

Quarterly Economic Review of the Food and Beverages Industry in South Africa

April to June 2024

Volume 11 number1

DIRECTORATE: AGRO-PROCESSING SUPPORT



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

PREFACE

The National Development Plan (NDP) identifies the agro-processing industry for its potential to spur economic growth and create sustainable employment. The agriculture and agro industries are postulated as having the latent potential to contribute to inclusive economic growth through forward and backward linkages by providing various opportunities for earning income in the food production, processing, distribution and retailing phases of the agro/food value chain. At policy level, the Medium-Term Strategic Framework (MTSF), **specifically outcome 1: Economic transformation and job creation**, notes the agro-processing industry as a key pillar for inclusive economic growth. At sector level, the Agriculture and Agro-processing Master Plan (AAMP), **specifically pillars 5 and 6**, notes the crucial role the agro-processing industry should play towards mitigating post-harvest losses, providing access to markets for farmers and ensuring household food security. At operational level, the competitive performance of agribusinesses is directly linked to the competitiveness of the industry and sector.

Consequently, the Department of Agriculture, Land Reform and Rural Development (DALRRD) established the Directorate: Agro-processing Support within the Branch: Economic Development, Trade and Marketing (EDTM) to develop and facilitate implementation of policies and strategies to enhance competitive performance of agro-processing agribusinesses. Among others, the function of the directorate is to provide timely and updated agro-processing economic and statistical information geared to monitor the performance of the industry and provide insight into the effects of economic policies and exogenous factors. To achieve this purpose, the directorate publishes regular quarterly reviews of the agro-processing industry.

This publication, *“Quarterly Economic Review of Food and Beverages Industry in South Africa: April to June”*, evaluates the performance of the food and beverages divisions during the second quarter of 2024. The main economic indicators reviewed are the changes in producer price, production volume, value of sales, capacity utilisation by large enterprises, formal employment and trade balance.

Any comments and suggestions on the content of this publication are welcome.

Dr Mahlogedi LV Thindisa
Director: Agro-processing Support
Pretoria

Disclaimer: The Department of Agriculture, Land Reform and Rural Development did everything to ensure the accuracy of the information reported in this publication. The department will, however, not be liable for the results of actions based on this publication.

TABLE OF CONTENTS

PREFACE	i
EXECUTIVE SUMMARY	iv
1. INTRODUCTION	1
2. FOOD PRODUCTS	1
2.1 PRICE	2
2.2 PRODUCTION	5
2.3 VALUE OF SALES	7
2.4 INCOME FROM FOOD SALES IN THE SERVICE INDUSTRY	9
2.5 TRADE	11
2.6 EMPLOYMENT	20
3. BEVERAGES	21
3.1 PRICE	22
3.2 PRODUCTION	23
3.3 VALUE OF SALES	24
3.4 INCOME FROM BAR SALES IN THE SERVICE INDUSTRY	25
3.5 TRADE	27
3.6 EMPLOYMENT	36
4. CONCLUSION	37

Compiled by Directorate: Agro-processing Support
Department of Agriculture, Land Reform and Rural Development
Sefala Building
503 Belvedere Street, Arcadia, South Africa

All correspondence can be addressed to:

Director: Agro-processing Support
Private Bag X416, Pretoria 0001, South Africa
Tel.: +27 (12) 319 8457
Fax: +27 (12) 319 8093

Email: VictorTH@dalrrd.gov.za

This publication is also available on the internet at: <http://www.dalrrd.gov.za>

EXECUTIVE SUMMARY

The economic activity in South Africa expanded slightly by 0,4% in the second quarter of 2024 after remaining unchanged in the first quarter. The increase was notably due to an expansion in the secondary and the tertiary sectors. The primary sector contracted by 1,3% from a 3,6% growth recorded in the last quarter as a result of a decline in both agricultural and mining output in the second quarter(Q2) of 2024.

In 2024: Q2, the volume of production of the food and beverages division rebounded quarter-to-quarter by 3,4% following a 10,8% contraction in the first quarter (Q1) of 2024, however, the volume rose by 0,8% year-on-year. The quarter-to-quarter value of sales in the food and beverages division contracted by 2,9% in 2024: Q2 from a 6,0% growth in 2024: Q1. However, the value of sales moderated by 0,7% year-on-year.

The quarter-to-quarter food and beverages exports and imports rebounded by 15,9% and 9,9% in 2024: Q2 from a 18,0% and 11,5% contraction in 2024: Q1, respectively. However, year-on-year exports moderated by 5,9%, while imports receded further by 2,0%. As a result, the trade surplus widened from R3 762,0 million in the last quarter to R5,520,0 million in the current quarter under review.

In 2024: Q2, Africa accounted for about 45% share of South African food exports, followed by Europe and Asia with 29% and 17%, respectively, then the Americas (6%) and Oceania (3%). Asia accounted for a 40% share of South African food imports in 2024: Q2, followed by the Americas (29%), then Europe (21%), Africa (7%) and Oceania (3%).

Africa accounted for the largest share of South African exports of beverages. Africa accounted for 45%, followed by Europe (35%), Asia (11%) and the Americas (9%).

South Africa mainly imports beverages products from Europe, which accounts for approximately 71% share, followed by Africa (14%) and the Americas (14%). Asia's share was at less than 1% together and Oceania at 1%.

The formal employment in the food, beverages and tobacco division contracted quarter-to-quarter by 2,6% in 2024: Q2 from a growth of about 2,0% in 2024: Q1. However, year-on-year, employment rose by 2,6% in 2024: Q2. As a result, the number of formal employment decreased from 279,015 in 2024: Q1 to 271,842 in 2024: Q2. This translates to 7,173 jobs lost in the division in 2024: Q2.

1. INTRODUCTION

During the second quarter of 2024, South Africa's real gross domestic product (GDP) increased by approximately 0.4% after remaining unchanged in the first quarter. The increase was notably due to an expansion in the secondary and the tertiary sectors. The primary sector contracted by 1,3% from a 3,6% growth recorded in the last quarter as a result of a decline in both agricultural and mining output in the second quarter(Q2) of 2024 (SA Reserve Bank, 2024). The real GVA (gross value added) by the agricultural sector contracted by 2,1% in the second quarter of 2024 following an expansion of 13,5% in the first quarter. The decrease was due to, amongst other factors, lower production of field crops and animal products mainly as a results of adverse weather conditions and persistent outbreaks of animal diseases (SA Reserve Bank, 2024).

This quarterly review provides an analysis of the South African food and beverages industry. It mainly looks at the following variables: consumer and producer price indices, the utilisation capacity, volume of production, value of sales, employment and trade patterns. Moreover, the wholesale and retail trade sales of food, beverages and tobacco and income from bar sales are also analysed. The review is organised as follows: the first section provides the analysis of the food division. The second section analyses the beverages industry, and lastly, it is the conclusion.

2. FOOD PRODUCTS

According to the Standard Industrial Classification (SIC), the food industry incorporates groups of products that are categorised into the following four codes:

- Code 301: refers to manufacturing, processing and preservation of meat, fish, vegetables, fruit, oils and fats;
- Code 302: refers to manufacturing, processing and preservation of dairy products;

- Code 303: refers to manufacturing of grain mill products, starch products and prepared animal feeds; and
- Code 304: refers to manufacturing of other food products like bread, sugar, chocolate, pasta, coffee, nuts and spices.

Hereafter, food products refer to those primary agricultural and fisheries products that have undergone some form of change through manufacturing and processing or performed some value addition activities such as preservation.

2.1 PRICE

Consumer Price Index (CPI)¹

The quarter-to-quarter consumer price index for all items rose by 1,2% in 2024: Q2, as compared to a growth of 0,9% in the last quarter. Similarly, it moderated by 5,1% year-on-year. Items that rose quarter-to-quarter were bread and cereals (1,5%), fish (1,1%), milk, eggs and cheese (1,0%) and sugar, sweets and desserts (2,1%). Food (0,4%), “other food” (0,8%) and non-alcoholic beverages (0,7%) moderated, meat (1,0%) contracted, oils and fats (1,1%) receded further, vegetables (2,7%) rebounded, and fruits (8,2%) contracted, in 2024: Q2.

In terms of year-on-year, the CPI moderated for food and non-alcoholic beverages (4,8%), food (4,5%), bread and cereals (4,8%), meat (0,8%), milk, eggs and cheese (8,1%), fruit (4,6%), vegetables (6,7%), milk, eggs and cheese (8,1%), and “other food” (7,2%). However, fish (3,6%) expanded, while oils and fats (3,9%) receded further (see Table 2.1).

Table 2.1: Consumer Price Index of food products

Food products	Weight	Indices			% Change between	
		2023: Q2	2024: Q1	2024: Q2	2024: Q1 and 2024: Q2	2023: Q2 and 2024: Q2

¹ Stats SA defines CPI as a current social and economic indicator that is constructed to measure changes over time in the general level of prices of consumer goods and services that households acquire, use, or pay for.

All items (CPI Headline)	100	110,0	114,7	115,6	1,2	5,1
Food and non-alcoholic beverages	15,4	118,1	123,0	123,8	1,1	4,2
Food	14,2	118,5	123,3	123,8	-0,2	4,9
Bread and cereals	3,5	126,3	131,0	132,5	0,7	4,8
Meat	4,6	112,7	114,5	113,6	0,4	4,5
Fish	0,4	115,5	118,2	119,3	1,5	4,8
Milk, eggs and cheese	1,7	118,1	126,6	127,6	-1,0	0,8
Oils and fats	0,5	118,1	114,7	113,4	1,1	3,6
Fruit	0,2	98,8	109,7	102,0	1,0	8,1
Vegetables	1,6	126,8	131,4	135,4	-1,1	-3,9
Sugar, sweets and deserts	0,6	116,9	130,8	133,1	-8,2	4,6
Other food	0,9	120,0	127,9	128,5	2,7	6,7

Source: (Stats SA, 2024)

Producer Price Index (PPI)²

In 2024: Q2, the quarter-to-quarter producer price index of final manufactured goods expanded by 1,4% from a 0,2% growth in the last quarter. The quarter-to-quarter producer price index expanded for food products (2,0%), fruit and vegetables (3,2%), grain mill products (4,1%), “other food products” (2,4%) and bakery products (3,2%). Meat and meat products rebounded by 0,9%, fish and fish products moderated by 1,3%, oils and fats decelerated by 4,1%, dairy products stagnated by 2,2%, starch and starches products contracted by 0,2% and sugar receded further by 2,5%.

The year-on-year PPI of final manufactured goods rose by 4,8% in 2024: Q2 from a 4,6% growth in the last quarter. Items that moderated year-on-year were: food products (3,5%), fruits and vegetables (8,1%), dairy products (3,1%), “other food

² OECD defines the Producer Price Index (PPI) as a measure of the change in the prices of goods either as they leave their place of production or as they enter the production process. The PPI can be used as an economic indicator of inflation, as an escalator in contracts and as a deflator in the calculation of the national accounts.

products” (5,1%) and sugar (1,0%). Meat and meat products (3,6%), fish and fish products (8,1%), grain mill products (3,9%) and bakery products (1,6%) expanded during the period under review. However, oils and fats (13,3%) and starches and starch products (8,7%) receded further as presented in Table 2.2.

Table 2.2: Producer Price Index of food products

Food products		indices			% Change between	
	Weight	2023: Q2	2024: Q1	2024: Q2	2024: Q1 and 2024: Q2	2023: Q2 and 2024: Q2
Final manufactured goods (Headline PPI)	100	97,5	100,8	102,2	1,4	4,8
Food products	26,3	98,8	100,3	102,3	2,0	3,5
Meat and meat products	4,5	92,9	95,3	96,2	0,9	3,6
Fish and fish products	1,6	97,1	103,6	105,0	1,3	8,1
Fruit and vegetables	2,4	94,9	102,4	105,7	3,2	11,3
Oils and fats	0,5	113,6	102,7	98,5	-4,1	-13,3
Dairy products	3,3	100,7	101,6	103,9	2,2	3,1
Grain mill products	1,8	100,9	100,7	104,8	4,1	3,9
Starch and starch products, animal feeds	1,6	109,7	100,3	100,1	-0,2	-8,7
Other food products	0,9	97,8	100,4	102,8	2,4	5,1
Bakery products	6,9	101,8	100,2	103,5	3,2	1,6
Sugar	1,9	92,7	96,0	93,6	-2,5	1,0

Source: Stats SA (2024)

Import Unit Value Index³

Table 2.3 presents the import unit value index of selected food products during 2024: Q2. The quarter-to-quarter and year-on-year import unit value for food products moderated by 1,5% and 8,0%, respectively. The quarter-to-quarter import unit value

³ IMF defines export and import unit value index as a measure the overall change in the prices of transactions in goods and services between the residents of an economic territory and residents of the rest of the world. The average unit value is obtained by dividing the value of exported/imported goods in monetary terms with the respective volume/weight of the goods.

index of fats and oils expanded by 6,2%; however, it rebounded by 2,7% year-on-year, grain mill products moderated quarter-to-quarter and year-on-year by 0,5% and 26,7%, respectively, in 2024: Q2.

Table 2.3 presents the import unit value index of selected food products during 2024: Q2.

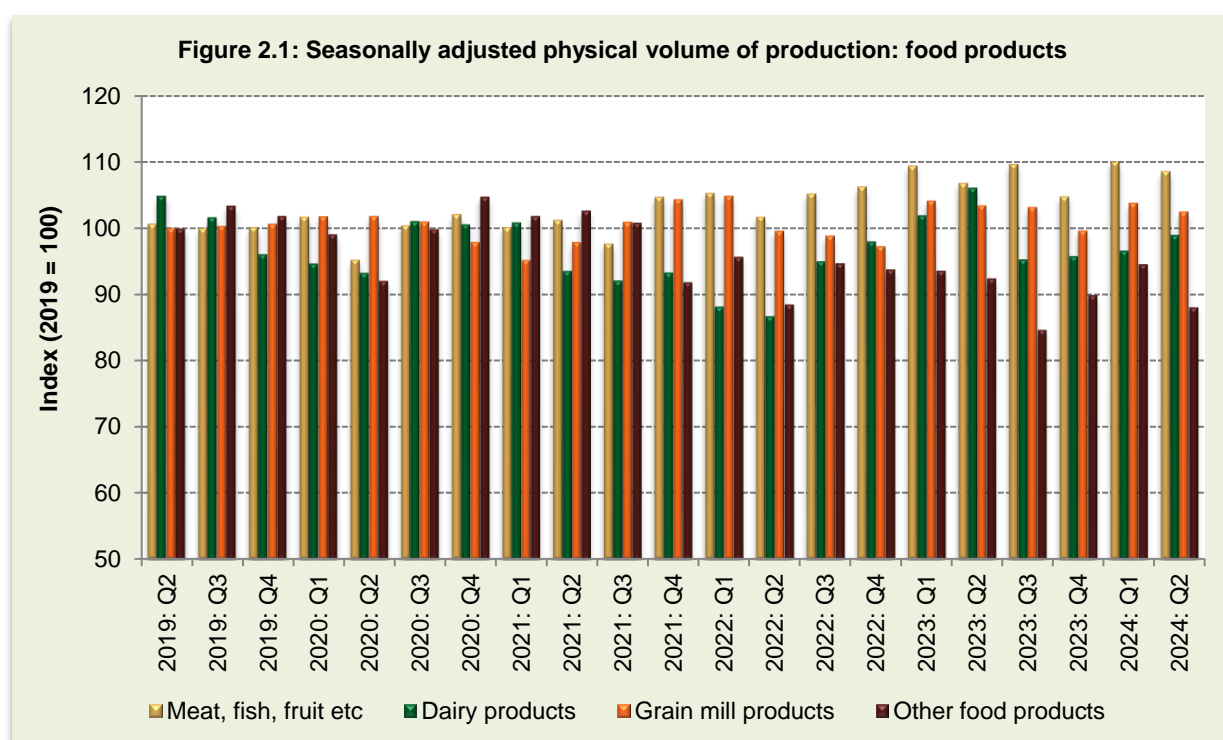
Food products	Indices			% Change between	
	2023: Q2	2024: Q1	2024: Q2	2024: Q1 and 2024: Q2	2023: Q2 and 2024: Q2
Food (total)	137,2	145,9	148,2	1,5	8,0
Fats and oils	128,8	124,6	132,2	6,2	2,7
Grain mill products	127,7	161,1	161,8	0,5	26,7

Source: Stats SA (2024)

2.2 PRODUCTION

Figure 2.1 presents the seasonally adjusted physical volume of production for the food products division in 2024: Q2. In 2024: Q2, the quarter-to-quarter seasonally adjusted volume of production for meat, fish and fruit and grain mill products contracted by 1,3% and 1,3% from a 5,0% and 4,2% growth in 2024: Q1, respectively, dairy products moderated by 2,5% from a 0,8% growth in 2024: Q1, and “other food products” contracted by 6,9% from a 5,2% contraction in 2024: Q1.

In terms of year-on-year, meat, fish, fruit, etc. and grain mill products rose by 1,7%, dairy products and grain mill products decelerated by 6,7% and 0,9% respectively, while “other food products” contracted by 4,7%.



Source: Statistics SA (2024)

Production capacity

Table 2.4: Utilisation and reasons for underutilisation of production capacity by large enterprises: Food products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total under-utilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q2	78,8	21,2	1,6	0,7	0,5	10,3	8,1
2024: Q1	77,0	23,0	3,8	1,2	0,2	9,2	8,6
2024: Q2	82,6	17,4	1,7	1,2	0,2	9,8	4,5

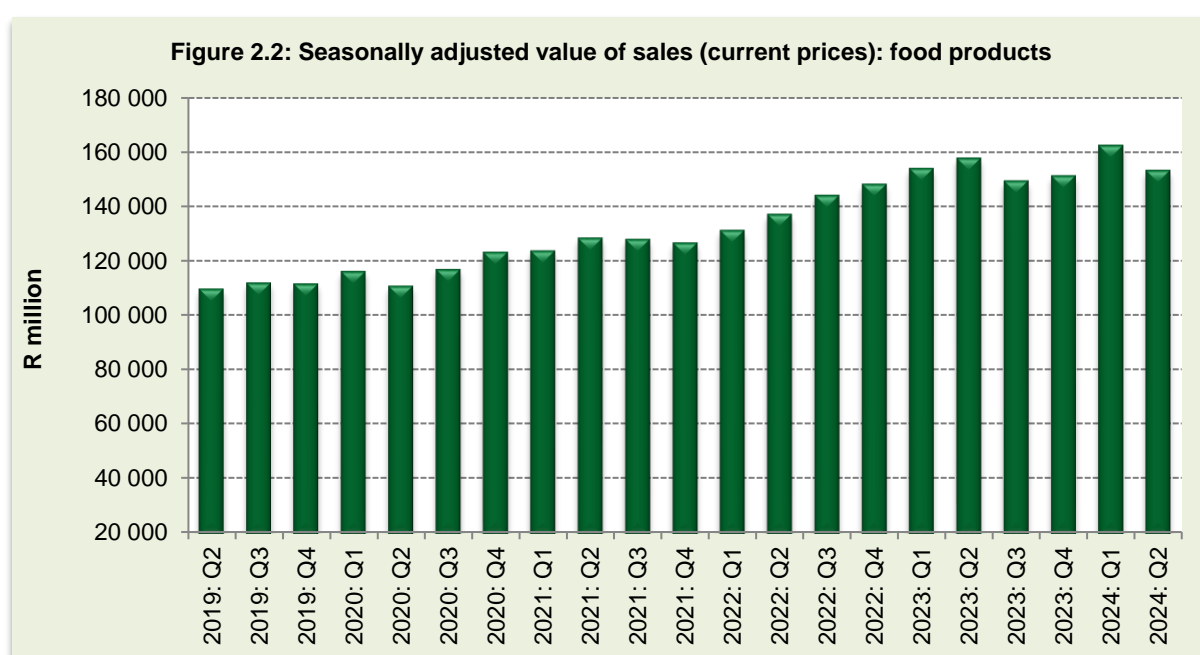
Source: Statistics SA (2024)

As Table 2.4 shows, the utilisation of production capacity by large enterprises of the food products division increased quarter-to-quarter by 5,6 percentage points, similarly,

it grew year-on-year by 3,8 percentage point. Insufficient demand remained the main reason for underutilisation in 2024: Q2, followed by other reasons such as seasonal factors.

2.3 VALUE OF SALES

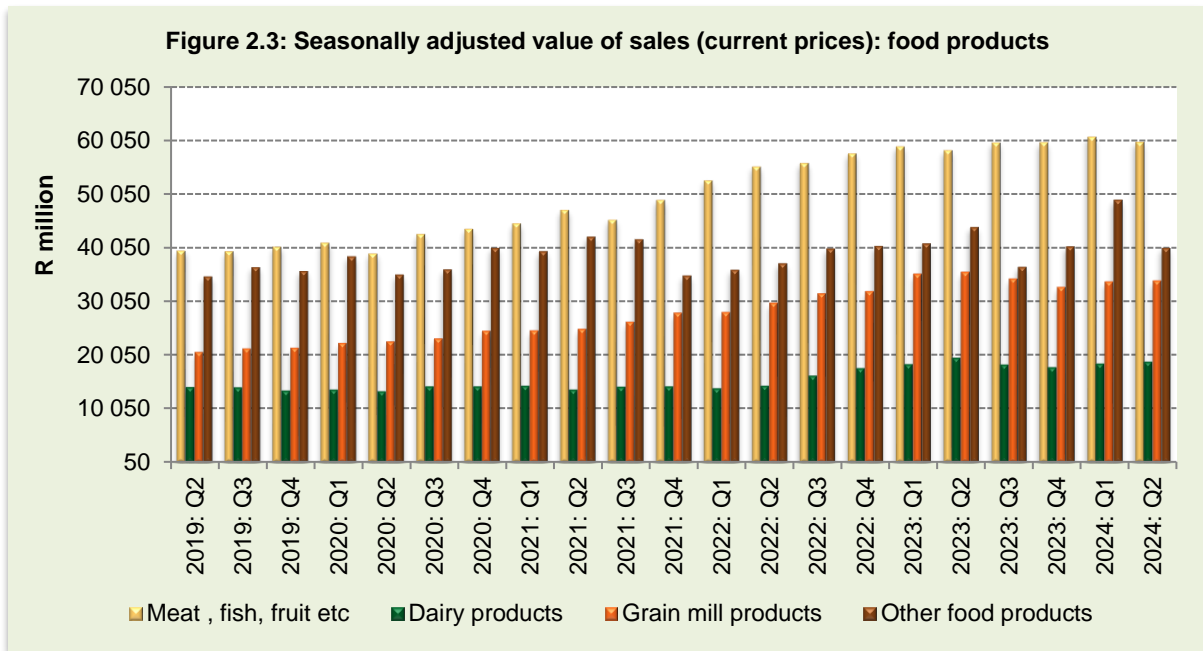
In 2024: Q2, the quarter-to-quarter value of sales of food products contracted by 5,8% as compared to a 7,5% growth in the last quarter. Similarly, the value of sales contracted year-on-year by 2,9% as illustrated in Figure 2.2.



Source: Statistics SA (2024)

Figure 2.3 shows the seasonally adjusted value of sales for the food products. In 2024: Q2, the quarter-to-quarter value of sales for meat, fish and fruit and “other food products” contracted by 1,5% and 18,3% from a 1,6% and 21,6% growth in 2024: Q1, respectively, dairy products and grain mill products, on the other hand, moderated by 1,8% and 0,6% from a 3,8% and 3,0% growth in 2024: Q1, respectively.

In terms of year-on-year, the seasonally adjusted value of sales for meat, fish and fruit moderated by 2,8%, dairy contracted by 3,7%, grain mill products decelerated by 4,5% and “other food products” rose by 13,5% in 2024: Q2.



Source: Statistics SA (2024)

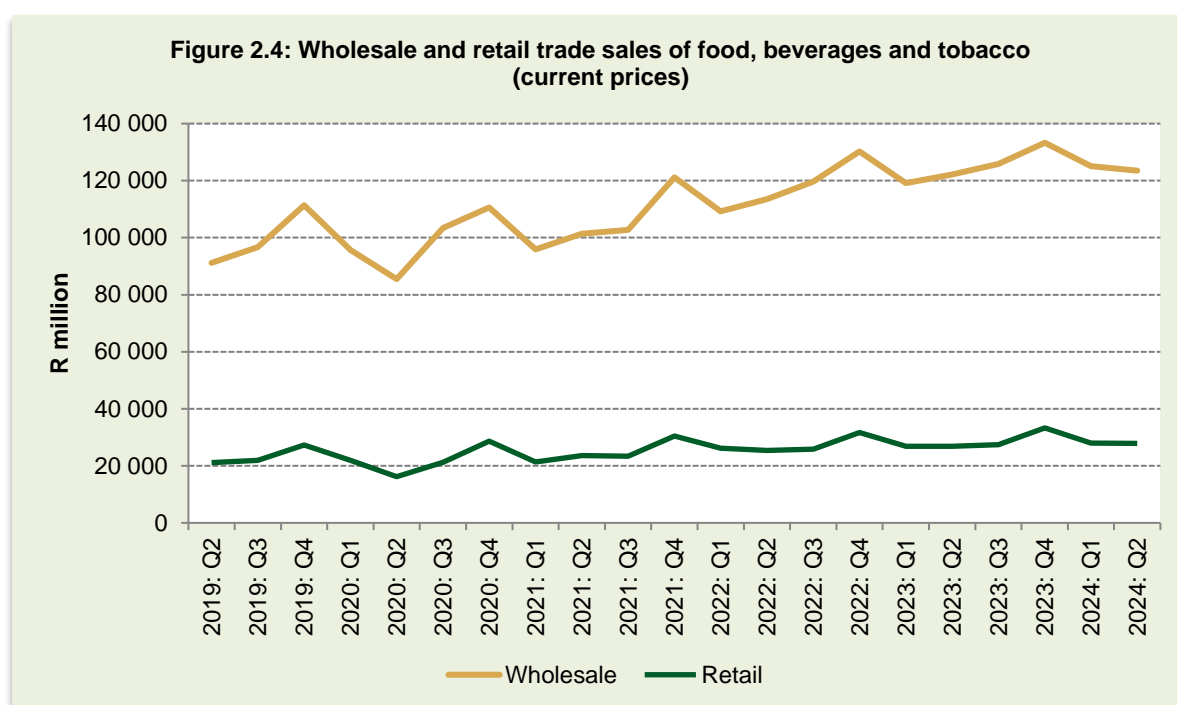
Wholesale and retail sales⁴

In 2024: Q2, the quarter-to-quarter wholesale trade sales and retail sales of the food, beverages and tobacco divisions receded further by 1,2% and 0,5% as compared to a contraction of 6,1% and 15,9% in the last quarter, respectively.

The wholesale trade sales and retail trade sales moderated by 1,1% and 3,9% year-on-year, respectively.

As a result, the wholesale trade sales decreased from R125,113,0 million in 2024: Q1 to R123,558,0 million in 2024: Q2. Similarly, the retail trade sales decreased to R27,891,0 million in 2024: Q2 from R28,018,0 million in 2024: Q1 as shown in Figure 2.4.

⁴ Statistics South Africa (Stats SA) conducts a monthly survey covering enterprises in the wholesale and retail trade industry. The results of the monthly wholesale and retail trade sales survey are used to compile estimates of the gross domestic product (GDP) and its components, which are used in monitoring the state of the economy and formulation of economic policy. These statistics are also used in the analysis of comparative business and industry performance.

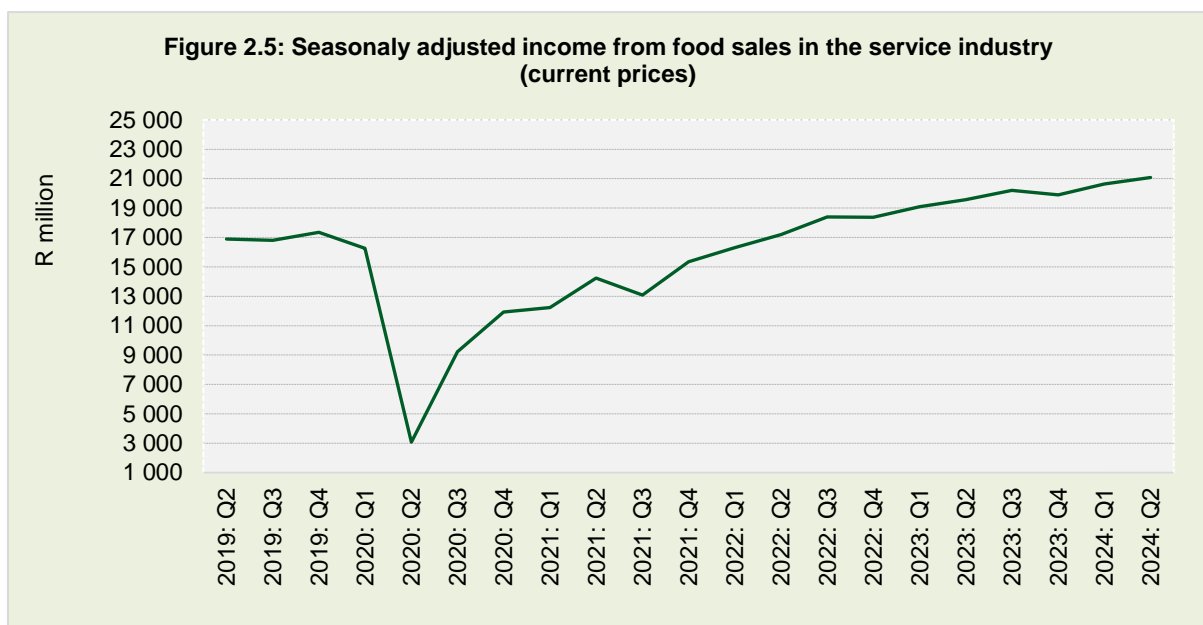


Source: Statistics SA (2024)

2.4 INCOME FROM FOOD SALES IN THE SERVICE INDUSTRY⁵

Figure 2.5 below shows the income from food sales in the service industry, which includes food sales in restaurants and coffee shops, take-away/fast food outlets and catering services. The seasonally adjusted total income from food sales in the service industry moderated by 2,2% quarter-to-quarter in 2024: Q2 as compared to a 3,7% growth in 2024: Q1. Similarly, the total income from food sales moderated by 7,7% year-on-year. As a result, the income from food sales increased to R21,081,7 million in 2024: Q2 from R20,632,3 million in 2024: Q1.

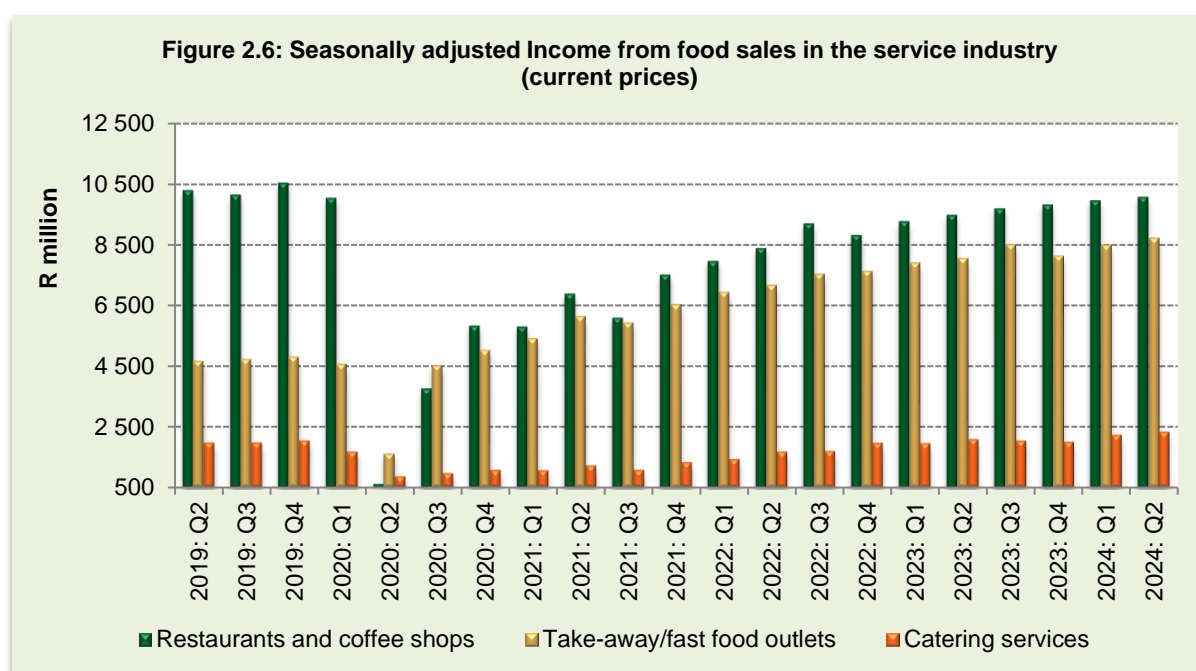
⁵ 5 Income from food sales in the service industry refers to income from the sale of meals and non-alcoholic drinks.



Source: Statistics SA (2024)

Figure 2.6 shows the income from food sales in the service industry. In 2024: Q2, the quarter-to-quarter income from food sales in the restaurants and coffee shops and takeaways/fast food outlets moderated by 1,2% and 2,8% from a 1,4% and 4,4% growth in 2024: Q1, respectively. Similarly, catering services moderated by 4,4% as compared to an 11,7% growth in 2024: Q1.

In terms of year-on-year, restaurants and coffee shops and catering services moderated by 6,2% and 12,1%, respectively, however, takeaways/fast food outlets rose by 8,3% in 2024: Q2.

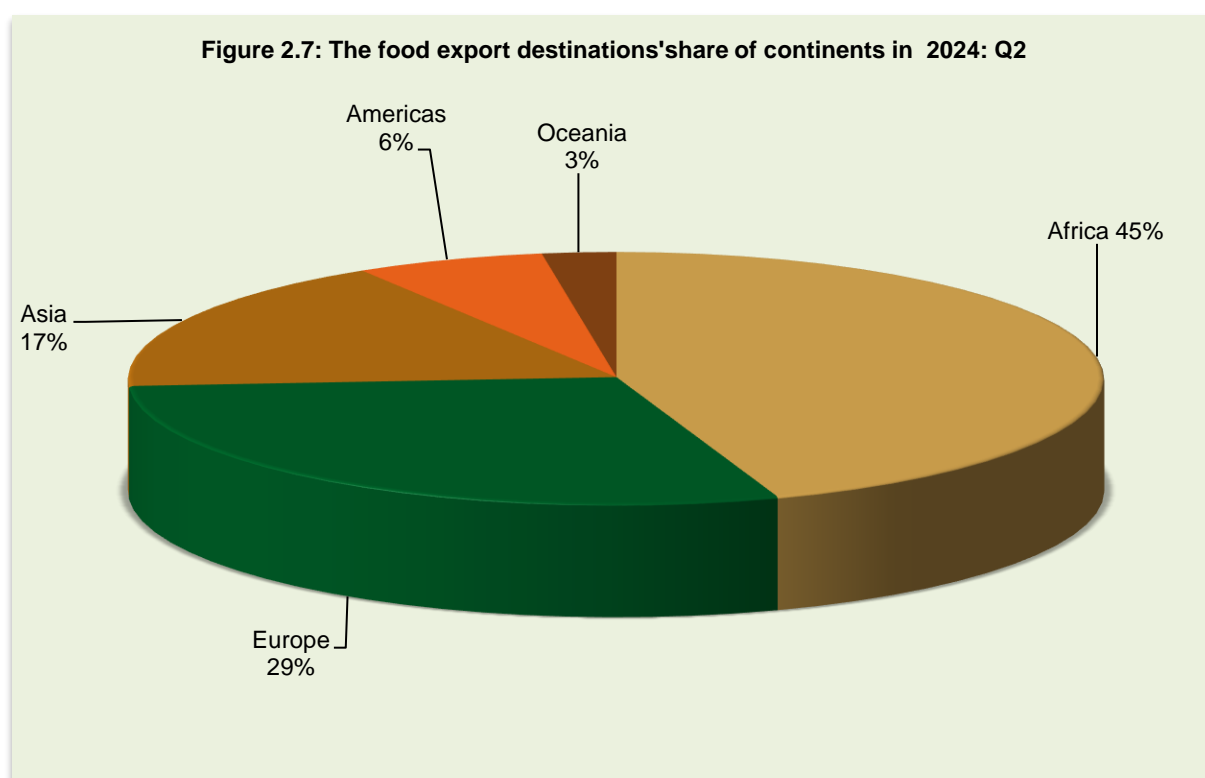


Source: Statistics SA (2024)

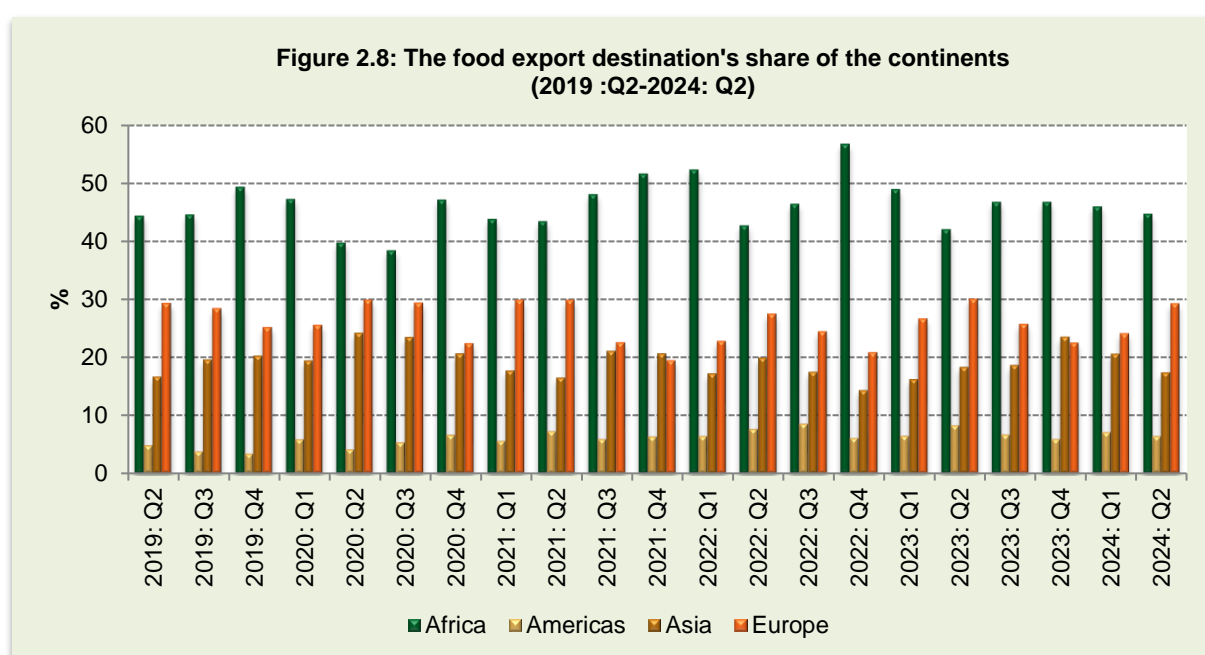
2.5 TRADE

Main food export destinations and products

Figure 2.7 shows food export destinations' share of the continents. Africa accounted for the highest share of South African food exports in 2024: Q2. Africa accounted for about 45% share of South African food exports, followed by Europe and Asia with 29% and 17%, respectively, then the Americas (6%) and Oceania (3%).



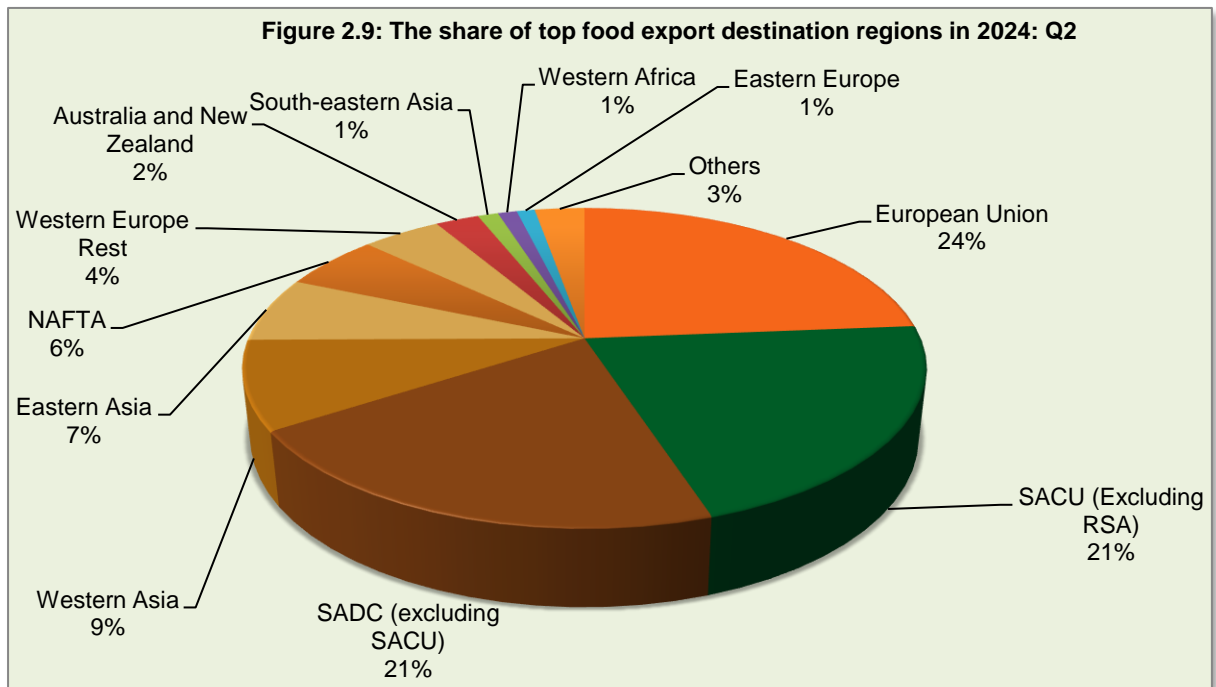
Source: Quantec (2024)



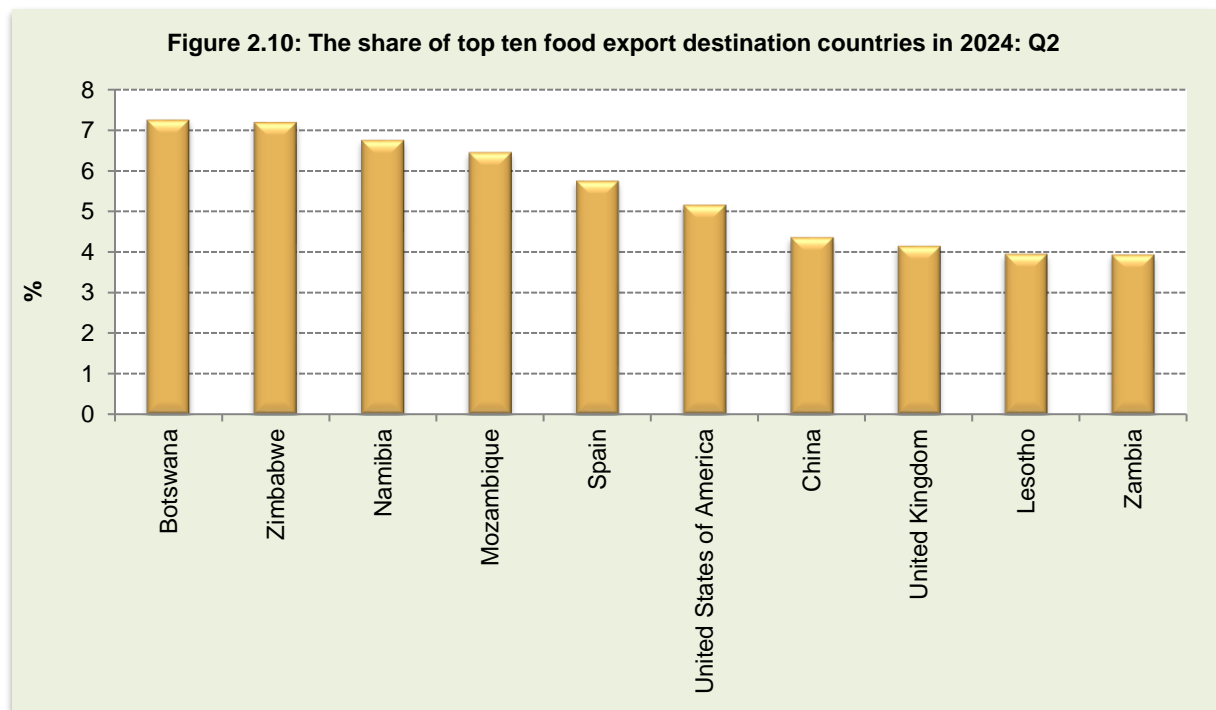
Source: Quantec (2024)

Figure 2.9 shows the food export destinations' share of the main regions in 2024: Q2. Among the main regions, the European Union accounted for the highest share of South African food exports by 24% followed by SACU (excluding RSA) (21%), then

SADC (excluding SACU) (21%), Western Asia (9%), Eastern Asia (7%), NAFTA (6%), Western Europe rest (4%), Australia and New Zealand (2%), South Eastern Asia (1%), Western Africa (1%) and Eastern Europe (1%).



Source: Quantec (2024)



Source: Quantec (2024)

Figure 2.10 shows the top ten food export destinations by countries in 2024: Q2. The top ten countries with a high share of South African food exports were Botswana (7,2%), Zimbabwe (7,2%), Namibia (6,8%), Mozambique (6,5%), Spain (5,8%), the United States of America (5,2%), China (4,4%), the United Kingdom (4,1), Lesotho (3,9%) and Zambia (3,9%).

Table 2.5 presents the leading exports of food products during 2024: Q2 and their year-on-year percentage change in the food category. The leading South African exports of food products were apples (HS080810), maize (excluding seed for sowing) (HS100590) and mandarins (including tangerines and satsumas) (HS080521) with export values of R4,481,67 million, R3,308,72 million and R3,275,46 million, respectively, in 2024: Q2.

Table 2.5: Major exported food products 2024: Q2

HS code	Product description	Export value R' million	Year-on-year-change %
080810	Apples	4,481,67	30,71
100590	Maize (excl. seed for sowing)	3,308,72	-45,60
080521	Mandarins (incl. tangerines and satsumas)	3,275,46	2,73
080550	Lemons (<i>Citrus limon</i> , <i>Citrus limonum</i>) and limes (<i>Citrus aurantifolia</i> , <i>Citrus latifolia</i>) (2002-)	2,909,53	-21,88
080440	Avocados	2,012,30	64,74
080510	Oranges	1,946,54	-1,11
170114	Other cane sugar	1,692,96	40,60

080540	Grapefruit, incl. pomelos	1,556,85	1,71
080830	Pears	1,424,65	11,90
110313	Groats and meal of maize "corn")	993,26	50,98

Source: Quantec (2024)

Table 2.6 shows the major imports of food products during 2024: Q2 and their percentage change in the food category. The leading imports of food products are Semi-milled or wholly milled rice, whether or not polished or glazed (HS100630), Wheat and meslin (excl. seed for sowing, and durum wheat) (HS100199) and Palm oil and its fractions, whether or not refined (excl. chemically modified and crude) (HS151190) with import values of R3 651,46 million, R3 542,49 million and R2 023,71 million, respectively, in 2024: Q2.

Table 2.6: Major imported food products in 2024: Q2

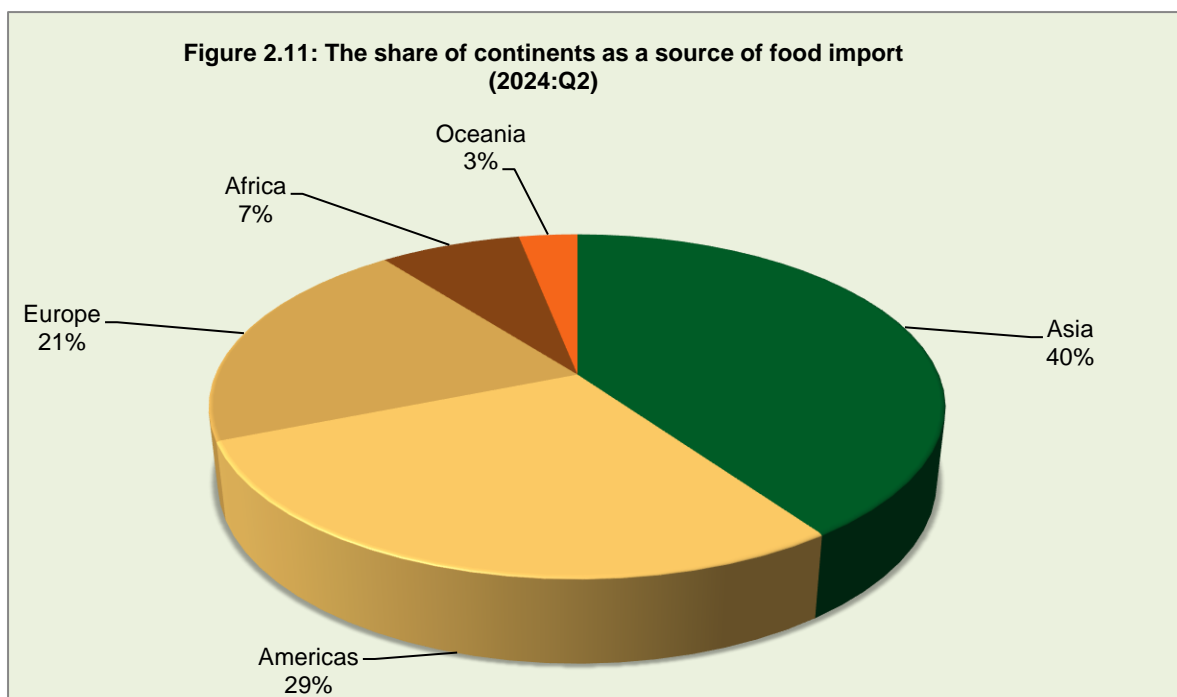
HS code	Product description	Export value R' million	Year-on-year- change %
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	3 651,46	18,60
100199	Wheat and meslin (excl. seed for sowing, and durum wheat)	3 542,49	14,73
151190	Palm oil and its fractions, whether or not refined (excl. chemically modified and crude)	2 023,71	-23,13
210690	Food preparations, n.e.s.	1 011,57	6,18
170113	Raw cane sugar, in solid form, not containing added flavouring or colouring matter, obtained without centrifugation, with sucrose content 69° to 93°, containing only natural anhydral microcrystals	757,91	-11,70
050400	Guts, bladders and stomachs of animals (other than fish), whole and pieces	732,96	26,35

	thereof, fresh, chilled, frozen, salted, in brine, dried or smoked		
020714	Frozen cuts and edible offal of fowls of the species Gallus domesticus	646,70	2,78
020712	Frozen fowls of the species Gallus domesticus, not cut in pieces	642,77	30,35
230990	Preparations of a kind used in animal feeding (excl. dog or cat food put up for retail sale)	502,73	10,18
210111	Extracts, essences and concentrates	451,48	-26,27

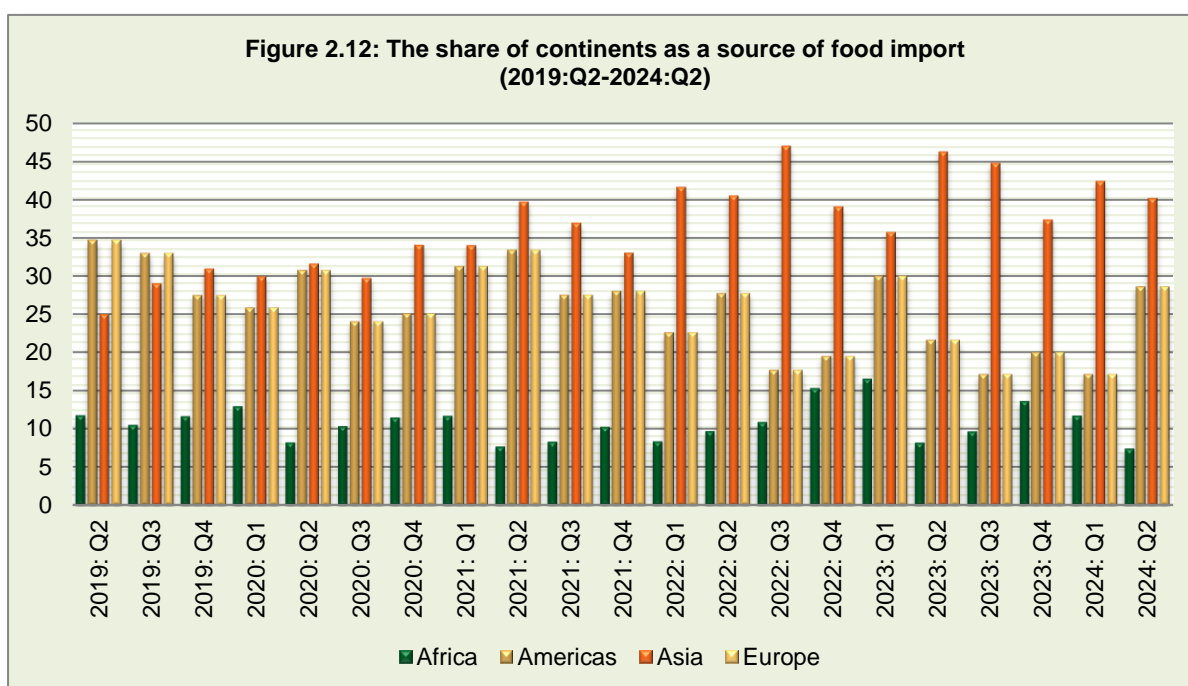
Source: Quantec (2024)

Main source of imported food products

South Africa's main source of food imports during 2024: Q2 is presented in Figure 2.11. Asia accounted for a 40% share of South African food imports in 2024: Q2, followed by the Americas (29%), then Europe (21%), Africa (7%) and Oceania (3%). Figure 2.12 below shows that, for the past five years, Asia and the Americas accounted for the larger share of South African food imports.



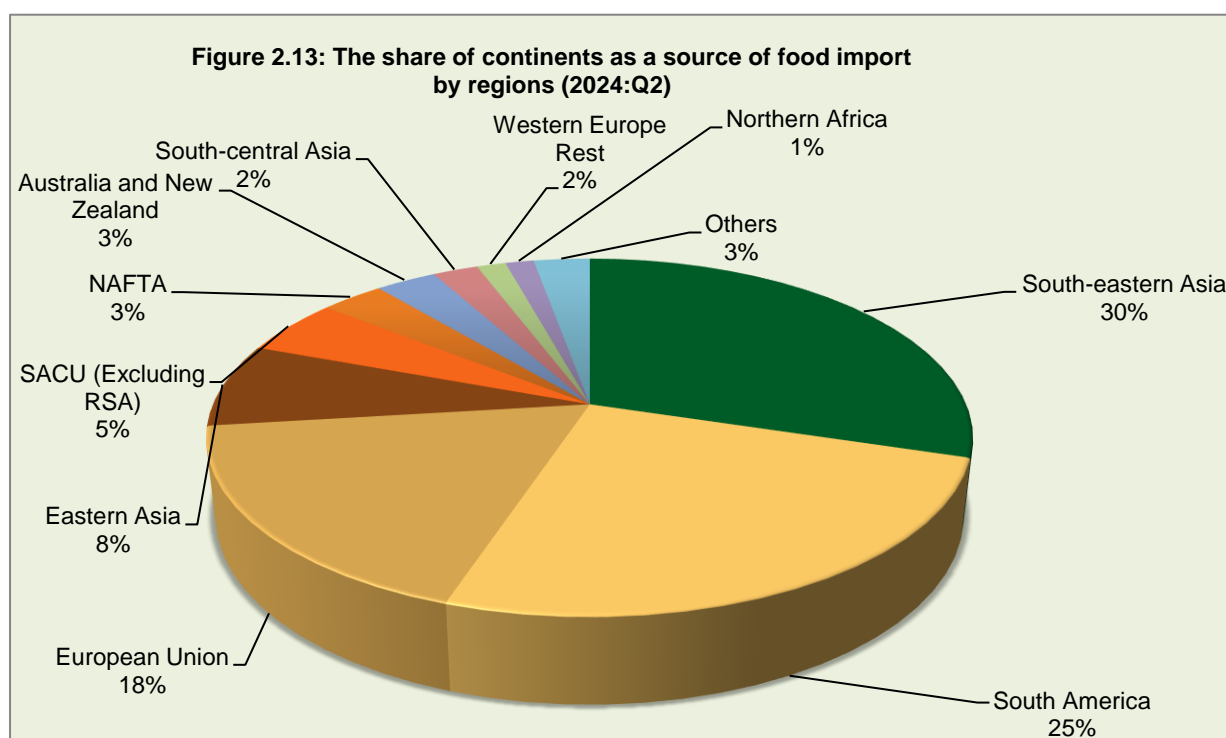
Source: Quantec (2024)



Source: Quantec (2024)

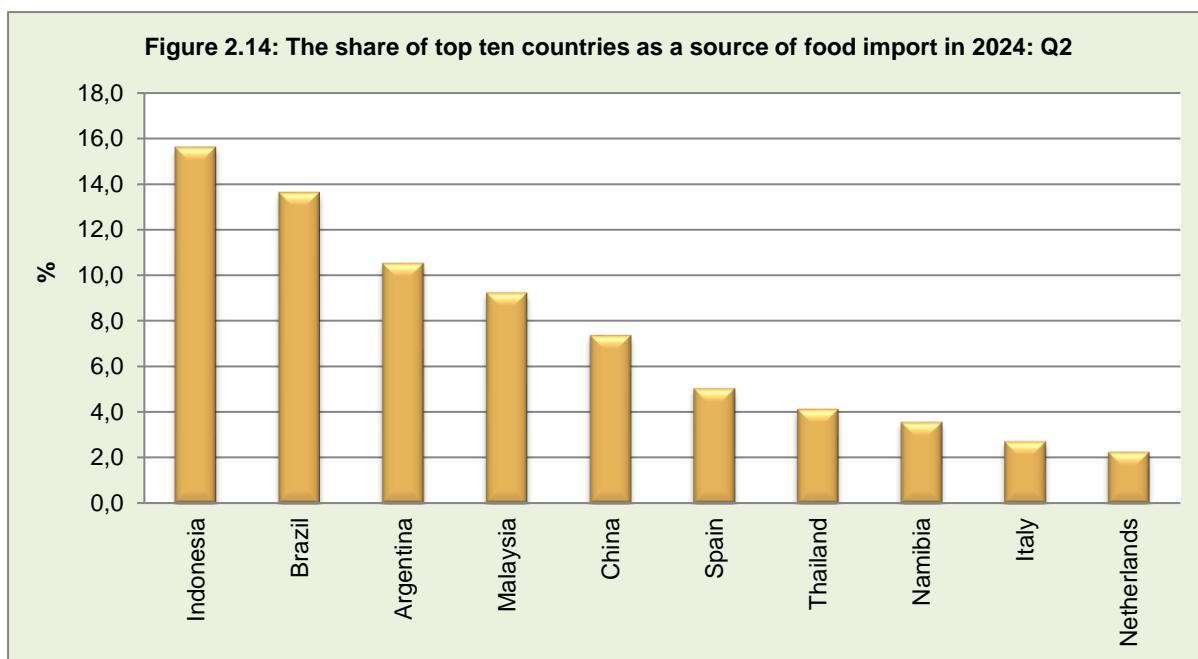
Amongst the trading regions, South-eastern Asia accounted for an approximate 30% share of South African food imports followed by South America (25%), the European Union (18%), Eastern Asia (8%), SACU (excluding SA) (5%), NAFTA (3%), Australia

and New Zealand (3%), South-central Asia (2%), Western Europe rest (2%) and Northern Africa (1%) as presented in Figure 2.13.

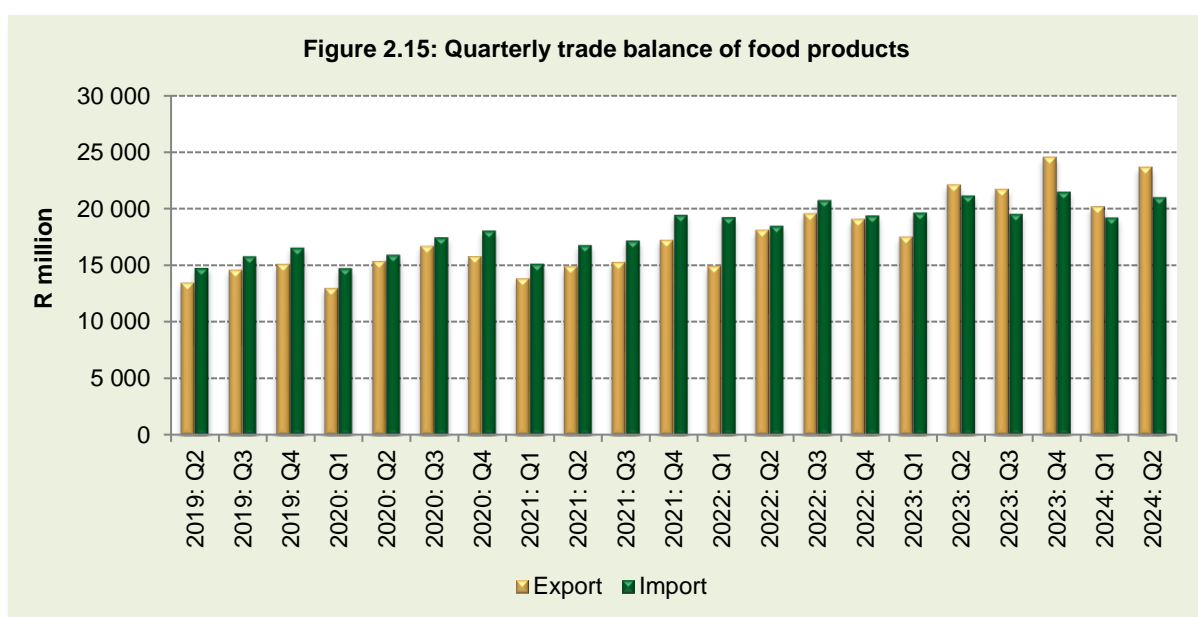


Source: Quantec (2024)

Figure 2.14 shows the top ten countries as a source of South African food imports in 2024: Q2. South Africa's imported food products mainly came from Indonesia (15,6%), Brazil (13,6%), Argentina (10,5%), Malaysia (9,2%), China (7,4%), Spain (5,0%), Thailand (4,1%), Namibia (3,6%), Italy (2,7%) and the Netherlands (2,3%).



Source: Quantec (2024)

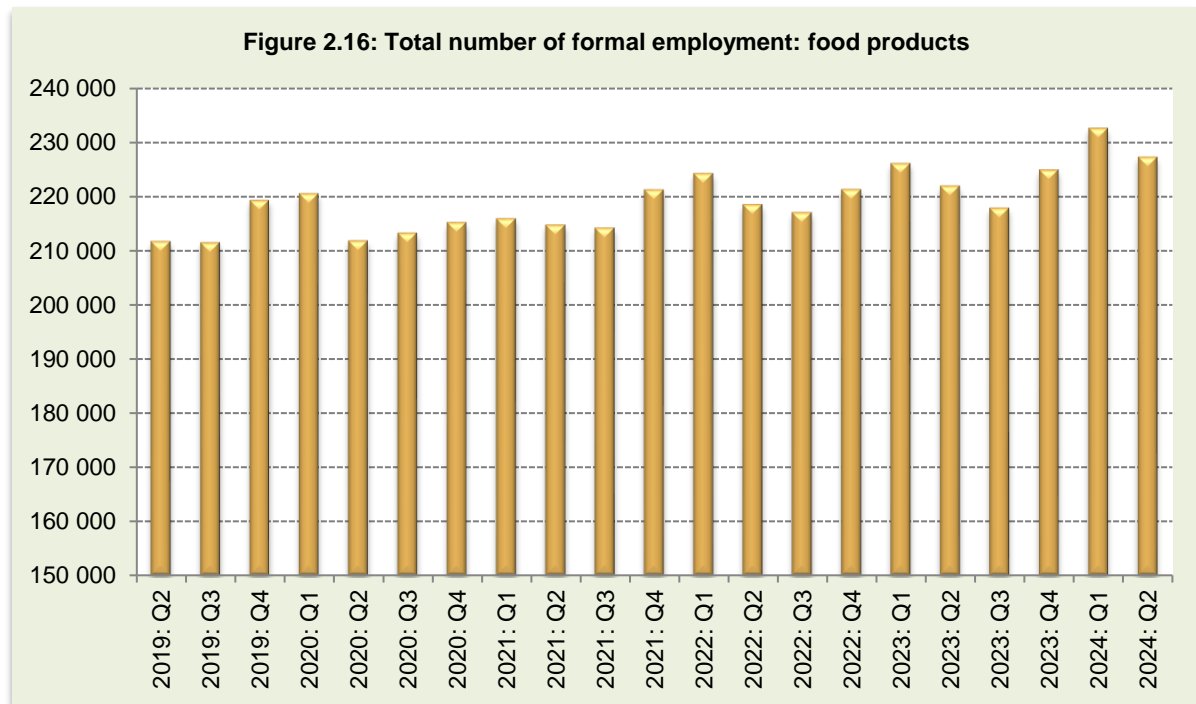


Source: Quantec (2024)

Figure 2.15 shows the quarterly trade balance of food products in 2024: Q2. In 2024: Q2, the quarter-to-quarter food exports rebounded by 17,2% from a 17,7% contraction in 2024: Q1. Imports, however, contracted by 9,3% from a 10,5% contraction in 2024: Q1.

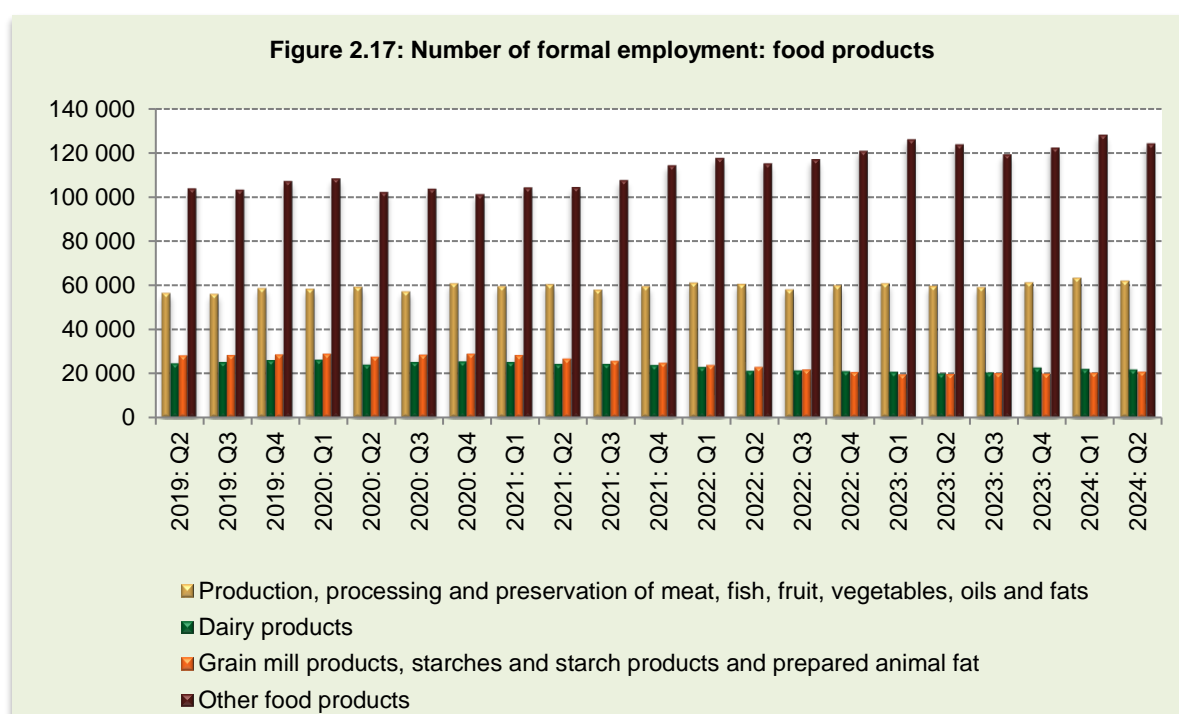
In terms of year-on-year, food exports moderated by 7,1%, while food imports receded further by 0,7%. As a result, the food trade surplus widened from R972,1 million in 2024: Q1 to R2,666,5 million in 2024: Q2.

2.6 EMPLOYMENT



Source: Statistics SA (2024)

Figure 2.16 shows formal employment in the food products division. The quarter-to-quarter formal employment in the food products division contracted by 2,3% in 2024: Q2 as compared to a 3,4% growth in 2024: Q1, however, the formal employment moderated by 2,4% year-on-year. As a result, 5 361 jobs were shed in 2024: Q2.



Source: Statistics SA (2024)

Figure 2.17 shows formal employment in the food products divisions in 2024: Q2. In 2024: Q2, the quarter-to-quarter employment in meat, fish and fruit and vegetables, and “other food” products contracted by 2,1% and 3,2% from a 3,5% and 4,8% growth, respectively, dairy products receded further by 1,5% from a 2,7% contraction in the last quarter, while grain mill products moderated by 1,7% following a 2,0% growth in the preceding quarter.

In terms of year-on-year, the employment in the meat, fish and fruit and vegetables, etc. moderated by 3,9%, dairy products and grain mill products rose by 9,0% and 4,4%, respectively, while “other food products” moderated by 0,3%.

3. BEVERAGES

Beverages, according to the SIC, is code 305 and comprises of the following beverage products:

- Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented materials;
- Manufacture of wine;
- Manufacture of beer and other malt liquors and malt;

- Breweries, except sorghum beer breweries;
- Sorghum beer breweries;
- Manufacture of malt; and
- Manufacture of soft drinks; production of mineral waters.

3.1 PRICE

Table 3.1 below shows the consumer price indices, producer price indices and export unit value of the beverages division in 2024: Q2.

The quarter-to-quarter consumer price index rose for non-alcoholic beverages (2,6%), alcoholic beverages (2,2%), hot beverages (3,7%) and cold beverages (1,8%), spirits (1,8%), wine (2,3%) beer (2,2%), hot beverages (3,7%) and cold beverages (1,8%).

The year-on-year producer price index moderated for alcoholic beverages (5,1%), spirits (4,2%), wine (3,6%) and beer (4,0%). However, non-alcoholic beverages (7,8%), hot beverages (13,8%) and cold beverages (4,4%) rose in 2024: Q2.

Table 3.1: Price indices of beverages

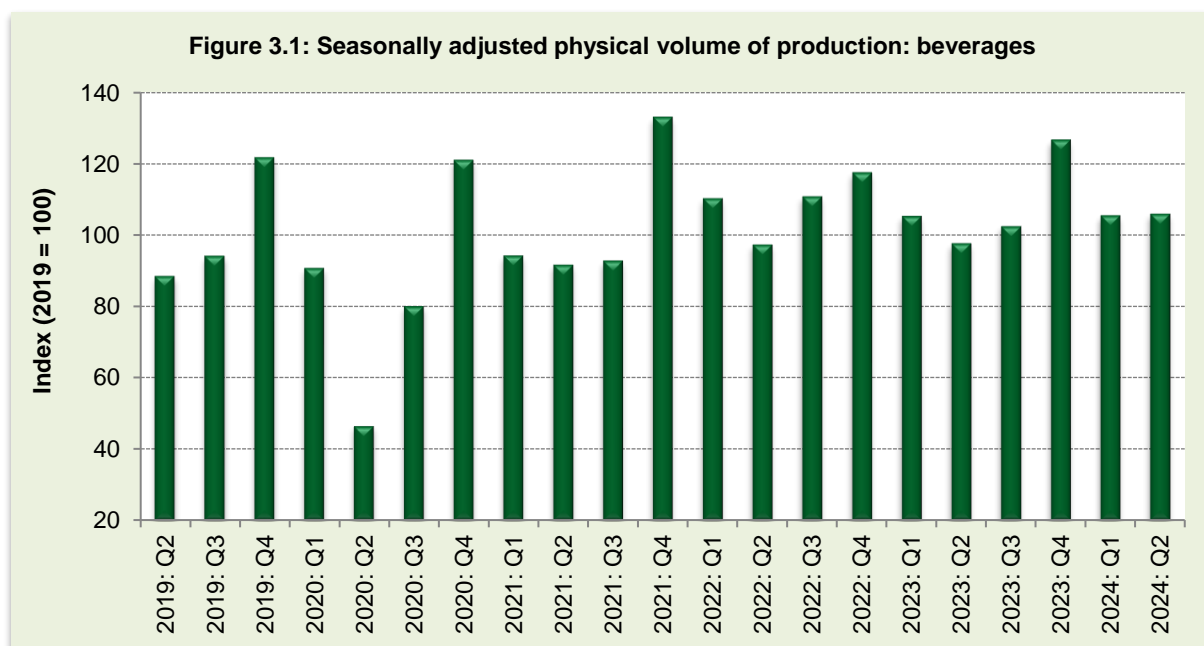
Beverage products	Weight	Indices			% Change between	
		2023: Q2	2024: Q1	2024: Q2	2024: Q1 and 2024: Q2	2023: Q2 and 2024: Q2
		Consumer price indices				
All items (CPI Headline)	100	110,0	114,7	115,6	1,2	5,1
Alcoholic beverages	3,9	111,4	113,9	116,1	2,2	4,2
Spirits	0,8	114,0	116,4	118,1	1,8	3,6
Wine	0,7	112,4	114,7	116,9	2,3	4,0
Beer	2,5	110,0	112,7	114,9	2,2	4,5
Non-alcoholic beverages	1,2	114,3	120,7	123,2	2,6	7,8
Hot beverages	0,3	116,5	128,2	132,5	3,7	13,8
Cold beverages	0,9	113,1	116,5	118,0	1,8	4,4

		Producer price index				
Beverages	8,5	99,0	101,3	103,3	2,0	4,3
		Export unit value				
Beverages	135,2	115,6	115,6	116,9	1,1	1,1

Source: Stats SA (2024)

3.2 PRODUCTION

Figure 3.1 presents the seasonally adjusted physical volume of production for the beverages division in 2024: Q2. The quarter-to-quarter seasonally adjusted physical volume of production for the beverages division rebounded by 0,4% from a 16,8% contraction in 2024: Q1. However, the year-on-year seasonally adjusted physical volume of production for the beverages division expanded by 8,5% in 2024: Q2.



Source: Statistics SA (2024)

Production capacity

Table 3.2: Utilisation and reasons for underutilisation of production capacity by large enterprises: Beverages division (percentage)

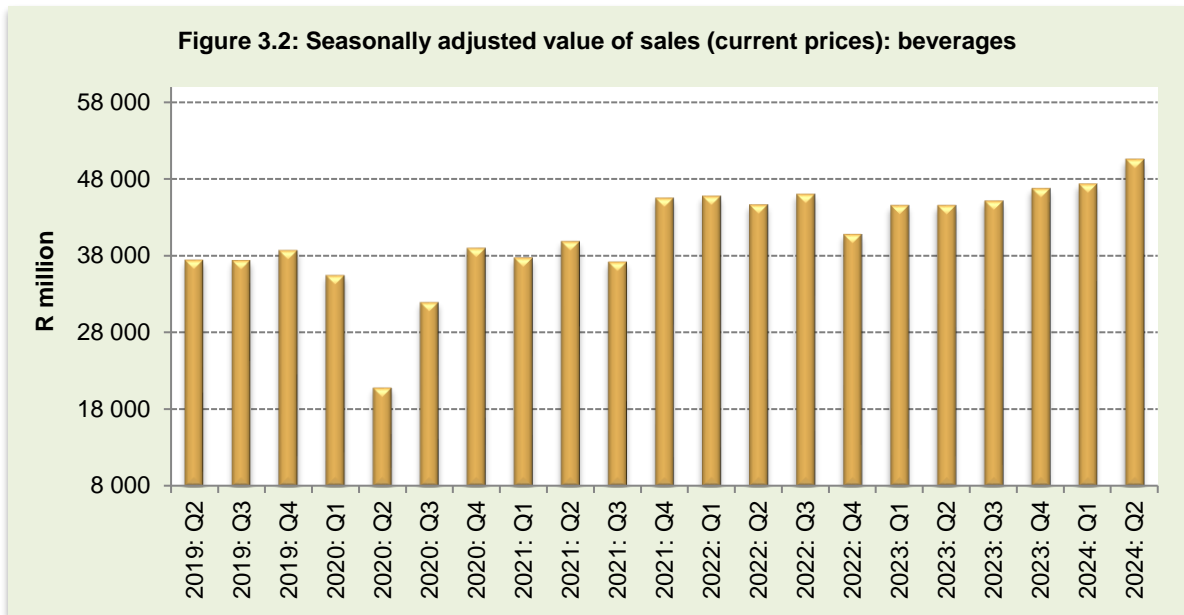
Period	Utilisation	Reasons for underutilisation					
		Total under-utilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q2	82,1	17,9	2,5	3,2	0,2	10,4	1,7
2024: Q1	82,6	17,4	2,0	3,2	0,2	9,4	2,6
2024: Q2	82,0	18,0	1,7	3,2	0,2	10,3	2,6

Source: Statistics SA (2024)

Table 3.2 shows the year-on-year utilisation capacity by large enterprises for the beverages division. The utilisation capacity decreased quarter-to-quarter by 0,6 percentage points, and it similarly decreased year-on-year by 0,1 percentage points. As Table 3.2 shows, insufficient demand remained the main reason for underutilisation during 2024: Q2, followed by shortage of skilled labour.

3.3 VALUE OF SALES

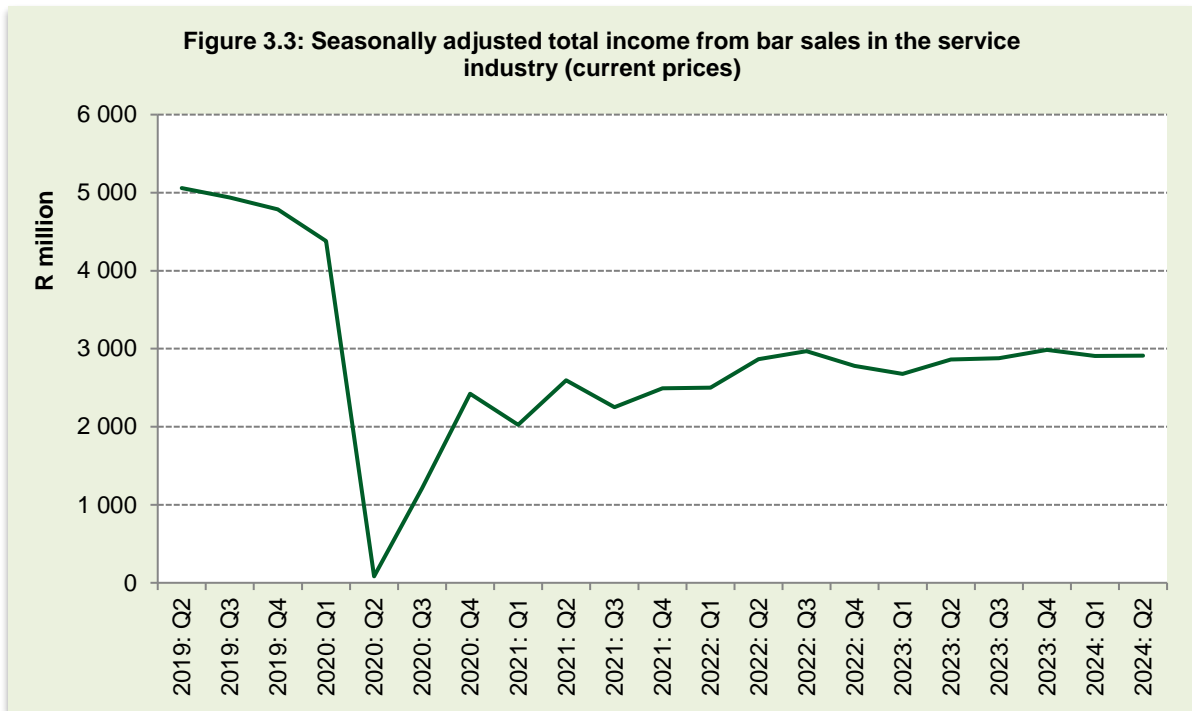
During 2024: Q2, the quarter-to-quarter seasonally adjusted value of sales for the beverages division expanded by 6,7% from a 1,3% growth recorded in 2024: Q1. However, the year-on-year seasonally adjusted value of sales for the beverages division rebounded by 14,4%. As a result, beverages sales increased from R47,357,6 million in 2024: Q1 to R50,553,9 million in 2024: Q2 as shown in Figure 3.2.



Source: Statistics SA (2024)

3.4 INCOME FROM BAR SALES IN THE SERVICE INDUSTRY

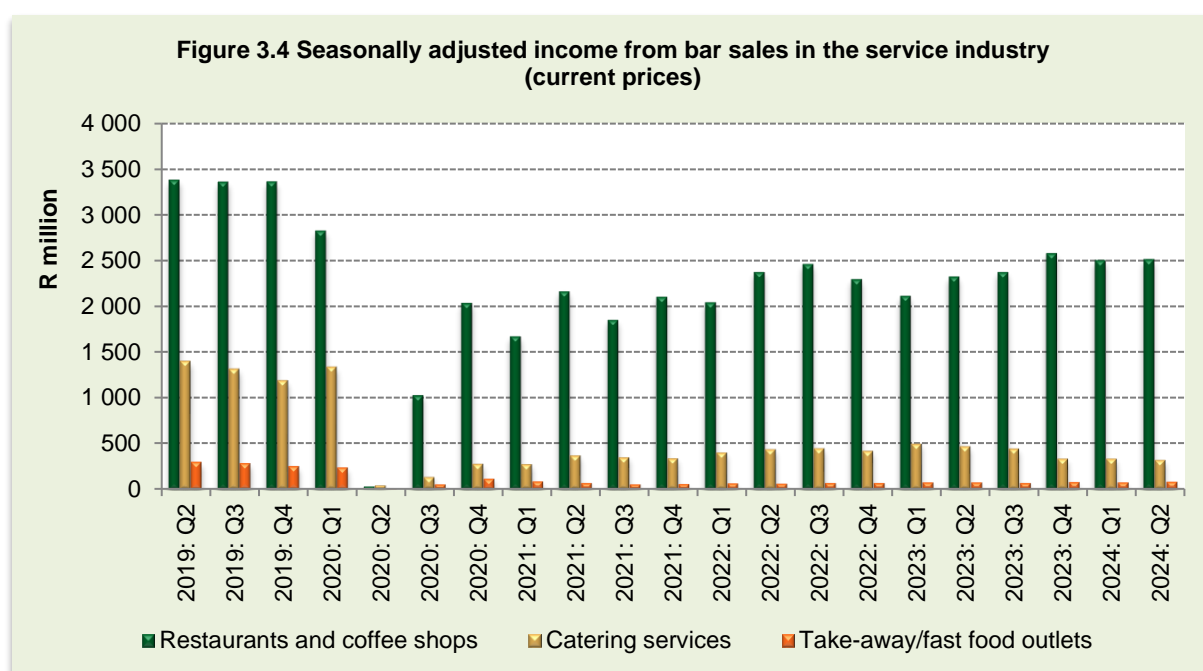
Figure 3.3 below shows the income from bar sales in the food and beverages service division in 2024: Q2. The income from bar sales in the food and beverages service industry rebounded quarter-to-quarter by 0,1% in 2024: Q2 from a 2,7% growth in the last quarter. However, the income moderated by 1,7% year-on-year. Therefore, the income from bar sales increased to R2,909,3 million in 2024: Q2 from R2,906,0 million in 2024: Q1.



Source: Statistics SA (2024)

Figure 3.4 below shows income from bar sales in the service industry, which includes restaurants and coffee shops, take-away/fast food outlets and catering services. In 2024: Q2, the quarter-to-quarter income from restaurants and coffee shops rebounded by 0,4% from a 3,1% contraction in the last quarter, take-away/fast food outlets rebounded by 8,3% from a 0,5% contraction in the last quarter, and catering services decelerated by 3,9% following a 3,3% contraction in the preceding quarter.

In terms of year-on-year, income from restaurants and coffee shops moderated by 8,1%, take-away/fast food outlets rose by 9,3%, and income from catering services receded further by 31,7% in 2024: Q2.



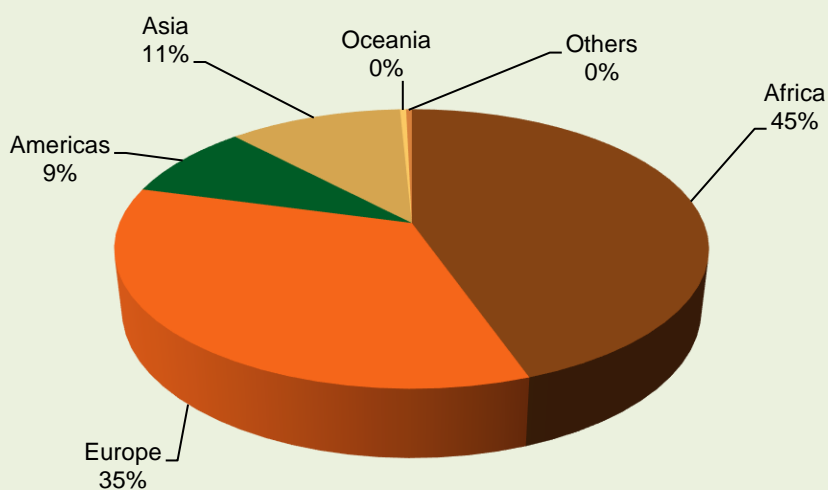
Source: Statistics SA (2024)

3.5 TRADE

Main export destinations of beverages products

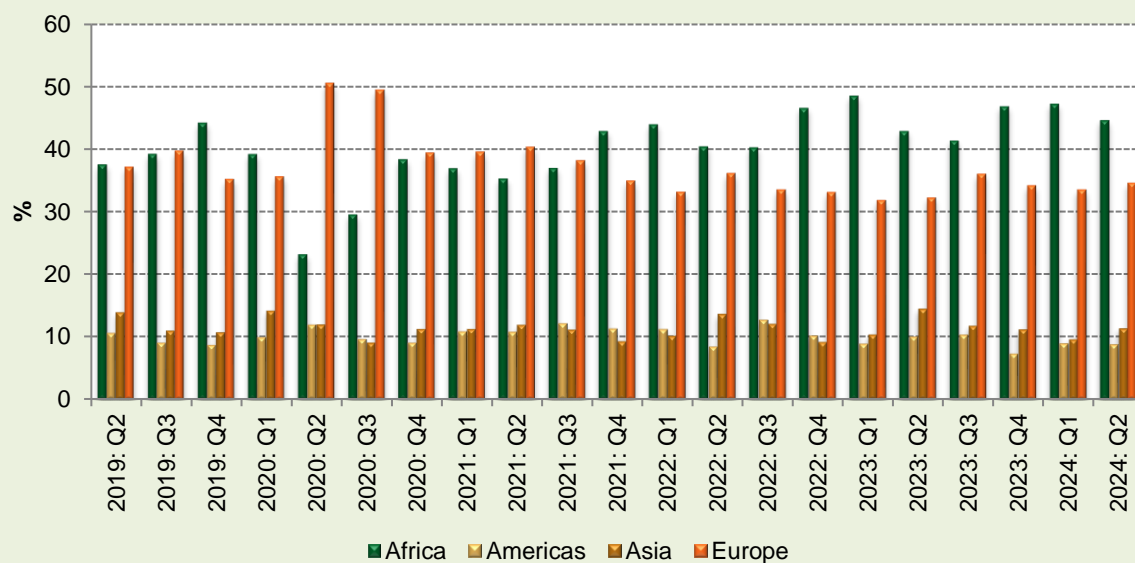
As Figure 3.5 shows Africa accounted for 45%, followed by Europe (35%), Asia (11%) and the Americas (9%). Oceania has the least share of South African beverages exports at less than 1%. The trend of exports destination's share shows that Africa has the larger share, followed by Europe, the Americas, Asia and Oceania as presented in Figure 3.6.

Figure 3.5: The beverage export destination's share of continents in 2024: Q2



Source: Quantec (2024)

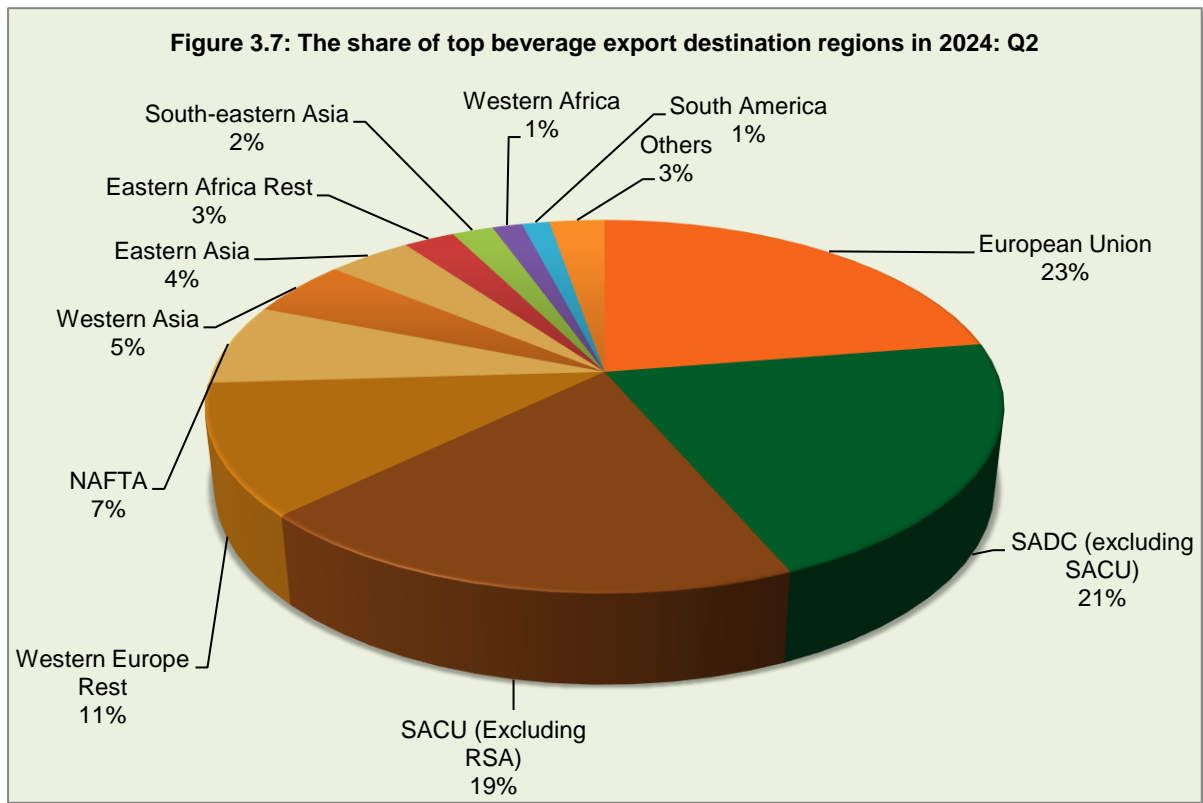
Figure 3.6: The beverages export destination's share of the continents in (2019: Q2 -2024:Q2)



Source: Quantec (2024)

Among the main trading regions during 2024: Q2, the European Union accounted for the largest share of South African beverages exports at 23%, followed by SADC (excluding SACU) (21%), SACU (excluding the SA) (19%), the Western Europe rest (11%), NAFTA (7%), Western Asia (5%), Eastern Asia (4%), Eastern Africa rest (3%),

South-eastern Asia (2%) and Western Africa (1%) and South America (1%) as illustrated in Figure 3.7.



Source: Quantec (2024)

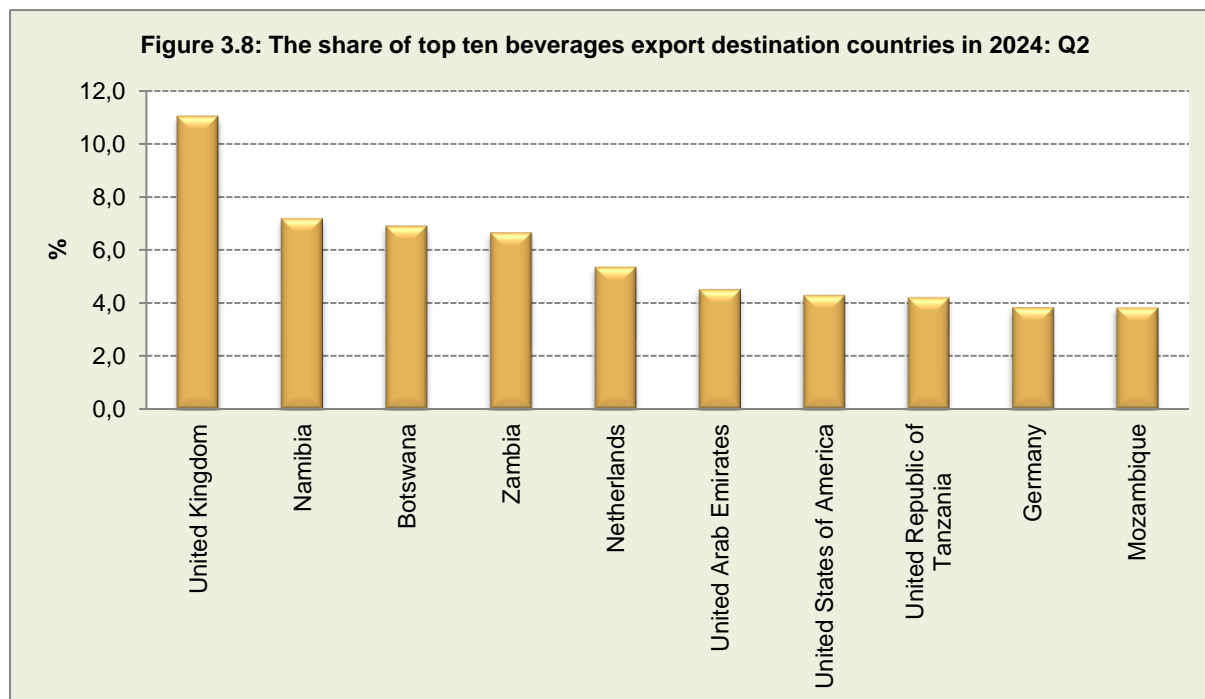
Table 3.3 below presents the major exported beverages products during 2024: Q2 and their percentage change. The leading South African beverages were: wine of fresh grapes, including fortified wines, and grape must whose fermentation has been arrested by the addition of alcohol, in containers of <= 2 l (excluding sparkling wine) (HS220421); waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured (HS220210) and undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher (HS220710) with an export value of R1,981,06 million, R692,31 million and R624,48 million, respectively.

Table 3.3: Major exported beverages products in 2024: Q2 and their percentage change.

HS code	Product description	Export value R' million	Year-on- year % change
220421	Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested by the addition of alcohol, in containers of <= 2 l (excl. sparkling wine)	1,981,06	-7,15
220210	Waters, incl. mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	692,31	17,60
220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	624,48	-18,00
220429	Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested by the addition of alcohol, in containers of > 10 l (excl. sparkling wine)	618,22	6,78
220600	Other fermented beverages (for example, cider, perry, mead, saké); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included	606,15	26,35
220299	Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk and beer)	528,29	76,76
220300	Beer made from malt	505,64	38,71
220720	Ethyl alcohol and other spirits, denatured, of any strength	229,86	-10,76
220870	Liqueurs and cordials	190,91	17,25

220410	Sparkling wine	138,16	10,26
--------	----------------	--------	-------

Source: Quantec (2024)

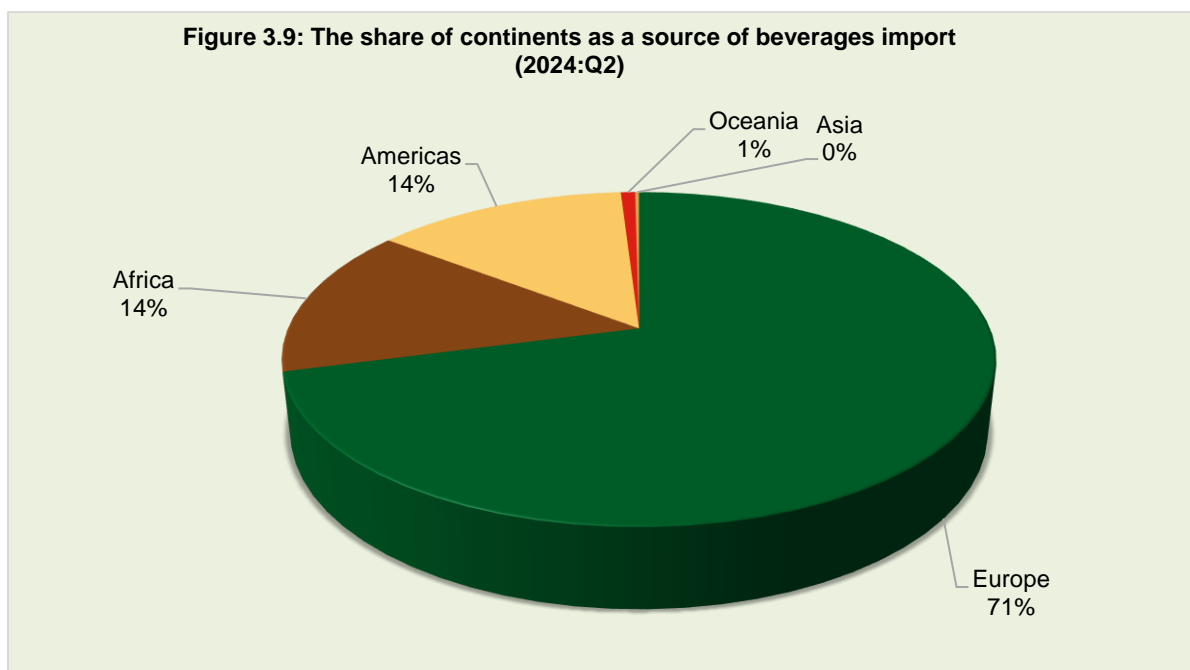


Source: Quantec (2024)

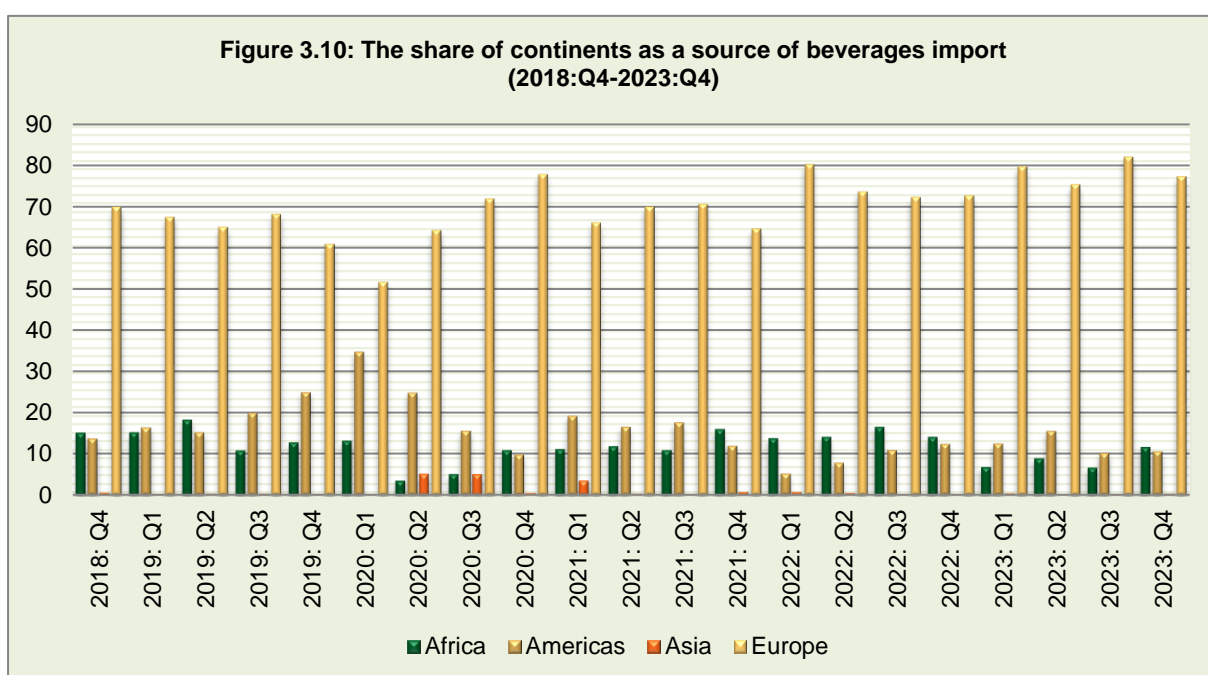
Figure 3.8 above shows the shares of the top ten beverages export destinations in 2024: Q2. The following are the main countries that accounted for a higher share of South Africa's beverages exports in 2024: Q2: the United Kingdom (11,0%), Namibia (7,2%), Botswana (6,9%), Zambia (6,7%), the Netherlands (5,4%), the United Arab Emirates (4,5%), the United States of America (4,3%), the United Republic of Tanzania (4,2%), Germany (3,8%) and Mozambique (3,8%).

Main imported beverages products and the source

Figure 3.9 illustrates the share of continents as a source of beverages imports in 2024: Q2. South Africa mainly imports beverages products from Europe, which accounts for approximately 71% share, followed by Africa (14%) and the Americas (14%). Asia's share was at less than 1% together and Oceania at 1%. Figure 3.10 shows that, for the past five years, Europe has been a consistent source of South African beverages imports followed by Africa, the Americas, Asia and Oceania.

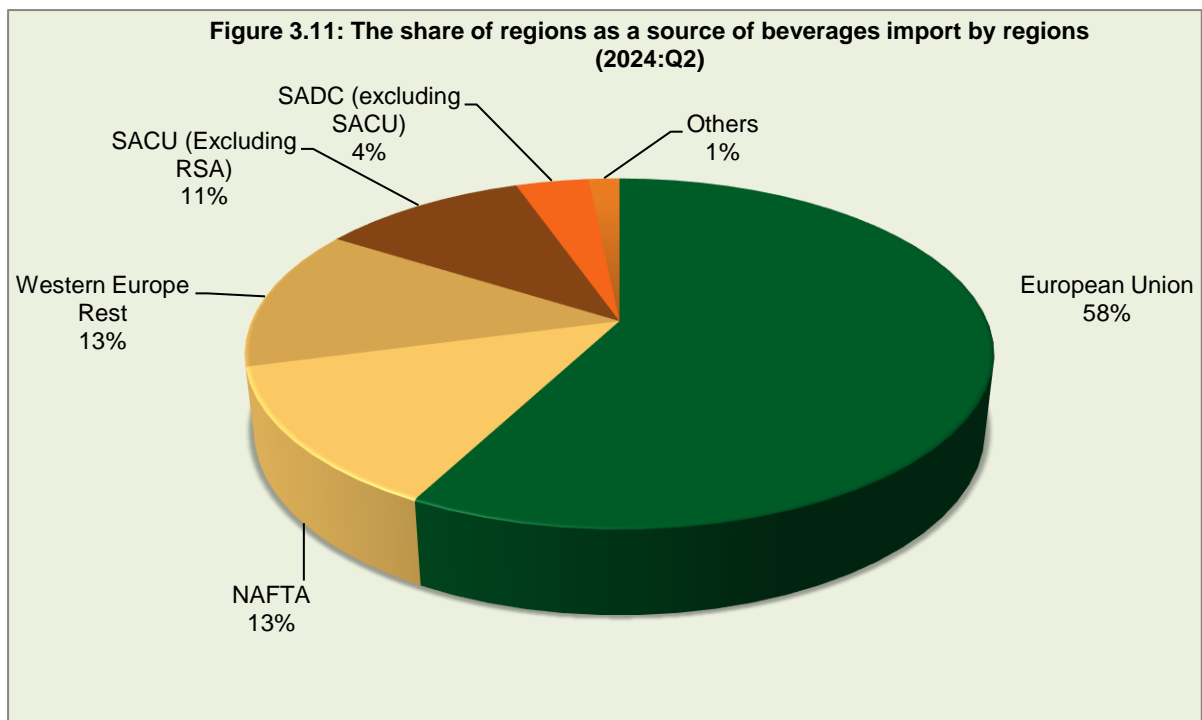


Source: Quantec (2024)



Source: Quantec (2024)

The European Union, as the leading source of South Africa's imports of beverages, accounted for about 58% share in 2024: Q2. This is followed by NAFTA (13%), Western Europe rest (13%), SACU (excluding RSA) (11%) and SADC (excluding SACU) (4%) as illustrated in Figure 3.11.



Source: Quantec (2024)

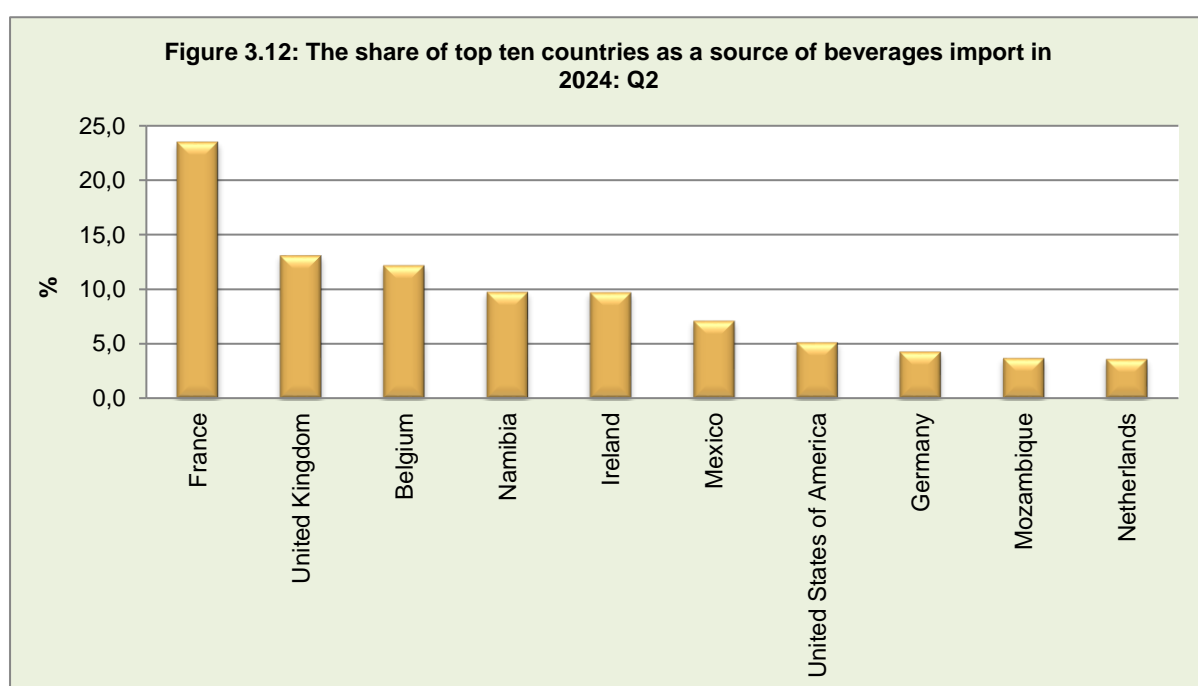
Table 3.5 below presents major imported beverages products during 2024: Q2 and the year-on-year percentage change. During 2024: Q2, the major beverage imports in South Africa were: grape must, of an actual alcoholic strength of > 0,5% vol (excluding grape must whose fermentation has been arrested by the addition of alcohol) (HS220430); vermouth and other wine of fresh grapes, flavoured with plants or aromatic substances, in containers of > 2 l (HS220590) and spirits obtained by distilling grape wine or grape marc (HS220820) with a value R1 911,19 million, R451,48 million and R224,95 million, respectively.

Table 3.5: Imported beverages in 2024: Q2 and percentage change.

HS code	Product description	Export value R' million	Year-on- year % change
220430	Grape must, of an actual alcoholic strength of > 0,5% vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)	1,911,19	-3,70
220590	Vermouth and other wine of fresh grapes, flavoured with plants or aromatic substances, in containers of > 2 l	451,48	-26,27
220820	Spirits obtained by distilling grape wine or grape marc	224,95	11,85
220299	Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk and beer)	223,66	41,46
220860	Vodka	152,62	17,60
220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	56,87	16,14
220840	Rum and other spirits obtained by distilling fermented sugar-cane products	52,49	28,97
220720	Ethyl alcohol and other spirits, denatured, of any strength	44,90	18,92
220422	Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been	36,66	-35,96

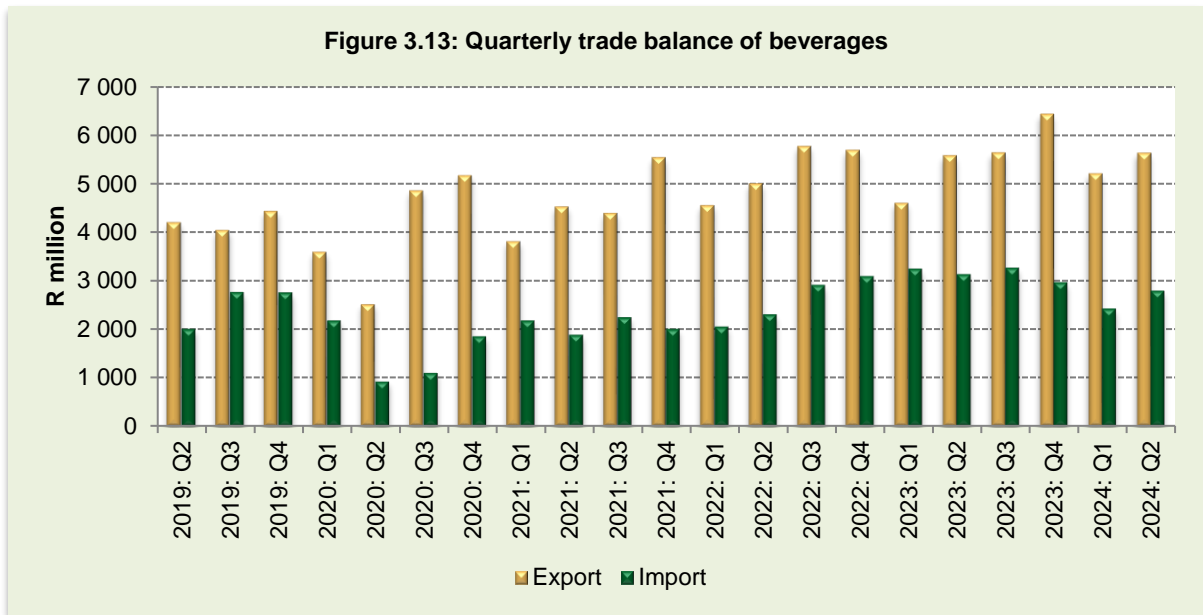
	arrested by the addition of alcohol, in containers of > 2 l but ≤ 10 l (excl. sparkling wine)		
220429	Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested by the addition of alcohol, in containers of > 10 l (excl. sparkling wine)	29,93	734,20

Source: Quantec (2024)



Source: Quantec (2024)

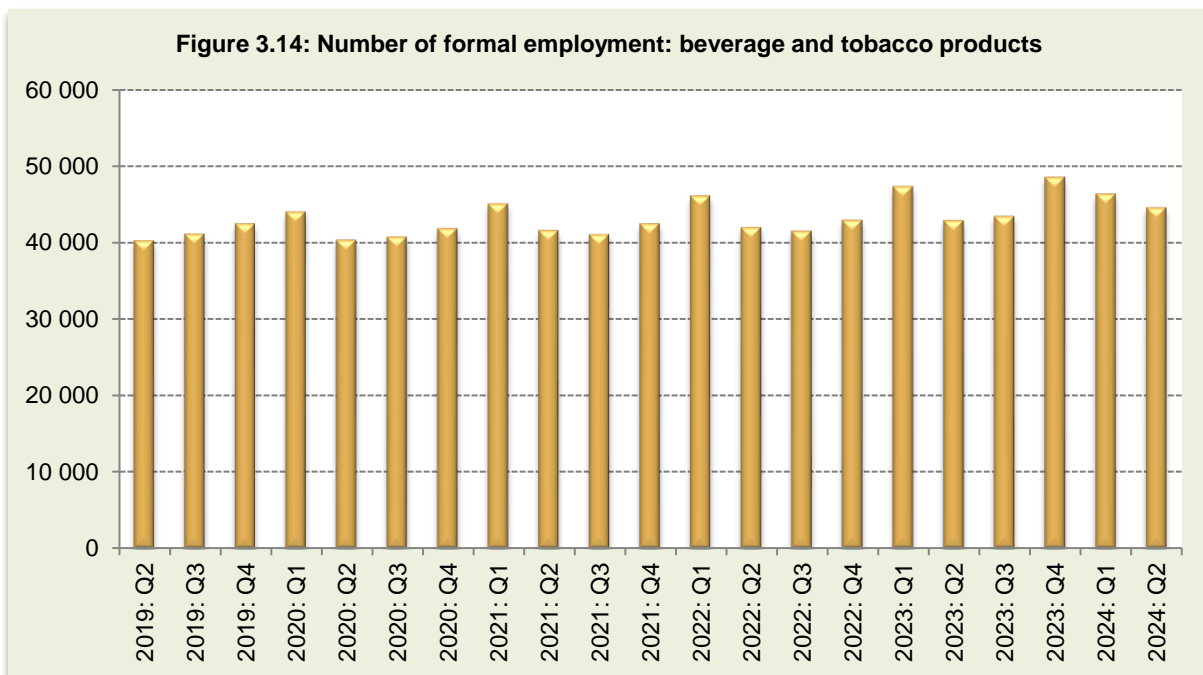
Figure 3.12 above shows the share of the top ten countries as a source of beverages imports. During 2024: Q2, France (23,5%) accounted for the highest share of South Africa's beverages imports, followed by the United Kingdom (13,1%), Belgium (12,1%), Namibia (9,7%), Ireland (9,7%) Mexico (7,1%), the United States of America (5,1%), Germany (4,3%), Mozambique (3,7%) and the Netherlands (3,6%).



Source: Trade Map (2024)

During 2024: Q2, the quarter-to-quarter beverages exports and imports rebounded by 8,3% and 15,2% following a growth of about 19,1% and 18,2%, respectively, in 2024:Q1. However, exports moderated by 1,0% year-on-year, while imports receded further by 10,9%. As a result, the trade surplus of the beverages division widened from R2 789,8 million in 2024: Q1 to R2 853,7 million in 2024: Q2.

3.6 EMPLOYMENT



Source: Trade Map (2024)

Figure 3.14 shows formal employment in the beverages and tobacco products divisions. The quarter-to-quarter formal employment in the beverages division receded further by 3,9% in 2024: Q2 from a 4,4% contraction in 2024: Q1. However, employment rebounded by 3,9% year-on-year. Therefore, about 1 812 jobs were shed in the beverages and tobacco division in 2024: Q2.

4. CONCLUSION

The economic activity in South Africa expanded slightly by 0,4% in the second quarter of 2024 after remaining unchanged in the first quarter. This increase was notably because of an expansion in the secondary and the tertiary sectors.

In 2024: Q2, the volume of production of the food and beverages division rebounded quarter-to-quarter by 3,4% following a 10,8% contraction in 2024: Q1. The quarter-to-quarter value of sales in the food and beverages division contracted by 2,9% in 2024: Q2 from a 6,0% growth in 2024: Q1.

The quarter-to-quarter food and beverages exports and imports rebounded by 15,9% and 9,9% in 2024: Q2 from an 18,0% and 11,5% contraction in 2024: Q1, respectively. As a result, the trade surplus widened from R3,762,0 million in the last quarter to R5,520,0 million in the current quarter under review.

In terms of continental food trade in 2024: Q2, Africa accounted for about 45% share of South African food exports. Asia accounted for a 40% share of South African food imports.

In terms of beverages trade, Africa accounted for the largest share of South African exports of beverages by 45%, however, South Africa mainly imported beverages products from Europe, which accounted for approximately 71% share continentally.

The formal employment in the food, beverages and tobacco division contracted quarter-to-quarter by 2,6% in 2024: Q2 from a growth of about 2,0% in 2024: Q1. However, year-on-year, employment rose by 2,6% in 2024: Q2. Therefore, 7,173 jobs were lost in the division in 2024: Q2.

REFERENCES

SA Reserve Bank (2024), Quarterly Bulletin, September 2024, South African Reserve Bank.

Statistics SA (2024), Consumer Price Index, various issues. Statistics South Africa.

Statistics SA (2024), Producer Price Index, various issues. Statistics South Africa.

Statistics SA (2024), Export and Import Unit Value Indices, various issues. Statistics South Africa.

Statistics SA (2024), Manufacturing: Production and Sales, various issues. Statistics South Africa.

Statistics SA (2024), Manufacturing: Utilisation of Production Capacity by Large Enterprise. Statistics South Africa.

Statistics SA (2024), Wholesale Trade Sales, various issues, Statistics South Africa.

Statistics SA (2024), Retail Trade Sales, various issues, Statistics South Africa.

Statistics SA (2024), Food and Beverages, various issues, Statistics South Africa.

Quantec (2024) (Trade) Exports and imports, continents, regional, top ten countries.

Quantec (2024) Top food and beverages items by value and percentage change

Statistics SA (2024), Quarterly Employment Statistics, various issues. Statistics South Africa.

[illegible]