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1. DESCRIPTION OF THE INDUSTRY

South Africa is the world leader in ostrich production with 75% of global market share. Ostrich is characterized by three product phases, i.e. meat, leather and feathers and the current main source of income is meat and leather. The value of a slaughtered ostrich is broken down into 45% skin, 45% meat and 10% feather. This contrasts with Europe, where the breakdown is 75% meat and 25% skin. This is because of the popular healthy aspects that ostrich meat contains the lowest fat and cholesterol and rich in protein and iron. South Africa has a unique ability with ostriches. A few decades ago, the country was the sole producer of farmed ostriches in the world and this monopoly was jealously guarded by a law that made it illegal to export live birds. But, with the liberalisation of agriculture, the legal restriction was lifted and many other countries imported South African ostriches to start their own industries.

In South Africa ostriches require dry climate, especially for breeding. Therefore ostrich farming is more suitable in the western drier parts of the country or in winter rainfall regions. The industry predominates in the Western Cape in the Klein Karoo and Southern Cape regions. Oudsthoorn district in the Western Cape is called the ostrich capital due to the number of ostriches slaughtered and the value added products from this area.

The gross value of production of ostrich products is dependent on the quantity produced and the prices received by producers. Figure 1 below show the gross value of ostrich production over the past ten years. The average gross value of ostrich production amounted to R370 million over the past ten years. The low gross value in 2004/05 was due to an outbreak of Avian Influenza (AI) during August 2004 in South Africa. It over-recovered in 2006/07 due to increasing prices but declined again in 2007/08 due to economic crisis and reached a peak in 2009/10. The drastic decreases experienced in 2010/11, 2011/12 and 2012/13 were due to another outbreak of AI in April 2011. However, in 2013/14 the gross value has picked up with an increase of 23.7% from 2012/13.

![Figure 1: Gross Value of Ostrich meat](image.png)

Source: Statistics and Economic Analysis, DAFF
1.1. PRODUCTION AREAS

Ostriches are produced in five provinces of South Africa. At least 70% of the world ostriches are found in South Africa. Figure 2 below show the production areas of ostriches in South Africa.

According to Figure 2 above, 80% of the ostriches are found in the Western Cape, with the Klein Karoo dominating the production whilst 14% is found in Eastern Cape province. The balance of 6% of ostriches is produced in Free State, Limpopo, and Northern Cape. Oudtshoorn in the Klein Karoo of the Western Cape is regarded as the ostrich capital of the world.

1.2. PRODUCTION TRENDS

Local ostrich activities have spread from the Klein Karoo region (which maintains its prominent role) into the Eastern Cape, as well as to the Free State, and Northern Cape. South Africa has about 588 registered export farms of which 453 farms are in the Western Cape, 102 in the Eastern Cape and 33 farms in the rest of the country. There are 10 European Union approved export abattoirs. Out of the 10 tanneries for exotic leather like crocodile, snake, game and ostrich, two are dedicated to ostrich. Most ostriches go to slaughter at 10 –14 months of age, produce about 27 kg of meat, 4.2 m² of leather and 1 kg of feathers.

Figure 3 below indicate slaughterings and production of ostrich meat. The number of ostriches slaughtered and production followed the same trend throughout the decade. They both started high in 2004/05 and decreased continuously to 2008/09 before increasing in 2009/10. Due to the outbreak of AI in 2011, which lead to the culling of 50 000 ostriches, the number of ostrich slaughtered declined and obviously affected production. There was a decrease of 53% for both production and slaughters during 2013/14 relative 2004/05 and when compared to 2009/10 which was the highest there is a decrease of 85% on production. The decrease experienced in 2007/08 was due to the economic crisis which lowered the demand of ostrich meat as it is classified as luxury goods.
1.3. LOCAL CONSUMPTION

Figure 4 below depicts local consumption of ostrich meat compared to the total production for each year to determine if the country is self–sufficient.

There was a decrease of 45% of ostrich meat consumed and 53% decrease of ostrich meat produced during 2013/14 compared to 2004/05 but Figure 4 indicates that there is still more ostrich meat produced than consumed in South Africa and this makes the industry to be export oriented. The drastic increase experienced during 2010/11 and 2011/12 on local consumption was due to the fact that ostrich producers decided to explore the local market because of the ban of ostrich meat to the EU. Local consumption comes in all sorts of forms, with wors (sausage) and biltong (dried and spiced meat) being among the favourites. Production of ostrich meat constituted 65% of income derived from an ostrich.
1.4. EMPLOYMENT

Resuming the exports of ostrich to South African main market (European Union) due to ending of a four year ban will contribute in increasing of jobs. The jobs will increase mainly in Western Cape as the province produce about 75% of ostrich. Currently, the industry creates approximately 20 000 direct jobs in South Africa’s rural areas.

2. MARKET STRUCTURE

2.1. DOMESTIC MARKET

Ostrich products were sold through the Klein Karoo Co-operative in “one channel marketing system” until November 1993. The farmers promoted this system to ensure protection and a satisfactory income since the industry was not governed by a Control Board. In November 1997 the “one channel marketing system” was replaced by a free market system. The prices are determined by forces of demand and supply. Since deregulation 9 new abattoirs were built, namely; Mosstrich, Grahamstown Ostrich Abattoir, Swartland Ostriches, Camdeboo Meat Processors Ltd, Exon, Marowe (Pty) Ltd, Philippe Genuine Ostrich Products and Camexo. Figure 5 below show the average ostrich meat prices by abattoirs.

![Figure 5: Ostrich Producer Price](image)

The producer price of ostrich meat has been fluctuating throughout the period under analysis. The trend shows an immense increase from 2011/12 to 2013/14. There is a slight increase of price of ostrich meat during 2012/13 compared to 2011/12. On average producer price of ostrich meat was R65.20 per annum. Despite the fluctuating ostrich price trend, the prices have increased from 2004/05 to 2013/14 by 116%. A drastic decrease was experienced during 2011/12 and this is due to the fact that domestic demand of ostrich meat was low.

2.2 IMPORT-EXPORT ANALYSIS OF OSTRICH

Figure 6 below compares the quantities of imports and exports for ostrich from 2005 to 2014.
It is clearly indicated from Figure 6 above that South Africa has been a net exporter of ostrich with the exception of 2012. The export quantities are far higher than import quantities although exports experienced a drastic decrease from 2011 to 2014 due to the ban of ostrich meat in the EU market. The exports reached the peak in 2009 at 7 445 tons and this was due to the increased production reaching 8.3 million kg of ostrich during the same period. In 2012, the imports were higher than the exports and this may be due to decreased production coupled with increased consumption.

2.2.1 EXPORTS OF OSTRICH MEAT

The ostrich industry is an important earner of foreign exchange through the export of ostrich meat, leather and feathers. Prior to the ban of ostrich meat and products, exports contributed approximately R1.2 billion annually. Most of the ostrich meat exported is fillet. Ostrich meat is extremely popular in Europe due to its health characteristics (low in cholesterol and fat). Prior to the ban the European Union was the largest consumer of South Africa’s ostrich meat (98 %) and was South Africa’s major export destination. The remaining 2% is exported to the Far East, including Hong Kong.

Figure 7 below show the export destinations of ostrich during 2014.
The European Union (EU) used to be the main importer of South African ostrich meat and products but due to the ban the EU is the least importer. During 2014 South Africa exported more ostrich meat to Namibia accounting for a share of 13% followed by Netherlands 12%, Zimbabwe 12%, Botswana 9% and countries within the African continent accounted for 52% share of South African ostrich meat in 2014.

Figures 8 shows that ostrich meat exports quantity and value almost followed the same trend during the periods under analysis, except 2008 and 2009. Exports quantities started by increasing from 2005 to 2007, followed by a slight decrease in 2008 then increased again in 2009. The decrease experienced in 2008 was caused by world-wide recession which lowered the demand for ostrich meat and leather. The ostrich meat exports dropped significantly from 2009 to
2014 due to the ban on exports and the ban on the movement of ostriches between the farms in South Africa. The ban was lifted by European Union (EU) based on the prevalence of the Avian Influenza outbreak in South Africa.

The European Union (EU) was the main importer of South African ostrich meat importing more than 75% of total exports before the H5N2 avian influenza ban in April 2011. Exports of ostrich meat to EU experienced drastic decreases in 2011 to 2014 due to the outbreak of the H5N2 avian influenza. There was slight overall improvement of ostrich meat export to EU in 2014 (215 tons) as compared to 2013 (213 tons). It is clear from Figure 9 that Germany dominated the market followed by Belgium and Netherlands. The United Kingdom has been the lowest importer within the EU with an average share of 19 tons throughout the period under analysis.
Figure 10 indicate that from Asia, Hong Kong has been the greatest importer of ostrich meat from South Africa from 2005 to 2011 and it has been fluctuating at a deteriorating rate throughout the period under analysis. Its highest imports from South Africa were experienced during 2006 and the lowest was in 2011 due to the ban but Viet Nam increased drastically from 2012 to 2014 and commanded the highest imports. Japan and Malaysia were the lowest importers of South African ostrich meat within Asia.

![Figure 11: Ostrich meat exports to SADC](image)

Source: Quantec EasyData

The exports of ostrich meat to SADC are presented in Figure 11. According to the Figure 11, ostrich exports were below 50 tons for majority of SADC countries. The export volumes reached the highest point in 2009 through Zimbabwe importing 282 tons. On average, Zimbabwe commanded the highest share of 44 tons per annum of South African ostrich meat during the period under review, followed by Democratic Republic of Congo (21 tons) and then Zambia by 14 tons.

Values of ostrich meat exports from various provinces of South Africa are presented in Figure 12.
It is clearly indicated on Figure 12 above that the highest exports of ostrich meat originate from Western Cape province. This is due to the fact that approximately 90% of the industry’s primary production and ostrich product output emanates from it. The second largest exporter is Eastern Cape and the third largest exporter was Gauteng province. Intermittent exports were recorded from the other six provinces. The low exports in 2011 to 2014 is due to the exports suspension of ostrich meat from South Africa due to H5N2 avian influenza outbreak and a decrease in 2008-09 was due to the world economic meltdown.

The following figures (Figures 13 - 21) show the value of ostrich meat exports from the various district municipalities in the nine provinces of South Africa.
From the Western Cape province, Eden district municipality was the main exporter of ostrich meat with an average of R187 million per annum during the period under review followed by the City of Cape Town Metropolitan municipality and West Coast with an average of R3.8 million each respectively. Cape Winelands district municipality was the smallest exporter of ostrich meat during the period under. Cape Winelands district municipality recorded some exports of ostrich meat in 2008 and 2013.

Figure 14: Value of ostrich meat exported from Eastern Cape

Source: Quantec EasyData

Nelson Mandela district municipality dominated the exports of ostrich meat from Eastern Cape province. It commanded the greatest share from 2005 to 2009. Cacadu district municipality commanded the greatest share of ostrich exports value from 2010. Nelson Mandela district municipality exported an average of R19 million per annum and Cacadu district municipality exported R7.4 million per annum during the past 10 years. Joe Gqabi exported ostrich meat worth R2 215 only in 2014. There were no records of ostrich exports in Eastern Cape from 2011 to 2013.

Figure 15: Value of ostrich meat exported from Northern Cape province

Source: Quantec EasyData

Figure 15 above shows that Siyanda district municipality was the only municipality exporting ostrich meat in the Northern Cape province in the past decade. Siyanda district municipality recorded a value of R124 366 in 2008 only. There were no records of ostrich exports in Eastern Cape during other years.
From Free State Province, the exports of ostrich meat were recorded in Mangaung and Thabo Mofutsanyana district municipalities. Thabo Mofutsanyana exported ostrich meat worth of R1.4 million only in 2014, whilst Mangaung exported ostrich in 2013 worth R115 720 and in 2014 exports decreased to R56 936 which is a 50% decrease.

From KwaZulu-Natal province, eThekwini metropolitan municipality commanded the greatest share of ostrich meat value during the periods 2005 to 2007, 2009 to 2010, 2012 and 2014. iLembe district municipality recorded the highest exports in 2008 and Uthukela district municipality was the greatest in 2011.
Generally, exports from the North West province are low due to the fact that North West province is a summer rain region and the establishment of ostrich farms in this province was triggered by the good price of ostrich meat and the weaker rand during the early 2000’s and currently all 30 registered ostrich farms are non-functional. Figure 18 above indicates that from North West Province, Dr Ruth Segomotsi Mompati district municipality was the only district that exported ostrich meat during the period under analysis. The district reported some exports during 2009, 2010 and 2012 while other years show no exports of the ostrich meat in North West province.

Figure 19 indicates that the City of Johannesburg metropolitan municipality was the greatest commander of ostrich meat export value during the period under review. City of Johannesburg metropolitan municipality commanded R74 million during the 10 years period followed by City of Tshwane district municipality with R42 million. West Rand and Ekurhuleni district municipalities followed with exports worth of R28 and R22 million respectively.
In Mpumalanga province, the intermittent exports were recorded from Gert Sibande and Ehlanzeni district municipalities. Gert Sibande district municipality reported the highest export value during the periods 2007, 2009 and 2012. The ostrich meat exports from this municipality diminished during the periods 2005 to 2006, 2008 and 2010 to 2013. Ehlanzeni district municipality has commanded greatest exports of ostrich meat in 2008, 2011 and 2013 to 2014.

From Limpopo province, Waterberg district municipality was the main exporter of ostrich meat during the periods 2005 to 2007. Vhembe district municipality reported ostrich meat exports in 2007 and 2010 whereas Capricorn district municipality exported in 2009 to 2010. The highest exports value of R831,136 was recorded in 2009 from Capricorn district municipality. The province did not export ostrich meat during the period of 2008, 2012 and 2014.

2.2.2. SHARE ANALYSIS

The shares of various provinces to the total value of South African exports of ostrich meat during the past ten years are presented in Table 1.
Table 1: Share of provincial ostrich meat exports by South Africa (%).

<table>
<thead>
<tr>
<th>Years</th>
<th>Province</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Western Cape</td>
<td>75.1</td>
<td>80.6</td>
<td>76.0</td>
<td>83.8</td>
<td>86.2</td>
<td>91.6</td>
<td>85.1</td>
<td>27.8</td>
<td>59.7</td>
<td>36.6</td>
</tr>
<tr>
<td></td>
<td>Eastern Cape</td>
<td>22.0</td>
<td>16.4</td>
<td>19.9</td>
<td>13.6</td>
<td>9.9</td>
<td>3.1</td>
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<tr>
<td></td>
<td>Northern Cape</td>
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<td>0.3</td>
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<td></td>
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<td>0.0</td>
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<td>0.0</td>
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</tr>
<tr>
<td></td>
<td>KwaZulu-Natal</td>
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<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>0.6</td>
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</tr>
<tr>
<td></td>
<td>North West</td>
<td>2.4</td>
<td>2.9</td>
<td>3.9</td>
<td>2.5</td>
<td>3.6</td>
<td>5.1</td>
<td>14.9</td>
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<td>40.0</td>
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<td></td>
<td>Gauteng</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>3.2</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td></td>
<td>Mpumalanga</td>
<td>86.9</td>
<td>96.9</td>
<td>90.1</td>
<td>97.9</td>
<td>97.8</td>
<td>98.4</td>
<td>99.1</td>
<td>94.5</td>
<td>95.2</td>
<td>71.3</td>
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<tr>
<td></td>
<td>Limpopo</td>
<td>0.5</td>
<td>0.1</td>
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<td>0.2</td>
<td>0.0</td>
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<td>0.0</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
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<td>100</td>
<td>100</td>
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<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Calculated from Quantec EasyData

Table 1 indicates that Western Cape province commanded the highest share of ostrich meat exported by South Africa followed by Eastern Cape. This is mainly due to the fact that the industry’s primary production emanates from these areas. Gauteng province also shows regular exports throughout the period under analysis. Other six provinces reported intermittent exports from the year 2005 to 2014.

The accompanying Tables 2 to 10 show shares of the various district municipalities’ ostrich meat exports.

Table 2: Share of district ostrich meat exports to the total Western Cape provincial ostrich meat exports (%).

<table>
<thead>
<tr>
<th>Years</th>
<th>Province</th>
<th>2005</th>
<th>2006</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tr>
<td></td>
<td>City of Cape Town</td>
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<td>6.9</td>
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<td>0.7</td>
<td>0.8</td>
<td>0.0</td>
<td>5.5</td>
<td>4.8</td>
<td>28.7</td>
</tr>
<tr>
<td></td>
<td>West Coast</td>
<td>10.6</td>
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<td>1.8</td>
<td>1.5</td>
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<td></td>
<td>Cape Winelands</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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</tr>
<tr>
<td></td>
<td>Eden</td>
<td>86.9</td>
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<td>97.8</td>
<td>98.4</td>
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<td>100</td>
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</tr>
</tbody>
</table>

Source: Calculated from Quantec EasyData

Table 2 clearly indicates that Eden district municipality is the main exporter of ostrich meat from the Western Cape province. This is because the main production within the province originates from Eden district municipality. City of Cape Town metropolitan municipality also recorded regular exports of Ostrich meat. Irregular exports were recorded from West Coast district municipalities during the period under analysis.

Table 3: Share of district ostrich meat exports to the total Eastern Cape provincial ostrich meat exports (%).

<table>
<thead>
<tr>
<th>Years</th>
<th>Province</th>
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<th>2007</th>
<th>2008</th>
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<td>Cacadu</td>
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<tr>
<td></td>
<td>Joe Gqabi</td>
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<tr>
<td></td>
<td>Nelson Mandela</td>
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</table>

Table 3 clearly indicates that Eden district municipality is the main exporter of ostrich meat from the Eastern Cape province.
Table 4: Share of district ostrich meat exports to the total Northern Cape provincial ostrich meat exports (%).

<table>
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</tbody>
</table>

Source: Calculated from Quantec EasyData

Within the Northern Cape province, the Siyanda districts recorded 100% ostrich exports in 2008. There were no ostrich meat exports from Northern Cape province during the periods 2005 to 2007 and 2009 to 2014.

Table 5: Share of district ostrich meat exports to the total Free State provincial ostrich meat exports (%).

<table>
<thead>
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<th>Years</th>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Mangaung</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Calculated from Quantec EasyData

Mangaung district municipality has recorded 100% share of ostrich meat exports in 2013 and 4% in 2014. Thabo Mofutsanyane district municipality commanded a 96% share of ostrich meat exports from Free State Province in 2014. There were no exports of ostrich meat from Free State province during the periods from 2005 to 2012.

Table 6: Share of district ostrich meat exports to the total Kwazulu-Natal provincial ostrich meat exports (%).

<table>
<thead>
<tr>
<th>Years</th>
<th>Province</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uthukela</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>iLembe</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>97</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>eThekwini</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>3</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Calculated from Quantec EasyData

From KwaZulu-Natal Province, eThekwini metropolitan municipality commanded 100% share of ostrich meat exports from 2005 to 2007 and in 2009, 2010, 2012 and 2014. iLembe district municipalities recorded its exports only in 2008 (97%) and Uthukela recorded 100% share in 2011.
Table 7: Share of district ostrich meat exports to the total North West provincial ostrich meat exports (%).

<table>
<thead>
<tr>
<th>Years Province</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Ruth Segomotsi Mompati</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Calculated from Quantec EasyData

Table 7 shows that Dr Ruth Segomotsi Mompati district municipality within North West province commanded 100% share of ostrich meat exports in 2009, 2010 and 2012.

Table 8: Share of district ostrich meat exports to the total Gauteng provincial ostrich meat exports (%).

<table>
<thead>
<tr>
<th>Years Province</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedibeng</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.15</td>
<td>1.24</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>West Rand</td>
<td>0</td>
<td>10</td>
<td>33</td>
<td>60</td>
<td>43</td>
<td>38</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ekurhuleni</td>
<td>2</td>
<td>22</td>
<td>58</td>
<td>8</td>
<td>18</td>
<td>5</td>
<td>6</td>
<td>9</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>City of Johannesburg</td>
<td>50</td>
<td>24</td>
<td>9</td>
<td>31</td>
<td>4</td>
<td>50</td>
<td>84</td>
<td>86</td>
<td>84</td>
<td>15</td>
</tr>
<tr>
<td>City of Tshwane</td>
<td>48</td>
<td>44</td>
<td>0.24</td>
<td>0.30</td>
<td>34</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>79</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Calculated from Quantec EasyData

City of Johannesburg metropolitan municipality commanded the greatest share of ostrich meat exports from Gauteng province in 2005 and again in 2010 to 2013 and West Rand district municipality commanded the greatest share from 2008 to 2009. Ekurhuleni and City of Tshwane metropolitan municipalities recorded regular exports of ostrich meat. Sedibeng district municipality recorded irregular exports of ostrich meat during the past decade.

Table 9: Share of district ostrich meat exports to the total Mpumalanga provincial ostrich meat exports (%).

<table>
<thead>
<tr>
<th>Years Province</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gert Sibande</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>1.5</td>
</tr>
<tr>
<td>Ehlanzeni</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>98.5</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Calculated from Quantec EasyData

Table 9 above shows that Mpumalanga province reported exports of ostrich meat during the periods from 2007 to 2009 and exported again from 2010 to 2014. Gert Sibande district municipality exported during the periods 2007, 2009, 2012 and 2014. During those periods it commanded 100% share of ostrich meat exports except 2014. Ehlanzeni district municipality recorded exports for four years only during the past decade.

Table 10: Share of district ostrich meat exports to the total Limpopo provincial ostrich meat exports (%).
Limpopo province recorded fractional exports from Vhembe, Capricorn and Waterberg district municipalities during the past decade. There were no exports of ostrich meat from Limpopo province during the periods 2008, 2012 and 2014.

2.2.3. IMPORTS OF OSTRICH MEAT

Figure 22 below shows the quantities and values of South Africa’s ostrich imports during the last ten years.

Import quantities and values have been fluctuating throughout the period under review following the same trend. Figure 22 shows that it was profitable to import ostrich meat during the period under review because more quantities were imported at a low value. During the period 2005 imports were generally low which meant that South Africa was not a net importer of ostrich meat when compared to its exports. During 2006 to 2012 imports were generally high. The increase in 2006 was a response for the lack of supply during 2005. There was a significant drop in ostrich imports in 2013 and 2014 compared to previous years.
During 2014 imports of ostrich meat were mainly from Australia and Namibia. Australia and Namibia commanded South African import market share with 50% and 49.7% respectively. France accounted for the remaining 0.3%.

3. OSTRICH PRODUCTS VALUE CHAIN

Ostrich products (leather, meat, feathers and curios) are marketed locally and exported through a free market system. The main market for ostrich meat is restaurants, wholesalers, supermarkets and foodservice suppliers. The market for ostrich leather includes the clothing, fashion and upholstery industries and for feathers the household, fashion and carnival markets.

South Africa has a large number of independent role-players in its ostrich industry. Fierce competition prevails amongst them in order to market their products. Due to the fact that ostrich products are regarded as niche products, the industry as a whole and the different role-players individually has an approach to protect the industry in different ways. This *inter alia* led to an “each for himself”- approach. Unfortunately it also resulted that there is no coordinated approach to work together or to provide important functions for the benefit of the whole industry, e.g. functions relating to product development, generic marketing, research, etc. On the international market each processor sells its ostrich products independently of other processors. This led to the undercutting of prices in order to sell larger volumes. It also has a negative effect on monitoring of quality standards, which led to reduction of optimum income levels realized for ostrich products.

Since deregulation nine new abattoirs were built. Approximately 70% of ostrich products are in the hands of a few players namely Klein Karoo International (Pty) Ltd, Mosstrich, Grahamstown Ostrich Abattoir, Swartland Ostriches, Camdeboo Meat Processors Ltd, Exxon, Marowe (Pty) Ltd, Philippe Genuine Ostrich Products and Camexo. The ostrich products value chain is represented in Figure 24.
Figure 24: OSTRICH PRODUCTS VALUE CHAIN

Primary Producers – Farmers (588 registered farms)
- R58 million per annum: Exports (meat, leather, feathers)
- 16 000 workers
- 10 abattoirs, 10 tanneries - 2 dedicated to ostrich

Infertile Eggs (Baking industry)

Infertile Eggs (Arts and crafts)

Abattoirs

Hides & skins

Meat

Feathers

Local Processor

Tanneries (2) (Leather)

EU APPROVED
- 1. Klein Karoo International
  - 1.1 Oudsthoorn
  - 1.2 Swellendam
  - 1.3 Graaf Reinet
- 2. Grahamstown Ostrich
- 4. Mosstrich (Mossel Bay).
- 5. Roelcor (Mamelsbury)

EXPORTS

CONSUMERS

Butcheries/ Retail Outlets / Restaurants
4. ORGANISATIONAL ISSUES

The local ostrich industry is structured as follows: Producers belong to ostrich producer organisations according to provinces. These provincial organisations are members of the South African Ostrich Producers Organisation (SAOPO). The processors (ostrich abattoirs and ostrich leather tanneries) are represented in the National Ostrich Processors Organisation of South Africa (NOPSA). The South African Ostrich Business Chamber (SAOBC), representing both NOPSA and SAOPO, was established in 1998. The SAOBC is regarded as the umbrella body for the South African ostrich industry.

4.1. THREATS AND CONCERNS

- A stronger Rand decreases the profit as 90% of ostrich meat and products are exported.
- Smaller margins and labour legislation as well as the Avian Influenza led to producers leaving the industry.
- An increase in environmental awareness is being experienced on veld utilization.
- Research and development in the industry was previously managed and financed by the Klein Karoo Co-operative but since deregulation this function has to be funded by the industry in collaboration with the Department of Agriculture, Forestry and Fisheries.
- While South Africa is the world leader proper Government Veterinary Services are needed to ensure that South Africa maintains this position.
- For new entrants into the industry new markets need to be explored as the existing markets are saturated.
- There must be an adequate skilled staff to provide regulatory service at all times.

5. CHALLENGES FACING EMERGING FARMERS

Because ostrich farming does not lend itself towards subsistence farming, there are few emerging farmers in the industry. The learning curve for new farmers is steep, as they grapple with the intricacies of general farm management and the industry-specific pitfalls of ostrich farming. Some of the challenges faced by emerging farmers and new entrants are as follows:

- Capital intensive farming, processing etc.
- High start-up and running costs.
- High Risk Industry - It takes 30 months before money can be obtained from the business. The mortalities can be extremely high during chick raisings and chicks are born without immunity to diseases. Birds are sensitive to temperature changes. The information on diseases is difficult to access.
- Inexperience.
- The absence of guaranteed markets.
- Lack of export expertise.
- Abattoirs and tanneries – Standards are high.
- Feed consumption: 2.5 kg per ostrich per day
- Consumer guarantees on animal welfare and food safety must be given because of the strict requirements of the export market.
- The supply and quality must be consistent.
- The prices are market related and the profit is dictated by and large the rate of exchange.
- Quality cannot be compromised and must adhere to the same worldwide standards.

6. MEAT QUALITY STANDARDS

The export of ostrich meat is predominantly to Europe which requires that the industry must comply with the phyto-sanitary requirements of the EU. (Although Switzerland is not part of the EU, they are applying the same phyto-sanitary standards).
The EU requirements are:

- Abattoirs and de-boning and packaging plants must be approved by the EU for the export of ostrich meat to the EU.
- The State as the recognised competent authority must provide meat inspection services at abattoirs approved for export of meat to the EU and must certify the meat prior to export.
- Residue testing of the meat must be done by the competent authority.
- Prior to slaughter, ostriches must be placed in quarantine for at least 14 days. The quarantine camps must be tick free, have no vegetation and must have a 3 metre cleaned area around the camp. Birds must be inspected and treated for tick infection when entering the quarantine camp. A record of the tick control measures must accompany the bird when presented for slaughter. The tick control is required to avoid the possible transmission of Congo fever.
- No growth stimulants or hormonal treatment is allowed.
- Inoculation against Newcastle disease is compulsory. An abattoir is also closed for export to the EU if an outbreak of Newcastle disease occurs within 10 kilometres of the abattoir. A bird that is presented for slaughter must be accompanied by a Newcastle inoculation certificate.
- No sand, hay or other organic material are allowed on vehicles used for transporting birds to the abattoir and the vehicles must be disinfected before leaving the abattoir site.
- The Avian Influenza (AI) status of the farm of origin must be indicated when birds are presented for slaughter. The incidence of AI in South Africa during 2007 has caused the closure of the EU for the import of ostrich meat from South Africa. The EU applies strict control measures in this regard.
- All ostriches must have an identification tag that allows the meat to be traced to the farm of origin. Slaughter ostriches must originate from a registered farm and must have been on a registered farm for at least 3 months prior to slaughter. A farm must be registered for at least 6 months before birds can be presented for slaughter.

7. BLACK ECONOMIC EMPOWERMENT PROJECTS

7.1. Western Cape

7.1.1. Klein Karoo Agri Business Centre (Klein Karoo Region)

- KLEIN KAROO International Ltd (KKI) is the sponsor of the Klein Karoo Agri Business Centre (KKABC). The aim of the KKABC is to advise new entrants on their business plans and to assist them with funding applications. 286 new jobs have already been created and the aim is to reach 440 new jobs. Some of the KKABC's successful projects:
  - A manufacturing unit for ostrich leather items sold at the Klein Karoo Ostrich Boutique in Oudtshoorn.
  - At De Hoop (10 km outside Oudtshoorn) a group of previously disadvantaged rural women manufactures ostrich feather and ostrich egg shell products. They ship two containers with products to Germany every six months.
  - The Klein Karoo Feather Sorting Project in Dysselsdorp provides jobs for 100 people and is run independently by its members. KLEIN KAROO International supplies the ostrich feathers, which are sorted and sold back to KKI.
  - Various other projects are being established at the ten agricultural societies in the Klein Karoo region.
  - Study grants are provided to ten students from previously disadvantaged communities. This enables them to enter their first year of degree studies at the Free State University.
7.1.2. SCOT: Southern Cape Ostrich Tanning

- SCOT (Member of the Mosstrich Group, Mossel Bay) has established joint ventures with Transnet and Eskom. SCOT provides ostrich leather product manufacturing training to unemployed women in the Mossel Bay area and sells the products via SCOT’s marketing channels. On occasion SCOT also donates leather for worthy developmental projects.

7.1.3. Mosstrich BEE Trust (Mossel bay)

- Mosstrich is owned by 180 ostrich producers. The company has implemented a project whereby 6 000 preferential shares, representing 6.5% of the issued shares capital, were given to 250 employees. The employees share in the company profits and a total of R1 815 million was paid out to the employees in the form of dividends. The next step is to extend this programme to farm labourers working on some of the farms of the ostrich producers.

7.2. Eastern Cape

7.2.1. Integrated Meat Processors of the Eastern Cape (IMPEC)

- Integrated Meat Processors of the Eastern Cape (IMPEC) is fully BEE-compliant and facilitates the economic empowerment of previously disadvantaged individuals through this integrated project where beneficiaries are included in the entire value chain and proper business training is provided to ensure sustainability.

- The Salem Project, which forms part of IMPEC, focuses on community development. It has trained more than 100 small-scale rural black farmers to raise 7 000 ostriches per annum for slaughter in Grahamstown.

7.2.2. Middleton - Ostrich Development Project

- This project creates the opportunity for the upliftment of various previously disadvantaged role players and farm employees.

7.3. Northern Cape

7.3.1. Kuruman

- The Kuruman Project is a Black-owned enterprise comprising 30 members who are involved in ostrich production.

- The SAOBC’s ostrich production training booklet is used extensively by the members of this group.

7.4. ALL OSTRICH PRODUCTION AREAS: COUNTRY-WIDE

- Donating ostrich chicks to workers. The producers then assist with raising the chicks and obtaining feed. After the ostriches have reached maturity (slaughter age), the producers buy the birds from their workers.

- Mentorship programmes exist on numerous farms.

- There are also ostrich producers who have founded co-operatives for the benefit of their workers who are now also shareholders.
7.5. OSTRI-BEE QUICK FACTS

- BEE Expenditure: R12 Million per year.
- BEE Active Farms: 600 in Eastern, Western, Northern and Southern Cape.
- BEE Beneficiaries: 15 000 (Direct and indirect)
- The SAOBC commissioned the publication of The Ostrich Farm – How to Get Started. This booklet is given free of charge to new small-scale ostrich farmers.

8. MARKET INTELLIGENCE

8.1. EXPORT TARIFFS OF OSTRICH MEAT

Table 11 show tariffs faced by ostrich meat originating from South Africa during 2013 and 2014.

Table 11: Tariffs faced by South African ostrich meat exports

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands and Germany</td>
<td>02089010</td>
<td>Preferential tariff for South Africa</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Namibia and Botswana</td>
<td>02089010</td>
<td>Intra SACU rate 0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>02089000</td>
<td>MFN duties applied 40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: Market Access Map

Table 11 indicates that South Africa receives an exports tariff of 0% when exporting ostrich meat to Netherlands and Germany. Namibia and Botswana have also applied Intra SACU rate of 0% for South African ostrich meat. Zimbabwe has charged South Africa the highest tariff rate of 40% for the products coded above.

8.2 IMPORT TARIFFS

Table 12: Import tariffs applied by South Africa on ostrich meat

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia &amp; France</td>
<td>02089010</td>
<td>02089090 &amp;</td>
<td>MFN duties applied 0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Namibia</td>
<td>02089010</td>
<td>02089090 &amp;</td>
<td>Intra SACU rate 0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Market Access Map
Table 12 clearly indicates that South Africa is charging 0% tariff rate to Australia and France on ostrich meat imports applying MFN duties. South Africa is also applying Intra SACU rate of 0% for ostrich meat originating from Namibia.
Table 13: List of importing markets for ostrich meat (fresh, chilled or frozen) exported by South Africa in 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>14698</td>
<td>14078</td>
<td>100</td>
<td>1729</td>
<td>Tons</td>
<td>8501</td>
<td>-2</td>
<td>-9</td>
<td>175</td>
<td>100</td>
<td>100</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>3508</td>
<td>3508</td>
<td>23.9</td>
<td>223</td>
<td>Tons</td>
<td>15731</td>
<td>86</td>
<td>-17</td>
<td>166</td>
<td>1</td>
<td>20</td>
<td>-6</td>
<td>0</td>
</tr>
<tr>
<td>Belgium</td>
<td>2847</td>
<td>2847</td>
<td>19.4</td>
<td>255</td>
<td>Tons</td>
<td>11165</td>
<td>-12</td>
<td>-6</td>
<td>1850</td>
<td>2</td>
<td>13.7</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2541</td>
<td>2541</td>
<td>17.3</td>
<td>241</td>
<td>Tons</td>
<td>10544</td>
<td>4</td>
<td>2</td>
<td>212</td>
<td>5</td>
<td>8</td>
<td>-6</td>
<td>0</td>
</tr>
<tr>
<td>Switzerland</td>
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<td>2285</td>
<td>15.5</td>
<td>124</td>
<td>Tons</td>
<td>18427</td>
<td>30</td>
<td>-15</td>
<td>163</td>
<td>4</td>
<td>8.3</td>
<td>-3</td>
<td>0</td>
</tr>
<tr>
<td>France</td>
<td>1876</td>
<td>1871</td>
<td>12.8</td>
<td>122</td>
<td>Tons</td>
<td>15377</td>
<td>72</td>
<td>-11</td>
<td>433</td>
<td>3</td>
<td>10.8</td>
<td>-6</td>
<td>0</td>
</tr>
<tr>
<td>Namibia</td>
<td>499</td>
<td>411</td>
<td>3.4</td>
<td>426</td>
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Source: ITC calculations based on COMTRADE statistics.
In 2015, South Africa’s export represented 2.21% of world export for ostrich meat (fresh, chilled or frozen) and its ranking in world exports was 13. Table 13 shows that during 2015 South Africa exported a total of 1729 tons of ostrich meat at an average value of US$ 8 501/unit and the total value exported in 2015 is US$ 14.6 million. The major export destinations for ostrich meat originating from South Africa during 2015 were Germany, Belgium, Netherlands, Switzerland and France. Germany was the leading market for ostrich meat, accounting for 23.9% of South Africa’s export market followed by Belgium and Netherlands with a share of 19.4% and 17.3% respectively.

On average, during the periods 2011 and 2015, South Africa’s exports for ostrich meat decreased by 2% in value and 9% in quantity. During the same period Germany experienced an increase of 86% in value and a decrease of 17% in quantity per annum.

South Africa’s exports for ostrich meat to the world increased in value by 175% during the period 2014 to 2015 and Germany increased by 166% in value while Belgium increased by 1850% during the same periods.
Figure 25: Growth in demand for ostrich meat exported by South Africa in 2015

Source: ITC Trademap
Figure 25 shows that between 2011 and 2015 South Africa’s ostrich meat exports to the United Kingdom, Belgium, Namibia, Mozambique, Botswana and Nigeria were growing at a rate that is less than their imports from the rest of the world. During the same period, South Africa’s ostrich meat exports to Netherland, Switzerland, France, Germany and Zambia were growing at a rate that is greater than their imports from the rest of the world.

Further analysis indicates that Botswana, Nigeria and Zambia represent losses in declining markets. The most growing import market of South African ostrich meat is Namibia and its annual import growth is 19%.
Figure 26: Prospects for market diversification for ostrich meat exported by South Africa in 2015

Prospects for market diversification for a product exported by South Africa in 2015
Product: 020890 Meat and edible meat offal, nes fresh, chilled or frozen

Sources: ITC Trademap
Figure 26 shows that if South Africa wishes to diversify its ostrich meat exports, the biggest market exist in Germany which has a share of 20% of the world’s import market. Belgium’s annual growth of imports was at 2% during 2015. South Africa might be able to penetrate its market due to its size and share in the world’s imports. Therefore, the most attractive markets although small will be Zimbabwe and Mozambique because their annual growth of imports has increased by 23% and 22% respectively in 2015. South Africa might penetrate their markets if it wishes to diversify.
9.2. Imports

Table 14: List of exporting markets for the ostrich meat (fresh, chilled or frozen) exported by South Africa in 2015

<table>
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</table>

Source: ITC calculations based on COMTRADE statistics.
In 2015, South Africa’s imports represented 0.1% of world import for ostrich meat (fresh, chilled or frozen)) and its ranking in world exports was 36. Table 14 shows that during 2015 South Africa imported a total of 400 tons of ostrich meat at an average value of US$ 1550/unit. The major origin for ostrich meat imported by South Africa during 2015 was Australia and Namibia. South Africa imported a total of 585 tons (84.7%) from Australia, and 88 tons (14.2%) from Namibia. This makes Australia the greatest supplier of ostrich meat to South African. France and China followed with a share of 0.8 and 0.2 respectively.

South Africa’s imports of ostrich meat decreased by 44% in value and 40% in quantity between the periods 2011 and 2015. During the same period, imports of ostrich meat from Australia decreased by 44% in value and 36% in quantity. Between the period 2014 and 2015, South Africa’s imports for ostrich meat increased by 6% in value and Australia also increased by 63% in value. This indicates that South Africa’s imports growth in value from the world is growing at a lower rate than Australia’s exports growth value to South Africa.
Figure 27: Competitiveness of suppliers to South Africa for ostrich meat imports in 2015

Competitiveness of supplying countries for a product imported by South Africa in 2015
Product: 020890 Meat and edible meat offal, nes fresh, chilled or frozen

Australia
Namibia

Annual growth of South Africa's imports from the partner countries between 2011-2015, %

Source: Trademap, ITC
Figure 27 above proves that Australia is the only competitive supplier of ostrich meat to South Africa. The annual growth of South Africa’s imports from Australia decreased by 44%. Its exports also decreased by 1% per annum in 2015 and its world share of ostrich meat exports is 2.9%. It is also noted that during the period 2011 to 2015 Australia’s export growth to the world was greater than South Africa’s import growth from Australia. During the same period, South Africa’s import growth to Namibia has shown to be growing at a greater rate than Namibia’s exports to the world.
Figure 28: Prospects for diversification of suppliers for ostrich meat imported by South Africa in 2015

Source: Trademap, ITC
Figure 28 shows that if South Africa wishes to diversify its ostrich meat from its main supplier (Australia), New Zealand is the biggest world supplier, which can be considered. New Zealand’s world export share is 20.7%. Poland, Spain and Belgium are growing markets which South Africa can develop new markets there because currently South Africa is not importing ostrich meat from these three mentioned countries. Their export growth is growing at a rate of 19%, 7% and 1% per annum respectively and their world market share is 12.4%, 6.1% and 9.1% respectively.
10. ACKNOWLEDGEMENTS/REFERENCES

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   www.buanews.co.za

c. CAMDEBOO MEAT PROCESSORS LTD (CAMEXO)
   P.O. Box 72
   Graaf-Reinet 6280
   Tel: 049 - 891 0622
   www.camdeboomeatprocessors.co.za

d. EXOTAN (CAMEXO)
   P.O. Box 2526
   Port Elizabeth 6056
   Tel: 041 - 402 8000
   www.camexo.co.za

e. GRAHAMSTOWN OSTRICH ABATTOIR
   Postnet Suite 100
   Private Bag X1672
   Grahamstown, 6140
   Tel: 046 – 636 1315
   Fax: 046 – 636 1316
   www.goea.co.za

f. National Agricultural Marketing Council
   www.namc.co.za

g. KLEIN KAROO INTERNATIONAL – Leather, Meat, Feathers
   P.O. Box 241
   Oudtshoorn 6620
   Tel: 044-203 5250/6205/5234
   www.kleinkaroo.com

h. MOSSTRICH
   P.O. Box 2629
   Mossel Bay 6500
   Tel: 044- 606 4400
   Fax: 044-6097 7055
   www.mosstrich.co.za

i. OASIS TANNING
   P.O. Box 5577
   Krugersdorp-West 1742
   Tel: 011 – 416 2270
   Fax: 011 – 416 2265
   www.oasistanning.co.za
j. South African Exporter
   www.bdexporter.co.za

k. South Africa info

l. South African Ostrich Business Chamber (SAOBC)
   Tel: 044 -272 3336
   www.saobc.co.za

m. OSTRIMARK SA (PTY) LTD
   P.O. Box 7074
   Grahamstown, 6140
   Tel: 046 – 603 5300
   Fax: 046 – 603 5301
   www.ostrimark.co.za/

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