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Report Highlights:

Post forecasts that chicken meat production will increase by three percent to 1.65 million tons in Marketing Year (MY) 2025 as a result of a strengthening domestic sector. Post raises the 2024 production estimate by 6 percent to 1.59 million tons as the industry has rebounded from the 2023 Highly Pathogenic Avian Influenza (HPAI) outbreak. Post forecasts decreasing food inflation and softening poultry prices will boost South Africa's domestic consumption of chicken meat, which is expected to increase by two percent to 1.88 million tons in 2025. Post revises imports downwards to 320,000 tons and forecasts that imports will decrease by a further six percent in 2025 to 300,000 tons, continuing the downward trend.

Executive Summary

Production: Post forecasts that chicken meat production will increase by three percent to 1.65 million tons in Marketing Year (MY) 2025* as a result of a strengthening domestic sector. Post raises the 2024 production estimate by 6 percent to 1.59 million tons as the industry has rebounded after the 2023 Highly Pathogenic Avian Influenza (HPAI) outbreak.

Consumption: Post forecasts that consumption will increase by two percent to 1.88 million tons in 2025 as a result of a slight improvement in the consumer spending power and a decrease in food inflation. Post estimates that 2024 consumption will increase by three percent to 1.85 million tons due to increased supply and softening domestic chicken prices.

Imports: Post forecasts that imports will decrease by six percent in 2025 to 300,000 tons due to heightened domestic production and decreased competitiveness of imported product due to high tariffs and anti-dumping duties levied against major exporters of poultry to South Africa. Post estimates that imports will decrease by six percent to 320,000 tons in 2024.

Exports: Post forecasts that South Africa's chicken meat exports for 2025 will increase by eight percent to 70,000 tons, as poultry continues to be a favored protein for the country's major markets. South Africa exports mainly to Southern Africa. Post estimates that poultry will increase by 18 percent to 65,000 tons in 2024 as a result of increasing demand from neighboring countries.

*Note: MY is aligned with the calendar year, January through December.

Table 1

Chicken Meat Production, Supply and Distribution Table

Meat, Chicken Market Year Begins	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
South Africa						
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	1504	1504	1540	1590	0	1645
Total Imports (1000 MT)	342	342	325	320	0	300
Total Supply (1000 MT)	1846	1846	1865	1910	0	1945
Total Exports (1000 MT)	55	55	60	65	0	70
Human Consumption (1000 MT)	1791	1791	1805	1845	0	1875
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	1791	1791	1805	1845	0	1875
Total Use (1000 MT)	1846	1846	1865	1910	0	1945
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	1846	1846	1865	1910	0	1945

Note: All data in 1000 MT

Production

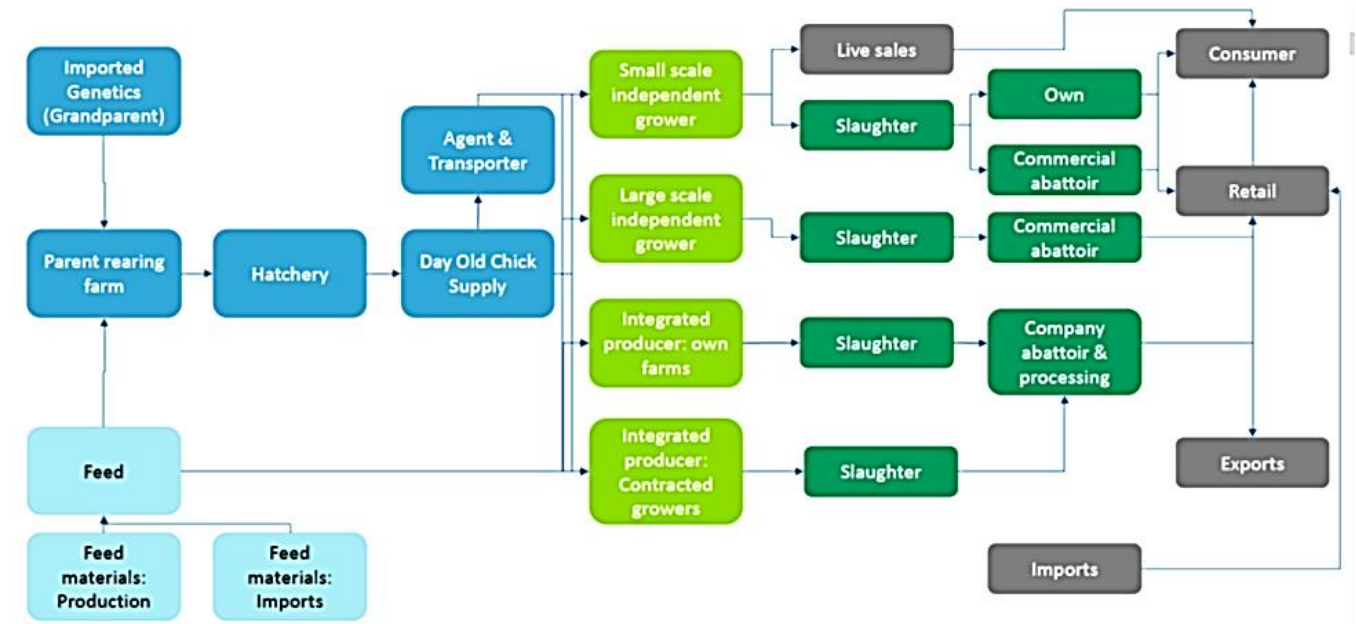
Post forecasts that chicken meat production will increase by three percent to 1.65 million tons in Marketing Year (MY) 2025 (January-December 2025) due to growth in the domestic industry, recovery from the Highly Pathogenic Avian Influenza outbreak of 2023, and normalizing of electricity supply.

Strengthening Poultry Sector

The South African Poultry Association (SAPA) reported that its members have invested approximately \$100 million since 2019 to expand production in their facilities. As a result, SAPA reported that members had increased capacity from 19 million birds per week in 2019 to average 21.5 million per week in April 2024. According to the Association's report in July 2023, South Africa had 973 poultry farms with 684 farms classified as large commercial farms producing more than 40,000 birds in the broiler industry and more than 50,000 birds in the egg industry. Of the large farms, 48 have more than 500,000 birds (primarily or exclusively broilers) while 17 farms have more than 700,000 birds each.

Figure 1

The South African Poultry Value Chain



Source: *Post with Bureau Food Agriculture Policy (BFAP)*

The poultry industry in South Africa is vertically integrated with the top five major producers of broilers owning companies that produce broiler feed as part of their holdings. The smaller independent growers source their feed from the vertically integrated producers. The integration of feed production by major broiler companies gives them an edge over the unintegrated players.

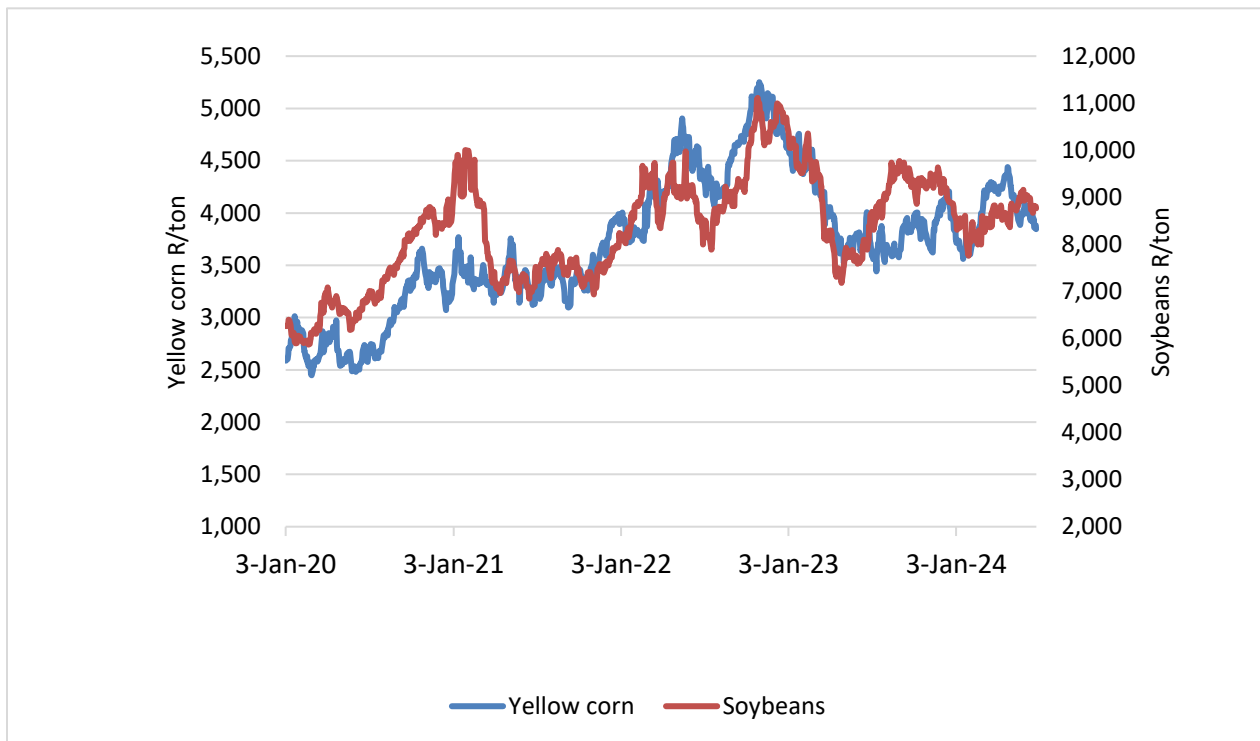
South Africa’s Competition Commission noted that there are market features within the poultry value chain which may impede, distort, or restrict competition in the local poultry industry (see GAIN report: [South Africa Competition Commission conducts inquiry into South African poultry industry](#)). Two producers alone, namely Rainbow (formerly RCL Foods) and Astral Foods, make up approximately 50 percent of the market. These companies experienced revenue increases of 8.4 percent and 4 percent respectively in their latest reporting periods.

Feed

Although higher feed prices have increased the cost of production in 2024, Post forecasts a softening of prices in 2025 as farmers increase grain and oilseed production for the upcoming harvest. Figure 2 below shows the local yellow maize and soybean price per ton from January 2020 to July 2024. As a result of the El Nino-induced drought that affected the maize and soybean crops, the price of domestic feed is expected to trend higher until the MY 2024/2025 harvest. South Africa’s production of yellow maize and soybeans for May to April 2023/2024 has dropped by 12 percent and 36 percent respectively because of the El Nino system that engulfed the country’s production areas. See: [South Africa grain and feed update](#)

Figure 2

Soybean and yellow maize daily prices



Source: *FAS Post with Grain SA Data*

The broiler industry consumes about four million tons of feed, which is largely domestically produced through the integrated companies. The cost of feed constitutes 70 percent of overall costs in broiler production. A typical feed mix includes 50 percent yellow maize, 20-30 percent of soy, and 20-30 percent other ingredients. According to South Africa's Bureau of Food and Agriculture Policy (BFAP), the poultry industry has improved technical efficiency with a feed conversion rate of 1.45. Rainbow Chicken is focusing 2024 investments on feed milling to keep costs as low as possible.

Energy Challenges and Resilience

South Africa has seen a rapid improvement in the reliability and consistency of energy supply over the past four months, which has helped to decrease operational costs of backup power. Lower utility and fuel costs have yielded improvement in the profit margins of producers. In 2022 and 2023, many poultry producers reported investment in solar houses to increase the resilience to interruptions in electricity and reduce the input cost of fuel for backup generators. If producers regain enough confidence in the electricity supply to use solar as a primary power source, this could greatly decrease electricity costs, reducing overhead costs.

HPAI Outbreaks

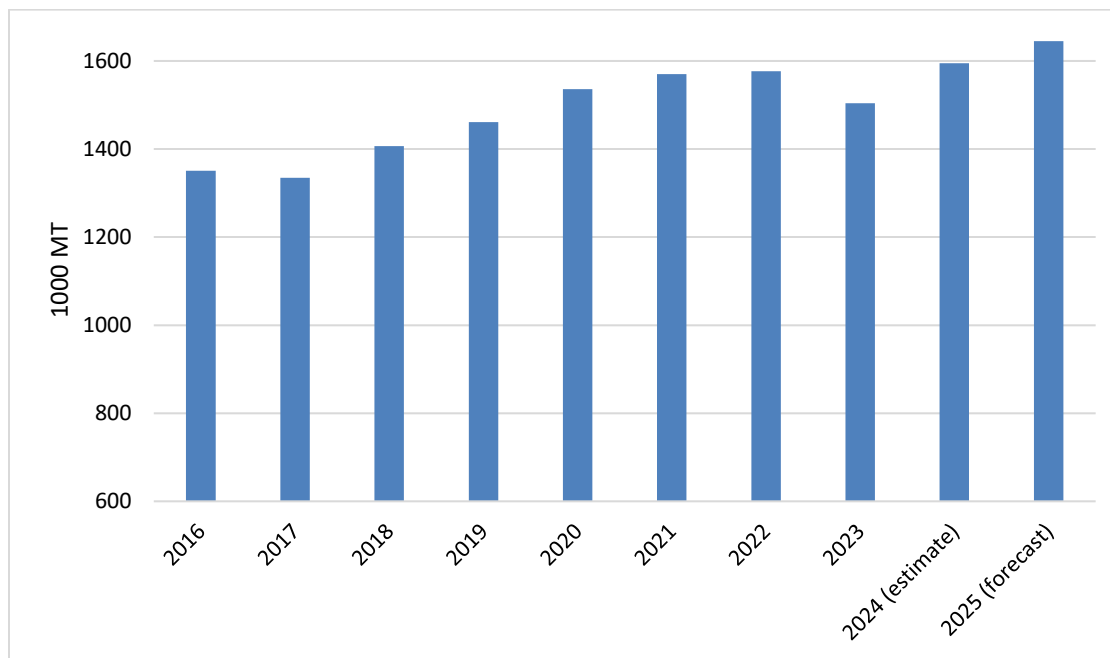
Beginning in April 2023, South Africa experienced arguably the worst HPAI outbreak in history, which led to the culling of chickens across seven of the nine provinces in the country. The layer sector in the Gauteng and Western Cape provinces were the hardest hit. The culled chickens included approximately 3 million breeder chickens and 7.5-million-layer flock. The outbreak is estimated to have cost the industry R9.5 billion (U.S. \$529 million).

However, the situation has improved significantly, with no new outbreaks reported since September 2023. The broiler industry recovered relatively quickly and imported approximately one million-day old chicks to replenish the flock. See: GAIN: [Highly Pathogenic Avian Influenza in South Africa Update](#) Post contacts indicate to Post that production output is now [near pre-outbreak levels](#).

Historically, the South Africa government has not compensated producers for the culling of chickens during an outbreak. However, in June 2024, the Western Cape High court rejected the zero-compensation interpretation after a poultry farmer who was ordered to destroy chickens in the 2021 bird flu outbreak took the department to court. The judge ruled that the matter must be considered afresh by the Department of Agriculture Land Reform and Rural Development. This decision could open the Department to claims from farmers who were ordered to destroy their flocks to curb bird flu outbreaks in 2017, 2021 and 2023. Should such payouts come through, the industry will have even greater funds available for expansion or upgrades.

Figure 3

South Africa's Chicken Meat Production



Source: *Post Estimate and Forecast and USDA Production Supply & Distribution*

Note: *Includes commercial broiler production as well as subsistence sector and spent hens but excludes offal. All figures are USDA Official with the exception of the estimate and forecast.*

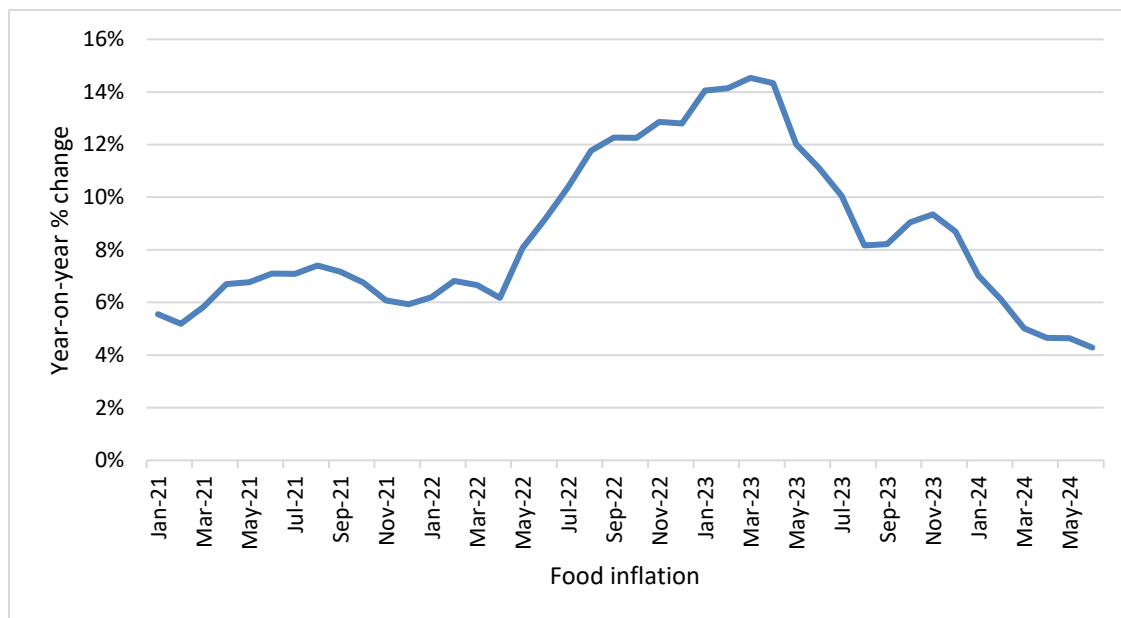
Consumption

Post forecasts that chicken meat consumption will increase by two percent to 1.88 million tons in 2025 as a result of the improvement in the consumers' spending power motivated by the decrease in food inflation.

Post estimates that consumption for 2024, will increase by three percent to 1.85 million tons, as a result of softened domestic poultry prices and an easing in inflation. Consequent to the high cost of living and inflation in 2023, South African consumers had replaced meat protein with alternatives such as tinned fish and higher starch consumption. The 2023/24 consumption estimates published by DALRRD in Table 2 reflect the decline in consumption that occurred as higher prices followed the 2023 HPAI outbreak. However, with prices improving, consumers are returning to normal consumption patterns. According to BFAP, Individually Quick Frozen (IQF) pieces of poultry climbed in late 2023 due to the Highly Pathogenic Avian Influenza (HPAI) outbreak. As production normalized, IQF prices have dropped by 14 percent year on year. Across the food basket, South African food inflation is trending downward and has returned to 2020 levels.

Figure 4

South Africa's Food Inflation year on year change



Source: Post using Statistics South Africa Data

Table 2

South Africa's per Capita Consumption of Meat in kilogram per year

Product	Per Capita Consumption 2022/23	Per Capita Consumption 2023/24
Beef	16.36	16.5
Pork	5.8	5.7
Sheep, lamb, and goats	2.7	2.7
Poultry	35.95	34.79
Total Meat	60.81	59.69

Source: Post using South Africa's Department of Agriculture Land Reform and Rural Development data (not Official USDA Statistics)

According to a local nonprofit organization, Pietermaritzburg Economic Justice and Dignity, more than 70 percent of South Africans spend greater than 62 percent of their income to purchase food. According to the Competition Commission (a statutory body created by the Government of South Africa); the poorest 10 percent of households spend up to 7 percent of their total household expenditure on chicken products. Although chicken is commonly consumed by households at all income levels, poultry products are not exempted from Value Added Tax (VAT). Many food items considered to be household staples such as eggs, milk, vegetables, rice, brown bread, maize meal, wheat flour, and vegetable oil are exempt from VAT, increasing their affordability. Despite significant advocacy from the poultry industry to include chicken on the VAT-free list, all poultry items remain ineligible. The industry argues that this drives low-income consumers to protein items such as tinned fish which are excluded from VAT.



Chicken giblets, the local term for various offal products, have become more expensive over the past few years as consumers moved to more affordable cuts, increasing demand. Chicken intestines and chicken livers typically have lowest retail prices.

Photo Source: *Shoprite website*

Imports

Post forecasts that imports will decrease by six percent to 300,000 tons in 2025 as a result of anti-dumping duties and the high tariffs against poultry imports limiting the access and competitiveness of imported poultry.

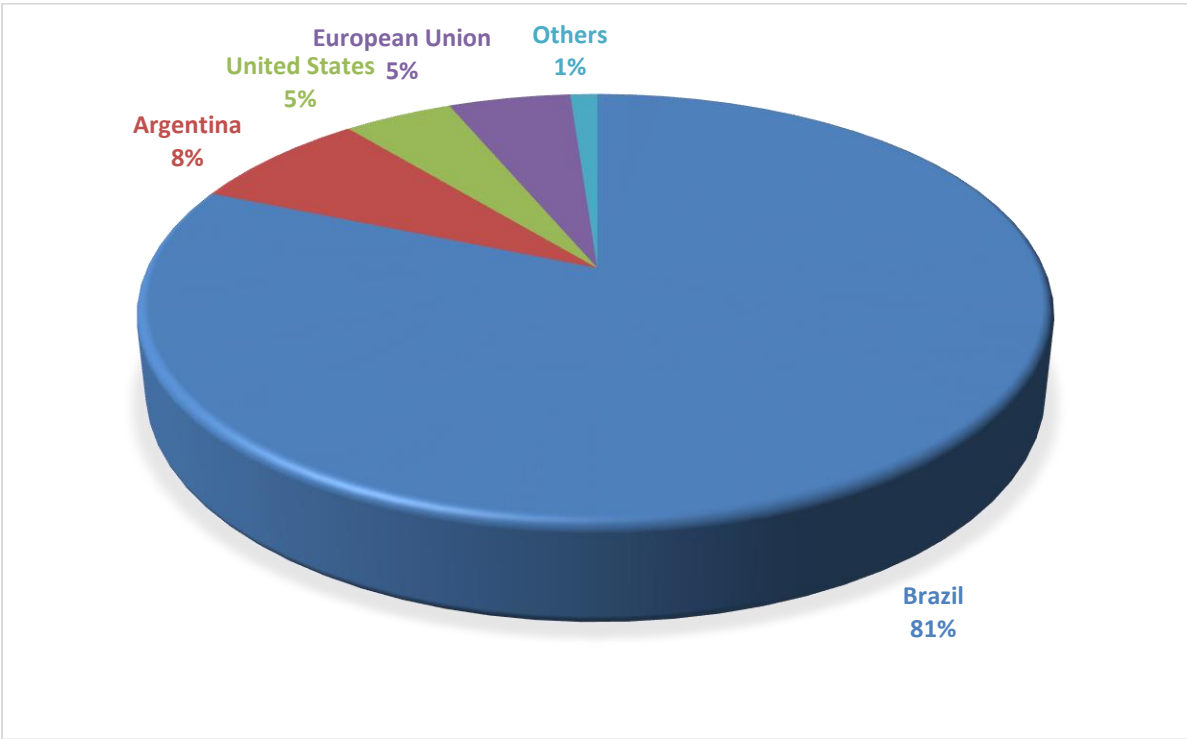
Post estimates that imports will drop by six percent to 320,000 tons in 2024. Imports continue to struggle in the South African market because of high tariffs and numerous trade restrictions. The total imports for the past six months (January to June 2024) have decreased by seven percent in comparison with January to June 2023. Volumes are expected to be slower in the latter half of the year due to the anticipated discontinuation of tariff rebates (see below).

Mechanically Deboned Meat (MDM) is imported primarily from Brazil and enters South Africa with zero tariff. In 2019, prior to the tariff increase, (MDM) represented 37 percent of overall poultry meat imports. Imports of MDM have been steadily increasing, while non- MDM poultry meat has been steadily declining. MDM represented 56 percent of poultry meat imports in 2023,

and has held at 53 percent from January to June 2024, even with tariff rebates in place for other poultry cuts. South Africa does not produce significant quantities of MDM, and the United States does not have market access for this product.

Figure 6

Origin of Chicken Meat Imported into South Africa for January-June 2024



Source: Post using Trade Data Monitoring (TDM), LLC data

Table 4

South Africa’s Chicken Meat Imports

Partner	2021	2022	2023	Jan- June 2023*	Jan-June 2024*	%Δ
Brazil	252,684	235,471	274,897	155,167	143,786	-7
United States	61,810	45,935	38,633	26,250	9,587	-63
Argentina	23,663	33,376	17,238	15,181	15,156	0
European Union	26,388	1,363	8,023	1,178	9,324	692
Others	6,824	4,418	66,987	43,589	35,996	-17
Total	371,369	320,563	341,884	198,756	179,782	-10

Source: Post using TDM, LLC

*Year to date: January – June

Elevated Tariffs

High tariffs continue to depress imports of poultry meat from all major suppliers. On March 12, 2020, South Africa announced that the applied most favored nation duties (MFN) on imports of bone-in chicken were raised from 37 percent to 62 percent, and from 12 percent to 42 percent for boneless portions. This is within South Africa's WTO bound rates.

Table 5

South Africa's Import Tariffs for Specific Chicken Meat Products

Tariff Heading	Product Description	Rate of Duty				
		General	EU	EFTA*	SADC**	MERCOSUR
0207.12.10	Mechanically Deboned meat	Free	Free	Free	Free	Free
0207.12.20	Carcasses (excluding necks and offal with all cuts removed), Frozen	31%	Free	31%	Free	31%
0207.12.90	Frozen Whole Birds	82%	Free	82%	Free	82%
0207.14.10	Boneless cuts	42%	Free	42%	Free	42%
0207.14.20	Offal	30%	Free	30%	Free	30%
0207.14.90	Bone-in cuts	62%	Free	62%	Free	62%

Source: Post using South African Revenue Services rates

*EFTA = European Free Trade Association

**SADC = Southern African Development Community

Tariff Rebates

On January 26, 2024, the Department of Trade, Industry and competition announced the decision to implement rebates on boneless and bone-in chicken cuts. The decision provided a 25 percent rebate on bone-in cuts and 30 percent rebate on tariffs charged on boneless chicken of imported chicken ([See: South Africa announces chicken rebates](#)). Although the ITAC confirmed that the ADD rebate through the U.S. TRQ and the general poultry tariff rebate were not mutually exclusive, U.S. poultry was rendered largely uncompetitive because the South African Revenue Services allowed only one rebate to be applied to a shipment. There has not been any formal

announcement regarding the continuation or discontinuation of the tariff rebate, yet Post contacts widely suspect that they will not be renewed. As a result, the disadvantage to U.S. poultry is unlikely to persist and imports from other sources are likely to decline in the second half of the year.

Anti-Dumping Duties

In 2024, South Africa is applying ADDs to all major suppliers of poultry except Argentina.

Table 7

Current Maximum Anti-Dumping Duties for Bone-in Poultry

Country	Current tariffs
Brazil	265.10%
Denmark	67.40%
Ireland	37.52%
Poland	96.90%
Spain	85.80%
Germany	73.33%
Netherlands	22.81%
United Kingdom	30.99%
United States	9,40 per kilogram

Source: *Post using ITAC and South African Department of Treasury*

Note: *Specific Suppliers may have lesser ADDs applied based on participation in ADD review*

HPAI Restrictions

In addition to measures explicitly used to restrict imports of poultry, there are countries whose ability to export poultry to South Africa is constrained as a result of HPAI incidents. South Africa currently limits poultry products from numerous U.S. states, Australia and most EU member states based on HPAI outbreaks.

In April and June 2024, the South African government lifted the HPAI import restrictions against Poland and Netherlands respectively. Brazil, unfettered by HPAI restrictions, has continued to dominate market share in 2024. The United States lost a significant share due to HPAI restrictions, despite a bilateral protocol which should allow trade to quickly resume following disease close out.

South Africa United States Bilateral Trade

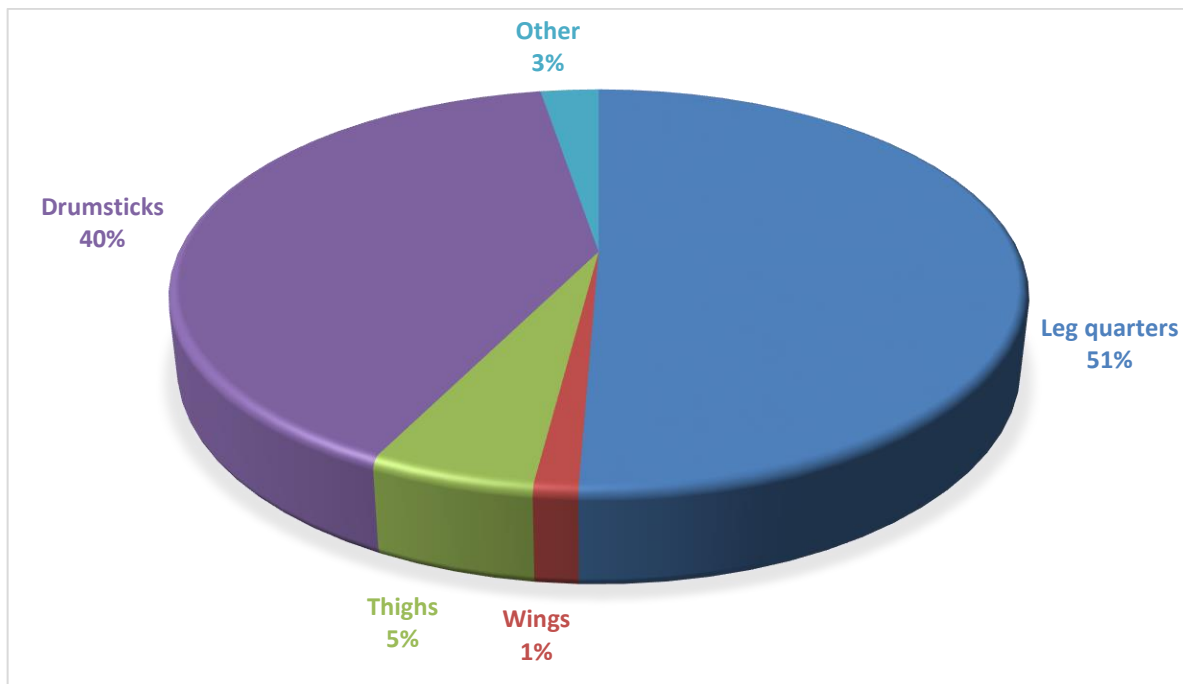
Exports for bone-in chicken from the United States to South Africa have been affected by an anti-dumping duty, which has been extended many times since being put in place in 2000. The anti-dumping duty is reviewed by the International Trade Administration Commission (ITAC) every five years. On April 17, 2024, the ITAC announced, in the government gazette, that it would extend the anti-dumping duties on frozen bone-in portions of poultry from the United

States following the Minister’s concurrence with the Commission’s recommendation to maintain anti-dumping duties at current levels. See: [South Africa extends anti-dumping duties on U.S. bone-in poultry at current levels](#)

In 2016, after extensive negotiations, the two countries’ poultry industries agreed on a Tariff Rate Quota (TRQ) that exempts a set volume of U.S. frozen bone-in portions from anti-dumping duties. The TRQ applies to exports to South Africa but not to the Botswana, Lesotho, Namibia and Eswatini countries who are part of the Southern African Customs. The TRQ has not been fully utilized since the 2020/21 quota year due to high tariffs, structural challenges with quota utilization, and unfavorable market conditions. The quota for 2024/2025 (which runs from April through March) did not increase. It currently stands at is 71,963 tons.

Figure 6

US bone-in chicken exports to South Africa for July 2023 to June 2024



Source: *Post using TDM, LLC*

Exports

Post forecasts that South Africa’s chicken meat exports will increase by eight percent to 70,000 tons in MY 2025 as poultry continues to be a favored protein for the country’s major markets abroad. South Africa exports primarily to the Southern Africa region where consumers are cost-conscious and typically eat less red meat. SACU countries are bound by the same tariffs and anti-dumping duties as those imposed in South Africa and are therefore heavily dependent upon tariff-free South African poultry for imports. A key component in the Poultry Master Plan strategy is increasing exports; however, with a critical shortage of veterinarians, animal health

requirements for imports into markets further afield are challenging for South Africa to meet. Though unlikely to materialize into trade in the near term, the South African poultry industry is also looking into producing canned chicken for exports into the European Union.

Post estimates that the chicken meat exports for 2024 will expand to 65,000 tons. An increase in production accompanied by increasing demand from neighboring countries will boost exports. Despite a lack of markets beyond Southern Africa, consumers from primary export markets in the region have growing populations that continue to demand poultry as a more affordable protein source. Although Lesotho, South Africa's top export market, briefly banned imports from South Africa due to the HPAI outbreak, trade has now been restored.

Table 7

South Africa's Chicken Meat Exports

Partner	2021	2022	2023	Jan- June 2023*	Jan-June 2024*	%Δ
Lesotho	27,937	25,186	21,115	12,060	10,092	-16
Mozambique	5,855	13,889	10,370	4,583	6,305	38
Namibia	9,245	8,724	10,209	4,913	5,716	16
Zimbabwe	871	218	3,021	1,773	1,259	-29
Botswana	3,560	2,508	2,995	1,526	2,985	96
Eswatini	2,522	2,597	2,981	1,423	1,784	25
Others	2,641	3,022	4,095	1,823	2,123	16
Total	52,631	56,144	54,786	28,101	30,264	8

Source: *Post using Trade Data Monitor, LLC*

*Year to date: January- June

Attachments:

No Attachments