

# BILATERAL TRADE AGREEMENTS WILL BE KEY FOR SOUTH AFRICA'S BEEF EXPORTS AND INDUSTRY GROWTH IN THE SHORT-TERM

By Thabile Nkunjana

*As local beef production and exports increase, the industry is becoming more and more focused on the market.*

Over the years, South Africa and several other countries have signed several bilateral trade agreements to expand trade relations tailored to specific industries including the beef industry. A bilateral trade deal between South Africa and Jordan and the United Arab Emirates (UAE) was struck in 2021. In 2022, these two countries (Jordan and UAE) purchased fresh beef from South Africa for US\$17.1 million and US\$15.6 million, respectively.

Another bilateral trade agreement for beef from South Africa was struck in 2020 between Kuwait and South Africa. With beef shipments to Kuwait totalling US\$25.1 million in 2022, Kuwait became the top destination for fresh beef exports from South Africa. Another bilateral trade agreement for the shipment of 500–1 000 tons of beef to the Kingdom of Saudi Arabia was signed in 2022. Currently, just 4% of the beef produced in South Africa is exported, making these bilateral trade agreements more crucial for the industry's goals of expanding its export base. The volume of beef

exports from South Africa is rising, particularly to the Middle East region, as a result of numerous bilateral trade agreements.

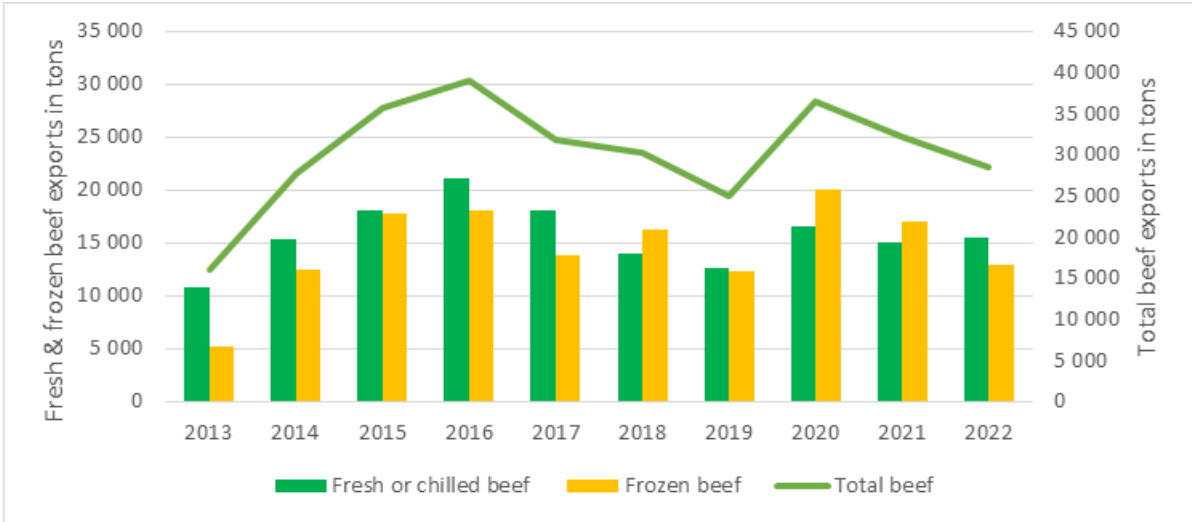
Globally, beef consumption remains under pressure attributed to various factors, including economic downturns since the COVID-19 outbreak, inflated interest rates, the conflict between Russia and Ukraine, and high food inflation. These factors have pushed the cost of living higher hence exerting pressure on consumer spending. The Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO) of the United Nations (OECD-FAO) (2022) reported a shift in meat consumption mainly from beef and towards chicken. From the perspective of high-income countries, poultry is considered a healthier source of animal protein and is simpler to cook than other meat options. In low-income countries, sensitivity to meat prices is high, hence, consumers prefer poultry meat.

Locally, the beef industry faces similar challenges to those observed globally including feed prices, and subdued demand since COVID-19 amongst others but there are also specific problems. For instance, the outbreak of foot and mouth disease is one of such challenges that persist to impact the beef industry’s exports and limited disposable income for local demand. This article provides a quick picture of South Africa’s beef exports by market share and examines possible market development to support the industry’s potential growth.

**Total beef exports**

Following several challenges of which some are alluded to above, South Africa’s total beef exports for 2022 declined by 11.6% annually from 32 165 tons in 2021 to 28 422 tonnes in 2022 (see Figure 1). This is 6.7% below the five-year average exports of 30 475 tons.

Frozen beef exports, which fell noticeably by 24% year on year from 17 046 tonnes in 2021 to 12 945 tonnes in 2022, were a contributing factor in this decline. However, fresh beef exports only slightly increased from 15 119 tonnes in 2021 to 15 477 tonnes in 2022, a 2.4% increase and 64% of the total exports were fresh beef. In value terms, however, South Africa’s total beef exports increased marginally by 1.9% from R2.44 billion in 2021 to R2.48 billion in 2022.



**Figure 1: South African beef exports**  
Source: Trade Map, 2023

### Frozen Beef Exports

The exports of frozen beef from South Africa were mainly destined for Africa with a 50% market share of the 12 945 tonnes in 2022, followed by the Middle East (21%), Asia (16%), and other countries (5%), as shown in Figure 2. From these regions, the leading markets by country were Lesotho (16%), China (14%), Nigeria (14%), United Arab Emirates (9%), Mozambique (7%), Kuwait (6%), Egypt (5%), Qatar (4%), United Kingdom (3%) and the Netherlands (3%). Jordan, Hong Kong, and Mauritius each had a market share of 2%.

In value terms, a significant decrease of 29.0% was recorded for frozen beef exports from US\$75 million reported in 2021 to US\$53 million in 2022.

### Fresh Beef Exports

South Africa's fresh beef exports marginally increased by 2.4% in 2022 to 15 477 tons. The Middle East is by large margins the main market for South Africa's fresh beef exports accounting for 61% in 2022, followed by Africa (25%), Europe (8%), and others (6%) (see Figure 2). From these regions, the leading markets by country were Kuwait (22%), followed by Jordan (16%), Mozambique (13%), United Arab Emirates (12%), Qatar (9%), the Netherlands (4%), Lesotho (3%), Canada (3%), Zimbabwe (3%) and Mauritius (3%). Eswatini and Bahrain both accounted for 2% of South Africa's fresh beef exports in 2022.

In value terms, however, South Africa's fresh beef exports were valued at US\$97 million in 2022, representing a rise from US\$89 million realised during the previous year.

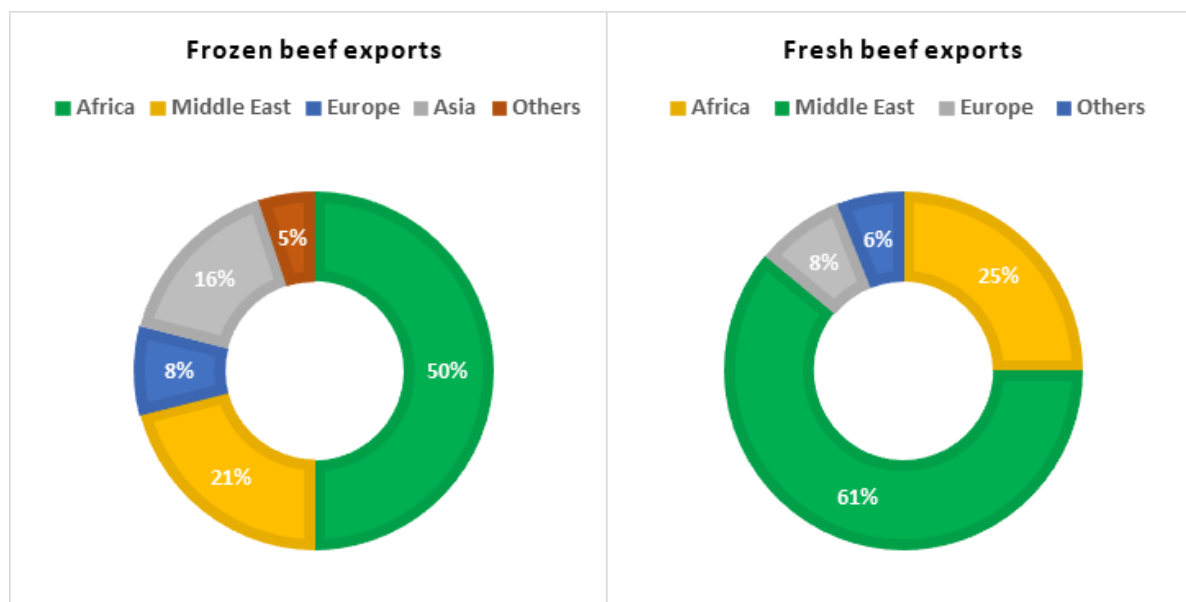


Figure 2: South African Frozen and Fresh Beef Exports in 2022

Source: Trade Map, 2023



Concluding remarks

Compared to other meat types, beef is relatively pricey, and consumers' purchasing power is currently eroded due to economic difficulties, particularly in low- and middle-income countries. In the short- to medium-term, the bilateral trade agreements that South Africa has signed—around 30 to date—will be crucial for the beef industry's exports and the red meat industry's growth at large. The United States Department of Agriculture (USDA) also hinted that Africa will be leading the rise in chicken demand in the near-term, which is in line with the OECD-FAO estimates that the demand for poultry will increase until 2031.

Following this, Africa continues to be a significant and potential market for South African beef exports, but short-term beef exports are limited by economic difficulties. Perhaps this leaves out African countries like Tanzania, Ghana, and Kenya, to name a few, which have a promising per capita income and a growing middle class. However, in

the long run, South Africa needs to consciously increase its exports of beef to the African continent. Because of their growing populations, more promising possibilities for the middle class, and more promising economic outlooks, the Middle East and Asia provide superior market opportunities for South African beef. The recent bilateral trade agreements, particularly those for 2020 and 2021, with the top three countries to which South Africa export beef, have had a significant impact on the country's current export figures. For instance, Kuwait contributed 22% of South Africa's total fresh beef exports in 2022, while Jordan and the UAE contributed 16% and 12%, respectively. While the USA, Australia and Brazil are the major suppliers of beef to Asia, the USA's beef industry is reportedly at its lowest point in decades which could potentially change the dynamics of that market hence offering exporters like South Africa more room to enter or expand the Asian market in the near term.

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