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Draft report on the effect of COVID-19 control measures on live animals and meat export trade from IGAD member states

ICPALD report

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Introduction

The IGAD region is rich in livestock resources and cover over 60% of the live animal and about 10% of the meat annual demand of Middle East and North Africa (MENA) countries. In the region over 80% of the above supply sourced from the pastoral and agro pastoral communities; who mainly depend on livestock for livelihoods and income. The above trading is believed to support about 3 million households in the region.

A rapid survey was made by IGAD centre for pastoral areas and livestock development (ICPALD) through questionnaire consultations of five IGAD countries (Djibouti, Ethiopia, Kenya, Sudan, Somalia) exporting to MENA countries. It covered live animals and meat exports. The consultations were made with the exporters of meat and live animals and regulatory bodies in each country.

The purpose of the rapid assessment was to know the status of live animals and meat exports and effect of Covid19 pandemic control measures on the supply and demand as well as prices of the live animals and meat; the findings are believed to help make informed decision and minimize future negative effects on the countries and the livestock sector.

Preliminary findings on supply, demand and cost of animals for export abattoirs

I. Supply related

Ethiopia, Kenya and Sudan, which are meat exporting countries, reported that the supply of animals for slaughter decreased by an estimated 20% compared to pre-Covid19 pandemic control measures period. Only one of the six export slaughterhouses in Kenya reported adequate

supply. The reduction of supply was mainly due to the restricted human/ livestock movement, closed markets, curfews, lockdowns or fear of human movement to avoid contracting Corona virus. There are also reports that in some countries, the brokers purposefully reduced the supply of livestock to terminal markets to create artificial shortages to trigger price increases (distorting market prices). In these markets the brokers were observed to keep livestock off the trading floors (markets) in holding grounds in an attempt to push up prices.

The deliberate withholding of supply has increased the price of animals for slaughter by average by 10% to 20 % in different countries. This has had a severe knock on effect. To show the magnitude their action the assessors made a simple calculation based on an export volume of 5000 tones meat in 2019 by one export slaughterhouse. Using the current (during Covid19) manipulated purchase price, the company will pay additional amount of 4.8 million USD (20% increment) to buy animals to produce the same volume of meat. This increment goes mainly to the brokers and live animal traders and the pastoralists and farmers do not know of the increment in unit cost and neither do they benefit. This is happening at a time when pastoralist household basket (cereals, floor, cooking oil, sugar, salt and tea/coffee) prices have increased by 10-20%.

II. Demand for meat from importing countries

The main destination MENA countries are Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Egypt, Kuwait and Oman. Most exporting countries reported that demand for meat increased due to Ramadan season and lockdown in some competitors countries (Australia, India, New Zealand and Pakistan). The Ethiopian slaughter-houses reported that demand increased by 100% while the sale price was adjusted by 10% mainly due to the higher freight and purchase costs. The presence of the Ethiopian cargo flights between Addis and cities in the Middle East (ME) helped to improve export performance but exporters could not fully benefit from the increased demand as the supply for slaughter was limited. On the other hand Kenyan export slaughterhouses reported reduced slaughter capacity of up to 45 % due to limited cargo flights, cargo space and higher freight charges. The cargo freight charges have increased by 0.5 USD per kg of carcass exported from Nairobi to Emirates during COVID19 period. This essentially meant that one meat exporting company that exported 4,000 tons in 2019 would have to pay two million USD for cargo for the same export volume if the situation continues in 2020. The increment in freight charges is mainly due to the loss of passenger services.

III. Preliminary findings on supply; demand and cost of live animals for export

As for the animals destined for slaughter the supply for live animal exports was disrupted by measures put in place to control Covid19. As shown below, the prices of live animals in Somalia destined for export were also manipulated by the brokers and local traders (Table 1). The prices increased by 11% for small ruminants and 5-7% for large animals.

Table 1: Prices of animals in Somalia in 2020

Species	Procurement in Somalia			
	Average in 2019 (USD)	Average 2020 (USD)	% cost increment	
Shoats (20 kg)- export	72	81	11	
Cattle (180 kg)	672	710	5	
Camels (250 kg)	950	1025	7	

The destination countries for live animals are Kingdom of Saudi Arabia, United Arab Emirates, Egypt, Kuwait, Oman and Libya. Most exporting countries reported that demand for live animals also increased due to Ramadan season and lockdown some competitors' countries of all business including export to Middle East. The sale price of the live animals to the importing countries also increased by 10 to 20 %. This increase was due to the increased cost of feeds, freight and labor due to restriction among others

IV. Workers welfare and management of slaughter animals during Covid-19

- To meet the new social distancing requirements and shorter working hours export slaughterhouses have had to lay off workers. For equity and fairness some slaughterhouses have allowed employees to work on alternate days or extended time depending on the decision of the companies
- Curfews (7.00 pm- 5.00 am- Kenya) reduced man-hours, hence production,
- Personal Protective items are properly distributed for all workers,
- Some abattoirs reported workers are checked for temperature every morning at work.

IV. Key issues and recommendations for consideration

- Strengthen the producers' (pastoralist and agro-pastoralists) capacity to aggregate animals and negotiate for better terms and provide direct linkage with the buyers at the terminal markets to protect them from unfair pressure of middle men/brokers. The use of e-marketing needs to be promoted and institutionalized.
- Ease restriction of transport of inputs and livestock to address shortages of inputs that has increased the cost of inputs while increasing the farm gate (primary market) prices of animals to the benefit of producers.
- Ease the internal and border restriction of transhumance (movement of animals and pastoralists) following Covid-19 test and other guidelines
- Negotiate with airlines for cargo space and cargo flights to accommodate the expected growth in demand and increase in destinations and especially now that flower

/horticulture/ demand the cargo freight space is growing. In addition it would be appropriate to campaign for a reduction in unit charges as the volume grows.

- Provide COVID-19 compliant guidelines to slaughterhouse workers.
- Regularly provide personal protective equipment (PPE) for workers in abattoirs, quarantine stations and veterinarians working in livestock market and in field.
- Member States are urged to include pastoralists in the list of those benefitting from social safety nets even as they consider rolling out livestock micro-insurance.

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