

SOUTH AFRICAN POULTRY MEAT IMPORTS: TARIFF CODE REPORT FOR SEPTEMBER 2018

PLEASE NOTE:

This report is based solely on SARS verified statistics. Annual figures have been corrected as and when SARS issues amended reports.

In **February 2015**, changes were made by SARS to the tariff codes describing imports of frozen boneless chicken cuts, frozen bone-in chicken portions and frozen chicken offal. The changes made are described under the relevant headings. These three import lines were split into several sub-lines.

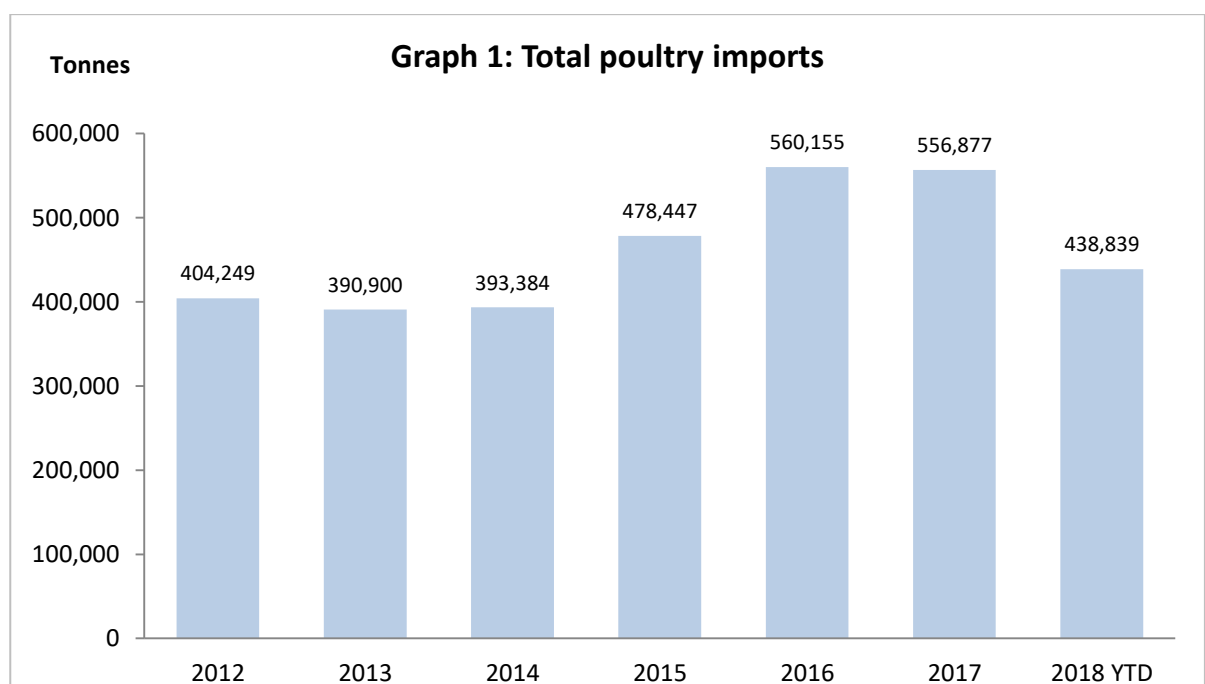
If, as a regular user of this report, you would like other data included or data presented in a different format (e.g. tables), please contact us on cynthia@silverpath.co.za with your suggestions.

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1. ANNUAL POULTRY IMPORTS

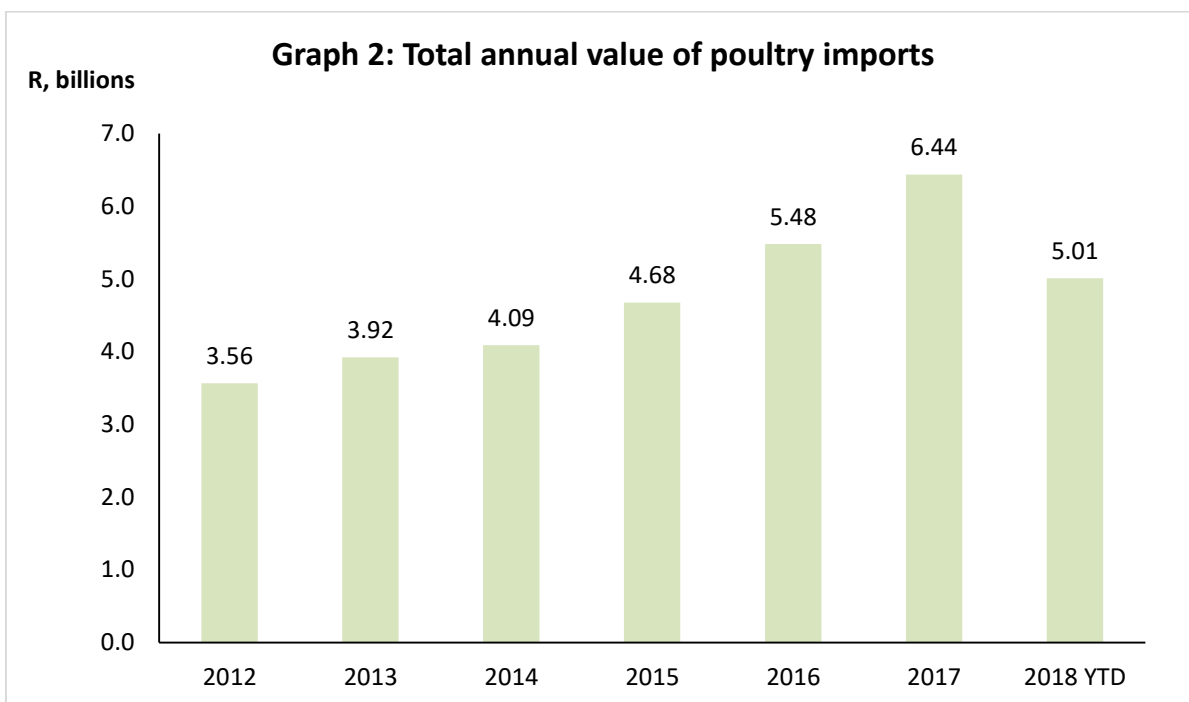
The term 'poultry' refers to chicken, turkey, ducks, geese and guinea fowl.

The SA Revenue Service reports that total poultry imports for 2016 amounted to 560 155 t; an increase of 81 708 t, or 17.1 %, in comparison with 2015 (478 447 t). If it had not been for the effect of AI-related trade bans on the December imports, 2016 imports would have been 20 % higher than in 2015. Imports in 2017, at 556 877 t, were just 0.6 % less than in 2016 despite the absence of key EU traders in the market. Imports in 1H 2018 were 0.7 % lower than in 1H 2017. Imports to September 2018 are shown in Graph 1.

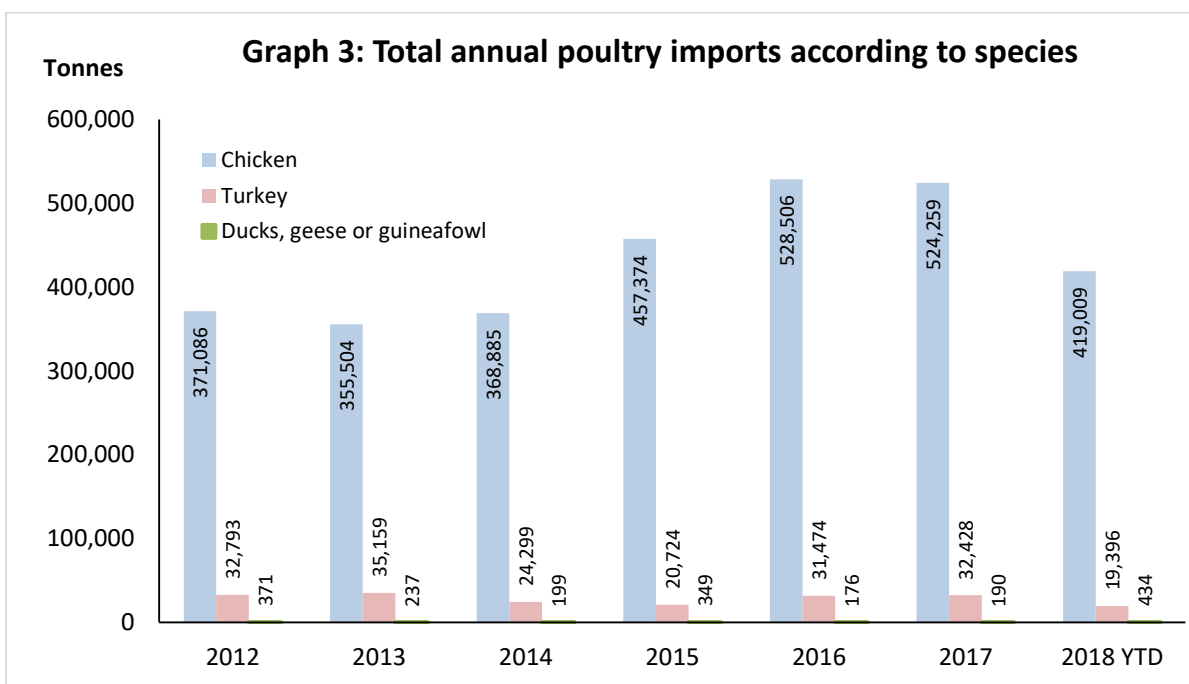


On an FOB basis, the value of imports for 2016 amounted to R5.48 billion. In 2017, the value of imports increased by R0.957 billion (17.5 %) over the 2016 value, to R6.44 billion. The value of imports in 1H 2018 was 2.5 % less than in 1H 2017.

The total annual value of poultry imports into South Africa is given in Graph 2:



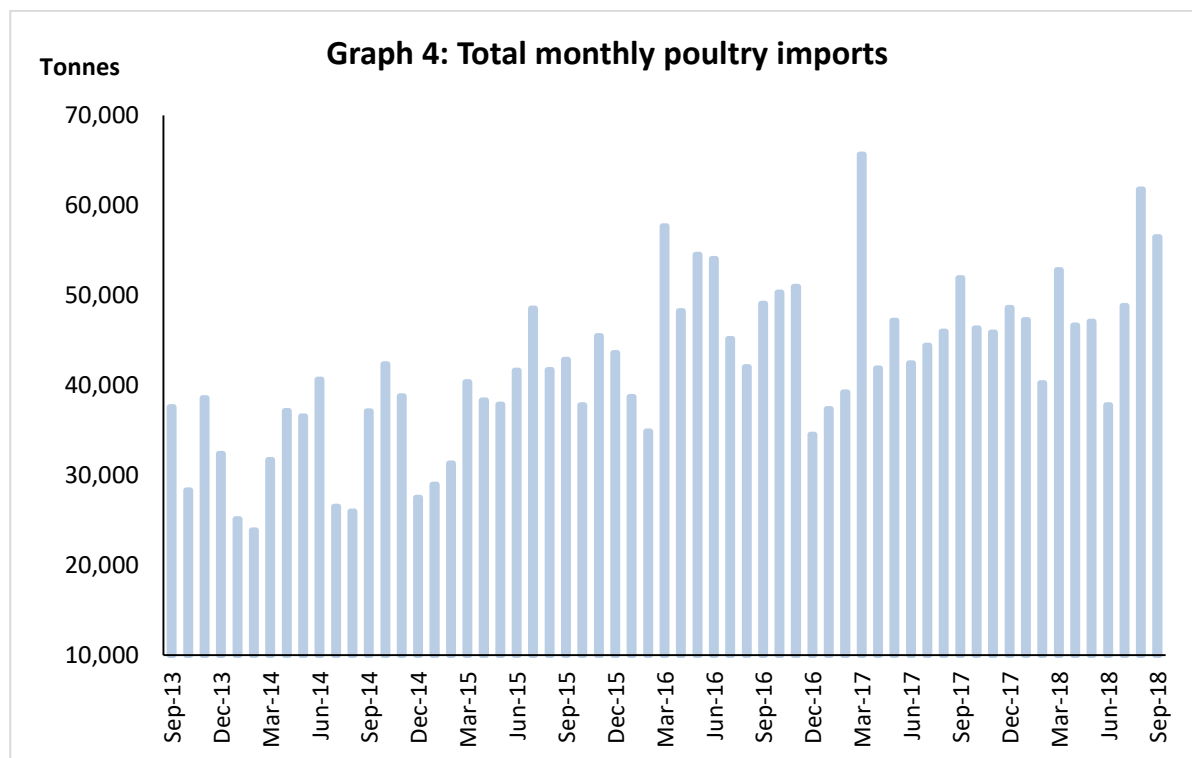
In 2017, chicken imports contributed 94.1 % to total poultry imports, turkey imports 5.8 % and ducks, geese or guinea fowl totalled 0.034 %. Annual imports according to the category of species (chicken, turkey or ducks, geese and guinea fowl) are shown in Graph 3:



MONTHLY POULTRY IMPORTS

2.1 Monthly poultry imports in volume and value terms

March 2017 imports reached record highs of 65 456 t. Imports have averaged 45 800 tonnes per month in 2018 YTD (peak of 52 807 t in March) but reached 61 751 tonnes in August and 56 456 tonnes in September 2018. This is 5 295 t less than in August (- 8.6 %; Graph 4). Poultry imports were valued at R715.3 million (FOB); down R42.4m on August 2018 levels (- 5.6 %). Compared to the same month last year, imports increased by 4 541 t (+ 8.7 %), and in, value terms, increased by 15.9 % or R98.0 million.



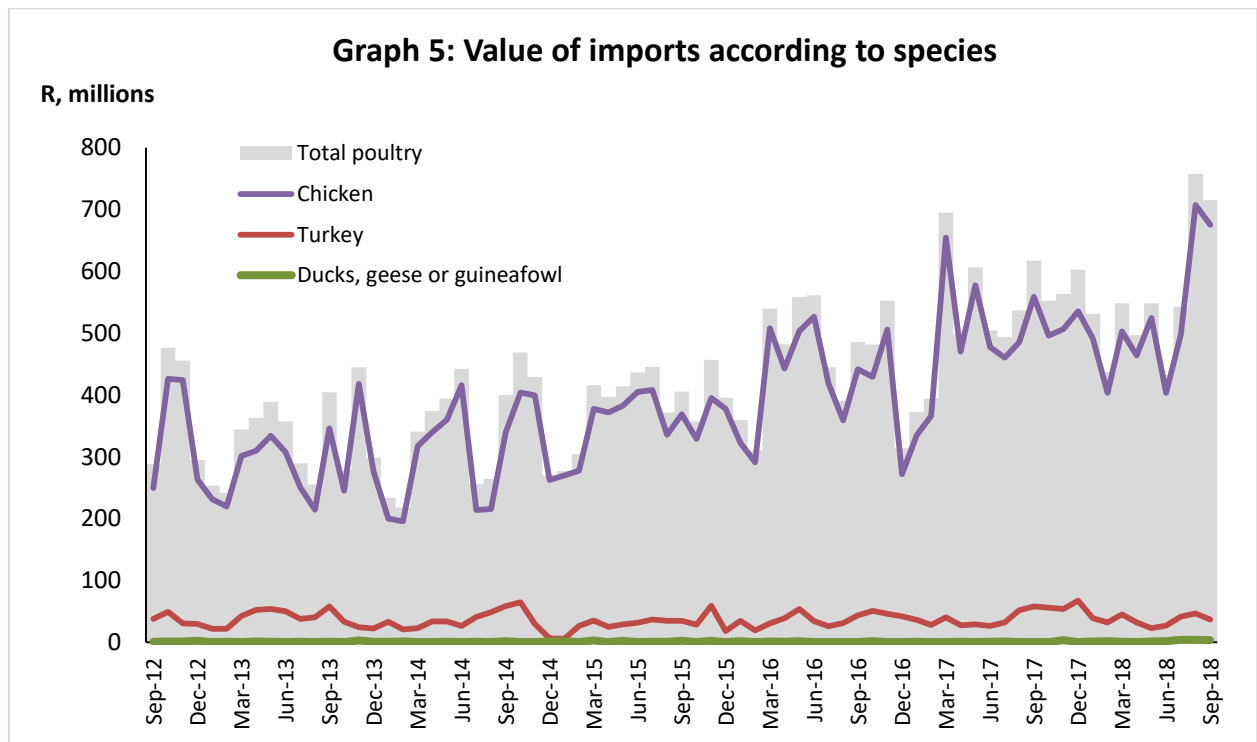
2.2 Classification of poultry imports into chicken, turkey and other poultry imports, according to volume

During September 2018, poultry imports consisted of 96.3 % chicken meat and product, 3.6 % turkey meat and product; and 0.13 % ducks, geese and guinea fowl.

2.3 Classification of poultry imports into chicken, turkey and other poultry imports, according to FOB value

The FOB value of R715.3 million for poultry imports for September 2018 comprises chicken imports at R675.2 million (94.4 %), turkey imports at R 37.0 m (5.2 %) and imports of other types of poultry at R3.1 million (0.44 %).

The monthly distribution of the FOB value for poultry imports, according to species, can be seen in Graph 5:



Total annual imports per poultry type (kg) are given in the table below:

Unit: kg	2013	2014	2015	2016	2017	2018 YTD
Total chicken	354 877 182	368 804 925	457 373 523	528 505 515	524 258 665	419 009 383
Total turkey	35 234 166	24 299 423	20 724 145	31 473 540	32 428 316	19 395 772
Total other	275 301	197 878	349 143	175 723	189 635	433 905
Total poultry	390 386 647	393 302 228	478 446 811	560 154 778	556 876 616	438 839 060

Source: SARS verified

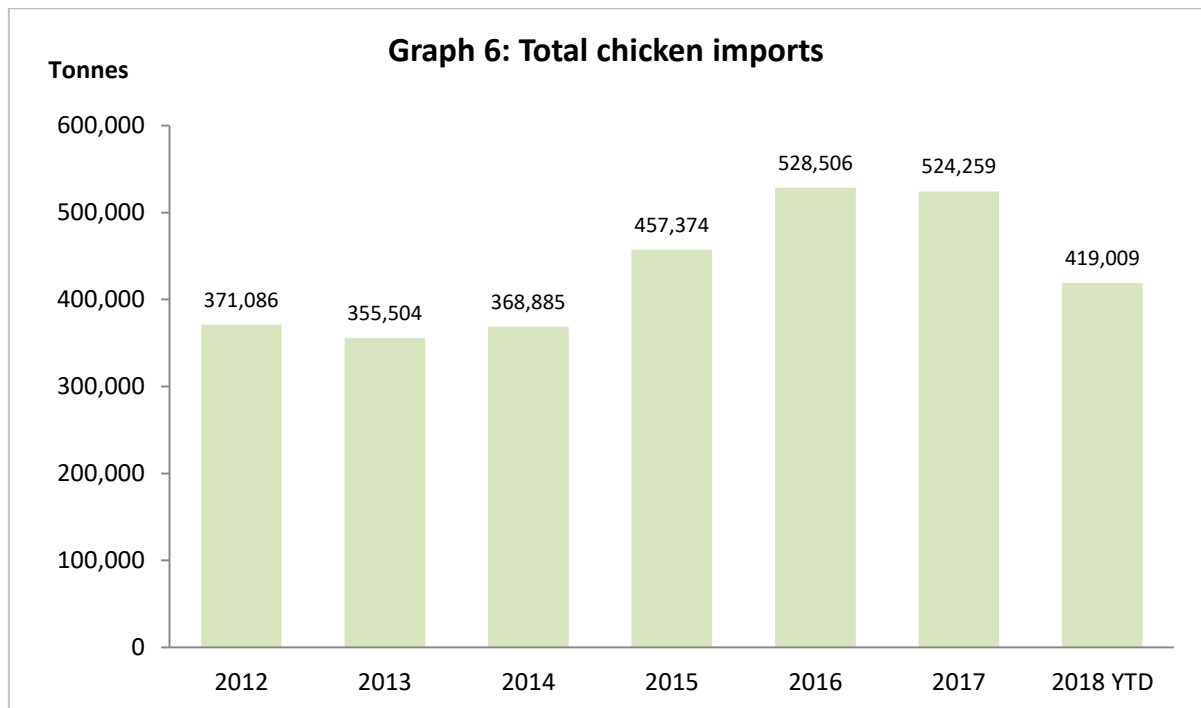
3. BROILER IMPORTS

3.1 Annual broiler imports

According to the audited figures of SARS, the annual broiler imports for 2016 totalled 528 506 tonnes. This is 71 132 t more than in 2015 (+ 15.6 %; on 457 374 t).

Imports for 2017 totalled 524 259 t; 0.8 % lower than in 2016, but 25 % higher than the 5-year average (2012 - 2016).

Broiler imports to 2018 YTD are given in Graph 6.



According to the audited figures of SARS (verified), the total annual broiler imports were:

Unit: kg	2013	2014	2015	2016	2017	2018 YTD
Total chicken	354 877 180	368 804 925	457 373 523	528 505 515	524 258 665	419 009 383
Total frozen broiler	354 265 914	368 201 525	456 954 268	528 108 226	523 427 640	418 336 469
Total fresh chicken	50 767	5 491	48 840	0	28 314	78 242
Total processed	560 499	597 909	370 415	397 289	802 711	594 672

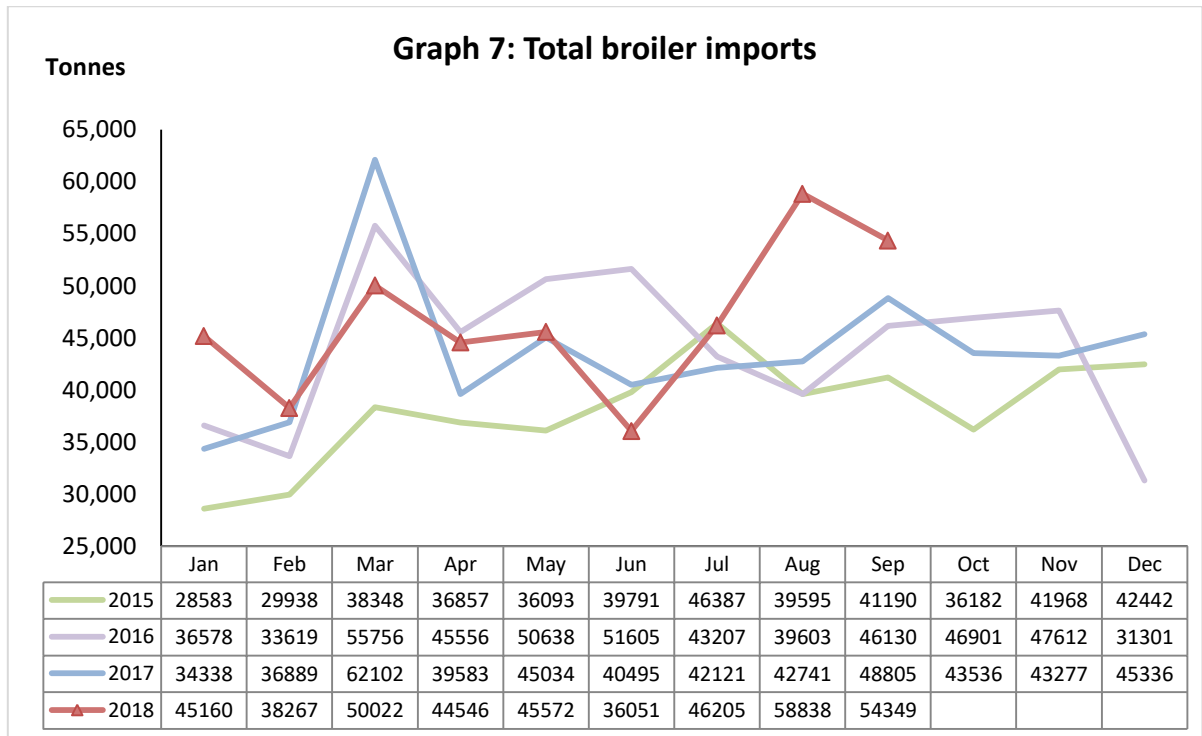
Note: Sept 2015; this table was updated to move imports under 0207.1300 into fresh product.

Unit: kg	2013	2014	2015	2016	2017	2018 YTD
Total frozen broiler	354 265 914	368 201 525	456 954 268	528 108 226	523 427 640	418 336 469
Total frozen broiler excl. MDM	212 006 932	221 218 214	277 063 358	332 854 759	321 632 534	306 256 579
Total broiler MDM	142 258 982	146 983 311	179 890 910	195 253 467	201 795 106	112 079 890

Note: Sept 2015; this table was audited and corrected.

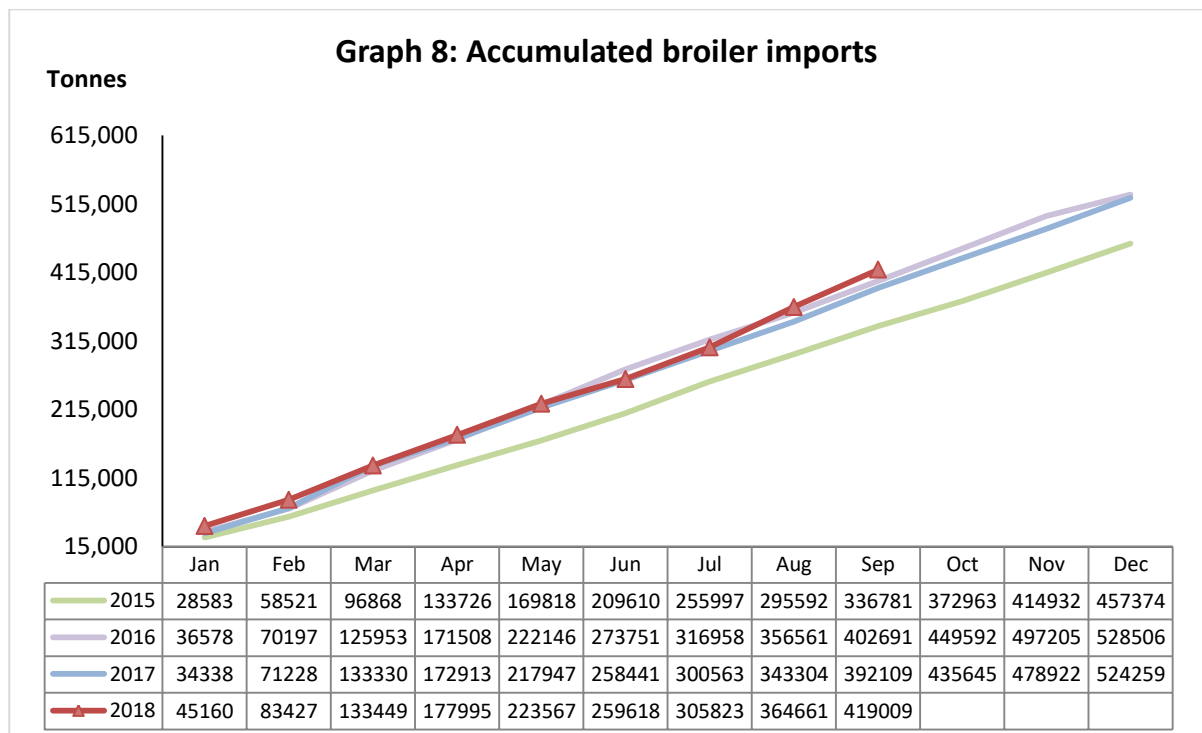
3.2 Monthly broiler imports

Broiler imports for September 2018 totalled 54 349 t. This is a decrease of 7.6 % on a monthly basis (- 4 489 t) but an increase of 5 544 t or 11.4 % when compared to the same month in the previous year. Total broiler imports, on a monthly basis from January 2015, are shown in Graph 7:



3.3 Accumulated broiler imports in terms of volume

Accumulated broiler imports at the end of 2016 were 71 132 t or 15.6 % higher than in December 2015. Accumulated broiler imports at the end of 2017 were 4 247 t or 0.8 % lower than in December 2016. Accumulated broiler imports for 2018 are shown in Graph 8, along with accumulated import volumes for the past three years. Imports in 1H 2018 were 0.46 % higher than in the same period in 2017 and, in 2018 YTD, are 6.9 % higher than in the corresponding 9 months of 2017.



Distribution of broiler imports in terms of the main products imported (% total *chicken* imports):

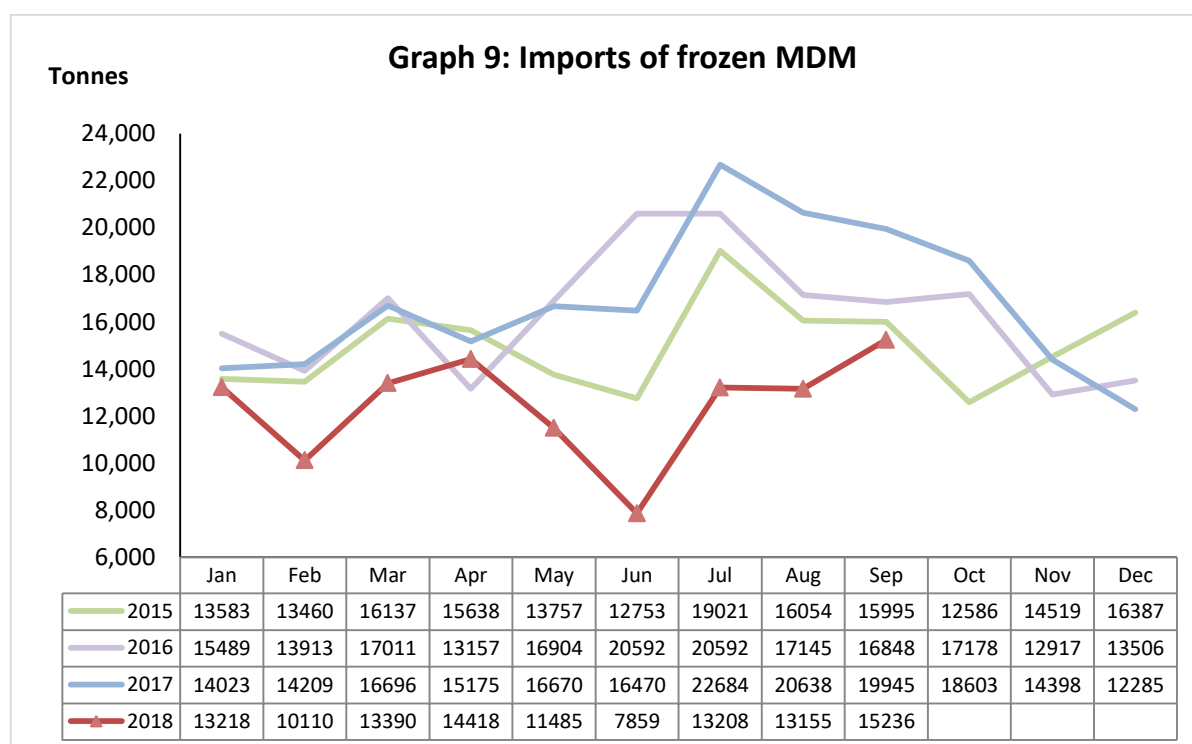
Tariff	July %	Aug %	Sept %
Mechanically deboned meat 0207.1210	27.4	26.6	26.7
Carcasses 0207.1220	2.9	2.8	2.7
Whole frozen chicken 0207.1290	1.6	1.7	1.6
Frozen (boneless portions) 0207.1410 – 1415	4.7	4.5	4.6
Frozen fowls offal 0207.1421/23/25/29	9.5	9.6	9.3
Poultry (bone-in portions) 0207.1491/93/95 - 99	53.8	54.7	54.8

3.4 Accumulated broiler imports in terms of FOB value

During September 2018, broiler imports to an FOB value of R675.2 m entered the country. This is a 5.6 % decrease on August 2018 levels (- 42.4 m) but a 15.9 % increase over levels recorded in the same month a year ago (+ R98.0 m). The accumulated value of imports of broiler products during 2016 was R5.02 billion; a 16.8 % increase over 2015 broiler imports (R4.3 billion). The value of broiler products in 2017 was R5.92 billion; up 18.0 % over the value of 2016 imports. The accumulated value of broiler products imported in 1H 2018 (R2.79 billion) was 3.2 % lower than in 1H 2017 (R2.88 billion).

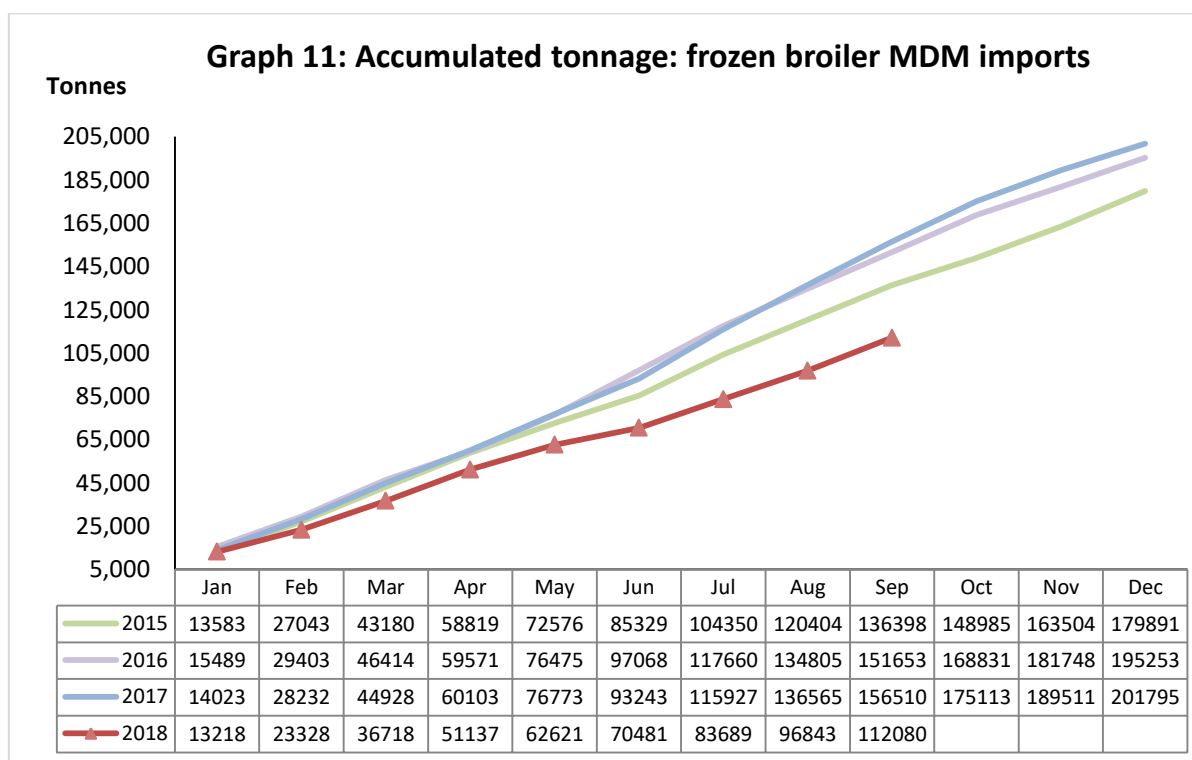
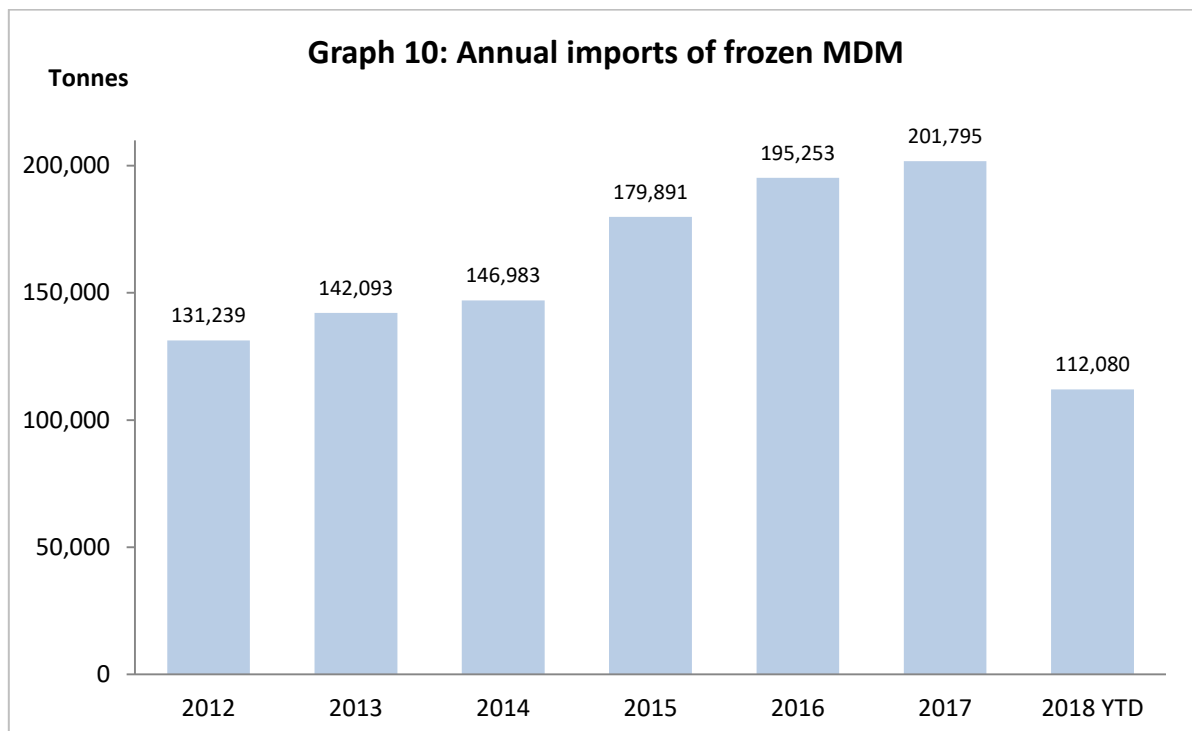
3.5 Imports under different tariffs

3.5.1 Imports of frozen mechanically de-boned meat (MDM)



This is tariff code 0207.1210 that was introduced in November 2011, in part replacing the discontinued tariff 0207.1405. This code remained unchanged in SARS' most recent adjustments to tariff codes (effective 1 Feb 2015).

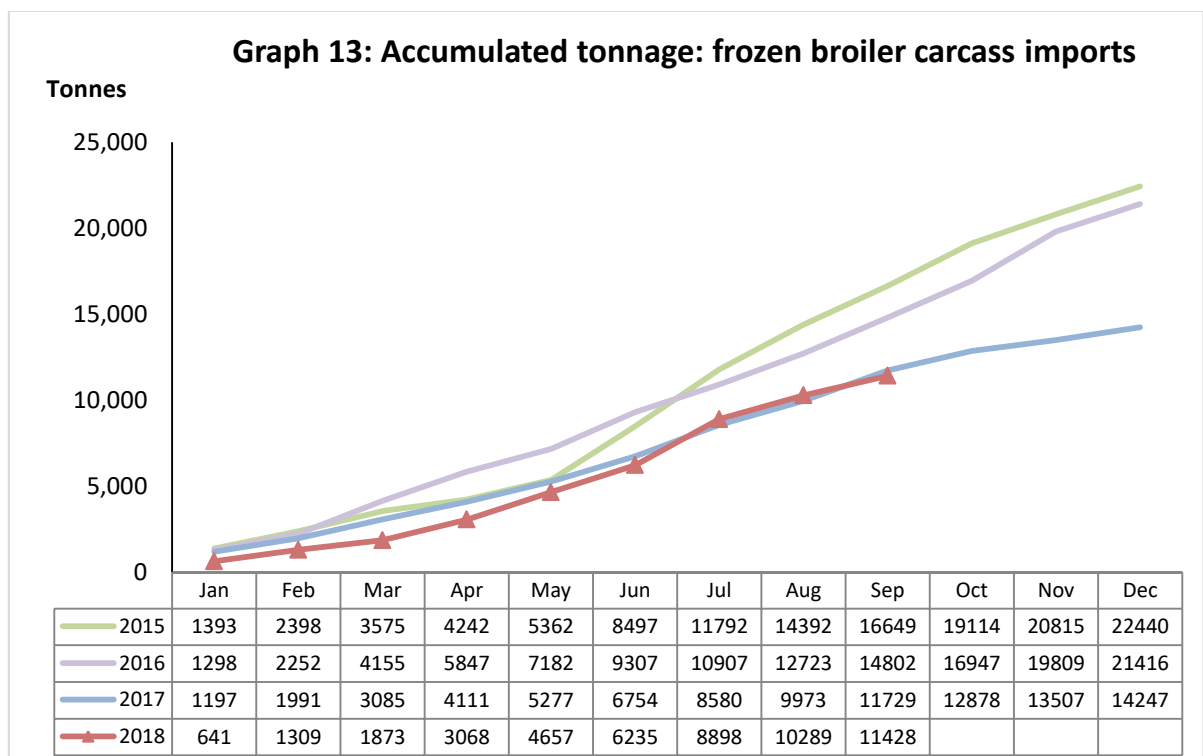
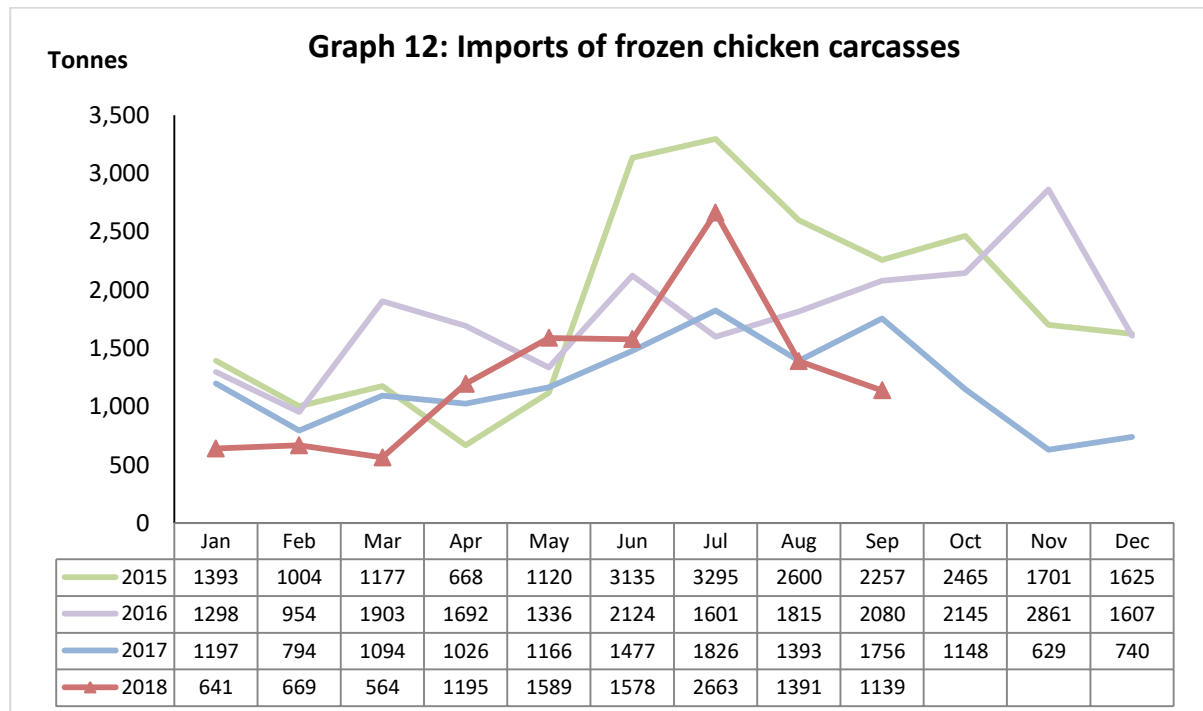
In September 2018, a total of 15 236 t were imported at an FOB of R84.2 m (Graph 9, above); an increase of 2 081 t, or 15.8 %, on a monthly basis but a decrease of 4 709 t, or 23.6 %, on a yearly basis (compared to September 2017). The total annual imports of frozen, mechanically deboned meat over the past seven years are shown in Graph 10.



Accumulated tonnages of imported frozen, mechanically deboned meat over the past 4 years are shown in Graph 11, above. During 2016, a total of 195 253 t were imported at an FOB of R825 m. In 2017, accumulated imports of MDM (201 795 t) were 3.4 % (+ 6 542 t) higher than 2016 (FOB R1 364 million). In 2018 YTD, accumulated imports of MDM (112 080 t) are 28.4 % below levels imported in the first 9 months of 2017.

3.5.2 Imports of carcasses (excluding necks and offal) with all cuts removed

This is tariff code 0207.1220, which was implemented in February 2012. This tariff code remained unchanged in SARS' last adjustments to tariff codes (effective 1 Feb 2015).

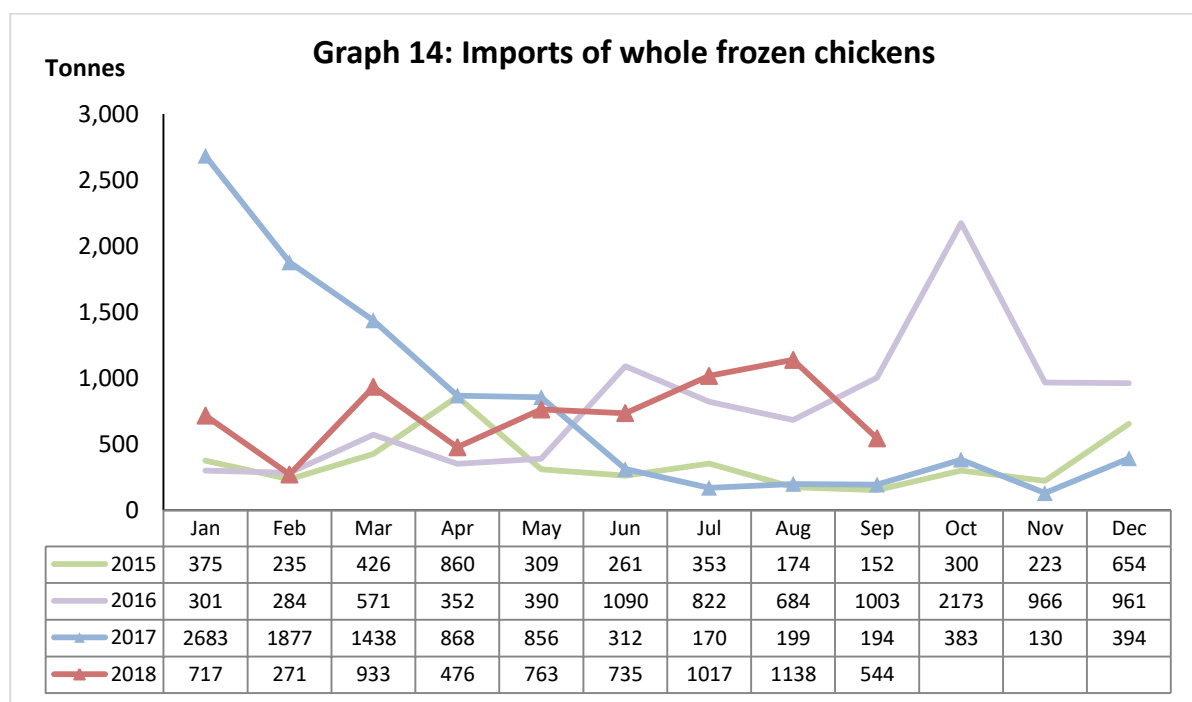


During September 2018, a total of 1 139 t of carcasses was imported at an FOB of R7.0 m (Graph 12, above). This is 251 t (- 18.1 %) less than in August and, on a yearly basis, tonnes are down by 617 t (- 35.1 %).

Accumulated tonnages of imported frozen chicken carcasses over the past 4 years are shown in Graph 13, above. During 2016, a total of 21 416 t of chicken carcasses were imported at an FOB of 91.5 m. In 2017, accumulated imports of frozen chicken carcasses (14 247 t) were 7 169 t lower than in 2016 (- 33.5 %; FOB value for 2017: R91.1 million). In 2018 YTD, accumulated imports of frozen chicken carcasses (11 428 t) are 2.6 % lower than in the first 9 months of 2017.

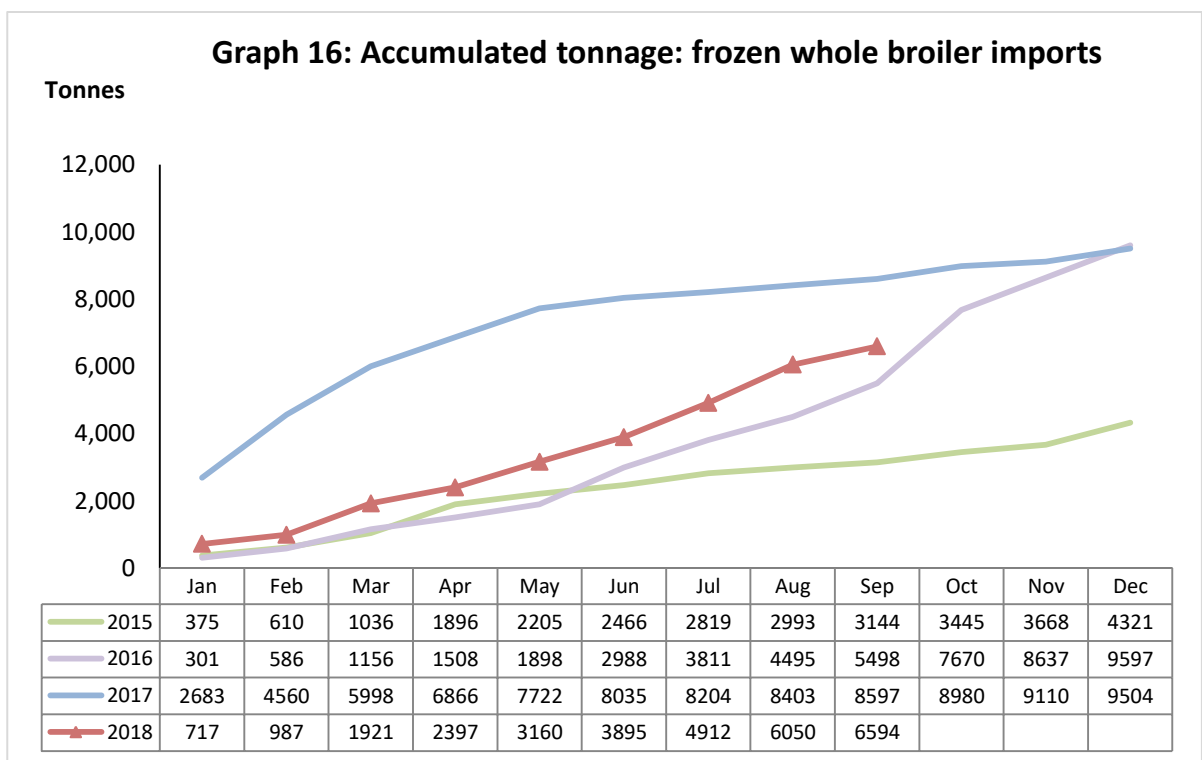
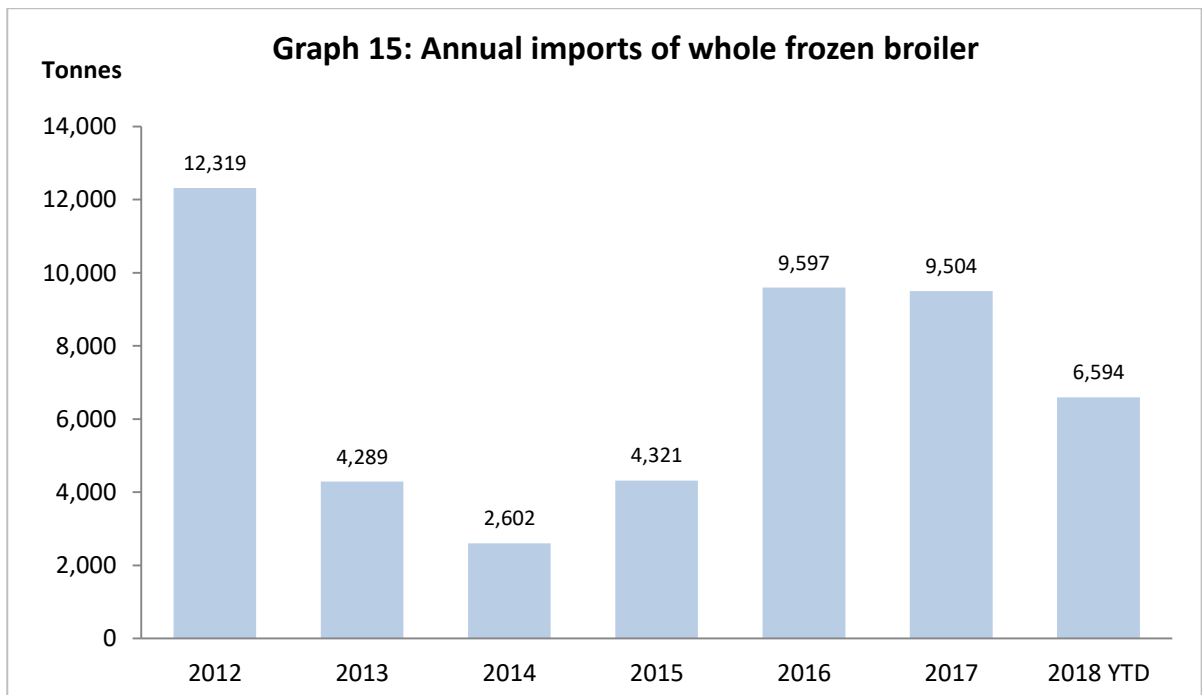
3.5.3 Imports of whole frozen chickens

This is tariff code 0207.1290 that, in part, replaced the discontinued tariff 0207.1405 (along with tariff code 0207.1210). Under this tariff heading, the following may be imported: whole- chicken A grade; whole chicken B grade; whole hens (spent layers and Cornish hens).



This tariff code remained unchanged in SARS' last adjustments to tariff codes (effective 1 Feb 2015), but half chickens are now imported under the tariff code 0207.1491. In September 2018, a total of 544 t of whole frozen chickens were imported at an FOB value of R9.6 m (Graph 14). This is 594 t, or 52.2 %, less than the previous month, but 181 % up on the levels imported during September 2017 (+ 350 t)

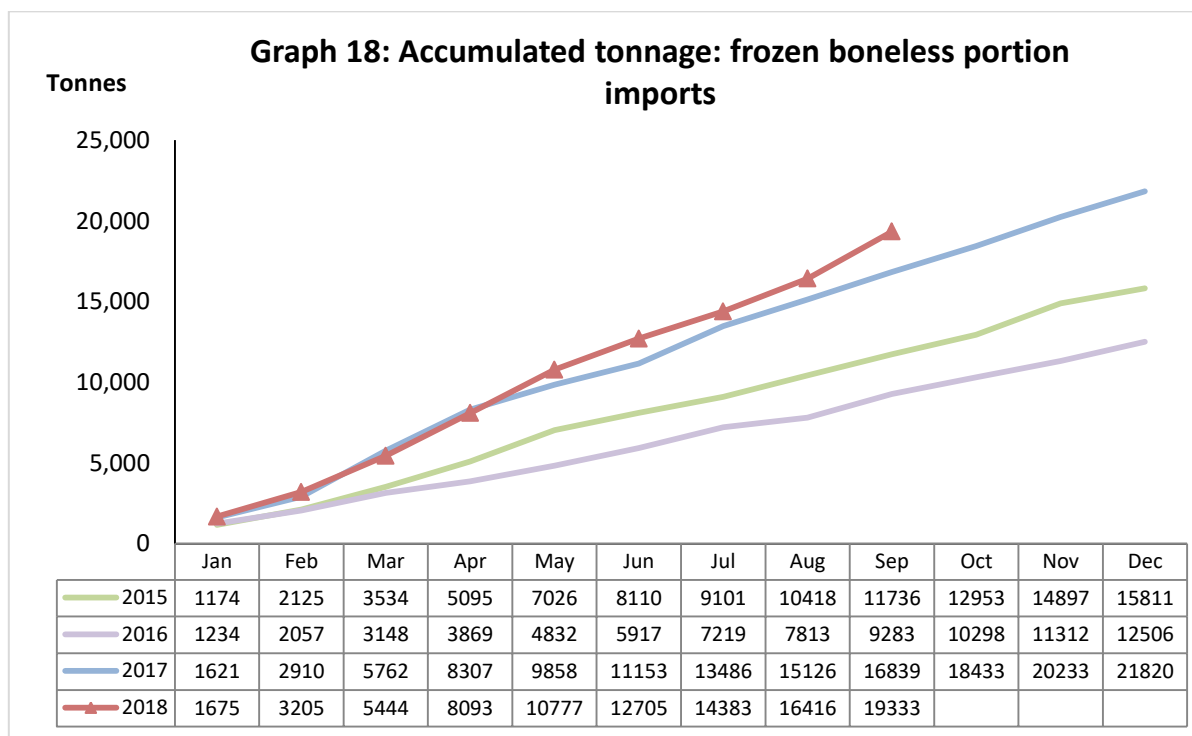
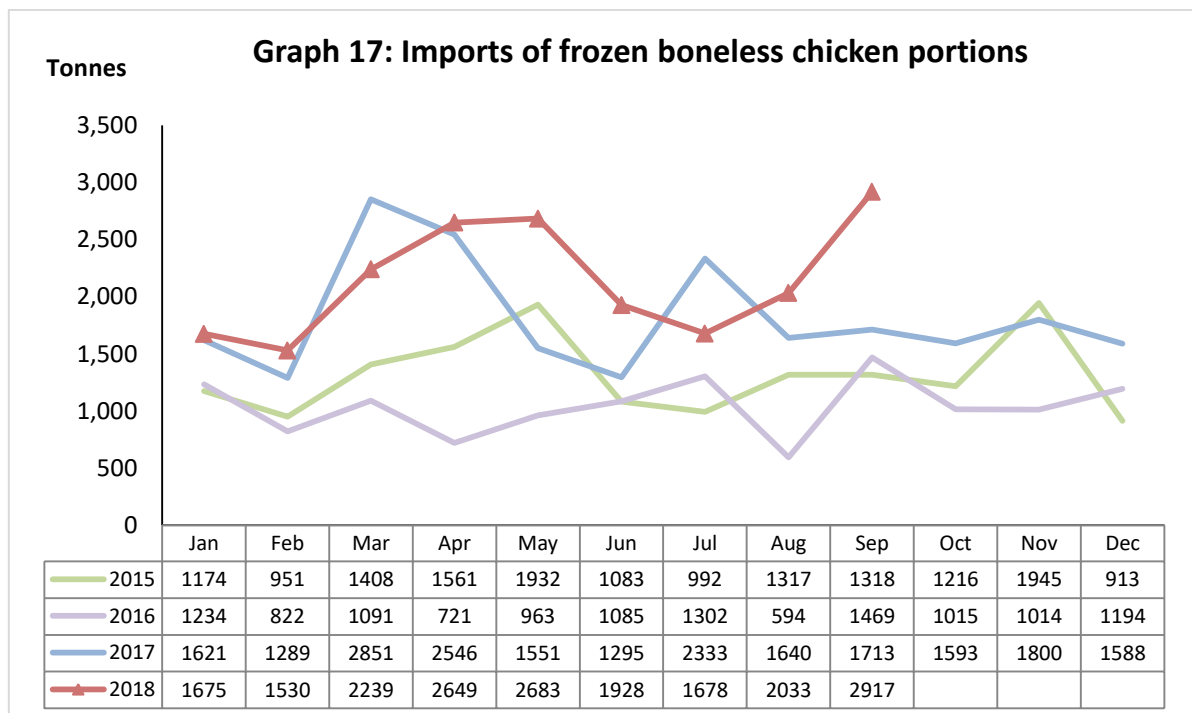
During 2016, a total of 9 597 t were imported under this code, at an FOB value of R114.3 m (Graph 15). Accumulated tonnages of imported frozen, whole broilers over the past 4 years are shown in Graph 16. For 2017, accumulated imports of whole frozen broilers (9 504 t) were 1.0 % lower than in 2016 (- 94 t). The FOB value of these imports was R142.5 million (+ 24.7 % over 2016). In 2018 YTD, accumulated imports of whole frozen broilers (6 594 t) are 23.3 % lower than in the first 9 months of 2017.



3.5.4 Imports of frozen boneless cuts

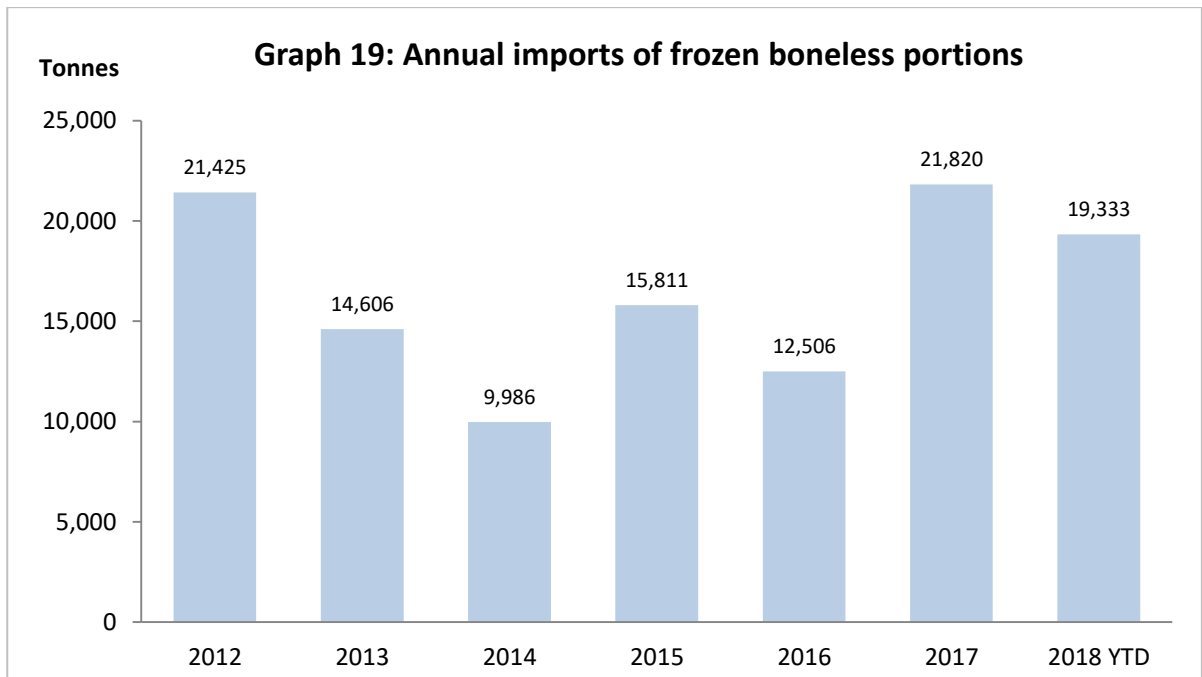
Imports of frozen boneless cuts under tariff code 0207.1410 were discontinued from February 2015. This tariff code has been split into three tariff lines for frozen, boneless cuts: 0207.1411 (breasts); 0207.1413 (thighs) and 0207.1415 (other). For simplicity, imports under these three tariff codes have been summed, so that imports of boneless cuts through 2017 can be compared with historical data. Itemised tonnages for the three codes can be found under each country in the Country report.

Imports of frozen boneless cuts totalled 2 917 t in September 2018, at an FOB value of R68.9 m; an increase of 43.5 % (+ 884 t) on a monthly volume basis and an increase of 70.3 % (+ 1 204 t) compared to September 2017 (Graph 17).



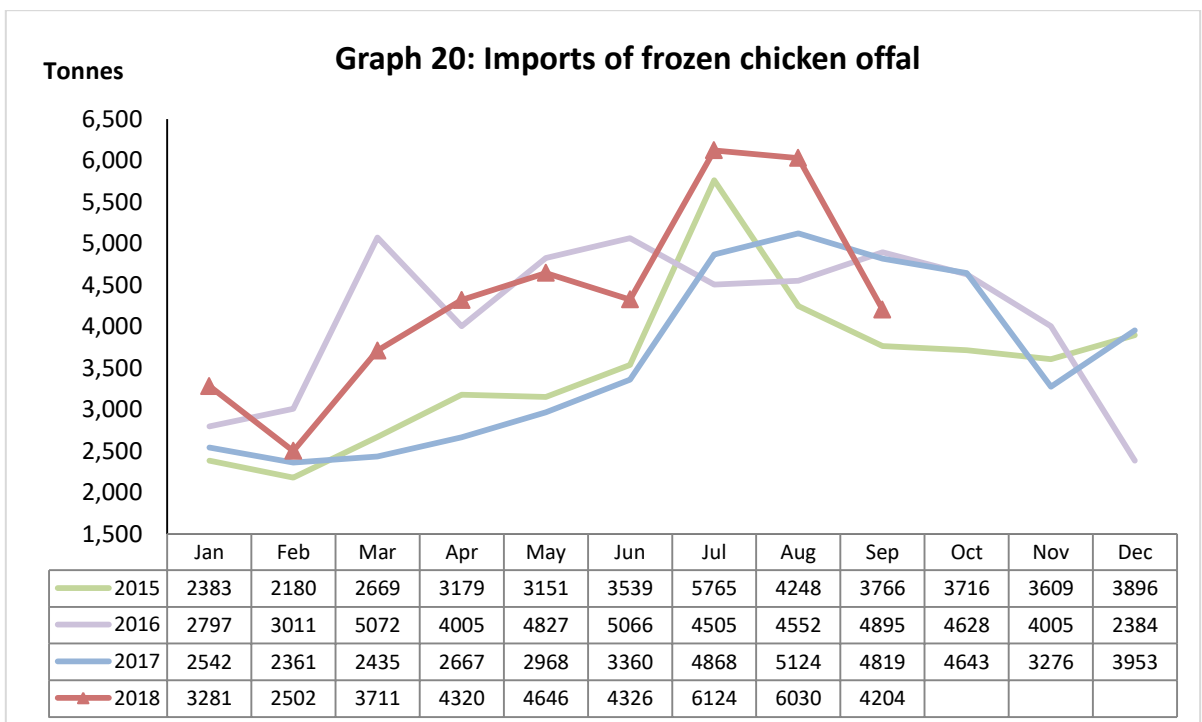
Accumulated tonnages of imported frozen, boneless chicken portions over the past 4 years are shown in Graph 18, above. A total of 12 506 t of frozen boneless cuts were imported in 2016, at an FOB value of R283.1 m. In 2017, accumulated imports of frozen chicken boneless portions (21 820 t) were 74.5 % (+ 9 315 t) higher than in 2016 (Graph 19, above) and had an FOB value of R582.3 million. In 2018 YTD, accumulated imports of

frozen chicken boneless portions (19 333 t) are 14.8 % higher than in the first 9 months of 2017.



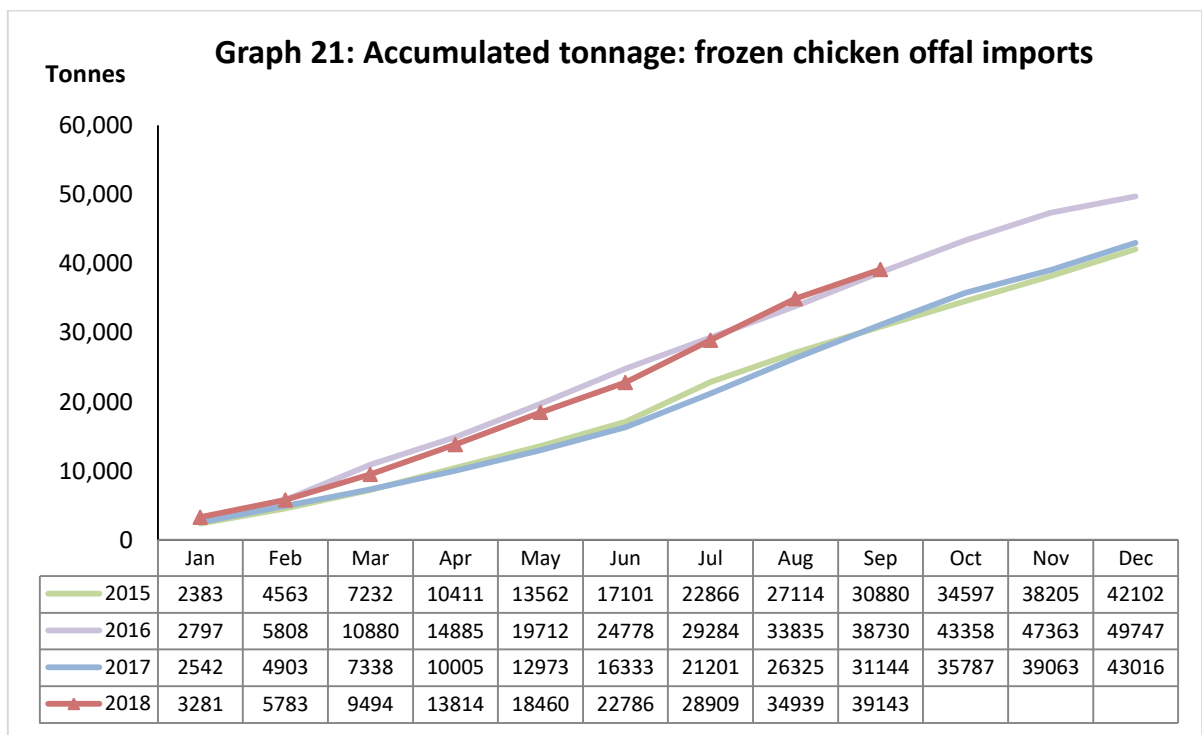
3.5.5 Imports of frozen chicken offal

Imports of frozen chicken offal under tariff code 0207.1420 were discontinued from February 2015. This tariff code has been split into four tariff lines for frozen, chicken offal: 0207.1421 (livers); 0207.1423 (feet), 0207.1425 (heads) and 0207.1429 (other). For simplicity, imports under these four codes have been summed, so that imports through 2017 can be compared with historical data. Itemised tonnages for the four codes can be found in the Country report.



Imports of frozen chicken offal in September 2018 totalled 4 204 t at an FOB value of R42.0 m (Graph 20). This is a decrease of 30.3 % (- 1 826 t) on a monthly basis and a decrease of 12.8 % (- 615 t) when compared to imports in September 2017.

Accumulated tonnages of imported frozen, chicken offal over the past 4 years are shown in Graph 21. A total of 49 747 t were imported in 2016, at an FOB value of R333.2 m; an 18.2 % (+ 7 645 t) annual increase in tonnages under this code. For 2017, accumulated imports of frozen chicken offals (43 016 t) were 13.5 % lower than in 2016 (- 6 731 t). The FOB value of the 2017 imports of chicken offal was R423.0 million (+ 27 % over 2016). In 2018 YTD, accumulated imports of frozen chicken offal (39 143 t) are 25.7 % higher than in the first 9 months of 2017.

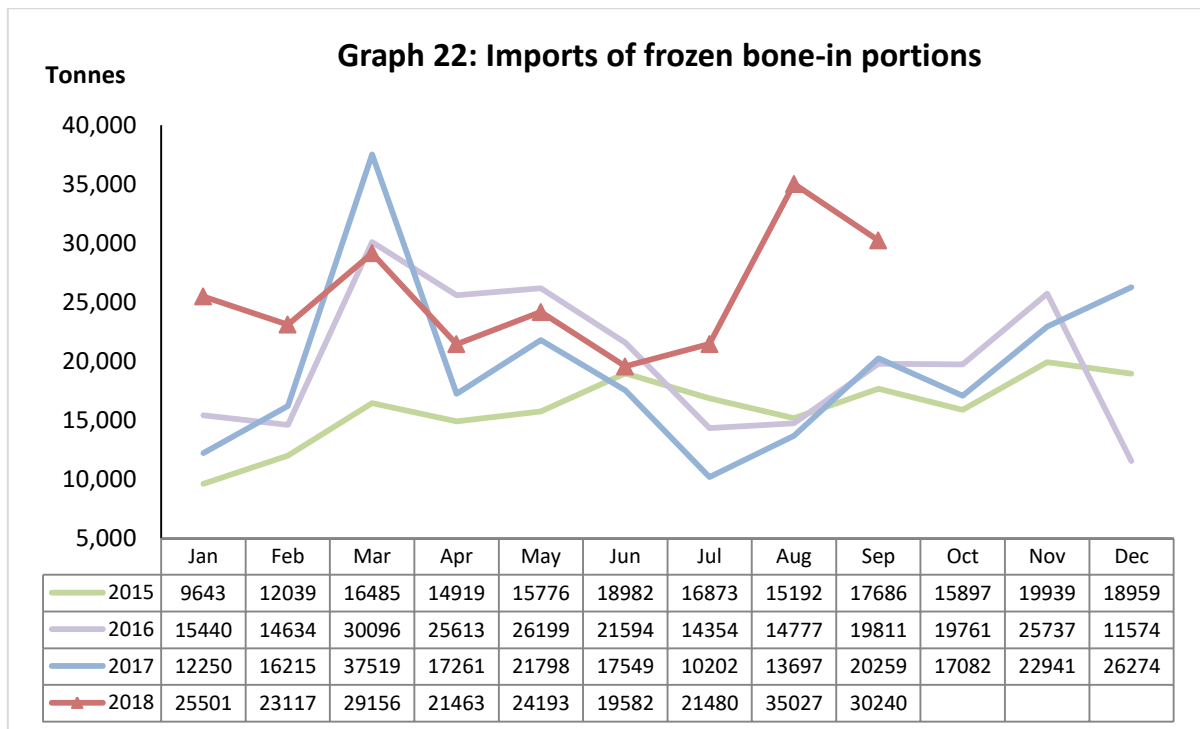


3.5.6 Imports of frozen bone-in portions (including leg-quarters)

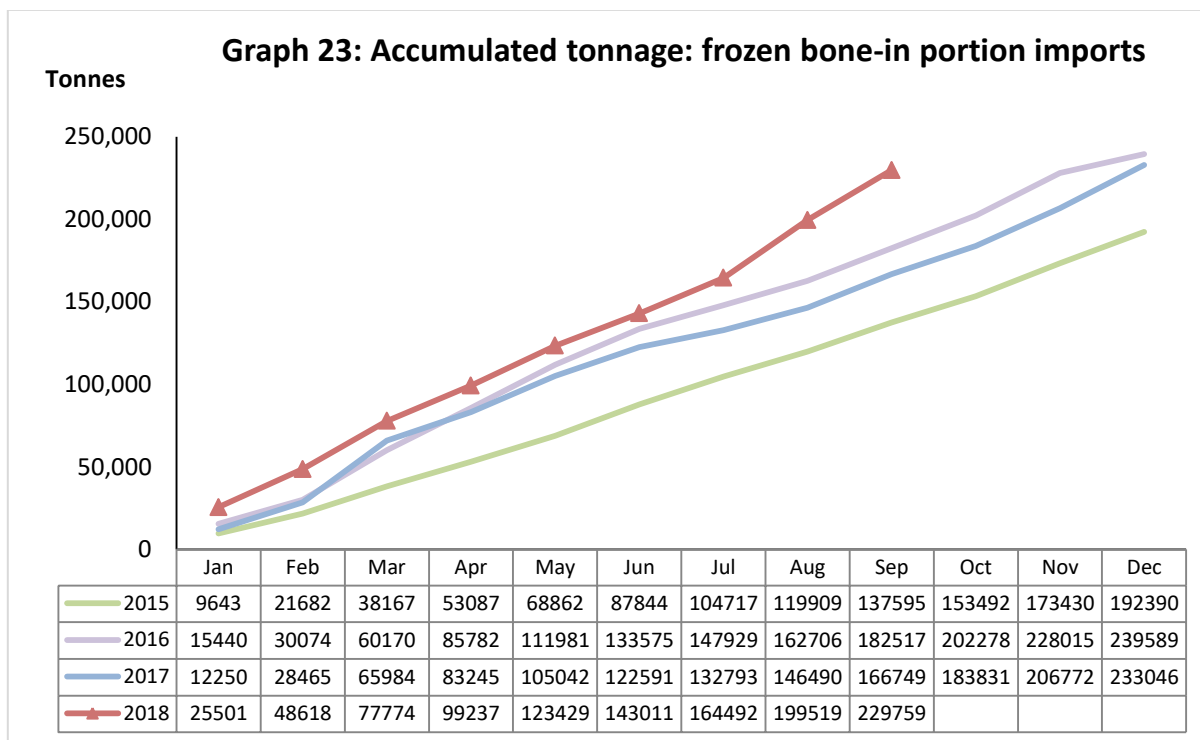
The tariff codes relating to imports of frozen bone-in portions changed, with effect from February 2015. The old tariff code (0207.1490) was split into a number of different codes as follows, for frozen chicken bone-in portions: 0207.1491 whole chicken, cut in half; 0207.1493 leg quarters; 0207.1495 wings; 0207.1496 breasts; 0207.1497 thighs; 0207.1498 drumsticks; and 0207.1499 other portions.

For simplicity, imports under these new tariff codes have been summed, so that imports of frozen chicken bone-in portions through 2017 can be compared with historical data. Itemised tonnages for the new codes can be found under each country in the Country report.

In September 2018, 30 240 tonnes of frozen chicken bone-in portions were imported. September's imports are 13.7 % down in comparison with the previous month (- 4 787 t); and had an FOB value of R433.5 million (Graph 22). September's imports increased by 49.3 %, or 9 91 t, on a yearly basis.

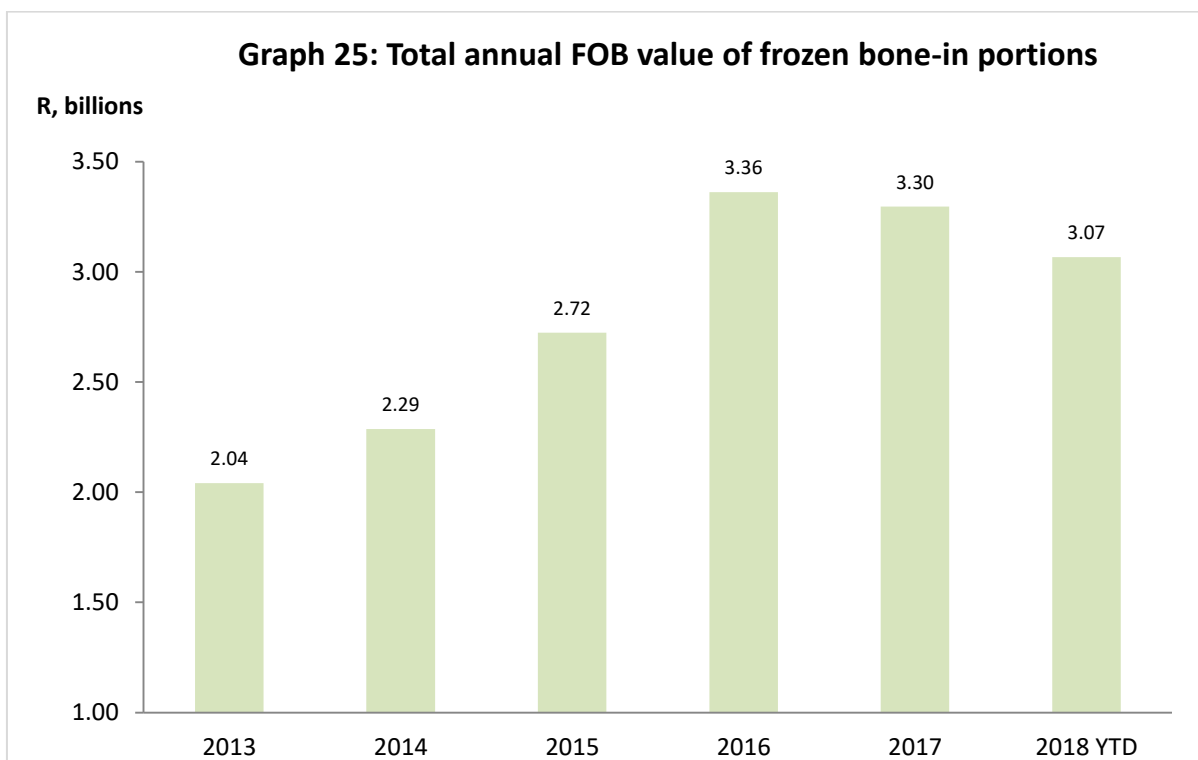
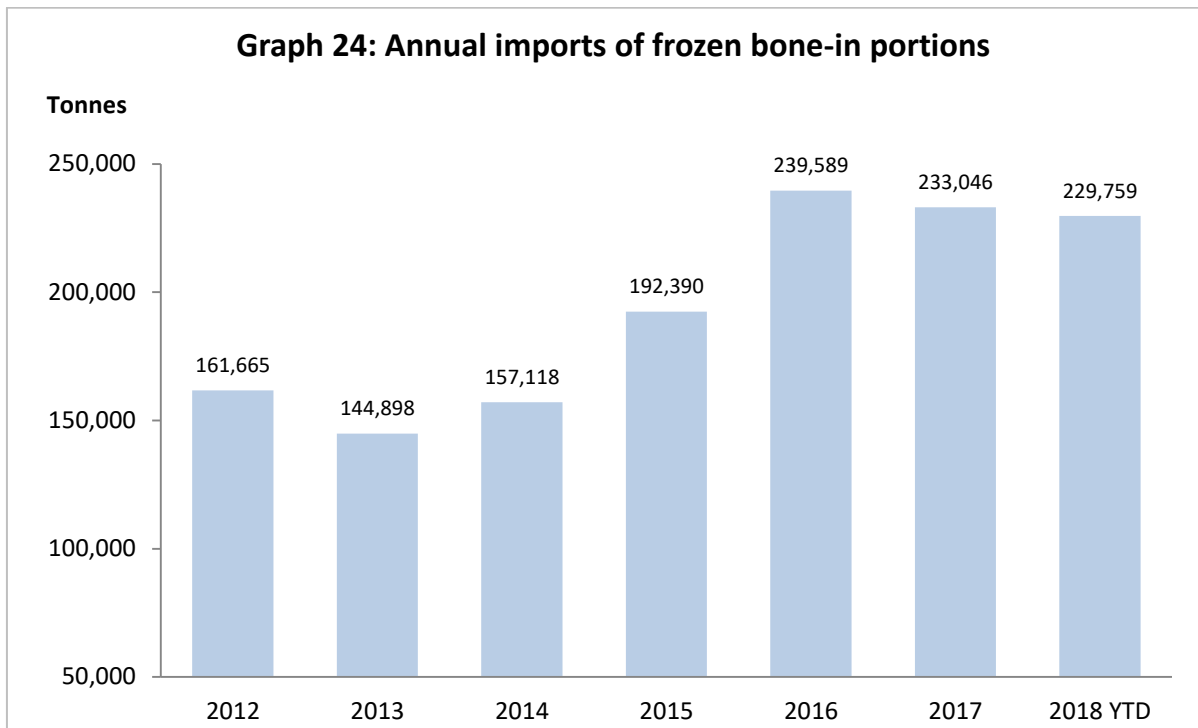


Of the 229 759 tonnes of bone-in portions imported in 2018 YTD, 73.5 % were leg quarters; 12.1 % drumsticks; 7.9 % wings; 2.6 % thighs; and 4.1 % other bone-in cuts. Only 139 t of bone-in breasts have been imported in 2018 YTD; along with 88 t of frozen chicken, cut in half.



Accumulated tonnages of imported frozen, bone-in portions over the past 4 years are shown in Graph 23. The total imports of bone-in portions for 2015 were 192 390 t. This was a 22.4 % increase over 2014 tonnages (157 118 t), even with the temporary import bans in place against the US, the Netherlands, the UK and Germany, in response to outbreaks of avian influenza.

In 2016, accumulated imports of frozen chicken bone-in portions (239 589 t) were 24.5 % (+ 47 199 t) higher than in 2015 (Graph 24) and had an FOB value of R3.363 billion (Graph 25).



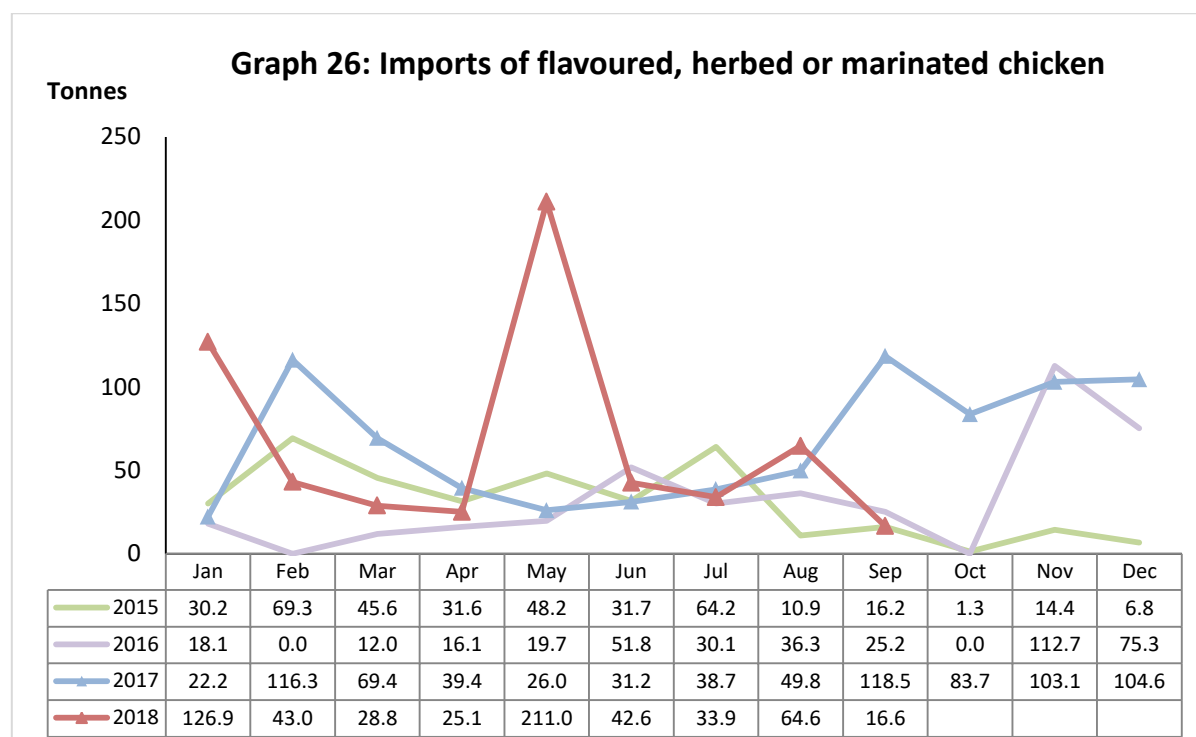
For 2017, accumulated imports of frozen bone-in portions (233 046 t) were 2.7 % lower than in 2016 (- 6 543 t) - only because of the avian influenza-related trade bans in place

against affected EU nations. In 2018 YTD, accumulated imports of frozen chicken bone-in portions (229 759 t) are 37.8 % higher than in the first 9 months of 2017.

3.5.7 Imports of frozen flavoured, herbed or marinated chicken.

According to SARS, in September 2018, 16.6 t of value-added products (1602.3290) were imported into South Africa (Graph 26) at an FOB value of R1.3 million. In August 2018, 64.6 t of flavoured, herbed or marinated chicken were imported and, in September 2017, 118.5 t were recorded under this tariff.

During 2016, 397.3 t were imported under tariff code 1602.3290, at an FOB value of R11.6 m and in 2017, 802.7 t (+ 405 t; + 102 %) were imported at an FOB value of R 22.8 million.

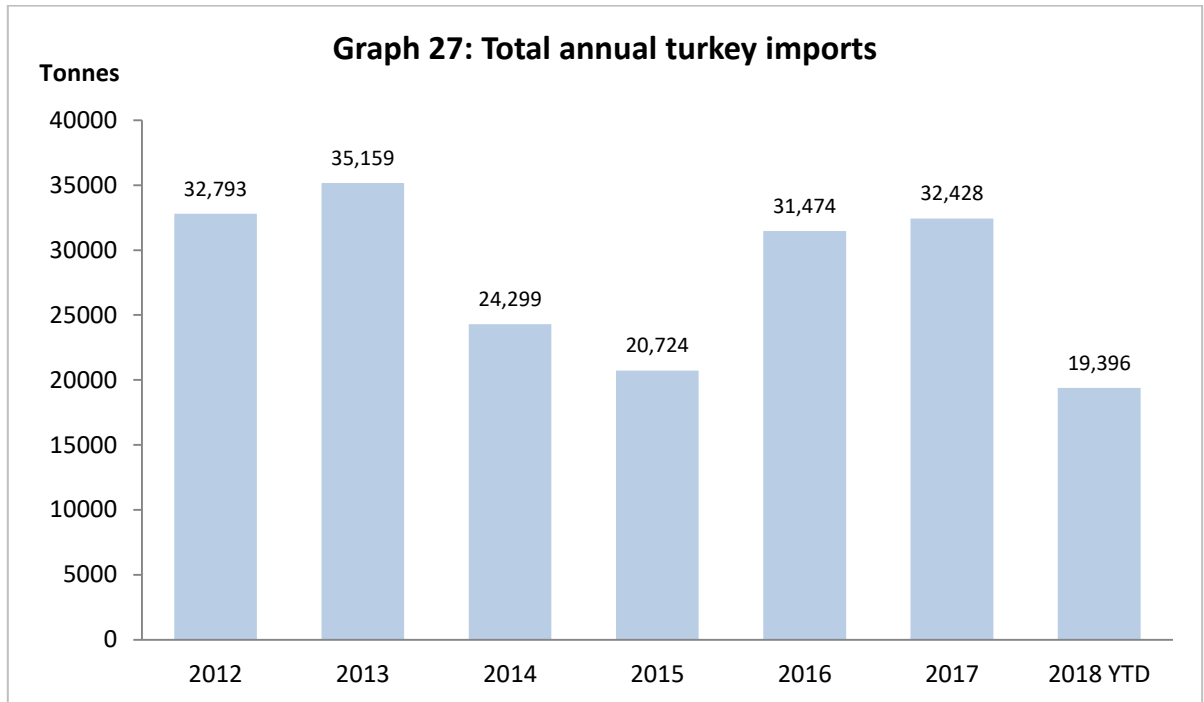


4. TURKEY IMPORTS

4.1 Annual turkey imports

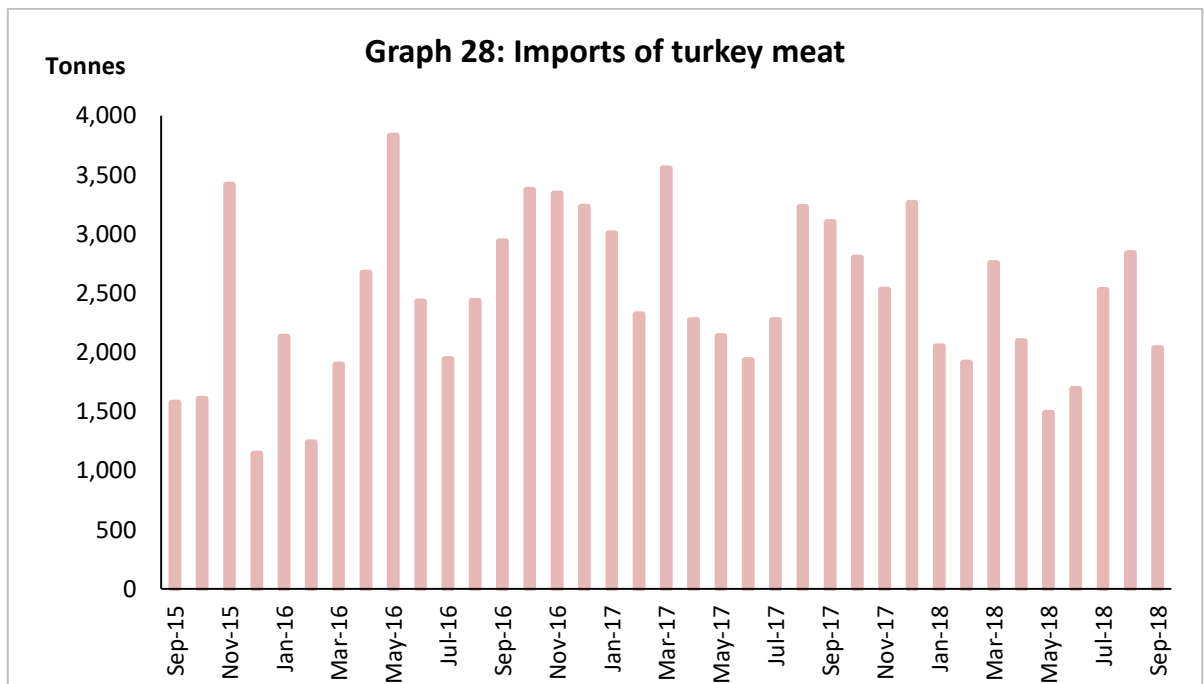
In 2017, turkey was imported under four different tariff codes: 0207.2500 (whole frozen turkey); 0207.2600 (fresh turkey cuts and offal); 0207.2700 (frozen turkey cuts, offal and mechanically deboned meat); 1602.3100 (preserved and prepared turkey).

During 2017, a total of 32 428 tonnes of turkey meat entered the country (FOB value R506.5 million). This was 3.0 % more than in 2016 (31 474 t, at an FOB value of R450.8 m (Graph 27)). In 2018 YTD, accumulated imports of turkey products (19 396 t) are 18.6 % lower than in the first 9 months of 2017.



4.2 Monthly turkey imports

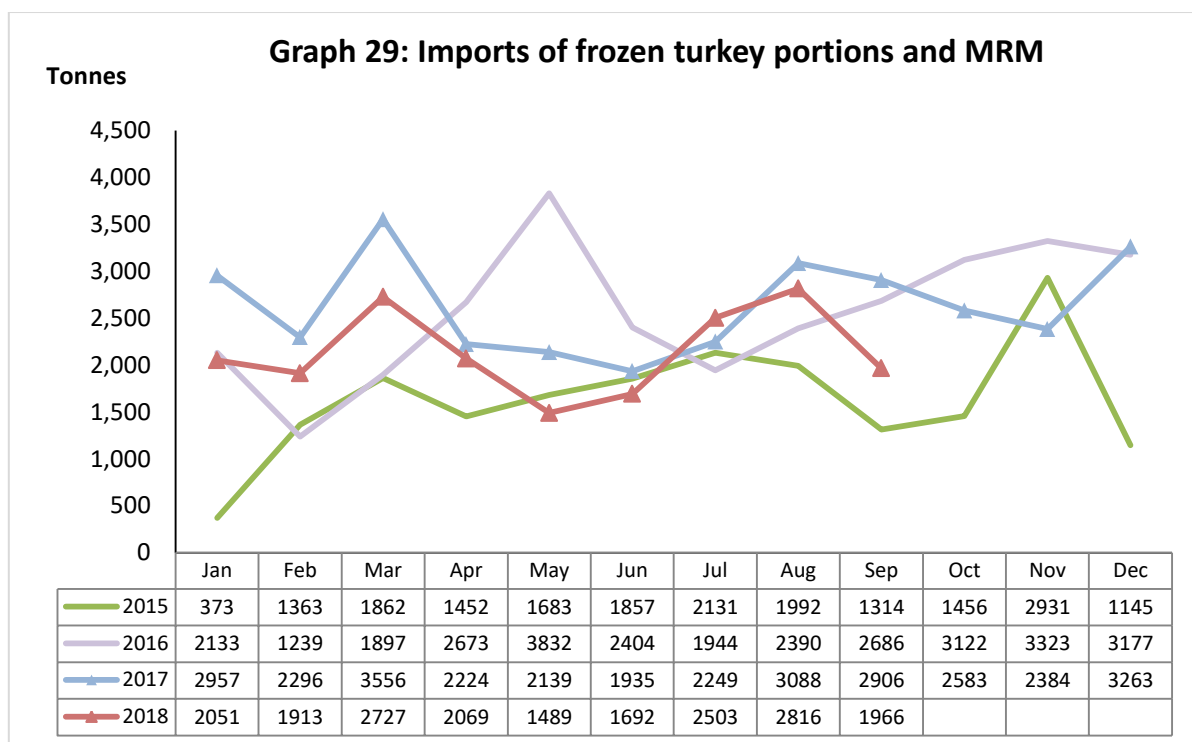
In September 2018, a total of 2 035 t of turkey meat (all tariff lines) were imported at an FOB of R37.0 m (Graph 28). This is a decrease of 804 t on August 2018 levels (- 28.3 %), and a decrease of 1 066 t on August 2018 levels (- 34.4 %).



4.3 Imports of frozen turkey portions and MRM, cuts and offal

Imports of frozen turkey portions under tariff code 0207.2700 made up 96.6 % of total turkey imports in September 2018. The remainder comprised 169 tonnes of whole frozen turkeys (0207.2500). Import levels under the tariff code 0207.2700 decreased by 850 t (-30.2 %) on a monthly basis, and decreased by 32.4 % or 940 t compared to September 2017 (Graph 29). Imports in September totalled 1 966 t, at an FOB value of R34.9 m.

A total of 31 579 t were imported under this code in 2017, at an FOB of R482.4 m. For 2017, accumulated imports of frozen turkey cuts and offal were 2.5 % higher than in 2016 (30 820 t). In 2018 YTD, accumulated imports of turkey products (19 227 t) under this code are 17.7 % lower than in the first 9 months of 2017.

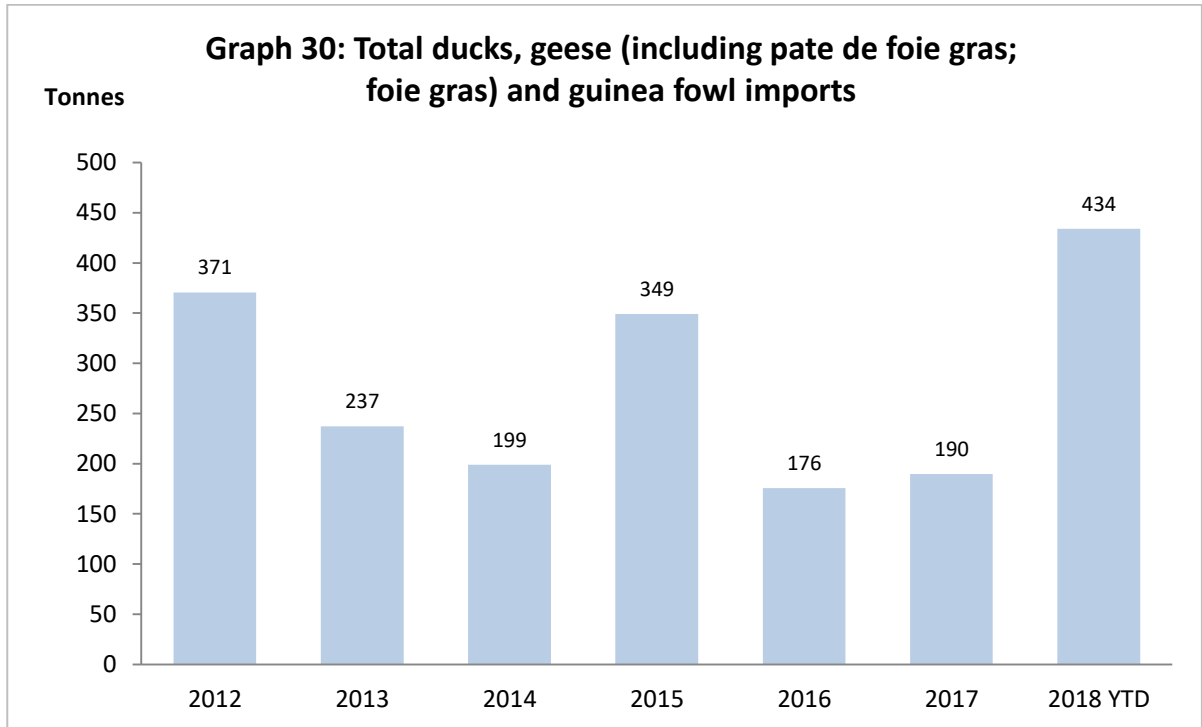


5. DUCKS, GEESE AND GUINEA FOWL IMPORTS

5.1 Annual

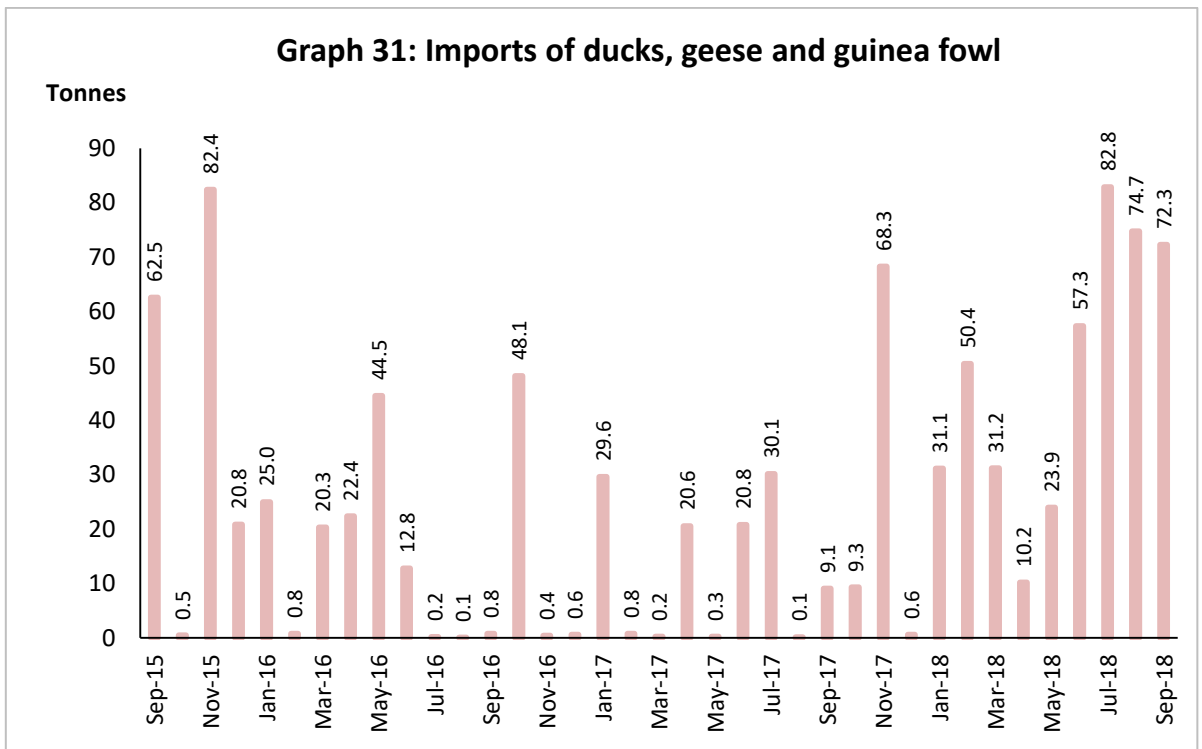
The imports of ducks, geese or guinea fowl contributed 0.034 % of total poultry imports in 2017, compared to 0.031 % of total poultry imports in 2016. Total annual imports of these other types of poultry are shown in Graph 30.

During 2016, a total of 176 t of meat from other poultry types entered the country at an FOB of R8.23 m. For 2017, accumulated imports of ducks, geese and guinea fowl (190 tonnes) were 7.9 % higher than in 2016 (+ 13.9 t); and had an FOB value of R7.5 million.



5.2 Monthly

In September 2018, imports of ducks, geese and guinea fowl totalled 72.3 tonnes; compared to 74.7 tonnes in August 2018 and 9.1 tonnes in September 2017 (Graph 31). There is wide variation in monthly imports of ducks, geese and guinea fowl, which makes month-on-month and year-on-year comparisons rather meaningless. The September imports had an FOB value of R3.1 million.



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