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Full Length Research Paper

Meat and Live Animal Export in Ethiopia: Status, Challenges and Opportunities

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Ethiopia has one of the largest livestock populations in Africa. Due to lack of livestock market structure, performance, prices are poor and inadequate for designing policies and marketing system, the sector has remained stagnant. Despite fluctuations over years, the exports of meat (16,877 tonnes) and live animals (472,041 head) have significantly increased in 2010 -2011 Ethiopian fiscal year, recording a 69 % increment from the previous years. Live animal exports contributed 70% of the earnings while 30% was obtained from meat exports. However, lack of exporting routes and ports, illegal live animal trade, shortage of live animals and lack of appropriate breeding programs are some of the main challenges faced the sector. The presence of large livestock population with diverse and adaptable genotypes, and diverse agro-ecologies for production of different types of livestock; the expansion of agro-industries and the increase of by-product feedstuffs allowing for enhanced productivity; proximity to Middle East countries; high demand for meat and live animals in including the domestic market are some of the opportunities that the sectors have. Therefore, the country would have been benefited more from the sector if the aforementioned challenges have been overcome.

Keywords: Breeding programs, Illegal market, policies, routes.

INTRODUCTION

Ethiopia has one of the largest livestock populations in Africa. Livestock in Ethiopia provides draught power, income for farming communities, means of savings and investment and is an important source of foreign exchange earnings to the nation (Arend, 2006). The sub sector contributes 12 and 33% to the total Gross Domestic Product (GDP) and agricultural Gross Domestic Product (GDP), respectively, and provides livelihood for 65% of the population (LMA, 2001).

However, current knowledge on livestock market structure, performance and prices are poor and inadequate for designing policies and institutions to overcome perceived problems in the marketing system. Knowledge on how marketing routes and systems could contribute to the spread of diseases and the implications of these for national and international trade in livestock is also highly inadequate to design any policy or institutional innovation to improve marketing for the benefit of the poor (Ayele et al., 2003). Further, regaining the export market will require an understanding of the market potential in the importing countries including growth in demand, sanitary and phytosanitary (SPS) and other

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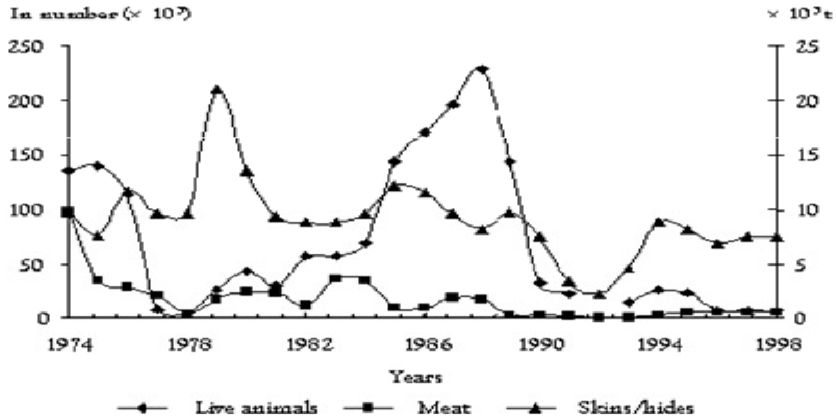

Figure 1. Export of animals and animal products (Source: Assegid 2000)

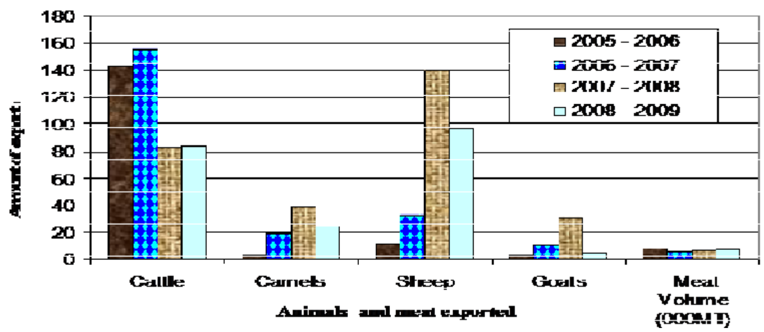

Figure 2. Ethiopian live animal and meat exports through formal channels (in thousands from 2005-2009). Source: Sintayehu et al.,2010).

quality requirements, rules and regulations governing the market, Ethiopia's competitiveness in the market in relation to alternative suppliers and ability of the domestic market to respond to the export market opportunities (Ayele et al., 2003). In the year 2000, the Kingdom of Saudi Arabia imposed an import ban on all livestock and livestock products from the Horn of Africa in response to the health risks related to the epizootic Rift Valley Fever (RVF) (FEWS NET, 2010) had reduced the export.

Though the meat and livestock animal exports tied with the aforementioned problems, livestock has increased and accounted for approximately US$150 million in formal export earnings, making up 10% of formal exports in 2008. Approximately, half of this value comes from live animal and meat exports, with the remainder being from hides and skins. Formal live animal exports are predominantly cattle (70%). Meat exports are almost entirely from sheep and goats, and hides and skins are primarily from cattle. Trends over the last 10-20 years show meat and live animals becoming increasingly important to livestock exports relative to hides and skins (Sintayehu et al., 2010). In 2009/10 budget year, 36% and 28% increment of meat export in volume and value terms, respectively, when compared with the previous year (2008/09). Compared with 2008/09, the number and value of live animals exported in 2009/10 increased by 55% and 15%, respectively (Trade bulletin, 2010). Therefore, the objective of the review was to quantify the status, challenges and opportunities of meat and live animal exports in Ethiopia.

STATUS

Formally, Ethiopia exports approximately 200,000 livestock annually (Yacob and Catley 2010). This is significantly higher than the annual official exports of cattle (12,934 head), sheep (13,554 head) and goats (1,247 head) between 1998 and 2003 (Asefaw and Mohammad, 2007). This shows the growth of the formal channel since 2004 as a result of increased government oversight of the sector. Of the 200,000 livestock exported formally, approximately 40,000 cattle are exported from Amhara to Sudan, while smaller volumes of livestock are exported formally to Somalia and Kenya. The majority, however, is exported to Djibouti.

Black Head Somali and Afar sheep, as well as, the Somali and Afar goat breeds are the most preferred Ethiopian sheep and goat breeds exported, especially to the Middle East market (Ameha, 2011). The preferred

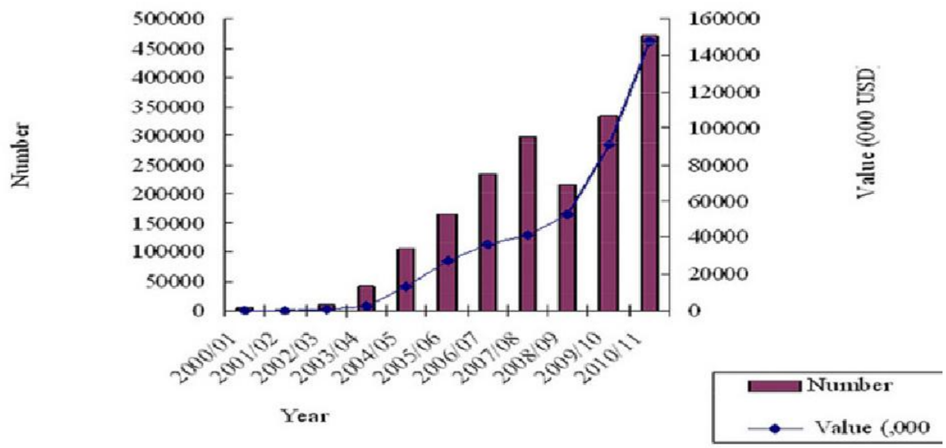

Figure 3. Trends of live animal export performance and value in USD from 2000 -2011 (Source: Trade Bulletin 5, www.spslmm.org).

cattle breed that are exported and slaughtered are Borena breed (Daniel, 2008). Camels are also exported (Trade Bulletin, 2011). The reason behind exports is climatic similarity of importing countries and the localities in which animals grew.

The share of live animal exports in total livestock and livestock products export earnings has declined in the 1990s (Figure 1). This was due to the collapse of the Somali state in 1992. The war in northwest Somalia resulted in the closure of Berbera port (FEWS NET, 2010). Increased domestic demand due to population growth and stagnant or declining production in the early 1990s led to major decrease in exports. It was also predicted that the population growth rate (2.9%) absorbed official exports for domestic consumption, and an increase in productivity was recommended to prevent the decline in export levels (FAO 1993).

The meat volume exported has declined in some years (Figure 2). The decline is attributable to periodic interruptions from bans imposed by importing countries due to disease outbreaks (Sintayehu et al., 2010). However, the exports of meat and live animals have dramatically increased in 2010 -2011 Ethiopian fiscal.

Ethiopia exported 16,877 tonnes of meat and 472,041 head of live animals, recording a 69 % increment from last year's export revenue (Figure 3 and 4). According to the data available with Ethiopian Revenue and Customs Authority, live animal exports contributed 70% of the earnings and meat exports 30% (Trade bulletin, 2011). Chilled sheep and goat carcasses accounted for 80%, beef 9% and offal 11% of the exported meat in volume. Of the number of exported live animals, cattle accounted for 46%, sheep 35%, camels 13% and goats 6%; whereas cattle contributed 67%, camels 25% and shoats 8% to the revenue generated.

CHALLENGES

Lack of exporting routes and ports

Ethiopia is exporting meat and live animals to different countries. United Arab Emirates is the largest importer of meat buying 50% of the total meat exported followed by the Kingdom of Saudi Arabia with 30%. Sudan and Somalia stood 1st and 2nd importers of live animals (primarily for re-export to other countries) with each buying 107, 656 and 100, 278 head of animals (Trade bulletin, 2011).

Ethiopian livestock are trucked from Ethiopian quarantine stations to the Djibouti quarantine facility, or trekked across the border into Somaliland and shipped from the ports of Berbera and Bossaso to Djibouti to the Middle East (Elisabeth, 2010). This escorted the animals to be stressed and to reduce their body weight as well as reduction in quality of meat when the animals slaughtered. Livestock are also marketed through clan, sub-clan, and other kinship ties that are strongly maintained across international boundaries. Accordingly, the economy and trade routes are also related to these age-old links of the clan system (FEWS NET, 2010). As a result, this has exposed the export to black market.

The informal live animal trade from eastern Ethiopia (Somali Region) to Somaliland represents the largest share of cross-border trade in terms of volume and value. The majority of animals exported through this channel are Somali Blackhead or fat-tailed sheep, followed by goats, cattle and young camels (all male) (Elias et al., 2007). Sheep and goats account for the vast majority of exports to Somaliland. Approximately, 687,500 sheep and 467,500 goats were exported through this channel (Elias et al., 2007). Some livestock is also exported informally

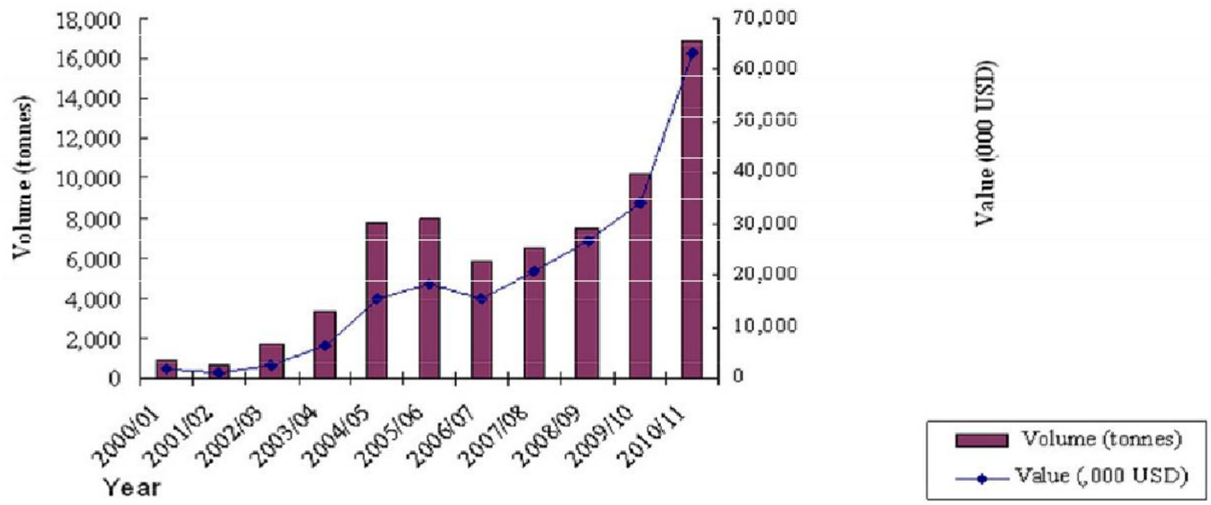

Figure 4. Trends of meat export performance and value in USD from 2000 -2011 (Source: Trade Bulletin 5, www.spslmm.org).

from Berbera to countries such as Bahrain, as they seek to avoid the high fees charged by the Djibouti quarantine (Elisabeth, 2010) resulting in the government loosing revenue from this illegal route.

A significant number of cattle are exported from southern Ethiopia, both from Borena Zone in Oromiya region and from Afder and Liben zones of Somali Region. Trade routes are complex and difficult to categorize, as they operate at the junction of Ethiopia, Somalia and Kenya. However, it is estimated that 25-30% of the animals sold in Kenya originate in Ethiopia and Somalia ((Elias et al., 2007).

The primary livestock export from Ethiopia to Sudan is male cattle originating in Amhara Region. In 2007, it was estimated that 100,000 heads of cattle were exported through this route, using both formal and informal channels (Elias et al., 2007). Approximately 40% of this trade was through formal/legal channels, down from 50% in 2005, while the other 60% was informal.

Approximately 90% of the informal export is done by producers themselves as they sell the cattle in Ethiopian birr in informal markets inside Sudan. In the legal marketing system, Sudanese importers cross the border to purchase cattle in USD inside Ethiopia. There is no export tax on livestock from Amhara Region to Sudan, but a very high tariff of 400 Ethiopian birr per head of cattle is levied on the Sudanese side, which, according to Yacob (2002) makes Sudan to be the country with the most excessive taxation system on cattle in East Africa. The import fee in informal markets, on the other hand, is only 20 Ethiopian birr (Elias et al., 2007).

Shortage of animals for export

It has been observed that the live animal throughput is inadequate. As a result, the existing meat processing facilities operate at less than 50% of their operational capacities. This is apparently due to inadequate supply of the required quality live animals for meat processing by the export abattoirs. The export abattoirs are competing for the domestic supply of live cattle and sheep and goats with the demand for live animals for domestic consumption, and for formal and informal (cross-border) trade (Asfaw and Mohammad, 2007).

The legal export of both live animal and processed meat is thus constrained due to shortage legal systems created by the illicit export. Recent studies estimate annual illegal flow of livestock through boundaries to be as high as 320,000 cattle (Workneh, 2006). This makes the actual performance to remain very low, leaving most (55 to 85%) of the projected livestock off take for the unofficial cross-border export. According to Ayele et al. (2003), the main suppliers of this illegal channel are mainly Somali region and Borena of southeast and southern Ethiopia, respectively. The immediate destinations of this illegal trade are Djibouti, Somalia, and Kenya which re-export livestock and their products to different countries where they compete with the legal exporters from Ethiopia (LMA, 2001).

According to Sintayehu et al. (2010), the reported factors contributing to large volumes of informal livestock trade and exports are onerous procedures required to export formally including export licenses, quarantine, banking clearance for remitting foreign exchange, minimum weight restrictions, and informal minimum price requirements.

Better prices and more reliable market across the border; poor market linkages, financial and non-financial advantages to informality, including taxation, black market foreign exchange rates, lack of bureaucratic delay and clan and linguistic ties contributed to large volumes of informal livestock trade and exports.

The frequent occurrence of livestock diseases in the country directly inflict a heavy loss on the export abattoirs' business and further regaining of their market takes time, which depresses the abattoirs to perform their scheduled activities (LMA, 2004). According to Daniel (2008), along export trade routes and at the embankment port, availing feed and water in holding grounds are increasingly becoming a serious challenge to the beef cattle export trade. NEPAD-CAADP (2005) indicated that the problem of feed and water is much more pronounced during drought crises, which is a recurrent phenomenon in pastoral ecosystems.

Lack of livestock breeding programs

Meat production characteristics differ in relative economic importance, especially when considering different phases of production system. In meat and live animal export, the operations such as raising breeds, reproduction and slaughter (feedlot) operations are important. However, the first two operations are not yet fully implemented in Ethiopia. Poor management of replacement heifers and cowherds have also led to the failure of achieving optimum reproductive performance in a beef cowherd. Therefore, the major aim should be directed in attaining a high rate of calf crop (90 -95 %) with 70 -80 % of the calves dropped in 21 a day period. This goal can only be achieved by proper feeding of the herd during critical periods, minimizing calf losses at birth through adequate supervision, proper supervision of mating during the breeding period so that every cow gets bred to a fertile bull and has the maximum opportunity for pregnancy to ensue.

OPPORTUNITIES

Ethiopia has some of the important opportunities influencing the meat and live animals industry, particularly the export sector (Ameha, 2011). The country has large livestock population with diverse and adaptable genotypes; diverse agro-ecologies for production of different types of livestock; government interest and support to the livestock industry; increasing number of export abattoirs and live animal exporters; the expansion of agro-industries and the increase of by-product feedstuffs allowing for enhanced productivity; proximity to Middle Eastern countries and adaptation of importing countries to the taste of Ethiopian animals; and high demand for meat and live animals including the domestic market. There is a large potential to expand Ethiopian exports to the Middle East if the value chain actors in Ethiopia meet export market standards.

CONCLUSION

Although live animals make a considerable contribution to the economy in terms of export earnings, a great number of the country's ruminants have been traditionally smuggled to neighboring countries. The challenges related to exporting channels are shortage of live animal due to shortage of animal feeds and lack of well-established reproduction programs tied the sector to remain variable. Although inadequate knowledge on livestock market structure, performance and inadequate systems in designing policies and institutions to overcome perceived problems in the marketing system, the exports of meat and live animals are increasing, for example, cattle contributed 67% to the revenue generated .With huge opportunities that the country has, the benefits earnings will be much higher in the coming years than 2010-2011 fiscal years if the aforementioned problems are solved.

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