

The Livestock Revolution and Opportunities for Africa

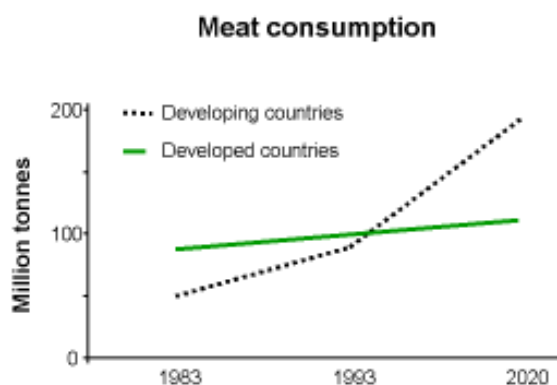
Policy
Briefing
Paper
no. 2



Livestock production is growing faster than any other agricultural sector. The reasons for this dramatic and revolutionary increase in demand for livestock products are.

- **Rising populations** - worldwide there will be an additional 2 billion consumers of livestock products by 2020, 97% of them in developing countries
- **Rapid urbanisation** - by 2020 half the population of developing countries will be in cities, and people in cities consume more livestock products.
- **Rising developing country incomes** - leading to a 2.1% per annum mean increased per capita consumption of livestock products. Livestock products have a high 'elasticity' - small increases in income result in big increase in consumption of livestock products

These factors together will double demand in developing countries for livestock products by the year 2020. Meat consumption alone will increase from 220 million tonnes in 2001 to 310 million tonnes in 2020 . This is equivalent of 720 million zebu cattle.



Human populations are growing most in Asia, the Middle East, the Nile valley and parts of Europe. In these regions land and water is limited, and production of extensively grazed livestock such as camels, cattle, sheep, goats and game is also limited. The combination of rapidly increasing demand and ability to pay for livestock products, combined with inability to produce locally spells opportunities for trade.

Currently 14% of global meat production is internationally traded. Over the next 20 years declining OECD subsidies, more open markets, stricter environmental regulations and high

production costs in developed countries is expected to shift livestock production to developing countries.

Can Africa benefit from the livestock revolution?

Africa has the some of the lowest costs of meat production in the world. Over 95% of the inputs for traditionally reared, extensively grazed ruminants come from the sun and soil, and cost the producer very little.

	South Africa	Australia
Kg meat/sheep	11	13
Income/sheep	151	214
Costs/sheep	71	166
Profit/sheep	80	47

Sheep farms in Australia were more productive but South African sheep farms were more profitable, because their input costs were lower . Analyses of traditional extensive livestock production in Mali showed that livestock could be produced at lower than world prices .

Africa can produce unique, speciality products such as game meat, crocodile skins, ostriches and civet cats - *the legal game meat industry in SE Africa is worth USD 7.7 million and produces 8.5 million tonnes of meat a year* .

African range-fed meat has different taste characteristics than meat from animals kept indoors and fattened rapidly on agro-industrial by-products. African meat is preferred by Middle Eastern, Arabic, North African and diaspora customers. In OECD countries there are rapidly growing, high value markets for the type of meat that African producers could produce more easily than European producers (free range, organic, high welfare, fair trade markets) - in Middle East markets preferences for African meat ranged between 15% and 50% of consumers .

Comparative advantage is the theory that underpins international trade. A country has comparative advantage in a product if the product costs less to produce locally than to import, and if the country can earn more by exporting the product than by exporting another products that cost the same to

produce - recent studies of Southern African economies showed strong comparative advantage in livestock production .

Opportunities for African Markets

USA: African Growth Opportunities Act

34 African countries qualify - removes tariffs on goods exported to Africa - African exports have increased by 15% since AGOA - Madagascar by 125%

EU: Everything But Arms Act

48 LDCs qualify - removes tariff on most goods to the EU - 1000 products de- tariffed, but only 7 products are likely to prove significant to LDCs - two of these are livestock products (beef and cheese) - beef is particularly important because it is one of the very few products which the EU imports in significant amounts from LDCs (nearly 17% of EU imports of beef are from DCs)

Strong Linkages between Africa and the Middle East

Inter-African markets - low transport costs and similar health status - free trade zones have facilitated inter-African trade - Sahelian countries have comparative advantage in supplying West African Coast -

Middle East disease tolerant markets with a preference for African products and established trade links -

East African countries have comparative advantage in supplying Middle ast markets.

Asia - Minimum access quotas

Asian markets are growing more rapidly and are easier to enter than European - minimum access quotas provide an entry point for African livestock products.

References

¹ IFPRI

² Competitiveness depends on many factors - only one of which is the natural resource base. The figures are simplified from Analysis of the Competitive Nature of the South African Sheep Industry Authors: RH Venter and O Horsthemke
Affiliation: Namibia Agricultural Union

³ Meltzer

⁴ TRAFFIC

⁵ Metzel and Salinger, 1989

⁶ RTAA

Key Messages

- Demand for livestock products will double by 2020
- Africa has potential advantage in livestock production
- New markets for livestock are opening in Africa and the world

The Organization for African Unity/Interafrican Bureau for Animal Resources

The Organization for African Unity/Interafrican Bureau for Animal Resources (OAU/IBAR) is a specialist technical agency of the OAU mandated by member states to promote livestock development in Africa. Based in Nairobi, Kenya, OAU/IBAR implements major livestock development programmes including the Pan African Programme for the Control of Epizootics (PACE) and Farming in Tsetse Controlled Areas of Africa (FITCA).

The objectives of OAU/IBAR are to:

- Co-ordinate activities of all OAU member states in the field of Animal Health and Production
- Collect, collate and disseminate information in all aspects of Animal Health and Production
- Initiate, develop and execute projects in the field of Animal Health and Production
- Liase with appropriate authorities of member states, regional groups, inter-governmental and international organisations.

For many years, OAU/IBAR has been African success story by attracting donor funds and providing technical and policy support to the member states, particularly state veterinary services. In the new millennium, the bureau understands that livestock issues are becoming increasingly complex due to forces such as globalisation, rapid technological advances and the demands of stakeholders. Stakeholders at all levels are becoming more vocal, influential and involved in governance, priority setting, financing and evaluation of development interventions. OAU/IBAR provides effective responses by having a clear vision of its direction, policy and strategies.

For further information contact:

The Director
OAU/IBAR
PO Box 30786
00100 Nairobi
Kenya
Tel: +254 2 334550/251517/226651
Fax: +254 2 332046/226565

The Policy Briefing Paper Series

This series of Policy Briefing Papers aims to provide short and easy-to-read introductions to some of the key policy issues affecting the livestock sector in Africa. In particular they show how livestock can contribute to the following widely held policy objectives:

- Food security
- Economic growth
- Equity
- Export promotion
- Revenue generation
- Resource conservation

Each briefing paper provides an overview of an issue and directs readers to source documents (many produced by OAU/IBAR) where further information and more detailed analysis can be found.