




# INCREASING TRADE WITH 'COMMODITY-BASED TRADE'?

-TOWARDS IMPLEMENTATION OF COMMODITY-BASED TRADE  
OF BEEF IN KAZA-

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4 NOVEMBER 2016



## OUTLINE

- Characteristics of Namibian meat industry
- Performance of Namibian meat industry
- Potential additional value
- Commodity Based Trade (CBT) Concept
- Advantages due to CBT
- Involvement of Meat Board of Namibia
- Conclusions



- ◆ Worth N\$2,1 billion industry
- ◆ Livestock 80% of Agricultural GDP (4% of GDP)
- ◆ 70% inhabitants dependent on agriculture/stability rural areas
- ◆ Beef exports: 22 000 tons; Lamb exports: 14 000 tons
- ◆ Cattle exports 180 000; Sheep exports 110 000; Goat exports 240 000

- ◆ Duty free Quota free access to EU
- ◆ Unrestricted access to the RSA market (from FMD free zone)
- ◆ Quota (1600 tons) to Norway
- ◆ Access to Hong Kong and USA

## ■ RECOGNISED COMPETENT AUTHORITY

- ## ■ STRUCTURED AND ORGANIZED INDUSTRY



FMD Infected Zone  
12,000 HH (75% with cattle)  
150,000 cattle (increasing)  
Off-take rate: 4%

- FMD free zone
- 4,000 farmers
- 1 mil cattle (declining)
- Off-take rate: 20 – 25%

[illegible]

## POTENTIAL ADDITIONAL VALUE - nVCF

	Off-take	Off-take	Off-take	Off-take
Percentage (%)	3	7	15	25
Total Census nVCF 2014 (n)	1 491 383	1 491 383	1 491 383	1 491 383
Potential Marketing (n)	44 741	104 397	223 707	372 846
Potential Value (N\$ '000)	201,334	469,786	1,006,681	1,677,805
Additional Value (N\$ '000)		268,452	536,895	671,125

- ❖ Value N\$4500.00
- ❖ Actual off-take SVCF 31%

(Source Directorate Veterinary Services adapted)



## FMD OUTBREAKS ZAMBEZI

### Primary Outbreaks

Occurrence	Closure	Primary foci	Number of secondary Foci	Serotype	Latitude	Longitude	Source	Cumulative Bovine Cases
Nov-89		Sigwe	1	SAT2	-17.76	25.16	Buffalo	231
Oct-94		Kasika	0	SAT3	-17.81	24.06	Buffalo	196
Sep-2000		Kasika	0	SAT1	-17.81	24.06	Buffalo	104
Nov-2007	07 July 2009	Nankuntwe	23	SAT2	-17.5833	24.9166	Cattle from Zambia	1927
11 Apr-2010	10 Aug 2010	Impalila Island	0	SAT1	-17.81	25.19	Buffalo	144
Nov-2011	20 March 2012	Masikili	3	SAT1	-17.88	24.75	Buffalo/Cattle Spread from Botswana	216
30 Jul 2008	07 Jul 2009	Kamutjonga	4	SAT2	-18.80	21.66	Buffalo/Cattle	56
Aug-2013	17 Feb 2014	Ivilivinzi	2	SAT1	-17.81	24.94	Buffalo	47
Dec-2014	27 May 2015	Linyanti	4	SAT2	-18.085	24.0453	Buffalo	78

Result : Minimum six months trade embargo – as per Veterinary Policy





## SOLUTION?: COMMODITY-BASED TRADE (CBT)

How are we going to **TRADE** more cattle from  
FMD 'restricted' countries/zones/areas to the  
formal (export) more lucrative markets?

Such **MARKETS** require:

- trust in the supply
- reasonable volumes
- consistency in supply
- fixed quality standards
- no issues/hazzles!



## COMMODITY-BASED TRADE (CBT)

**CBT CONSTITUTES AN ARRAY OF ALTERNATIVE RISK REDUCTION PROCEDURES THAT CAN BE APPLIED INDIVIDUALLY OR IN COMBINATION TO THE PRODUCTION AND PROCESSING OF A PRODUCT SO THAT ANY IDENTIFIED FOOD SAFETY AND ANIMAL HEALTH HAZARDS ARE REDUCED TO ACCEPTABLE RISK LEVELS  
(ADAPTED FROM DR G THOMSON)**

- Import of fresh beef from a country/zone infected with FMD (OIE AHTC)
  - ❑ Official control programme for FMD with vaccination
  - ❑ Animals vaccinated at least twice (Zambezi x3)
  - ❑ Past 30 days with no FMD outbreak within a 10 km radius of quarantine
  - ❑ Deboning and deglanding of the carcass
  - ❑ Maturation of the carcass for at least 24 hours (pH below 6)
- What else? Abattoir Hygiene Systems e.g. HACCP, ISO, etc.

**CBT offers an alternative solution to conventional strategies to combat FMD which is costly, e.g. fencing, compartments**





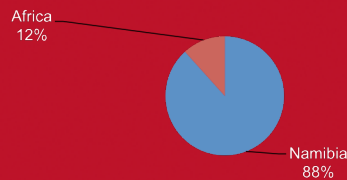
## ADVANTAGES OF INCREASED TRADE

- Increase world demand for food/meat – SADC is missing out
- Increased income/returns to producers (N\$2400-N\$3600/head)
- Increase in tax earnings/foreign exchange by country
- Capacity utilization of existing infrastructure/slaughterhouses
- Additional employment creation
- Additional value addition opportunities
- Relieve of natural pastures
- Critical mass - trade need cattle numbers to produce the volumes

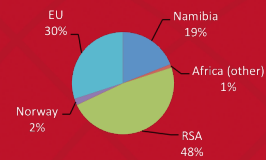


## EXPECTED BENEFITS

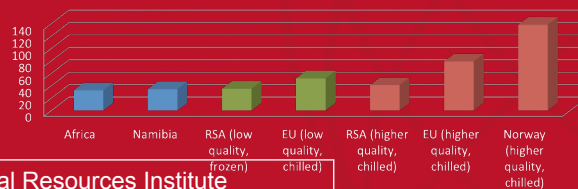
Zambezi - Destination markets (% volume)



FMD free zone - Destination markets (% volume)



Price comparison for striploin (N\$/Kg)



Source: Natural Resources Institute



## CONSTRAINTS TO ACCEPTANCE

**FOOT AND MOUTH DISEASE is not eradicable in presence of buffalo or absence of zones/fences**

- Veterinary Authorities still maintains CBT poses a risk
- Reluctance in trade in commodities from infected countries/zones/regions
- Still uncertainties > Further research?
- Importing countries confidence/mistrust to exporting country's certification
- Guidelines on CBT implementation
- CBT Considered undermining the role of the national veterinary authorities in animal disease control
- Wrong perceptions



## FURTHER INVOLVEMENT OF MEAT BOARD OF NAMIBIA

- Northern Communal Areas (NCA) Levy Fund
  - ◆ Goal: to equal animal health status north and south of VCF
- Livestock Producer Forum (NCA) Farmer Mentorship Program
  - ◆ Goal: to improve NCA abattoir throughput by mentoring 350 producers
- MCA Master Plan
  - ◆ Goal: to draft coherent approach to increase marketing from NCA
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- Develop export opportunities for beef products from the Caprivi (MCA)
  - ◆ Goal: to evaluate CBT in practice by integration of HACCP & CBT
- NCA Cattle value improvement program
  - ◆ Irrigated pasture finishing (quarantining) – producing higher quality cattle
- Bukalo Meat Processing (Cooking) plant – Government funded
- Katima Mulilo abattoir – ZAMCO Business Plan



## COOKED – READY MEALS



## CONCLUSIONS

For the improvement of future meat trade

- Exploit SADC livestock source – value in world trade unrecognised
- Solicit political will to address disease status of “restricted” regions/zones
- SADC:
  - ◆ Establish coherence with respect to a solution (e.g. CBT)
  - ◆ Submitting guidelines on CBT implementation & certification to OIE
  - ◆ Engaging in baseline studies for practical implementation of CBT, e.g. cost-benefit analysis, risk assessments, etc.
- Send signal that SADC acutely is conscious of FMD threat and serious about dealing with FMD

**THEN approximately 50 million small scale farmers livelihoods can be improved – it is in your hands – 5 November 2011**





I thank you for your attention

