

SACU Investment Roundtable Meat and Meat Products 12 - 13 APRIL 2022



Vision:

“To build a diversified, competitive, sustainable and equitable industrial base that supports structural transformation and the economic integration of the SACU region”

Mission:

1. Promoting integrated and sustainable **industrial growth of value-added manufacturing and increasing production** in SACU Meat and Meat Products value chain.
2. Enhancing **continental and global competitiveness** of the SACU Meat and Meat Products value chain
3. Promoting **continental and global trade** of the SACU Meat and Meat Products value chain.

Rationale:

- SACU Member States have abundant resources of land and good vegetation that contribute to wellbeing of free range livestock (cattle, sheep, goat) breeding as well as poultry, piggery and game. These can enable the development of cross-border value chains in the meat and meat products sub-sector with opportunities to enhance economic development, diversification, industrialization as well as competitiveness of SACU Member States.

Objectives

- ❑ Development of consultative shared perspective in enhancing continental and global competitiveness and promotion of the SACU Meat & Meat Product value chain.
- ❑ Integration and sustainable industrial manufacturing growth of SACU Meat & Meat Product value chain aimed at import replacement and higher value added export growth.
- ❑ Leveraging private and public collaboration in SACU Meat & Meat Product value chain through organized business and public institutions.
- ❑ Harmonization and development of SACU policy support measures.
- ❑ Identification of potential investment and trade opportunities.
- ❑ Development of SACU programmes for continental and global market access.
- ❑ Development of institutional capacity for skills and sector formatted education.
- ❑ Development of SACU Meat and Meat Product development capabilities addressed through seasonal, regional, continental and international supply chain.

Meat and Meat Products Value Chain Development

❑ Recognize product and investment opportunities within the sub-sector are extensive - so some prioritization/focus required.

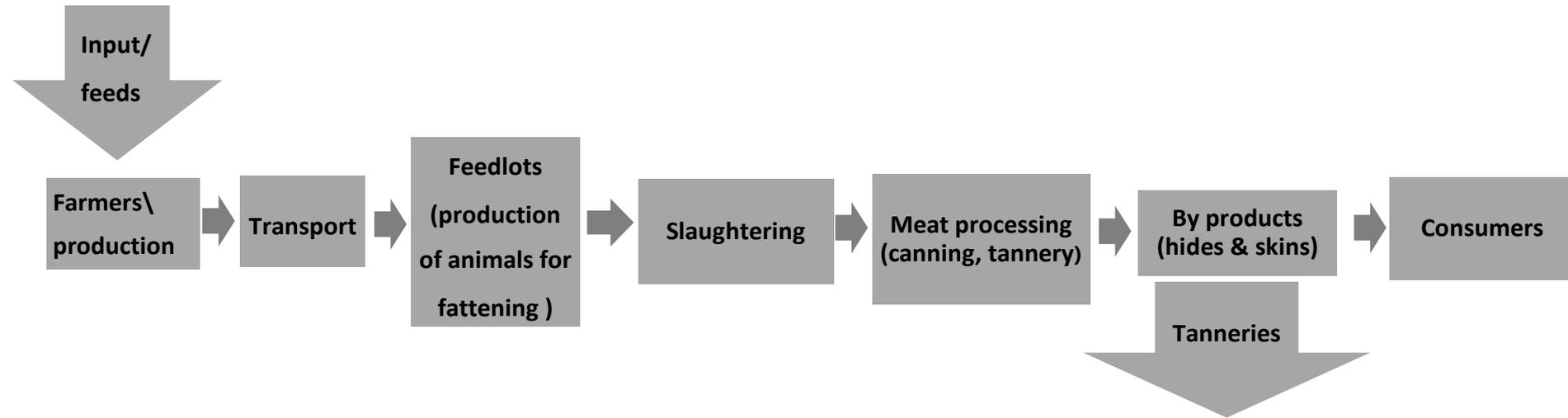
❑ Focus on the following products:

- Beef
- Sheep
- Goat
- Poultry
- Piggery
- Game Meat

❑ **Types of breeds in SACU:**

- Beef (Afrikaner, Nguni, Simmental, Bonsmara, Brahman)
- Sheep (Karakul, Merino)
- Goat (Dorper, Damara, Angora, Broer)

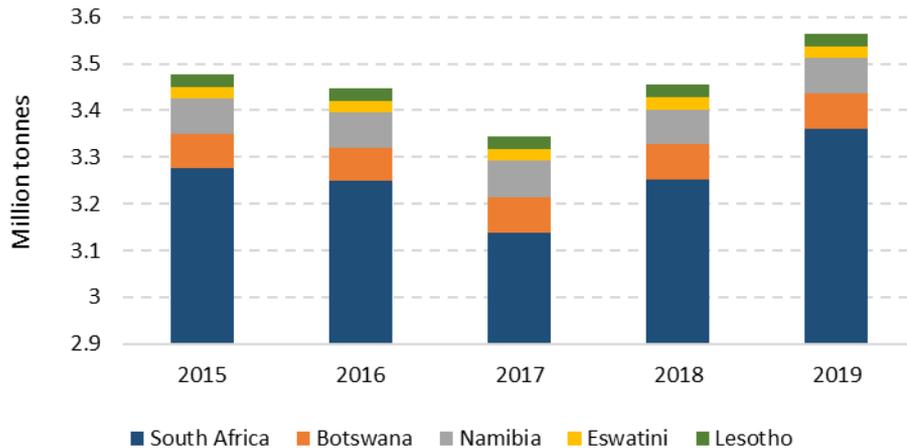
High Level Generic Meat and Meat Products Value Chain



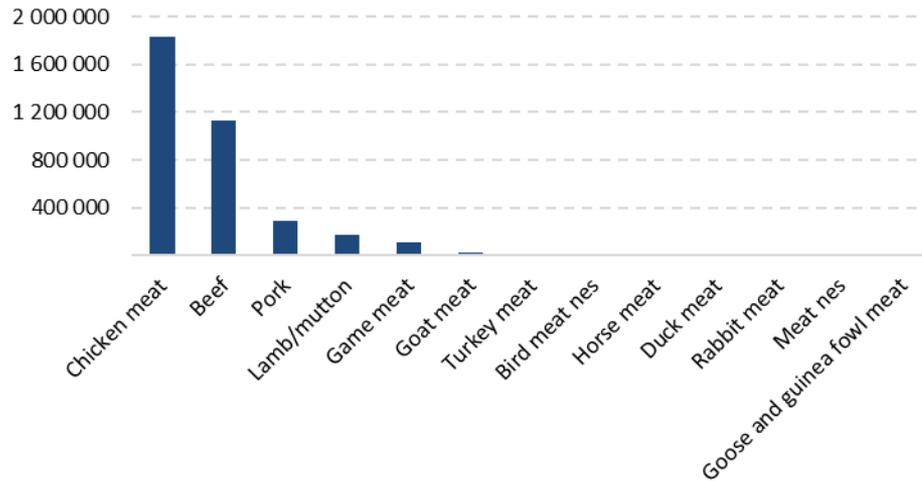
- ❑ The meat & meat products sub-sector is very important as meat is one of essential products, & plays significant role in human diet due to nutritional properties
- ❑ The sub-sector supports livelihoods & food security of almost billion people around world
- ❑ Value chain starts with inputs/feed upstream until meat is processed into various products, incl. cuts, delicates, sausages, boerewors, biltong/droewors, coned beef, hides & skins among others

SACU Meat Production Trends

SACU total meat production



SACU meat production by type, 2019



- ❑ Key characteristic of SACU agric. sector is the imbalance in the production capacity of various Member States, with SA dominating production
- ❑ The production capacity of other Member States is primarily inhibited by costly inputs e.g., fodder and uneven rainfall patterns
- ❑ SACU produces about 3.6 million tonnes or only 1.1% of world's total meat production
- ❑ Most produced meat types:
 - **Chicken meat = 1.8 million tonnes**
 - **Beef = 1.1 million tonnes**

SACU Meat Production Trends (Cont.)

Meat type	Botswana	Eswatini	Lesotho	Namibia	South Africa
Chicken meat	2403	6 229	1 764	10 866	1 808 207
Beef	34 000	16 580	9 249	31 055	1 033 310
Pork	332	1 366	1 963	6 346	279 490
Lamb/mutton	1 091	634	5 044	8 986	160 750
Game meat	32 276		5 851	7 855	59 184
Goat meat	4 644	1 569	2 196	3 661	11 510
Turkey meat					5 661
Bird meat nes.				5 365	5 661
Horse meat					1 419
Duck meat					1 178
Rabbit meat	1 101				
Meat nes.	742				
Goose and guinea fowl meat					502

Source: FAOSTATS

- ❑ SA dominates almost all meat products produced in SACU, except for niche products such as rabbit meat which is commercially produced in Botswana

SACU Meat and Meat Products Trade

SACU meat and meat products trade (US\$ million)

	2015	2016	2017	2018	2019
Imports	661.0	625.8	793.5	795.8	686.2
Exports	507.9	455.2	461.6	439.0	396.4

Source: ITC

SACU meat and meat products intra-trade (US\$ million)

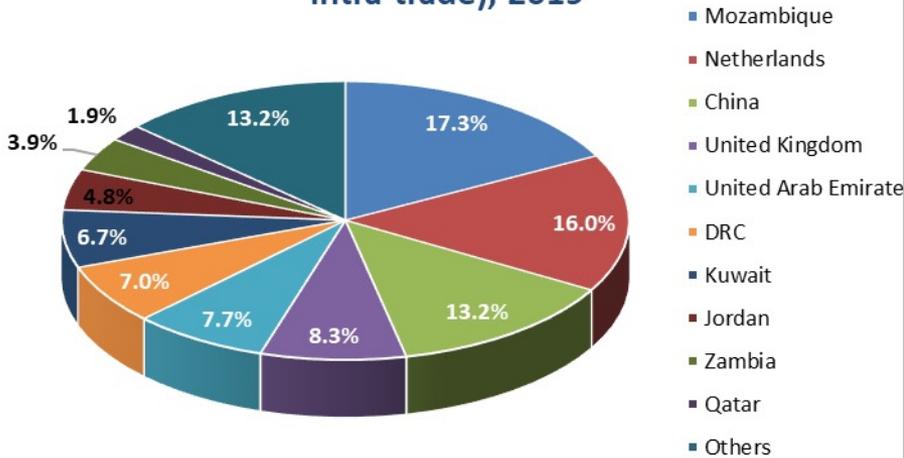
2019		Imports					SACU Exp
		SA	Lesotho	Namibia	Eswatini	Botswana	
Exports	SA		38.7	16.3	9.7	9.2	73.9
	Lesotho						00
	Namibia	23.3				2.1	25.4
	Eswatini	241					241
	Botswana	25.3	21	337	331		696.3
	SACU Imp	289.6	59.7	353.3	322.7	11.3	036.6

Source: ITC

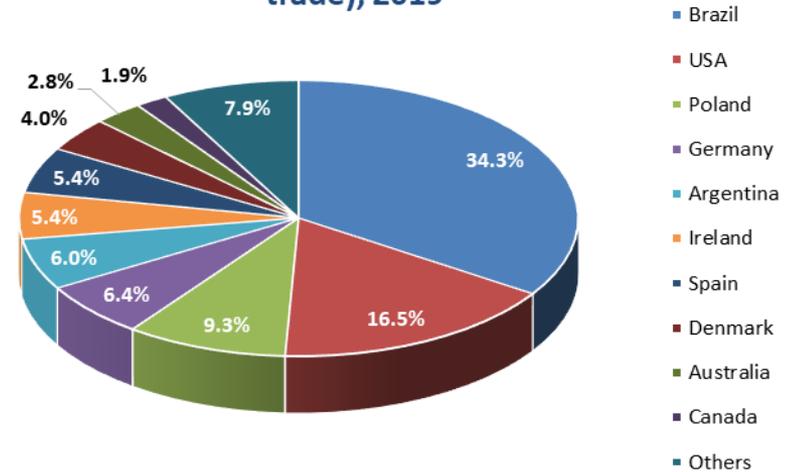
- ❑ SACU is a net importer of meat products, with trade deficit of about US\$289.8 million in 2019
- ❑ Namibia & Botswana are both net exporters of beef, while SA & Eswatini are net importers
- ❑ Data on intra-trade among Member States seems not to be reliable as it is more than the total trade with the world
- ❑ According to other sources, intra-regional trade fluctuates as a share of total exports, but accounts for the majority, ranging from around 55% to 70% in recent years.
- ❑ Intra-regional trade remains highly imbalanced, with Botswana running a large trade surplus with other Member States imports

SACU Meat and Meat Products Trade (Cont.)

SACU meat products exports destinations (excl. intra-trade), 2019



SACU meat products imports sources (excl. intra-trade), 2019



Source: ITC

- ❑ The most important partner countries to which SACU exports meat products include Mozambique (17.3%), the Netherlands (16.0%) & China (13.2%)
- ❑ AfCFTA provides an opportunity for SACU to widen the meat markets in Africa, as it already exports to other African countries such as DRC & Zambia
- ❑ Leading suppliers of meat products imports to SACU are Brazil (34.3%) & the USA (16.5%)

SACU Meat and Meat Products Trade (Cont.)

SACU's top exported meat products, 2019

HS code	Products	USD million
'0201	Meat of bovine animals, fresh or chilled	120.736
'0202	Meat of bovine animals, frozen	114.084
'0207	Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and ...	105.901
'0203	Meat of swine, fresh, chilled or frozen	24.997
'0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, ...	12.004
'0204	Meat of sheep or goats, fresh, chilled or frozen	10.628
'0208	Meat and edible offal of rabbits, hares, pigeons and other animals, fresh, chilled or frozen ...	4.658
'0210	Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat or ...	3.023
'0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, fresh, chilled, ...	0.307
'0205	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	0.033

Source: ITC

- ❑ Most exported meat product in the SACU region is cattle/bovine meat, both fresh or chilled as well as frozen

SACU Meat and Meat Products Trade (Cont.)

SACU top imported meat products, 2019

HS code	Products	USD million
'0207	Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and ...	492.0
'0203	Meat of swine, fresh, chilled or frozen	75.2
'0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, ...	56.5
'0202	Meat of bovine animals, frozen	36.0
'0204	Meat of sheep or goats, fresh, chilled or frozen	11.4
'0201	Meat of bovine animals, fresh or chilled	7.4
'0210	Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat or ...	4.1
'0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, fresh, chilled, ...	3.3
'0208	Meat and edible offal of rabbits, hares, pigeons and other animals, fresh, chilled or frozen ...	0.4

Source: ITC

- In terms of imports, SACU imports mostly white meat, which accounted for about 71% of the total meat imports in 2019

Opportunities within SACU in Building Regional Value Chains

Highlights of key opportunities

- ❑ Business opportunities in logistics, marketing & product branding
- ❑ Harmonization at SACU borders and import & export regulations (SPS, payment of imports duties & taxes, RoO) between Member States
- ❑ Increase processing capacity post-slaughtering & introduce new technology to increase value-add & improve margins
- ❑ Export of value-added meat products from other Member States to SA. E.g., Hartlief Namibia is currently exporting high value meat products to Botswana & SA - opportunity for manufacturers in Botswana, Eswatini & Namibia to produce value added meat products & market them in SA market.
- ❑ Introduce new and/or improved preservation and/or packaging technologies
- ❑ Integrate rural cattle herds into the value chain (economic inclusion)
- ❑ Pursue game-related production activities in the value chain, as well as new niche & broader market opportunities
- ❑ Feed & fodder production schemes critical for growing weaners in local markets
- ❑ Incorporate research & development in the production of meat & meat products
- ❑ Opportunity for collaboration between beef export abattoirs:
- ❑ The reduction in transaction costs through the supply chain should be key to increase efficiency.

Meat and Meat Products Regional Value Chains Development

Areas of Potential Investment Opportunities within SACU

Feedlots	Namibia and Botswana could cooperate in terms of supply of herds to Namibia, for fattening & slaughtering at abattoirs
Growing of feeds	SACU Member States to consider cost-effective production of feeds/inputs at national level. SA could assist BELN on growing of feeds technology and R&D can be done on growing of cost-effective feeds/inputs.
Veterinary products and services	SACU Member States can explore areas of cooperation when it comes to the exchange of skills & technology in this area
Abattoirs	Namibia currently has a moratorium on the establishment of abattoirs, however investments into the operation of abattoirs is an area of possible investment. SACU Member States must find ways of ensuring optimum utilisation of available export abattoirs & attract investment in abattoirs that meet export market requirements, with adequate capacity of tanneries to process raw hides.
Tanneries	SACU Member States must find ways of ensuring optimum utilisation of available export abattoirs within the region in order to ensure that processing of hides & skins is also optimised at tannery level.
Tracing and standards harmonisation	Member States must optimise on efforts already undertaken to harmonise tracing & standards at regional level
Cold storage facility	SACU Member States need to draw investments into the establishment of cold storage facilities
International Marketing Coordination	SACU Member States must optimise on efforts already undertaken at member states level to strengthen marketing of products from others
Advanced value addition	Member States must incooperate research & development within their production, in order to be innovative when it comes to product development.

Infrastructure Investments in Building Regional Value Chains

Products	Botswana	Eswatini	Lesotho	Namibia	South Africa
Beef	<ul style="list-style-type: none"> Meat processing skills and facilities Slaughter facilities Feedlots 	<ul style="list-style-type: none"> Export abattoirs Auction sale facilities in dip tanks 	<ul style="list-style-type: none"> Establishment of Breeding centres Establishment of feedlots 	<ul style="list-style-type: none"> Increase investments into the establishment of feedlots and on-farm holding, in order to reduce the export of live animals 	<ul style="list-style-type: none"> Meat processing facilities Cold storage facilities
Sheep	<ul style="list-style-type: none"> Upgrade slaughter facilities 			<ul style="list-style-type: none"> Export Abattoirs Production of feeds locally 	<ul style="list-style-type: none"> Upgrade slaughter facilities
Goat	<ul style="list-style-type: none"> Upgrade slaughter facilities 	<ul style="list-style-type: none"> Export abattoir Breeding/ AI centre 		<ul style="list-style-type: none"> Export Abattoirs Production of feeds locally 	<ul style="list-style-type: none"> Upgrade slaughter facilities
Game Meat	<ul style="list-style-type: none"> Meat processing skills and facilities 	<ul style="list-style-type: none"> Export abattoir/ processing plant 		<ul style="list-style-type: none"> Meat processing facilities 	<ul style="list-style-type: none"> Meat processing facilities
Poultry	<ul style="list-style-type: none"> Abattoirs and cold storage facilities 	<ul style="list-style-type: none"> Feed Breeder farms 		<ul style="list-style-type: none"> Production of feeds locally 	<ul style="list-style-type: none"> Feed Processing facilities
Piggery	<ul style="list-style-type: none"> Abattoirs and cold storage facilities 	<ul style="list-style-type: none"> Export abattoirs Cold storage Processing Breeder farms 		<ul style="list-style-type: none"> Export abattoirs Cold storage Production of feeds locally 	<ul style="list-style-type: none"> Abattoirs Cold storage facilities

Enabling Strategies to Improve Performance of Meat and Meat Products Value Chain

- **Infrastructure investment** – matching arrangement with South African Meat Industry Company (SAMIC). Support abattoirs to obtain certification for good hygiene practices, provide adequate resources for testing laboratories - trained personnel, fit for purpose equipment, laboratory space
- **Effective utilisation of rebates for industrialisation** – Member States to fully utilise rebates offered under the SACU Agreement
- **Reduction of process inefficiencies** - promote local processing of meat by entrepreneurs & provide incentives for private sector to invest in such ventures. Encourage value-addition activities & promote investment in local processing capacity
- **Reduction of logistics cost** - promote efficient supply chain operations - timeous delivery & processing of meat products all along the value chain, support the development of entrepreneurs that produce animal feeds for local farmers in the rural areas
- **Support application standards** - water purifiers need to be installed at abattoirs for more regular testing of effluent & there should be an improved wastewater management, train & retrain staff on health & food safety standards from abattoirs, slaughter labs, butcheries & others.

Enabling Strategies to Improve Performance of Meat and Meat Products Supply Value Chain (Cont.)

- **Market development support** - promote selling of younger livestock & explain how prices could be improved – as a way to motivate farmers to sell at more regular intervals & provide more info. on the creation on district/municipality markets and feedlots.
- **Harmonisation of VAT systems & border processes** - harmonize import & export regulations between Member States
- **Regional development of effective Tracing Systems** - develop a database for registering & marking livestock
- **SACU meat products should receive preference where local producers cannot meet the local demand** - seek collaboration with Member States – research & training institutions, private sector partners, international development partner institutions
- **Bilateral cooperation between Member States** – Member States can cooperate on ensuring effective utilisation of production techniques for animal production as well as feeds/inputs.
- **Transfer of skills & technology** – the transfer of skills and technology is vital especially in the areas of R & D.

Meat and Meat Product Value Chain Development Programme Proposal

Value Chain Upgrade

Issues	Short Term	Medium Term	Long Term
Critical mass analysis	Address low capacity utilization and operational inefficiencies	Address downstream manufacturing systems to competitiveness price-product position: high fixed & input costs.	Benchmarking for continuous improvement
Critical trade analysis	Annual trade flows analysis. Develop Marketing Information System	Address local & regional market dominance by products	Competitive and logistic obstacles to commercialization
Manufacturing maturity map and capacity co-sharing	Address manufacturing value chain integration, and the costs of effluents treatment	Address material mass & manufacturing capacity balances along resource based industry	Coordination of information flow within the value chain
Material security	Develop the ability to collect adequate volumes of raw material	Develop the ability to grant a global SCM sustainability of the operations	Develop the ability to grant a global sustainability of new investment
Common industrial policy	Review member State's industrial policy	Harmonize SACU M&MP industrial policy	SACU integrated policy platform

Meat and Meat Product Value Chain Development Programme Proposal (Cont.)

Competitiveness and Market Access

Issues	Short Term	Medium Term	Long Term
Sustainability	Address the inadequate supply shortfall	Address production inefficiency in supply chains	Establish effective coordination of supply chains in SACU
SACU market positioning	Develop the ability to sell the industrial outputs to SACU formal & informal markets	Develop visibility & representation	Market information to be targeted precisely
SACU global positioning	Develop the ability to sell outputs to continental and global formal & informal markets	Lack of visibility & representation	Market information is not targeted precisely
Critical infrastructure development / sharing	Improve quality and designs	Develop training on design & product innovation	Competitive and logistic obstacles to commercialization
Customised competitiveness incentives	Review Member State's incentives	Harmonize SACU M&MP incentive policy	SACU integrated incentive policy platform
Customised trade incentives	Review Member State's incentives	Harmonize SACU incentive policy	SACU integrated incentive policy

Meat and Meat Product Value Chain Development Programme Proposal (Cont.)

Investment			
Issues	Short Term	Medium Term	Long Term
International benchmarking	Factor cost analysis & factor efficiencies		
Industrial competitiveness benchmarking	Benchmarking within SACU	International benchmarking	Benchmarking for continuous improvement
Investment feasibility studies	Sub-sector feasibility studies		
Customised investment promotion incentives	Develop access to funds of commercial banking system	Working capital finance	Customised Investment Stimulus

Strategic Recommendations

Policy and Regulatory Related

- Aim for policy that contributes to the promotion of economic growth and development;
- SACU has to be transformed into an institution that would promote mutually beneficial co-operation and integration in Southern Africa;
- working towards common agricultural policy and strategies that would promote this sector regionally

Strategic Recommendations

Institutional and Governance Related

- Resuscitation of the relevant Committees within SACU to engage on these issues
- Continuous engagement with the private sector (Establishment of SACU Business Council)
- Increasing production capabilities and competitiveness in SACU
- Increasing intra-SACU trade in the sector

CONCLUSION

- ❑ The livestock sector is not fully exploited in the regional value chain among the SACU Member States and is currently constrained by animal health status, trade barriers, high cost of transportation and low utilization of the abattoirs, among others.
- ❑ Thus improvement on efficiency within the sector and regional value chain integration will help improve the role the sector plays in the livelihood of people in the region as well as contribute to economic growth within the Member States.
- ❑ There are opportunities which can be optimised by the region, looking at the provision of cost-effective inputs for production and increase value addition.

THANK YOU