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IMPLICATIONS OF REFORMS IN THE LIVESTOCK SECTOR FOR THE ERADICATION OF FOOT-AND-MOUTH DISEASE AND FOR OTHER ASPECTS OF ANIMAL HEALTH

by

Ing. Agr. Gonzalo González
Minister of Livestock, Agriculture and Fishing
Uruguay

In the 1990s the foot-and-mouth disease situation in South America changed significantly, basically in the countries of the Southern Cone, where a vast region with high potential for livestock and food production succeeded in eradicating the disease. The implications of reforms in the livestock sector for the eradication of foot-and-mouth disease, and for animal health in general, have been rather varied and are related to the role of the State (exercised mainly through the official animal health services), the position of these services with respect to the countries' livestock sector, and the participation of the private sector in animal health programs and its interaction at the regional and global level, in the livestock trade, and in health agreements. These changes in the animal health situation were generated first by the critical need of the countries to eliminate a sanitary obstacle affecting the production and, above all, marketing of animal products, as well as the active participation of the private sector in program activities and the technical capacity and expertise of the public sector to direct and spearhead the process.

Referring to the first point, we cite the case of Uruguay as an example of the implications of the eradication of foot-and-mouth disease for the meat trade and how it is reflected in the country's chain of production. The information provided by the National Meat Institute (INAC) shows the trend in total beef exports, expressed in tons of carcass, for the period 1991–2000; this has been divided into two five-year periods, 1991–1995 and 1996–2000, bearing in mind that in 1996 Uruguay received international certification as a country “free of foot-and-mouth disease without vaccination.”

In 1991–1995, average exports totaled 127,971 tons, while in 1996–2000, the figure was 249,970 tons, or a growth of 95.3%, with three years exceeding the country's historical record of 250,000 tons. Furthermore, this was the first time that exports were higher than domestic consumption, without major variations in the latter (Table 1).

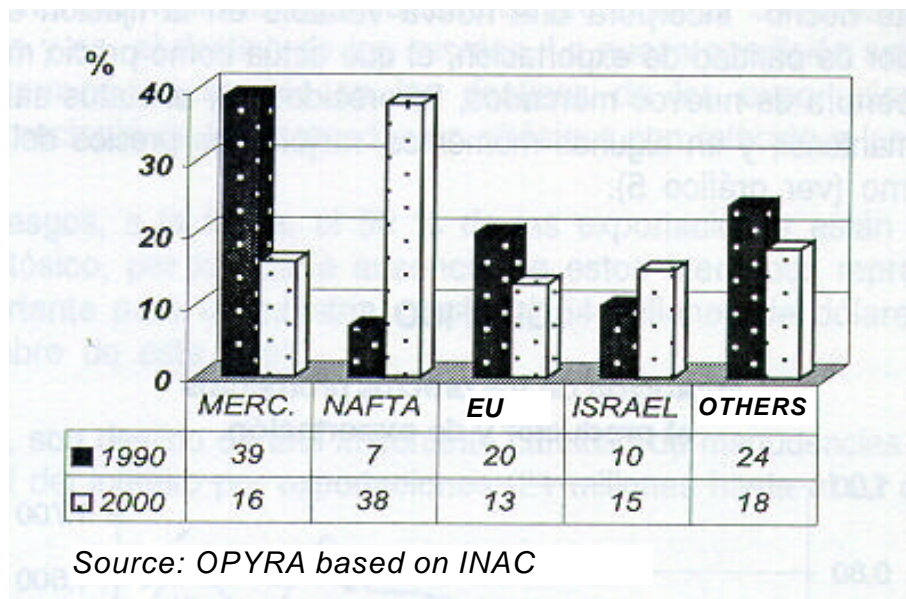
**Table 1. Uruguay - Total beef exports
1991–2000 in tons of carcass**

Beef	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Chilled	18,839	10,810	12,948	26,667	26,128	5,5954	84,618	93,919	58,552	60,626
Frozen	71,246	71,969	71,685	104,763	96,096	13,1387	160,948	140,168	165,519	190,064
Processed/salted	27,233	29,796	20,686	20,616	20,371	2,2413	21,986	22,918	19,480	17,288
Total	117,318	122,575	105,319	152,046	142,595	20,9754	267,562	257,005	243,551	271,978
Average	1991–1995 = 127,971 tons					1996–2000 = 249,970 tons				

SOURCE-INAC

The critical element in this export growth was admission to the non-aphthous market. Comparing the percentage share of meat exports by destination in 1990 and 2000, the growth of exports to NAFTA in 2000 (38%) was significant; added to this, though less important, were the exports to Japan and Korea (8%) and the Caribbean countries, at the expense of traditional markets such as Brazil, which received 39% of the subregion's meat exports in 1990 (Figure 1).

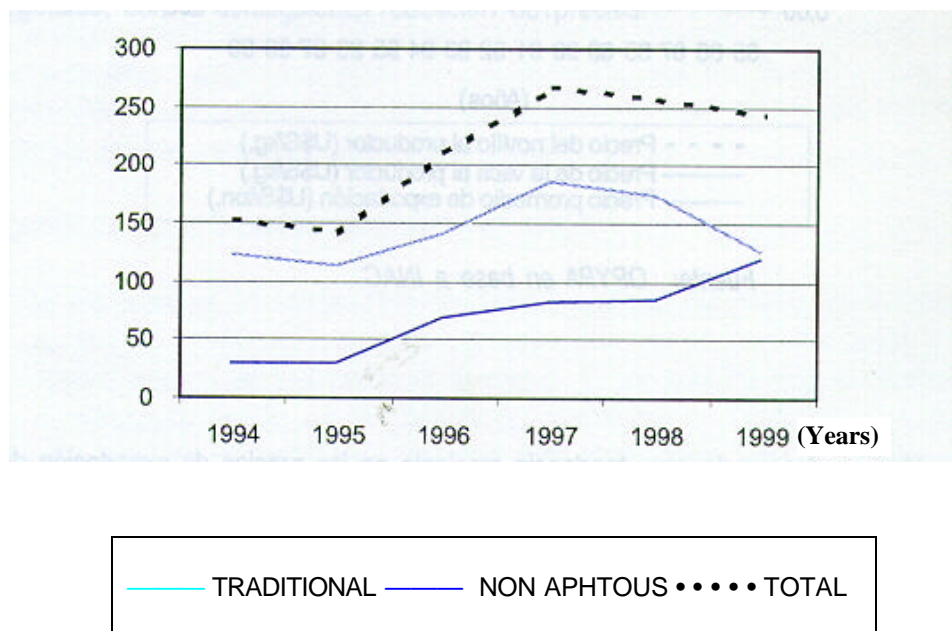
Figure 1. Uruguay - Percentage of exports, by destination (1990 and 2000)



Source: OPYRA based on INAC

In this trend toward an increasing share of the non-aphthous market, half the total exports of meat and meat by-products in 1999 were destined for that market (Figure 2).

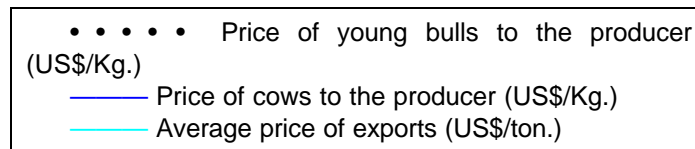
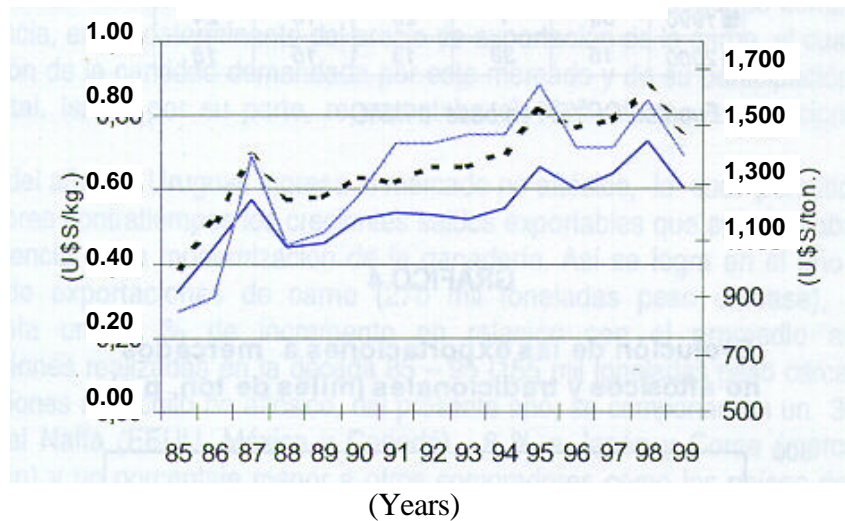
Figure 2. Uruguay - Trends in Exports to non-aphthous and traditional markets (thousands of tons of carcass)



Source: OPYRA based on INAC

In order to demonstrate the significance of the sanitary situation in opening new markets, it should be pointed out that in the period 1992–1994 Uruguay exported meat products to 46 countries; in 1998, that figure was 64. Finally, it can be observed that the upward trend in the average price of exports per ton in US\$ for the period 1985–1999 has been accompanied by rising prices for producers, noting that since 1996, when Uruguay was declared free of foot-and-mouth disease without vaccination, the price differential between young bulls and cows has decreased, due to NAFTA's growing demand for the latter (Figure 3).

Figura 3. Uruguay - Trends in average producer and export prices

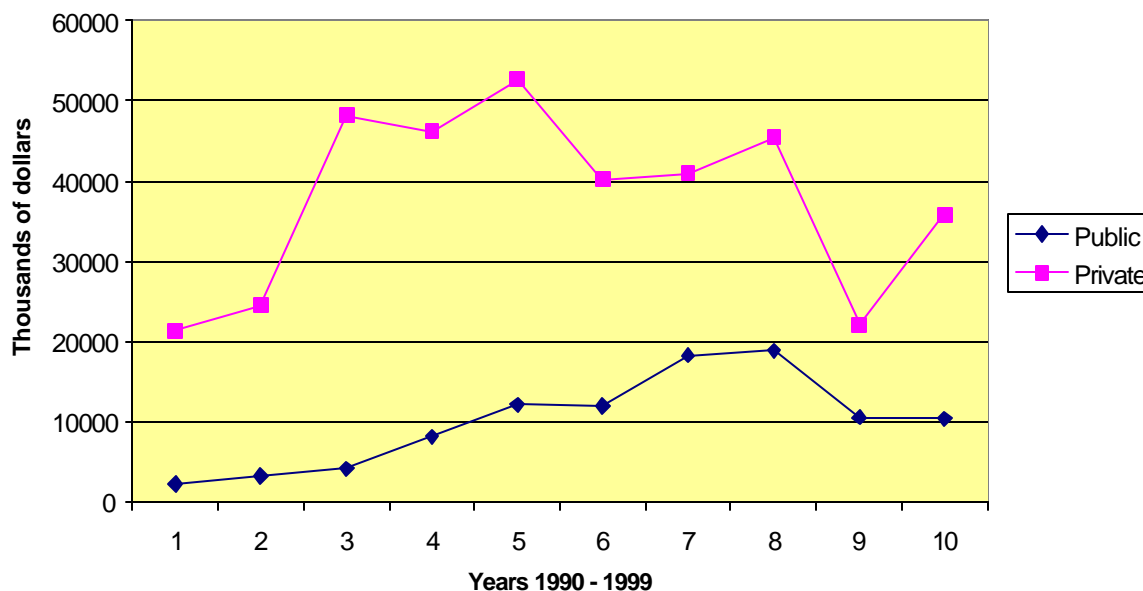


Source: OPYRA based on INAC

Recalling that the object of the struggle against foot-and-mouth disease is to eradicate the disease and its causative agent, followed by a strategy to prevent its reintroduction, it is undeniable that public sector reforms, especially those related to the development of animal health programs, aimed at greater efficiency in the utilization of human and financial resources have had a substantial impact on that process.

In this regard, an analysis of the available information on public and private sector expenditure in the Southern Cone countries indicates that early in the decade both sectors grew and that the growth was extremely high in the private sector. However, public sector investment practically doubled in the beginning of the last 5-year period, only to fall in the last two years to its previous levels, a trend that was also visible in the private sector (Figure 4).

Figura 4. Uruguay - Public and Private Expenses on Foot-and-Mouth Disease Programs in the Southern Cone



Source: PANAFTOSA

These cutbacks in the financial resources allocated to sanitary programs at the end of the decade coincides with the international certification of the eradication of the disease throughout the subregion, which had the untended consequence of discouraging organized participation by producers in the vaccination programs, without a concomitant increase in their participation in prevention plans, supported by a strengthening of the official services.

This situation has affected countries whose official services provided acceptable degrees of coverage in terms of resources to meet the targets pursued and others with chronic structural deficits in their state apparatus. Also important, though less so, is the fact that in the exceptional cases where greater resources have been allocated, they have not had opportunity to keep the sanitary status already achieved on a sound footing. The recent reappearance of foot-and-mouth disease in Japan after an absence of more than 95 years; the Taiwan epidemic that decimated the country's swine stocks; the most recent outbreak in England after over 20 years without the disease, preceded by the reappearance of classical swine fever—these examples in countries with a common island geography, together with others, such as those of South Korea and South Africa, are a wake-up call, alerting us to the changing situation with respect to the risk of foot-and-mouth disease and its evaluation—a situation

created by the global trend toward trade liberalization that has accompanied the globalization of the economy in the new WTO scenario.

Furthermore, private sector participation in programs to combat foot-and-mouth disease has been largely in the implementation of vaccination plans, which corresponds to the prevention phase following the elimination of the disease and is almost the exclusive responsibility of the public sector. In this regard, given the reintroduction of foot-and-mouth disease in the Southern Cone countries, the high cost of the sanitary emergency to the State, the losses in production, the dramatic losses in the private sector caused by the temporary closing of markets, and the deterioration in the region's image in the outside world in terms of its vulnerability to foot-and-mouth disease, it is appropriate to reiterate that strengthening and adapting the official services and the veterinary system in general should be viewed as an investment with high returns for society as a whole in a country, area, or region.

The main conclusions that can be drawn from the reintroduction of the disease in the Southern Cone are that the emergencies were generally handled well by the official services, with the collaboration of other state agencies and support from producers and the community in general. In this case, the situations were not similar across the region; thus, the problem was not eliminated with the same efficiency in all cases. Uruguay has a Permanent Indemnity Fund to deal with the appearance of foot-and-mouth disease and exotic diseases, which was created in 1990 and financed with livestock export fees. By the time the emergency struck, the Fund had sufficient resources to cover situations in which a large number of animals had to be slaughtered to eliminate an outbreak, as well as clear and expeditious procedures for damage assessment and the subsequent payment of indemnities.

The same cannot be said for the regional level with respect to epidemiological surveillance and plans to prevent the reintroduction of the disease. On analyzing their epidemiological macro-indicators, the countries unilaterally inferred that neither the disease nor its agent were present in the country or an area of the region without considering what would really consolidate the eradication process and minimize the risk that the new situation would not be sustainable—that is, joint strategies for ecosystems that transcended the political boundaries between countries.

It should be borne in mind that the progress in the programs for the eradication of foot-and-mouth disease in the subregion was accompanied by increased trade in livestock and animal by-products. The trade blocs were based on the new scenarios, but informal trade practices along the countries' borders persisted, especially in arid areas with deep-rooted customs, with the consequent risk that the latter imply.

In a historical retrospective of the subregional sanitary agreements in the framework of the technical cooperation of the Pan American Foot-and-Mouth Disease Center of PAHO, in 1987 the River Plate Basin Agreement was signed, with the object of controlling and eradicating foot-and-mouth disease in its area of influence. This Agreement was the perfect tool for a group of countries in a region with common borders historically integrated by culture to achieve eradication of the disease in a process without parallel, considering the characteristics and sheer numbers of livestock in the subregion, where foot-and-mouth disease was chronically endemic.

The process clearly began to deteriorate, however, when the countries of the subregion individually applied to the International Office of Epizootics (IOE) for international certification of their freedom from foot-and-mouth disease, first with vaccination and then without it. As a result, by the late 1990s a vast expanse of territory in the Southern Cone, with more than 70 million head of cattle, was considered free of foot-and-mouth disease without vaccination, and some countries or areas were in the process of attaining this status. This undermined the implementation of joint prevention strategies that would correctly assess the risk of the disease reappearing, chiefly in border areas comprising a common ecosystem integrated into production and trade. As disease-free areas or areas in the process of obtaining certification expanded, they were not accompanied in some cases by a strengthening of prevention structures. This was especially true in areas of marginal livestock production (where structural deficiencies were always a constant, along with difficulties in promoting joint efforts by the respective veterinary services); here, the internal interests of each country prevailed over integrated work in a subregional project with the technical cooperation and coordination of the regional specialized organization, PANAFTOSA.

Moreover, the recent reintroduction of foot-and-mouth disease in the Southern Cone calls for reflection on its impact on production and, above all, trade owing to the severe restrictions generated by this situation, which affect the entire subregion to one degree or another. Consolidation of eradication and the strengthening of systems to prevent the disease should continue as a joint effort by a region, not individually or through bilateral agreements. To accomplish this, it is fundamental to ensure the transparency and openness of all the countries and to strengthen regional coordination entities.

As demonstrated by recent experiences with groups of multinational experts from the countries of the subregion, coordinated by PANAFTOSA, audits should be conducted in areas considered a priority for the sanitary security of the subregion as a whole and technically sound strategies and actions adopted.

The alternatives suggested to replace the human and financial resources taken from the animal health programs have generally relied on a mechanism for accrediting the private

professional sector to perform transferable actions in this field. In contrast, the producers' organizations, which played a very active role in the foot-and-mouth disease programs, vaccination plans, notification of suspect cases, and community organization when eradication was becoming sustainable through prevention and surveillance strategies, had neither the size nor the continuity necessary, despite the existence of other animal health problems and zoonoses that have a considerable impact on livestock production and constitute risks to human health, chiefly occupational risks.