

# Foot-and-mouth disease in SA

Another foot-and-mouth disease outbreak in South Africa, coupled with the drought, would send shockwaves up and down the red meat value chain.

**T**he economic impact of a foot-and-mouth disease (FMD) outbreak manifests in five ways: loss in export earnings for directly and indirectly affected industries; reduced sales of livestock-related products; loss in market share; damage to local production capacity; and disruption in local value chains.

If a ban persists for 12 months, the total loss in export revenues in upstream and downstream linkages within the red meat value chain could be as high as R6,4 billion (calculated using the value of exports in 2016.)

A drop in demand due to fewer animals available for market could lead to further losses for the red meat industry. The impact at local level would be difficult to determine, as other factors, such as pressure on cash flows, have to be taken into account.

The effects in each province would vary. However, they would include restrictions on animal movement and increased demand pressure on unaffected provinces.

Market-ready animals would have to be maintained, resulting in higher feeding costs. These effects will be even greater if the marketing of these animals has been planned for some time.

Smallholders are always severely affected by FMD, as outbreaks occur in the most remote rural areas, and often, selling cattle is the only way to generate income. It is, however, difficult to quantify the damage caused for this category of farmers as little data is available.



#### LEFT:

Smallholders who rely on livestock sales for income could be hit hardest should a local FMD outbreak occur.

FW ARCHIVE

According to the Bureau for Food and Agricultural Policy's cautious outlook, domestic consumption is predicted to decline before recovering. However, provided South Africa remains free of FMD, exports are projected to remain firm, and this would mitigate the impact of reduced domestic consumption.

#### THE NATIONAL ANIMAL HEALTH FORUM

Over the past five years, the National Animal Health Forum (NAHF) has worked to improve its public-private partnership with the Department of Agriculture, Forestry and Fisheries (DAFF). This is according to NAHF chairman, Dr Pieter Vervoort.

In 2013, the organisation assisted DAFF in managing the outbreak of FMD, and played an important role in the World Organisation for Animal Health (OIE) declaring South Africa FMD-free in February 2014.

In 2015 and 2016, NAHF assisted with inspection visits from South Africa's export market countries, and helped DAFF with its veterinary strategy. In 2016, the NAHF also assisted DAFF establish the brucellosis steering, compensation, and vendor/declaration discussion committees. This year, it established the antibiotic discussion and heartwater vaccine committees, along with DAFF and Onderstepoort Biological Products.

The NAHF took pride in establishing these provincial animal health forums, Vervoort said.

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#### DROUGHT AND PRICES

Consumer spending is currently low and is expected to remain so in the short term, as drought-induced herd liquidation has pushed prices to record levels.

A survey conducted by the University of the Free State (UFS) has shown that the national cow herd has declined by as much as 15% from 2013 levels. The effects of this reduction will be evident in 2017 and 2018, when slaughter numbers will decline an estimated 14% and 15% respectively from those of 2016.

In addition, due to weather conditions and currency depreciation, South African producers have not benefited from the current stability of the global livestock sector brought about by steady feed grain prices.

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