OVERVIEW OF THE SOUTH AFRICAN RED MEAT INDUSTRY
HOW ARE SOUTH AFRICAN INDUSTRIES PERFORMING?

How did South African industries perform in the second quarter of 2017?

Industry growth in the second quarter of 2017, compared to the first quarter of 2017*

- Agriculture: +33.6%
- Electricity: +8.8%
- Mining: +3.9%
- Finance: +2.5%
- Transport: +2.2%
- Manufacturing: +1.5%
- Personal services: +1.1%
- Trade: +0.6%
- Construction: -0.5%
- Government: -0.6%

GDP: 2.5%

*Seasonally adjusted and annualised
### SOUTH AFRICAN BEEF SECTOR ON PRODUCER LEVEL

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>SOUTH AFRICAN BEEF</strong></td>
<td></td>
</tr>
<tr>
<td>Domestic production</td>
<td>792 095 tons</td>
</tr>
<tr>
<td>Exports</td>
<td>17 589 tons</td>
</tr>
<tr>
<td>Percentage of production</td>
<td>5 %</td>
</tr>
</tbody>
</table>

South Africa is now a nett exporter with 2.8 nett  
2016 was the first year South Africa became a nett exporter of beef  
Gross turnover of the SA cattle industry on producer level is R 44 000 000 000 per annum

### SOUTH AFRICAN SHEEP MEAT

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>SOUTH AFRICAN SHEEP MEAT</strong></td>
<td></td>
</tr>
<tr>
<td>Domestic production</td>
<td>106 316 tons</td>
</tr>
<tr>
<td>Imports</td>
<td>11 000 tons</td>
</tr>
<tr>
<td>Exports</td>
<td>1 300 tons</td>
</tr>
<tr>
<td>Export as percentage of production</td>
<td>1.2 %</td>
</tr>
</tbody>
</table>

South Africa is a nett importer with 9.1 % nett  
South Africa remains a nett importer of sheep meat  
Gross turnover of the sheep meat industry on producers' level is R 7 800 000 000
## BASIS OF SOUTH AFRICAN PRODUCTION / ESTIMATED LIVESTOCK NUMBERS

<table>
<thead>
<tr>
<th>OWNED BY</th>
<th>ALL</th>
<th>EMERGING</th>
<th>PERCENTAGE OWNED BY EMERGING SECTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle</td>
<td>13.6 Million</td>
<td>5.7 Million</td>
<td>42 %</td>
</tr>
<tr>
<td>Sheep</td>
<td>24.6 Million</td>
<td>3.1 Million</td>
<td>13 %</td>
</tr>
<tr>
<td>Goats</td>
<td>5.9 Million</td>
<td>4.3 Million</td>
<td>73 %</td>
</tr>
</tbody>
</table>
NUMBER OF HOUSEHOLDS OWNING LIVESTOCK IN SOUTH AFRICA

THE SOUTH AFRICAN EMERGENT SECTOR

- Households owning sheep 215 034
- Households owning goats 429 065

Income and Food Security
ARE WE COMPETITIVE?

• Animal Recording and improvement

• Reproduction efficiency

• Genetic improvement / Genomics
  – Resistance/ tolerance/Global Warming
  – Selection criteria
  – Fertility
  – Fee Efficiency
  – Polled Genes
INDUSTRY STRUCTURES

VALUE CHAIN APPROACH

- Red Meat Producers’ Organisation (RPO)
- National Emergent Red Meat Producers’ Organisation (NERPO)
- South African Feedlot Association (SAFA)
- Association of Meat Importers and Exporters (AMIE)
- Gauteng Meat Traders Employees Union (GMTEU)
- National Federation of Meat Traders (NMFT)
- Red Meat Abattoir Association (RMAA)
- South African Federation of Livestock Auctioneers (SAFLA)
- South African Meat Processors Association (SAMPA)
- South African National Consumers Union (SANCU)
- South African Pork Producers Organisation (SAPPO)
- South African Skins, Hides and Leather Council (SHALC)

A single vision to take a desired future position!
PRODUCER STRUCTURES

TO HELP MANAGE THE WHOLE PROCESS:

- 9 PROVINCIAL RPO’S
- TAU SA
- NWGA
- AGRI SA
- SA STUDBOOK
- MPO /
  Agri Inspec
- LRF (Federation for livestock registration)
STRATEGIC INTERVENTIONS WITH STATUTORY LEVIES IN THE FUTURE

Current Functions

Plus:

• Animal Health
• Export Support
• Consumer Confidence

- Additional voluntary grading systems
South African Meat Consumption 2026 – versus 2014 – 2016 base period

Figure 68: South African meat consumption – 2026 vs. 2014-2016 base period

Source: BFAP - Baseline
DEMAND FOR RED MEAT IN AFRICA

- At present ± 1.2 billion people; 15.5% of the world
- Fastest population growth in the world
- Estimation: more than double by 2050
- By 2050 – more than 25% of world population will live in Africa
- Food market in East and Southern Africa will more than triple by 2040

(The Modernizing African Food systems (MAFS) Consortium)
DEMAND FOR RED MEAT GLOBALLY

- Growth more slowly – BUT

  - At present 7,25 billion people
  - Another 750 million persons in next decade
THE CONSUMER
ANIMAL PRODUCTS, QUALITY AND VALUE ADDING

• Product characteristics

Global and local decreases in fat content of meat observed over time
THE CONSUMER

MARKET DEVELOPMENT, CONSUMERISM AND TRADE
THE CONSUMER

MARKET DEVELOPMENT, CONSUMERISM AND TRADE

• Consumer more sophisticated
• Story food
• Consumers are skeptic towards the use of growth hormones, beta-agonists and antibiotics
• Free range / grain fed / grass fed
• 32 Brands that are audited
WE HAVE:

National Animal Health Forum & 9 Provincial Animal Health Forums

- Brucellosis Eradication Scheme
- PPR
WE HAVE:

- **Livestock genetic resources**
  - Cattle breeds: Indigenous – 9  
    (http://www.embryoplus.com/cattle_sa_indigenous.html)
  
  - Sheep breeds: Indigenous – 12 (Snyman & Herselmann, 2011)

- **Other – 12** (S Afr J Anim Sci, 1999)
  - Goat breeds: Indigenous – 4 (Cambell, 2003; ARC,  
    http://www.arc.agric.za/home.asp?pid=2701)

- **Large gene pool opportunity for adaptable livestock**
WE HAVE:

A FOOT AND MOUTH DISEASE FREE ZONE

- R6 Billion per annum benefit
WE HAVE:

Veterinary Strategy

SOUTH AFRICAN VETERINARY STRATEGY
(2016-2026)

We preserve the health and welfare of our animals, to produce enough for ourselves and share with the world.

March 2016
WE HAVE:

ONDERSTEOORT BIOLOGICAL PRODUCTS:

A STRATEGIC PARTNER

- Develop essential vaccines
- Unique vaccines for South African animal diseases
- Future – road ahead?
WE HAVE:

• Independent Meat Inspection Scheme

• Red Meat Value Chain Round Table

• PHAKISA
WE HAVE:

SAMIC – Classification System

- Classification is a pillar in the industry
WE HAVE:

A 40% ad valorem tariff

Estimates of support to agriculture (PSE) in selected non-OECD and OECD countries (2010)

Source: OECD, Agricultural Policy Monitoring and Evaluation, 2011
WE HAVE:
A large percentage of the consumer rand

- Fresh Mutton 65%
- Fresh Beef 56%
- Fresh Chicken 56%
- GuuLa Cheese 48%
- Fresh Milk 38%
- Bread 19%
- Wine 5%
WE HAVE:

Self regulation

- Brine Injection
- Animal Feeds
WE HAVE:

CODES OF CONDUCT

- Animal
- Natural Resources
- Farm Laborers
WE HAVE:
CONSUMER EDUCATION PROGRAMMES

SHEEP MEAT

WWW.COOKINGWITHLAMB.COM

BEEF

WWW.BEEFTALK.CO.ZA
WE HAVE:

PRODUCER COMMUNICATION

Red Meat magazine

Social media

Electronic newsletter

www.rpo.co.za
WE HAVE:

PRODUCER MANUALS
WE HAVE:

BEEF FUTURES
LAMB CARCASS FUTURES
WE HAVE:

RED MEAT RESEARCH AND DEVELOPMENT S.A.

Strategic Plan with Focus Areas:

• Sustainable natural resource utilisation
• Livestock production with global competitiveness
• Animal health and welfare
• Animal products - quality and safety, nutritional value and preference
• The economics of red meat consumption and production in South Africa
• Predation Management
• Livestock theft prevention
• R10 Million per annum
• 62 running projects
WE HAVE:

PROGRAMMES UNLOCKING THE POTENTIAL OF RED MEAT COMMERCIALISATION, TECHNOLOGY TRANSFER AND TRAINING

• Technology transfer and training / extension

• Mentorships

• Enterprise development
WE HAVE:
JOBS AND ENTERPRISES IN THE RED MEAT VALUE CHAIN

- Commercial Producers 30 000
- Labourers on commercial farmers 60 000
- Feedlot Industry 2 000
- Emerging Producer Sector 250 000
- Families Owning Livestock 1 200 000
- Abattoir Industry 10 000
- Livestock Agents 5 000
- Trade Formal 10 000
- Trade Informal / Street Vendors 30 000
- Hides and Skins and Leather 10 000

THE RED MEAT INDUSTRY IS MAKING A DIFFERENCE !!
WE NEED:

Livestock Identification and Traceability System S.A. (LITSA)

• A PPP between industry and Government
WE NEED:

DISASTER MANAGEMENT STRATEGY:
PROVINCES ALREADY PROCLAIMED AS DROUGHT DISASTER IN 2015 / 2016

- Cape: 29 Jan 2016
- LMP: 13 Nov 2015
- E Cape: 4 Dec 2015
- KZN: 20 Nov 2015
- FS: 4 Sep 2015
- NW: 24 Jul 2015
- W Cape: Pending
- MP: Dec 2015
WE NEED:

### Percentage cows lost in the drought

<table>
<thead>
<tr>
<th>Province</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free State</td>
<td>100</td>
<td>111</td>
<td>106</td>
<td>88</td>
</tr>
<tr>
<td>North West</td>
<td>100</td>
<td>95</td>
<td>96</td>
<td>79</td>
</tr>
<tr>
<td>Limpopo</td>
<td>100</td>
<td>100</td>
<td>96</td>
<td>83</td>
</tr>
<tr>
<td>KwaZulu Natal</td>
<td>100</td>
<td>100</td>
<td>96</td>
<td>88</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>100</td>
<td>95</td>
<td>93</td>
<td>87</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>100</td>
<td>117</td>
<td>93</td>
<td>77</td>
</tr>
<tr>
<td>Western Cape</td>
<td>100</td>
<td>98</td>
<td>102</td>
<td>94</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>100</td>
<td>102</td>
<td>97</td>
<td>85</td>
</tr>
</tbody>
</table>

### Percentage ewes lost in the drought

<table>
<thead>
<tr>
<th>Province</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free State</td>
<td>100</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>North West</td>
<td>100</td>
<td>100</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>Limpopo</td>
<td>100</td>
<td>105</td>
<td>141</td>
<td>69</td>
</tr>
<tr>
<td>KwaZulu Natal</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>64</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>100</td>
<td>101</td>
<td>94</td>
<td>93</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>100</td>
<td>101</td>
<td>98</td>
<td>77</td>
</tr>
<tr>
<td>Western Cape</td>
<td>100</td>
<td>101</td>
<td>104</td>
<td>100</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>100</td>
<td>100</td>
<td>103</td>
<td>84</td>
</tr>
</tbody>
</table>
WE NEED:

PREDATION MANAGEMENT

• Cost of predation
  R2.6 billion per annum in small stock, beef and wildlife industry?
WE NEED:

PREDATION MANAGEMENT

- Dead Stop Collars: 1%
- Kingcollars: 1%
- Anatool: 1%
- Jackal proof fences: 9%
- Bells: 4%
- Gin traps: 12%
- Trap cages: 15%
- Poison: ILLEGAL!!
- Professional Hunter (night): 16%
- Hunter (self): 12%
- Hunting dogs: 6%
- Helicopter: 8%
- Shepherds: 1%
- Donkeys: 1%
- Kraal: 2%
- Jackal hunters: 1%
WE NEED:

STOCK THEFT PREVENTION

- R900 million loss per annum
- Animal ID / Brands / alternative methods of identification
- 9 Provincial Stock Theft Forums

WWW.STOCKTHEFTPREVENT.CO.ZA
WE NEED:

SUSTAINABLE NATURAL RESOURCE UTILISATION

• Protection of the Environment
  – Erosion prevention
  – Reclaim eroded and polluted resource
  – Water resources and quality
  – Strategy on global warming
WE NEED:

ANIMAL WELFARE

- The average city dweller’s interaction with an animal is with their pet - they expect farmers to deal with livestock in the same way.
- Codes of Best Practice.
HOW DO WE PRODUCE MORE?

PRODUCTION DEVELOPMENT

• Better technology / management
• Genomics?
• Higher intensification / production systems
• Enabling production environment / government
• Commercialization of emerging sector
• Government’s capacity to render essential services – limited and still weakening
• The red meat industry to render services and to support Government to render essential services
**TAKE HOME MESSAGE**

- The demand for South African red meat is growing nationally and internationally
- We must protect the Foot and Mouth Disease Free Zone at all costs
- The emerging sector is playing a major role in the supply chain but this must be further developed
- 1,2 households owns livestock which play a major role in food and income security
- We are internationally competitive and can play a major role in growing the GDP and job creation
- Producers are now realising between 50 % and 65 % of the consumer rand
- Beef price 34 % ↑ Lamb price 36 % ↑ Weaner price 101 % ↑
THANK YOU !!

Motion of empathy for the farmers, farm workers, their families and livestock in the drought stricken areas!