

A PROFILE OF THE SOUTH AFRICAN BROILER MARKET VALUE CHAIN

2021



Directorate Marketing
Private Bag X 15
Arcadia
0007

Tel: 012 319 8455
Fax: 012 319 8131
E-mail: PA.DM@dalrrd.gov.za
www.dalrrd.gov.za



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

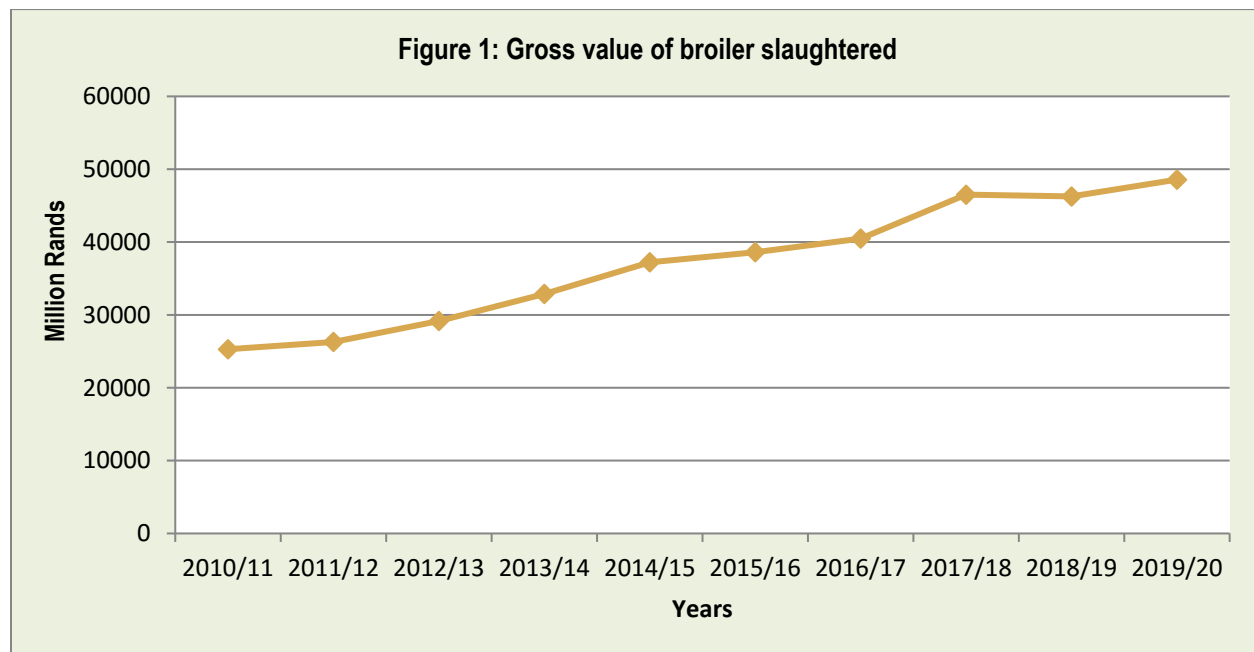
TABLE OF CONTENTS

1. DESCRIPTION OF THE INDUSTRY	3
1.1. PRODUCTION AREAS.....	4
1.2. PRODUCTION TRENDS.....	4
1.3. LOCAL CONSUMPTION.....	5
1.4. EMPLOYMENT	6
2. MARKET STRUCTURE	6
2.2. IMPORT – EXPORT ANALYSIS.....	7
2.2.1. Exports.....	7
2.2.2. Imports.....	16
3. BROILER MEAT MARKET VALUE CHAIN	21
4. MARKETING CHANNELS FOR BROILER MEAT.....	23
5. EMPOWERMENT STRATEGIES BY THE INDUSTRY AND GOVERNMENT.....	24
6. BARRIERS TO PARTICIPATION BY THE EMERGING SECTOR.....	24
7. OPPORTUNITIES AND WEAKNESSES	26
8. MARKET INTELLIGENCE.....	27
8.1. EXPORT TARIFFS FOR BROILER MEAT.....	27
8.2. IMPORT TARIFFS FOR BROILER MEAT.....	28
9. PERFORMANCE ANALYSIS OF SOUTH AFRICAN POULTRY INDUSTRY IN 2020.....	30
10. ACKNOWLEDGEMENTS.....	42

1. DESCRIPTION OF THE INDUSTRY

The year 2020 has been a challenging year for broiler producers due to the strict lockdown applied to curb the spread of Covid-19. However, the broiler sector remain the biggest sector within agricultural sector of South Africa in terms of production value. In 2019/20, the sector generated R48.5 billion of gross value, which was about 15.5% of total gross value of agricultural products. In comparison to other livestock products, broiler accounts for 34% of all animal products in South Africa in Rand terms. South Africa remains the major broiler producer in Southern Africa accounting for 75% of total broiler production in the region. Broiler production dominates the agricultural sector and it remains cheapest supplier in protein relative to other animal proteins followed by beef. The growth had spillover effects in the grain and chick industries. Broiler meat accounts for about 90% to the total poultry-meat production, with the rest made up of mature chicken slaughter (culls), small-scale and backyard broiler meat production and other specialized broiler meat products (geese, turkey, ducks and guinea fowl).

The gross value of broiler meat is depended on the quantity produced and prices received by producers. Figure 1 below, shows the gross value of broiler meat production from 2010/11 to 2019/20. The trend shows that gross value has been increasing during the period under review. Only in 2018/19 were there was a slight decrease of 1% from the previous year. The average gross value of production approximate to R37 billion per annum over ten years. The gross value increase was due to increasing production and price of broiler meat.

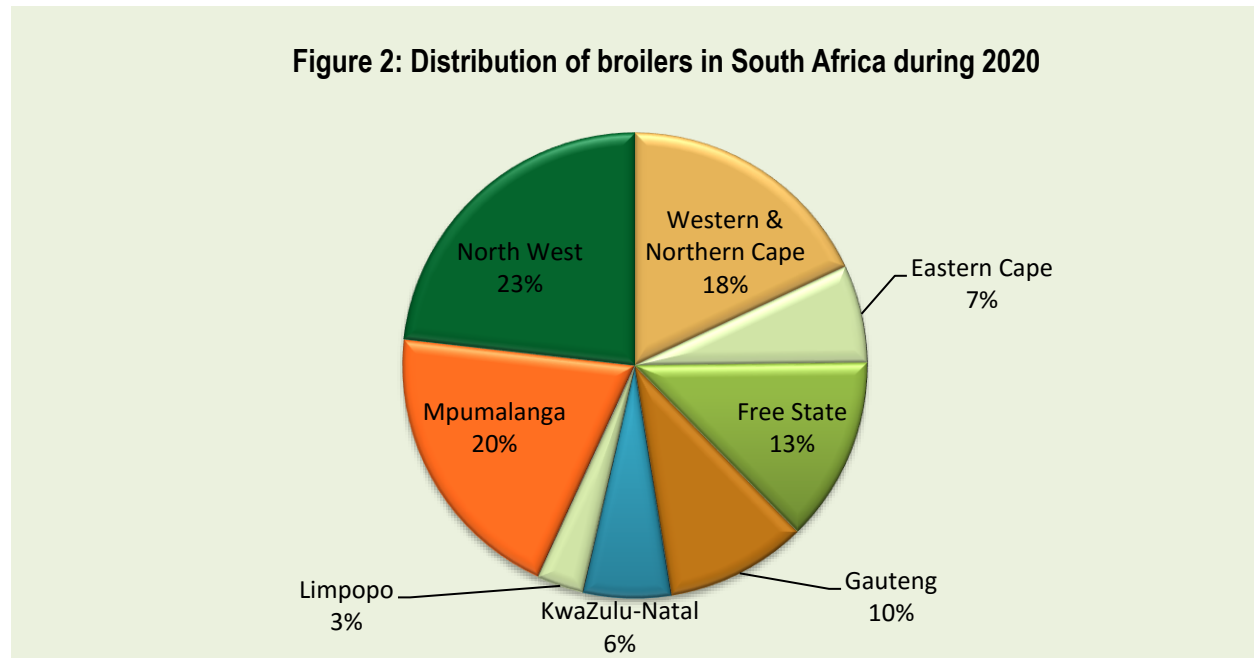


Source: Statistics and Economic Analysis, DALRRD

1.1. Production areas.

Broiler meat is produced throughout South Africa with North West, Western & Northern Cape, Mpumalanga and Free State Provinces being the largest producers accounting for approximately 74% of total production.

Figure 2 below shows the distribution of birds during 2020.

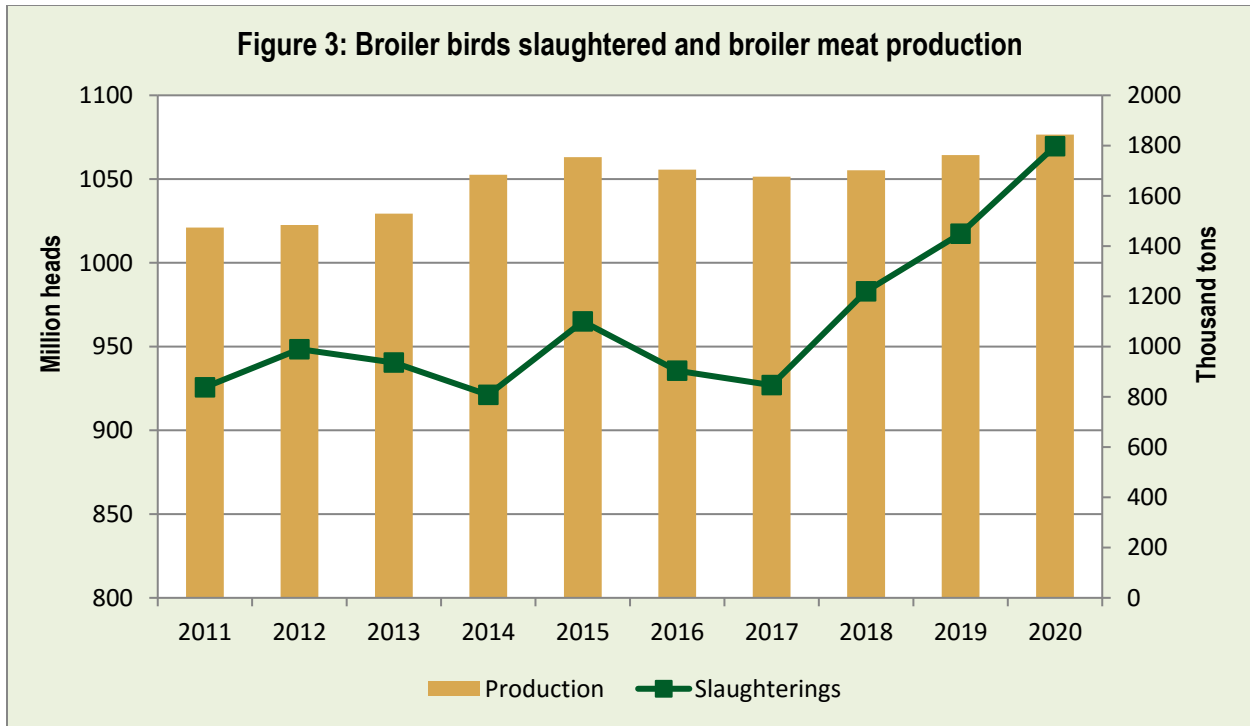


Source: South African Poultry Association (SAPA)

During 2020, North West Province produced 23% of the entire broiler meat in South Africa followed by Mpumalanga Province by 20%, Western & Northern Cape Province 18% and Free State Province 13%. Limpopo Province was the least producer, producing 3% of South African broiler meat.

1.2. Production trends.

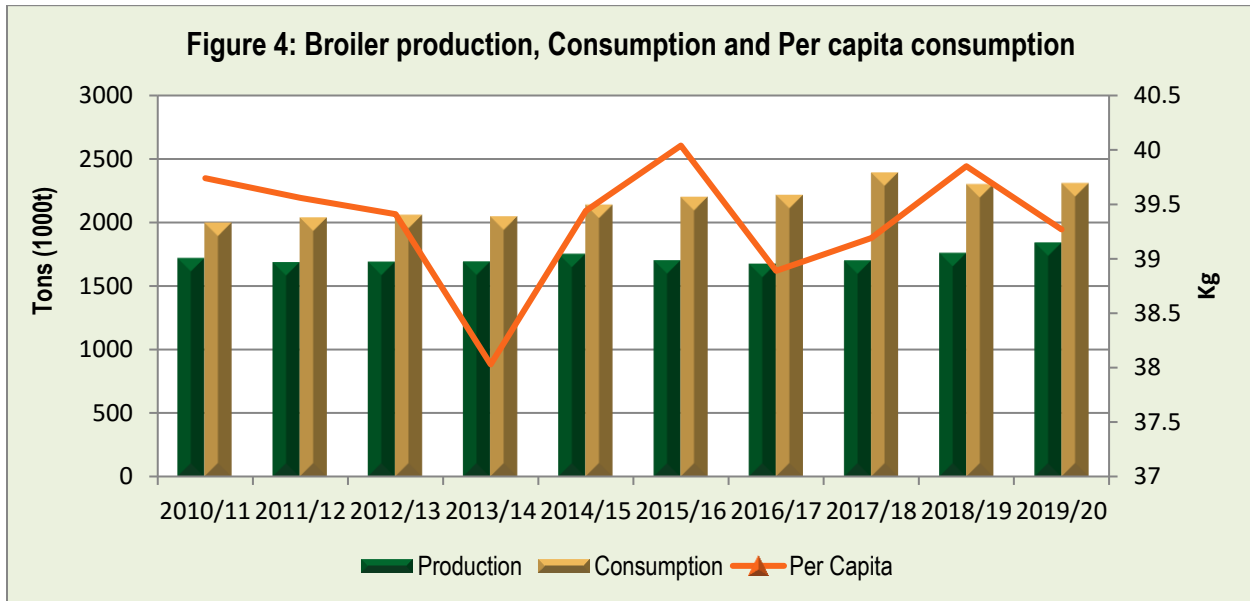
Of late, the increase of local production of chicken remain a consent in South Africa. Figure 3 below shows the broiler production and slaughtering trends from 2011 to 2020. The broiler meat production has been increasing from 2011 to 2015, followed by a decline to 2017. This might be due to the increasing inputs prices that puts the profits under pressure coupled with the 2015/16 drought. While the slaughtering of birds realized the impact of the drought in the same period, both the production of broiler and slaughtering has shown an immense increase from 2017 to 2020 of 10% and 15% respectively. This is mainly driven by the increasing demand of chicken meat in South Africa. Furthermore, the last period increase could be influenced by the Poultry Master Plan with its expectation to grow local production in the short term.



Source: Statistics and economic analysis, DALRRD and SAPA

1.3. Local consumption.

Over the past decades, there has been a rapid growth in consumption. Figure 4 below depicts local consumption of broiler meat comparing it to total production for a period of 10 years, 2010/11 to 2019/20.



Source: Statistics and economic analysis, DALRRD

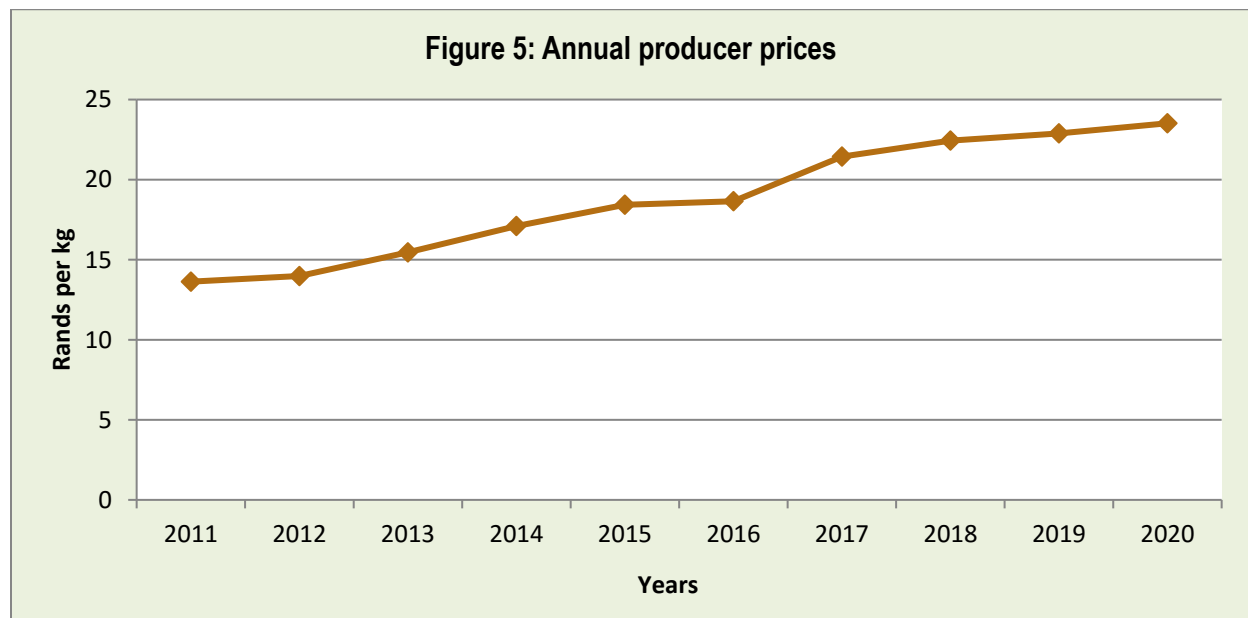
Figure 4 above shows that, South Africa consumes more broiler meat than what is produced locally, which means the country is not self-sufficient and depends on the imports to meet local demand. During 2019/20, South Africa produced a total of 1.84 million tons of broiler, while its consumption was at 2.3 million tons on the same year. The growing demand of broiler causes South Africa to become the growing net importer of broiler meat during the period under review. The per capita consumption of broiler meat in South Africa has shown a slight decrease 0.58 kg per person in 2019/20, which marks approximately 1.5% increase. This could be attributed to the increase in price of broiler. Broiler meat has the highest per capita consumption than all other meat. This is the case, as chicken remains the most affordable source of animal protein in South Africa.

1.4. Employment

According to SAPA, employment estimates within broiler industry in 2020 are as follows, hatchery and rearing industries employ 16 289 people, the processing sector employs 31 005 people, and the broiler distribution industries employ 6 831 people. The grand total of employment within the broiler industry was 54 124 employees. The number of employment in field crops that are produced specifically for poultry feeds is 20 416.

2. MARKET STRUCTURE

The domestic market consists of approximately 265 formal abattoirs. These abattoirs sell mainly to five main retailers (Pick n Pay, Shoprite-Checkers, Spar, Woolworths and MassMart) and SMME's in the retail sector. These retailers buy the largest share of domestic production. Figure 5 below shows the price movements from 2011 to 2020.

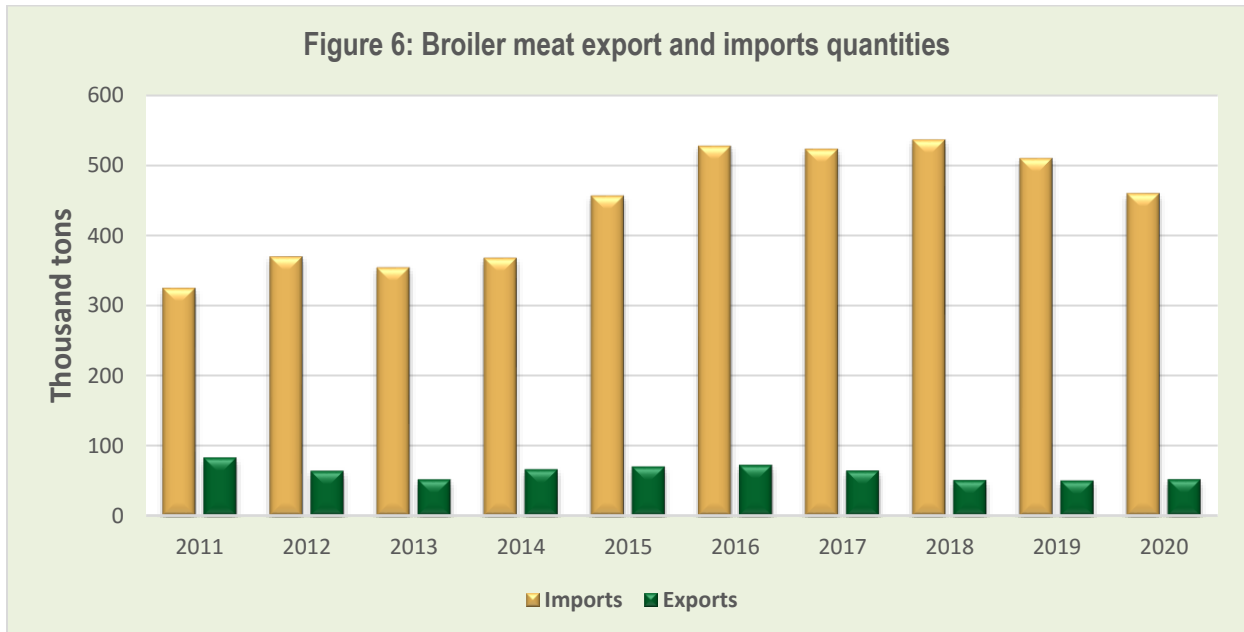


Source: SAPA

The producer prices shows an increasing trend for the past decade. The average broiler producer price for this period was R18.75/kg per annum. The annual producer price in 2020 were R23.52/kg, which was R0.63 higher than previous year. Generally the price of broiler meat increased significantly mainly due to the increased input costs. For the past decade, the producer prices increased about R9.89, which is 72%.

2.2. Import – Export analysis.

Figure 6 compares quantities of imports and exports of broiler meat from 2011 to 2020.

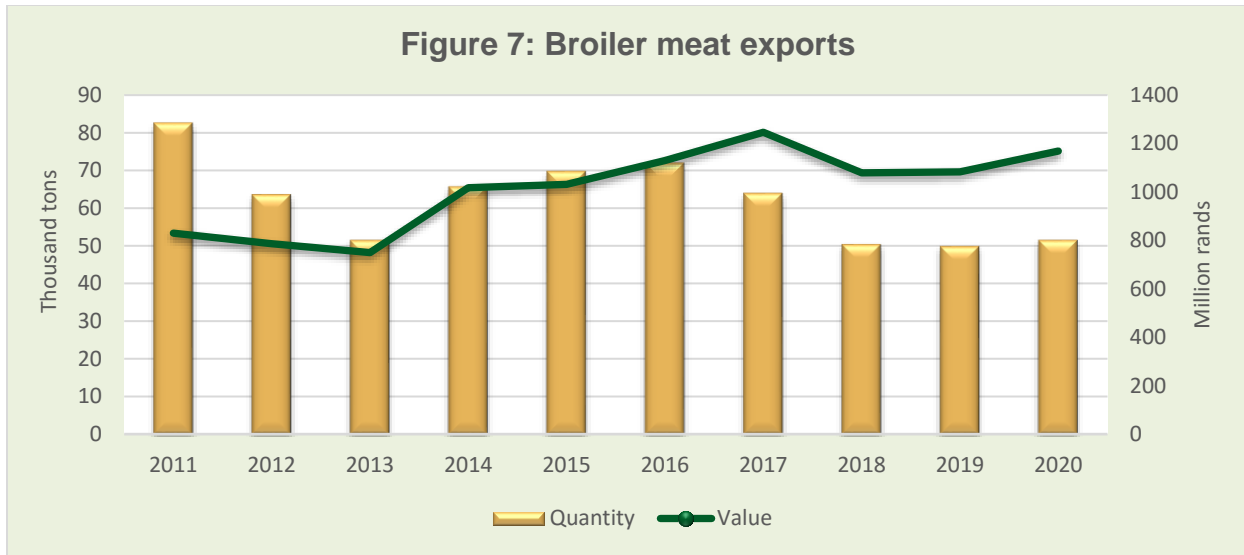


Source: Quantec EasyData

Figure 6 indicates that, for the past decade, South Africa has been a net importer of broiler meat as imports were far higher than the exports. This is annual phenomenon and the situation might have been exaggerated by the alleged dumping of certain pieces of chicken from USA along with Brazil and European Union (EU) import market for South Africa on poultry products.

2.2.1. Exports.

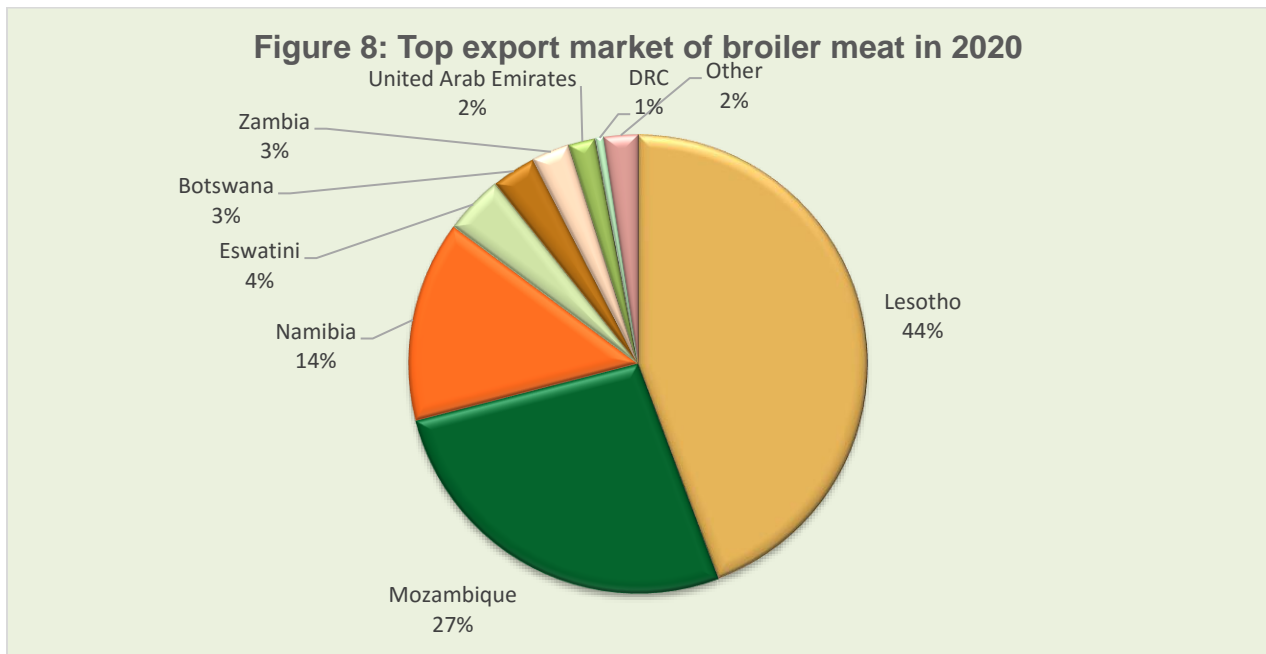
Despite the broiler net importer status, the broiler meat industry is also an earner of foreign exchange through the export of broiler meat. South Africa broiler industry has exported approximately 52 000 tons of broiler meat worth of R1.2 billion in 2020. This was an increase of 3% and 8% respectively from the previous year. Figure 7 below indicates the export of broiler meat from 2011 to 2020.



Source: Quantec EasyData

Broiler meat exports quantity and value were fluctuating throughout the entire period of analysis. The exports quantity was at peak in 2011 attaining 83 thousand tons and a new trough in 2019 with 50 thousand tons. The value of exports was high in 2017, during this period the value increased while quantity decreases indicating that chicken export market was profitable. From 2016 to 2019, the exports quantity is showing a declining trend which comes from the Highly Pathogenic Avian Influenza (HPAI) outbreak in June 2017. In 2019, the export quantity remains flat as South Africa is still struggling to gain back some of the lost markets. Most exported broiler meat were the cuts of offal fresh or chilled and quarters.

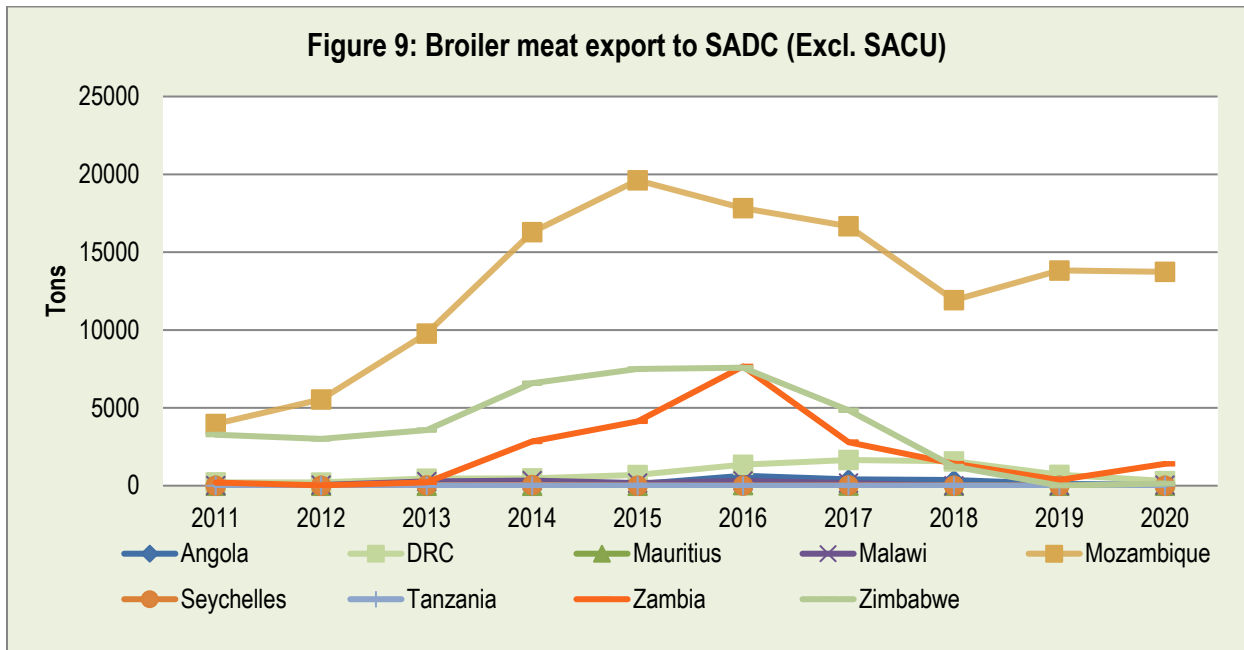
Figure 8 below, present the top export market of South African broiler meat in 2020.



Source: Trade Map

Figure 8 above shows the main export destinations of South Africa's broiler meat in 2020. Most of South African broiler meat was exported to Lesotho, which obtained 44% of South Africa's broiler meat followed by Mozambique with 27% then Namibia and Eswatini with 14% and 4% share respectively. The rest of the countries were 3% or less of South African broiler meat exports share during 2020. It is noted that South African broiler meat is mostly exported to SADC countries whereby SACU members alone accounts for 65%.

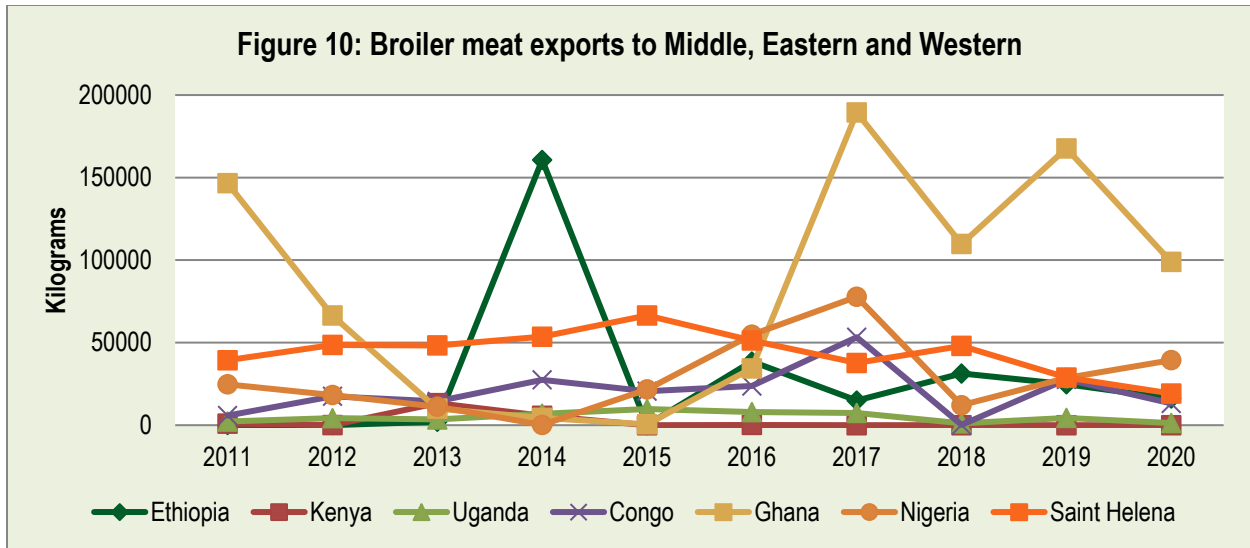
Figure 9 below shows the main SADC (Excl. SACU) export market of South Africa's broiler meat from 2011 to 2020.



Source: Quantec EasyData

Following the HPAI outbreak in 2017, most of the SADC countries that are known to be main South African exports market suspended poultry imports from South Africa. This contributed to a huge decline of 38% from 2017 to 2018 of the SADC import market. Figure 9 above indicates that from SADC countries, Mozambique has been a leading imports market. Mozambique has shown an immense increase of its imports share and reached peak in 2015 with almost 20 000 tons. Mozambique market decreased from 2015 to 2018. However, the country remained leading market within SADC with a share of more than 50%. Zimbabwe was the second leading export market of broiler meat for South Africa in most of the period analysed. Tanzania, Mauritius and Seychelles have been the lowest export market for South Africa broiler meat within the SADC region.

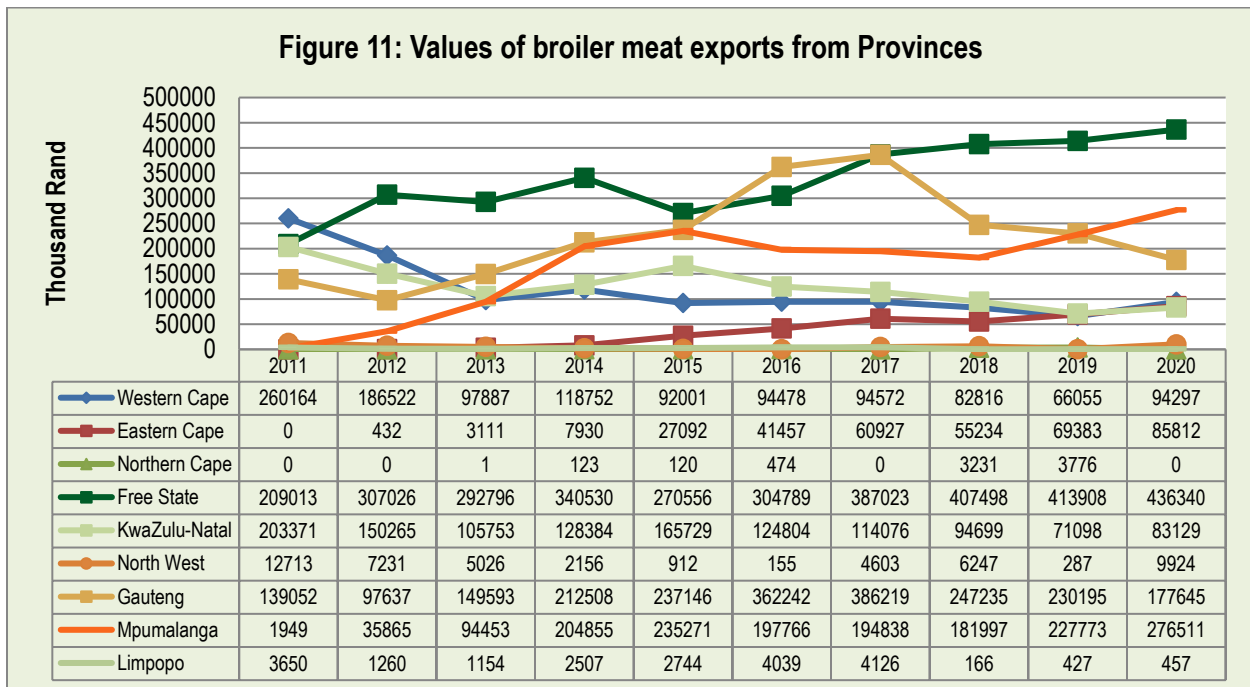
Figure 10 below shows the main export market of South Africa's broiler meat in Middle, Eastern and Western Africa from 2011 to 2020.



Source: Quantec EasyData

It is clearly indicated from Figure 10 above that, broiler meat export to Middle, Eastern and Western Africa was fluctuating over the past decade. Ghana demanded the highest broiler meat during 2011 to 2012 and 2017 to 2020. Saint Helena commanded the second highest export shares of broiler meat from South Africa in 2012, 2014 and 2018 and was the highest in 2013 and 2015. Ethiopia has been importing smaller amounts of South African broiler meat for the past decade; however, the country commanded 62% share of imports during 2014. In total, the broiler meat exports to Middle, Eastern and Western area have decreased by 33% in 2020. However, this is exaggerated by Ghana's decrease of 41%.

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

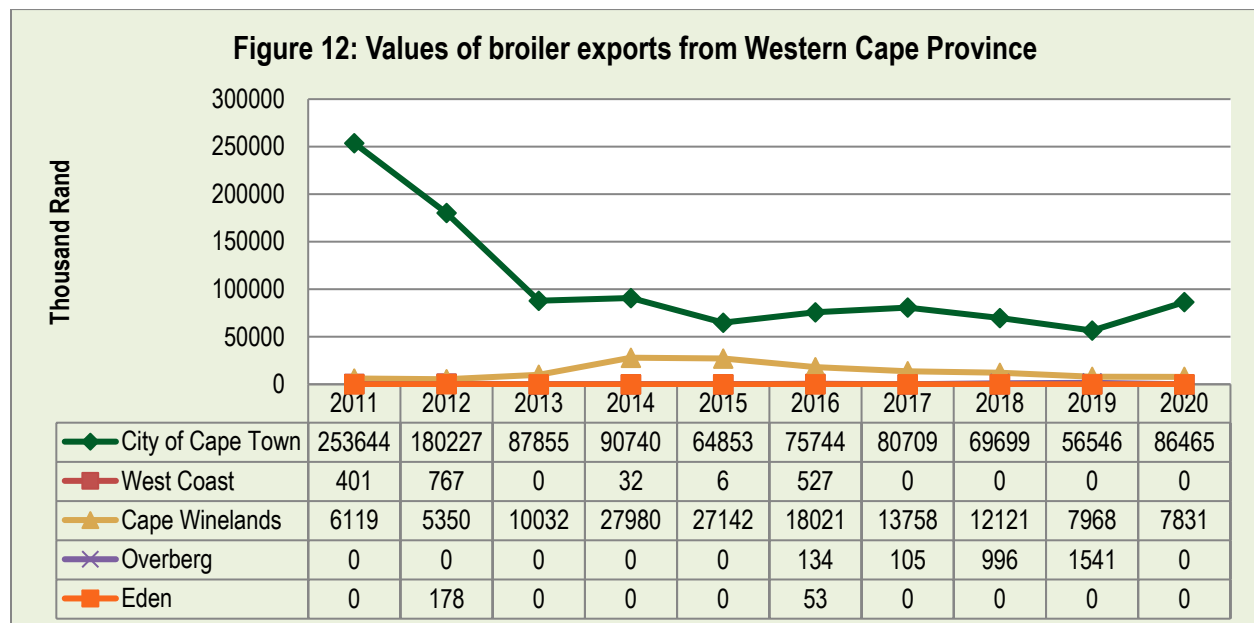


Source: Quantec EasyData

Figure 11 above shows that the broiler meat exports from provinces were fluctuating over the period under analysis. Broiler meat exports is mainly from the Free State, Gauteng, Mpumalanga and KwaZulu-Natal Provinces. Some provinces such as Western Cape, exports were higher during the early years whereby the province was top exporter in 2011. Free State Province has recorded the greatest values in broiler meat exports during the period under review reaching a new peak in 2020. Gauteng is the second greatest exporter; it recorded its high values during 2016. This province experienced a huge decline (36%) of exports in 2018 and continued to decline until 2020. On the third position was Mpumalanga, the province was the lowest exporter in the early years of the decade and increased until 2015, followed by a slight decline and rose again in 2019 and in 2020. Eastern Cape, Northern Cape and North West provinces were the lowest exporter of broiler meat for the period under analysis.

The following figures (Figures 12 - 19) show the values of broiler meat exports from the various Districts in the nine Provinces of South Africa.

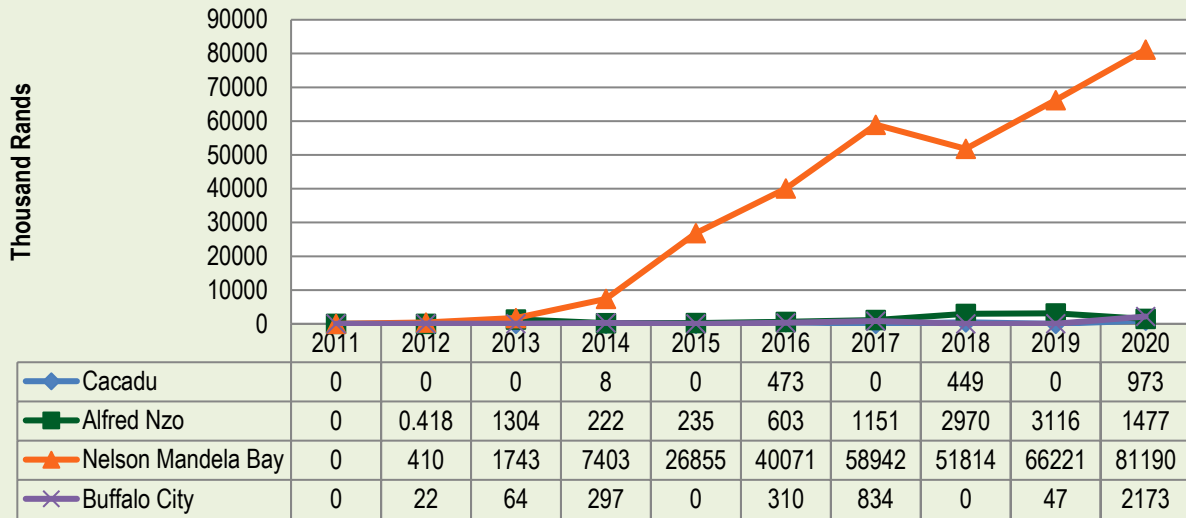
Figure 12 below show the broiler exports from Western Cape Province. The greatest shares of broiler meat exports value originates mainly from City of Cape Town Metropolitan Municipality. The District was leading exporter followed at a distance by Cape Winelands District Municipality. Minimal intermittent export values were recorded in West Coast, Overberg and Eden District Municipalities. For the period analyzed, City of Cape Town commanded a share of over 88% in the past decade, followed by Cape Winelands with a share of 11%. The rest have shared the remaining 1%.



Source: Quantec EasyData

Broiler meat exports in Eastern Cape Province were from Nelson Mandela Bay District Municipality. The province did not export broiler meat in 2011. With the exception of 2011, Nelson Mandela Bay and Alfred Nzo District Municipalities have recorded regular exports of broiler meat during the period under analysis. Nelson Mandela Bay Municipality have recorded highest export values from 2012 to 2020. This municipality has accounted over 90% share of exports for the period of its record, except 2013 were Alfred Nzo took a share 42%.

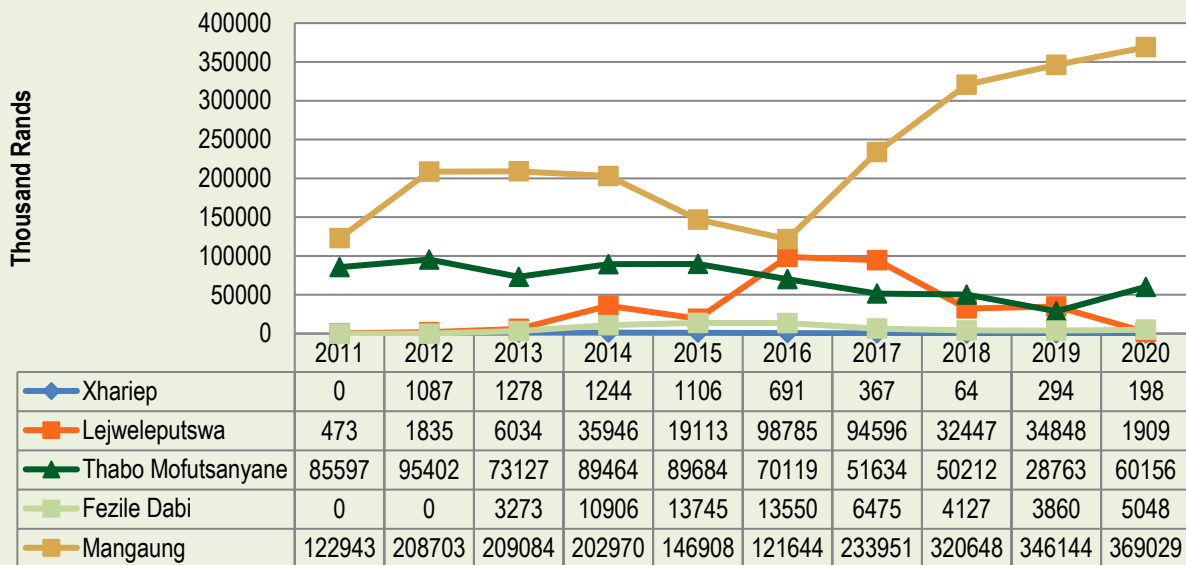
Figure 13: Values of broiler exports from Eastern Cape Province



Source: Quantec EasyData

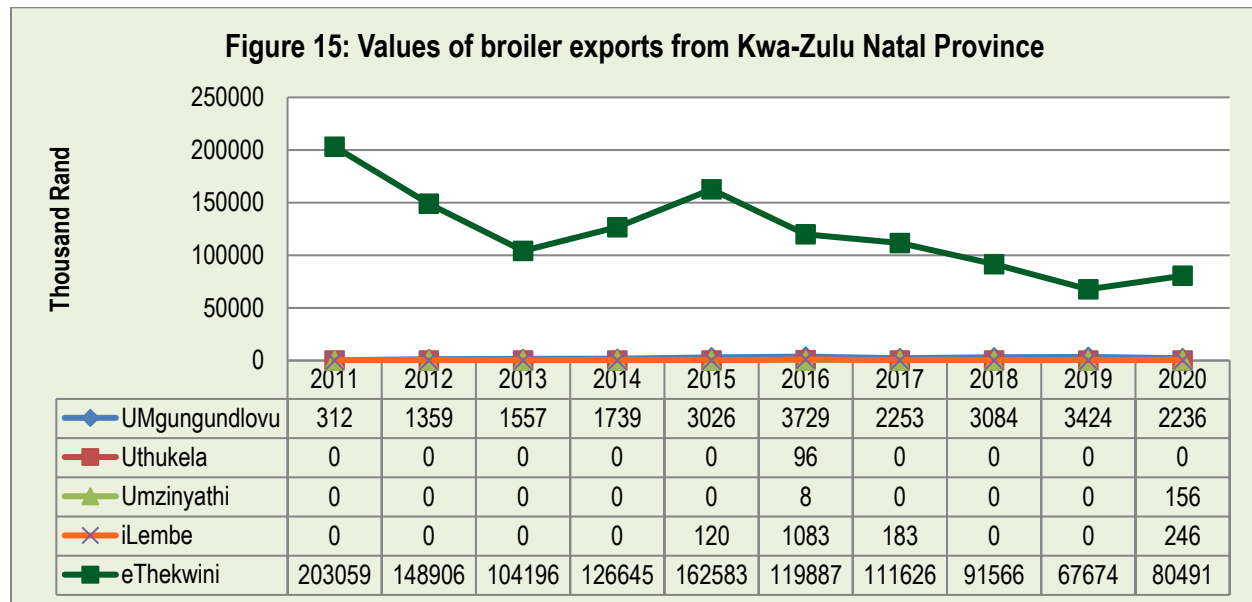
In Free State Province, broiler meat exports were mainly from Mangaung and Thabo Mofutsanyane District Municipalities (see Figure 14 below). These municipalities were regular exporter of broiler meat during this period under analysis together with Lejweleputswa. In total, Mangaung District Municipality was leading with a total export share of 68%, followed at a distance by Thabo Mofutsanyane with a share of 20% in exports of broiler. Lejweleputswa and Fezile Dabi District Municipality contributed 10% and 1.8% share of exports respectively while Xhariep accounted for less than 1% share.

Figure 14: Values of broiler exports from Free State Province



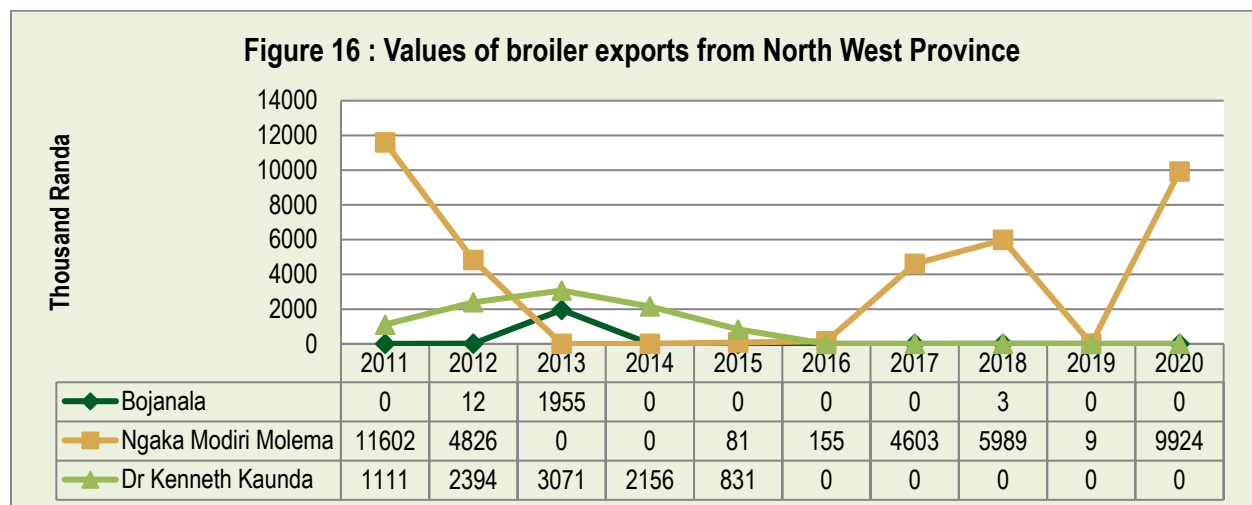
Source: Quantec EasyData

In the KwaZulu–Natal Province, exports of broiler meat were mainly from eThekweni District Municipality (see Figure 15 below). This district municipality have recorded exports for the past decade and commanded the greatest value of R1.2 billion during the past decade. Followed at a distance by UMgungundlovu District Municipality with a value of R22 million. Both of these municipalities have been regular exporter of broiler meat for the past decade. eThekweni commanded a share of 95% and more for the entire period of analysis.



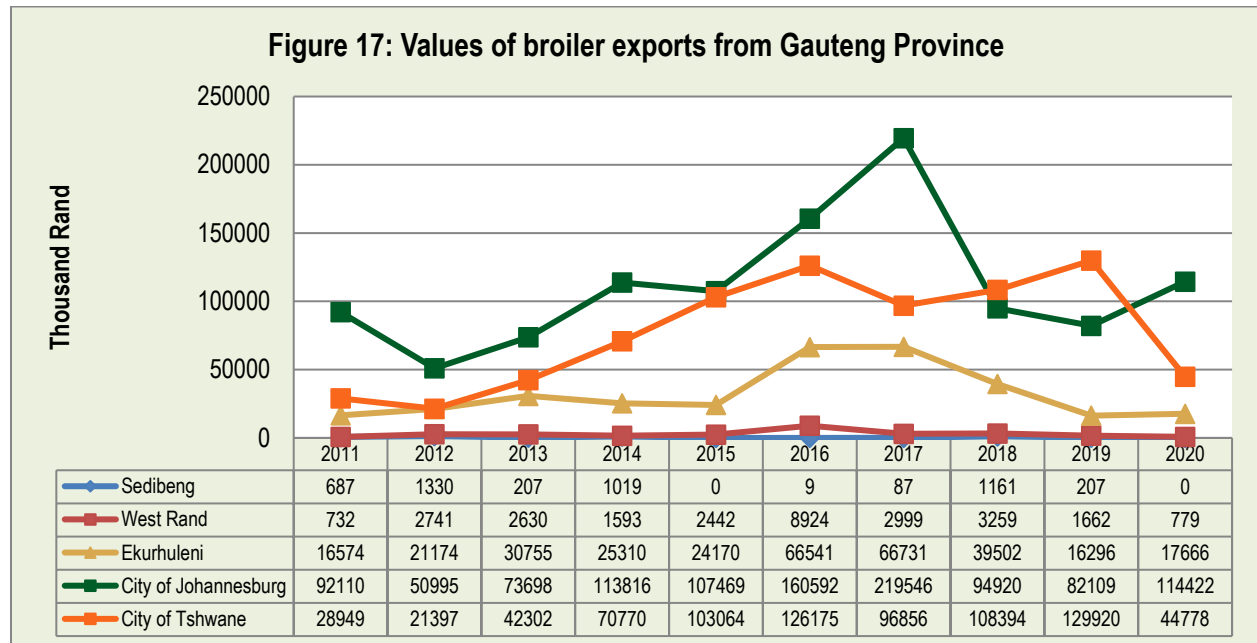
Source: Quantec EasyData

Within the North West province, all district municipalities reported irregular broiler exports (see Figure 16 below). Ngaka Modiri Molema was leading in broiler exports in 2012 and again from 2016 to 2020. Dr. Kenneth Kaunda District Municipality commanded the highest export values from 2013 to 2015. Bojanala District Municipality accounted for the lowest broiler meat exports. In total for the past decade, Ngaka Modiri Molema broiler meat exports accounted for 76% share, followed at a distance by Dr. Kenneth Kaunda with a share of 20% and lastly Bojanala with 4%.



Source: Quantec EasyData

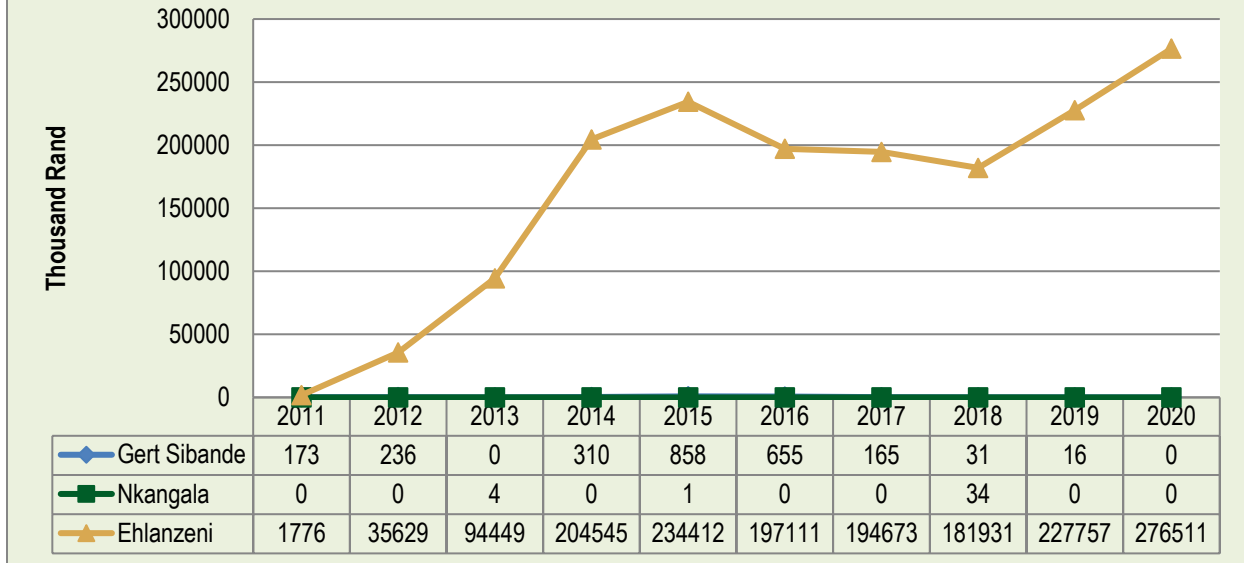
In Gauteng Province, broiler meat exports arose mainly from City of Johannesburg; Ekurhuleni and City of Tshwane District Municipalities (see Figure 17). City of Johannesburg dominated the export market of broiler meat in Gauteng Province. The City was leading from 2011 until 2017 where it reached a peak of R219 million. In 2018, there was a drastic decline of 56% while City of Tshwane rose and took a lead. For the past decade, City of Johannesburg contributed an export value of R1.1 billion (50%). The City of Tshwane was the second leading exporter with R772 million (34.5%) broiler meat exports followed by Ekurhuleni with R324 million (14.5%). West Rand and Sedibeng District Municipalities reported the lowest broiler exports with a share of R27 million (1.2%) and R4.7 million (0.2%) respectively.



Source: Quantec EasyData

From Mpumalanga Province, Ehlanzeni District Municipality was the greatest exporter of broiler meat (see Figure 18). Ehlanzeni District Municipality increased exponentially from 2011, even though the following years there was a slight decline, the exports rose again and reached a new peak in 2020. Gert Sibande and Nkangala District Municipalities recorded fractional exports for the period under analysis. Ehlanzeni recorded a broiler export share of over 90% for the period under analysis.

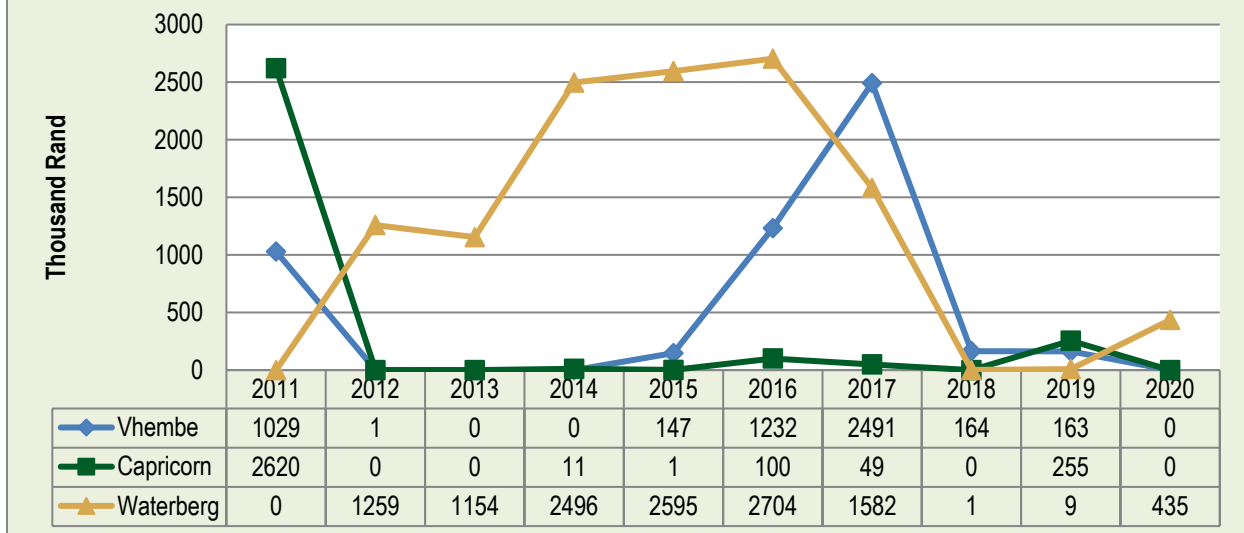
Figure 18: Values of broiler exports from Mpumalanga Province



Source: Quantec EasyData

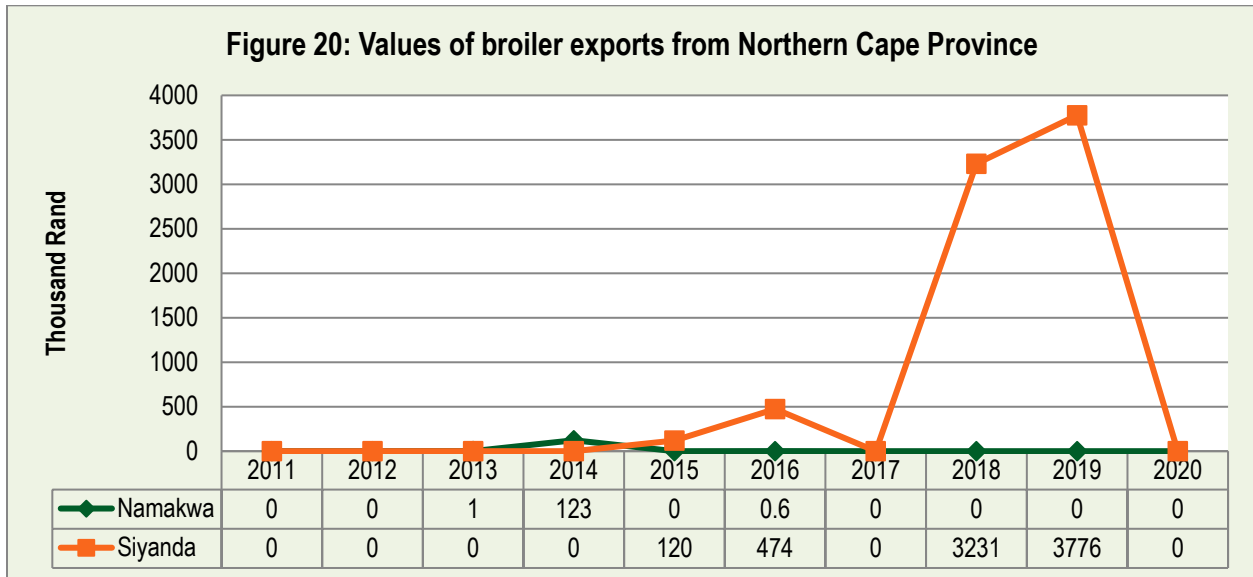
Figure 19 below indicates that, all the district municipalities in Limpopo Province reported irregular exports of broiler meat during the period under analysis. Vhembe recorded in 2011 and again from 2015 to 2019. Capricorn District Municipality recorded during 2011 and 2014 to 2017 and 2019, whilst Waterberg recorded from 2012 to 2020. Capricorn District Municipality recorded the highest export in 2011 with an export share of 72% followed by drastic decline and remained flat for the rest of the years. Vhembe was the major broiler exporter in 2017 and 2018 with an export share of 60% and 99% respectively within Limpopo province. In 2018, the total broiler exports from Limpopo declined by 95% from the previous year and remained flat in 2019 because of HPAI outbreak that led to exports ban. In 2020, the broiler meat exports were recorded only in Waterberg district municipality.

Figure 19: Values of broiler exports from Limpopo Province



Source: Quantec EasyData

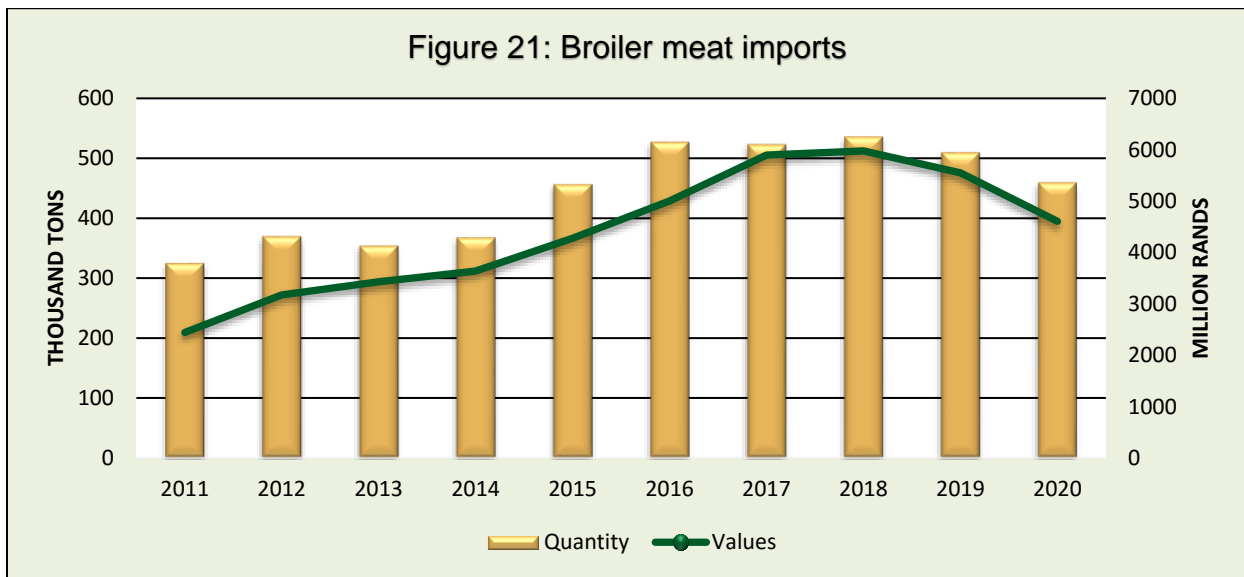
From Northern Cape Province, only Namakwa and Siyanda District Municipalities showed the exports of broiler meat under the period reviewed (See figure 20 below). The province did not record exports in 2011, 2012, 2017 and 2020. In 2018 Siyanda exports was high at R3.2 million and reached a new peak in 2019 with R3.7 million. In total, Siyanda have accounted for 98% of exports share within the province while Namakwa took the 2% share.



Source: Quantec EasyData

2.2.2. Imports

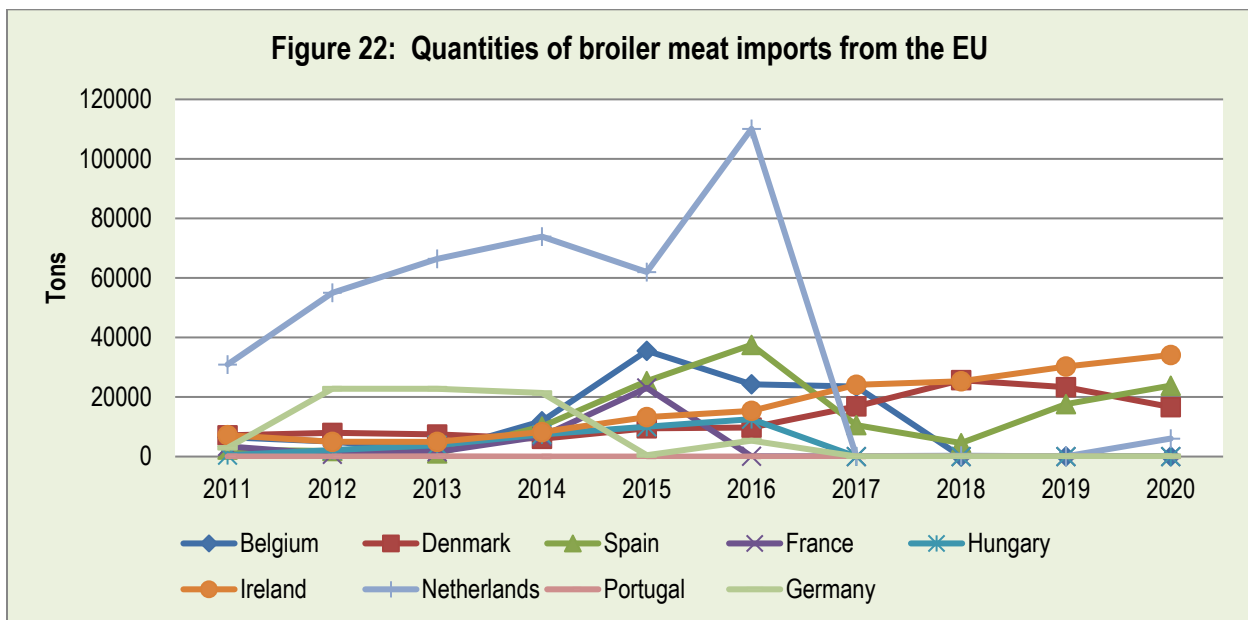
Figure 21 below show the imports of broiler meat from 2011 to 2020. South Africa imported approximately 460 000 tons of broiler meat in 2020 at an estimated value of R4.6 billion. These represents a decline of 10% and 17% respectively.



Source: Quantec EasyData

The import of broiler meat quantity and value increased significantly in the past decade. This drastic increase is in line with the increasing consumption of broiler meat together with the stagnant production levels. However, the trend shows that chicken imports slightly declined in 2017 due to some of the top import market within EU were banned following the Avian Influenza outbreak in December 2016. Furthermore, Figure 21 shows that the broiler meat imports decreased in 2019 and 2020. The decline of broiler meat imports could be from the increased tariffs in 2019 and other trade protection such as antidumping duties applied. The 2019 poultry master plan could also be playing role in decreasing broiler meat imports as this was one of the priorities to curb the imports.

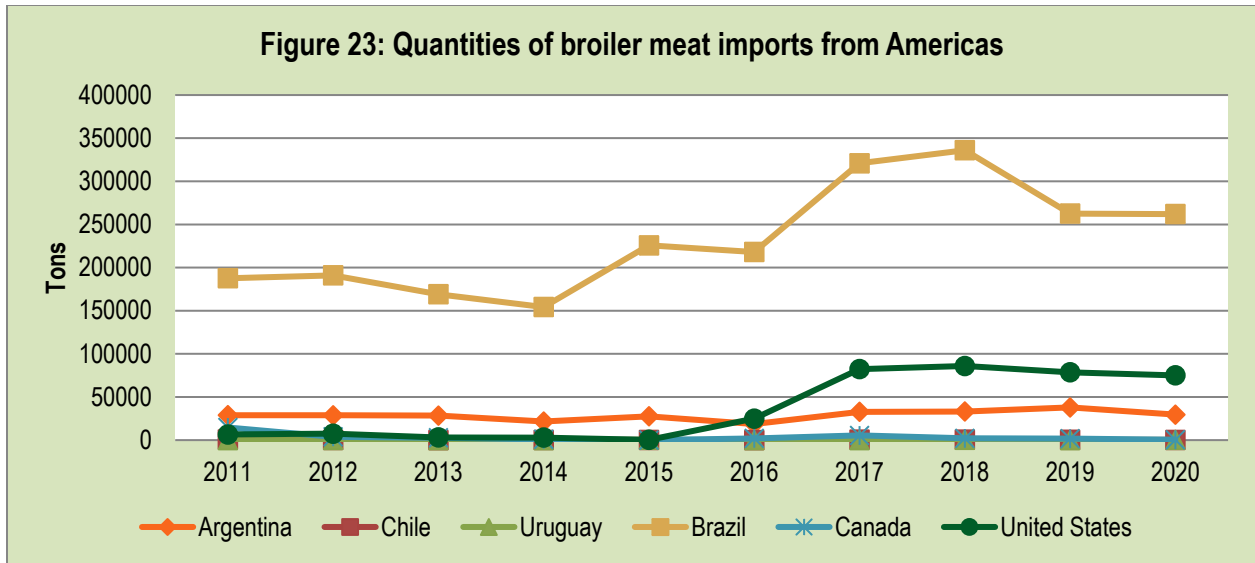
Figures 22 - 25 below show the main suppliers of broiler meat from European Union, Americas, Asia and Oceania continents to South Africa during the period 2011 to 2020.



Source: Quantec EasyData

The broiler meat imports from EU have dropped in 2017 due to the ban that was imposed by South Africa on EU members because of HPAI outbreak in Europe. In 2018 and 2019, the imports remained low. Figure 22 clearly indicates that the import quantities have been growing from 2011 following the EU-SA TDCA agreement that relaxed the trade tariffs until 2017 when Europe was hit by the HPAI outbreak that caused a ban of exports to South Africa. During this period under analysis, Netherlands commanded the highest imports from 2011 to 2016 and dropped drastically in 2017. United Kingdom commanded the second highest imports of broiler meat to South Africa from 2011 to 2014 and again in 2016. Denmark and Ireland broiler imports to South Africa remained stable irrespective of the HPAI outbreak in 2017. In 2019, both these countries broiler meat imports share within EU accounted for 32% and 42% respectively. Imports from Spain increased in 2020 claiming second position with an export share of 29%. The lowest imports received during the past decade were from Portugal, Hungary and France.

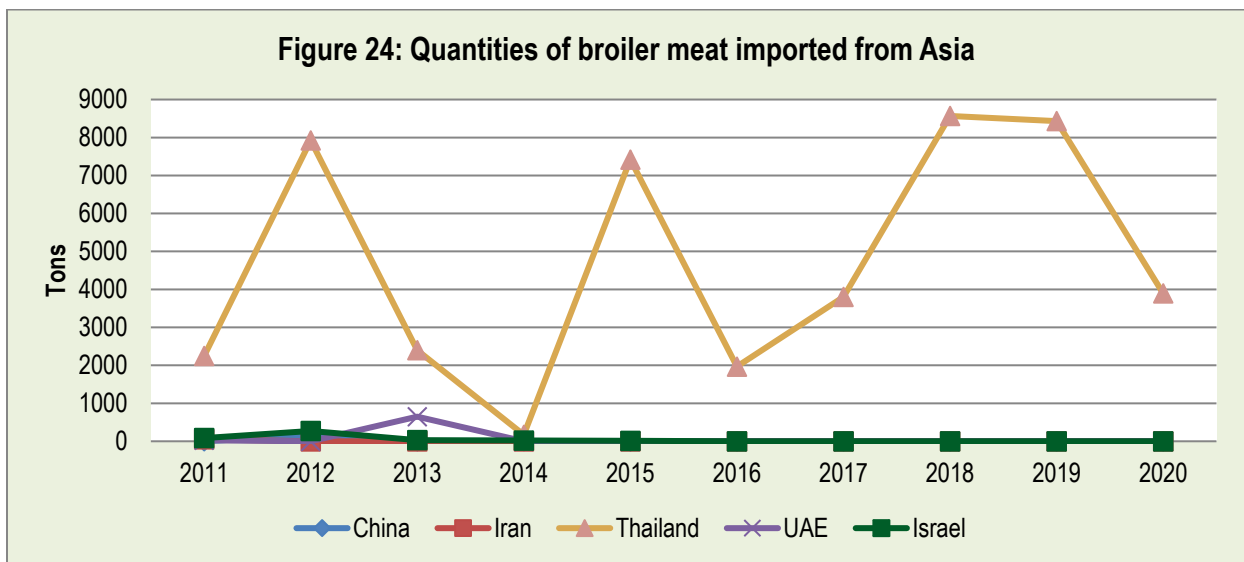
Figure 23 below present the quantity of broiler meat imports from Americas from 2011 to 2020.



Source: Quantec EasyData

Figure 23 shows the quantities of broiler meat imported by South Africa from Americas during the past decade. In this period, Brazil commanded the highest quantities of South Africa's import market of broiler meat with a share of over 70%. Imports of broiler meat from Brazil increased by 47% in 2017 following EU's loss of SA market because of the HPAI outbreak. Generally, Brazil is the main supplier of broiler meat to South Africa within the Americas continent and it is one of the highest producer of broiler meat in the world. Argentina was a second leading import supplier from 2011 to 2015. In 2016, United State of America (USA) overtook the second position by gaining market access through AGOA agreement with duty free import quota in South Africa. In 2019, broiler imports from Brazil declined by 22% due to the EU members gaining back their position in South African market. The trends shows that broiler meat imports remained almost stable in 2020, in aggregate imports from these countries shows a slight decrease of 4% from 2019.

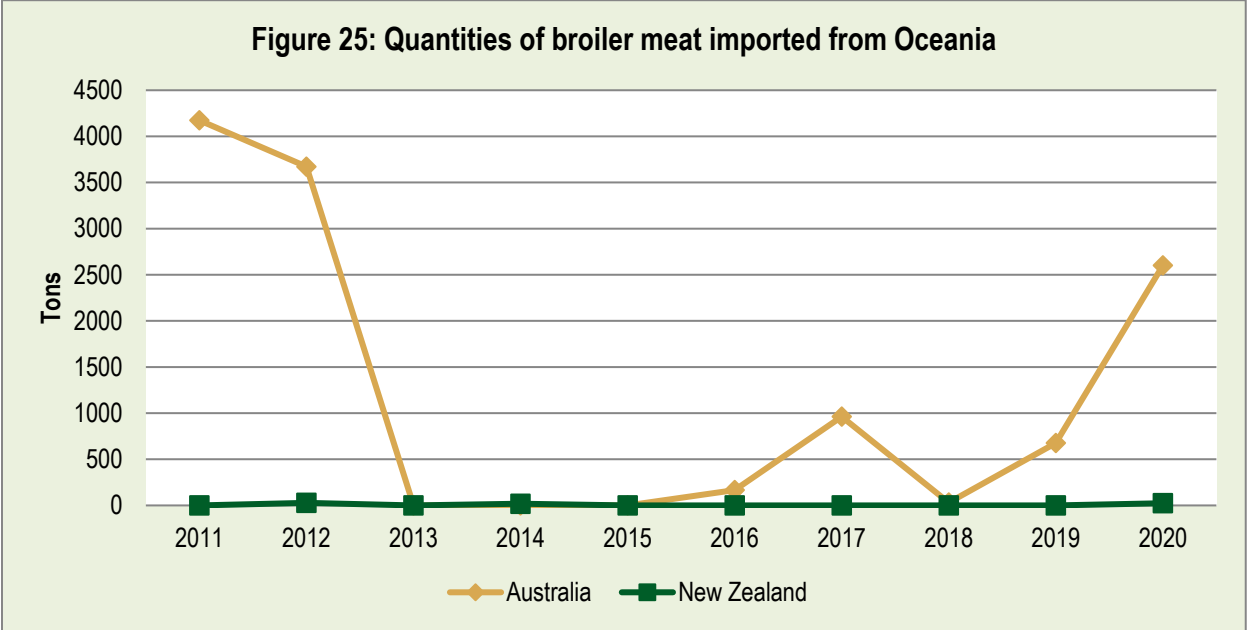
Figure 24 below present the quantity of broiler meat imports from Asia from 2011 to 2020.



Source: Quantec EasyData

It is clear from the Figure 24 that, Thailand was the main supplier of broiler meat to South Africa within Asia. This country was the largest from 2011 to 2020. In total, Thailand commanded a volume of 46 827 tons (97%); followed at a distance by United Arab Emirates (UAE), which commanded 675 tons(1.4%) and Israel with 420 tons (0.87%) of broiler meat exported to South Africa over the period under review. Although Thailand has been the biggest contributor of broiler exports, in 2014, the imports shown a drastic decrease of 88% from previous year. However, in 2015, imported quantity have shown an immense increase and dropped again in 2016. Since 2016, Thailand commanded a 100% share of imports from Asia.

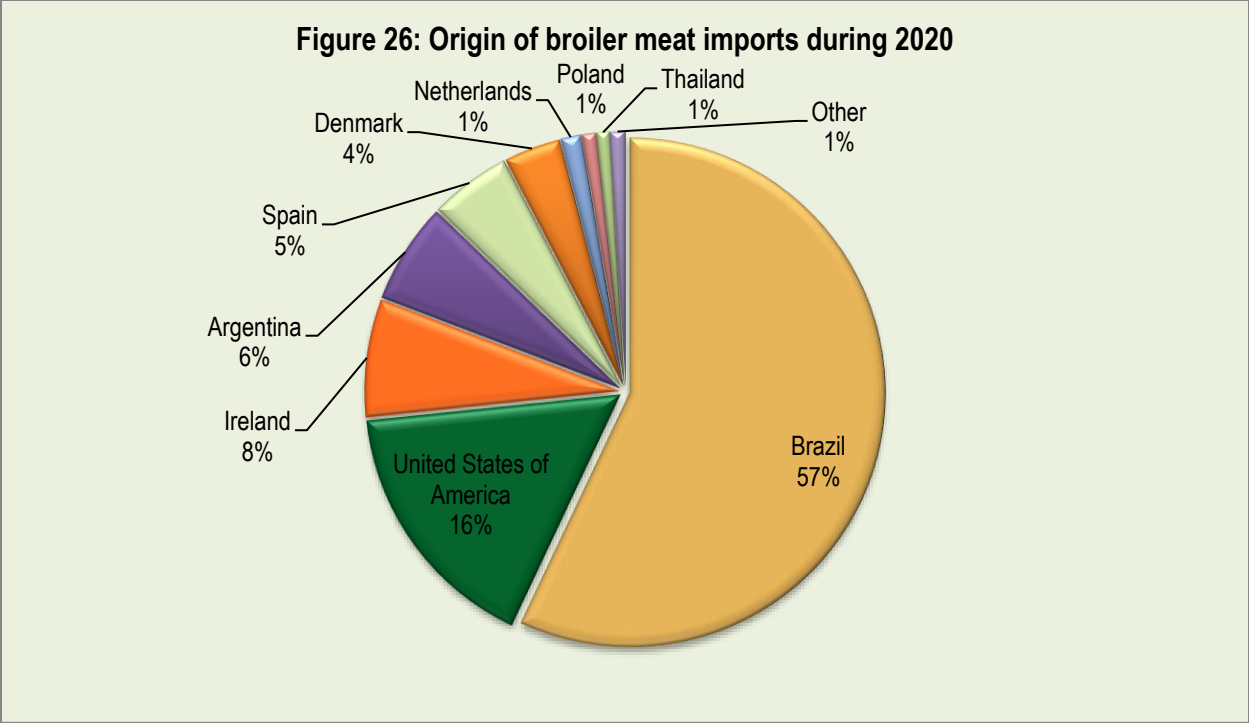
Figure 25 below present the quantity of broiler meat imports from Oceania from 2011 to 2020.



Source: Quantec EasyData

It is clearly indicated from Figure 25 above that in Oceania continent, Australia is the main source of broiler meat to South Africa. Although broiler exports were fluctuating, Australia was on a peak with imports in 2011. South Africa received the least imports of broiler meat from New Zealand. This country recorded imports in 2012, 2014 and 2020. Overall imports from Oceania in 2013 and 2015 were zero.

Figure 26 shows the countries of origin for the imported broiler meat during 2020.

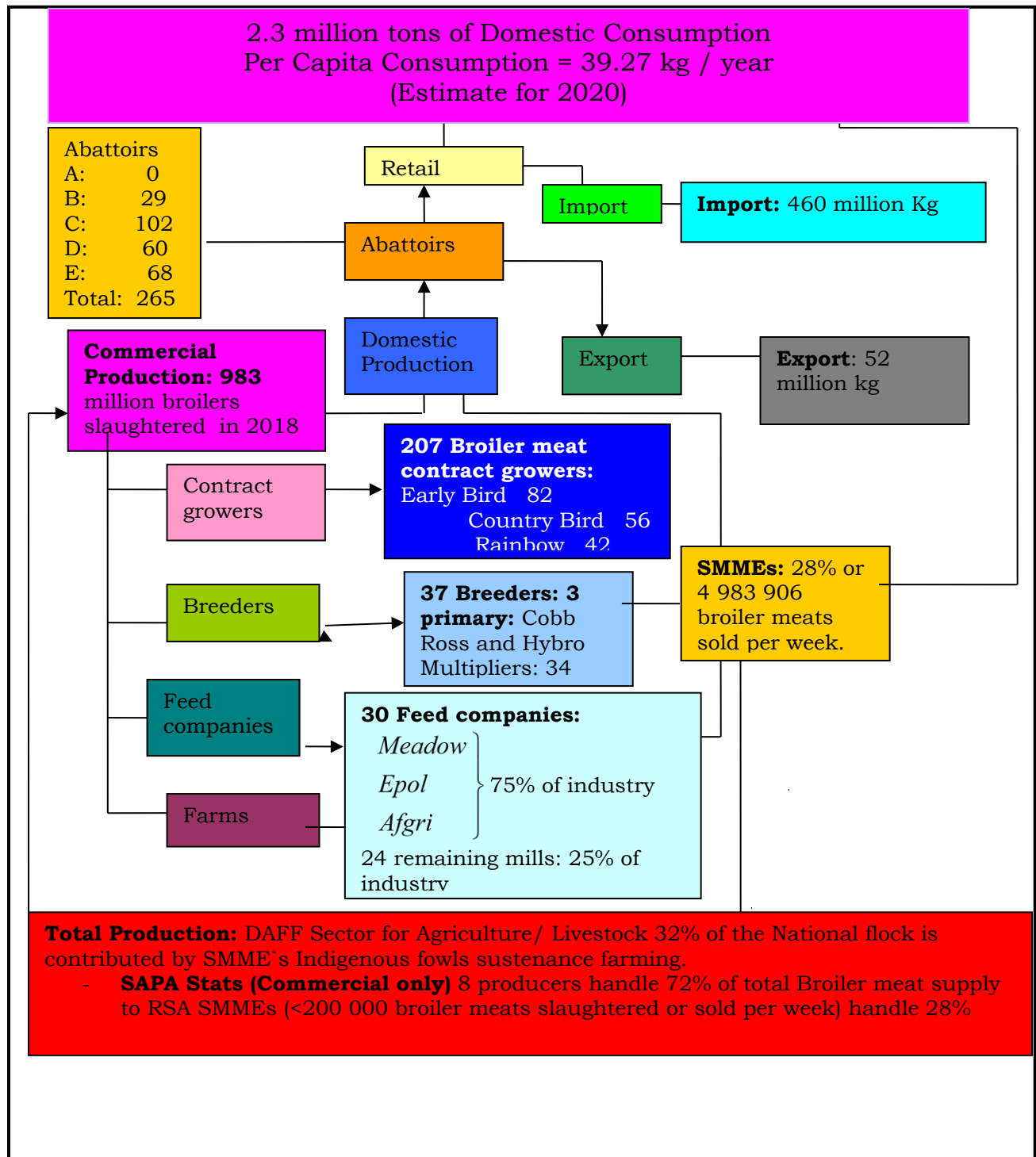


Source: Trade map

Figure 26 above shows the share of various suppliers of broiler meat to South Africa's in 2020. Brazil commanded the highest market share of broiler meat imports in South Africa, leading with 57% share. The broiler meat products imported from Brazil were frozen meat, cut and not cut in pieces. United States of America and Ireland followed at a distance with a share of 16% and 8%. Minimal imports were from Poland and Thailand.

3. BROILER MEAT MARKET VALUE CHAIN

Figure 27: Structure of the broiler meat industry.

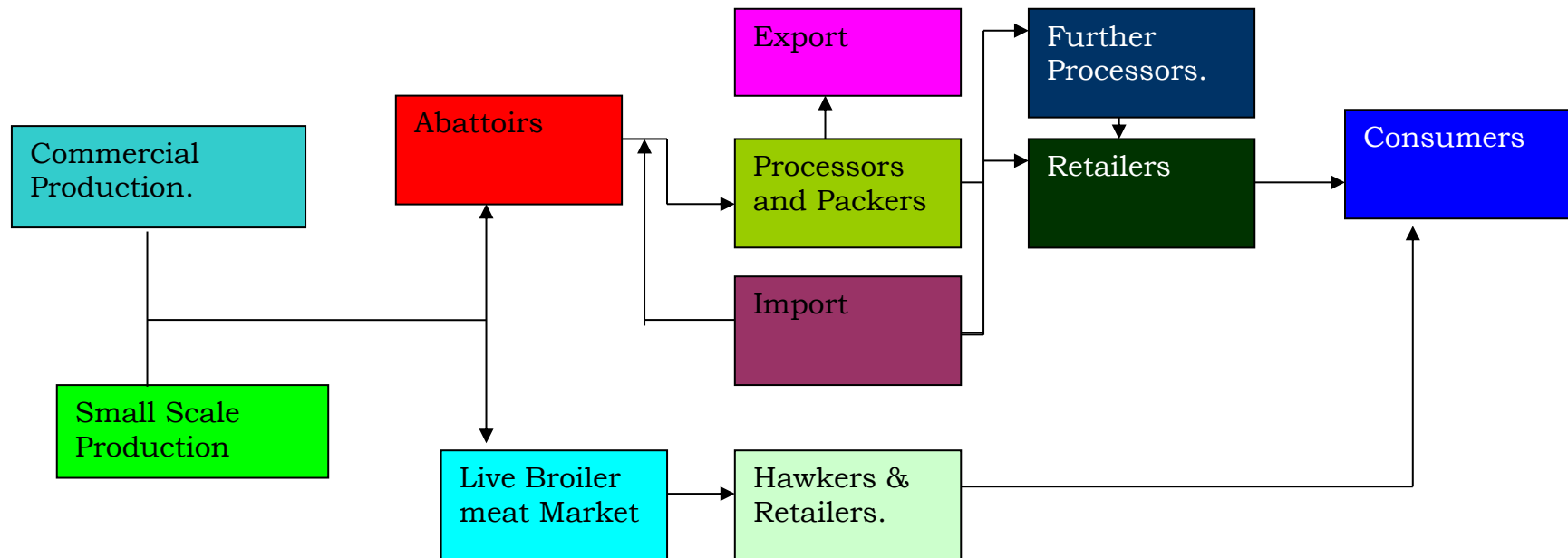


Source: Adapted from NAMC.

The value chain of South African broiler meat consists of broiler meat farms and contract growers, feed companies and other input suppliers and breeders. Some of the feed companies are vertically integrated with the large commercial producers. There are abattoirs, importers, exporters and retailers on the secondary sector. There is 2.3 million tons of domestic consumption with a per capita consumption of 39.27 kg. Production is around 1.8 million tons, Imports 460 million kilograms and Export 52 million kilograms.

4. MARKETING CHANNELS FOR BROILER MEAT.

Figure 28: Marketing Channels.



From Figure 28, broiler meat production is by two sectors; commercial and small scale. Live broiler meat is marketed mainly through two channels, live broiler meat market and abattoirs. Majority of broiler meat from commercial is sold through abattoirs while small scale through live broiler meat market. Live broiler meat market depends on hawkers and small retailers for distribution to final consumers. Abattoirs slaughters broiler meat and sell it as carcass to processors and packers, who sell chicken fresh, frozen or further processed, sell to retailers or further processors and exports some of the chicken. Processors, packers, and further processors also rely on imports for their supplies. Further processors sell to retailers for final distribution to the consumer.

5. EMPOWERMENT STRATEGIES BY THE INDUSTRY AND GOVERNMENT.

- The Land Bank sponsors the distribution of broiler meat bulletin to developing farmers.
- Sector for Education and Training (SetaSA) sponsors training under the National Skills Broiler Project Fund.
- Rocklands broiler meat has entered into a R20-million joint venture with BEE company Kamnandi Trading to produce 265 000 live birds every eight weeks in the Eastern Cape town of Loerie over 20 years.
- Vukanathi Broiler Project in North West is presently an out grower for Country Bird. Country Bird provides the day old chicks, medicine, feed and the market to the project. In 2006 the venture was transformed into black employment equity (BEE) entity that required Thembani's assistance as guarantor to secure a working capital and growth line of credit. The Vukanathi project will own 72% of the equity of the business and effectively transform the venture into a BEE entity, with a strategic partner owning 28% of this venture.
- The South African Broiler Association (SAPA) was the catalyst in the formation of the Developing Broiler Farmers Organization (DPFO). The main objective of the DPFO is to serve as a conduit to the developing broiler farmers for information dissemination and to co-ordinate and address collective issues in the industry.

Possible market entry for SMME

- ❖ Contract growing.
- ❖ Empowerment purchases of existing operation's farms by workers.
- ❖ Strategic partnerships – not for beginner farmers.
- ❖ Resource centers in the form of central distribution points that will allow farmers to organize into buyer groups or small cooperatives.

6. BARRIERS TO PARTICIPATION BY THE EMERGING SECTOR.

The transaction costs of the emerging farmers are much higher than those of their large developed counterparts in the commercial sector.

The availability of day-old chicks is a problem because the big producers are given preference. The long distances from the suppliers to the farms could result in high fatalities.

The lack of abattoirs/slaughter houses to market/sell dressed chickens in the formal markets. The lack of bar coding facilities and proper freezers to store dressed birds. Most retail companies look for bar coded products for traceability.

The volumes produced and their location places them at a disadvantage to supply to the retail sector. Hence many farmers sell live birds to the informal sector.

Other constraints that affect the industry

- Low priced and high growth of imports.
 - Sanitary and Phytosanitary Standards.
 - Exchange rate fluctuations.
 - Chick Costs are high.
 - Higher input costs, especially feed prices.
 - Lack of Finance as small scale farmers do not meet the requirements set by the commercial banks.
 - Lack of Health Control as state veterinarians are not trained in broiler or available when needed.
 - Lack of Marketing Skills.
- Lack of Technical Training.
 - Lack of strong Farmer Organization, support structures and mentorship.
 - The significant growth in volume of imports into South Africa.
 - Continuous threat of poultry diseases, especially the new variant of IB prevalent in SA.
 - Negative media comments around the practice of brining are a potential crisis for the industry.

7. OPPORTUNITIES AND WEAKNESSES

The per capita consumption increased to 39.27 kg per person during 2020. If this trend continues, this is an opportunity for new entrants and the growth of existing broiler farmers in the industry.

The per capita broiler meat consumption is set to increase further with the redistribution of wealth, recovery of the economy and the increase in the level of disposable income. With the redistribution of wealth, the per capita income of the nation has resulted in an upward movement of individuals in the pyramid of purchasing power. These results in the demands increasing hence individuals would include more broiler meat in their regular meals.

There are 35 producers who deliver 61% of the total broiler meat market. Imports control 27% of the market. Hundreds of small/emerging farmers are supplying the balance of 12%. New entrants are free to enter but are limited in terms of capital, expertise and the availability of day-old chicks.

Another inhibiting factor to the growth of the emerging sector is the lack of abattoirs to slaughter and sell their products to the retail sector. Their volumes are too small to warrant the capital outlay for the establishment of an abattoir. Thus, many emerging farmers sell their products in the informal sector as live birds.

The quality standards and bar coding are pre-requisites by most retail companies. Thus, government and the industry can jointly address this area. This intervention could assist with the growth of the domestic supply and could ultimately reduce imports. Some farmers lack the knowledge/expertise on handling diseases on their farms.

8. MARKET INTELLIGENCE

8.1. Export tariffs for broiler meat.

Tariffs from different importing countries applied to broiler meat originating from South Africa in 2019 and 2020 are shown in Table 1 below.

Table 1: Broiler meat export tariffs

Importers	Product Code	Trade Regime Description	2019		2020	
			Applied Tariffs	Total Ad Valorem Equivalent Tariff (estimated)	Applied Tariffs	Total Ad Valorem Equivalent Tariff (estimated)
Lesotho Namibia Botswana & Eswatini	020711; 020712; 020713; 020714;	Intra SACU rate	0%	0%	0%	0%
Mozambique	020711; 020712; 020713; 020714;	Preferential tariff for SADC countries	0%	0%	0%	0%
Democratic Republic of the Congo (DRC)	020711; 020712; 020713; 020714;	MFN duties	10%	10%	10%	10%

Source: MacMap

Most of South Africa's broiler meat is exported to SADC. Lesotho, Namibia, Botswana and Eswatini have applied Intra SACU rate tariff regime of 0% for traded products in 2019 and 2020. Mozambique applied 0% of preferential tariff for South Africa in the same period. DRC charged South Africa 10% tariff applying the MFN duties.

8.2. Import tariffs for broiler meat.

Tariffs that South Africa applied to imports of broiler meat originating from all possible countries in 2020 is shown in Table 2 below.

Table 2: Broiler meat import tariffs

	Article Description	Statistical unit	Rate of Duty					
			General	EU	EFTA	SADC	MERCOSUR	AfCFTA
207	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen:							
207.1	Of fowls of the species Gallus domesticus:							
207.11	Not cut in pieces, fresh or chilled	Kg	free	free	free	free	free	free
207.12	Not cut in pieces, frozen:							
0207.12.10	Mechanically deboned meat	Kg	free	free	free	free	free	free
0207.12.20	Carcasses (excluding necks and offal) with all cuts (e.g. thighs, wings, legs and breasts) removed	kg	31%	free	31%	free	31%	31%
0207.12.90	Other	kg	82%	free	82%	free	82%	82%
0207.13.	Cuts and offal, fresh or chilled	Kg	free	free	free	free	free	free
207.14	Cuts and offal, frozen:							
0207.14.1	Boneless cuts:							
0207.14.11	Breast	Kg	42%	free	42%	free	42%	42%
0207.14.13	Thighs	kg	42%	free	42%	free	42%	42%
0207.14.15	Other	Kg	42%	free	42%	free	42%	42%
0207.14.2	Offal:							
0207.14.21	Livers	Kg	30%	free	30%	free	30%	30%
0207.14.23	Feet	Kg	30%	free	30%	free	30%	30%
0207.14.25	Heads	Kg	30%	free	30%	free	30%	30%
0207.14.29	Other	Kg	30%	free	30%	free	30%	30%
0207.14.9	Other:							
0207.14.91	Whole bird cut in half	Kg	62%	free	62%	free	62%	62%
0207.14.93	Leg quarters	Kg	62%	free	62%	free	62%	62%
0207.14.95	Wings	Kg	62%	free	62%	free	62%	62%
0207.14.96	Breasts	Kg	62%	free	62%	free	62%	62%
0207.14.97	Thighs	Kg	62%	free	62%	free	62%	62%
0207.14.98	Drumsticks	Kg	62%	free	62%	free	62%	62%
0207.14.99	Other	Kg	62%	free	62%	free	62%	62%

	Article Description	Statistical unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0207	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen:						
0207.1	Of fowls of the species Gallus domesticus:						
0207.11	Not cut in pieces, fresh or chilled	Kg	free	free	free	free	free
0207.12	Not cut in pieces, frozen:						
0207.12.10	Mechanically deboned meat	Kg	free	free	free	free	free
0207.12.20	Carcasses (excluding necks and offal) with all cuts (e.g. thighs, wings, legs and breasts) removed	kg	31%	free	31%	free	31%
0207.12.90	Other	kg	82%	free	82%	free	82%
0207.13.	Cuts and offal, fresh or chilled	Kg	free	free	free	free	free
0207.14	Cuts and offal, frozen:						
0207.14.1	Boneless cuts:						
0207.14.11	Breast	Kg	12%	free	12%	free	12%
0207.14.13	Thighs	kg	12%	free	12%	free	12%
0207.14.15	Other	Kg	12%	free	12%	free	12%
0207.14.2	Offal:						
0207.14.21	Livers	Kg	30%	free	30%	free	30%
0207.14.23	Feet	Kg	30%	free	30%	free	30%
0207.14.25	Heads	Kg	30%	free	30%	free	30%
0207.14.29	Other	Kg	30%	free	30%	free	30%
0207.14.9	Other:						
0207.14.91	Whole bird cut in half	Kg	37%	free	37%	free	37%
0207.14.93	Leg quarters	Kg	37%	free	37%	free	37%
0207.14.95	Wings	Kg	37%	free	37%	free	37%
0207.14.96	Breasts	Kg	37%	free	37%	free	37%
0207.14.97	Thighs	Kg	37%	free	37%	free	37%
0207.14.98	Drumsticks	Kg	37%	free	37%	free	37%
0207.14.99	Other	Kg	37%	free	37%	free	37%

Source: SARS

Table 2 indicate the tariff duties applied by South Africa to trade agreement members of EU, EFTA, SADC, MERCOSUR, AfCFTA and General members on sub products of fowls of the species Gallus domesticus, broiler meat. South Africa applied duty free from both EU and SADC members due to its trade agreements. As per the table, South Africa applied different percentage charges according to different sub products to (EFTA, MERCOSUR, AfCFTA and General Members of WTO). The total annual quota allocated for these products is applied only in USA through AGOA, which was 68 590 tons in 2019/20.

9. PERFORMANCE ANALYSIS OF SOUTH AFRICAN POULTRY INDUSTRY IN 2020.

Table 3: List of importing markets for the Meat & edible offal of poultry exported by South Africa in 2020.

South Africa's exports represent 0.3% of world exports for Meat & edible offal of broiler, its ranking in world's exports is 31.

Importers	Indicators														
	Value exported in 2020 (USD thousand)	Trade balance 2020 (USD thousand)	Share in South Africa's exports (%)	Quantity exported in 2020	Quantity unit	Unit value (USD/unit)	Growth in exported value between 2016-2020 (% p.a.)	Growth in exported quantity between 2016-2020 (% p.a.)	Growth in exported value between 2019-2020 (% p.a.)	Ranking of partner countries in world imports	Share of partner countries in world imports (%)	Total imports growth in value of partner countries between 2016-2020 (% p.a.)	Average distance between partner countries and all their supplying markets (km)	Concentration of all supplying countries of partner countries	Average tariff (estimated) faced by South Africa (%)
World	73821	-238746	100	53244	Tons	1386	-6	-9	-6		100	2			
Lesotho	28629	28629	38.8	23077	Tons	1241	1	9	-6	88	0.1	-1	369	1	0
Mozambique	23334	23334	31.6	14247	Tons	1638	-3	-7	-11	86	0.1	24	8014	0.12	0
Namibia	11306	11306	15.3	7427	Tons	1522	-14	-22	55	66	0.2	20	8596	0.17	0
Botswana	3128	3128	4.2	1742	Tons	1796	-10	-18	-26	140	0.02	22	897	0.51	0
Eswatini	2470	2469	3.3	2796	Tons	883	6	10	11	163	0.01	9	9436	0.34	0
United Arab Emirates	1717	1717	2.3	977	Tons	1757	206	179	-54	10	2.8	0	9320	0.43	5
Zambia	889	889	1.2	1403	Tons	634	-38	-42	220	97	0.09	46	7965	0.13	0
Poland	455	-3786	0.6	163	Tons	2791			-8	55	0.3	6	957	0.2	0
DRC	362	362	0.5	330	Tons	1097	-32	-32	-59	52	0.3	-3	7339	0.13	10
Ghana	220	220	0.3	100	Tons	2200	10	19	-65	21	1.1	17	6130	0.19	35
Gabon	160	160	0.2	66	Tons	2424	202	29	-72	54	0.3	4	6809	0.1	5
Hong Kong, China	154	154	0.2	133	Tons	1158		30	697	8	3.9	-9	7739	0.24	0

Source: ITC calculations based on COMTRADE statistics.

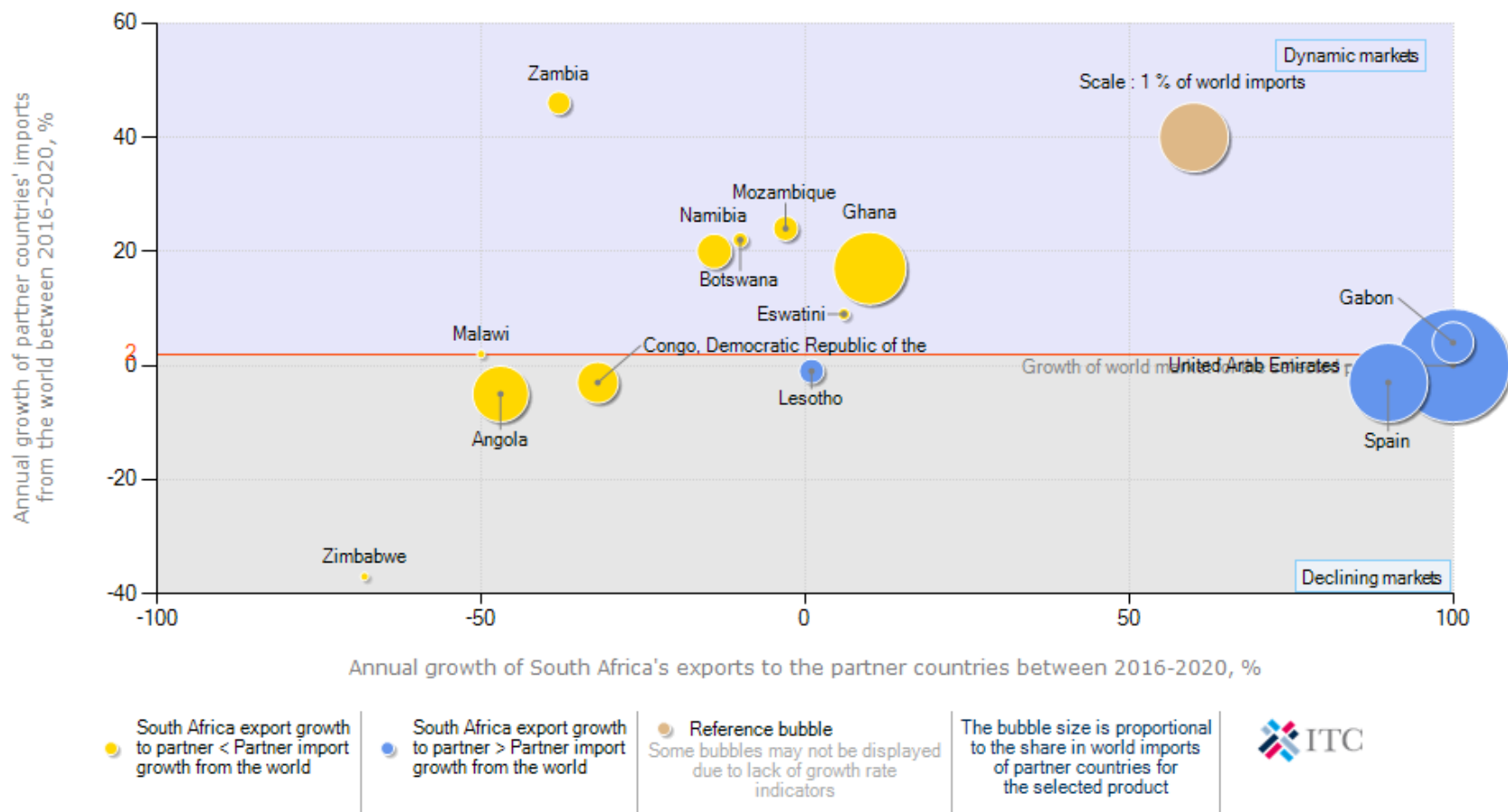
Table 3 shows that during 2020, South Africa exported a total of 53 244 tons of meat & edible offal of broiler at a unit value of US\$ 1 386/unit. The major export destinations for meat & edible offal of broiler originating from South Africa during 2020 were Lesotho, Mozambique and Namibia. The greatest share of South Africa's meat & edible offal of broiler exports in value were exported to Lesotho which commanded a share of 38.8% followed by Mozambique and Namibia which commanded 31.6% and 15.3% respectively.

South Africa's meat & edible offal of broiler exports decreased by 6% in value and 9% in quantity between the periods 2016 and 2020. During the same period, exports for meat & edible offal of broiler to Lesotho increased by 1% in value and 9% in quantity.

Between the periods 2019 and 2020, South Africa's exports value of meat & edible offal of broiler decreased by 6%. During the same period, exports value of meat & edible offal of broiler to Lesotho decreased by 6% and Mozambique experienced an increase of 11%.

Figure 29: Growth in demand for poultry meat exported by South Africa in 2020

Growth in demand for a product exported by South Africa in 2020
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



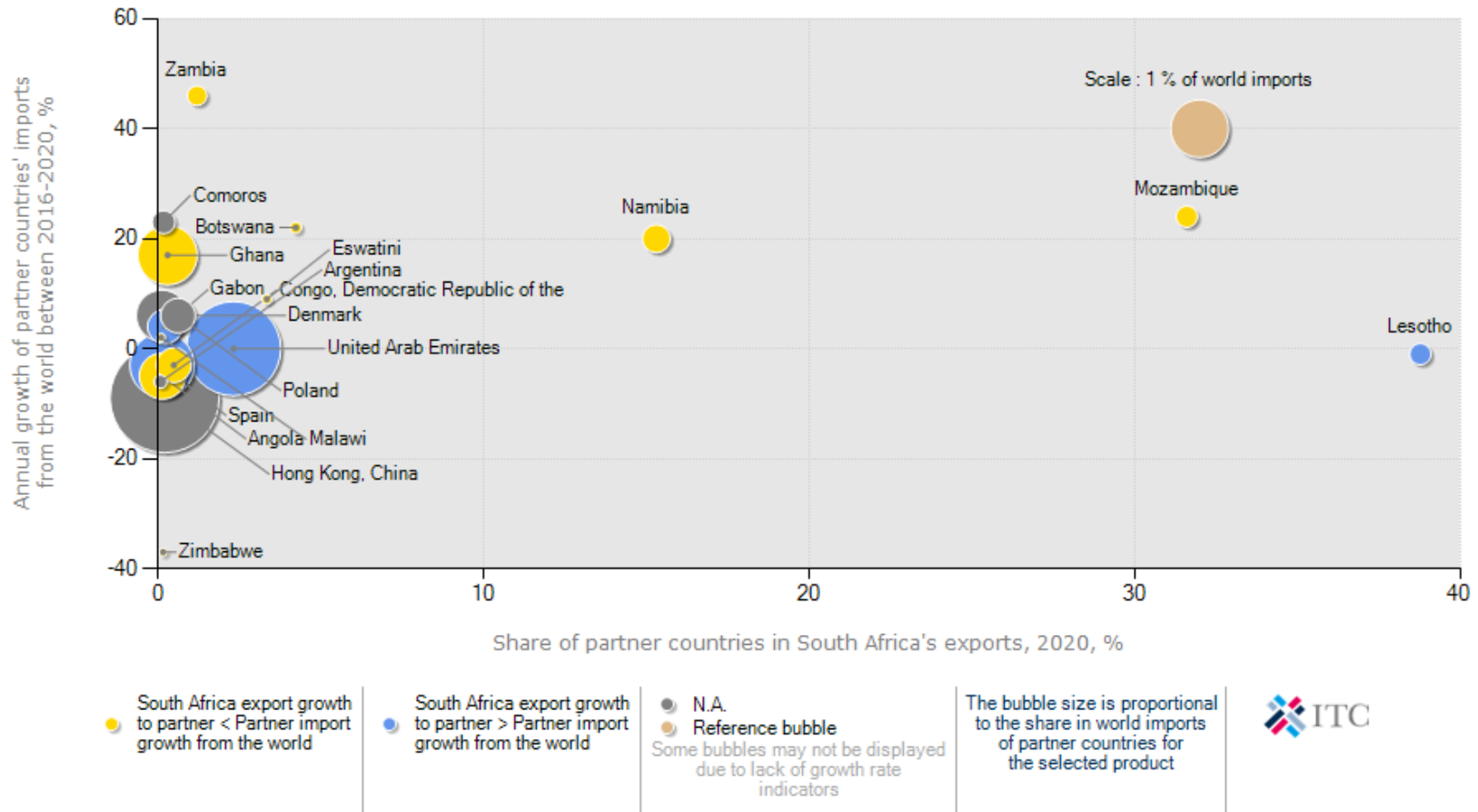
Source: Trademap, ITC

Figure 29 illustrates that between 2016 and 2020 South Africa's meat & edible offal of broiler exports to Gabon, Spain, United Arab Emirates (UAE) and Lesotho were growing at a rate that is more than their import growth from the rest of the world. Zimbabwe represented a loss of South African exports by 68% during the period 2016 to 2020.

South Africa's meat & edible offal of broiler exports to Angola, DRC, Botswana, Zambia, Namibia, Mozambique and Ghana were growing at a rate that is less than their imports from the rest of the world during the period between 2016 to 2020. The most growing demand of South African meat & edible offal poultry was UAE and Gabon with an annual growth of South African exports of 206% and 202% respectively.

Figure 30: Prospects for market diversification for poultry meat exported by South Africa in 2020

Prospects for market diversification for a product exported by South Africa in 2020
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



Source: Trademap, ITC

Figure 30 above shows the prospects for market diversification for meat & edible offal of broiler exports by South Africa in 2020. The analysis of the results as shown on the figure above indicates that Lesotho commanded the greatest shares (38.8%) of South Africa's meat & edible offal of broiler exports during the year 2020. Mozambique followed with a share of 31.6%

If South Africa is to diversify its meat & edible offal of broiler exports, the fastest growing markets exist in Zambia. The country's annual import growth is at 46% per annum respectively during 2016 to 2020. South Africa may penetrate this market due to its imports growth.

Table 4: List of supplying markets for Meat & edible offal of broiler imported by South Africa in 2020

South Africa's imports represent 1.2% of world's imports of Meat & edible offal of broiler, its ranking in world's imports is 15.

Exporters	Indicators														
	Value imported in 2020 (USD thousand)	Trade balance 2020 (USD thousand)	Share in South Africa's imports (%)	Quantity imported in 2020	Quantity unit	Unit value (USD/unit)	Growth in imported value between 2016-2020 (% p.a.)	Growth in imported quantity between 2016-2020 (% p.a.)	Growth in imported value between 2019-2020 (% p.a.)	Ranking of partner countries in world exports	Share of partner countries in world exports (%)	Total exports growth in value of partner countries between 2016-2020 (% p.a.)	Average distance between partner countries and all their importing markets (km)	Concentration of all importing countries of partner countries	Average tariff (estimated) applied by South Africa (%)
World	312567	-238746	100	484772	Tons	645	-5	-3	-26		100	2			
Brazil	138173	-138173	44.2	269478	Tons	513	2	1	-20	1	22.1	-2	13463	0.1	28.5
United States of America	56540	-56536	18.1	79472	Tons	711	27	25	-29	2	15.3	3	7124	0.1	28.5
Ireland	32913	-32913	10.5	35113	Tons	937	22	20	14	22	0.6	12	3057	0.38	0
Spain	28748	-28653	9.2	28000	Tons	1027	2	-2	53	16	1.5	4	2016	0.19	0
Denmark	16273	-16182	5.2	16562	Tons	983	12	15	-30	26	0.5	0	3399	0.12	0
Argentina	14847	-14785	4.8	29530	Tons	503	16	11	-43	18	1.2	9	14925	0.33	28.5
Netherlands	6871	-6871	2.2	6040	Tons	1138	-44	-45	6750	4	10.3	2	1493	0.14	0
Canada	6397	-6397	2	6276	Tons	1019	-4	-13	-24	21	0.7	-3	4648	0.37	28.5
Poland	4241	-3786	1.4	4321	Tons	981	88	89	-92	3	10.6	11	1585	0.09	0
Thailand	2614	-2614	0.8	4002	Tons	653	38	24	-71	5	3.6	16	3269	0.31	28.5
Chile	2442	-2442	0.8	2272	Tons	1075	61	49	-5	15	1.5	3	10793	0.28	28.5
Australia	1739	-1739	0.6	2732	Tons	637	56	57	190	33	0.2	6	4895	0.15	28.5

Sources: ITC calculations based on COMTRADE statistics

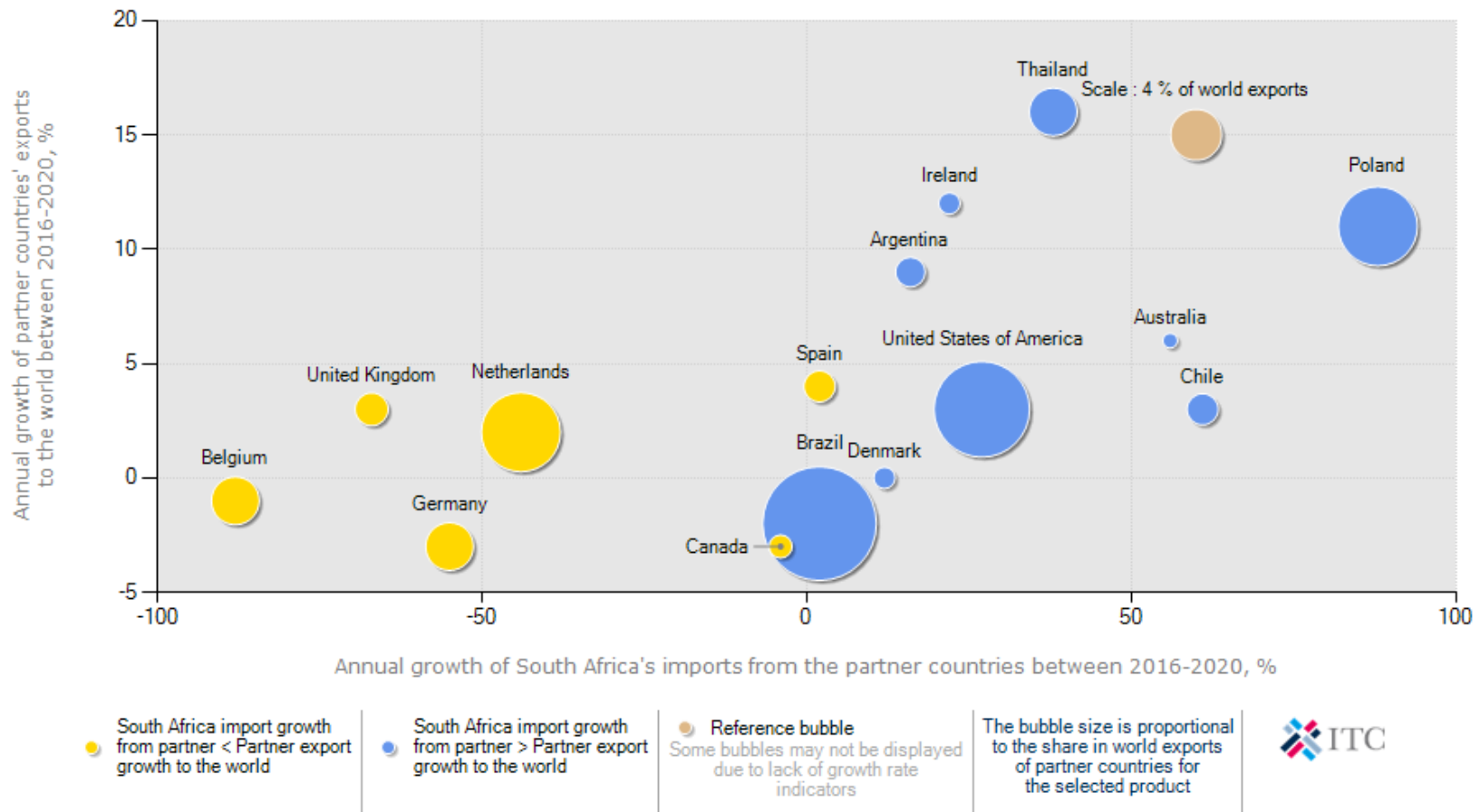
Table 4 shows that during 2020 South Africa imported a total of 484 772 tons of meat & edible offal of broiler at an average value of US\$ 645/unit. The major origins for meat & edible offal of broiler imported by South Africa during 2020 were Brazil, USA and Ireland. The greatest share of South African meat & edible offal of broiler imports were from Brazil that commanded 44.2% followed by USA with 18.1% and Ireland 10.5% respectively.

South Africa's meat & edible offal of broiler imports decreased by 5% in value and 3% in quantity between the periods 2016 and 2020. During the same period, imports of meat & edible offal of broiler from Brazil increased by 2% in value and 1% in quantity while imports from USA increased by 27% in value and 25% in quantity.

Between the period 2019 and 2020 South Africa's imports for meat & edible offal of broiler decreased by 26% in value. During the same period, imports of meat & edible offal of broiler from Brazil decreased by 20% and USA decrease by 29% in value.

Figure 31: Competitiveness of suppliers to South Africa for poultry meat imported in 2020

Competitiveness of supplying countries for a product imported by South Africa in 2020
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



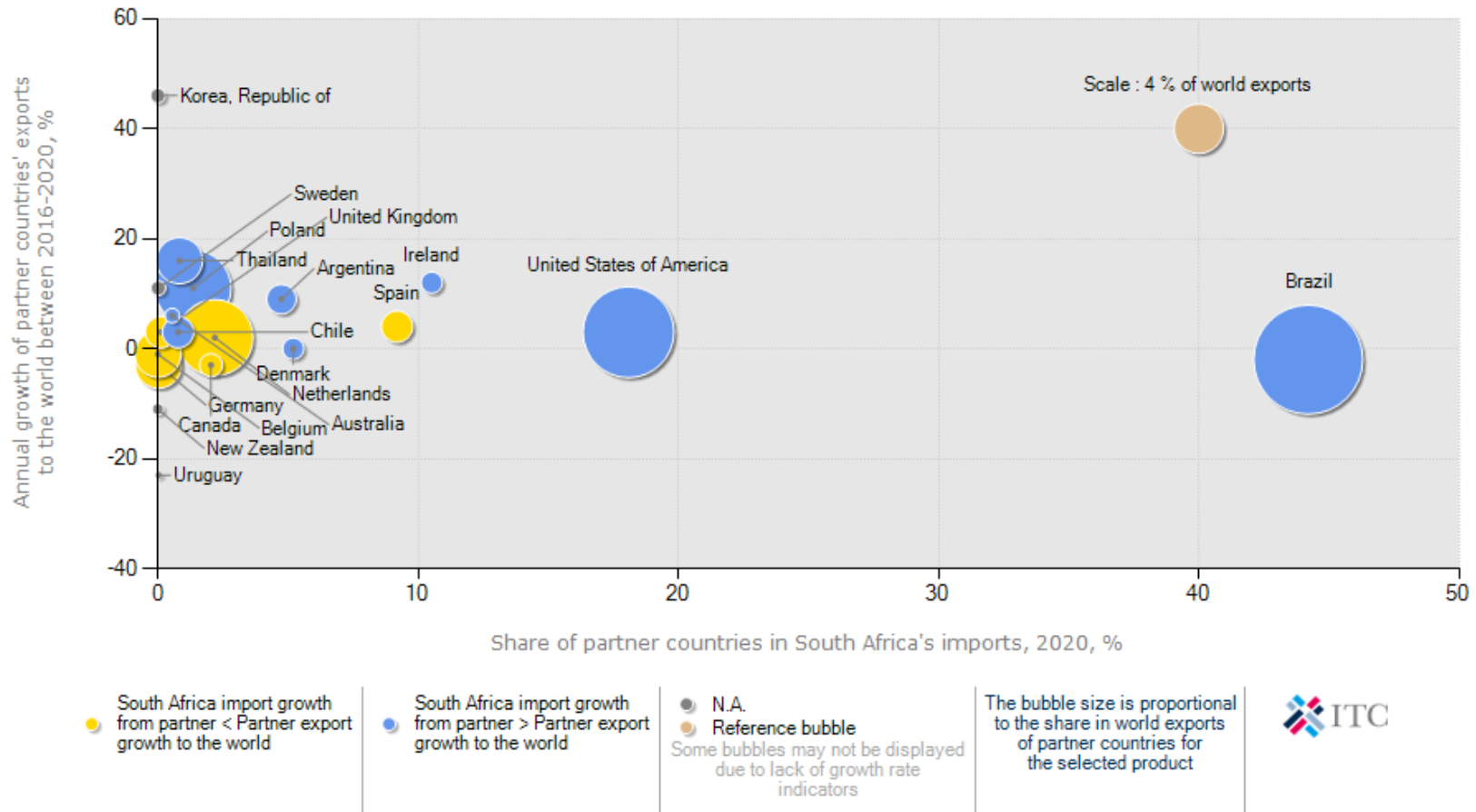
Source: Trademap, ITC

Figure 31 illustrates that between 2016 and 2020 South Africa's meat & edible offal of broiler imports from Germany, Netherlands, United Kingdom, Belgium, Canada and Spain were growing at a rate that is less than their export growth to the rest of the world. During the same period, South Africa's meat & edible offal of broiler imports from Brazil, USA, Chile, Thailand, Australia, Poland, Argentina and Denmark were growing at a rate that is greater than their exports to the rest of the world.

Generally, the most competitive markets were United States of America (USA) with the annual import growth to South Africa of 88% respectively with the market share of world export of 10.55%.

Figure 32: Prospects for diversification of suppliers for poultry meat imported by South Africa in 2020

Prospects for diversification of suppliers for a product imported by South Africa in 2020
 Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



Source: Trademap, ITC

Figure 32 above shows the prospects for diversification of suppliers for meat & edible offal of broiler imports by South Africa in 2020. Brazil commanded the greatest shares of 44.21% in South Africa's meat & edible offal of broiler imports during the year 2020 followed by USA (18.09%). They are both exporting more meat & edible offal of poultry meat to South Africa than to the rest of the world.

If South Africa is to diversify its meat & edible offal of broiler imports, Brazil remains a traditional supplier, however other possible suppliers could be Korea due to its high annual exports growth of 46%.

10. ACKNOWLEDGEMENTS

Agricultural Statistics

Tel: 012 319 8453

Fax: 012 319 8031

www.dalrrd.gov.za.

Market Access Map

www.macmap.org.

Broiler Site

www.thepoultrysite.com

Quantec Easydata

www.easydata.co.za

South African Poultry Association (SAPA)

P.O. Box 1192

Honeydew, 2040

Tel: 011-795 2051

Fax: 011-795 3180

www.sapa.org.za.

TradeMap

www.trademap.org.

Disclaimer:

This document and its contents have been compiled by the Department of Agriculture, forestry and fisheries for the purpose of detailing the broiler meat industry. The views expressed in this document are those of the Department of Agriculture, forestry and fisheries with regard to agricultural industry, unless otherwise stated and, therefore the Department of Agriculture, forestry and fisheries does not accept responsibility for any errors in such information and anyone acting on such information does so entirely at his or her own risk.