



ICPALD



A Policy brief on Enhancing Livestock and Meat Marketing for the IGAD Region

INTRODUCTION

The IGAD region exports 50% of the live animals and about 10% of the meat required annually in Middle East and Northern Africa (MENA) countries, which have a preference for livestock and meat from the region. The low export levels vis-à-vis the high demand in MENA countries has partly been due to poor coordination between exporters and government institutions. The latter are supposed to develop strategies for promoting the export business in the livestock sector the way it has done for horticulture and some cash crops. Promotion and real time market information on import requirements as well as commodity prices, which are required to support importers, producers, and traders are inadequate. This constraint, coupled with the increasingly high import standards of sanitary requirements that lead to frequent bans, has caused IGAD member states (MS) to lose their market share in MENA countries.

Improved flow of vertical and horizontal real time information will enable pastoralists and exporters to plan their production more in line with market demand, schedule their dispatches at the most profitable time, decide to which markets they should send their livestock or meat and negotiate on a more even footing with importers. Improved information flow will

further enable pastoralists/traders to move livestock and meat profitably from a surplus to a deficit market and to make decisions about the viability of keeping meat in cold storage, where technically possible until end market demand increases. This can be achieved, among others, if IGAD MS establish a platform of strong livestock- and meat-marketing authorities or associations with the human and financial capacity to aggressively market the commodities in MENA countries and alternative markets

Furthermore, IGAD MS should invest in improving supply of marketable animals sustainably, comply with SPS requirements, and enhance modern research technology that will support producers to conduct their production with a target of high-end markets by meeting their taste and preference. Research can also target production of organic foods including using indigenous breeds and grass farming and feeding technologies, and breeding or keeping fast-growing /maturing animals among other areas. Research should take into consideration the climatic conditions of the ASAL areas, which are major producers of beef cattle, shoats and camels, the main export commodities.

LESSONS FROM GULF FOOD FAIR

The Intergovernmental Authority on Development (IGAD), the Center for Pastoral Areas and Livestock Development (ICPALD) in partnership with FAO, with financial support from the Italian International Cooperation supported private and public sector relevant actors from IGAD member states to participate in the Gulf food fair (GFF) which took place from 21 to 25 February 2016 in Dubai, United Arab Emirates (UAE). Most export products from IGAD member states to MENA are mainly live animals and chilled small ruminant whole carcass packaged with stockinet as shown below.



Participants learned a lot from major livestock and meat-exporting countries such as Australia, India, Pakistan, Newzealand, Brazil and USA. These countries export to various destinations around the world including MENA countries where they account for a huge percentage of meat exports.

Some of the lessons below are worth sharing with policy makers of IGAD member states for possible review and adaptation of some key elements. The elements adapted will help to enhance livestock and meat trade from the individual member states and the region to MENA and beyond.



Meat displayed at GFF

MEAT & LIVESTOCK AUSTRALIA LTD (MLA)

The Australian government supported formation of the Meat & Livestock Australia Ltd (MLA) which is a producer-owned, not-for-profit organization. Membership is free to levy-paying producers of grass or grainfed cattle, sheep, lambs and/or goats. It strives to be the recognized leader in delivering world-class research, development and marketing outcomes that benefit Australian cattle, sheep and goat producers. It is the leading provider of research and development solutions for Australia's red meat industry and helps the industry maintain its excellent reputation for product safety, both in Australia and overseas. To ensure food safety, integrity systems such as Livestock Production Assurance (LPA), the National Feedlot Accreditation Scheme (NFAS)

and the National Livestock Identification System (NLIS) have been developed to verify and ensure food safety and quality along the supply chain.

Working in collaboration with the Australian Government and the wider red meat industry, MLA's mission is to deliver value to levy payers or companies by investing in initiatives that contribute to producer profitability, sustainability and global competitiveness. Its operational funding comes from transaction levies paid on livestock sales (USD\$ 2.92 and 1.46 for every steer and shoat exported respectively), the Australian government and voluntary contributions from industry partners.

AGRICULTURAL AND PROCESSED FOOD PRODUCTS FOR THE EXPORT DEVELOPMENT AUTHORITY (APEDA)

This authority was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by Parliament in December 1985. APEDA functions include: development of industries relating to the scheduled products for export by way of providing financial assistance or otherwise for undertaking surveys and feasibility studies, participation in enquiry capital through joint ventures and other reliefs and subsidy schemes; registration of persons as exporters of the scheduled products on payment of such fees as may be prescribed; fixing of standards and specifications for the scheduled products for the purpose of exports; carrying out inspection of meat and meat products in slaughter houses,

processing plants, storage premises, conveyances or other places where such products are kept or handled for the purpose of ensuring the quality of such products; improving of packaging of the Scheduled products; improving of marketing of the Scheduled products outside India; promotion of export-oriented production and development of the Scheduled products; collection of statistics from the owners of factories or establishments engaged in the production, processing, packaging, marketing or export of the scheduled products and publication of the statistics so collected; and training in various aspects of the industries connected with the scheduled products.

BRAZILIAN TRADE AND INVESTMENT PROMOTION AGENCY (APEX-BRASIL)

This is a Brazilian government agency that reports to the Ministry of Development, Industry and Foreign Trade (MDIC). It fosters the competitiveness of Brazilian companies by promoting their internationalization and the attraction of foreign direct investment into Brazil.

Apex-Brasil supports about 13,000 companies from 81 sectors of the Brazilian economy, which export to more than 200 markets. In partnership with sector associations, the agency organizes trade promotion initiatives such as prospective and trade missions, business rounds, support to the participation of Brazilian companies in major international fairs like the Gulf food fair of 21-25 February 2016 and customized tours to foreign buyers and opinion-makers introducing them to the Brazilian productive structure. It also releases results of business and competitive intelligence studies which play a critical role in the decision of Brazilian companies to enter the international market.

Besides its headquarters in Brasilia, Apex-Brasil has Desks in Brazilian states and Business Support Centers (BSCs) around the world. These BSCs serve as platforms to assist Brazilian companies in expanding their businesses to global markets, to explore new business opportunities, to increase Brazil's market share in key global markets, and to serve as a benchmark for foreign investment attraction. It is strategically located in several countries including the Middle East (Dubai - UAE) and Africa (Luanda - Angola).

Apex-Brasil further plays a leading role in

attracting foreign direct investment (FDI) into Brazil, working to identify business opportunities, promoting strategic events and lending support to foreign investors willing to allocate resources in Brazil. The aim is to attract productive capital from foreign companies that may introduce technological innovations and new business management models into Brazil and to strengthen supply chains.

The above three authorities are involved in stimulating export companies to work with innovation, design and sustainability so as to improve competitiveness on international markets, undertake innovative trade promotions in line with each sector, and promote private sector participation in international trade fairs among others.

Each authority has a division of research and development that trains farmers to produce livestock (cattle, goats, and sheep) tailored for particular markets around the globe. Research and production systems include fast-maturing breeds, cornfed beef production, grass technology and other intensive production systems that enable steers to attain the required market weight, for instance a weight of more than 550 kg in just 2 years. Carcasses have uniformly distributed marble fat and meat is very tender at this age, attracting good prices in high-end export markets. Market segmentation is pursued with vigor such that white offal are dispatched to low end markets while high quality red meat goes to high end markets in the same or different importing countries.

POLICY RECOMMENDATIONS

- **Introduction of levy:** The government of each IGAD member state in collaboration with its private sector should identify an appropriate body from one of the relevant line ministries and introduce the concept of a levy. The body should then implement the concept to enhance competitiveness in livestock trade.
- **Livestock feed improvement:** The IGAD region is feed insecure. It has no feed reserves to cater for periods of drought so farmers lose very many animals during such periods. Moreover, there is feed demand in some neighboring countries and in the Middle East. The region has potential to produce high-quality feed under rainfall or irrigation using some proven interventions. A number of good practices are documented in the areas of feed production and trading. It is time to provide extension support and attention for improving range conditions and up-scaling of high-yielding and adaptable fodder varieties.
- **Breed improvement:** It is necessary to support improvement of local breeds such as Boran, which have potential as beef producers, as well as sheep and goat breeds that have demand in the regional and international markets. It is also necessary to help farmers to produce marketable animals. Exotic beef breeds that may do well in the region should be used to upgrade the local breeds such as Bonsmara and Brahman with a focus on the ranches and feedlots that have good market internationally.
- **Research:** Research in livestock production systems should be promoted to target most preferred markets that offer good profit margins. Introduction of feedlots where appropriate can help finish off livestock obtained from pastoral and agro-pastoral areas to gain weight quickly so as to fetch reasonable prices and be competitive at the end market. Intensive livestock production on ranches targeting particular markets should also be explored.
- **Business Promotion Unit (BPU):** Strong operational linkages in economic cooperation and social development should be established between MENA countries and IGAD MS with the support of ICPALD for purposes of promoting livestock and meat export. The linkages should focus on promotion and facilitation of knowledge management services including information sharing and documentation on relevant import and export requirements of live animals and meat. This can be achieved through opening business promotion units (BPUs) in MENA countries. The BPUs should also serve as platforms to assist IGAD MS companies in expanding their businesses to alternative markets away from MENA, to explore new business opportunities in MENA, to increase MSS' market share in key global markets, and to serve as a benchmark for foreign investment attraction in IGAD MS.
- **Real time information flow:** It should be ensured that markets are functioning properly for efficient resource allocation in the free market economy. Real time and correct information on market conditions should be available and easily accessible to all mainstream stakeholders via simple messages send (SMS), websites, and brochures among others. Correct decision-making and planning by traders will depend on reliable information on variable market conditions, which are expressed by changing prices. Prices at end markets will be the result of having good quality products and will be determined by supply and demand, which in turn is influenced by systems/costs of production, the costs of marketing, and consumer preference among others.

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ICPALD



IGAD Centre for Pastoral Areas and Livestock Development

Kabete Veterinary Laboratories, Kapenguria Road, Off Waiyaki Way

P. O. Box 47824 - 00100, Nairobi, Kenya | Office: +254 737 777 742

E: icpald@igad.int | www.icpald.org