

**A PROFILE OF THE SOUTH AFRICAN GOAT MARKET VALUE CHAIN**

**2012**

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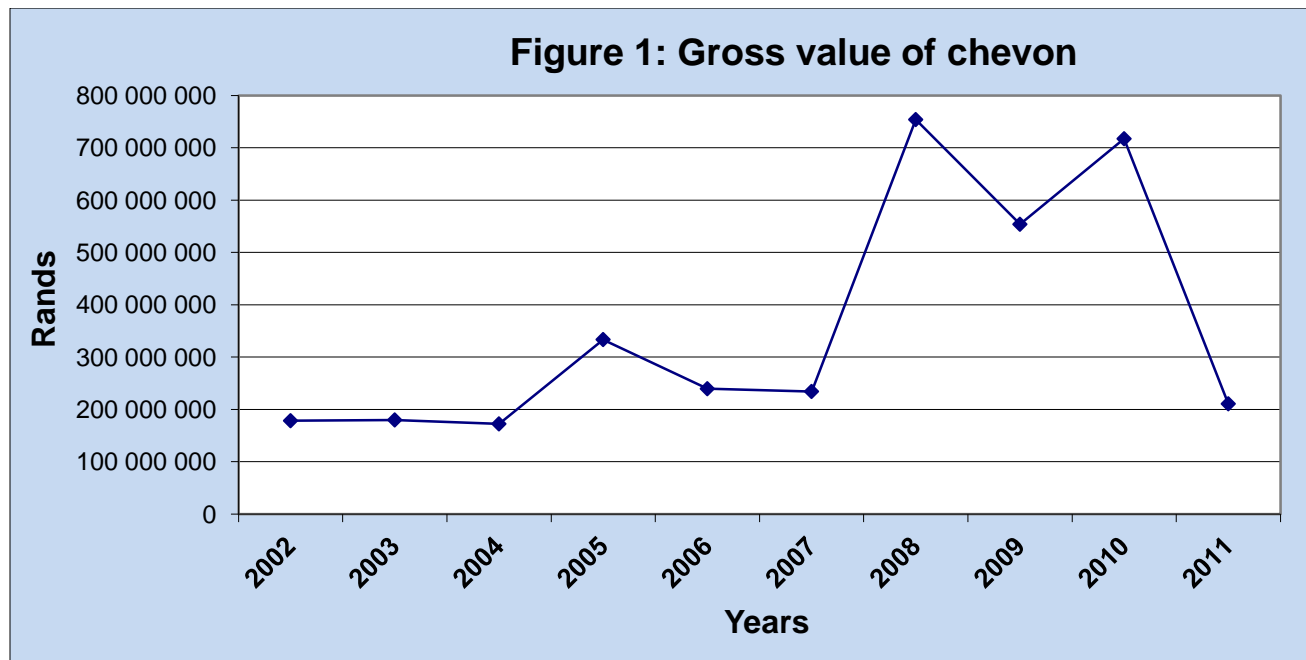
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## 1. DESCRIPTION OF THE INDUSTRY

South Africa is a relative small goat producing country and possesses only approximately 3% of Africa's goats and less than 1% of the world's number of goats. The Boer goat, Savanna and Kalahari Red are currently recognized as commercial goat breeds for the production of meat and skins and small quantities of cashmere. Goat meat is often called chevon when from adults and cabrito when from young animals. Angora goats produce mohair. Saanen, Toggenburg and Alpine goats are mainly kept for milk production. Goat's milk is highly priced because of its quality and is less prone to causing allergies in humans than cow's milk. Gorno Altai goats produce cashmere. Indigenous goats refer to various goat types that are in the hands of small-scale producers and contribute primarily to family needs for meat and to a lesser extent for milk, depending on the prejudices of the community.

The gross value of chevon (goat meat) production is dependent on the quantity produced and prices received by producers. The average gross value of chevon produced amounted to R 3.6 billion for the past ten years. The gross value of chevon has been fluctuating throughout the period under review analysis. The gross value of chevon experienced a sharp increase in 2008 of R 753, 978, 125 which were pushed by a high increase of the price per kg of chevon. During 2009 it decreased by 27% compared to 2008 and in 2010 it increased by 30% compared to 2009 and decreased substantially by in 2011 compared to 2008 which was the peak 72%. Generally the gross value of chevon increase by 18% during 2011 compared to 2002. Figure 1 below show the gross value of chevon production from 2002 to 2011.



Source: Statistics and Economic Analysis, Levyadmin and Quantec

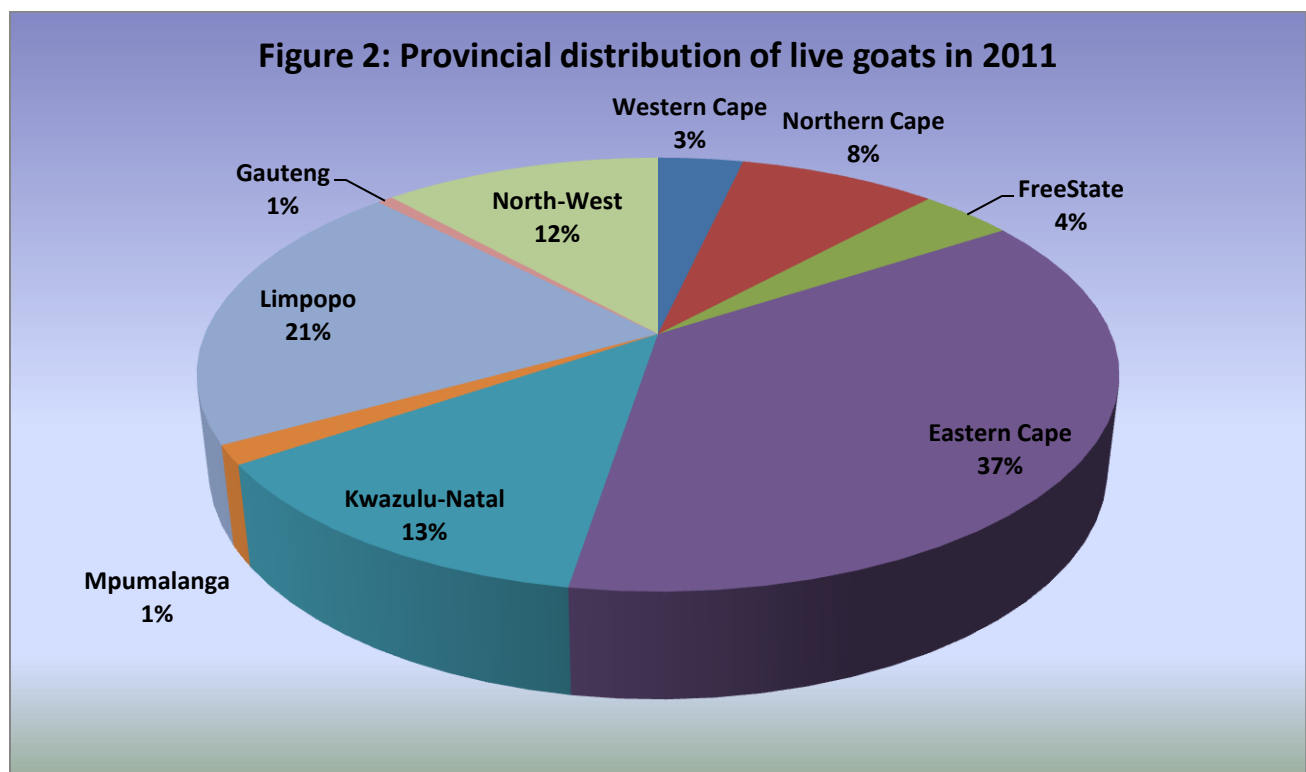
There are only 250 stud breeders in the country. The US Department of Agriculture (USDA) maintain that the Boer Goat, which is indigenous to South Africa, has better meat in terms of quality and quantity than any other type of goat and small stock. The Boer goat's meat contains less fat, fewer calories and higher levels of protein and iron than beef, pork, and mutton and broiler meat. White commercial farmers mainly own Boer goats and Angora goats while black farmers mainly own indigenous goats in a communal farming system. Indigenous

goats represent approximately 63% of the goats found in South Africa and in the past they were not subjected to any selection process, un-improved and are a crossbreeding of the improved goats like the Boer goat, the Kalahari Red and the Savanna goat.

The indigenous goat is mainly found in the Eastern Cape Province (in the former Transkei and Ciskei), but also in the Limpopo, North West and KwaZulu–Natal Provinces (with small numbers in the other provinces of South Africa). The indigenous goat is neither regarded as a meat goat (due to its small carcass) nor it is regarded as a milk goat (because it gives barely enough milk to provide for the needs of their kids) (NAMC).

## 1.1 PRODUCTION AREAS

Goats are found throughout the country with Eastern Cape, Limpopo Provinces and KwaZulu-Natal being the largest producers, accounting for approximately 72% of the total live goats. Distribution of live goats per province in 2011 is illustrated in Figure 2.



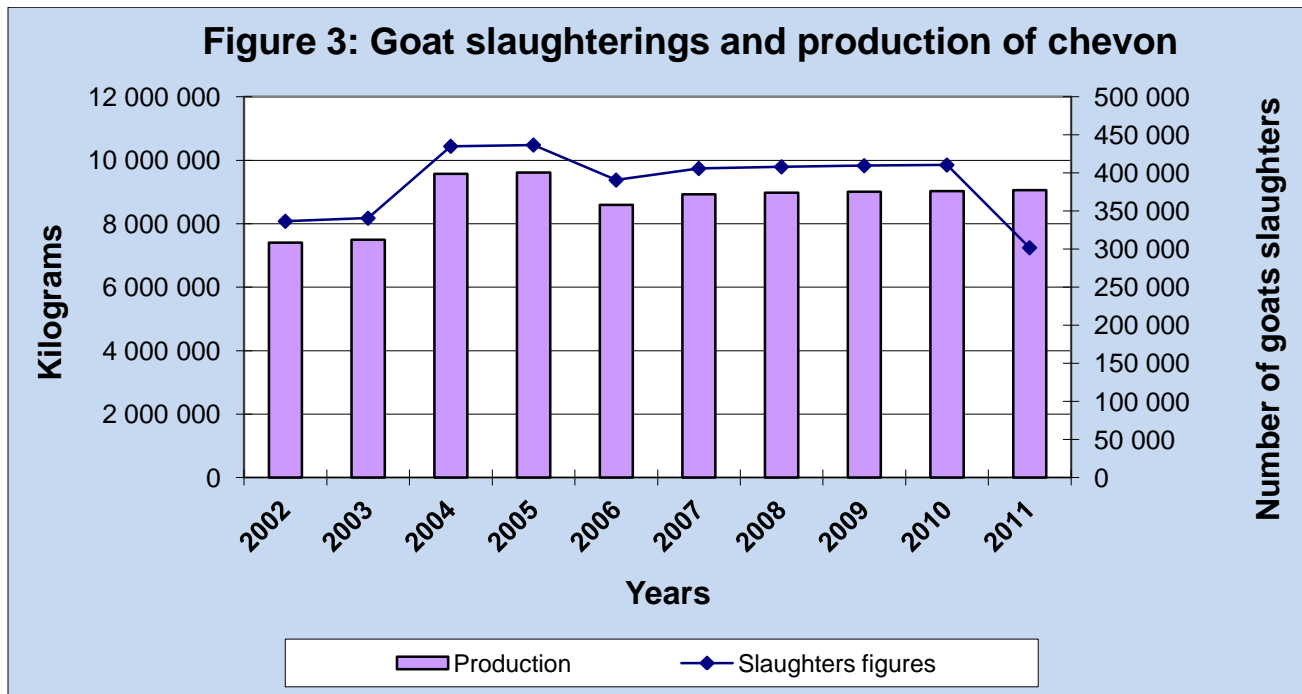
Source: Statistics and Economic Analysis, DAFF

Figure 2 shows that Eastern Cape owns more goats in South Africa accounting for 37% of the total flock followed by Limpopo, KwaZulu–Natal and North West taking up 21%, 13% and 12% respectively. The mentioned four Provinces account to a total of 83% and the other five Provinces share the 17%. Gauteng Province has the most minimal goats and account for 1% only.

## 1.2. Production trends

Goat produces meat and milk but the primary reason for keeping goats is for meat. This contributed in meat goats constituting the major proportion of the world goat population. Chevon is also derived from male goat kids

and culls from angora and milch goat herds. Where other goat products such as cheese and cashmere are either primary or secondary products, the culling of goats is influenced by the economic value of these. Over the past ten years, the average number of goats slaughtered was 388 goats per year and chevon production was averaged at 8.8 million Kg per year. From 2006 to 2010, number of goats slaughtered and chevon production was almost constant. Figure 3 below show the goat slaughtered and chevon production



Source: Statistics and Economic Analysis, DAFF

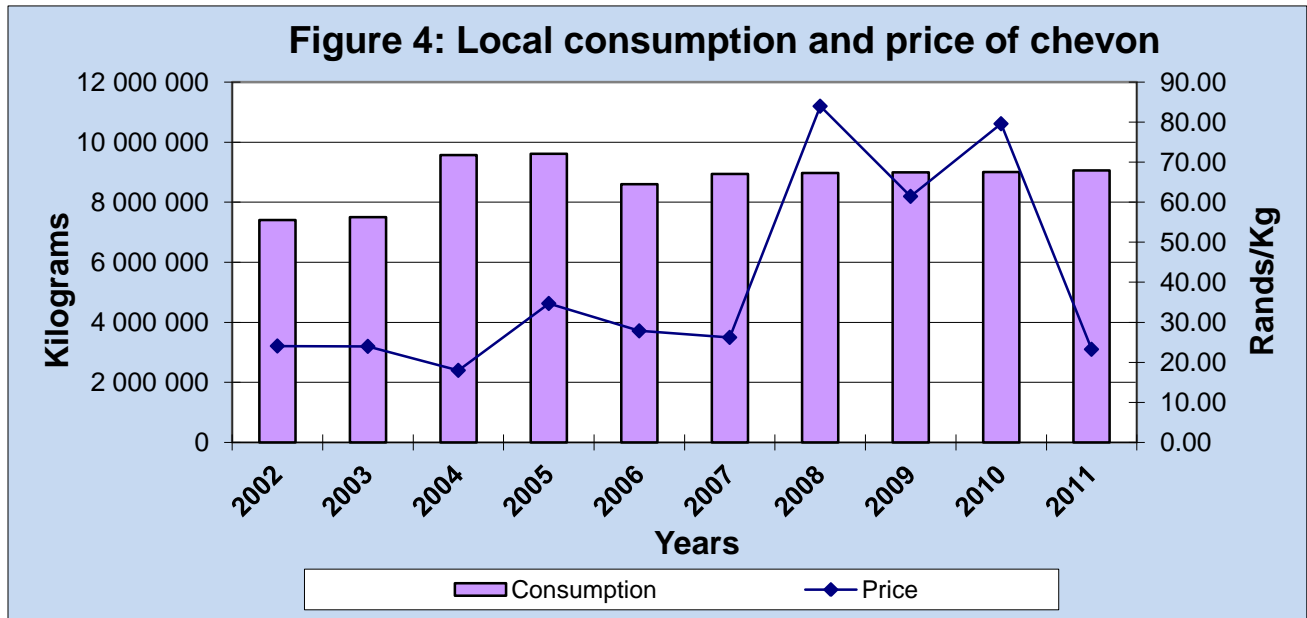
Figure 3 above shows that both production and slaughtering has been following the same trend from 2002 to 2010 but in 2011 chevon production increased while the number of goats slaughtered decreased. They both reached the peak during 2004 to 2005.

## 2. MARKET STRUCTURE

### 2.1. DOMESTIC MARKET AND PRICES

Goats are mostly slaughtered for religious or traditional purposes and on an informal basis (backyard slaughter). In other words, goats are slaughtered in a specific way for bridal ceremonies and the eating of the meat is restricted to certain persons according to the custom of the families. Goats are also important in burial rituals by traditional healers where they have to suck the blood and wear the gall bladder as a headdress.

Goats slaughtered in the commercial sector are mainly Boer goats and surplus Angora goats. Hence it is estimated that only 0.55% of the goat is slaughtered in the commercial sector and is mainly marketed in the informal sector (SAMIC). Goat slaughtering figures are normally included in the slaughter figures for sheep and it is difficult to obtain official statistics on goat slaughtering. Although rarely retailed, chevon is widely eaten in South Africa. Figure 4 shows the local consumption and price of chevon.



Source: Statistics and Economic Analysis and Quantec.

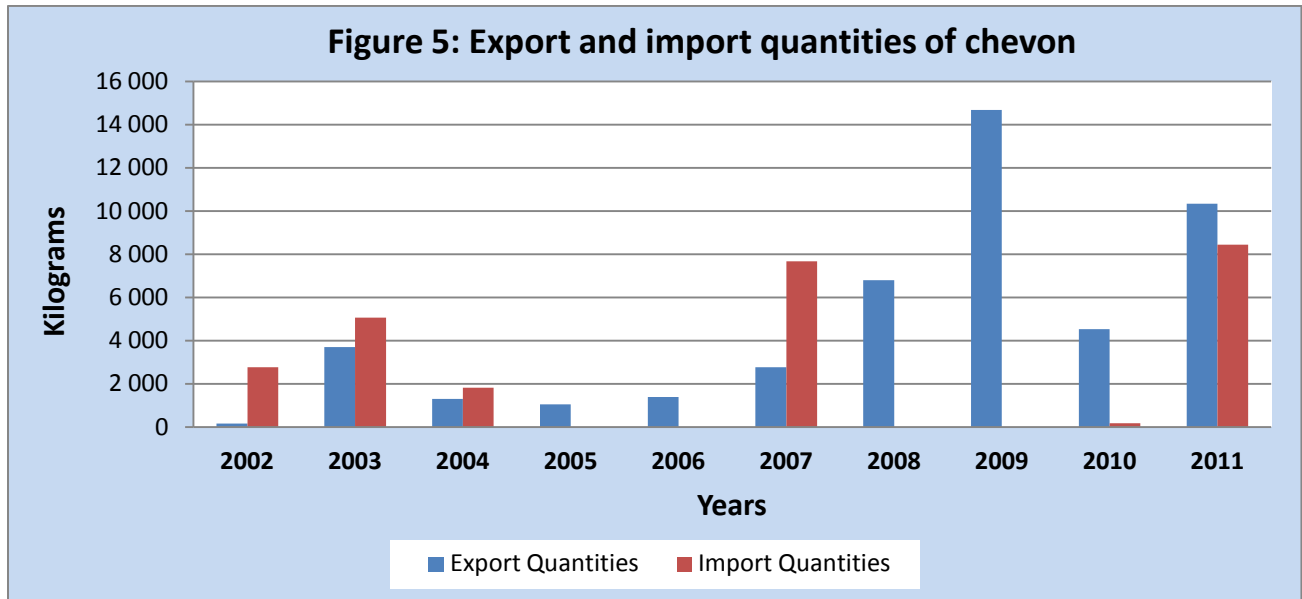
Consumption of chevon has been fluctuating slightly from 2001 to 2006 and became stable from 2007 to 2011.. The price of chevon was fluctuating drastically during the period under review. It reached its peak in 2008 and fluctuated thereafter. Generally the price of chevon has been low compared to the consumption trend.

## 2.2. PROCESSING

South Africa has an active and well developed industry for processing animal products. However, little processing for chevon occurs. Sometimes processors replace mutton with chevon in products such as sausages and polonies when the price of mutton is too high.

## 2.3. IMPORT – EXPORT ANALYSIS OF CHEVON

Figure 5 compares quantities of imports and exports for chevon from 2002 to 2011.

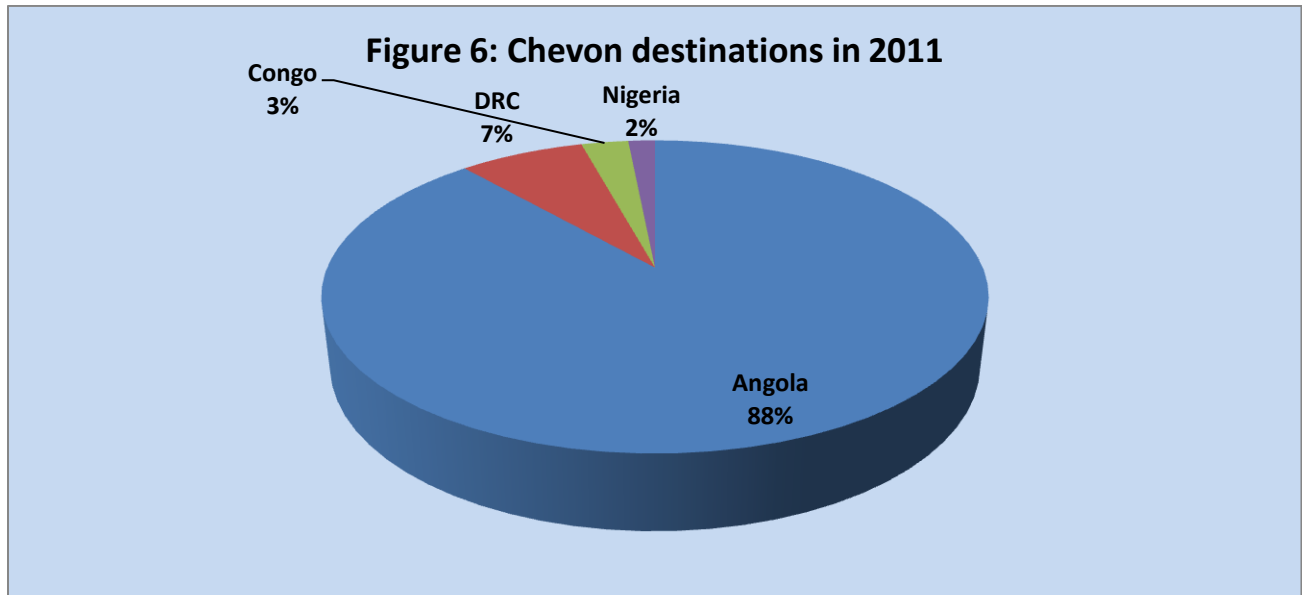


Source: Quantec Easydata

Figure 5 indicate that there were some intermittent imports of chevon during the past decade. There were no imports of chevon records during the years 2005, 2006, 2008 and 2009 while the exports of chevon were continuous throughout the decade. South African imports of chevon were higher that exports during 2002 to 2004, 2007 and again in 2011. The quantity of chevon exported from South Africa was high from 2005 to 2006 and 2008 to 2011 during the same time. This indicates that South Africa was self-sufficient in chevon production during the mentioned periods.

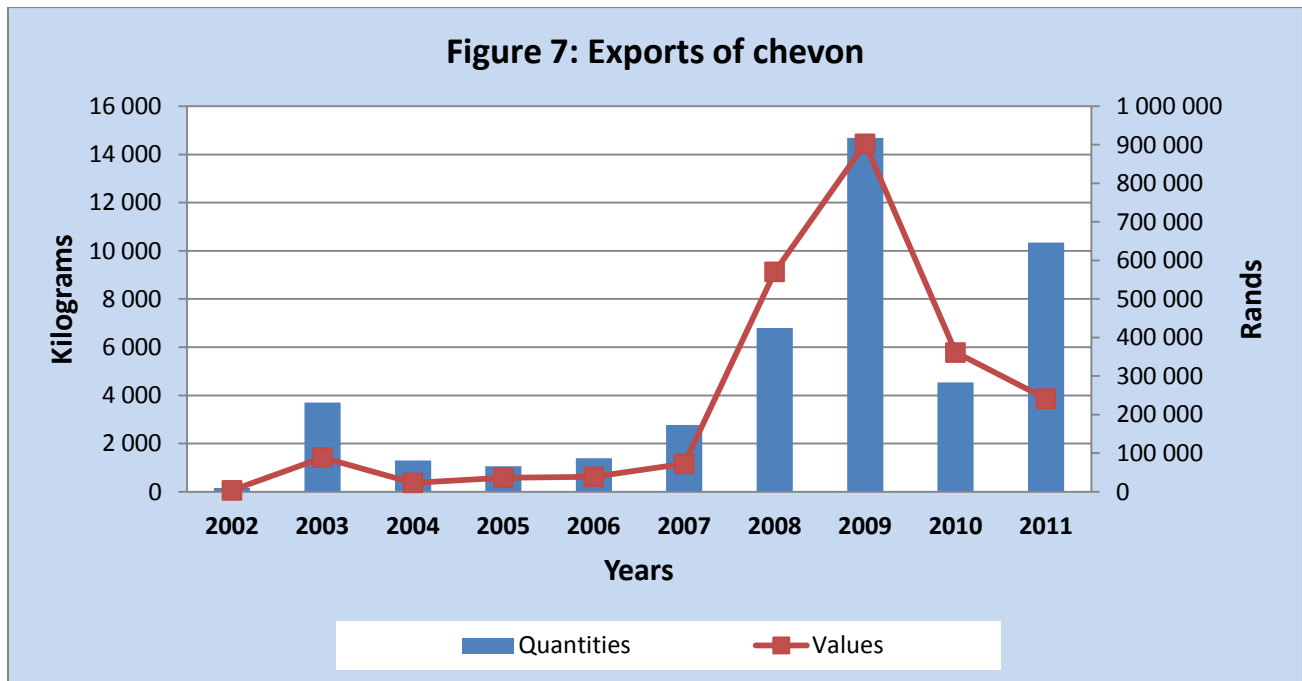
#### 2.4. EXPORTS OF CHEVON

South Africa exported a total of 46 733 kilograms of chevon at a value of R 2 339 679 during the past decade. Both export quantity and value experienced a drastic decrease of 30% and 73% respectively in 2011 compared to 2009 which was the peak. Generally export increased drastically during the period under review. Figure 6 below shows the export destinations of South African chevon in 2011.



Source: Quantec Easydata

From Figure 6, Angola commanded the greatest share of South Africa's chevron accounting for 88% of the exports in 2011 followed at distance by Democratic Republic of Congo (DRC) taking up 7%, Congo by 3% and Nigeria by 2%. Annual chevron exports to the world from 2002 to 2011 are shown in Figure 7 below.

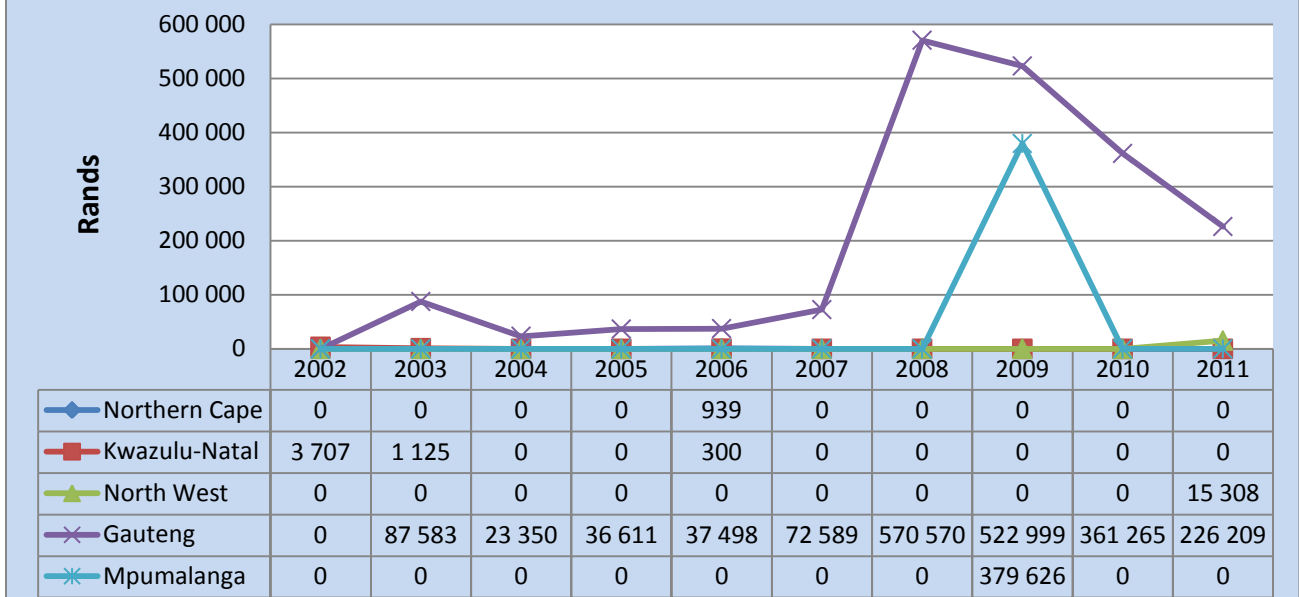


Source: Quantec Easydata

Figure 7 illustrates that exports of chevron from South Africa was very low in both value and quantity from 2002 to 2007. Chevron exports started increasing from 2008 and reached the peak of 14 689 kilograms at a value of R 902 625 in 2009 in 2009 then decreased drastically in 2010 before a slight increase in 2011. This increase might have been led by an increased production and low demand of chevron in South Africa.

Chevron exports from various provinces of South Africa from 2001 to 2010 are shown from Figure 8 to 17.

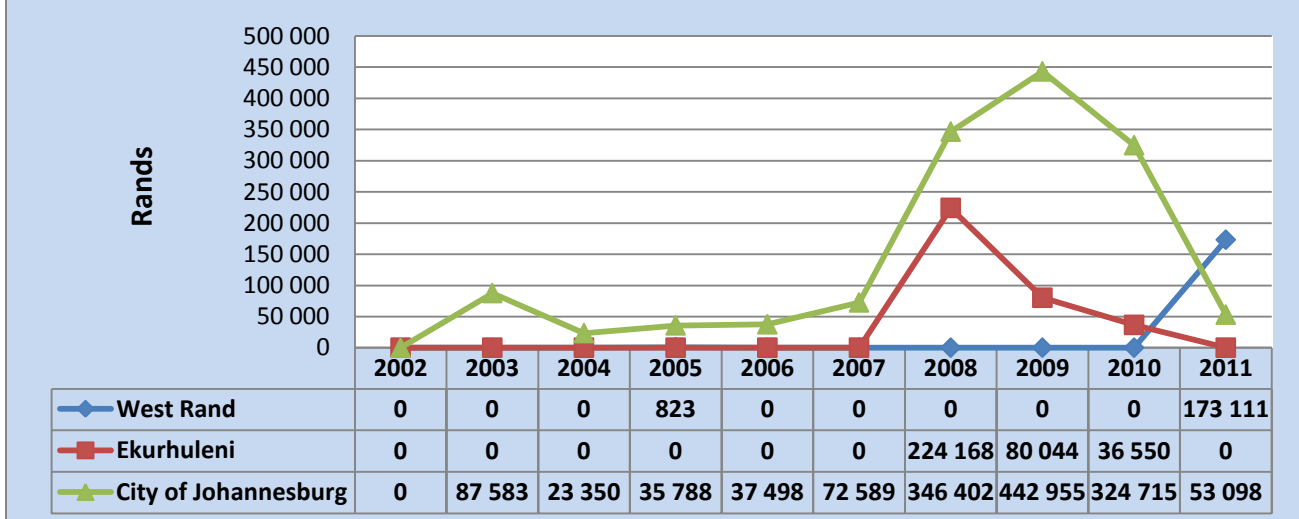
**Figure 8: Chevron exports value from Provinces**



Source: Quantec Easydata

Provincial exports of chevon were recorded in five provinces. Gauteng province dominated the chevon export market and recorded high values of chevon during the periods 2003 to 2011. Irregular exports were experienced in Northern Cape, KwaZulu-Natal, North West and Mpumalanga provinces.

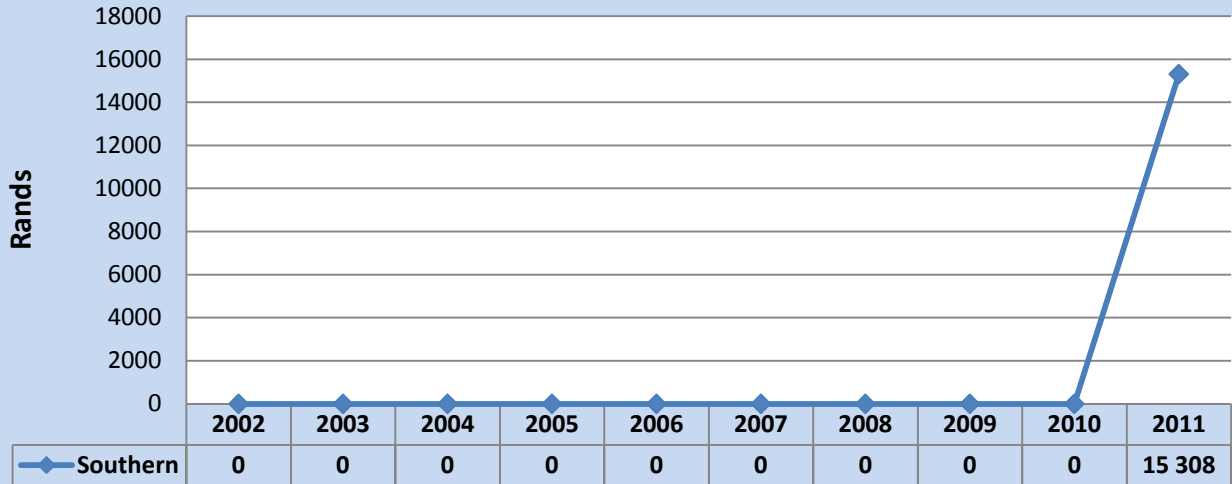
**Figure 9: Values of chevon exported from Gauteng Province**



Source: Quantec Easydata

In Gauteng province, export of chevon was mainly from the City of Johannesburg metropolitan followed by Ekurhuleni district municipalities. The highest export value was recorded in 2009 from City of Johannesburg metropolitan municipality. West Rand district municipality recorded exports of chevon only in 2011.

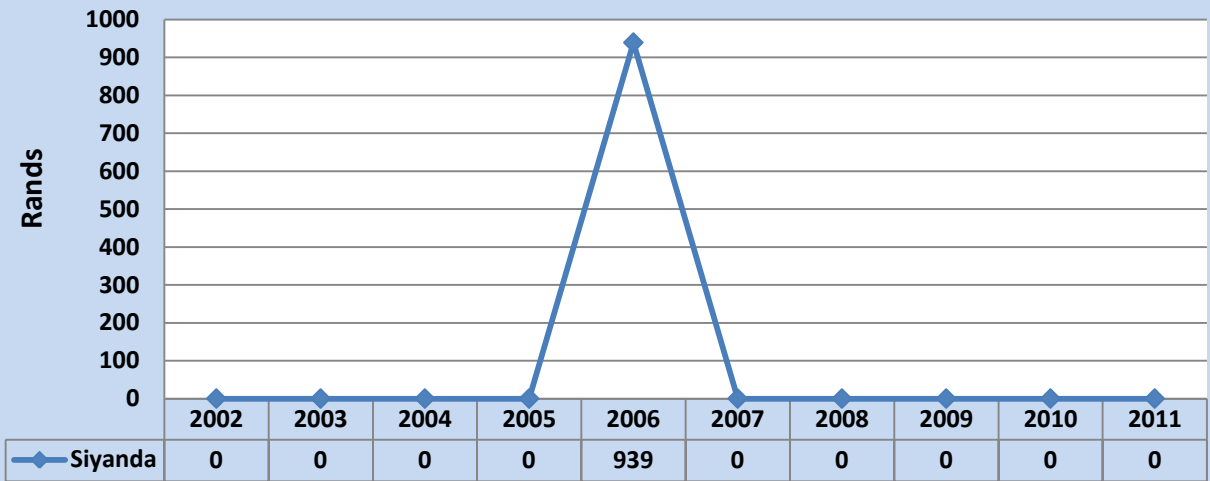
**Figure 10: Values of chevon exported from North West Province**



Source: Quantec Easydata

North West Province did not experience any chevon exports during the period 2002 to 2010. Southern district municipality was the only municipality which exported 15 308 kilograms of chevon in 2011.

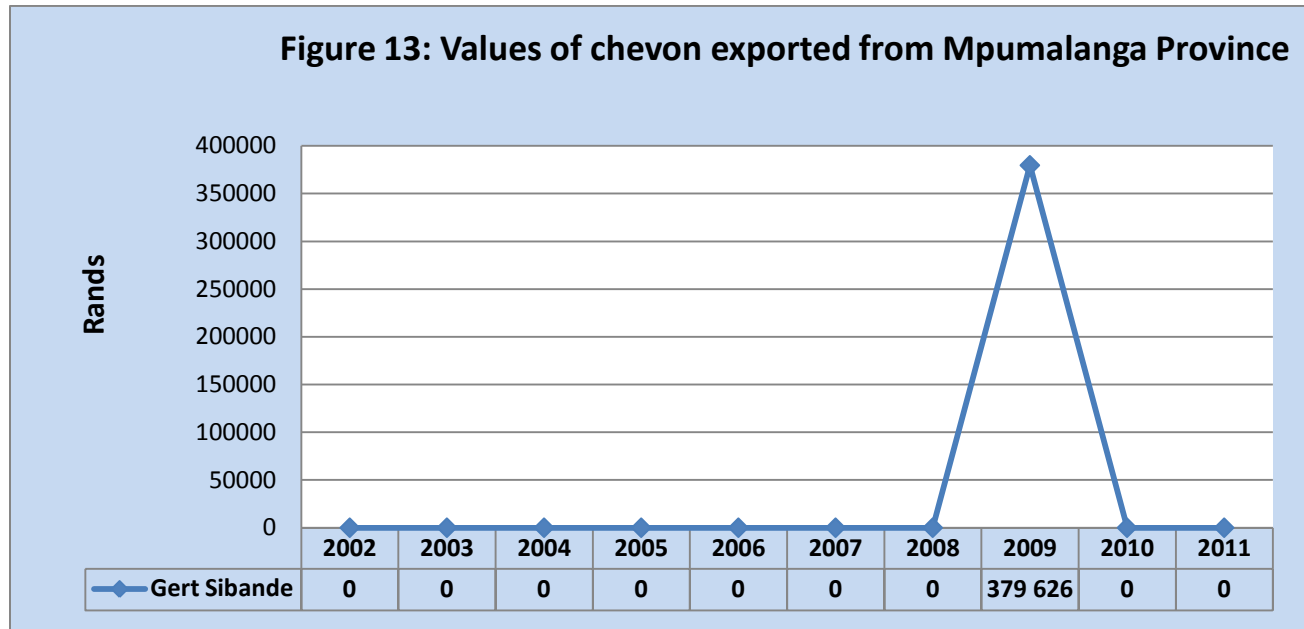
**Figure 11: Values of chevon exported from Northern Cape Province**



Source: Quantec Easydata

From Northern Cape Province, export of chevon was recorded from Siyanda district municipality. Siyanda district municipality exported chevon in 2006 only and there were no exports records during the other years in Northern Cape Province.

**Figure 13: Values of chevon exported from Mpumalanga Province**



Source: Quantec Easydata

Figure 13 above shows that intermittent exports of chevon in Mpumalanga were from Gert Sibande which recorded exports in 2009 only and diminished during the other years.

## 2.5. SHARE ANALYSIS

**Table 1: Share of Provincial chevon exports to the total RSA chevon exports (%).**

Years Provinces	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Northern Cape	0	0	0	0	2.42	0	0	0	0	0
Kwazulu-Natal	100	1.27	0	0	0.77	0	0	0	0	0
North West	0	0	0	0	0	0	0	0	0	6.34
Gauteng	0	98.73	100	100	96.80	100	100	57.94	100	93.66
Mpumalanga	0	0	0	0	0	0	0	42.06	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Easydata

Table 1 show that Gauteng Province commanded the greatest share of the chevon exports during the period under analysis followed by KwaZulu-Natal Province. Northern Cape, North West and Mpumalanga Provinces recorded the least exports throughout the period under analysis.

**Table 2: Share of district chevon exports to the total Gauteng provincial chevon exports (%).**

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
West Rand	0	0	0	2.25	0	0	0	0	0	76.53
Ekurhuleni	0	0	0	0	0	0	39.29	15.30	10.12	0
City of	0	100	100	97.75	100	100	60.71	84.70	89.88	23.47

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Johannesburg										
<b>Total</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec Easydata

From Gauteng province, City of Johannesburg metropolitan municipality was the main exporter of chevon. It exported regularly from 2003 to 2011. This is due to the fact that City of Johannesburg metropolitan municipality is the exit point of exports to neighboring countries. Ekurhuleni and West Rand district municipalities recorded fractional exports during the period under analysis. Ekurhuleni district municipality exported chevon during the periods 2008 to 2010 and West Rand district municipality exported during the periods 2005 and 2011.

**Table 3: Share of district chevon exports to the total North West provincial chevon exports (%).**

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Southern	0	0	0	0	0	0	0	0	0	100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>

Source: Quantec Easydata

Table 3 above shows that Southern district municipality in North West Province, was the only exporting municipality and recorded its chevon exports in 2011 only. There were no exports records during the periods 2002 to 2010.

**Table 4: Share of district chevon exports to the total Northern Cape provincial chevon exports (%).**

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Siyanda	0	0	0	0	0	100	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: Quantec Easydata

From Northern Cape Province, recorded exports of chevon from Siyanda district municipality in 2007 only and diminished during the other years of the decade.

**Table 5: Share of district chevon exports to the total KwaZulu–Natal provincial chevon exports (%).**

Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Ugu	1.35	0	0	0	100	0	0	0	0	0
Uthungulu	98.65	100	0	0	0	0	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: Quantec Easydata

From the KwaZulu–Natal Province, fractional exports of chevon were mainly from Ugu and Uthungulu district municipalities from 2002 to 2011. Ugu district municipality exported chevon during the periods 2002 and 2006 while Uthungulu district municipality exported in 2002 to 2003.

**Table 6: Share of district chevon exports to the total Mpumalanga provincial chevon exports (%)**

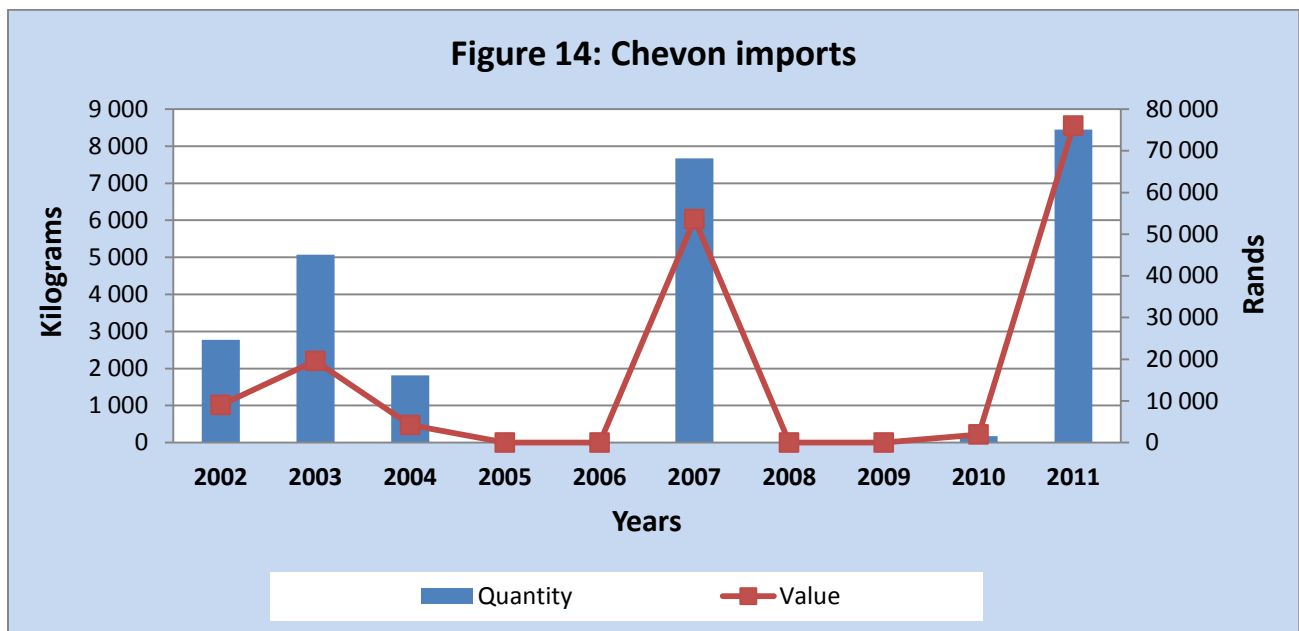
Years Districts	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gert Sibande	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100	0.00	0.00
Total	0	0	0	0	0	0	0	100	0	0

Source: Quantec Easydata

In Mpumalanga Province, Gert Sibande district municipality was the only exporting municipality of chevon meat. The municipality recorded export in 2009 only.

## 2.6. IMPORTS OF CHEVON

South Africa mainly imports fresh, chilled or frozen carcasses of goats, fresh, chilled or frozen cuts with bone in of goats and fresh, chilled or frozen boneless goat meat. During the period 2002 to 2011 South Africa imported on average of 4 314 kilograms of chevon per annum yielding R 38 985 per annum. Figure 18 shows the imports of chevon from the period 2002 to 2011.

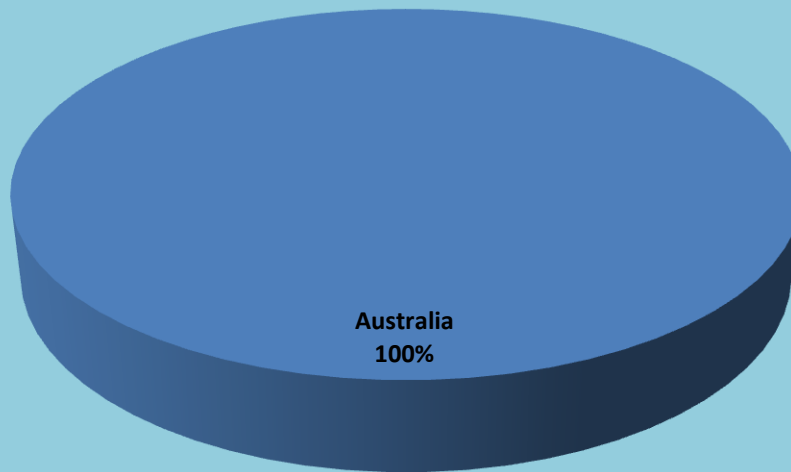


Source: Quantec Easydata

Figure 18 shows that imports of chevon by South Africa were intermittent but the new peak was reached in 2011 after the previous peak in 2007. It is clear that it was profitable to import chevon from 2002 to 2010 since more quantity were imported with less value excluding in 2011. There were no records of imports during the periods 2005-2006 and 2008-2010.

Figure 15 below shows imports of chevon from the countries of origin during the period 2011.

**Figure 15: Countries for Chevron imports origin in 2011**



Source: Quantec Easydata

Figure 15 indicates that South Africa relied on Australia for the supply of chevon. This is because Oceania is the main producer of chevon in the world. Even though the import of chevon by South Africa is irregular, the volumes were substantial during the periods 2003, 2007 and 2011.

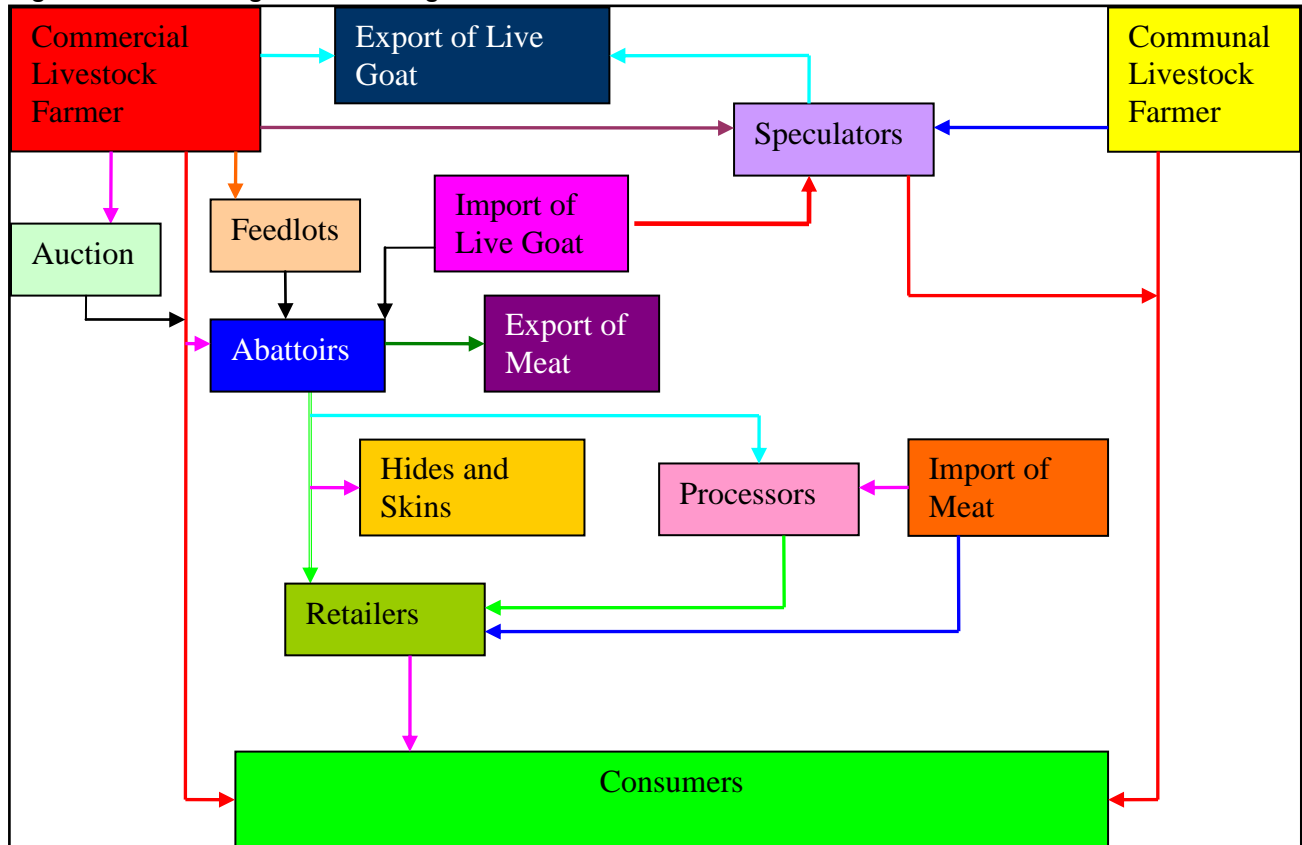
### **3. MARKETING CHANNELS / GOAT VALUE CHAIN**

Indigenous goat industry is not organised in the form of provincial and national structures. Nevertheless, a very effective marketing system with the assistance of traders / speculators for indigenous goats has developed over many years. Due to the demand for goats in the informal market and the shortage of goats, farmers are getting good prices.

The majority of goats marketed in South Africa are sold by private transactions in the informal market to be slaughtered for religious or traditional purposes. The result is that a very small percentage of goats are marketed through registered abattoirs. The informal market of goats through traders or speculators therefore drives the South African goat industry.

Figure 15: Marketing channels of goats and chevon in South Africa.

**Figure 16: Marketing channels of goats and chevon in South Africa**



Until 2010 chevon was not available in our retail stores. This was mainly due to the strong and well-developed informal market for goats (for ritual and religion purposes) with the result that a small percentage of goats are slaughtered in registered abattoir, the supplier of meat to the retail sector.

Live goats are realising good prices in the informal market and that is why producers consider supplying local demand before they think of the export market.

Boer goats are marketed through out of hand sales to speculators, auctions and sales to abattoirs. The biggest percentage of Boer goats is marketed through traders / speculators.

#### 4. MARKETING CAMPAIGN

An extensive campaign to educate the consumer about chevon was undertaken by a private company in 2004. Kalahari Kid succeeded by placing chevon on the shelves of a number of supermarkets in South Africa (Pick & Pay, Checkers hypermarket and Spar). Consumers are made aware of the excellent qualities of chevon. Shoprite Checkers is marketing chevon, branded CHEVON. Chevon is booming in the Western Cape. One of the largest supermarket groups market high quality chevon as a new health meat. Kalahari Kid markets chevon as totally natural with no growth hormones being used. The animals roam and graze freely and are marketed as all-natural South African goat products (NAMC).

The following local market sectors have been identified by Kalahari Kid Corporation (KKC):

### **1. Adventurous Consumer.**

- Usually forming part of the A and B income market.
- This consumer is adventurous to try out new market trends including the emphasis on quality and health value.
- The exclusivity of the product is the attraction and should be available in an exciting range of value added and pre-prepared products with designer packaging and innovative recipes.

### **2. Muslim and Hindu Consumer – local**

- Traditional chevon consumers – need to be made aware of the availability of Kalahari Kid Chevon in the market place.
- The Hindu consumer is not adverse to goat and lamb being slaughtered in the Halaal method and this is the reason for combining the two religious groups together.

### **3. The C, D lower income groups**

- ⇒ Traditionally the largest consumers of chevon in South Africa.
- ⇒ Used as a daily source of protein and extensively for weddings and funerals.
- ⇒ Unfortunately this consumer group cannot normally afford to purchase a whole carcass. KKC can easily penetrate this market by offering the lower priced cuts of meat, such as neck and breast and flap in a boxed format into the informal sector.
- ⇒ Offal is largely consumed in this sector and is normally in short supply in the winter months.

## **5. INDUSTRY STRUCTURES**

The South African Boer Goat Breeders' Association (SABGBA) was established in 1959 to improve and protect the interests of the Boer goat farmers and to introduce a uniform breeding policy and selection criteria.

Indigenous goat structures is not organised in the form of provincial and national structures. There are however several initiatives occurring in the Eastern Cape, Limpopo, North West and Northern Cape provinces which aim to provide the organizational, institutional and infrastructural framework within which emerging farmers will more readily be able to market their goats in an organised manner.

In the Northern Cape, regional offices are being created to assist with collection and transport to central infrastructures. Thus far these “hubs” are private individuals / entrepreneurs, and also encompass an element of job-creation. Over 90 goat co-operatives are currently being formed in the Northern Cape (NAMC).

## **6. EMPOWERMENT PROJECTS**

### **➤ Kalahari Kid Corporation**

The Kalahari Kid Corporation is a joint initiative between private sector, the Northern Cape Provincial Government and emerging farmers in the Northern and Eastern Cape and the North West Province of

South Africa. Kalahari Kid has contract growers (farmers who farm with goats, solely for resale to the Kalahari Kid Corporation). The Corporation also sources the goats for slaughter, consolidates them in groups and sends them to one of three nominated abattoirs situated in Groblershoop, Colesburg and Port Elizabeth.

➤ **Umzimvubu Goats**

The Umzimvubu Goat Production and Processing facility entails the construction of infrastructure and the training and organisation of goat owners/farmers in the Alfred Nzo district of the Eastern Cape Province. The infrastructure will consist of a feedlot, abattoir, tannery, restaurant, curio shop and leather craft workshop. All the raw products will be sourced from goats owned by ± 3 200 small-scale rural farmers in the Alfred Nzo district.

➤ **Kgalagadi Dipudi – Cross-border Project - Northern Cape/North West Province**

The Kgalagadi Dipudi Project involves the formation of Goat Interest Groups, and the training and facilitation of these groups by a group of extension officers from the Northern Cape and North West Province and officers of the Northern Cape Office of the Status of Women known as Metswedi (the fountain). There are currently 43 goat interest groups and they have successfully organised themselves into a cooperative known as the Kgalagadi Dipudi Enterprise (KDE).

➤ **Boer Goat Farming in North West province**

The Ngaka Modiri Molema District Municipality in the Northwest Province of South Africa handed over 103 Boer Goats to beneficiaries of a land reform project near Sannieshof. The 10 beneficiaries of the goat section of the project took delivery of the Boer Goats in March 2009.

## **7. OPPORTUNITIES**

Commercialization of chevon production, by increasing the percentage slaughtered in the formal sector has the potential to increase income generated from goats. More attention should be given to the promotion of chevon and market development to increase consumer demand and to encourage stock farmers to farm with goats rather than just to keep them.

Chevon demand exceeds supplies in most parts of the world, notably in the tropics and the subtropics, where 74% of the world's chevon is produced. In Southern Africa lamb and mutton enjoy premium prices while chevon is a secondary product. Discrimination of chevon arises when sheep and cattle are dominant sources of red meat.

Chevon is between 50-60% lower in fat than beef but has the same protein content. Chevon is also lower in fat than chicken. Substituting goats for cows in milk production can increase the goat contribution to animal production in RSA, particularly with the communal farmers. Better use can be made of scarce resources in developing areas because of potential higher fertility of goats and higher feed conversion in relation to body mass for meat and milk production. Compared to cattle, goats produce more milk on less food and are not adversely affected by declining veld conditions. Products made from goats' milk can be explored.

Goats can tolerate the extremes of desert conditions and high temperature humidity conditions because of their small size. Being an important nutrient source chevon should be promoted in developing countries like South Africa.

## 8. CONSTRAINTS

Despite certain favourable carcass characteristics such as lower fat percentage compared to beef and mutton, as well as favourable meat to bone ratio, per capita chevon consumption in South Africa is low compared to other red meat types. Chevon seemed to be preferred by a few specific communities in South Africa, but generally has a hard time competing for a market share. It has received little attention in terms of marketing and unfortunately has a negative connection of an undesirable odour. Indications are that the “undesirable odour” only refers to the elderly bucks (NAMC).

Small-scale farmers do not see goats as a saleable commodity. They see them as financial security. There is a perception that goats are a poor man’s animals. This mindset of the farmers has to be changed through an educational approach, promoting the financial value of the animals.

There are reasons why many people do not eat chevon and some of them are as follows:

- Chevon smells
- Beef and mutton are more tasty
- The meat fibre of chevon are too coarse
- Goats are only used in traditional ceremonies
- Goats are pets so should not be consumed

A major constraint is heart water. Many goat improvement schemes collapsed because of heart water. A continuous problem of overgrazing is being experienced. Farmers should be encouraged to sell more goats so this problem can be contained.

## 9. MARKET INTELLIGENCE

### 9.1. EXPORT TARIFFS OF GOAT MEAT

Table 7 show tariffs faced by chevon originating from South Africa.

**Table 7: Export tariffs of chevon (HS: 0204500)**

Country	Product Code	Trade Regime Description	2010		2011	
			Applied Tariffs	Total Ad valorem Equivalent Tariff (estimated)	Applied Tariffs	Total Ad valorem Equivalent Tariff (estimated)
Angola & DRC	02045000	MFN duties Applied			10.00%	10.00%
Bahrain	02045011; 02045021 & 02045031	MFN duties Applied	0.00%	0.00%	0.00%	0.00%

Country	Product Code	Trade Regime Description	2010		2011	
			Applied Tariffs	Total Ad valorem Equivalent Tariff (estimated)	Applied Tariffs	Total Ad valorem Equivalent Tariff (estimated)
	02045012; 02045022 & 02045032	MFN duties Applied	5.00%	5.00%	5.00%	5.00%
Congo & Nigeria	02045000	MFN duties Applied	20.00%	20.00%	20.00%	20.00%

Source: Market Access Map

Table 7 indicates that exports tariffs of chevon in Congo and Nigeria are the highest at 20.00% MFN duties. Angola and Democratic Republic of Congo (DRC) applies the MFN duties of 10% to chevon originating from South Africa. Bahrain applied a tariff rate of 0.00% on Hs code 02045011, 02045021 and 02045031 and 5% on 02045012; 02045022 and 02045032. Bahrain applies the lowest tariffs to South African chevon but there were no export to this country in 2011.

## 9.2. IMPORT TARIFFS OF GOAT MEAT

Tariffs that South Africa applied to imports of chevon originating from all possible countries in 2010 and 2011 are shown on Table 8.

Table 8: Import tariffs of chevon

Country	Product Code	Trade Regime Description	2010		2011	
			Applied Tariff	Total Ad valorem Equivalent Tariff (estimated)	Applied Tariff	Total Ad valorem Equivalent Tariff (estimated)
Australia, China, Ethiopia, France & Pakistan	02045000	MFN duties Applied	40% or 262.02\$/Ton whichever is the greater	40.00%	40% or 240.00\$/Ton whichever is the greater	40.00%

Source: Market Access Map

Table 8 shows that the South African chevon industry is highly protected with MFN duties of 40% to all importing countries during the year 2010 and remained the same in 2011.

## 9.3. Non-Tariff Barriers (NTBs)

The following discussion about NTBs deals with the European Union's (EU) standards. The reason for this approach is that the EU applies stringent NTBs to imported meat. Therefore by implication, if an exporter can

satisfy the EU's regulation, his/her meat product is of the mandated standard to potentially satisfy other countries' NTBs.

Imports of fresh meat and meat products into the European Union are subject to veterinary certification – which is based on the recognition of the competent authority of the non-EU country by the Directorate-General for Health and Consumer Protection. This formal recognition of the reliability of the competent authority is a prerequisite for the country to be eligible and authorized for export to the European Union. Legally legitimate and adequately empowered authorities in the exporting country must ensure credible inspection and controls throughout the production chain, which cover all relevant aspects of hygiene, animal health and public health. All bilateral negotiations and other relevant dialogue concerning imports of meat and meat products must be undertaken by the national competent veterinary authority. All other interested parties and private businesses should contact their competent authority and communicate with the European Union via this channel.

### 9.3.1. Specific Key Elements

For meat and meat products from all species, countries of origin must be on a **positive list of eligible countries** for the relevant product. The eligibility criteria are:

- ↪ Exporting countries must have a **competent veterinary authority** which is responsible throughout the food chain. The Authorities must be empowered, structured and resourced to implement effective inspection and guarantee credible certification of the relevant veterinary and general hygiene conditions.
- ↪ The country or region of origin must fulfill the relevant **animal health** standards. This implies that the country should be a member of the World Organisation for Animal Health (OIE) and should meet that organisation's standards and reporting obligations. Adequate veterinary services must ensure effective enforcement of all necessary health controls.
- ↪ The national authorities must also guarantee that the relevant **hygiene and public health** requirements are met. The hygiene legislation contains specific requirements on the structure of establishments, equipment and operational processes for slaughter, cutting, storage and handling of meat. These provisions are aimed at ensuring high standards and at preventing any contamination of the product during processing.
- ↪ A **monitoring system** must be in place to verify compliance with EU requirements on **residues of veterinary medicines, pesticides and contaminants**.
- ↪ A suitable monitoring programme must be designed by the competent authority and submitted to the European Commission for initial approval and yearly renewal.
- ↪ Imports are only authorised from **approved establishments** (e.g. slaughterhouses, cutting plants, game handling establishments, cold stores, meat processing plants), which have been inspected by the competent authority of the exporting country and found to meet EU requirements. The authority provides the necessary guarantees and is obliged to carry out regular inspections.
- ↪ For the import of meat from bovine, ovine or caprine animal species (cattle, sheep and goats), exporting countries have to apply for determination of their **BSE status**. This status is based on a risk assessment and is linked to specific BSE-related import conditions.

➤ An inspection by the Commission's **Food and Veterinary Office** is necessary to confirm compliance with the above requirements. Such an inspection mission is the basis of establishing confidence between the EU Commission and the competent authority of the exporting country.

### **9.3.2. Carcasses and offal of sheep and goats are to undergo the following post-mortem inspection procedures:**

- Visual inspection of the head after flaying and, in the event of doubt, examination of the throat, mouth, tongue and retropharyngeal and parotid lymph nodes. Without prejudice to animal-health rules, these examinations are not necessary if the competent authority is able to guarantee that the head, including the tongue and the brains, will be excluded from human consumption;
- Visual inspection of the lungs, trachea and oesophagus; palpation of the lungs and the bronchial and mediastinal lymph nodes (*Lnn. bifurcationes, eparteriales and mediastinales*); in the event of doubt, these organs and lymph nodes must be incised and examined;
- Visual inspection of the pericardium and heart; in the event of doubt, the heart must be incised and examined;
- Visual inspection of the diaphragm;
- Visual inspection of the liver and the hepatic and pancreatic lymph nodes, (*Lnn portales*); palpation of the liver and its lymph nodes; incision of the gastric surface of the liver to examine the bile ducts;
- Visual inspection of the gastro-intestinal tract, the mesentery and the gastric and mesenteric lymph nodes (*Lnn. gastrici, mesenterici, craniales and caudales*);
- Visual inspection and, if necessary, palpation of the spleen;
- Visual inspection of the kidneys; incision, if necessary, of the kidneys and the renal lymph nodes (*Lnn. renales*);
- Visual inspection of the pleura and peritoneum;
- Visual inspection of the genital organs (except for the penis, if already discarded);
- Visual inspection of the udder and its lymph nodes;
- Visual inspection and palpation of the umbilical region and joints of young animals. In the event of doubt, the umbilical region must be incised and the joints opened; the synovial fluid must be examined.

The full details concerning specific requirements are detailed in the documents listed below.

- ✓ The official controls in respect of meat destined for European Union are contained in Regulation (EC) No 854/2004 of the European Parliament and of the Council of 29 April 2004. It lays down specific rules for the organisation of official controls on products of animal origin intended for human consumption.

- ✓ Regulation (EC) No 853/2004 of the European Parliament and of the Council (4) lays down general hygiene rules applying to all foodstuffs and Regulation (EC) No 853/2004 of the European Parliament and of the Council (5) lays down specific hygiene rules for products of animal origin.

## 10. PERFORMANCE OF SOUTH AFRICAN CHEVON INDUSTRY IN 2011

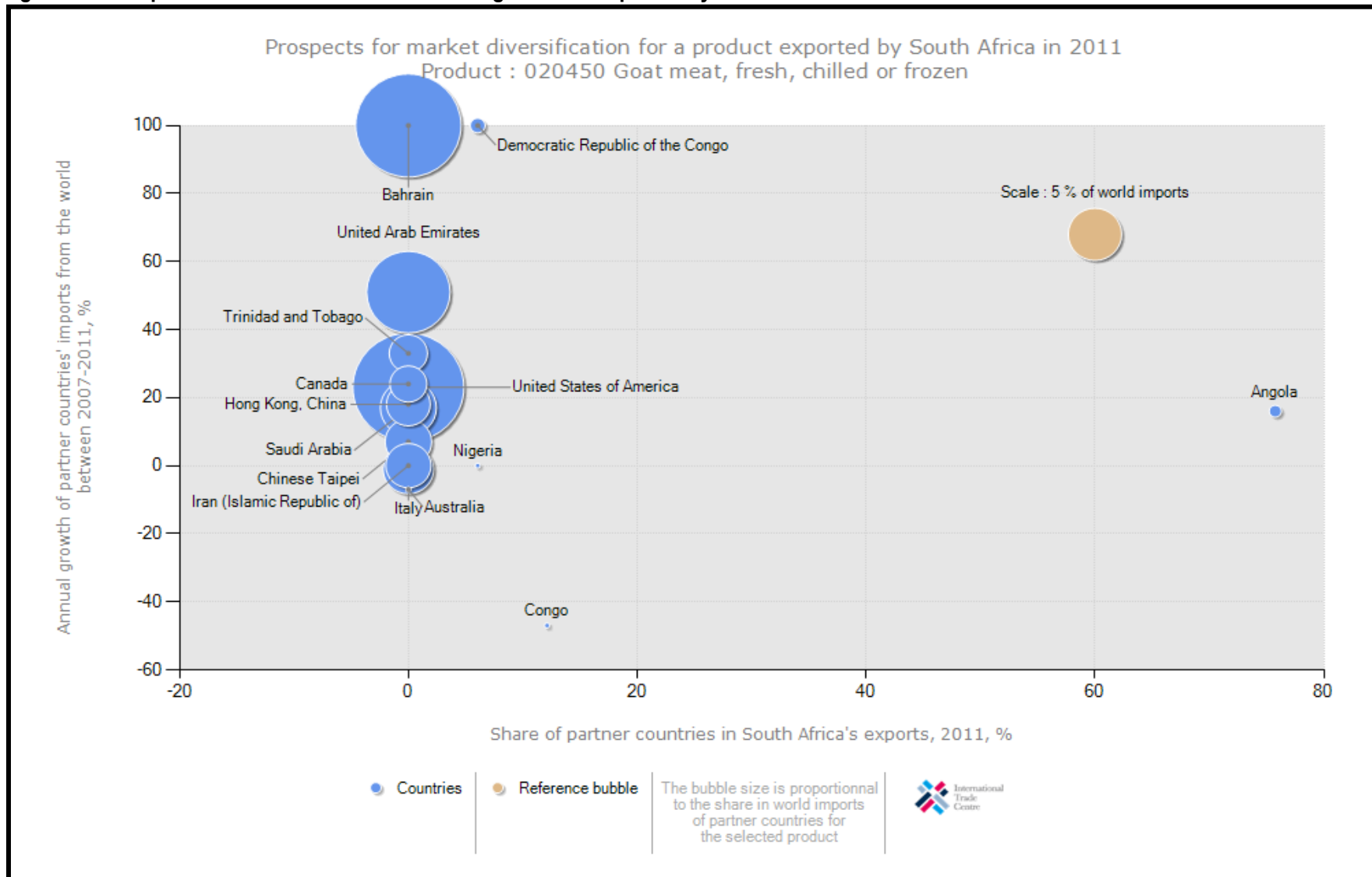
**Table 9: List of importing markets for the Chevron (fresh, chilled or frozen) exported by South Africa in 2011**

Importers	Trade Indicators												Tariff (estimated) faced by South Africa (%)
	Exported value 2011 (USD thousand)	Trade balance 2011 (USD thousand)	Share in South Africa's exports (%)	Exported quantity 2011	Quantity unit	Unit value (USD/unit)	Exported growth in value between 2007-2011 (% p.a.)	Exported growth in quantity between 2007-2011 (% p.a.)	Exported growth in value between 2010-2011 (% p.a.)	Ranking of partner countries in world imports	Share of partner countries in world imports (%)	Total import growth in value of partner countries between 2007-2011 (% p.a.)	
World	33	23	100	10	Tons	3300	23	23	-34		100	29	
Angola	25	25	75.8	9	Tons	2778				39	0.1	16	10
Congo	4	4	12.1	0	Tons					67	0	-47	20
Democratic Republic of the Congo	2	2	6.1	1	Tons	2000				28	0.2	108	10
Nigeria	2	2	6.1	0	Tons				-95	93	0		20

Source: ITC calculations based on COMTRADE statistics

South Africa's exports represent **0.01%** of Chevon (fresh, chilled or frozen); its ranking in world's exports is **32%**. Table 9 shows that during 2011 South Africa exported a total of 10 tons of chevon at an average value of US\$ 3 300/unit. Angola is the leading importer for chevon, accounting for 75.8% of South Africa's export market of chevon in 2011. 1% of South African chevon was exported to Democratic Republic of Congo (DRC). South African chevon export to the world increased by 23% each in value and quantity between the periods 2007 and 2011. Exports of South African chevon to the world have decreased by 34% in value between 2010 and 2011.

Figure 17: Prospects for market diversification for goat ment exported by South Africa in 2011



Source: Trademap, ITC

Figure 17 shows that if South Africa wishes to diversify its chevon exports; the biggest market exist in the United State of America (USA) which has an annual import growth of 23% and a world share of 24.3%. Bahrain's annual import growth is the highest by 266% and its world import share is the second highest accounting for 21.7%. South Africa can develop new market to these countries because currently they do not receive any chevon imports from South Africa.

Another opportunity for market development lies in Democratic Republic of Congo (DRC). During 2012 DRC experienced an annual increase of 6.06% of South African chevon and its annual import growth is at 108% while its share of world's imports is 0.2%. This is the smallest prospective market for South Africa.

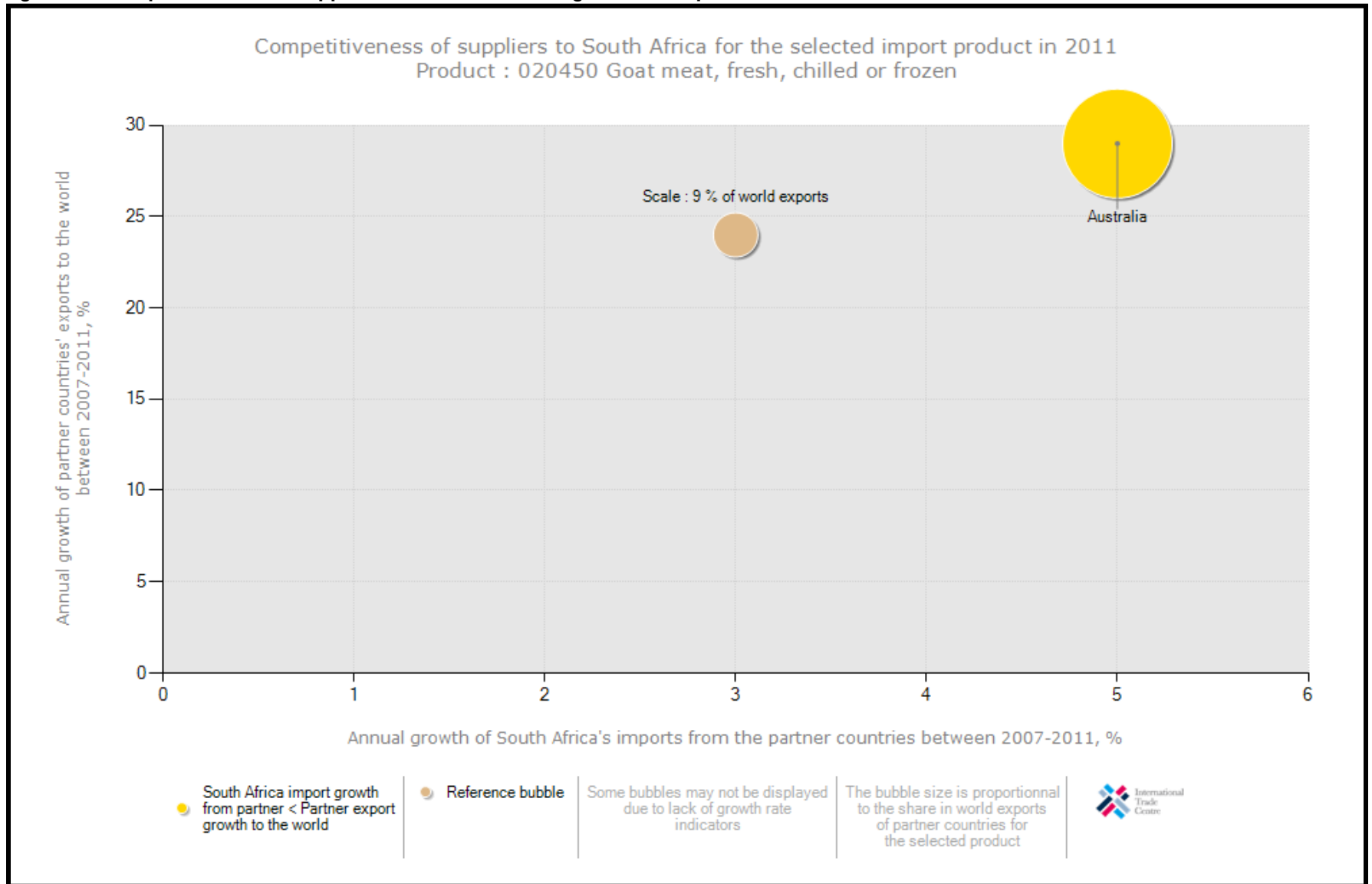
Table 10: List of supplying markets for Chevron (fresh, chilled or frozen) imported by South Africa in 2011

Exporters	Trade Indicators												Tariff (estimated) applied by South Africa (%)
	Imported value 2011 (USD thousand)	Trade balance 2011 (USD thousand)	Share in South Africa's imports (%)	Imported quantity 2011	Quantity unit	Unit value (USD/unit)	Imported growth in value between 2007-2011 (% p.a.)	Imported growth in quantity between 2007-2011 (% p.a.)	Imported growth in value between 2010-2011 (% p.a.)	Ranking of partner countries in world exports	Share of partner countries in world exports (%)	Total export growth in value of partner countries between 2007-2011 (% p.a.)	
World	10	23	100	8	Tons	1250	5	0			100	21	
Australia	10	-10	100	8	Tons	1250	5	0		1	44.9	29	40
China										3	10.1	10	40
Ethiopia										2	19.1	53	40
France										4	9.1	-3	40
Pakistan										5	8.1	26	40
Angola		25											0
Congo		4											40
Democratic Republic of the Congo		2											0
Nigeria		2											40

Source: ITC calculations based on COMTRADE statistics

South African imports represent **0%** of world's imports for Chevron (fresh, chilled or frozen) its ranking in world's imports is **89**. Table 10 shows that during 2011 South Africa imported a total of 8 tons of chevon (fresh, chilled or frozen) at an average value of US\$ 1 250/unit. The major origins for chevon imported by South Africa during 2011 was Australia. It commanded 100% share of South African chevon imports during 2011. South Africa's chevon imports increased by 5% in value and 0% in quantity between the periods 2007 and 2011. During the same period, imports of chevon from Australia increased by the same percentages. 5% in value and 0% in quantity.

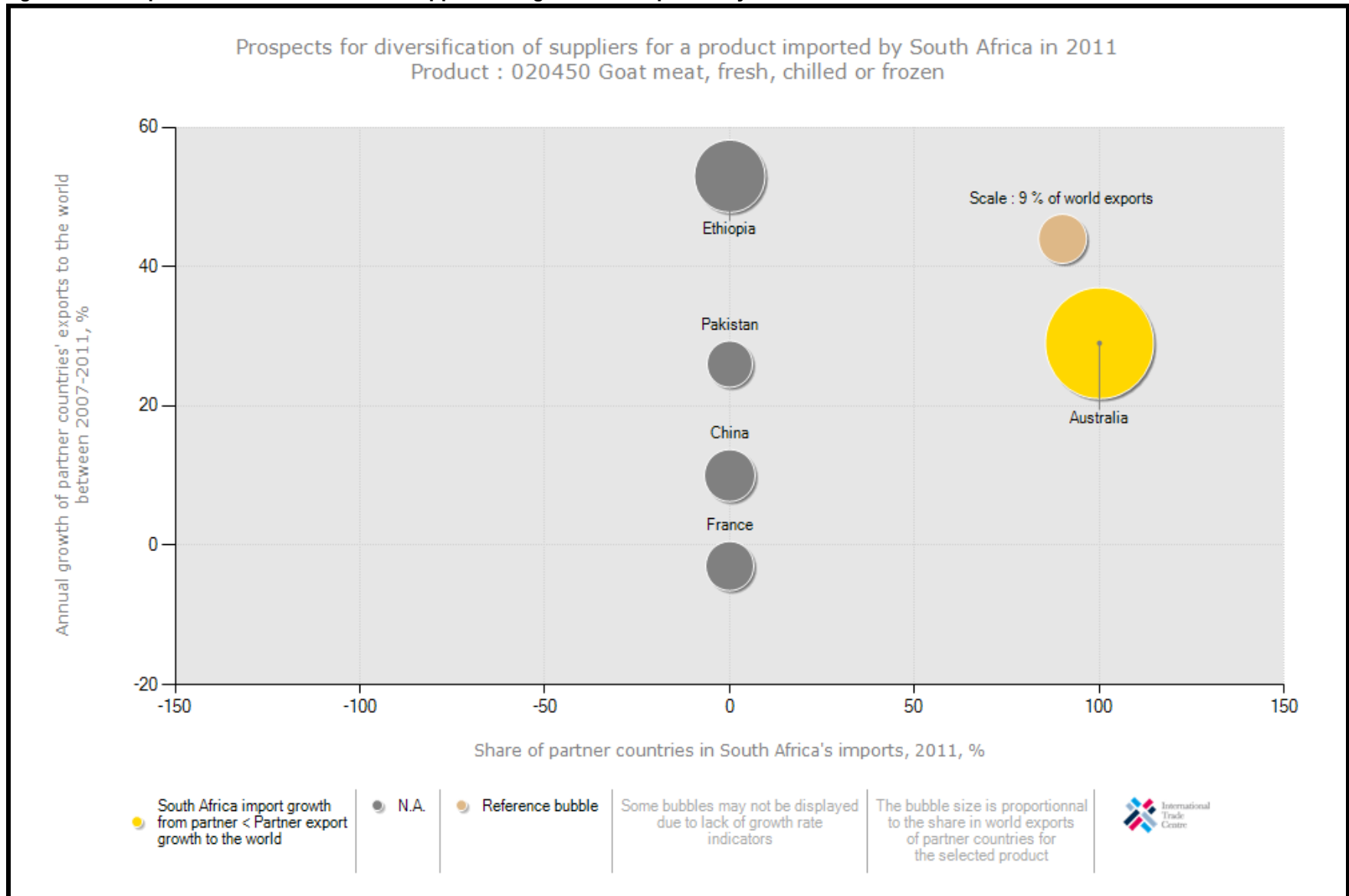
Figure 18: Competitiveness of suppliers to South Africa for goat meat imported in 2011



Source: Trademap, ITC

Figure 18 illustrates that between 2007 and 2011 South Africa imported chevon (fresh, chilled or frozen) from Australia only. South African imports of chevon from Australia increased by 5% per annum during the period 2007 and 2011 while Australia's chevon annual exports raised by 29%. Australia is a big market of chevon and it has 44.9% share of world's exports.

Figure 19: Prospects for diversification of suppliers for goat meat imported by South Africa in 2011



Source: Trademap, ITC

Figure 19 illustrates that if South Africa wishes to diversify its imports of chevon, Ethiopia is the biggest existing market, although it is currently not exporting to South Africa but its export annual growth was the highest (53%) and it also have the highest share in world exports (19.1%). Pakistan is the second attractive market with the export annual growth of 26% and world export share of 8.1%. Therefore, South Africa might develop the new markets with Ethiopia and Pakistan.

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