



What the future looks like for Wagyu

Wagyu beef is becoming more and more popular in countries across the globe, thanks to its superior taste.

Various speakers presented a global overlook of Wagyu at the recent Wagyu roadshow, hosted by Wagyu South Africa and held in three provinces. The roadshow was attended by over 300 people, including representatives from all sectors of the red meat industry, such as feedlot owners, abattoir owners, retailers and restaurateurs.

GROWING INDUSTRY

There is currently an estimated 80 000 head of Wagyu cattle, defined as consisting of at least 50% or more Wagyu content, in the US, 50 000 in Chile,

and 35 000 each in Paraguay, Brazil and Uruguay. In Europe, Britain now has an estimated 6 000 Wagyu cattle, and the rest of Europe has about 7 000. Japan, the home of Wagyu, has an estimated 1,6 million pure Wagyu cattle. Australia has nearly 400 000, and China already has over 150 000. South Africa has an estimated 6 000 Wagyu cattle. At around 2,44 million cattle worldwide, Wagyu cattle constitute only 0,2% of the world's 1,47 billion cattle. Given that the premium market for beef is growing rapidly, and that the per capita income of the world is also increasing, Wagyu is still

ABOVE: Wagyu beef is increasingly becoming popular, with the animal's soft fat improving taste and the overall eating experience. PHOTOS: SUPPLIED



a long way off from saturating the market. The demand for Wagyu remains extremely strong, and is expected to continue for the next two decades.

Japan, with a total average production of 145 000t/annum, exports approximately 2 000t, which was up 50% from 2014 to 2015, to high-value markets across the globe. This is only 1% of its entire production. Japan's target is to triple exports in three years.

Australia currently exports over 90% of its product mainly to Asia, with China being its biggest importer, the US, Europe and the Middle East. The Australian industry is so

bullish about Wagyu that the provincial government of New South Wales has invested over R100 million into the industry. Australia has boldly claimed that it aspires to own the global Wagyu industry. South Africa should be up for this challenge.

MARKET POSITIONING

According to voicesofAfrica.co.za, which provides the wealth distribution by city for Africa, Johannesburg alone has 23 400 dollar millionaires, followed by Cairo with 10 200, Lagos with 9 100 and Cape Town with 8 900. For a significant proportion of the African population, the cost of an “off-the-shelf” eating experience is thus easily within their reach.

A limited amount of Wagyu can now be found on South African shelves, which consists of locally produced and imported Wagyu, despite the 40% import tariff on beef. Thus, there is simply not enough product being produced in South Africa to meet market demand for at least the next two decades.

Experts have calculated that South Africa requires at least 60 000 to 100 000 carcasses, weighing 400kg, per year.

South Africa currently slaughters 2,3 million cattle every year. Even if Wagyu accounts for only 5% of this number over the next five years, it will amount to 115 000 carcasses.

Moreover, South Africa has an average annual per capita beef consumption of 18,5kg. It also has about six million adults that have an expendable income that would allow them to afford 1,85kg of premium beef per annum. This alone is around 11 100t per year.

EXPORTING WAGYU

South Africa’s ability to export large volumes of high-quality cuts, or premium beef, took off when the country suffered one of the worst droughts in its history. It is estimated that a quarter of all South Africa’s beef was exported by its leading feedlots, particularly to the MENA (Middle



ABOVE: According to Wagyu South Africa, consumers will immediately be able to tell the difference Wagyu beef and other beef breeds.

East and North Africa) member states. Two of the country’s major feedlots are now also able to export to China, whose beef imports have increased markedly from 86 000t in 2012, to an estimated 950 000t in 2017.

South Africa’s beef price is still at least 25% to 30% below that of competitor countries, despite the 25% to 30% price increase over the past two years.

Wagyu beef commands a premium of at least double the average beef price, and South Africa’s cost of production is significantly less than those of our international competitors. Australia has shown that Wagyu is a highly profitable business if managed correctly, and if the right bulls are used to ensure good marbling scores.

PRODUCT INTEGRITY

Wagyu South Africa has implemented its certification programme, Certified Wagyu Beef (CWB), to ensure that it can confidently protect the integrity of the product. CWB has been endorsed by the South African Meat Industry Company, and three of South Africa’s major feedlots have committed to procure animals from CWB members. The certification is not a brand that will compete against other local brands, but is a programme that will

ensure that the product meets certain requirements, such as animals only being bred from purebred or fullblood bulls, no growth stimulants or hormones being used in production, the animal attaining a minimum weight over its lifetime, and the animal achieving a minimum marble score of at least three.

WAGYU IS HIGHLY PROFITABLE IF MANAGED CORRECTLY

The entire Wagyu carcass can be used, as proven by McDonalds Australia entering the premium market with its McDonalds Wagyu beef burger. Consumers will immediately taste the difference between Wagyu and other beef breeds because of the Wagyu’s soft fat, which is rich in oleic acid, similar to the fat in avocados. The meat is also rich in flavour, and does not leave a sticky taste on the palate. Wagyu biltong and *droë wors* is also exceptional. Wagyu beef thus offers producers the potential to diversify their product offering.

- Source: voicesofafrica.co.za/accra-add-dollar-millionaires-faster-african-city/
- Phone Wagyu South Africa on 051 492 1852.