

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **South Africa - Republic of**

## **Food Service - Hotel Restaurant Institutional**

## **South Africa HRI Sector Report 2016**

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**Report Highlights:**

South Africa is the largest foodservice market in Sub-Saharan Africa, with a large and highly competitive hospitality industry. Hospitality and tourism are fast-growing sectors in the South African economy, offering a wide range of accommodations and attracting a mix of business and holiday travelers. Despite the impacts of the recent global economic recession and new restrictions on visitors entering the country, data released by Statistics South Africa shows a 14.4 percent increase in foreign visitors to South Africa in April 2016 compared to a year earlier, from 1.09 million visitors in April 2015 to 1.24 million in April 2016. Growth in international travel and rising room rates have bolstered the consumer foodservice market, despite the country's weakened economy.

## **SECTION 1: MARKET SUMMARY**

South Africa is the largest foodservice market in Sub-Saharan Africa, with a large and highly competitive hospitality industry. Hospitality and tourism are fast-growing sectors in the South African economy, offering a wide range of accommodation and attracting a mix of business and holiday travelers. Growth in international travel and rising room rates have bolstered the consumer foodservice market, despite the country's weakened economy.

Despite the impact of the recent global economic recession on the South African hospitality sector, data released by Statistics South Africa reveals that total income generated by the tourist accommodation industry increased by 13.8 percent in February 2016 compared with the previous year, whereas income from accommodation increased by 15.4 percent.

Total income generated by the South African food and beverage industry increased by 1.4 percent in January 2016 compared with January 2015. Both food and bar sales contributed positive annual growth rates of 1.0 percent and 6.4 percent respectively. In terms of sectors, the main contributors to the annual growth rate for January 2016 included restaurants and coffee shops at 4.4 percent, and catering services at 2.4 percent. Growth in the hotel industry is linked to foreign tourism, which is expected to grow considerably in the future due to expansion and major openings of hotels.

South Africa's world-renowned wines and cuisine draw millions of tourists to the country, and tourism is a major contributor and one of the fastest growing sectors of the South African economy. It accounts for 8.3 percent to the country's Gross Domestic Product (GDP). Tourism travel to South Africa has increased since the end of apartheid in 1994. According to recent tourism figures, numbers of international tourists to South Africa has increased. There were 1.24 million foreign visitors to South Africa in April 2016, an increase of 14.4 percent over the 1.09 million foreigners who visited the country in April 2015.

The hospitality and tourism sector is dominated by independent and franchised foodservice players. It includes contract caterers who tailor their services and products to high-end consumers. In general, foodservice providers do not import food and beverages directly; instead they buy local and imported products from local manufacturers, wholesalers, and distributors. Convenience stores, shopping malls, supermarkets, and airports play a vital role in the industry.

The foodservice industry is comprised of the commercial and institutional/service sectors. The commercial sector includes hotels, restaurants, fast food independents, fast food chains, clubs, and national parks/resorts. Within the commercial sector, the franchise industry continues to grow due to a shift in consumption away from eating at home.

The institutional/service sector includes transport services, health (public and private hospitals), educational institutions, and prisons. It is dominated by a few large contract catering companies including Fedics (owned by Tsebo Outsourcing Group), Kagiso Khulani Supervision Food Services (owned by Compass Group Southern Africa), and Royal Mbandi (owned by Bidvest Group).

**Table 1: Advantages and Challenges Facing U.S. Products in South Africa**

<b>Advantages</b>	<b>Challenges</b>
South Africa is the gateway to regional Markets. Visit the FAS website at <a href="http://www.fas.usda.gov">www.fas.usda.gov</a> for a list of promotional opportunities and trade shows in the country.	Strong competition from other countries and from local food producers. Price is still a strong decision making factor for the sector’s customers.
South Africans are developing a taste for western foods and are willing to try new products.	Consumers may need to be educated about how to prepare new products.
The growing HRI food industry needs imported food and beverage products.	Established tastes and preferences for traditional, locally-produced products.
Well-established HRI industry.	While sophisticated for a developing country, much of the U.S. technologies are far beyond the horizons of the most richly-resourced food companies.
South African HRI processors and importers seek suppliers who can offer reliable and quality products at competitive prices.	Challenges for U.S. suppliers to respond to trade inquiries in a timely manner. Also, South Africa is a smaller market and may not be able to deal in the volumes that U.S. companies are used to.
South African consumers view U.S. products as high quality.	Limited knowledge of the variety and quality of U.S. products.
English is one of the 11 official South African languages and virtually everyone is proficient in English.	Processors have long-standing relationships with European suppliers due to historical ties.
Importers and distributors can help develop heavy brand loyalty.	Consumers are price-conscious and some do not exhibit brand loyalty. Products must constantly be promoted.
South African importers seek consolidators of mixed containers at competitive prices.	Higher prices for U.S. food products relative to local market and neighboring countries’ products.

**SECTION 2: ROAD MAP FOR MARKET ENTRY**

**2.1 Hotels and Resorts**

There are an estimated 30,000 establishments in South Africa, ranging from one-star to five-star hotels, including game lodges, guest houses, self-catering venues, bed & breakfasts (B&Bs), and youth hostels. Out of all establishments, the B&Bs and game lodges represent the fastest growing segments of the tourism industry. Many establishments are owned by Anglo American and managed by the Premier Group. Premier and Anglo American also have extensive holdings in the milling, baking, dairy, fish, confectionery, and edible oils industries.

The Department of Environmental Affairs and Tourism ([www.environment.gov.za](http://www.environment.gov.za)) is responsible for the growth and the development of South Africa tourism. The Department has mandated the Tourism Grading Council of South Africa ([www.tourismgrading.co.za](http://www.tourismgrading.co.za)) as an official ranking authority of tourism

establishments in the country. Establishments are graded from 1 Star up to 5 Stars, with 1 Star establishments offering very basic facilities and 5 Stars providing high-end offerings. The grading is displayed on most advertising material and at establishment entrances. The Council has graded approximately 8,000 establishments since 2003. Grading and registration fees are made available on the Tourism Grading website. Establishments are assessed according to the type of accommodation they provide:

- Bed & Breakfast (B&Bs)
- Guest houses
- Hotels
- Self-catering
- Backpacker and hostelling
- Caravans and camping
- Country houses
- Meetings, exhibitions and special events
- Restaurants

#### **Prospects:**

- Despite the economic recession, the long term outlook for the hotel industry remains healthy due to growth in hotel development.
- Foreign and domestic tourists are key sources of demand for hotel accommodations.
- The latest trend in hotel investment in South Africa has been joint ventures between local operators and overseas investors.
- Smaller and independent owners are benefiting from an injection of capital, infrastructure, and expertise enabling them to compete with large groups.
- The industry continues to benefit from the incentive of awards afforded by the National Department of Tourism through the “National Minimum Standards for Responsible Tourism” and the “Responsible Tourism Guidelines for the South African Hospitality Industry.” The awards encourage industry members to accept voluntary guidelines promoting responsible tourism.
- Tourism Grading Council managing the star grading system of all South Africa’s accommodation establishments to ensure quality accommodation offerings.
- Quality accommodation offerings in all of South Africa nine provinces. The cities of Johannesburg, Cape Town, and Durban are the major tourist attractions.
- The growth of the industry offers export opportunities to U.S. suppliers of food and beverage ingredients for hotels, restaurants, and the institutional food service sector.

#### **2.1.1 Hotel Profiles**

Most of the key hotels are owned by large locally listed companies and managed through agreements with international hotel management chains, in particular, Mercure Accor Hotel (French), Sheraton Group (U.S.), Hilton (U.S.), Legacy Hotels and Resorts (U.S.), and Days Inn (U.S.). In addition to major foreign tourism projects, two South African groups also have activities. One group is the Sun International Group, which runs hotels and resorts including the renowned Sun City Resort in Pilanesberg in the North West Province. Another one is the Protea Group, which runs the Protea Hotel chain. The table below provides an overview of some of the major hotel chains.

**Table 2: Leading Hotel Chains in South Africa**

<b>Hotel Group</b>	<b>No. of Hotels</b>	<b>Location</b>	<b>Purchasing Agent Type</b>
Mercure Accor	4	Major cities	Local agents
Sheraton Group	2	Major cities and tourist centers	Local agents
Hilton	6	Major cities	Local agents
Legacy Hotels & Resorts	13	Major cities and Tourist centers	Local agents
Sun International Groups	49	Major cities and Tourist centers	Local agents
Protea Group	74	Major cities and Tourist centers	Local agents

### 2.1.2 Entry Strategy

Although the majority of the hotels are part of hotel chains, each one operates autonomously in terms of food purchases. In some cases the head office may recommend regional or national suppliers, but generally, hotels have free reign regarding what foods are served and whom their suppliers are. Dry groceries are usually sourced from catering wholesalers. Baked goods, fruits and vegetables, meat, and dairy products tend to be sourced from local specialist retailers. Many hotels also have in-house bakeries and contract caterers to run in-house restaurants.

### 2.1.3 Distribution Channel

In general, hotels do not import food and beverage products; instead they place their orders through local manufacturers, processors, wholesalers, specialty retailers and others. This is because most, if not all, hotel kitchens have a policy of holding only sufficient quantities of food and beverages for short-term needs. The following table lists sources of supply by percentage of the total.

**Table 3: Suppliers to the Hotel Industry**

<b>Sources of supply</b>	<b>Percentage of total</b>
Specialist Retailers	32
Direct from manufacturers	28
Catering wholesalers	20
Fresh Produce Market	12
Cash & Carry	5
General Retailer	3
TOTAL	100

## 2.2 Restaurants

Restaurants play an integral part in the tourism experience, with food and wine playing a major role for visitors. Foreign visitors spend approximately \$30 per day on food and beverages during their trip to South Africa, which represents about 20 percent of the total daily expenditure. Since tourism is such an important source of revenue for the restaurant industry, the Tourism Grading Council is responsible for

the grading scheme. To have an effective scheme, the Grading Council continuously hosts countrywide road shows on restaurant grading in order to meet the Council's target of all restaurants graded.

The Restaurant Association of South Africa (RASA) ([www.restaurant.org.za](http://www.restaurant.org.za)) acts in the interest of the South African restaurant industry. RASA members include independent restaurants, fast food outlets, coffee shops, casual dining establishments, hospital canteens, mobile restaurants, and major franchise groups.

South Africa has a highly developed network of fast-food and chain restaurants and a well-established franchising model. In addition, the Franchise Association South Africa (FASA) ([www.fasa.co.za](http://www.fasa.co.za)) shows how people are opting to eat out more often than ever before. This shift is creating opportunities in the restaurant industry. However, fast food restaurants are facing increased competition from supermarkets, retail chains, and convenience stores as they also offer readymade meals.

### Trends:

- Less dining out by consumer as consumers searched for value-for-money take home menu offerings.
- Local brands continue to dominate food service despite the increasing presence of international players.
- Convenience and health continue to be key demand factors for busy South Africans.

### 2.2.1 Fast Food

South Africa boasts a large number of domestic and international restaurant chains. These include Yum! Brands Inc. (KFC); Famous Brands Ltd. (Wimpy, Debonairs Pizza, Steers, FishAway, and Milky Lane); McDonald's Corp. (McDonald's); Nando's Group Holdings Ltd. (Nando's); Taste Holdings Ltd (Fish & Chips Co, and Maxi's); Traditional Brands (Old Fashioned Fish & Chips); and King Pie Holdings (King Pie). According to the trade press, Yum brands led the South African fast food market in 2015 with a 23 percent market share, due to the popularity of KFC.

**Table 4: Fast Food Chains by Share of Market Value (2015)**

Global Brand Owner	Brand	Percent Market Share
Yum! Brands Inc.	KFC	23
Famous Brands Ltd.	Wimpy, Debonairs Steers, Wimpy, Pizza, FishAway, Milky Lane	13
McDonald's Corp.	McDonalds	11
Nando's Group Holdings Ltd.	Nandos	7

Source: Euromonitor

### 2.2.2 Entry Strategy and Trends

- To maintain price competitiveness, offer smaller menu items at lower prices.
- Expand fast food outlets to rural and historically disadvantaged areas.

- The South African fast food market continues to witness strong growth due to healthy fast food offerings to appeal to increasingly health-conscious consumers.
- Fast food growth and expansion in “braai” (barbecue) outlets, burger restaurants, and savory pie operators.
- Chain grocery retailers’ expansion of foodservice offerings and introduction of in-store kiosks to include bakeries, hot-food, and ready meals.
- Fast food is forecast to increase despite global economic recession.

### 2.2.3 Distribution Channel

**Table 5: Suppliers to the Restaurant Industry**

Sources of Supply	Percentage of Total
Specialist retailers	42
Catering wholesalers	23
Manufacturers/distributors	20
Cash & Carry	8
General retailers	5
Fresh produce markets	2
TOTAL	100

### 2.3 Institutional Food Service

Currently, the South African institutional sector is valued at \$71 million, and 80 percent of the market is operated via state tenders and parastatals. This sector constitutes a very large market for food and beverages and includes various institutions and services providers. It is estimated that only 28 percent of public sector catering and 55 percent of private sector catering has been out-sourced to contract caterers. As with the rest of the South African food industry, this sector is fairly concentrated and is dominated by a relatively few large catering companies. The South African food services contract caterers include Fedics, RoyalMnandi, KKS, Feedem Pitseng, and Bosana.

#### 2.3.1 Profile of Major Contract Caterers

**Table 6: Leading South African Contract-Catering Companies**

Name and business Type	Ownership	Location	Purchasing Agent Type
Fedics (Pty) Ltd	Tsebo Outsourcing Group	nationwide	Local agents
Royal Mnandi	Bidvest Group	nationwide	Local agents
Kagiso Khulani	Compass Group	nationwide	Local agents
Supervision Food Services (KKS)	Southern Africa		

Feedem Pitseng Pty Ltd	Independent owners	Nationwide and Africa	Local agents
Bosasa Catering Services	Bosasa Group	Nationwide	Local agents

### 2.3.2 Entry Strategy

- In general, contract caterers do not import food and beverages but instead purchase products directly from the local manufacturers, catering wholesalers, and distributors on a contract basis.
- Companies operating their own canteens usually buy food, when needed, from catering wholesalers and localized specialist retailers, as this is more convenient when buying small quantities.

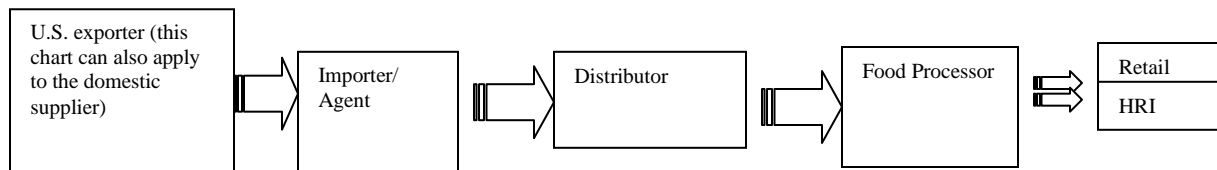
### 2.3.3 Distribution Channel

**Table 7: Suppliers to the Contract-Catering Industry**

Source of Supply	Percentage of Total
Specialist retailers	46
Manufacturers/distributors	33
Catering wholesalers	10
Fresh Produce Markets	5
General retailers	4
Cash & Carry	2
Total	100

## 2.4 Market Entry Flow Chart for U.S. Exporters

The following chart provides an overview of the usual distribution channel for imported food products from U.S. exporters to food processors.



## SECTION 3: COMPETITION

South Africa is a member of the World Trade Organization and holds multilateral and bilateral trade agreements with several other nations.

Product Category	Major Supply Sources	Strengths of key Supply Countries	Advantages and Disadvantages of Local Suppliers
Red Meats Fresh/Chilled/Frozen	Botswana – 19% Namibia –	The pattern of imports in this category is variable and depends largely on local conditions, including	South Africa produces very high quality beef.



<p>Net imports from the world of \$124 million in 2016 versus \$152 million in 2015.</p> <p>Note: SA net exports were \$134 million in 2016 versus \$134 in 2015.</p>	<p>19% Spain - 14%</p> <p>USA is an insignificant supplier.</p>	<p>quality and competitive pricing by the suppliers. Germany a leading supplier due to Free Trade Agreement (FTA) with South Africa as a member of the European Union.</p>	
<p><b>Poultry Meat</b></p> <p>Net imports of \$277 million in 2016 versus \$281 million in 2015.</p> <p>Note: SA net exports were \$61 million in 2016 versus \$70 million in 2015.</p>	<p>Brazil – 29% Netherlands – 27% United Kingdom – 11%</p> <p>USA is a minor supplier with a 5% market share.</p>	<p>Brazil and EU countries remain leading trading partner for South Africa in terms of poultry due to its FTA with South Africa.</p>	<p>Domestic demand for poultry meat is growing and outpaces the performance of any other proteins on the market. Domestic producers are unable to meet consumption needs. South Africa’s major chicken producers are Astral foods, Rainbow Chickens, Pioneer Foods, Sovereign and Dagbreek.</p>
<p><b>Turkey Meat</b></p> <p>Net imports of \$21 million in 2016 versus \$20 million in 2015.</p> <p>Note: SA net exports were \$2 million in 2016 versus \$3 million in 2015.</p>	<p>Brazil – 55% Canada – 18% United Kingdom – 11%</p> <p>USA is a minor supplier with a 5% market share.</p>	<p>Competition, price and quality are the key strengths of these suppliers. With the growing trend towards healthier lifestyles, turkey products are becoming popular.</p>	<p>South Africa is a net importer of turkey meat products. Local production is inadequate since turkey meat is not a South African favorite, and is not commonly consumed except during Christmas time. However, the trend is changing, as turkey is starting to appear more on restaurant menus.</p>
<p><b>Fish and Seafood Products</b></p> <p>Net imports of \$369 million in 2016 versus \$302 million in 2015.</p> <p>Note: SA net exports were \$369 million in 2016 versus \$364 million in 2015.</p>	<p>Namibia – 27% Thailand – 16% India – 11%</p> <p>USA is an insignificant supplier.</p>	<p>Despite being a net exporter, South Africa imports continue to increase to supplement domestic demand.</p>	<p>Major South African fish traders and processors are Sea Harvest (owned by Tiger brands); Irvin and Johnson (AVI), Oceana, Premier Foods, and Sekunjalo.</p>
<p><b>Dairy Products excluding cheese</b></p> <p>Net imports of \$64 million in 2016 versus \$100 million in 2015.</p> <p>Note: SA net exports were \$130 million in 2016 versus \$159 million 2015.</p>	<p>France – 23% New Zealand – 18% Ireland – 13% USA - 7%</p>	<p>Despite being a net exporter, South Africa imports continue to increase to supplement domestic demand.</p>	<p>South Africa is a net importer of dairy products particularly whey, concentrated milk and cream to supplement insufficient domestic production.</p>
<p><b>Pulses</b></p> <p>Net imports of \$44 million in 2016 versus \$43 million in 2015.</p> <p>Note: SA net exports were \$12 million in 2016 versus \$8 million in 2015.</p>	<p>China – 37% Canada – 17% Botswana – 9%</p> <p>USA minor supplier with 3% market share.</p>	<p>China enjoys a bilateral trade agreement with South Africa. Domestic production is insufficient to cover local demand so imports supplement domestic demand.</p>	<p>South Africa is a net importer of pulses. Pulses are an important protein source in the South African diet and imports make up for the shortfall between domestic production and demand. Also, pulses are highly seasonal, imported from November – March in 50kg bags. Pulses are used by South African manufacturers for further processing in soups and broths.</p>
<p><b>Vegetable Oils Exc. Soybean oil</b></p>	<p>Indonesia – 43%</p>	<p>A shortage of domestically-produced oils has led to supplementing with</p>	<p>South Africa is a net importer of edible oil productions. Local producers are unable to</p>

<p>Net imports of \$380 million in 2016 versus \$324 million in 2015.</p> <p>Note: SA net exports were \$104 million in 2016 versus \$88 million in 2015.</p>	<p>Malaysia – 25% Spain – 9%</p> <p>USA is an insignificant supplier.</p>	<p>unrefined oil imports, which are refined and packaged by local oil expressers. Malaysia provides quality and competitive prices.</p>	<p>meet demand due to crop size.</p>
<p><b>Sugar/Sweetener/Beverage Bases</b></p> <p>Net imports of \$74 million in 2016 versus \$125 million in 2015.</p> <p>Note: SA net exports were \$61 million in 2016 versus \$89 million in 2015.</p>	<p>Swaziland – 23% China – 14% Brazil – 13%</p> <p>USA is a minor supplier.</p>	<p>A growing domestic demand calls for imported products from competitive suppliers.</p>	<p>South Africa is a leading producer and a net exporter of sugar-related products. Local production is sufficient to meet demand.</p>
<p><b>Breakfast Cereal/Pancake Mix</b></p> <p>Net imports of \$6 million in 2016 versus \$6 million in 2015.</p> <p>Note: SA net exports were \$76 million in 2016 versus \$58 in 2015.</p>	<p>United Kingdom – 34% United States – 12% Germany – 11%</p>	<p>Imports from competitive suppliers supplements supply.</p>	<p>South Africa is a net exporter of breakfast cereal products. Local production is sufficient to meet demand.</p>
<p><b>Fruit &amp; Vegetable Juices</b></p> <p>Net imports of \$57 million in 2016 versus \$56 million in 2015.</p> <p>Note: SA net exports were \$191 million in 2016 versus \$214 million in 2015.</p>	<p>China – 49% Argentina – 21% Spain – 6%</p> <p>USA is an insignificant supplier.</p>	<p>Potential exports to South Africa are for exotic fruits and vegetables such as berries, kiwi fruits, and out-of-season fruits and vegetables from competitive suppliers.</p>	<p>South Africa is a net exporter and self-sufficient in basic fruit and vegetable requirements.</p>
<p><b>Processed Fruit &amp; Vegetables</b></p> <p>Net imports of \$113 million in 2016 versus \$119 million in 2015.</p> <p>Note: SA net exports were \$369 million in 2016 versus \$382 million in 2015.</p>	<p>China – 24% Swaziland – 10% Italy – 9% USA - 8%.</p>	<p>Opportunities exist for competitive suppliers of grape and apple juice which are used as a base for other fruit juices, prepared and preserved tomatoes, and fruit pulp.</p>	<p>South Africa is a net exporter, and domestic production is sufficient to cover local demand.</p>
<p><b>Wine and Beer</b></p> <p>Net imports of \$59 million in 2016 versus \$73 million in 2015.</p> <p>Note: SA net exports were \$526 million in 2016 versus \$556 million in 2015.</p>	<p>Namibia – 51% France – 26% Mexico – 4%</p> <p>USA is an insignificant supplier.</p>	<p>Due to the rapid increase in exports of South African wines which creates a niche for specialty wines and beers from competitive suppliers.</p>	<p>South Africa is a net exporter of wine and beer, particularly wine of fresh grapes. The South African wine industry is relatively large and extensive ranked seventh in world output. South Africans' tastes and preferences are becoming more sophisticated and the average consumer is increasingly expecting a wide range of wine and beer.</p>
<p><b>Distilled spirits</b></p> <p>Net imports of \$191 million in 2016 versus \$217 million in 2015.</p> <p>Note: SA net exports were \$91 million in 2016 versus \$110</p>	<p>United Kingdom – 59% France – 15% USA – 6%</p>	<p>Sophisticated tastes and preferences of South Africans calls for a range of whiskey products. UK continues to be leading trade supplier of this category. Despite lack of brand awareness of U.S. whisky products among south African consumers, the U.S. saw an increase in whisky exports.</p>	<p>South Africa is a net importer of distilled spirits particularly whiskies. Local production is not enough to meet local demand.</p>

million in 2015.			
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Source: GTA

## SECTION 4: BEST PRODUCT PROSPECTS

### A. Products in the market which have good sales potential

Product Category	Jan – Sept 2016 South Africa Imports from the World (\$1,000,000)	Jan – Sept 2016 U.S. Exports to S.A. (\$1,000,000)	Percentage of Annual Import Growth U.S.	U.S. Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S.
Chicken cuts and edible Offal (Inc. livers) 020714	294	12	8410.13	12%	Free from the EU countries	South Africa is a net importer chicken cut products. Netherlands holds 34% market share with USA a minor supplier of 6% market share.
Almonds (shelled nuts) HS080212	17	14	-2.59	free	Free from the EU countries	U.S. has largest market share of 86% due to quality and price. South Africa produces only pecans and macadamia nuts.
Salmon HS160411	857	238	-26.09	6c/kg	6c/kg	U.S. has 28% market share after Norway with 65%.
Glucose and Glucose Syrup HS170240	2.8	5.0	-34.58	free	Free from the EU countries	U.S. has 19% market share after Turkey and China with 53% and 24% market share respectively.
Protein Concentrates HS210610	8	4	-19.30	10-20%	EU countries import tariff rate to enter South Africa is free to 2.6%	U.S. has the largest market share of 51%.
Food Preparations HS210690	118	19	-4.43	Varied from free, 5-20%, and 154c/liter for alcoholic preparations.	Varied and from the EU countries import tariff rate is free to 2.6%.	U.S. has the largest market share of 16%.
Sauces, condiments and seasonings HS210390	15	6	52	5-20%	From the EU countries import tariff rate is free to 2.6%.	U.S. has the largest market share of 43%.

Source: GTA

### B. Products not present in significant quantities but which have good sales potential

Product Category	Jan – Sept 2016 South Africa Imports from the World (\$1,000,000)	Jan – Sept 2016 U.S. Exports to S.A. (\$1,000,000)	Percentage of Annual Import Growth U.S.	U.S. Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S.
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Sausage casings (HS0504)	53	6	236	free		South Africa is a net importer of sausage casing products. The import tariff rate is free from both the U.S and the EU countries. USA has 10% market share after China and Germany with 57% and 10% of market share respectively.
Flour and meal of dried leguminous vegetables (HS1106)	2	.197	3.40	Free to 20%	From EU countries free to 2.6%	U.S has a market share of 10%, after Zimbabwe and Hong Kong with 29% and 28% market share respectively.
Vegetable Saps and Extracts (HS1302)	14	2	10.76	Free to 25%	EU countries duty free to 3.25%	U.S. has the largest market share of 13%.
Fats and oils (HS1504)	1	.179	59.48	Duty free	Duty free from EU	U.S. has a market share of 17% after Norway with 43%.
Prepared foods obtained by the swelling or roasting of cereal products (HS1904)	6	.733	6.28	5c/kg to 25%	EU countries duty free to 3.25%.	U.S. has 12% market share after United Kingdom with 34%.
Bread, pastry, cakes, and biscuits (ingredients) (HS1905)	39	1	-45.37	3.6c/kg to 25%	EU countries duty free to 2.73%.	U.S. a minor supplier of 3% market share, after Malaysia and Saudi Arabia with 12% and 10% market share respectively.
Ethyl alcohol, spirits, and liqueurs (HS2208)	190	11	-10.29	136c/liter to 154c/liter including additional costs of R2.31/Liter to R93.03/liter levied on customs and excise respectively.	From EU countries R17.68c/liter to R20.02c/liter including additional costs of R38.00/liter to R93.03 levied on both the Customs, and Excise duties.	U.S. a minor supplier of 6% market share, after United Kingdom and France with 59% and 15% of market share respectively.

Source: GTA

### C. Products not present because they face significant barriers

None.

## SECTION 5: POST CONTACT AND FURTHER INFORMATION

For further information about exporting U.S. food and beverage products to South Africa, please contact AgPretoria at the following address:

Foreign Agricultural Service

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For other market sector reports available to the public, including the Exporter Guide, Retail Sector report, and Food Processing Sector report, please visit the Foreign Agricultural Service's website at <http://www.fas.usda.gov>.

**Sources:** Industry websites, Trade Press, Department of Environmental Affairs and Tourism, Global Trade Atlas, and Statistics South Africa.