

# SAMPA NEWS

July 2025

## Bird Flu and its Impacts on MDM Imports

The past few months have seen our industry face its own day zero with the banning of Poultry Imports from Brazil on the 15<sup>th</sup> May following an outbreak of HPAI in the province of Rio Grande do Sul which stopped the free flow of MDM to South Africa, a critical raw material for most in the Meat Processing Industry. Initial announcements that the ban had been partially lifted on the 19<sup>th</sup> June was welcomed, but dashed a week later when it became evident that Brazil had not accepted the conditions laid out in the South African Veterinary Health Certificate.

SAMPA together with AMIE and CGCSA worked tirelessly from the first announcement to draw attention to the importance of MDM as a vital raw material for the production of Processed Meat Products. It was important to show that most South African households rely on processed meat products for many of their meals, that MDM is not and is unlikely to ever be produced at scale by the local poultry industry and that Brazil supplies 95% of the 18 000 tons of MDM used in SA every month.

The solution lay in bi-lateral negotiations between SA and Brazil, a process notorious for lengthy drawn out negotiations. Time wasn't on our side and extraordinary actions finally resulted in an announcement on 4<sup>th</sup> July that agreement had been reached and new import permits would be issued from that date forward.

At the time of writing shipments of MDM from Brazil are flowing once again, for arrival by mid-August. It will however take a number of months for importers to build stock but we are looking forward to supply of MDM normalising towards year end.

Gordon Nicoll and Bruce Smit led the SAMPA team tasked with re-opening Brazil and it was largely thanks to their tireless efforts and many hours spent dealing with this on behalf of SAMPA members that Brazil was re-opened in July.

However there *is still no regionalisation agreement in place between South Africa and Brazil* or any other country for that matter. Therefore nothing stops a repeat of the recent Brazil closure from happening again!

### ***So what's to be done?***

**Regionalisation or Compartments** - The closure of Brazil to South Africa highlighted our vulnerability to being dependent on a single country for a critical raw material such as MDM. South Africa needs to open access to many other countries that produce MDM. The department of agriculture needs to develop policies that accommodate regionalisation or compartments in countries with acceptable levels of bio security. Let's face facts, HPAI isn't going away and vaccination of entire poultry populations is not a long term solution.

**Wild Birds** - Research shows that wild birds are the primary vector for HPAI infection, and these birds follow migration flyways twice each year as wild bird populations migrate north and south. With this in mind and the realisation that wild bird migrations are a force of nature, alternative strategies must be found to manage HPAI outbreaks in order to maintain global trade. South Africa itself had two outbreaks of HPAI infections as recently as July 2025 showing that we are as vulnerable as any other country to HPAI.

**Vaccination** - Astral are about to conduct the 1<sup>st</sup> vaccination trial of the H5N1 vaccine on two farms. These are not broiler farms as the broiler bird doesn't live long enough for the vaccine to be effective. Only layers or parent or grand- parent birds can be vaccinated. So even if the trial is successful it will never protect the entire bird population. It will however be interesting to see what level of success is achieved by these trials. Bear in Mind that SA already has the H7 clade of the virus for which **no** vaccine yet exists so the challenge is enormous.

**Heat Treatment** - SAMPA provided the Department with a scientific evaluation and motivation for a heat treatment protocol in 2023, initially it was ignored but we have now been told it will be re-visited by the Department for comment later this year.

**History** - Trying to use historical methods to solve new problems is not appropriate so an entirely new mind set is required by all involved. We know that the solution will be neither quick nor easy but you can rest assured that SAMPA's HPAI team will remain active together with all stakeholders until a robust and workable solution is in place.

## Other News

### VAT Exempt status on Offal and Poultry

In the recent South African budget review, the proposed expansion of the value added tax (VAT) zero-rated basket of food items, which included poultry, was scrapped.

The decision to scrap a VAT increase and the zero-rated basket expansion was made to avoid the political backlash associated with the initially proposed VAT hike.

Instead of increasing VAT, the government is implementing other tax adjustments, such as fiscal drag, increased excise duties, and fuel levies.

### Poultry: South Africa's Sectoral Divide

Amid the Brazil blanket ban, South Africa's industry leaders called for urgent regionalisation measures to secure supply of the country's primary poultry import; MDM, to safeguard food security and jobs.

At the same time, local producers assured the public that there was no risk of poultry shortages, aside from MDM, fuelling a rather polarised narrative during the closure of Brazil's imports.

There are public misconceptions surrounding chicken imports and their perceived threat to local production and employment in South Africa.

Historically, there have been instances where local producers had legitimate claims to unfair pricing and issues of chicken dumping. Since the introduction of anti-dumping tariffs, this risk has been mitigated, and poultry imports have seen a sharp cut.

Looking at the latest trade statistics, imports of bone-in portions dropped by 83% from 224,198 tonnes in 2019 to 38,956 tonnes in 2024.

In practice, both domestic poultry production and poultry imports play vital roles within South Africa's poultry value chain. The meat processing industry sustains approximately 125,000 jobs, while the agricultural poultry sector directly employs around 50,000 people.

However, statistics show that South Africa does not produce enough chicken for domestic consumption. Imported poultry continues to bridge a 20% supply gap that domestic producers cannot fill.

Notably, MDM is not commercially produced within South Africa, and local output of chicken offal's remains insufficient to meet national demand.

MDM is used to produce processed meats including polony, viennas, and russians. This exclusively imported chicken product is crucial to the meat manufacturing sector and lower income consumers.

Imports have repeatedly been linked to domestic production challenges, yet structural factors within the industry remain the primary constraints on growth.

Industry experts suggest that South African poultry producers could boost resilience and profits by focusing on higher-margin, value-added products like deboned chicken breasts, ready-made meals, and canned chicken, rather than relying low-margin Individually Quick Frozen (IQF) chicken.

Additional challenges include trade barriers and strict sanitary and phytosanitary regulations imposed by markets like the EU and US, which hinder export opportunities. South Africa's higher levels of brining in chicken products further reduce its competitive edge in international markets.

Addressing these issues could improve export opportunities, ease tensions over anti-dumping duties, and promote a more favourable trade environment through better diplomacy and predictable policies.

Crises force innovation and change. The prevalence of animal disease is a material risk to food security, and one strategy to mitigate this risk is proactive policies like bilateral trade, multiple trade partners, and agile trade policies.

For the remainder of 2025, the outlook hinges on stabilising supply chains and staving off the local threat of bird flu outbreaks.

In the long term, strategic shifts towards advancing bilateral trade agreements, driving lower production costs, and a focus on value-added poultry products are key to strengthening South Africa's poultry sector.

**Meat Analogues Regulation finally here**

On the 18<sup>th</sup> July 2025 - Minister of Agriculture John Steenhuisen signed Regulation 6436 – ***Regulation Relating to Meat Analogues Intended for sale in the Republic of South Africa*** which will come into effect 12 months after the date of publication (18<sup>th</sup> July 2026).

This follows a 5 year journey that was initiated by SAMPA in November 2020 in order to protect the value and integrity of meat names for the meat industry. Initially it met with strong headwinds from Plant Based Meat Analogue producers, importers as well as large retail chains. The regulation is a fair compromise that accommodates both the Meat and Plant Based sectors and ensures that consumer's best interests are protected at all times.

R 6436 is available on the SAMPA website if you haven't by now received it via email.

### **NRCS and VC9100**

On the 15<sup>th</sup> May 2025 the Minister of Trade and Industry approved new amendments to the tariffs including for the 1<sup>st</sup> time, tariffs for products falling within the scope of VC9100.

These tariffs follow a 4 ½ year negotiation between SAMPA and the NRCS which I presented at the AGM in April 2024. These tariffs should come as no surprise to any SAMPA members.

#### **Tariffs are as follows:**

Product Codes C, D, E, F – R 30 per metric ton( 1000kg) – polony, vienna, russians & spreads

Product Codes A, B, G – R 60 per metric ton (1000kg) – whole muscle products, salami, kabanossi etc.

Bi-annual submissions of production data will be required with payment in July (Production from Jan – June) and January (July – Dec). The NRCS will hold information and training workshops for the industry during August & September 2025, you are encouraged to attend.

Should any member wish to see the presentation from the 2024 AGM to fully understand these tariffs, please contact me by email and I will share the presentation.

The Government Gazette R 6235 detailing all the NRCS tariffs is available for downloading from the SAMPA website under Legislation and News.

*Kind Regards*

*Peter Gordon*