

POLICY BRIEFING

Market access for livestock commodities: foot-and-mouth disease as a key constraint to market access – Republic of South Africa

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The beef industry in southern Africa has been a stalwart of economic development, but new conditions of trade, market access and disease dynamics, particularly of foot-and-mouth disease (FMD), mean a major rethink is required. Our research addresses key policy options to allow southern Africa to benefit from the global 'livestock revolution'. It explores what options exist for trade, given changes in demand patterns, global competition and market access conditions, and asks who are the winners and losers of different scenarios for the future.

Background

South Africa has great potential for livestock production for both export and for its domestic market, where demand for livestock products is high. Although generally a net importer of beef, South Africa has invested considerable resources in control measures for foot-and-mouth disease (FMD).

This investment is not only - and perhaps not even - primarily with an eye to beef exports, but for the protection of the dairy industry in particular. FMD-infected African buffalo are restricted to the Kruger National Park in the north-east corner of the country, so the maintenance of FMD control zones bordering the park has enabled the rest of South Africa to be recognized as FMD-free by the World Animal Health Organisation (OIE).

While this is an advantage for all producers of cloven-hoofed animals in the free zone, it places many burdens on livestock farmers in the control area. These farmers, mainly poor

livestock owners using communal land, are at a serious disadvantage in terms of selling their cattle. Farmers of small ruminants are in a similar position, despite the fact that SAT FMD viruses carried by buffalo have little affinity for these species.

Challenges

Only the top commercial producers would be able to deliver beef that satisfies the requirements of the top value export markets, in terms of both quality and safety.. But even these producers do not have access to the EU market, as safety measures have not been accepted, despite OIE approval. For poor, rural farmers there are a host of challenges experienced, including but not only FMD, that make it difficult to meet export standards. But exports are not the only goal. Given the growing domestic demand,

there is an urgent imperative for South Africa to increase livestock production to meet the needs of its own population.

This is particularly pressing as trading partners like Namibia move away from exporting the live animals that previously supplied the South African feedlot industry, preferring to export meat. This will require rebalancing demand (for relatively low quality meat) and supply (currently geared to the high end of the market).

Opportunities

A review is urgently needed to develop policies that will create an enabling environment for an equitable livestock industry that allows all South African cattle producers to participate to improve their livelihoods. The industry needs to be market-responsive,

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ensuring a sufficient supply of beef for the South African population, while keeping the door open for export as opportunities are identified. It must also be sustainable, carefully managing costs in a highly competitive global market.

Maintaining large FMD-free zones can prove beyond the resources and capabilities of many countries. Even if they are exporting beef, they still may not be able to cover their costs.

Other options for permitting livestock commodities to be accepted as safe for trade are now being built into international standards as alternatives to zonal or country freedom. These include biosecure epidemiological units, or compartments, that can be certified free of specific animal diseases, and commodity-based trade, which focuses on the quality and safety of the end-product rather than on the animal health status of the geographical area it came from.

Recommendations

A number of policy trade-offs present themselves. A key challenge for South Africa is to integrate the 'two

economies', bringing benefits of trade and market engagement to a wider group of people. Trade-offs that require urgent debate in South Africa include:

- High value markets, accessible to relatively few producers vs lower value markets accessible to many.
- Exports and foreign exchange earnings vs local economic growth and development.
- Narrow range of beneficiaries vs broad based economic development and growth.
- Safe trade through area based disease freedom vs safe trade through product treatment and risk assessment.

The policy decisions to be made are of course not solely technical ones, but ultimately political. An informed debate that goes beyond the technicians is needed. Further analysis of the trade-offs – including economic, social and other impacts - must inform such deliberations.

However, certainly in technical terms, there is a potential for multiple pathways to increase the diversity of options for both trade and animal disease control. This will improve

resilience and ensure benefits are widely shared. A coordinated, regional approach aligned with NEPAD/SADC initiatives will help make this happen.

Further reading

Moerane, R. (2008) 'Market access for livestock commodities: foot-and-mouth disease as a key constraint to market access – Republic of South Africa', Transboundary animal disease and market access: future options for the beef industry in southern Africa, Working Paper 5, Brighton: Institute of Development Studies.

Download this paper and others in the series 'Veterinary Science, Transboundary Animal Disease and Market Access: the case of foot-and-mouth disease in southern Africa':

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Our research

Through detailed research and stakeholder-led dialogues in Botswana, Namibia, South Africa and Zimbabwe, we have explored scenarios for tackling FMD, relating to different market access and trade options. We investigated what option, or combination of options, makes most sense, given the current context. Different criteria are evident, with often clear trade offs. The studies sought to uncover

which options result in the greatest returns, provide benefits to the broadest group of people and will be the most sustainable. This project was funded by the Livestock for Life programme of the Wellcome Trust and DFID, and was co-ordinated by the Institute of Development Studies, UK.

Credits

This briefing was written by Mary-Louise Penrith and edited by Julia Day from a

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