

Agricultural Outlook Conference 2018

Growth in Agricultural Commodities

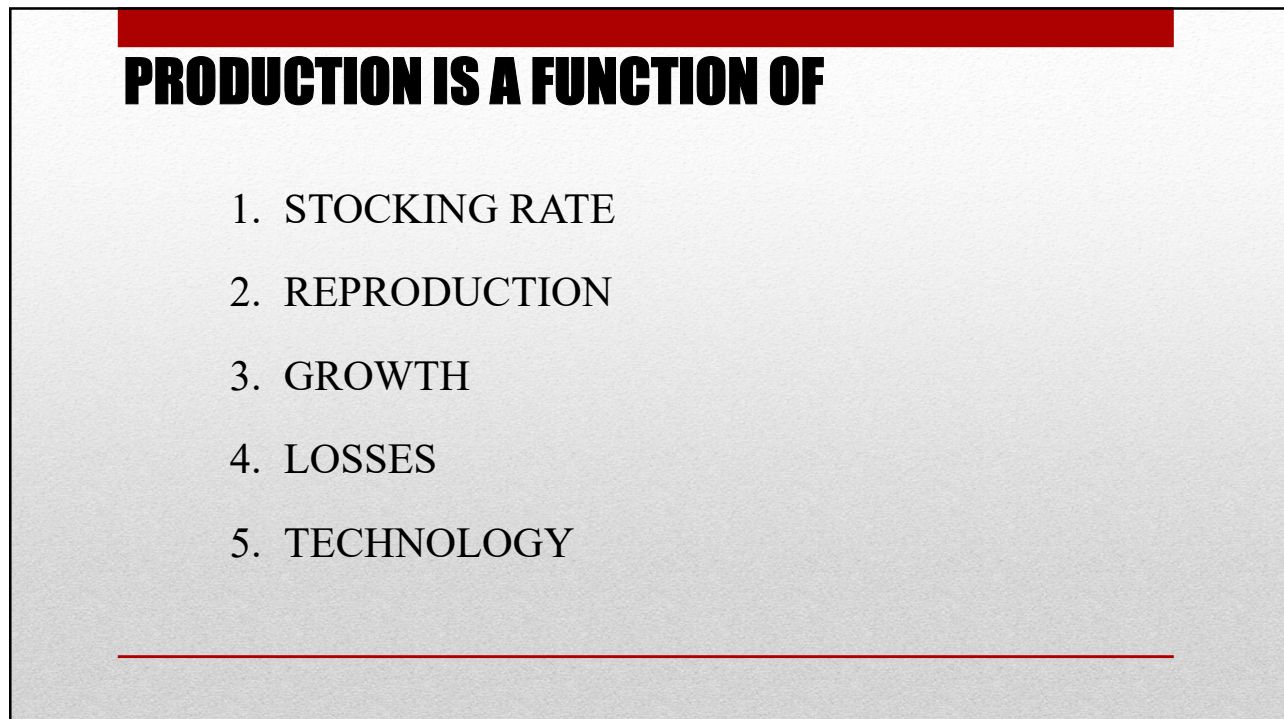
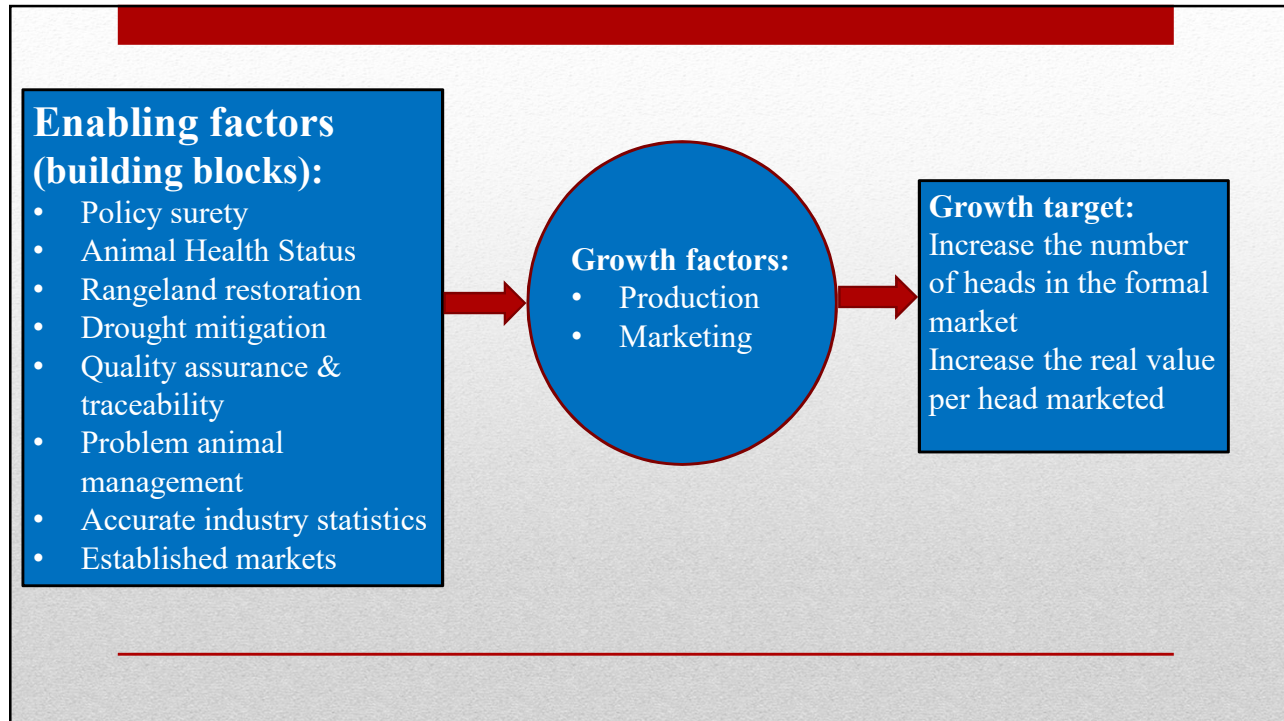
LARGE STOCK SECTOR

Poena Potgieter

Inherent factors of the cattle sector

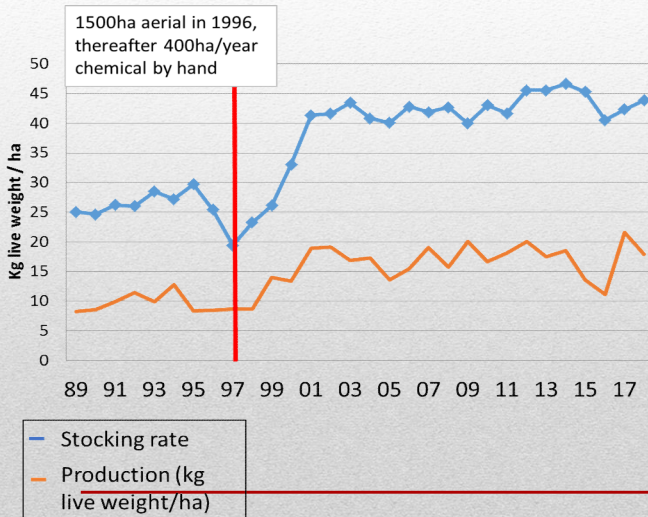
- Namibia largely has an arid climate with limited water resources which creates its own particular challenges for large stock farming. Requires a unique set of skills. Commercial cattle producers have the ability to produce internationally competitive.
- Namibia is a net importer of grains and fodder which makes private feedlots not viable. White maize price at current level renders feed production not viable. Available irrigation water should be prioritized for the production of food for human consumption rather than fodder for livestock.
- Namibia has access to some of the highest value niche markets, i.e. duty free access into SA market through SACU, duty free and quota free market to the EU and limited quota under SACU-EFTA to Norway.

Within this environment Namibia jointly needs to cast out how growth can be achieved in the biggest sector of the agricultural sector.



STOCKING RATE – Increase yield per hectare

Main challenge: Change mindsets of producers to decide to invest in vertical expansion, to create economies of scale



THEN (1993)	NOW (2018)
Hyvar X N\$ 120.00/kg	Bromacil N\$ 266.00/kg
Labour N\$ 18.00/ha	Labour N\$ 80.00/ha
Cost per ha: N\$ 168.00/ha	Cost per ha: N\$ 412.50/ha
Beef price N\$ 5.00	Beef price N\$ 44.75
N\$ 1,300.00 per ox (250 kg)	N\$ 11,187.50 (+760%)
1 ox de-bushes 8 ha	1 ox de-bushes 27 ha

REPRODUCTION

- Optimum Environment = Calve % >90%

GROWTH

- Benchmarking – to identify the farm strengths and weaknesses
- Compare yourself with others (study groups/ Agristat)

LOSSES

- Predator control
- Sexually transmitted diseases

Technology may improve production

- **New Generation Producers**
 - Embrace new technology, more inclined to invest
 - Institutional memory
 - **Genomics**
 - Improve kg live weight growth per kg veld intake
 - Meat quality
 - **Precision farming**
 - Remote sensing of rangeland condition
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Markets

- Unlock market potential of NCA areas

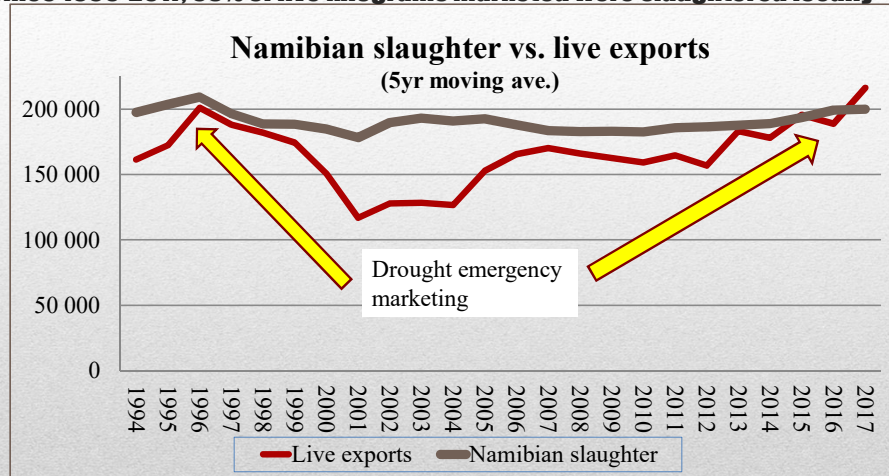
Three value chains (pillars): Commercial

- Export abattoirs
- Abattoirs for local consumption
- Live exports

We need all three to ensure sustainability!

We need to allow competition between the 3 value chains to ensure a fair market price for all primary producers.

Since 2010-2017, 66% of live kilograms marketed were slaughtered locally
Since 1990-2017, 68% of live kilograms marketed were slaughtered locally



Unfortunately these marketing statistics are not recognised as official.

During 2017, an estimated N\$600 million was not reported as part of the National GDP figures

MARKETING - Optimising the value chain

- Power balance - dysfunctional value chain/joint vision - price taker - producer does not get benefit of price realised in the premium markets - producer must be content with a South African derived parity price vs import parity input costs.
- Inefficiency of export abattoirs apparently of no concern to policymakers – this is the root cause of proliferation in abattoirs for local consumption and outflow of weaners.
- The “cheese has moved” – abattoirs for local consumption erode supply of cattle to export abattoirs.
- Transparency in decision making process non existent - consistent inconsistencies.

Way forward:

- Joint Vision - optimisation of value creation, all stakeholders equal.

Thank you

