

# A report on the Seafish industry in South Africa

## Section 1 Country Profile

### 1.1 Politics and Economics

- **Fast facts**

Population (census 2011)	51.77 million
Land area	1,219,090 sq km
Number of households (2010)	14 million
Capital	Pretoria
Other main cities	Johannesburg, Cape Town, Durban, Port Elizabeth
Languages	11 official languages, but English is the primary language of commerce.
Religion	Majority Christian
Currency	South African Rand (R)
Exchange rate (January 2013)	R:£ = 13.7
Total GDP (2011)	\$408bn
Real GDP growth rate (2011)	3.1%
GDP per capita(2012)	\$10,973
Inflation growth rate (2011)	5.0%
Unemployment (2012)	24.9%
International status	Member of the World Trade Organisation (WTO).
Government type	Parliamentary democracy.
Total food and drink industry imports	£2.9bn (2010 data – DEFRA, UK)
Total food and drink industry exports	£3.9bn (2010 data – WTO)
Top import countries (for food and drink industry)	The USA, Germany and the UK are the primary food importers.

- **Economy**

South Africa has a sophisticated and diversified economy where finance, real estate and business services contribute 20,7% to GDP, manufacturing contributes 13,4% and mining plays a critical role in job creation. For these sectors macro-economic indicators like interest rates and the strength of the Rand are critical. But it also has an economy consisting of the very poor who eke out a living through near-subsistence agriculture or the informal sector, for whom economic statistics mean little. Relatively small improvements in living standards can make a huge difference to their lives.

Prudent macroeconomic policies and tight banking regulation limited the impact of the global downturn on South Africa during the global financial crisis. And years of fiscal responsibility provided the space for the government to respond effectively when the country briefly dipped into recession in 2009. The National Treasury continues to implement a counter cyclical fiscal policy and forecasts a deficit of 4.8% of GDP for 2011/12 declining to 3% by 2014/15.

The National Treasury warned in February 2012 that the global outlook had once again deteriorated and that much of Europe, South Africa's major trading partner, risked slipping into recession. The National Treasury downgraded its growth forecast for 2012 from 3.4% to 2.7%. It is then expected to recover, reaching 4.2% by 2014.

The South African Government has embarked on an ambitious multi-year capital expenditure programme worth approximately £70bn, to tackle infrastructure bottlenecks in energy, transport and water. It is hoped that the infrastructure programme will create short term employment and also provide the infrastructure necessary for the economy to grow at a faster pace in the longer term.

- **Politics**

The African National Congress (ANC), won South Africa's first non-racial general elections in April 1994. Nelson Mandela became President and a Government of National Unity was formed; Commonwealth membership was restored and the remaining international sanctions against South Africa lifted. South Africa took up her seat in the UN after a 20-year absence. Parliament approved a new South African Constitution on 8 May 1996. Mandela handed over leadership of the ANC to Thabo Mbeki in December 1997, who succeeded him as State President following the general elections of 1999. In 2007 Jacob Zuma took over from Mbeki as leader of the ANC.

On 22 April 2009, South Africa held its fourth General Election since the end of apartheid. ANC President Jacob Zuma was elected President for a five-year term. The ANC won 65.9% of the national vote (down from 69.7% in 2004). The opposition Democratic Alliance (DA) won the Province of the Western Cape from the ANC and increased its national share to 16.7%. Presidential elections will take place in South Africa in 2014.

## **1.2 The Seafood Sector**

South Africa's fishery sector comprises two distinct components, well-established wild capture fisheries and, a relatively under-developed aquaculture component. Trade of fishery products is important to government revenues, income and employment generation as South Africa is a net exporter of fishery products. South African fisheries are crucial for enhancing economic growth and alleviating poverty.

However many of South Africa's marine resources are considered overexploited or collapsed with a few being fully exploited. Almost 50% of South Africa's marine resources are fully exploited. A further 15% of marine resources are overexploited, including important commercial species such as West coast rock lobster and Indian Ocean yellowfin tuna populations. There are also a number of species in which the current stock status is uncertain.

## FACT: THE STATUS OF SOUTH AFRICAN MARINE RESOURCES

29.6%

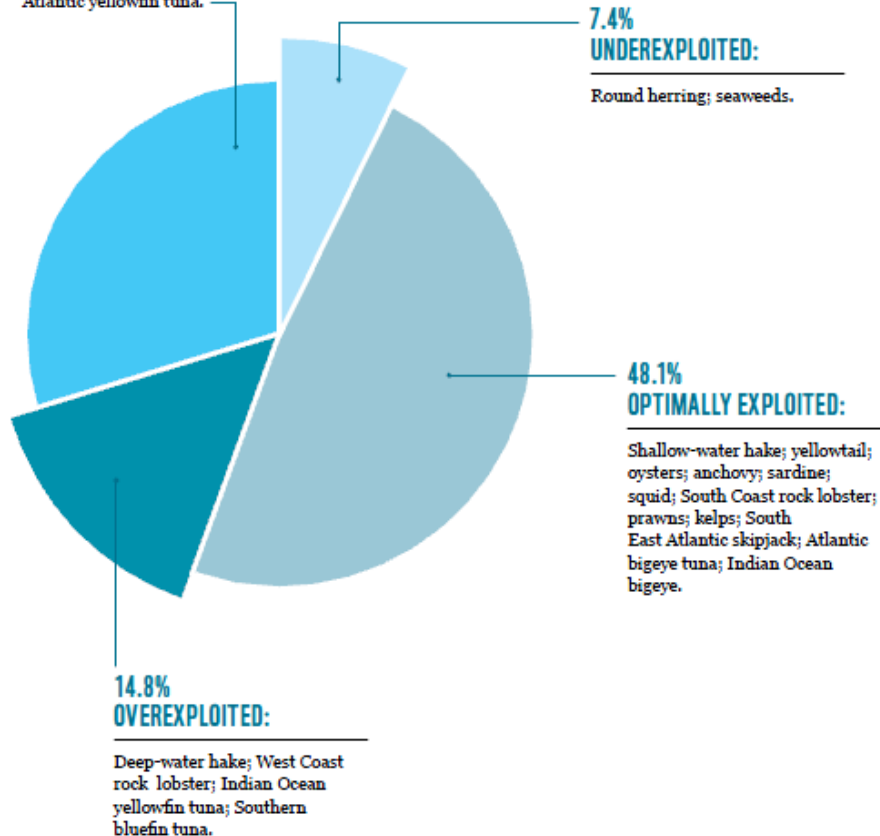
### STATUS UNCERTAIN:

Agulhas sole; Cape horse mackerel; Patagonian toothfish; white mussel; South Atlantic swordfish; Indian Ocean albacore; Indian Ocean skipjack; Atlantic yellowfin tuna.

7.4%

### UNDEREXPLOITED:

Round herring; seaweeds.



The above graph illustrates the status of some commercially important marine species in South Africa. The information in this graph represents the latest available information from the Department of Agriculture, Forestry and Fisheries, but does not represent all of South Africa's exploited marine resources.

The main commercial stocks fished in South Africa are sardine and anchovy, Cape hake, horse mackerel, rock lobster ("west" and "south" coast species), tunas, shark, loligo squid and a large group collectively referred to as "linefish".

The largest sector by volume is the anchovy and sardine fishery. The hake fishery comprises two species (shallow and deep-water Cape hake). Only recently have the catches of the two species begun to be separated in commercial catches and the stocks assessed independently.

There are a number of initiatives underway to improve and restore the state of South Africa's marine resources. These include Marine Stewardship Council (an international eco-label) certification of South Africa's offshore and inshore hake trawl fishery as well as the industry's efforts to reduce some of the broader environmental impacts such as seabird bycatch and habitat damage.

- **Seafood sector employment stats**

The commercial fishing industry currently employs approximately 43,000 people directly (WWF) and approximately 100,000 indirectly. Employment in aquaculture is small at present with 1 817 employed directly on farms in 2006. (DAFF 2012)

- **Contribution to the economy**

The South African Fishing industry currently contributes an estimated R6bn to South Africa's economy. In terms of catch, South Africa is the largest fishing nation in Africa, but only ranks 30<sup>th</sup> among fishing nations worldwide. The fishing industry contributes approximately 0.5% to national GDP, but it is more important, in Western Cape where it contributes approximately 2% to Gross Geographic Product (GGP).

The South African coast provides substantial opportunities for economic and social development. However, it is a resource at risk from inappropriate developments, pollution, poaching and over use. The Department of Agriculture, Forestry and Fisheries plans to look at the economic prospects for marine culture, namely the husbanding and harvesting of sea plants.

South Africa is a net exporter of fishery products. In the Rock lobster, squid, tuna and demersal long-line subsectors, almost the total production is exported.

### **1.3 The Fishing Industry**

- **Demersal fishery**

The demersal trawl fishery is South Africa's most important fishery and, for the last decade, it has accounted for more than half of the income generated from commercial fisheries. 55% of demersal trawl catches are exported. The fishery is separated into an offshore sector targeting deep-water hake (*M. paradoxus*) and an inshore sector targeting shallow-water hake (*M. capensis*) and Agulhas sole (*Austroglossus pectoralis*).

In 2011 the total deep sea trawl catch amounted to 123,679 tonnes, an increase of 4.5% from 2010. The total inshore trawl catch for 2011 was 10,645 tonnes, an increase of 2% from 2010.

- **Pelagic fishery**

The pelagic fishery targeting mainly anchovy and sardine is the largest sector by volume; in 2011 315,462 tonnes were landed. This fishery is closely associated with the Benguela Current ecosystem and in particular the high productivity of the upwelling on the west coast.

- **Mid-water trawling**

A small mid-water trawl fishery operates within the demersal sector and targets exclusively adult horse mackerel, which are also caught by the inshore and deep-sea trawl fisheries. Six vessels are licensed to fish within the midwater trawl sector although the majority of the effort within the fishery is conducted by a single, dedicated factory vessel. In 2011 the Mid-water trawl catch was 25,666 tonnes, an increase of 37% from 2010.

- **Rock lobster fishery**

The rock lobster fishery is divided into two sectors, one targeting the west coast species *Jasus lalandi*, and the other based in deep water on the south coast targeting *Palinurus gilchristi*. The West Coast rock lobster is a shallow-water species caught by trap or hoopnet in waters shallower than 100m whereas the south coast rock lobster is caught on the Agulhas Bank in water depths up to 200 m by freezer and live-tank vessels setting traps on longlines. Rock lobster contributes only 0.4 % by mass to the total South African fisheries catch, but its contribution by value is 9.2 % since it is a high value product. In 2011 the landed mass of west coast rock lobster was 1,757 tonnes while that of south coast rock lobster was 738 tonnes.

- **Line fishery**

Line fishing is a multispecies sector. In 2011 total landings of line fish amounted to 12,530 tonnes.

- **Other Categories of fishing**

In the poorer Eastern Cape region, the squid fishery generates R500m in foreign revenue per annum, making it one of the country's most valuable fisheries. South Africa's squid-jigging fishery targets chokka squid (*Loligo vulgaris reynaudi*).

Subsistence and artisanal fisheries are located mostly in rural areas, including the Transkei and Kwazulu-Natal coastlines, where activities such as oyster and mussel picking occur. In some areas, there are also permits for subsistence fishers for the harvesting of rock lobster and abalone.

- **Aquaculture**

Given the market trends, South Africa's environmental potential for aquaculture and the state of development of its industry, estimates that production could grow from the level of 3,543 tonnes (worth R218 million) to more than 90,000 tonnes (worth R2.4 billion) over the next 10 to 20 years.

- **Total South Africa landings (tonnes)**

ZAR4.4 billion of fish were landed in 2009. This is made up of 583,000 tonnes of fish.

**Total South African landings, 2011, tonnes landed by weight**

Type of fishery	2011 Landings (tonnes)
<b>Pelagic catch (Including Sharks)</b>	315,462
Linefish	125,230
<b>Deep sea trawl catch</b>	123,679
Midwater Trawl Catch	25,666
<b>Inshore trawl catch</b>	10,645
Hake Long line	8,473
<b>Squid jigging catches</b>	7,958
Rock lobster	2,495
<b>Tuna and swordfish long-line</b>	2,201
<b>Aquaculture production</b>	860

<b>Abalone</b>	153
----------------	-----

**Top 10 species landed in South Africa in 2011 (tonnes)**

	<b>Species</b>	<b>Tonnes Landed in 2011</b>
<b>1</b>	Anchovy	119,873
<b>2</b>	Sardine	112,885
<b>3</b>	Hakes	111,487
<b>4</b>	Round herring	64,640
<b>5</b>	Cape horse mackerel	26,381
<b>6</b>	Horse mackerel	10,991
<b>7</b>	Snoek	8,556
<b>8</b>	Squid	7,966
<b>9</b>	Monkfish	7,469
<b>10</b>	Ribbon fish	2,823

- **Major South African Ports**

Port	Port details	Port facilities
<b>Durban</b>		
Web: <a href="http://www.ports.co.za/durban-harbour.php">www.ports.co.za/durban-harbour.php</a>	<p>The port of Durban handles the greatest volume of sea-going traffic of any port in southern Africa. For the 2008/09 financial year ended 31 March 2009, the Port of Durban handled a total of 4,554 sea-going ships with a gross tonnage of 114.7 million tonnes or about 38 percent of the ships calling at all South African ports.</p> <p>During the fiscal year 2011/12 total tonnage handled by the port (including the calculation for containers) constituted 45.3 million tonnes of imports, 25.6 million tonnes of exports and 7.2 million tonnes of transshipment cargo giving a total tonnage for the port of 78.1 million tonnes.</p>	<p>The port of Durban operates on a common user basis and consists of five business units managed by Transnet Port Terminals or TPT [formerly known as SA Port Operations (SAPO)] - Durban Container Terminal (Africa's busiest), Pier 1 Container Terminal, Multi Purpose Terminal (also known as the City Terminal), Durban Car Terminal (three berths), and Maydon Wharf Terminal.</p> <p>There are a number of other terminals in the port which are managed and operated by private companies, including the Bluff Coaling Terminal known as Bulk Connections, the large Island View oil and petroleum complex, often referred to as the Cutler Complex or simply as Island View, the Fresh Produce Terminal at the T-Jetty and another fruit terminal at Maydon Wharf, the Sugar Terminal and Wood Chip Terminal on Maydon Wharf, SA Bulk Terminals (Rennies) on both Maydon Wharf and Island View in addition to a number of other private facilities mostly at Maydon Wharf.</p>
<b>Cape Town</b>		
Web: <a href="http://www.ports.co.za/cape-town.php">www.ports.co.za/cape-town.php</a>	<p>During the 2011/12 financial year Cape Town handled 2,775 vessels for a gross tonnage of 51 million tonnes. Total cargo handled at the port (excluding containers) was 3.8 million tonnes. As with the other ports these figures do not include container tonnage, which is estimated as being 10.7 million tonnes for 2008/09 (calculated on the basis of an average 13.5t per TEU), giving the port a total tonnage handled of 14.5 million tonnes.</p> <p>Excluding containers, total imports were 2.5 million tonnes and exports 1.3 million tonnes, with transshipments of 74,496 tonnes.</p> <p>Cape Town's Container Terminal handled a total of 790,313 TEUs during the fiscal year 2008/09, of which 389,919 TEUs were imports and 400,394 exports. Tranships constituted 65,139 landed and 63,936 TEUs shipped of those amounts respectively.</p>	<p>Cape Town, as the 'Tavern of the Seas' caters for general cargo on a common user basis, and is handling an increasing number of containers and in addition has become an important repair facility, especially for the west coast oil and diamond mining industries.</p> <p>There are 34 berths in total including layby berths. The port boasts extensive ship repair facilities.</p> <p>Cape Town has two main terminals, or business units for cargo handling purposes.</p> <p>The Container Terminal contains six deep-sea berths.</p> <p>The Multi Purpose Terminal in Duncan Dock handles fruit, steel, paper, maize, wheat, rice, timber, coal, scrap and other general cargo, as well as passenger cruise ships. Duncan Dock also has a dedicated cold store for fish products with docking space for up to six vessels and the ability to discharge three simultaneously.</p> <p>The port has good rail and road connections inland to other centres.</p> <p>The port, which is situated close to the central business district, houses a yacht club and marina as well as a NSRI base.</p>

Richard's Bay		
Web: <a href="http://www.ports.co.za/richards-bay.php">www.ports.co.za/richards-bay.php</a>	<p>During the 2011/12 financial year ended 31 March 2012 Richards Bay handled a total of 1,782 ships with a gross tonnage of 66 million tonnes. During the same year the port handled 89.2 million tonnes of cargo, of which 84.5 million tonnes was bulk cargo.</p> <p>Imports amounted to 5.9 million tonnes and exports 83.1 million tonnes.</p>	<p>Richards Bay consists of a Dry Bulk Terminal, a Multi Purpose Terminal and the privately operated Coal Terminal. Other private operators within the port include several wood chip export terminals and a bulk liquid terminal.</p> <p>A fully equipped diving service is available for ship inspection. Ship repair is undertaken at the quayside (usually the small craft berth), as the port currently has no ship repair facilities.</p> <p>The port with its immediate region has become a popular call for international cruise ships because of the close proximity to game parks and the St Lucia World Heritage Site.</p>
Port Elizabeth		
Web: <a href="http://www.ports.co.za/port-elizabeth.php">www.ports.co.za/port-elizabeth.php</a>	<p>Port Elizabeth handled a total of 1,176 ships during the 2011/12 financial, with a total tonnage of 27 million tonnes.</p> <p>Cargo handled during the fiscal year 2011/12 amounted to 11.75 million tonnes including containers.</p> <p>Imports (without containers) amounted to 2 million tonnes and exports 5,7 million tonnes Transshipment cargo handled was 35,147t without containers.</p> <p>The port handled <b>300,344 TEUs during 2011/12</b>, of which 157,057 were imports including 74,655 transshipment TEUs and 143,287 were exports, including 77,558 transshipment TEUs.</p>	<p>Port Elizabeth's main features are the container terminal, fruit terminal and manganese terminal. The container terminal has a capacity in excess of 375,000 TEUs and has the advantage of being able to load railway trains directly under the gantry cranes, without containers having to be double handled, thus speeding up delivery to inland destinations.</p> <p>The breakbulk terminal handles a variety of agricultural products including wheat imports and fruit (deciduous and citrus) exports as well as steel, scrap, timber and motor vehicles. Manganese ore is the major bulk export from Port Elizabeth.</p> <p>A full range of ships chandlery and stevedoring as well as other support services is available. The port houses a yacht club and marina as well as a NSRI base.</p>



## **1.4 Consumer trends/demands**

The pelagic fishery production, which is the largest by volume, forms the bulk of the fish production consumed locally. Canned pilchards are a popular protein source and fishmeal production is utilised in the agricultural sector. Annual fish consumption in South Africa was estimated at 7.5kg per capita per year (2009), which is relatively low compared to global consumption of 17kg per capita per year. South African's consume mainly white and red meat; most of the population prefers livestock and poultry protein. 61% of all protein consumed in South Africa is Poultry.

There are a number of reasons for South Africa's relatively low consumption of seafood. South Africa does not traditionally have a seafood eating culture, with seafood consumption predominantly the domain of the middle and upper income groups. The exception is canned sardines - South Africa is one of the largest sardine eating nations in the world and canned sardines form the staple diet for a large portion of the South African population.

The traditional family restaurants cater for the middle income group consuming relatively large quantities of whitefish, cheap calamari and the smaller prawns. Allergies to molluscs are also common in South Africa.

Fish protein is a critical protein source for many of the traditional fishing communities along the South African coastline, many of whom are considered food insecure.

- **Prices of sea food vs. red meat and chicken**

	2006 (R12.5 = £ 1)	2013 (R13.5 = £ 1)
Fish	53 R/kg = 4.23 £/kg	81 R/kg = 7 £/kg
Beef	50 R/kg = 3.99 £/kg	120 R/kg = 8.9 £/kg
Poultry (Chicken)	20 R/kg = 1.59 £/kg	40 R/kg = 3 £/kg

Whole fish ranges from Massbanker, R25.99 per Kg to Norwegian Salmon, R182.99 per kg Beef fillet is R179.99 per kg and steaks from R59.99 per kg. For chicken; a whole bird averages R56.10 (1.4kg) (Pick n Pay 2013). The price of meat has increased over the last few years making fish a more affordable source of protein. The price of fish is now in-between that of chicken and red meat. This could be due to the increased price of grain but it offers new opportunities.

- **Types of fish sold**

Sea food in South Africa is sold either: chilled, as whole fish, fillets, cutlets, smoked fish, prawns and crustacea or; frozen, as fillets, battered fillets, fish cakes and processed fish.

- **Consumption trends**

Over the past few years a growing number of consumers have either adopted a meat-free diet by becoming vegetarian or vegan, or have significantly reduced their red meat intake, turning to fish and poultry instead.

Fish and seafood market trends in South Africa are largely influenced by market price, species availability, and ease of accessibility for consumers. Increasingly, market trends are influenced by consumer awareness programmes like the WWF's Southern African Sustainable Seafood Initiative (SASSI), and eco-labels like the Marine Stewardship Council (MSC). Increasing consumer and retailer awareness of environmental and sustainability issues has resulted in increased demand for environmentally friendly and

sustainable seafood products. Recognising that this growing market represents a very powerful force in shaping what happens out at sea, a number of global conservation initiatives have been developed to harness the power of the market and incentivise responsible fisheries and suppliers.

FishMS is a world-first service where customers can make on-the-spot informed decisions by sending the name of the fish as a text message to the FishMS number. You will get a prompt response telling you where the species is on the list of those at risk of over-exploitation, as well as some additional information such as minimum size. Shortly thereafter, you will receive a response telling you whether to tuck in, think twice or avoid altogether. If the species is a commonly caught linefish species, there will also be information about minimum size and bag limits which are set by DAFF. The SMS is charged at standard cellular rates. The most requested seafood species on FishMS are: Kingklip, Hake, Tuna, Sole, Dorado, Yellowtail, Salmon, Silver Kob, Prawns, and Kabeljou (Kob)

[http://www.medioclubsouthafrica.com/index.php?option=com\\_content&view=article&id=1965:sassi-220910&catid=42:landnews&Itemid=110](http://www.medioclubsouthafrica.com/index.php?option=com_content&view=article&id=1965:sassi-220910&catid=42:landnews&Itemid=110)

### **1.5 Exports and imports**

Not all the fish harvested by South Africa is used to satisfy domestic demand. Fish caught in SA is mainly exported due to the higher returns internationally. There is significant import of fish.

South Africa is a net exporter of fish and fish products. South African exports, on average, are approximately 160,000 tonnes of fish per year and imports are approximately 55,000 tonnes. In 2009 South Africa exported R604m (£44m) of fish and fishery products worldwide. Imports of fish and fishery products into South Africa for 2009 were valued at R559m (£41m) (TRAFFIC 2010). Top countries supplying imports to South Africa are India, China, Thailand and New Zealand

### **1.6 UK Share and export opportunities**

- **UK Share**

The UK's exports to South Africa were low in 2011 but increased significantly in the first half of 2012. This is due to 3,171,276 kg of Flour, meals and pellets of meat or meat offal of fish or of crustaceans, mollusc or other aquatic invertebrates, unfit for human consumption.

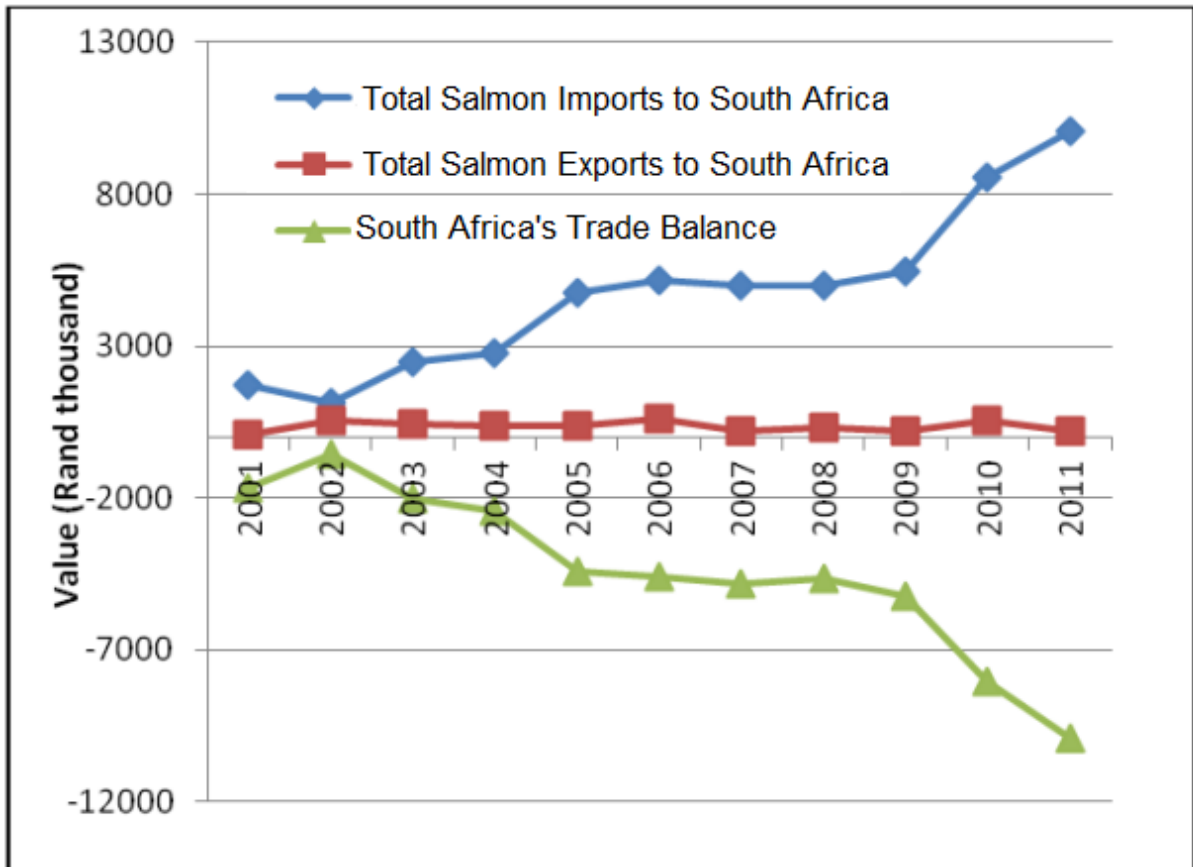
	UK exports to South Africa (Value)	UK exports to South Africa (Quantity)	UK imports from South Africa (Value)	UK imports from South Africa (Quantity)
Jan - Jun 2012	R 36,027,898	3,622,082 kg	R 41,981,466	1,848,439 kg
Jan - Dec 2011	R 19,316,259	595,548 kg	R 69,959,429	2,609,574 kg

The UK's main exports to South Africa are Pacific, Atlantic and Danube Salmon, Trout, Shrimp and prawns.

- **Export opportunities.**

Fresh salmon: in particular sushi is becoming increasingly popular in South Africa and this has resulted in increased demand for high quality salmon. Salmon imports have increased significantly since 2009.

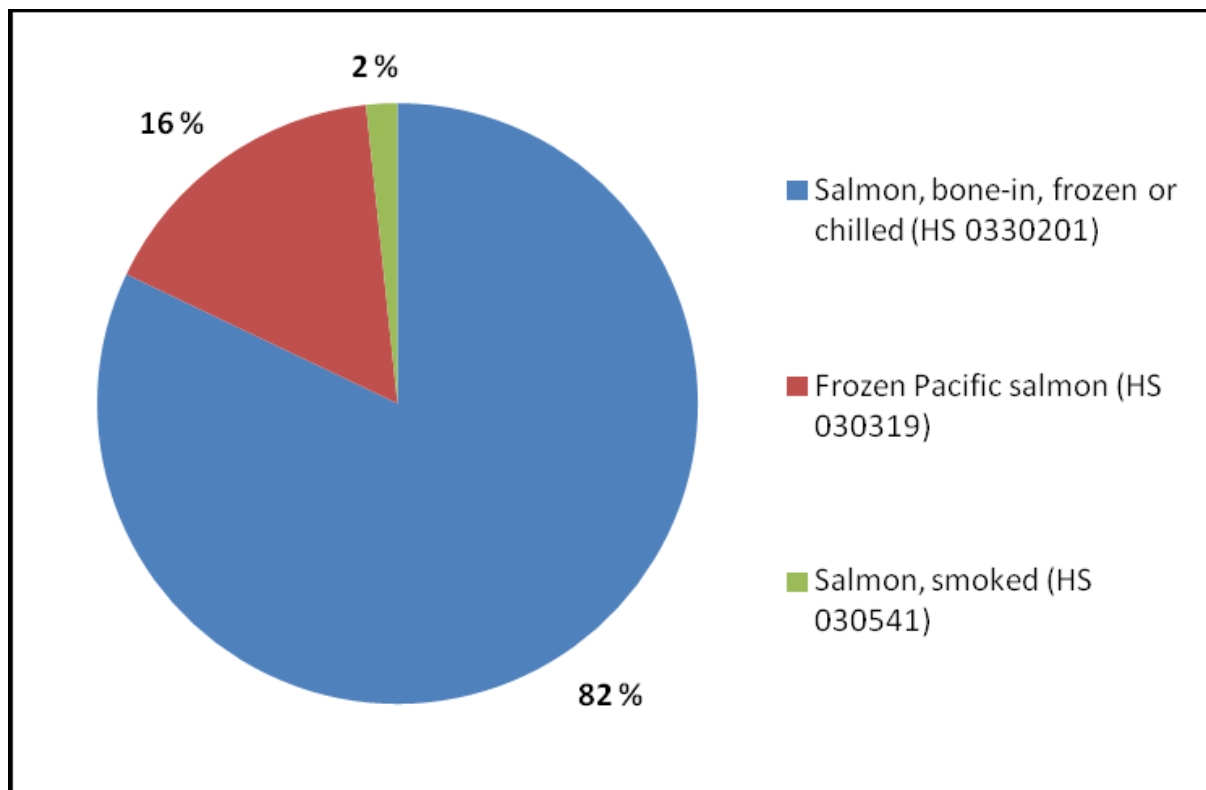
**Total trade of salmon by South Africa 2001 - 2011**



The graph above illustrates the trade balance of South Africa's salmon for the past eleven years. South Africa's imports of salmon grew over the period, while exports remained stagnant.

The global salmon industry is a mature industry, dominated by the Norwegian, Chilean and Scottish producers. Historical data suggests that price fluctuations as a response to supply and demand issues are significant.

### Top imported salmon's products by South Africa 2011.



The graph above presents the top three salmon products South Africa imported in 2011. The three leading countries of origin for South Africa's salmon imports were Norway, the United Kingdom and the USA, accounting for 79%, 9% and 9% respectively of the total value of this product imported by South Africa.

Other fish demand is high for quality fish and exporters may wish to contact UKTI SA for details on particular species. In the past sole had been held as an example where demand significantly outstripped supply.

## **Section 2 – Doing Business Profile**

### **2.1 Supply Structure**

The distribution channels for seafood in South Africa are relatively simple. A single channel marketing system has developed amongst the primary processors of seafood. These companies catch and process the seafood and have developed their own cold storage and distribution networks to support their primary operations. These are often fully integrated marketing and merchandising operations that handle distribution to the retail sector on behalf of themselves and other companies.

In South Africa, there are a few major importers and a number of smaller specialist operators. In terms of imported seafood and seafood products, the distribution system operates through a few major wholesalers who operate on a national basis:

- Sea Harvest: [www.seaharvest.co.za](http://www.seaharvest.co.za)
- Blue Atlantic Trading: [www.oceana.co.za/divisions/bat/](http://www.oceana.co.za/divisions/bat/)
- Breco: [www.breco.co.za](http://www.breco.co.za)
- Lusitania: [www.lusitania.co.za](http://www.lusitania.co.za)
- Blue Marine: [www.bluemarine.co.za](http://www.bluemarine.co.za)
- Blue Wave Seafoods: [www.bluewavesseafoods.co.za](http://www.bluewavesseafoods.co.za)

The large importers are involved in large-scale distribution of seafood products. These companies will purchase whatever product is available locally and then import the remainder of their requirements. This generally involves large quantities of a wide variety of seafood on an annual basis. Their principal customers are the major wholesalers and to a smaller extent the formal retail sector and the smaller regional wholesalers. Certain importers also have an ongoing relationship with restaurant chains to supply seafood directly on a daily basis.

There are also a number of smaller importers operating in South Africa. These importers tend to specialise in a certain product category or in imports from a certain geographical area. Some of these importers are involved solely in imports of high value items such as Norwegian salmon for small niche markets or king and queen prawns from Madagascar for selected restaurants in Johannesburg. These smaller importers sell to wholesalers or directly to the retail or restaurant trade.

There are about 40 wholesalers of seafood in South Africa. There are three key players (Sea Harvest, Blue Atlantic Trading and Breco) who operate on a national basis, with the rest generally operating regionally. Wholesalers tend to prefer purchasing seafood from specialist importers as opposed to importing directly: the exception to the rule concerns high value product categories where there is no room for an importer's margin. Products in this sector include certain high quality squid, sole, prawns and marinara mix.

Large retailers have different methods of procurement. While some of them appoint large importers as their sourcing agents, others have offered smaller wholesalers to operate in their in-store seafood markets. A recent trend has seen retailers source directly in other product categories but this has yet to be seen in seafood.

UK seafood exporters would be advised to contact the key importers and the smaller specialist importers as a first step in accessing the South African market.

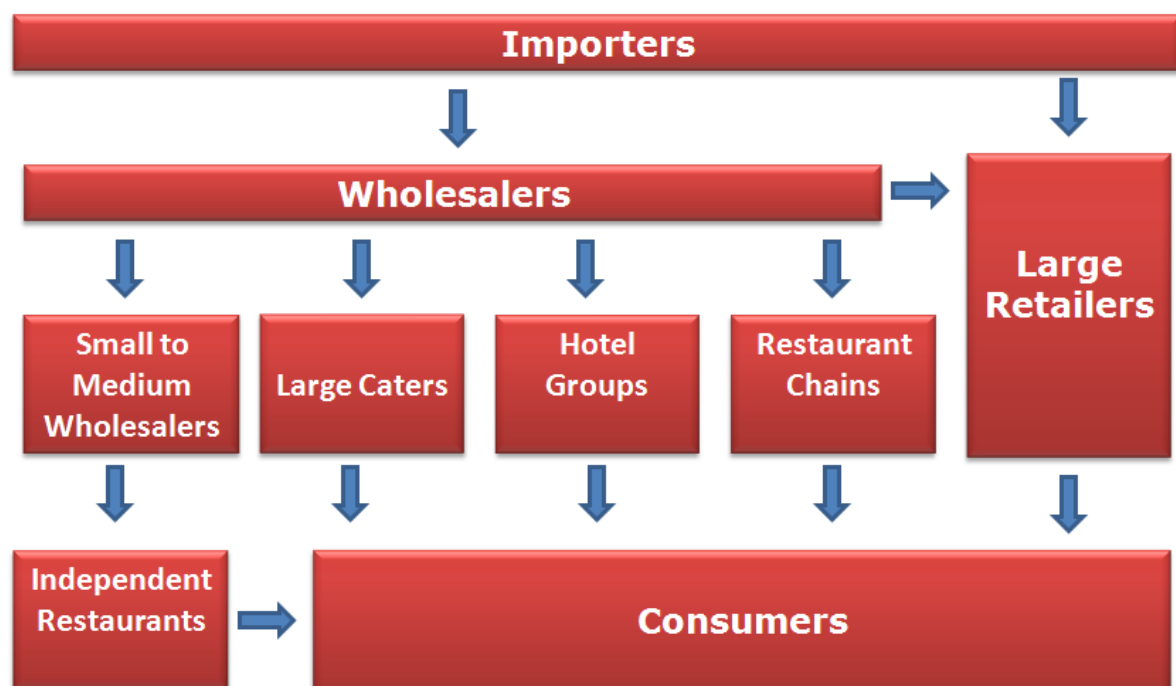
Seafood imports arrive primarily by sea and product is generally stored in 20ft or 40ft reefer containers. Imports are landed at Cape Town harbour where customs are cleared. From the harbour, the product is transported directly to the importer's cold store where it awaits South Africa Bureau of Standards (SABS) clearance. Once SABS clearance is

obtained, the product is either sold directly to wholesalers or sent to a factory for further processing.

The product is transported using refrigerated trucks. Most of this is done on a subcontract basis using the services of specialist transport companies. Large wholesalers will keep the product in their own cold stores for onward delivery to their customers. Smaller wholesalers usually have one-tonne, refrigerated, light delivery vehicles for distributing product to the final consumers.

The distance between Johannesburg (the major seafood market in South Africa) and Cape Town is approximately 1,500 km: therefore, the maintenance of the cold chain is very important. For this reason some of the specialist importers in Johannesburg are bringing produce directly into Johannesburg via airfreight.

### **The supply structure for seafood imports in South Africa**



## 2.2 Retail Chain

				
Market share	28% (Nov 2011)	36% (Nov 2011)	28% (Nov 2011)	8% in foodstuffs
Turnover	R 55.3 billion (£4.25 billion)	R46.7 billion (July – Dec 2012) (£3.6 billion)	R 38.4 billion (£2.9 billion)	R 15.1 billion (£1.2 billion)
Store type and ownership	172 Supermarkets. 20 hypermarkets 221 franchise outlets. 32 Express, Daily & Mini Markets	424 Shoprite supermarkets; 167 Checkers supermarkets; 28 Checkers Hypers; 256 Usave stores; 29 OK MiniMark convenience stores; 15 OK Foods supermarkets; 85 OK Grocer stores; 111 Friendly supermarkets	Spar retailers are independent store owners. In total there are: 275 Superspar, 446 Spar and 138 Kwikspar	400 stores. Department and ownership stores with a food market (very similar to Marks and Spencer).
Product range	Full range – shoppers can buy crayfish through to canned pilchards at a Pick 'n Pay outlet.	Value for money	Premium alongside value. A full range is available at a Spar and the merchandising differs between neighbourhoods.	Premium products. Most products are marketed under the Woolworths brand but they have recently started to stock independent premium labels.
Best practices	Larger stores have a fresh seafood counter. All stores have frozen fish in refrigerated units.	Larger stores in more affluent areas have a fresh seafood counter. All stores have frozen seafood in refrigerated units.	Stores differ dramatically depending on location and clientele. In affluent areas some stores have fresh seafood counters. All stores sell frozen seafood products.	Sell a range of very high quality fresh seafood which is delivered to stores daily.
Consumer demographics	Wide-ranging. Compete on price and 'the shopping experience'.	Middle to lower end. Checkers stores target a higher market than Shoprite	Different stores appeal to different consumer types depending on location.	Upmarket
Buying practices	In 2011 Pick n Pay led the way with the extensive commitments they made to sourcing only sustainable seafood by the end of 2015.	Buy most of their requirements from local importers and wholesalers.	Centralised buying through Spar head office and some independent buying through local wholesalers.	Suppliers must complete the Woolworths Seafood and Fish Sustainability questionnaire, which checks the fishing companies' sustainability policies and practises. In addition to the paperwork, the retailer has random 'traceability' (i.e. checking the origin of the fish via a paper trail) and DNA tests conducted on its fish supplies via a third party.
Web	<a href="http://www.picknpay.co.za">www.picknpay.co.za</a>	<a href="http://www.shoprite.co.za">www.shoprite.co.za</a>	<a href="http://www.spar.co.za">www.spar.co.za</a>	<a href="http://www.woolworths.co.za">www.woolworths.co.za</a>

### **2.3 Food Service Channel**

The food service industry in South Africa is well developed and is the fastest-growing sector of the food market. The industry is fragmented and there are around 25,000 outlets consisting of hotels, restaurants, fast-food franchises and contract catering companies. With decreased disposable income, there is greater competition within South African consumer foodservice for 'share of throat'. The quick service restaurant industry is very strong, as when money gets tight; people trade down to less expensive price points. The lead position of chicken is understandable: the food is popular, generally inexpensive, and widely available locally. The demand for seafood (most notably, prawns) is understood in the context of SA's culinary history.

Bidvest Foodservice is a leading broad line supplier of frozen, chilled, ambient grocery and allied products to the foodservice industry.

There are a number of franchised seafood restaurants in South Africa who purchase seafood from national and regional wholesalers. The main ones are:

- Something Fishy: [www.goodthings.co.za/somfishymenu.htm](http://www.goodthings.co.za/somfishymenu.htm)
- Ocean Basket: [www.oceanbasket.co.za](http://www.oceanbasket.co.za)
- John Dory's: [www.johndorys.co.za](http://www.johndorys.co.za)
- Fish Aways: [www.fishaways.co.za](http://www.fishaways.co.za)
- Cape Town Fish Market: [www.ctfm.co.za](http://www.ctfm.co.za)
- Jimmy's Killer Prawns: [www.jimmyskillerprawns.za.net](http://www.jimmyskillerprawns.za.net)
- Fish Monger: [www.fishmonger.co.za](http://www.fishmonger.co.za)

### **2.4 Key Regulations and Tariffs**

The fish trade is governed by complex multilateral and bilateral trade agreements, and negotiations at the national, regional and international levels determine the amounts of fish imported and exported in the country.

The mandate for fisheries management in South Africa falls under the department of Agriculture Forestry and Fisheries. [www.nda.agric.za](http://www.nda.agric.za)

#### **• Regulations**

To import fish, such as marine fish for profit making; you must apply for a permit at the Department of Agriculture, Forestry, and Fisheries. The Minister of Agriculture, Forestry and Fisheries or a delegated authority grants the permit.

The following import restrictions are applicable:

- The importing of abalone and certain rock lobster species is not allowed.
- You can only import frozen whole crab (or pieces) weighing 600g or more each and no more than 25 tons may be imported (annually).
- You cannot import live crab.

Note: The import permit excludes fresh water fish. During this research we were unable to determine the import procedure for fresh water fish.



- **Tariffs**

Import duties on fish and crustaceans, molluscs and other aquatic invertebrates are levied ad valorem on the fob value. The import tariffs on seafood, fresh, chilled or frozen range from zero to 25%.

Should you wish to take a look at the customs & duties in depth, please visit the South African Revenue Service's (SARS) website at [www.sars.gov.za](http://www.sars.gov.za)

- Click on to the 'Legal & Policy' tab
- Click the 'Schedules to the Customs & Excise Act, 1964 (Tariff Book)'
- Click 'Schedule No.1 part 1'
- Type in any key words in the 'Find' option

Alternatively, please call the SARS call centre on +27 (0)11 602 2093 and a consultant will take you through the process and answer any technical questions you may have.

- **Compulsory Specifications**

Imports of seafood and seafood products were strictly controlled by the South African Bureau of Standards (SABS). The Food and Associated Industries (FAI) section of the SABS administered the following compulsory standards for seafood until regulatory functions were transferred in 2008 to the National Regulator for Compulsory Specifications (NRCS).

- Canned fish, marine molluscs and crustaceans;
- Frozen fish and marine molluscs
- Frozen shrimps, langoustines and crabs; and

The Compulsory Specification for frozen fish, frozen marine molluscs and frozen products Government Notice No. R. 979 (Government Gazette 25172) came into effect on 04 July 2003 and covers the requirements for the handling, preparation, processing, packaging, freezing, storage and quality of frozen fish, frozen marine molluscs, frozen fish products and frozen marine molluscs products intended for human consumption. It also covers requirements for factories and employees involved in production. <http://www.nrcs.org.za/siteimgs/vc/VC8017.pdf>

The Compulsory Specification for frozen shrimps (prawns), langoustines and crabs (Government Notice No 326 of 20 February 1987) covers the requirements for hygienic harvesting, preparation, processing and conveyance of shrimps, langoustines and crabs whether frozen at sea or on shore. The specification also includes the requirements for raw materials and final product, including its packaging and storage. <http://www.nrcs.org.za/siteimgs/vc/VC8031.pdf>

The Compulsory Standard Specification for the manufacture, production, processing and treatment of canned fish, canned fish products and canned marine molluscs (Government Notice R. 790 of 9 July 2004) governs the manufacture of canned product. <http://www.nrcs.org.za/siteimgs/vc/VC8014.pdf>

The compulsory specifications are aligned with international guidelines and practices and are harmonised with the Standards and Codes of Practice of Codex Alimentarius. They apply to all products sold in South Africa (whether locally produced or imported) and exports to other countries.

The minimum requirements of the compulsory specifications are based on:

- Pre-requisites – Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP).
- Guidelines set by Codex Alimentarius.

The compulsory specifications address:

- Requirements for the factory:
- Construction, layout and conditions.
- Equipment for production.
- Quality of the water used during handling and processing.
- Requirements for employees engaged in the handling, preparation, processing, packaging and storage of the product.
- Hygienic layout of factory, equipment and processes.
- The handling, preparation, processing, packaging and transportation of the product.

Ingredients and product:

- Product specific composition and quality.
- Microbiological requirements.
- Chemical requirements.
- Packing and packaging material.
- Labelling.
- Methods of physical, chemical and microbiological evaluation

In addition to the FAI, the sector is regulated by the Department of Trade and Industry and the Department of Agriculture Forestry and Fisheries.

- **Pack format and new labelling laws - Food labelling regulations**

In March 2010, the Department of Health's new food labelling regulations R146 were gazetted and in November 2010, the first set of R146 was published. R146 became enforceable on 1 March 2012.

### R146

R146 consists of two parts - regulations plus accompanying guidelines and both parts carry the same legal weight. It dictates to the food industry what should / should not appear on foodstuff labels within South Africa. Various sections can be found on definitions, allergens, misleading statements, prohibited statements, claims, nutritional information table, endorsements and much more. It also stipulates that food industries should be able to motivate any labelling information within 48 hours, if requested to do so by an inspector.

The title of R146 refers to both 'labelling' and 'advertising' of foodstuffs. It should thus be noted that the label of a foodstuff and any form of advertising or promotion thereof, is considered one entity. In essence, the objective of the new regulations is to create an equal platform for all products by stating that the label should:

- Only contain facts.
- Not confuse the consumer by word or implication.
- Use as a platform for consumer education.

Below is a brief summary of some of the regulations pertaining to the labelling and advertising of food in South Africa, and the mandatory information that should be included:

- Name and address of the manufacturer or importer or distributor.
- Instructions for use.
- Net contents.
- Country of origin.
- Batch identification.
- Use by date.
- Nutrient analysis: This must be in table form per 100g of product as eaten (or if not, clearly stating per 100g of dry product) or per 100ml for liquids.
- Per portion nutrient analysis is voluntary, if no nutritional claims are made.
- Ingredients must be listed in order of descending mass (not volume). The ingredient weighing the most will be listed first and the ingredient weighing the least will be listed last.
- All allergens must be identified in the prescribed format.
- The "date of durability" has to be declared, which must be written as "best before" or BB.
- "Use by" dates (on items with a shorter shelf-life) must be written out in full.
- The regulations propose changes to the labelling of a lot more than "junk food".
- Hydrogenated or partially hydrogenated (trans) fats must be declared and quantified.
- No health, energy or nutrition claims may be made whatsoever for bottled water.
- If the claim "lite" or "reduced" is made, the label must state what the product is being compared to.
- Emphasising an ingredient, requires inclusion in the ingredients list.
- Name of the foodstuff must be a minimum of 4 mm in height.
- The picture may not be misleading.
- If the label says "rich in", it must comply with the minimum amount required.
- "Pure" refers to chemical and biological safety which must be substantiated.
- Only one official language is required on the packaging.
- Allergens should be listed in brackets after the ingredient.
- A nutrient analysis table is mandatory if any claims are made on the label.
- Nutrient analysis must be carried out by a Sanas\* approved laboratory if claims are made on the label.

\*SANAS - The South African National Accreditation System is recognised by the South African Government as the single National Accreditation Body that gives formal recognition that Laboratories, Certification Bodies, Inspection Bodies, Proficiency Testing Scheme Providers and Good Laboratory Practice (GLP) test facilities are competent to carry out specific tasks.

### **Other terminology**

- Sell by date: The last date of offer for sale to the consumer after which there remains a reasonable storage period in the home and after which the product is still safe and edible (Department of health).
- Serving size (SS) SS means the mass, volume or number of a food or food unit, which is recommended by the manufacturer as the amount to be taken on its own or as part of a meal and the said mass, volume or number shall be stated in terms of grams, millilitres, capsules, powders, portions, sachets or tablets (Department of health).

- Shelf life: The time that a processed food can be stored before changes in colour, flavour, texture or the number of micro-organisms makes it unacceptable (United Nations Food and Agricultural Organisation).
- Ingredient: Any substance including food additives and any constituents of compound ingredients, which is used in the manufacture or preparation of a foodstuff and which remains in the final product (Department of health).
- Food safety: Refers to the assurance that food will not cause harm to the consumer when prepared and/or eaten according to its intended use (*Codex Alimentarius*).

Full information on the above can be purchased from the South African Bureau of Standards (contact details below) in the following documents:

- SANS 289 Labelling requirements for pre-packaged products and general requirements for the sale of goods subject to legal metrology control.
- SANS 458 Tolerances permitted for the accuracy of measurements of products (including pre-packaged products) in terms of legal metrology legislation
- SANS 1841 Control of the quantity of contents in pre-packed packages within the prescriptions of legal metrology legislation

### **Exemptions:**

There are exceptions to the above regulations

The following foodstuffs are, unless otherwise provided in these regulations, exempted from the requirements regarding labelling except when a nutrition claim is made in which case the mandatory nutritional information shall appear on the label:

- Unprocessed fish, unprocessed marine products, unprocessed meat of animal and birds referred to in Schedule 1 of the Meat Safety Act, 2000 (Act No. 40 of 2000) that is intended for human consumption in South Africa, that have not been pre-packed, excluding raw-processed meats for which information on the list of ingredients, including allergens, must be available at the point of sale upon request;
- Unprocessed fish, unprocessed marine products, unprocessed meat of animal and birds referred to in Schedule 1 of the Meat Safety Act. 2000 (Act No. 40 of 2000) that is intended for human consumption in South Africa, pre-packed in such a way that the purchaser is able to identify the contents of the package, except for an indication of the type of animal, fish or bird, and in the case of raw-processed meats, a list of ingredients and an indication of the presence of a common allergen where applicable, as required by these regulations;
- Any ready-to-eat foodstuff prepared and sold on the premises of a catering establishment for consumption, except for information on the list of ingredients, including allergens, which must be available at the point of sale upon request;

### **3. Useful links**

- Department of Agriculture Forestry and Fisheries  
Web: [www.daff.gov.za](http://www.daff.gov.za)
- International Trade Administration Commission  
Web: [www.itac.org.za](http://www.itac.org.za)
- National Regulator for Compulsory Specifications (NRCS)  
Web: [www.nrcs.org.za](http://www.nrcs.org.za)
- Southern African Sustainable Seafood Initiative.  
Web: [www.wwfsassi.co.za](http://www.wwfsassi.co.za)
- South African Association of Seafood Importers and Exporters (SAASIE)  
No website

### **4. References**

- <http://foodservicesouthafrica.wordpress.com/>
- [www.euromonitor.com](http://www.euromonitor.com)
- International Trade Probe
- WWF Fisheries: Facts and Trends South Africa
- Fishing Industry Handbook 2012