



TRADE & INDUSTRIAL POLICY STRATEGIES

INDUSTRY STUDIES UPDATE

Food Processing

October 2025

TIPS industry studies aim to provide a comprehensive overview of key trends in leading industries in South Africa. For each industry covered, working papers will be published on basic economic trends, including value added, employment, investment and market structure; trade by major product and country; impact on the environment as well as threats and opportunities arising from the climate crisis; and the implications of emerging technologies. The studies aim to provide background for policymakers and researchers, and to strengthen our understanding of current challenges and opportunities in each industry as a basis for a more strategic response.

This note is an update to the [TIPS Food Processing Industry Study](#). The update focuses on the impact of United States (US) tariffs, changes in the local regulatory environment, and a brief review of changes in food prices.

Author: Dr Michael Hector, TIPS Economist: Sustainable Development

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US TARIFFS

In recent years, South Africa's food processing sector has faced disruptions including supply chain breakdowns and rising costs. In 2025, there is renewed optimism about the sector's future in South Africa, despite persistent challenges, particularly those stemming from the Trump administration's trade policies and tariffs. South Africa's exports now face uncertainty under the "reciprocal tariffs" policy, which might slow trade with the US. These "reciprocal tariffs" effectively end the duty-free, quota-free access previously granted under the African Growth and Opportunity Act (AGOA) (Sihlobo, 2025a).

The reintroduction of the 30% trade tariff on 7 August 2025 could have a negative economic impact for food processing. In response, the South African government has continued to negotiate with the US to secure a reduction in tariffs and diversifying its exports to alternative markets (the dtic, 2025). Beyond minerals, agricultural and food exports such as citrus, wine, and processed foods are expected to be hardest hit (Mawson, 2025). Food processing exports to the US amounted to around 4% or R7 billion in 2023, with most products being exported to the rest of Africa and the European Union (see Hector, 2024).

Trade data in the second quarter of 2025 have likewise not reflected the impact of the US trade tariff on South African exports, which is likely to emerge only in the third or fourth quarters of 2025. Overall, agricultural exports have, however, increased by 8%, from R40 billion at the end of the second quarter of 2024 to R43 billion at the end of the second quarter of 2025 (TIPS, 2025). Although monthly trade data (based on data from Quantec) reflects an increase towards June and July 2025 in the export of fruit and nuts to the US, this is largely due to seasonality or a peak harvest period of certain fruits.

Despite higher US tariffs, South Africa's agricultural exports reached just over US\$3 billion (R52 billion) in the first quarter of 2025, up 10% from a year earlier. This growth came from higher export volumes and stronger commodity prices (Sihlobo, 2025b). However, cold storage shortages, port inefficiencies, and logistics bottlenecks remain persistent challenges for the agro-processing sector. Manufacturing production also rose by 1.9% in June 2025 compared to June 2024. Food and beverages, alongside petroleum, chemicals, rubber, and plastics, were key contributors, with food and beverages alone up by 6%. In May 2025, the sector recorded a 4.5% increase in real income from a year earlier, largely driven by quick-service and takeaway outlets, which expanded by 2.7% (Statistics South Africa, 2025; TV BRICS, 2025).

REGULATORY CHANGES

Several regulatory changes have also shaped the domestic food sector. In November 2024, new regulations under the Foodstuffs, Cosmetics and Disinfectants Act No. 54 of 1972 introduced stricter standards for additives such as preservatives, sweeteners, and colourants, requiring compliance with international safety specifications (GPC, 2024).

In July 2025, vegan and plant-based food labelling rules were revised under the Agricultural Product Standards Act No. 119 of 1990. Products marketed as "meat replacers," "alternatives," or "substitutes" must now contain at least 9% protein, and animal-related terms like "burger" or "sausage" can only be used if preceded by descriptors such as "plant-based" or "vegan". Stylised terms such as "chicken-style" or "B*con" are banned (Larkin, 2025; Vegconomist, 2025).

FOOD PRICES

Food prices in South Africa have continued to climb in 2025, hitting poorer households the hardest. In June 2025, food and beverage inflation reached 5.1%, with meat prices rising sharply due to a foot-and-mouth disease outbreak that disrupted supply chains. Maize meal, rice, sugar beans, and cooking oil, have also increased significantly over the past five years. The price of a 10kg bag of rice has more than doubled, while sugar beans increased by over 155% between December 2019 and December 2024 (Bhana, 2025; Thorne, 2025). These increases stem from several intertwined factors, such as rising costs for agricultural inputs like fertilisers and animal feed, as well as global supply chain disruptions. Climate change and extreme weather, such as the recent floods in the Eastern Cape, have further reduced agricultural output, adding upward pressure on prices.

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info@tips.org.za | +27 12 433 9340 | www.tips.org.za