

## LIVESTOCK IN THE SAHEL AND WEST AFRICA

### Implementing Trade Policies to Strengthen the Regional Animal Products Market

The place and role of trade policies in socio-economic changes in the livestock sector of the Sahel and West Africa (SWA)

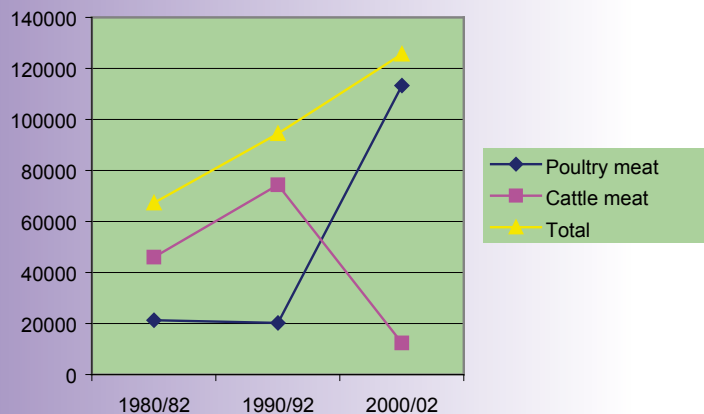
It is essential to adopt the best technologies in order to improve animal productivity, reduce poverty, increase food security and encourage sustainable environmental practices. However, other actions are also crucial, notably setting up effective harmonised national trade policies between countries and other priorities such as infrastructure development, education, health and environmental policies.

The region's external imports (mainly by Benin, Côte d'Ivoire and Ghana) increased sharply by about 60% during the 1980s. These imports related to pieces of meat called the "5th quarter", a European cutting industry by-product. In the 1990s, the European Union (EU) revised its subsidies policy for exports to West and Central Africa (changing restitutions). Consequently, cattle meat imports from the EU dropped substantially during the decade while imports of live animals from Sahel countries significantly increased from the mid-1990s.

To ensure the stability and development of these sub-sectors, it is very important to regulate competing imports, including by-products, and to harmonise cross-border trade policies. In some cases, the effects of export subsidies by Northern countries on CIF (Cost, Insurance and Freight) prices will have to be rectified. In other cases, classic protection measures will have to be adopted: imported by-products compete with regionally-produced tender cuts due to different food habits (meat used in gravy is very easily substituted). And finally, in other cases, the competitiveness of sectors (mainly in food prices and health measures) needs to be ensured and transaction costs reduced, through creating a single market, removing border trade obstacles and developing cross-border markets. For example, according to some estimates, transport, handling costs and illegal taxes are estimated at 54% of the cost of cross-border trade in live cattle meat.



Figure 1 – Non-African imports of cattle and poultry meat by West Africa



Source: CILSS et al., ECOWAS Agricultural Policy (ECOWAP): Diagnostic Enjeux Questions clés Scénarios. Document de référence, 2004.

Coastal markets for cattle meat, lost partly due to EU subsidies in the 1980s and early 1990s for exports of low-quality cuts, are being regained. These markets are crucial for producers and the cattle meat sector.

West Africa must define agricultural and trade policies that enable it to better integrate into the global market while optimising its potential production. Livestock is a very competitive product but the sub-sector is still largely unorganised and its transaction costs remain high (transporting live cattle very long distances and a lot of administrative hassle).

This section discusses the need for coherent trade policies to promote the livestock sector in West Africa.

## Potential effects of the ECOWAS (ECOWAP) Common External Tariff (CET)

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The ECOWAS regional agricultural policy (ECOWAP) gives a leading role to crop and animal production because of the importance of agriculture in member-state economies. The main challenge is to adequately feed the region's increasingly large and very urbanised population. One ECOWAS objective is to develop trade policies that "reduce dependence on imports by prioritising food production and processing by valorising and optimising regional complementarities and comparative advantages while taking into account the specificities of isolated rural areas or countries". Food sovereignty and the valorisation of potential production are goals declared by ECOWAS.

### External trade policies and their (possible) effects

#### Does the current CET encourage regional animal production?

The CET protection for animal products is no more than 5% since they are considered staple items. However, in practice the UEMOA-CET only partly protects regional production (by UEMOA member-states) against imports (Box 1).

#### What effects do Economic Partnership Agreements (EPAs) have on production and trade?

Impact studies carried out in several countries show some positive effects of EPAs, notably: (i) cheaper machinery and other inputs, which makes some agricultural sectors more competitive; and (ii) harmonisation of foreign trade policies among ECOWAS countries, eliminating the practice of reexports.

However, the studies emphasised that the drop in customs revenue has caused budget problems and reduced funding of public policies, although there were also some opportunities. They also identified vulnerable items, such as animal products in Guinea, Mali and Niger (table 1).

### Intra-regional trade policies and their effects (potential)

The trade policies of SWA countries include abolition of customs duties for the region's raw materials and a domestic VAT (Value Added Tax). The abolition of duties for animal products helps the free movement of people and goods that already existed in UEMOA countries and extends it to ECOWAS (ECOWAP).

In practice, trade in animal products, especially cattle, does not benefit entirely from free movement of people and goods and abolition of customs duties. Non-tariff barriers remain, including unofficial ones

#### Box 1 – Effects of a low CET on modern chicken production in Senegal

Senegal's poultry meat imports rose from 1,000 tonnes in 1999 to 12,000 tonnes in 2003, this represents an increase of 110% in five years. But modern local production fell 25% from 8,000 tonnes in 2001 to 6,000 tonnes in 2003. The average price of meat was 1,000 CFA francs/kg so Senegal's livestock farmers lost 2 billion CFA francs in direct income over three years. The government collected 600 million CFA francs in duties from the import of 12,000 tonnes in 2003 with a minimum CET of 5%. A CET of 20% would have raised 2.4 billion CFA francs, a little more than the farmers' losses but much less than the loss of income from the closure of livestock farms and the secondary effects on rural livestock breeders and on cereal farmers supplying feed to modern poultry farms. The current UEMOA CET does not sufficiently protect regional livestock production.

## Box 2 – Comment by a cattle importer

“The Cattle and Meat Federation of Côte d’Ivoire was set up in 2004 after problems of supplying southern Côte d’Ivoire, especially Abidjan with meat from Sahel countries. Free movement of goods and people no longer exists between countries or inside them. Besides official taxes on cattle in transit, many checkpoints have been set up, requiring payment and slowing down transport, which often means that animals die. A cattle transporter’s costs come to 145,500 CFA francs in official costs, 76% of them for transport and 7% each for customs and a veterinary certificate. On top of this are unofficial charges of 130,000 CFA francs if the trucks pass through areas controlled by the insurgents who charge a special tax payable at the entrance to Katiola.” – Comment by the President of the Ivorian Cattle and Meat Federation, 15 September 2006. About 275,500 CFA francs in all are needed for each convoy transporting cattle from a Sahel country to a coastal country despite the decision by Heads of State to allow free movement of goods and people and abolish customs duties in UEMOA and ECOWAS countries. This reduces profit margins and discourages intra-regional traders in animal products, especially cattle.

known as “wildcat taxes” between some countries of the region, especially between Sahel states (net cattle exporters) and coastal states (net importers). Customs duties have also been replaced by other levies. Evidence provided by the Cattle and Meat Federation of Cote d’Ivoire during a field mission is revealing (Box 2).

**Table 1 – Vulnerable products listed by studies of EPA effects**

Country study	Vulnerable products
1. Study on the impact of EPAs on the Niger economy, Final Report, 2004	Cattle, meat, onions and cowpea, milk, dairy products, wheat flour.
2. Strengthening capacities in support of the preparation of the EPA in Burkina Faso, 2004	Cotton, rice, maize.
3. Impact of the EPA on private sector activities, Burkina Faso, 2002	
4. Preparation of an EU-West Africa EPA, Burkina Faso	
5. Study on the impact of EPA on Guinea, 2004	Potatoes, onions, rice.
6. Study on the impact of the EPA on Guinea, 2005	Palm oil, poultry meat, cattle meat, milk, wheat flour, mineral water, fruit juices.
7. Study on the impact of the EPA on the Mali economy, Final Report, 2004	Cattle meat, milk, poultry farming, cotton, wheat, sugar, manufactured products generating substantial tax revenue (cigarettes, second-hand clothes)
8. Strengthening capacities in support of an EPA between Benin and the European Union, 2004	Cotton.
9. EU-ACP Sustainable Impact Assessment of the EPA: phase 1 and 2	Potatoes, onions, poultry, processed tomatoes.

Source: GRET- Impact of the EU-West Africa EPA – Bibliographic synthesis, 2005. [http://agritrade.cta.int/fr/resources/agritrade\\_documents/executive\\_briefs/epa\\_negotiations\\_west\\_africa\\_executive\\_brief](http://agritrade.cta.int/fr/resources/agritrade_documents/executive_briefs/epa_negotiations_west_africa_executive_brief)

## Which instruments can be used?

### Better management of supply to encourage local production and create jobs

Promoting regional production requires more and better focused protection through use of suitable tariffs. This can help reduce poverty and make animal sectors more competitive. Box 3 shows clearly how protection can change the present poor situation into one generating more jobs and income and thus contribute to poverty reduction.

### Maintain food sovereignty

In order to respect food sovereignty advocated in the ECOWAS regional agricultural policy, mechanisms which ensure better management of regional supply must be strengthened. This implies protection measures such as increasing the current level of CET.

### Reduce foreign exchange outflow

Imports involve large outflows of foreign exchange. This is not the wisest economic solution in the SWA countries as shown by the few studies of the impact of animal product imports on regional (or national) production. Reducing such outflows would make the livestock sub-sector more efficient.

## Adopt a combined national and regional approach

Ensuring that livestock trade policies are coherent requires both national and regional action. Any effort to increase regional SWA trade in animal products must include promotion of trade and processing of animal products, as well as a regional approach to the cattle trade. This means creating facilities to make intra-regional trade easier.

### National level

1. Reexamine the substitution tools of customs duties through regional discussion about their effect on efforts to increase and facilitate intra-regional trade.
2. Establish corrective measures to remove obstacles to free movement of goods and people within each country.
3. Set up committees to monitor/evaluate regional agreements on intra-regional trade in animal products and cattle.

### Regional level

1. Continue harmonising agricultural policies to strengthen intra-regional trade within the common agricultural policy.
2. Harmonise intra-regional trade instruments by using comparative impact studies at both regional level and between net-importer and net-exporter countries.
3. Pay particular attention to securing borders between countries, while complementing national mechanisms set up to facilitate the free circulation of people and goods.

## Implement short- and medium-term strategies and action

Such national and regional measures are part of the agricultural sector's regional approach as set out in ECOWAP.

### National level

1. Abolish all forms of taxation on imports and exports of regional products.
2. Dismantle the many checkpoints that discourage intra-regional traders in animal products and cattle.
3. Improve animal marketing infrastructure and the dissemination of information on markets and prices.
4. Introduce compensatory taxes on imported meat products where studies indicate that there are still untapped potential.

### Regional level

1. Increase the CET on animal products, especially meat and milk.
2. Introduce a progressive (not digressive) CET on dairy products to stimulate regional production and assess its ability to meet regional demand.
3. Reduce the CET for livestock inputs and equipment to stimulate private investment in the sector.

### Box 3 – How import restrictions could help

“When you import a tonne (1,000 kg) of frozen chicken, you put a local farm of 500 chickens out of business, kill the possibility of growing 1.5 tonnes of maize and soya, and lose three rural job opportunities (1.5 jobs at the farm, 1.5 producing maize and 0.25 making cages), as well as two urban jobs (0.5 for plucking and 1.5 for selling the chickens).” – Njonga (Cameroon)

Source: [www.ictsd.org/africodev/analyse/marche/passerelles6-1njonga.pdf](http://www.ictsd.org/africodev/analyse/marche/passerelles6-1njonga.pdf)

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**For more details, please refer to the complete document:  
“The Future of Livestock in the Sahel and West Africa: Potentials  
and Challenges for Strengthening the Regional Market”,  
available on SWAC website: [www.oecd.org/sah](http://www.oecd.org/sah)**



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