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Report Highlights:

South Africa has about 13.75 million head of cattle, with a slaughter of about 2.75 million producing about 600,000 tons of beef annually. Since the demise of the controlled marketing system and the advent of the free market system, data collection has suffered and estimates are commonly used. Imports of live animal and beef are mainly from regional sources with the low domestic prices and poor exchange rate limiting trade.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Pretoria [SF1], SF

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Executive Summary

South Africa has about 13.7 million head of cattle, with an annual slaughter of about 2.75 million, producing about 600,000 tons of beef. In addition to live imports of about 100 -150,000 annually from Namibia, beef is also imported duty free from Namibia (10-17,000 tons) and Botswana (2-3,000 tons). Mainly deboned beef imported from the EU makes up the bulk of the rest of the imports. The market for U.S. exporters is limited by the poor exchange rate of the S.A. Rand and the low level of domestic prices. The industry seems to be in a herd building phase but data are unfortunately scarce and not very reliable. As a result it is difficult to define trends.

U.S. Dollar 1 = Rand 6.92
(07/31/2000)

Cattle

| | | | | | | |
|-----------------------------|----------|---------|-------|---------|-----|---------|
| PSD Table | | | | | | |
| Country: | | | | | | |
| Commodity: | Cattle # | | | | | |
| | | 1999 | | 2000 | | 2001 |
| | Old | New | Old | New | Old | New |
| Calendar Year Begin | | 01/1999 | | 01/2000 | | 01/2001 |
| Total Cattle Beg. Stks | 13772 | 13772 | 13800 | 13580 | 0 | 13700 |
| Dairy Cows Beg. Stocks | 1705 | 1705 | 1705 | 1688 | 0 | 1700 |
| Beef Cows Beg. Stocks | 7585 | 7585 | 7595 | 7841 | 0 | 7700 |
| Production (Calf Crop) | 3716 | 3716 | 3720 | 3810 | 0 | 3760 |
| Intra EC Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Imports | 112 | 144 | 100 | 140 | 0 | 150 |
| TOTAL Imports | 112 | 144 | 100 | 140 | 0 | 150 |
| TOTAL SUPPLY | 17600 | 17632 | 17620 | 17530 | 0 | 17610 |
| Intra EC Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Cow Slaughter | 1110 | 1100 | 1140 | 1125 | 0 | 1150 |
| Calf Slaughter | 40 | 40 | 45 | 45 | 0 | 42 |
| Other Slaughter | 1450 | 1626 | 1465 | 1580 | 0 | 1598 |
| Total Slaughter | 2600 | 2766 | 2650 | 2750 | 0 | 2790 |
| Loss | 1200 | 1286 | 1145 | 1080 | 0 | 1080 |
| Ending Inventories | 13800 | 13580 | 13825 | 13700 | 0 | 13740 |
| TOTAL DISTRIBUTION | 17600 | 17632 | 17620 | 17530 | 0 | 17610 |
| Calendar Yr. Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Calendar Yr. Exp. to U.S. | 0 | 0 | 0 | 0 | 0 | 0 |

Source: SAMIC/ Minag.

Production

The cattle number estimates are based on the August estimate of the previous year which is at the end of winter and before the new season's calves arrives. This estimate, done by the Department of Agriculture, also includes the composition of the herd. The latest three estimates were as follows:

| | August 1997 = 1998 | August 1998 = 1999 | August 1999 = 2000 |
|-------|--------------------|--------------------|--------------------|
| Bulls | 282,619 | 293,218 | 316,186 |

| | | | |
|--------------------------|-------------------|-------------------|-------------------|
| Cows > 2 years, dairy | 1,245,886 | 1,254,626 | 1,186,770 |
| Other | 5,445,679 | 5,766,408 | 5,931,819 |
| Heifers 1-2 years, dairy | 483,610 | 448,858 | 501,066 |
| Other | 1,842,787 | 1,818,361 | 1,909,062 |
| Calves | 2,450,142 | 2,511,380 | 2,445,244 |
| Young Oxen | 1,415,704 | 1,162,466 | 996,805 |
| Oxen | 500,094 | 517,120 | 293,366 |
| TOTAL: | 13,666,515 | 13,772,408 | 13,579,761 |

Source: Minag

It is clear from the table that total animal numbers did not change much over the three years. There was, however, a marked shift in the herd composition. The most dramatic shift was in mature ox numbers which declined by more than 40% between 1999 and 2000. This may be due to increased feedlot activity and thus slaughter at a younger age. This trend would be in line with the developing agricultural sector becoming more market oriented and marketing cattle earlier. The movement is excessive and is more likely a correction to earlier estimates or a miscalculation as such a major change will not develop over the short term. The Department of Agriculture did not offer an explanation but the doubt is increased by the fact that the young oxen figure also decreased by about 14% between 1999 and 2000.

Weather conditions were favorable over the past two years which led to increased slaughter. The domestic livestock industry faces a series of problems, including a major theft problem. Unrestricted imports of cheap red meat and poultry, coupled with a high incidence of duty avoidance, eroded market share and producer prices.

The growth in game farming, with as much as 65 million hectares outside the national parks now used for this purpose, is affecting the amount of land available for livestock. Game farming, with its better utilization of the natural vegetation, coupled with lower theft problems and the potential for income from both tourism and meat production, appears to be more profitable land use in the extensive livestock farming areas.

Consumption

Since the demise of the Meat Board and the controlled marketing system in 1996 data collection has collapsed. The collapse was aggravated by the 14% value added tax on livestock and meat which led to a flight from the major slaughterhouses to the more informal or smaller abattoirs where tax collection is harder to monitor. As a result recorded commercial slaughter of 1.567 million in 1997 was the lowest in years and compared badly with the 2.4 million slaughtered annually in the early nineties. While the annual commercial slaughter in 1999 of 1.908 million was 9% more than the 1.750 million slaughtered in 1998, producer prices increased by 2.5% which indicates a healthy demand for beef. Total slaughter, including non commercial slaughter, amounted to about 2.77 million in 1999 taking the shift to the less formal sector into account, while calculated losses were also high. Total slaughter in 2000 is estimated at 2.75 million and 2.79 million in 2001.

The following table contains average carcass prices realized at auction at the abattoirs

| Prices Table | | | | | |
|----------------------|------------|-----------|----------|--|--|
| Country: | | | | | |
| Commodity: | | | | | |
| Year: | 2000 | | | | |
| | | | | | |
| Prices in (currency) | S.A. Cents | per (uom) | Kilogram | | |
| | | | | | |
| Year | 1999 | 2000 | % Change | | |
| Jan | 834.8 | 878 | 5.2% | | |
| Feb | 822.2 | 849.1 | 3.3% | | |
| Mar | 771.5 | 854.9 | 10.8% | | |
| Apr | 791 | 861 | 8.8% | | |
| May | 771.1 | 848.2 | 10.0% | | |
| Jun | 787.5 | | -100.0% | | |
| Jul | 794.7 | | -100.0% | | |
| Aug | 807.3 | | -100.0% | | |
| Sep | 816.5 | | -100.0% | | |
| Oct | 839.3 | | -100.0% | | |
| Nov | 831.7 | | -100.0% | | |
| Dec | 834.6 | | -100.0% | | |

Source: SAMIC

Trade

South Africa imported 144,245 head of live cattle from Namibia in 1999 after 147,481 head were imported in 1998. Current and 2001 imports are expected to be around 140 - 150,000. These imports, from a member of the Southern African Customs Union, are duty free.

Marketing

Some live animals are still being marketed through the major abattoirs but the big feedlots have all built or bought abattoirs and are marketing their animals directly to the major buyers. More than 70 % of annual commercial slaughter animals originate from feedlots. We are unfortunately not yet able to look at hide and skin figures as nobody is trying to compile the data at this stage. The leather industry, and especially the automotive leather industry, is very competitive and not yet ready to divulge data.

The final draft of the Animal Identification Bill was prepared earlier this year and should be presented to parliament soon. The Bill provides for a system for the compulsory registration of brands in order to assist in the identification of animals. Identification is an important instrument in the prevention of stock theft. The

branding of animals and consequent damage to the hide is again of concern to the tanning industry but the Bill is expected to be passed.

Meat, Beef and Veal

| | | | | | | |
|-----------|---------------------------|--|--|--|-----------------------------|--|
| PSD Table | | | | | | |
| Country: | South Africa, Republic of | | | | <-Conversion factor for CWE | |

| Commodity: | Beef & veal | | | | | |
|-----------------------------|-------------|---------|------|---------|-----|---------|
| | | 1999 | | 2000 | | 2001 |
| | Old | New | Old | New | Old | New |
| Calendar Year Begin | | 01/1999 | | 01/2000 | | 01/2001 |
| Slaughter (Reference) | 2600 | 2766 | 2650 | 2750 | 0 | 2790 |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Production | 676 | 584 | 0 | 583 | 0 | 590 |
| Intra EC Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Imports | 58 | 26 | 0 | 32 | 0 | 30 |
| TOTAL Imports | 58 | 26 | 0 | 32 | 0 | 30 |
| TOTAL SUPPLY | 734 | 610 | 0 | 615 | 0 | 620 |
| Intra EC Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Exports | 3 | 5 | 0 | 7 | 0 | 10 |
| TOTAL Exports | 3 | 5 | 0 | 7 | 0 | 10 |
| Human Dom. Consumption | 731 | 605 | 0 | 608 | 0 | 610 |
| Other Use, Losses | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Dom. Consumption | 731 | 605 | 0 | 608 | 0 | 610 |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL DISTRIBUTION | 734 | 610 | 0 | 615 | 0 | 620 |
| Calendar Yr. Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Calendar Yr. Exp. to U.S. | 0 | 0 | 0 | 0 | 0 | 0 |

Production

At this stage only rough estimates of meat production can be made as the South African Meat Industry Company, (SAMIC) battle to establish a data base comparable to the statistics prepared by the now defunct Meat Board. The average carcass weight in 1998 was 212.6 kg. and 211.5 kg. in 1999. Carcass weights in 2000 are expected to increase again as feed is currently very cheap due to a corn surplus.

Consumption

Consumption is based on the production figures plus imports, minus exports and is again only a rough estimate at this stage. The data is, however, comparable to the figures calculated by the national department of agriculture and still shows a slow growth.

The following table contains details of national average retail cut prices (Carcass basis) for comparative purposes: S.A. Rand/kg.

| Month/year | Beef | Mutton and lamb | Pork | Whole chicken |
|---------------|-------|-----------------|-------|---------------|
| 1999, January | 19.42 | 25.90 | 16.19 | 12.25 |

| | | | | |
|--------------|-------|-------|-------|-------|
| February | 19.57 | 26.12 | 15.98 | 12.10 |
| March | 19.59 | 25.46 | 15.77 | 12.09 |
| April | 19.56 | 25.39 | 15.58 | 11.57 |
| May | 19.62 | 25.45 | 15.11 | 11.89 |
| June | 19.41 | 25.42 | 14.76 | 11.61 |
| July | 19.56 | 25.39 | 14.56 | 11.43 |
| August | 19.51 | 25.46 | 14.53 | 11.44 |
| September | 19.60 | 25.64 | 14.62 | 11.40 |
| October | 19.59 | 25.71 | 14.72 | 10.46 |
| November | 20.00 | 25.98 | 15.27 | 10.98 |
| December | 20.42 | 26.20 | 15.80 | 11.47 |
| Year 1999 | 19.66 | 25.68 | 15.24 | 11.56 |
| 2000 January | 21.08 | 27.00 | 16.56 | 11.56 |
| February | 21.16 | 26.96 | 16.63 | 11.02 |
| March | 20.97 | 22.20 | 16.54 | 11.95 |
| April | 20.93 | 26.95 | 16.60 | 12.20 |

Trade:

The red meat trade picture is clouded by South Africa's membership in the Southern African Customs Union which means that trade between the members is not necessarily recorded. In addition to the live animals imported from Namibia, beef is also imported from Namibia and Botswana.. Botswana supplies high quality cuts to the South African market, mainly as fresh meat. Namibia supplies carcasses and cuts, mainly fresh but also frozen. Annual quantities are negotiated between the governments involved. In addition, mainly frozen boneless cuts are imported for processing. The main supplier is the EU and supplies mainly originate from the Common Agricultural Policy intervention stocks. Australia is another supplier.

Exports are limited and mainly goes to neighboring states. The data in the trade matrix are based on actual product weight.

| | | | | |
|---------------------|--|------|-------------------|------------|
| Import Trade Matrix | | Meat | | |
| Country: | | | Units: | Metric ton |
| Commodity: | | | Partial Begin: | Jan |

| | | | Partial End: | |
|-------------------|-------|-----------|--------------|---------|
| IMPORTS | 1998 | | 1999 | 2000 |
| | Full | | Full | Partial |
| U.S. | 0 | 0 | | |
| Others | | | | |
| Namibia | 17024 | Namibia | 10004 | |
| Ireland | 7288 | Ireland | 8534 | |
| Australia | 5093 | Botswana | 2052 | |
| Botswana | 2976 | Belgium | 1592 | |
| Belgium | 1941 | Australia | 1396 | |
| | | Zimbabwe | 1010 | |
| | | Uruguay | 922 | |
| | | Argentina | 293 | |
| | | | | |
| | | | | |
| Total for Others | 34322 | 0 | 25803 | 0 |
| Others not listed | 2166 | | 496 | |
| Grand Total | 36488 | 0 | 26299 | 0 |

Source; Customs and Excise/SAMIC

The general rate of import duty on beef is 40% ad valorem with the imports from the SADC (Southern African Development Community) paying 32% and imports from the Southern African Customs Union (mainly Namibia and Botswana), duty free. SAMIC has, however, applied for a fixed tariff by cut as the ad valorem system is being abused. The Board of Tariffs and Trade is investigating the situation.

Feed Matrix

| | | | | |
|-------------|--|--|--|--|
| FEED DEMAND | | | | |
|-------------|--|--|--|--|

| STRATEGIC INDICATOR TABLE FOR SOUTH AFRICA | | | | |
|--|-------|-----------|--------------|-------------------|
| | | | | |
| | | | | |
| MEAT PRODUCTION | | | | |
| | | Last Year | Current Year | Out Year Forecast |
| Calendar Year: | 1998 | 1999 | 2000 | 2001 |
| Poultry | | | | |
| Poultry meat '000 metric tons | 1,015 | 1,118 | 1,150 | 1225 |
| Eggs: | 368 | 391 | 415 | 440 |
| Pork: | 125 | 123 | 121 | 125 |
| | | | | |
| | | | | |
| COMPOUND FEED SECTOR | | | | |
| | | Last Year | Current Year | Out Year Forecast |
| Calendar Year: | 1998 | 1999 | 2000 | 2001 |
| Compound feed capacity '000 metric ton | 8,000 | 7,700 | 7,500 | 7500 |
| Total compound feed produced | 7,125 | 7,197 | 7,300 | 7400 |
| ----- by integrated producers | 4,289 | 4,332 | 4,400 | 4450 |
| ----- by commercial producers | | | | |
| | | | | |
| | | | | |
| FEED GRAIN USE | | | | |
| | | Last Year | Current Year | Out Year Forecast |
| Marketing year '000 metric ton | 1998 | 1999 | 2000 | 2001 |
| Corn (Domestic consumption: feed) | 3,670 | 3,535 | 3,650 | 3670 |
| Sorghum | 50 | 20 | 25 | 25 |
| Wheat | 46 | 52 | 50 | 50 |
| Milling by-products; Wheaten bran | 420 | 427 | 430 | 425 |
| Corn by-products | 469 | 447 | 455 | 465 |
| PROTEIN - ENERGY USAGE | | | | |
| | | Last Year | Current Year | Out Year Forecast |
| Marketing year; '000 metric ton | 1998 | 1999 | 2000 | 2001 |
| Total Protein Meal (feed waste domestic consumption) | 1,080 | 1,125 | 1,150 | 1175 |

| | | | | |
|--|-------------------|------------|--------------|-------------------|
| Soy Bean Meal (feed waste domestic consumption) | 399 | 480 | 550 | 585 |
| Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption) | 495 | 460 | 420 | 415 |
| Fish Meal | 96 | 95 | 90 | 85 |
| Palm Crude Oil (feed waste domestic consumption) | na | na | na | na |
| Full fat soya | 90 | 90 | 90 | 90 |
| | | | | |
| TRADE (Metric Tonnes) | | | | |
| | | Last Year | Current Year | Out Year Forecast |
| Calendar Year: | 1998 | 1999 | 2000 | 2001 |
| Corn | | | | |
| Imports: | 128,583 | 378,302 | 200,000 | 220,000 |
| Exports: | 897,635 | 482,825 | 600,000 | 500,000 |
| Soy Beans | | | | |
| Imports: | 16,931 | 18,132 | 25,000 | 30,000 |
| Exports: | 31,110 | 2,064 | 2,000 | 2,000 |
| Soy Bean Meal | | | | |
| Imports: | 379,574 | 355,143 | 486,000 | 525,000 |
| Exports: | 829 | 663 | 1,000 | 1,000 |
| Fish Meal | | | | |
| Imports: | 30,614 | 36,918 | 34,000 | 35,000 |
| Exports: | 6,796 | 3,623 | 5,000 | 5,000 |
| Palm Crude Oil | | | | |
| Imports: | 127,357 | 146,649 | 140,000 | 150,000 |
| Exports: | 15,454 | 1,409 | 15,000 | 17,000 |
| | | | | |
| | | | | |
| PROTEIN PRODUCTS TARIFFS AND TAXES | | Bound Rate | Applied Rate | Other |
| | Product | (%) | (%) | Import |
| Report Year: | Description 1/ | | | Taxes/Fees |
| 0505.90 | FEATHER MEAL | 0 | Free | 0 |
| 1501.00.00.60 | YELLOW GREASE | 0 | Free | 0 |
| 1502.00.00.40 | INEDIBLE TALLOW | 0 | Free | 0 |

| | | | | | |
|---------|---------|--------------------------|-----|--------------|---|
| | 1511 | PALM OIL | 82% | 12.5 c/kg | 0 |
| | 1518 | Animal& Veg.Fts oils | 38% | 10% | 0 |
| 2301.10 | | MEAT AND BONE MEAL | 0 | Free | 0 |
| | 2301.20 | FISH MEAL | 0 | Free | 0 |