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Traders' Incentives Study to Facilitate Safe Livestock Trade in the Upper Mekong Sub-Region

Snapshot of Results and Analysis

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BACKGROUND & RECENT DEVELOPMENTS



- Increasing and unregulated trade in large ruminants moving from SE Asia into China
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- Development of official protocols for movement of FMD-susceptible animals from SE Asia into China.
 - Signing of bi-lateral agreements, China – Laos and China – Myanmar, to support compliance with the official protocols.
 - Construction of infrastructure (feedlots, quarantine, slaughterhouses etc).
 - Consultation/communication with industry.

STUDY OBJECTIVE: Traders' Incentive Study*



Designed to identify ways to promote formal, safe and sanitary cross-border livestock trade.

Objective

- to describe significant societal factors that impact traders' incentives for adopting official cross-border livestock movement protocols from Myanmar, Thailand and Lao PDR to China.

*Study supported by the Chinese Government through its contribution to the OIE World Fund for the SEACFMD Campaign.

MATERIALS & METHODS

- Questionnaire : semi-closed and closed questions
 - Translated from English to local languages
 - Topics discussed with traders:

Activity

- Country of origin
- Gender
- Age
- Type of trader
- Duration of activity
- Species traded
- Trade capacity (head)
- Animal acquisition
- Origin countries
- Destinations
- Fattening
- Transport

Economic features

Trader incentives

- Choice of ruminant
- Choice of transport mode and route

Concerns/difficulties

- Concerns fattening
- Difficulties encountered by trader
- FMD impact on business

Willingness to adopt GACC

- Vaccination
- Fattening
- Quarantine
- Transport
- Preparation to change

DESCRIPTIVE RESULTS: Interviews



- From July 2019 to December 2019
- 54 interviews with livestock traders in 3 countries:
 - China: 20 traders from China and 2 traders from Myanmar
 - Lao: 18 traders
 - Thailand: 14 traders

DESCRIPTIVE RESULTS: Incentives to trade ruminants

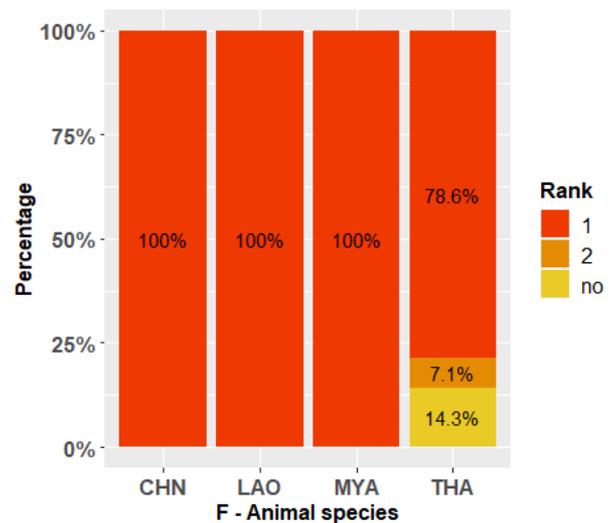
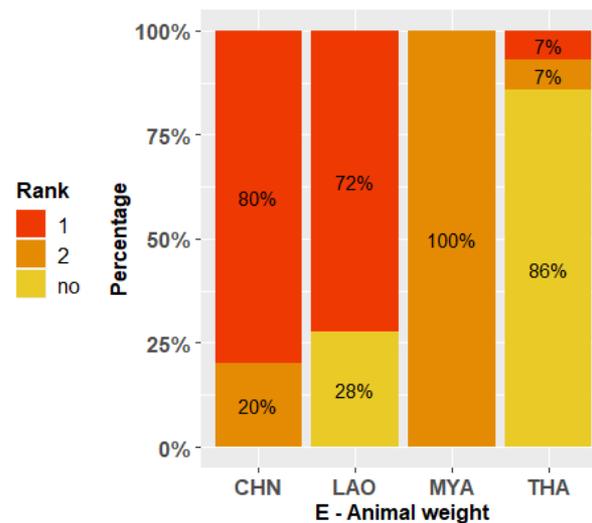
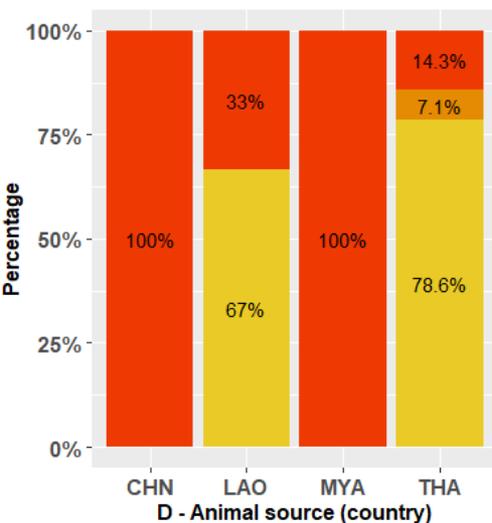
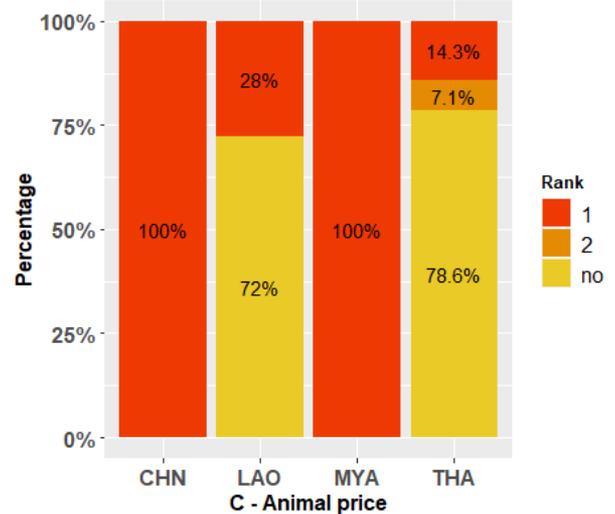
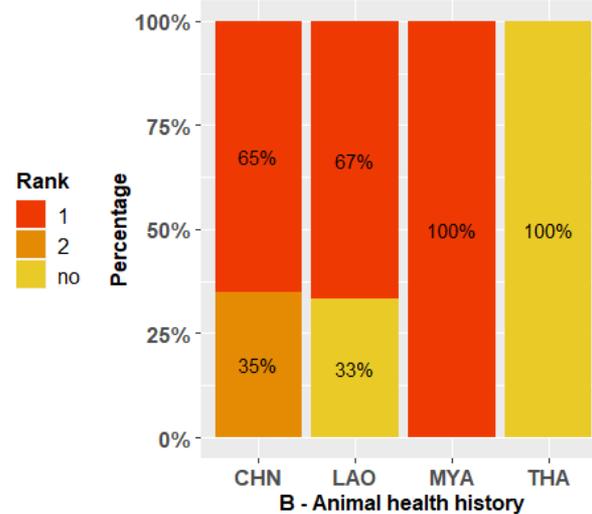
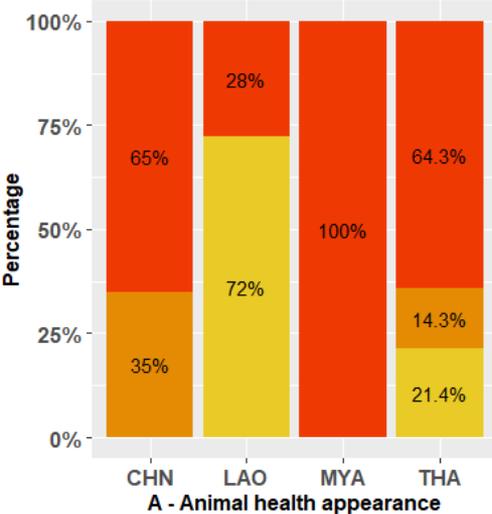


Question: What are your incentives in choosing the large ruminants that you trade? Rank:

1 = High incentive

2 = Moderate incentive

no = no incentive



DESCRIPTIVE RESULTS:

Outline of additional questions (each sub-option was ranked by traders)

- Q. What are your incentives in choosing the mode and route of transport?
- A. Limit weight loss of the animals;
 - B. Limit the cost of check points;
 - C. Avoid disease outbreaks;
 - D. Avoid border controls.
- Q. What are your main concerns regarding fattening?
- A. Weight gain as fast as possible;
 - B. Time spent in fattening;
 - C. Animal welfare;
 - D. Diseases;
 - E. Forage supply;
 - F. Shortage of cattle for fattening;
 - G. Trade policies (agreements, border controls);
 - H. Time-consuming administration requirements;
 - I. Shortage of land.

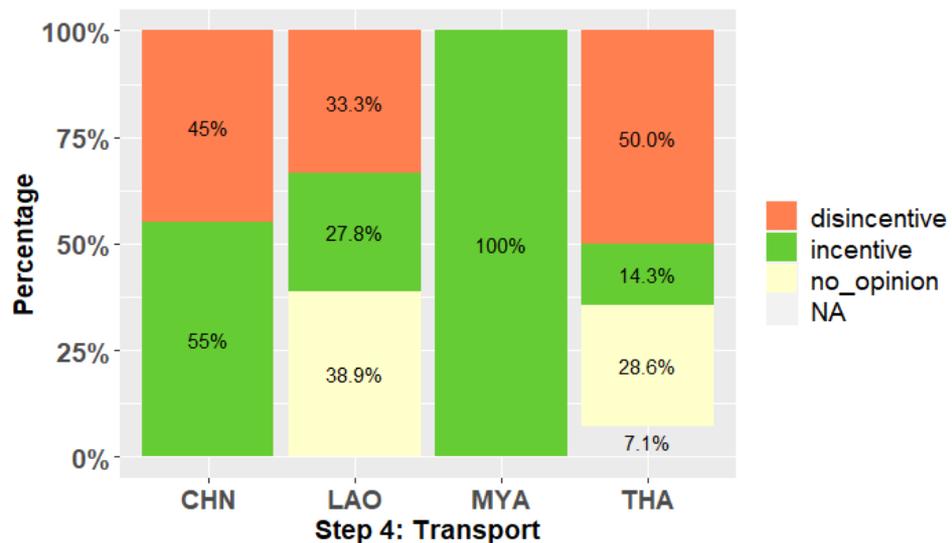
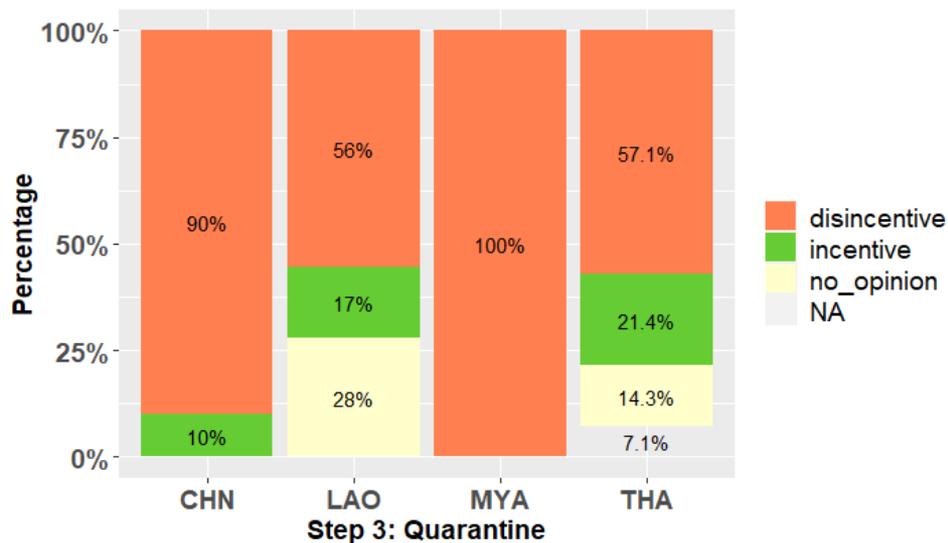
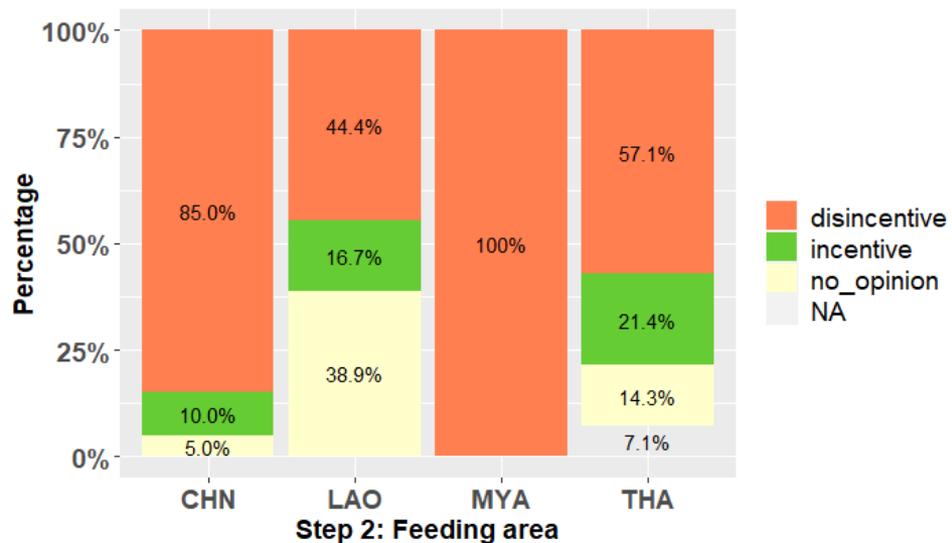
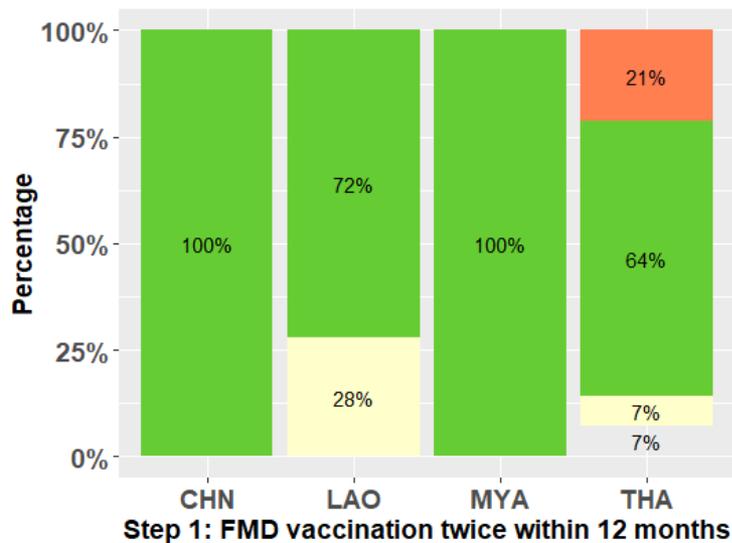
DESCRIPTIVE RESULTS:

Outline of additional questions (cont'd)

- Q. What are the difficulties you encounter in trading?
- A. Restrictions and bans;
 - B. Policy changes;
 - C. Higher quarantine and inspection requirements;
 - D. Diseases;
 - E. Unstable prices;
 - F. Competitors;
 - G. Animal supply
 - H. Forage supply.
- Q. List and rank the impact on your business of an FMD outbreak.
- A. Economic impact due to trade bans;
 - B. Reduced sale prices;
 - C. Unwillingness to purchase animals;
 - D. Unexpected costs eg vaccination;
 - E. Opportunity to purchase cheaper animals.

DESCRIPTIVE RESULTS:

Willingness to adopt China's (GACC) import requirements



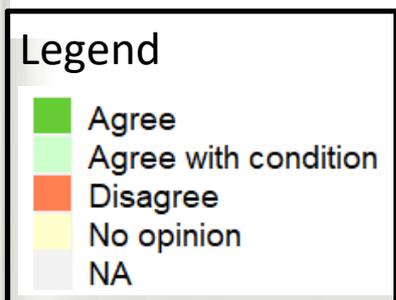
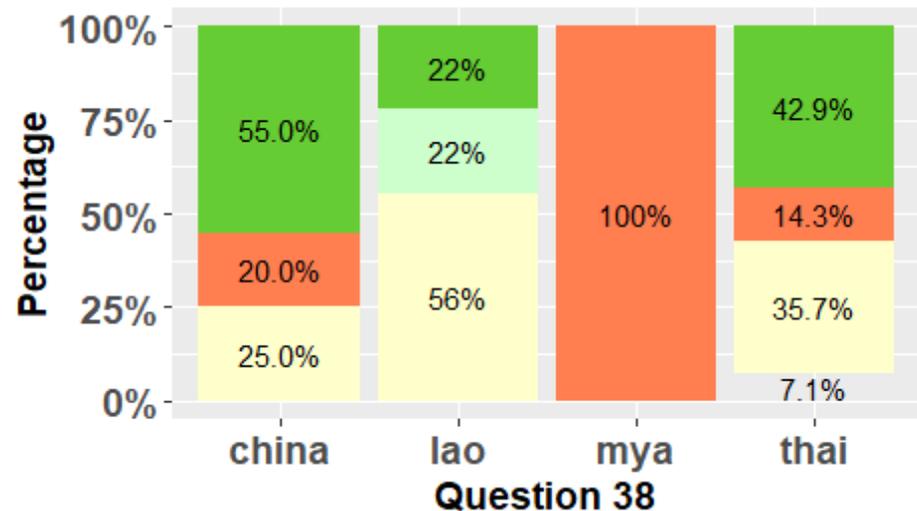
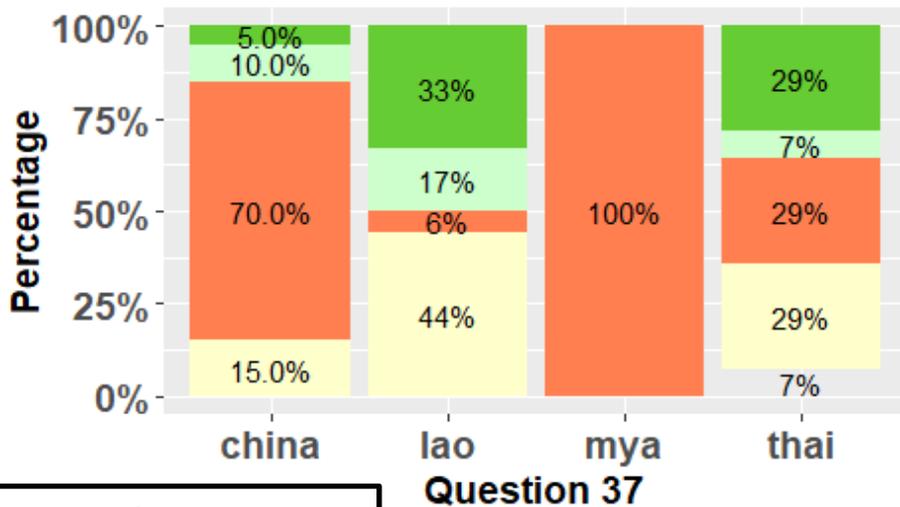
DESCRIPTIVE RESULTS:

Willingness to change business admin as per GACC requirements



Question 37: *Would you be prepared to change your business organization to trade animals sourced through the GACC defined FMD-free zone?*

Question 38: *If you get a certification/traceability document attesting that your animals come from FMD-free zone, would you agree to change your business organization to trade animals sourced through the FMD-free zone?*



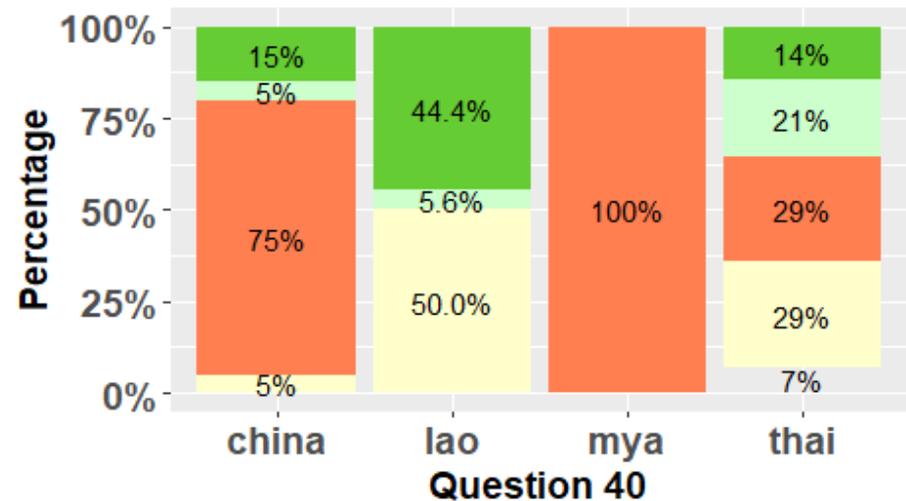
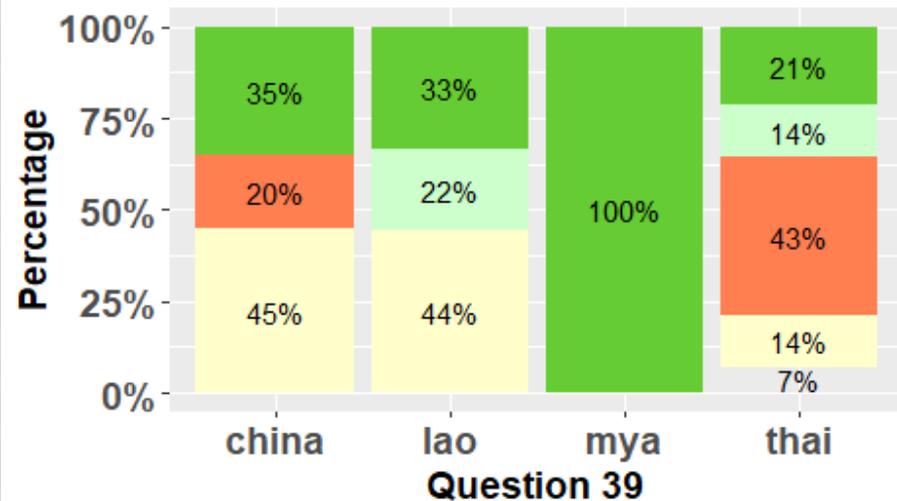
DESCRIPTIVE RESULTS:

Willingness to adopt GACC – simpler admin or transport facilitation



Question 39: *If administrative procedures for getting animals through the FMD-free zone were simpler and quicker, would you agree to change your business organization to trade animals sourced through the FMD-free zone?*

Question 40: *If transport arrangements, such as border-crossing formalities and pooled transport, will be organised, would you agree to change your business organization and to trade animals sourced through the FMD-free zone?*



Legend

- Agree
- Agree with condition
- Disagree
- No opinion
- NA

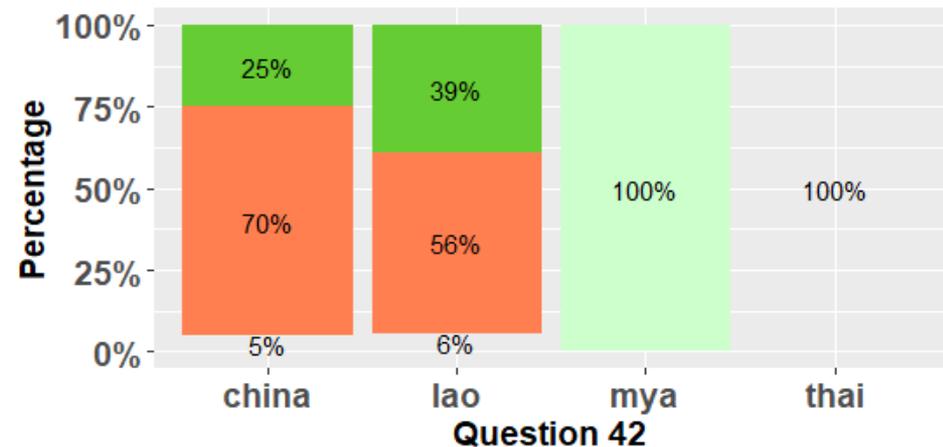
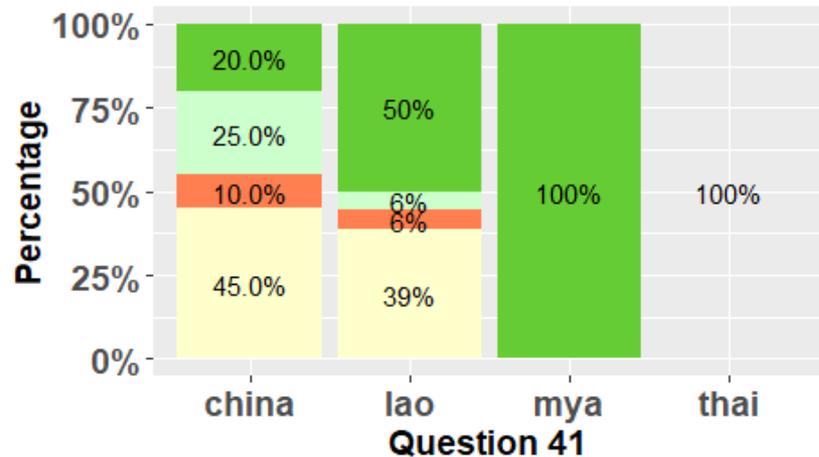
DESCRIPTIVE RESULTS:



Willingness to adopt GACC – official fee to eliminate informal charges, or sell animals

Question 41: *Would you be prepared to pay higher fee to use official trading channels to move animals from SE Asia into China if it meant 'unofficial' charges no longer had to be paid?*

Question 42: *Would you be prepared to sell your animals to an operator/intermediate who would be responsible for fattening, quarantine and the cross-border movement of the livestock to China?*



Legend

- Agree
- Agree with condition
- Disagree
- No opinion
- NA

The maximum fee to be paid is on average US\$35.5 per head for Chinese traders (75% responding), US\$23.25 (29% responding) for Thai traders

Chinese traders would agree to leave the animal less than 54 days in feeding area and less than 7 days in quarantine station (95% responding).

SUMMARY OF MAIN FINDINGS



- Incentives, concerns and difficulties are highly linked to the traders' country of origin
 - May be based on trade organizations and country-specific requirements, as well as proximity to market destination (market forces, eg China vs Thailand/Lao).
- Animal Supply
 - All 6 incentives relating to animal supply were more important to Chinese traders than in upstream countries.
- Transport
 - Speed (to reduce weight loss), as well as avoiding border controls &/or cost of check points, were priorities for most, but not all countries

SUMMARY (CONT'D)

- **Fattening**
 - Forage supply and animal welfare were only moderate to minimal issues/concerns across all countries;
 - Time spent in fattening is not a major driver;
 - Trade policies and administrative procedures were a particular concern for China/Myanmar traders, less so for Thai/Lao traders
- **Animal Health**
 - Generally, disease concerns ranked only moderately among traders, but there was almost universal willingness to adopt FMD vaccination as part of formal trade requirements.
- Traders' willingness to adopt formal requirements appears to evolve if presented with the policy details, when they can appreciate the advantages to adoption.

PRELIMINARY CONCLUSIONS AND RECOMMENDATIONS



- Concerns about border controls and costs of check points (informal?) are widespread.
- Economic analysis was not possible due to limited responses.
- Traders have identified price points that would support their acceptance of formal procedures.

- Myanmar is important regionally in the large ruminant trade, so trader incentives and concerns should be investigated in detail in that country
- Consultation and information-sharing with traders in the Upper Mekong Zone should continue as part of the development and adoption of the formal cross-border movement requirements.
- Due to disparities in responses between countries, trader consultations may be best organised in country groupings.