



Livestock and Meat Advisory Council

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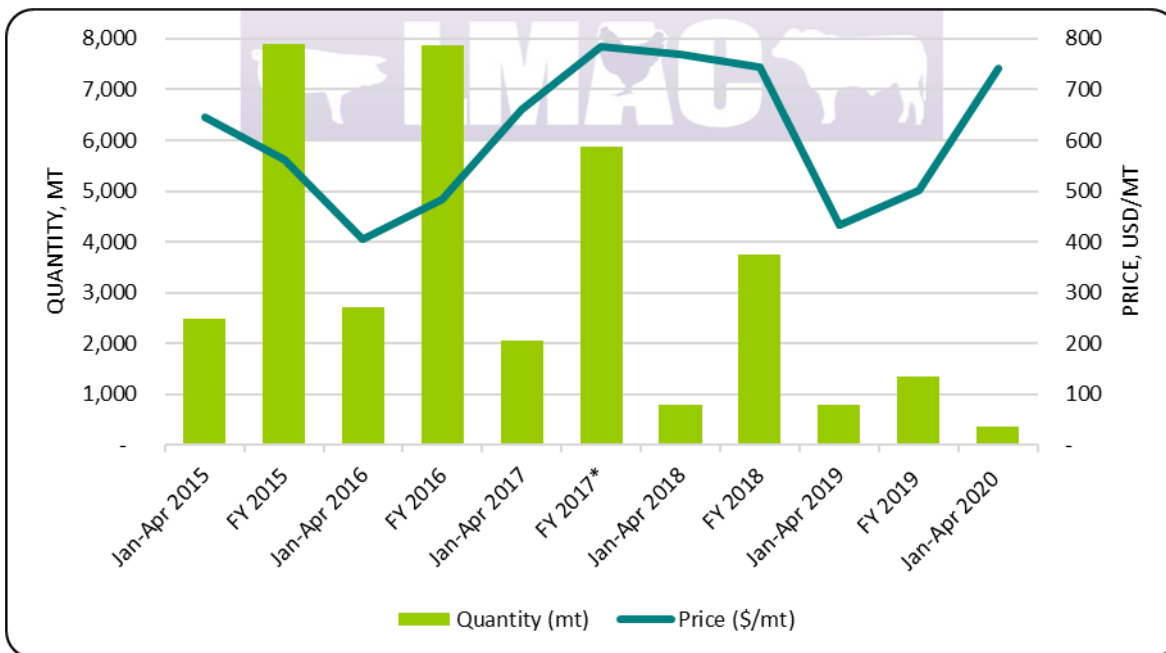
Market Watch: First Quarter 2020

Meat Processing Sector

Cumulative imports of mechanically deboned meat (MDM) for the four months to April 2020 was 370mt, a decline of 53% on imports compared with the corresponding period in 2019 while the average procurement cost increased by 72% from \$433/mt to \$743/mt.

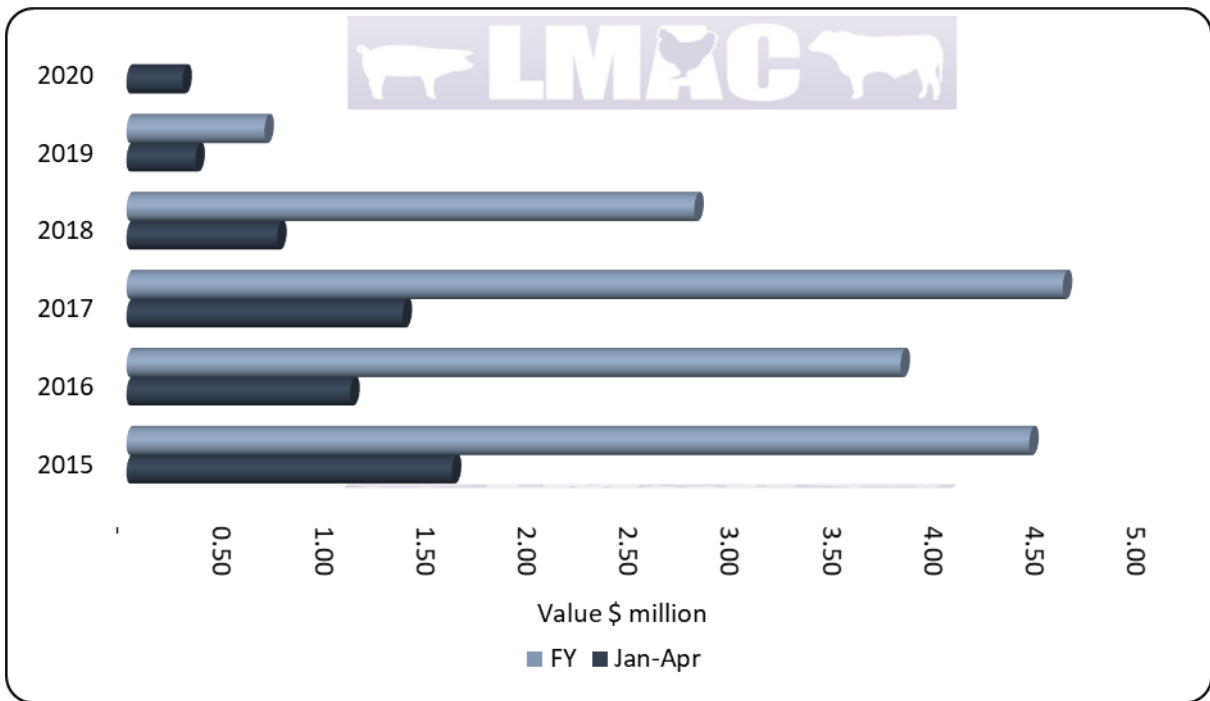
Average monthly imports from January to April 2020 was 93mt compared to 195mt over the same period in 2019.

The depreciation in the exchange rate continues to shrink the relative cost differential between imported MDM and locally sourced animal meat protein alternatives, hence local processors are substituting MDM with local product.



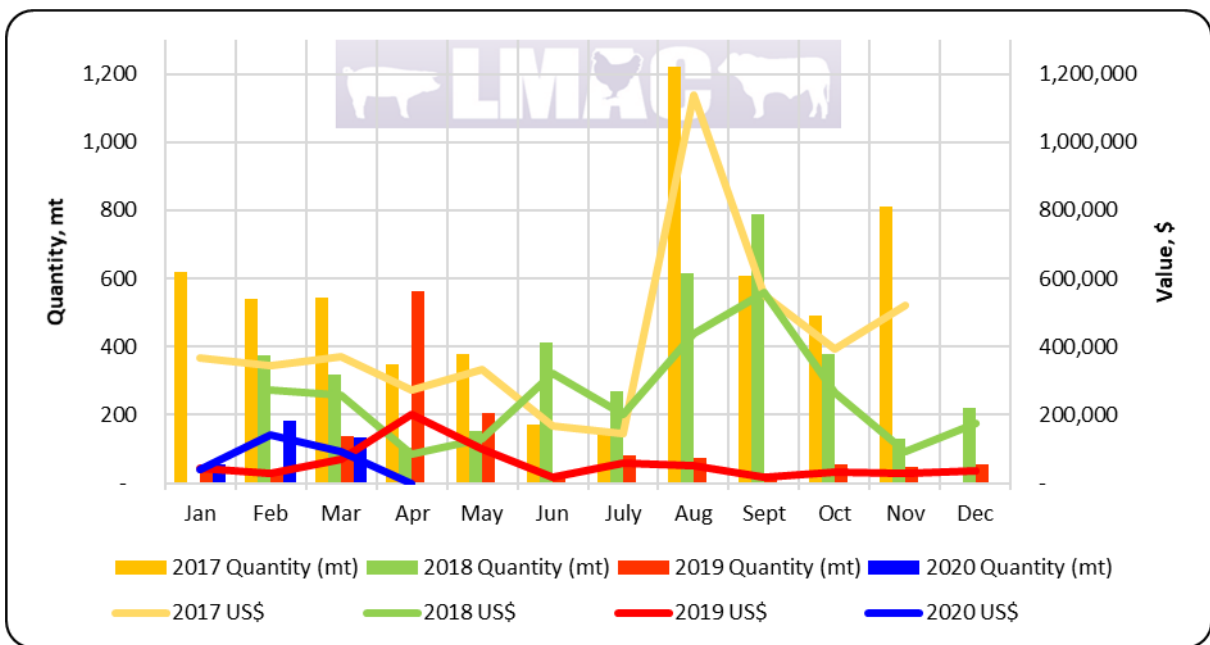
Imports of Mechanically Deboned Meat, 2015 – 2020





Total Value (USD), 2015 – 2020

Total value of MDM imports amounted to USD 274,623 whereas in the same period in 2019, the value was USD 338,400. Actual monthly import costs and quantity are shown in the figure below.

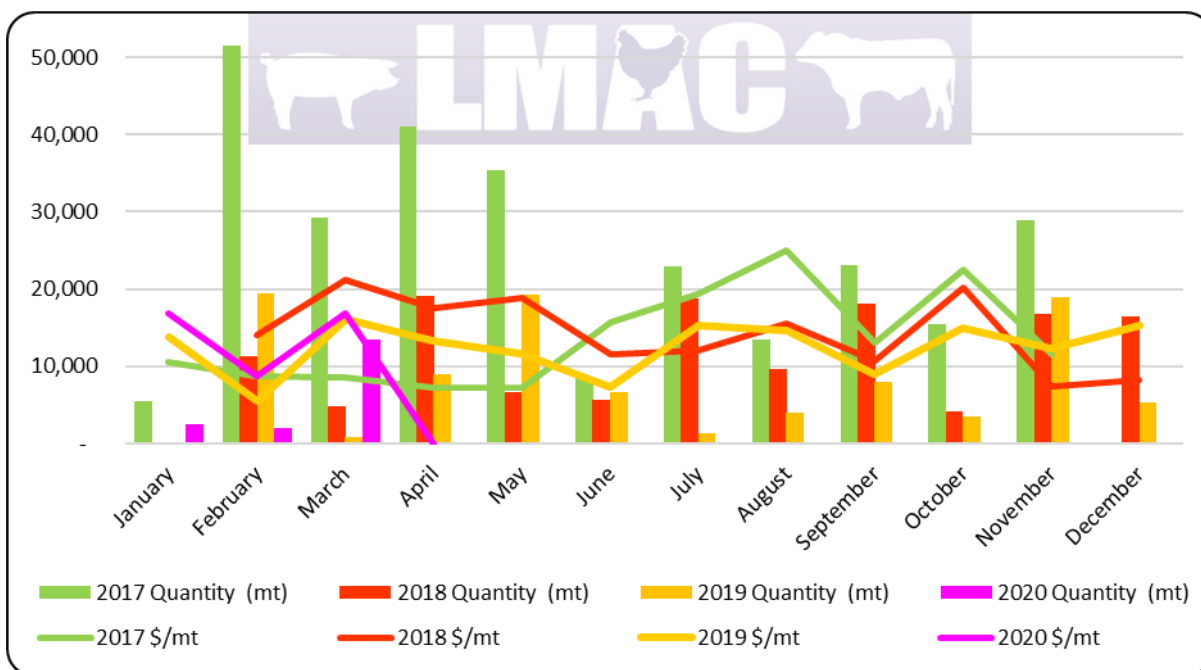


Monthly Imports of Mechanically Deboned Meat, 2017– 2020

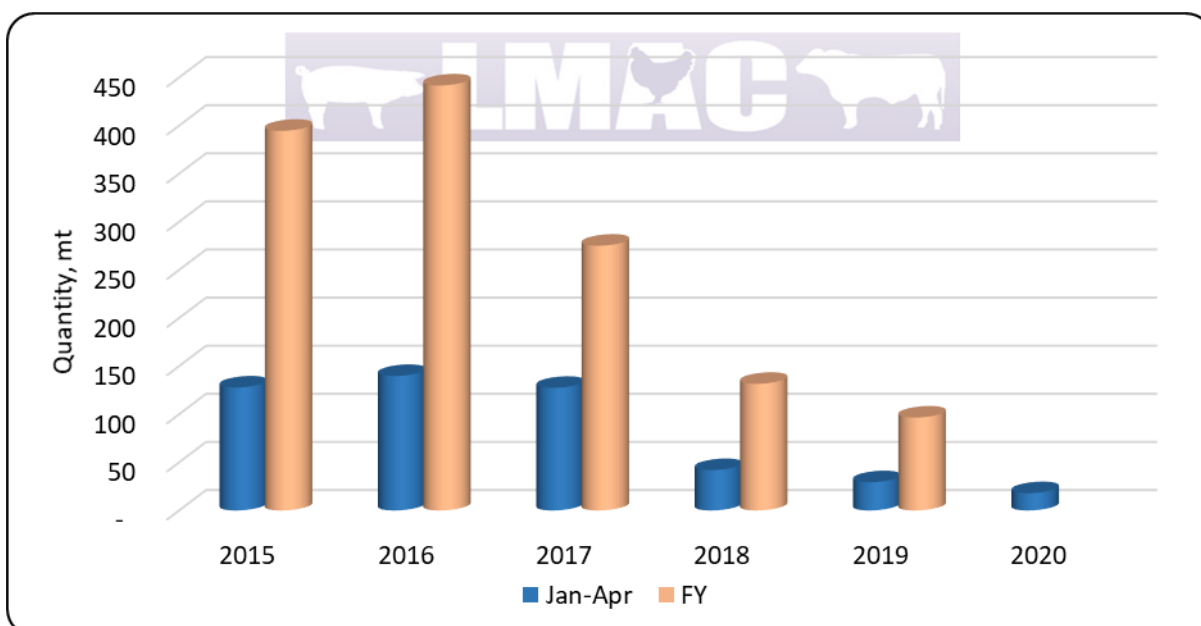
The global meat processing industry is expected to experience headwinds following the outbreak of the global pandemic and a few processing plants in some countries have been temporarily shut following positive testing for COVID-19 among employees. As the hospitality industry is also under lockdown, the disruption to the sector is significant with negative economic implications in the short term.

Sausage Casings

18mt of sausage casings at a value of USD 286,390 were imported between January and April 2020, a decline of 39% in quantity and an increase of 19% in value of imports compared with the same period 2019, respectively



Monthly Imports of Sausage Casings, 2017 – 2019



Quantity of Sausage Casings Imported (mt), 2015 – 2020

Since the outbreak of COVID-19 in December 2019, the disease has spread to almost 200 countries around the globe and the World Health Organisation has declared it a public health emergency. The global impacts are already starting to be felt and will significantly affect the market for natural sausage casings in 2020.

Flight and accommodation cancellations, travel bans and quarantine periods, the closure of restaurants and restrictions of events have significantly impacted upon the supply chain.

However, in the long term, the recovery of the global sausage casings market is expected to be driven primarily by factors such as growth in fast food restaurants, increasing household consumption of processed meat products and the growing meat processing industry in emerging markets.

Threats to this growth are likely to be factors such as higher costs of production post-COVID and in Zimbabwe, supply will depend on the availability of foreign currency.