

COUNTRY:

South Africa

1. THE SOUTH AFRICAN BROILER INDUSTRY:

1.1 RECENT DEVELOPMENTS

South Africa's broiler producers welcomed a year of somewhat lower input costs which have allowed a significant recovery towards profitability in many operations. A number of the country's major producers have posted strong sets of results at the end of the 2014 financial year. These results are attributed to a better supply and demand balance, lower input costs, a move from IQF towards fresh chicken and products with higher margins, and measures taken against dumping of frozen leg quarters on the South African market by some European producers.

This favourable cycle is likely to be short-lived. Input prices are expected to rise through 2015, on the back of a weakening rand, a drought-stricken maize harvest and local inflationary pressures. Imports of frozen bone-in portions are likely to threaten the market later in 2015 as cheap US imports commence and bans on imports from countries with avian influenza outbreaks are lifted.

1.2 CONSUMER CONSUMPTION TRENDS

Consumption of broiler meat products in South Africa amounted to 2 023 million tonnes in 2014. Broiler production, including subsistence farming and depleted breeders in the broiler and egg industries was 1 711 million tonnes. The per capita consumption of chicken meat for 2014 was 37.47 kg per annum.

1.3 PRODUCTION

The number of broilers sold/slaughtered in 2014 (958.4 million birds) increased by 18 million over 2013 levels (940.5 million birds); a growth of + 1.9 %. The prediction model used suggests that the number of broilers slaughtered in the first six months of 2015 (estimate: 528.4 m birds) will exceed the number slaughtered in the last six months of 2014 (525.4 m birds) by 0.55 % (2.87 m birds).

The figures in Table 1 below are derived from a theoretical model that is verified at a number of points along the value chain; one being the commercial hatchery figures, which we have been sampling every two months.

Table 1. Broiler production in South Africa (2013 and 2014)

Quarter	Average nett day old chick placements [†]	Average weekly broiler production (slaughterings)	Average producer price net realisation (per kg)
	No of birds/week	No of birds/week	ZAR per kg
1Q 2013	20 912 496	17 484 575	14.48
2Q 2013	20 482 822	18 153 908	15.22
3Q 2013	20 676 932	18 106 635	15.62
4Q 2013	20 564 105	18 340 634	16.53
For year: 2013	20 659 089	18 036 000	15.46
1Q 2014	20 209 124	17 369 846	16.54
2Q 2014	20 176 985	18 519 958	17.11
3Q 2014	20 317 177	18 807 192	16.55
4Q 2014	20 105 481	18 782 774	18.20
For year: 2014	20 202 192	18 369 943	17.10
1Q 2015	20 178 413	18 390 171	17.98

[†] local placements plus imports , minus exports

* only depleted flock (depleted layers and depleted broiler breeders)

DEFINITION:

Net Sales Value (NSV): invoiced price; less volume discount; less settlement discount; less rebates (incl. advertising spent); less any other discounts i.e. direct distribution etc.; less secondary distribution (i.e. from Vector or Cold Chain to retail outlets i.e. Shoprite, PnP, etc.); excluding VAT.

The NSV amount must be net income to the business

Currency used: ZAR

1.4 INPUT COSTS

The broiler feed price index is defined as the weighted average feed price of all feed types, including distribution, excluding medication and additives and excluding VAT. The average annual feed price indicator increased by 31 % in 2012 but has increased at 5.2 % through both 2013 and 2014. The broiler feed price index averaged R4 581 per tonne at producer level in 2013 and increased to R4 819 per tonne in 2014; with the average price from January to June being R 4 937/t and from July to December being R4 701/t. The lower prices experienced in the second half of 2014 are expected to rise steeply again in 2015 as a result of the severe drought experienced through the 2014/2015 summer months. The feed price index averaged R4 770 for the first two months of 2015.

1.5 TRADE

Allegations of dumping of bone-in portions leveled against several European suppliers were upheld by the South African ITAC and have been addressed through the imposition of provisional and then final anti-dumping tariffs, gazetted in the 1Q 2015, aimed at imports of bone-in portions from the UK, the Netherlands and Germany. The South African broiler market has also enjoyed some relief from imports from these three countries because of outbreaks of highly pathogenic avian influenza in late 2014. As these bans are now lifted, the market can expect to come under pressure again, despite the anti-dumping tariffs imposed. The full effect of the anti-dumping measures will only be evident in late 2015. There is concern in the industry that when anti-dumping measures are put in place against a number of EU members, importers merely bring in higher levels of the tariff lines in question from other EU countries, such as Belgium, Spain and France which still enjoy duty-free access to South African markets.

The main focus of the South African broiler industry, the SAPA executive and the local media in early 2015 has been the ongoing negotiations between the South African and US poultry organisations on the sidelines of the renewal process for the African Growth and Opportunity Act (AGOA). This preferential trade scheme, which allows duty-free access into the US of various African imports is due to be renewed in 3Q 2015. Although the agreement does not benefit the South African poultry industry directly, the industry has found itself embroiled in the renewal process, with the US poultry industry attempting to use AGOA to lever open the South African market for US bone-in leg portions. Anti-dumping tariffs have been in place against the US, on this one tariff line, for over a decade, preventing the dumping of large quantities of what is essentially a waste product in the US into the fragile South African poultry market. US Senators Chris Coons (Democrat) and Johnny Isakson (Republican) have been calling for South Africa to scrap these duties and to allow the Americans to export to South Africa on the same terms as the European Union, who enjoy a duty-free trade agreement with this country. The South African Poultry Association has, in turn, argued that unfettered access to the South African market will result in a shrinking of the local poultry industry, with inevitable job losses and unavoidable consequences for maize producers and support industries.

The negotiations have been protracted and difficult and the industry has been forced to concede ground to the US, in the form of annual quotas for bone-in leg portions (65 000 t per annum), which may safeguard the benefits of AGOA for other South African industries but will have only negative consequences for the local broiler industry. The Act has passed by the US Senate for renewal but South Africa has only secured a 10-year extension, not the 15 years hoped for, and the renewal, if ratified in its current form by Congress later in the year, comes with a number of restrictive conditions. The US has successfully used AGOA as means to reopen the South African market for bone-in poultry rather than challenging the anti-dumping legislation, which they claim is unfair, with the WTO or through the courts.

1.5.1 Imports

During April 2015, 36 857 t of broiler meat were imported. Total poultry meat imports were 38 335 t, comprising 96.1 % chicken meat and product, 3.9 % turkey meat and product and only 0.002 % ducks, geese and guinea fowl.

Accumulated estimated broiler imports for 2014 surpassed imports in 2013 by 13 928 t, to total 368 805 tonnes (+ 3.93 %). Broiler imports for 2015 YTD (end March 2015) totalled 96 868 t in comparison with the 75 288 t at the end of the same period in 2014 (+ 28.66 %).

The local broiler industry remains vulnerable to imports of frozen bone-in portions from Europe and Brazil. By the end of 2015, the US is likely to be exporting frozen leg quarters to South Africa and adding to existing pricing pressures. In these markets, dark meat, bone-in portions are surplus to requirements in a market that prefers white meat. Americans consume as much as five times more white meat than dark meat but obviously have to produce the two in fixed proportion in a whole chicken. The oversupply of dark meat in the producer market drives prices down to levels which, in an export market favouring dark meat, may be below-cost and, even where efficiencies are high, impossible to compete with. Over the long-term, local producers could be forced out of business and jobs lost.

1.5.2 Exports

Poultry exports amounted to 66 355 tonnes in 2014, an increase of 162 % compared to 2013. The rand value (FOB) of these exports was R1.12 billion. Broiler products accounted for 93 % of these poultry exports in volume terms and 90 % in rand value terms. Poultry exports as a percentage of imports remain disappointingly low, at about 16.9 %. Poultry exports made up 3.9 % of total poultry production in South Africa in 2014, compared to 1.5 % in 2013.

During 1Q 2015, 15 265 t of broiler meat, of which 43 % were bone-in portions, were exported at an FOB of R254 m. This is 2 690 t more than the same period of the previous year (+ 21.4%). Bone-in portions made up 54 % of broiler meat exports during 2014.

From January 2014 onwards, records from Botswana, Lesotho, Namibia and Swaziland were included in the source data from SARS. The main destination countries for poultry exports were Lesotho at 22 650 t, Mozambique at 17 069 t, Namibia at 12 887 t, Zimbabwe at 3 988 t, Botswana at 3 205 t, Swaziland at 2 134 t and Zambia at 1 501 t of the 66 355 total tonnes exported.

1.6 OTHER

In December 2013, the Department of Agriculture, Forestry and Fisheries (DAFF) published new draft brining regulations in an amendment notice to the Agricultural Product Standards Act, Act 119 of 1990. These draft regulations set the maximum amount of flavoured water, salts and/or colourants that may be injected into individual poultry portions at 15 %. Although, this level is considerably higher than the 4 – 8 % originally mooted, it falls well short of current industry brining levels. The rewriting of the brining regulations remains under review and SAPA continues to engage with the Department to find a responsible and equitable solution for consumers and producers alike.

1.7 FUTURE PROSPECTS

The success of the South African broiler industry through 2015 will depend on a number of factors:

- *Industry selling prices*, which will continue to be dominated by the level of imports, particularly of dark meat, bone-in portions. The industry is striving to build and maintain partnerships with DAFF and the Department of Trade and Industry (dti) as part of continual efforts to secure protection against unfair trade in poultry products.
- *The likelihood of higher feed prices*, in the wake of a severe drought in the 2014/2015 summer season, and *higher input costs* on the back of a weakening rand and higher local fuel prices. Lower soya prices may offset the higher maize prices to an extent.
- *High levels of unemployment and constrained consumer spending*. The South African economy remained flat in the 1Q 2015. Business confidence levels have been hit by instability in the electricity supply and the recent disinflationary trend is drawing to an end with higher levels of taxation, higher fuel prices and rising food price inflation.
- *The comprehensive plan* being developed with Government which should help to grow the industry, both locally and as an exporter. The newly launched Agricultural Policy Action Plan has transformation as its keystone and the poultry industry is one of the priority sectors in the plan.
- *Global outbreaks of notifiable avian influenza*. Although the industry has benefitted from a reduction in imports of broiler meat from affected countries, the outbreaks in the rest of the world are likely to impact strongly on supplies of breeding material as 2015 goes on.

2. EGG INDUSTRY

2.1 RECENT DEVELOPMENTS

The South African egg industry faced continuing challenges through 2014 and producers did not benefit from lower feed prices and the short disinflationary cycle late in year in the same way broiler producers did. The following factors, which are all interrelated, kept margins under pressure: weak consumer demand; commodity prices; the volatility of the rand and resultant fluctuations in the price of key inputs; rising labour costs coupled with poor levels of productivity and the likelihood of an increase in interest rates. Producers are receiving an ever-reducing share of the consumer price for eggs. The pressures on the industry will test existing business models, and there is a likelihood that consolidations of operations will take place as producers seek economies of scale.

On a happier note, for decades, doctors, scientists and government agencies have warned against diets high in cholesterol. Now, in the 2015 recommendations of the US Dietary Guidelines Advisory Committee (DGAC), cholesterol is no longer considered “a nutrient of concern for over-consumption”. For most people, dietary cholesterol has a much smaller effect on blood levels of total cholesterol and harmful LDL cholesterol than the mix of fats in the food eaten. Research is showing that an egg a day does not increase heart disease in healthy individuals. In fact, the high quality protein, selenium (an antioxidant) and the vitamins in eggs (A, B₁₂, D, riboflavin and folate) may lower the risk of heart problems.

Pre-dating the release of the DGAC guidelines, the American Egg Board reported that consumer demand for eggs experienced impressive growth in 2014. Retail egg sales grew by 11 % or \$550 m in the US in 2014. Unusually, despite higher retail prices, demand has not been dampened. Per capita consumption of 260 eggs is at the highest level in 30 years and marks the fifth consecutive year that consumption has increased. High protein, low carbohydrate nutrition programmes are in vogue and fuelling demand. Cold winters encourage the consumption of warm, filling breakfasts based on eggs. Now that eggs have been given the green-light in terms of cardiovascular health, all egg-producing nations should be promoting eggs as a cost-effective, healthy source of protein and vitamins and pushing per capita consumption towards the 365 egg level.

2.2 CONSUMER CONSUMPTION TRENDS

In South Africa, the per capita consumption for 2014 was 143 eggs per annum, 5 eggs per person less than in 2013 (-3.4 %). Annual per capita egg consumption increased steadily from 135 eggs in 2009 to 153 eggs in 2012, followed by a decrease to 148 eggs in 2013. In the US, eggs are enjoying a resurgence in popularity but the South African egg market had not enjoyed a similar improvement in sales by the end of 2014, with egg production dropping by 1.3%

2.3 PRODUCTION

Egg production recovered slightly from the downward trend of 2013 (Table 2). The average number of cases produced per week was 399 584, a decrease of 5 186 (-1.3 %) cases per week. Total egg production in 2014 amounted to 20.8 million cases, or 694 million dozen eggs.

Total egg production during 4Q 2014 was 5 295 500 cases. This was a 0.9 % increase compared to 4Q 2013. The average production per week for 4Q 2014 was 402 909 cases. This increased to 405 595 cases per week in 1Q 2015 (+ 0.7 % on a quarterly basis and + 2.2 % compared to the same quarter in 2014).

Of all the marketable graded eggs (Grade 1) that were sold in 2014, 9.0 % were size medium, 45.6 % were size large, 41.8 % were size extra-large and 3.6 % were size jumbo.

A recent survey representing 45 % of the industry indicated that the weighted average age at depopulation was 74 weeks. The production forecasting model has been adjusted from November 2013 to take this lengthening of the laying cycle into account.

The size of the national layer flock decreased during 2014. An average flock of 24.34 million hens was projected; a decrease of 0.20 million hens (-0.9%) compared to 2013.

Table 2. South African egg production (2013 and 2014)

Quarter	Total number of point of lays placed	Average laying flock in lay	Average producer price per dozen (average of all sizes)
	(birds/year)	(birds)	ZAR/kg
1Q2013	5 860 229	24 951 735	9.80
2Q 2013	5 517 028	24 627 358	9.77
3Q 2013	5 970 440	24 334 267	10.08
4Q 2013	5 709 674	24 284 947	10.51
Year 2013	23 057 371	24 549 577	10.04
1Q2014	5 793 935	24 179 339	10.56
2Q2014	5 793 429	24 234 705	10.97
3Q2014	6 090 499	24 454 398	10.86
4Q2014	5 743 583	24 493 557	10.67
Year 2014	23 421 446	24 340 500	10.77
1 Q 2015	5 863 003	24 725 139	10.90

2.4 INPUT COSTS

The layer feed price index calculated by SAPA includes distribution, but excludes medication, additives and VAT. The average layer feed price for 2014 increased by 4.8 % compared to 2013. This followed massive year-on-year increases of 23.7% and 12.0% in the previous two years. The average feed price index for 2014 was R3 405 per tonne; with the price from January to June lying at R3 529/t and from July to December at a more favourable R3 281/t. The average feed price index for the 1Q 2015 was R3 302/t.

Feed prices are expected to increase again during 2015 as a consequence of the severe drought experienced during the 2014/2015 maize harvest; coupled with a heavy increase in the fuel price after the 2015 national budget.

2.5 TRADE

2.5.1 Imports

Total egg imports into South Africa decreased by 33 % in the 1 Q 2015, to 104.8 t, when compared to 4Q 2014 levels. However, this figure represents a 39 % increase over levels imported during the first quarter of 2014. Imports of shell eggs (chicken) were down 69 % on 4Q 2014 levels, at 7.2 t; but up 20 % compared to 1Q 2014 levels. No liquid egg product was imported in the 1Q 2015. Imports of dried egg product were down 26 % on a quarterly basis, to 97.6 t, but up 40 % on a year-on year basis.

The total import tonnage of eggs, including shell eggs and egg products (liquid and dried), in 2014 was 462 tonnes – 147 tons more (+ 46.4 %) than in 2013. The egg product component amounted to 404 tonnes, of which 403.6 tonnes was dried egg product. The main countries of origin were India (31 %), Italy 28%, France (20 %), and Lesotho (13 %).

2.5.2 Exports

During 1Q 2015, a total of 4 168 tonnes of eggs and egg products left South Africa, at a declared FOB value of R103.1 million. This total includes fertilised eggs (chicken, ostrich and other) for incubation. This total tonnage increased by 1.4 % compared to the 4Q 2014 (58 tonnes).

Of these total egg exports, fertile chicken eggs accounted for 1 925 t; just under half the total export tonnage. This is 17.2 t (- 0.9 %) less than in the previous quarter and 253 t (15.2 %) less than the same quarter in the previous year (Q1 2014). The FOB value of fertile egg exports in the 1Q 2015 was 53.1 million rand.

During the 1Q 2015, a total of 2 015 t of egg products (shell eggs, liquid and dried egg products included) were exported from South Africa at a declared FOB price value of R 46.99 million. This is 130 tonnes less than in 4Q 2014 (6 % decrease); and 32 t less than in 1Q 2014 (1.6 % decrease).

In summary, total egg exports comprised 1 925 t of fertile chicken eggs, 226.6 t of fertile eggs (not chickens or ostriches), 1.5 t of ostrich eggs, and 2 015 tonnes of egg products (including shell eggs).

The main countries of destination for South African exports of eggs and egg products during 1Q 2015 were Mozambique (56.1 % of exports), Zimbabwe (14.6 %), Swaziland (8.5 %), Angola (7.3 %), Botswana (5.6 %), Lesotho (3.8 %) and Namibia (2.9 %).

The amounts of egg products exported during the 1Q 2015 under each of the most regularly used tariff codes (including fertile eggs and shell eggs (fresh, cooked or preserved)) are given in Table 3, along with the amounts exported in the previous quarter and in the 1Q 2014.

Table 3. Quarterly exports of eggs and egg products from South Africa

Import product	Tariff code	units	1Q 2014	4Q 2014	1Q 2015
Fertile eggs	0407.1110/1190	t	1 671	1 941	1 925
Fertilised eggs (other: not chicken/ ostrich)	0407.1990	t	125.8	17.6	226.6
Shell eggs chicken (< 150 c)	0407.2110	t	42.8	58.5	26.1
Shell eggs chicken (>150 c)	0407.2190	t	388	271	390
Shell eggs (not chicken/ostrich)	0407.2990	t	115	138	81
Ostrich eggs	0407.9010	t	4.3	5.2	1.5
Shell eggs: chicken (fresh, preserv'd cook'd)	0407.9020	t	598	826	725
Shell eggs: other (fresh preserved, cooked)	0407.9090	t	712	573	479
Dried egg yolks	0408.1100	kg	10	4	4
Liquid egg yolks	0408.1900	t	78	76	33
Dried egg product (not yolks)	0408.9100	t	99	178	242
Raw yolks/whites (chicken)	0408.9910	kg	7 916	510	197
Raw yolks/white (not chicken)	0408.9990	t	6.0	21.7	38.5
Dried egg albumen	3502.1100	kg	49	1189	187
Liquid egg albumen	3502.1910	kg	1000	1235	27

During 2014, total egg exports reached 8 166 tonnes (including fertilised eggs for incubation); this being a 28.5 % increase over 2013 exports. Exports of shell eggs and egg products (excluding fertilised eggs for incubation) still represented only 1.4 % (4 696 t) of total egg production in South Africa in 2014. In contrast to the trade in broiler meat, exports of shell eggs and egg products (5 976 t) are 13 times higher than imports into South Africa on the same tariff codes (4 62 t). South Africa is therefore self-sufficient in terms of egg production, and has the capacity to grow its export market substantially.

Chicken shell eggs contributed 4 696 tonnes (57.5 %) to total egg exports, with shell eggs from other poultry types amounting to 2 189 tonnes (26.8 %). Egg product contributed 1 281 tonnes (15.7 %), with liquid egg product amounting to 666 tonnes (8.2 %) of total exports.

The main countries of destination during 2014 as a whole were Mozambique (56 % of exports), Angola (11 %), Zimbabwe (11 %), Namibia (7 %), Swaziland (6 %) and Lesotho (4 %).

2.6 OTHER

2.6.1 Marketing

While SAPA and the Egg Organisation undergo a review of their strategies and funding, egg marketing initiatives have had to be put on hold, because of the termination of the statutory levy as a source of funding for SAPA. However, SAPA and the Egg Organisation remains committed to the Galliova Food and Health Writer's Awards with the objective of maintaining the vital relationship between the egg industry and the food and health media. The awards ceremony honours the cream of the crop of South African culinary and health writer and was hosted at the Waterkloof Wine Estate in Somerset West in 2014. Four outstanding food writers received awards for their excellence in food writing, food styling and the overall promotion of South Africa's food culture, and one health writer for writing excellence and balanced reporting on health and nutrition issues.

Held on the second Friday of October each year, World Egg Day represents a unique opportunity to promote eggs. Each year, more countries are staging events and generating media interest around eggs by reaching out to consumers and encouraging them to consume more eggs. This year's World Egg Day will be on 9 October.

2.6.2 Free range production

Progress is expected to be made during 2015 on discussions around the expansion of free-range production systems; principally around the issues of monitoring and evaluation of the integrity of the production systems. African producers need to keep abreast of developments in animal welfare issues and the use of antibiotics in animal feeds, especially in their export markets.

2.7 FUTURE PROSPECTS

The South African egg market continues to present challenges for producers:

- *Egg production*: the downward trend in day-old pullet placements during 2012 and 2013 turned the corner in January 2014 and has since shown a steady increase. An average flock of 24.7

million layers is projected for the first four months of 2015. This will be an increase of approximately 1.4 million layers (+5.8 %) compared to the same period in 2014. Consequently, egg production is expected to increase by 6.5 % (an average of 25 000 cases per week) to approximately 409 000 cases per week in 2015. Part of the increase in predicted flock size is due to the adjustment in depopulation age made to the forecasting model, which is in line with the current trend of keeping laying hens longer than 72 weeks of age.

- *The difference between retail and producer egg prices.* The average mark-up on producer prices at the retail level has crept up to around 60 % in recent years.
- *The likelihood of higher feed prices and higher input costs* resulting from a poor maize harvest, the weakening rand and higher local fuel prices will adversely affect margins in the egg industry as the year goes on, putting further pressure on producers. The weak rand will raise inflation and increase the likelihood of interest rate hikes later in 2015.
- *High levels of unemployment and constrained consumer spending.* Demand for eggs remains disappointingly low, despite changing views on cholesterol and the increasing popularity of high protein/high fat diets which has fuelled a resurgence in the consumption of eggs elsewhere in the world. The cost effectiveness of egg as a protein source needs to be communicated fully to the public.
- On the trade scene, egg exports (shell eggs and egg products) continue to operate from a low base and could perhaps become a long-term business opportunity for South African producers.

3. COMBINED BROILER AND EGG INDUSTRY MATTERS

3.1 TRADE STRUCTURE

South Africa is a member of the Southern African Customs Union (SACU) with Botswana, Lesotho, Namibia and Swaziland being the other members. The SACU countries are also members of SADC which implemented a Free Trade Area (FTA) under the SADC Trade Protocol in 2009. SACU already granted tariff-free access to other SADC countries on poultry products since 2000, while the other members phased in tariff elimination. SACU has a common external tariff with a zero tariff on eggs in the shell but tariffs on poultry meat and egg products.

SADC, COMESA and the EAC have agreed to negotiate a Tripartite Free Trade Area. The members of the three regional economic communities have been working on the agreement and, of particular interest to producers, on tariff offers/reductions and rules of origin. It is the intention to launch the FTA at a summit in June 2015 but full implementation is likely to take up to twelve months. Under the modalities, 60 % of tariff lines have to be free at entry into force, 25 % subject to negotiation of the phase-out period, while 15% of tariff lines are excluded as sensitive.

SACU has signed a Preferential Trade Agreement with the Mercosur regional block (Argentina, Brazil, Paraguay, Uruguay, Venezuela and associate members) that covers a limited number of products and excludes poultry meat, eggs and egg products; and a free trade agreement (FTA) with EFTA under

which Switzerland and Norway grants limited tariff preferences on imports of these products from SACU, but SACU does not grant preferences. The SACU-EFTA FTA came into force in 2008 and is up for review. Tariff preference requests have been exchanged and negotiations will probably start early in 2015. It is uncertain when the SACU-Mercosur agreement will enter into force

Under the SA-EU Trade, Development and Cooperation Agreement or TDCA, the EC eliminated tariffs on imports of poultry meat, eggs and egg products from South Africa over the period up to 2010. South Africa phased out tariffs on imports of these products from the EU and tariffs became zero on 1 January 2012. However, anti-dumping duties have been imposed on imports of frozen bone-in pieces of poultry meat from Germany, the Netherlands and the UK (EC = European Community and TDCA = Trade, Development and Cooperation Agreement between RSA and the EU).

An Economic Partnership Agreement or EPA between the EU and a configuration of SADC countries, namely the five SACU countries, Mozambique and Angola, has been finalised and initialled. It is not clear yet when the EPA will enter into force. This will depend on how soon the EC can finalise its process for the provisional implementation of the EPA. (The EPA will not affect poultry product tariffs as these are already free on both sides. With South Africa becoming a participant in the EPA, the trade elements of the TDCA are to lapse.

SACU has committed to a preferential trade agreements with India and, after a long delay, negotiations are to be resumed. Request lists for tariff preferences were exchanged and are still under consideration. India did not include poultry meat, eggs and egg products in their request for tariff preferences while SACU's request list to India for tariff preferences does include some of these products.

3.2 THE POULTRY DISEASE MANAGEMENT AGENCY (PDMA)

3.2.1 Development of the National Residue and Microbial Monitoring Programmes

Good progress has been made in both eggs and meat. The PDMA has been working with the Veterinary Public Health section of DAFF to develop and implement the residue and microbial monitoring programmes. DAFF is planning a national survey for food-borne pathogens. The OVI will be doing the testing and the methods of testing have been validated. The work will be partially funded by DAFF.

The PDMA approached the Onderstepoort Epidemiology section to assist with the development of the sampling protocols for both eggs and meat. The meat protocol was tested at 3 facilities. The sampling was completed in 2015 and the results were analysed with some interesting results. Individual results are being further analysed to determine the next steps. It may be necessary to perform more testing prior to providing testing guidelines for the producers.

The sample collection for eggs was completed by the end of May 2015. The testing is being undertaken and the results will be available by the end of June 2015. The participating producers have been receiving the results as testing of their samples is completed to enable them to use the results for decision making.

The results of the testing of the protocol will enable the epidemiologists to modify the protocols, with size of operation and resource availability taken into account. The idea is to have minimum testing requirements for all producers, to have control programmes which ensure that the products put into the market are safe. DAFF will continue to run the monitoring programmes to check the producers control programmes. It will also allow for standardisation of the testing requirements for retailers.

3.2.2 Disease updates

Avian Influenza

Since October 2015 to date, several High Pathogenic Avian Influenza of the H5 strains were reported in Germany, Netherlands, United Kingdom, United States, Canada, Italy, Hungary, Bulgaria and Nigeria. Canada and the European countries have been successful in resolving their outbreaks in relatively short times. DAFF has lifted most of the import bans imposed on the European countries who were affected by the disease. However, the United States and Nigeria continue to experience a spread in the outbreaks.

In the USA, outbreaks of the disease continue to move south and new outbreaks are reported on a weekly basis. In South Africa, participation in Avian Influenza routine surveillance is compulsory for all poultry producers. According to the OIE, the burden is on the country to prove its freedom from the disease. Routine surveillance is the only way for South Africa to prove its freedom from AI. It is important for countries to remain vigilant and maintain surveillance to enable early detection of any outbreaks.

Salmonella and other food-borne pathogens

Salmonella is of great importance to South Africa due to its potentially devastating human effects. The focus has been broadened to include other food-borne pathogens such as *Campylobacter*, *Listeria* and *E. coli*. In addition to the work mentioned above on egg and poultry meat testing, there are plans to conduct testing of meat slaughtered at informal slaughter sites found in the peri-urban areas of Gauteng. There are also plans to conduct a detailed study on *Salmonella* in poultry meat. The informal sector study will assist with policy making for the control and management of these sites. The *Salmonella* study will span over 3 years where the organisms will be cultured, serotyped and genotyped to explore the range of poultry serotypes and how these related to serotypes isolated in humans.

Good Emergency Management Practice Training

DAFF in collaboration with the USDA and FAO have been hosting annual Good Emergency Management Practice workshops to discuss South Africa's ability to respond to Animal Health emergencies. The PDMA was the only non-government entity to be invited to the workshop. There were representatives from all the provinces and the Department of Health through the National Institute for Communicable Diseases.

The objective is to have the country better positioned to respond to emergencies. Emergency response teams will be formed, constituting both government and private sector experts. These teams will be trained during peace time and deployed around the country during emergencies. The required infrastructure and equipment will also be procured during peace time and be positioned in the provinces. All these efforts will bring South Africa closer to a better state of preparedness.