

BACKGROUND

The South African red meat industry is characterised by a difference between the commercial and non-commercial farmers. Commercial farmers are normally registered with various organisations and they keep cattle for red meat (Beef) production (DAFF, 2018).

The Red Meat Producers Organisation (RPO) was established in 1985 with an aim of protecting and promoting the interests of commercial producers within the red meat industry's value chain. The RPO with its collective negotiation ability, improves the economic well being of its producers.

The Red Meat Producers Organisation (NPO) and National Emergent Red Meat Producers' Organisation (NERPO) jointly formed the Federation of Red Meat Producers of South Africa, which handles the collective interests of primary commercial and emerging red meat producers (RPO, 2016). The primary aim of NERPO is to commercialise the developing agricultural sector and ensure meaningful participation of black individuals within the mainstream commercial agribusiness sector, hence ensuring the long-term sustainability of the agricultural sector in South Africa.

The red meat industry is the second growing commodity, following the poultry industry. It provides employment to over 2 125 000 people through its value chain (DAFF, 2018). Although the industry plays a major role in livelihood of people and providing animal protein, it faces numerous challenges. These challenges prevent the industry to produce more meat and animal products, hence the country import from other countries (DAFF, 2020; USDA, 2019; SAPPO, 2019)

IMPORTS AND EXPORTS

According to RPO (2019), South Africa imported 20 807 007 kg of beef and 363 106 kg sheep meat at the price of R35.73 and R37.40, respectively. The country exported 16 271 864 kg of beef and 276 106 kg sheep meat at the price of R58.95 and R73.32, respectively.

Table 1: Quantity of red meat imported and exported in 2018 and 2019

	Imported		Exported	
	2019 (Jan- Jul)	Price/kg	2019 (Jan- Jul)	Price/kg
Bovine Meat	20 807 007 kg	R35.73	16 271 864 kg	R58.95
Sheep Meat	363 106 kg	R37.40	276 106 kg	R73.32

Source: RPO (2019)

The majority of red meat imported into South Africa came from countries such as France, Australia, Canada and Brazil (Trade Map, 2020) while the majority of red meat were exported to countries such as Lesotho, Mozambique, Namibia and United Arab Emirates (USDA, 2019).

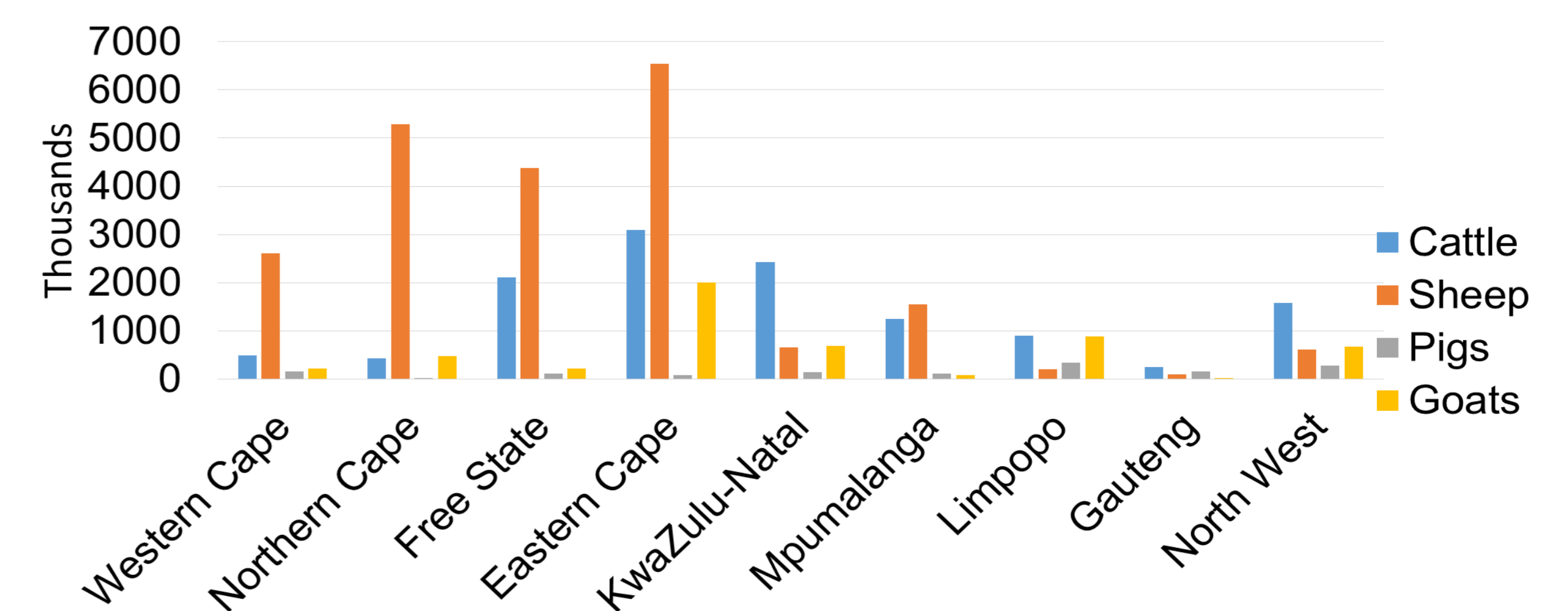
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PRODUCTION

South Africa had approximately 12505 cattle, 21913 sheep, 1387 pigs and 5216 goats in 2019. Figure 1 below indicates that Eastern Cape, Northern Cape, Free state and Western Cape are dominantly farming sheep while goats are the least produced livestock by all provinces.

Figure 1: Estimated No. of live cattle, sheep, pig and goats in South Africa



Source: DAFF (2019)

South Africa slaughters on average 12 000, 10 000 and 27 000 of cattle, sheep and pigs respectively, every week for red meat (RPO, 2020). According to RPO statistics, a total of 603 835 cattle, 526 859 sheep and 1 354 924 pigs were slaughtered in 2019.

MARKET ANALYSIS

Table 2 below shows the local carcass prices depending on grades. Sheep/lamb carcass is more expensive as compared to beef and pig. Table 1 (imports and exports) indicated that in 2019 the exporting price for both bovine and sheep was higher than the importing price and local prices. This means that South Africa has a higher chance of generating income from red meat exports.

Table 2: Local carcass price depending on grade

Product	Price
Bovine/Beef	R42 – R47/kg
Sheep/lamb	R63 – R88/kg
Pig	R16 – R26/kg

Source: RPO (2019)

SECTOR CHALLENGES

- **Covid-19-** The outbreak of Covid-19 has indirectly affected the economy of the red meat sector. The sector wasn't able export products during national lockdown level 5 because borders were closed to curb the spread of Covid-19.
- **Food and Mouth Disease (FMD) outbreak-** The FMD outbreak led to some trading countries to ban South Africa's exports of cloven-hoofed animals and animal products (DAFF, 2020; USDA 2019).
- **African Swine Fever (ASF)-** The outbreak of ASF in South Africa has adversely affected the export market. The outbreak resulted to the industry losing the health status and export ban to countries like China (SAPPO, 2019).
- **Drought-** Severe drought from 2018 affected the availability of red meat across the country. Animals were dying due to lack of feed (grazing)
- **Increase in feed –** Drought is the main factor leading to high feed price

ACKNOWLEDGMENTS