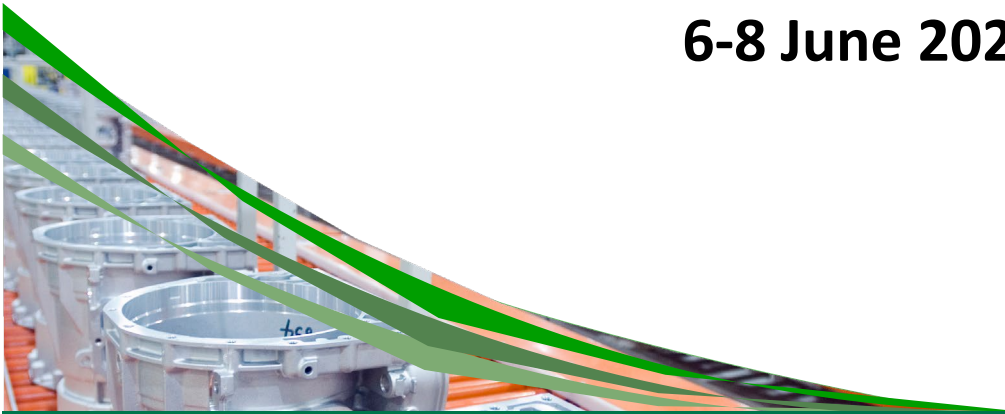


AVI AFRICA 2023

POULTRY VALUE CHAIN MASTER PLAN

Emperors Palace
6-8 June 2023



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PRESENTATION OUTLINE

- 1. EXECUTIVE SUMMARY**
- 2. STATUS OF THE DOMESTIC INDUSTRY**
- 3. POULTRY VALUE CHAIN MASTERPLAN**
- 4. CONCLUSION**

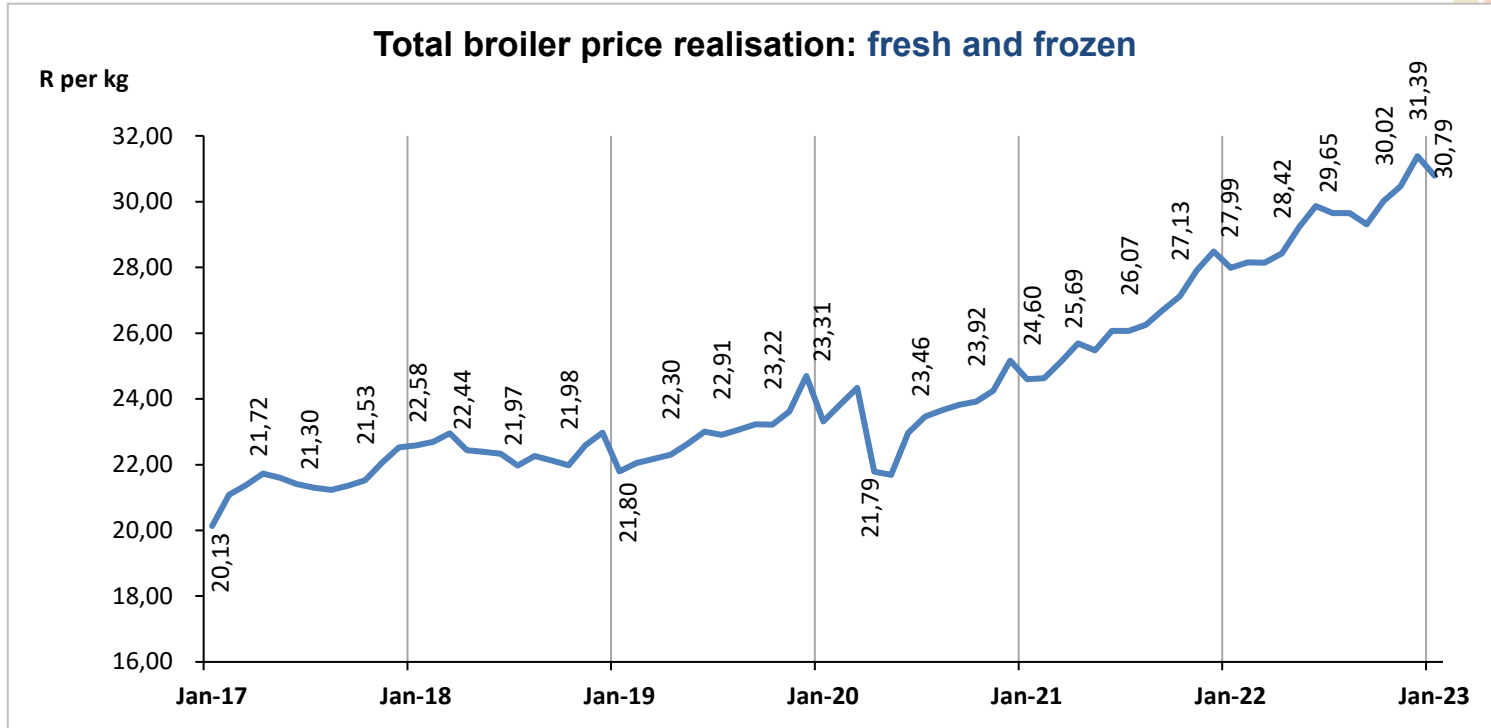
1. Executive Summary

- The South African poultry industry has a key role to play in feeding the nation, growing employment, creating farming opportunities (especially for emerging farmers), and growing high-value exports
- The industry is efficient in growing the broiler and bringing it to market but has battled to compete with imports in recent years
- South Africa's chicken industry has been beset by numerous challenges in recent years, including the cost of feed, barriers to exports as well as rising imports, mainly of bone-in chicken portions, from Brazil, the European Union, and the United States.
- The continued rise of emerging farmers means that South Africa has already a globally competitive poultry industry and can trade more of its products on the international stage.
- The target markets are the Middle East and the European Union for exports of cooked broiler breast meat

2. Snapshot of the industry

- Poultry sub-sector key component of the broader agro-processing sector with labour intensity across the value chain.
- Direct Employment: 48,000. Indirect: 63,000
- The industry is competitive but there are limited domestic capabilities in mechanically deboned meat (MDM) in SA
- A number of countries are currently experiencing Highly Pathogenic Avian Influenza outbreaks
- High cost of inputs (maize and soya) exacerbated by the impact of the drought in the growing season
- Imports result from an increase mainly of 'bone-in quarters' which the industry argues is a 'waste product' in European process and market structure.
- There are high levels of concentration in the industry with several anti-competitive fines and investigations in recent years.
- Impact of load shedding

2.Poultry prices Jan 2017 – Jan 2023



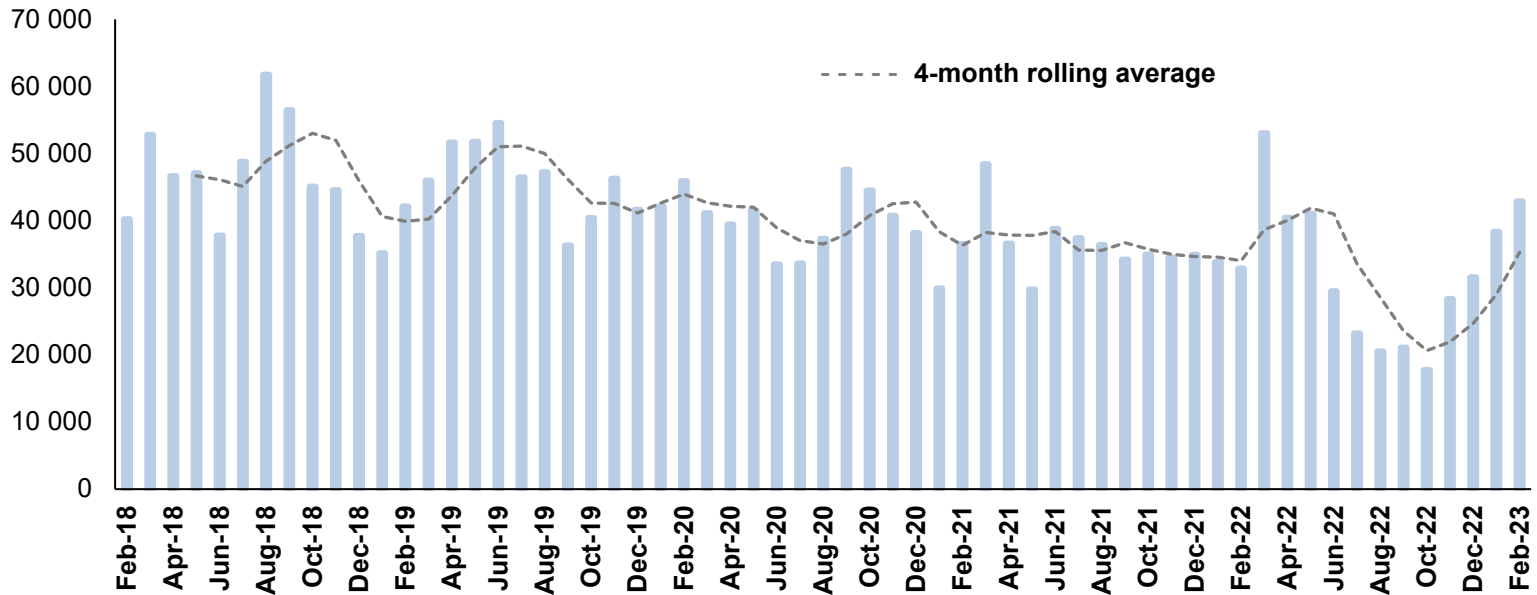
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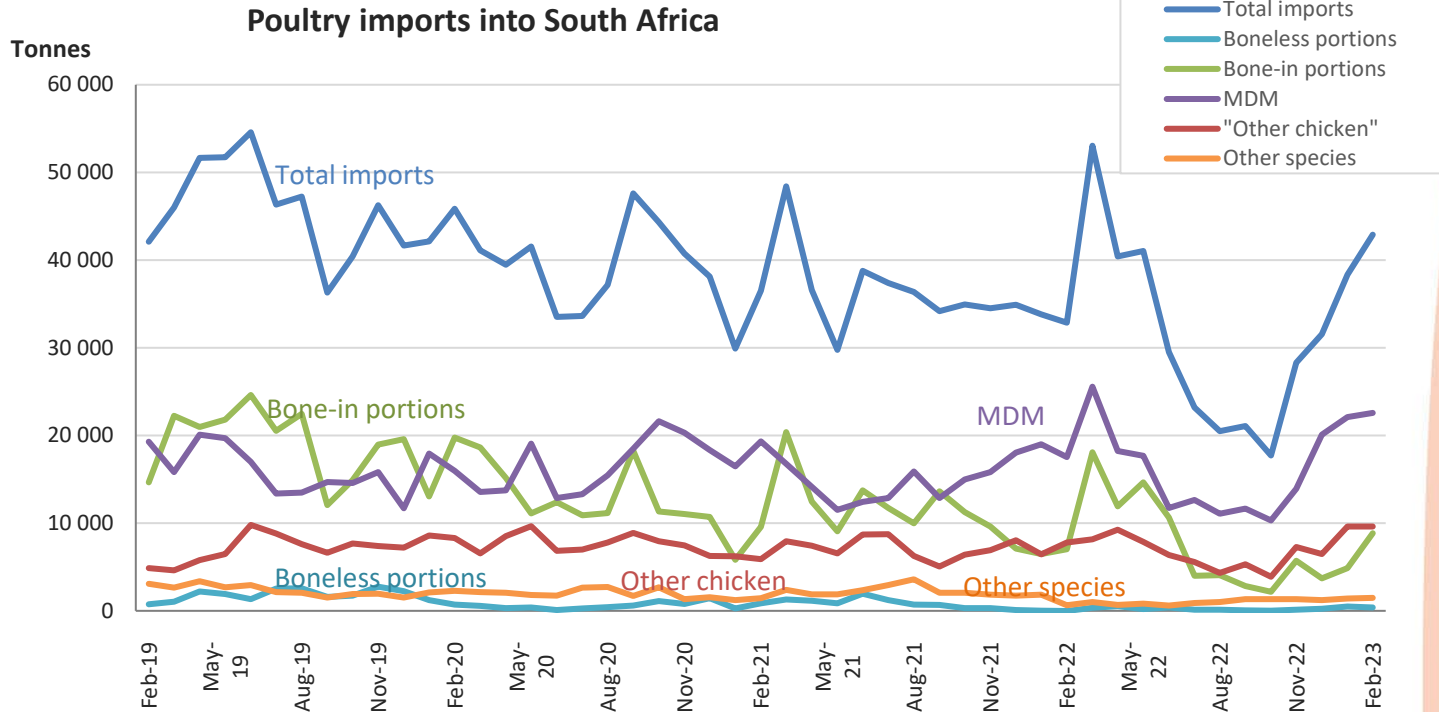
Total monthly poultry imports

Tonnes

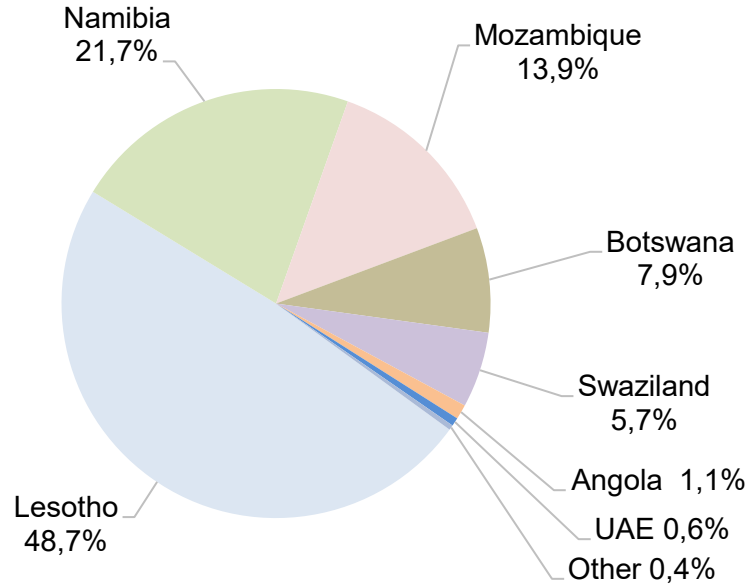


- In February 2023, imports increased on a monthly basis to 42 886 tons; 4 548 tons more than in January 2023 (+ 11.9 %)
- In February 2023, poultry imports consisted of 41 394 tons of chicken meat/product (96.5 %), 1 492 tons of turkey meat/product (3.5 %); and zero tons of meat from ducks, geese and guinea fowl.

2.Poultry imports Feb 2019- Feb 2023



Destination of South African broiler exports (February 2023)



- Majority of poultry exports go to Lesotho (48.7%), Namibia (21.7%), and Mozambique (13.9%)
- In February 2023 a total of 3 295 tons were exported.
- Fresh chicken cuts and offals made 23.6% of total exports, followed by mechanically deboned meat 22.1%, Frozen bone-in portion 18.7%, Frozen chicken offal 17.2% and whole frozen chicken 7.1%.
- Boneless portions, value-added chicken, frozen chicken carcasses and whole fresh chicken accounted for 3.9 %, 4.0 %, 1.7 % and 1.3 % of exports.

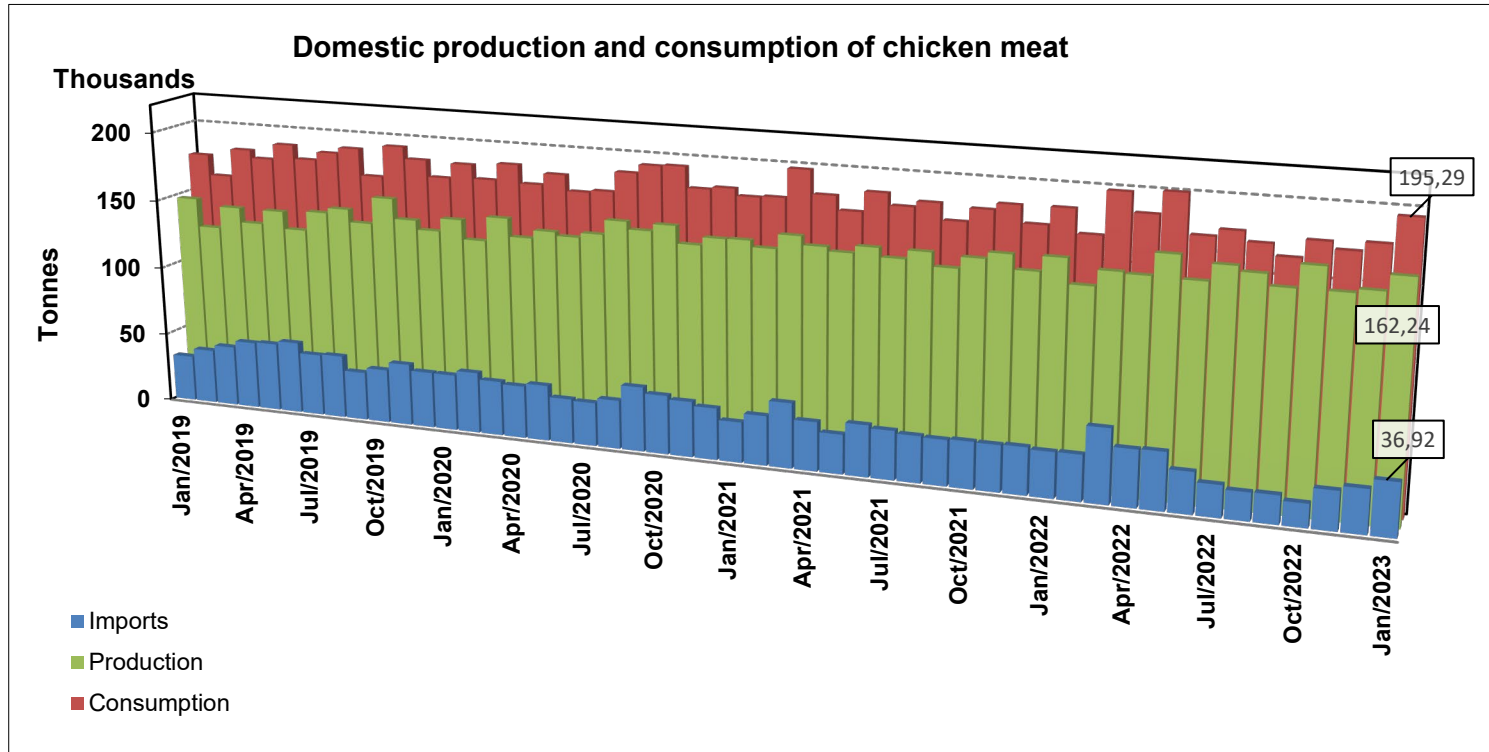


3.Poultry Value Chain Master Plan

- A phased approach was adopted in the planning and implementation of the Master Plan to enable agility and effective responsiveness throughout the Master Plan implementation period. The first Phase ended on 31 March 2023
- The Poultry Master Plan has five pillars in Phase 1, with commitments from stakeholders to curb the influx of imports in the poultry Industry and upscale production:

Action Commitments	Focus Area
Pillar 1	Expanding and improving local production
Pillar 2	Driving domestic demand
Pillar 3	Driving exports
Pillar 4	Enhancing regulatory framework and ensuring compliance
Pillar 5	Trade measures to support the local industry

- R1.5bn investment commitment noted in the Master Plan has been 100% completed adding 5% production capacity.
- Production have peaked since the inception of the Master Plan in 2019.



3.PMP - Key Achievements

- **Localization:** The target for 3 years was to increase the production of broilers by 1.7 million birds per week which was exceeded to 2.8m birds per week. The feed target for year 3 was an increase of 300 000 tons of feed. SAPA/AFMA reported Broiler Feed increased by 380 564 tons (14%) from 2 674 204 tons in 2019 to 3 054 768 tons in 2022. Maize increased by 315 000 tons (2%) from 15 300 000 tons in 2019/2020 to 15 615 000 tons in 2022/2023. Soya increased by 1 406 180 tons (113%) from 1 245 500 tons in 2019/2020 to 2 651 680 tons in 2022/2023.
- **Skills Plan:** The Skills Strategic plan was developed and finalized in which 1000 farmers trained in biosecurity risk including for HPAI in 2021 by SAPA. DALRRD trained 304 farmers on the principles of incubation and hatching of eggs; Bio-security; Financial Record keeping; Agro-processing; General farm management; Poultry feed management; Record keeping and market access.
- **Investment** - Since 2020, investment of R1.8 billion done, 1888 new jobs created. From 2019 to 2022 the industry-financed their contract farmers to R466-million to cover the cash flow for emerging black contract farmers. From 2021/22 to 2022/2023 financial year DALRRD supported 99 farms through CASP & ilima-Letsema programmes on borehole, production inputs, equipment, construction of chicken structures, etc. to the value of R40million.

3.PMP- Key Achievements

- **Investment** – DALRRD/IDC established R1bn Agri-Industry Fund to support new expansions in poultry farming and processing. To date 10 applications approved at the value of R525 million and estimated to create 223 new jobs (9 contract growers and 1 black owned hatchery).
- **Packaging and traceability of imports** - Packaging and traceability regulation review completed. Updated regulation came into effect on the 1st of September 2021 only 1 country of origin allowed on the packaging containing chicken in retail.

4. Conclusion

The areas of focus for the next 2 years include the following:

1. Build a collaborative effort between the producers, retailers, and the private sector to raise aggregate demand for domestic producers and export promotion efforts in traditional and new markets.
2. Concurrently build and deepen production capabilities with support for investment in capital equipment, new production systems, and human resources to build efficiencies and competitiveness along the entire value chain.
3. Opening export market opportunities
4. Focus on industry Transformation

“Action without vision is only passing time, vision without action is merely day dreaming, but vision with action can change the world.”







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