

FMD, Beef Trade and Ngamiland



THE CASE OF NGAMILAND

FMD and the Beef Industry in Ngamiland



- In 2011 it was estimated that Ngamiland cattle population was between 430,000-500,000 head which amounts to approximately 15-20% of Botswana's total herd
- Since 2007/8 the cattle industry in Ngamiland has been excluded from both domestic and international trade altogether because of the approach taken by DVS to the treatment of FMD – it has been based on ever more vaccination and more fencing.
- The policy has failed to stop the outbreak because of the increasing interaction between buffalo which are main host for FMD and cattle.
- The consequence has been the impoverishment of the people of Ngamiland (Large segments of the Ovaherero population have asked to return to Namibia)

Cost Benefit Analysis of EU market Access

- In 2013 the parliamentary special select committee of Inquiry on the BMC and the decline Cattle industry asked for a cost-benefit analysis of continuing to trade with the EU.
- In brief we concluded that the benefits were still positive despite the very high costs of compliance with the EU's ever rising food standards
- This is only true so long as EU prices remain high and that once there was a decline in prices then the value of the market access will diminish and Botswana should focus on regional markets
- BMC, at the time, absorbed all the surplus generated by European exports- in 2010 **the farmer received nothing!** BMC lost P727 million b/w 2009-2012.
- One further and very important qualification is that the cost-benefit analysis did not include the high cost in terms of disruption to wildlife movement caused by the FMD fences. Including these costs may also have switched the results of the cost benefit analysis.

Cost-Benefit of Commodity Based Trade Approach

- Under the OIE rules if you have FMD in your area you cant export but the world's biggest exporter of buffalo beef by volume is India and it has endemic FMD?
- How is it possible to export – there is an approach to management of trade which is compatible with the rules of the WTO which allows exports. This is called Commodity based trade
- As long as the animal is itself not infected with FMD there is nothing wrong with beef from an FMD areas as long as it is deboned, lymph nodes removed and Ph Levels controlled. This approach is recognized by the OIE Terrestrial Code.
- Assuming that there is a protocol amongst SADC member countries that permits CBT and assuming an optimal producer payment to revenue i.e. 80% then the loss to farmers in 2012 would be P147 million/per annum in Ngamiland from not having commodity based trade. In 2012 the Maun Abattoir paid P43 million to producers (from a gross revenue of P45 million). Thus the real net loss to farmers of not having a CBT agreement or protocol amongst SADC members in Ngamiland was approximately P103 million in 2012.
- It is possible to trade in beef from the red zone to the green zone but the EU will not accept this.
- Thus EU FMD policy contributes to the impoverishment of the people of Ngamiland because they cannot readily move beef out of the red zone for fear of losing EU market access.

How do we save Ngamiland from Economic Ruin?

- Need to move over to **commodity based trade** system
- We need to undertake a risk assessment in Ngamiland to demonstrate to the EU that there is no risk of our exports of beef from the green zone infecting EU cattle if we allow trade or transit from Ngamiland to the rest of Botswana
- The beef from Ngamiland will not be able to achieve EU prices as long as there is FMD- EU is very unlikely to ever accept CBT but we can sell Ngamiland beef to the rest of Botswana and overseas and use green zone beef for export to the EU.

Economic problems with the CBT approach

- Botswana participated in the Phakalane Declaration of SADC which endorses CBT but has done nothing to implement. Why? Several reasons:
 - Botswana cattle and beef industry are inefficient and would not survive in its current form without the EU market access.
 - If we accept CBT and move to Ngamiland we will have to no scientific basis for not allowing Zimbabwean beef to enter our market. On the horizon is the issue, apparently distant, of Tanzanian and Ethiopian beef which has endemic FMD
 - This is classic insider-outsider problem. Those in Ngamiland are on the outside . Those who benefit from the EU system i.e. those in the green zone are on the inside and would lose if Botswana went to CBT. The biggest market for beef is internal and therefore they risk competition with herds from FMD areas.
 - The FMD infrastructure has a vested interest in continuing the fencing and vaccination approach despite its complete failure to control FMD.

The CBT approach

- Also Batswana, Namibians and South Africans don't want deboned beef they want offal and low cost brisket on the bone for a brai. It is also for this reason that risks of competition with northern herds is exaggerated.
- Namibia is moving in this direction of CBT with the Zambezi Region (Caprivi Strip) which has the same issues as Ngamiland
- CBT at least allows some market access for Ngamiland beef and decreases the clash b/w wildlife and cattle i.e. Tourism and agriculture.