

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Exporter Guide

Exporter Guide for Doing Business in South Africa

Approved By:

Nicolas Rubio

Prepared By:

Margaret Ntloedibe

Report Highlights:

The United States plays a prominent role in the South African economy as the fourth largest consumer-oriented products trading partner, accounting for six percent of all imports after Netherlands, Brazil, and Germany. To learn more about the South African market, USDA/FAS Pretoria extends an invitation to U.S. exporters to participate in the 2014 promotional food and beverage trade shows; specifically the USDA endorsed IFEA show scheduled November 5-7, 2014.

Executive Summary:

The Republic of South Africa (RSA) with a population of about 53 million has a market-oriented economy with a well-developed infrastructure. The commercial agriculture sector is highly diversified and is self-sufficient in primary foods with the exceptions of wheat, oilseeds and rice. South Africa has a well-developed processed food and competitive horticultural sectors such as wine, fresh fruits, and vegetables.

South Africa is a net exporter of agricultural, fish and forestry products. In the past three years, from January to October 2011, 2012 and 2013 respectively, exports of agriculture, fish, and forestry products to the world totaled \$7.0 billion, \$6.7 billion, and \$7.3 billion respectively, whereas imports totaled \$5.5 billion, \$5.8 billion, and \$5.5 billion. While South Africa produces diverse, world-class agricultural products for exports, limitations in some of the agro-processing sector and the continued increasing consumer demand has driven import growth for consumer-oriented foods/beverages including food ingredients for further processing, and edible fishery products.

The United States plays a prominent role in the South African economy as the fourth largest consumer-oriented products trading partner, accounting for six percent of all imports after Netherlands, Brazil, and Germany. South Africa is a major agricultural importer from most countries, and U.S. firms entering this market must contend with a typically mature and competitive market with well-established European and Asian competition. For instance, a trade agreement with the European Union (EU) enables many European products to enter South Africa duty-free or at lower rates than U.S. products.

U.S. exporters are urged to contact the office of USDA/FAS Pretoria, South Africa to locate a distributor in South Africa.

1.1: South Africa's Top 10 Imports of Consumer-Oriented Products

South Africa Import Statistics From World - Consumer-Oriented Products								
Year To Date: January – October								
Commodity	Description	US Dollars			% Share			% change 2013/2012
		2011	2012	2013	2011	2012	2013	
World		1,574,769,065	1,751,266,437	1,639,686,487	100.00	100.00	100.00	-6.37
020714	Chicken cuts & edible offal	195,432,840	241,468,147	216,783,948	12.41	13.79	13.22	-10.22
210690	Food preparations	129,634,033	135,152,750	148,703,344	8.23	7.72	9.07	10.03
020712	Meat & offal of chickens	71,613,7853	66,118,005	71,592,286	4.55	3.78	4.37	8.28
200979	Apple juice, nesoi	26,370,625	46,554,246	65,399,513	1.67	2.66	3.99	40.48
020329	Meat of swine, nesoi, frozen	61,445,844	69,063,349	51,262,937	3.90	3.94	3.13	-25.77
350790	Enzymes & Prepared enzymes, nesoi	33,028,095	38,923,182	47,516,353	2.10	2.22	2.90	22.08
180690	Cocoa preparations, not in bulk form, nesoi	34,159,225	45,034,296	44,105,423	2.17	2.57	2.69	-2.06
220210	Waters, incl mineral &	29,375,033	49,911,430	43,205,583	1.87	2.85	2.63	-13.44

	aerated, sweetened or flavored							
020727	Turkey cuts & edible offal (including liver) frozen	29,244,755	31,996,536	39,583,579	1.86	1.83	2.41	23.71
230910	Dog & cat food, put up for retail sale	42,129,274	43,476,672	38,445,235	2.68	2.48	2.34	-11.57

Source: GTA

1.2: South Africa's Top 10 Trading Partners of Consumer-Oriented Products

South Africa Import Statistics From World - Consumer-Oriented Products							
Year To Date: January –October							
Partner Country	US Dollars			% Share			% Change
	2011	2012	2013	2011	2012	2013	2013/2012
World	1,574,769,065	1,751,266,437	1,639,686,487	100.00	100.00	100.00	6.37
Netherlands	122,274,336	168,872,664	169,651,517	7.76	9.64	10.35	0.46
Brazil	184,210,640	164,146,540	155,527,511	11.70	9.37	9.49	-5.25
Germany	99,071,716	130,935,449	130,461,802	6.29	7.48	7.96	-0.36
United States	99,704,961	127,892,332	124,588,965	6.33	7.30	7.60	-2.58
China	89,102,626	93,773,863	109,461,382	5.66	5.35	6.68	16.73
United Kingdom	64,349,740	86,731,542	97,161,987	4.09	4.95	5.93	12.03
Italy	79,614,074	91,459,132	92,786,299	5.06	5.22	5.66	1.45
France	93,264,651	95,777,777	92,416,318	5.92	5.47	5.64	-3.51
Argentina	54,339,789	69,317,547	58,970,598	3.45	3.96	3.60	-14.93
Spain	31,951,975	49,627,968	48,918,579	2.03	2.83	2.98	-1.43

Source: GTA

1.3: The United States Trade Position with South Africa

South Africa's Consumer-Oriented Agricultural Imports from the United States			South Africa's Consumer-Oriented Agricultural Exports to the United States		
Product	Jan-Oct 2012 (Thousands Of Dollars)	Jan-Oct 2013 (Thousands Of Dollars)	Product	Jan-Oct 2012 (Thousands Of Dollars)	Jan-Oct 2013 (Thousands Of Dollars)
Consumer-Oriented Totals:	128,000	125,000	Consumer-Oriented Totals:	3,605	3,958

Snack Foods	2,653	1,441	3,859	Snack Foods (excl nuts)	665	381
Breakfast Cereals/Pancake Mix	483		1,280	Cheese	0	4
Red Meats, FR/CH/FR	14		1,089	Other Dairy Products	6	5
Red Meats, Prep/Pres	12		6	Other Fresh Fruit	0	0
Poultry Meat	28		12	Fresh Vegetables	211	176
Dairy Products	261		23	Processed Fruit & Vegetables	7	15
Eggs & Products	0		531	Fruit & Vegetables Juices	13	7
Fresh Fruit	21		100	Tree Nuts	29	33
Fresh Vegetables	8		56	Wine and Beer	41	49
Processed Fruit & Vegetables	370		9	Nursery Products	2,3	2,2
Fruit & Vegetable Juices	47		398	Roasted & Instant Coffee	0	0
Tree Nuts	64		40	Spices	0	0
Wine and Beer	63		91	Other Consumer Oriented	10	13
Nursery Products	2,6		93			
Pet Foods (Dog & Cat Foods)	71		2,8			
Other Consumer Oriented			69			

Source: GTA

1.4: Advantages and Challenges Facing U.S. Products in South Africa

Advantages	Challenges
South Africans are developing a taste for U.S. foods and are willing to try new products.	Consumers need to be educated in preparing and eating products.
Growing consumer demand for convenience foods and packaging will drive imported food and beverage products.	Acquired tastes and preferences for traditional, locally produced products.
The excellent quality of U.S. products is known by South African consumers.	Competition from other countries and locally produced products. About 85 percent of products in the retail outlets are locally produced. In order to create jobs and foster economic growth the South Africa's major retailers have joined a continuous forces with the Proudly South African (PSA) www.proudlysa.co.za campaign launched by the government since 2001 to give PSA suppliers preferential tendering for shelf space, and to promote South African products.
South Africa presents opportunities as a gateway for regional markets.	Consumers are price-conscious and low income earners do not exhibit brand loyalty. Products must constantly be promoted.
South African importers seek suppliers who can offer reliable and quality products, consolidators of mixed containers at competitive prices.	U.S. suppliers have difficulty in responding to trade lead inquiries in a timely fashion.
Importers and distributors can help develop brand loyalty.	Continued promotional and marketing related activities.

SECTION II: EXPORTER BUSINESS TIPS

2.1: Local Business Practices and Customs

Standard Time in South Africa is two hours ahead of Greenwich Mean Time and seven hours ahead of Eastern Standard Time throughout the U.S. daylight savings. South Africa does not follow daylight savings time. Generally, business hours are weekdays from 8:00 a.m. to 5:00 or 6:00 p.m. with a lunch

hour in between, ranging between 11:00 – 2:00 p.m. Most offices observe a five-day week, but shops are generally open from 8:30 a.m. to 5:30 p.m. weekdays and from 8:30 a.m. to 4:00 p.m. on Saturdays, with few open on Sundays, including Public Holidays especially those located at major shopping malls. Banks are open weekdays from 8:30 a.m. to 3:30 p.m. and Saturdays from 8:00 a.m. to 12:30 p.m, with others opened on Sunday from 9:00 a.m. to 12:00 noon. The monetary unit of South Africa is the Rand (R), which is divided into 100 cents (c).

Shopping is similar to the United States, with large and modern shopping centers providing diverse product lines similar to those found in the United States. There are only a few stores open 24-hours per day. South African business people tend to dress conservatively, particularly in the banking sector. However, “Smart Casual” clothing has become increasingly popular with executives in the IT and tourism industries. Terminology used in business invitations are as follows:

- Black Tie (dark suit and tie or tuxedo or formal evening dress)
- Business (jacket and tie or a business dress)
- Smart Casual (casual clothing with or without tie, but no jeans and no sneakers)
- Casual (includes jeans but no sport shorts)

Business cards are usually simple, including only the basics such as company logo, name, business title, address, telephone and cellular numbers, fax number, e-mail, and web-address. South Africans are typically punctual, and appointments should be made in advance for a business visit.

There are eleven official languages in South Africa, but English is the principal language used in commerce.

2.2: Trade and Marketing Services Including Establishing an Office:

The newly formed Companies and Intellectual Property Commission (CIPC), herewith referred to as the Commission was established through the merger of the Office of Companies and Intellectual Property Enforcement (OCIPE) and the Companies and Intellectual Property Registration Office (CIPRO). Amongst the functions of the Commission is Registration of Companies, Co-operatives and Intellectual Property Rights such as trademarks, patents, designs and copyright and maintenance thereof.

The Commission, and as mandated by the Companies Act, 2008 (Act 71 of 2008), has jurisdiction throughout the Republic, is independent and subject only to the Constitution and the law and any policy statement, directive or request issued to it by the Minister of Trade and Industry in terms of this Act.

It is important to protect intellectual property in order to prevent products being ripped or compromised at a later stage.

For more information on company formation and registration contact CIPC at:

Companies and Intellectual Property Commission (CIPC)
(A member of the Department of Trade & Industry (the dti) Group
Postal Address: P O Box 429, Pretoria, 0001
Physical Address: The DTI Campus, Block F, 77 Meintjies Street, Sunnyside, Pretoria

Tel: +27 12 394 9973 or 27 86 100 2472; Fax: 27 12 394 1015 or 27 86 517 7224

Email: or info@cipc.co.za

Website: <http://www.cipc.co.za>

Franchising: It is estimated that in South Africa, less than 20 percent of retail business is conducted through franchising. However, franchise concepts continue to grow in the retail, food and service businesses.

Recent years have seen the popularity of franchises increase significantly, emerging in South Africa due to the service orientation of franchises. Franchising sectors such as fast food, forecourts (convenience stores linked to gas stations) also play an important role in furthering the development of small and medium businesses. Restaurant franchises are joining with gas stations to create an enticing atmosphere and to encourage customers to purchase food while refueling their vehicles. Franchising, with its advantages of skills-transfer, start-up support and ongoing operational assistance, is becoming a preferred type of business to address job creation, poverty alleviation, economic growth and black empowerment. Business format franchising, in particular, is a proven concept offering potential opportunities for U.S. franchises to reap the benefits in profit from the convenience provided for consumers in forecourts. This business concept is when the franchisor permits the franchisee the use of product, service and trademark, including marketing, selling, inventory, accounting and personnel force.

More information about the sector including Member listing can be found at:

The Franchise Association of South Africa (FASA)

Postnet 256, Private Bag X4, Bedfordview, 2008

Tel: +27 0 11 615 0359; Fax: +27 0 11 615 3679

Email: fasa@fasa.co.za

Website: <http://www.fasa.co.za>

Joint Venture/Licensing: Exchange control regulations stipulate that the South African Reserve Bank (SARB) must approve the payment of royalties. When a licensing agreement involves no manufacturing, the request for exchange control approval is sent directly to SARB. For a company interested in entering into a licensing agreement with a local company to manufacture a product in South Africa, the South African licensee must submit an application to the industrial Development Branch of the Department of Trade and Industry (DTI). The DTI, in turn, will make a recommendation to the SARB. Exchange control regulations stipulate that SARB's Exchange Control Section must approve payment of royalties.

Additional information on licensing regulations can be obtained from:

Department of Trade and Industry

Directorate of Licensing

Private Bag X84, Pretoria, 0001

Tel: +27 12 394 9500; Fax: +27 12 394 9501

Website: <http://www.thedti.gov.za>

Selling to the Government: Government purchasing is a significant factor in the South African economy. Nearly all such purchasing (at all three levels of government, i.e. national, regional, and

provincial) is done through competitive bidding on invitations for tenders, which are published in an official state publication, the State Tender Bulletin <http://www.gov.za>, including online government gazette at www.greengazette.co.za, and sometimes in leading newspapers. Although the purchasing procedures of the central government and parastatal institutions favor products of local manufacturers, an overseas firm is not precluded from bidding if the firm has an agent in South Africa to act on its behalf. As a general practice, payment is made to the local agent.

For more information, contact the SA Department of Finance (Treasury) who administers the government procurement process at:

South African National Treasury
Public Private Partnership Unit
Private Bag X115, Pretoria, 0001
Tel: +27 0 12 315 5455 or 315 5741
Website: <http://www.treasury.gov.za>

Broad-Based Black Economic Empowerment (B-BBEE): Amended Codes of Good Practice of the B-BBEE Act, 2003 (Act No. 53 of 2003) gazette in October 2013 will come into effect on October 11, 2014. The act directs the Minister of the DTI to implement guidelines in the form of Codes which aims to realize South Africa's full economic potential. Importing companies under the Preferential Procurement Policy Framework Act (PPPFA) for local production will no longer be able to exclude these when calculating the company preferential procurement score on the BEE scorecard. For more information on the Act and the amended BEE codes of good practice, visit thedti link http://www.thedti.gov.za/news2013/code_gud_practice10102013.pdf.

2.3: Consumer Behavior, Tastes and Preferences

- New Products entering the South African market require extensive market research, particularly unknown brands, as South Africans are very brand conscious.
- Major retailers are in constant search for unique and different niche products, with correct selling price; with correct packaging and labelling.
- The South African consumer is becoming increasingly health conscious, whereby wellness foods, health and convenience continue to be key drivers.
- There is increased demand for house or private labeled-brands as consumers see these products as providing good value.
- Convenience is expected to remain popular with consumers, as supermarkets will increase the amount of ready-to eat food items offered at their fresh food departments, deli, home-meal-replacement, and bakery department.
- There is demand for longer store hours or even 24-hour shopping.
- Environmental awareness and ethical behavior such as recycling, waster reduction and organic farming and produce are important to South African consumers.
- Increased consumption of dairy products such as drinking yoghurt, smoothies and ice cream.
- Fresh fruit and vegetables, nuts, grains and legumes are increasingly part of the daily diet for middle to high-income consumers.
- Major supermarket retail chains increasingly have organic sections.

- Food labeling is growing in importance, as consumers want to be informed about what they are eating. (Please see South Africa's new draft Consumer Protection Act).
- Trends show that bottled water either premium, imported, flavored, enhanced and oxygenated has achieved success and account for a large portion of the beverage market.
- Supermarket retail chains continue to their less successful store brands to a more targeted consumer base in order to boost sales.
- Supermarket chains buying back their franchised outlets to improve quality control.

2.4: Food Standards and Regulations

FAS/Pretoria has prepared a GAIN Report on Food and Agricultural Import Regulations and Standards for South Africa, which can be found at the following links:

- http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations_Pretoria_South%20Africa%20-%20Republic%20of_3-15-2012.pdf
- http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Pretoria_South%20Africa%20-%20Republic%20of_12-22-2011.pdf

Consumer Protection Act: The DTI published regulations in the Gazette that bring the R 293 Consumer Protection Act (68/2008) into enforcement on April 1, 2011. Implementation of the Act was delayed for some time as the legislation generated significant comments from the private sector over the basis of many provisions and uncertainty in how the Act would be enforced.

Under the Act however, are several genetically engineered (GE) labeling provisions that appear to have no scientific basis. In response to the outpouring of comments from the business community and trade partners, on October 9, 2012, DTI proposed amendments to the regulations of the Consumer Protection Act, in particular the product labeling and trade descriptions of genetically engineered (GE) ingredients in products. The DTI proposed changing the wording “genetically modified organisms” in the regulation to “genetically modified ingredients or components”. Exporters must read more information about the Act before engraining in this market. ([GAIN: Consumer Protection Act](#)).

2.5: General Import and Inspection Procedures

Import Permits: All food consignments are subject to random inspection and sampling at all points of entry in South Africa to ensure food items imported into the country are safe and comply with the prescribed standards and regulations. International freight forwarders normally handle documentation and other formalities with authorities at entry points. Provided all necessary documents are in order, no problems or delays should occur with customs clearance. Note that under the Import and Export Control Act of 1963, the Minister of the DTI may control the import of certain goods into South Africa. The list of restricted goods has decreased in recent years. Products that still require import permits are fish and fish products.

Customs Procedures: South Africa introduced the Single Administrative Document (SAD) for all customs clearances purposes. All clearances with Customs are done on a SAD form 500; continuation sheet - SAD 501; and transit control form - SAD 502.

The SAD is also capable of being used to clear a consignment through Customs in two or more countries. Such use of the SAD form will expedite Customs clearance and enhance the effectiveness of Customs Control.

SAD forms and additional information is available at this link:

www.sars.gov.za/home.asp?pid=3585

Tariffs: Since 1994, South Africa continues to reform and simplify its tariff structure in order to comply with its WTO commitments. It has reduced tariff rates from an import-weighted average tariff rate of more than 20 percent to 7 percent. Notwithstanding these reforms, importers have complained that South Africa's tariff schedule remains complex and can create uncertainty. Tariff rates mostly fall within eight levels ranging from 0 percent to 30 percent, but some are higher.

The importer must consult the relevant schedules to the Customs and Excise Act to determine whether the potential imports are eligible for rebate duty. Information can be found on the International Trade Administration Commission (ITAC) of South Africa's website at: www.itac.org.za

Department of Trade and Industry
International Trade Administration Commission (ITAC)
Import Control
Private Bag X773, Pretoria, 0001
Tel: +27 0 12 394 3590/1; Fax: +27 0 12 394 0517
Website: www.itac.org.za

Biotechnology: South Africa is seen as a leader in the biotechnology front in Africa, and many neighboring countries look to South Africa for guidance and direction. South African biotechnology policy is formulated under the Genetically Modified Organisms (GMO) Act of 1977. This act was modified by cabinet in 2005 to bring it in line with the Cartagena Biosafety Protocol and again in 2006 in order to address some economic and environmental concerns. In June 2001, the South African government published the National Biotechnology Strategy for South Africa, expressing the South African government's intent to stimulate the growth of biotechnological industries. The document states that biotechnology can make an important contribution to national priorities, particularly in the area of human health, food security, and environmental sustainability.

For more information, refer to FAS's Pretoria annual Biotechnology report.

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

3.1: Competition

Imports: South Africa's January – October 2013 of agriculture, fish, and forestry imports from the world totaled \$5.5 billion compared to \$5.8 billion in 2012. Whereas South Africa January – October

2013 of agriculture, fish, and forestry imports from the United States totaled \$230 million compared to \$232 million in 2012. Declines registered were due to lower imports of cereals, animal fats, and meat offal from the world; and beverages from the United States. Major imported products include edible preparations, cereals, and oil seeds.

Argentina is South Africa's largest supplier of agricultural products with 9 percent market share between January – October 2013. The top five leading suppliers were Argentina (\$501 million), China (\$457 million), Brazil (\$433 million), Thailand (\$379 million), and India (\$335 million). South Africa's major imported agricultural commodities from Argentina were prepared animal feed, animal or vegetable fats, and prepared vegetables; from China were cereals, prepared vegetables, and edible vegetables; from Brazil were meat & edible meat offal, sugars & sugar confectionery, cereals; from Thailand were cereals, edible prepared of meat, fish, and sugars & sugar confectionery; and from the India were cereals, fish & crustaceans, and coffee, tea, mate and spices.

Exports: South Africa's January – October 2013 of agriculture, fish, and forestry exports to the world totaled \$7.3 billion compared to \$6.7 billion in 2012. South Africa exports to the United States totaled \$229 million compared to \$230 million in 2012. Major exported products include edible fruits and nuts; beverage, spirits and vinegar; and fish, crustaceans and aquatic invertebrates.

The top five South Africa trade export countries were Netherlands (\$726 million), the United Kingdom (\$587 million), Zimbabwe (\$498 million), Japan (\$468 million), and Mozambique (\$388 million). South Africa's major exported agricultural commodities to Netherlands were edible fruits and nuts, beverages, spirit and vinegar, and prepared vegetables fruit, nuts or other plant parts; to the United Kingdom were edible fruits and nuts, beverage, spirit and vinegar, and prepared vegetables fruit, nuts or other plant parts; to Zimbabwe were animal or vegetable fats, oils etc and waxes, cereals, and sugars and sugar confectionery; to Japan were cereals, fuel wood in logs, edible fruits & nuts; and to Mozambique were sugars & sugar confectionery, miscellaneous edible preparations, and dairy products, bird, eggs, honey.

3.2: Distribution Systems for Processed Food Products

Channels of Distribution: In South Africa, only a few importers specialize in one product. Most importers are generalists who import a wide range of food products. It is important for an exporter to work with someone locally who knows the market well for the specific product in question. Agents who represent one foreign supplier are also relatively rare.

Retail trade outlets in South Africa offer the full spectrum available in the United States. These range from the neighborhood convenience drugstore (called cafés), to the small general dealer, specialty stores handling a single product line (for example, clothing, electronics, furniture), exclusive boutiques, chain stores (groceries, clothing, toiletries, household goods), department stores, cash and carry wholesale-retail outlets, to co-operative stores serving rural areas. About 90 percent of inventories of consumer-ready products in these stores are domestically sourced. A major phenomenon in South Africa has been the evolution of hypermarkets, which sell large quantities of almost all consumer goods, similar to a Price Club retail store in the United States. The hypermarkets, located in suburban shopping centers/malls, have disrupted the traditional distribution chain by purchasing directly from manufacturers and bypassing the wholesaler, and with low margins achieving high turnover, thereby placing price pressure on all competing outlets. Most U.S. exporters of consumer goods sell directly to

South African retail organizations, such as department stores, chain stores, and cooperative groups of independent retailers, which assume the functions of wholesale buying, selling, and warehousing.

It may be necessary to appoint an official after-sales agent for products of a technical nature in South Africa. This may be a company that does not import or market the product in question, but rather, because of its geographical reach, technical abilities, and goodwill in the market, acts as the certified service agent. Appointing an appropriate after sales agent is crucial in ensuring that the product develops a respected reputation in the country through the correct channels.

Importer/Distributor: Performs the first leg of the selling in a given country, and is the brand's ambassador in that country and therefore carries a certain amount of prestige as the country representative of your company and brand. They will negotiate the total deal with the exporter, import the goods (which will be pre-paid) and then re-sell the products to retailers (their main customer base) and to smaller wholesalers, mostly in the rural areas. They physically take orders from customers, invoice out the goods, and deliver the goods with their own or third-party transport for re-sale. They will also be responsible for the marketing, after-sale service and promotional activity of the brand in that country.

Import Agents: These company or individuals usually operate by having a showroom only. They invite their customer base to view the products on display and then institute the orders once confirmation has been received. They also actively go into the trade, where they make appointments with their customers, present the relevant products or samples, and collect the confirmed orders. Agents could offer after sales service, either themselves or by out-sourcing from a specialist service company, operating in the relevant country.

Delivery is usually done via drop shipments www.dropshipping.co.za (country-to-country shipments) to-foreign shipments) from the supplier and a commission is paid to the agent. It is also quite common for an agent to carry more than one brand or product line, either in the same genre or a mix.

Export Broker or Brokers: These individuals work with multiple brands and multiple genres of products. They operate on both sides of the border, for example, they could be based in South Africa and have been tasked by a customer of theirs to look for products in another country, or they could be based in a foreign country and tasked either by retailers, wholesalers or government departments to find products, at the best price for a supplier in, say South Africa. They usually work on a commission or profit-share basis. Broker Agents are mostly involved with government or other large food supply contracts. They tender for government contracts on behalf of different manufacturers. Some agents have their own warehouses and distribution facilities.

Importer/Distributor/Retailer: This type of company is very similar to Importer/Distributor, except that they have their own retail arm linked to their distribution system. In this case, they will usually have a number of retail chains throughout the city, town or country areas. They will then distribute exported products from a central warehouse, and/or bond store to their own retail stores, and to other retailers and wholesalers who are their customers. The other responsibilities are the same as those mentioned in the Importer/Distributor above.

Importer/Wholesaler: This type of company is similar to a distributor in that their orders are also pre-paid to the supplier, and deliveries to their customers are dependent on their own local and/or prior arrangements. They generally import the goods and other customers come to them to select, pay for and collect the stock. The wholesaler may provide after sales service or outsource to a local service agent, who already has an existing service operation.

Catering Wholesalers: Catering wholesalers purchase food products from various manufacturers and resell these products predominantly to catering establishments. Catering wholesalers offer the establishments a variety of food products, and some carry a select product range of specially packed "house brands". They also import large volumes of products that are sold to catering establishments.

Distributor Agents: The distributor agent distributes food products on behalf of manufacturers without necessarily taking ownership of the actual products. A distributor is usually required to adhere to prices determined by the manufacturer and is paid a fee to distribute the products.

3.3: Trends in Advertising and Trade Promotion

South Africa has a sophisticated advertising industry. The four key players in South Africa's advertising industry are the Association of Advertising Agencies (AAA), the Association of Marketers (ASOM), and the two major media bodies, the National Association of Broadcasters (NAB) and the Print Media Association (PMA). Additional information can be obtained from the Association of Marketers and the Association of Advertising Agencies (see contact details at the end of the report).

More recently, food promotions have moved towards advertising goods based on health related issues and "nutrition function" claims. Some South African consumers are becoming diet and health conscious, and are becoming more responsive to products that address issues such as weight loss or disease prevention. Also, American television and culture is having an increasing influence on South Africans, leading to the adoption of social mores like "thin is beautiful."

3.4: Trend in Tourism

Tourism, South Africa's fastest growing industry, with an estimated annual growth rate of 12 percent, is the fourth largest industry in South Africa, supporting about 700 hotels, 2,800 guesthouses and 10,000 restaurants. The Travel and Tourism industry in South Africa is a major contributor to the economy and presently accounts for 8.2 percent of GDP and creates about one million jobs both directly and indirectly.

According to Statistics South Africa, the volume of arrivals for foreign travelers increased by 9 percent from September 2012 to September 2013. Benefiting from this growth in terms of increased trade and investment opportunities is the hospitality industry, which includes a vast array of well-developed and sophisticated hotels, game lodges, guest houses, self-catering, camping and caravanning, bed and breakfasts, restaurants, cafes, resorts, country clubs, fast food outlets, bars, airlines, hospitals, supermarkets and convenience stores. According to the Minister of Tourism, Marthinus van Schalkwyk, the South African tourism sector is well on its way in achieving its goal of becoming one of the top 20

destinations in the world by 2020 as set in the National Tourism Sector Strategy and the Domestic Growth Strategy (NTSS). The Department of Environmental Affairs and Tourism www.environment.co.za and www.deat.gov.za is responsible for the growth and the development of South Africa tourism and the Tourism Grading Council of South Africa is responsible to grade tourism establishment in the country.

Tourism is central to growth and development in South Africa. In responding to this, the South African government has launched the Accelerated and Shared Growth Initiative (ASGISA), whose ultimate objective is to halve unemployment and poverty by 2014. The ASGISA aims to create at least 500,000 tourism jobs by 2014.

South Africa, with an expanding middle class and a relatively stable economy, presents growing opportunities for U.S. niche food products. In addition, globally there has been a significant improvement in South Africa's brand following the 2010 FIFA World Cup. Again, South Africa with its well-developed transportation infrastructure is ideally placed to serve as an export hub to markets throughout the region. The 2013 Unveiling of a 9 meter statue of the late and former President Nelson Mandela and the declaration of the Union Building at the National Heritage site, including other sites used by the former will enhance the attraction of tourists to the country.

Source of statistics on South Africa tourism is available at, www.southafrica.net/research .

SECTION IV: BEST CONSUMER-ORIENTED PRODUCT PROSPECTS

BICO Fiscal Years (October – September) Five-year data trends show that some U.S. Consumer-Oriented Agricultural exports to South Africa are growing. Of interest are categories which reached the highest export levels in Fiscal Years (October – September 2013), such as eggs and products, fruit & vegetables juices, and snack foods. Within this category, sauces and condiments (HS 210390), fruit prepared and preserved (HS 200899), food preparations (HS 210690) have shown consistent and substantial increases. Other high value exports that have shown sustained growth are almonds (HS 080212), and canned salmon (HS 160411). The United States enjoys a dominant position in the almond, canned salmon and other food preparations markets, holding the highest market shares of 90 percent, 60 percent and 18 percent respectively.

Product Category	Jan –Oct 2013 South Africa Imports from the World (\$1,000)	Jan – Oct 2013 U.S. Exports to S.A. (\$1,000)	Percentage of Annual Import Growth U.S.	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S.
Almonds HS080212	11,000	10,000	-0.49	Free		U.S. has largest market share of 86%.
Salmon HS160411	4,000	2,000	333.24	25%		U.S. has the largest market share of 60%.
Other Food Preparations HS210690	149,000	26,000	3.85	Varied		U.S. has the largest market share of 17%. American brands are becoming increasingly popular given their high quality attributes.

Source: Global Trade Atlas (GTA)

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

5.1: Additional Sources and Links:

Our partner, the US Foreign Commercial Service has an annual South Africa Country Commercial Guide for US companies that present a comprehensive look at South Africa's commercial environment, using economic, political and market analysis. To get copies call the US Foreign Commercial Service at +27 11 290 3000, or for more information visit their website at www.buyusa.gov/Southafrica.

Grant Thornton South Africa's site (www.gt.co.za) contains information on different aspect of South Africa including guides on establishing a presence in South Africa. They may also be contacted at +27 11 322 4500.

5.2: Post Contact

If you have any questions or comments regarding this report or need further assistance, please contact AgPretoria at the following address:

Office of Agricultural Affairs
U.S. Embassy Pretoria, South Africa
Washington, D.C., 20521-9300
Tel: + 27 0 12 431 4057
Fax: + 27 0 12 342 2264
[Email: agpretoria@fas.usda.gov](mailto:agpretoria@fas.usda.gov)

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service's website at: <http://www.fas.usda.gov>

APPENDIX I: STATISTICS

TABLE A: KEY TRADE & DEMOGRAPHIC INFORMATION

2012 Total Population (Millions) / Annual Growth Rate (%)	52.98/-0.45%
Urban Population (Millions) Annual Growth Rate (%)	30,675.2/1.4%
Number of Major Metropolitan Areas	9
Size of the Middle Class (millions)	12 million
Unemployment Rate (%)	24.7% (Statssa September 2013 estimates)
Percent of Female Population Employed	53%
Exchange Rate as of December 2013	US\$1 = R10.32

Source:1) <https://www.cia.gov/library/publications/the-world-factbook/geos/sf.html>

2) Statistics South Africa Link: <http://www.statssa.gov.za/publications/P0302/P03022010.pdf>

3) Euromonitor International www.euromonitor.com

TABLE B: SOUTH AFRICA CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS: YEAR TO DATE

South Africa Imports In Millions of Dollars	January – October Imports from World			January – October Imports from U.S.			January – October U.S. Market Share %		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
CONSUMER-ORIENTED AGRICULTURAL TOTAL	1,575	1,751	1,640	100	128	130	6.33	7.30	7.60
Snack Foods (excl. nuts)	111	124	131	2,1	2,7	3,9	1.87	2.14	2.94
Breakfast Cereals/pancake mix	24	19	16	1,3	1,4	1,3	5.30	7.70	8.04
Red Meats, Fresh/Chilled/Frozen	140	141	98	279	483	1,089	0.20	0.34	1.11
Red meats, Prepared/Preserved	5	9	6	15	14	6	0.28	0.17	0.10
Poultry Meat	300	343	331	10	12	12	3.51	3.49	3.76
Dairy Products (excl. cheese)	142	201	158	15	28	22	10.76	14.10	14.38
Eggs & Products	1,5	2,0	2,2	115	261	530	7.63	12.93	23.88
Fresh Fruit	29	39	42	183	0	100	0.64	0.00	0.24
Fresh Vegetables	10,2	10,8	10,8	194	21	56	1.89	0.20	0.52
Processed Fruit & Vegetables	135	144	136	9	7	8	7.00	5.30	6.56
Fruit & Vegetables Juices	65	88	87	442	370	398	0.68	0.42	1.40
Tree Nuts	43	47	40	9	13	12	21.57	27.20	29.75
Wine & Beer	39	50	43	454	63	91	1.16	0.13	0.21
Nursery Products & Cut flowers	12	12	14	78	63	93	0.63	0.50	0.72
Pet Foods (Dog & Cat food)	42	43	38	2,0	2,6	2,8	4.87	5.96	7.28
Other Consumer-Oriented	487,8	555,7	560,9	55	71	70	11.34	12.85	12.46
FISH & SEAFOOD PRODUCTS	210	295	296	7,1	3,6	3,8	3.37	1.21	1.28
Salmon	12	11	19	2,1	510	2,2	17.32	4.48	11.40
Surimi									
Crustaceans	66	57	64	240	13	122	0.36	0.02	0.19
Groundfish & Flatfish	20,2	20,7	13	2,4	1,2	152	12.12	5.67	1.17
Molluscs	20,7	21,3	11,8	2,0	1,3	318	10.01	6.15	2.68

Other Fishery Products	91	184	187	185	561	979	0.20	0.31	0.29
AGRICULTURAL PRODUCTS TOTAL	5,128	5,316	4,924	367	220	228	7.15	4.14	4.63
AG, FISH & FORESTRY TOTAL	5,512	5,828	5,473	384	232	230	6.96	3.98	4.21

Source: Global Trade Atlas

TABLE C: TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS: YEAR TO DATE

South Africa – Top 15 Suppliers	Import 2011 Jan-Oct	Import 2012 Jan-Oct	Import 2013 Jan-Oct			Import 2011 Jan-Oct	Import 2012 Jan-Oct	Import 2013 Jan-Oct
CONSUMER-ORIENTED AGRICULTURAL IMPORTS	Value \$1,000,000	Value \$1,000,000	Value \$1,000,000		FISH & SEAFOOD PRODUCTS IMPORTS	Value \$1,000,000	Value \$1,000,000	Value \$1,000,000
Netherlands	122	169	170		Thailand	75	144	155
Brazil	184	164	156		India	32	29	38
Germany	99	131	130		China	21	29	28
United States	100	128	125		Norway	11	13	17
China	89	94	109		Mozambique	4	5	7
United Kingdom	64	86	97		New Zealand	10	11	5
Italy	79	91	93		Morocco	229	625	4
France	93	96	92		Argentina	7	7	4
Argentina	54	69	59		United States	7	4	4
Spain	32	49	49		Indonesia	1	4	2
Ireland	56	69	45		Philippines	2	5	2
New Zealand	47	56	43		Spain	4	6	2
Belgium	49	56	41		Falkland Islands	2	3	2
Denmark	33	37	40		Portugal	1	2	2
Canada	51	35	32		Peru	2	5	2

Other	488	555	560		Other	90	184	187
World	1,575	1,751	1,640		World	210	294	296

Source: Global Trade Atlas