



THE AGRIFOOD INDUSTRY IN SOUTH AFRICA



CAMERA DI COMMERCIO E
INDUSTRIA ITALO-SUDAFRICANA

South Africa



South Africa is located in the southernmost part of the African continent. Its territory is divided into **nine provinces**.

There are 5 urban centers with more than 1 million inhabitants: Johannesburg, Cape Town, Durban, Pretoria, and Port Elizabeth.

South Africa is increasingly **urbanising**: it is projected that by 2030, **71%** of the population will live in urban centers.

Consumption is concentrated around urban areas.

The **South African market** has similarities with those of other western countries. It represents **1/4** of Africa's economy and serves as an important **gateway** to Southern African markets.



South african consumers

Consumers are split into two **age groups**:

- **Millennials and Generation Z**
 - Represent **65%** of the population
 - As consumers, they are more aware of healthy lifestyle choices
 - Consumer choices are more likely to be influenced by **online promotions** and **social media influencers**
- **Mature market** (over 55 years old):
 - Typically respond to **traditional** media channels
 - Are loyal to **established brands**
 - Have **greater purchasing power** than the other age groups

Three main **categories of income** have been defined:

- **Lower-income:** lower salaries, sensitivity to price changes, lower levels of consumption
- **Middle-Income: 29% of the population,** typically settled in urban centers, has higher access to imported products, largest population of consumers
- **Higher-income:** represents **1,8%** of the population, has **greater purchasing power**, has easy access to imported refined products.

South African consumers value **Made in Italy** products, due to the positive perception attached to Italian goods established by the presence of a large Italian community (50,000 persons), the recognition of high profile Italian brands, and the popularity of Italian cuisine.



Growth factors

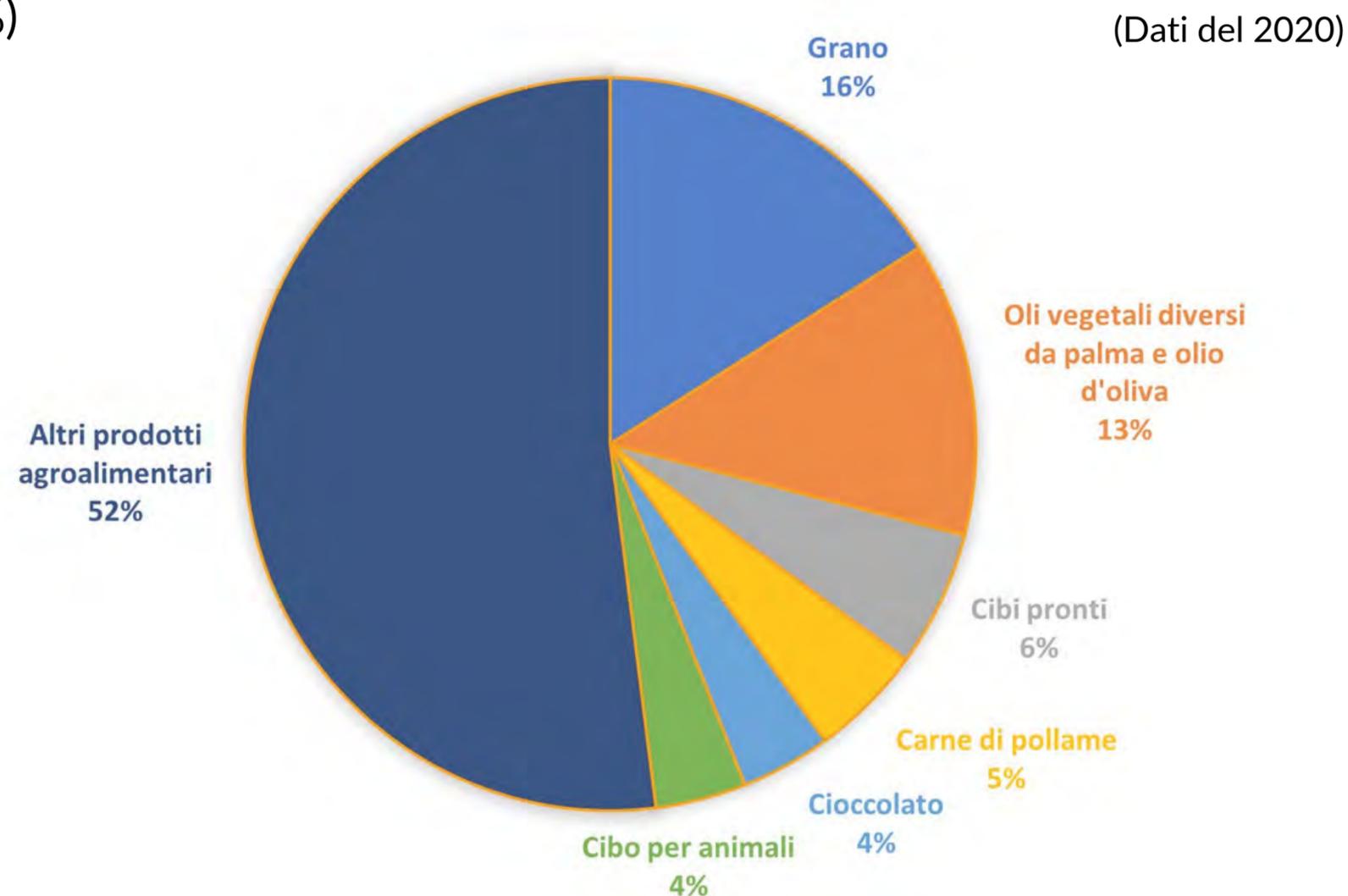
The main trends in the South African food sector are :

- Consumer preference leans towards **Made in Italy** products
- **Importance of domestic life** also because of COVID 19; purchase of food and beverage at large distribution
- **Consumers trend towards savings opportunities:** Consumers purchase food and beverage at greater rates when goods are available at a discount
- **Diversified population:** South Africa is a multiethnic country, "**The Rainbow Nation**"; cultural variety reflects itself on food consumption habits
→
- Increased use of **e-commerce platforms**, enhanced by the COVID 19 pandemic

Main products imported into South Africa

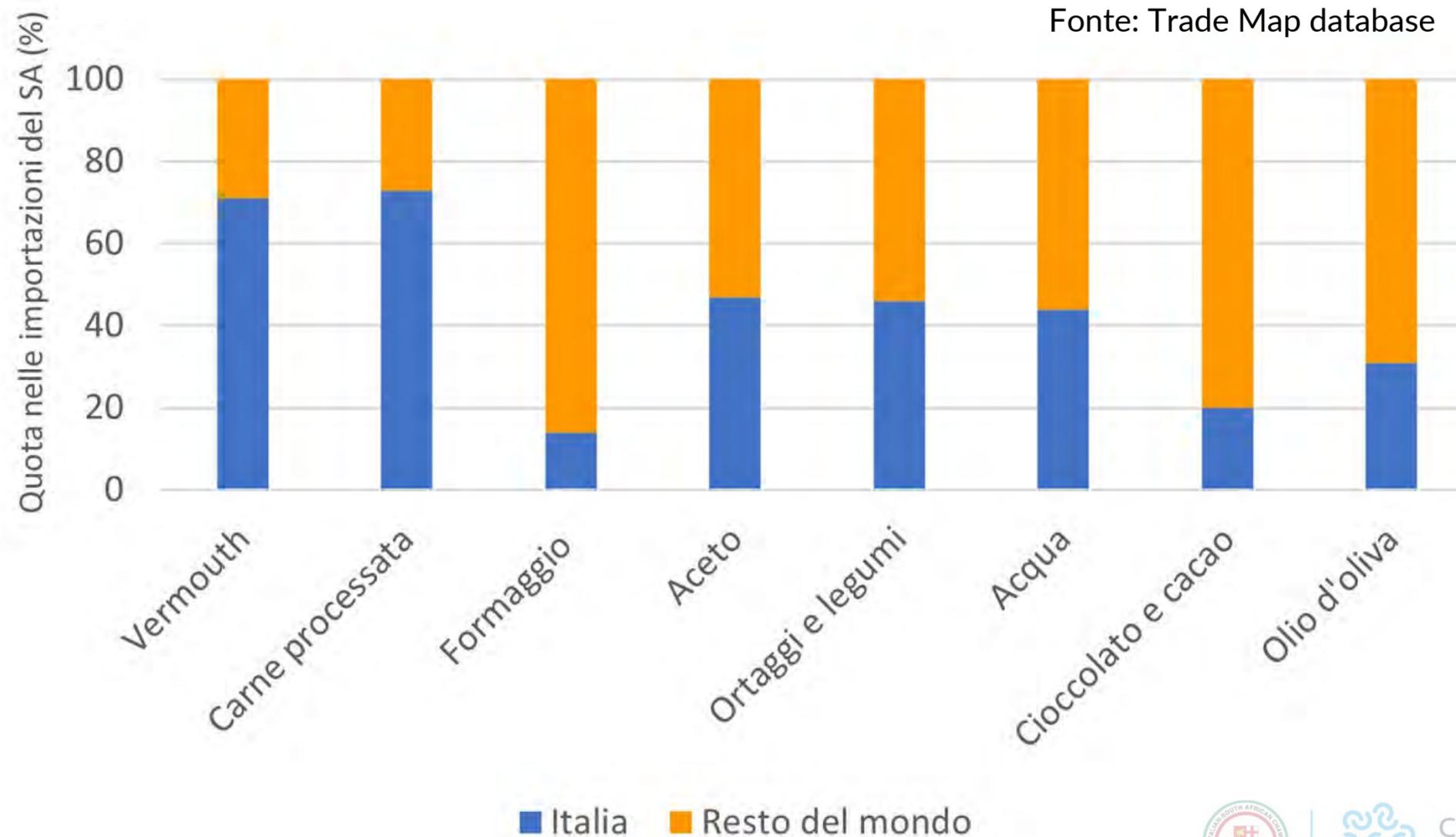
The main agrifood products imported into South Africa from UE, in terms of value, are:

- Wheat (16%)
- Vegetable oils (excluding palm and olive oils) (13%)
- Convenience food (6%)
- Chicken meat (5%)



Main products imported into South Africa

The main agrifood products imported into South Africa are:



Wine

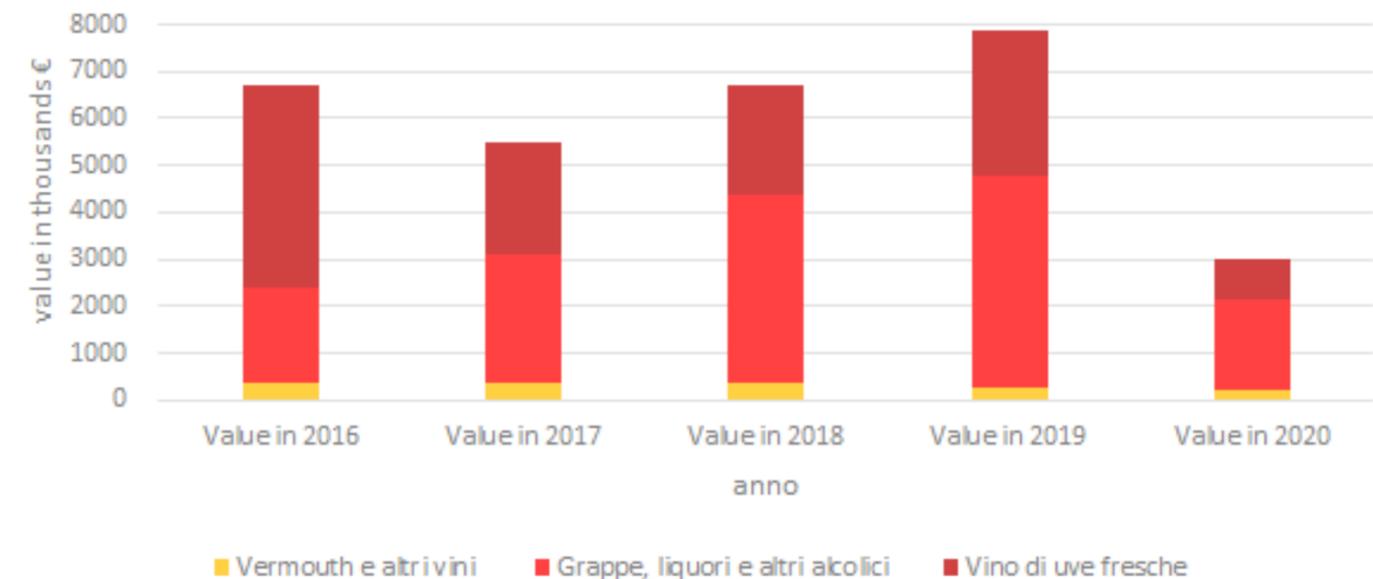
- The South African wine market in 2020 amounted to around 2 billion euros while its consumption amounted to 4,3 millions hectolitres of which:
 - 49% wines
 - 22% red
 - 19% rosé
 - 8% vermouth
 - 2% sparkling

During the period **2012-2017**, wine sales have increased by **20%** in volume: consumers are demanding a higher quality product.

In general, South African global import of wine has **risen by 40%** between 2015 and 2019.

60% of imported wine comes from **France**.
40% of wine is imported from **Italy (2018)**, a figure which is rising, even if it still represents **10%** of South African imports.

Wines coming from European Union are duty-free and compete with local products.



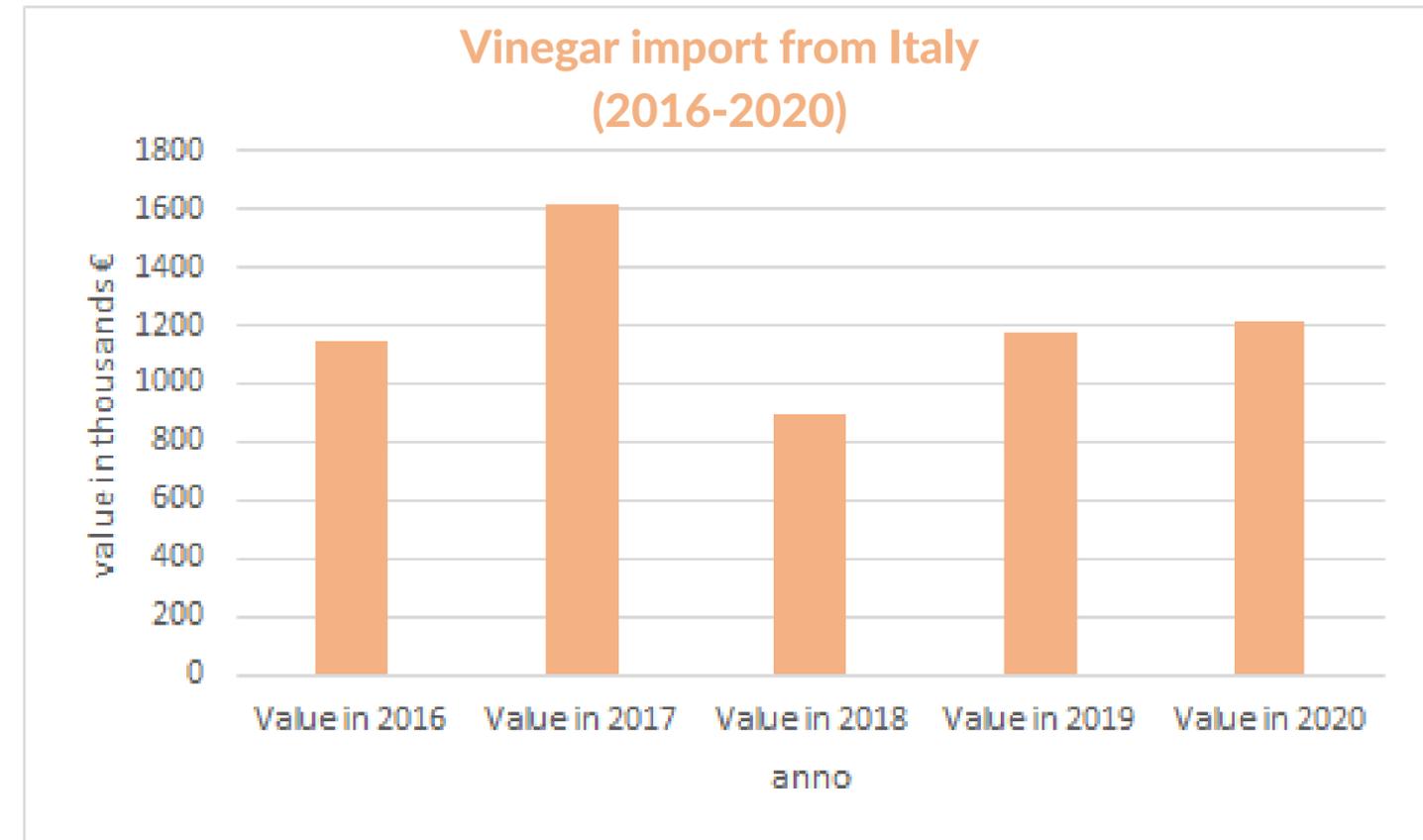
Wine and spirits imports from Italy (2016-2020)

Source: Trade Map database

Balsamic Vinegar

The **consumption** of balsamic vinegar by South Africans is growing.

The country is a net importer of vinegar and 47% of the inflows come from Italy.



Source: Trade Map database

Cheese

The dairy market is increasing in South Africa: the variety and quality of products are increasing.

In South Africa, every year around **80,000 tons of cheese are made.**

Varieties of cheeses typically made in South African are **Gouda and Cheddar.**

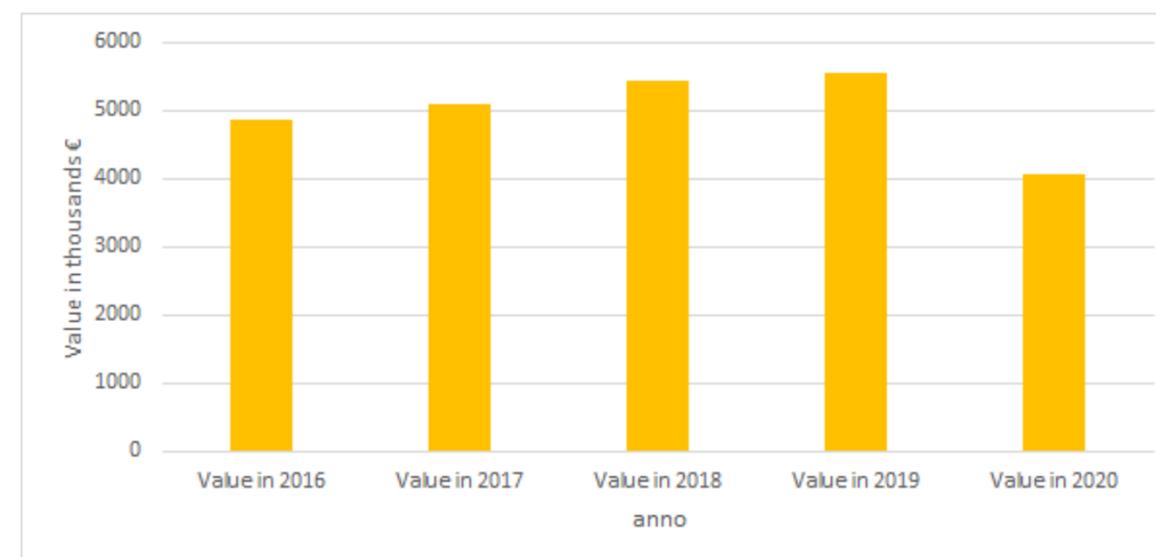
The consumption of cheese has **doubled** over the last 15 years, with the majority of demand coming from medium-high income earners.

Imports of cheese in 2020 amounted to around **40 million euros.**

New Zealand is the largest single exporter to South Africa (25% of total imports), followed by Germany. Italy supplies around 14% of imports.

In general, European dairy products are subject to variable fares and trafifs, which range from 0% to 96%.

Imports of cheese from Italy (2016-2020)



Source: Trade Map database

Olive Oil

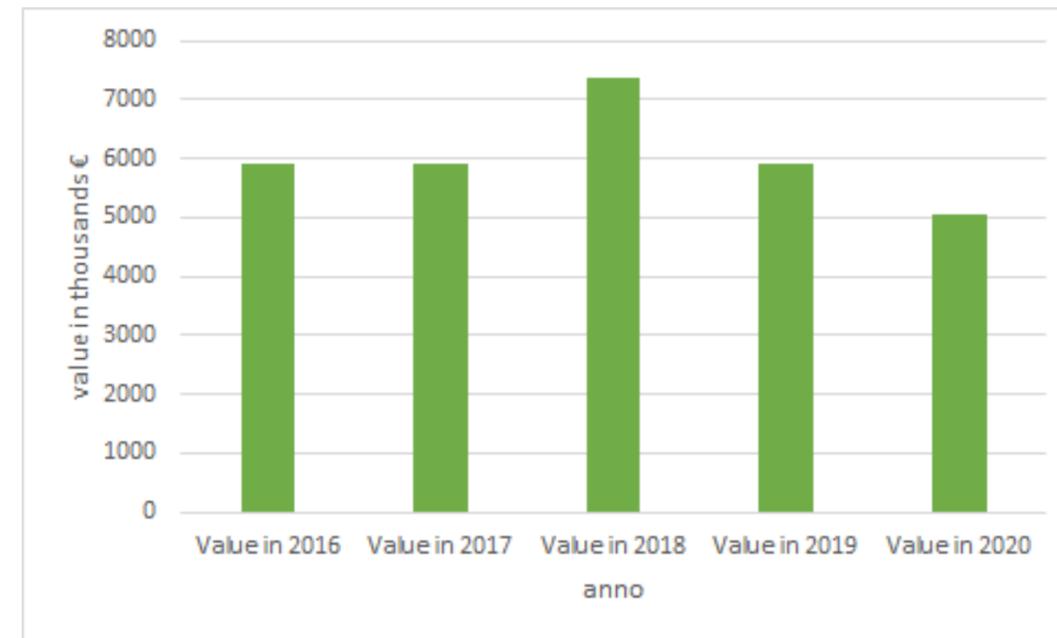
Between 2013 and 2018, the olive oil market in South Africa **has grown by 32%**.

The expected value of the market is expected to reach **36 million euros by 2023**.

Local Olive Oil production is increasing and currently **supplies 1/3** of the country's demand.

69% of imports come from Spain, followed by Italy (around 30%) and Portugal. Italian-produced olive oil tends to command a price premium over products of other European competitors.

Olive oil imports from Italy (2016-2020)



Source: Trade Map database

Olive oil imports from EU are duty free.



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Commercial Agreement

South Africa is a member of **WTO** and the **Southern African Development Community (SADC)**.

In **1999** EU and South Africa signed the **Trade Development and Cooperation Agreement (TDCA)**.

In June **2016** the **Southern African Economic Partnership Agreement (SADC EPA)** was signed, which eliminated most customs duties on traded goods. 250 European denominations have been recognized (of which 50 Italians).

Today the EU represents the biggest investor and commercial partner of South Africa.

Channels of products' promotion

Organised Large Distribution: the major companies in South Africa are Shoprite, Pick n Pay, Massmart, Spar, Woolworths, Food Lovers Market, and Choppies

Urban Markets: they offer high quality handmade products for niche customers

Media, Social Media and e-commerce platforms: U-cook and Take a Lot

Events and exhibitions related to food and beverage:

- **Hostex 2022:** Africa's Food, Drink and Hospitality Trade Expo
- **Africa's big 7:** major annual meeting of the continent in agrifood industry
- **Vino in Piazza:** promotion of Italian wines in South Africa

Bar and restaurants: South Africa owns a net of certified Italian restaurants

Italian-South African Chamber of Trade and Industries, ICE, Embassy and Consulate



Italian Southafrican Chamber of Trade and Industries

ItalCham is an Institution taking part in the Italian business community in South Africa, operating from **1983**. Italcham represents the Italian and Italo-South African entrepreneurial community and supports commercial and investment activities in Italy and South Africa.

Why work with the Chamber?

- **Previous Experience** in promoting **agrifood industry products** and DOP, IGP, and STG products
- High **professionalism** and **knowledge** of the South African market
- **Worldwide network of contacts**, relationships with the local business community, institutions, and consumers
- Special prices thanks to ministerial funds and No Profit Status

EU policy to the promotion of DOP, IGP and STG products to third Countries

With the aim of strengthening European agri-food sector competitiveness, **AGRIP** program, promoted every year by the European Commission, aims to the following goals:

- Raise awareness about the high-quality, agri-food products of the European Union
- Improve the competitiveness and consumption of agrifood products and specific food products from the EU
- Increase the market share of EU products, as well as paying attention to the growth potential of foreign markets

THANKS FOR YOUR ATTENTION



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