

## Sector Profile

### Agronomy and Horticulture

#### **1. Sector Overview & Significance to the Namibian Economy**

The agronomic industry is poised to experience significant growth given the successes and improvements in the sector in the past 10 years. Historically, the commercial farming sector was slow to gain momentum in the broader Namibian economy; many farmers participated only in the subsistence economy, selling any surplus production to street vendors instead of markets. The commercial farmers who were in the agronomic business mainly produced white maize and wheat in limited quantities relative to the market demands of the country. However, in the past 10 years, the agronomic sector has experienced large growth due to the establishment of government marketing institutions such as AMTA, and policy support through legislation implemented by the Namibian Agronomic Board (NAB). Moreover, the National Horticulture Development Initiative (NHDI) was established by the NAB as a strategic intervention in the development of Namibia's horticulture industry, which has since grown substantially.

The Policy environment of the agronomic sector is managed by the Namibian Agronomic Board ([NAB](#), a state agency of the Ministry of Agriculture, Water and Land Reform). The NAB has set numerous policies to protect Namibian farmers against neighbouring countries and international markets who have the capacity to export significant amounts of agriculture to the Namibian market (thus crowding out the domestic producers). The NAB has created the Market Share Promotion (MSP) scheme to address the plight of horticultural farmers. Under the scheme, all importers of horticultural products are required to buy a certain percentage share of produce in Namibia before they are allowed to import any fruit or vegetable produce. The MSP percentage has risen from 2.5% in 2005 to 47% in 2021. This scheme has allowed Namibian horticultural producers to expand their production and it has also retained capital in the Namibian economy, since less import leads to less capital flight.

The MSP creates an incentive for Namibians and foreign investors to produce more fruit and vegetables within the borders of Namibia to satisfy the market demand as a matter of priority and export the surplus - in some cases the high quality fruits are exported and the rest of the produce is consumed in the local market. Further investment opportunities exist to build storage or cold rooms for fruits and vegetables as well as bigger tanks to support grain storage in the areas of production.

The main agronomic crops that are produced in Namibia are White Maize, Wheat and Pearl Millet. Yellow Maize is also produced to a lesser extent, but is mainly used for animal feed. Horticultural production and fruit exports are also prevalent crops, specifically in the southern regions of the country. Fruit exports can have a large contribution to the economy as many of Namibia's fruits are considered to be "high value fruits". Increasing demand for fresh fruits and vegetables coupled with the MSP policy environment has encouraged the transformation of the horticultural industry into a lucrative commercial industry.

Overall, the industry is experiencing substantial growth due to the strengthening of various agricultural policies that protect Namibian farmers from external threats.

#### **2. Opportunities in the Agronomy and Horticulture Sector & Presence in Namibia**

Namibia has a large commercial white maize/wheat/pearl millet market that is heavily protected by recent laws and regulations created by the NAB. The industry is far from reaching its maximum potential and thus presents an immense opportunity for large-scale investment, especially given the swaths of available land for further commercialisation. There are currently 20 active registered millers.

### **Investment opportunities:**

#### **a) Increased Production of White Maize:**

White maize is mainly cultivated from October to December each year and harvested from April to October each year. In Namibia, white maize is produced in Zambezi, Kavango, North Central, Karst (Maize triangle), Central and South production zones.

White maize is a controlled crop in Namibia, and the marketing of locally produced white maize grain is managed through the White Maize Marketing Agreement signed between organised producers and millers. This agreement is put in place to protect internal local production and prevent the influx of White Maize from SADC Countries while domestic production is still available to local Millers.

Namibia produced the highest amount of white maize by tonnage in 10 years in 2018 when 76 660 MT of Maize was marketed (Good rains was a positive contributing factor). The country recorded a White maize harvest of 66 642 MT in 2020/2021 season.

The demand for Maize is substantial, yet market demand still exceeds the Maize output. There is additional capacity to farm maize which has not been utilised - about 1000 additional ha of maize can be planted. Moreover, to facilitate the increasing demand, investment in grain storage tanks and improved planting and harvesting technology is necessary.

#### **b) Increased Production of Wheat:**

Wheat is planted during Namibia's winter (May to mid-June) and harvested from October to January each year. Wheat can predominantly be found in the Kavango, North Central, Central, Karst, and South production areas. In order to give preference to locally produced wheat, millers are allocated quantities to be purchased locally when the marketing season commences on 01 November each year. Recently, demand for wheat has exceeded the local production efforts despite the high availability of usable land (local production was 11,498 MT vs the total market demand of 137,336 MT). Investment in this industry is a secure opportunity due to the licence system that ensures that local crops must be used first to meet market demand before importation from other countries can occur. Thus, there is room for an additional 1000 ha of wheat to be planted in this extremely lucrative and growing market.

#### **c) Horticulture opportunities**

The Horticulture industry is certainly growing thanks to the introduction of the MSP. The country used to produce only 10% of its market demand which was about 100 000Mt of produce in volume in 2005. Currently, Namibia produces about 35% of its horticultural market demand, which represents 31 501Mt in volume. In addition to the MSP scheme, import restrictions are placed on "special controlled products" during times of sufficient local supply (this means that if the country has an internal over-supply of potatoes, tomatoes or butternuts, importation is restricted under "special control products".)

The industry is not only growing, but it is protected from external producers until the local procurement requirement is met.

The Namibian fruit industry is dominated by grape and date exports. Namibia has established grape farms that contribute to the annual production and exports of grapes and this industry is well organised and represented in the NAB by their own representative. The established Date farms also produce for the export market and there is huge potential for expansion in both dates and grape farming as Namibia possesses the correct climate and enough water to sustain grape and date production year-round.

### **3. Testimonials**

The recent establishment of ROOTS Farm in Stampriet planted the first ever Apple plantation successfully and the first harvest was already hailed as a milestone for the establishment of an Apple industry in the future. Many fruits have promising production potential in Namibia and require investment to trial full scale production. Such fruits include mangoes, oranges, and blueberries among others.

Al Dahra Agricultural Company recognised the feasibility and usefulness of a year round date producer and invested US\$20 million backing a date farm in the mid 2000s. The farm has been called Desert Fruit Namibia and is one of only two farms in Southern Africa which delivers fresh dates to the Northern Hemisphere market out of season. The managing director of Desert Fruit Namibia expressed gratitude to the cross-border controls, the AMTA, the government agencies which contributed towards the fact that the product reached the customer as fresh as possible. The CEO of the Namibian operations of the Al Dahra Agricultural company said that "The climate in Namibia is very good for date growing and the season there complements the off-season in the Middle East".

## Sector Profile

### Livestock and Meat Sector

#### **1. Sector Overview & Significance to the Namibian Economy**

Namibia's agricultural industry supports about 70% of the population directly or indirectly and the livestock sector is the most prominent division of this industry in terms of the support it can provide to rural communities. According to the Namibian Statistics Agency (NSA) report, 'Live animals' was the top exported agricultural commodity, recording N\$266.1 million in the 4<sup>th</sup> quarter of 2022. Of the 'Live animals' exports, 97% were destined for South Africa.

Livestock is produced at both a communal and commercial level and includes the supply of live sheep, goats and cattle to the local and international market. Auctions are one of the marketing channels often used throughout the country, but many sale transactions are also done directly with farmers (or livestock owners).

In terms of cattle production, 70% of weaners traded are from communal or emerging farmers. Cattle are traded through auction floors or sold directly to abattoirs. South African feedlot enterprises are the main buyers of Namibian weaners and record numbers (up to 300,000) of weaners are marketed through various auctions and exported to South Africa on an annual basis. Goats are traded through auction floors and exported to South Africa mainly. There is a very limited domestic market for goat meat in Namibia. Sheep is traded through auctions or farmers sell their stock directly to local abattoirs and the meat can be for local consumption or exported to international markets.

Namibia is divided by the Veterinary Cordon Fence where animals south of this fence are the main source of international "live cattle exports" to various destinations and the major source of meat exports. The northern region is limited in its ability to export livestock due to diseases rampant in that region. However, further herd health commitments from the Government are geared towards a vaccination programme that creates foot and mouth disease-free zones within the farming communities. Depending on the success of this programme, these animals will be able to join the export market which will subsequently increase the economic fortunes of the farmers, ultimately generating increased international revenue. The Namibian Government is fully committed to maintaining Namibian livestock's international health status to allow Namibian farmers the ability to access international markets.

Namibian meat is currently found in the following countries: China, Denmark, European Union, Hong Kong, Norway, South Africa, United Kingdom, United State of America.

#### **2. Opportunities in the Meat and Livestock Sector & Presence in Namibia**

##### **Investment opportunities**

The UN's Food and Agriculture Organisation predicts world meat production will increase in the near future; 78% of this increase in production will come from Developing countries. The FAO study also reported an uptick in meat intake due to increasing incomes that have resulted from urbanisation. This growth in demand for meat will mainly come from Asia, Latin America and the oil exporting countries (Saudi Arabia, Qatar, UAE). The OECD report suggested that the United States will still remain a net meat importer of meat and meat products for the foreseeable future.

Namibia has been accredited to export live animals, meat and meat products to many African destinations, Asia, Europe, Nordic countries, the UAE and the USA, a critical market for livestock production. Namibian farmers are in a great position to be contributors of meat to the international market, especially given the surge in meat demand.

The Meat Board of Namibia ([www.nammic.com.na](http://www.nammic.com.na)) is the main policy implementing agent and advisor of the Ministry of Agriculture, Water and Land Reform. The Meat Board is managing the traceability system of all registered animals on communal and commercial farms. This system has enhanced Namibia's reputation as a meat exporter by means of identifying where each and every animal slaughtered in our abattoirs has been reared. The system allows veterinary officials to trace where the animal was kept and what the animal's health status was before slaughter.

**a) Pork Market Share Promotion Scheme (PMSPS):**

The Meat Board is also involved in stimulating the local production of pigs as the national demand for pigs exceeds the current supply. To close this gap, the Meat Board has developed the PMSPS. This scheme is aimed at encouraging local pig production and local pork procurement. According to this scheme pork importers are required to meet a minimum local procurement quota before they are allowed to import any pig products into Namibia. New studies suggest that there has been a growing pig production and pork consumption trend in Namibia since the implementation of this scheme. The slaughtering of pigs at Meat Board registered facilities showed that pork production was increasing in Namibia. Yet, there is still a gap in the supply and demand of the pigs which is an optimal investment opportunity.

A total of 47,519 Namibian pigs were slaughtered in 2019 which represented about 4000Mt while Namibia imported 3400Mt over the corresponding period. This scenario indicates that the market demand for pork was about 7400Mt.

The imported portion represents a production opportunity of about 30,000 pigs to supplement the Namibian market demand. The current demand of pork and pork products in Namibia suggest there is a shortfall of about 55% in our market (Meatboard, 2020). The Meatboard has implemented PMSPS which is aimed at encouraging local production and substituting imports.

Additionally, the Meat Board has attempted to differentiate the quality of its meat by including an elite "Seal of Quality". This introduced a quality standard for local abattoirs that guarantees that the abattoir applies the highest hygiene standards. Thus there are various parties that are effectively supporting any investment into the livestock sector.

**b) Broiler Production:**

Poultry farming is one of the smallest "livestock" investments made by communal or emerging farmers. Poultry are kept under a wide range of conditions for the purpose of rearing broilers or egg provision.

Namibia is a net importer of chicken meat. The Namibian poultry industry only recently ventured into commercial broiler production in 2012. Given the competition in the commercial broiler production industry throughout SADC, Namibia needed to implement regulations to protect its infant industry.

The monthly demand for chicken meat is around 3000 Mt per month and the local producers supply around 1700 Mt or 57% of this demand which means there is still enough scope to increase broiler production in Namibia. Namibian Poultry is the only recognized big commercial intensive broiler producer, however there are still some smaller entities who are supplying the market with chicken.

As of the 1<sup>st</sup> July 2019, the Ministry of Industrialization and Trade under its Import/Export and Trade Measures subdivision resumed the authorization to administer the Poultry Market Share (PMS), after an opinion from the Office of the Attorney General. The Market Share Promotion notice established a limit of 1200 tons of poultry products per month that may be imported into Namibia, subject to certain conditions and procedures.

The ultimate goal of the import quota system is to allow the local industry to substitute imported meat and products, coupled with empowering Micro, Small and Medium Enterprises (MSMEs) to establish.

Investment in the livestock sector is not only feasible but encouraged by the current laws and regulation surrounding the trade.

**c) Opportunities to Utilise Feedlots**

Feedlots allow farmers to feed young weaners and cattle large amounts of food in short time spans in order to facilitate their faster growth. This in turn increases the processing rate of a live animal into meat for consumption. Namibia does not currently utilise feedlots because it lacks the necessary inputs to establish these feedlot pens. For example, Namibia needs a larger commercial yellow maize industry in order to provide ample food for young livestock. Currently, South Africa has a large feedlot industry which suggests that such an opportunity could exist in Namibia with the right investment. Establishing a feedlot will also assist in filling the capacity of abattoirs which are currently not at full capacity.

**d) Opportunities to Add Value to Existing Meat Industry**

Currently, Namibia has a small industry for value-addition of meat and meat production. There is room for Namibia to heavily invest in the conversion of raw meat into bacon, sausages, etc.