



Action to **unlock the potential** of the red meat industry

This brief contextualises the scope and potential for the red meat industry

Gerhard vd Burgh

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THE RED MEAT AND LIVESTOCK SECTOR HAS CONSIDERABLE UNTAPPED POTENTIAL IF STAKEHOLDERS UNITE UNDER A COMMON VISION, WITH PRACTICAL OBJECTIVES TO IMPLEMENT CRITICAL INTERVENTIONS ABLE TO ACCELERATE INCLUSIVE GROWTH.

The South African red meat industry has the potential to grow by more than 20% above a “business as usual” scenario, adding an additional R12 billion in real terms to South Africa’s agricultural GDP per annum by 2030. Beef, which traditionally constitutes around 80% of total formal red meat production value, will likely contribute the bulk of this. Best estimates indicate that approximately 70% of marketed meat is produced in highly commercialised productive systems. Little official information is available on the informal sector, which is operating at a much lower productivity level but has massive economic and socio-economic value that is currently largely unaccounted for and under-utilised. With up to a third of the national herd, and possibly more, in the hands of communal and smallholder farmers, the sector can become a dynamic driver of inclusive growth, rural development, employment, and wealth creation for the more than 1 million households involved in livestock production, largely in the poorest and most neglected regions of the country.

Based on BFAP 2030 projections, local beef consumption growth over the next ten years will likely not be enough to absorb substantial growth in beef production, whilst supporting sustainable producer prices. Growing and sustaining export markets will therefore remain paramount. Over the past five years exports to the Middle East and Asia grew rapidly, with 21% of total beef exports going to East Asia, 43% to the Middle East and 36% destined for the rest of Sub-Saharan Africa.

Within the context of the Agricultural and Agro-Processing Masterplan (AAMP) currently being developed and negotiated, a comprehensive end-to-end red meat value chain analysis, with a current state assessment and future state scenarios, was conducted by BFAP and the NAMC. Initial results suggest that over the next decade the South Africa Beef sector has the potential to grow its annual GVP to R8.3 billion (in real terms), with most of this growth being unlocked by

growing the export share of production from 5% to 24%, thereby adding R7.4 billion in additional revenue in real terms annually. Exports of high value premium cuts support value chain profitability, whilst providing affordable products to local consumers from the rest of the carcass. In order to reach this potential future state, key value chain interventions are proposed at various nodes in the value chain. For example, priority should be given to national herd health and vaccination programmes as well as focused support in small-holder/communal production systems, where the multiplier effect is the highest. The latter can result in an 8% increase in productivity in this producer category, which translates into a 44% growth in production).

In light of the considerable opportunities and untapped potential of the red meat sector, the primary value chain industry organisations initiated a process of developing a South African Red Meat Industry Strategy 2030. This process is aimed at unpacking the basic interactions in the red meat value chain, not only from a functional/operational perspective, but also from an institutional perspective, where the general views and interaction of role-players in the industry were taken into consideration, coupled with existing national policy frameworks. Ground-level limiting factors and opportunities were captured and used to compile a common vision, with practical objectives and proposed critical structures and interventions required.

The draft document: “Towards the Red Meat Industry Strategy 2030” was compiled with three phased outputs in mind:

Phase 1: Development of a Road Map with a common vision, focus and objectives – The vision sets a common goal for the industry by prioritising four strategic focus areas with key objectives to drive inclusive growth. The four focus areas identified were: Animal and Public Health, Inclusive Growth, Market Access and Competitiveness and Sustainability.

Phase 2: Industry Restructure – A revision of the current red meat forum structure is proposed to optimally implement the industry’s strategic vision. Without an empowered industry strategy champion to operationally drive the industry’s focus area actions towards intended outcomes, the industry vision will not be realised.

Phase 3: Implementation Plan – Finally, the document proposes active implementation steps and interventions that will require a driver and funding.

For the industry to flourish to the benefit of large-scale and small-scale farmers and South Africa as a whole, industry and government will have to collaborate. Public-private partnerships (PPPs) are required, where resources will have to be aligned on common prioritised goals to advance the industry. One such prioritised goal already identified by both industry and government is the **Animal and Public Health interventions** required to advance the sector. Some of the main animal health issues can be summarised as follows:

- Veterinary service-delivery is fragmented, often facing misalignment and lack of accountability between National, Provincial and Local Municipality, resulting in additional complexity and lack of enforcement. The current decentralised structure of veterinary services in South Africa was highlighted as a key constraint in the implementation process of the national Veterinary Strategy (2016-2026).
- It remains unclear whether Onderstepoort Bio Products (OBP) has sufficient finances and resources to continuously develop and produce the required volume of vaccines required by the livestock industry. OBP still supplies the most cost-effective medicine, however the OBP supply is unreliable, leaving farmers often desperate without their required medicine. The unreliable supply of medication and vaccines has resulted in farmers being unable to treat their animals as required, exacerbating already poor disease control.
- The diagnostic capacity to monitor diseases in South Africa has been declining. Onderstepoort Veterinary Institute (OVI) is the national animal health reference laboratory. It falls under the Agricultural Research Council and receives funding and accreditation from DALRRD for official diagnostic functions. OVI is further accredited by the OIE as a reference diagnostic centre for several animal disease causing agents. This status is at risk, since the diagnostic and research capacity has been steadily declining within the OVI. OVI is supported in official diagnostic functions by several DALRRD approved private and university laboratories to which testing can be outsourced. This process can be further supported and grown in possible PPPs.
- Graduated community service veterinarians and animal health technicians may be under-utilised

and available to support on animal and public health issues, but further support structures are required to guide their deployment. A mechanism or programme is required to bring the vets on board either for disease surveillance, mapping the responses to disease outbreaks and even in disease prevention where they can support areas of high-priority or disease prone areas.

Industry cohesion, strong leadership and structured execution of a co-ordinated strategic plan is required to propel the industry from a marginal surplus producing sub-sector, exporting roughly 5% of output, to an inclusive, sustainable and competitive industry which exports closer to 20% by 2030, with food security benefits for local consumers. To this end, red meat value chain actors and all spheres of government have to reach strategic alignment with regard to priority actions and services, roles, and funding. Actioning this grand strategy lies in the hands of the industry, with the enabling environment required from Government. Time is of the essence, as action will be required from the grazing hills of the Eastern Cape to the butcher counter in Tshwane and the restaurant table in Dubai, and nothing is more expensive than a missed opportunity.

IN SUMMARY...

... in light of the considerable opportunities and untapped potential of the red meat and livestock sector, the primary value chain industry organisations initiated a process of developing a South African Red Meat Industry Strategy 2030. BFAP has completed the first phase, aimed at unpacking the end-to-end interactions in the red meat value chain. Ground-level limiting factors and opportunities were captured and used to compile a common vision, with practical objectives and proposed critical structures and interventions to accelerate inclusive growth. For the industry to flourish, to the benefit of large-scale and small-scale farmers and South Africa as a whole, industry and government will have to collaborate.