A PROFILE OF THE SOUTH AFRICAN MUTTON MARKET VALUE CHAIN

2010

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1. DESCRIPTION OF THE INDUSTRY

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

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

The gross value of mutton production is dependent on the price and quantity of meat produced. Over the past ten years, the average gross production value amounted to R 2 685 million. The gross value of mutton production increased continuously from 2000 until 2009. Declining sheep numbers and rapid and a rapid population growth in South Africa have led to an increase in demand and subsequent shortages in the supply of mutton. The declining of sheep numbers is mainly through the predation and stock theft. Figure 1 below show the gross value of mutton production from 2000 to 2009.

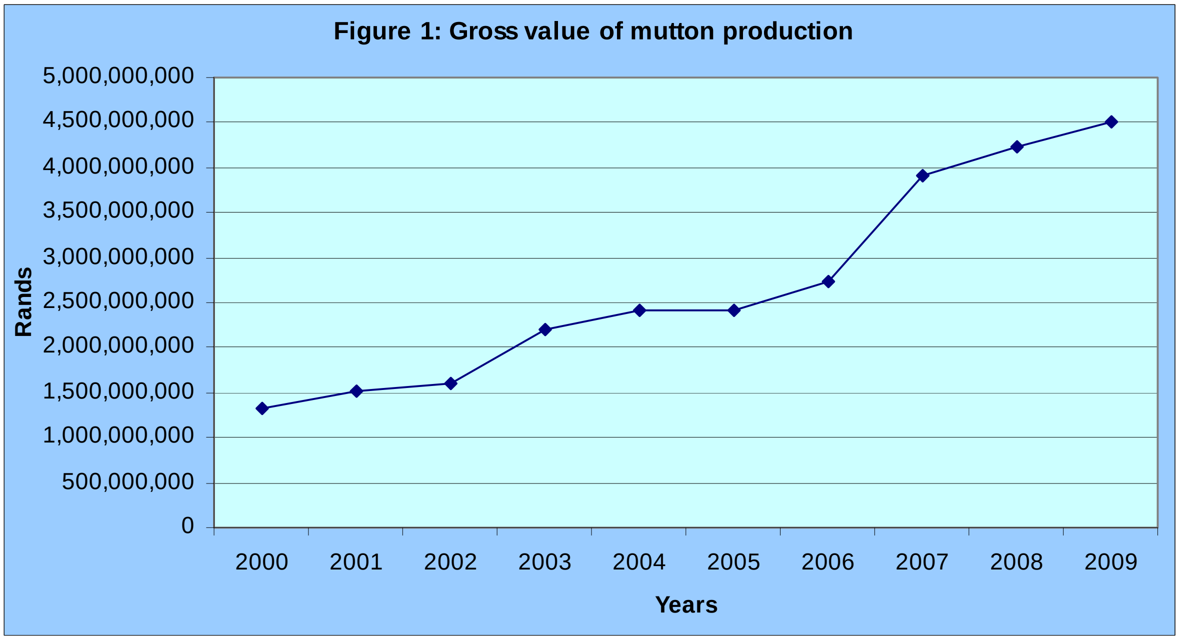


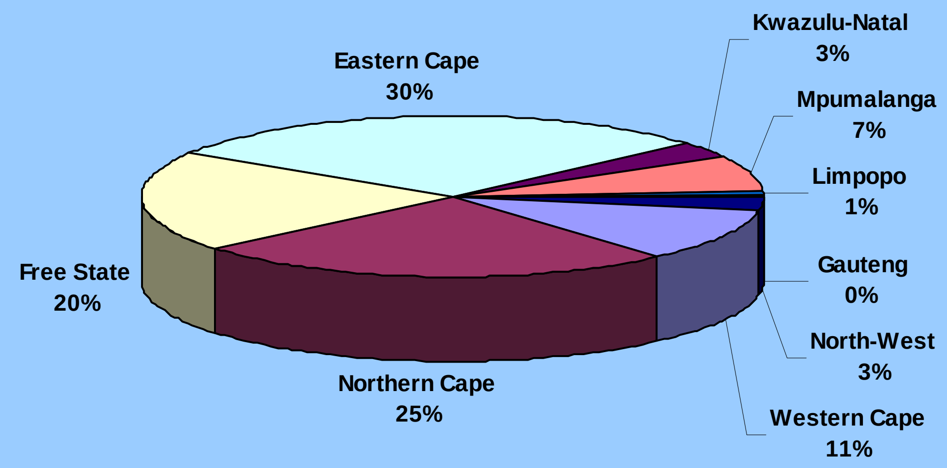
Figure 1: Gross value of mutton production

Source: Agricultural Statistics.

1.1. Production Areas

Sheep numbers in South Africa is estimated at 28.8 million distributed in all nine provinces. Approximately 86% of the sheep are in Eastern Cape, Northern Cape, Free State and the Western Cape. The other five Provinces share the 14% of the country's sheep numbers. Percentage distribution is illustrated in Figure 2.

Figure 2: Percentage distribution of live sheep in South Africa

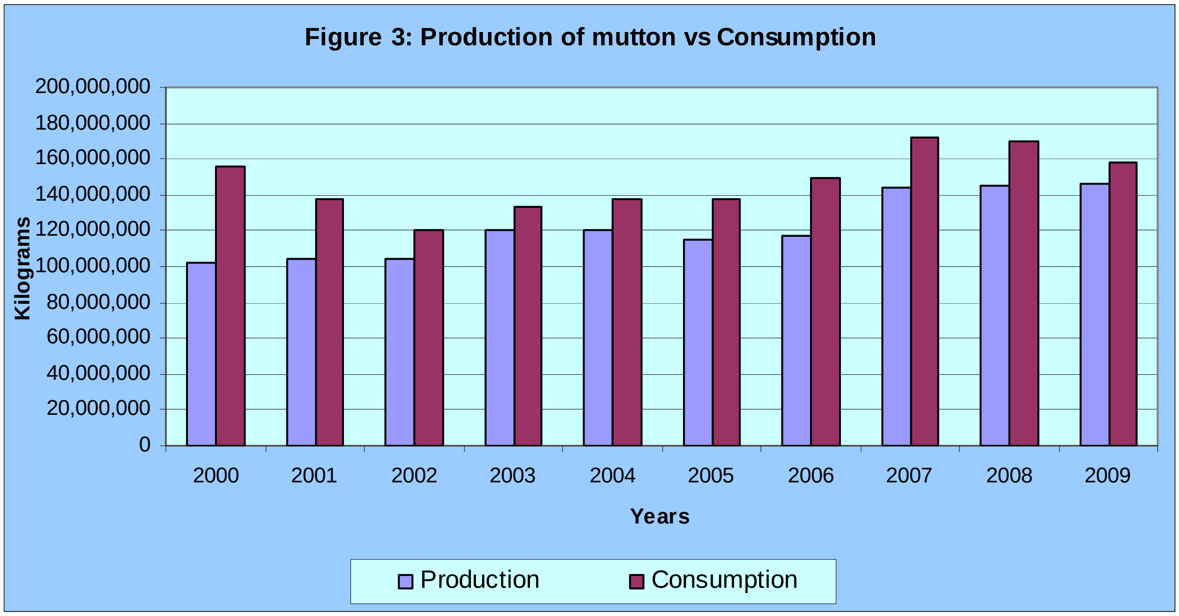


Source: Agricultural Statistics.

The largest number of sheep is found in the Eastern Cape with 30% of the national herd. The Northern Cape has 25%, Free State 20% and the Western Cape 11%. The sheep flock sizes vary between 125 and 1800 herd in commercial farming.

1.2. Production trends

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



Source: Agricultural Statistics.

Figure 3 above shows that the amount of mutton consumed is more than what was domestically produced from 2000 to 2009. The amount of mutton consumed reached its peak of 170 million Kg during 2008 and production of mutton reached its peak of 146 million Kg in 2009 due to changing lifestyle of majority of consumers. There is an increase of 44 million Kg (43%) of mutton production in 2009 compare to 2000 and a slight increase of mutton consumption of 3 million Kg (3%) in 2009 compare to beginning of the analysis in 2000.

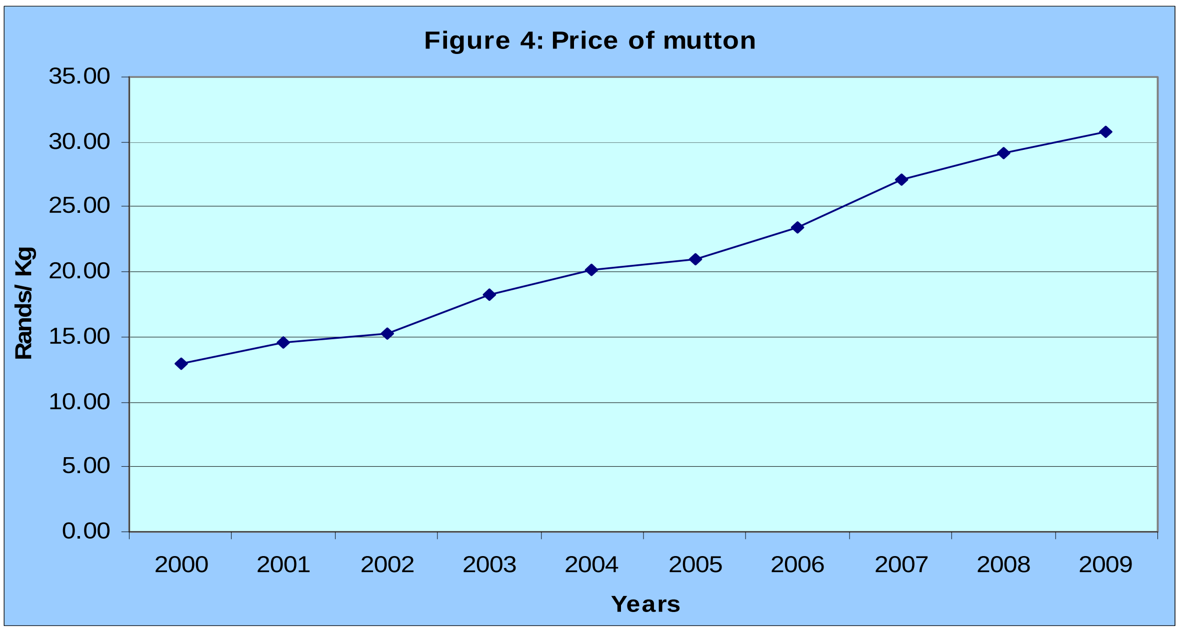
1.3. Employment

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

2. MARKET STRUCTURE

2.1. Domestic market and prices

The prices are determined by forces of demand and supply. Figure 4 below show the price of mutton from 2000 to 2009.



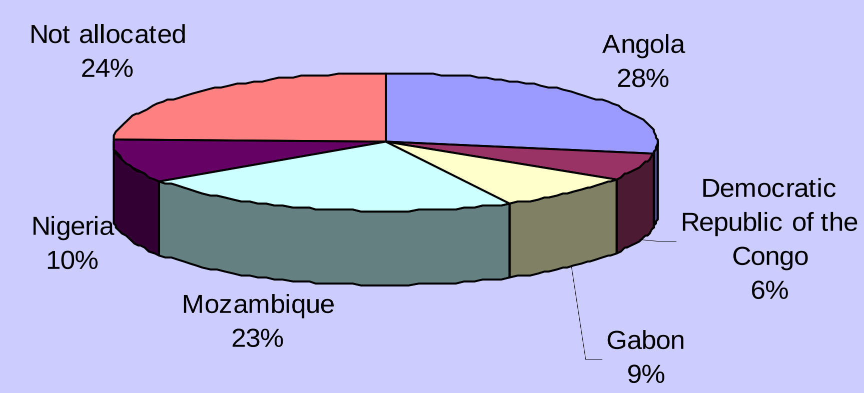
Source: Agricultural Statistics.

The price of mutton increased continuously from 2000 to 2009 mainly due to inflation factor and insufficient supply. In 2000 the price of mutton was R 13/Kg but in 2009 it was R 30.79/Kg, this means in a period of 10 years there was an increase of R 17.79/kg.

2.2. Exports of mutton

Mutton industry exports mainly to Angola, Mozambique, Nigeria, Gabon and Democratic Republic of Congo (DRC). Figure 5 below shows the export destination of South African sheep during 2000 to 2009.

Figure 5: Mutton exports destinations between 2000-2009

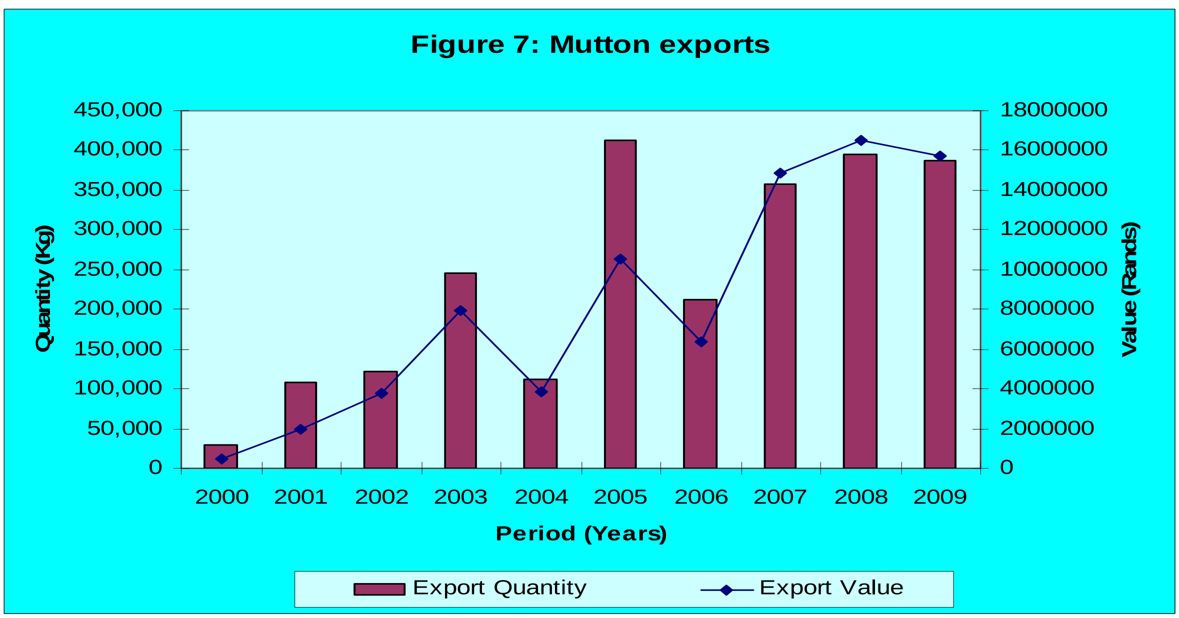


Source: Quantec EasyData.

Figure 5 above show that Angola commanded the largest market share for South African mutton during the period under analysis taking up to 28% followed by Mozambique (23%) and Nigeria (10%). Figure 6 below show the comparison between mutton imports and exports.

Source: Quantec EasyData.

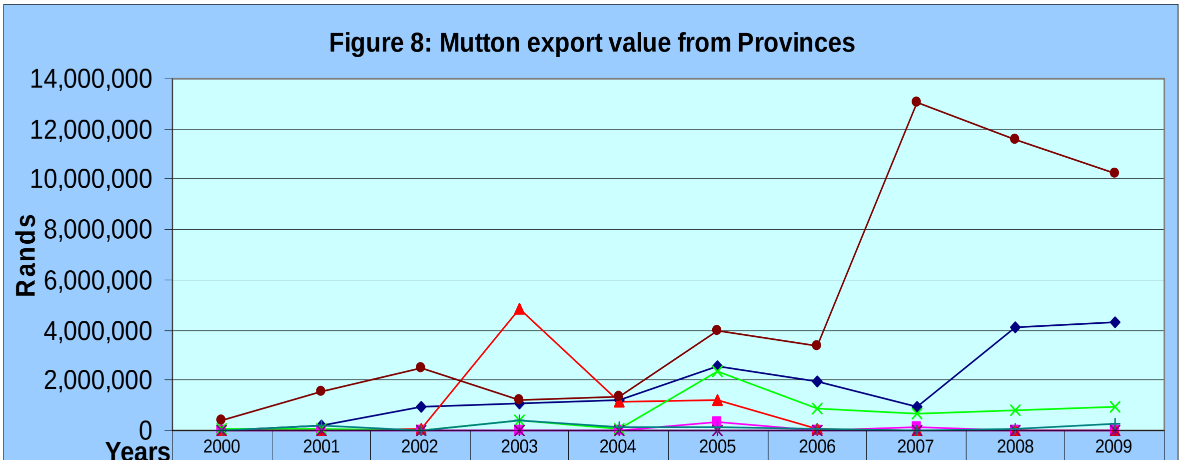
It is clearly indicated from figure 6 above that South Africa is the net importer of mutton because the amount of mutton imported is higher than the amount of mutton exported. This might be due to the low supply og mutton experienced in the country.



Source: Quantec EasyData.

Figure 7 shows an extreme level of fluctuations in both export value and quantity of mutton from 2000 to 2006. From 2007 to 2008 the trend was increasing in both quantity and value. It was less profitable to export mutton from 2000 to 2006 as more quantity was exported for less value earned, but the worse scenario was experienced in 2005.

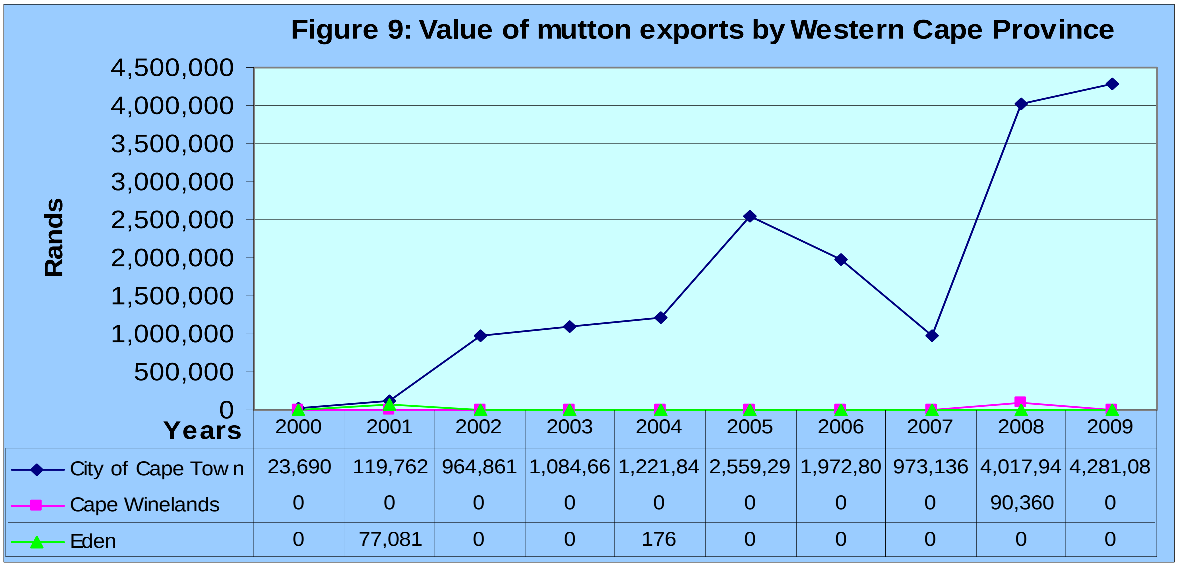
Figure 8 to 15 show the export of lamb and mutton by regions.



Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Western Cape	23,690	196,843	964,861	1,084,664	1,222,020	2,559,293	1,972,800	973,136	4,108,307	4,281,086
Eastern Cape	0	0	0	0	0	347,916	18,290	126,070	0	0
Northern Cape	0	0	40,652	4,812,893	1,138,401	1,214,684	69,174	0	0	116
Kw azulu-Natal	37,396	64,430	31,037	373,460	41,699	2,333,442	848,043	643,232	786,619	925,929
North West	0	0	0	0	0	0	0	0	0	5,546
Gauteng	410,080	1,523,953	2,498,999	1,222,153	1,330,440	3,942,967	3,345,180	13,085,824	11,560,984	10,233,111
Mpumalanga	25,757	215,931	0	406,721	146,491	134,117	76,586	0	54,509	236,691

Source: Quantec EasyData.

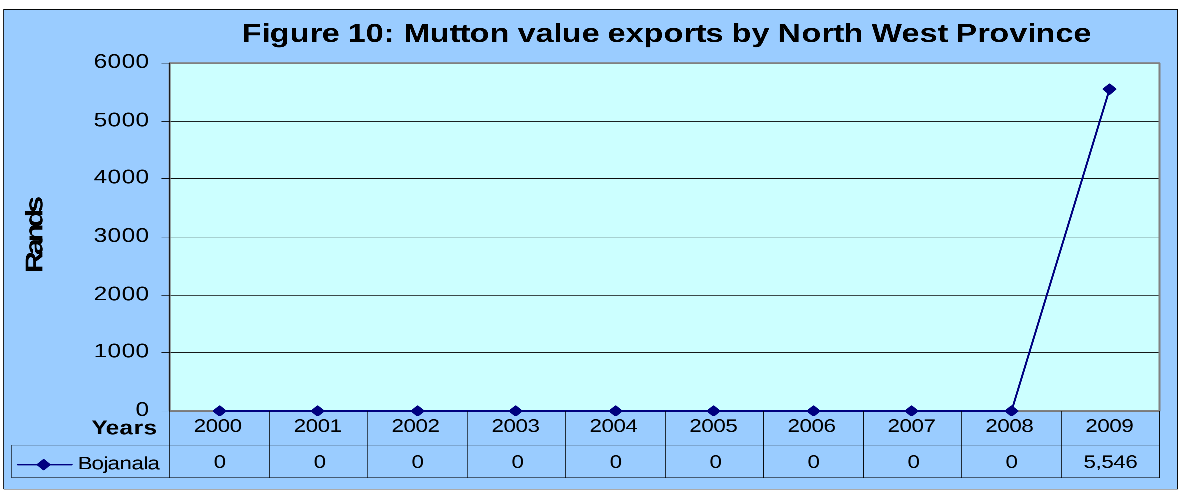
Figure 8 showed that Gauteng Province recorded high values from the period 2000 to 2002 and then again from 2005 to 2009 with a very high increase in 2007. Northern Cape commanded the highest share in 2003 only while Western Cape Province recorded the second highest values from 2005 to 2009. Mutton exports were also recorded from KwaZulu–Natal, Mpumalanga, North West and Eastern Cape Provinces.



Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City of Cape Tow n	23,690	119,762	964,861	1,084,66	1,221,84	2,559,29	1,972,80	973,136	4,017,94	4,281,08
Cape Winelands	0	0	0	0	0	0	0	0	90,360	0
Eden	0	77,081	0	0	176	0	0	0	0	0

Source: Quantec EasyData.

From the Western Cape Province, City of Cape Town metropolitan municipality recorded high values from the year 2000 to 2009 and some intermittent values were recorded from Cape Wineland and Eden district municipalities. This may be due to the fact that the City of Cape Town is the major exit point for the province.

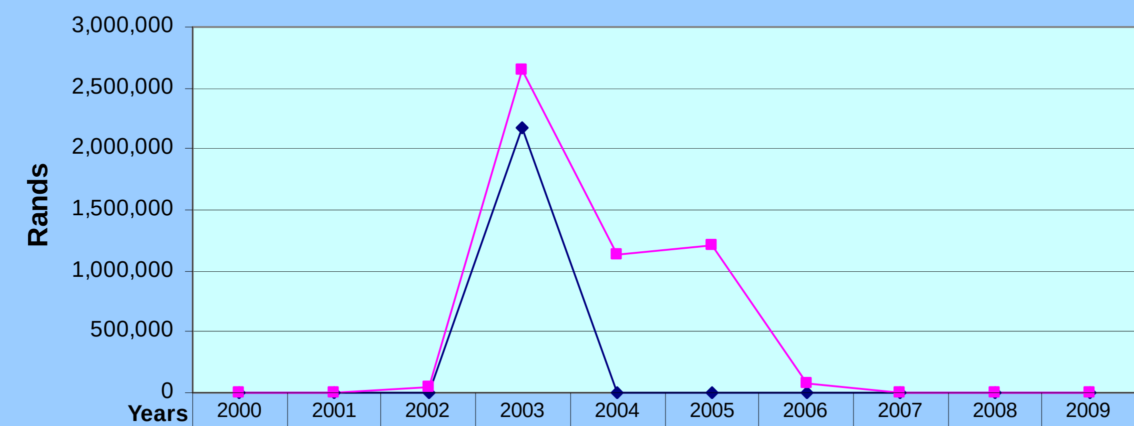


Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bojanala	0	0	0	0	0	0	0	0	0	5,546

Source: Quantec EasyData.

From North West Province, Bojanala district municipality recorded export values of mutton during 2008 only.

Figure 11: Mutton exports value by Northern Cape Province

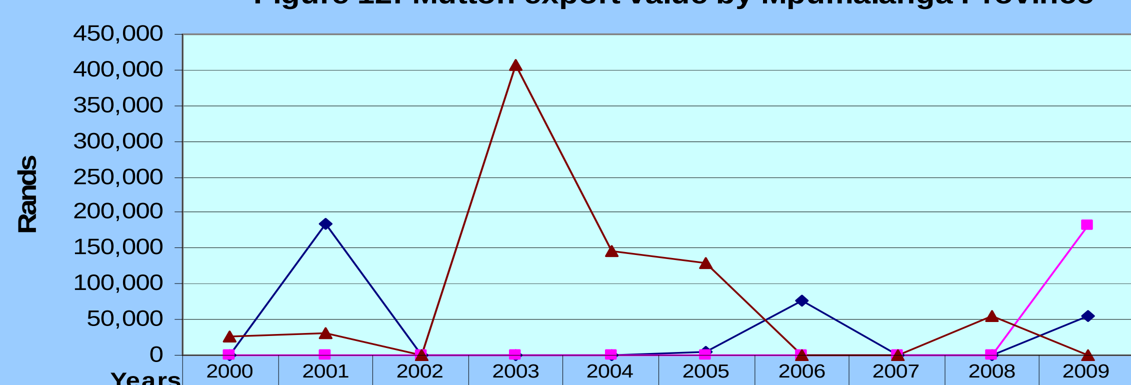


Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Pixley ka Seme	0	0	308	2,168,718	0	0	0	0	0	0
Siyanda	0	0	40,344	2,644,175	1,138,401	1,214,684	69,174	0	0	116

Source: QuantecEasyData.

In the Northern Cape Province, Siyanda district municipality recorded export values from 2002 until 2006 and reached the peak in 2003 followed by a continuous decline until 2006. Pixley Ka Seme district municipality recorded export values of mutton from 2002 to 2003 with a high value in 2003.

Figure 12: Mutton export value by Mpumalanga Province

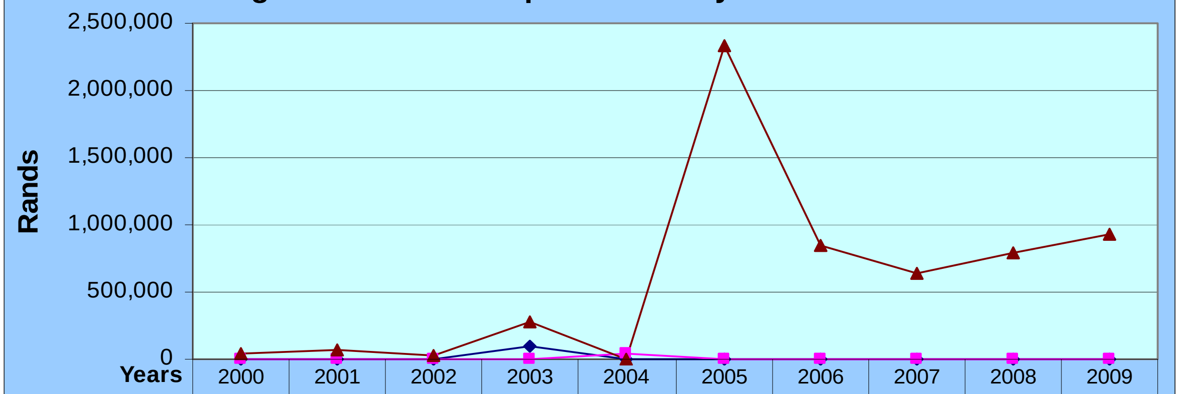


Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gert Sibande	0	184,064	0	0	0	5,500	76,586	0	0	54,077
Nkangala	0	0	0	0	0	0	0	0	0	182,614
Ehlanzeni	25,757	31,867	0	406,721	146,491	128,617	0	0	54,509	0

Source: QuantecEasyData.

From Mpumalanga Province, the value of mutton exports was mainly through Ehlanzeni district municipality which recorded the highest value in 2003. Irregular exports were recorded from Gert Sibande and Nkangala district municipalities.

Figure 13: Mutton exports value by KwaZulu-Natal Province

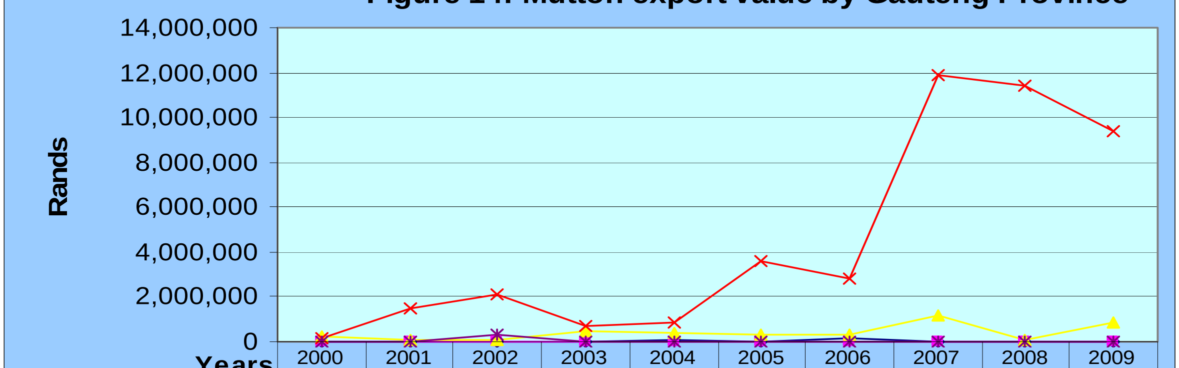


Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Ugu	0	0	0	97,911	100	0	0	0	0	0
Uthungulu	0	0	0	0	41,599	5,781	0	0	0	0
eThekw ini	37,396	64,430	31,037	275,549	0	2,327,661	848,043	643,232	786,619	925,929

Source: Quantec EasyData.

In KwaZulu–Natal Province, eThekwini municipality recorded high values from 2000 to 2003, diminished in 2004 before a sharp increase in 2005 and thereafter declined dramatically in 2006 followed by minimal increase in 2008 and 2009. Mutton exports were also recorded in Ugu and Uthungulu district municipalities.

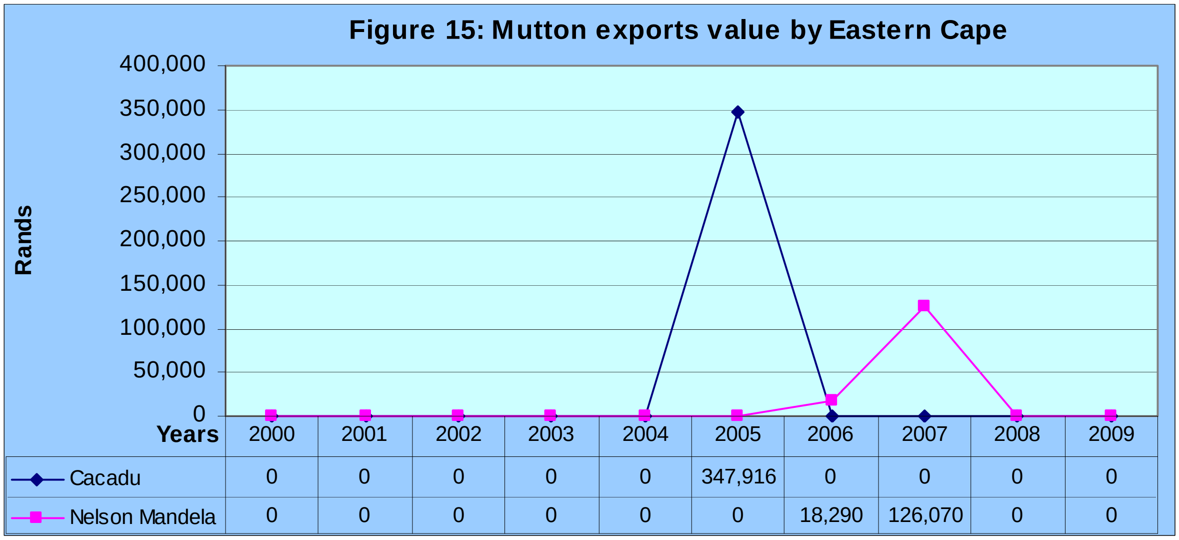
Figure 14: Mutton export value by Gauteng Province



Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sedibeng	0	0	0	0	80,441	0	177,450	0	0	0
West Rand	0	1,227	0	0	947	32,165	0	0	0	0
Ekurhuleni	229,257	39,601	57,363	488,441	419,664	301,588	348,055	1,189,04	113,799	822,299
City of Johannesburg	180,823	1,483,12	2,144,41	733,712	828,093	3,609,21	2,816,05	11,882,6	11,447,1	9,400,70
City of Tshw ane	0	0	297,226	0	1,296	0	3,620	14,114	0	10,104

Source: Quantec EasyData.

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



Source: Quantec EasyData.

From the Eastern Cape Province, Intermittent reports of mutton exports were recorded from Cacadu district and Nelson Mandela metropolitan municipalities.

2.3. Share analysis

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

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

Years Province	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Western Cape	4.77	9.84	27.29	13.73	31.50	24.30	31.17	6.56	24.88	27.30
Eastern Cape	0.00	0.00	0.00	0.00	0.00	3.30	0.29	0.85	0.00	0.00
Northern Cape	0.00	0.00	1.15	60.92	29.35	11.53	1.09	0.00	0.00	0.00
Kwazulu-Natal	7.53	3.22	0.88	4.73	1.07	22.15	13.40	4.34	4.76	5.90
North West	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04
Gauteng	82.52	76.15	70.68	15.47	34.30	37.44	52.85	88.25	70.02	65.25
Mpumalanga	5.18	10.79	0.00	5.15	3.78	1.27	1.21	0.00	0.33	1.51
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Quantec EasyData.

Table 1 showed that Gauteng Province commands the greatest share of South African mutton export, followed by Western Cape, KwaZulu Natal and Mpumalanga. This is due to the fact that Gauteng province is the major exit point to the SADC region. There are some irregular reports of mutton exports in Eastern Cape, Northern Cape, and North West Provinces.

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

DISTRICTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City of Cape Town	100	60.84	100	100	99.99	100	100	100	97.80	100
Cape Winelands	0	0	0	0	0	0	0	0	2.20	0
Eden	0	39.16	0	0	0.01	0	0	0	0	0
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Quantec EasyData.

The City of Cape Town has commanded the greatest share of mutton export in Western Cape Province from 2000 to 2009. Irregular exports were recorded from Cape Winelands and Eden district municipalities.

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

Years DISTRICTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cacadu	0	0	0	0	0	100	0	0	0	0
Nelson Mandela	0	0	0	0	0	0	100	100	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**100**	**100**	**100**	**0**	**0**

Source: Quantec EasyData.

The export shares of mutton were recorded in Cacadu district and Nelson Mandela metropolitan municipalities. Cacadu district municipality commanded the greatest share in 2005 while the latter commanded 100% share from 2006 to 2007 before they diminish in 2008 to 2009.

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

Years DISTRICTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Pixley ka Seme	0.00	0.00	0.76	45.06	0.00	0.00	0.00	0.00	0.00	0.00
Siyanda	0.00	0.00	99.24	54.94	100	100	100	0.00	0.00	100
TOTAL	**0**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**0**	**100**

Source: Quantec EasyData.

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

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

Years DISTRICTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Ugu	0	0	0	26.22	0.24	0	0	0	0	0
Uthungulu	0	0	0	0	99.76	0.25	0	0	0	0
eThekwini	100	100	100	73.78	0	99.75	100	100	100	100
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Quantec EasyData.

From Kwazulu–Natal Province, eThekwini municipality commanded the greatest share of mutton exports from the year 2000 to 2009 but diminished in 2005. Mutton shares were also recorded in Uthungulu district municipality from 2004 to 2005; and in Ugu district municipality from 2003 to 2004.

Table 6: Share of district mutton exports to the total Gauteng Provincial mutton exports (%).

Years DISTRICTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sedibeng	0	0	0	0	6.05	0	5.30	0	0	0
West Rand	0	0.08	0	0	0.07	0.82	0	0	0	0
Ekurhuleni	55.91	2.60	2.30	39.97	31.54	7.65	10.40	9.09	0.98	8.04
City of Johannesburg	44.09	97.32	85.81	60.03	62.24	91.54	84.18	90.81	99.02	91.87
City of Tshwane	0	0	11.89	0	0.10	0	0.11	0.11	0	0.10
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Quantec EasyData.

In Gauteng Province, the greatest share of mutton exports were recorded from the City of Johannesburg municipality from 2000 to 2009 followed by Ekurhuleni municipality. Fractional exports were recorded in Sedibeng, West Rand and City of Tshwane.

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

Years DISTRICTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gert Sibande	0	85.24	0	0	0	4.10	100	0	0	22.85
Nkangala	0	0	0	0	0	0	0	0	0	77.15
Ehlanzeni	100	14.76	0	100	100	95.90	0	0	100	0
TOTAL	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**0**	**100**	**100**

Source: Quantec EasyData.

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

Table 8: Share of district mutton exports to the total North West provincial mutton exports (%).

Years DISTRICTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bojanala	0	0	0	0	0	0	0	0	0	**100**

Source: Quantec EasyData

Bojanala is the only district municipality in the North West Province which exported mutton in 2009.

2.4. Imports of mutton

Figure 16 below show the countries of origin of mutton from the world over past ten years.

Source: Quantec Easydata.

Figure 16 clearly indicate that the majority of mutton imported to South Africa is from Oceania. Australia commanded a South African market share of 79% while New Zealand commanded 21%.

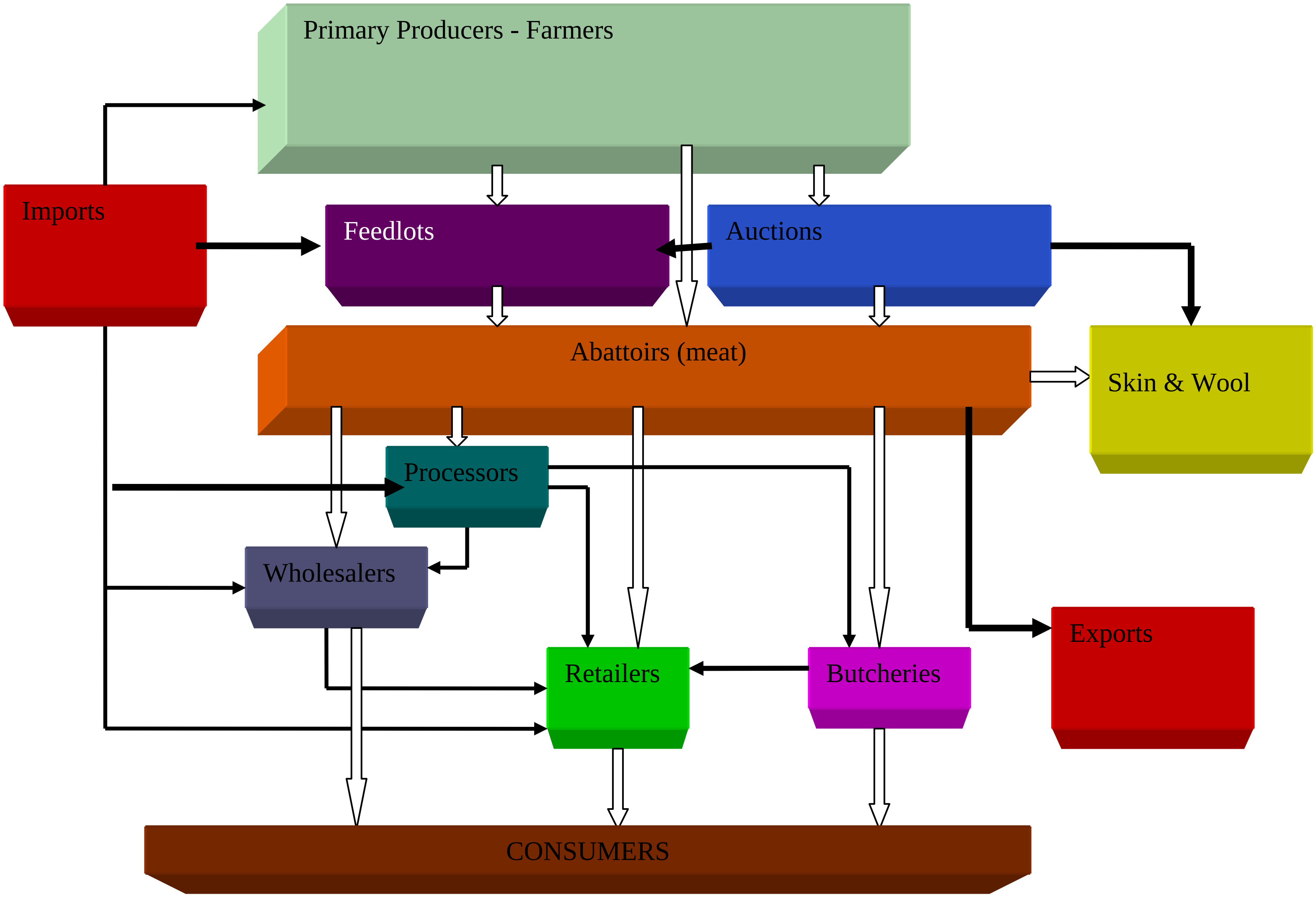
3. MARKETING CHANNEL

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

Meat from abattoir is distributed through wholesalers, retailers and butcheries. Some is exported or processed.

Import of meat is done by retailers and wholesalers and processors while exports are mainly by abattoirs. The final stages of the marketing channel end with the consumer.

Figure 17: Sheep Supply Chain



4. ORGANIZATIONAL ISSUES

4.1 EMPOWERMENT PLANS.

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

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

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

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

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

4.2. Opportunities

- Important supplier of quality protein for human health. The A4 lamb carcass according to research is low in fat content and complies with the standards of the Heart Foundation.

- Industry has tremendous growth potential in the informal sector which could assist in addressing the shortage of mutton

- Niche markets and exports – Through the use of the South African EU-accredited abattoirs mutton/lamb can be exported to niche markets.

4.3. Challenges

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

5. MARKET INTELLIGENCE

5.1. Export Tariffs

Tariffs that different importing countries applied to mutton and lamb originating from South Africa in 2009 are shown in table 8.

Table 9: Export tariffs for mutton

No.	Country	Product description	Trade Regime Description	2009	
				Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
1	Democratic Republic of the Congo	02041000 (fresh or chilled lamb carcasses and half carcasses) 02042100 (fresh or chilled lamb carcasses and half carcasses)	MFN duties MFN duties	10.00% 10.00%	10.00% 10.00%
2	France	02041000 (fresh or chilled lamb carcasses and half carcasses) 02042100 (fresh or chilled lamb carcasses and half carcasses)	Preferential tariff for South Africa Preferential tariff for South Africa	0.00% 0.00%	0.00% 0.00%
3	Gabon	02041000 (fresh or chilled lamb carcasses and half carcasses) 02042100 (fresh or chilled lamb carcasses and half carcasses)	MFN duties MFN duties	20.00% 20.00%	20.00% 20.00%
4	Italy	02041000 (fresh or chilled lamb carcasses and half carcasses) 02042100 (fresh or chilled lamb carcasses and half carcasses)	Preferential tariff for South Africa Preferential tariff for South Africa	0.00% 0.00%	0.00% 0.00%
5	Jordan	02041000 (fresh or chilled lamb carcasses and half carcasses)	MFN duties	5.00%	5.00%

No.	Country	Product description	Trade Regime Description	2009	
				Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
		02042100 (fresh or chilled lamb carcasses and half carcasses)	MFN duties	5.00%	5.00%

Source: Market Access Map.

Table 9 indicates that in 200 Gabon charged high MFN duties of 20% followed by Democratic Republic of Congo with 10% and Jordan with 5%. Although South Africa is not exporting mutton to European Union (EU) countries, EU has a preferential tariff of 0% for SA.

5.2. Import Tariffs

Tariffs that South Africa applied to imports of mutton originating from all possible countries in 2008 are shown in table 9.

Table 10: Import tariffs for mutton

No	Country	Product code	Trade Regime Description	2009	
				Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
1	Australia	02042100 (fresh or chilled lamb carcasses and half-carcasses)	MFN duties	40.00% or 262.02 $/Ton whichever is the greater	40.00%
		02042100 (fresh or chilled sheep carcasses and half-carcasses)		40.00% or 262.02 $/Ton whichever is the greater	40.00%
2	Ireland	02042100 (fresh or chilled lamb carcasses and half-carcasses)	MFN duties	40.00% or 262.02 $/Ton whichever is the greater	40.00%
		02042100 (fresh or chilled sheep carcasses and half-carcasses)		40.00% or 262.02 $/Ton whichever is the greater	40.00%
3	New Zealand	02042100 (fresh or chilled lamb carcasses and half-carcasses)	MFN duties	40.00% or 262.02 $/Ton whichever is the greater	40.00%
		02042100 (fresh or chilled sheep carcasses and half-carcasses)		40.00% or 262.02 $/Ton whichever is the greater	40.00%
4	United	02042100 (fresh or chilled lamb carcasses	MFN duties	40.00% or 262.02 $/Ton whichever is	40.00%

No	Country	Product code	Trade Regime Description	2009	
				Applied Tariffs	Total Ad Valorem Equivalent Tariffs.
	Kingdom	and half-carcasses) 02042100 (fresh or chilled sheep carcasses and half-carcasses)		the greater 40.00% or 262.02 $/Ton whichever is the greater	40.00%

Source: Market Access Map.

Table 10 indicates that tariffs applied by South Africa on imported mutton in 2009 changed at 40% or $ 262.02/ ton whichever is greater and the ad valorem tariff at 40%.

6. COMPETITIVENESS OF THE SHEEP INDUSTRY

6.1. Competitiveness of sheep industry in exports

Table 11: List of importing markets for the lamb carcasses and half carcasses, fresh or chilled exported by South Africa in 2009

South Africa's exports represent **0.04%** of world exports for lamb; its ranking in world export is **24**.

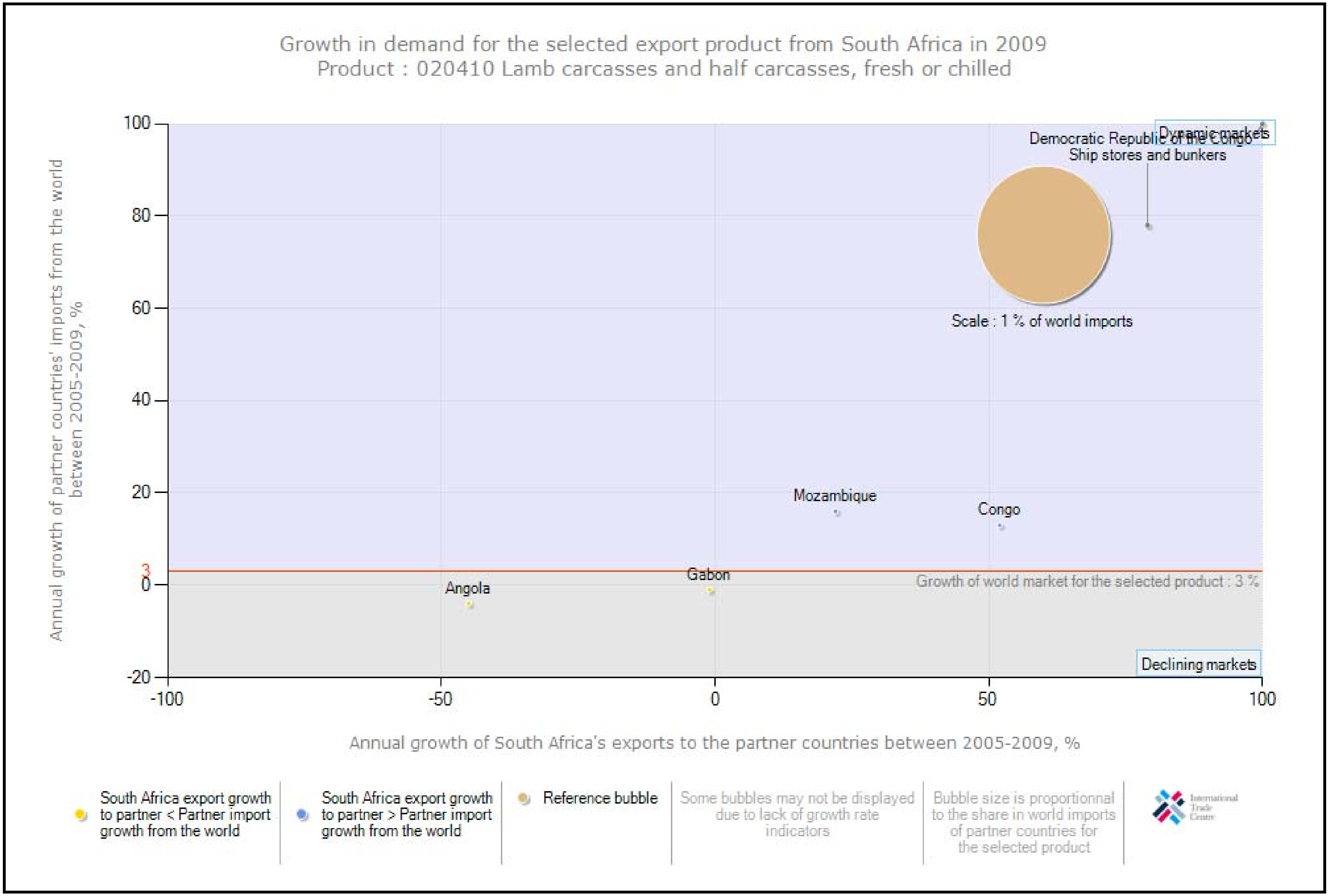
Importers	Trade Indicators											
	Exported value 2009, USD thousand	Trade balance 2009 in USD thousand	Share in South Africa's exports, %	Exported quantity 2009	Quantity unit	Unit value, (USD/unit)	Exported growth in value between 2005-2009, %, p.a.	Exported growth in quantity between 2005-2009, %, p.a.	Exported growth in value between 2008-2009, %, p.a.	Ranking of partner countries in world imports	Share of partner countries in world imports, %	Total import growth in value of partner countries between 2005-2009, %, p.a.	Tariff (estimated) faced by South Africa
'World	261	261	100	46	Tons	5674	23	11	-26		100	3	
'Ship stores and bunkers	121	121	46.4	18	Tons	6722	79	71	21	38	0	78	
'Democratic Republic of the Congo	55	55	21.1	9	Tons	6111	123		1275	45	0	201	'10
'Gabon	55	55	21.1	10	Tons	5500	-1	-5	-49	47	0	-1	'20
'Mozambique	18	18	6.9	6	Tons	3000	22	6	20	68	0	16	'15
'Congo	8	8	3.1	1	Tons	8000	52			65	0	13	'20
'Angola	4	4	1.5	1	Tons	4000	-45	-48	-56	46	0	-4	'10
'Zimbabwe	1	1	0.4	0	Tons								'40
'Belgium										3	6.2	5	'9
'France										1	58.8	4	'9
'Germany										6	2.9	7	'9
'Greece										5	3.4	-13	'9

Importers	Trade Indicators												Tariff (estimated) faced by South Africa
	Exported value 2009, USD thousand	Trade balance 2009 in USD thousand	Share in South Africa's exports, %	Exported quantity 2009	Quantity unit	Unit value, (USD/unit)	Exported growth in value between 2005-2009, %, p.a.	Exported growth in quantity between 2005-2009, %, p.a.	Exported growth in value between 2008-2009, %, p.a.	Ranking of partner countries in world imports	Share of partner countries in world imports, %	Total import growth in value of partner countries between 2005-2009, %, p.a.	
'Italy										2	12.1	4	'9
'Saudi Arabia										4	5.6	-1	'0

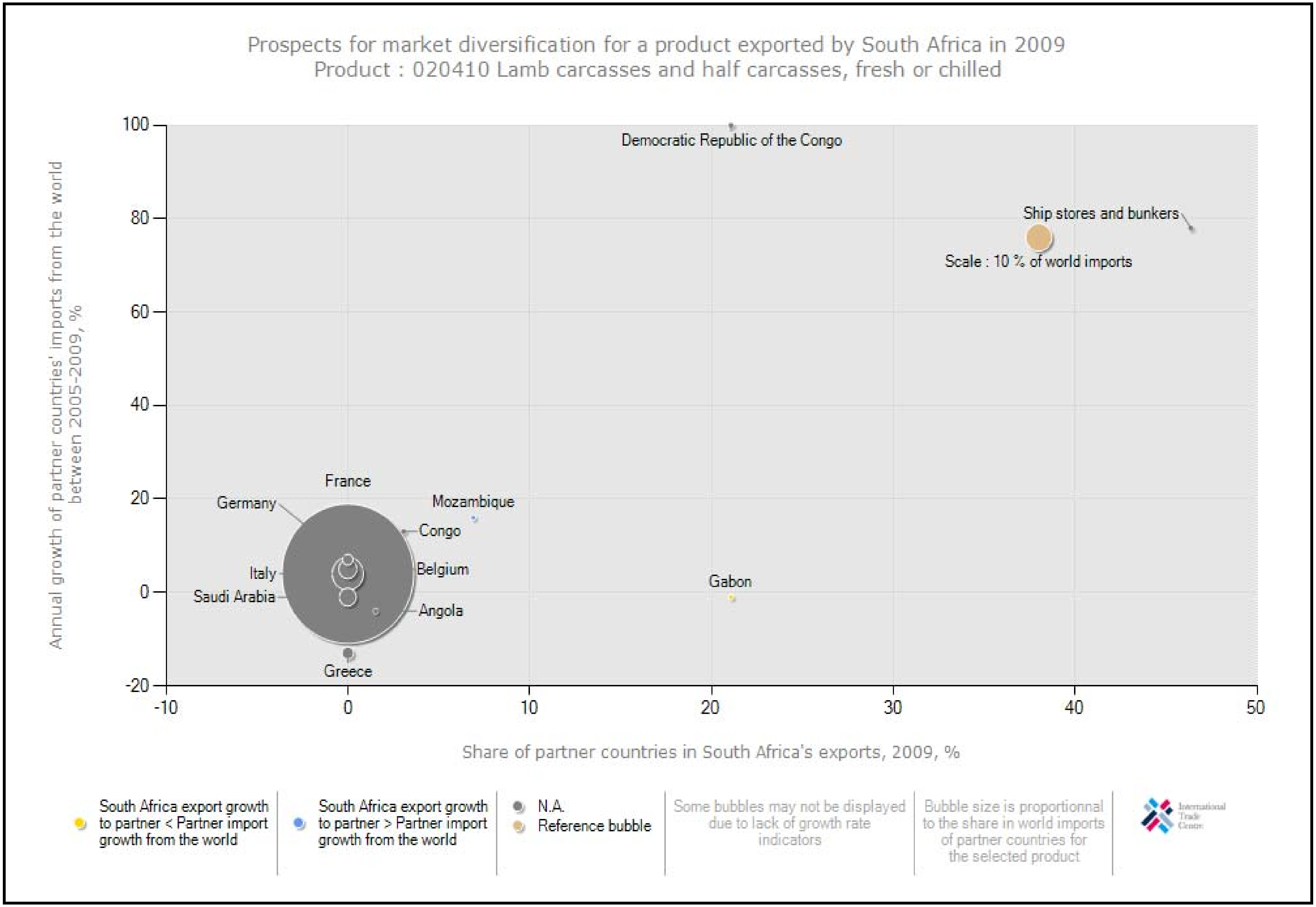
Source: ITC calculations based on COMTRADE statistics.

Table 11 shows that during 2009 South Africa exported a total of 46 tons of lamb carcasses and half carcasses at an average value of US$ 5 674/unit. South Africa exported greater quantities of lamb to Ship stores and bunkers, Gabon and Democratic Republic of Congo (DRC). The greatest share of South African mutton exports were destined to Ship stores and bunkers which commanded 46.4% share during the year 2009 followed by Gabon and Democratic Republic of Congo with 21.1%.

South Africa's mutton exports increased by 23% in value and 11% in quantity between the periods 2005 and 2009 but decreased by 26% in value during the periods 2008 and 2009. Exports of mutton to Ship stores and bunkers increased by 79% in value and 71% in quantity during the periods 2005 to 2009; while exports to DRC increased by 123% in value during the same periods. Although Gabon was the second highest commander of mutton exports from South Africa its growth rate decreased by 1% in value and by 5% in quantity during the periods 2005 to 2009.


Growth in demand for the selected export product from South Africa in 2009
Product : 020410 Lamb carcasses and half carcasses, fresh or chilled
Annual growth of partner countries' imports from the world between 2005-2009, %
Annual growth of South Africa's exports to the partner countries between 2005-2009, %
100
80
60
40
20
3
0
-20
-100
-50
0
50
100
Dynamic markets
Democratic Republic of the Congo
Ship stores and bunkers
Scale : 1 % of world imports
Mozambique
Congo
Gabon
Angola
Growth of world market for the selected product : 3 %
Declining markets
South Africa export growth to partner < Partner import growth from the world
South Africa export growth to partner > Partner import growth from the world
Reference bubble
Some bubbles may not be displayed due to lack of growth rate indicators
Bubble size is proportionnal to the share in world imports of partner countries for the selected product
International Trade Centre

The chart illustrates that between 2005 and 2009 South Africa’s lamb exported to Mozambique and Congo were growing at a rate that is greater than their import growth from the rest of the world. During the same period, South Africa’s mutton exports to Gabon and Angola were growing at a rate that is less than their imports from the rest of the world.



Prospects for market diversification for a product exported by South Africa in 2009
Product : 020410 Lamb carcasses and half carcasses, fresh or chilled
Annual growth of partner countries' imports from the world between 2005-2009, %
Share of partner countries in South Africa's exports, 2009, %
Democratic Republic of the Congo
Ship stores and bunkers
Scale : 10 % of world imports
France
Germany
Mozambique
Congo
Belgium
Italy
Saudi Arabia
Angola
Greece
Gabon
South Africa export growth to partner < Partner import growth from the world
South Africa export growth to partner > Partner import growth from the world
N.A.
Reference bubble
Some bubbles may not be displayed due to lack of growth rate indicators
Bubble size is proportionnal to the share in world imports of partner countries for the selected product

During 2009, South Africa has exported lamb carcasses to Mozambique at a rate higher than what they imported from the rest of the world and exported to Gabon, Democratic Republic of Congo (DRC) and Angola at a rate lower than what they imported from the world. This means that South Africa is gaining the market share in Mozambique but losing the market share in Gabon, DRC and Angola. If South Africa wishes to diversify the imports of lamb, France is the possible market because it is the largest market and their annual imports are growing by 4 %. Other possible markets are Germany, Belgium and Italy, although they have low world share market of 2.9% and 6.2% respectively, their annual growth ranges from 5 % to 7% which is higher than the world's biggest market.

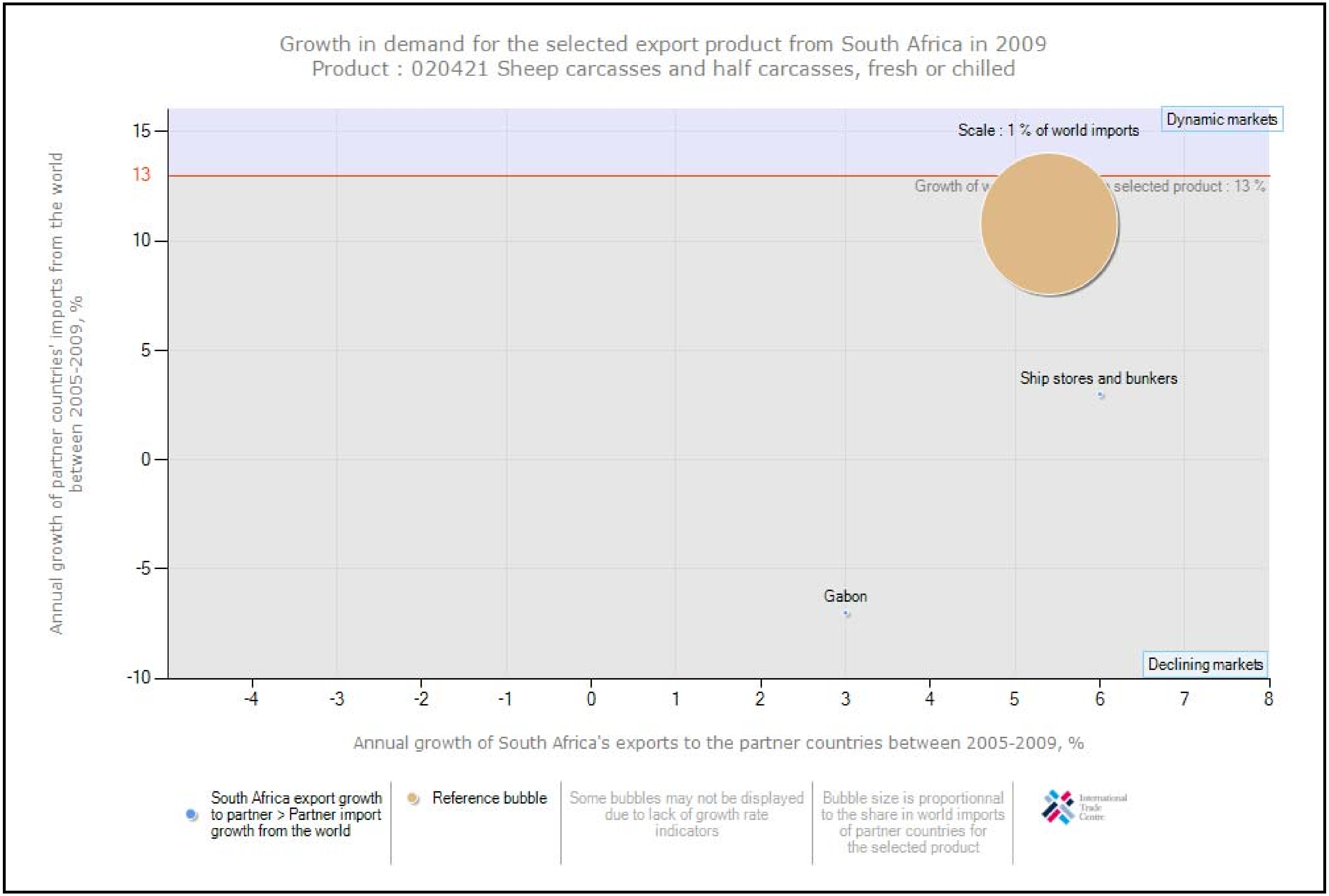
Table 12: List of importing markets for the mutton exported by South Africa in 2009
South Africa's exports represent **0.02%** of world exports for sheep carcasses and half carcasses fresh or chilled; its ranking in world export is **25**.

Importers	Trade Indicators												Tariff (estimated) faced by South Africa
	Exported value 2009, USD thousand	Trade balance 2009 in USD thousand	Share in South Africa's exports, %	Exported quantity 2009	Quantity unit	Unit value, (USD/unit)	Exported growth in value between 2005-2009, %, p.a.	Exported growth in quantity between 2005-2009, %, p.a.	Exported growth in value between 2008-2009, %, p.a.	Ranking of partner countries in world imports	Share of partner countries in world imports, %	Total import growth in value of partner countries between 2005-2009, %, p.a.	
'World	37	37	100	7	Tons	5286	9	5	19		100	5	
'Gabon	19	19	51.4	3	Tons	6333	3	0		36	0	-7	'20
'Ship stores and bunkers	13	13	35.1	3	Tons	4333	6	8	-46	37	0	3	
'Democratic Republic of the Congo	4	4	10.8	0	Tons				33	43	0		'10
'Fiji										10	2.1	5	'15
'France										2	14.1	-9	'11.5
'Italy										3	13.1	-2	'11.5
'Jordan										1	23.8	29	'5
'Kuwait										8	4.4	30	'0
'Portugal										7	6.1	8	'11.5
'Qatar										9	4.4	28	'0
'Saudi Arabia										4	8.5	-13	'0
'Spain										6	6.8	115	'11.5
'United Kingdom										5	7.8	19	'11.5

Source: ITC calculations based on COMTRADE statistics.

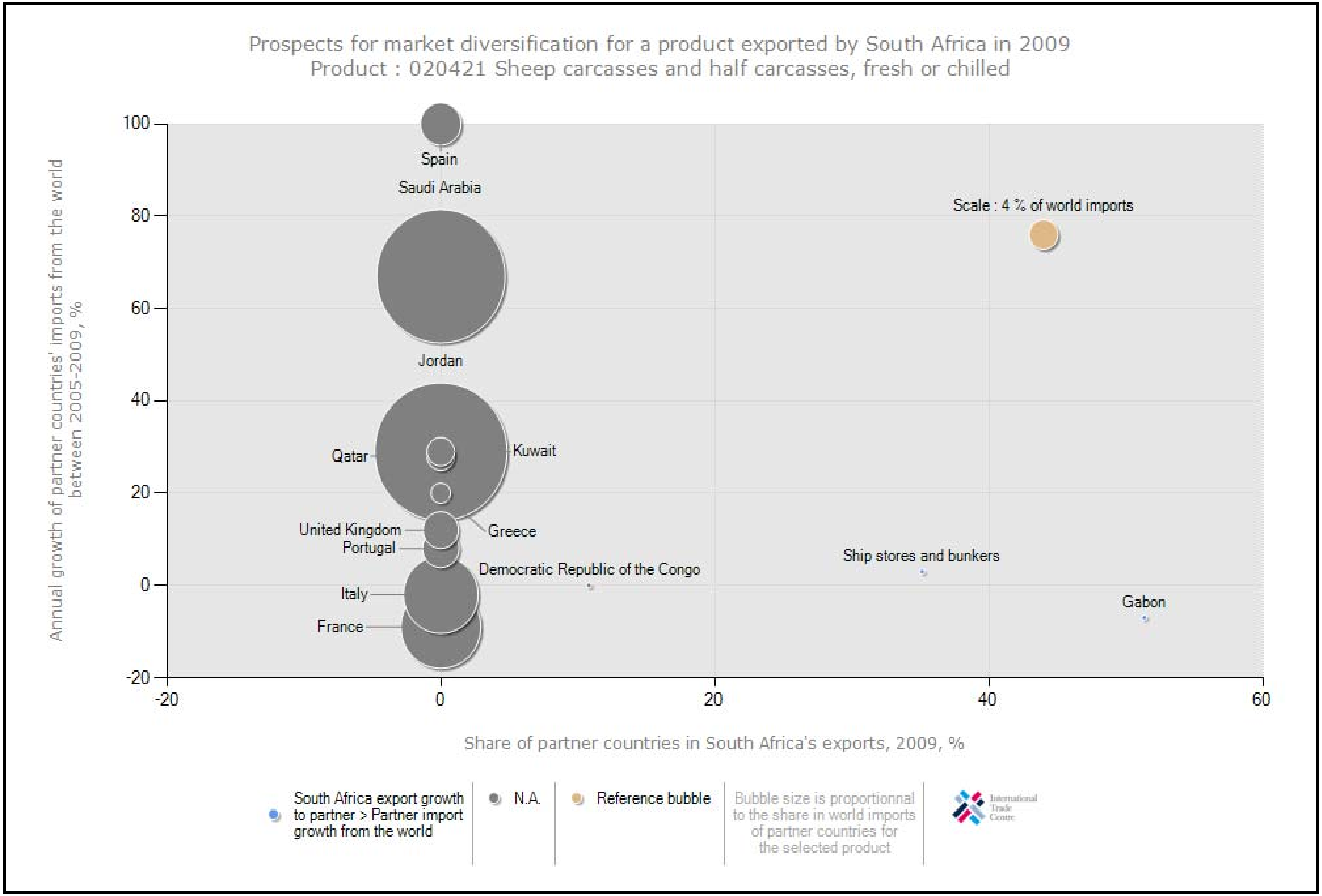
Table 12 shows that during 2009 South Africa exported a total of 7 tons of sheep carcasses and half carcasses at an average value of US$ 5 286/unit. South Africa exported greater quantities of 3 tons each of mutton to Gabon and Ship stores and bunkers. South Africa's mutton exports increased by 9% in value and 5% in quantity between the periods 2005 and 2009. During the same periods, exports of mutton to Gabon did not increase (0%) and Ship stores and bunkers increased by 8% in value.

Between the periods 2008 and 2009, South Africa's exports of mutton increased by 19% in value. During the same period, exports of mutton to Ship stores and bunkers decreased by 46% and there were no records for Gabon.


Growth in demand for the selected export product from South Africa in 2009
Product : 020421 Sheep carcasses and half carcasses, fresh or chilled
Dynamic markets
Scale : 1 % of world imports
Ship stores and bunkers
Gabon
Declining markets
Annual growth of partner countries' imports from the world between 2005-2009, %
Annual growth of South Africa's exports to the partner countries between 2005-2009, %
South Africa export growth to partner > Partner import growth from the world
Reference bubble
Some bubbles may not be displayed due to lack of growth rate indicators
Bubble size is proportionnal to the share in world imports of partner countries for the selected product

The chart illustrates that between 2005 and 2009 South Africa's sheep carcasses and half carcasses, fresh or chilled exported to Gabon were greater than its import growth from the rest of the world. South Africa's annual growth to Gabon is 3% during the periods 2005 and 2009.

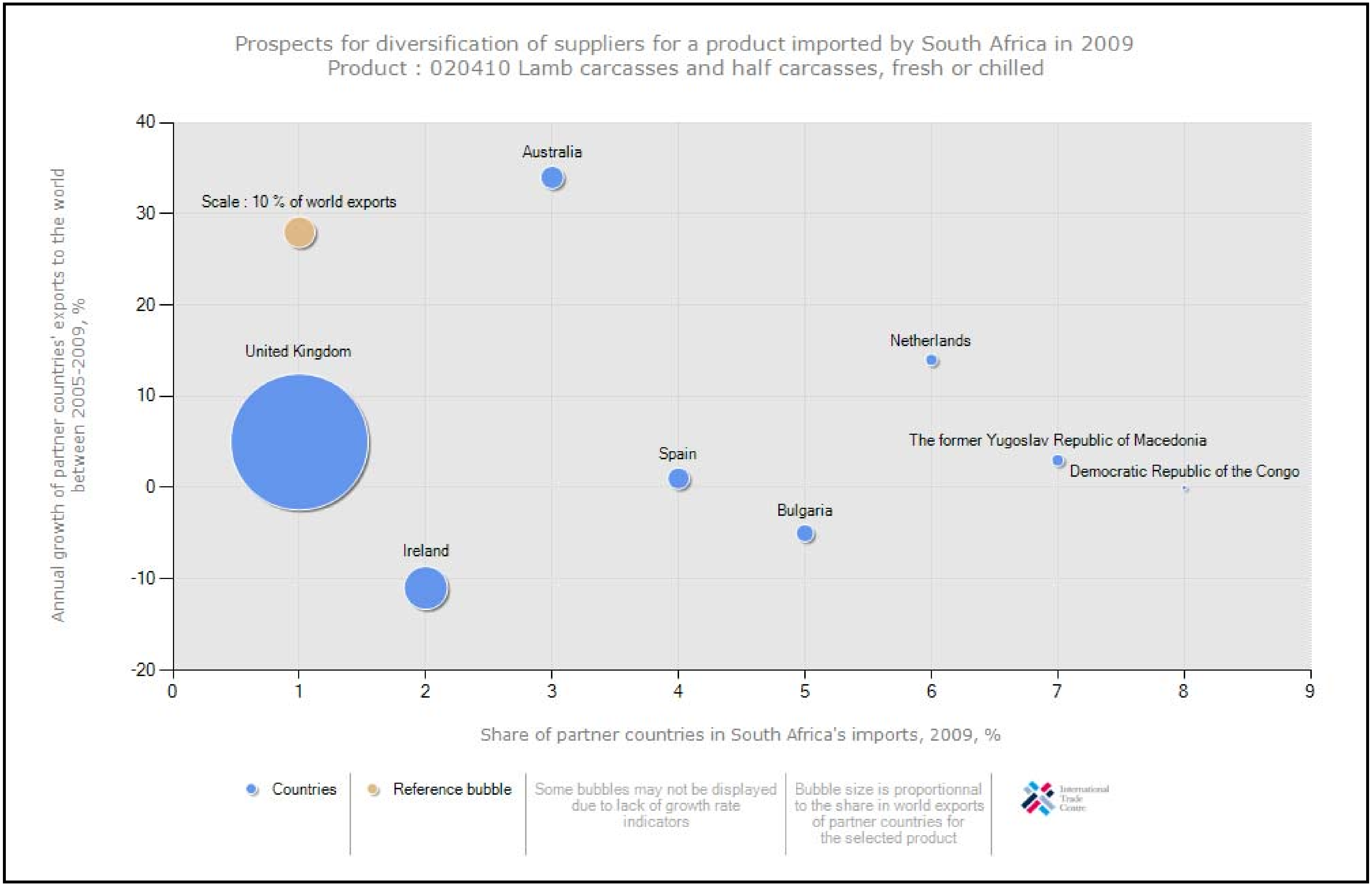
During the same period South Africa's sheep carcasses and half carcasses, fresh or chilled imported from Australia and New Zealand were growing at a rate that is greater than their exports to the rest of the world. It will also be noticed that South Africa's fresh, chilled or frozen mutton imports from Australia and New Zealand were growing while exports from these countries to the rest of the world were declining.


Prospects for market diversification for a product exported by South Africa in 2009
Product : 020421 Sheep carcasses and half carcasses, fresh or chilled
Annual growth of partner countries' imports from the world between 2005-2009, %
Share of partner countries in South Africa's exports, 2009, %
100
80
60
40
20
0
-20
-20
0
20
40
60
Spain
Saudi Arabia
Jordan
Qatar
Kuwait
United Kingdom
Greece
Portugal
Democratic Republic of the Congo
Italy
France
Ship stores and bunkers
Gabon
Scale : 4 % of world imports
South Africa export growth to partner > Partner import growth from the world
N.A.
Reference bubble
Bubble size is proportionnal to the share in world imports of partner countries for the selected product

During 2009, South Africa has exported mutton to Gabon and Ship stores and bunkers at a rate higher than what they imported from the rest of the world. DRC has a market share of 10.81% of South Africa's sheep carcasses and half carcasses, fresh or chilled, but its imports annual growth and its world share market is at 0%. If South Africa wishes to diversify the imports of sheep carcasses and half carcasses, Spain is the possible market due to its annual growth of 115% and has a world market share of 6.8%. Other possible markets are Jordan And Kuwait due to its import annual growth of 29% and 30% respectively and the world share of 12.8% for Jordan and 4.4% of Kuwait.

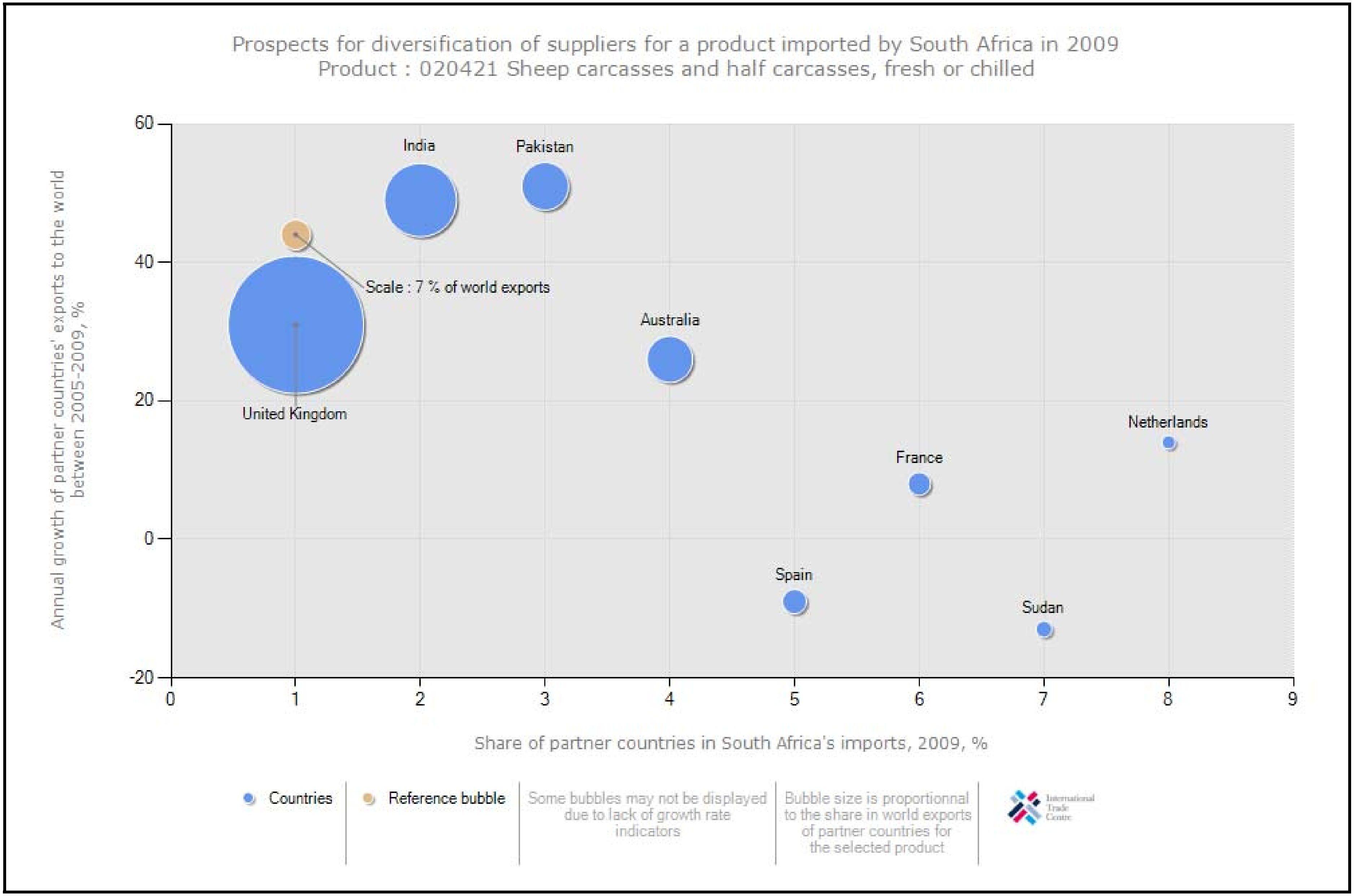
6.2. Competitiveness of sheep industry in imports

The top exporters of lamb carcasses and half carcasses, fresh or chilled are United Kingdom, Ireland, Australia, Spain, Bulgaria and Netherlands. There is no available data of the quantities and values of imports.



Prospects for diversification of suppliers for a product imported by South Africa in 2009
Product : 020410 Lamb carcasses and half carcasses, fresh or chilled
Annual growth of partner countries' exports to the world between 2005-2009, %
Share of partner countries in South Africa's imports, 2009, %
Scale : 10 % of world exports
Australia
United Kingdom
Ireland
Spain
Bulgaria
Netherlands
The former Yugoslav Republic of Macedonia
Democratic Republic of the Congo
40
30
20
10
0
-10
-20
0
1
2
3
4
5
6
7
8
9
Countries
Reference bubble
Some bubbles may not be displayed due to lack of growth rate indicators
Bubble size is proportionnal to the share in world exports of partner countries for the selected product

The chart above shows the prospects for diversification of suppliers for lamb carcasses and half carcasses (fresh or chilled) imports by South Africa in 2009. If South Africa is to diversify its lamb carcasses and half carcasses (fresh or chilled) imports, United Kingdom will be the possible market because it has a world market share of 50.6% and an annual growth of 5%. It represents the future supplier to South Africa. The other possible suppliers of lamb carcasses and half carcasses are Australia with 34% annual growth and Netherlands with 14%.


Prospects for diversification of suppliers for a product imported by South Africa in 2009
Product : 020421 Sheep carcasses and half carcasses, fresh or chilled
Annual growth of partner countries' exports to the world between 2005-2009, %
60
40
20
0
-20
India
Pakistan
Scale : 7 % of world exports
Australia
United Kingdom
Netherlands
France
Spain
Sudan
0
1
2
3
4
5
6
7
8
9
Share of partner countries in South Africa's imports, 2009, %
Countries
Reference bubble
Some bubbles may not be displayed due to lack of growth rate indicators
Bubble size is proportionnal to the share in world exports of partner countries for the selected product

The chart above shows the prospects for diversification of suppliers for sheep carcasses and half carcasses (fresh or chilled) imports by South Africa in 2009. If South Africa is to diversify its sheep carcasses and half carcasses (fresh or chilled) imports, United Kingdom will be the possible market because it has a world market share of 36.5% and an annual growth of 30%, followed by India and Pakistan with exports annual growth of 49% and 51% respectively and their world share market is 19.2% and 12.1% respectively.

7. ACKNOWLEDGEMENTS

a. **National Wool Growers Association (NWGA)**
www.nwga.co.za

b. **SAMIC**
www.samic.co.za

c. **Cape Wools**
www.capewools.co.za

d. **Department of Agriculture, Forestry and Fisheries**
www.daff.gov.za.

e. **TradeMap**
www.trademap.org.

f. **Quantec**
www.quantec.co.za

g. **Market Access Map.**
www.macmap.org.za.

h. **NERPO**
www.nerpo.org.za

Disclaimer:

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