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Report Highlights:

South Africa has a well-developed business market, and is considered a gateway to Sub-Saharan Africa markets. In 2019, imports of agriculture products were valued at US $6.4 billion, a decline of 4 percent, compared to the previous year. South African consumer trends are changing and creating opportunities to increase U.S. exports of convenience and ready-to-eat foods, as well as natural and organic products.

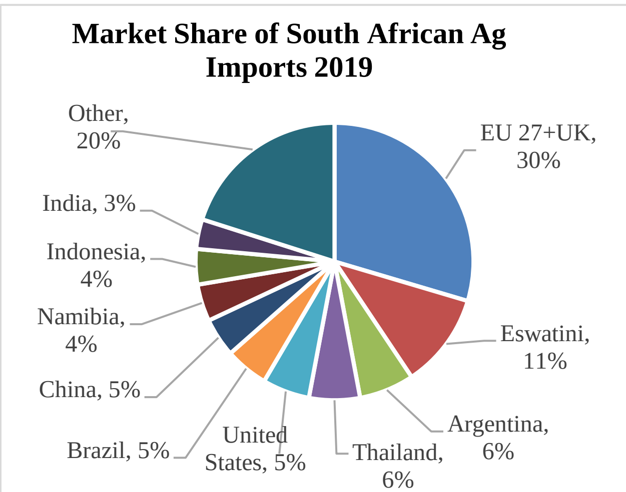
Fact Sheet: South Africa

Executive Summary

South Africa is an upper middle-income economy, with a population of 59 million people (64 percent are in urban areas). South Africa has a well-developed agribusiness sector which plays a significant role in job creation and economic development. South Africa is the largest exporter of agricultural products in Africa, primarily citrus, wine, fruits, and corn. Although largely self-sufficient in agriculture, the country has opportunities for imports.

Imports of Agricultural Products

In 2019, South Africa's imports of agricultural products were valued at US $6.4 billion, a decline of 4 percent from 2018. The EU 27 plus UK accounted for 30 percent of total agricultural imports, while 5 percent were from the United States.



Food Processing Industry

There are over 1,800 food production companies in South Africa. However, the top ten companies are responsible for more than 80 percent of the industry's production revenue. The industry employs 450,000 people in the subsectors of meat, fish, fruit, dairy products, grain mill products, and beverages. As a major producer and exporter of finished processed food products in Africa, South Africa's appetite for ingredients drives demand for a wide range of products.

Food Retail Industry

South African food retail sales totaled US $54.2 billion in 2019 and imports of all agricultural products decreased by 4 percent to US $6.4 billion. The sector is well developed and has expanded into other African countries.

Quick Facts CY2019

Imports of Agricultural Products from USA

US $360 million

Top 10 Agricultural Products from USA exported to South Africa

- Chicken cuts and edible offal
- Wheat and meslin
- Animal feed preparations (mixed feeds)
- Corn (maize) seed other than sweet seed corn
- Almonds
- Food preparations
- Enzymes and prepared enzymes
- Food/drink ingredients
- Grain sorghum
- Turkey cuts

Food Industry by Channels (US $ Billion) 2019

Food Industry Output: $143
Food Exports: $9.2
Food Imports: $6.4
Retail: $54.2
Food Service: $6.1

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Advanced economy with a well-developed infrastructure.	Limited technical capacity and weak political will by regulators contribute to trade barriers and delays in resolving access issues.
Opportunities	**Threats**
Diversification of trade partners brought deepening linkages for regional and intra-African trade.	Decreased consumer purchasing power associated with the impact of the pandemic. FTA with EU and political preference towards BRICS countries.

Data and Information Sources:

Trade Data Monitor (TDM), Statistics South Africa (Stats SA); Euromonitor International, local industry publications, and trade press.

Note: Based on most current complete annual data available for 2019. 2020 data not available at time of publication.

Contact: FAS Pretoria, South Africa, AgPretoria@fas.usda.gov
www.usdasouthernafrica.org

SECTION 1: Market Overview

South Africa is one of the most advanced and diverse economies on the African continent. The country is an attractive business destination, due to its growing market and a well-developed infrastructure, catering to efficient distribution of both imported and locally produced agricultural products to major urban centers and the entire Southern African region. The commercial agricultural sector in South Africa is highly diversified and is self-sufficient in most primary foods with the exceptions of wheat, rice, chicken meat, and oilseeds. Despite South Africa's well-developed processed food and competitive horticultural sectors such as wine, fresh fruits, and vegetables, it continues to offer windows of opportunities for imports.

1.1. Population and Key Demographic Trends

South Africa has a population estimated at 59 million people. Of the nine provinces of South Africa, the Gauteng province, which contains Johannesburg and Pretoria, has the largest share of the population at 26.0 percent, followed by KwaZulu-Natal province with 19.3 percent. It is estimated that 28.6 percent of the population is younger than 15 years, with 9.1 percent over 60 years old. Source: http://www.statssa.gov.za/publications/P0302/P03022020.pdf

1.2 Size of Economy, Purchasing Power & Consumer Behavior

The economy of South Africa is the second largest in Africa, after Nigeria. It is one of most industrialized countries in Africa. South Africa is an upper-middle-income economy as classified by the World Bank; one of only four such countries in Africa. South Africa's Gross Domestic Product was roughly US $351 billion in 2019.

The country has been impacted negatively due to the COVID-19 pandemic since March 2020, which has resulted in changes in consumer behaviors. In response to media reactions regarding complaints of price gouging by South African retailers, the Competition Commission South Africa conducted a research to monitor the situation to ensure the prices for essential food do not escalate and released three reports on the "Essential Food Pricing Monitoring". The reports highlight the impact of COVID-19 and the food markets in South Africa. **Error! Hyperlink reference not valid.**

The South African middle class represents about 70 percent of the population and 55 percent of total income earnings. In the past five years the percentage of the population earning less than R5,000 (US $333) per month decreased from 56 percent to 40 percent, while the percentage of the population earning more than R5,000 (US $333) per month increased from 44 to 60 percent.

1.3 Overall Business Climate

The COVID-19 pandemic and subsequent national lockdown negatively impacted South Africa, as travel bans both internationally and inter-provincially, forced the shutdown of some businesses and jobs were shed. The South African government is in collaboration with the industry sectors to formulate interventions towards the recovery plan. The World Bank 2020 annual report https://www.worldbank.org/en/about/annual-report highlights the assistance and support towards in respond to the pandemic. In December 2020, several countries including The Netherlands, Israel, Turkey, Germany, Panama, Saudi Arabia, Mauritius, and Switzerland imposed travel bans on South Africa due to a detection of new strain of the COVID virus.

South Africa is a net exporter of agricultural products. In 2019, exports of agricultural products totaled US $9.2 billion, compared to US $9.8 billion in 2018. Major exports included fresh oranges, fresh grapes, wine, fresh apples, wool, cane sugar, fresh or dried lemons and limes, mandarins, corn (maize), and macadamia nuts.

In 2019, South Africa imported US $6.4 billion agricultural products, compared to US $6.6 billion in 2018. The major products imported were mixed food/drink ingredients (US $464 million), rice (US $426 million), wheat and meslin (US $392 million), chicken products including edible offal and frozen meat and offal (US $226 million), palm oil (US $267 million), beer made from malt (US $241 million), food preparations (US $180 million), sugar including cane sugar solid (US $165 million), sunflower seeds (US $161 million), and soybean oilcake (US $132 million).

In 2019, the United States exported US $360 million of agricultural products to South Africa, compared to US $315 million in 2018. Major products exported by the United States to South Africa included, chicken products (US $76 million), wheat and meslin (US $32 million), animal mixed feeds (US $27 million), corn (maize) seed (US $22 million), almonds (US $19 million), food preparations (US $17 million), enzymes (US $14 million), food/drink ingredients (US $12 million), sorghum (US $12 million), and turkey cuts (US $12 million).

Advantages and Challenges Facing U.S. Exporters

Advantages	**Challenges**
South Africa has a highly developed retail and HRI industry, and new international brands which are driving the growth in demand for food ingredients.	Competition from local producers and other countries, especially those with preferential or free trade agreements.
South Africa is an attractive developed business market, and a gateway to Sub-Saharan Africa markets.	Food safety and phytosanitary restrictions may affect imports of food products and certain food ingredients
South Africans have diverse food tastes and are willing to try new products.	Security issues are real and extreme in some cities, but businesses continue operating.
Modern infrastructure, efficient distribution, and English as a primary language.	Difficult to acquire shelf space in large supermarket chains.
South Africa is the biotechnology leader on the Africa continent and the ninth largest producer of Genetically Engineered (GE) crops in the world.	Decreased consumer purchasing power associated with the impact of the pandemic.

SECTION 2: Exporter Business Tips

2.1 Market Research

Listed here are some of the major South African trade organizations, institutions, and market research companies who conduct market research activities:
The Euromonitor Cape Town, https://www.euromonitor.com/locations
The Nielsen Company South Africa, https://www.nielsen.com/za/en.html

BMI Research Pty Ltd, https://www.bmi.co.za/

2.2 Local Business Customs and Trends

There are eleven official languages in South Africa, but English is the principal language used in commerce.

Standard Time in South Africa is two hours ahead of Greenwich Mean Time and seven hours ahead of Eastern Standard Time throughout the U.S. daylight savings. South Africa does not follow daylight savings time. Generally, business hours are weekdays from 8:00 a.m. to 5:00 or 6:00 p.m. with a lunch hour in between, ranging between 11:00 – 2:00 p.m. Most offices observe a five-day week, but shops are generally open from 8:30 a.m. to 5:30 p.m. weekdays. Weekend hours vary, as some businesses open from 8:30 a.m. to 4:00 p.m. on Saturdays, with few open on Sundays, including Public Holidays especially those located at major shopping malls. Banks are open weekdays from 8:30 a.m. to 3:30 p.m. and Saturdays from 8:00 a.m. to 12:30 p.m. with few open on Sunday from 9:00 a.m. to 12:00 noon. The monetary unit of South Africa is the Rand (R), which is divided into 100 cents (c). The exchange rate in December 2020 is approximately $1 USD = R15.19.

Shopping is similar to the United States, with large and modern shopping centers providing diverse product lines similar to those found in the United States. There are only a few stores open 24-hours per day. South African business people tend to dress conservatively, particularly in the banking and the hospitality sectors. However, "Smart Casual" clothing has become increasingly popular with executives in the IT and tourism industries. Terminology used in business invitations are as follows:

- Black Tie (dark suit and tie or tuxedo or formal evening dress)
- Business (jacket and tie or a business dress)
- Smart Casual (casual clothing with or without tie, but no jeans and no sneakers)
- Casual (includes jeans but no sport shorts)

Business cards are usually simple, including only the basics such as company logo, name, business title, address, telephone number, fax number, e-mail, and web-address. South Africans are typically punctual, and appointments should be made in advance for a business visit.

2.3 General Consumer Tastes and Trends

- The consumer behavior of stockpiling ahead of lockdown in March, which did not last for long as consumers quickly realized food products were widely and readily availability.
- The Covid-19 pandemic reduced consumer purchasing power. The economic impact has caused ashift to spending from name brands to house or private labeled-brands. Consumers are buying products on promotion to spread limited budget.
- The national lockdown coupled with social distancing restrictions led to fewer visits to retails stores with larger purchases to stock up for two to three weeks at a time.
- Consumer demand for online purchases versus visits to physical stores led retailers accelerate their online presence and home delivery.

SECTION 3: Import Food Standard & Regulation and Import Procedures

The section provide links for access to other sites and
Food and Agricultural Import Regulations and Standards Country Report Pretoria South Africa - Republic of_09-30-2020 (usda.gov) prepared by USDA FAS Pretoria. This report provides information on the report requirements for food and agricultural goods into South Africa.

3.1 Customs Clearance

Refer to the FAIRS GAIN Report on the following link,
Food and Agricultural Import Regulations and Standards Country Report Pretoria South Africa - Republic of_09-30-2020 (usda.gov) for information on customs clearances.

3.2 Documents Generally Required by South Africa Authority for Imported Food

Refer to the FAIRS Annual Country Report, and to the FAIRS - Export Certificate Report for documents, permits and certification required by the South African Authorities.

Generally, in addition to the import permits, certificates, sanitary and phytosanitary permits, the following basic documentation should accompany all shipments into South Africa:

- A commercial invoice that shows the price charged to the importer in addition to the cost of placing goods on board of the ship for export.
- Bills of entry documentation that provide the correct physical addresses of supplier, storage facilities, correct quantities, grades and HS codes of commodities.
- The Bill of Lading.
- Insurance documents.
- Other special documentation and certifications may be required by the importer e.g. Laboratory results/certificates or Organic Certifications if the product claims to be organic.

3.3 South Africa Language Labelling Requirements

Refer to the FAIRS Annual Country Report . Labels must be in English.

3.4 Tariffs and Free Trade Agreements (FTAs)

Refer to the Tariff Link including the following documents which provides all the tariff information.

Free Trade Agreements (FTA) and Preferential Trade Agreements (PTA) applicable to Southern Africa can be found on the following links:
http://ec.europa.eu/trade/policy/countries-and-regions/countries/south-africa/agreements/pages/default.aspx
https://www.bilaterals.org
https://www.sars.gov.za/Legal/International-Treaties-Agreements/Pages/default.aspx

3.5 Trademarks and Patents Market Research

Refer to the [FAIRS Annual Country Report]for information on trademarks and patents.

SECTION 4: Market Sector Structure and Trends

The South African food retail market is highly concentrated with the top five companies of Shoprite, Pick n Pay, Spar, Massmart (Walmart-owned), and Woolworths accounting for about 80 percent of all retail sales. South Africa food retail totaled US $54.2 billion. In 2020, some retailers with solid footprints in other African countries exited from those countries due to focus on the South African market which they understand exceptionally well, including the operating environment and customer.

The South African retail food sector is strong, despite the development of the COVID-19 crisis and the national lockdown. The coronavirus outbreak has brought rapid changes to the South African retail sector, requiring a need to adapt to new ways of doing business such as online shopping. The pandemic has highlighted the importance and growing need of online shopping and contactless delivery. The rising number of consumers that have internet access, improvement in delivery services, and consumers changing perception of the convenience, safety and cost-benefit of online has seen a marked increase in online shopping. Major retailers, like Woolworth's and Pick N' Pay, have a centralized online shopping platform. Spar, which franchises their stores, takes orders over the phone for individual stores to deliver.

In addition to the chains, convenience stores attached to the forecourts retailing gas stations and fast food including smaller format express stores, and small grocery stores catering to the convenience retail market, were all impacted by the country national lockdown. In 2019, convenience store sales totaled R38.2 billion (US$2.1 billion). Some of the forecourts partnership include Woolworths/Engen; Pick n Pay/British Petroleum (BP); Fruit & Veg of Food Lovers Market/Caltex; Burger King/Sasol; Steers/Shell, and Wimpy/Engen. However, quick service restaurants were negatively impacted by the national lockdown in 2020, as there was a ban on restaurants between March and June.

Source: USDA South Africa Retail Gain Report

4.1 Top 6 Sectors for Growth

Chicken Cuts and Edible Offal

Though South Africa is the region's leading producer of chicken meat, imports are regularly required to supplement local production and meet domestic demand. In 2019, South Africa imported 539,000 tons to augment local production. This represents a 5 percent decrease from the previous year. Post forecasts a marked decrease in chicken meat imports in 2021 to 357,000 tons, as local production is expected to increase. For the prior three years, U.S. exports filled the tariff-rate quota (RTQ) for U.S. bone-in chicken meat imports, again reflecting the consistent demand in the South African market. For 2020/2021, South Africa increased the annual TRQ allocation by 2 percent to 69,972 tons. See this GAIN Report for more information.

Almonds

South Africans are looking to various tree nuts to for more diverse protein and snacks. In 2019, South Africa imported US $24.1 million of almonds. The United States dominates the market for almonds, with 84 percent of the total market share, valued at $17.2 million, Spain is a distant second at 8 percent of total market share. South Africa's growing demand for almonds and the pace of imports in 2020 far exceeds local production. South Africa is the largest importer of U.S. almonds in Sub-Saharan Africa. The following USDA South Africa Tree Nut Report has information on production, supply and demand for almond in South Africa.

Food Preparations
South Africa has a well-developed food processing sector and is a net exporter of food preparations. In 2019, imports of food preparations were valued at US $180 million. The EU plus the UK has the largest market share at 65 percent amounting to US $118 million. The United States had 15 percent of the market share of South Africa's food preparations imports, valued at US $26.5 million. Products with good sales potential in this category include sugar confectionery, chocolate and other food preparations, malt extracts, pasta, cereals, cake mixes, syrups, and soup mixes.

Craft Beers and Spirits
South Africa is a net importer of beers, referred to as "beer made from malt." In 2019, imports amounted to US $241 million, and exports were valued at US $92 million. Namibia has the largest market share for beer imports at 36 percent. There are potential opportunities for U.S. exports in this category due a steady increase in imports from the United States. Distilled spirits is increasing steadily. In 2019, South Africa imported US $15.8 million worth of distilled spirits from the United States. The United States is the leading supplier in rum and tafia, other products include spirits, liqueurs, and cordials.

Enzymes and Prepared Enzymes
South Africa is a net importer of enzyme and prepared enzymes. In 2019, imports were valued at US $61 million, and exports at US $27 million. The United States had the largest market share with 32 percent, valued at US $19.6 million. Potential opportunities for U.S. exports are modified starch products, such as whey.

Essential Oils for use in food/drink
South Africa is a net importer of essential oils used in food/drinks, mainly used in food processing. These products are also referred to as "mixtures of odoriferous substances." In 2019, imports were US $464 million, and exports amounted to US $65 million. Swaziland was the market leader with 76 percent of the market share. There is a potential for growth for U.S. exports in this category due to the growing demand.

4.2 Agricultural Product Prospects Based On Growth Trends

Table 1: South Africa's Top 10 Imports of Agricultural Products from the United States

Product	**Values in Million USD**				
	2015	**2016**	**2017**	**2018**	**2019**
Chicken cuts and edible offal	.06	24	84	87	76
Wheat and meslin	11	50	22	6	32
Animal feed preparations (mixed feeds)	11	16	14	18	27
Corn (maize) seed other than sweet seed corn	8	12	14	17	22

Almonds	16	14	16	14	19
Food preparations	16	15	12	12	17
Enzymes and prepared enzymes	17	9	13	13	14
Food/drink ingredients	10	7	9	14	12
Grain sorghum	6	13	12	9	12
Turkey cuts	.002	1	5	6	12

Source: Trade Data Monitor

4.3 Links to Access Retailer Information

The links provided below contain individual retailer information for sales, stores, locations, ownership, size and expected growth rates of each sector.

Table 2: Major South African Retailers

Name of Retailer	Website	Name of Retailer	Website
Shoprite Holdings Ltd	http://shopriteholding.co.za	Pick n Pay Retailers Pty Ltd	http://www.picknpay-ir.co.za
Massmart Holdings (Walmart)	https://massmart.co.za/	The Spar Group Ltd	http://www.spar-international.com/country/south africa/
Woolworths Holdings Ltd	https://woolworths.co.za/		

4.4 Market Opportunities for Consumer-Oriented Products in the Hotel, Restaurants and Institutional (HRI), Retail Food and Food Processing Sectors

South Africa is an attractive developed business market with the largest foodservice market in Southern Africa. The food service sector is closely linked to the hospitality and tourism sector and has a positive impact that contributes to the South African GDP. In 2019, South African combined sales value of hotels, restaurants and institutions were US $5.1 billion compared to US $4.6 billion in 2018. The COVD-19 pandemic and subsequent national lockdown negatively impacted the HRI sector, as travel ban's and trade restrictions forced the shutdown of HRI businesses. The government is in collaboration with the industry to formulate interventions towards the sector recovery plans. The following link has more information on the impact of the pandemic on the sector. For more information see the USDA South Africa HRI report.

4.5 Competitive Situation

The U.S. exports of agricultural products face competition from South African producers in the Southern African Development Community (SADC), the European Union (EU) and MERCOSUR, as South Africa has signed Free Trade Agreements (FTA) with both SADC and the European Union and has a preferential trade agreement with MERCOSUR. South Africa is one of the 54 member countries of Africa Continental FTA launched July 2019 to expand intra-Africa trade for goods and services. For more information on trade agreements visit https://www.trade.gov/export-solutions

SECTION 5: Agricultural and Related Food Imports

5.1 Agricultural & Related Food Import Statistics

The 2015-2019 BICO report on U.S. exports of agricultural & related products to South Africa is available through USDA website https://apps.fas.usda.gov/gats/default.aspx

5.2 Agricultural Product Prospects Categories

Potential market opportunities for U.S. agricultural products in the South African food and beverage market include, beef & beef products, pork & pork products, poultry meat, meat products, fish and seafood products, tree nuts, liquor products to include bourbon whiskey, wine & craft beers, food ingredients, hops, oils and fats, pet food, snack foods, and prepared food.

SECTION 6: Key Contacts and Further Information

6.1 Post

If you have questions or comments regarding this report, please contact the FAS Office of Agricultural Affairs in Pretoria at:

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Email: agpretoria@fas.usda.gov
Website: https://www.usdasouthernafrica.org/

Other FAS market and commodity reports are available through the FAS website http://www.fas.usda.gov or https://www.fas.usda.gov/regions/south-africa

6.2 Additional Contacts

American Chamber of Commerce in South Africa, http://www.amcham.co.za
U.S. Foreign Commercial Service publication of South Africa Commercial Guide, https://export.gov/southafrica

Attachments:

No Attachments