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Poultry and Products

Annual

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Report Highlights:

In July, the South African Government imposed provisional anti-dumping payments on imports of U.S. rear-quarter, bone-in chicken cuts, effectively cutting off most U.S. poultry exports to the country. A final determination of the duty levels will be made following a review of comments from interested parties. Annual poultry production in South Africa probably exceeds 1.1 million tons and is still growing. With imports of about 100,000 tons, domestic consumption reached about 1.2 million tons in 1999. Broiler production is much smaller, reflecting the large informal sector output in the local economy.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

While estimates of South Africa's poultry meat production vary, the general consensus is that production and consumption are still increasing. Imports declined from 103,000 tons in 1997 to 86,000 tons in 1998 but bounced back to 98,000 tons in 1999. This would still put imports at less than 10% of consumption. On a weight basis, the U.S. supplied about 33% of 1999 imports. On July 5, 2000, the South African Government published a notice of provisional anti-dumping duties on imports of U.S. chicken meat, effective immediately through 27 December 2000. The categories affected are tariff numbers 0207.14 and 1602.32, (frozen, prepared or preserved chicken meat, cut in pieces with bone-in). The provisional duties are producer-specific and vary from R2.24 to R7.25 per kilo. The anti-dumping charge was imposed on top of the current import duty of R2.20 per kilo. The BTT will make a final decision on duty levels following a review of comments from interested parties.

Dollar 1 = Rand 6.95 (08/15/2000)

Total Poultry Meat

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Poultry, Meat, Total					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1118	1121	1150	1150	0	1175
Whole, Imports	2	11	5	10	0	10
Parts, Imports	80	87	75	77	0	72
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	82	98	80	87	0	82
TOTAL SUPPLY	1200	1219	1230	1237	0	1257
Whole, Exports	5	2	5	5	0	5
Parts, Exports	10	12	15	10	0	10
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	15	14	20	15	0	15
Human Consumption	1170	1190	1190	1207	0	1227
Other Use, Losses	15	15	20	15	0	15
Total Dom. Consumption	1185	1205	1210	1222	0	1242
TOTAL Use	1200	1219	1230	1237	0	1257
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1200	1219	1230	1237	0	1257
Calendar Yr. Imp. from U.S.	45	33	50	25	0	25

Production

South Africa's poultry meat production exceeded the one million ton mark for the first time in 1998 and seems to keep growing. According to the Department of Agriculture total poultry meat production amounted to about 1.121 million tons in 1999, a small increase on the initial estimate of 1.118 million tons. Broiler production contributes about 82% to total poultry meat production with the rest made up by mature chicken slaughter (culls), small scale and backyard poultry production, ducks, geese and turkeys and other specialized white meat

products. The South African Poultry Association (SAPA) estimates 1999 broiler slaughter at about 533 million producing between 719,000 and 778,000 tons of meat depending on the definition, eg. broiler meat only or with giblets. In the formal sector there are also about 5.26 million broiler breeding stock at any one time, 17.4 million layers and 63,000 layer breeders. The culls also reach the market while there are many smaller scale producers in the informal sector. Actual total poultry meat production could thus be somewhere between 810,000 tons in the formal sector and the Dept. of Agriculture's estimate of 1.12 million tons.

Consumption

Consumption currently exceeds 1.2 million tons per annum as shown in the PS&D. Historical per capita consumption figures highlight the shift towards poultry meat consumption, which first surpassed beef consumption between 1990 and 1995 and surpassed all other meat consumption during the last five years. The following table contains the details and a forecast for the next fifteen years based on a low economic growth scenario :

PER CAPITA MEAT CONSUMPTION, Kg. per annum

5 years	Beef	Poultry	Pork	Mutton/ Lamb	TOTAL
1985-1990	17.82	15.98	3.10	5.26	42.16
1990-1995	17.00	17.25	3.22	4.62	42.09
1995-2000	10.40	17.97	2.72	2.90	33.99
2005-2010	12.98	21.95	3.19	3.48	41.50
2010-2015	14.49	24.25	3.46	3.81	45.86

The expected per capita consumption has been adjusted to reflect lower population growth due to the devastating toll of HIV/AIDS in South Africa.

Trade

Poultry imports have long been a bone of contention for local producers, who claim that imports have affected domestic price levels and producer profitability. The rear quarter broiler cuts, mainly originating from the U.S., have been singled out by the domestic industry and are currently the subject of an anti-dumping action by the Board on Tariffs and Trade (more details in the broiler section). The following table contains trade details over the past two years:

SOUTH AFRICA, POULTRY MEAT IMPORTS:

	1999		1998	
Tariff #, Description	Metric tons	Dollar Million	Metric tons	Dollar Million
CHICKEN MEAT				
02.07.12 Frozen Whole birds	10,046	3.55	2,230	0.92
02.07.14.05(MDM) Boneless, excluding cuts	24,566	6.83	21,645	9.33
02.07.14.10 Cuts, boneless (white)	10,117	10.60	8,288	9.61
02.07.14.20 Offal	2,956	0.80	3,735	1.13
02.07.14.90 Other bone in cuts, dark	31,932	11.72	33,797	17.03
TOTAL CHICKEN	79,617	33.50	69,695	38.02
TURKEY MEAT				
02.07.50 Whole	1,242	1.43	809	1.22
02.07.27 Cuts etc.	16,940	6.40	15,221	9.94
16.02.31'processed'	90	0.19	52	0.20
TOTAL TURKEY	18,272	8.02	16,082	11.36
TOTAL POULTRY	97,889	253.67	85,779	273.12

Historical import data were supplied in the previous annual report SF 9024 dated 08/18/1999. Total imports increased again to nearly 98,000 tons, up from 85,800 tons in 1998 but down from 103,000 tons in 1997. The significant trends in the table above include the increase in whole chicken imports. This category usually varied between 2 - 3,000 tons but jumped to more than 10,000 tons in 1999, probably to make up for the fall in imports of bone-in dark meat cuts which declined from nearly 55,000 tons in 1997 to less than 32,000 tons in 1999. Imports of Category 02.07.14.05 which includes boneless chicken, excluding cuts, and thus mainly mechanically deboned product, continues to increase at a steady rate; but as it is mainly used in further processed products it does not really affect the meat market. Category 02.07.14.10 which is boneless (white meat) cuts is growing fast but this product, which consists mainly of chicken breasts, is a specialized product mainly imported from China, which again does not impact the ordinary meat market. In the turkey meat table the important category is cuts and offal, which is mainly MDM again.

Unfortunately data by country of origin by product for 1999 have not yet been released but the Trade Matrix does give an indication of the total trade pattern. The growth in supplies from Brazil, France, Belgium and

Canada manifested itself in the last quarter of 1999 with an increase of whole bird imports, including mature birds and culls.

Import Trade Matrix			
Country:	South Africa	Units:	Metric tons
Commodity:	Poultry meat		
Time period:	Jan-Dec		
Imports for	1998		1999
U.S.	39567	U.S.	32511
Others		Others	
United kingdom	13108	United Kingdom	13205
China	7959	Brazil	13078
Brazil	6232	Canada	12495
Australia	5658	China	9822
Canada	4058	Belgium	6703
France	3197	Australia	5030
Israel	987	France	4641
Total for Others	41199		64974
Others not listed	6411		404
Grand Total	87177		97889

Broilers

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Plty, Meat, Chicken -16 wks					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	917	919	950	943	0	964
Whole, Imports	3	10	3	7	0	6
Parts, Imports	70	70	72	60	0	54
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	73	80	75	67	0	60
TOTAL SUPPLY	990	999	1025	1010	0	1024
Whole, Exports	5	2	5	2	0	3
Parts, Exports	15	12	20	13	0	12
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	20	14	25	15	0	15
Human Consumption	955	970	980	980	0	994
Other Use, Losses	15	15	20	15	0	15
Total Dom. Consumption	970	985	1000	995	0	1009
TOTAL Use	990	999	1025	1010	0	1024
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	990	999	1025	1010	0	1024
Calendar Yr. Imp. from U.S.	0	33	0	25	0	30

Production

Based on historical Department of Agriculture trends, broiler production is estimated at 919,000 tons, up 10.2% from 1998. Output is expected to continue to increase by 2-3% per annum for the short term. The South African Poultry Association (SAPA) figures differ from the official data, putting 1999 production at 533 million birds, or between 719,000 and 778,000 tons. The discrepancy reflects an unfortunate lack of coordination at a time when reliable data are important to anti-dumping arguments. SAPA bases its estimate on chick placements as well as industry input but it may not reflect the total picture. It nonetheless estimates 1999 production at 10.244 million, (1.35kg. slaughtered weight) broilers per week, compared to 10.226 in 1998. The industry also

provided an interesting table on production in SADC, the Southern African Development Community, which will begin reducing tariffs in the region beginning September 1, 2000.

	1996		1999	
Country	Broiler production Metric tons	% of South African production	Broiler production Metric tons	% of South African production
South Africa	649,350		719,129	
Zimbabwe	42,998	6.62	84,240	11.71
Botswana	9,828	1.51	28,080	3.90
Lesotho	4,212	0.65	1,760	0.24
Mozambique	30,888	4.76	35,100	4.88
Malawi	2,387	0.37	3,861	0.54
Namibia	421	0.06	2,880	0.40
Zambia	8,775	1.35	17,550	2.44
Swaziland	8,424	1.30	17,550	2.44
TOTAL	757,283		910,150	

In the same report, the local industry highlighted some problem areas, namely;

- 1) Relatively high prices of feeds,
- 2) Production at high altitudes,
- 3) High transport costs,
- 4) Free movement of (even diseased) culled birds,
- 5) Many informal flocks, and
- 6) Relatively unhindered, at zoosanitary level, imports of poultry meat from many countries.

On the bright side, the Newcastle disease problems of 1996 and 1997 seem to be under control. The industry assessment by SAPA and outside specialists came to the following favorable production efficiency conclusions:

	1996	1997	1998	1999	2000

Broiler weight kg. - live	1.71	1.77	1.71	1.75	1.80
Age - days	43.13	42.35	41.32	40.96	40.95
Mortality %	11.2	9.8	10.2	7.5	6.2
Feed Conversion Rate FCR	1.990	2.036	1.999	1.953	1.919
Yield %		78.19	78.39	78.5	79.0
Carcase weight		1.38	1.34	1.37	1.42

Trade

On November 5, 1999, the South African Board on Tariffs and Trade (BTT) formally initiated an investigation into the alleged dumping of chicken meat originating in or imported from the U.S. The products involved included frozen whole chickens, frozen bone-in chicken cuts consisting of drumsticks, leg quarters, breasts, thighs, backs and wings, and prepared or preserved frozen whole or bone-in chicken cuts. At that time the import duty on whole frozen chickens (0207.12) amounted to 27%, 5% on boneless cuts (0207.14.10) and R2.20/kg. on bone - in cuts (0207.14.90). "Processed" poultry (1602.32.90) also carried the R2.20/kg. duty while all other products, including turkey products were allowed in free of duty.

On July 5, 2000, the South African Government Gazette published a notice of provisional anti-dumping duties on imports of U.S. chicken meat, (0207.14 and 1602.32), effective immediately through 27 December 2000. The provisional duties are producer-specific; chicken meat manufactured by the U.S. company, Tyson Foods Inc., is subject to a provisional payment of R2.24 per kilo; product from the poultry producer, Gold Kist, will pay R2.45 per kilo; and shipments from all other producers will be charged R7.25 per kg. The anti-dumping charge was imposed on top of the current import duty of R2.20 per kilo. The current ad valorem equivalent duties now range from 70-150%, effectively cutting off most U.S. poultry meat exports to South Africa.

BTT published a 68 page report on its findings to justify the anti-dumping decision. Comments on the report were due on August 7 but a two week extension has been granted to the U.S. industry. BTT will base its final determination on levies following receipt of written and oral arguments from interested parties.

Turkey Meat

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Poultry, Meat, Turkey					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	2	0	3	0	3
Whole, Imports	0	1	0	2	0	2
Parts, Imports	0	17	0	18	0	20
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	18	0	20	0	22
TOTAL SUPPLY	0	20	0	23	0	25
Whole, Exports	0	0	0	0	0	0
Parts, Exports	0	0	0	0	0	0
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
Human Consumption	0	20	0	23	0	25
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	0	20	0	23	0	25
TOTAL Use	0	20	0	23	0	25
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	20	0	23	0	25
Calendar Yr. Imp. from U.S.	0	na	0	na	0	na

Domestic production is small and imports mainly based on mechanically deboned product used in further processed products.

Feed Table

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	1,121	1,150	1175
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			Taxes/Fees
	1/			
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