCTION



Source: Statistics SA (2022)

Figure 3.1 presents the seasonally adjusted physical volume of production for the beverages division in 2021: Q4. As Figure 3.1 shows, the quarter-to-quarter seasonally adjusted physical volume of production for the beverages division rebounded by 15,6% from a 9,3% contraction in 2021: Q3. However, year-on-year, the seasonally adjusted physical volume of production for the beverages division moderated by 9,6% in 2021: Q4.

#### Production capacity

Table 3.2: Utilisation and reasons for underutilisation of production capacity by large enterprises: Beverages division (percentage)

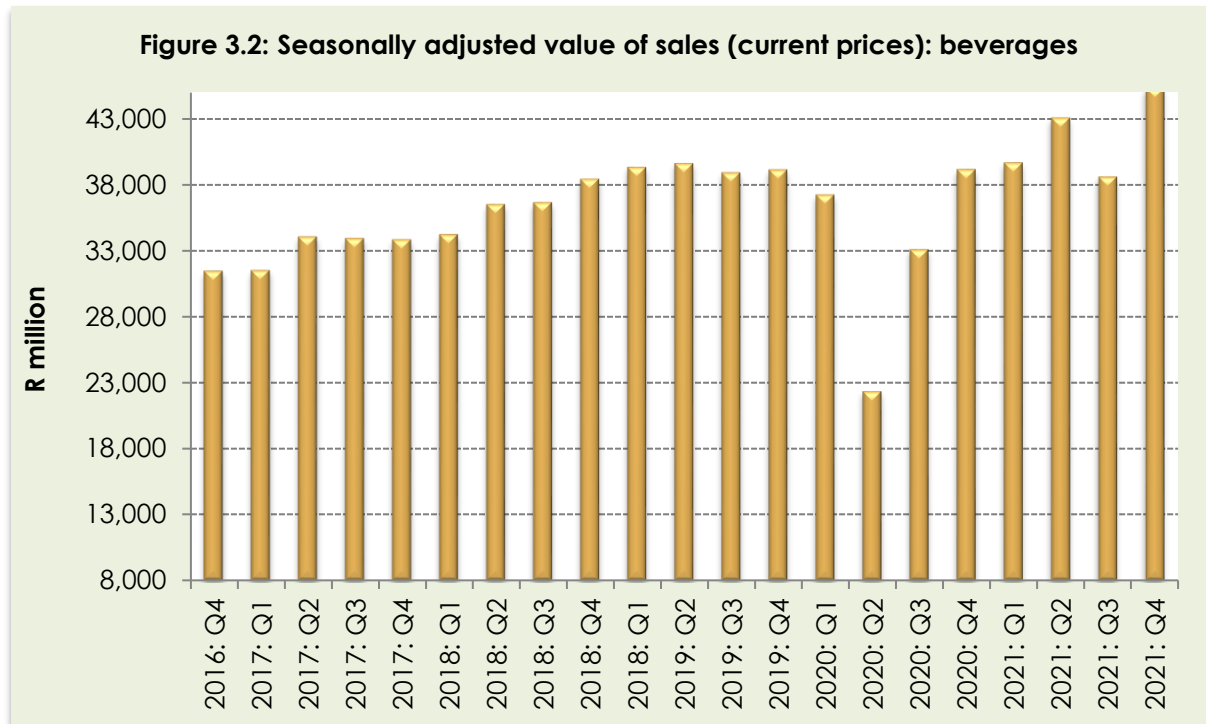
Period	Utilisation	Reasons for underutilisation					
		Total under-utilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi-and unskilled		
2020: Q4	86.6	13.4	1.7	0.7	0.2	7.2	3.7
2021: Q3	82.3	17.7	2.2	1.6	0.2	11.3	2.5
2021: Q4	84.1	15.9	1.8	2.0	0.2	10.2	1.7

Source: Statistics SA (2022)



Table 3.2 shows the year-on-year utilisation capacity by large enterprises for the beverages division. The utilisation capacity grew during quarter-to-quarter by 1,8 percentage points , however, it declined year-on-year by 2,5 percentage points. As Table 3.2 shows, insufficient demand remained the main reason for underutilisation during 2021: Q4, followed by shortage of skilled labour.

### 3.3 VALUE OF SALES

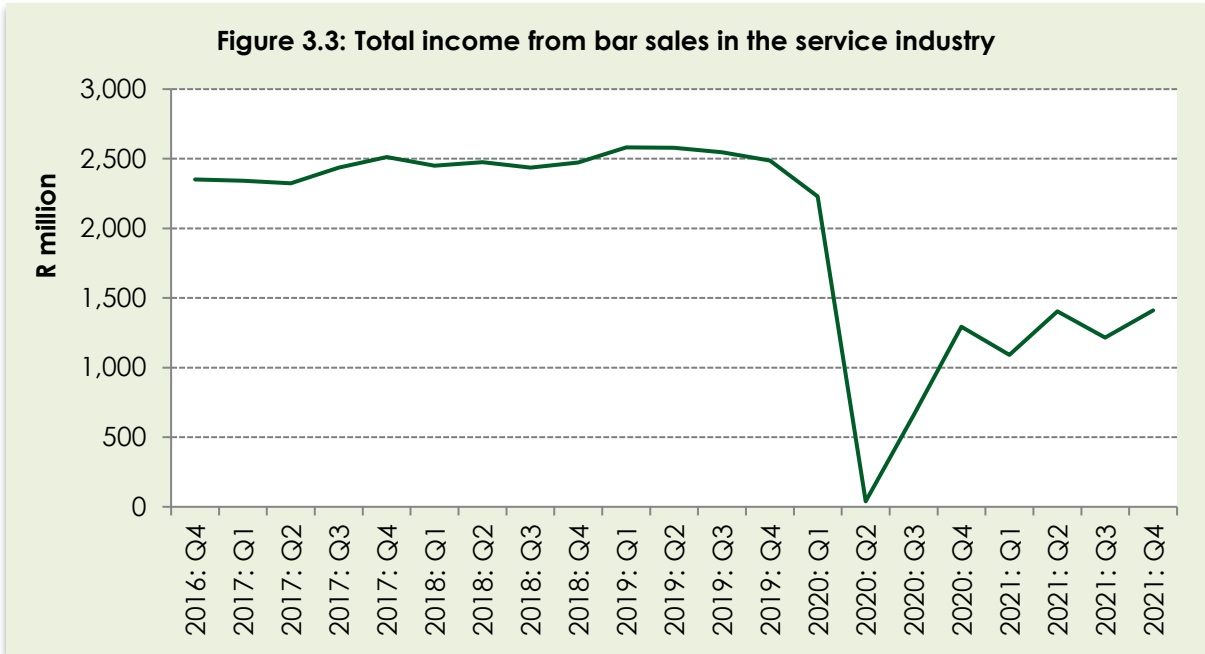


Source: Statistics SA (2022)

During 2021: Q4, the quarter-to-quarter seasonally adjusted value of sales for the beverages division rebounded by 17,4% from a 10,4% contraction recorded in 2021: Q3. However, year-on-year, the seasonally adjusted value of sales for beverages moderated by 15,7% in 2021: Q4 from a growth of about 16,7% in 2021: Q3 as shown in Figure 3.2.

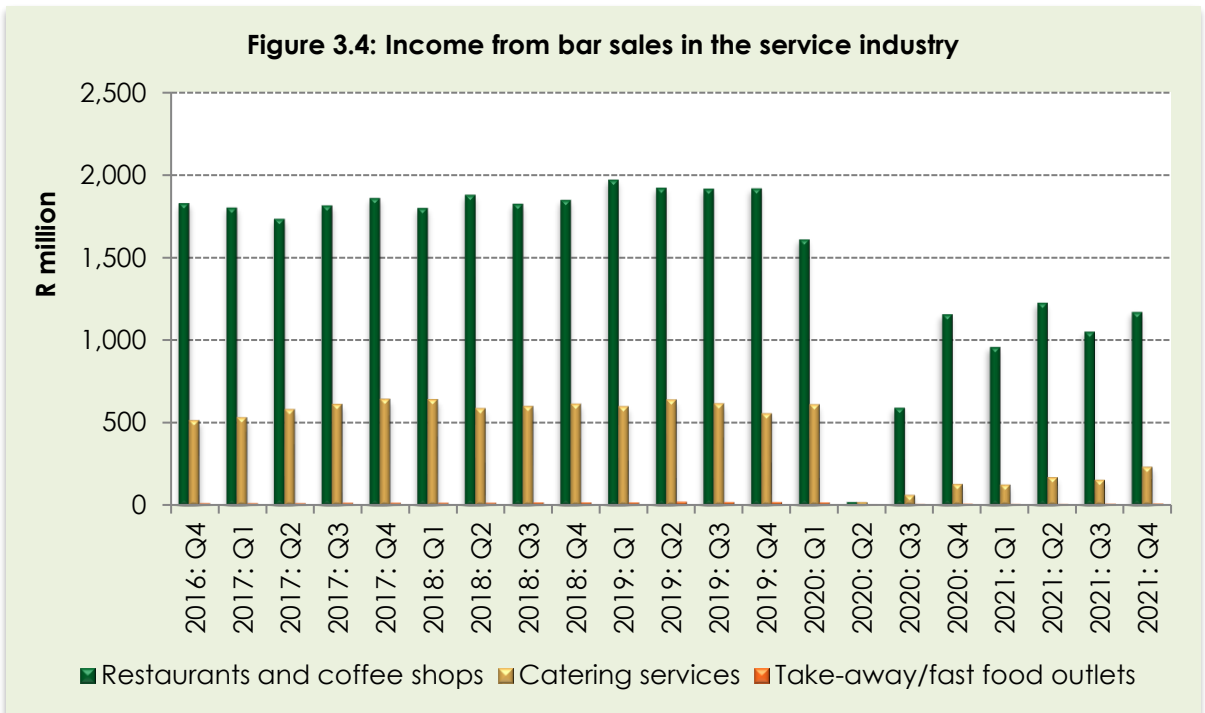
### 3.4 INCOME FROM BAR SALES IN THE SERVICE INDUSTRY

Figure 3.3 below shows the income from bar sales in the food and beverages service division in 2021: Q4. The income from bar sales in the food and beverages service industry rebounded quarter-to-quarter by 16,1% in 2021: Q4 from a 13,4% growth in the last quarter. However, it moderated by 9% year-on-year. Therefore, the income from bar sales increased to R1 410,5 million in 2021: Q4 from R1 215,1 million in 2021: Q3.



Source: Statistics SA (2022)

Figure 3.4 below shows the performance of the bar sales in the service industry, which includes restaurants and coffee shops, take-away/fast food outlets and catering services. During 2021: Q4, the quarter-to-quarter income from restaurants and coffee shops and catering services rebounded by 11,1% and 50,3% from a 14,2% and 9,4% contraction in 2021: Q3, respectively. Income from take away/fast food outlets moderated by 19,7% quarter-to-quarter following a 48,8% growth in the preceding quarter. The income from bar sales in the service industry in the restaurants and coffee shops, take away/fast food outlets and catering services moderated year-on-year by 1,2%, 7,4% and 79,3% in 2021: Q4, respectively.



Source: Statistics SA (2022)

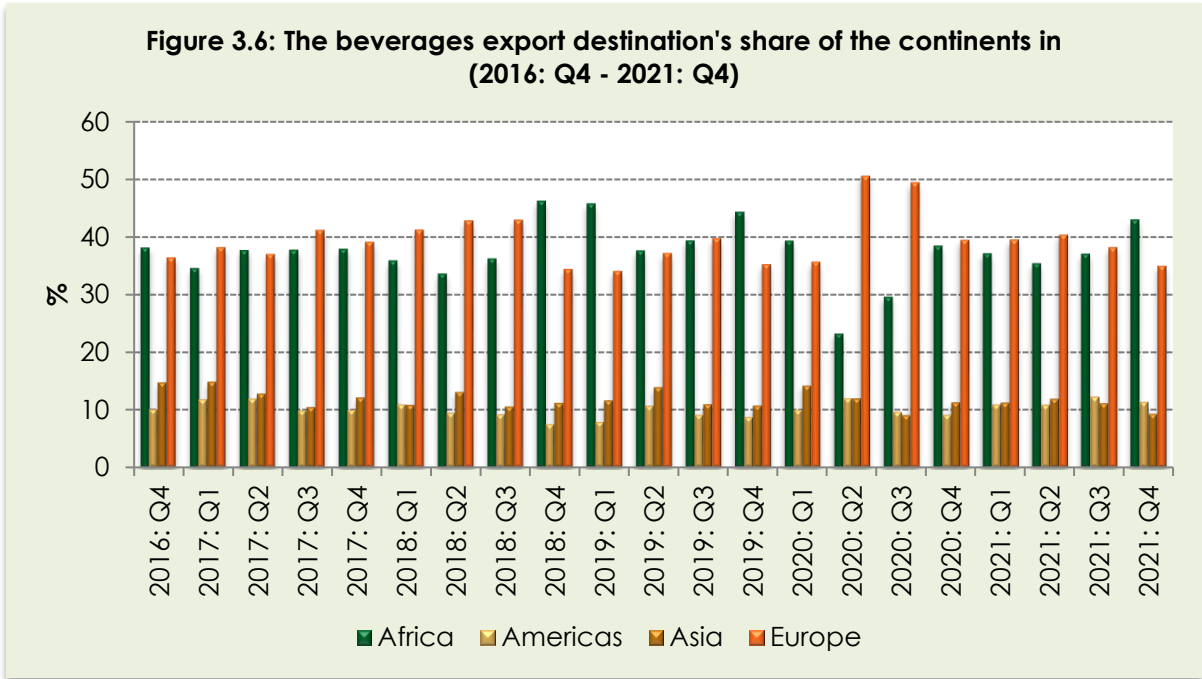
### 3.5 TRADE

#### Main export destinations of beverages products

As Figure 3.5 shows, during the quarter under review, Africa accounted for the largest share of South African exports of beverages. Africa accounted for 43%, followed by Europe (35%). The Americas and Asia accounted for 11% and 9%, respectively. Oceania has the least share of South African beverages exports at 2%. The trend of exports destination's share shows that Africa has the larger share, followed by Europe, the Americas, Asia and Oceania as presented in Figure 3.6.

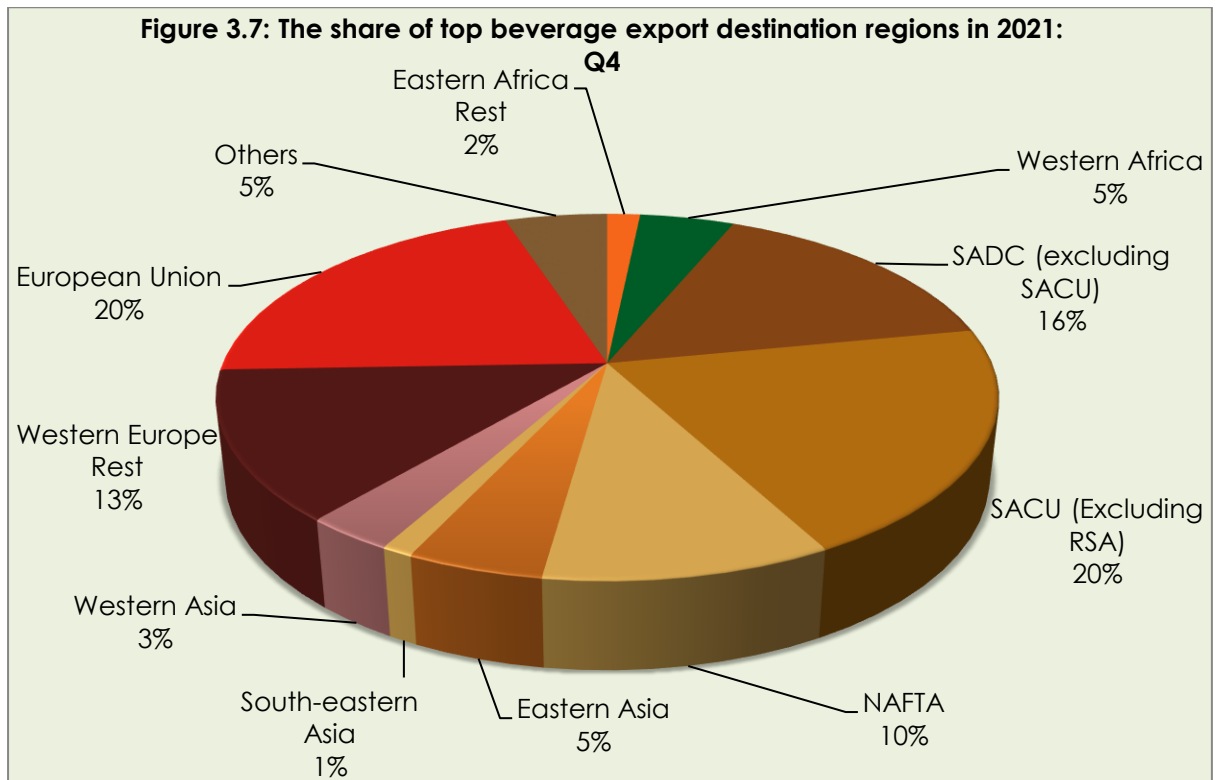


Source: Quantec (2022)



Source: Quantec (2022)

Among the main trading regions during 2021: Q4, the European Union and SACU (excluding SA) accounted for the largest share of beverages exports both at 20%. Moreover, SADC (excluding SACU) accounts for 16% of South African exports of beverages, while Western Europe comprises of about 13% share. NAFTA, Western Africa and Eastern Asia account for a respective share of 10%, 5% and 5% in 2021: Q4 as illustrated in Figure 3.7.



Source: Quantec (2022)

Table 3.3 below presents the major exported beverages products during 2021: Q4 and their percentage change. The leading South African beverages export is waters with an export value of R574,0 million, as compared to the same quarter in the previous year it is an increase of approximately 4,7%

Table 3.3: Major exported beverages products in 2021: Q4 and their percentage change.

HS code	Product description	Export value R_million	Year-on-year % change
220210	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	574,0	4,7
220600	Other fermented beverages	487,8	17,8
220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol or higher	408,2	-2,0
220300	Beer made from malt	396,5	14,7
220870	Liqueurs and cordials	241,0	44,8
220720	Ethyl alcohol and other spirits,	165,6	-36,4
220410	Sparkling wine	136,2	17,4
220820	Spirits	121,7	1,1
220830	Whiskies	110,1	13,7
220850	Gin and Geneva	94,4	-0,7

Source: Quantec (2022)



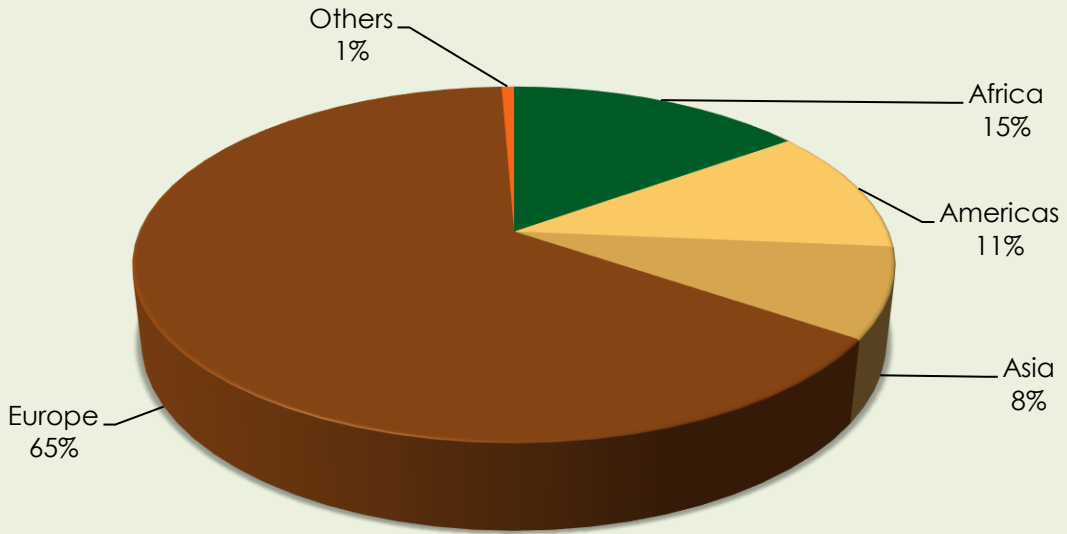
Source: Quantec (2022)

Figure 3.8 above shows the shares of the top ten beverages export destinations during 2021: Q4. The following are the main countries that accounted for a higher share of South Africa's beverages exports in 2021: Q4: the United Kingdom (12,7%), Namibia (7,7%), the USA (7,0%), Botswana (6,8%), Germany (6,0%), Zambia (4,3%), the Netherlands (3,9%), Belgium (3,6%), Lesotho (3,4%) and Zimbabwe (3,2%).

#### *Main imported beverages products and the source*

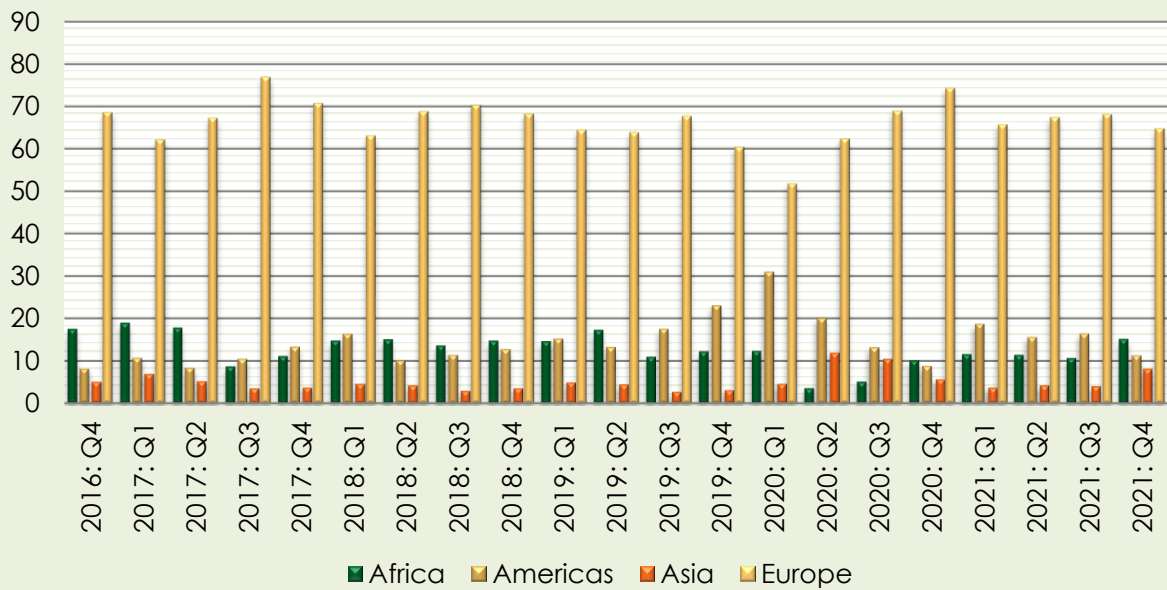
Figure 3.9 illustrates the share of continents as a source of beverages imports in 2021: Q4. South Africa mainly imports beverages products from Europe, which accounts for approximately 65% share, followed by Africa (15%), the Americas (11%), Asia (8%) and Oceania (1%). Figure 3.10 shows that, for the past five years, Europe has been a consistent source of South African beverages imports followed by Africa, the Americas, Asia and Oceania.

**Figure 3.9: The share of continents as a source of beverages import (2021:Q4)**



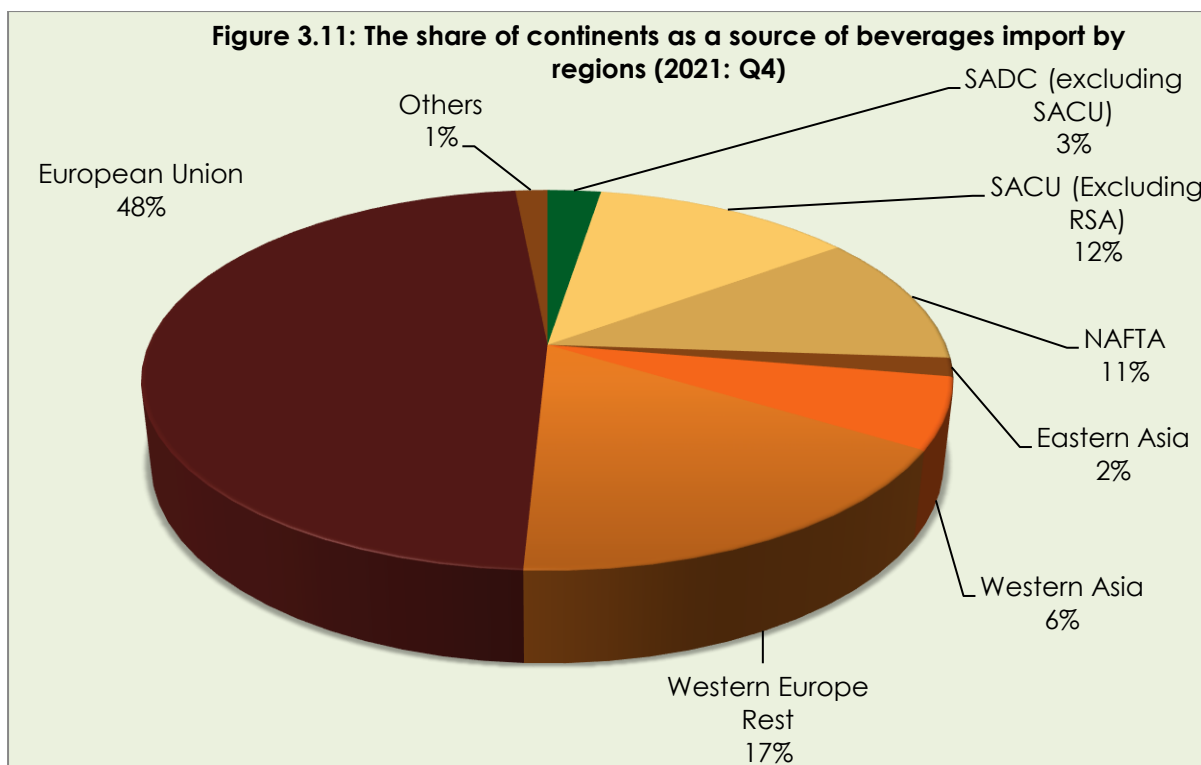
Source: Quantec (2022)

**Figure 3.10: The share of continents as a source of beverages import (2016:Q4-2021:Q4)**



Source: Quantec (2022)

The European Union, as the leading source of South Africa's imports of beverages, accounts for about 48% share in 2021: Q4. This is followed by Western Europe with a share of around 17%, while SACU (excluding SA), NAFTA, Western Asia and SADC (excluding SACU) accounted for 12%, 11%, 6% and 3% shares, respectively, as illustrated in Figure 3.11.



Source: Quantec (2022)

Table 3.5 below presents major imported beverages products during 2021: Q4 and the year-on-year percentage change. During 2021: Q4, the major beverages imports in South Africa are whiskies at around R513,7 million, followed by beer made from malt at R423,0 million and waters amounting to approximately R381,2 million.

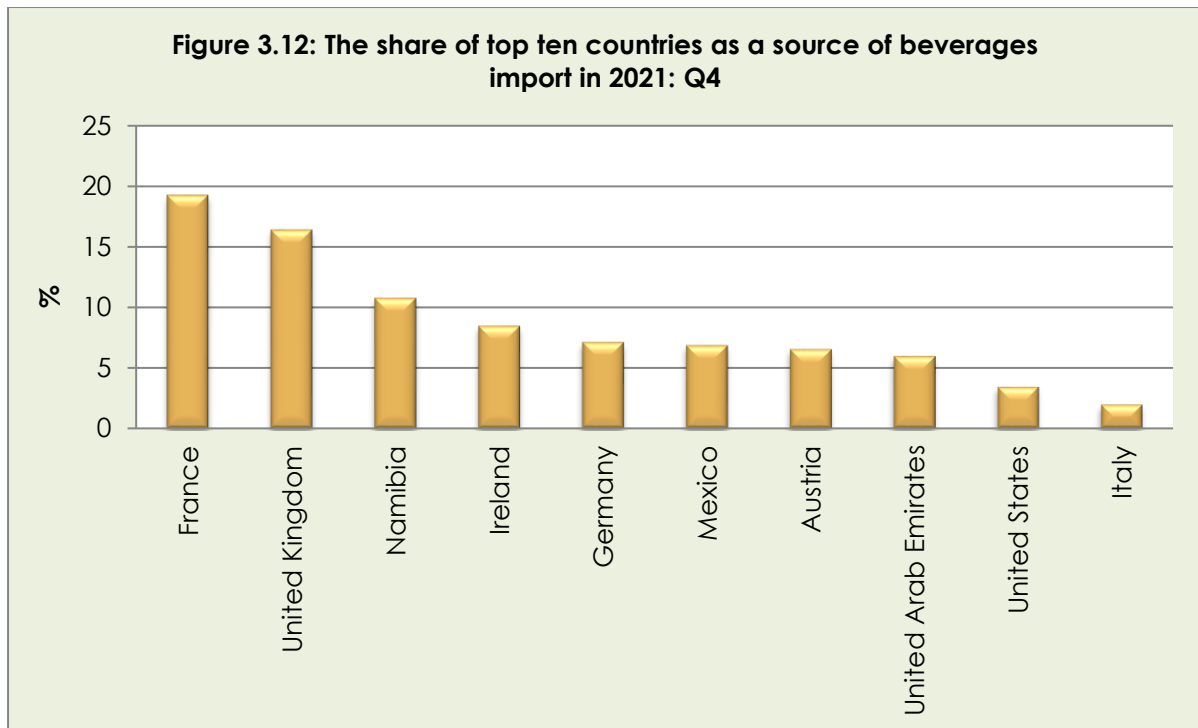
Table 3.5: Imported beverages in 2021: Q4 and percentage change

HS code	Product description	Export value R_million	Year-on-year % change
220830	Whiskies	513,7	-10,5
220300	Beer made from malt	423,0	30,4
220210	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	381,2	7,2
220820	Spirits obtained by distilling grape wine or grape marc	271,0	-13,1



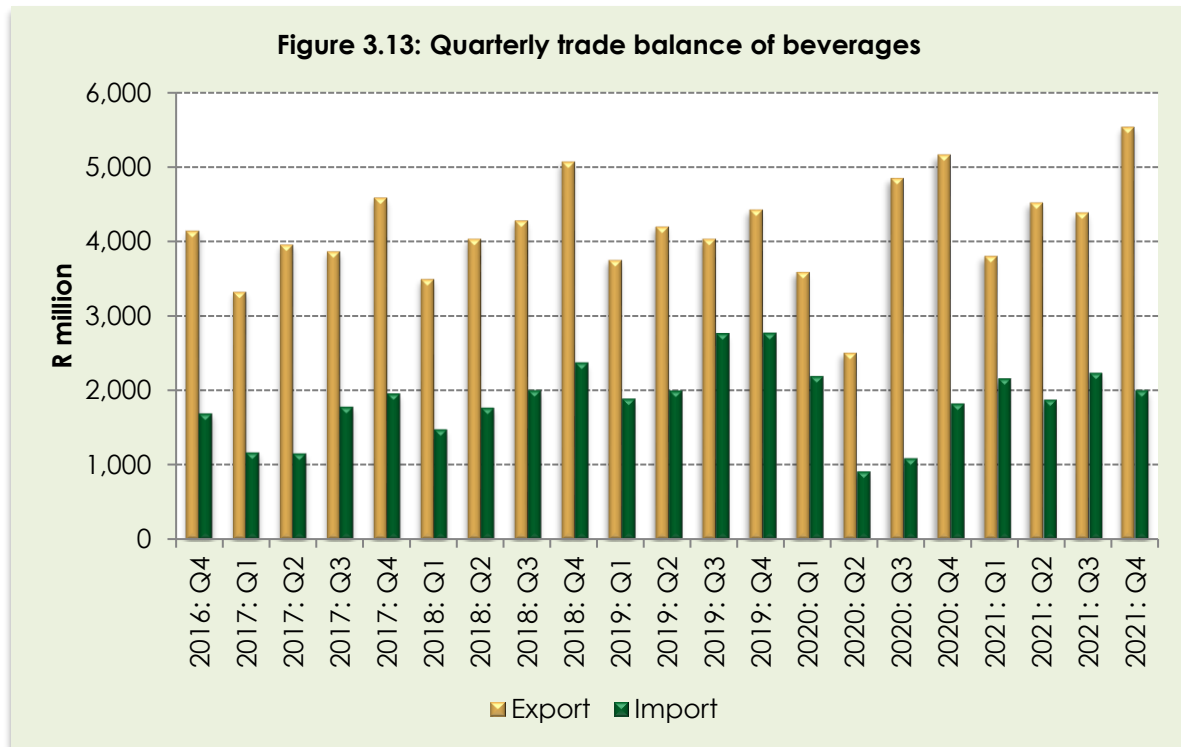
220870	Liqueurs and cordials	158,5	132,3
220410	Sparkling wine	121,9	-8,6
220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol or higher	29,4	-0,3
220600	Other fermented beverages (for example, cider, perry, mead, saké); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included	28,7	42,6
220840	Rum and other spirits obtained by distilling fermented sugar cane products	24,5	54,8
220860	Vodka	18,4	5,3

Source: Quantec (2022)



Source: Quantec (2022)

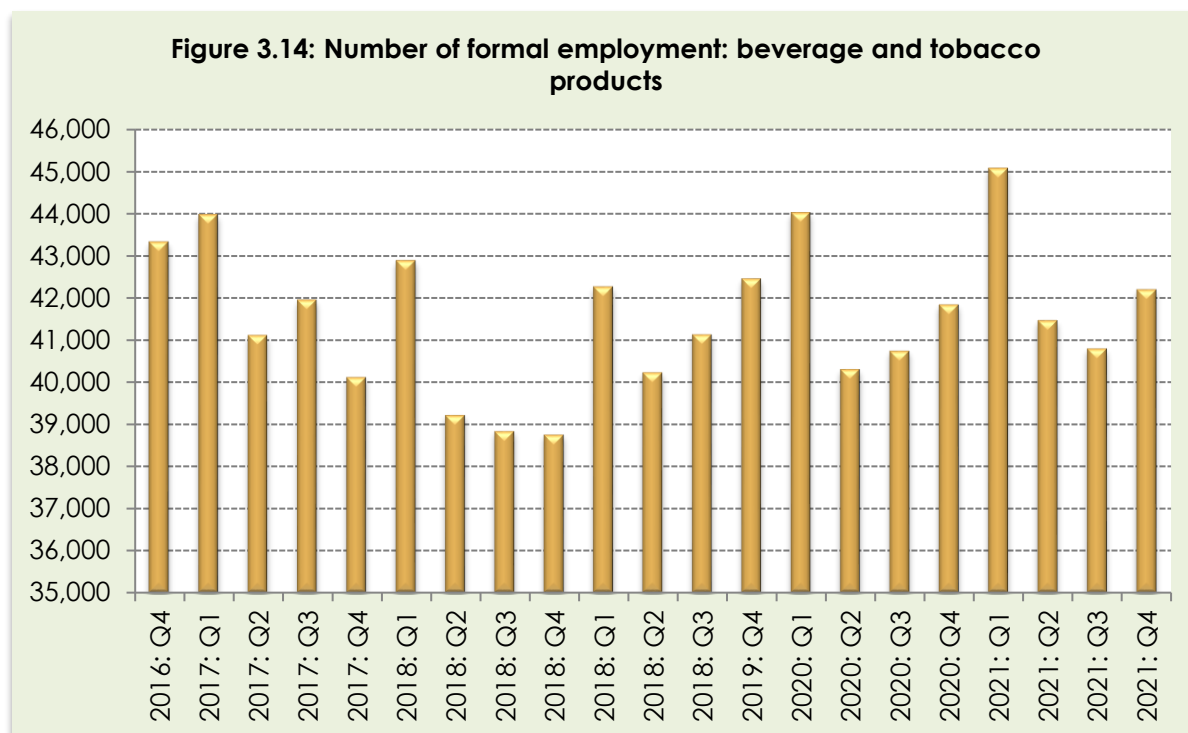
Figure 3.12 above shows the share of the top ten countries as a source of beverages imports. During 2021: Q4, France (19,2%) accounted for the highest share of South Africa's beverages imports, followed by the United Kingdom (16,4%), Namibia (10,8%), Ireland (8,5%), Germany (7,1%), Mexico (6,9%), Austria (6,6%), the United Arab Emirates (6,0%), the USA (3,4%) and Italy (2,0%).



Source: Trade Map (2022)

During 2021: Q4, quarter-to-quarter and year-on-year, beverages exports rebounded by 26,1% and 7,2% following a contraction of about 3,0% and 9,6% in 2021: Q3, respectively. However, quarter-to-quarter, imports contracted by 10,4% in 2021: Q4 following a growth of about 19,1% in 2021: Q3. Differently, year-on-year, beverages imports moderated by 9,6% in 2021: Q4. As a result, the trade surplus of the beverages division widened from R2 155,5 million in 2021: Q3 to R3 534,0 million in 2021: Q4.

### 3.6 EMPLOYMENT



Source: Trade Map (2021)

Figure 3.14 shows formal employment in the beverages and tobacco products divisions. The quarter-to-quarter formal employment in the beverages division rebounded by 3,4% in 2021: Q4 from a 0,6% contraction in 2021: Q3. However, employment increased by 0,9% year-on-year. Therefore, about 1 402 jobs were created in the beverages and tobacco division.

## 4. CONCLUSION

During 2021: Q4, the South Africa's real gross domestic product (GDP) increased by 1.2%. The Real gross value added (GVA) by the primary sector increased by 2.1% in 2021: Q4, this follows a significant contraction of about 8.4% in 2021: Q3. Likewise, the real output of the agricultural sector expanded by a notable 12.2% in 2021: Q4. The increase in agricultural output was, amongst others, mainly driven by an increase in production of animal products.

The seasonally adjusted volume of production of food and beverages industry rebounded by 3,2%, however, the division contracted by 1,6% year-on-year. The quarter-to-quarter value of sales in the food and beverages division, on the other hand, contracted by 0,7% in 2021. However, the value of sales of the food and beverages industry moderated by 3,6% year-on-year. The quarter-to-quarter and year-on-year food and beverages exports rebounded by 26,1% and 7,2% in 2021: Q4. As results, trade surplus of about R922,5 million was recorded in 2021: Q4.

The formal employment of the food, beverages and tobacco rebounded quarter-to-quarter by 1,7% in 2021: Q4. However, year-on-year, the formal employment of the food, beverages and tobacco increased by 1,1%. Therefore, about 4 431 jobs were created in 2021: Q4.

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**NOTES:**

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