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Africa Programme Seminar Report

Livestock Trade in the Horn of Africa

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This paper is a summary of the presentations and discussion held at Chatham House on the 19 of October 2010. The workshop was held to launch two Chatham House Africa Programme Briefing papers by Hussein A. Mahmoud and Nisar Majid: "Livestock Trade in the Kenyan, Somali and Ethiopian Borderlands" and "Livestock Trade in the Djibouti, Somali and Ethiopian Borderlands". The authors and other experts presented ideas from and arising from their papers and engaged in discussion with a selected audience of experts. This is not a verbatim report, rather it seeks to draw out interesting ideas from the workshop and present them for a wider audience. These papers are part of an ongoing project investigating the links between economic factors and conflict and cooperation in the Horn of Africa. The original papers can be found at: http://www.chathamhouse.org.uk/research/africa/current_projects/horn/

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Summary:

Policy prescriptions on this topic will be extremely bleak, it would be logical for a regional institution to be involved, but they are conflict-ridden and torn apart by the politics of the region. The Horn does not currently have the institutional setting to advance the livestock trade as an economic issue or as a livelihood issue. Although the example of EU-funded veterinary treatment in Bossaso shows how a small-scale project can make a lot of difference.

It is of great importance that Puntland and Somaliland are considered when examining the issues of the region and not to confine discussion to Kenya, Ethiopia and the TFG. Likewise conversations on the Horn tend to exclude Kenya, but it is very much incorporated, especially regarding the livestock trade and this should be recognised. Future sources of conflict may well be more focused on competition for control and use of land rather than control of the livestock trade. The colonial history of the region still plays a part in this trade – Somali people live in multiple countries yet their economic system straddles international borders.

There needs to be a holistic approach to the Horn, with recognition that parts of the livestock trade are in competition with each other. Trade has proved remarkably resilient despite the conflict in Somalia, it has also shown an ability to adapt to external changes be they the growth of demand for meat in Nairobi or the Saudi Arabian ban on livestock imports from the Horn.

The trade is also evolving with a growing market for the export of camels and new markets in non-traditional destinations. The emergence of Djibouti as a major export point does demonstrate some of the advantages of a recognised and functioning state for traders. The competion between the Northern ports of Djibouti, Bosasso and Berbera shows the flexibility of parts of the system however the relationships and routes inland are more resilient.

There seems to be little to argue that the livestock trade is a major driver of conflict, rather it has adapted itself to the conflict affecting the region. A resource such as oil would be more likely to drive conflict. Pastoralism has proved to be an effective and productive way to gain economic advantage from poor rangelands and to support large numbers of people. However evidence that suggests the increasing concentration of pastoralist wealth in the hands of wealthy traders means that this system is changing. The Horn is faced with the growth of urban centres, and for many Somalis livestock rearing and trading is becoming part of history. However these trends do offer opportunities for livestock owners in the form of new markets.

Hussein Mahmoud – Somalia, Kenya and Ethiopia

The livestock trade between Kenya, Ethiopia and Somalia has increased despite the conflict in Somalia (and tensions between the states). Key to this are powerful economic, political and social relations between Somali communities in all three countries. Although a minority population in Ethiopia and Kenya, Somalis play an important role in both countries and they have become more prominent in Kenyan politics in recent years.

Somalia – Kenya Livestock Trade:

It should be remembered that it is extremely difficult for the Kenyan government to tax livestock moving across the border from Somalia (although in Kenya's Garissa market, taxes are collected for the local government at the point of sale). The traders that travel to Ethiopian markets do get taxed, and this revenue goes to the local authorities.

Between 1969 to 1991, because of the oil boom in Saudi Arabia, large-scale livestock trade from the region to the Arabian Peninsula flourished. Trade flowed from different parts of the Horn towards the southern Somali ports and then on to the Arabian Peninsula. From 1991 to 2005 trade and access to Somali ports was affected by the collapse of state authority in Somalia and the ensuing violence. The points of export from Southern Somalia shifted from Somali ports to Kenya. Although militias intimidated livestock traders, traders overcame this threat by using clans and middlemen to negotiate passage.

The period from 2006 was marked first the rise of the Islamic Courts Union in Mogadishu and Southern Somalia and – since the withdrawal of Ethiopian troops in 2008 – by the dominance al Shabaab in Southern Somalia. There has been a scramble for youth labour between al Shabaab, the Transitional Federal Government (TFG) and the livestock trading communities. Livestock trading involves travelling long distances through difficult terrain, and requires large numbers of young, healthy and energetic workers, as do the armies of al Shabaab and the TFG.

Livestock trade in border areas has increased despite the instability. In 2006, the year of the Ethiopian invasion of Somalia, there was a 32% increase in sales of cattle. This was perhaps partly to do with panic sales but may also have been because Islamists removed roadblocks so livestock could move more freely.

Clans facilitate trade since they straddle international borders and people prefer to delegate responsibilities to their own clan members. Recently a new multi-clan approach to livestock trade has become more common.

Ethiopia – Kenya Livestock Trade:

Free market policies from the 1940s under the Ethiopian Imperial Government led to increased exports. During the years of the Derg from 1974 to 1991, the export market collapsed in Ethiopia; informal routes were closed, livestock confiscation became common, and crossing livestock through different territories often led to arrests. In the post-Derg period from 1991 to the present important changes occurred, such as the establishment of a livestock marketing authority. Trade routes to Kenya and Somalia have improved recently and the livestock confiscation policy has ended.

Management of each country's borders is key, but the borders between the three countries are volatile areas. If the border is porous then border closures will have little effect, as is the case between Kenya and Somalia.

Improving the livestock trade is important for regional security and poverty alleviation. There is great potential for improved trade between Kenya, Ethiopia and Somalia. Traders tend to be very resilient to political changes in the Horn, but in eastern Ethiopia and north and north-eastern Kenya governments are not doing enough to provide security. In the future, technological innovation, such as the availability of mobile phones and the means to make online money transfers, will play a key role.

Nisar Majid – Somaliland, Ethiopia and Djibouti

The livestock trade in this region traditionally focused on sheep and goats which were exported to Saudi Arabia, demonstrating the historical relationship between livestock trade in the Horn of Africa and the Hajj pilgrimage. Newer trends in trade include an increase in the sale of cattle and camels - this is particularly significant because the value of camels and cattle is greater than that of goats and sheep and this trade is not seasonal. Approximately 50% of these sheep and goats come from the Somali region of Ethiopia, and therefore control of the border is an important factor for Ethiopia as it tries to extract revenue from the trade. Ethiopia still regards much of this trade as contraband while it remains outside formal systems.

The Ogaden National Liberation Front (ONLF) ceasefire, in place since July 2010, has led to a generally more positive environment and there has been an expansion in infrastructure and roads in the Somali region of Ethiopia. The

Saudi Arabian ban on livestock exports from the Horn was imposed after a Rift Valley Fever outbreak. The ban helped some traders develop monopolies on trade from Djibouti, Berbera and Bossaso. These traders have been able to find alternative and unofficial routes to their main market in Saudi Arabia.

Trade has shifted between the three main ports of Djibouti, Berbera (Somaliland) and Bossaso (Puntland) as politics have evolved. Exports from Bossaso rose following the Saudi ban, to the detriment of Berbera. However since the lifting of the ban Berbera has caught up. Djibouti port has risen in importance in recent years due to better veterinary inspection regimes and political relations with the main markets.

It is important to examine how these changing dynamics are related to global demands for meat, especially from large and growing countries such as China and India. If further explored, this could highlight potential new supply outlets for the Horn of Africa. New trading groups are emerging from the diaspora who are willing to play by official rules.

Luca Ciabarri

The authors have illustrated the growing demand for livestock from the Horn from Nairobi's markets and from the Middle East due to an increase in meat consumption and in the number of Hajj pilgrims. The catchment area has grown, and now exports on the Northern side come from further inside Ethiopia.

Previous literature on the Northern trade has sometimes given a negative picture of consequences of increased trade, highlighting land degradation in particular. This issue has not been raised about the Southern trade – perhaps because the Southern trade involves more cattle whilst the Northern more goats and sheep?

Increased urbanisation has occurred which has some benefits, but also creates concerns related to issues such as water supply and the lack of jobs in towns. Urbanisation has continued despite the enduring importance of East Africa as a source of livestock; the growth of Garissa is very much related to livestock. In the North urbanisation relates not just to livestock but also to refugee camps, such as at Wajir.

There are also some interesting differences between the Northern and Southern livestock trades. The Southern trade is mainly in cattle and there is demand for urban consumption, whilst in the North it is for the Hajj. The organisation of trade is also different. This may be because of the monopolistic attitude in the North, which may or may not be the same in the South; attitudes linked to the state are different, as are the associations between businessmen and the government.

It is usually understood that without conflict trade will flourish, but in this case it could be *because* of conflict that trade has flourished. The transformation of trade from informal to formal is a concern for Somali traders., although Bossaso did manage to attract traders through a low taxation policy. Trading routes seem highly flexible at the ports and outlets, but there is more rigidity internally because the way that livestock is marketed is embedded in social relationships.

The growing role of Kenyan Somali traders and the increasing integration of the Kenyan Somali region into Kenya has happened because the community is becoming less isolated and Somali business is more visible. Somali diaspora investments are very visible in Mombasa and Nairobi.

SESSION TWO – The Livestock trade and regional Politics

Sally Healy

It is important to remember the role of history and the colonial background; the whole Somali economic system, as well as the Somali people, is divided up across the countries of the Horn. Livestock traders are dependent not only on the pasturelands in Ethiopia but on markets beyond. The old Greater Somalia concept is currently on the back foot, and there are more positive Kenyan-Somali and Ethiopian-Somali identities emerging.

The underlying issue is how to develop the livestock system and make it part of the modern prosperous world. The livestock economy has continued despite conflict in the region. This has required pastoralists and traders to react quickly in a difficult environment with natural hazards, climate change, land degradation and perishable goods which can die or lose value. Local political actors also seek to control and tax the system, while in Somalia, non-state actors also have influence.

Could trade itself be the cause of conflict? Or do attempts to regulate trade drive conflict? Is trade building people-to-people commercial relations across the border, as Hussein's paper suggests it does?

The region in which livestock trading takes place is the meeting place of peripheral people in the Horn. They are a long way from powerful people in capitals. It is worth questioning whether this trade has survived because it exists below the parapet, and so the states of the Horn have not contested it.

Because of conflict and displacement, Somalia's pastoralism is becoming a thing of the past for many Somali people. The concentrations of displaced people in Mogadishu and Bossaso might indicate that pastoralism is part of the past rather than the future.

Djibouti demonstrates the dynamism of the Horn. It was seen to be inconsequential for trade but as a result of the conflict between Ethiopia and Eritrea, has become hugely important. So even if there is a decline of the pastoral economy there are also strong areas for growth.

Cedric Barnes

UK's policymakers tend to compartmentalise and are not likely to recognise the integral political aspects of the Somali economy. The idea that the livestock trade could cause conflict has been rejected, as the trade has survived in states which have been at conflict for years. Each state in which livestock trade takes place, is chiefly concerned about security, the economy, and their authority over their subjects and territory. There is no great panacea or single key to peace and security in the region.

The lack of a state seems to have been a boon for the livestock market in Somalia but, as Ethiopia and Kenya are also important for livestock, it is not a stateless economy. Somalis and others have often worked against or around the state. It is necessary to think of how different states with different environments operate.

The livestock markets are immensely political but policymakers tend to see them as driven by pure economic rationality. Considering history we see that Nairobi was a colonial establishment, and some Somalis in Kenya came during the colonial period and had little to do with the pastoralists.

Somali clans are not monolithic; clans are economic actors, parts of clans are social actors with definite agendas, and there is a rural/urban difference between producers and consumers. One part may take the side of the state, the other against. An example is the relationship between Issaq traditional marketers and Ogaden producers, which is full of creative tensions.

Kenyan Somalis are having a difficult time. They are seen as controlling business in Nairobi and are blamed for many of Kenya's problems. Many Kenyans talk about piracy money, as if money generated through livestock over the past twenty years has not been part of the cumulative expansion of Somali capital. In fact, expansion shows how important the livestock market is to the politics of the region.

There is a desire in Kenya for Somali soldiers currently being trained there to create a force which will dislodge al Shabaab from southern Somalia, improving Kenya's security. Kenya's interest in 'Jubbaland' is partly to do with terrorism, but there could also be an economic interest. Participants in the Northern political economy have felt threatened by al Shabaab and its new breed of supporters, because it has given opportunities to people who did not have them before.

DISCUSSION

Can pastoral areas co-exist with modern economies? Considering the future of the trade what are the likely consequences of an increase in demand for meat within the region due to urbanisation? Can demand be met and what will the consequences be for international markets? The Gulf has other livestock sources, and may not see a country like Ethiopia as an attractive source. Although the system does not currently work perfectly, it continues to be a productive method of using low quality natural resources, and so it will not end. Africa's giant rangelands are too expansive to be abandoned, and more than 65% of Somalis are dependent on livestock. It is likely to be the main source of support for some time.

The flipside of this is that if a livestock ban is enforced for political reasons or if there is a drought, pastoralist income would be immediately impacted, and pastoralists would have to move to the cities. An argument against the livestock trade is that little value is added before the product goes out. Pastoralists are a minority group (in Kenya and Ethiopia), which makes governments unwilling to intervene on their behalf.

Food insecurity – resulting from climate change and population growth – is making governments in the region less enthusiastic about maintaining their pastoral areas, since pastoralists are often in need of food aid (Kenya spent $200 million on food aid last year). If oil is found the livestock trade will have a drastically reduced impact.

There has to be an improvement in political will for a common policy on livestock trade. In Somalia there are currently no institutions to provide, for example, capital or protection for traders. If people cannot trade, they do not receive any income. Margins are modest at the lowest end of the livestock production chain, with real profit being made at the top. It is vital from a policy point of view that traders at the lower end of the scale are helped.

The lack of a Somali embassy in Yemen makes it easy for Somali traders there to be treated badly. The trade needs a diplomatic and political strategy. Libya is willing to buy Somali meat but the Horn's livestock producers face competition from Australia, New Zealand and Iran.

The focus of traders on the ground is different to that of the regional economic blocs. In Jijiga, traders who have lost almost all livestock to drought live on food aid. In Kenya there is little representation of the state on a regional level in health or education and this has left people in those areas to become self-reliant or to rely on tourism. The lack of state presence has meant that it is difficult for traders to access markets to sell products, and they are not aware of what is needed to add economic value to their property.

Before 1991, Somalia had licensed companies which were allowed to take credit from domestic commercial banks. Now the system is more to do with institutions and partners working through *hawala* which operates effectively across borders. As well as state and non-state actors, there are also interstate, private and institutional actors who could be significant. The number of private investors and neo-clan actors who operate across borders is accelerating. The number of Kenyan-based Somali migrants sending remittances back is also growing. Families straddle the border between north-east Kenya and Somalia.

In the early 1990s when Berbera's taxes were much higher, livestock was brought from the Ogaden in Ethiopia to Southern Somalia and then exported. As has been seen, this has again changed; the livestock trade is very dynamic. There are other important factors affecting the livestock trade. Access to the Emirates is easier by sea through Bossaso than Berbera. There has been a sudden demand for camel meat in Libya and for meat for the tourist trade in Mauritius. So the Somali part of the trade is therefore only one part of the picture.

In the 1970s, profits in the North were reinvested in water resources, and there was increasing commercialisation of rangeland. Today Jijiga-Ogaden area gives the impression of already being highly commercial. The commercialisation of pastoralism has led to tension, as some areas have become more advanced than others. Some argue that institutions such as the Kenyan Meat Commission have not been successful; they have gained a reputation for failing to manage the problems of pastoralists and producers, instead benefiting those at the top.

Commercialisation will create poor pastoralists and rich pastoralists. The Afars in Ethiopia provide an example of this, as they are seen as not having a sustainable economy and are under pressure from the Somali Issa pastoralists. The Issa are doing well as they are expanding their territory both commercially and politically.

Is the state inimical to the livestock trade? The livestock trade could be consolidated if the countries of the Horn established a common veterinary inspection scheme for exports. The Horn as a region could also take part in trade negotiations and use its influence to prevent importing countries from arbitrarily introducing trade restrictions.

In 1997, Rift Valley fever was a threat and Ethiopia tried to use IGAD’s power for regulated marketing. This plan was not successful because Ethiopia did not have its own seaport, and so Djibouti was to be explored as a port to provide facilities and to export to the Gulf. Livestock is a huge resource which needs to be invested in and developed, but there also needs to be political will, particularly on the part of Somalis and Ethiopians.

Are organisations like the Common Market for Eastern and Southern Africa (COMESA), the Inter-Governmental Authority for Development (IGAD) or the African Union (AU) relevant for a regional analysis of policies, taxations and institutions in the Horn? The East African Police Chiefs Organisation (EAPCO) have an initiative to introduce pastoral documentation in Kenya and has helped draft a protocol on combating cattle rustling in East Africa. There is a uniform veterinary standard for the Horn within IGAD, but it is a dysfunctional institution which Eritrea is boycotting and Somalia cannot participate in. Ethiopia and Kenya are the chief powers in IGAD and they have competing agendas. The East African Community (EAC) is a semi-functioning bloc, but it stops on the Ethiopian and Somali borders and does not include half of the economic community in East Africa. In effect, the Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC) have to have the same policies in trade negotiations anyway, meaning that no-one can get their point across. This implies that prospects for the success of trade negotiations are not hopeful.