

Exporting Agri-Food Products to South Africa

A Guide for Lebanese Businesses

AGRI-FOOD TRENDS AND MARKET OPPORTUNITIES

Considered one of the most developed countries in Africa, [South Africa has the second-largest economy in the continent, valued at around USD 351 Billion in 2019](#), with one of the highest GDP per capita, reaching more than USD 6,000 (Source: World Bank Data). Johannesburg is the major contributor to the economy, generating 16% of the national GDP, and offering a yearly average household income 60% higher than that of the rest of South Africa. Cape town comes second and has an average annual GDP growth rate estimated at 1.3% in 2018, higher than the [average annual national rate standing at 0.8%](#).

Today, the country is home to more than 59 million people of which approximately 45% are aged below 24 and 67% are urbanized, and the population is expected to grow further to almost 66 million in 2030. The Lebanese diaspora accounts for 40,000 people only and is dispersed throughout the country.

The ethnically diverse groups in South Africa having different tastes and preferences create a wide demand for various kinds of foods and beverages. The majority of consumers enjoy eating meat, knowing that not everyone can afford it given major income disparities in the country, and only a few minorities are vegetarians. Given that the population does not earn a high disposable income on average, consumers are found to be price sensitive. Highly processed, low in nutrients, saturated in fats and sugars foods are the most available and affordable options in the South African industrialized food system. Indeed, healthy food could cost up to 65% more than junk food. However, dietary preferences are changing as the youth generation is increasingly health-conscious, opting for healthier food products.

An expanded tourism sector, which witnessed an 11% growth in 2018 compared to an 8% global growth, is also driving up the demand for healthier and more sophisticated packaged food. Modern grocery retailing is trending more than ever in the country, with e-commerce sales remaining low, yet improving. Although able to supply a vast range of agri-foods through its productive capacity, South Africa is increasingly importing food products, with an increasing demand for imported poultry meat and beer.

Products with high growth potential

Food Preparations: South Africa is known for importing ready-made food preparations from the European continent, as well as from the US. Products [with good sales potential in this category](#) include sugar confectionery, chocolate and other food preparations, malt extracts, pasta, cereals, cake mixes, syrups, and soup mixes.

Craft Beers and Spirits: South Africa also imports Beer, Spirits, and distilled products, mostly from Nambia, and is thus considered a net importer for beer. This trend towards craft beers and spirits is favorable for many Lebanese SMEs that are developing and manufacturing various alcoholic and non-alcoholic beverages inspired by the Lebanese taste.

Enzymes and Prepared Enzymes: South Africa is a net importer of enzyme and prepared enzymes, a market expected to grow at a CAGR of 3.4% between 2020 and 2025. Food and drink enzymes are major food additives that convert complex molecules into simpler ones in our diet and include products such as modified starch products and whey.

Consumer Profiles

The unequal income levels across consumers primarily define their consumption habits. Accordingly, three major consumer categories can be identified in South Africa:

- **The upper-income class**, which constitutes 1.8% of the population only, mainly consists of skilled people with a high consumer buying power and who are more inclined towards higher quality and imported products;
- **The middle-income class**, which represents 29% of the total population and is found to be growing, tends to live in urban areas, thus getting exposed to more imported food products. However, given that these consumers don't earn wages as high as in other middle-income societies, they are price sensitive;
- **The working class**, which earns relatively low salaries, has very limited spending power and seeks value for money.

Millennials, making up about 65% of the South African population, constitute a key consumer base. This segment of the society is the most connected to digital technologies and social media and has developed a rising appetite towards healthier food options and habits. However, the high unemployment rates among these consumers, make them more price-sensitive than other young generations elsewhere.

What does South Africa Import? And from where?

In 2020, South Africa spent 3.4 billion USD on importing agri-food products. Top imported products include:

- **Animal and vegetable fats and oils** – accounting for 21% of total imported agri-food products. These are mainly imported from Indonesia (33%) and Malaysia (18%)
- **Beverages, Spirits and Vinegar** – accounting for 13% of total imported agri-food products. These are mainly imported from the United Kingdom (24%), France (15%) and Mexico (14%).
- **Sugar and Sugar confectionary** – accounting for 12% of the total agri-food imports. These products are mainly imported from Eswatini (71%).

South Africa- Lebanon Trade

Based on Lebanese Customs data, top exported agri-food products from Lebanon include:

- Coffee, tea, maté and spices (89%).
- Preparations of vegetables, fruit, nuts or other products (3.49%)
- Miscellaneous edible preparations (3.20%)

Based on ITC data, promising Lebanese agri-food products with the greatest export potential to the South African market are:

- Nuts and seeds
- Chocolate, Cocoa and Sugar confectionery
- Water and prepared foodstuffs.

MARKET ENTRY AND DISTRIBUTION CHANNELS

Agri-food exporters willing to tap into South Africa can either target supermarkets directly through establishing relationships with them, or can enter the market through a reputable distributor or import agent that is well connected with big retailers. Indeed, [choosing the right local agent is considered the easiest and most guaranteed strategy for making it to large supermarkets.](#)

Main Supermarket Chains

South Africa's retail sector has significantly grown over the last few years, accounting for 9% of the national GDP, owing in part to the improved and highly developed infrastructure. Today, the sector is predominated by a few leading players, although small-sized and more specialized retailers, usually selling traditional and locally sourced food, remain active in countryside areas. Supermarkets are well-established in South Africa, with hypermarkets, offering cheap prices and larger quantities, being on the rise. Omnipresent convenience chain stores, that generally provide smaller quantities at higher prices, while operating for longer working hours, are also growing. The seven major supermarkets and convenience store chains are Shoprite, Massmart, Pick n Pay, Woolworths, Spar, the Food Lovers Market, and Choppies.

E-commerce Trends

The South African e-commerce market for food and drinks is still not very popular and needs further development. It has been however expanding, witnessing a 25% growth in 2017. Similarly, the COVID-19 pandemic has also contributed to increasing the retail digital activity. The key players and biggest online marketplaces selling agri-food in South Africa are Takealot, Woolworths, Amazon, Macro.

Practical tips to find buyers

- Attend one of the high-profile trade events taking place in South Africa (such [Food and Hospitality Africa, 2022](#) or [Africa's Big Seven, 2022](#), or even, such as [fdt Food and Drink Technology Africa](#) to meet market players in the African continent. These events provide opportunities to meet distributors, influencers, and buyers from the region and beyond.
- Network and meet potential partners and buyers by listing your products through the [Southern African Lebanese Chamber of Commerce](#).
- Join active sector-specific business associations related to food and drinks in South-Africa to be able to meet other members and become a supplier for one of the existing manufacturers there. One example of such association is the [Consumer Goods Council in South Africa](#).
- If you are selling artisanal and premium high-end products, the [Neighborhoods Market](#) in Johannesburg and Cape Town could be a key entry opportunity for you.

- Engage with [social media influencers](#) and [food bloggers](#) to build your brand profile in the South Africa.
- Create a profile on [ITC Trade Map](#) and find list of buyers by specific products and sectors in specific countries. This service is available for free for users from Lebanon.
- Try to find Lebanese executives in leading food importing and distribution companies in South Africa and contact them to pitch your company's profile and products.

Insights from Tropifrais, a major distributor of Lebanese Food brands in South Africa

Tropifrais is an international trading and distribution company based in South Africa, specializing in fresh and dry food products. The company is a major importer of Lebanese food brands that aims at introducing and promoting Lebanese food recipes to the mainstream consumers in South Africa and other African countries.

Tropifrais is one of only two distributors of Lebanese food products in South Africa: Aldoukan is the second importer based in Johannesburg.

Currently, Tropifrais distributes four main brands from Lebanon across all major supermarkets in South Africa: Al Wadi Al Akhdar, Al Kazzi nuts, Pate Boulanger (a bakery specialized in organic and gluten-free products) and Meptico (specialized in desserts and ice-cream). However, it is seeking additional brands that meet the company's requirements, mainly looking at the brand's reputation, quality, value proposition, and value for money among other factors.

How does Tropifrais works with Lebanese exporters?

Tropifrais buys Lebanese products usually on ex-works basis i.e. it handles all costs related to shipping, logistics. The company also takes care of marketing and communication in South Africa and organizes tasting events in major supermarkets there to introduce people to the Lebanese foodstuffs.

Tropifrais also helps Lebanese companies understand all standards and regulations to enter the South African market by advising them on the right label requirements to use, the certificates needed, etc.

Tropifrais is soon launching the first e-commerce platform dedicated for Made in Lebanon products in South Africa, which is expected to boost the presence of Lebanese brands in the market and support its expansion.

What type of Lebanese food products have potential in South Africa?

Lebanese dry foods (such as kaak and sweets), ready-to-eat meals, and traditional Lebanese pastry products (such as Kebbe, sambousik, etc.) have a high growth potential in the South African market. However, these products should not necessarily target the Lebanese diaspora, since it counts to 40,000 people only. With the right marketing and communication strategy, these products can gain success within the local South African population.

Since there are no direct flights from Lebanon to South Africa, the only potential lies in food products with a long shelf-life and that don't need refrigeration. Having said that, Lebanese fresh fruits and vegetables are not competitive at the moment.

Tips for Lebanese exporters to enter the South African Market

- Be honest with the importer you are dealing with.
- Have a clear communication with the importer and offer support in marketing your products to help them reach consumers.
- Review attentively the import requirements in South Africa in terms of labelling, and certifications and documentation needed for custom clearance. This will help in avoiding delays and penalties.

Stay up to date with the newest food trends in South Africa and the African market in general, to identify gaps and opportunities for the development of new and innovative products that can meet this untapped market.

LEGAL REQUIREMENTS AND STANDARDS

Food safety and quality legislation in South Africa is developed and controlled by three focal government departments namely, the Department of Agriculture, Land Reform and Rural Development (DALRRD) which manages the safety and quality of agriculture and animal products; the Department of Health (DOH) which ensures that foodstuffs are fit for human consumption and regulates requirements for labelling and hygiene; and the Department of Trade, Industry and Competition (DTIC) which controls canned meat and seafood requirements, as well as intellectual property legislation. DTIC also performs certification and comprises the South African Bureau of Standards (SABS) in charge of the development and maintenance of food standards.

Making it to the South African market is made much easier when working with a local intermediary, whether an importer or distributor, who takes charge of applying for the documents required for import from their side. Generally speaking, exporting agri-food to South Africa implies undertaking the following steps:

Import Documentation

When you are exporting agri-food products to South Africa, you need to consider the following procedure:

- Checking if one needs to register with the South African Revenue Services, as this might be required in some cases depending on the method of import and or the chosen partner . A local agent can be appointed to carry out the registration;
- Making sure the chosen importer has the required import licenses, permits and certificates before shipping;
- One negotiable and two non-negotiable copies of the Bill of Lading are required. The Bill of Lading may be made out either “straight” or “to order”.
- A Declaration of Origin Form, DA59, is to be used in cases where a rate of duty lower than the general rate is claimed as well as for goods subject to antidumping or countervailing duty. DA59 is a prescribed form with stipulated format, size and content. This form does not require Chamber of Commerce certification. One original signed copy of the form must be attached to the original commercial invoice covering goods, which require such a declaration.

- Four copies and one original Commercial Invoice are required. Suppliers must give, in their invoices, all data necessary for the importer to make a valid entry and for the South African Customs to determine value for duty purposes.
 - Invoices from suppliers will not be accepted as satisfying the requirements of the customs regulations unless they state, in addition to any proprietary or trade name of the goods, a full description of their nature and characteristics together with such particulars as are required to assess the import duty and to compile statistics.
 - One copy of the insurance certificate is required for sea freight. Follow the importer's and/or insurance company's instructions in other matters.
 - Three copies of the Packing List are required. Data contained in this document should agree with that in other documents.
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- Attaching a health certificate to the shipment from Ministry of Agriculture in Lebanon.
 - Authenticating the health certificate in the Embassy of South Africa in Lebanon.

Labelling Requirements

With respect to other food legislation, it is important to follow the labelling requirements which necessitate the following information to be written in English:

- The product and brand name
- The net content/size/weight
- The instructions for use
- The names and address of the manufacturer/importer/ distributor
- The country of origin, the date of manufacture and use by date
- The batch identification
- The list of ingredients, the names of any preservatives/colorants, a list of any allergens, and a nutritional table in case of nutritional claims.

FREE TRADE AGREEMENTS AND RULES OF ORIGIN

There is currently no free trade agreement with South Africa or any other country in Africa. The largest economic bloc in Africa is the Economic Community of Western Africa (ECOWAS).

TRANSPORT AND LOGISTICS INFRASTRUCTURE

On top of its already well-developed infrastructure, South Africa has put in place a series of targets to be achieved by 2030, that is designed to further improve the country's transport network, to keep up with the growing population and economy.

In view of its strategic location as a mid-point for traders between Asia and America, bordered by Botswana and Zimbabwe to the north, by Namibia to the northwest, and by Mozambique and Swaziland to the east and northeast, South Africa has a fairly large number of advanced airports and ports, making it a transport hub for the whole Southern African region.

Air Transportation

The country has an outstanding airport infrastructure and accounts for the largest share of air freight in the African continent. The three major international doorways are OR Tambo in Johannesburg, Cape Town International Airport, and King Shaka International Airport in Durban.

Sea Transportation

Maritime boundaries are surrounded by the Indian Ocean to the southeast and the Atlantic Ocean to the southwest.

South Africa's ports are viewed as a gateway to Southern Africa and are located across an important number of cities. The Port of Durban is the principal container port on the country's coastline, responsible for around 60% of the national container traffic, while Cape Town is the second largest seaport. The Port of Richards Bay in KwaZulu-Natal is also of particular importance, being a bulk port that handled more than 100 million tons of cargo in 2017 and 2018.

Land Transportation

Land Ports of entry are situated at the Northern Cape, North West, Free State, Limpopo and Kwazulu-Natal provinces.

South Africa's special economic zones (SEZ) have [been attracting an increasing number of investors](#). The Coega SEZ in Eastern Cape, particularly promoting investment in the manufacturing sector, including agri-food processing, is the largest in Southern Africa. Other SEZ are Richards Bay, East London, Saldanha Bay, Dube TradePort, Maluti-A-Phofung, OR Tambo, Musina/Makhado, Atlantis, and Nkomazi.

Disclaimer

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