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# **MALI LIVESTOCK AND MEAT PROCESSING**

**GOVERNMENT OF MALI REPORTS  
TRANSLATED AND SUMMARIZED**

**for**

**Agency for International Development  
Office of Market Development and Investment  
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**LABAT-ANDERSON Incorporated**

**Translated and Compiled by**

**Ronald E. Bobel**

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# Report 1--STUDY OF THE OPPORTUNITY OF AN ENTERPRISE FOR TREATMENT, CONDITIONING, AND EXPORT OF MEAT FROM MALI

## A. Justification

### Herd Numbers

The Malian herd currently numbers some 6,216,000 cattle and 11,591,000 sheep and goats.

### Exports

These are made up of 479,000 live cattle and 540,000 sheep and goats transported to the Ivory Coast and certain coastal West African countries. Traditional export systems for the herd seem to have reached the saturation point.

Within the framework of an accelerated destocking policy adopted by the authorities in view of the lightening of the pastures and water points due to the drought, an important potential exists for exports of 510,000 head of cattle and 579,000 head of sheep and goats, or the equivalent of 55,100 tons of meat.

Currently, the export of meat is very weak, almost nonexistent. Essential conditions for meat exports are:

- Availability of exportable quality of cattle at least for nearby coastal countries,
- Existence in Bamako, with certain adaptations, of a refrigerated slaughterhouse adequate for the preparation of carcasses with hygienic standards required for export,
- Existence of nearby markets and possibilities of markets farther away, i.e., North Africa and Middle East.

Exportation would be an effective way to help the Government and concerned operators rationalize the herd and make its management profitable. For this reason, CMCE is studying the opportunity to put in place an enterprise for treating and conditioning refrigerated meat from Mali.

The formula is a pilot enterprise that would be multiplied by creation of similar units in case of commercial success. The present study constitutes a summary of the study by the FAO and CNUCED.

### Target Markets

North Africa, Middle East, coastal West African countries. There is hope to interest foreign partners in carrying out the project to guarantee the quality of the final product in their markets. Negotiations have been established with Algeria and Tunisia. Exportable quantities could be between 2,000 and 5,000 tons per year.

## B. Immediate Objective

To export, in the form of meat, 6,250 head of cattle or 1,000 tons per year. Program of operations to begin at the end of 1985.

### Characteristics of the Export Production Unit

Composition of the enterprise. Creation of an enterprise with two distinct but complementary sections:

- One part feed-lots with a capacity of 1,000 cattle each--3 rotations a year--in the region of Segou. This part includes the purchase and fattening of cattle.
- One part exportations installed in Bamako to ensure coordination, slaughter, dispatching to the airport, and execution of sales contracts.

Capital Investment	165,6 million CFA
Cost of Exploitation	494,2 million CFA
Rolling Funds	205,9 million CFA

### Profitability

At 550 F CFA average sales price, the internal rate of return is 14.5% and net margin is 42 F CFA per kilo.

At 550 F CFA average sales price and with bank financing for 10 years at 80% of the total cost of the investment and with a rolling fund at 13.2%, the internal rate of return is 17.8%.

### Optional Investments

- A. The installation of a carving and deboning shop would need an investment of 50 million F CFA. Annual capacity of 2,500 cattle or 400 tons of meat in carcass or 320 tons deboned and conditioned. The shop would have a deboning room, a conditioning room, and a refrigerated installation for final products.
- B. Exploitation of sheep meat would be by direct purchase of live animals, which would imply a rolling fund.

### Required Inputs

Financial assistance to the promoters could facilitate its realization and motivate them; this would make a better contribution to the destocking policy of Mali.

The financial competition to the promoters would be in terms of equipment, feed, or a rolling fund that, with the success of the pilot, could be transferred to another similar unit.

### Context and General Problems of the Project Promoter

The Mali Government does not have the intention to start another parastatal. Export of meat will only develop if private operators find it in their interest to create their own enterprise. State assistance will take the form of information, advice and technical assistance, and access to credit. Profitability of the project is the condition for its realization. It should

consist of a private enterprise with the participation of promoters and exporters interested in relations with cattle raisers on the one hand and foreign markets on the other.

### **Institutional Form**

Several promoters would constitute a commercial enterprise under the form of an anonymous society with limited responsibility. The enterprise could be open to foreign participation (interest from target markets). It could benefit from training programs and logistical assistance of the Government.

In case of success, the capacity of the unit (1,000 +) could be expanded either by the same or additional enterprises; the Refrigerated Slaughterhouse of Bamako can treat 10 to 12,000 tons equivalent of meat. This expansion would permit the gradual utilization of the Malian potential of production of meat (estimated at 55,100 tons).

The profit could be integrated with a project of production of animal feed that will be the subject of another study.

Fiscal advantages are envisioned in conformity with the investment codes.

## Report 2-- STUDY OF THE IVORY COAST MARKET FOR LIVESTOCK AND MEAT

### Conclusions

1. The Ivorian herd is of little importance in numbers (less than 1 million cattle and 2 million sheep and goats).
2. Meat production is stagnant.
3. Imports of cattle (in 1985) is in decline due to imports of frozen meat which have doubled between 1985 and 1988.
4. Commerce in cattle and meat, both for import and distribution, resides in private hands. Low prices are offered by exporters of frozen meat.
5. Consumption per inhabitant has gone from 10 kg (in 1983) to 12 kg.
6. Development of domestic production is increasing little but has better quality. This increases dependence on foreign sources.
7. The price of live cattle is fixed by bargaining.

### Recommendations

Taking into account characteristics of the Ivorian market including (1) the abundance, at a low price, of frozen meat and (2) the difficulties of tying contractual relations and implicating the banks in repayment of export receipts, and in view of improving exports, the following is recommended:

1. Encourage development of young graduates in production of meat as a business specialty.
2. Subsidize the export of fattened cattle. Fattening is the foundation of all export operations on a profitable basis as it is the expression of quality.
3. Mali's natural markets--neighboring countries--are inundated with subsidized frozen meat. That is sufficient reason for the Mali Government to give the same arms to its exporters, i.e., subsidies. It will be difficult to develop Malian exports of meat without the State contributing.
4. Exporters should invest in improving the quality of their production. New graduates can assist.
5. There should be a concerted effort on the part of the Ministries of (1) Finance and Commerce, (2) Environment and Cattle Raising, and (3) Employment.

## **General Data on the Ivory Coast**

### **Population and Consumer Profile**

Population - 9,407,000 in 1985  
11,200,000 in 1990

more than 50% under age 20,  
Abidjan has more than 1 million (1985)  
3.6% increase per year

### **Cattle Raising**

It is a secondary activity. In spite of efforts to develop the industry, the country relies on imports to satisfy its needs. Most domestic cattle projects have not been successful.

The Ivorian herd is less than 1 million head of cattle and 1.8 million sheep and goats. Poultry is much more important (30 million head).

There is an estimated 5% growth rate for cattle and less than 2% for sheep and goats. The country will remain far from self-sufficient in animal protein considering population growth.

### **Meat Production**

From 1985 to 1987, national production of meat increased only 1.2%. Cited as reasons are competition from frozen meat imports purchased by consumers because of its price.

### **Importation of Cattle and Meat**

The principal supplier in live cattle is Mali, followed by Burkina Faso and Niger. At the Central Slaughterhouse, 80% of the annual amount is from Mali. There are eleven points of entry, but five are most important.

Poultry imports rose by 300% in 1986, but then imports were stopped.

### **Meat**

Meat imports are rising and consist of frozen meat from cattle from Europe, Latin America, Botswana, and New Zealand.

From 1985 to 1988, the total quantities of imported meat multiplied by two from 13,351 tons to 27,170 tons. Importation of sheep and goat meat are of little importance.

The importation of frozen meat constitutes about 25% of national consumption estimated at 120,000 tons in 1987. Among the reasons for this phenomenon:

- The price is low enough to reach the majority of consumers.
- The conditions of sale (supplier credit).

The CEE has established that meat exports deserve promotion in the member States.

In the Ivory Coast, the development of frozen meat imports operates to the detriment of live cattle imports and local slaughterhouses. Thus, the center for fattening and slaughtering at Ferkessedougou has seen its production

decline by 2,000 head between 1987 and 1988. Nevertheless, this development has not affected importations of fresh meat as the clientele differs from that of frozen meat.

## **The Structure of Reception**

### **For Live Cattle**

Ferkessedougou is 600 km north of Abidjan. It has a capacity of 12,000 head but now functions at less than 50%. Among its problems with Malian suppliers, one notes:

- The absence of contractual relations;
- The impossibility of working with them through banking intermediaries.

## **The Obstacles to the Development of Exports of Cattle and Meat**

### **Cattle**

- Absence of a promotional policy translated to contractual exports of animals of quality at realistic prices;
- The brakes on exportation by contract would be the qualitative nonconformity to the contractual terms;
- Also one notes the delay in payments of export receipts by Malian banks;
- The persistence of the traditional circuit that supplies the Ivorian market that results in Ivorian operators not making any effort to improve the system.
- The persistence of the perception of unfair taxes at the different control posts over the export route.

### **Meats**

- High cost of Malian supply in comparison to other suppliers and also production costs of local meat and its sales price in Ivorian markets.
- The low price policy adopted by the EEC and inundation of the Ivorian market even to consumers of modest means.
- The lack of Malian operators specialized in the production and preparation of meat to maximize certain meat parts for export.

# Report 3--NOTE RELATIVE TO BASIC PRODUCTS: MEAT, LEATHER, AND SKINS

## Introduction

A Sahelian country with an agro-pastoral vocation, Mali counted in 1987 some 4,589,000 cattle and 10,529,000 sheep and goats.

On the base of slaughter estimates--470,000 cattle and 2,772,000 sheep and goats--the production of meat is valued at 75,200 tons of beef and 55,440 tons of sheep and goat meat. The annual availability of hides and skins is a function of stocks, of the level of slaughtering, and of skins from hunting (reptiles and game).

Malian stock raising faces an extensive character too dependent on natural factors such as water and pasture. To improve the quality of the products coming from cattle slaughtering, certain modern infrastructure has been put in place: 5 slaughterhouses, 146 slaughtering areas, 35 dryers, and 5 hangers for stocks of hides and skins. These efforts of modernization have necessitated important investments and permitted the employment of a number of laborers.

In the plan of foreign trade, the principal importing countries of Mali's cattle raising industry are:

- The Ivory Coast and Liberia for live cattle;
- The EEC (France, Spain, and Italy) and China for hides and skins.

After the liquidation of SONEA and SOMBEPEC, the meat exports of Mali are almost nil and there is a certain undervaluation of its exports of hides and skins.

In light of these considerations, the present note will merit a tilt toward the problems inherent in the export of these two products of cattle raising (meat, and hides and skins) and about the measures envisaged to alleviate the problems.

## Export of Meat From Mali

Problems--From Independence to 1978, exports of meat were assured by SONEA and SOMBEPEC. The Ivory Coast was the principal importer. The presence of nonAfrican meat subsidized in the Ivorian market made the export of Malian meat noncompetitive. This situation caused losses and finally the liquidation of the two Societies. In the face of the persistence of the prevailing factors that brought about the liquidation, relief could not be assured either for another structure or for economic operators.

Certain causes are endogenous. In the national plan, the dominating animal production system is of the extensive type and is not oriented toward specialized production. This situation translates to a subexploitation of the production potential that cannot sustain exportation in large scale. It should also be emphasized that the necessary investments for production intensification constitutes limiting factors for a production of scale at least cost.

## Envisaged Solutions

In light of the problems exposed above, we recommend the following measures:

- Adoption of a development policy of animal production oriented toward specialization.
- Intensification of production to improve productivity and the genetic potential.
- Institutional help by the State in the creation of production for export.

## Hides and Skins

### The Problems

After the liquidation of SOMBEPEC, the commerce of hides and skins was liberalized, but regulated, by a December 1978 decree. The availability of exportable hides and skins is important when one knows that the national needs of production only represent:

- 15% in hides and 30% in skins at the artisanal level.
- 200 hides and 150 skins per day at the level of TAMALI, which is the only functional industry.

It is important to remember that for export the quality of hides and skins is a determining factor for signing contracts and fixing price. Also, at the level of industry for treatment, the price of hides and skins determines 60% to 70% of production costs. The tests for classifying hides and skins for export operated by OMBEVI attest to a certain deterioration of the quality of hides and skins. For example, the classes of 100 hides and skins in 1986 and 1987 have given the following results:

### Hides and Skins Exported

	<u>1986</u>	<u>1987</u>
1st Choice	7.0%	2.6%
2nd Choice	14.8	12.6
3rd Choice	70.0	70.0
Rejects	7.4	10.2

This progressive deterioration of the quality of our exportable skins and hides is explained by two factors: endogenous and exogenous.

Endogenous--These are related to the specificity of the hide or skin in function of species, race or age, and the sex of the animal. Criteria include weight, surface, epidermis, texture, and fibre. For the big European or Asian producers, hides and skins of Mali are classified in the category of light.

Exogenous--There are different levels as follows:

- Mode of animal raising--Traditional raising worries little about the quality of the skins. In the course of transhumance (migration), the skin of the animal is often attacked by burns, blows, sickness, and external parasites. The intensive systems of breeding permit an avoidance of these malformations.

- Mode of slaughtering and curing--Most of our hides and skins come from family or clandestine slaughtering undertaken by rudimentary techniques. Most of the localities lack modern infrastructure and qualified workers.
- Mode of conditioning--The best drying of skin requires initial conditioning with chemical products and adequate infrastructure, i.e. dryers. The majority of our skins coming from family or clandestine slaughtering is dried in the sun and put in the shade. The skins once dried should be put on special hangers.
- Collection--The operations of collection by merchants of hides and skins are not made by quality. The purchases are prefinanced and made by the piece of skin and not the quality, which gives a free hand to the suppliers.
- Distribution--In accordance with regulations, the merchants cannot export skins and hides of Mali that they receive from quantities to deliver to TAMALI. The price at TAMALI being very low, the merchants are tempted to only buy skins of average quality. This attitude tends to undervalue products for exportation.

### **Envisaged Solutions**

Taking into account the above raised problems, the following measures can be envisaged:

- Reinforcement of the battle against the skin and parasitic diseases and marking animals with hot irons.
- Pursuit of actions to fight against defects of hides through a better coverage of the country in modern slaughterhouse infrastructure and formation of butchers and apprentices.
- Pursuit of actions to fight against defects of conditioning and of conservation through periodic visits of dryers and hangers of stock, formation of new employees in techniques of conditioning, and the realization of new technical installations.
- Institution of purchase for quality by putting in place a system of classifying hides and skins, the formation of classifiers, and the initiation of discrimination of purchase by price differentials.

## **Report 4-- ORIENTATION TOUR AND STUDIES FOR MARKET PROSPECTS OF CATTLE AND MEAT IN SELECTED COUNTRIES (LIBERIA, GHANA, TOGO, AND BENIN), 7-26 JANUARY 1984**

A Malian delegation undertook the study from January 7 to January 26, 1984. The tour was organized jointly with the Ministry of State of Economy and of Plan and the CNUCED-GATT in Geneva, and took place in the Liberian, Ghanian, Togolese, and Benin markets.

### **Objectives**

- Inform Malian operators of concrete export possibilities in cattle and meat;
- Establish commercial lines between Malian exporters and purchasers in target countries;
- Formulate concrete recommendations in improving the quality and quantity of Malian products;
- Identify investment projects to increase the export of Malian animal products;
- Organize an information journey--for interested operators and others-- at the end of the orientation tour.

### **Work Schedule**

In contacting necessary parties in the four markets, the mission had no contact in Ghana because of other priorities forced on Ghanian officials.

### **Liberia**

- Liberia has a liberal economy in tune with world events.
- Starting in 1974, cattle exports from Mali to Liberia were well-organized with dollar payment to Malian exporters. The system was interrupted by the drought.
- The Liberian dollar is fixed to the U.S. dollar. Its commercial balance is in deficit. Top suppliers are the United States, EEC, Japan, China, and South Korea. GDP per capita is \$832.
- Food products have an important import position.
- Imports of live cattle have been increasing.
- Beef has been in the first position followed by sheep and goats. 50% increase from 1980 to 1982.
- Mali occupied first place for cattle imports with more than 50% but this fell in 1981 with an increase in 1982.
- During the same period, Ivorian exports of livestock increased by 10 times, putting Mali in second position. It is judged that Malian cattle passed through the Ivory Coast thereby distorting the origin.

- Mali had the top position in sheep and goat exports during this period with 50-70% of the import market. Goat exports fell off in 1982 and the Ivory Coast position improved.
- Between 1980 and 1983, imports of meat declined by 55%. Among the reasons is consumer preference for fresh meat from local slaughterhouses.
- Fifty percent of frozen products were cattle meat (1980); the rest being fish, fowl, etc.
- Between 1980 and 1982, frozen meat imports declined 60%.
- The principal supplier has been Denmark with 50% of the market, but it fell from 114 tons to 60 tons between 1980 and 1982.
- The same trends show for frozen mouton imports--reduction of imports by 60%; reduction of imports from the United States; increase from Denmark; 1980-1982 imports reduced from 12 tons to 5 tons.
- Frozen goat meat was at a low level in 1980, then did not appear in statistics.
- Frozen pork is increasing--source from Denmark.
- Controlled slaughterhouses in Monrovia slaughter 20 to 40 cattle per day; 10 to 15 sheep and goats. Clandestine facilities kill about 50 head a day. The Monrovia slaughterhouse is in bad condition; renovation is planned.
- Commercialization--Cattle destined for Monrovia are regrouped at two points: Paynesville and a market near the slaughterhouse.
- The butcher purchases directly from either the owner of the cattle or from the landlord. There also exists intermediaries.
- The butchers turn over a small quantity of meat. They generally purchase the cattle on credit with reimbursement tied to sale of the slaughtered animal. Liberian professionals have no risk in purchasing live animals. The losses (death, weight loss, etc.) is to the charge of the seller. Latter is not paid until slaughter and sale.
- Strategy--Taking into account the (1) narrowness of the market and (2) the lack of interest by the professionals in cattle and meat for an organized circuit, the Liberian market does not present an immediate interest.
- Nevertheless, the evolution of the market should be followed by the CMSE. Also, the Malian exporters of meat should make proof of the dynamism and initiative by taking advantage of the interest by Liberian operators in organizing a test operation of 25 to 30 head of cattle.

## Togo

- Togo is a liberal economy. The currency is the franc CFA freely convertible to the Malian franc at 1 F CFA = 2 Malian francs.
- The commercial balance is in deficit.

- GDP is \$860 million or \$340 U.S. per capita.
  - An open economy, imports have increased greatly since development of the port of Lomé.
  - Food products are third in imports after hydrocarbons and diverse merchandise in transit.
  - Cattle imports are strong due to small national herd. Principal supplier is Upper Volta, followed by Niger. Mali is also a supplier, but it seems that Malian cattle do not go directly and not in great quantity. In general, cattle are transported on foot thanks to the existence of pastures.
  - Import of meat multiplied by 3 between 1981 and 1982. It is dominated by the EEC; more than 90% in 1982. Of 877 tons imported in 1982, France provided 692 tons. It was essentially frozen meat facilitated by modern transport and subsidies.
  - Importation and distribution of frozen meat is in the hands of importers with cold stores who, in addition to meat, move other consumer goods, thus avoiding risks by only importing meat.
  - The Society AVITO has indicated a real interest in Malian meat; it is ready to go import at an interesting price. Imported frozen meat is often ready for distribution--beefsteak, rumpsteak, etc.
  - Importers of frozen meat have for an objective not only the supply of the Tojo market but also the penetration of neighboring markets such as Ghana, Liberia, and Benin.
  - There is a lack of an organized structure of professionals at the national level in the field of cattle and meat. Nevertheless, Togolese authorities through the Ministry of Commerce envisage undertaking action.
  - Official prices at retail are as follows:
    - 450 F CFA per kilo of frozen meat
    - 800 F CFA per kilo of fresh meat
- Prices are fixed by a special commission.

## Strategy

- Similar to Liberia, Togo appears as a small market but it has the advantage of a more important import potential considering the indirect access to Nigeria and Ghana.
- Togo's market is overrun by enormous quantities of nonAfrican frozen meat (EEC and Argentina) at noncompetitive prices (450 F CFA/kilo). In view of this situation, Malian meat cannot be competitive as it is not subsidized like the EEC.
- However, the tendency is for consumption of fresh meat, which eventually favors importation of live cattle in view of local slaughtering. In spite of the support of its Sahelian neighbor, Upper Volta, the deficit in animal protein continues.

- The strategy to follow for conquering the Togo market seems to be the following:
  - a. Send a test lot of 25 head of fed animals to test the wishes of some importers. In the meantime, contact should be maintained with the most credible Togolese operators. If possible, the cattle should be trucked.
  - b. Study and communicate the price of meat to Lomé by air to the two operators asking for it.
- To initiate the establishment of a model of meat export to Mali on the base of a price that can motivate Togolese partners, it would be advisable for Government:
  - Upstream, eliminate the different charges (license, export tax) that burden the costs of export;
  - Try to protect the convoys against the payment of "unauthorized taxes" in Malian territory;
  - Downstream, solicit the Government of Upper Volta to apply the transit accords defined by the CEAO; that is, free circulation of men and goods;
  - Try to guarantee the return cargo of the cattle trucks to lighten the transport costs.

## Benin

- Benin is an industrializing country with a GDP per capita of \$300 U.S.
- Its currency, the franc CFA, is freely convertible to Malian francs at 1 F CFA = 2 Malian francs.
- The commercial balance is in deficit partly caused by the increase of imports which has necessitated an extension of the port of Cotonow. Exports have decreased.
- In a radius of 150 km around Cotonow the population, composed of Togolese, Nigerians, and Beninise, is estimated at 10 million consumers as this territory includes parts of Togo and Nigeria. In normal periods, Benin is also a transit market for Nigeria.
- The market for cattle and meat.

## Imports of Cattle

- The deficit of Benin in cattle is estimated at 40% of needs. After 1973, official statistics on imports did not exist. Nevertheless, it is known that the principal supplier of Benin is Niger followed by Upper Volta. The two countries have an advantage of proximity and belong to the CEBV. Cattle are imported by truck or train to Cotonow from Parakow (435 km). Transport by train is less expensive than by truck, which costs 6,000 F CFA/per head from Niamey.
- There is an abundance of cattle in the Cotonow market due to the situation in the interior of Nigeria and the operation of destocking in Upper Volta and Niger. A beef of 265 kilos was sold in the cattle market at 70,000 F CFA.

## Imports of Meat

- Attempts in exporting refrigerated meat from the Sahel has been made by Upper Volta with 120 tons in 1981. The operation was not successful. Generally, in Benin fresh meat is better accepted than frozen.
- Concerning frozen meat, SODEMA had a bad experience in 1979 in importing 300 tons of frozen meat that did not sell well.
- Among the importers of frozen meat, the group DOUMENG has a good position and succeeded, thanks to its refrigerated entrepot at Contonow, exporting to Togo and Nigeria. They also import frozen fowl in some 150 tons a month with a good part exported to Nigeria.
- Benin's herd increased 40% after the 1973 drought. Its goal is to rapidly reach 1 million head. With the current drought, the objective will be difficult to reach soon. Benin will be in deficit for a long time.
- Controlled slaughter--The Cotonow slaughterhouse was constructed in 1978 to supply Contonow and Porto Novo. It has a capacity of 100 cattle daily and 150 sheep and goats per day. The slaughter tax is 35 F CFA per kilo of carcass (cattle) and 25 F CFA per kilo of carcass (sheep and goats). The stocking capacity is 10 to 15 tons a day. Clandestine slaughterhouses are important.
- Commercialization--In Benin as in Togo, there is no official national structure charged with commercialization of cattle and meat. An office in charge of commercialization is planned in place of SODERA (dissolved in 1982). Among the objectives, the office should facilitate the reduction of price and the regular supply of the market in quality meat and cattle.
- Import taxes are about 20% of the price of cattle and meat.
- The price charged by butchers is higher than the official price: latter vary between 1,000 to 1,200 F CFA per kilo. Since meat is not sold by State enterprises, official prices will not have a significant impact.
- In the marketing circuit, the intermediaries and landlords are very influential. In normal periods, the price of cattle is high from December to April while the animals are in transhumance.

## Strategy

- Benin is a coastal country that, despite an agro-pastoral policy, is heavily reliant on imports. The deficit is caused by a weak national herd (880,000 cattle; 1,052,000 sheep and 1,130,000 goats).
- It is packed with massive herds of Nigeria and Upper Volta in the North of Benin which is not touched by drought. This situation stimulates and favors commerce of cattle between those two countries.
- The Benin market resides in the hands of Voltaico and Nigerians.
- The measures taken by the members of the Council of the Entente facilitates the cattle destocking pursuant to the last session of the CEBV (20-21 January 1984) making the cattle of the Council more competitive in the markets of the Entente as well as in Nigeria.

- In view of the above, the flow of Malian cattle in the market necessitates urgent actions:
  - By which measures can one lighten the fiscal burden of cattle exports in a way to diminish the price of cattle leaving Bamako. The facilities accorded by the producing countries of the Council of Entente and the gravity of the situation obliges us to act quickly. On a like manner, unauthorized taxes should be combatted in Malian territory; Mali, considering the distance to Benin, should negotiate an accord of transit, practical and durable, with Niger and Upper Volta.
  - Downstream, a close cooperation with the Benin public sector for promotion of Malian exports of cattle is necessary. The signing of an accord with the office which will be in charge of cattle marketing should be undertaken.

# Report 5-- COMMERCIALIZATION OF LIVESTOCK, MEAT, AND SKINS AND HIDES OF MALI (SEMINAR IN BAMAKO, 2-7 JULY 1984)

## I. Introduction

- The Malian herd is estimated (1982) at 6,663,000 cattle and 12,437,000 sheep and goats.
- 320,950 cattle are slaughtered (39% under control) and 3,691,940 sheep and goats (8.5% under control).
- Exports on foot totals 479,000 cattle (15% officially) and 537,000 mouton and goats (29% officially).
- In 1982, 799,950 cattle and 4,228,940 sheep and goats were the off-take of the Malian herd, a rate of exploitation of 12% and 13%.
- Problems of commercialization are so complex and varied that a profound analysis is needed to decide which measures to undertake.
- Any analysis should distinguish between the "dead circuit" and the "live circuit." Within each, one can proceed to identify and describe a circuit of commercialization, of associated operators, analyze difficulties, and make propositions able to contribute independently to the resolution of the problems being affronted.
- The live circuit is dominated as much by internal commerce as external and by private traditional businessmen with limited finance. This level of activity cannot satisfy the needs of national urban consumption nor external markets where competition is more and more acute.
- The dead circuit is equally dominated by private butchers essentially oriented toward the satisfaction of national needs. Sanitary problems, transport problems, and price problems do not allow meat exports on a great scale, although the infrastructure is available (slaughterhouse).

## II. Characteristics of the Commercial Circuit

### Live Circuit

Interior circuits of cattle marketing in Mali are complex and varied. There are three large groups: the circuits having their origin in the Western Sahel; the circuits having their origin in the 5th and 6th regions; the circuits originating in the 7th region.

- Problems relative to the live circuit--Most movement is by foot. The tracks are precarious and without management. In the dry season, the convoys from the Sahel are handicapped by numerous drying wells obliging a march of 2 to 3 days before being able to water. This results in large weight loss. There are frequent conflicts between farmers and herders due to feeding on pasture lands. It is the entire policy of transport of cattle which constitutes the fundamental problem.
- The operators--Cattle merchants are divided in two large groups: those in the domestic market and those in the export market.

- Internal operators--They should fill the following conditions:
  - Be 21 years of age.
  - Obtain the agreement of the Commerce Ministry.
  - Be registered.
- Merchants are active throughout the country. They buy animals from breeders as well as collectors. Their commercial practices are traditional; there is lack of information on their numbers, the importance of their transactions, their location, and the degree of concentration of their activities.
- Cattle markets--In a general manner, cattle markets in Mali are only vast open places with a great number of vendors, purchasers, and intermediaries found around lots containing animals. In 1972, there were 144 cattle markets in Mali, 22 of which were very important--more than 1,000 head. They are handicapped by a total lack of equipment to improve transactions. Only 5 of the 22 very important markets have been equipped.
- Market supplies--Supply is a function of the season and climatic conditions and responds more to the practice of the breeders than market demand. The production system requires long periods of the year where cattle are taken to search for water and pasture far from consumption centers so purchase is difficult. Thus, provisions for important urban centers like Bamako are very irregular and price swings are great. Absence of credit for export puts this function in the hands of exporters who have little revenue. They are not capable of stimulating massive supplies. The weak state of the animals between March and June make breeders ready to sell.
- Export markets--Lots are purchased for export. Merchants are expected to pay a variety of taxes. There are a variety of problems in the export trade. The amount of tax and their complexity results in massive fraud. In 1980, it was estimated that 60% of animals exported left fraudulently. This resulted in a great loss to Mali which depends on such revenue.
- Transport conditions--Most animals are conveyed by foot. But truck transport is indispensable for fattened animals and this mode will become more important in the future. Currently, truck transport has certain restraints:
  - Long journey to coastal markets, abusive controls, and unauthorized taxes.
  - Poor transport conditions--Lack of cattle trucks means cattle go on regular trucks normally carrying merchandise.
- Conditions of sale in the Ivory Coast--Conditions of sale in Abidjan are particularly bad for Malian exporters. There are no pastures in the market area and the water is salty. This forces a quick sale and price fluctuations. Sale for credit also is a handicap as purchasers almost never pay at delivery.
- Intermediaries--A variety of intermediaries exist: collectors, conveyors, landlords, brokers, etc.

## Dead Circuit

- Structure of meat production--Generally, production of meat in rural areas is done under deplorable conditions. For this reason, the 1981-1985 plan includes better infrastructure for some villages and towns. However, some modern slaughterhouses exist in some towns.
- Distribution--A decree of 1972 regulates the profession of butcher in Mali and stipulates a variety of specialties:
  - Retail butcher--Purchases the meat from "chevillards." The number of retail butchers is not known.
  - Slaughtering butcher--Kills at a public slaughterhouse and sells meat to retailers.
  - Apprentice butcher--Works for a butcher under contract.
- Consumption--The regional distribution of slaughtering shows 43% in the Bamako district. Four other districts vary between 10 and 12%. Because of clandestine slaughtering, it is not possible to determine the national production of meat. Estimates are that the national meat consumption (cattle, sheep and goats) is some 100,000 tons.

## Meat Exports

- After the liquidation of SOMBEPEC in 1978, the export of meat was almost nil. In 1980, 4,238 kilos of beef and 1,815 kilos of mouton were exported to Guinea by private operators. In 1981, 500 tons of mouton were exported to Libya.

## Problems in Exporting Meat

- Competition from nonAfrican sources, principally from the EEC, Oceania, South America, and Asia. They are largely subsidized to encourage exports. Mali's economic position does not allow a similar policy.
- The difficult economic situation and the nonconvertability of their currency, notably Ghana and Nigeria, have hurt Mali. Meat exports have been practically nil in recent years.
- Low fixed official prices on meat by many African countries have made official exports of meat nearly impossible.
- Sanitary regulations applied by importing countries, such as Algeria and Nigeria, prohibit Mali from capturing these markets.

## Efficiency of the System

- In spite of its structural weaknesses, the marketing system of Mali has survived the test of time. But in spite of long years of experience, commercial practices remain traditional with continued inefficiencies. Commercialization is still embryonic with irregular and uncertain supplies to urban centers. An efficient system requires certain conditions:
  - Producing a suitable quality.
  - Producing when needed.

-- Supplying where needed.

- An efficient system takes as its point of departure the demand which determines the quantity and the form of product as well as the time and place of delivery. The demand calls forth the production. Marketing understands the structures of transformation, stockage, transport, and sales at a profit.
- But in Mali, the point of departure is the breeder. It is often the decision of the breeder which determines the quantity and quality of cattle present in the markets.
- Sociological studies show that the motivation of the breeder in selling cattle is to meet immediate needs. The resulting product is not necessarily desired by the consumer, either in price or quality. There is no structure which transforms the product and adapts it at least cost to the tastes of the urban consumer.
- Relative conditions--Several production systems exist in Mali but the dominant system is extensive transhumance (migration). Supplies increase and diminish in accordance with the rhythm of the cycle.
- Furthermore, the centers of consumption are far from production areas. Although the breeder can sell through a variety of small merchants and middlemen, he is not able to provide a mass market because the scale of operations is small and the transport system is bad. Certain efforts to correct the situation have not been successful. No other structure exists to improve the flow of cattle from zones of production to zones of consumption.

### **Improvement and Effectiveness of the Marketing System**

- If one examines the development programs over the last ten years, the conclusion is that they have concentrated on the producer and production of cattle. Little assistance has been provided for commercialization.
- Stratified development strategies would look at commercialization in isolation--price, circuits, taxes, transport, etc.--before taking action in favor of production.
- Actions needed to improve the system as a whole:
  - Putting in place fattening ranches. Such ranches, assuming good management practices and adequate pastures and feed, would allow breeders to sell animals at an early age. The ranch would be able to increase profits by increasing the animals weight much more quickly than traditional methods and selling at a greater profit due to the added weight of the animal.
  - Creation of an institution to finance the marketing of cattle.

### **III. Formation of a Retail Price for Meat**

- Meat prices are determined by almost perfect competition, i.e., many buyers and sellers. Thus, the retail price is determined by conditions of supply and demand coming from many parties.
- Application of the model--The market price described is one of equilibrium. For such equilibrium to endure certain conditions should be fulfilled:

- Each operator should have the objective of maximizing profit;
- All the quantities that the sellers wish to sell are equal to all the quantities that the buyers wish to buy.
- The conditions in Mali are modified by two essential factors:
  - The system of production--Cattle raisers in the traditional economy are not profit maximizers. The principal motivation is safety of the herd to fulfill his current needs and his social status which possession of the herd gives. Thus, supplies can vary and not necessarily correspond to quantities that purchasers desire. This translates into a large variation in the price of cattle.

## **Inflation**

- Inflation is also a large factor in the price of cattle. The "food" index for Bamako has gone from 193 to 739 between 1970 and 1980.
- As said above, the primary motivation of the breeder is satisfaction of immediate needs. He sells when there are certain expenses to be met. At the same time, the price of cattle increases along with the general price level. However, the principle exists of a free market fixed by the suppliers but modified by conditions of supply and demand in function of time and place.

## **Formation of the Herd at Bamako**

- At Bamako, as in each retail market, the price will depend on supply and demand.
- Supply--The District of Bamako receives its supplies from two production zones: the Sahelian part and the delta of the Niger. The system of transhumance is such that supplies are relatively abundant from October to March but weak from April to September.
- Demand--It is composed essentially of local consumption and for export. These demands are difficult to measure due to clandestine slaughtering and fraudulent exports as well as the absence of good statistics. In any case, the demand is practically constant and inelastic in terms of price. Since supplies vary, the price of cattle in Bamako fluctuates considerably.
- Determination of the price of meat at Bamako--The market for meat resembles that of cattle in that there are many small operators. However, the price of meat is fixed by the authorities. (The report then proceeds with a detailed discussion of the various pricing factors by which the authorities establish the price.)
- Effectiveness of the system--The structure of the meat price thus established ignores the financial situation of the producers. It is considered that they have their own financial means. However, most of the purchases of butchers is made by credit because they are chronically in debt. In these conditions, the application of the fixed price is difficult.
- The analysis of this structure reveals that the price of meat depends more than 80 percent on the price of cattle. Taking into account that cattle prices fluctuate a great deal depending on the season and the resulting supplies, it would be necessary to fix meat prices based on an

index of the purchase price of cattle. All action to improve the price of meat should concentrate its effort on the price of cattle. The latter is out of control, thus it is not possible to fix the price of meat. Taking into account the nonelasticity of demand, it would appear judicious to take actions on the supply side and orient a large part of the production toward the market in a way to reflect the level of demand.

#### IV. Propositions to Improve Commerce of Cattle and Meat

- Commerce of cattle--The collection circuit could be improved by the creation of infrastructure (equipping roads and markets) and by control of transactions in making them transparent as much for the breeders as for the national services.
- Management of cattle trails--Since most of our cattle will be marched on the hoof, much attention should be given to cattle trails. Water holes and pasture should be developed away from villages to avoid conflict. Infrastructure should strive to meet standards of rest stops for animals that are fatigued. Each shelter should have a reserved perimeter managed under contract with the State.
- Construction, equipment, and control of cattle markets--The cattle market is the focal point in the commercialization circuit. Apart from three or four markets, all the rest have inadequate infrastructure. This makes statistical control difficult and inefficient. The principal markets should have a minimum of facilities which will result in certain benefits:
  - Avoiding a proliferation of "merchants" of cattle--only those with professional cards of their category will have access;
  - Better control of the sanitary state of the animals;
  - Assure the regularity of the transactions;
  - Facilitate the organization of professionals in specialty areas;
  - Facilitate collection of statistical information.
- Normalization--Mali has texts very appropriate to classify cattle and meat. But the lack of appropriate infrastructure and the structure of internal consumption means that the texts are applied only for exports.
- Sales at live weight--One of the objectives to improve marketing is to arrive at transactions by contract. Current contracts are based on estimates and cause multiple conflicts. To make contractual conditions objective, animals should be sold by weight. That would stimulate production and develop the notion of classification.
- Organization of professionals--Efforts have been made to regroup professionals by specialty. Associations have been created. Unfortunately, very few have functioned correctly. To organize professionals it is indispensable that the Government impose what it wants to be viable. The organization will not do it unless it is in their interest. The Government will have to help facilitate the conditions. It is up to the professionals to integrate resolutely and to have the intention to contribute to the modernization of their sector.

- Relationships with consuming countries--Efforts here are up to the professionals themselves. It is up to them to organize to defend their interests. But the Government should assist in solving all conflicts that could arise from the presence of operators in neighboring territory. Financial regulations should be the affair of official banking structures.

## **Commerce of Meat**

- Management of butcheries--The first improvement should concern hygiene. The Government should make initial investments, especially training and management of the infrastructure. Complementary investments should be made by the beneficiaries themselves.
- Classification of butcheries--Butcheries should be classified by their standing. But a certain classification should not be retained unless it sells meat corresponding to its class. Different qualities of meat should not be sold in the same butchery.
- Classification--Similar to cattle, the classification of carcasses--cattle, sheep, goats, pigs--is needed. The economic condition of the country has not permitted its generalized use in the interior. But at which time there is export, the carcasses are classified following the classification of OMBEVI, with the consent of the client. The classification of butcheries should carry sale at quality.
- Organization of butchers--All that has been said about cattle merchants concerning organization applies to butchers.
- Price of meat--Most African governments have recognized the opportunity to regulate the price of meat to make it accessible to the average consumer. But it is also evident that it is Government's responsibility, by application of good regulations in norms and standards, to assure a product of good quality to the population. Between the two concerns it is indispensable to adopt pragmatic measures.
- Meat exports--The big bottleneck is the cost of transport. If our meat is going to be competitive on the coast and in the Middle East, preferential tariffs should be negotiated or direct subsidies provided, as has been done for cereals.

## **Production and Commercialization of Hides and Skins**

### **Introduction**

One should not discuss commercialization of cattle and meat without putting accent on hides and skins. They constitute for Mali not only a factor of industrialization but also foreign exchange. In 1981, controlled exports of hides and skins brought the national economy 1 billion franc CFC. Thirty percent of these were lost because of numerous defects.

The Government has never ceased in efforts to improve quality. In September 1974, at the first national seminar, recommendations included improving slaughterhouse infrastructure, a program of training for butchers and slaughterhouse employees, etc., to improve the quality of hides and skins. In spite of improvements, quality remains insufficient and does not reflect the efforts undertaken by OMBEVI.

Thus, one of the objectives of the 1981-1985 plan is to maximize profit of this resource to maximize collection, improve quality, and promote industrial transformation and semifinished and finished goods.

## **I. Description of the Present Circuit**

From breeder to processor, hides and skins follow a long circuit of transformation in which are involved the breeder/raiser, the butcher, public services, and tanneries.

**Breeder**--He has a great influence over the quality of the animal's skin. The Malian breeder attaches little importance to hides and skins. The migratory cycle causes much damage as does branding.

**Butcher**--He is the principal producer of crude hides and skins. He makes a profit from this as well as meat but gives no attention to quality and his receipts are the same regardless of quality.

**Breeding service**--At the control center, he cares for hygiene in the preparation of hides and skins.

**Trader**--After SONEA and the liquidation of SOMBEPEC, collection is exclusively undertaken by the private sector. Among the latter are the following categories:

- a. **Buyer**--Collects at village level and rural centers. Supplied directly by butchers.
- b. **Collector**--Collects at the large production centers and slaughterhouses. He uses the State drying houses to dry the skin. He does his own conditioning or provides products for the butcher to do it.
- c. **Exporter**--They have strong means from conditioning installations to stocking of hides and skins. Currently seven registered collection/export companies work closely with buyers, collectors, and butchers.

In a general manner, the coming of these merchants has permitted an increase in the quantity of hides and skins collected and has contributed to raising the price to the producer.

But they engage in dangerous merchandising practices that hinder improvement of quality. They buy at the same price and prefinance production. Though they have permitted an increase of quantity, they have contributed to a decrease in quality.

### **The Mallan Office of Cattle and Meat (OMBEVI)**

It is a public organization--created in 1970--to assure the following:

- Improve cattle marketing including meat and byproducts;
- Develop and control marketing equipment and their rational use;
- Organize technical services for meat professionals and producers;
- Promote investments in production and marketing in the animal sector;
- Coordinate all activities of State and mixed enterprise in the sector.

After the 1974 seminar, OMBEVI undertook a vast program of equipment (2 modern slaughterhouses, 35 dryers, 5 hangers of stocks of hides and skin, and 25 water points) as well as training of butchers, butchers apprentices, and drying employees; to date, 699 butchers, 1,113 apprentices, and 112 drying employees have been trained. It also defines general policy in hides and skins. It is the transmission belt between the private sector and the State.

### **Industrial Tanning Units**

**TAMALI:** Malian Society of Tanneries--Created in 1970, it tans and exports semifinished hides and skins. Part of the production is finished for local needs. Currently, it is having technical and financial problems that hinder its work.

**TAPROMA:** A tannery established at Kayes in 1978 by a private promoter. Has undertaken very little activity since its creation. The industrial part has had great difficulty.

### **The Consultative Committee of Hides and Skin**

Supreme body of the hides and skins sector, the Committee defines general policy of the country for the sector. It includes several services and professional organizations: National Direction for Economic Affairs; OMBEVI; National Direction of Cattle Raising; TAMALI; TAPROMA; National Direction of Industries, Chamber of Commerce.

It assures coordination in the sector. Its first activity was to discuss the problem of supplying the industrial units with raw hides and skins. Numerous decisions have been made to supply tanneries but have never been applied forcefully.

## **II. Production and Marketing**

### **Production**

Production is tied to slaughtering, and the latter depends on the demand for meat. So the total production of hides and skins is tied to slaughtered animals. Current production suffices not only the needs of the two tanning units but to export a quantity of hides and skins. Hides and skins produced in the bush do not undergo treatment; they are dried in the sun and are classified as "bush" or "ordinary." Those produced at slaughterhouses are dried on frames and are generally of a better quality. In addition to cattle, sheep and goat skins, Mali produces wild animal skins--crocodile, snake, iguana, and wild cats.

Controlled production--These are slaughtered at centers regularly controlled by service agents. In reality, Malian official production figures do not take into account bush, family, or clandestine slaughtering.

Estimated production--Production can be estimated on the base of rate of exploitation of the herd--12% for cattle and 28 to 30% of sheep and goats. Estimated figures are needed because there also is illegal export of live animals. In 1981, slaughtering estimates are 309,880 cattle and 3,596,333 sheep and goats, which correspond to gross national production of hides and skins.

	<u>Hides</u> <u>(pieces)</u>	<u>Skins</u> <u>(pieces)</u>
Artisanal use	92,964	1,078,890
Family use	30,988	359,633
Losses	12,395	143,853
Controlled exports	154,410	525,869
Available	192,656	1,486,088

Wild production--It is difficult to estimate. Custom figures follow:

Crocodile skin	4,360 pieces	(2,253 kilos)
Snakes and iguanas	34,253 pieces	(5,197 kilos)
Wild cats	1,067 pieces	(346 kilos)

Marketing--Before its liquidation, SOMBEPEC (state society ) had a monopoly of marketing. It assured the collection and export of raw hides and skins. A 1978 decree liberalized such commerce and currently most transactions are in the private sector. Only after satisfying the needs of the tanneries can they export. The price to the producer is determined by supply and demand. The transfer price to the tannery is determined by interministerial decree based on quality. Export price fluctuates according to the international market. The coming of the traders has resulted in a higher price to the producers.

## **The Restructuring of the Industry of Hides and Skins**

### **Tanning Industry of Mali**

The 1974 national seminar on hides and skins, concerned about maximum value, recommended the installation of new tanneries, in function of the availability of hides and skins. Thus, in 1978, a second tannery was opened in Kayes. But it undertook no activity after its creation in line with the decline of TAMALI. National decisionmakers then decided to give assistance to industrial units.

TAMALI--Had serious financial difficulties in Bamako as well as in provision of raw materials, replacement of machines and tools.

TAPROMA (Kayes)--After its creation it had difficulties in provision of hides and skins, in finances, etc., and the factory never operated.

In the face of the difficulties confronting various industrial units, means have been sought to put them in operation. The National Commission of Control has made a study of the social, economic, financial, and technical environment of TAMALI. It has been decided, at the end of such studies, to put in place an interministerial commission for the restructuring of the hides and skins industry in the Republic of Mali.

It will have as its task to make an objective evaluation of the two units to define a manner for the participation of all parties. It will evaluate future prospects of the sector. The Interministerial Commission has discussed with the interested parties--private traders, TAMALI, TAPROMA, National Commission of Control, NTSEE--the different propositions made for restructuring and has finalized (in September 1981) a synthesis report to recommend that:

- The principle of fusion of the two tanneries of Kayes and Bamako be envisaged;

- The operators themselves proceed to reorganize the collection and supply of the plants, with technical assistance of the Consultative Committee of hides and skins;
- The technical investments necessary for the functioning of two tanneries be made a priority objective of the cattle/meat sector in the course of the current five-year plan;
- The establishment of realistic balance sheets with an objective determination of the net worth of TAMALI and TAPROMA;
- The Government will make all the useful and necessary studies available within a reasonable period;
- The Government will take the necessary dispositions for a dynamic movement in the process of restoring the industry of hides and skins and to make the fusion of TAMALI and TAPROMA an objective in the short term.