# A PROFILE OF THE SOUTH AFRICAN PORK MARKET VALUE CHAIN

2019

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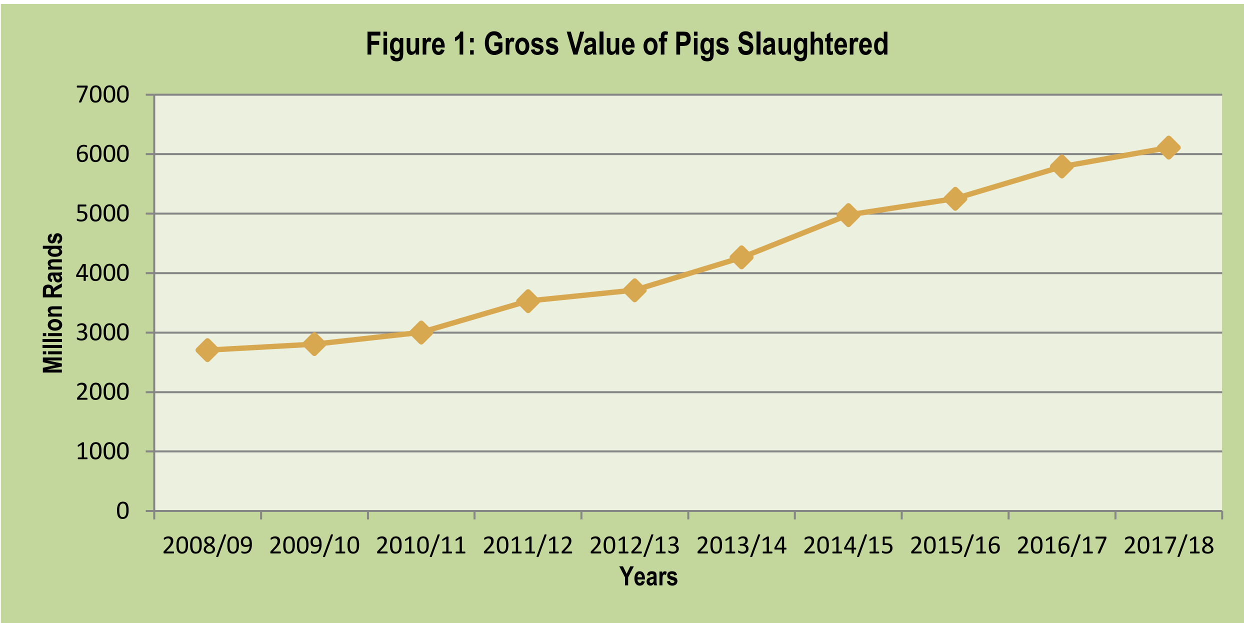
## 1. DESCRIPTION OF THE INDUSTRY

Pork is one of the smallest industries in terms of overall South African agricultural sector. It contributes around 2.45% to the primary agricultural sector. Figure 1 below shows the gross value of pigs slaughtered for the past decade. The gross value of production of pork is dependent on the quantity produced and the price received by farmers. The trend in gross value follows a pattern of prices since the industry is characterized by volatile prices. The average gross value of pigs slaughtered over the past 10 years amounted to R 4.2 billion per annum. The contribution of pork to the gross value of agricultural production increased steadily from 2008/09 to 2017/18. It has been profitable for pork production on the current year due to main inputs price declining coupled with the high price of beef as its competitor.

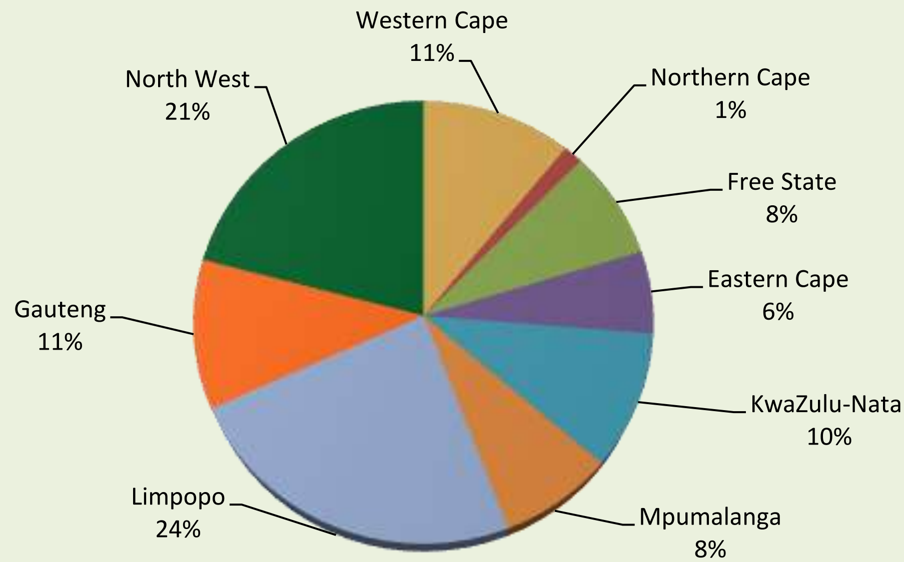



*Source: Statistics and Economic Analysis, DAFF (2019)*

### 1.1 Production areas

Pork is produced throughout South Africa, however the area where pork is produced is not necessarily were the animals are populated. Figure 2 below shows the number of pigs' population per province during year 2018. The figure clearly shows that Limpopo and North West provinces were the largest producers accounting for 24% and 21% respectively. Western Cape and Gauteng followed with a share of 11% each. KwaZulu-Natal accounted for 10% each. The province with lowest pig numbers is Northern Cape with 1% share.

Figure 2: Distribution of Pigs per Province in 2018

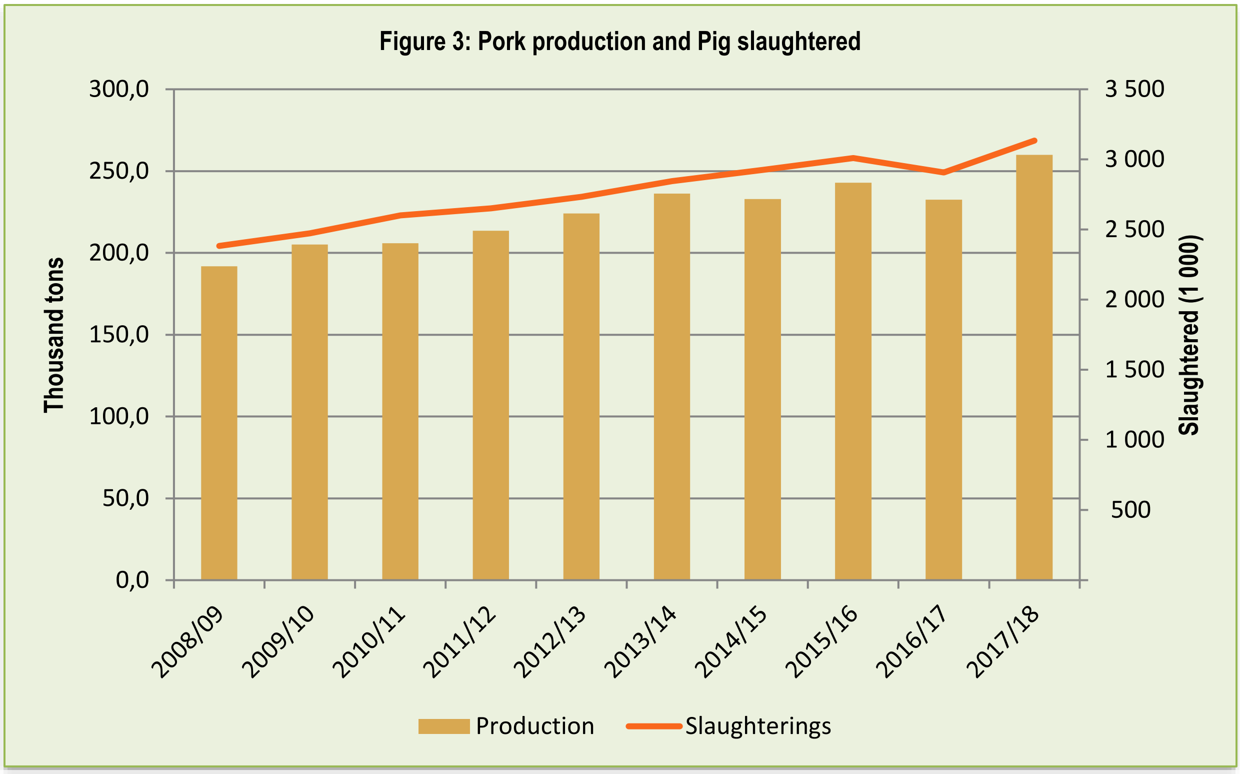



Source: Statistics and Economic Analysis, DAFF

There are approximately 4 000 commercial producers and 19 stud breeders in South Africa. Pig numbers are estimated at 1.430 million for the year 2018; this is a decrease of 3.4% compared to 2017. Noteworthy is the fact that the pig numbers in South Africa has been decreasing for the previous few years, this may be due to the fact that the consumption of pork meat is increasing.

### 1.2. Production trends

During the past decade, approximately 27 million pigs were slaughtered yielding more than 2.2 million tons of pork meat. On average, 2.7 million pigs were slaughtered and produced an average of 224 500 tons per year for the period under analysis. Figure 3 below shows the production trend in relation to number of pig slaughtered for the previous decade.



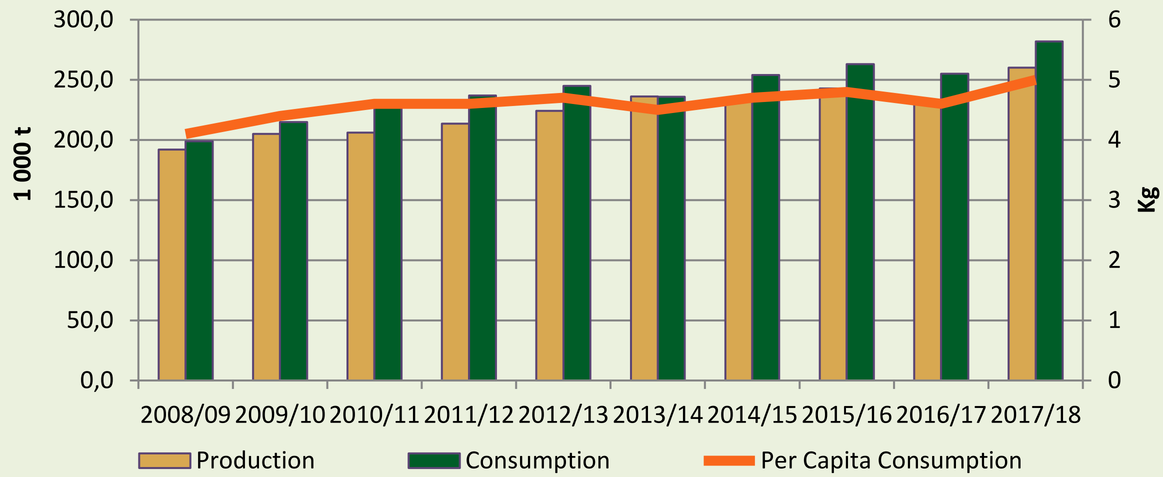

Source: Statistics and Economic Analysis, DAFF

With the response to the increasing consumption and/or demand for pork products, the pork production has been increasing over the past decade so has the number of pigs slaughtered. However, both production and slaughtering have experience the slight increase of 3% and 4% respectively in 2017/18. This has been attributed to recent drought in 2015/2016 period. As illustrated, from 2008/09 to 2015/16 the trend was increasing this shows that there may be improvements on the pork production efficiency.

### 1.3. Local consumption

Pork is the most consumed products globally whilst South African consumption is lowest compared to poultry and beef consumption. Pork consumption is influenced by the religious and cultural beliefs in the country. Figure 4 below depicts local consumption of pork comparing it to the total production for the past decade to determine if the country is self-sufficient in terms of pork production.

**Figure 4: Pork Production, Consumption and Per capita consumption**




Source: Statistics and Economic Analysis, DAFF

It is clear from Figure 4 that South Africa consumes more than they produce which makes the country net importer of pork meat. This has been the case for the past decade excluding 2013/14. During 2013/14, South Africa was self-sufficient by producing 236 300 tons which became more than the consumption of 236 000 tons and consumption had slightly decreased during the period of 2013/14. This may be due to high price of pork meat, which made it relatively expensive to its substitutes such as poultry and beef. From 2014/15 to 2017/18, the situation returned to its nature were the consumption outstripped the production. This had caused South Africa to import pork to meet local demand. The per capita consumption has shown an increasing trend from 2008/09 to 2017/18 except in 2013/14 and 2016/17 which is in line with the decrease in consumption. The increased per capita consumption may be due to the increasingly urbanised consumers with the increased per capita income.

### 1.3. Employment

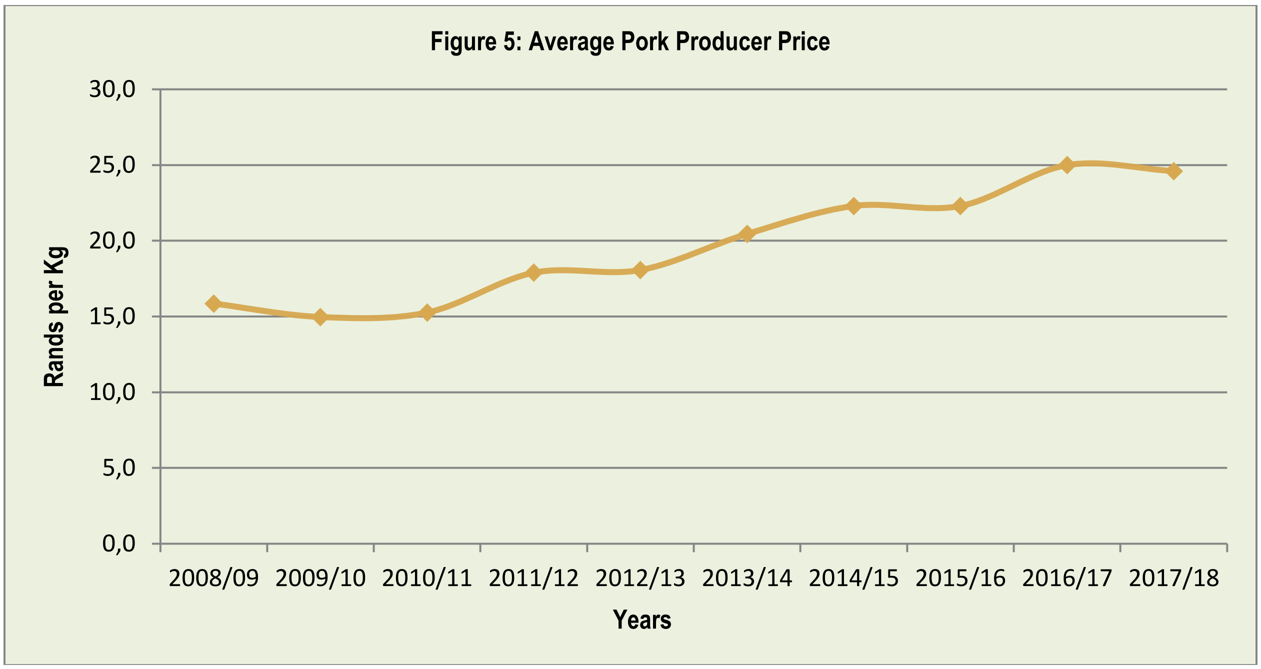
Commercial pig farmers are estimated at 150 commercial farmers, stud farmers at 19 and smallholder farmers at 400. The total number of sows is estimated at 115 000 sows. The industry is estimated to employ about 3 105 workers, comprising of about 2 300 at farm level and 805 workers in the processing and abattoir sectors.

## 2. MARKET STRUCTURE

### 2.1. Domestic market

The pork industry evolved from a highly regulated environment to one that is totally deregulated today. Since the deregulation of the agricultural marketing dispensation in 1997, the prices in the red meat industry are determined by demand and supply forces. The local market for pork is split into the fresh meat market and the processing meat market, where 45% goes to fresh market and about 55% goes to processing meat market.

Average producer prices of pork from 2008/09 to 2017/18 are illustrated in Figure 5.



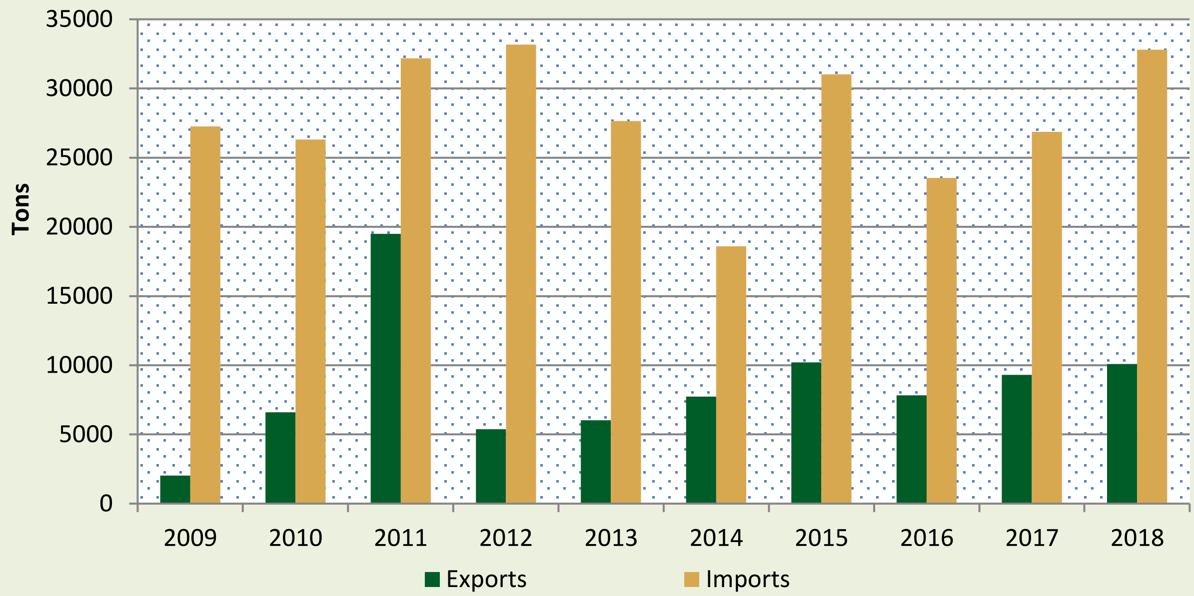

Source: Statistics and Economic Analysis, DAFF, 2019

The price of pork in South Africa is vulnerable to international markets and price shifts of beef or chicken as they are considered substitutes. The average producer price of pork has shown an overall increasing trend for the period under consideration. The new peak price of R25/Kg was reached during 2016/17 and the lowest price of R 15/kg was experienced in 2009/10. For the past ten years, the pork producer price increased by R 8.75/ Kg, thus 55%. However, there was a slight decline of 1.5% of producer prices in 2017/18 that was pressured by oversupply of pork and pork products during the same period.

## 2.2. Import-export analysis

South Africa's pork imports are predominantly pork ribs while exports are composed of fresh or chilled meat. Figure 6 below, compares volumes of imports and exports for pork from 2009 to 2018.

**Figure 6: Pork exports and imports quantities**



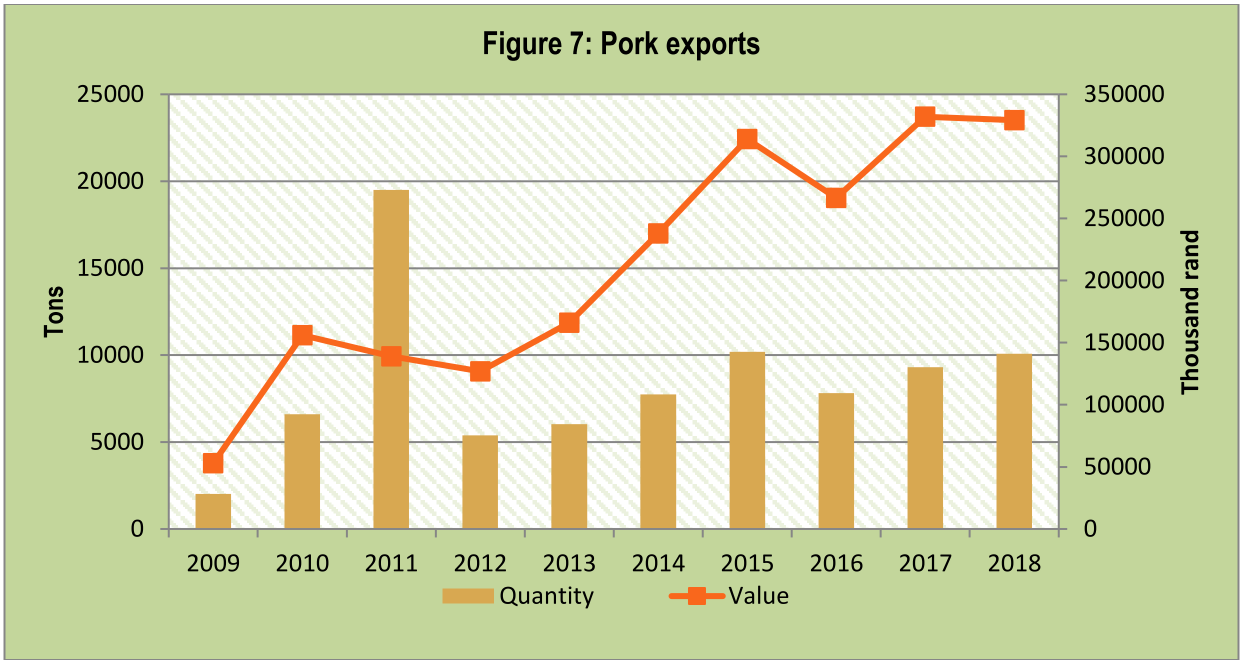

Source: Quantec

Figure 6 indicates that from 2009 to 2018, South Africa's pork exports were far less than the imports. It was only in 2011 were exports increased substantially and reached almost 20 000 tons. This also confirms that South Africa relies on imports to satisfy the local demand of pork. Both Import and export trends shows instability movements during the period under review. However, from 2012 to 2014 the imports are showing a steady decrease whilst exports are increasing. In 2015, the imports shown an immense increase of 70% and exports increased by 32% from the previous year of 2014. From 2016 to 2018, pork imports and exports have shown an increase of 39% and 29% respectively.

## 2.3 South African export and import analysis

### 2.2.1. Exports for pork

Despite the fact that South Africa is a net importer of pork, there are other pork products that are exported. South Africa exported approximately 84 660 tons of pork from 2009 to 2018, yielding an export value of approximately R 2.1 billion over the same period. The quantity and the value for exports of pork are shown in Figure 7 below.




Source: Quantec

Figure 7 indicates that exports value of pork was slightly fluctuating at an increasing trend from 2009 to 2018. From the period of 2012 to 2015, the value of exports showed a steady increase, which indicates the worth to export pork meat in this period, followed by a slight decrease in 2016. According to Figure 7, it is clear that quantity of pork exports remained lower over the past decade excluding the year 2011, which displayed outlier at approximately 20 000 tons. From 2017 to 2018, the export quantity increased by 8% while the value shown a slight decrease of 1%. Overall, the pork export quantity and value has increased by 399% and 522% respectively for the past decade.

Approximately 99% of South African pork exports goes to Southern African Development Community (SADC) countries. Since 2010, data has been separated between SACU members and SADC (excluding SACU) members. SACU members account for 60% and more of the total pork exported to all SADC countries and the products exported are mainly fresh or chilled meat of pigs. Whilst other SADC members' accounts for the remaining 40% were, the products are mostly carcass and half carcass.
Figure 8 and Figure 9 presents volumes of pork exports to SACU and SADC (Excluding SACU) for the past ten years.

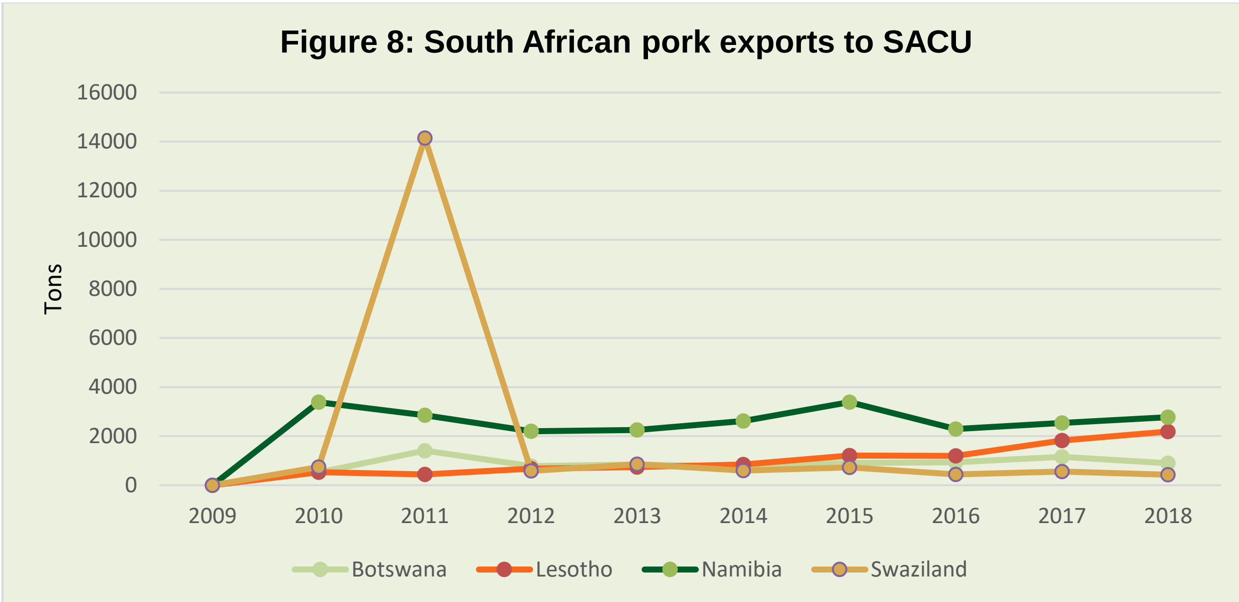



**Figure 8: South African pork exports to SACU**

Source: Quantec

South African pork exports to SACU members were mainly going to Namibia. Since 2010, Namibia has been leading except 2011 were Swaziland outstripped Namibia and took a share 75%. For the past ten years in total, Namibia has led by taking up a share of 40% followed by Swaziland with 31% then Lesotho and Botswana accounted for 16% and 13% respectively.

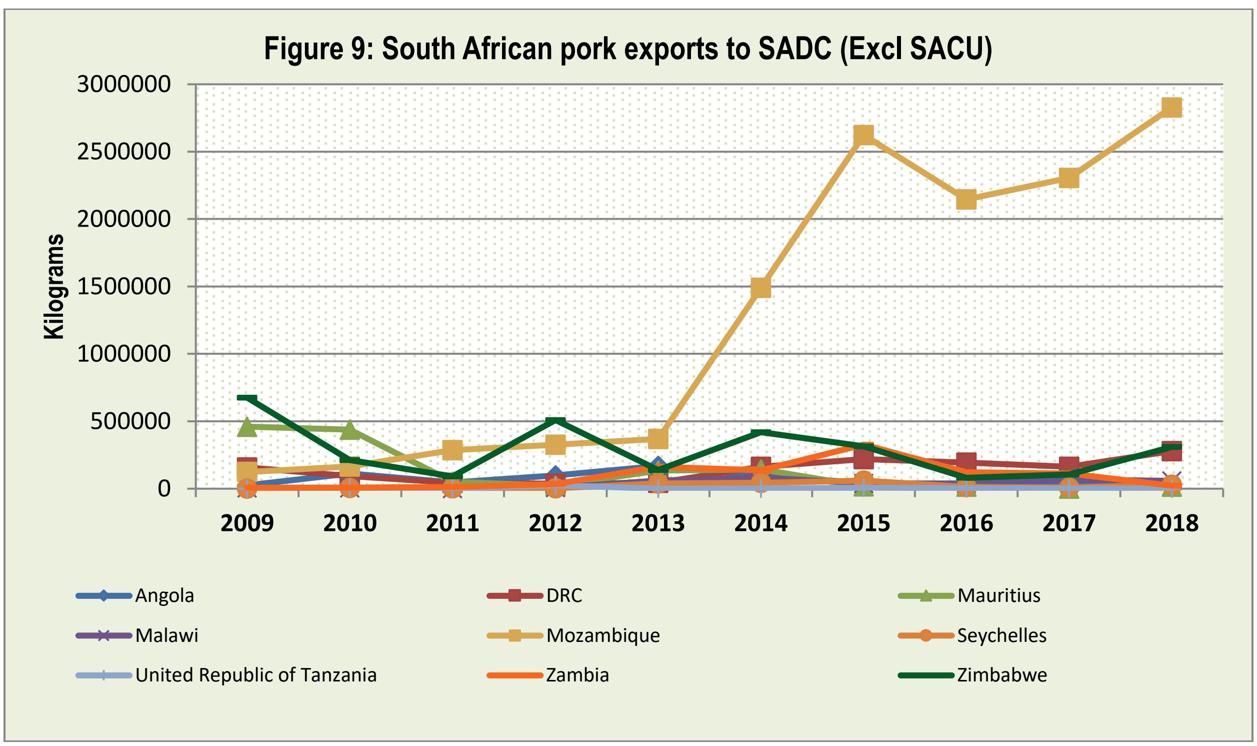
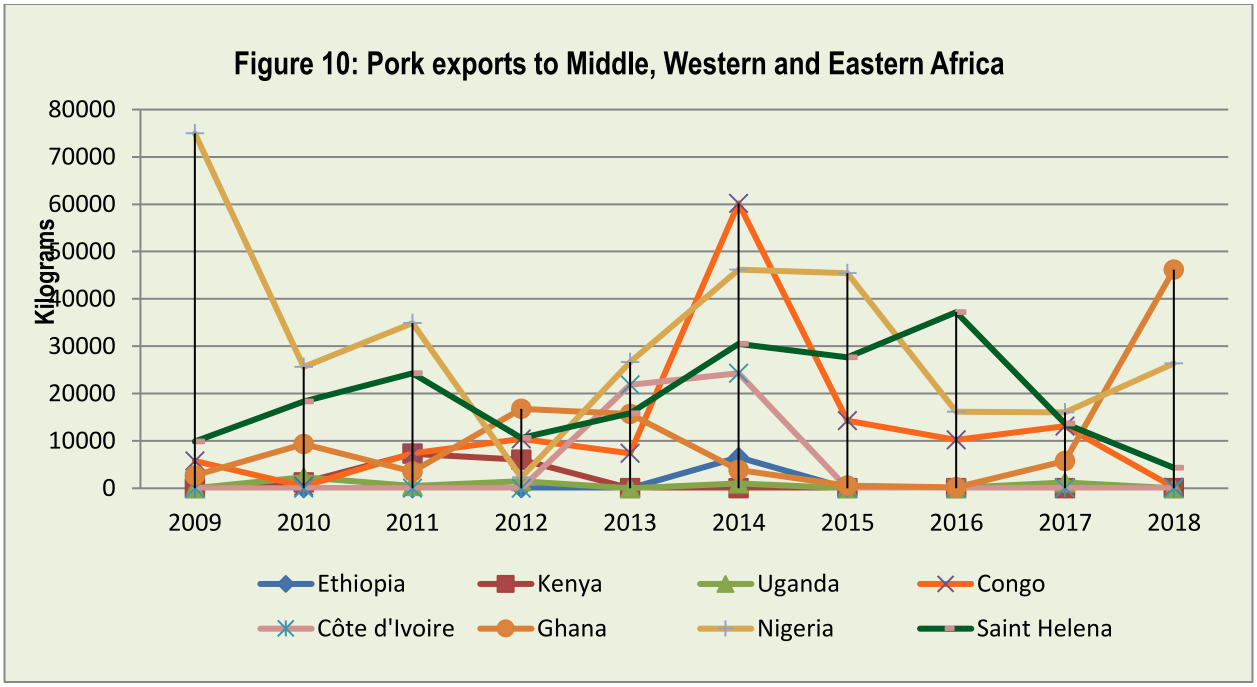



**Figure 9: South African pork exports to SADC (Excl SACU)**

Source: Quantec

As indicated above, South African pork exports mainly goes to SADC countries. In exclusion of SACU members, the highest exports of pork were experienced in 2015 and 2018 through Mozambique. In total, Mozambique demanded the greatest share (62%) of pork exported by South Africa during the period under analysis followed by Zimbabwe at a distance with a share of 14%. Tanzania and Seychelles recorded the lowest shares of South Africa pork exports during the period under review. During 2018, Mozambique remained the biggest market for South African pork exports to SADC with a share of 79%.

Figure 10 below present South African pork export to Middle, Western and Eastern Africa from 2009 to 2018.

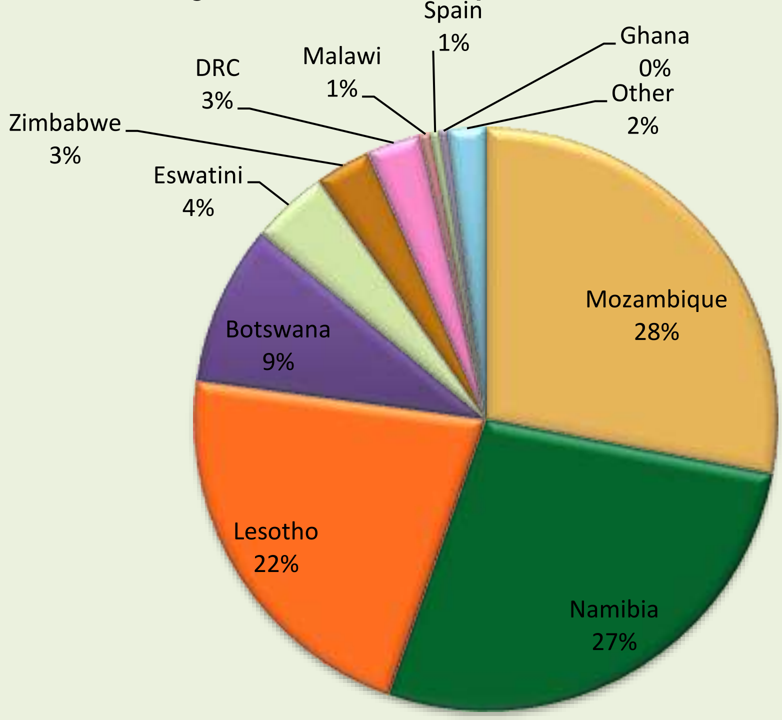



Source: Quantec

Figure 10, displays that pork produced in South Africa was mainly exported to Nigeria in Western Africa. In total, Nigeria demanded the greatest share (39%) of South African pork for the past ten years followed at a distance by Saint Helena (24%) and Congo (16%). Ethiopia and Uganda was the smallest importer of South African pork with a share of 1% each. In total, all the countries presented for this region, their pork intake had increased by 53% from 2017 to 2018. This was influenced by tremendous increase of Ghana intake of 705%.

Figure 11 below represent the South African pork destination in 2018.

Figure 11: South African pork destination in 2018

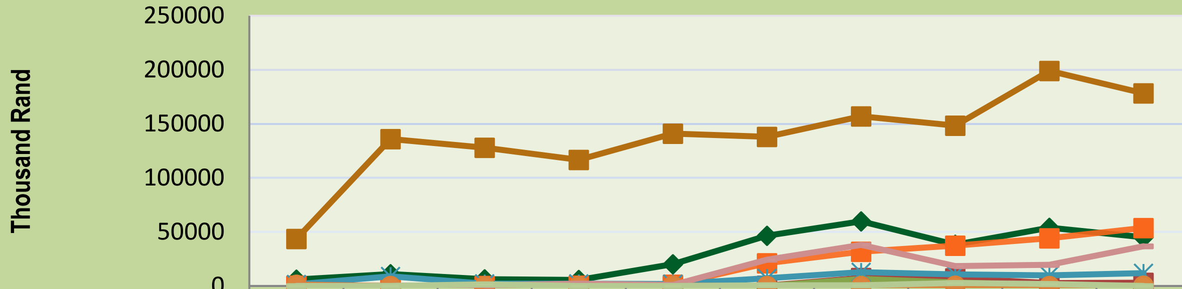



Source: Trade Map, 2019

South African pork exports represent approximately 4% of local production. It is noted that South African pork is mainly exported to SADC countries, which constitutes 99% of the total pork exports. In 2018, Mozambique is the biggest export market with a share of 28% followed by Namibia with 27%, Lesotho with 22%, Botswana and Eswatini with 9% and 4% respectively.

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

**Figure 12: Value of pork exports by Province**



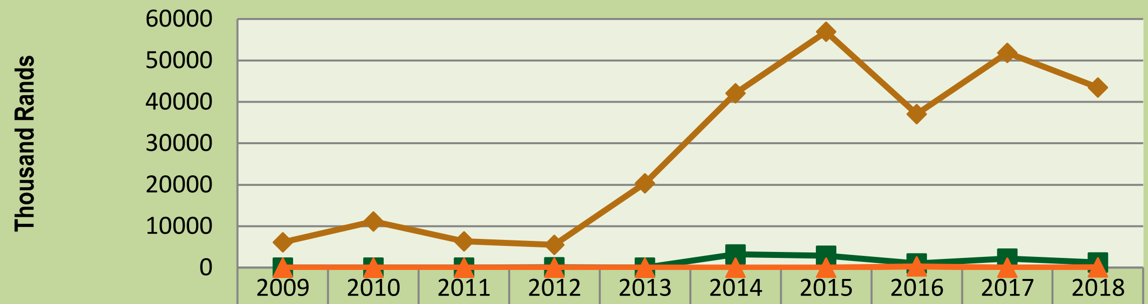

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Western Cape | 5930 | 11129 | 6337 | 5574 | 20327 | 46591 | 59801 | 38387 | 53984 | 45130 |
| Eastern Cape | 0 | 0 | 0 | 348 | 463 | 309 | 7440 | 7194 | 2648 | 3080 |
| Northern Cape | 0 | 0 | 0 | 0 | 0 | 0 | 6502 | 3181 | 569 | 0 |
| Free State | 489 | 0 | 0 | 385 | 1168 | 20940 | 31823 | 37279 | 44196 | 53736 |
| KwaZulu-Natal | 1541 | 9074 | 2161 | 2187 | 1879 | 7191 | 12771 | 10679 | 9773 | 11927 |
| North West | 1298 | 0 | 0 | 77 | 427 | 0 | 121 | 275 | 170 | 271 |
| Gauteng | 43499 | 135993 | 127960 | 116712 | 141061 | 138114 | 156824 | 148403 | 199000 | 178223 |
| Mpumalanga | 141 | 142 | 743 | 2194 | 908 | 24468 | 37987 | 18537 | 19539 | 36690 |
| Limpopo | 0 | 2 | 1612 | 0 | 0 | 689 | 657 | 2751 | 1865 | 143 |

Source: Quantec

Gauteng Province dominated pork exports for the entire period under consideration followed by Western Cape and Kwa-Zulu Natal Province. This is because these provinces are main exit points for exports in South Africa and due to infrastructure developments that facilitate trade. Gauteng Province experienced its greatest exports from 2010 to 2018. The province reached its peak in 2017 with a record of R199 million. Western Cape shows immense increase of its exports of pork from 2012 to 2015. With the total exports of pork from the country, Gauteng has an export share of 65% followed at a distance by Western Cape with 16%. Other provinces such as Limpopo, Eastern Cape, Northern Cape and North West are presenting a small contribution to the total exports of pork meat.

The following figures (Figures 13 - 20) show the value of pork exports from the various districts within 9 (nine) Provinces of South Africa.

**Figure 13: Values of pork exports from Western Cape Province**

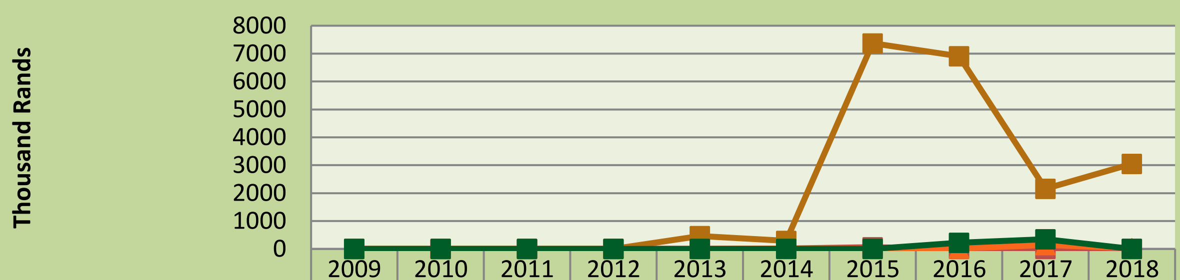



| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| City of Cape Town | 6115 | 11110 | 6337 | 5495 | 20311 | 42088 | 56914 | 37082 | 51807 | 43455 |
| Cape Wineland | 0 | 24 | 0 | 101 | 0 | 3210 | 2887 | 1033 | 2177 | 1251 |
| Overberg | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 272 | 0 | 71 |

Source: Quantec

Figure 13 indicates that City of Cape Town Metropolitan Municipality were a biggest exporter during the past decade and experienced sharp increases from 2012 to 2015. This might be due to the fact that City of Cape Town is the main exit point for exports in the Western Cape. Overberg District Municipality recorded exports only in 2016. Cape Winelands indicated its irregular export of pork during the period under review. However, in 2014, the district had a highest record of exports with a share of 8% of the total exports within the province. City of Cape Town have recorded a 100% share of exports in 2009, 2011 and 2013. The district further recorded over 90% export shares for the other years. This clearly shows that City of Cape Town is the main exporter within the Province.

**Figure 14: Value of pork exports from Eastern Cape Province**

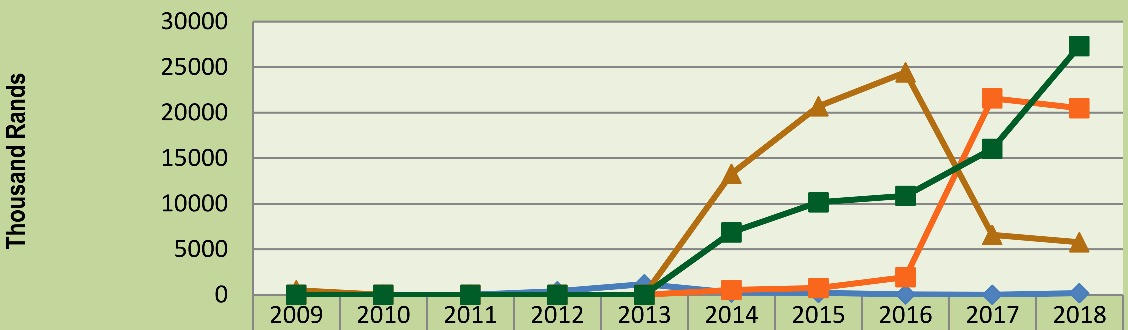



| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Chris Hani | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51 | 0 | 0 |
| Joe Gqabi | 0 | 0 | 0 | 0 | 0 | 13 | 62 | 0 | 0 | 0 |
| Alfred Nzo | 0 | 0 | 0 | 0 | 0 | 12 | 7 | 16 | 140 | 31 |
| Nelson Mandela Bay | 0 | 0 | 0 | 0 | 463 | 285 | 7371 | 6906 | 2160 | 3048 |
| Buffalo City | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 222 | 348 | 0 |

Source: Quantec

From Eastern Cape Province, there were no records of pork exports during the period from 2009 to 2012. Nelson Mandela District Municipality recorded exports from 2013 to 2018, which was the highest exports from the Province. Other District Municipalities such as Chris Hani, Alfred Nzo, Joe Gqabi and Buffalo City presented low exports. Nelson Mandela District Municipality took a lead by exporting a share of more than 90% during its exporting years. Except in 2017, the exports declined by 69% from the previous year but still accounted for 82% of total exports from the province.

**Figure 15: Values of pork exports from Free State Province**




| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Xhariep | 0 | 0 | 0 | 385 | 1168 | 262 | 216 | 29 | 0 | 188 |
| Lejweleputswa | 0 | 0 | 0 | 0 | 0 | 515 | 737 | 1937 | 21575 | 20482 |
| Thabo Mofutsanyane | 489 | 0 | 0 | 0 | 0 | 13294 | 20720 | 24438 | 6583 | 5755 |
| Mangaung | 0 | 0 | 0 | 0 | 0 | 6870 | 10150 | 10876 | 16037 | 27311 |

Source: Quantec

From Free State Province, all district municipalities have recorded intermitted pork exports during the period under analysis. In 2010 and 2011, the province did not export pork. Thabo Mofutsanyane District Municipality recorded exports of pork in 2009 and again from 2014 to 2018. Xhariep District Municipality recorded its exports from 2012 to 2016 and again in 2018. Lejweleputswa and Mangaung District Municipalities recorded exports of pork from 2014 to 2018. During 2017, Thabo Mofutsanyane's pork exports declined by 73% from the previous year and remained flat in 2018. Lejweleputswa shot up pork export in 2017 and accounted for 49% share of pork exports followed by Mangaung with 38%. In 2018, Mangaung increased exports by 70% and took a lead.

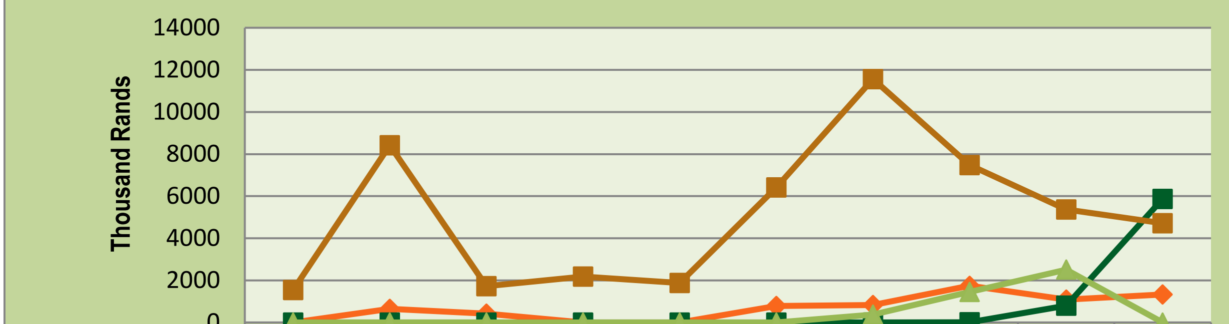



**Figure 16: Values of Pork exports from KwaZulu Natal Province**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Uthukela | 0 | 652 | 423 | 0 | 0 | 779 | 823 | 1746 | 1084 | 1324 |
| Umzinyathi | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 799 | 5874 |
| iLembe | 0 | 0 | 0 | 0 | 0 | 0 | 380 | 1447 | 2507 | 0 |
| eThekwini | 1541 | 8422 | 1731 | 2187 | 1879 | 6413 | 11567 | 7482 | 5363 | 4716 |

Source: Quantec

Exports of pork from KwaZulu-Natal occurred mainly in eThekwini District Municipality. UThukela, Umzinyathi and iLembe District Municipalities has shown irregular pork exports during the period under analysis. ILembe District Municipality exported pork from 2015 to 2017 for the past ten years. EThekwini District Municipality dominated the export with the highest values recorded in 2010 and 2015. This is because eThekwini District is the main exit point in KwaZulu–Natal Province for exports. On average, eThekwini had more than 60% share of pork exports within the province from 2009 to 2016. Umzinyathi is the lowest exporter of pork meat, however in 2018; its exports went up by 635% and became the leading exporter.

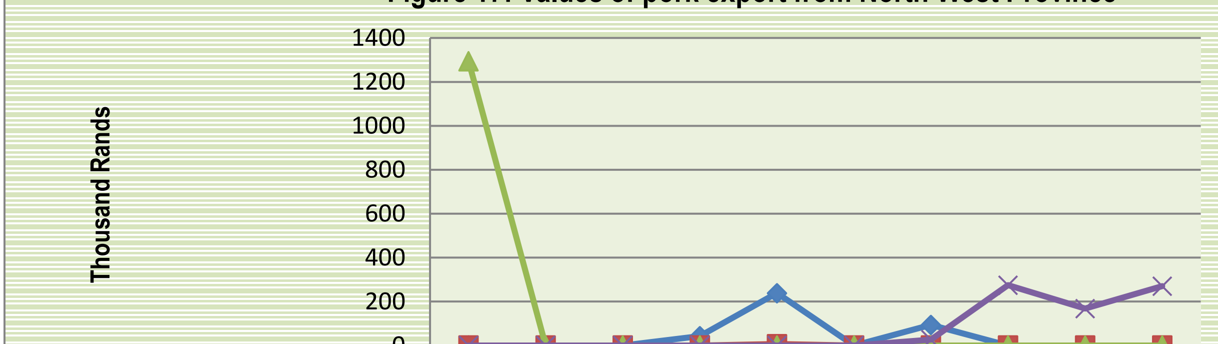


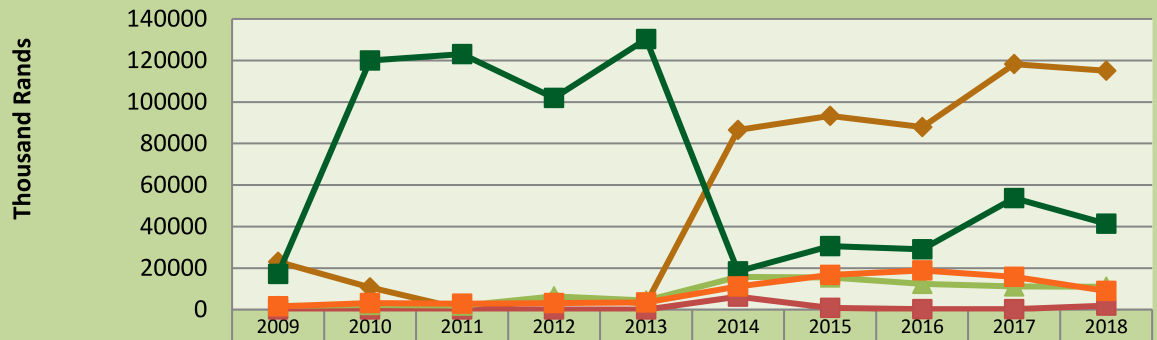

**Figure 17: Values of pork export from North West Province**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Bojanala | 0 | 0 | 0 | 42 | 239 | 0 | 94 | 0 | 0 | 0 |
| Dr Ruth Segomotsi Mompati | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 0 |
| Dr Kenneth Kaunda | 1295 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ngaka Modiri Molema | 0 | 0 | 0 | 0 | 0 | 0 | 27 | 275 | 169 | 271 |

Source: Quantec

From North West Province, District Municipalities have recorded irregular exports for pork during the period under analysis. There were no export recorded in 2010, 2011 and 2014. Bojanala District Municipality recorded exports of pork during 2012, 2013 and 2015. Dr Ruth Segomotsi Mompati District Municipality exported only in 2013 whilst Dr Kenneth Kaunda recorded in 2009 and it was the highest pork exports for North West for this reviewed period. In 2015, Bojanala and Ngaka Modiri Molema had 78% and 22% share respectively. Ngaka Modiri Molema recorded exports in from 2015 to 2018. The District's export share was 22% in 2015 and 100% the rest of the exporting years.

**Figure 18: Values of pork export from Gauteng Province**

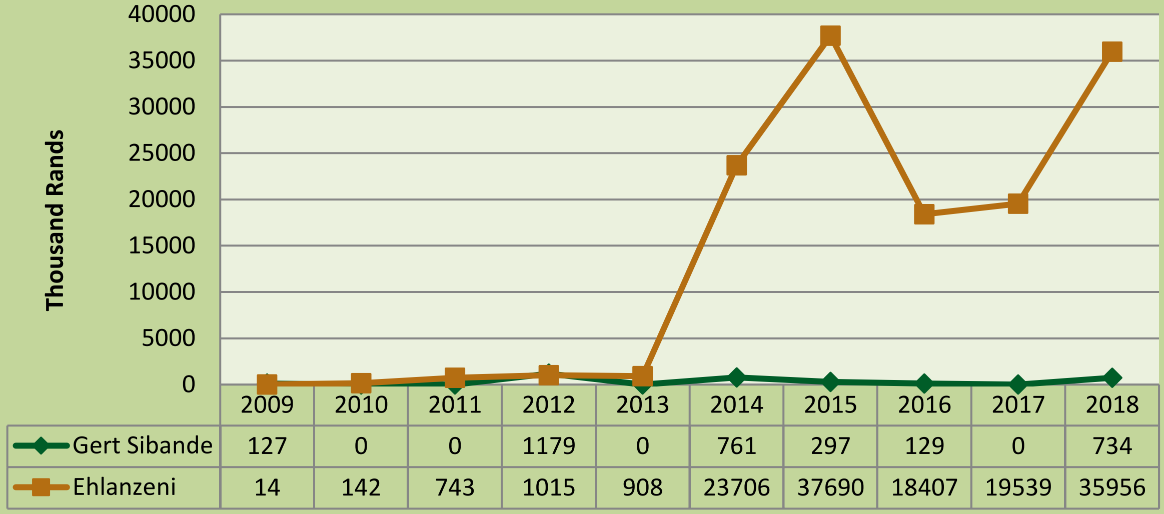



| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sedibeng | 23035 | 10670 | 265 | 5208 | 2980 | 86551 | 93261 | 87994 | 118212 | 115099 |
| West Rand | 0 | 0 | 0 | 76 | 0 | 6225 | 822 | 283 | 285 | 1901 |
| Ekurhuleni | 1738 | 2228 | 1871 | 6328 | 4337 | 15758 | 15523 | 12313 | 11230 | 10940 |
| City of Johannesburg | 17191 | 119903 | 123027 | 101954 | 130255 | 18418 | 30543 | 28963 | 53626 | 41330 |
| City of Tshwane | 1534 | 3192 | 2797 | 3146 | 3489 | 11162 | 16674 | 18851 | 15818 | 8954 |

Source: Quantec

From Gauteng Province, pork exports occurred mainly in City of Johannesburg and Sedibeng District Municipalities. City of Johannesburg recorded the highest exports during the period 2010 to 2013 with an export share of over 80%. However, in 2014 there was decline of 85%. Noteworthy is the fact that City of Johannesburg is one of the main exit point for exports in South Africa. Sedibeng District Municipality took the highest position from 2014 to 2018. The municipality reached new peak in 2017 at a value of R118 million. These records boosted the average values of Sedibeng District Municipality to be the second highest exporter during the past decade following City of Johannesburg Metropolitan Municipality. From 2014 to 2018, Sedibeng recorded the highest share of approximately 60% of total exports from the province, followed by City of Johannesburg ranging between 15% to 20% respectively.

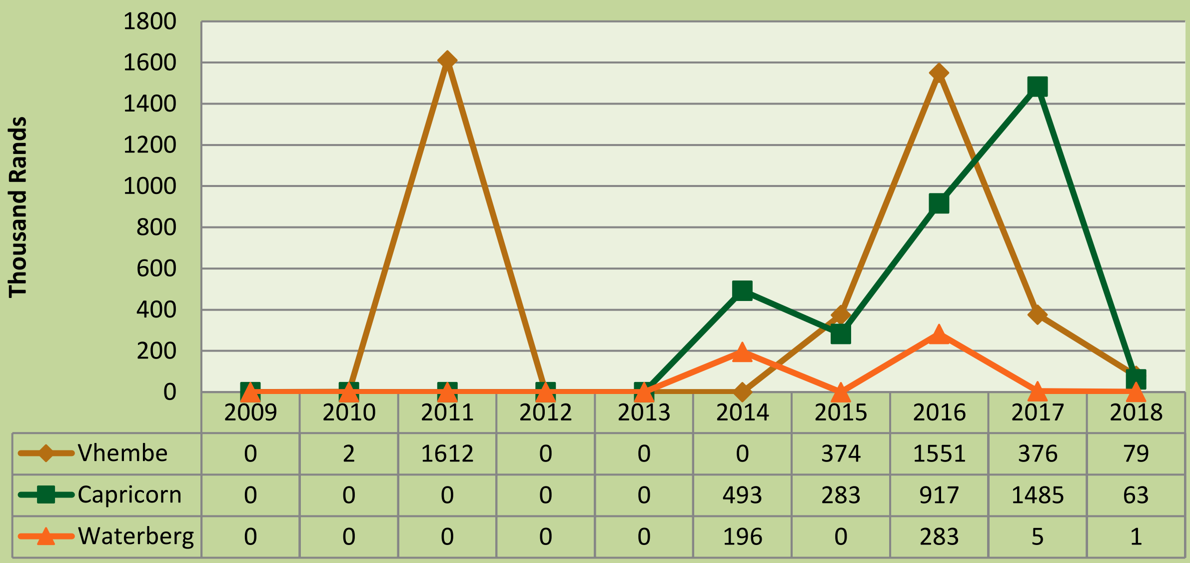
**Figure 19: Values of pork export from Mpumalanga**




Source: Quantec

Figure 19 shows that the District Municipalities in Mpumalanga Province that participated in pork exports during the past decade were Ehlanzeni and Gert Sibande. However, Ehlanzeni District Municipality dominated the export market within the Province. In 2016, Ehlanzeni recorded pork exports worth more than R18 million which is a decrease from R37.7 million (51%). However, the municipality regained with an increase of 6% in 2017 and 84% in 2018. Gert Sibande District Municipality recorded irregular exports during the past decade. On average, Ehlanzeni is the highest exporter of pork meat however Gert Sibande was a leading exporter in 2009 and 2012 with an export share of 90% and 54% respectively.

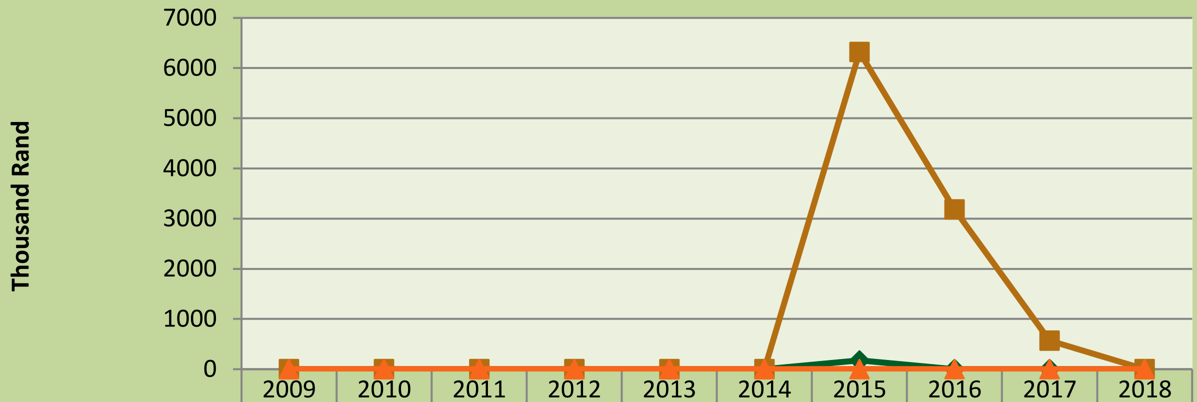
**Figure 20: Values of pork exports from Limpopo Province**




Source: Quantec

Limpopo Province is one of the lowest exporter of pork meat. Figure 19 shows the export trend for the past decade. Vhembe, Capricorn and Waterberg District Municipalities were the exporters and all have recorded irregular exports in the period under review. The province highest exports was recorded in 2011 through Vhembe District Municipality reaching R1.6 million. In 2017, Capricorn increased exports by 62% and followed by s drastic decline of 96% in 2018. The total pork exports from the province declined in 2018, Vhembe accounted for 55% followed by Capricorn with a share of 44% and Waterberg with 1% share respectively. There were no pork exports from Limpopo Province in 2009, 2012 and 2013.

**Figure 20: Values of pork exports from Northern Cape Province**



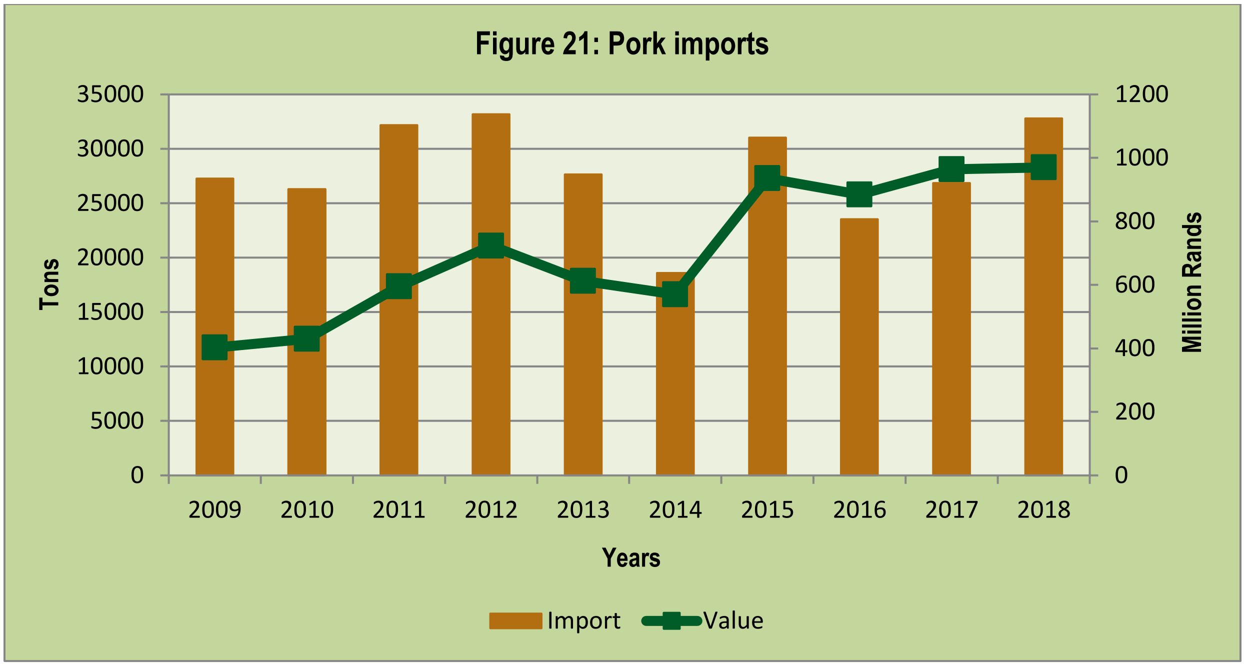

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Namakwa | 0 | 0 | 0 | 0 | 0 | 0 | 176 | 0 | 0 | 0 |
| Siyanda | 0 | 0 | 0 | 0 | 0 | 0 | 6321 | 3181 | 569 | 0 |
| Frances Baard | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 |

*Source: Quantec, 2019*

From Northern Cape Province, Siyanda District Municipality recorded pork export from 2015 to 2017 while Namakwa and Francis Baard District Municipalities recorded only in 2015. Siyanda District Municipality had a share of 97% of pork export from the province in 2015, followed by Namakwa and Frances Baard District Municipalities with 2.7% and 0.1% respectively. Siyanda shows a massive decline of pork export from R6.3 million in 2015 to R569 000 in 2017. However, this District Municipality had a share of 100% in both 2016 and 2017 respectively. From 2009 to 2014 and 2018, the province did not export pork meat.

### 2.2.3. Imports

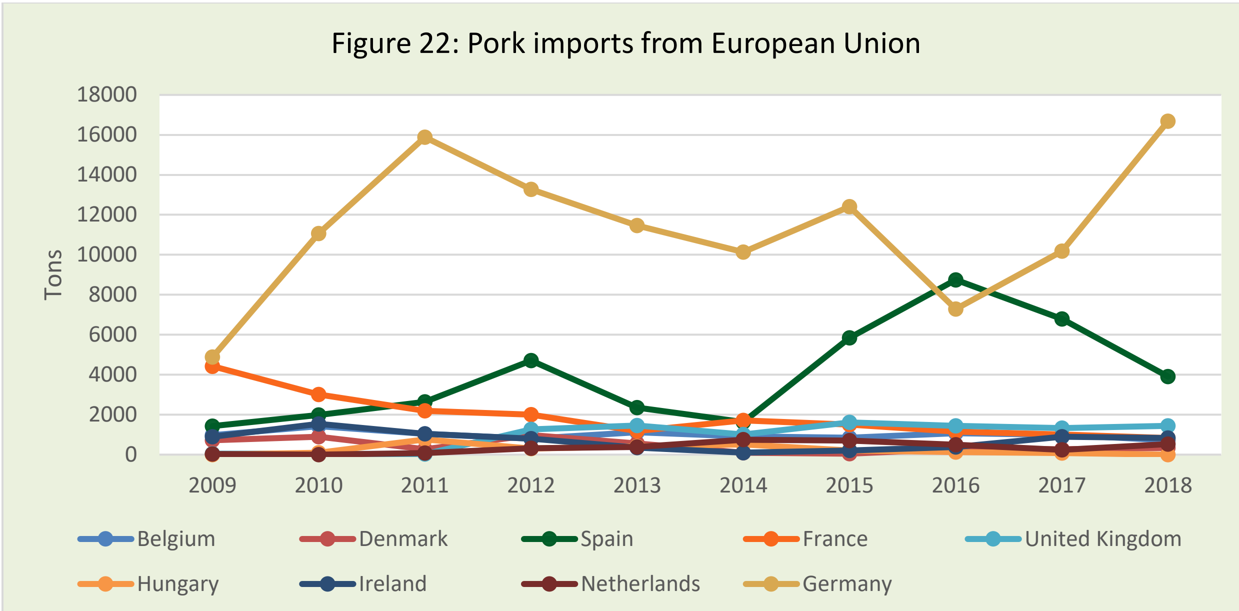
South Africa imported approximately 32 802 tons of pork in 2018 at an estimated value of R970 million. Figure 21 below show the imports of pork from 2009 to 2018.




Source: Quantec

Figure 21 shows that pork imports (quantity & value) have been fluctuating in the past decade. In 2018, the quantity and value of imports increased by 22% and 0.6% respectively from the previous year. The most imported pork products are frozen ribs, which accounted for more than 60% of total pork imports. The highest imports were recorded during 2012. This was mostly driven by the increased demand of pork ribs in South Africa. From 2016 to 2018, the pork imports increased due to recent drought coupled with the listeriosis outbreak.

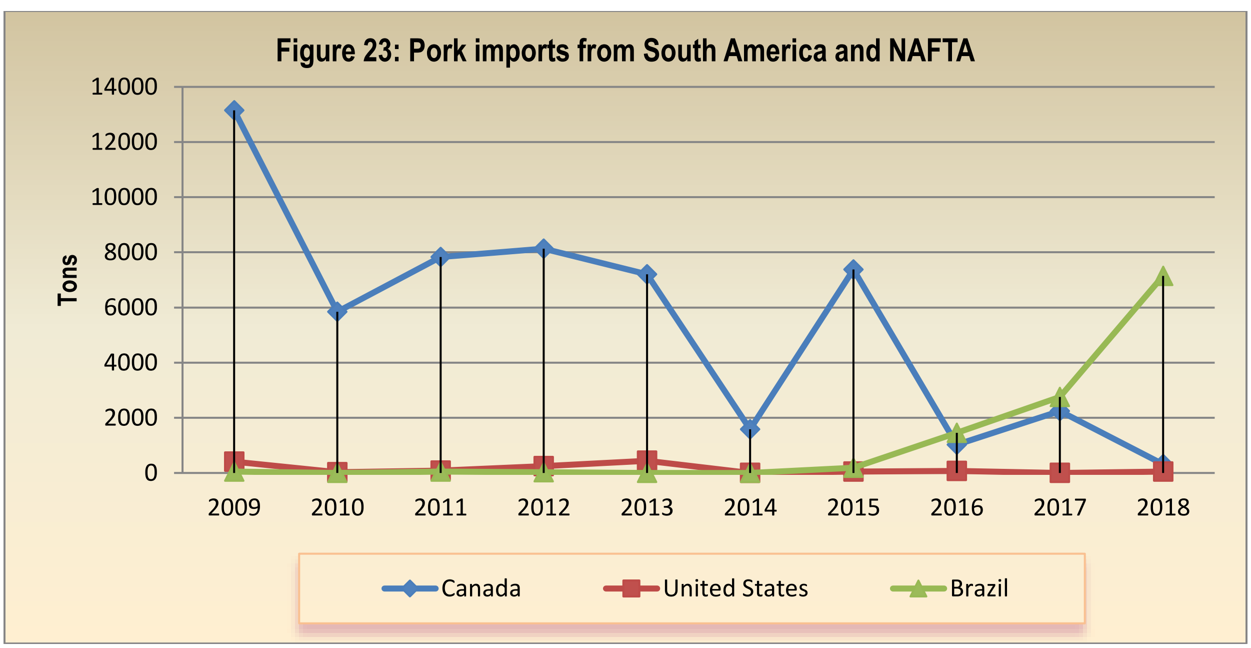
Figure 22 presents pork imports from the European Union member states during the past decade.




Source: Quantec EasyData

Pork imports from European Union during the past decade were dominated by Germany and Spain. Germany was the leading supplier for the past decade except in 2016. Spain outstripped Germany and became the biggest supplier of pork to South Africa in 2016. Spain became the second highest supplier during 2011 to 2013, 2015, 2017 and 2018. In total, Germany was the highest exporter of pork meat to South Africa within the European Union countries with 54% total share, followed at a distance by Spain (19%) and France (9%). Hungary, Netherlands and Denmark were the lowest supplier of pork to South Africa.

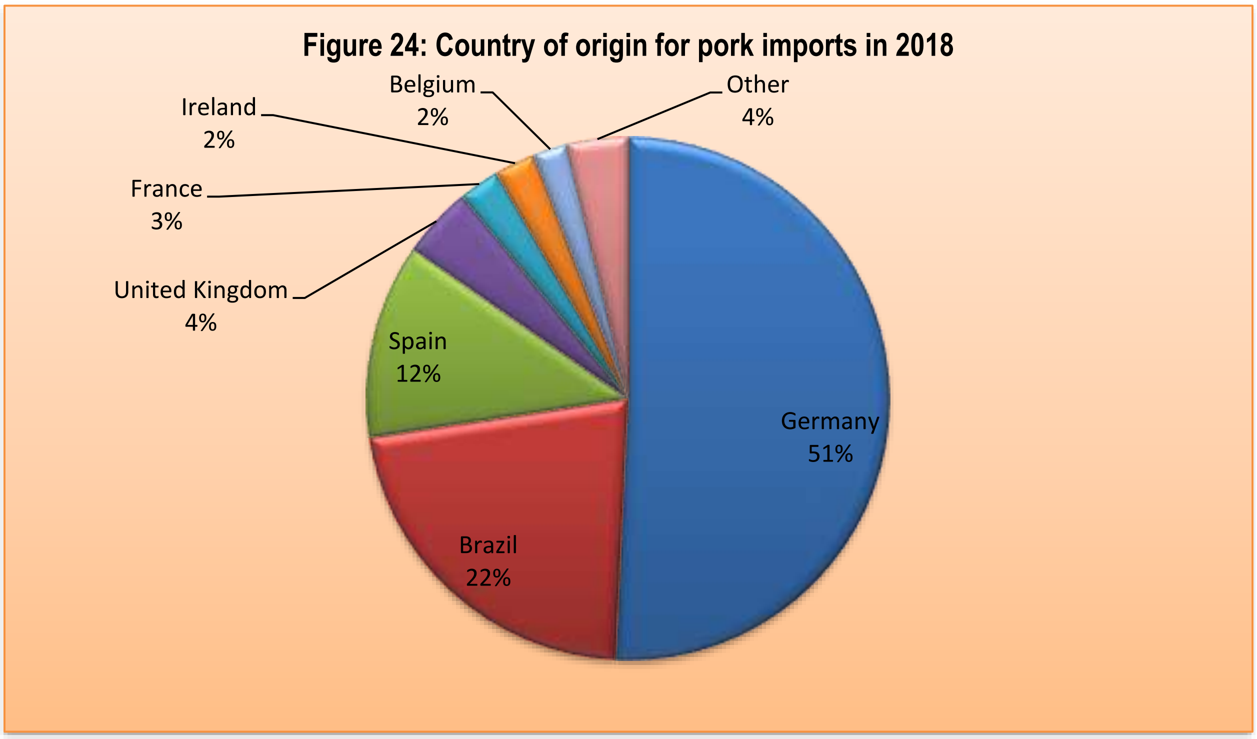
Figure 23 presents imports of pork for North American Free Trade Agreement (NAFTA) and South American countries from 2009 to 2018.




Source: Quantec EasyData

It can be observed from Figure 23 above that Canada was the biggest pork import market for South Africa during the period under analysis, except the fact that Brazil took a lead from 2016 to 2018. In these years, Brazil increased their supply to South Africa and took a lead with an export share of more than 50% respectively. On average, South African pork imports from NAFTA and South America shows that Canada accounted for 81% market share, followed by Brazil (17%) and United State (2%). Intermittent imports of pork were recorded from the two countries hence the lowest shares.

Figure 24 below presents the top markets of South African pork imports during 2018.




Source: Quantec EasyData

Figure 24 indicates that in 2018, Germany commanded the greatest share of pork imports of South Africa accounting for 51% followed by Brazil which obtained 22%, and Spain(12%) and UK (4%). It is clear that most of pork imports are from the European Union, which accounted for 74% collectively.

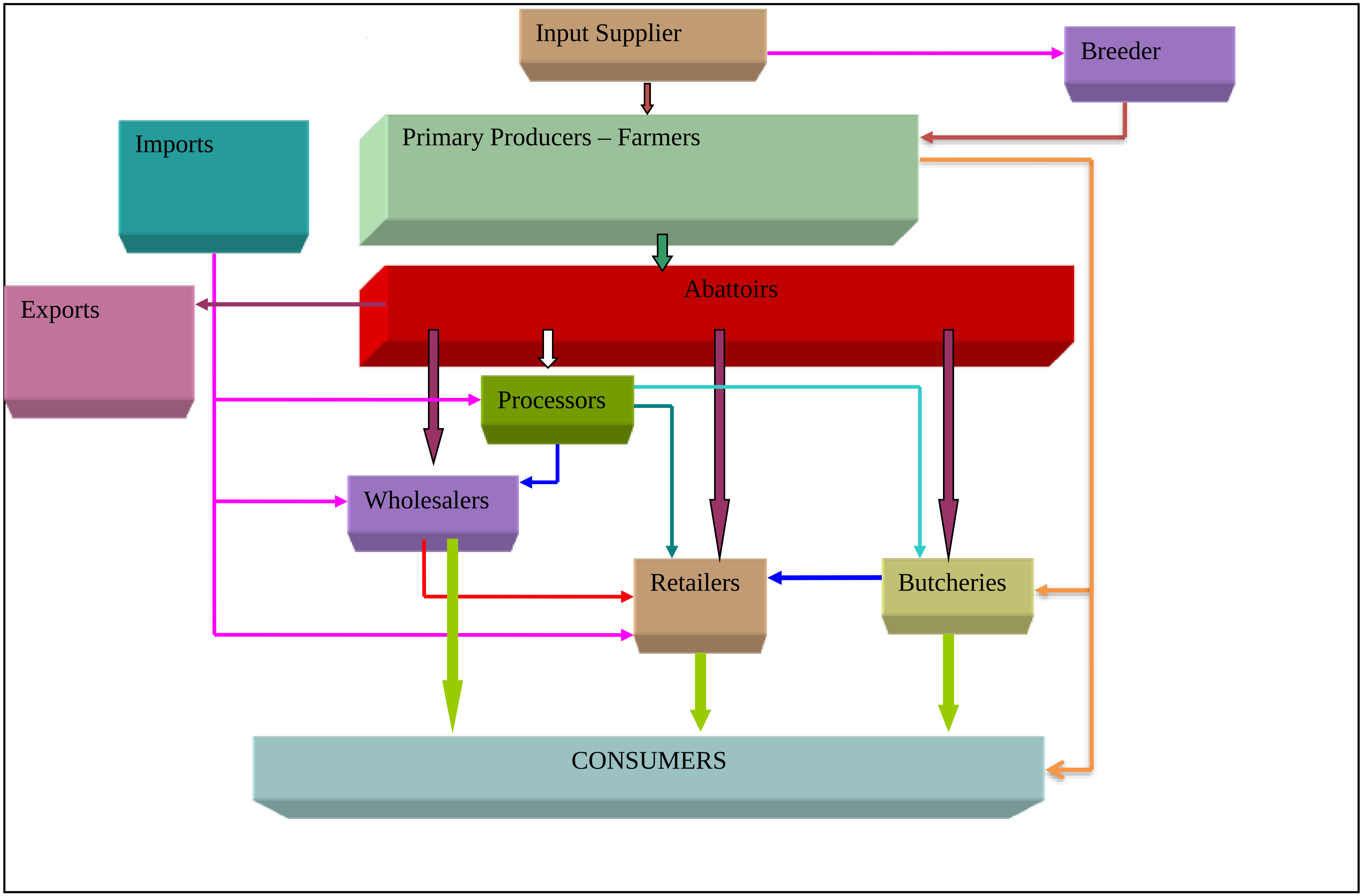
## 3. MARKETING CHANNELS / VALUE CHAIN

Previous studies conducted on the ground indicates that the pork value chain operates on varying levels of horizontal and vertical intergration which makes the chain a dificult structure. Other organisations functions in the many levels on the chain. The pork value chain is presented in Figure 25. The chain starts at the Input suppliers, value will be added until the product reaches the final consumer.

For the year 2017/18, 342 124 tons of pig feed have been sold which is a 11% growth from the year 2016\17. The feed for pigs mainly includes grains, fish meal, bran and premixes. The input suppliers sell the stock to primary producers and also to breeders however breeders still sells to the primary producers too.

The primary producers are mainly farmers. Farmers grow the pigs and incure the cost of production which includes Feed, Medicine and Labour which accounts for 80% of total cost. The pigs are slaughtered at abattoirs but the farmer also sells to butcheries and final consumers. There are 150 abbatoirs that slaughters pigs. The abattoirs sells meat to the butchers/wholesalers/retailers/processors. The meat can be bought by consumers directly from abattoirs and/or butcheries and/or wholesalers and/or retailers. In some cases the consumer buys live pig and perform processing activities him/herself.

**Figure 25: Pork Marketing Channels**



## 4. OPPORUNITIES AND CHALLENGES

Table 10 presents opportunities and challenges applicable to the pork industry in South Africa.

**Table 10: Opportunities and Challenges**

| OPPORTUNITIES | CHALLENGES |
|---|---|
| Supplier of quality protein for human health | Very susceptible to world conditions and cheap imports |
| Industry with tremendous Growth Potential | Stiff competition both nationally and internationally |
| Pro-active in addressing consumer requirements and doing promotions | Health and safety issues |
| Dedicated social development training programme | Phytosanitary issues |
| | Outbreak of diseases such as swine fever and Foot and Mouth Disease (FMD) |

## 5. STRENGTHS AND WEAKNESSES

### Strengths

- The turnaround production time is quicker than red meat production. It is becoming a meat of choice.
- Piggeries can be established in relatively small areas.
- Feed costs are much lower than other meat production costs.
- The demand for pork meat has increased significantly over the years due to the high prices and unavailability of red meat substitutes.

### Weaknesses

- The industry is susceptible to diseases. Health, safety and phyto-sanitary issues can be inhibitive in terms of growth.
- Shortage of water could affect the cleaning of pens and this could be a challenge in terms of meeting the safety requirements.
- It is more labour intensive than the red meat industry.

## 6. MARKET INTELLIGENCE

### 6.1. Export tariffs

Tariffs that different importing countries applied to pork originating from South Africa in 2017 and 2018 are shown on Table 1.

**Table 1: Pork export tariffs**

| Country | Product Code | Trade regime description | 2017 | | 2018 | |
|---|---|---|---|---|---|---|
| | | | Applied tariffs | Total ad valorem equivalent tariff (estimated) | Applied tariffs | Total ad valorem equivalent tariff (estimated) |
| Namibia; Lesotho; Botswana and Swaziland | 02031100; 02031200; 02031900; 02032100; 02032200; 02032900 | Intra SACU rate | 0% | 0% | 0% | 0% |
| Mozambique; | 02031190; 02031200; 02031900; 02032200; 02032190; 02032900; 02032900 | Preferential tariff for SADC countries | 0% | 0% | 0% | 0% |
| Zimbabwe | 02031100; 02031200; 02031910; 02032100; 02032200; 02032900 | Preferential tariff for SA | 0% | 0% | 0% | 0% |

Source: Market Access Map

Table 1 indicates that most of the applied tariffs in 2017 remained the same as in 2018. Mozambique, provided South Africa with preferential tariff for SADC a rate of 0% in both 2017 and 2018 for pork exports of specified products in Table 1 above. Zimbabwe applied Preferential tariff for SA of 0% during 2017 and 2018. Lastly, Botswana, Lesotho, Namibia and Swaziland applied 0% through Intra SACU trade during the same period.

### 6.2. Import tariffs

Tariffs that South Africa applied to imports of pork originating from all possible countries in 2018 are shown on Table 2 below.

**Table 2: Pork import tariffs**

| | | | Rate of Duty | | | | |
|---|---|---|---|---|---|---|---|
| | **Article Description** | **Statistical unit** | **General** | **EU** | **EFTA** | **SADC** | **MERCOSUR** |
| **02.03** | **Meat of swine, fresh, chilled or frozen:** | | | | | | |
| **0203.1** | **Fresh or chilled:** | | | | | | |
| 0203.11 | Carcasses and half-carcasses | Kg | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | free | 15% or 130c/kg |
| 0203.12 | Hams, shoulders and cuts thereof, with bone in | Kg | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | free | 15% or 130c/kg |
| **0203.19** | **Other** | | | | | | |
| 0203.19.10 | Rib | Kg | free | free | free | free | free |
| 0203.19.90 | Other | Kg | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | free | 15% or 130c/kg |
| **0203.2** | **Frozen** | | | | | | |
| 0203.21 | Carcasses and half-carcasses | Kg | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | free | 15% or 130c/kg |
| 0203.22 | Hams, shoulders and cuts thereof, with bone in | Kg | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | free | 15% or 130c/kg |
| **0203.29** | **Other** | | | | | | |
| 0203.29.10 | Rib | Kg | free | free | free | free | free |
| 0203.29.90 | Other | Kg | 15% or 130c/kg | 15% or 130c/kg | 15% or 130c/kg | free | 15% or 130c/kg |

Source: SARS

Table 2 above indicate the tariff duties applied by South Africa to trade agreement members of EU, EFTA, SADC, MERCOSUR and General members on sub products of meat of swine, fresh, chilled or frozen. South Africa applied tariff of 15% or 130c/Kg to trade agreements (EU, EFTA, MERCOSUR and General member of WTO) and duty free for SADC members with an exception of rib product. The rib product coded 0203.29.10 which was the highest imported product was duty free for all countries.

# 7. PERFORMANCE ANALYSIS OF SOUTH AFRICAN PORK INDUSTRY IN 2018

## 7.1. Exports

**Table 4: List of importing markets for pork, fresh, chilled or frozen exported by South Africa in 2018**

South Africa's exports represent **0.1%** of world exports for this Pork, fresh, chilled or frozen, its ranking in world exports is **31**.

| Importers | Indicators | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value exported in 2018 (USD thousand) | Trade balance 2018 (USD thousand) | Share in South Africa's exports (%) | Quantity exported in 2018 | Quantity unit | Unit value (USD/unit) | Growth in exported value between 2014-2018 (%, p.a.) | Growth in exported quantity between 2014-2018 (%, p.a.) | Growth in exported value between 2017-2018 (%, 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 2014-2018 (%, 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 | 24933 | -48860 | 100 | 10131 | Tons | 2461 | 2 | 4 | 0 | | 100 | 0 | | | |
| Mozambique | 6626 | 6626 | 26.6 | 2838 | Tons | 2335 | 12 | 12 | 19 | 90 | 0.02 | 13 | 3986 | 0.45 | 0 |
| Namibia | 6472 | 6472 | 26 | 2776 | Tons | 2331 | -4 | -2 | -1 | 85 | 0.03 | -6 | 2278 | 0.78 | 0 |
| Lesotho | 4429 | 4429 | 17.8 | 2200 | Tons | 2013 | 21 | 26 | 12 | 92 | 0.02 | 21 | 369 | 1 | 0 |
| Botswana | 3194 | 3194 | 12.8 | 902 | Tons | 3541 | 9 | 6 | -23 | 99 | 0.01 | 8 | 559 | 0.85 | 0 |
| Eswatini | 1134 | 1134 | 4.5 | 432 | Tons | 2625 | -10 | -9 | -30 | 126 | 0 | -10 | 428 | 1 | 0 |
| Zimbabwe | 881 | 881 | 3.5 | 310 | Tons | 2842 | -10 | -16 | 169 | 137 | 0 | -9 | 1101 | 1 | 0 |
| DRC | 781 | 781 | 3.1 | 305 | Tons | 2561 | 2 | 3 | 21 | 65 | 0.06 | -4 | 6296 | 0.19 | 10 |
| Ghana | 256 | 256 | 1 | 46 | Tons | 5565 | 90 | 84 | 1180 | 155 | 0 | | 6266 | 0.14 | 35 |
| Malawi | 223 | 223 | 0.9 | 59 | Tons | 3780 | -2 | -2 | -36 | 160 | 0 | -1 | 1697 | 0.95 | 0 |
| Seychelles | 177 | 177 | 0.7 | 30 | Tons | 5900 | -22 | -25 | 421 | 97 | 0.01 | 11 | 8310 | 0.21 | 15 |
| Nigeria | 164 | 164 | 0.7 | 26 | Tons | 6308 | -17 | -20 | 134 | | | | | | 35 |
| Spain | 97 | -9526 | 0.4 | 50 | Tons | 1940 | | | | 26 | 0.8 | -3 | 1456 | 0.14 | 0 |

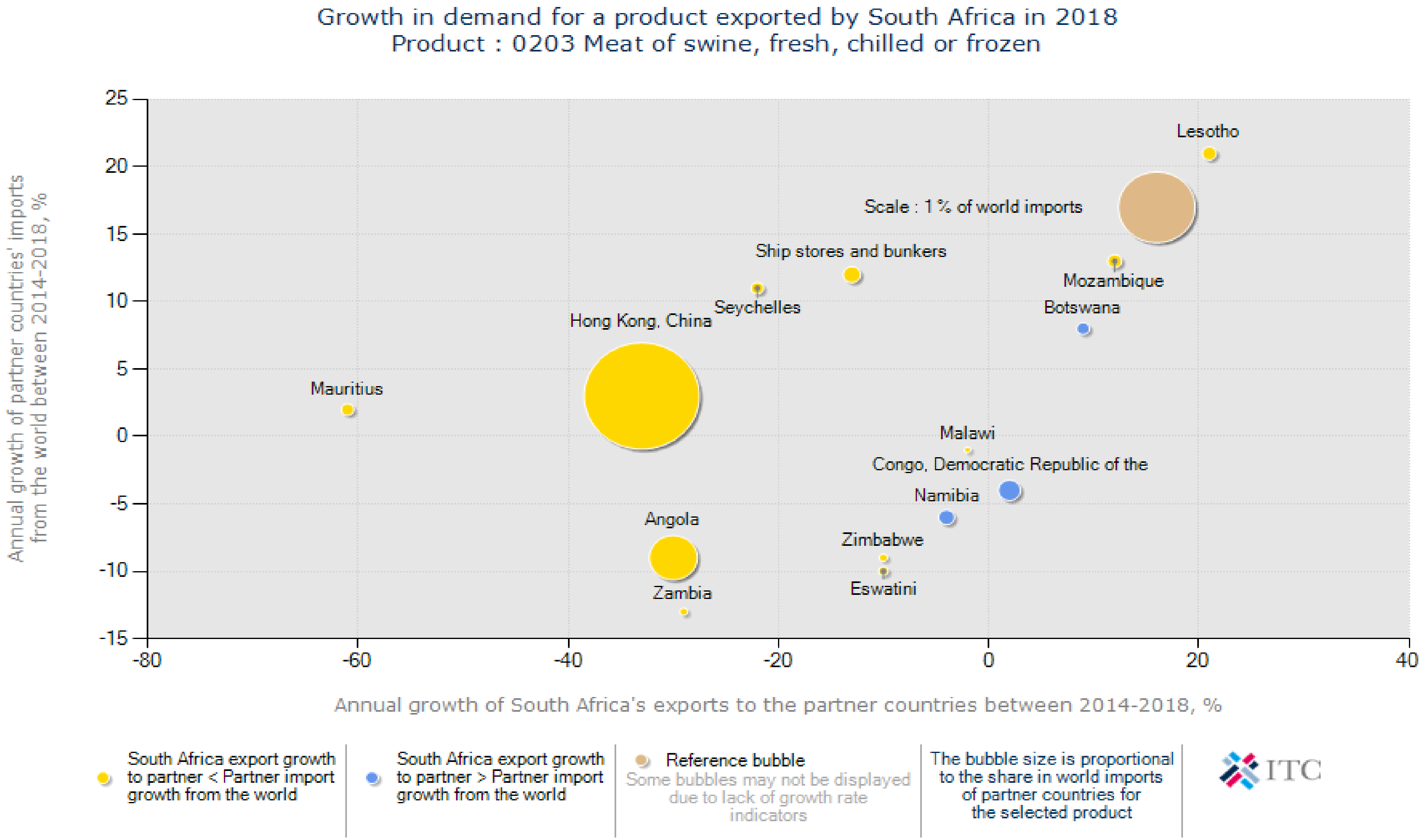
Source: ITC calculations based on COMTRADE statistics.

Table 4 presents the trade indicators of importing market of pork from South Africa in 2018. During this year, South Africa exported 10 131 tons of pork (fresh, chilled or frozen) at an average value of US$2 461/unit. The major export destinations for pork (fresh, chilled or frozen) originating from South Africa during 2018 were Mozambique, Namibia and Lesotho. The greatest share of South African pork (fresh, chilled or frozen) exports were exported to Mozambique which commanded 26.6% followed by Namibia which commanded 26% and Lesotho with 17.8%.

South Africa's pork (fresh, chilled or frozen) exports increased by 2% in value and 4% in quantity during the period of 2014 and 2018. During the same period, exports of pork (fresh, chilled or frozen) to Mozambique, increased by 12% in value and 12% in quantity. Namibia decreased by 4% in value and 2% in quantity. Lesotho increased by 21% in value and 26% in quantity during the same periods.

Between the period 2017 and 2018, South African exports of pork (fresh, chilled or frozen) to the world did not change. During the same periods, the exports to Mozambique increased by 19%, Namibia declined by 1% while Lesotho increased by 12%.

**Figure 26: Growth in demand for pork, 2018**



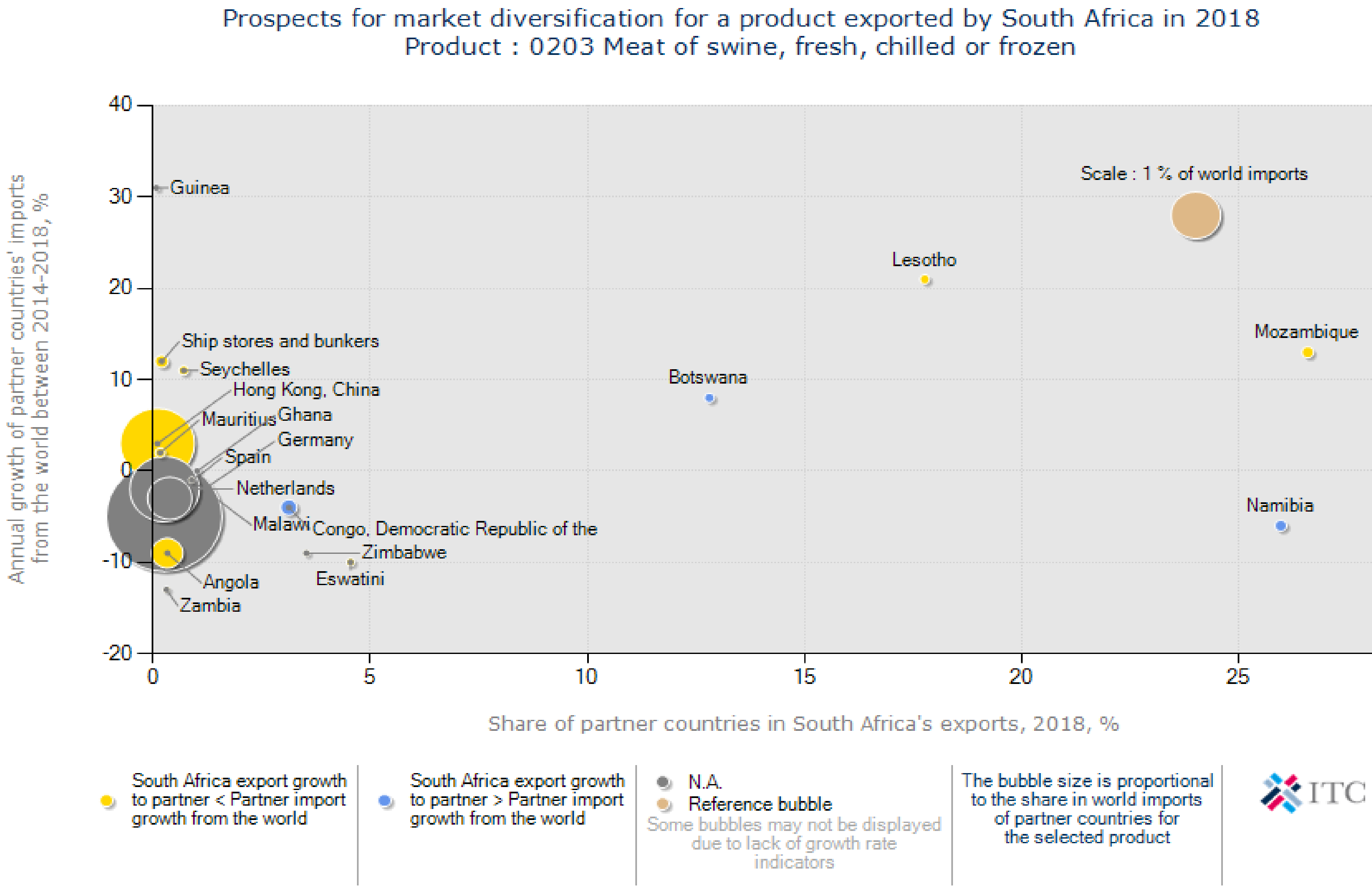

Source: Trademap, 2018

Growth in demand for South African pork in 2018 is depicted in Figure 26. The figure illustrates that between 2014 and 2018; South Africa's pork (fresh, chilled or frozen) exports to Hong Kong, China, Angola, Mauritius, Seychelles, Zambia, Lesotho, Mozambique, Zimbabwe and Eswatini were growing at a rate that is less than their import growth from the rest of the world.

At the same period, South Africa's pork (fresh, chilled or frozen) exports to Democratic Republic of Congo (DRC), Botswana and Namibia were growing at a rate that is greater than their imports from the rest of the world.

Lesotho represent gain in dynamic market while Zambia and Eswatini represent losses in the declining market of South Africa pork (fresh, chilled or frozen) exports. Hong Kong, China is the biggest market with a world share of 2.37% however South Africa's export growth declined by 33%.

**Figure 27: South African pork's prospects for market diversification in 2018**




Source: ITC Trademap, 2018

Figure 27 shows the prospects for market diversification for pork (fresh, chilled or frozen) exports by South Africa in 2018. The analysis on the figure above shows that Mozambique commanded the greatest shares of South Africa's pork (fresh, chilled or frozen) exports of 26.58% during the year 2018, followed by Namibia with 25.96%.

If South Africa wishes to diversify its pork (fresh, chilled or frozen) exports, the biggest market exists in Germany due to its world import share of pork (fresh, chilled or frozen) of 5.91%.

### 7.2. Imports.

**Table 4: List of supplying markets for the Pork (fresh, chilled or frozen) imported by South Africa in 2018**

South Africa's imports represent **0.3%** of world exports for this Pork, fresh, chilled or frozen, its ranking in world exports is **44**.

| Exporters | Indicators | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value imported in 2018 (USD thousand) | Trade balance 2018 (USD thousand) | Share in South Africa's imports (%) | Quantity imported in 2018 | Quantity unit | Unit value (USD/unit) | Growth in imported value between 2014-2018 (%, p.a.) | Growth in imported quantity between 2014-2018 (%, p.a.) | Growth in imported value between 2017-2018 (%, 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 2014-2018 (%, 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 | 73793 | -48860 | 100 | 32942 | Tons | 2240 | 7 | 11 | 2 | | 100 | 0 | | | |
| Germany | 38107 | -38042 | 51.6 | 16724 | Tons | 2279 | 5 | 8 | 37 | 2 | 15.5 | -1 | 2559 | 0.07 | 8 |
| Brazil | 14184 | -14184 | 19.2 | 7200 | Tons | 1970 | | 218 | 80 | 8 | 3.8 | -4 | 12526 | 0.14 | 8 |
| Spain | 9623 | -9526 | 13 | 3975 | Tons | 2421 | 17 | 21 | -46 | 3 | 14.2 | 7 | 4680 | 0.07 | 8 |
| United Kingdom | 2759 | -2759 | 3.7 | 1447 | Tons | 1907 | -3 | 5 | 0 | 15 | 1.4 | 5 | 3406 | 0.15 | 8 |
| France | 1966 | -1966 | 2.7 | 830 | Tons | 2369 | -22 | -17 | -38 | 10 | 3.1 | -3 | 3411 | 0.09 | 8 |
| Ireland | 1906 | -1906 | 2.6 | 829 | Tons | 2299 | 80 | 77 | -26 | 12 | 1.8 | 3 | 3933 | 0.21 | 8 |
| Netherlands | 1832 | -1764 | 2.5 | 528 | Tons | 3470 | -15 | -16 | 165 | 6 | 7.5 | -1 | 3411 | 0.08 | 8 |
| Belgium | 1611 | -1611 | 2.2 | 691 | Tons | 2331 | -7 | -4 | -38 | 7 | 4.8 | -3 | 1172 | 0.19 | 8 |
| Denmark | 965 | -965 | 1.3 | 340 | Tons | 2838 | 56 | 52 | 4 | 4 | 9.2 | -3 | 4151 | 0.12 | 8 |
| Canada | 720 | -720 | 1 | 317 | Tons | 2271 | -35 | -36 | -87 | 5 | 8.5 | -2 | 6947 | 0.25 | 8 |
| USA | 55 | -55 | 0.1 | 50 | Tons | 1100 | | | | 1 | 16.2 | 0 | 7286 | 0.19 | 8 |

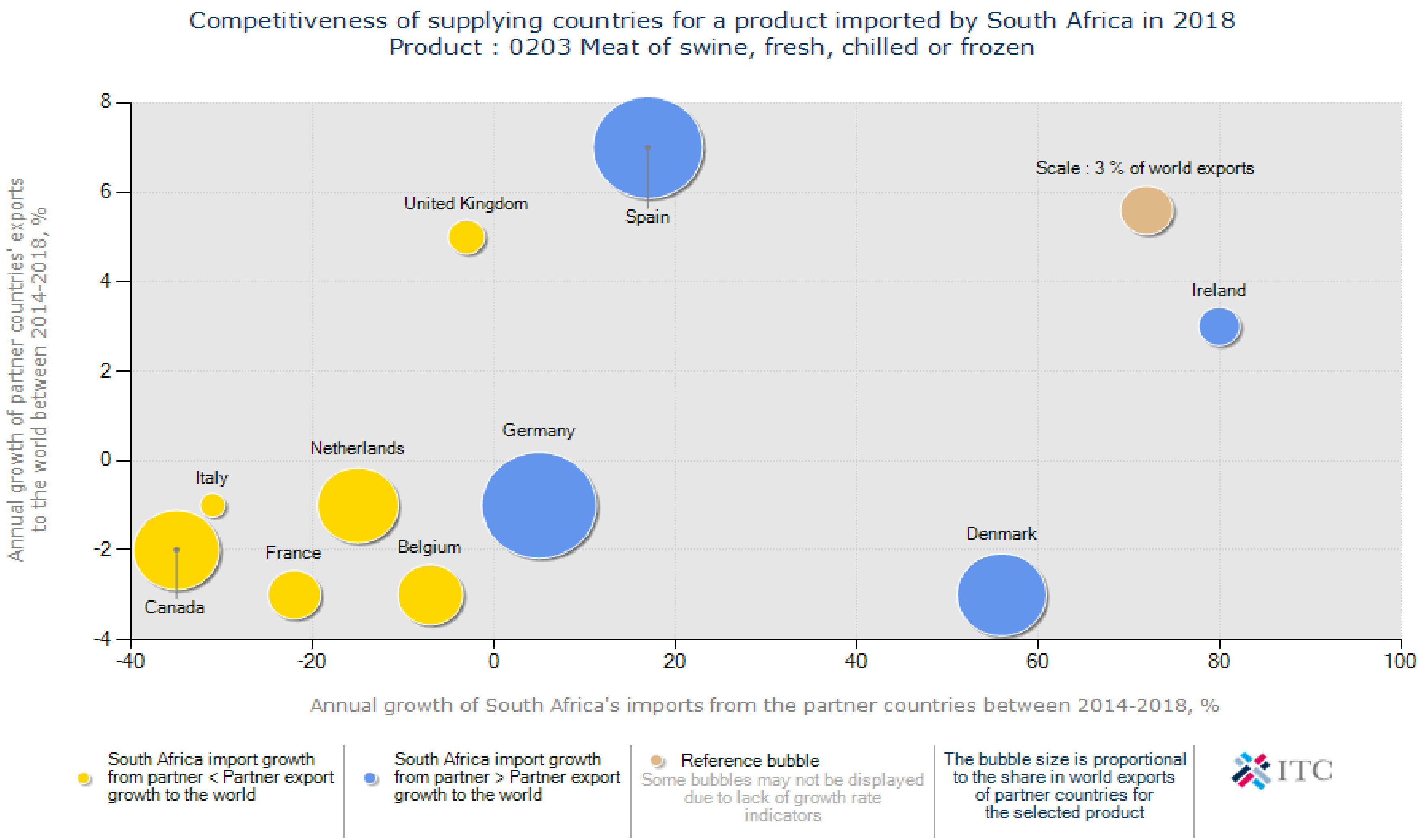
Source: ITC calculations based on COMTRADE statistics.

Table 4 provides a list of supplying nations for pork imported by South Africa in 2018. South Africa's imports represent 0.3% of world imports for pork (fresh, chilled or frozen) and its ranking in world imports is 44. Table 4 shows that during 2018 South Africa imported a total of 32 942 tons of pork (fresh, chilled or frozen) that worth US$ 2 240/unit. The major origins for pork (fresh, chilled or frozen) imported by South Africa during 2018 were Germany with a share of 51.6%, followed by Brazil (19.2 %) and Spain (13%).

South Africa's pork (fresh, chilled or frozen) imports increased by 7% in value and 11% in quantity between the periods 2014 and 2018. During the same period, imports for pork (fresh, chilled or frozen) from Germany increased by 5% in value and 8% in quantity and imports from Brazil increased 218% in quantity.

Between the year 2017 and 2018, South Africa's imports of pork (fresh, chilled or frozen) increased by 2% in value. During the same period, imports of pork (fresh, chilled or frozen) from Germany increased by 37% and Brazil 80% while Spain decreased by 46%.

**Figure 28: Competitiveness of suppliers of South Africa's pork imports in 2018**

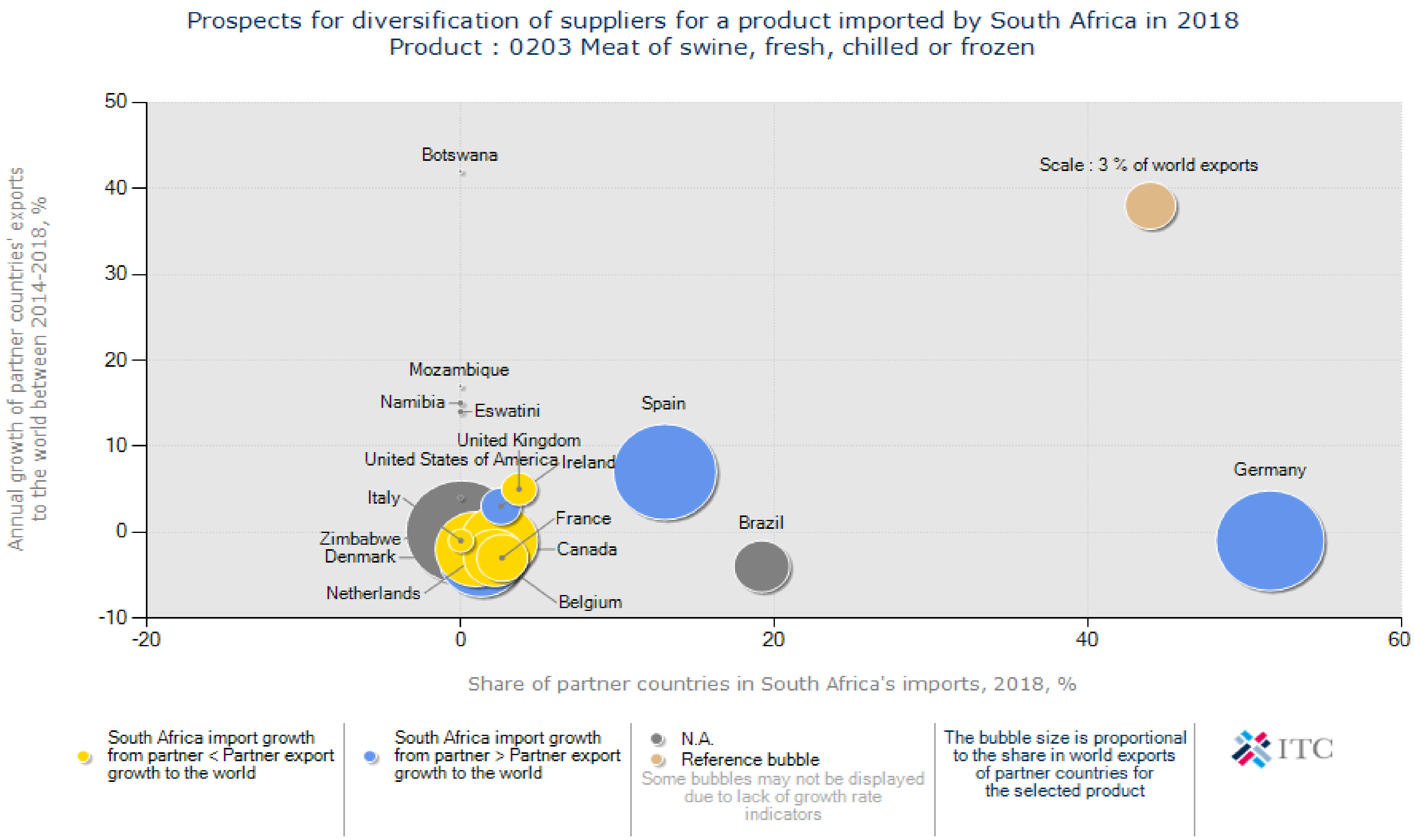



Source: ITC Trademap

Figure 28 depicts the competitiveness of suppliers to South Africa for pork in 2018. The figure illustrates that South Africa's pork (fresh, chilled or frozen) imports from Canada, France, Netherlands, Italy, Belgium and United Kingdom (UK) were growing at a rate that is less than their export growth to the rest of the world. It can also be noticed that South Africa's annual growth of imports from the mentioned countries have decreased.

At the same time, South Africa's pork (fresh, chilled or frozen) imports from Spain, Ireland, Denmark and Germany were growing at a rate that is greater than their exports to the rest of the world. The most competitive market is Germany due to its world biggest share of 15.49% and Spain with a share of 14.17%.

**Figure 29: Prospects for market diversification of suppliers of pork imported by South Africa in 2018**




Source: ITC Trademap

Figure 29 illustrates prospects for diversification of suppliers of pork imported by South Africa in 2018. The analysis shows that Spain and Germany commanded the greatest shares of South Africa's pork (fresh, chilled or frozen) imports during the year 2018. Germany is the biggest supplier of pork (fresh, chilled or frozen) with a share of 51.64% in South African import market followed by Spain with 19.22%.

Germany remains the biggest market of pork imports with the world market share of 15.81%, followed by Spain with world import of 13.5%. Therefore, if South Africa wishes to diversify, South Africa can increase its imports from Botswana due to its highest export growth of 42%.

## 8. ACKNOWLEDGEMENTS

**The following organizations are acknowledged:**

- **Directorate: Statistics and Economic Analysis.**
  www.daff.gov.za

- **Quantec Easydata**
  www.easydata.co.za

- **ITC Market Access Map**
  http://www.macmap.org/SouthAfrica

- **ITC Trade Map**
  http://www.trademap.org.