RMAA Congress

Stellenbosch RSA

May 2008

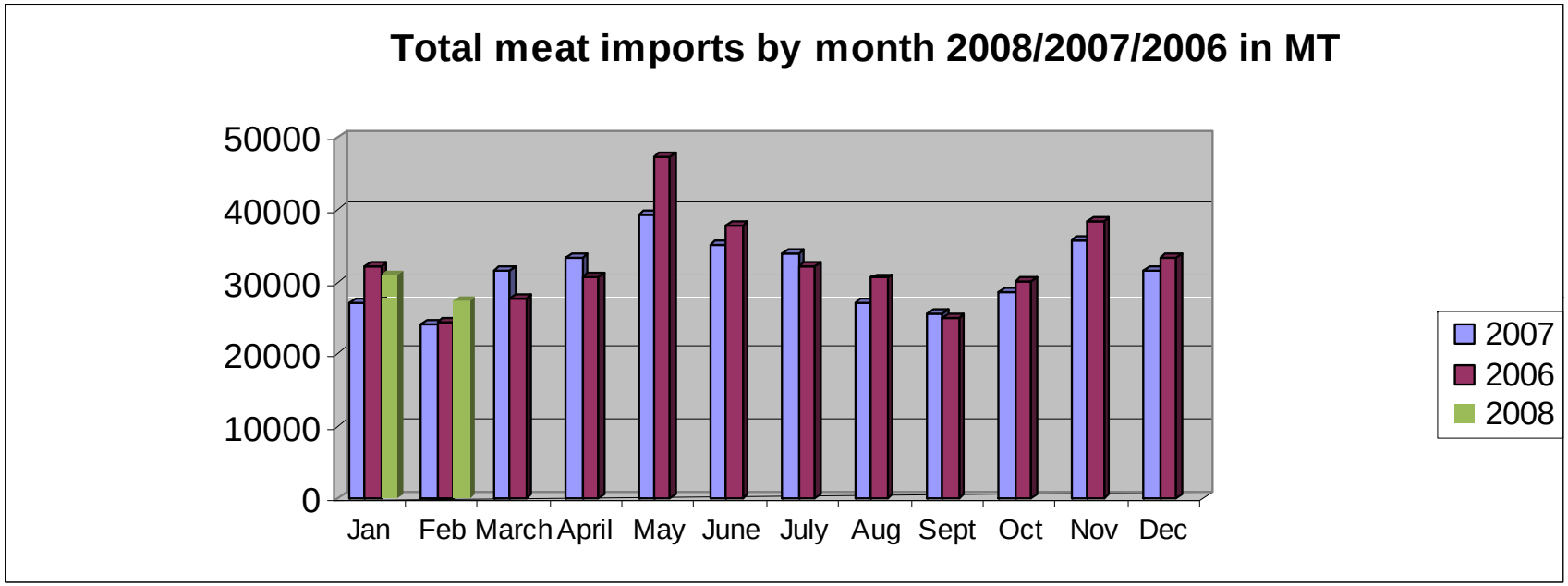
AMIE

- Association of Meat Importers and Exporters
  - Represent members at all forums incl
    - RMIF
    - NDA
    - SAMIC
    - Foreign export bodies

AMIE

ASSOCIATION OF MEAT IMPORTERS AND EXPORTERS

Import Stats



Tot imp.		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
by month	2008	31,041	27,507											58,548
	2007	27,064	24,141	31,557	33,307	39,237	35,058	34,003	27,098	25,699	28,452	35,598	31,649	372,863
	2006	32,104	24,312	27,780	30,545	47,394	37,874	32,232	30,495	25,011	30,011	38,362	33,298	389,418

Import by Species

	12 Months		12 Months		2 Months	
	2006	%	**2007**	%	**2008**	%
Beef	26,610	6.83	28,491	7.64	4,233	7.26
Pork	26,713	6.86	30,383	8.15	4,848	8.31
Mutton	41,626	10.69	37,429	10.04	5,889	10.09
Chicken	181,397	46.58	143,858	38.58	22,390	38.38
Turkey	33,866	8.70	39,400	10.57	3,422	5.87
Game/other	2,299	0.59	620	0.17	251	0.07
Subtotal	**312,511**		**280,181**		**41,033**	
MRM	76,907	19.75	92,682	24.86	17,515	30.02
Totals	**389,418**		**372,863**		**58,548**	

Stats extracted from SARS reports
2006 and 2007 are metric tons total

Import Costing

• Ex Works	Price ex slaughter facility	**R 28.69**
• Inland Freight and costs		R 0,50
• Costs (insurance ,port costs, documentation fees, finance, etc)		
• Ocean freight		R 1.21
• CIF	Cost insurance and freight	R 30.40
• Import Duties	40% of Ex Works cost	**R 11.48**
• Clearing costs		R 0.65
• (including cold storage)		
• Freight		R 0.30
• Total direct costs		R 42.83
• Importers margin	5%	R 2.15
• Wholesale margin	8%	R 3.77
• Wholesale delivery cost		R 0.50
• Wholesale selling price		**R 49.25 excl Vat**
• Cost increase ex works to wholesale selling price		71%

- **What price will we have to sell mince at?**

- Beef Boneless Shin and Shank 4000$ mt R/$ 7.60

Understanding Meat Imports

- SA produces top quality meat
- Imports supplement cheaper protein to supply the mass consumer market
- SA competes in the global market for these proteins
- Imports are affected by currency fluctuations
- High protectionist import duties (40%)
- Chicken is stealing red meat meals

Current world markets

- International prices of all proteins and grains at all time high
- Global pricing
- Countries trying export duties/bans
- Countries scrapping import duties
- Worldwide Animal Health issues (AI FMD BSE)
- Food security panic
- Competition for grains to supply Food, Feed, Fuel
- UN increasing emergency funding for food aid by 755m$ to cover 57% increase in costs

Chicken vs Meat

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VAT relief on food for poor considered

Linda Ensor

Political Correspondent

CAPE TOWN — The government is considering zero-rating more basic food items such as chicken, sorghum products and baby food as part of a package of proposals to help the poor deal with soaring food prices.

The global escalation of food prices has thrown millions of poor into starvation, leading governments and multinational organisations to adopt emergency measures. The cabinet set up an inter-ministerial committee last month to come up with urgent proposals to alleviate the crisis for the poor.

The committee, consisting of the education, public works, finance, social development, health, minerals and energy, and trade and industry ministers and the Presidency is to meet again on Friday to consider a report arising from tomorrow's meeting of their respective directors-general.

Apart from possibly extending the list of VAT zero-rated food items, other food aid options include food vouchers or cash transfers, acting agriculture director-general Kgabi Mogajane said yesterday.

Milk, mealie meal, brown bread, vegetables and fruit are among the basic foodstuffs on which no VAT is paid.

Before extending the zero-rated food list, however, the government would want to make sure that the tax relief most benefits those who need it and not the well-off.

Social development director-general Vusimuzi Madonsela suggested a combination of food vouchers for those who did not receive any social grants, and an increase in the size of some grants to those who did.

If ways could be found to distribute food vouchers speedily and efficiently, then this would be preferable to the food parcel scheme which had created many challenges because the government had had to rely on outside food distribution companies. In many cases legal battles over tenders had delayed the distribution of urgently needed food assistance to the poor.

The inter-ministerial committee will also have to consider whether, and by how much, to increase the allocations to existing feeding schemes such as the school nutrition programme to take account of the sharp price hikes.

Government officials rejected suggestions of price controls or export bans as ways of halting the escalation of food prices.

Health Minister Manto Tshabalala-Msimang said an appeal would be made to manufacturers to limit price increases.

More reports: Pages 6, 7

Conclusion

- South Africa consumes more red meat than it produces (last 40 years)
- Industry blue print to leave a legacy for the future employers and employees in the red meat industry

  To include:

  - National quality assurance standards
  - an export strategy
- Embrace imports to supplement local production
- Do not starve the consumer of affordable Red Meat