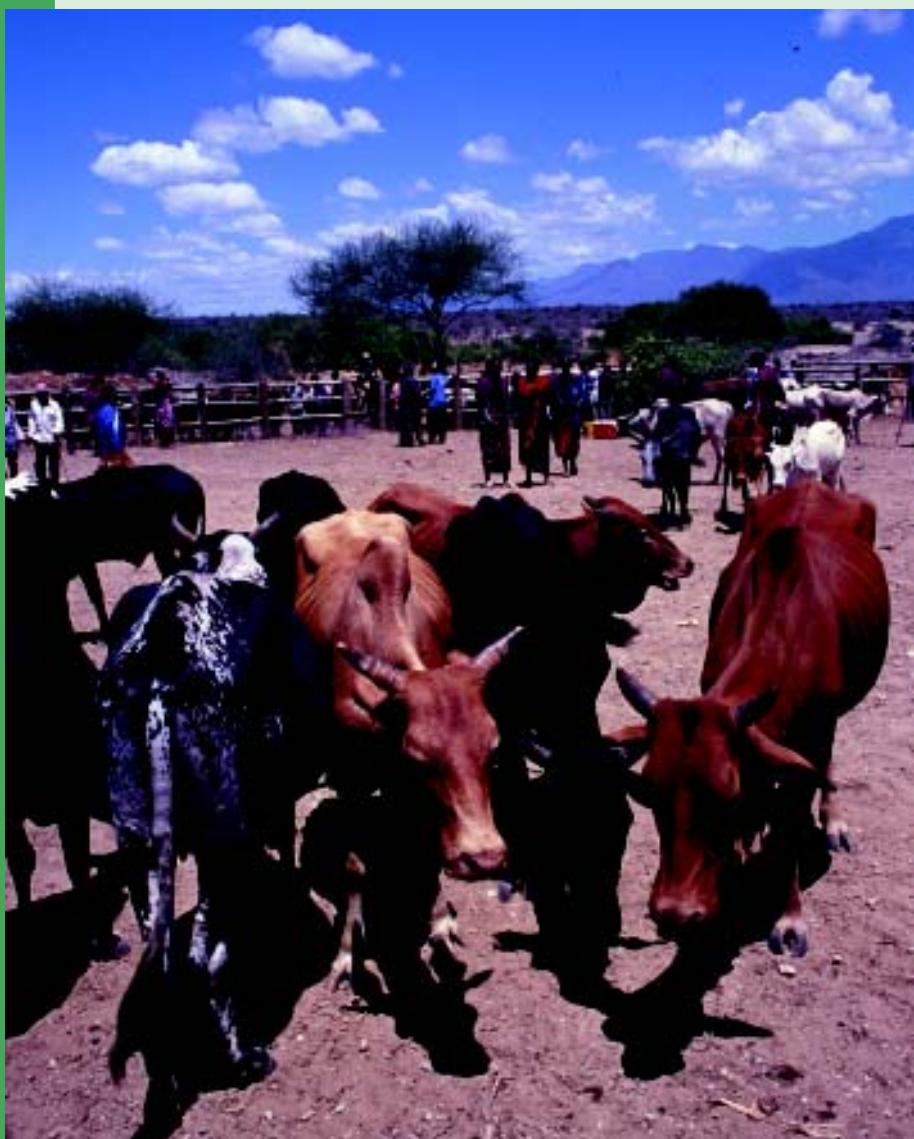


Strategies to Promote Livestock Production, Trade and Marketing in Africa

**Policy
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no. 4**



The facts and figures

- Livestock contribute 10% to 30% of the agricultural Gross Domestic Product (GDP) and from 5% to 12% of the total GDP of most African countries.
- Livestock provide food for human consumption and generate a significant amount of the foreign exchange used for other development purposes.
- Earnings from exports of livestock and livestock products from African countries increased from ~ USD 786 million in 1990 to ~ USD 900 million in 2000.

Despite this increase in exports during the last 10 years, Africa has spent about three times its export earnings on imports of livestock products. Africa loses \$US1.5 billion worth of foreign exchange per annum on net imports of meat and milk only¹.

Why is Africa a net importer of livestock products?

Limited exports vis-a-vis increased imports are a result of:

- Slow growth in domestic production;
- Inappropriate domestic production and marketing policies;
- Unfavorable international trade rules and regulations;
- Changes in the structure of demand and the ratio of import to domestic prices.

Efforts to increase Africa's share in world livestock trade have been hampered by:

- Poor 'hardware' - infrastructure and communications
- Poor 'software' - taxation, licensing and controls, quasi and informal levies, health, sanitary and quality control regulations, pricing and exchange rate policies, lawlessness and access to information and credit.

How can Africa increase domestic production to meet its domestic demand for livestock products, reduce imports to conserve scarce foreign exchange and increase exports to earn the revenues needed for domestic investment?

The Agriculture Agreement and livestock production, trade and marketing in Africa

With the introduction of fair competition during the Uruguay Round (UR), the Agriculture Agreement (AA) was included in the World Trade Organiza-

tion (WTO) agreement and became operational in July 1995. The AA supposed to facilitate market access, reduce domestic support for production, improve export competition and safeguard quality in exports through the Sanitary and Phytosanitary Measures (SPSM).

African countries benefit from special and preferential treatment in terms of:

- Reduced commitments, equivalent to two thirds of those for developed countries
- Longer implementation period (10 years instead of 6 years), exemptions from reductions and access to several specific instruments.

Since 1995, all African countries have received concessions in tariff reductions for agricultural products.

But, future benefits derived from these concessions and a liberal trade environment are subject to the fulfillment of the SPSM conditions.

Strategies for promoting livestock trade and marketing

- *Harmonizing livestock production and trade policies* under one umbrella. This will strengthen Africa's competitive position in the world market. Harmonization and joint programming of trade activities will ensure that regional integration is based on overall mutual dependency.
- *Speeding up the creation of appropriate policies and institutional environments* by liberalising the regulatory environment governing inter- and intra-African trade in livestock and restructuring the price system and realigning the exchange rates.
- *Modifying regulations governing livestock trade and marketing* - eliminating trade barriers and restrictions on trade already engaged by some countries is an essential ingredient for fostering livestock trade. Countries need to reduce their nominal and effective levels of protection, including lowering tariffs so as to improve their competitiveness.
- *Adopting actions to reduce marketing costs.* Three important actions are envisaged (i) complete simplification of export regulations and authorisation so as to reduce delays and lower transaction costs associated with formal sector trade; (ii) reducing export and import-related taxes and import/export licensing for livestock and livestock products; and (iii) halting the emergence of informal and quasi-taxes by

- cracking down on bribe seekers and givers as well as extortionists.
- *Encouraging national governments and regional trade organisation to promote private and public sector trade in livestock.* This is already on-going in West and Central Africa. Three regional organizations - the Communauté Economique du Bétail et de la Viande (CEBV), the Communauté Economique pour l'Afrique Occidentale (CEAO) and the Comité Inter-gouvernemental de Lutte Contre la Sécheresse (CILSS) for example, have taken initiatives that have potential for improving livestock marketing services or liberalising intra-regional trade. CEBV has promoted the idea of a regional transhumance pass ("passeport du bétail") to facilitate livestock trade involving cross-border movements. CEAO provides in its treaty for organized trade on a preferential basis for member countries, under which livestock products should be traded on a duty-free basis. The actions of these organisations will need to be emulated in other regions of Africa.
- *Fostering bilateral negotiations and unilateral reductions of tariff and non-tariff barriers to countries within and between sub-regions.*

What role for OAU/IBAR?

As a continental organisation charged with livestock development in Africa, OAU/IBAR can foster inter and intra-African livestock trade by.

- Providing the technical and political leverage to countries engaged in trade policy reforms that is necessary to enable them engage in bilateral and multilateral negotiations as well as unilateral reductions of tariff and non-tariff barriers.
- Supporting regional organizations to set up a mechanism for a continent-wide protection of regional markets from dumping of non-African livestock products.
- Assisting national governments and regional trade groups to harmonize livestock production and trade policies.
- Providing economic and political support to individual countries and regional trade groups to facilitate transactions and promote commercial links between countries and between regional trade groups.
- Encouraging through incentives, national governments to bring private investors on board through integrated programs that encourage

private and public sector investment in livestock marketing infrastructure.

Reference

1. FAO Statistics for Livestock Production and Trade (1997-1999)

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.

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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.