



MARKET ANALYSIS FOR NGAMILAND BEEF: PRELIMINARY FINDINGS




Dr Mark Bing, Vetswana Botswana

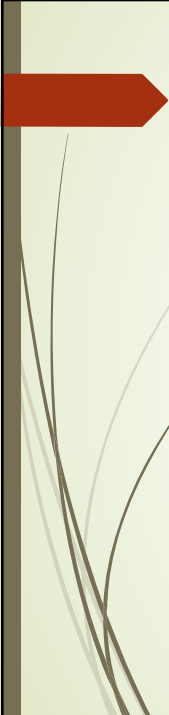


India is the largest exporter of beef in the world, exporting 1.85 million tonnes in 2016 to trading partners (principally in Asia, middle east and Africa), using CBT or equivalence principals

- India is an FMD endemic country.
- Its FMD surveillance / testing is generally not recognized by developed country markets that typically require FMD-free status as well as product traceability (Europe Australia USA).
- Despite this, it has succeeded in negotiating with other importing nations, through a set of guidelines agreed to between trading partners, based on use of CBT principles for carabeef.
- In doing so, it has become the largest beef exporter by volume in the world. FMD control policies are in place and FMD has been declared eradicated in some areas, as India is following the Progressive Control Pathway for Control of FMD (PCP-FMD – FAO/OIE/EU-FMD, 2011).



If India can achieve exports of its product, then **there is no technical reason why Botswana cannot negotiate with its own trading partners and provide similar assurances to that of India.** Botswana is already exporting to Mozambique, Vietnam and Kuwait based on CBT approaches, and can export live cattle to Zimbabwe and carcasses to DRC, based on a status of equivalence.

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- ▶ The challenge for Botswana lies principally in reducing reliance on fencing (i.e. geographic-based management) as a control measure.
 - ▶ Botswana needs to move towards aligning FMD management with non-geographic, CBT-based approaches to managing trade risk that are accepted by its trading partners.
 - ▶ In order to reduce FMD risk, it is critical to ensure as great a proportion of cattle are vaccinated biannually as possible, as well as to follow the specific standards of the OIE's TAHC article 8.8.22.
 - ▶ Consideration needs to be made of the stringent control measures required for FMD control by Botswana's EU trading Partners.

Comparisons between India & Ngamiland

India - water buffalo

- ▶ Marketed as carabeef - excess male calves produced from the milk herds, or older non-productive females.
- ▶ Average male slaughter age 4 years, females older.
- ▶ **Current exportable product of 1.85 million tonnes in 2016.**
- ▶ **Carabeef industry is integrally linked to the recycling of crop residues**, with small herds being family managed so production is intensive.

Ngamiland - beef cattle

- ▶ Marketed from communal herd structure.
- ▶ Mostly full mouth oxen aged 5 years and over or cull cows of similar age.
- ▶ **Last year, BMC Maun and Ngamiland Abattoirs slaughtered over 34,000 head with very little export.**
- ▶ Free-range grazing changes seasonally (good nutrition in rainy season; sub-maintenance in dry season. Production is extensive with severe range degradation.

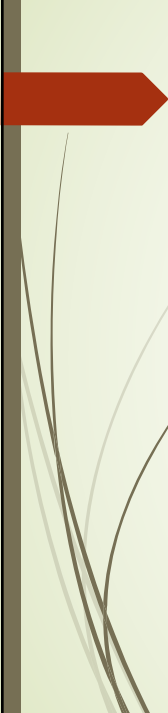
Comparison of India and Ngamiland continued

India - water buffalo

- ▶ **Greater owner responsibility for FMD biosecurity.** FMD devastating to dairy animals (can cause severe poverty due to a drop in milk production).
- ▶ Indian state unable to assist with financial support for farmers whose cattle/buffalo affected, so owners very vigilant, and value chain operators (abattoir level) ensure cattle/buffalo from source herds are adequately vaccinated.
- ▶ Biosecurity in India is easier to maintain as herds are stall fed and supervised most of the day, and intensively fed on crop residues.

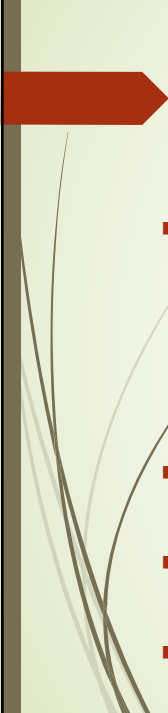
Ngamiland - beef cattle

- ▶ **Little owner responsibility for FMD biosecurity** - fences maintained by DVS & cattle biannually vaccinated for free.
- ▶ Rainy season presentation rates poor, affects market access. Vaccination only by the Competent Authority (DVS).
- ▶ **In free-range extensive production systems, with large numbers of elephant to damage fences, and no active herding, biosecurity very poor around cattle.** Cattle access to Cape buffalo around shared water points, especially in the dry season, can result in FMD outbreaks in kraals.



By focusing on the safety of the beef product out of Ngamiland, as opposed to the status of FMD in the area, beef is currently being exported out of the FMD-endemic area of Ngamiland to the FMD-free zone of Botswana, as well as to Mozambique, Vietnam and Kuwait.

Beef is also being exported to the DRC under a status of equivalence



Marketing opportunities to countries with equivalent FMD status now possible

- ▶ A number of regional beef importing countries have endemic FMD. No technical barriers to trade should exist (**apart from those of price paid versus cost of production, and beef quality**) as beef from FMD-endemic areas of Botswana is produced under equivalent disease status, re- these FMD-endemic places:
- ▶ Middle eastern countries: Egypt, **Kuwait**, Oman, Qatar, Saudi Arabia and the UAE
- ▶ African countries: Algeria, **Angola, DRC**, Ethiopia, Kenya, **Mozambique**, Tanzania, Uganda, Zambia and Zimbabwe.
- ▶ Far eastern countries (and an administrative region): Malaysia, **Vietnam**, China and Hong Kong;




Current regional exports

Angola

- Huge potential market.
- Product in direct competition with Argentina, Brazil, Paraguay and Uruguay.
- Product has only been sourced from EU feedlot kill (due to inconsistent quality of Maun product) and has developed an excellent reputation.
- No market has been developed for manufacturing grade beef which is delivered cheaply from Brazil, etc.

Democratic Republic of Congo

- First product in the form of whole carcasses under status of equivalence.
- Some live trade in the form of young heifers in 2012.
- Conducting business difficult due to the lack of a formal banking process.



Mozambique

- First beef consignment exported to Mozambique discounted (quality of product delivered was described as "terrible").
- Mozambique expressed desire for better finished feedlot product so that product supply and consistency can be maintained.

Zimbabwe

- Sporadic live trade from 2012 - full mouth oxen to CSC Bulawayo.
- Trade inhibited by a lack of CSC cash liquidity.
- However large commercial demand.
- Further political restrictions in place on the commercial sector's importing.

South Africa


- Only accessible when vaccination rates are above 75%

Far eastern countries with potential markets

COUNTRY	BEEF IMPORTS 1000 MT CWE 2017	FMD STATUS	HALAL	NGAMILAND EXPORTED TO
China	950	Endemic with control program	No	No, but large importer of carabeef
Hong Kong	475	Endemic with control program	No	No, but imports carabeef
Malaysia	220	Endemic with control program. Sarawak and Sabah provinces FMD-free	Yes, Malaysian government needs to approve halal facility	No, but exports from South Africa continued despite South Africa not having FMD-free status
Vietnam	60	Endemic	Yes	Yes, deboned beef

Middle eastern countries as potential markets

COUNTRY	BEEF IMPORTS 1000 MT CWE 2017	FMD STATUS	HALAL	NGAMILAND EXPORTED TO
Egypt	300	Endemic	Yes	No, imports carabeef
Oman	28	Endemic	Yes	No, imports carabeef
Kuwait	52	Endemic	Yes	Yes, deboned beef
Saudi Arabia	175	Endemic	Yes	No, imports carabeef
UAE	60	Endemic	Yes	No, imports carabeef



Summary

- ▶ IF A COUNTRY WILL ACCEPT CBT CARABEEF FROM INDIA IT SHOULD ACCEPT NGAMILANDS BEEF
- ▶ NGAMILAND BEEF QUALITY IS POOR AND THIS NEEDS IMPROVING, THERE ARE TOOLS TO DO THIS (live trade to reduce numbers, mandatory herding and kraaling at night, feed lot development associated with vaccination)
- ▶ IMPROVED QUALITY WILL IMPROVE ACCESS TO BETTER PAYING MARKETS
- ▶ IMPROVED VACCINATION RATE AND HERDING WILL INCREASE MARKET AVAILABILITY, REDUCE THE INCIDENCE OF FMD OUTBREAKS AND REVERSE ENVIRONMENTAL DAMAGE CREATED BY UNMANAGED HERDS