Southern Africa Development Institute

Lecture 04: Beef Cattle Value Chain Lecture

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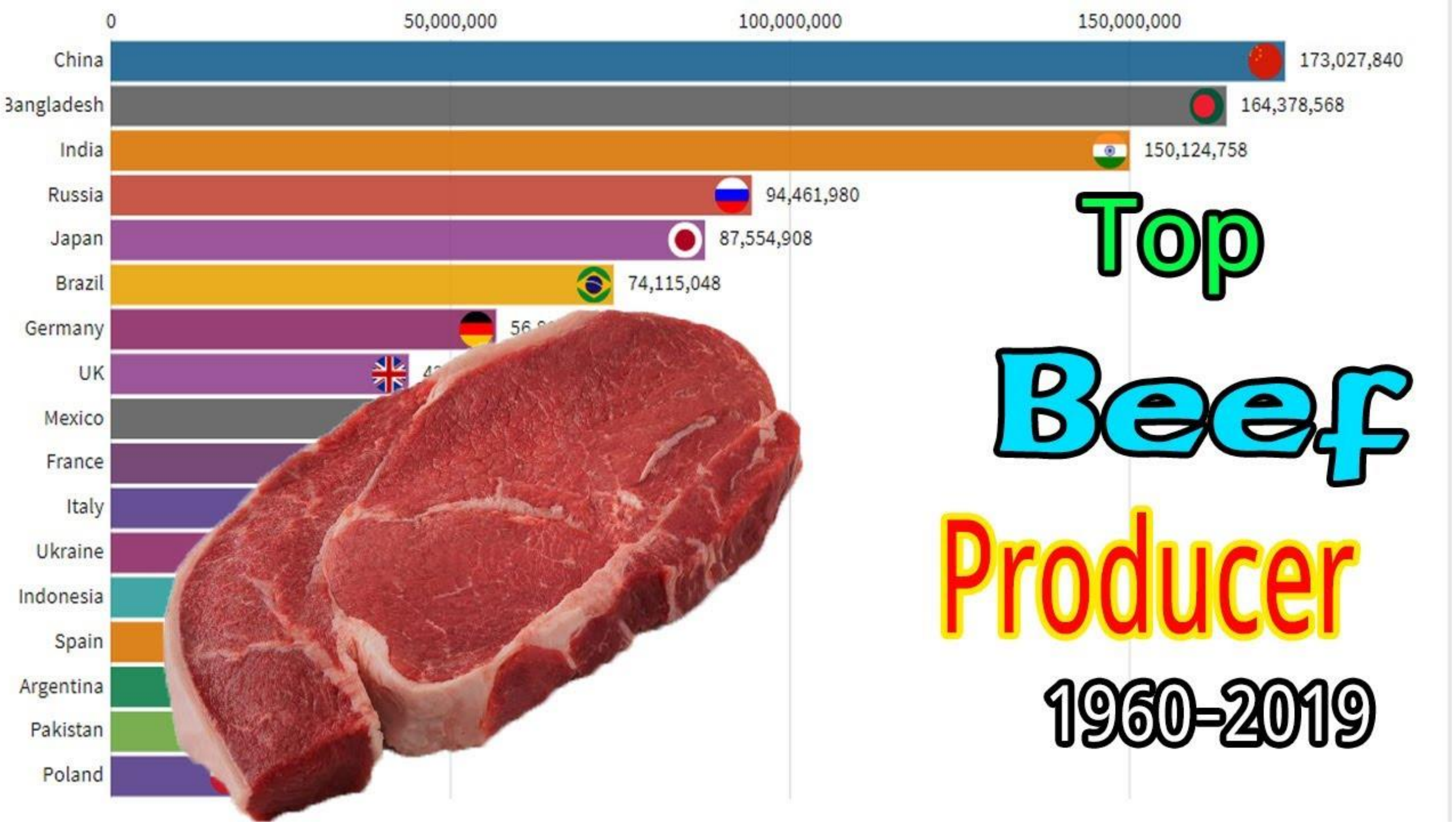
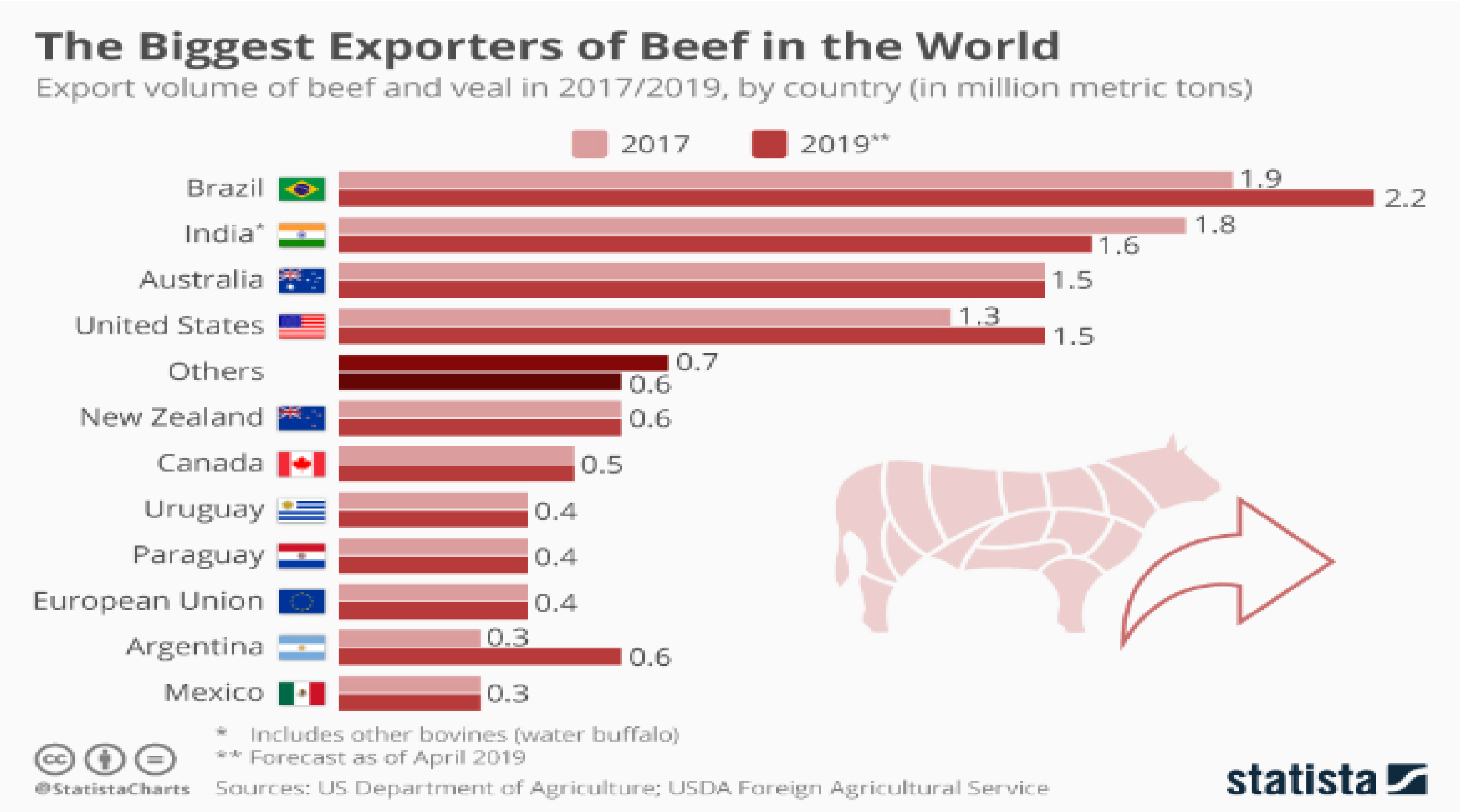
Production and consumption of beef in Africa and the global market

World's Largest Beef Producing Countries (1960-2019)



The Big Players

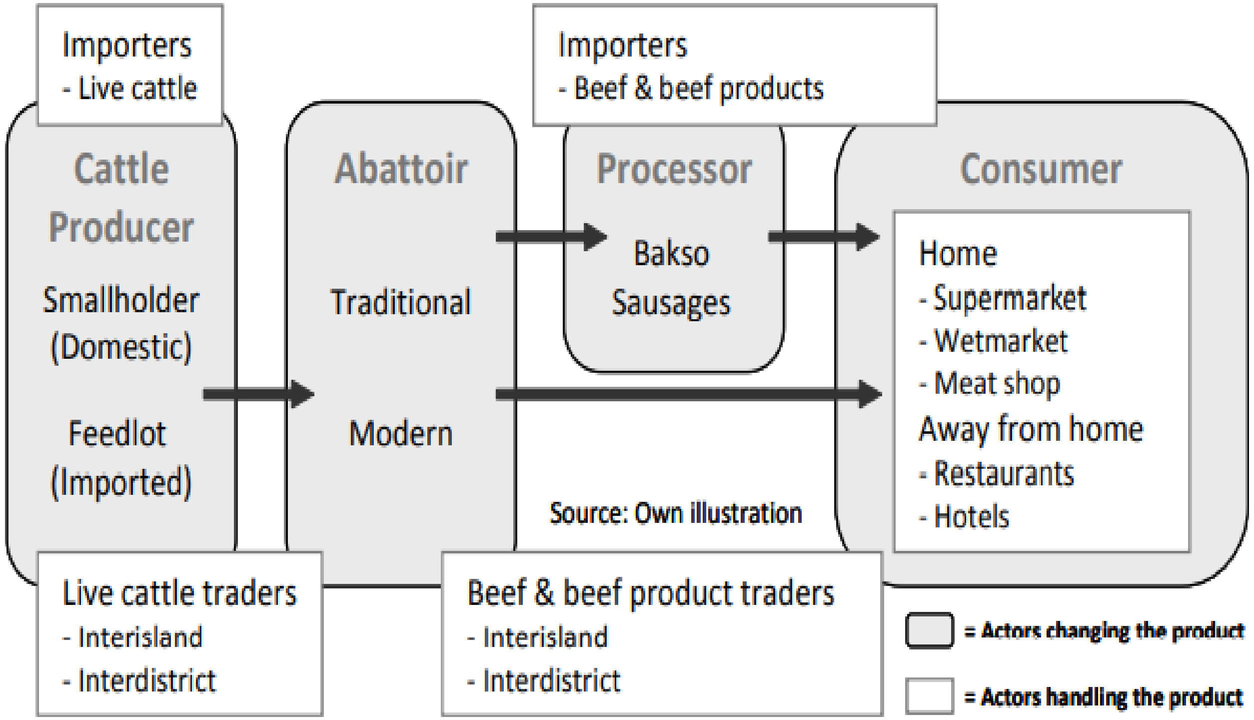


Top Beef Importing Countries

Country	Value (US billions)	% of Total Beef Imports
China	12.5	21.3
United States	7.6	13
Japan	3.7	6.3
South Korea	3.6	6.1
Italy	2.23	3.8
Germany	2.19	3.7
Netherlands	1.93	3.3
Chile	1.67	2.8
Hong Kong	1.56	2.7
United Kingdom	1.53	2.6
France	1.52	2.6
Taiwan	1.17	2.0
Egypt	0.94	1.6
Canada	0.91	1.6
Mexico	0.88	1.5

Source: USDA (2021)

Beef Value Chain



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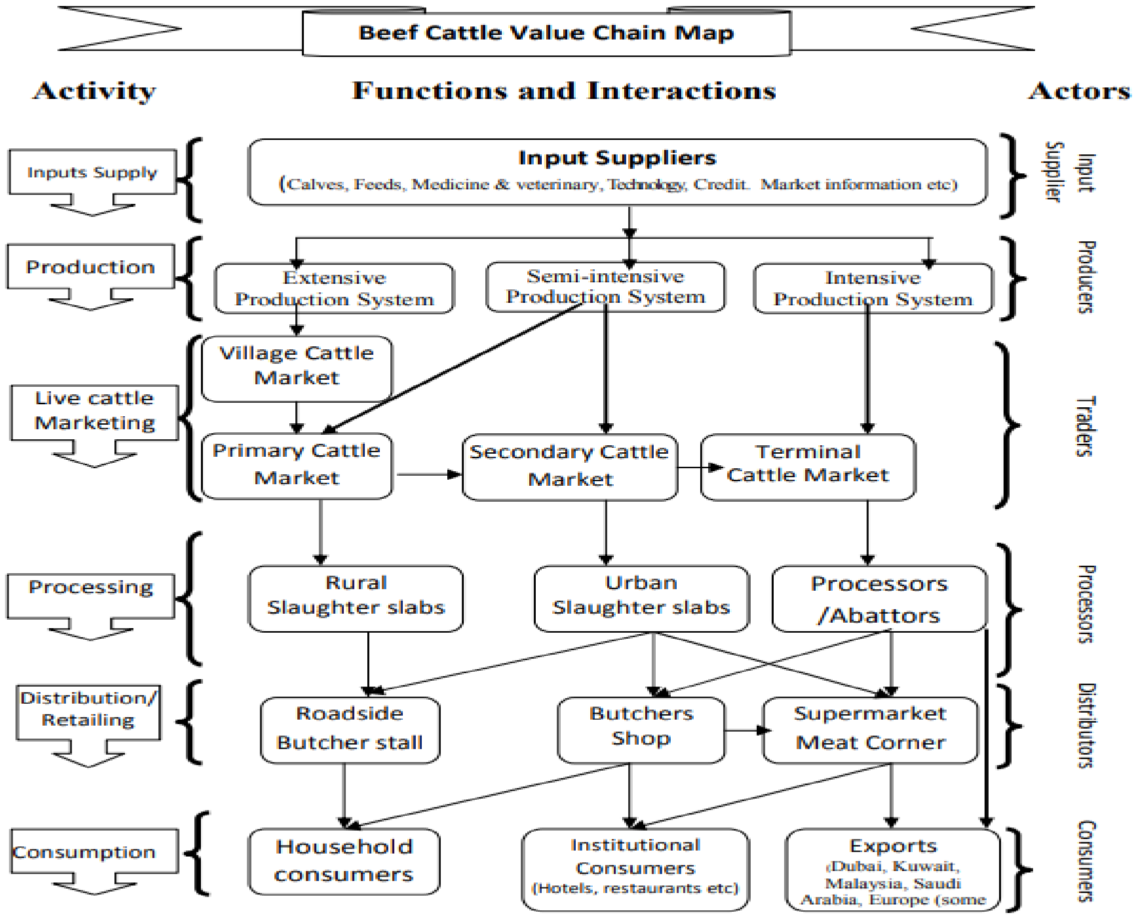
Beef Value Chain Map



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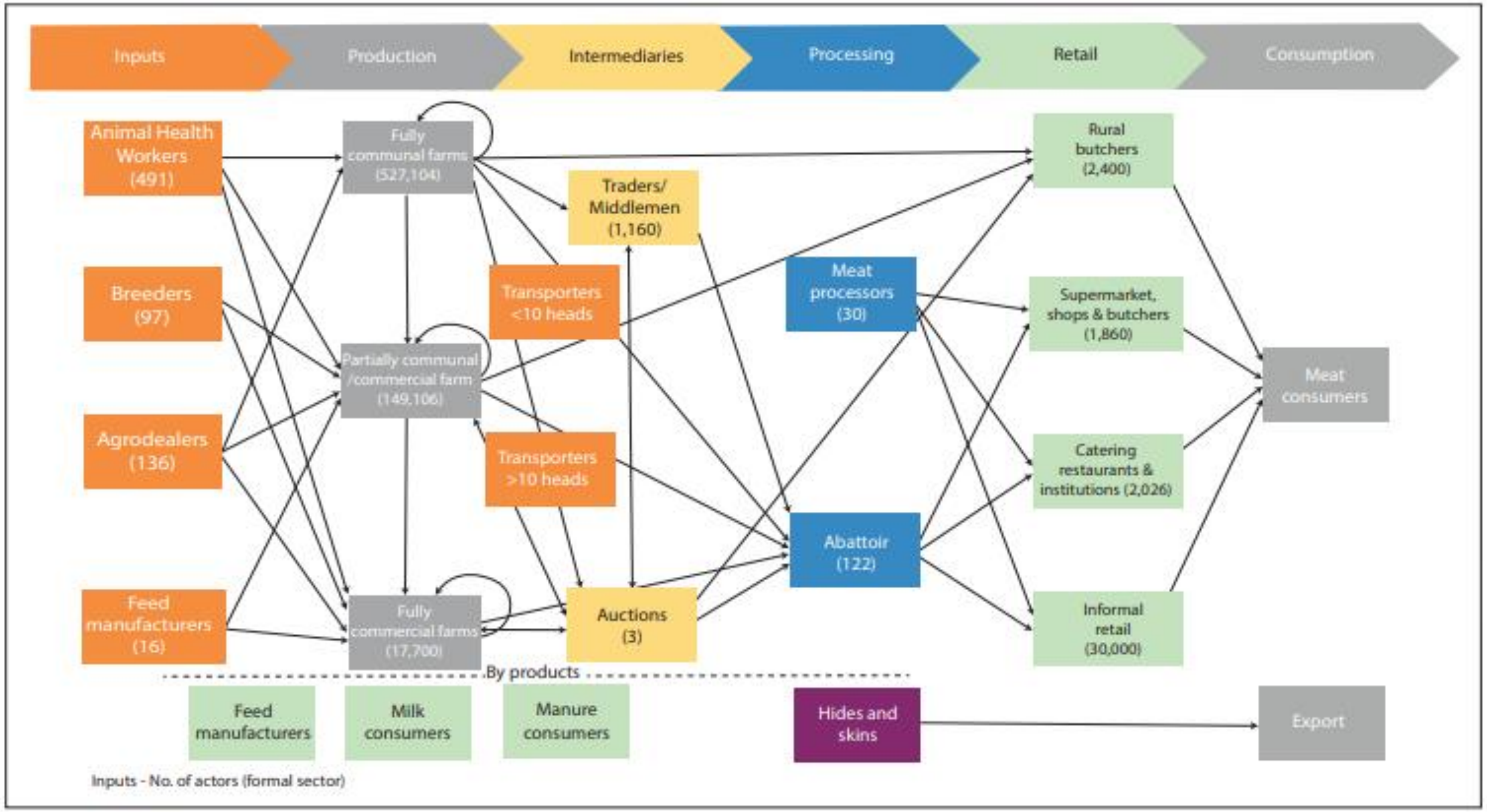
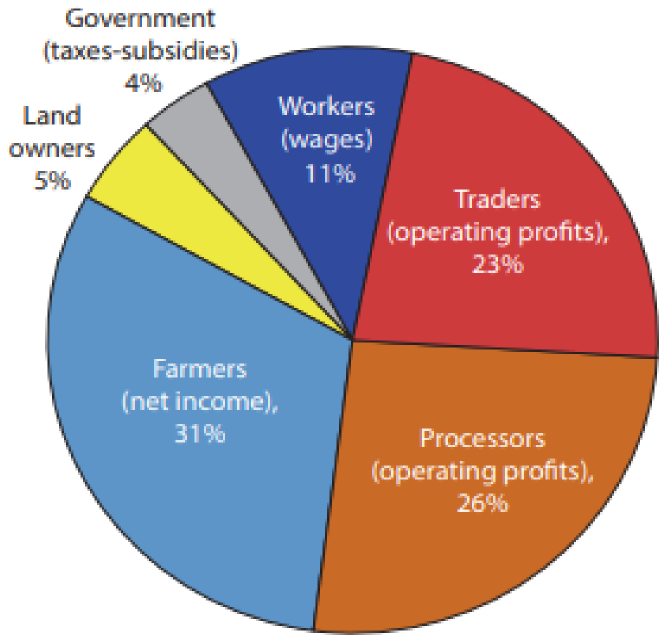
Major Bottlenecks and intervention for development of beef cattle value chain

Bottlenecks/ Challenges	Level	Possible intervention and Strategies
1) Inadequate access to calf, feed and veterinary services. 2) Lack of grazing land.	Input Supplier	1) Linkage between cattle producers and input sellers 2) Facilitate development of entrepreneurs in input sector. 3) Provide feed processing techniques for preservation cattle feed 4) Allotment of *Khas* land to actual users
1) Lack of access to market information and appropriate fattening technologies. 2) Lack of capital 3) Low productivity. 4) Lack of support services.	Producers	1) Promotion of market information & production technologies by DLS and NGOs 2) Provide easy access to finance to farmers for purchase of inputs and other related services. 3) Facilitate introduction and adoption of crossbred calves and fattening technologies that will improve productivity 4) Development of cattle producers group, contractual arrangements and needs advocacy for support services
1) Poor access to market information and transportation. 2) Lack of access to finance of cattle traders. 3) Illegal highway toll or market toll. 4) High risk to carry cash during the marketing. 5) Lack of market infrastructures.	Live Animal Traders	1) Establish MIS and disseminate information on price, demand-supply situation & road conditions through SMS & national media. 2) Provide specialized cattle transport vehicle. 3) Provide credit to traders without land grantee . 4) Establish low and force. 5) Explore possibility of extension banking hour during the *hat* day. 6) Develop cattle market infrastructures including cattle holding space, drainage, and water supply etc.
1) Importation of beef processing equipment 2) Lack of sustainable beef cattle supply 3) Lack of easy access to *Hallal* Certificate 4) Lack of investment in establishment of meat processing firm 5) Lack of hygienic cattle slaughtering slab	Processors	1) Tax free import of beef processing equipment. 2) Linkage development with contract farmers and Processing plant / wholesale beef traders 3) Smoothing the process of issuing certificates by veterinary surgeon and Islamic foundation 4) Encourage establishment of meat processing firm through public-Private partnership model 5) Establish and use hygienic cattle slaughtering slab.
1) Unwilling to pay for quality beef 2) Lack of hygienic beef retail place 3) Lack of transportation 4) Buffalo meat mix with beef	Distributors/ Retailers	1) Awareness development among the customer about safe and quality beef and price 2) Develop hygienic retail store and beef packaging system. 3) Arrange transportation facilities to carry beef from slaughterhouse to store in the market 4) Monitoring and provide punishment of dishonest beef seller.
1) Lack of fresh, hygienic and *Hallal* beef. **2)** Lack of quality **3)** High price	Consumers	1) Provide training to butcher for ensuring fresh, hygienic and *Hallal* beef. 2) Dissemination of information about safe and quality beef 3) Ensure supply of quality beef by following govt. rules 4) Promotion of consumerism.

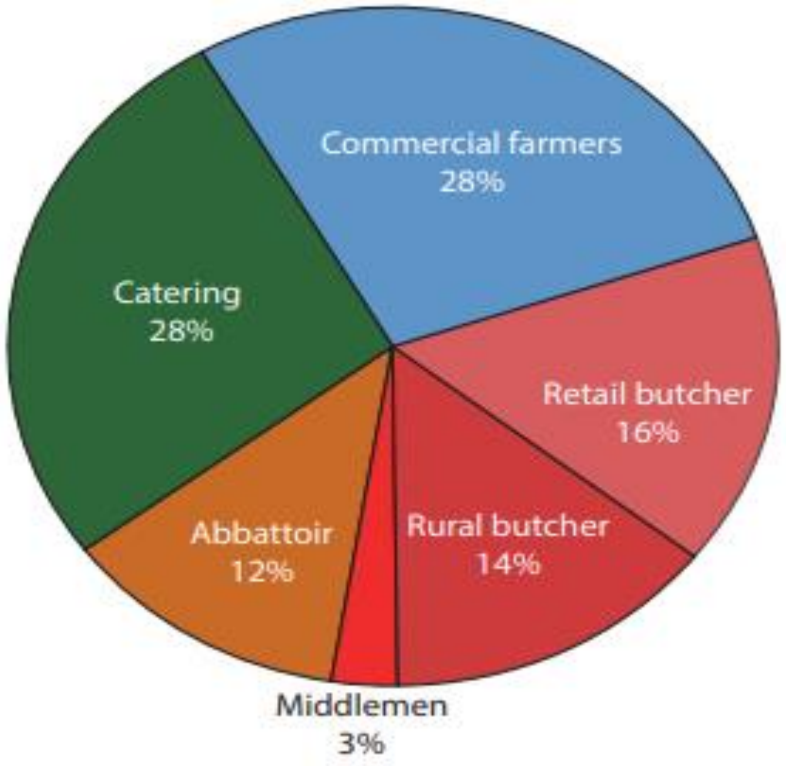
Main Flows of a Beef Value Chain in Zimbabwe



Income Distribution to Value Chain Actors

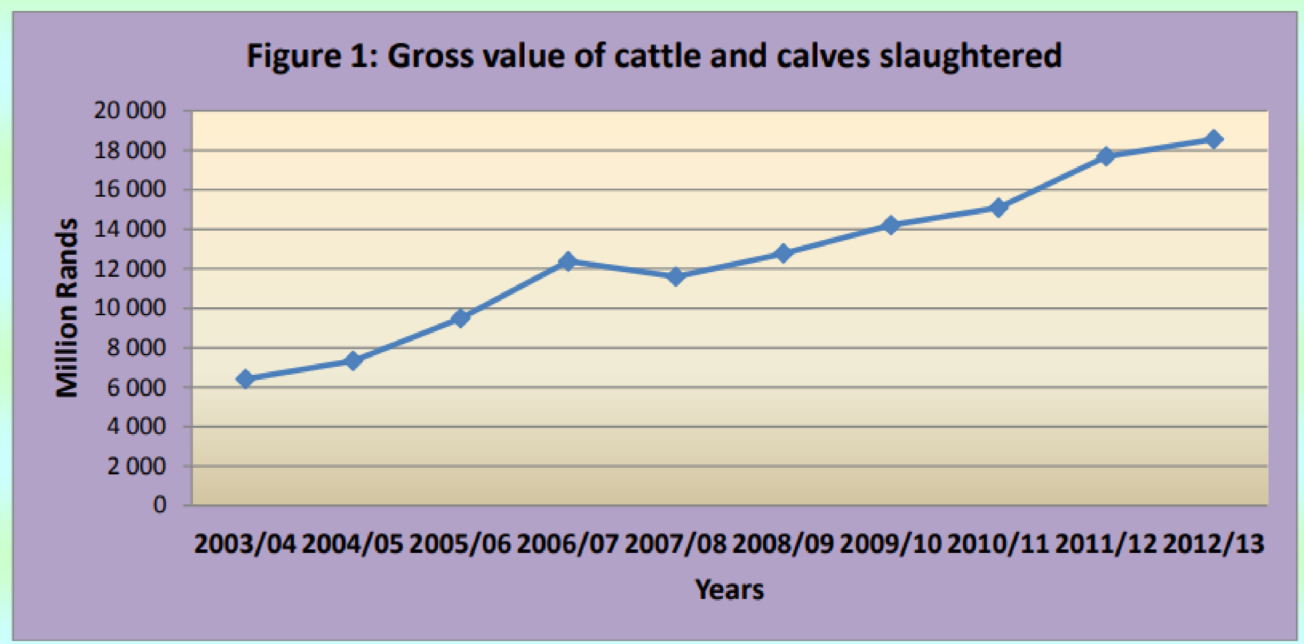


Wages Distribution at Various Stages of the Beef Value Chain



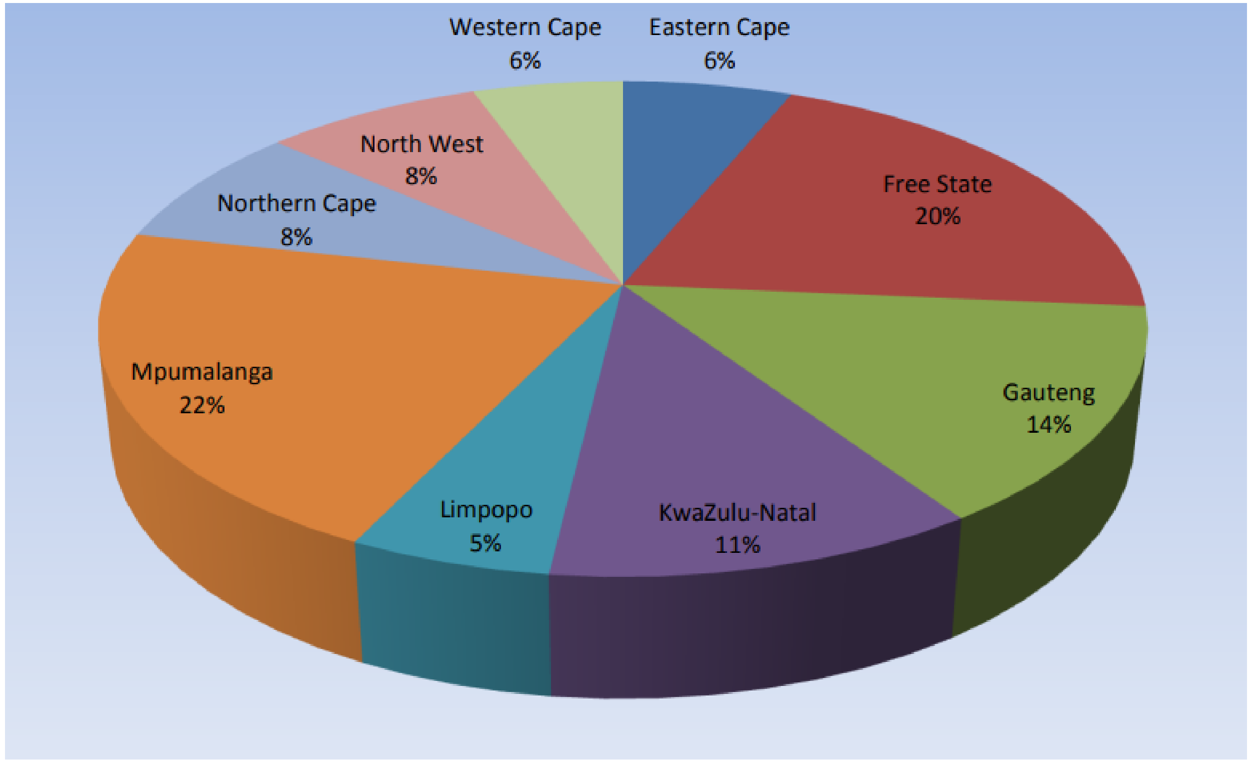
The South African Case

Gross value of cattle and calves slaughtered

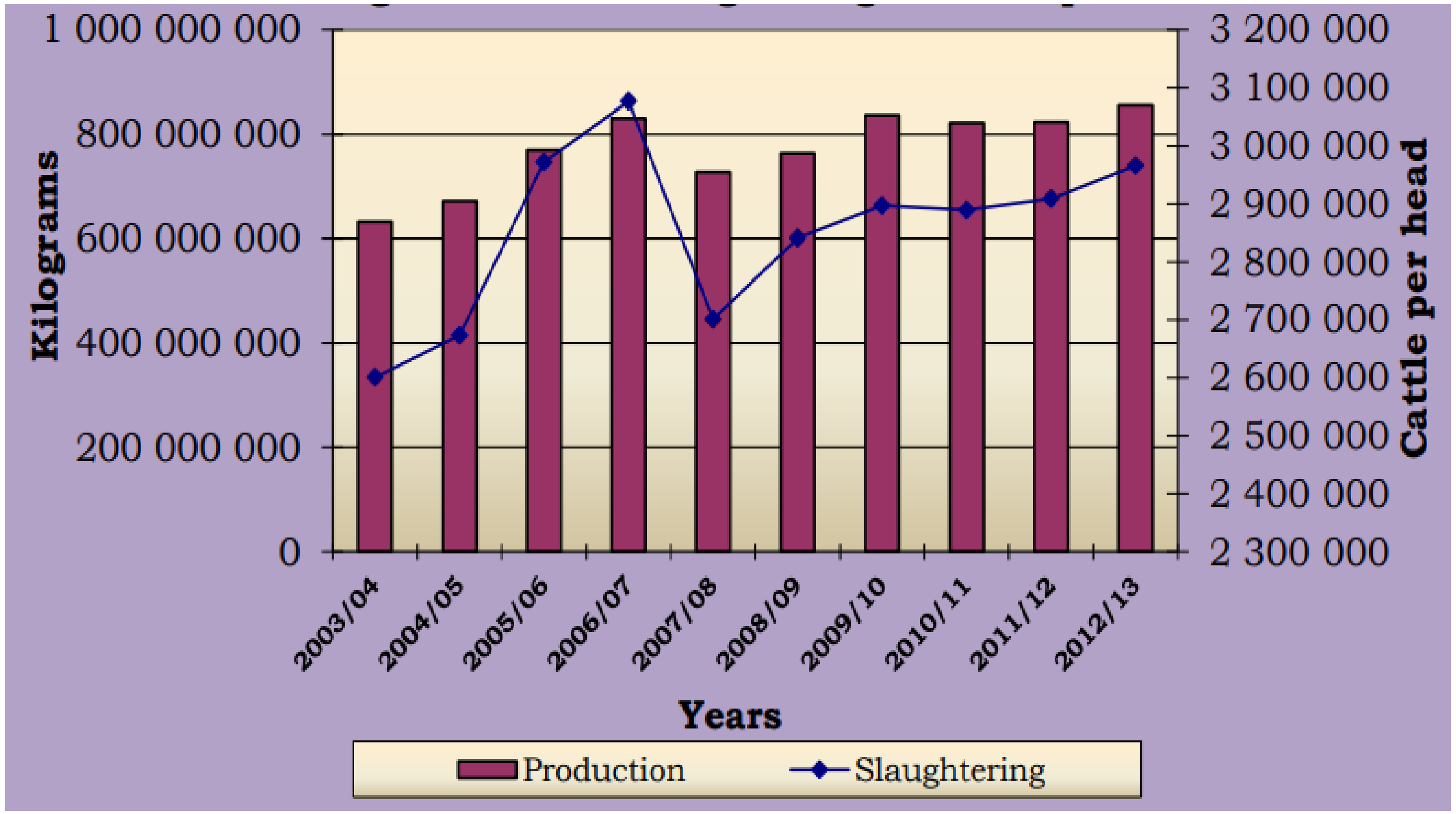


Source: Statistics and Economic Analysis, DAFF

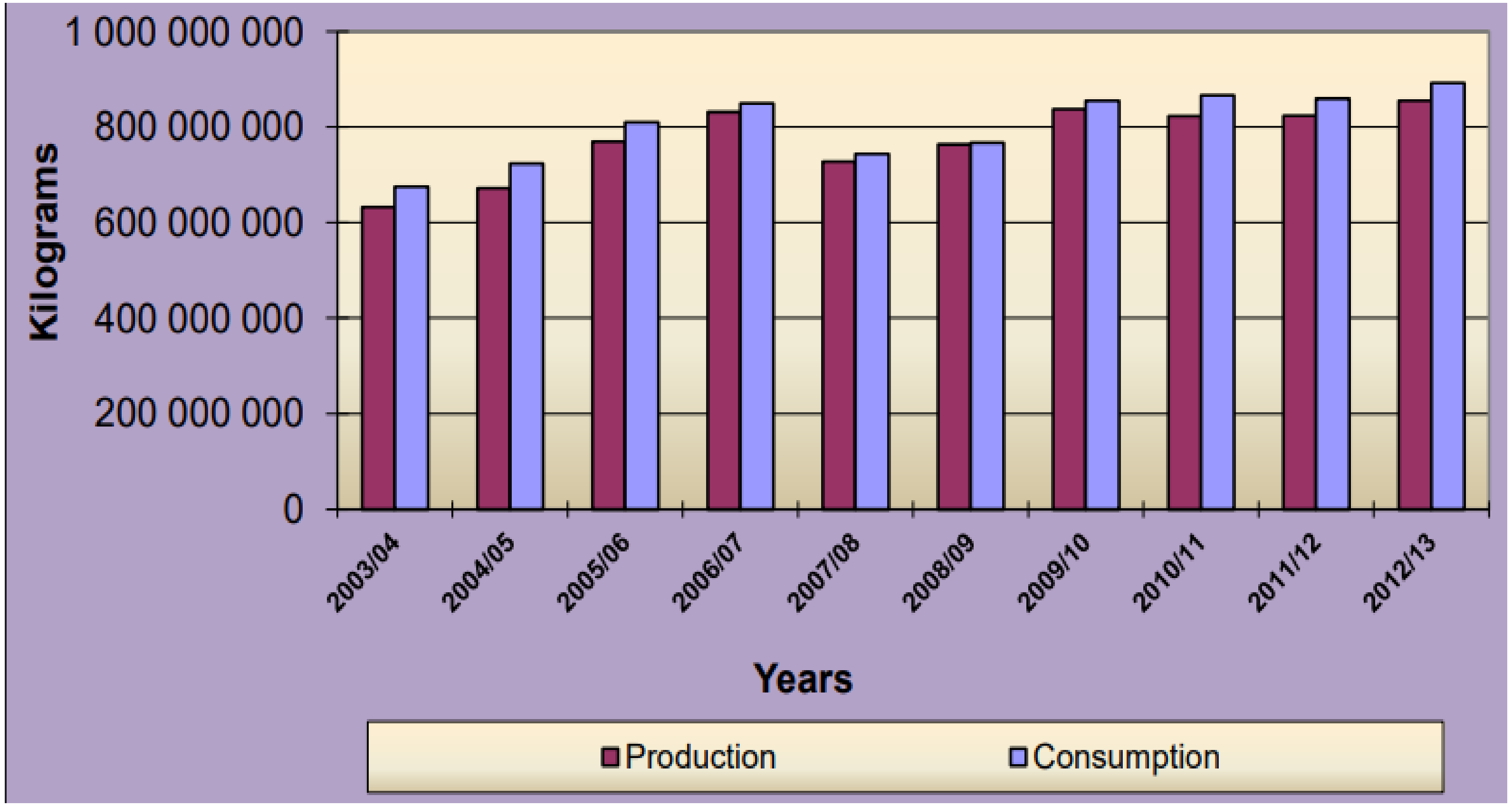
Beef slaughtering per province during 2013

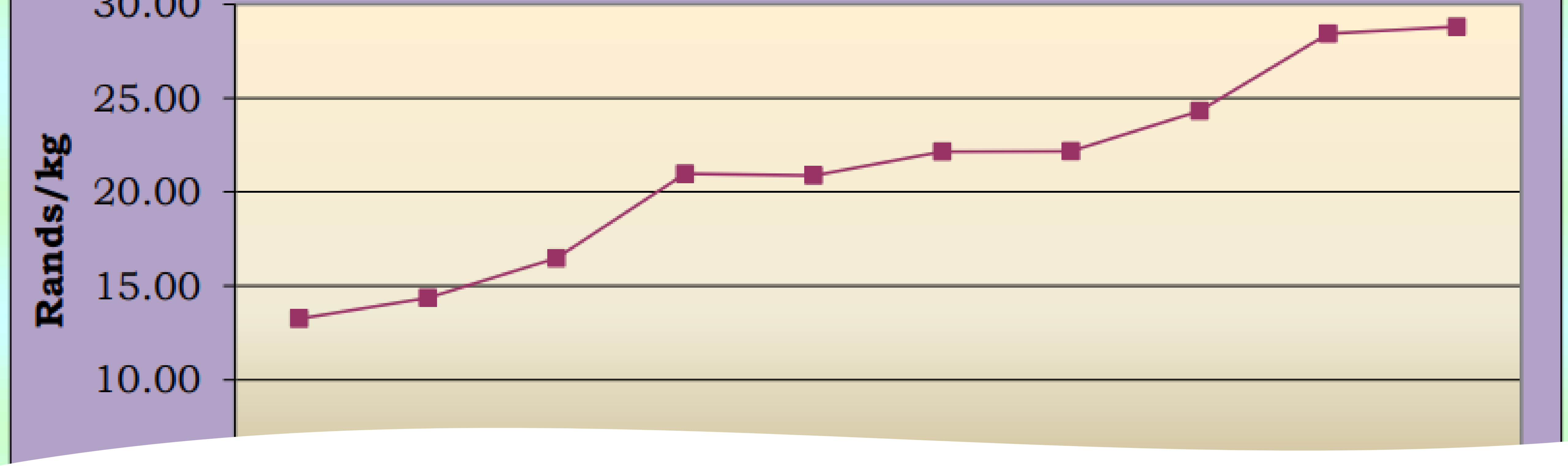


Cattle Slaughtering and Beef Production



Beef Production vs Consumption





Average Beef Producer Prices

Prices of beef increased significantly from 2003/04 to 2012/13 mainly due to increased consumption caused by rising living standards of larger number of consumers and low domestic production in other years. There was an increase of R15.54/Kg in 2012/13 compared to 2003/04.

Import/Export Analysis

South Africa's imports of beef were higher than exports from 2004 to 2012.

Do Beef Cattle Value Chains Create Benefits?

- ❖ Increase in GDP (Lim and Kim, 2021)
- ❖ Job creation (Lim, 2021)
- ❖ Increase in profits
- ❖ Creation of shared value
- ❖ Inclusive growth

Negative Impacts

- ❖ Damages to human health
- ❖ Impact on ecosystem quality
- ❖ Contribution to resource depletion

Drivers of Beef Value Chain Success

- Competitive/low beef price.
- Export-oriented slaughter units.
- Increased sustained demand for lean.
- Increased demand for halal products in Asia.

References

- Lim, S., 2021. *Global agricultural value chains and structural transformation* (No. w29194). National Bureau of Economic Research.
- Lim, S. and Kim, S.W., 2021. Global Agricultural Value Chains and Employment Growth. *Available at SSRN 3915758*.

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