



MAXIMISING AGRICULTURAL POTENTIAL FOR NAMIBIA'S  
DEVELOPMENT  
ECONOMIC ASSOCIATION OF NAMIBIA ANNUAL CONFERENCE 2020  
21 October 2020



————— To support and promote a conducive environment —————  
for sustainable agriculture

# Maximising productivity and profitability of beef production

# Current contributions:

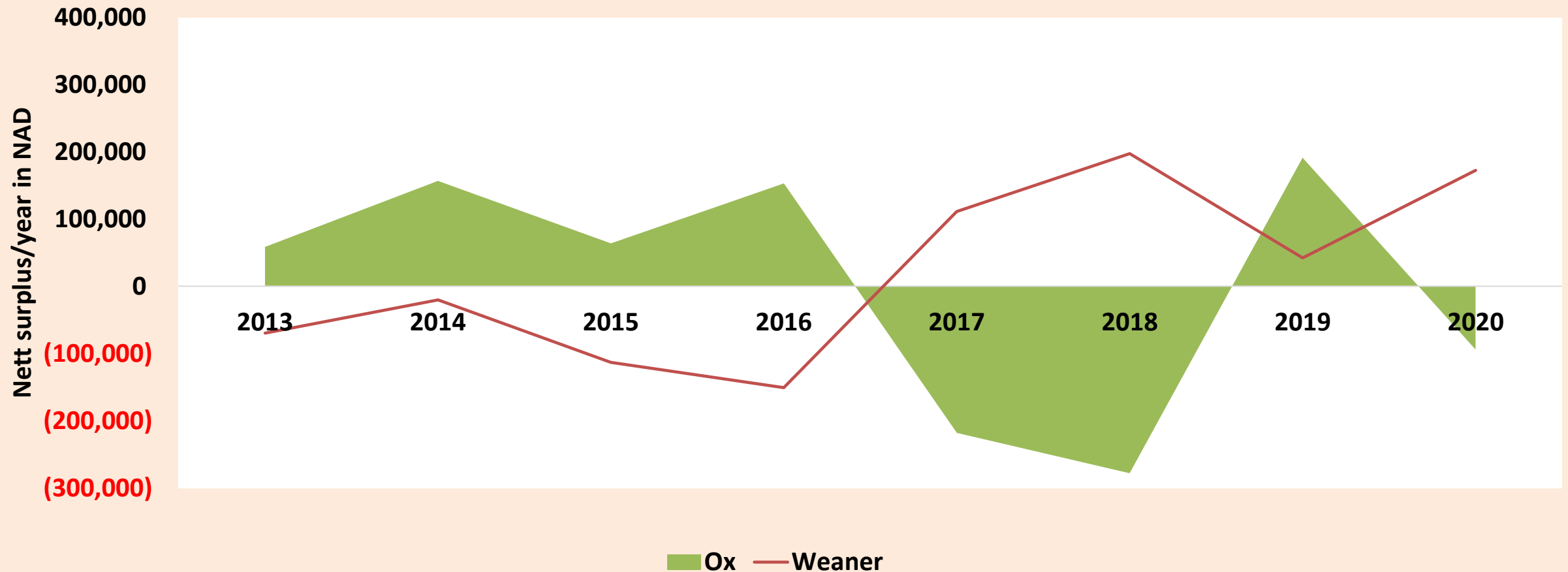
- Agriculture sector remains the highest employer with an employment rate of 23% (NSA, 2018).
- Cattle sub-sector dominates the livestock sector with an estimated production value of about NAD 3.3 billion in 2019.
- Primary producers' income is spend in rural/small towns, thus help grow small economies and improve the livelihoods of those individual and communities.
- The compliance of producers to existing standards, allow them to produce a quality raw product capable of feeding into the rest of the value chain and for Namibia to take pride in entering niche markets with best prices.

***It is essential to have a healthy productive cattle sector because it will provide raw materials to add value too, increase contribution to GDP, create more employment, and contribute to the recovery of the economy at large.***

# Cattle Production Systems

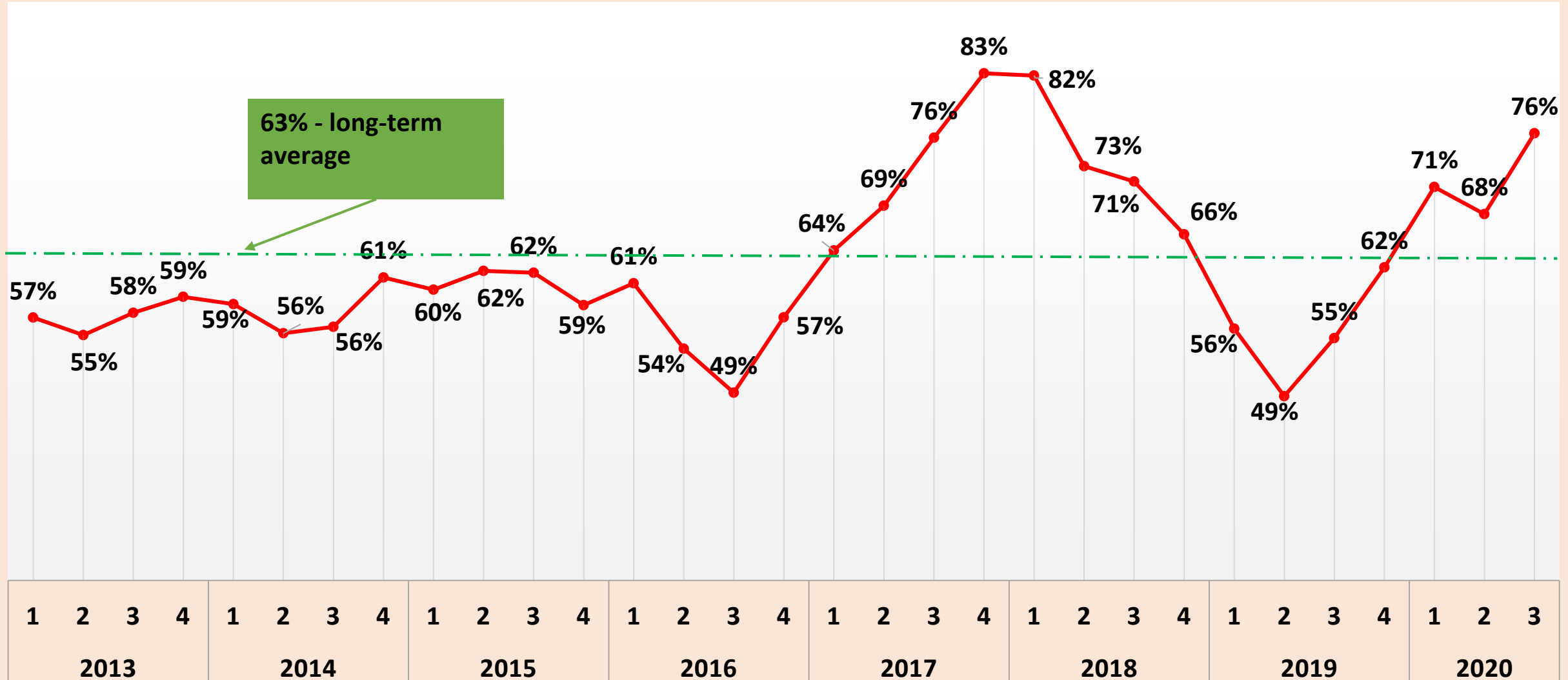
- **Weaner production:** Producer with own cow herd produces a weaner calf and sell it at 7-8 months at a local auction.
- **Ox production:** Buy weaners on auction, grow them out over 2 years and sell to an abattoir.
- Since 2013-2020: NAU has been calculating the profitability of different production systems.
  - The assumptions are kept stable from year to year.
  - Net surplus/year is calculated for an average cattle farm of 7 500 hectare (Ha).
  - The model does not account for losses resulting from drought.

## Profitability of different Production Systems - 7 500 Ha

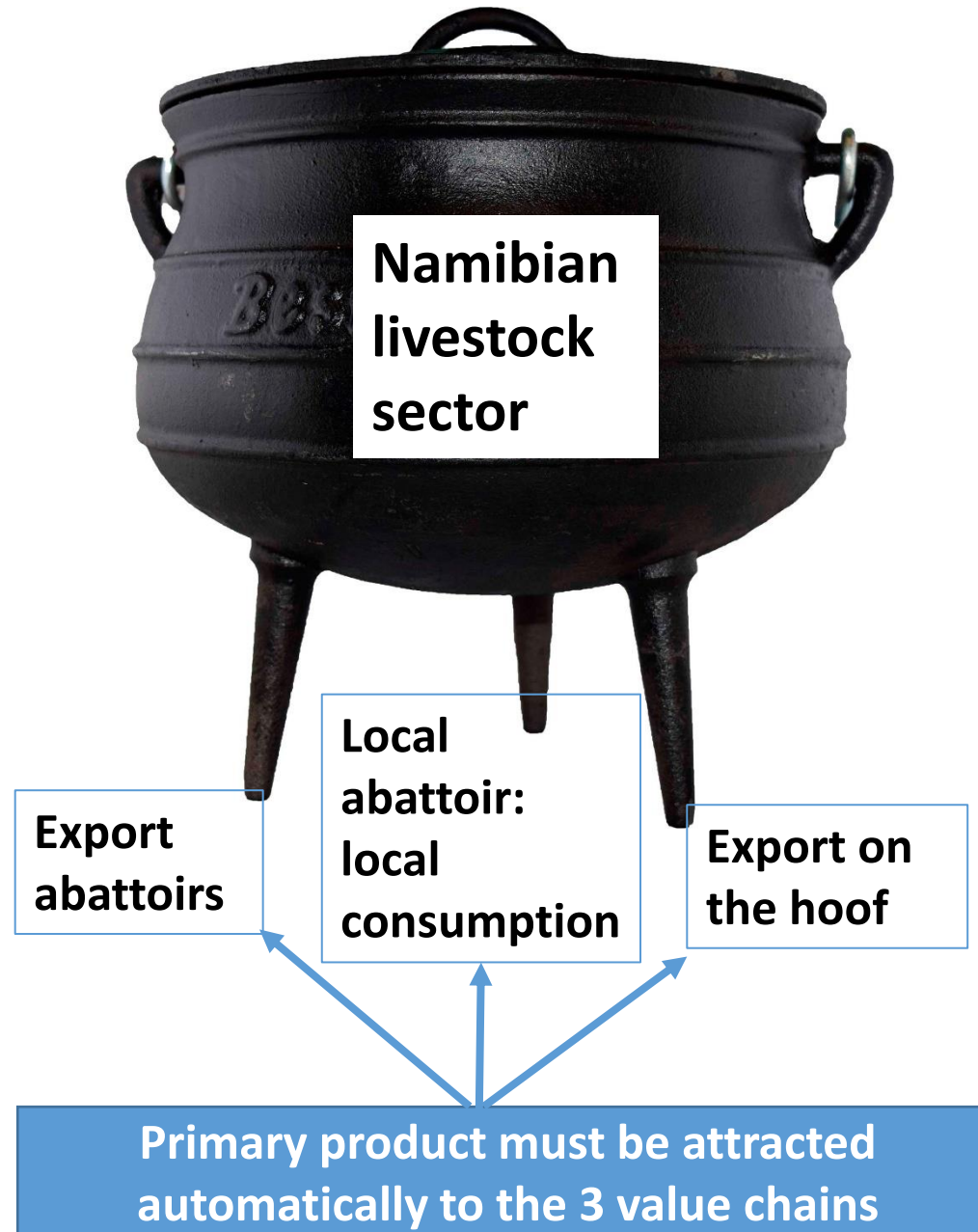


- Return on investment on cattle production has been between 1-2% per annum for the last 8 year's.
- Since 2017, selling weaners at  $\pm 7-8$  months has been more profitable than retaining weaners to grow them out to a slaughter ox.
- Profitability of ox production is determined by the price ratio between weaner and slaughter price.

## Weaner Price as a % of Slaughter Price (quarterly)



- Weaner price as a percentage of slaughter price is above the long-term average of 63% weaner production is seen to be profitable. As is the case at the moment.



- Different value chains need to operate in an unregulated environment - allow competition to exist.
- Producers are price takers, to ensure fair profitability they choose the most effective value chain.

# LPO herd survey 2020

- LPO conducted a survey in Feb-2020 to determine the extent of destocking that occurred from Dec-2012 (the end of the previous wet cycle) to Dec-2019.
  - 479 farmers responded (25.2% of the sample).
  - Farmers indicated that they owned 183 622 cattle in Dec-2012.
  - However, this figure reduced to 92 897 cattle in Dec-2019.
  - Their cattle herd reduced by 49.41%, with a bigger decline in traditional ox production areas.
- Producers are currently in a herd rebuilding phase, which will continue for the next years (assuming normal rainfall).
- Because of the short period it takes to produce weaners, it can be expected that weaner supply will recover sooner than slaughter cattle output.



Weaner calves can be pulled automatically in an unregulated market to the beef export value chain





Namibia has the potential to double  
livestock output.....

## What is needed to grow the sector?

- Realise that growth starts at farm level & growth will happen when the cattle is profitable.
- Improve efficiency of the beef export value chain by reducing costs.
- Allow competition and balance between different livestock value chains to exist.
- Invest in the restoration of natural rangeland, as it will increase the stocking rate and improve productivity.
- Long term policy surety is needed for recovery and re-investment into primary production.
- Maintain Namibia's animal health status.



Thank you!