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“Food and nutrition security and its resilience
to global crises”

Governance; Basic Treatment for the Meat Crisis in Iran

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Abstract

The recent meat crisis in Iran (2019) and its ineffective remedies show that the red meat supply chain (RMSC) in the country is not coherent and its sectors face many challenges. According to the Iranian Statistical Center, in February 2019, lamb prices increased by 135.4% and beef increased by 124.4% compared to the same month in the year before. Although meat in general and red meat in particular, have an important place in the Iranian diet, given this rapid price jump and the low level of income, many people are forced to remove meat from their diet. Unfortunately, a 188% increase in meat imports and the distribution of subsidised imported frozen lamb meat, which is cheaper than domestic meat, could not solve the crisis. In our comprehensive research, we used the governance of global value chain approach, resource-based theory, with the help of transaction cost economy to understand the most fundamental factors intensify the meat crisis. Our research is conducted in five counties of Khorasan Rasavi Province in North East Iran, an essential supplier of red meat. We argue that some of the main causes of the crisis, for instance, lack of balance between supply and demand, trafficking of more than one million livestock from the borders, monopoly of distribution and red meat hoarding in warehouses are rooted in opportunistic decisions and the lack of collaboration. Collaboration which is based on intangible assets such as trust, commitment and satisfaction, enables actors to compete at various levels, to construct a more responsive supply chain. According to the resource-based view framework, these assets refer to the relational capabilities which contribute to increase performance. The study shows that different parts of livestock production system consisting of traditional, industrial and nomadic livestock production units, operate as an independent islands. Furthermore, the results show that formalisation as the process of decision-making is weak through the selected supply chain. Given that collaboration and formalisation characterise the sustainable supply chain governance, our research identifies the modification of the captive governance of meat supply chain in Iran, as the inevitable interdependent solution for a responsible and sustainable chain.

Keywords: Collaboration, formalisation, governance, Iran, Khorasan Rasavi province, meat crisis