Wandile Sihlobo | Chief Economist | Tel: +27 12 807 6686 | Email: wandile@agbiz.co.za

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South Africa's beef exports to Saudi Arabia are crucial to industry growth

- Positive news is hard to come by at most times in South Africa. We hear daily of the difficulties and costs to business the inefficient ports, weakening municipalities, rising crime, and deteriorating roads present.

- Thus, reading the headline, "Saudi Arabia to start South African meat imports as ban ends," on BLOOMBERG, a news organization, was refreshing. This development means everything is now for the Kingdom of Saudi Arabia to import beef from South Africa. This comes after several engagements between the South African government and the private sector with Saudi Arabian authorities to unlock this market.

- Industry organizations such as Red Meat Industry Services and private sector stakeholders like Karan Beef, Sparta Beef, and Beefmaster, amongst others, deserve much credit for this uplifting development on the beef export front.

- The Kingdom of Saudi Arabia has not featured prominently in South Africa's beef export markets in the past, with only small volumes last exported in the early 2000s. The renewed access to this market is critical to South Africa's ambition to expand beef exports, as the Saudi beef market is sizable and will be worth over US$647 million in 2021, according to data from Trade Map.

- About 62% of the Saudi beef imports were frozen beef, while 38% were chilled or fresh beef imports. Some leading suppliers to Saudi Arabia include Brazil, Australia, Pakistan, The US, New Zealand, and Canada.

- Beyond beef, the Saudi meat market is large, with all meat imports valued, on average, at US$1,9 billion annually over the past five years. This means over time, as South Africa increases its production in other meat value chains, Saudi Arabia could remain a strategic country for growing exports.

- This positive news of export market development provides some relief when the South African beef industry has faced a challenging operational environment for several reasons. One of the significant challenges was the rise in feed prices since 2020, especially for maize and soybeans.

- The rise in animal feed prices coincided with a worsening financial strain on consumers due to the COVID-19 pandemic's damaging effects. Thus, we saw a decline in the demand for red meat products as consumers opted for relatively cheaper forms of protein.

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- Moreover, the spread of foot-and-mouth disease to six of South Africa's nine provinces for the first time in history was another challenge for the industry. This brought temporary bans in specific export markets, extending to auctions and livestock movement, mainly cattle, for some time in 2022.

- Fortunately, the feed prices have now softened somewhat. This is in response to large domestic maize and soybean harvests and the easing of global grain prices (irrespective of lingering worries about the Black Sea Grain Deal).

- Therefore, opening beef export opportunities to the Kingdom of Saudi Arabia adds to this improving operational environment in the future.

- Despite the foot-and-mouth disease challenge, South African beef exports did not collapse. Some markets remained open, although with strict controls. This is evident in South Africa's beef exports for 2022, which amounted to 28 422 tonnes (albeit down 12% from 2021), according to data from Trade Map. This is only mildly below the ten-year average.

- Fresh beef accounted for 54% of overall exports, while the balance was frozen beef. Within this total figure, a significant decline was recorded in frozen beef exports, which were 12 945 tonnes in 2022, down 24% year-on-year. Meanwhile, fresh beef exports increased by 2% year-on-year to 15 477 tonnes.

- The key markets for South Africa's fresh beef were Kuwait (with a market share of 22%), Jordan (16%), Mozambique (13%), United Arab Emirates (12%), Qatar (9%), Netherlands (4%), Lesotho (3%), Canada (3%), Zimbabwe (3%), Mauritius (3%), and Eswatini (2%). These markets accounted for 90% of South Africa's fresh beef exports in 2022.

- In the case of frozen beef exports, the top export markets for South Africa were Lesotho (16%), China (14%), Nigeria (14%), United Arab Emirates (9%), Mozambique (7%), Kuwait (6%), Egypt (5%), Qatar (4%), United Kingdom (3%), Netherlands (3%), and Jordan (2%). These markets accounted for 82% of South Africa's frozen beef exports in 2022.

- Overall, the broadening of South Africa's beef export markets is a welcome development and shows the possibilities the country could achieve through collaboration and aligned interests between the government and private sector.

- These efforts of opening key markets such as the Kingdom of Saudi Arabia should extend to other commodities, mainly fruits and wine, that are eager to expand the export markets while retaining the existing markets in the EU, the African continent, Asia and the Americas, amongst other regions. Importantly, addressing the daily challenges at the ports, roads, and municipalities is equally essential for the success of this export initiative.

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