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Beef sector

1. Background and key issues

Despite the importance of the beef protocol under the Lomé Convention, only one ACP country – Namibia – consistently exports to the EU, with exports from Botswana being regularly disrupted on sanitary and phytosanitary standards (SPS) grounds, arising from shortcomings in the traceability systems used. Namibia, meanwhile, is in the process of diversifying its beef exports beyond EU markets, given the uncertainties in the ongoing international economic partnership agreement negotiations.

"For most ACP countries, national and regional beef markets are the key to future growth"

A number of ACP countries are seeking to develop beef production for national, regional and international markets. The rapid growth in demand for beef in China and other emerging economies, supply constraints and rising prices have all renewed interest in beef production across the ACP. However, for most ACP countries, national and regional beef markets are the key to future growth.

Meeting SPS and food safety standards remains critical to export development, while ACP exporters face intense competition from some markets.

There is growing interest in West African markets from US exporters of high-quality beef cuts and UK exporters of low-quality cuts. The increased competition is likely to complicate efforts to develop intra-regional beef supply chains.

Efforts are also under way in East Africa to increase what is seen as disturbingly low levels of intra-regional trade and to develop exports for overseas markets, particularly from Kenya.

In Southern Africa the closure of the EU market to beef imports from Botswana on SPS grounds carried knock-on effects for the regional beef markets as alternative markets were sought for Botswanan beef. It was considered that this depressed local beef prices in the affected market components of neighbouring countries.

With analysts suggesting that the era of cheap Brazilian beef is now over, in regions such as the Caribbean it is apparent that there is renewed policy interest in reversing the long-term decline in local beef production. High feed costs provide a far from ideal context for the launching of such initiatives.

2. Latest developments

Global beef sector developments

According to OECD–FAO analysis, demand for beef is rapidly growing in developing economies, driving up nominal beef prices. Despite rising global demand, beef production has remained "fairly stagnant", in the face of rising input costs (from feed costs to fuel costs), creating a tight market situation.

In the short term, given the cost challenges already faced, drought-related feed cost increases are not expected to fundamentally affect international beef markets. However, analysts at Rabobank argued that high maize prices could constrain the ability of countries seeking to become more self-sufficient in beef production from attaining this objective.

In the coming 10 years, OECD–FAO analysis foresees an increase in beef production of an average of 1.8% per annum, with developing countries accounting for an increasing share of global beef production (58% by 2021). This reflects the shifting pattern of global demand, which will create new trading opportunities. For example, demand growth in China is likely to outstrip production growth, with significant consequences for the global beef trade.

> *"Global beef prices are projected to remain high throughout the next decade"*

Global beef prices are "projected to remain high throughout the next decade" – in real terms about 11% higher than the average for 2009–11. Beef prices will then be "at their highest levels of the past 15 to 20 years".

EU beef sector production and trade developments

Throughout 2012 EU beef prices "remained at exceptionally high levels", reaching €3,900/tonne in October, some "21% higher than the 2007–2011 average". However, net producer incomes were reduced by "higher feed costs" and drought affected grazing. In November 2012 Copa-Cogeca called for more targeted support for EU livestock farmers, including via the suckler cow premium (for details see the dairy section of the *Agritrade* special report 'The EU's agricultural policy toolbox: A sector-by-sector review', 13 December 2011), and an updating of the "intervention price … to take account of the higher input prices". It was argued that not only were "EU beef producers being squeezed by high production cost and low margins", but that "many slaughterhouses in member states are being forced to shut down", despite the favourable global prospects for the beef sector. It was, nevertheless, maintained that if short-term problems could be managed, global trends promise a profitable future.

In terms of imports, the first 8 months of 2012 confirmed "the declining trend of EU beef imports" (–5.1% compared to the same period in 2011). Between 2009 and 2011 EU beef and veal imports had fallen 20%. However, despite the economic downturn, there have been increasing EU imports of high-quality beef following the expansion of duty-free access for non-ACP exports of high-quality beef (most notably from the USA).

> *"Despite the declining trend of EU beef imports, there have been increasing EU imports of high-quality beef"*

This trend could intensify competition for the ACP's only remaining beef exporter to the EU market – Namibia – which is increasingly seeking to target these same high-quality markets for its beef exports to the EU.

In terms of EU beef exports, while major growth occurred in 2010 (+180%), with further growth in 2011 (+30%), exports are projected to have fallen by 43% in 2012. This is a dramatic reversal of the trend between 2009 and 2011 when EU27 beef exports more than tripled, turning the EU into a net beef and veal exporter in 2011.

Regarding future trends, although EU beef production levels are projected to fluctuate, average production is projected to be 3.3% below the levels attained during the 2009–11 period, a high point in EU beef and veal production and consumption.

Up to 2022 "EU beef meat imports are expected to grow… to reach 357,000 tonnes by 2022", which compares to imports of 287,000 tonnes in 2011 (+24.7%). With the exception of 2015–16, this is a period of steady growth in EU beef imports.

Exports, meanwhile, are projected to decline until 2015, before showing a steady increase through to 2022, recovering to 174,000 tonnes by 2022 (+72.3% between 2012 and 2022, but still 47.4% below the peak level of 2011) (see *Agritrade* article 'Trends and prospects in the EU beef sector', 6 April 2013).

A number of contrary trends are apparent within this projected decline in EU beef exports. Most notable is the growing interest of UK exporters in the scope for exports of 'fifth quarter' cuts to African markets, mostly in West and Central Africa. Fifth quarter cuts consist of residual products (such as heart, liver, kidneys, tongue, stomach, intestines, etc.), which can represent up to 47% of the tissue mass of an animal, with so-called red offal being the edible component of these residual parts. Analysis from the English Beef and Lamb Export Board (EBLEX) suggests that developing a marketing strategy for fifth quarter products "could change a £100 charge per bovine animal into a £40 benefit per bovine animal" (including non-edible by-products). Since 2010, activities under EBLEX programmes have "led to… opening up more than 50 new non-EU markets". While the importance of opening up the Chinese market was acknowledged, it was stressed that "there are currently huge opportunities for exporting to markets in Africa" (see *Agritrade* article 'Declining EU beef exports but growing interest in fifth quarter markets confirmed', 18 November 2012).

An additional short-term complicating factor regarding EU beef trade flows to the ACP countries arises from the introduction of Schmallenberg virus-related trade restrictions on EU live cattle and beef product imports by the governments of some leading EU export destinations. Although the EC maintains there is no scientific basis for such restrictions, these nevertheless have left traders holding stocks and looking for alternative markets.

With limited global supplies and high global prices, EU beef prices are expected to stay firm in 2012 and 2013 despite the projected 3.3% decline in EU27 beef consumption. In the longer term, EU prices are likely to be supported by higher average global prices.

EU beef sector-related policy developments

In September 2012 in response to rising raw material costs, the European Feed Manufacturers' Federation (FEFAC) urged the EC to "activate the available crisis management tools and to take rapid market management measures" to reduce price pressures on feed manufacturers, and called for "the development and improvement of price risk management tools for livestock farmers and processors". FEFAC has further stressed the need to increase consumer prices to reflect the rising input costs of livestock producers.

Policy initiatives have been launched at the national level within the EU to address the profitability squeeze facing EU livestock producers. In mid September 2012, the French government announced the establishment of a €100 million "Solidarity Fund" to assist livestock producers to improve their competitiveness through increased on-farm investments. Plans were also announced to:

- "increase silo storage capacity";
- stop first generation biofuel development;
- review "agricultural taxes to improve incomes for farmers";
- establish "a roundtable discussion group… to improve contractual and commercial relationships in the livestock sector".

These French government initiatives highlight the scope for national support measures within the commonly agreed Common Agricultural Policy framework. The French government has traditionally made extensive use of permitted national policy tools. Such measures can be of considerable economic benefit in the face of globally induced cost or price challenges. They can contribute to shifting the burden of adjustment to global price volatility to non-EU producers, including those in the ACP countries (see *Agritrade* article 'French government announces support package in face of rising feedstock costs', 4 January 2013).

In the longer term, United States Department of Agriculture (USDA) analysts argue that "increasing input costs and phasing out of government support is causing a further contraction of the EU cattle herd". However, some EU member state governments are promoting national livestock development strategies that are designed to capitalise on the EU policy changes that are in progress (e.g. the abolition of milk production quotas), and reposition themselves on both EU and global markets for livestock products (both dairy and beef). Product differentiation based on quality labelling schemes is an important part of such strategies in countries such as Ireland where a new Bord Bia 'Origin Green' initiative is being rolled out (see *Agritrade* article 'Irish Food Board introduces new quality labelling scheme', 16 December 2012).

One dimension of quality-based product differentiation in the beef sector is linked to animal welfare concerns. In January 2012 the EU adopted a new 4-year strategy to improve the welfare of animals in the EU. Competitiveness concerns formed an integral part of this EU strategy, with the EC arguing, "There is no point in improving EU welfare standards if it has the effect of increasing imports from third countries with lower standards."

Against this background, the EC committed itself to promoting "EU values towards animals" abroad and in international forums, including ensuring that animal welfare issues are included in bilateral trade agreements.

Currently production process-related trade restrictions are already under discussion in the fisheries sector (see *Agritrade* fisheries article 'EP votes for trade measures against countries allowing non-sustainable fishing', 8 October 2012). This includes calls for import restrictions to be imposed on fisheries products from countries whose governments allow non-sustainable fishing activities that endanger stock levels.

The EC Fisheries Commissioner has stressed the importance of creating "a level playing field" between EU and third country operators. The EC is currently undertaking the legal work required to allow the application of this type of trade instrument. Once the legal basis for the application of the production process-related trade instruments is in place, the scope of the application of such tools could be broadened considerably, including to the application of transport and other animal welfare requirements.

> *"EU livestock producers have long argued for policy measures that level the playing field"*

EU livestock producers have long argued that third country suppliers enjoy a competitive advantage, since they do not have to meet the same production process requirements as EU producers. Against this background they have consistently argued for policy measures that "level the playing field".

Bearing this in mind, in October 2012, the European Parliament called on EU member states to:

- more rigorously enforce welfare rules linked to the transportation of animals;
- consider limiting transport times to 8 hours;
- support the creation of "short and transparent food supply chains", including through supporting small local abattoirs.

There was also a recognised need for flexibility in the application of an 8-hour rule based on "geographical and science-based exceptions for certain species" (see *Agritrade* article 'Calls for EU animal transport rules to be strictly applied', 9 December 2012).

Any moves toward a more strict enforcement of animal transport welfare rules within the EU are likely to lead to calls for the application of similar animal welfare requirements to cattle slaughtered for meat exports to the EU. This could carry serious implications for exports from ACP countries where cattle are extensively raised and distances to abattoirs are large.

Trade developments in the Southern and Eastern African beef sector

Targeting marketing: The Namibian experience

Sustained efforts are under way in Namibia to develop an integrated strategy for minimising operational costs and maximising revenues. A central component is the marketing of individual meat cuts to specific markets in line with the final retailer requirements. This involves developing both much closer direct relationships with the final retailer and the logistical capacity to ship containers directly to customers both overseas and in South Africa.

The strategy focuses on the targeted marketing of premium branded high-quality beef cuts, which continue to provide the best financial returns. The Norwegian market, for example, consumed only 5.05% of the volume of beef sales from Namibia's leading beef exporter Meatco in 2011/12, but accounted for 15.13% of revenues. Similarly, the EU market accounted for approximately 27% of the volume of Meatco's beef sales but around 42% of sales revenues (see *Agritrade* article 'Meatco's strategy for moving up the value chain', 2 December 2012).

> *"The sophisticated marketing strategy adopted by Meatco has allowed an increase in producer prices"*

The sophisticated marketing strategy adopted by Meatco has allowed an increase in producer prices despite a decline in the volume of cattle slaughtered (–10.4% south of the veterinary control fence, the main export production zone). In 2011/12, 57.65% of the revenues generated from sales were returned to Namibian beef producers.

The relevance of the Namibian experience was implicitly recognised in neighbouring Botswana in September 2012, when a beef sector technical advisor called for intensified efforts to sell Botswanan beef on "differentiated high-value niche markets". It was argued that Botswanan exporters have to identify more clearly "the most promising market in order to get into the highest value niche market".

The strategy adopted in Namibia requires constant innovation to stay on top of market trends and policy developments. Against this background in 2013, an in-depth study was launched by the Meat Board of Namibia on marketing opportunities in non-traditional export markets. The aim is to identify five markets where targeted "supply chain strategies" can be developed to maximise the returns from the wide variety of meat cuts produced in Namibia (for details of the approach to marketing individual meat cuts see *Agritrade* article 'Quality differentiation pays off for Namibian beef farmers', 23 April 2012).

While SPS approval for exports of Namibian beef to the US and Middle Eastern markets was secured in 2012, and the final stages of SPS approval for export to China were initiated (see *Agritrade* article 'Prospects for Namibian beef exports to China', 4 January 2013), current market diversification efforts focus on securing an expansion of quota restricted access to the Norwegian market where a beef shortage has emerged and where the highest level of returns on exports is obtained.

In the case of China, it is unclear whether there is a match between favoured Namibian overseas beef export products and structure of Chinese demand. Potentially the rising middle class demand for beef could open up new export opportunities for Namibian exports of high-quality beef cuts (as opposed to the lower-quality beef required other segments of the Chinese market). However, this will require the development of a detailed supply chain strategy by the company involved.

SPS control systems and export development

Overhanging the positive marketing picture in Namibia is the long-term decline in the number of cattle offered for slaughter at export-approved abattoirs. The number has fallen 27.25% since the 200/01 season (from 141,133 head to 102,680 head). Therefore, a financing scheme has been launched to help smallholder farmers make the transition from 'weaner' production to ox production. This scheme, the Ekwatho Financing Scheme, is beginning to yield results.

However, a debate has also begun on the scope for extending the export production zone north of the veterinary control fence. This needs to be seen in the context of Southern African Development Community level discussions in November 2012 over the scope for new approaches to animal disease control and food safety, aimed at reconciling the interests of commercial livestock producers and wildlife conservation objectives.

However, it also needs to be considered against the strict SPS market access requirements applied by the EU (including cattle identification and traceability requirements), which are often used as a benchmark for imports by third country governments. In February 2013 in response to stricter EU requirements, the Namibian Directorate of Veterinary Services issued a new circular setting out in detail:

- approved marketing arrangements;
- transport requirements;
- quarantine requirements vis-à-vis non-EU-compliant livestock;
- reporting requirements for movement and residency of both EU and non-EU-compliant cattle;
- cattle residency requirements.

Since infringement of any of these requirements can lead to market closure, any moves toward new systems of animal disease control will need to ensure full compliance with these SPS market access requirements. The EU cattle residency requirements, which appear to be systematically negatively impacting on communal area beef producers, is a particular source of concern given the need to boost export abattoir throughput. Declining throughput is increasing the unit cost of SPS and food safety control systems and could in time begin to impact on the commercial viability of maintaining access to the EU market.

These SPS-related matters may thus lead to a growing focus on expanding regional markets for processed and prepared meat products, within the strategy for targeted marketing of individual meat cuts.

The on–off nature of Botswanan beef exports highlights the growing difficulties faced in serving the EU market, with announcements in May 2012 of a resumption of exports to the EU being followed by reconfirmation of continued market closure. While efforts to address traceability and foot and mouth disease concerns intensified throughout 2012, by March 2013 there were no Botswanan beef exports to the EU, although a resumption of beef exports was presumed imminent.

Kenya's interest in expanding meat product exports

According to reports on data provided by the Kenyan Ministry of Agriculture, Kenya produces annually 430,000 tonnes of red meat and consumes 300,000 tonnes, leaving around 20% available for export. However, the February 2013 livestock strategy for semiarid areas maintained Kenya is, in fact, a beef-deficit country with a shortfall of about 4,500 tonnes projected for 2014.

Currently, according to the Kenya Meat Commission, some 500 tonnes of fresh and frozen meat and meat products are exported every week to destinations in the Middle East (United Arab Emirates, Kuwait, Qatar and Saudi Arabia) and Africa (Egypt, Tanzania, Uganda, Democratic Republic of Congo and Sudan).

> *"Kenyan meat exporters are looking to develop exports to China"*

Kenyan meat exporters are looking to develop exports to China. In August 2012 the Kenyan Ministry of Livestock announced an agreement with two private companies (Mercbima International of Kenya and Loyalty International Trading Company of China) to export meat products to China, including beef purchased from the Kenya Meat Commission.

The possible commencement of exports to China could prove timely, since press reports indicate that Kenyan meat risks being locked out of Dubai, following the discovery of fraudulent documentation and licences for products that fail to meet food health standards and Islamic dietary guidelines (see *Agritrade* article 'Opening of Chinese market to Kenyan meat exports could prove timely', 8 October 2012).

Pricing issues also arise, with some potential importers in targeted markets claiming that Kenyan meat prices are higher than those of competitors. The issue of commercial prospects for Kenyan meat exports also needs to be understood in the light of the stiff competition faced on regional and Middle Eastern markets from suppliers in Ethiopia, Sudan and Djibouti. In February 2013, the Kenyan government launched its policy on Development of Northern Kenya and Other Arid Lands; however, effective implementation is pending. Lack of infrastructure, feed, water and holding grounds currently lead to high costs of production; which together with the prevalence of livestock diseases (control of which is complicated by the interface of wildlife, tourism and livestock sector priorities) represent major constraints on expanded livestock production and trade. Ensuring the sustainability of supplies is also complicated by the increasing frequency of droughts, which often decimate livestock herds.

> *"Efforts to develop Kenya's meat exports are complicated by the informal cross-border trade with Ethiopia, Tanzania and Somalia"*

Efforts to develop Kenya's meat exports are further complicated by approximately 25–30% of red meat consumed in Kenya being sourced from the informal cross-border trade with Ethiopia, Tanzania and Somalia, and the uneven application of livestock inspection and veterinary controls across Kenya.

Increased intra-regional trade and competition in the processed meat product sector

In terms of intra-East African developments in the meat processing sector, press reports indicate a joint venture has been launched by the Mauritian company Ireland Blyth Ltd and the Ugandan company Fresh Cuts Ltd (FCL) to:

- improve the quality of FCL's processed meat products;
- strengthen local meat procurement;
- enhance the efficiency of processing operations.

This needs to be seen in the context of intensifying competition on processed meat product markets. Since its establishment in 2005, FCL has reportedly "played second fiddle to imported meat products mainly from Kenya's Farmer's Choice", the preferred processed meat supplier in Uganda despite the higher price of such imported products.

Farmer's Choice currently exports "an average of 2,000 metric tonnes of Farmer's Choice processed products annually to about 15 countries across Africa, the GCC (Gulf Cooperation Countries) and the Indian Subcontinent".

Meat products from South African suppliers are likely to pose a growing competitive challenge for Ugandan and other East African meat processing companies, particularly in light of planned trade liberalisation through the tripartite FTA and the expansion of South African based retailers across the region.

Trade developments in the West and Central African beef sector

Growing exporter interest in West and Central African markets

In West and Central Africa in 2012, UK and US exporters intensified efforts to penetrate regional beef markets. The UK's EBLEX programmes are supporting small and medium sized processors in developing exports of fifth quarter cuts to both Central and West African markets.

At a seminar in July 2012, EBLEX's export manager highlighted the "short-term opportunities for fifth quarter products to Angola", which it was maintained "lead to the export of high-end cuts in the long term". In this context it was highlighted how "exports of frozen beef products from the UK to Ghana from 2010 to 2011 more than tripled". The UK is considered being "well placed to supply fifth quarter products to Africa due to historical links and logistics".

The US Meat Export Federation is also "focusing increased attention on the West Africa region", which is "experiencing growth in key metropolitan areas fuelled by the booming oil and natural resource industries". West Africa is seen as having "strong potential for new business", for US meat exporters. Not only is demand for beef increasing in West Africa but higher-income urban consumers are increasingly demanding high-quality, safely processed and stored meat products. West African meat products are most likely to be impacted by market access issues, and by the risk of increased competition between local products and those from the EU – particularly frozen.

However, it has been recognised that across the region transport and "cold chain management issues" remain a challenge.

Developing a regional framework for meeting the challenge from imports

Efforts continue in West Africa to facilitate intra-regional trade in cattle and beef from inland production areas to coastal markets. However, the prevalence of livestock diseases, limited investment in modern abattoirs, poor handling of meat products, shortcomings in transport infrastructure and cold chain management, weak national standards bodies and the absence of agreed enforceable regional SPS measures, all place serious constraints on the competitiveness of intra-regional beef suppliers relative to US and EU suppliers serving coastal markets.

The challenges faced by intra-regional beef suppliers are further compounded by the many non-tariff barriers (NTBs) to trade that hinder the movement of goods across the West African region. While agreements have been reached at regional level to remove these NTBs, national implementation is slow.

Nevertheless, livestock products remain by far the most important products for agricultural intra-regional trade within the Economic Community of West African States (ECOWAS), with Niger and Burkina Faso mainly serving markets in Nigeria and Mali mainly serving markets in Côte d'Ivoire and Senegal (see *Agritrade* article 'US targeting higher-quality West African beef markets', 9 December 2012).

> *"In the coming years, exports of low-value cuts could potentially compete with local West African livestock producers"*

In the coming years, exports of low-value cuts could potentially compete with local West African livestock producers given the market components served. Although this could serve to undermine local producer prices, at a time of high global food prices such an expanded trade could also serve to reduce the costs of beef imports.

This throws up policy challenges in reconciling consumer and producer interests; a particularly difficult issue to address when the main consumers lie in one regional state, while the main producers are located in another. Currently, plans are afoot to invest in the basic backbone infrastructure (e.g. slaughterhouses, refrigerated warehouses and transportation) required to facilitate the development of intra-regional beef value chains, which, if successful, will improve the region's competitiveness in livestock products.

Trade developments in the Caribbean and Pacific beef sectors

Renewed interest in reversing the decline in local production

> *"In the Caribbean there is renewed interest in local beef production, in the face of high global beef prices"*

Renewed interest in local beef production in the face of high global beef prices has taken a number of forms in the Caribbean. In July 2012 the Jamaican government appealed to beef sector stakeholders to join the government in seeking a "tangible solution" for the promotion of the local beef sector, which has shrunk by 2/3 since the 1990s (see *Agritrade* article 'Calls for stakeholder dialogue to revive Jamaican beef sector', 1 October 2012).

Developing reliable and stable feed supplies is likely to be a major challenge to any efforts to revive Jamaican beef production. Challenges are also faced as a result of the semi-commercial and subsistence basis of much of the national livestock production in Jamaica. Nevertheless, there is seen to be scope for the development of value-added exports such as Jamaican beef patties to the Caribbean and beyond. However, in recent years, allegations of use of non-originating beef from Argentina and extra regional sources have threatened the price premiums previously obtained. This suggests that strong branding and enhanced marketing, backed by full traceability, could offer a high earnings outlet for local beef production.

There has been a similar renewed interest in promoting beef production in the Pacific since 2005, in recognition of the relative past policy neglect of the livestock sector. With active stakeholder engagement, this new focus is being sustained.

VAL Pacific (Vanuatu Abattoirs Ltd), a joint venture between the Vanuatu Government and the private sector, for example, has been upgrading its operations annually and already exports to Australia, New Zealand, Japan and eight Pacific Island countries and territories.

The model for beef sector development used at the Sarami Plantation scheme in Vanuatu, which purchases cattle at preferential prices from smallholders and arranges slaughter and marketing, is potentially replicable across the region. The development of this scheme has been assisted by a AU$1.3 million grant from Australia's Enterprise Challenge Fund, a scheme aimed at strengthening the private sector, employment creation and poverty alleviation.

Moves towards strengthening food safety and SPS compliance

In January 2013 it was announced that the government of the Dominican Republic was launching a food safety initiative designed to secure access for meat products to regional and US markets. This includes strengthening the inspection service to ensure full compliance with international production standards and market requirements. Similar efforts are under way in Belize, with the announcement in February 2013 of a cooperation programme with Mexico to strengthen health and traceability systems for livestock products in Belize.

In the Pacific, VAL already complies with New Zealand standards, while regionally the Animal Health and Production section of the Land Resources Division of the Secretariat of the Pacific Community (SPC) is seeking to strengthen food safety capacity across the region.

The scale of the challenge faced

Overall, securing affordable supplies of animal feed, improving herd quality, developing carefully targeted marketing strategies for specific beef products in specific markets – backed by improved SPS and food safety control systems and strict traceability and labelling regimes – are likely to be essential in one form or another for Caribbean efforts to expand commercially sustainable beef production. However, given the size of individual Caribbean beef sectors, serious questions related to the economic sustainability of enhanced SPS, food safety and traceability systems would appear to arise.

In the Pacific similar challenges are faced, but with strengthening animal disease control systems being accorded particular importance. Promoting organic forms of beef production, in order to enable Pacific producers to target premium-priced organic markets, is also given priority. Finally adapting the livestock sector to climate change challenges is an issue of growing importance in the Pacific.

3. Implications for the ACP

Lessons from the Namibian experience of moving from trading beef to marketing beef cuts

The Namibian experience in shifting to marketing individual beef cuts in particular markets potentially offers lessons to other ACP livestock producers.

> *"The Namibian experience in shifting to marketing individual beef cuts in particular markets potentially offers lessons to other ACP livestock producers"*

Namibian supply chain strategies focused on:

- the careful identification of specific market components to be served;
- the development of a strong branding and marketing strategy in association with local partners capable of overcoming consumer scepticism over the quality of African originating beef;
- the building up of a close working relationship with end users.

This provides a useful template for other potential ACP beef exporters.

Monitoring moves toward production process-related trade arrangements

ACP companies exporting beef products to the EU will need to closely monitor and proactively engage with the EU regulatory processes involving transportation of animals (particularly "geographical and science-based exceptions") and the establishment of production process specific trade arrangements, to ensure that the production realities prevailing in ACP countries are fully accommodated. This is a necessary complement to existing initiatives to stay ahead of evolving retailer requirements, by incorporating planned changes into routine reinvestment plans.

Basing livestock development programmes on targeted marketing

In an era of increased demand and rising prices, beef sector development strategies in smaller ACP economies will need to be based on careful marketing strategies.

> *"Beef sector development strategies in smaller ACP economies will need to be based on careful marketing strategies"*

This must be complemented by a more nuanced trade regime and the development of traceability and labelling systems in support of targeted marketing. Scope exists for pan-ACP cooperation in these areas to draw on current best practice.

Working together to exploit emerging global beef market opportunities

Growing Chinese demand is generating increased ACP interest in exporting a range of meat products to China. However, given the complexity of the Chinese market 'aid for trade' support has a role to play in enabling ACP producers to effectively exploit emerging market opportunities. This offers scope for a combined ACP programme, focusing on:

- the conduct of detailed market surveys and assessments;
- the establishment of a template for meeting Chinese SPS requirements;
- the establishment of a common fund to support exposure visits to develop business contacts;
- the compilation of best business practice guides to developing business partnerships in China.

Identifying and addressing potential challenges from imports in developing intra-regional supply chains

Coastal urban centres are often better integrated with global supply chains than their own agricultural hinterlands. In view of the problems that have previously arisen from exports of residual poultry parts, a refocusing of attention on UK fifth quarter beef exports to West and Central Africa is potentially a source of concern, since it could hinder current efforts to develop intra-regional beef supply chains.

In West and Central Africa, unless physical infrastructure, animal disease control, cold store chain issues and the many NTBs to the livestock trade can be addressed along supply routes from the interior to the coast, the scope for beef producing areas in the region to benefit from the oil and natural resource-fuelled boom in urban demand for meat will remain unrealised.

This potentially raises important trade policy challenges in an era of both increased liberalisation of agricultural trade and rising global food prices, requiring governments to balance the interest of poor urban consumers with those of poor rural producers.

The use of traditional policy tools in the EU beef sector

EU beef farmers are increasingly pushing for greater use of traditional EU policy tools, such as coupled support and intervention buying, so as to assist beef farmers during times of high input costs or low market prices.

In the short term, individual EU governments have been responding to calls for increased support through national initiatives. Given that these measures are aimed at ironing out problems associated with price volatility for EU producers to capitalise on longer-term growth in the global demand for meat, these national policy measures carry external consequences, which could impact on ACP beef sectors.

Against this background, systems may well be needed to monitor the external effects of these national EU policy measures on particular markets of interest to ACP producers as part of the EU's commitment to policy coherence for development (see *Agritrade* article 'Impact of CAP reform on developing countries', 15 April 2013).

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About this update

This brief was updated in September 2013 to reflect developments since June 2012. Other publications in this series and additional resources on ACP–EU agriculture and fisheries trade issues can be found online at http://agritrade.cta.int/.

The Technical Centre for Agricultural and Rural Cooperation (CTA) is a joint ACP—EU institution active in agricultural and rural development in African, Caribbean and Pacific (ACP) countries. Its mission is to advance food and nutritional security, increase prosperity and encourage sound natural resource management.

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