



2020 & BEYOND: A VISION FOR THE SA BEEF INDUSTRY

If South Africa's beef industry wants to become a serious competitor on the world stage, it must replace exports of 'cheap meat' with higher-value cuts, says livestock genetics consultant, **Dr Michael Bradfield**. He spoke to **Lloyd Phillips** about the way forward for the industry.

In 2016, global red meat exports amounted to 9,44 million tons. Brazil led the way, exporting 1,85 million tons, or 19,6% of the total. South Africa ranked 15th, at 60 000t, or 0,64% of the world total. At the same time, it became a net red meat exporter for the first time.

Currently, however, South Africa supplies mainly the commodity, or cheap beef market, and not the high-end, value-added beef market.

This needs to change, says international livestock genetics consultant and CEO of AgriBSA, Dr Michael Bradfield.

The recent drought showed how crucial it was for the country's beef industry to stop focusing on exporting only the cheaper cuts.

"By exporting higher-value cuts, our industry can protect itself from shocks to farm income caused by droughts and other environmental impacts,

local currency depreciation, inflationary impacts on local consumer spending, and any oversupply in local beef leading to price pressures," says Bradfield.

'SA'S BEEF INDUSTRY SHOULD START TARGETING CHINA'

Namibia's beef weaner price, for example, would be 30% lower were it not for exports, while Botswana's beef industry generates 80% of its total income from exporting 20% of its total beef production.

Moreover, although South Africa's middle class continues to grow, national demand for beef is stagnant.

"This is all the more reason for the SA red meat industry to

ABOVE: In 2016, South Africa became a net red meat exporter for the first time, supplying mainly the cheap beef market. PHOTOS: FW ARCHIVE

increase its focus on exporting more of its production," he says.

There is certainly scope for growth. It is estimated that the world's population will reach 10 billion people by 2050, and 70% of these people will be living in urban areas. Many will continue to have more expendable income and rely on beef as a source of protein.

However, warns Bradfield, with the current beef price in South Africa, the country will be unable to compete against the likes of Brazil and other top beef exporters.

Research has found that commercial beef producers in the US and Australia need to sell, on average, five to six weaners in order to buy a R55 000 stud bull. Despite the recent local beef price increase of about 30%, South Africa's commercial beef producers have to sell an average of between seven and



FAST FACTS

- Increasing South Africa's beef exports will protect the country's beef value-chain against a variety of shocks.
- National and international beef consumers are prepared to pay more for guaranteed consistently best quality meat.
- To become a leader on the world beef market, South Africa's beef value-chain needs to work together.

traceability systems are properly implemented and functional.

"While South Africa's red meat industry might think our country has a high national animal health status, and we do, compared with a number of other developing countries, we are not at a level demanded by many beef-importing, developed countries," Bradfield says. "Brucellosis, foot-and-mouth disease, and a number of other diseases, remain significant threats to our industry and to our potential to grow beef exports to higher-value markets."

An effective red meat traceability system is needed to improve South Africa's credibility in the eyes of the World Organisation for Animal Health (OIE) and beef export markets.

Unfortunately, the country lags behind much of Africa in this regard. For example, the continent's Intergovernmental Authority on Development (comprising Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda) already has an umbrella body for livestock traceability.

"The process to implement a traceability system has only just started in South Africa," says Bradfield.

• **Work with government**
Improvements are needed in the working relationship between South Africa's red meat industry and government.

The good news is that, while it is frustrating having to deal with cumbersome bureaucracy, government does want to work with farmers. In turn, the country's red meat industry needs to help government structures expedite aspects that would benefit the sector.

• **Initiate a better meat grading system**

An effective meat grading system is needed for South African beef, one that will complement the existing classification system and ensure that the quality of locally produced beef for both the national and

eight weaners to generate enough income to buy the same bull.

In addition, earlier this year, US farmers achieved their local currency equivalent of an average of R64,05/kg for beef carcasses, those in Australia received R67,26/kg, and those in China received a minimum of R82,50/kg. South Africa's farmers were paid a mere R45,83/kg.

A lower price is a common trend among developing beef-producing countries such as Ethiopia, Sudan, India and Pakistan, notes Bradfield.

MAKING IT HAPPEN

In order to become a significant global player, Bradfield stresses that South Africa's beef industry has to:

• **Adopt a unified approach**

"If South Africa's beef industry wants to become a major exporter, taking a unified approach towards achieving this goal is critical," he says. "A country's industry has a far greater presence on the global stage than its individual producers."



DR MICHAEL BRADFIELD

• **Target China**

The main growth in demand for food will be from China and other Asian countries. Asian consumers are increasingly opting for red meat, a status symbol, over their traditional proteins of chicken, fish and pork. As expendable incomes grow, especially in China, so the

demand for higher-value beef products will increase.

"I think South Africa's beef industry should really start targeting China as a market," says Bradfield. "Its beef imports are already worth US\$1,35 billion [R17,6 billion] annually and this is going to grow substantially."

• **Ensure better biosecurity**

To secure export markets for South Africa's higher-value beef cuts, it is critical to ensure that the country's animal health status and product



export market is consistent. “Retailers must understand that the low prices they’re always demanding to pay for beef cannot balance with the best quality they demand at the same time,” explains Bradfield. “If they want best quality, they and their consumers must be prepared to pay its true value.

‘IF OUR RED MEAT INDUSTRY IS NOT PREPARED TO INVEST IN ITS DEVELOPMENT, HOW CAN IT EXPECT TO COMPETE IN THE WORLD ARENA?’

Beef cannot be compared with the likes of chicken and pork. Beef must be considered a high-value product.”

• **Educate consumers**

South African consumers should be educated about how to identify quality beef. “This might inspire sufficient confidence in them to encourage them to start consuming more beef again,” says Bradfield. Quality, he adds,

“can be defined as a consistently good eating experience in terms of tenderness, juiciness and taste”.

FUNDING GROWTH

Across the 17 sectors of South African agriculture, a total of R489 million is collected annually via statutory levies at products’ first point of sale.

Of these 17 sectors, the South African red meat industry’s statutory levy of 0,09% is the lowest. The average across all 17 sectors is 0,6%, an insignificant figure when compared with the international norm of about 1,5%.

According to Bradfield, research and development will define the future of South Africa’s red meat industry and should be considered a top priority.

ABOVE LEFT: In 2016, world beef production (as opposed to exports) was about 60,5 million tons. The US was the main producer with 11,4 million tons – or nearly 19% of the total. South Africa ranked 13th with 935 000t, or 1,55% of the world total.

ABOVE The SA red meat industry will have to improve the national animal health status, if it is to boost its exports.

Development includes factors such as a sustained marketing programme, the implementation of a traceability system, improving the product, and industry-applied research.

“If our red meat industry is not prepared to invest in its development, how can it expect to be able to compete in the world arena?” asks Bradfield. “The international norm is for about 1,5% of a beef industry’s turnover to go back into research and development.

“Let’s take ownership of our own beef industry. We can’t say that our government must do the work on our behalf. We must be more proactive and progressive.”

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 • *Adapted from a presentation given at the recent 2017 KwaZulu-Natal Red Meat Producers’ Organisation Congress held at Cedara College of Agriculture. ■ FW*