



SOUTH AFRICAN POULTRY ASSOCIATION

Founded 1904

20 January 2025

MEDIA STATEMENT

STATE OF THE SA POULTRY INDUSTRY

The South African Poultry Association (SAPA) is optimistic about 2025, although the industry continues to grapple with significant challenges and uncertainties, with highly pathogenic avian influenza (HPAI) remaining the most pressing concern.

The domestic poultry industry is a R65-billion strategic national asset – the second largest agricultural sector, while being the largest employer, employing almost 58,000 South Africans across the value chain. The industry has made significant investments to increase its slaughter capacity from 19.5 million birds per week, to 22.5 million birds per week, although it's currently only slaughtering 21.5 million each week. The idle capacity is due to certain farms still recovering from the 2023 HPAI outbreaks, many farmers not willing to overextend themselves in case of inevitable future outbreaks, and imports.

As the year unfolds, key issues such as the rollout of vaccination programmes, compensation for culling, fluctuating trade dynamics, and rising feed costs driven by a stronger dollar/weaker rand dominate the agenda.

Avian Influenza Vaccination

Efforts to implement widespread vaccination against avian influenza and prevent a future influenza disaster have stalled. To date, no farm has been able to adhere to the stringent biosecurity protocols required for vaccination approval, creating a dilemma for the industry. Without vaccination, the sector remains vulnerable to the devastating effects of renewed outbreaks of HPAI. With the risk indicator in red, influenza is affecting most of the European countries and most of the states in the United States of America at present.

Two HPAI strains were involved in the 2023 bird flu outbreaks – the worst in South Africa's history. They were H5N1, which has affected countries worldwide, and H7N6, a strain unique to South Africa. Currently, three H5 vaccines have been approved for import, but the mandated testing protocols mean that H7 vaccines are still months away from approval. Weekly negotiations with the government continue, but a practical and implementable solution remains elusive. The industry continues to urge Minister Steenhuisen to intervene, compensate farmers for culled chickens, and facilitate vaccination—a vital step to safeguard the future of poultry production, South Africa's preferred protein.

With Europe's avian flu season starting early and spreading aggressively, and three more US States being shut down in the last month due to the virus, South Africa must prioritise vaccination to mitigate similar outbreaks, as the standard biosecurity protocols – stringent as these may be – are not sufficient to curb an outbreak.

Imports

The poultry import landscape has shifted. While total chicken imports rose from 2023 to 2024, imports of bone-in cuts declined. The increase was driven by mechanically deboned meat (MDM) and offal, which face no tariffs. Argentina, exempt from anti-dumping measures, is the latest country to flood the South African market with cheap chicken, putting local producers under pressure.

With Europe battling widespread HPAI outbreaks, imports from affected regions, including the United Kingdom (UK) and Hungary, have decreased. However, tariff-free imports from unaffected regions persist, impacting local pricing and production.

Exports

Progress has been made in opening export markets; Residue monitoring programmes have been submitted, and inspections by the UK and Saudi Arabia are anticipated in the coming months. These inspections are crucial steps toward gaining access to the UK, the European Union (EU) and Saudi Arabian markets, with cooked chicken products, such as breast meat, leading the charge. Exports of uncooked chicken to these markets are not anticipated at this stage.

Input (Feed) Prices

The price of maize and soybeans – essential feed components – remains a concern. 2024 saw improved operational efficiencies due to lower feed costs and reduced load-shedding. However, challenges like deteriorating infrastructure and rising energy costs continue to strain producers. While the average producer price for broiler chickens increased in 2024, offering some relief, producers remain cautious. With no vaccination protocols or compensation for culling, many farmers are hesitant to expand production, focusing instead on recovering from 2023's difficulties.

A Case for VAT-Free chicken

South African consumers remain under significant financial strain, with retail price increases affecting food purchases. To address this, the SAPA, in collaboration with the importers association AMIE and industry stakeholders, has requested VAT exemptions for frozen chicken cuts and offal. Such measures would provide much-needed relief to lower-income households while supporting local producers in an effort to supply cost effective chicken products.

Despite these challenges, the industry is resilient and committed to navigating the complexities of the year ahead.

ENDS