

# A PROFILE OF THE SOUTH AFRICAN MUTTON MARKET VALUE CHAIN

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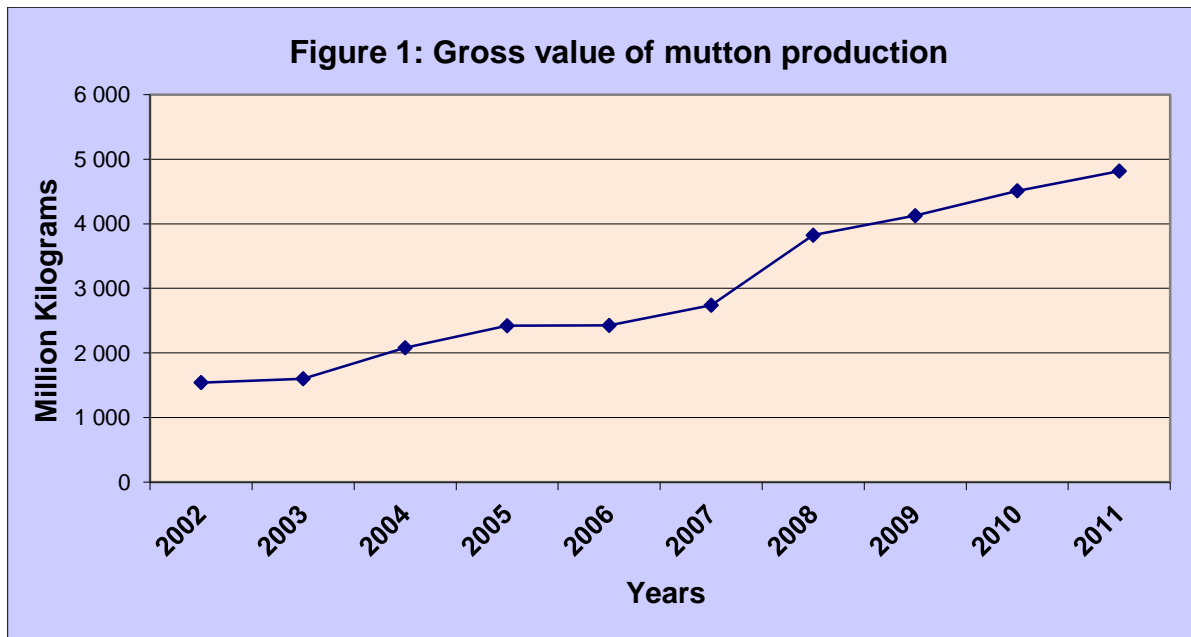
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## 1. DESCRIPTION OF THE INDUSTRY

Sheep farming is practiced throughout the country but concentrated in the more arid parts of the country, *i.e* Northern Cape, Eastern Cape, Western Cape, Free State and Mpumalanga. There are approximately 8 000 commercial sheep farms throughout the country and about 5 800 communal farmers. The estimated number of sheep in South Africa is 28.8 million. Sheep farmers are represented by organizations with Dorper Sheep Breeders' Society of South Africa and Merino SA being the most prominent.

Dorper is a highly successful South African-bred mutton breed developed specially for the more arid areas of South Africa. Today they are widely spread throughout the country. The Dorper's excellent carcass qualities in terms of conformation and fat distribution, generally qualify it for top classification. They are especially concentrated in more arid parts of the country. Other mutton breeds which can also produce wool are Damara, Meatmaster, Ille de France, Dormer, Suffolk, Van Rooy and Vandoor.

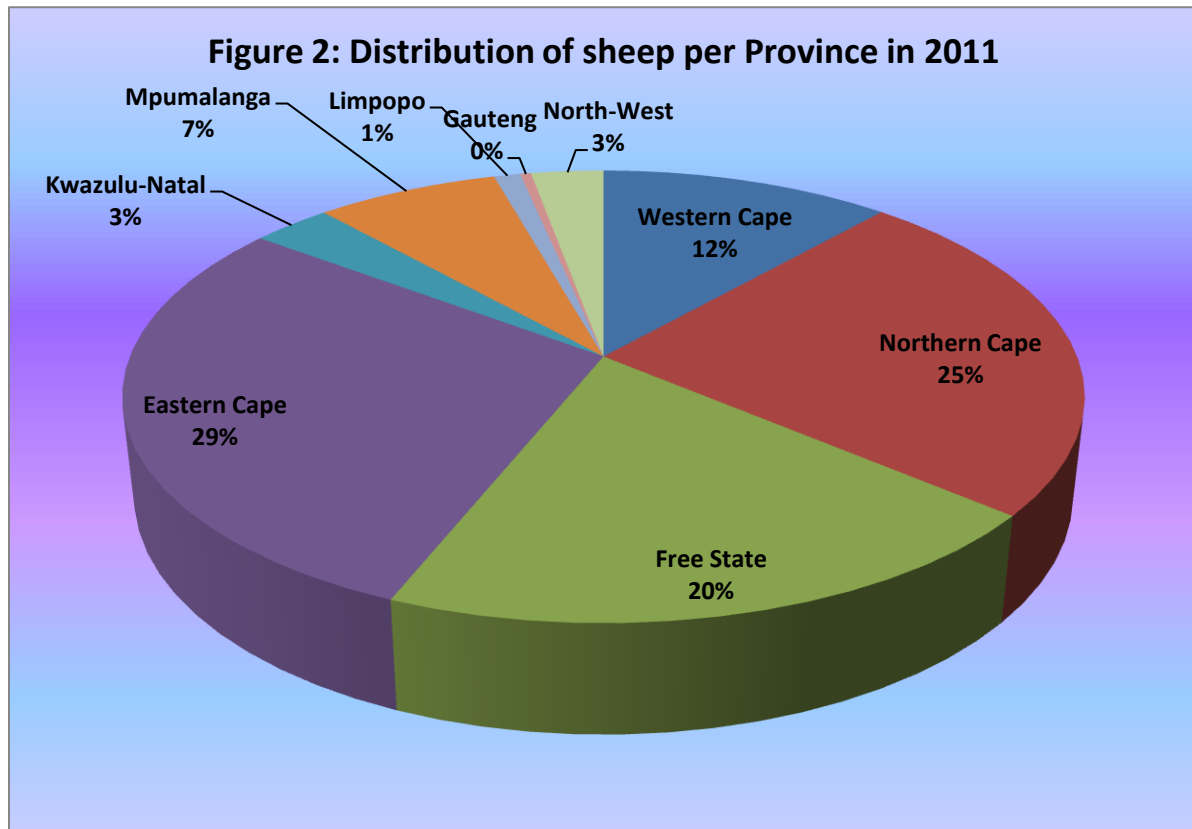
The gross value of mutton production is dependent on the price and quantity of meat produced. Over the past ten years, the average gross production value amounted to R 3.4 Billion per annum. The gross value of mutton production increased continuously from 2002 until 2011. Declining sheep numbers and rapid population growth in South Africa have led to an increase in demand and subsequent shortages in the supply of mutton. The declining of sheep numbers is mainly through the predation and stock theft. Figure 1 below show the gross value of mutton production from 2002 to 2011.



Source: Statistics and Economic Analysis, DAFF

### 1.1. Production Areas

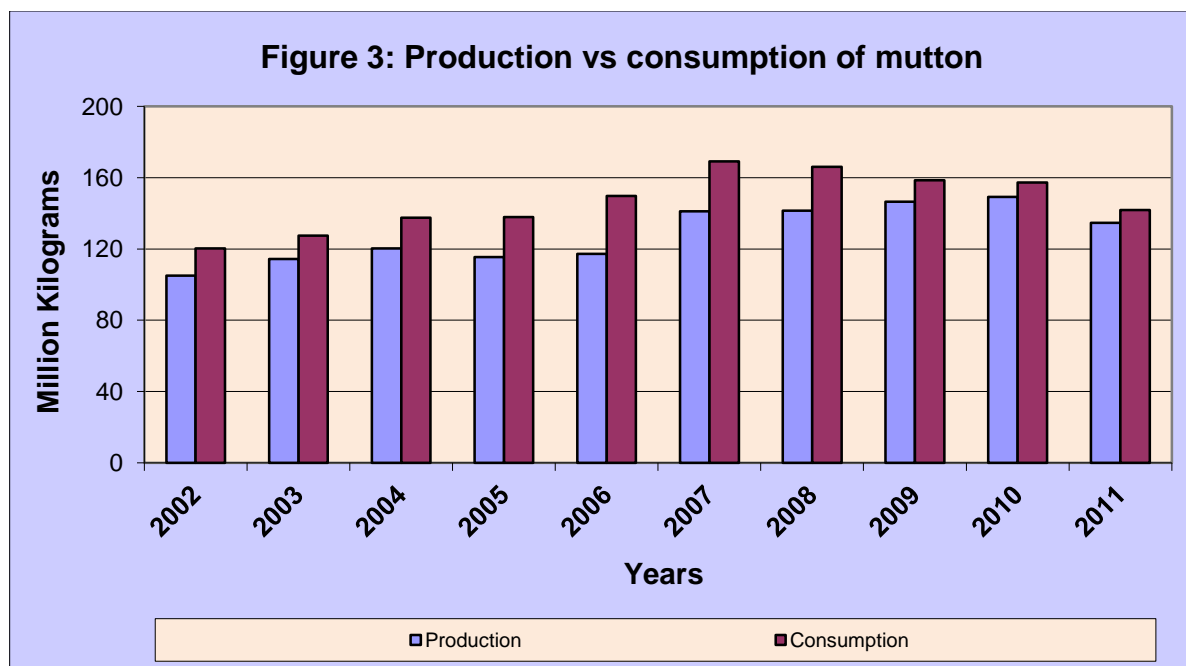
Sheep numbers in South Africa is estimated at 24.6 million distributed in all nine provinces. Approximately 29% of the sheep are in Eastern Cape followed by Northern Cape with 25%, Free State by 20% and Western Cape by 12%. These four Provinces constitute 86% and the other five Provinces share the 14% of the country's sheep numbers. Percentage distribution is illustrated in Figure 2.



Source: Statistics and Economic Analysis, DAFF

### 1.2. Production trends

Sheep and lamb are slaughtered in abattoirs that are distributed all over South Africa. Slaughtering outside the abattoirs is not easy to record. Most of the mutton produced in South Africa is consumed locally. Figure 3 below shows the comparison between the mutton produced in South Africa and its consumption.



Source: Statistics and Economic Analysis and Quantec Easydata

Figure 3 above shows that the amount of mutton consumed is more than what was domestically produced from 2002 to 2011. The amount of mutton consumed reached its peak of 169 million Kg during 2007 and the production peak of 149 million kilograms was reached in 2010. There is an increase of 39 million Kg (41 %) of mutton production in 2011 compare to 2002 and a slight increase of mutton consumption of 12 million Kg (9%) in 2011 compare to beginning of the analysis in 2002. This shows that South Africa will still remain a net importer of mutton to satisfy the local demand.

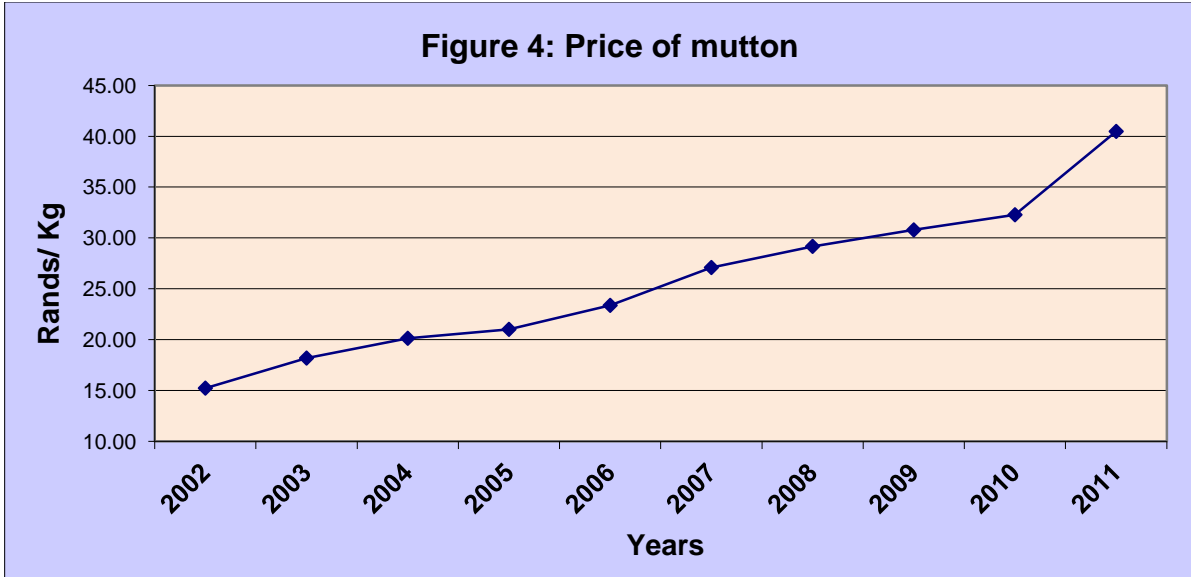
### 1.3. Employment

There are approximately 8 000 commercial sheep farms around the country employing approximately 35 000 workers.

## 2. MARKET STRUCTURE

### 2.1. Domestic market and prices

The prices are determined by forces of demand and supply. Figure 4 below show the price of mutton from 2002 to 2011.



Source: Statistics and Economic Analysis, DAFF

The price of mutton increased continuously from 2002 to 2011 mainly due to inflation factor, change of consumer’s lifestyles and insufficient supply. In 2002 the price of mutton was R 15.22/Kg but in 2011 it was R 40.48/Kg, this means in a period of 10 years there was an increase of R 25.26/kg.

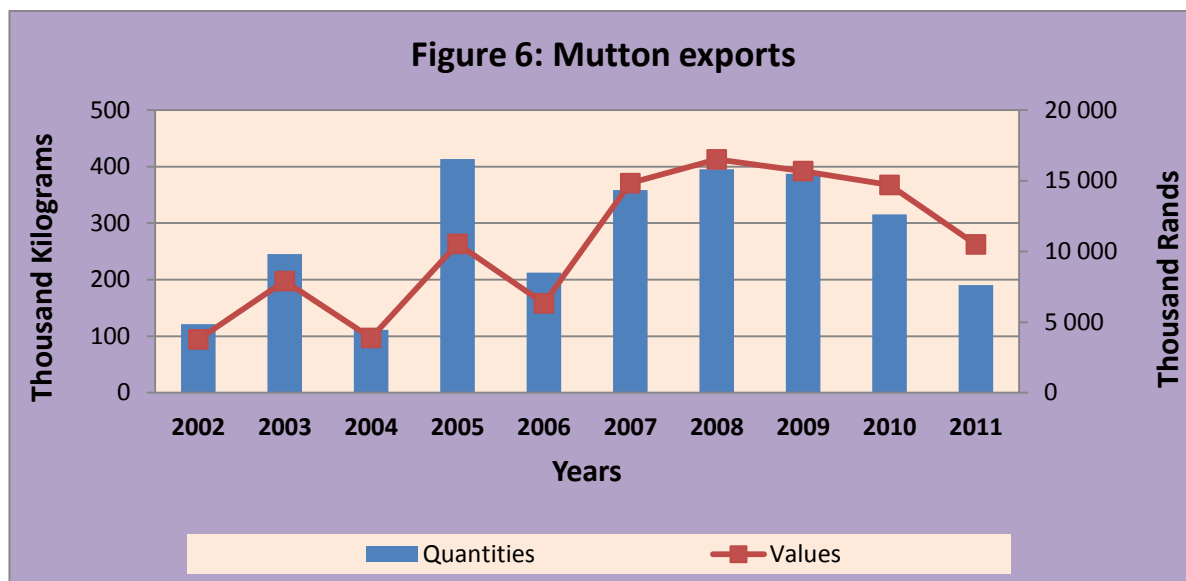
**2.2. Exports of mutton**

Figure 5 below shows the comparison between mutton imports and exports.



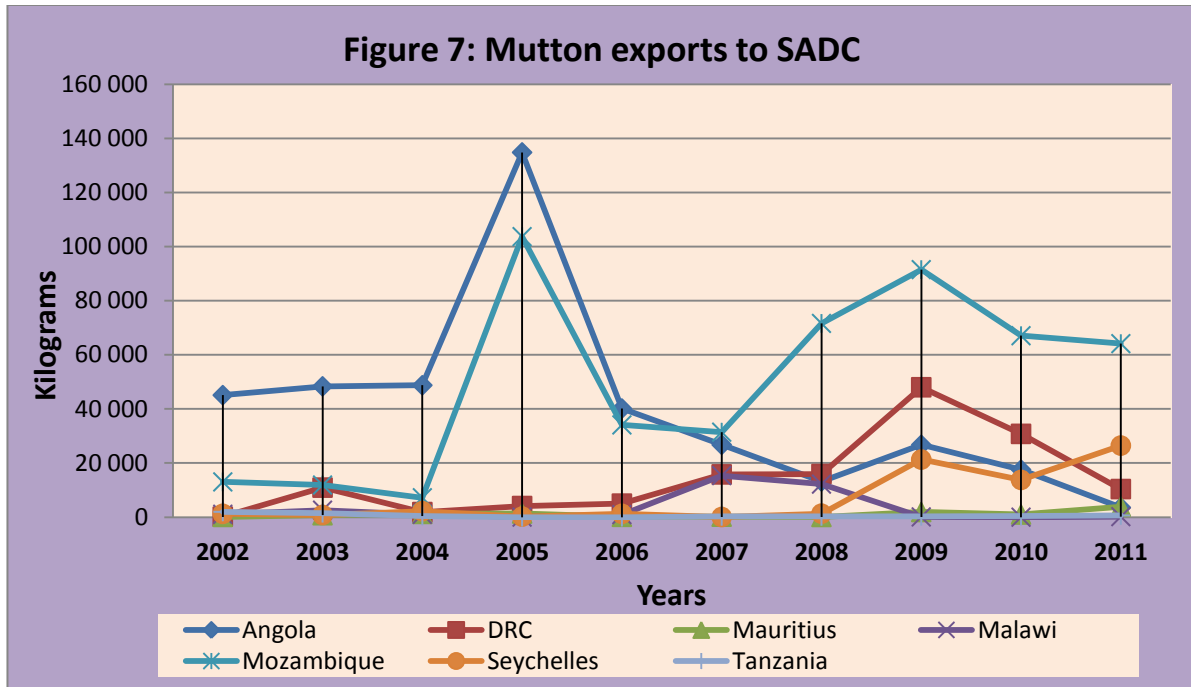
Source: Quantec EasyData

It is clearly indicated from Figure 5 above that South Africa is the net importer of mutton because the amount of mutton imported is far higher than the amount of mutton exported. This might be due to the low supply of mutton experienced in the country.



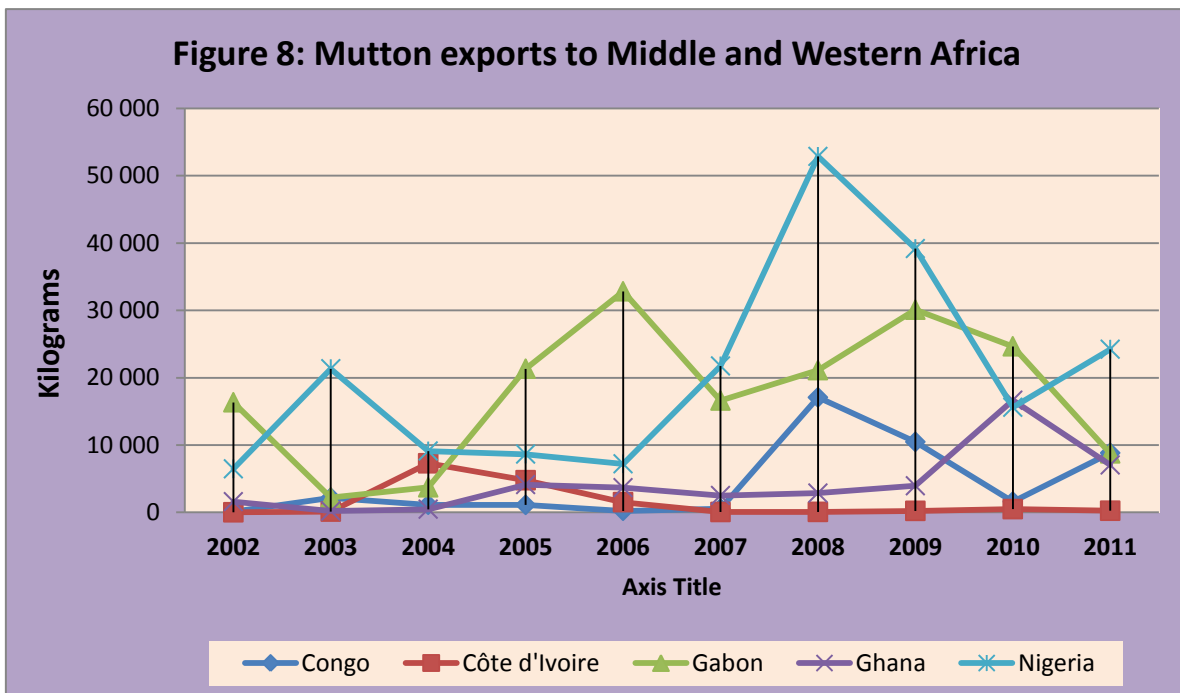
Source: Quantec EasyData

Figure 6 shows an extreme level of fluctuations in both export value and quantity of mutton from 2002 to 2006. From 2007 to 2008 the trend was increasing in both quantity and value. It was less profitable to export mutton from 2002 to 2006 as more quantity was exported for less value but the worse scenario was experienced in 2005. It became profitable to export mutton from 2007 to 2011 because fewer quantities were exported with high values. The highest quantities (413 145 kg) of mutton was exported in 2005 and highest value of R 16 .5 million was received in 2008. This might be due to the weaker rand.



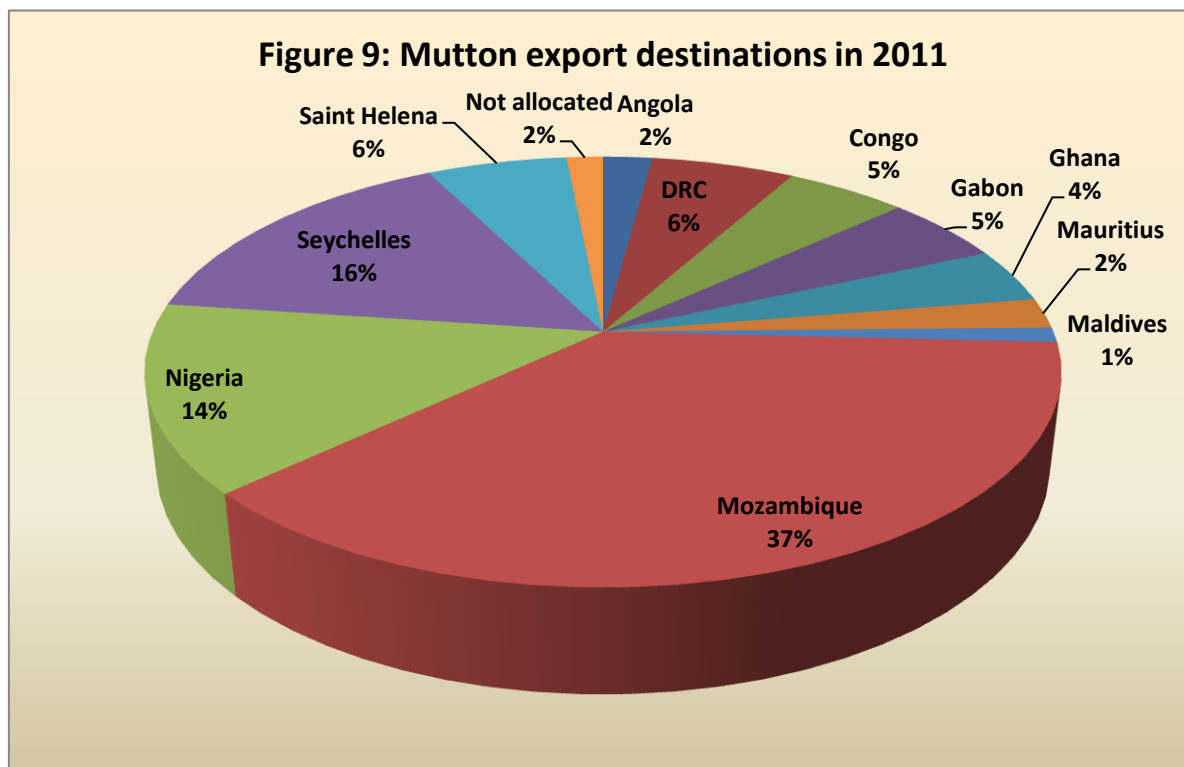
Source: Quantec EasyData

South African mutton is mainly exported to Angola and Mozambique in SADC. Angola commanded the highest exports from 2002 to 2006 and Mozambique too over the first position from 2007 to 2011. Democratic Republic of Congo (DRC) became the second highest commander of mutton from South Africa during 2008 to 2010.



Source: Quantec EasyData

Figure 8 above shows that Gabon and Nigeria competed for the highest importer of mutton from South Africa. Gabon commanded the greatest shares of South African mutton during the periods 2002, 2005 to 2006 and 2009 while Nigeria was the greatest in 2003 – 2004, 2007 – 2009 and 2011. Averagely Nigeria commanded 20 633 kg per annum of mutton from South Africa during the past decade followed by Gabon by 17 762 kg.

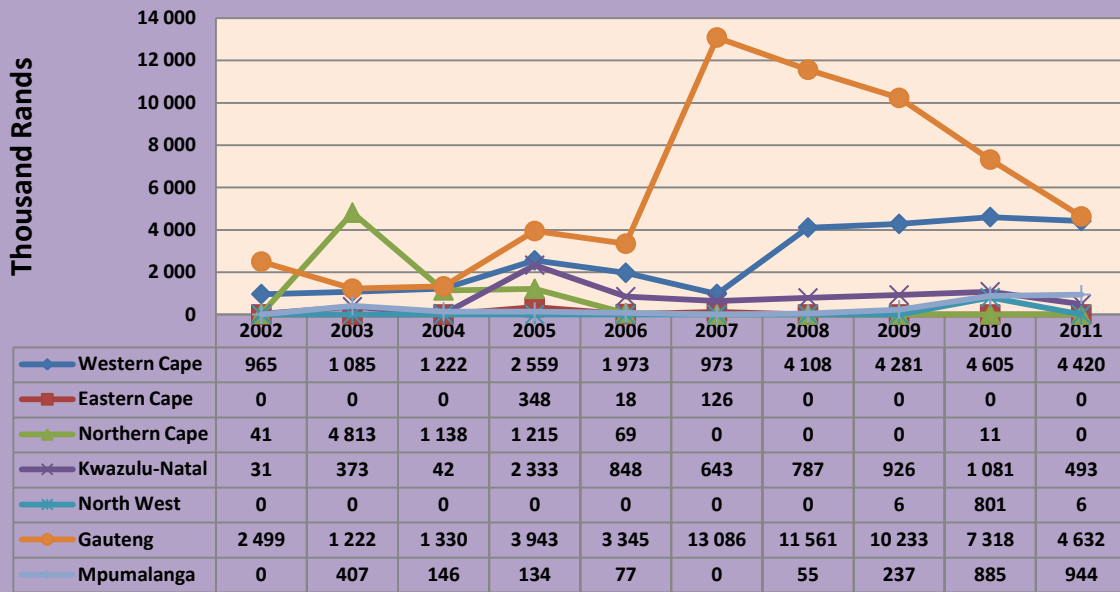


Source: Quantec EasyData

Figure 9 above shows that Mozambique commanded the largest market share for South African mutton in 2011 taking up to 37% followed by Seychelles (16%) and Nigeria (14%). Saint Helena and DRC commanded the equal by 6% each.

Figures 10 to 17 show the export of lamb and mutton by provinces.

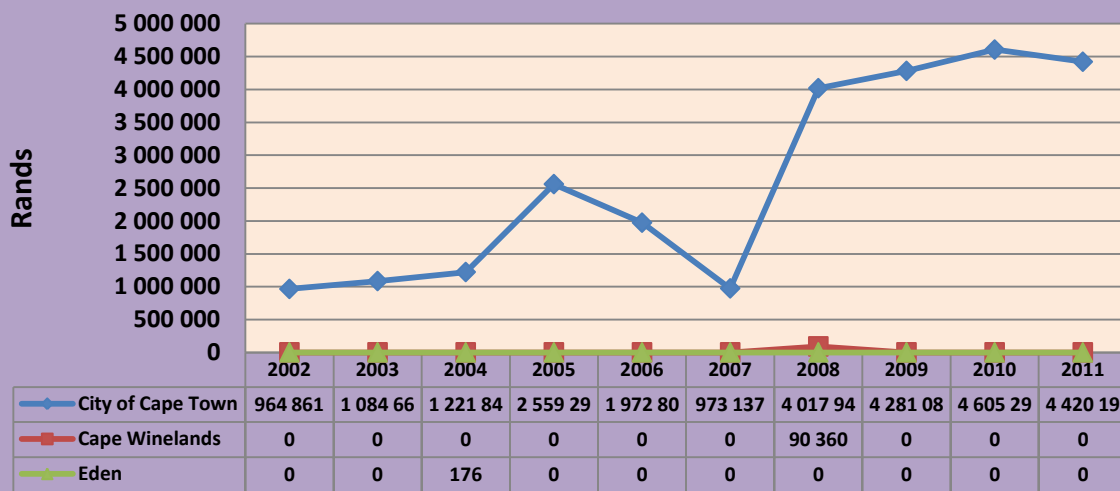
**Figure 10: Values of mutton exported by Provinces**



Source: Quantec EasyData

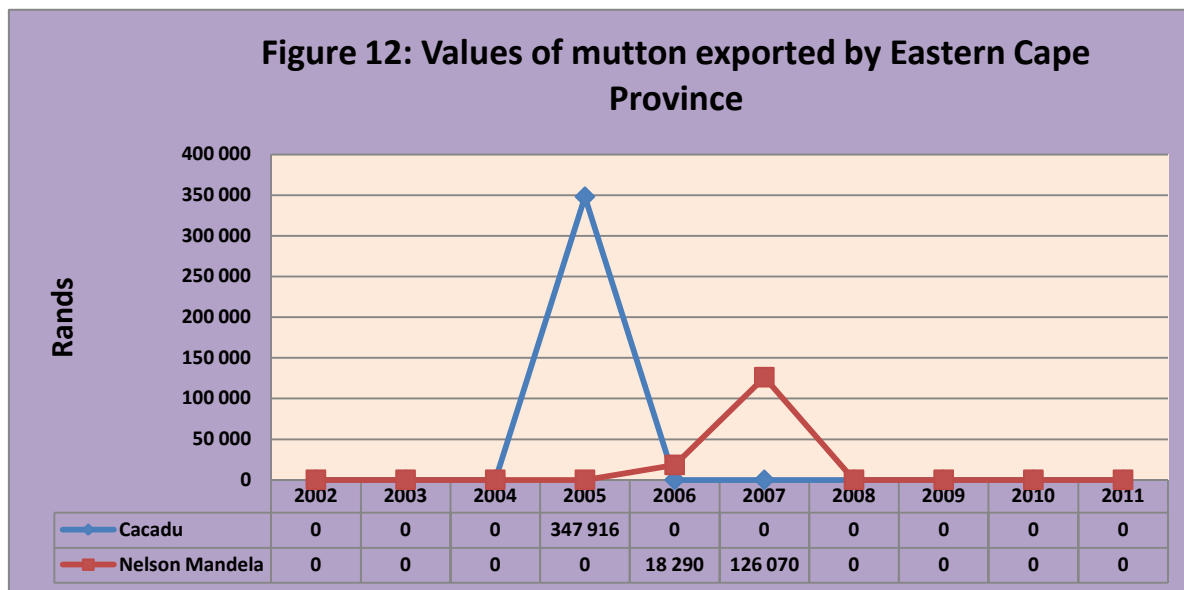
Figure 10 showed that Gauteng Province dominated the export market. It recorded high values in 2002 and from 2004 to 2011. Northern Cape commanded the highest share in 2003 only while Western Cape Province recorded the second highest values during the periods 2002 and from 2005 to 2011. Regular mutton exports were also recorded from KwaZulu–Natal Province and fractional exports were recorded in Mpumalanga, North West, Northern Cape and Eastern Cape Provinces.

**Figure 11: Values of mutton exported by Western Cape Province**



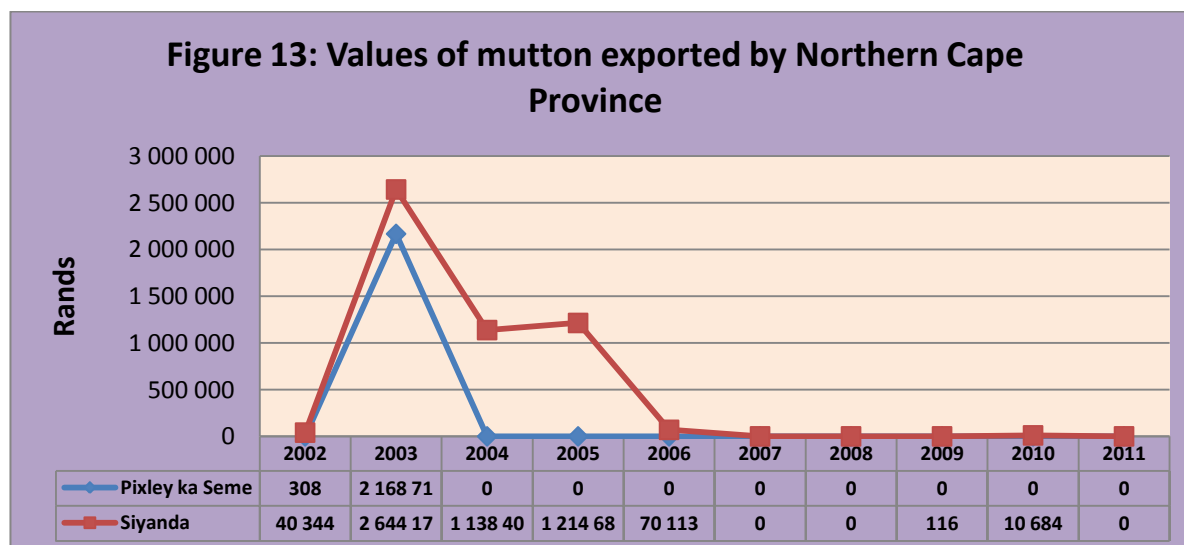
Source: Quantec EasyData

From the Western Cape Province, City of Cape Town metropolitan municipality recorded high values from the year 2002 to 2011 and some intermittent values were recorded from Cape Winelands and Eden district municipalities. This may be due to the fact that the City of Cape Town is the major exit point for the province.



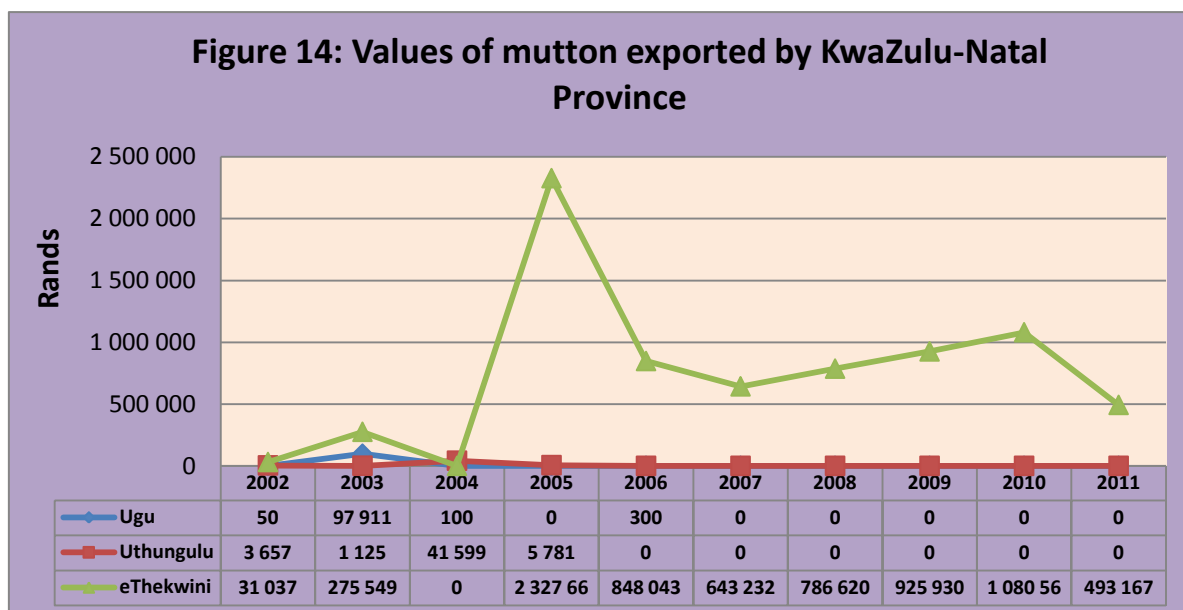
Source: Quantec EasyData

From the Eastern Cape Province, Intermittent reports of mutton exports were recorded from Cacadu district and Nelson Mandela metropolitan municipalities. Cacadu district municipality recorded the highest values in 2005 and Nelson Mandela metropolitan municipality recorded the highest in 2007. There were no records of exports from 2002 to 2004 and in 2008 to 2011.



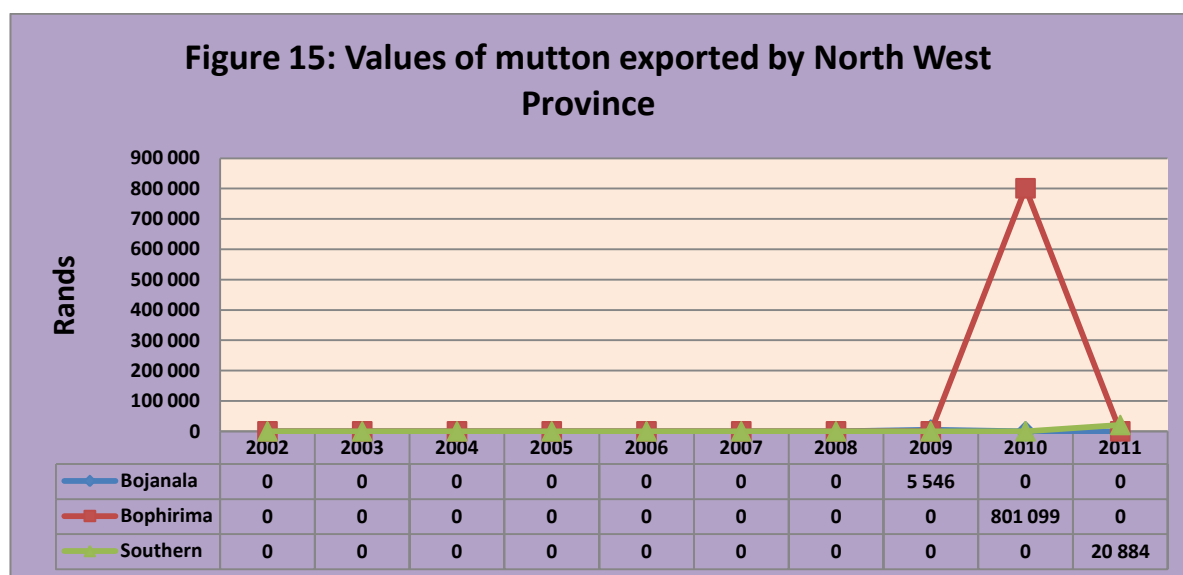
Source: Quantec EasyData

In the Northern Cape Province, Siyanda district municipality recorded export values from 2002 until 2006 and again in 2009 to 2010. Pixley ka Seme district municipality commanded the second highest share of mutton exports in 2002 to 2003 and diminished thereafter.



Source: Quantec EasyData

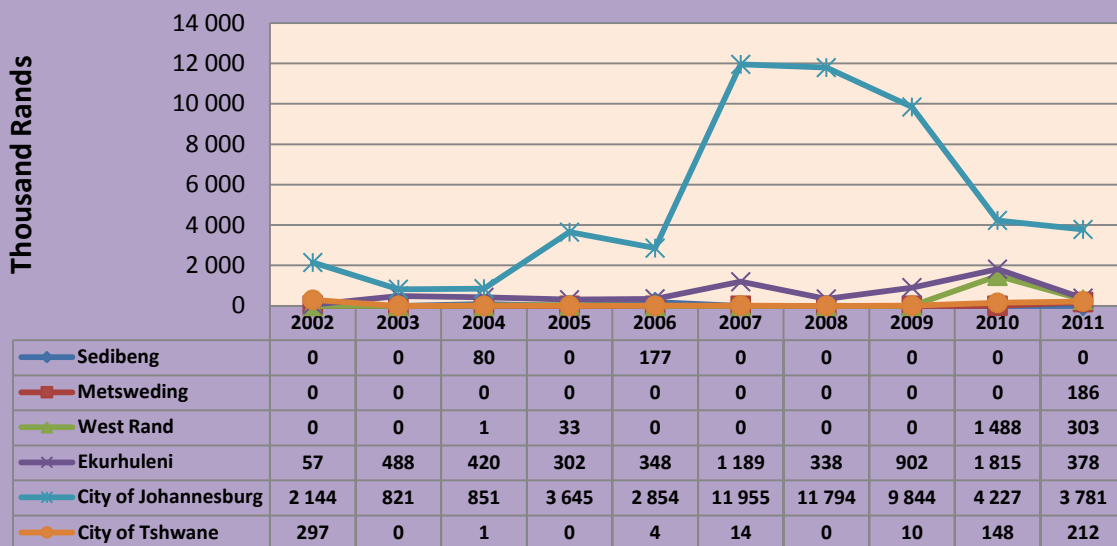
In KwaZulu-Natal Province, eThekweni metropolitan municipality recorded high values from 2002 to 2011 except in 2004 where it diminished. It is therefore the greatest exporter of mutton in the province mainly because it is an exit point of exports. Fractional mutton exports were also recorded in Ugu and Uthungulu district municipalities.



Source: Quantec EasyData

North West Province recorded intermittent exports of mutton during the period under review. Bojanala district municipality recorded export values of mutton during 2009 and Bophirima district municipality recorded in 2010 and Southern district municipality recorded exports in 2011.

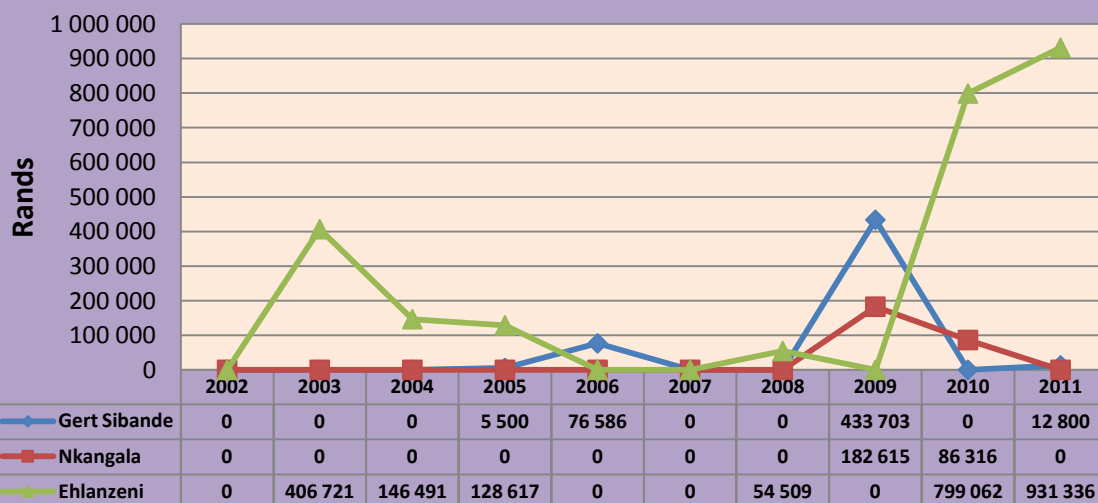
**Figure 16: Values of mutton exported by Gauteng Province**



Source: Quantec EasyData

In Gauteng Province, City of Johannesburg metropolitan municipality recorded high export values of mutton for the past ten years with the highest values recorded in 2007, followed by Ekurhuleni district municipality. Irregular exports of mutton were recorded from Sedibeng, Metsweding, West Rand and City of Tshwane municipalities.

**Figure 17: Values of mutton exported by Mpumalanga Province**



Source: Quantec EasyData

From Mpumalanga Province, the value of mutton exports was mainly through Ehlanzeni district municipality which recorded the highest value in 2002 to 2005, 2008 and 2010 to 2011. Irregular exports were also recorded from Gert Sibande and Nkangala district municipalities. There were no records of mutton exports in 2002 and 2007.

### 2.3. Share analysis

Tables 1 to 7 shows the export share analysis of mutton and lamb by provinces and districts.

**Table 1: Share of provincial mutton exports to the total RSA mutton exports (%).**

Years Province	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Western Cape	27.29	13.73	31.50	24.30	31.17	6.56	24.88	27.30	31.33	42.12
Eastern Cape	0	0	0	3.30	0.29	0.85	0	0	0	0
Northern Cape	1.15	60.92	29.35	11.53	1.09	0	0	0	0.07	0
KwaZulu-Natal	0.88	4.73	1.07	22.15	13.40	4.34	4.76	5.90	7.35	4.70
North West	0	0	0	0	0	0	0	0.04	5.4	0.05
Gauteng	70.68	15.47	34.30	37.44	52.85	88.25	70.02	65.25	49.78	44.14
Mpumalanga	0	5.15	3.78	1.27	1.21	0	0.33	1.5	6.02	9.00
<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 showed that Gauteng Province commands the greatest share of South African mutton export, followed by Western Cape, KwaZulu Natal and Northern Cape Provinces. This is due to the fact that Gauteng province is the major exit point to the SADC region. There are some irregular reports of mutton exports in Mpumalanga, Eastern Cape, Northern Cape, and North West Provinces.

**Table 2: Share of district mutton exports to total Western Cape Provincial mutton exports (%)**

Years DISTRICTS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Cape Town	100	100	99.99	100	100	100	97.80	100	100	100
Cape Winelands	0	0	0	0	0	0	2.20	0	0	0
Eden	0	0	0.01	0	0	0	0	0	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

The City of Cape Town has commanded the greatest share of mutton export in Western Cape Province from 2002 to 2011. Irregular exports were recorded from Cape Winelands and Eden district municipalities.

**Table 3: Share of district mutton exports to total Eastern Cape Provincial mutton exports (%).**

Years DISTRICTS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Cacadu</b>	0	0	0	100	0	0	0	0	0	0
<b>Nelson Mandela</b>	0	0	0	0	100	100	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: Quantec EasyData

The export shares of mutton were recorded in Cacadu district and Nelson Mandela metropolitan municipalities. Cacadu district municipality commanded the greatest share in 2005 while the latter commanded 100% share from 2006 to 2007 before they diminished in 2008 to 2011.

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

Years DISTRICTS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Pixley ka Seme</b>	0.76	45.06	0	0	0	0	0	0	0	0
<b>Siyanda</b>	99.24	54.94	100	100	100	0	0	100	100	0
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>

Source: Quantec EasyData

In Northern Cape Province, the greatest share of mutton exports was recorded from the Siyanda district municipality from 2002 to 2006 and again in 2009 to 2011. Fractional exports were recorded in Pixley ka Seme district municipality and increased significantly in 2003 before diminishing completely.

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

Years DISTRICTS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Ugu</b>	0.14	26.14	0.24	0	0.04	0	0	0	0	0
<b>Uthungulu</b>	10.53	0.30	99.76	0.25	0	0	0	0	0	0
<b>eThekwini</b>	89.33	73.56	0	99.75	99.96	100	100	100	100	100
<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

From Kwazulu–Natal Province, eThekwini municipality commanded the greatest share of mutton exports from the year 2002 to 2011 but diminished in 2004. Mutton shares were also recorded in

Uthungulu district municipality from 2002 to 2005; and in Ugu district municipality from 2002 to 2004 and 2006. Uthungulu district municipality commanded the highest shares in 2004.

**Table 6: Share of district mutton exports to the total North West provincial mutton exports (%).**

Years DISTRICTS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bojanala	0	0	0	0	0	0	0	100	0	0
Bophirima	0	0	0	0	0	0	0	0	100	0
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>100</b>	<b>100</b>	<b>100</b>

Source: Quantec EasyData

Bojanala Bophirima and Southern district municipalities in North West Province recorded mutton exports during 2009 to 2011. There were no export records before 2009 in the province.

**Table 7: Share of district mutton exports to the total Gauteng Provincial mutton exports (%).**

Years DISTRICTS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sedibeng	0	0	5.94	0	5.25	0	0	0	0	0
Metsweding	0	0	0	0	0	0	0	0	0	3.82
West Rand	0	0	0.07	0.83	0	0	0	0	19.38	6.23
Ekurhuleni	2.30	37.29	31.00	7.58	10.29	9.04	2.79	8.39	23.64	7.77
City of Johannesburg	85.8 1	62.71	62.89	91.59	84.36	90.86	97.21	91.52	55.05	77.82
City of Tshwane	11.89	0	0.10	0	0.11	0.11	0	0.09	1.93	4.36
<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

In Gauteng Province, the greatest shares of mutton exports were recorded from City of Johannesburg municipality from 2002 to 2011 followed by Ekurhuleni municipality. Fractional exports were recorded in Sedibeng, Metsweding, West Rand and City of Tshwane district municipality.

**Table 8: Share of district mutton exports to the total Mpumalanga Provincial mutton exports (%).**

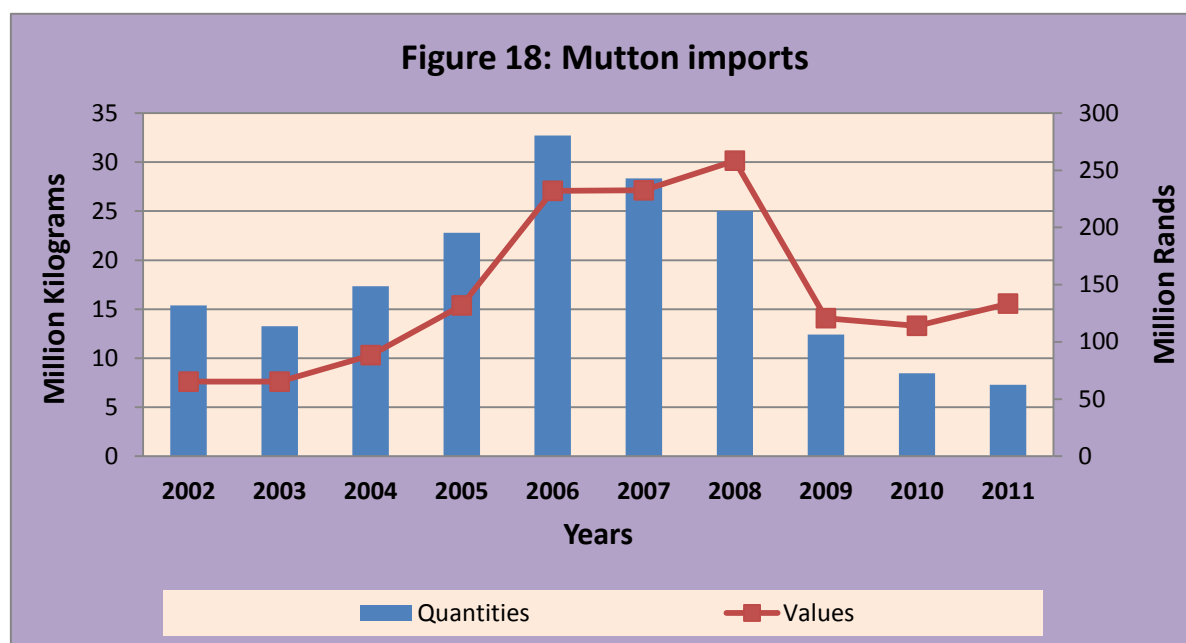
Years DISTRICTS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gert Sibande	0	0	0	4.10	100	0	0	70.37	0	1.36
Nkangala	0	0	0	0	0	0	0	29.63	9.75	0
Ehlanzeni	0	100	100	95.90	0	0	100	0	90.25	98.64
<b>TOTAL</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Quantec EasyData

From Mpumalanga Province, the greatest shares of mutton exports were recorded from Ehlanzeni district municipality. Intermittent export shares of mutton were recorded in Gert Sibande and Nkangala district municipalities. There were no exports values recorded in Mpumalanga Province during 2002 and 2007.

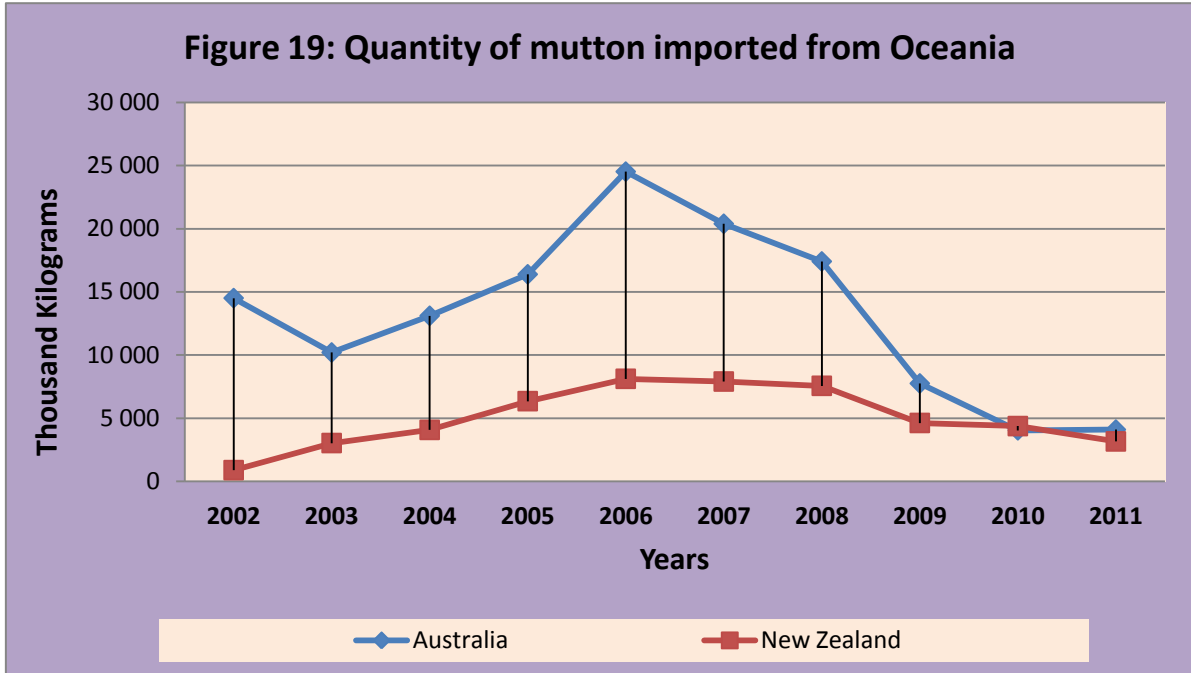
## 2.4. Imports of mutton

South Africa imported an average of 183,037,001 kilograms of mutton during the past decade at a total value of R 1.4 billion. Figure 18 below show the imports of mutton from 2002 to 2011.



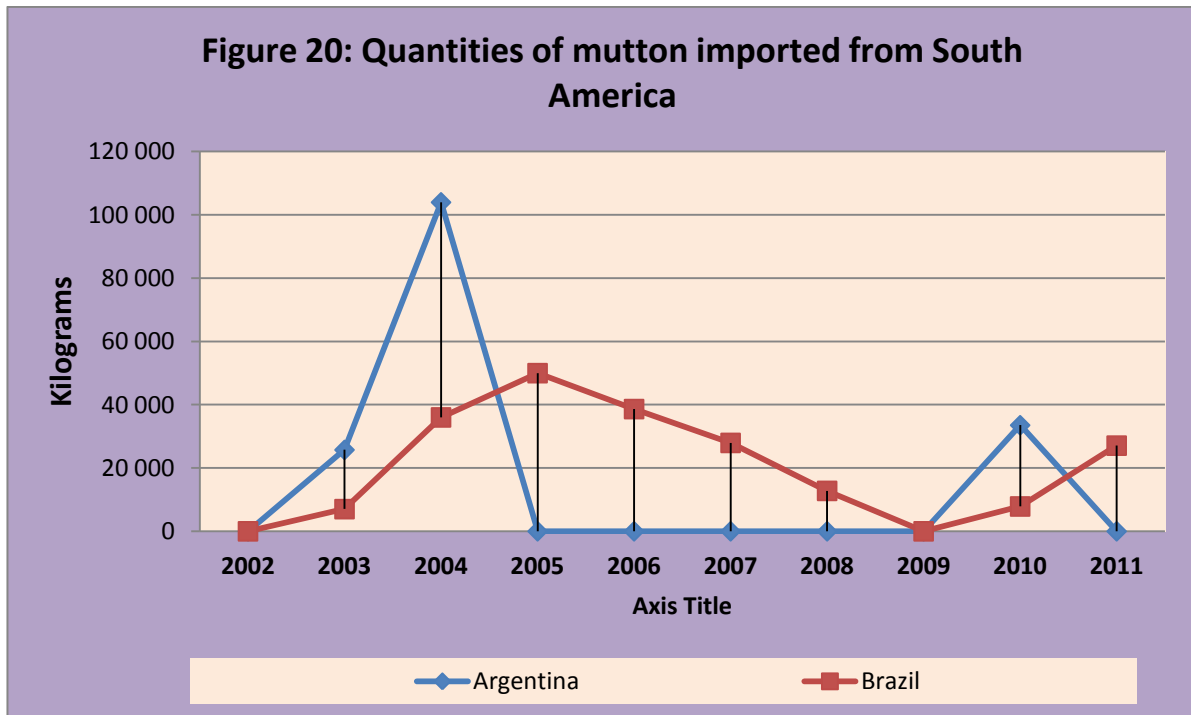
Source: Quantec EasyData

Import quantities of mutton started low in 2002 and continued on an increasing rate from 2003 until it reached the peak in 2006 then decreased thereafter to the lowest in 2011. It has been profitable to import mutton during 2002 to 2006 as more quantities were imported at a low rate and became expensive to import mutton from 2007 to 2011 because less quantity was imported with high values.



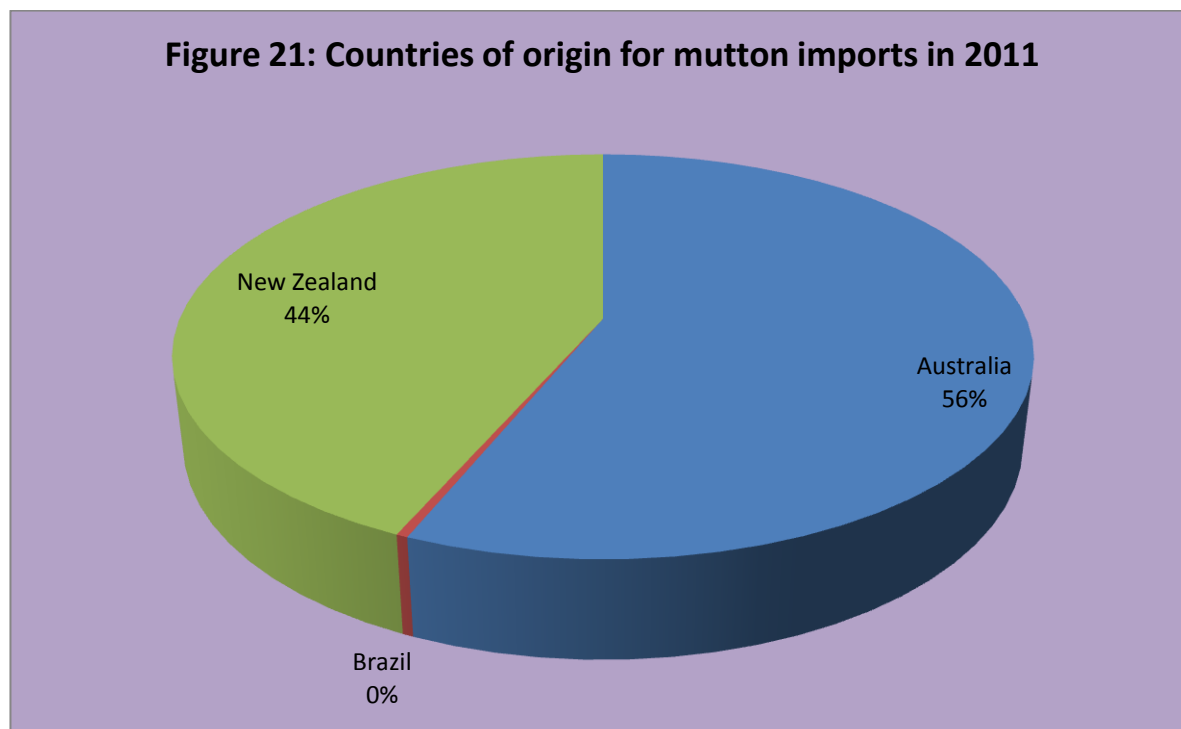
Source: Quantec EasyData

Most of South African mutton imports were from Oceania (Australia & New Zealand). Australia commanded the greatest shares of South African import market throughout the decade except in 2010 followed by New Zealand. The two countries are the main suppliers of mutton to the South African import market.



Source: Quantec EasyData

From South America, mutton imports were from Argentina and Brazil. Argentina commanded the great shares during the periods 2003 to 2004 and 2010, while Brazil was the highest from 2005 to 2008 and in 2011. There were no imports of mutton from South America during 2002 and 2009. Figure 21 below show the countries of origin of mutton from the world over past ten years.



Source: Quantec Easydata

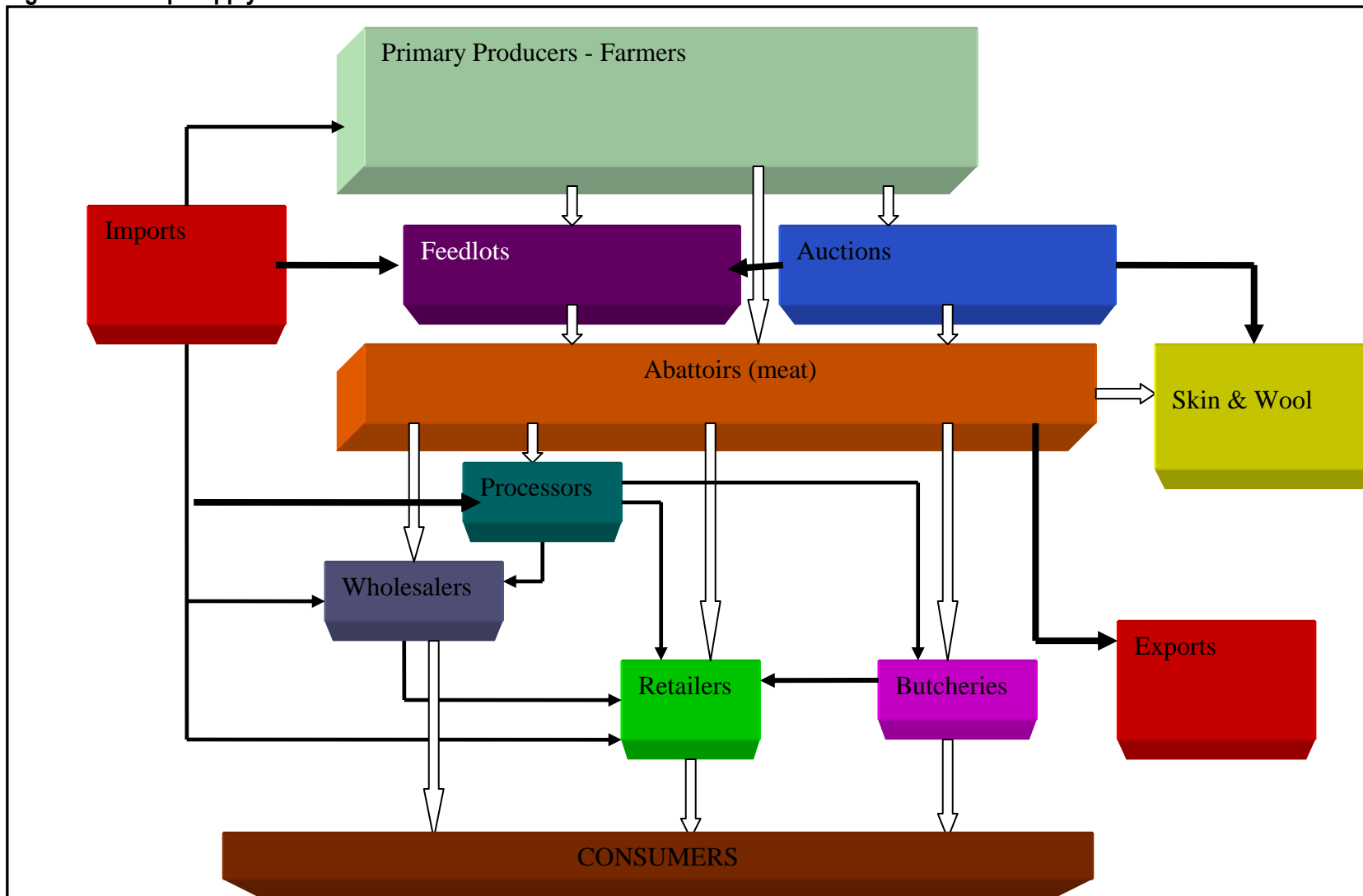
Figure 11 clearly indicate that the majority of mutton imported to South Africa was from Oceania in 2011. Australia commanded a South African market share of 56% while New Zealand commanded 44%. Brazil's share was less than a percent.

### 3. MARKETING CHANNELS

The Marketing Channel (see Figure 22) begins with the farmer who produces sheep and lamb. Most sheep farming practiced in South Africa is for wool and mutton/lamb. After about five to six years of shearing the sheep are sold directly to feedlot (small number) or abattoir; or sold through auctions. Live sheep and lambs can be imported by the farmer or the feedlot or the abattoir.

Meat from abattoir is distributed through wholesalers, retailers and butcheries. Some is exported or processed. Import of meat is done by retailers and wholesalers and processors while exports are mainly by abattoirs. The final stages of the marketing channel end with the consumer.

Figure 22: Sheep Supply Chain



## **4. ORGANIZATIONAL ISSUES**

### **4.1 EMPOWERMENT PLANS.**

The communal wool farmers are formally represented in all structures of the National Wool Growers Association Board. Sinthema Mafama Wool Brokers is a BEE company affiliated to the Cape Mohair and Wool SA. When BKB (Boere Kooperative Beperk) purchases the wool from the informal producers a portion of the value is allocated to shares in the company. These producers then receive dividends based on the number of shares that they hold.

The Sheep Forum of South Africa comprising of the major role players is the body responsible for driving the process for the sheep industry strategy. The following five working groups have been established:

- Resource Management
- Marketing and value adding
- Enabling Environment/ Infrastructure Development
- Human Resource development/training
- Research and development (Genetic improvement to improve the herd in the communal sector)

The three main pillars for the sheep strategy are as follows:

- Equitable market access and participation
- Global competitiveness and profitability
- Sustainable resource management

### **4.2. Opportunities**

- Important supplier of quality protein for human health. The A4 lamb carcass according to research is low in fat content and complies with the standards of the Heart Foundation.
- Industry has tremendous growth potential in the informal sector which could assist in addressing the shortage of mutton
- Niche markets and exports – Through the use of the South African EU-accredited abattoirs mutton/lamb can be exported to niche markets.

### 4.3. Challenges

- Stiff competition both nationally and internationally
  - Health, safety and traceability issues
  - Phytosanitary issues
  - Climatic conditions
  - Smaller abattoirs do not comply with the Meat, Health and Safety Acts.
  - Livestock agents are corrupt and are often not part of the organized marketing structure.
- Stock theft
  - Research and Development is a problem
  - Financial constraints
  - Predators account for large losses in sheep herds
  - Lack of infrastructure
  - Veterinary services in South Africa are uncoordinated and insufficient
  - Insufficient extension services
  - Safety and Security

## 5. MARKET INTELLIGENCE

### 5.1. Export Tariffs

Tariffs of different importing countries applied to mutton and lamb originating from South Africa in 2010 and 2011 are shown in Table 9.

**Table 9: Export tariffs for mutton**

No.	Country	Product description	Trade Regime Description	2010		2011	
						Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
1	Democratic Republic of the Congo	02041000 (fresh or chilled lamb carcasses and half carcasses)	MFN duties	10%	10%	10%	10%
		02042100 (fresh or chilled sheep carcasses and half carcasses)	MFN duties	10%	10%	10%	
3	Gabon	02041000 (fresh or chilled lamb carcasses and half carcasses)	MFN duties	20%	20%	20%	20%
		02042100 (fresh or chilled sheep carcasses and half carcasses)	MFN duties	20%	20%	20%	
4	Mozambique	02041000 (fresh or chilled lamb carcasses and half carcasses)	MFN duties	20%	20%	20%	20%

No.	Country	Product description	Trade Regime Description	2010		2011	
						Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
		02042100 (fresh or chilled sheep carcasses and half carcasses)	Preferential tariff for SA	15%	15%	15%	15%
5	Nigeria	02041000 (fresh or chilled lamb carcasses and half carcasses)  02042100 (fresh or chilled sheep carcasses and half carcasses)	MFN duties	20%	20%		
5	Seychelles	02041000 (fresh or chilled lamb carcasses and half carcasses)  02042100 (fresh or chilled sheep carcasses and half carcasses)	General Tariff	0%	0%	0%	0%
6	Congo	02041000 (fresh or chilled lamb carcasses and half carcasses)	MFN duties			20%	20%

No.	Country	Product description	Trade Regime Description	2010		2011	
						Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
		02042100 (fresh or chilled sheep carcasses and half carcasses)	MFN duties			20%	20%
7	Sudan	02041000 (fresh or chilled lamb carcasses and half carcasses)	MFN duties			40%	40%
		02042100 (fresh or chilled sheep carcasses and half carcasses)	MFN duties			20%	20%

Source: Market Access Map

Table 9 indicates that in 2011 Sudan applied the highest MFN duties of 40% on fresh or chilled lamb carcasses and applied 20% to fresh or chilled sheep carcasses from South Africa. Other highly protected markets exist in Gabon and Congo which applies the MFN tariff rate of 20% on both lamb and sheep during 2010 and 2011. Mozambique continues applying a preferential tariff of 15% during the past two years. The moderate tariff of 10% applied to lamb and sheep exported by South Africa exist in then Democratic Republic of Congo and Seychelles applied a general tariff of 0% during 2010 and 2011.

## 5.2. Import Tariffs

Tariffs that South Africa applied to imports of mutton originating from all possible countries in 2010 and 2011 are shown in table 10.

**Table 10: Import tariffs for mutton**

No	Country	Product code	Trade Regime Description	2010		2011	
						Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
1	Argentina	02042100 (fresh or chilled lamb carcasses and half-carcasses)	MFN duties	40.00% or 262.02\$/Ton whichever is the greater	40.00%	40.00% or 294.10\$/Ton whichever is the greater	OTQR: 44.76% ITQR: 19%
		02042100 (fresh or chilled sheep carcasses and half-carcasses)		40.00% or 262.02 \$/Ton whichever is the greater	40.00%	40.00% or 294.10 \$/Ton whichever is the greater	OTQR: 47.53% ITQR: 19%
2	Australia	02042100 (fresh or chilled lamb carcasses and half-carcasses)	MFN duties	40.00% or 262.02 \$/Ton whichever is the greater	40.00%	40.00% or 294.10 \$/Ton whichever is the greater	OTQR: 44.76% ITQR: 19% OTQR: 47.53%
		02042100 (fresh or chilled sheep carcasses and half-carcasses)		40.00% or 262.02 \$/Ton whichever is the greater	40.00%	40.00% or 294.10 \$/Ton whichever is the greater	ITQR: 19%
3	Brazil	02042100 (fresh or chilled lamb carcasses)	MFN duties	40.00% or 262.02 \$/Ton whichever is the greater	40.00%	40.00% or 294.10 \$/Ton whichever is the greater	OTQR: 44.76% ITQR: 19% OTQR:

No	Country	Product code	Trade Regime Description	2010		2011	
						Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
		and half-carcasses)  02042100 (fresh or chilled sheep carcasses and half-carcasses)		40.00% or 262.02 \$/Ton whichever is the greater	40.00%	294.10 \$/Ton whichever is the greater	47.53%  ITQR: 19%
4	New Zealand	02042100 (fresh or chilled lamb carcasses and half-carcasses)  02042100 (fresh or chilled sheep carcasses and half-carcasses)	MFN duties	40.00% or 262.02 \$/Ton whichever is the greater	40.00%	40.00% or 294.10 \$/Ton whichever is the greater 40.00% or 294.10 \$/Ton whichever is the greater	OTQR: 44.76%  ITQR: 19% OTQR: 47.53%  ITQR: 19%

Source: Market Access Map

Table 10 indicates that tariffs applied by South Africa on imported mutton in 2010 changed at 40% or \$ 262.02/ton whichever is greater and increased to 40% or 294.10 \$/Ton whichever is the greater during 2011. The total *ad valorem* tariff for 2010 was at 40%. In order to discourage imports above quota limit in 2011 the total *ad valorem* applied by South Africa to Argentina, Australia, Brazil and New Zealand was 44.76% and 47.53% for lamb and sheep respectively imported in excess tariff quota but imports within the limit of a quota was at 19% each.

## 6. COMPETITIVENESS OF THE SHEEP INDUSTRY

### 6.1. Competitiveness of sheep industry in exports

Table 11: List of importing markets for the lamb carcasses and half carcasses, fresh or chilled 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	58	58	100	14	Tons	4143	-28	-24	-80		100	4	
Mozambique	24	24	41.4	10	Tons	2400	27	21	-58	78	0	54	15
Democratic Republic of the Congo	16	16	27.6	2	Tons	8000	48	20	-75	60	0	15	10
Congo	12	12	20.7	1	Tons	12000	25	0		51	0	-8	20
Sudan	2	2	3.4	0	Tons					86	0		40
Gabon	1	1	1.7	0	Tons		-63			91	0	-63	20
Saint Helena	1	1	1.7	0	Tons					93	0		
United Republic of Tanzania	1	1	1.7	0	Tons					62	0	125	25
Ship stores and bunkers	1	1	1.7	1	Tons	1000	-56	-37		63	0	-25	

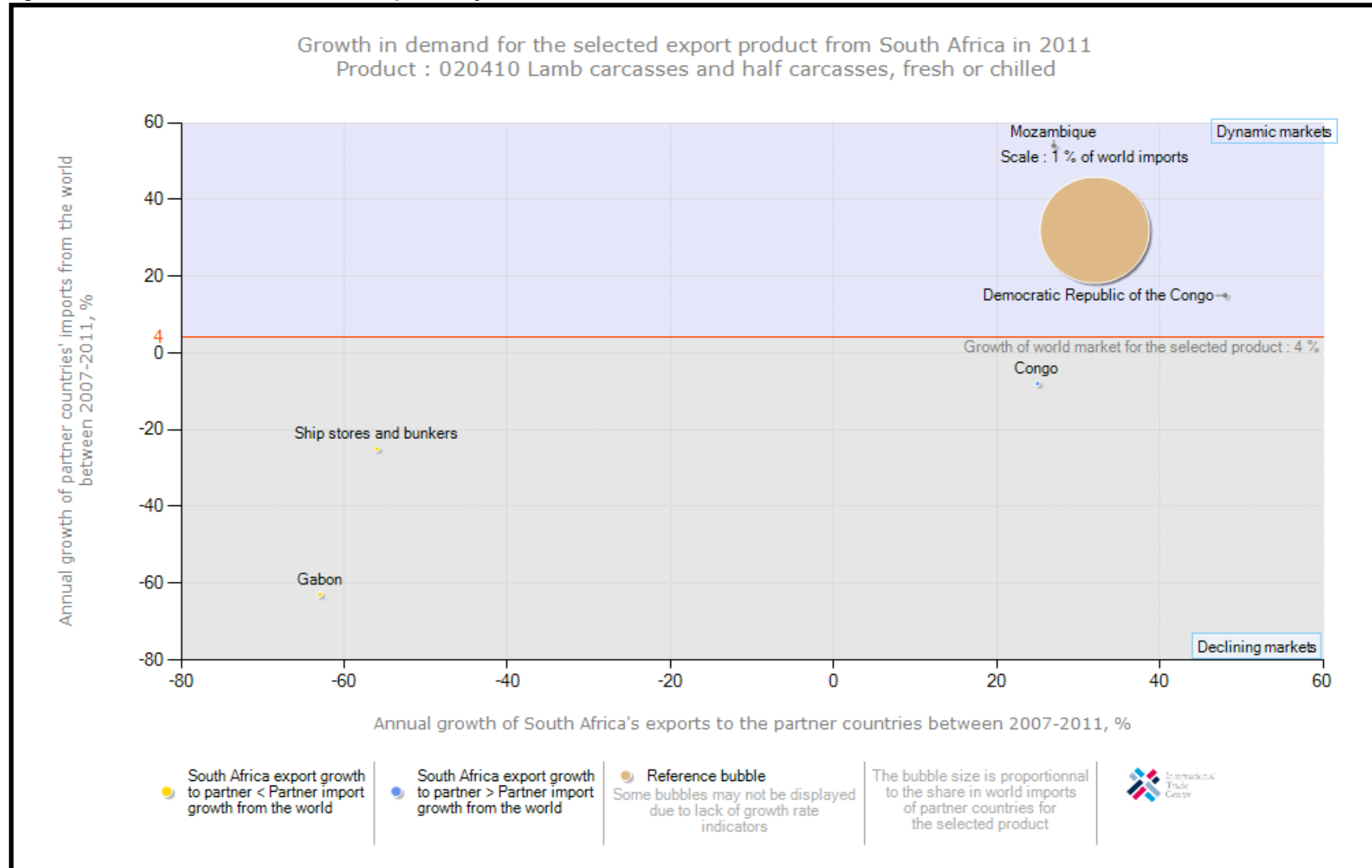
Source: ITC calculations based on COMTRADE statistics

South Africa's exports represent **0.01%** of world exports for lamb; its ranking in world export is **31**. Table 11 shows that during 2011 South Africa exported a total of 14 tons of lamb carcasses and half carcasses at an average value of US\$ 4 143/unit. South Africa exported greater quantities of lamb to Mozambique, Democratic Republic of Congo (DRC) and Congo. The greatest share of South African mutton exports were destined to Mozambique which commanded 41.4% share during the year 2011 followed by DRC by 27.6% and Congo by 20.7%.

South Africa's mutton exports decreased by 28% in value and 80% in quantity between the periods 2007 and 2011. Exports of mutton to Mozambique increased by 27% in value and 21% in quantity during the periods 2007 to 2011; while exports to DRC increased by 48% in value and 20% in quantity during the same periods. Congo increased by 205% in value and 0% in quantity during 2007 to 2011.

During the period 2010 to 2011 South Africa's exports to the rest of the world decreased by 20% in value and exports to Mozambique decreased by 58% and to DRC decreased by 75% during the same period.

Figure 23: Growth in demand for lamb exported by South Africa in 2011

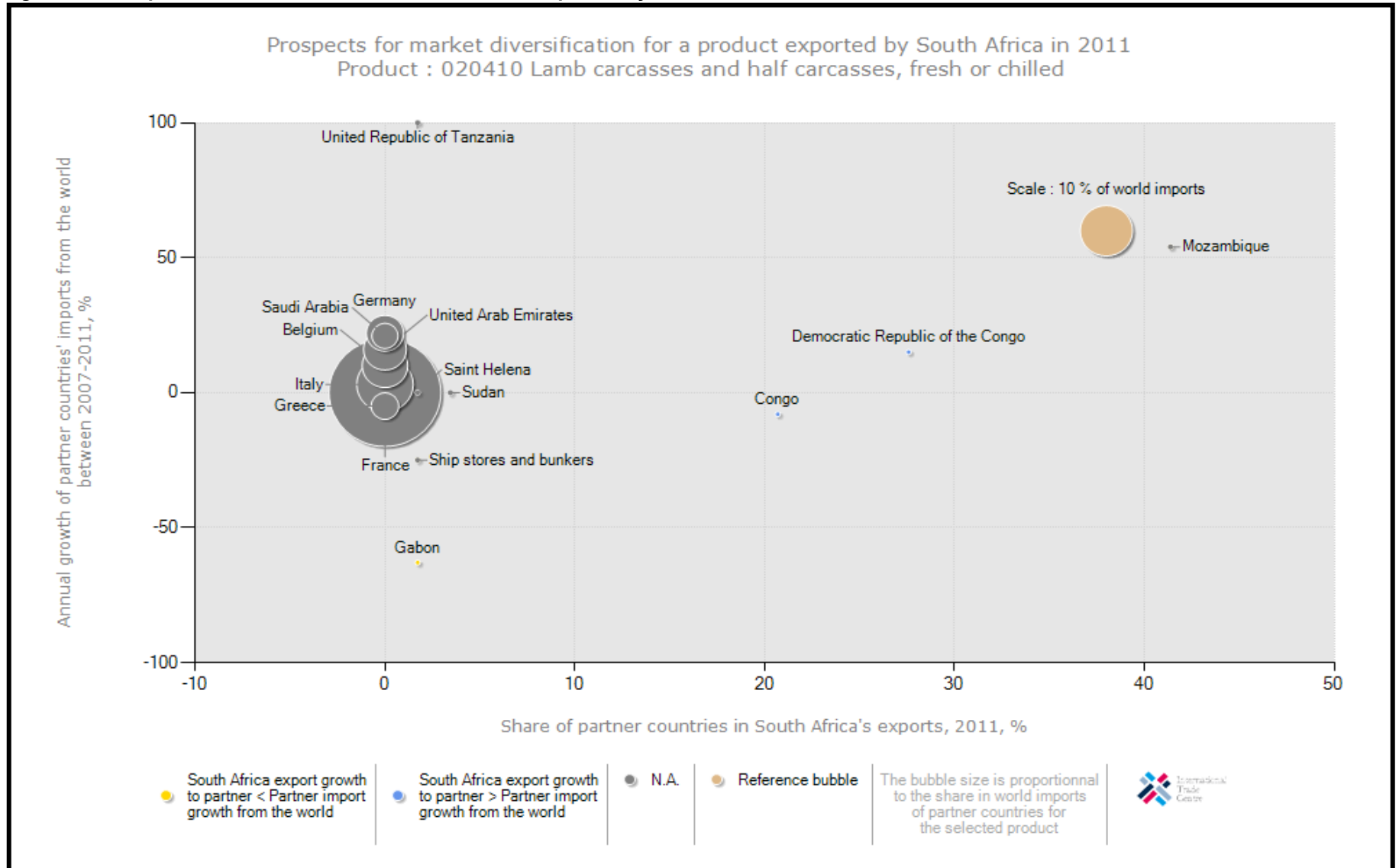


Source: Trademap, ITC

Figure 23 shows that between 2007 and 2011 South Africa's lamb exported to Democratic Republic of Congo and Congo were growing at a rate that is greater than its import growth from the rest of the world. During the same period, South Africa's mutton exports to Gabon and Mozambique were growing at a rate that is less than their imports from the rest of the world. Gabon's annual import growth has declined drastically 63% and imports from South Africa to Gabon have also declined by 63%. This shows that Gabon is a losing market in the declining market.

The most growing demand of South African fresh or chilled lamb carcasses exist in Mozambique. Mozambique's annual import growth increased by 58% and imported 27% from South Africa.

Figure 24: Prospects for market diversification for lamb exported by South Africa in 2011



During 2011, South Africa has exported lamb carcasses and half carcasses to Mozambique, DRC and Congo at a rate greater than what they imported from the world. If South Africa wishes to diversify the imports of lamb, United Republic of Tanzania is the possible market because its annual imports are growing by 125%. Other possible market is France because of its world market share of 51.3%. The disadvantage with France might be its annual imports growth, which is minimal at 0%.

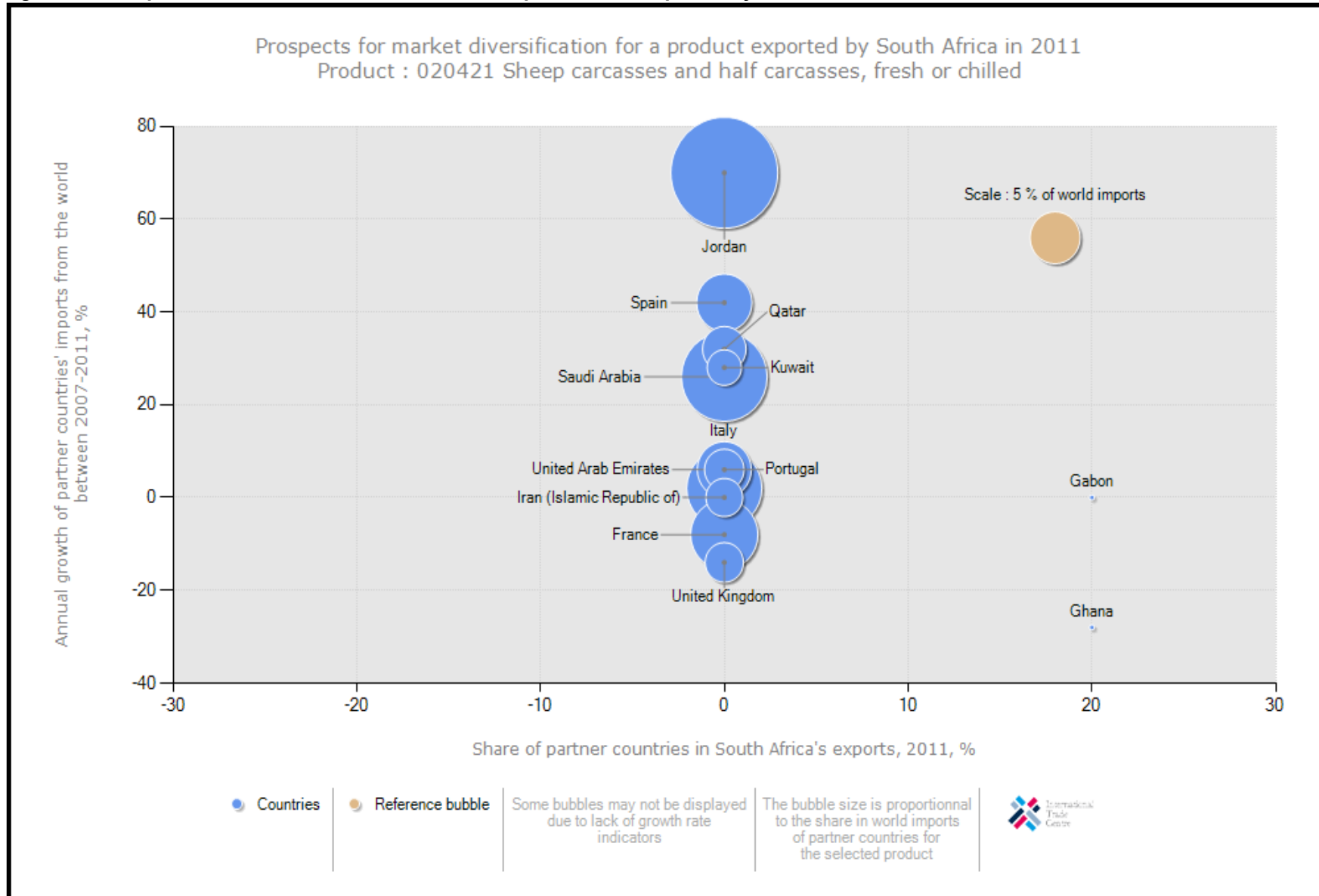
**Table 12: List of importing markets for the mutton exported by South Africa in 2011**

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	5	5	100	1	Tons	5000	-32	-23	-75		100	19	
Mozambique	2	2	40	1	Tons	2000			-83				15
Gabon	1	1	20	0	Tons					62	0		20
Ghana	1	1	20	0	Tons					49	0	-28	20
France										4	9.7	-8	0
Iran (Islamic Republic of)										10	2.5		4

Source: ITC calculations based on COMTRADE statistics

South Africa's exports represent **0.0%** of world exports for sheep carcasses and half carcasses fresh or chilled; its ranking in world export is **37**. Table 12 shows that during 2011 South Africa exported a total of 1 ton of sheep carcasses and half carcasses at an average value of US\$ 5 000 /unit. One ton exported by South Africa during 2011 was exported to Mozambique. South Africa's mutton exports decreased drastically by 32% in value and 23% in quantity during the periods 2007 and 2011. Between the periods 2010 and 2011 South African fresh or chilled sheep carcasses decreased by 75%.

Figure 25: Prospects for market diversification for sheep carcasses exported by South Africa in 2011



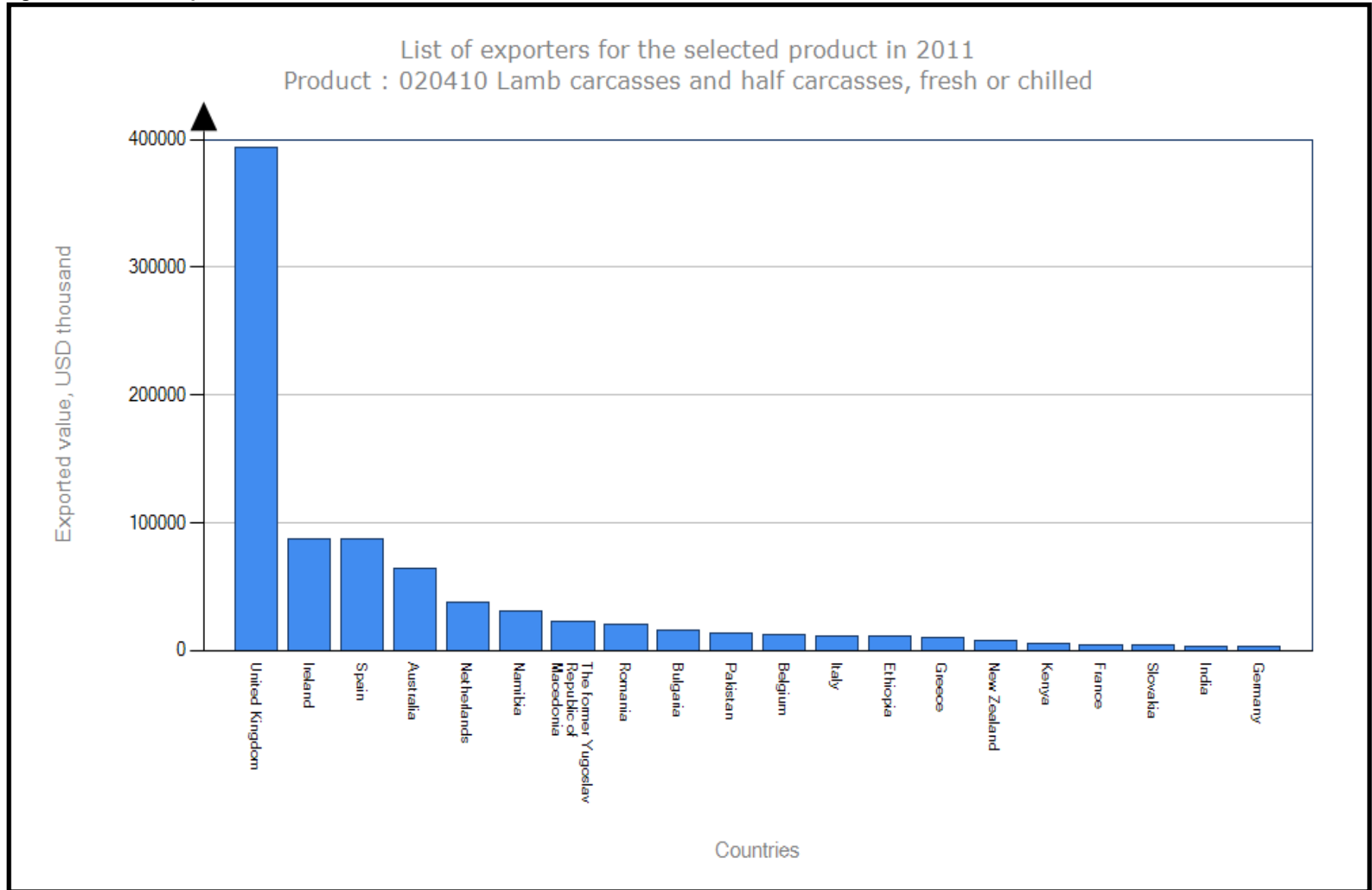
Source: Trademap, ITC

Figure 25 above shows that if South Africa wishes to diversify its exports of fresh and chilled sheep carcasses, the biggest and fastest growing market is in Jordan. Jordan has a world share market of 25.5% and its annual import growth was at 70%. South Africa is not supplying Jordan with mutton therefore it can develop a new market in Jordan.

## **6.2. Competitiveness of sheep industry in imports**

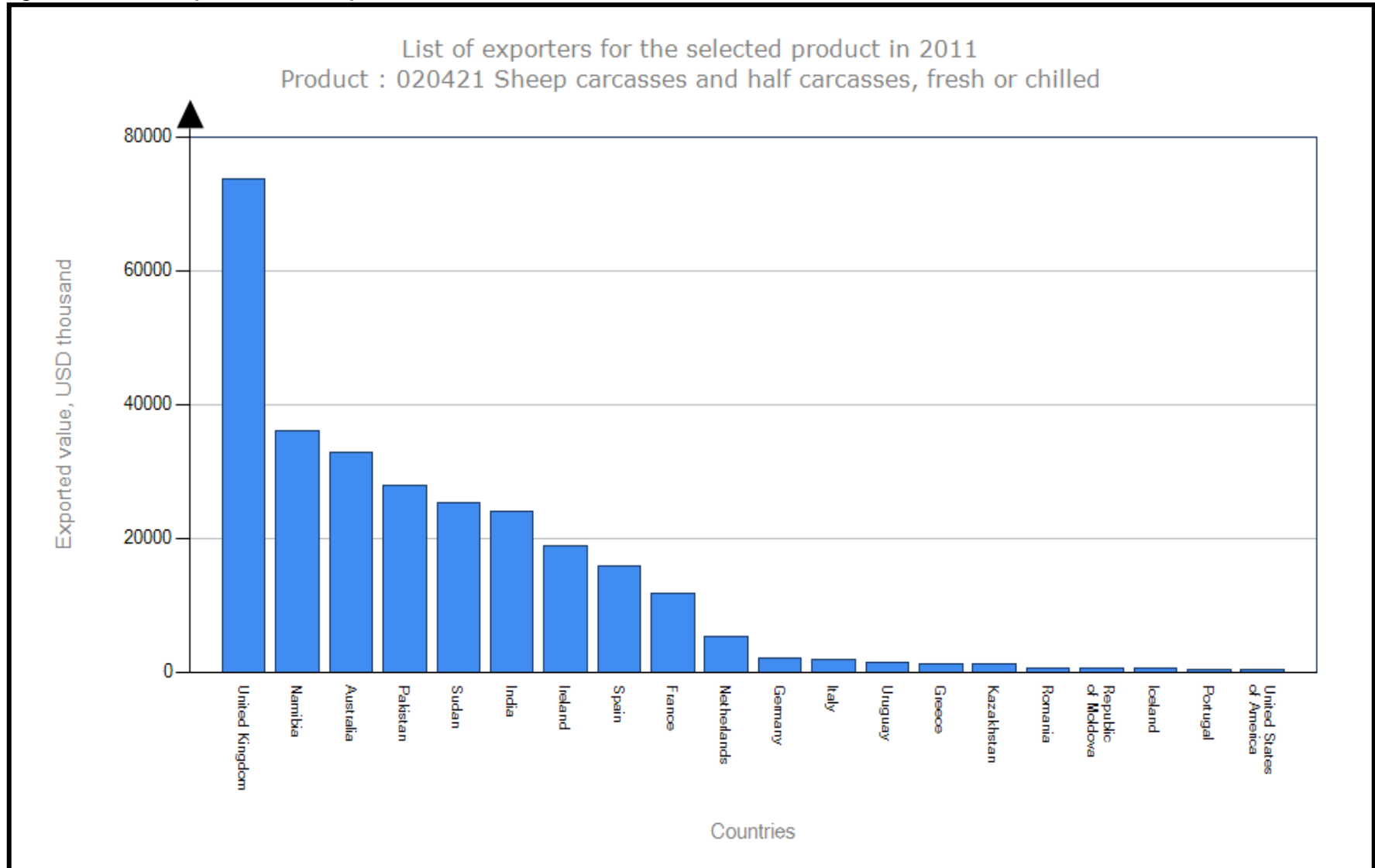
The top exporters of lamb carcasses and half carcasses, fresh or chilled are United Kingdom, Ireland, Spain, Australia, and Netherlands and the top exporters of sheep carcasses and half carcasses, fresh or chilled are United Kingdom, Namibia, Australia, Pakistan and Sudan. Two figures below have details. There is no available data of the quantities and values of lamb and sheep imports.

Figure 26: List of exporters for lamb in 2011



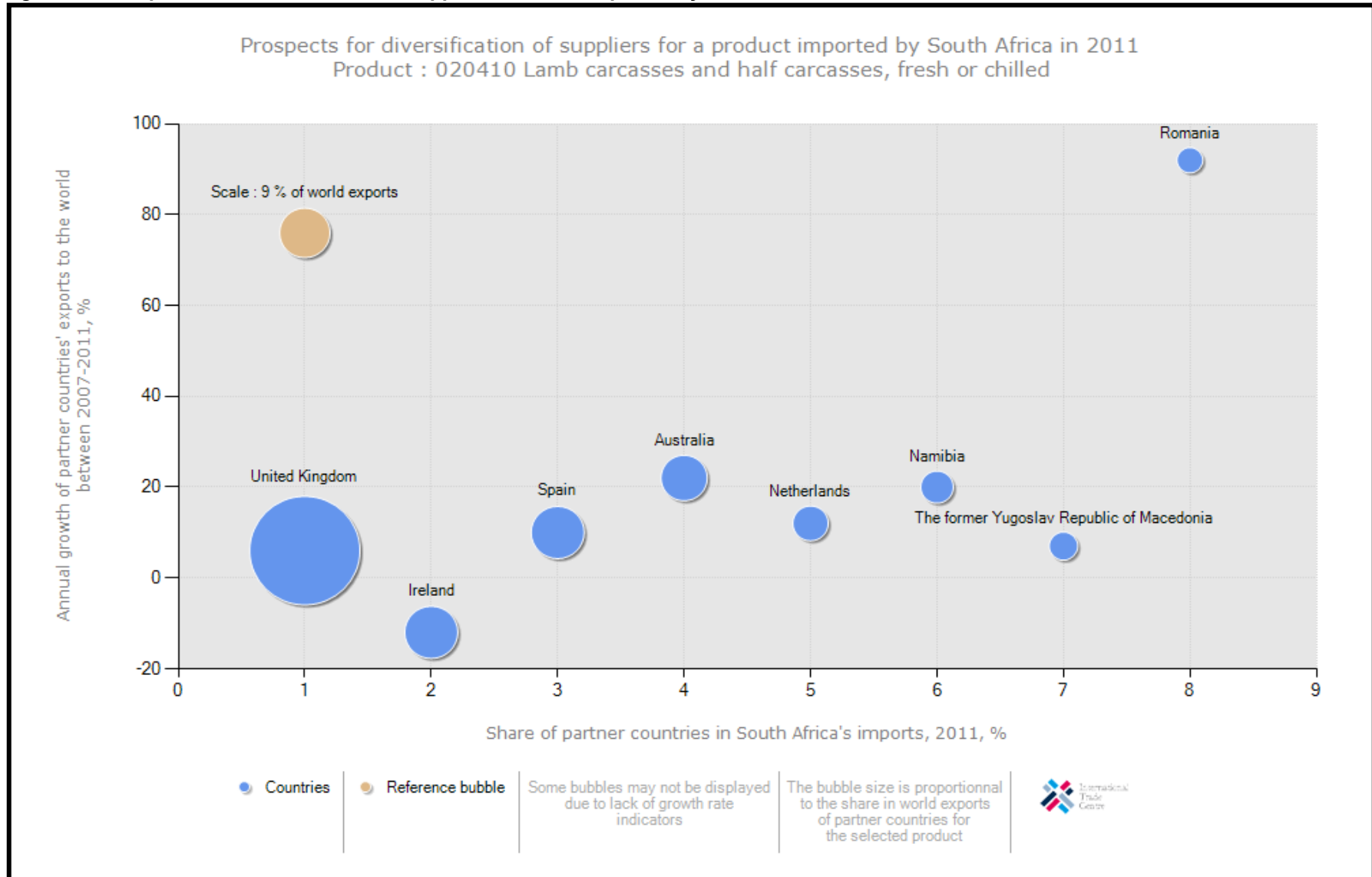
Source: Trademap, ITC

Figure 27: List of exporters for sheep carcasses in 2011



Source: Trademap, ITC

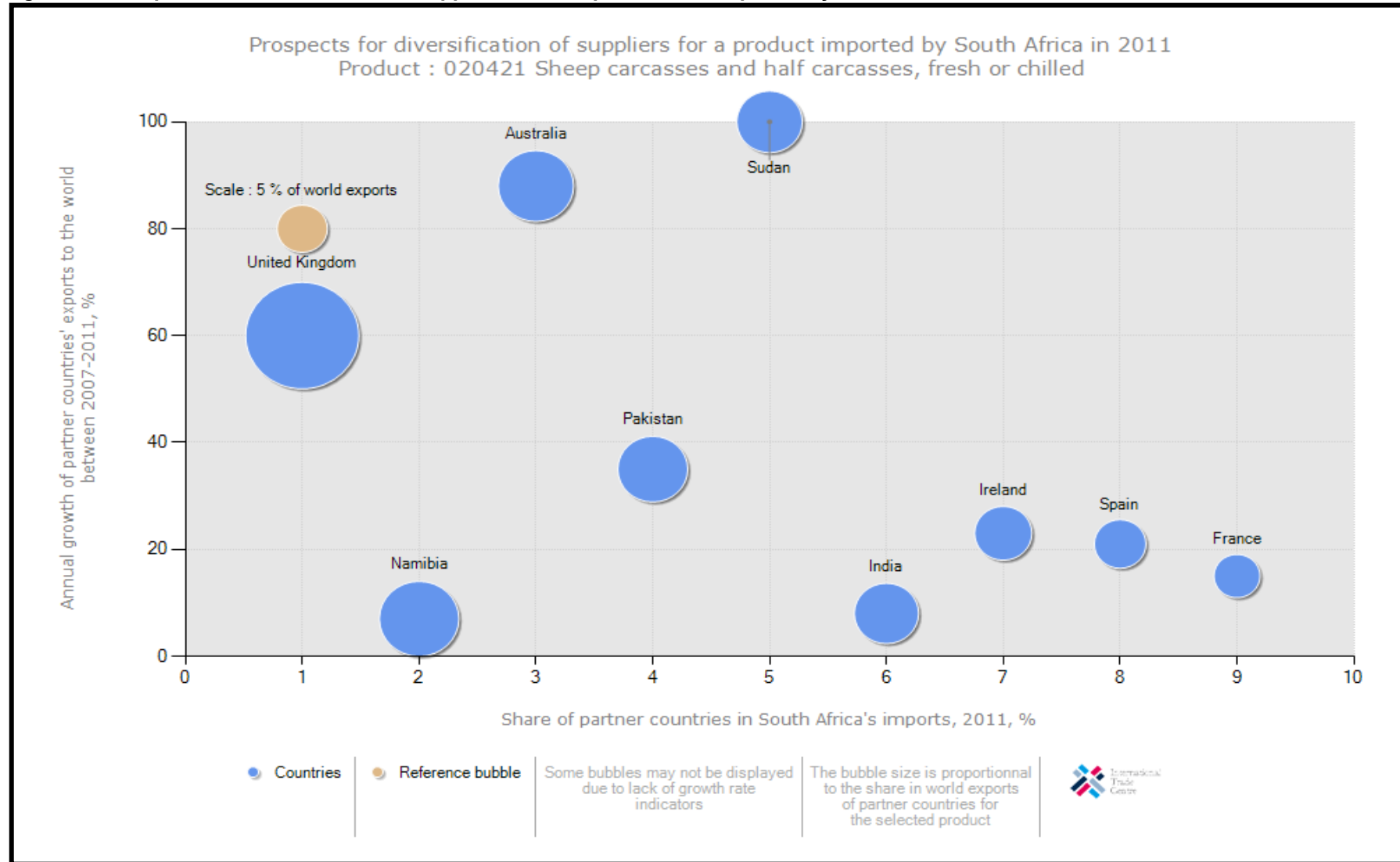
**Figure 28: Prospects for diversification of suppliers for lamb imported by South Africa in 2011**



Source: Trademap, ITC

The chart above shows the prospects for diversification of suppliers for lamb carcasses and half carcasses (fresh or chilled) imports by South Africa in 2011. If South Africa is to diversify its lamb carcasses and half carcasses (fresh or chilled) imports, Romania will be the possible market because its annual export growth is the highest by 92% and it is not a big market. It has a world share market of 2.3%. Since Romania is not the supplier of fresh or chilled lamb carcasses or half carcasses to South Africa, South Africa can develop a new market with Romania.

**Figure 29: Prospects for diversification of suppliers for sheep carcasses imported by South Africa in 2011**



Source: Trademap, ITC

The chart above shows the prospects for diversification of suppliers for sheep carcasses and half carcasses (fresh or chilled) imports by South Africa in 2011. If South Africa is to diversify its sheep carcasses and half carcasses (fresh or chilled) imports, Sudan will be the possible market because its annual export growth is incomparable at a rate of 1,160% and it has a world share market of 8.9%.

## 7. ACKNOWLEDGEMENTS

- a. **National Wool Growers Association (NWGA)**  
[www.nwga.co.za](http://www.nwga.co.za)
- b. **SAMIC**  
[www.samic.co.za](http://www.samic.co.za)
- c. **Cape Wools**  
[www.capewools.co.za](http://www.capewools.co.za)
- d. **Department of Agriculture, Forestry and Fisheries**  
[www.daff.gov.za](http://www.daff.gov.za).
- e. **TradeMap**  
[www.trademap.org](http://www.trademap.org).
- f. **Quantec**  
[www.quantec.co.za](http://www.quantec.co.za)
- g. **Market Access Map.**  
[www.macmap.org.za](http://www.macmap.org.za).
- h. **NERPO**  
[www.nerpo.org.za](http://www.nerpo.org.za)

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