

P O L I C Y B R I E F

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Enhancing Inclusive Livestock Trade for Sustainable Development

Key messages

- Smallholder farmers are faced with notable obstacles to participating in livestock trade.
- The benefits of livestock trade are often unevenly distributed, with smallholder farmers facing significant challenges in accessing markets.
- Inclusive livestock trade is imperative for achieving sustainable development and poverty reduction.

Introduction

Most small-scale livestock farmers in South Africa face significant obstacles to engaging in and benefiting from the local and international livestock trade, despite the industry's substantial contributions to rural livelihoods, the national economy, and food security. These obstacles include restricted access to markets and unfavourable trade laws and policies. Challenges, such as limited market entry and the uneven distribution of benefits of livestock trade, arise for several reasons (Mthi et al., 2021; Musemwa et al., 2008). One of the key factors affecting market access, and consequently public and private investment in the livestock sector, is the status of animal diseases, which remains a pivotal consideration for trade. Between 2014 and 2019, South Africa experienced an overall increase in the Red Meat subsector export market after being declared free from Food and Mouth Disease (FMD) by the International Animal Health Organization (OIE). This declaration gave the country access

to several export markets, such as the United Arab Emirates, Vietnam and Jordan (BFAP, 2016). However, smallholder farmers continue to face challenges in accessing these markets due to insufficient resources required to comply with the strict export standards even in the absence of disease outbreaks, such as FMD. Another outbreak of FMD in the first quarter of 2019 in Limpopo Province posed additional challenges for these farmers as South Africa lost its OIE FMD free zone status (DAFF, Media Statement, 27 Feb 2019). This had a devastating impact on trade affecting exports of hides and skins, red meat, wool, genetic material and mohair. As a result, the sector's potential to support sustainable development remains underutilised, leaving many small-scale livestock farmers excluded from lucrative markets. Such exclusion hinders efforts to achieve the Sustainable Development Goals (SDGs), perpetuating poverty, inequality, and food insecurity.

Policy context

It is worth noting that, although smallholder farmers face difficulties in accessing markets due to various factors (Cheteni, 2019), one of the primary challenges hindering small-scale markets in South Africa is policy-related. There are limited policy frameworks and insufficient government support specifically designed to address the unique needs of smallholder farmers in South Africa, which significantly hampers their development. Through the establishment of a policy framework under the National Livestock Growth Strategy, smallholder and developing producers were anticipated to achieve profitability and competitiveness. The strategy also aimed to foster sustainable rural development by emphasising training, research and development, equitable participation, and investments in rural cooperative and commercial infrastructure. Nevertheless, this has faced certain implementation drawbacks, including inadequate support services, which



limit access to veterinary care, extension services, market information, ultimately hindering farmers' ability to enhance their competitiveness and productivity (Musemwa et al., 2008). These challenges further limit their ability to adopt modern farming technologies and techniques, which are essential for achieving the production standards required for international trade. Moreover, they are often deemed unfit to comply with the strict requirements of the Animal Diseases Act (Act 35 of 1984) and Meat Safety Act (Act 40 of 2000) for trade purposes. Furthermore,

due to structural, economic, and historical circumstances, South African agriculture laws and trade regulations frequently favour large-scale commercial farms over small-scale farmers. The unequal playing field created by these laws and procedures makes it difficult for small-scale farmers to compete effectively. Policy interventions are needed to ensure equitable access to markets and promote fair competition. This policy brief presents key recommendations to enhance inclusive livestock trade for sustainable development.

Research evidence

South Africa's development policy emphasises poverty alleviation, reducing income inequality, and promoting economic growth, with the agricultural sector playing a pivotal role in achieving these goals. According to the Food and Agriculture Organization of the United Nations (2020), over 14% of global livestock production is traded internationally, but this trade is predominantly controlled by limited countries. The participation of developing countries in international trade is minimal, and the involvement of South African smallholder farmers is equally limited. Market participation plays a crucial role in the commercialisation of cattle among impoverished rural households (Rios, 2009).

The Animal Diseases Act of 1984 (Act No. 35 of 1984) highlights the significant risks that parasites and infectious animal diseases pose to the South African agricultural sector and the broader Southern African region. The Constitution of South Africa establishes a framework for the Government's animal health and livestock services, designating animal health diseases, and control as areas of concurrent national and provincial legislative competence. Smallholder farmers remain excluded from benefiting under these 'one-size-fits-all' frameworks, largely because of

the nature of the production systems they employ. This underscores the necessity for customized interventions specifically designed to tackle challenges at the communal level. For example, blanket policies, such as price supports, often disproportionately benefit large-scale commercial farmer, as these policies tend to favour production systems that require financial and physical capital investments.. When formulating policies, it is essential to prioritise enhancing market access to tap into the rapidly growing demand for livestock products. Additionally, the lack of market information, including methods to disseminate this information to the appropriate farming communities is crucial for the survival and competitiveness of small farmers in today's challenging marketing environment. Therefore, it is essential for the South African government to develop targeted programmes and policies to educate smallholder farmers about market access and animal pricing. Empowering these farmers with knowledge will enable them to generate profits from their farming activities, improve their contribution to the rural economy, foster social development, and increase the nation's gross domestic product (GDP).

Key issues

1. Limited market access: smallholder farmers face challenges entering formal markets due to disease outbreaks occurring in various regions of the country.
2. Weak institutional support: limited access to extension services, inadequate veterinary care, and insufficient market information greatly restrict smallholder farmers' capacity to effectively participate in livestock trade.
3. Poor infrastructure: insufficient transportation, inadequate storage, and substandard handling facilities compromise the quality and safety of livestock products.

Policy recommendations

1. Improved institutional support: strengthening services, such as veterinary care, market information systems and extension services, will empower smallholder farmers to comply with the strict requirements of the Animal Diseases Act (Act 35 of 1984) and the Meat Safety Act (Act 40 of 2000).
2. Support capacity building: offering targeted training and capacity-building programmes for smallholder farmers, focusing on market access, animal health management, and business skills, can enhance their knowledge and skills in these critical areas.
3. Enhancement of market infrastructure: investments should focus on essential rural facilities, such as disease monitoring services, market centres, reliable road network and adequate storage facilities.
4. Promote private–public partnerships: collaborating with the private sector can provide essential technical assistance, improve access to markets, and offer financial services tailored to the needs of smallholder farmers.

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