INDIA’S BEEF STAMPEDE

James Scarpa

IN SPITE OF QUALITY ISSUES AND CONFLICT WITH RELIGIOUS VIEWS, INDIA HAS BECOME THE WORLD’S TOP BEEF EXPORTER.

India’s superlatives and paradoxes are fascinating to outsiders.

It is the world’s largest democracy, and will be the most populous nation in a decade, when it surpasses China with upwards of 1.5 billion people. It is a nuclear-armed nation and the homeland of Gandhi, the prophet of nonviolence. It has one-third of the world’s poorest people, yet also the world’s fastest-growing economy. Its thriving tech sector attracts global investment, yet more Indians have access to a mobile phone than to a toilet.

Another eyebrow-raiser for Westerners is how a Hindu-dominated society marked by vegetarianism and reverence for cows has become the world’s largest beef exporter.

In 2013, India exported 1.344 million metric tons of beef, surpassing Brazil, which shipped 1.291 million metric tons, for the top spot in global beef exports, according to Global AgriTrends.

At press time, India had not yet reported its December 2014 export total, says Brett Stuart, co-founder of Global AgriTrends. "But I think it will show India is No. 1 again," he says.

Make no mistake, the beef that India ships to 65 nations is not from the hump-backed bos indicus cattle considered sacred by the country’s 80-percent Hindu majority, bovines that are pampered, protected and allowed to roam at will.

It is also quite a different product from the grain-finished beef that the U.S. exports. India’s export beef, or carabeef, as it is called, comes from the blackskinned water buffalo that is milked and used as a draft animal on small farms. It is not considered sacred, but its slaughter is allowed in only a few states with high Muslim populations. Many observant Hindus are off ended by it.

In short, India has become the leading provider of buffalo meat to price-sensitive, protein-hungry markets in the developing world. Only a small percentage of its production is consumed domestically by Muslim and Christian minorities. Vietnam is the leading destination, although much of that volume is said to be funneled into China through the gray market. Other export markets are Malaysia, Egypt and Saudi Arabia.

“U.S. beef does not compete with Indian buffalo meat, anywhere,” declares Erin Borror, economist of the U.S. Meat Export Federation.

In fact, India buffalo is barred from leading U.S. export markets such as Japan, Mexico, Taiwan and South Korea, because it lacks disease certification.

Safety aside, quality and value are what distinguish Indian carabeef and U.S. beef. Global beef export prices are telling. Global AgriTrends calculated the price of the Indian product at $1.46 per pound versus $3.30 per pound for U.S. beef last year. Beef from Canada, Australia, New Zealand and Brazil were each priced significantly higher than India's. “It is very low-quality beef,” Stuart says.

GIVING IT A GO

Nevertheless, India’s buffalo exporters are making the most of what they have. About a third of its 300 million-head bovine herd, the largest in the world, and supplier of the world’s largest dairy industry, are buffalo. Grass-fed, they are cheap to raise. Aged buffalo milkers and unneeded bulls are culled for slaughter. Supported by government subsidies
and tax breaks for slaughterhouses, buffalo exports have doubled since 2010.

Meanwhile, the global beef supply is lagging while demand is rising. Brazil’s exports peaked in 2007. Australia is struggling with a prolonged drought, and the U.S. industry is still rebuilding after its years of drought in the Southwest. “Of the major exporters, [India] is really the only one that has seen sustained growth through the past several years," Borror notes.

“There is no doubt that they are an up-and-comer in exporting,” says Kevin Good, senior analyst at CattleFax. “There is no reason to expect them not to continue the trend they have started.”

Importantly, India’s carabeef is halal, an essential attribute for exporting to the Muslim world. “Their top destinations are demanding halal products,” Borror says.

Brazil is an exporter that is feeling the heat from India. “Brazil is looking heavily to places in the Middle East where it will compete head-to-head with India,” Borror says. “There is plenty of room for growth for this product in that part of the world.”

A ‘SOURCE OF PROTEIN’
Meanwhile, U.S. cattlemen are not losing sleep that carabeef ribeyes and T-bones will push their cuts off the plates of global gourmands.

“Essentially, India is supplying a lean manufacturing beef, either going into further processing or wet-type cooking,” Borror says.

“The [Indian] product is not from managed agricultural systems,” says Keith Belk, professor in the department of animal sciences at Colorado State University. “It is very dark, very lean and very tough.”

“Picture a 12-year-old cow here that wasn’t managed very well,” says Belk, who adds that he has sampled Indian buffalo in his travels.

“When I say it is a source of protein, that’s truly what it is, not a source of any eating satisfaction.” Compared to a U.S. steer or heifer with a dressing percentage approaching 70 percent, an Indian water buffalo may dress out at around 45 percent, Belk says. It has less musculature, much greater leanness and a hide about twice as thick as U.S. cattle.

BEEF STEW
Also thick is the social and political tumult in India. Tensions are high between meat producers, meat eaters and the Hindu majority, most of whom are vegetarian and many of whom oppose animal slaughter.

Cow protection groups in India are outraged by the smuggling of sacred cows into illegal slaughterhouses and the export stream. Smugglers caught trucking beef to Bangladesh, India’s Muslim-majority neighbor, have been beaten and killed, according to Indian press reports.

The landslide victory of Prime Minister Narendra Modi and his Hindu nationalist BJP party last May put Indian meat moguls on edge. The vegetarian Modi criticized the ruling party’s “Pink Revolution,” the subsidies and tax breaks that have supported rising buffalo exports, and spoke out against cow slaughter, in his campaign rhetoric to Hindu voters.

And just weeks ago, President Pranab Mukherjee approved a bill that outlawed the slaughter of bovines in the state of Maharashtra. While the new law allows the slaughter of water buffalo, carabeef reportedly is only about 25 percent of the total beef market in the state.

Still, buffalo exports from the country overall reportedly increased by nearly 16 percent in dollars and 14 percent in volume between April and October 2014, suggesting the industry continues to operate.

However, reports of a growing number of slaughterhouse blockades and truck seizures by cowslaughter protesters this year will have many eyes watching how the Modi government deals with the biggest beef export industry on Earth.

“It’s a very tense situation in India,” Stuart says.
“It’s a socially hot issue.”