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Overview of the Agricultural Sector in Namibia

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CONTENTS

Part 1:	INTRODUCTION	1
	1.1 Historical overview	1
	1.2 Employment levels.....	1
	1.3 Contribution to GDP	3
	1.4 Institutional framework.....	3
Part 2:	SECTORAL OVERVIEW	5
	2.1 Farmland	5
	2.2 Income.....	5
	2.3 Products.....	6
	2.4 Producers.....	6
	2.5 Capital formation	6
	2.6 Producer prices.....	6
	2.7 Consumer expenditure.....	7
	2.8 Consumer prices.....	8
	2.9 Deregulation and GATT.....	8
	2.10 Other trade agreements (Lomé).....	9
Part 3:	RED MEAT	10
	3.1 Area of production	10
	3.2 Producers.....	10
	3.3 Workers	10
	3.4 Number of animals.....	10
	3.5 Production	11
	3.6 Income.....	11
	3.7 Producer prices.....	12
	3.8 Marketing and processing	12
	3.9 Consumption	13
	3.10 Deregulation.....	13
	3.11 Exports and imports	14
Part 4:	HIDE AND LEATHER PROCESSING	15
Part 5:	GAME	16
	INTRODUCTION	16

5.1	Eco-agritourism.....	16
5.2	Ostrich farming.....	16
5.3	Marketing and processing.....	17
Part 6:	KARAKUL.....	18
6.1	Karakul Board.....	18
6.2	Area of production.....	18
6.3	Production.....	18
6.4	Marketing and processing.....	19
Part 7:	POULTRY.....	21
Part 8:	DAIRY.....	22
Part 9:	AGRONOMY.....	23
9.1	Wheat.....	23
9.1.1	Area of production.....	23
9.1.2	Producers and processors.....	23
9.1.3	Income.....	24
9.1.4	Production and intake.....	24
9.1.5	Producer prices.....	25
9.1.6	Consumption.....	26
9.1.7	Imports.....	26
9.1.8	Regulation.....	27
9.2	Maize.....	27
9.2.1	Area of production.....	27
9.2.2	Production and intake.....	28
9.2.3	Producer prices.....	28
9.2.4	Yield and marketing.....	28
9.2.5	Consumption.....	28
9.2.6	Imports.....	29
9.2.7	Regulation.....	29
9.3	Millet.....	30
9.3.1	Area of production.....	30
9.3.2	Production and intake.....	30
9.3.3	Yield and marketing.....	31
9.4	Sunflowers.....	31
9.4.1	Area of production.....	31
9.4.2	Production and intake.....	31

9.4.3	Producer prices.....	32
9.4.4	Yield and marketing.....	32
9.4.5	Imports	33
Part 10:	OTHER CROPS.....	34
Part 11:	AGRICULTURAL CREDIT FACILITIES.....	35
REFERENCES	37

LIST OF TABLES

Table 1:	Farms by district, 1989	2
Table 2:	Number of farm workers, 1971, 1985, 1994	2
Table 3:	GDP by activity - constant 1990 prices	3
Table 4:	Activity as percentage of GDP	3
Table 5:	Aggregated food expenditure	7
Table 6:	Consumer Price Index.....	8
Table 7:	Gross agricultural production	11
Table 8:	Average producer and auction price, 1994-1995.....	12
Table 9:	Marketing of livestock, 1990-1995.....	13
Table 10:	Ostrich products.....	17
Table 11:	Karakul pelt and wool production	19
Table 12:	Milk production	22
Table 13:	Crop hectares planted	23
Table 14:	Local processors of agronomic products	24
Table 15:	Domestic crop production.....	25
Table 16:	Crop producer prices and selling prices.....	25
Table 17:	Domestic crop consumption	26
Table 18:	Total maize imports, 1985/86-1992/93	29
Table 19:	Appointed agents, processors and buyers of maize	29
Table 20:	Self-sufficiency rates - cooking oil, 1986/87-1992/93	32
Table 21:	Other crops.....	34
Table 22:	Loans granted by the Agricultural Bank of Namibia, 1989/90-1994/95.....	35

Part 1

INTRODUCTION

1.1 HISTORICAL OVERVIEW

Namibia is characterised by a dual economic system. This duality is more pronounced in the agricultural sector. This is a result of a conscious effort of the colonial apartheid regime in South Africa to alienate and deprive the black majority. The agricultural sector is characterised by the privileged access of a small minority to a large share of the nation's resources. The growth of large-scale agriculture, mainly for whites, was encouraged by subsidised credit-for-land purchases. On the other hand, communal farmers were not considered bankable, by either the Landbank (Agricultural Bank) or other commercial banks, for lack of collateral.

The growth of white-owned large-scale agriculture was further encouraged by the distribution of public investment in markets and transport infrastructure. South Africa guaranteed a market for Namibian beef, and the South African Meat Board defended Namibian producer floor prices. Namibian quasi-public institutions were created which reflected the congruence of state and white farmer interests: marketing parastatals for meat, cereals and karakul pelts. Their primary objectives were to promote and support white farmers and ensure integration with the protected South African agricultural market. The veterinary cordon served to emphasise the division between communal and commercial agriculture. Discriminatory access to land, markets and infrastructure, and selective support, were employed to set commercial farmers apart from the communal farmers in terms of productivity and income.

1.2 EMPLOYMENT LEVELS

The results of these policies constitute the legacy inherited by the new government and despite various attempts by the post-colonial government to redress the inequalities that exist in the sector, for example the holding of the National Conference on Land Reform in 1991, these inequalities still exist. These inequalities complicate attempts to analyse the sector comprehensively, because until recently the production of the communal sector was not included in any national statistics. In this review an attempt will be made to include communal sector statistics wherever possible.

The 6 337 large farms owned by 4 450 farmers accounts for 32.3 million hectares or 73% of Namibian farmland, while more than 100 000 communal farmers tend 12.1 million hectares or 27% of total farm land. Table 1 shows the number of commercial farms per district, as provided by extension officers for the 1975 Agricultural Census (Adams, 1990).

Table 1: FARMS BY DISTRICT, 1989

District	Farming Units	% of Total
NORTH		
Outjo	508	8.0
Tsumeb	167	2.62
Grootfontein	877	13.81
Otjiwarongo	475	7.5
CENTRAL		
Windhoek	556	8.8
Gobabis	88	1.4
Omaruru	153	2.41
Karibib	165	2.6
Okahandja	336	5.3
SOUTH		
Keetmanshoop	533	8.4
Mariental	802	12.62
Karasburg	358	5.64
Maltahoe	244	3.84
Bethanien	197	3.10
Luderitz	81	1.3
Swakopmund	13	0.002
TOTAL	6 350	100.00

Source: Adams, 1990

In 1985, large-scale commercial farmers employed about 40 000 workers at low wages. During 1993/94 about 32 613 farm workers were recorded in Namibia. This represents a decline of about 1.85% since 1985.

Table 2: NUMBER OF FARM WORKERS, 1971, 1985, 1994

Year	# Workers
1971	49 768
1985	40 000
1994	32 000

Source: Devereux et al, 1996

In 1995, permanent farm workers earned about N\$166.12 per month and received a ration perk of about N\$229.27 per month.

In general, agriculture is the largest employer, directly or indirectly supporting 70% of the population, and it is the second most important sector in terms of contribution to exports, with a 12% share. Extensive stock farming is the dominant agricultural activity, accounting for 65% of the sector's gross output value, with beef its major product. Other farming activities and products include small stock, pigs, karakul pelts, poultry, dairy and game. Only about half or 444 000 km² of the country's land area is suitable for farming. Moreover, low rainfall and high evaporation limit dryland arable farming to a smaller area in the north.

1.3 CONTRIBUTION TO GDP

Table 3 shows the total contribution to GDP of both the commercial and the subsistence agriculture sectors.

Table 3: GDP BY ACTIVITY - CONSTANT 1990 PRICES N\$ MILLION

Industry	1990	1991	1992	1993	1994	1995	1996
AGRICULTURE	527	555	450	458	543	511	643
COMMERCIAL	351	360	344	331	342	306	447
% of Total	66.6	64.8	76.4	72.3	63.0	60.0	69.5
SUBSISTENCE	176	197	106	127	201	205	196
% of Total	33.4	35.5	23.6	27.7	37.0	40.1	30.5
GDP at Market Prices	5 873	6 307	6 825	6 697	7 127	7 423	8 200

Source: Directorate of Planning and Marketing, 1987

Income from the agricultural sector is prone to fluctuations due to market as well as climatic conditions, as is observed in Table 3. However, there has been no significant change in the percentage contribution to total agricultural output over the last seven years. The commercial sector continues to be the most important sector, contributing an average 68% of total agricultural output, while the subsistence sector's contribution remains at 32%.

Table 4: ACTIVITY AS PERCENTAGE OF GDP

	1990	1991	1992	1993	1994	1995	1996
agriculture	9.0	8.8	6.6	6.8	7.6	6.9	7.8
commercial	6.0	5.7	5.0	4.9	4.8	4.1	5.5
subsistence	3.0	3.1	1.6	1.9	2.8	2.8	2.4

Source: Directorate of Planning and Marketing, 1987

Table 4 illustrates that the agricultural sector contributed an average 7.6% to GDP between 1990 and 1996. In line with each sector's contribution to total agricultural output, the commercial sector's share in GDP was recorded at about 5.1%, while the subsistence sector contributed the remaining 2.5%.

1.4 INSTITUTIONAL FRAMEWORK

Although the agricultural business is mainly in private hands, a number of institutions are involved. The principal government institution is the Department of Agriculture and Rural Development (DARD), comprising the following directorates: Research and Training, Extension and Engineering, Veterinary Services, Planning and General Services. Close liaison and working relationships are maintained between DARD and other agencies, such as the Ministry of Lands, Resettlement and Rehabilitation, the Directorates of Forestry and Environmental Affairs in the Ministry of Environment and Tourism, the agricultural unions, the Namibia Development Corporation and various NGOs involved in agriculture-related interventions (NDP1).

The other organisations which are directly involved with the agricultural sector include the following:

Unions

- The Namibia National Farmers Union (NNFU), established in 1992 to promote and advance the interests of farmers in Namibia and to promote the development of a viable agricultural industry. The NNFU has a membership of about 10 000, comprising farmers in the communal tenure areas and disadvantaged private tenure farmers.
- The Namibia Farmworkers Union (NAFWU), established in 1994 to represent the interests of the farm workers. In 1995 about 12% of farm workers on commercial farms were members of NAFWU.
- The Namibia Agricultural Union (NAU), established in 1946 to represent the interests of commercial (white) farmers, now mainly represents the interests of private tenure farmers.

Marketing Boards

- The Agronomic Board regulates the importation of all wheat and maize into Namibia and links these imports to purchases of local harvests.
- The Meat Marketing Board is the agency responsible for regulating the export of meat and livestock and for organising the smooth flow of cattle to the export abattoir for slaughter.
- The Karakul Board promotes karakul production and markets pelts on behalf of Namibian producers.

The government has a limited representation on each of these boards and monitors their operations.

Financial institutions

- The Agricultural Bank of Namibia provides credit to farmers. Credit schemes can be divided into long-term loans, medium-term loans and special schemes. Special schemes include loans for purchase of commercial land by communal tenure farmers, labourers' housing and drought relief.

Part 2

SECTORAL OVERVIEW

2.1 FARMLAND

Namibia's total area is 824 000 km². Only about 444 000 km² of the country's land area is suitable for farming. Moreover, low rainfall and high evaporation limit dryland arable farming to a much smaller area in the north. In 1964 the Odendaal Commission designated some 35 million hectares as 10 "homelands" for blacks and 34.97 million hectares for whites.

A larger proportion of usable land is farmed as 6 337 large-scale commercial holdings owned by 4 450 farmers, mainly white, accounting for 32.3 million hectares or 73% of Namibian farmland. The average farm size is more than 7 000 hectares. On the other hand, more than 100 000 communal farmers tend 12.1 million hectares or 27% of total farmland.

A veterinary cordon fence, known as the "red line", which divides the northern rangeland from the rest of the country, was originally erected to control the southward movement of potentially infected animals. Seven years after independence the red line still haunts the Namibian authorities. Hostilities in Angola have prevented the eradication of animal disease and vandalism along the border fence between Angola and Namibia, and hence prevent the removal of the red line.

2.2 INCOME

Agriculture has contributed an average of 8% to GDP for the past 10 years. However, agriculture's contribution to the livelihood of the rural population is much more significant than this figure might suggest. The *1993/94 Household Income and Expenditure Survey* indicates that subsistence farming provides the principal source of income for 41% of all households in the country.

The sector is the main source of employment and livelihood for the population, with an estimated 70% dependent on it. In 1985, large-scale commercial farmers employed about 40 000 workers. This figure had declined to about 32 000 by 1994. It is also an important source of foreign exchange, providing more than 15% of visible export earnings, as well as providing raw materials for local industry (NDP1).

2.3 PRODUCTS

Namibia produces a range of agricultural products. Extensive stock farming is the dominant agricultural activity, accounting for 65% of the sector's gross output value. In the northern districts cattle farming predominates. In the southern districts only small stock, sheep and goats can be raised.

A few large commercial farms in better endowed areas engage in crop production, producing wheat, maize and sunflowers. Rain-fed crop production, during good years, covers up to 33 000 hectares. Some form of irrigation is used on approximately 23 198 ha of arable land, of which the greater proportion is situated in four commercial areas: at Noordoewer on the banks of the Orange River, on the Hardap irrigation scheme, in Stampriet and in the "maize triangle", that is, Grootfontein-Otavi-Tsumeb. Small-scale production of lucerne, grapes, vegetables and cotton takes place around the Hardap Dam in the south. Pearl millet (mahangu) is the major staple produced and consumed locally in the communal areas of Ovambo and Kavango, and maize and sorghum are the main staples produced and consumed in Caprivi (Agronomic Board, 1992/93; Devereux et al, 1996; World Bank, 1992).

2.4 PRODUCERS

Most agricultural production activities are carried out by private companies and individuals. The bulk of livestock production takes place on 6 337 private commercial units, undertaken by about 4 450 farmers, while an estimated 30% of the total agricultural output is produced in the communal tenure areas. There were 256 registrations of private agronomic producers between 1988 and 1990.

2.5 CAPITAL FORMATION

There has not been any remarkable change in capital formation in the agricultural sector since independence. Gross fixed capital formation averaged N\$70 million (constant 1990 prices) for the first three years of independence. There was a decline in gross capital formation in 1993 (N\$60 million), but then it picked up to reach an average of N\$83.5 million for 1994 and 1995. Fluctuation in capital formation is mainly caused by drought (Bank of Namibia, 1996).

2.6 PRODUCER PRICES

In 1994 livestock producers experienced a cyclic increase in prices with an average price rise of 60%. The previous doubling in producer prices occurred in 1987, whereafter the producers received a modest increase of 20% for the years 1987 to 1994. With the deregulation of the industry, different market forces reacted during 1994. Producer prices were curtailed by imports of subsidised European beef and mutton, and lamb from

Australia and New Zealand. This was the first time that market forces alone determined price levels without regulation by the South African Meat Board. This means that local price levels are also determined by import prices. Import prices are in turn affected by levies paid as determined by the Board of Trade and Tariffs.

Namibia is not yet self-sufficient in meeting its staple food needs. Consequently, the market-related price at which staple food can be supplied to the population can be measured against the cost at which such products may be purchased from alternative sources and transported to consumers around the country. The Namibian Agronomic Board (NAB) recommendations concerning selling prices for controlled agronomic products are based on the principle that domestic consumers should not pay more for local products than they would have to pay for quality products from elsewhere, plus the resultant transport costs.

The NAB regards the South African marketing boards as stable alternative sources for products which may be required in Namibia in addition to domestic products. This view is based on statistics of the availability of South African products and takes into account the existing infrastructure.

The NAB annually submits recommendations to Cabinet relating to producer prices for controlled agronomic products. The price paid to domestic producers is calculated by subtracting the following from the sale of harvests: an amount towards the accumulation of reserves for the industry, plus general producers' levies which finance the board's running costs, plus the scheme's costs, for example, handling, storage, fumigation, distribution and financing.

2.7 CONSUMER EXPENDITURE

Most of the official sources have only aggregated time series on this variable. The *1993/94 Household Income and Expenditure Survey* gives only a general picture of average annual private household consumption and expenditure. In 1993, private final consumption expenditure was N\$4 778.9 million. From the *1993/94 Household Income and Expenditure Survey*, average food expenditure of private households can be estimated at N\$1 094.4 million or 22.9% of total private consumption expenditure. Estimates for the different food types is given in the table below.

Table 5: AGGREGATED FOOD EXPENDITURE (N\$ MILLION)

Food Type	Estimated Expenditure
Bread and cereals	292.0
Meat	194.6
Milk, cheese and eggs	44.5
Oil and fats	30.6
Fruits, nuts and vegetables	170.4
Fish	28.9
Sugar	56.3
Other*	277.1

TOTAL	1 094.4
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*Other = alcoholic beverages and non-alcoholic beverages

Source: 1993/94 Namibia Household Income and Expenditure Survey

The greatest proportion of total expenditure was spent on bread and cereals (26.7%), followed by meat (17.8%) and fruits and vegetables (15.6%). Private consumption expenditure has showed more or less a constant trend over the past five years.

2.8 CONSUMER PRICES

General inflation is relatively low, with annual inflation rates of between 8% and 10%. Since disaggregated data is difficult to come by, the consumer price index (CPI) gives an indication of price level movement over a certain period. Aggregated CPI statistics for food shows that food prices increased by approximately 15% per year for the period 1993-1996. Table 6 gives the annual inflation rate indices for selected groups.

Table 6: CONSUMER PRICE INDEX (1992=100)

	All Items	Food	Housing, Fuel & Power	Clothing & Footwear	Household Goods	Transport & Communi- cations	Annual Inflation Rate(%)
Weight	100	28.36	19.94	4.33	10.22	20.67	-
1991	82.17	80.25	98.00	77.93	77.26	80.43	11.83
1992	100	100	100	100	100	100	17.87
1993	104.99	102.42	104.83	108.69	100.82	105.94	8.53
1994	116.29	115.78	118.77	117.37	104.95	112.38	10.76
1995	127.93	129.19	134.06	127.57	111.31	118.63	10.01
1996	138.17	137.84	143.44	132.82	118.44	129.28	8.01

Source: Central Statistics Office, 1997

2.9 DEREGULATION AND GATT

New developments have taken place since Namibia's independence seven years ago. Although South Africa remains the most important market for Namibia, especially for its meat and livestock exports, a new market in the European Union (EU) has emerged. On the other hand, developments in the new South Africa and in the world at large are affecting agricultural production in Namibia and as such warrant discussion in any overview of the Namibian agricultural sector.

Until the late 1980s, the marketing and distribution of most agricultural products in South Africa were conducted according to statutory single-channel marketing systems (SCMS), which required producers to register with and sell their products to a central body. Since the late 1980s deregulation of agricultural marketing and production has taken place.

GATT is an international trade agreement that was established in 1947. Member states negotiate agreements on world trade and the current interest is in the liberalisation of international trade. This means that negotiations on GATT have recently focused on reducing government protection to producers in the member states, thereby allowing more global competition between the states than was previously the case. Currently trade rules

have been brought under the supervision of the World Trade Organization (WTO), which replaces GATT and is now responsible for overseeing the implementation of reforms under the 1994 GATT. The main target of GATT in the latest round of negotiations - the Uruguay Round, which culminated in the signing of the Marakesh Agreement in April 1994 - was the transformation and reduction of tariff barriers and government subsidies to producers.

The deregulation of the agricultural market in South Africa and less intervention in world markets due to the implementation of the Uruguay Round of GATT was felt by Namibian producers. This has resulted in price levels - particularly in the Namibian meat industry - being determined by market forces alone (Meat Board, 1994).

2.10 OTHER TRADE AGREEMENTS (LOMÉ)

By signing the Lomé Convention on 19 December 1990 and negotiating an EU quota for Namibian beef exports, the government has broadened the marketing possibilities substantially. Under the provisions of Lomé IV and the beef protocol, Namibian beef has enjoyed access to the lucrative EU market. In 1994, the total export to the EU was 10 677 tons, but it is important that both government and producers realise that the Lomé exports in future will be an imperative market, but not necessarily a profitable one. The expectations of higher producer prices and funds for development should be scaled down to the real returns from the markets. For example, the high levies paid to enter the EU market is a big concern. Namibia paid N\$16.9 million to the EU fiscus during 1994/95 (Meat Board, 1995).

It is also important to bear in mind that future price levels of beef in the EU are uncertain. Under the Common Agricultural Policy (CAP), beef prices are artificially raised and due to pressure from the US in the context of the Uruguay Round, and due to consumer interests within the EC, the EU announced a reform package on the CAP with a reduction of intervention prices by 5% per annum for three years, and a reduction of intervention subsidies by 35% over a five-year period.

Part 3

RED MEAT

3.1 AREA OF PRODUCTION

Only about half or 444 000 km² of the country's land area is suitable for farming. Most of this area is used for red meat production. Extensive stock farming is the dominant agricultural activity, accounting for 65% of the sector's gross output value, and beef is its major product. Other activities and products include small stock, pigs, karakul pelts, poultry, dairy and game.

3.2 PRODUCERS

Livestock farming in Namibia can be divided into two components, namely: farming in the communal areas and farming in the commercial areas. Commercial livestock production contributes over 80% to gross agricultural income (Commonwealth, 1992).

3.3 WORKERS

Agriculture is by far the most important employer in Namibia, directly or indirectly supporting some 70% of the population. The communal agricultural sector provides employment to about 300 000 people. Large-scale commercial farmers provide official employment to thousands of the rural populace. In 1985 the commercial sector employed about 40 000 workers. The *Manpower Survey 1988* estimated that agriculture contributed 19% to total employment.

3.4 NUMBER OF ANIMALS

Herd numbers are divided into commercial areas and communal areas. In December 1996 the national herd was estimated at 1 989 947 head of cattle, 2 275 457 sheep, 1 786 150 goats, 18 923 pigs and 38 891 ostriches. A summary of livestock numbers at that time is as follows:

LIVESTOCK CENSUS, DECEMBER 1996 (NAMIBIA STOCK CENSUS, DECEMBER 1996)

Commercial Areas		Communal Areas	
Cattle	743 224	Cattle	1 246 890
Sheep	1 878 840	Sheep	319 617
Goats	544 942	Goats	1 241 208

Total 3 167 006 Total 2 807 715

These figures should be considered within a broad political and historic background. Although the absolute figures suggest that the communal areas exceed the commercial areas in terms of livestock numbers, other variables need to be addressed, such as livestock per capita, contribution to recorded GDP, and so on.

3.5 PRODUCTION

In 1994 beef producers (excluding producers in the northern communal areas) marketed 162 672 cattle at Meatco export abattoirs as part of the Commercial Producers' Marketing Scheme. This figure represents 70.45% of the available "slaughter" animals offered for marketing in Namibia. The remaining slaughter animals were absorbed by local butchers (34 108), the South African "open" market (22 769) and the South African "controlled" market (11 351). In the northern communal areas, a total of 18 604 cattle were marketed at Meatco abattoirs (Meat Board, 1994). This is an equivalent of 32 210 tons of beef.

During the same period, 80% of Namibia's small stock or 888 410 animals were marketed on both the open and controlled markets of South Africa. Meatco processed 12 971 small stock and local butchers slaughtered 21 750 - a remarkable decrease since the 1993 figure of 96 481. These figures represent 3 347 tons of small stock meat.

3.6 INCOME

Red meat is Namibia's most valuable agricultural product, contributing approximately 82.7% to gross agricultural product. Between 1982 and 1992 red meat contributed an average of N\$441.7 million per year to gross agricultural product (NAU, 1992/93).

Table 7: GROSS AGRICULTURAL PRODUCTION (N\$ MILLION)

Commodity	1987	1988	1989	1990	1991	1992
Red meat	364.0	374.5	428.4	389.9	453.0	495.6
Agronomy	8.6	20.9	25.9	26.4	33.7	19.4
Wool and pelts	47.1	38.8	29.2	17.7	17.2	13.6
Game	15.2	21.9	24.4	33.0	25.0	25.0
Dairy	11.7	12.2	12.6	11.5	12.3	12.3
Other	6.8	7.7	7.3	6.8	6.9	8.9
Total	453.4	476.0	527.8	485.3	548.1	574.4
% Increase		5.0	10.9	-8.1	12.9	4.8
% Agricultural input cost		12.9	20.1	11.9	10.3	17.4
Cumulative difference		-7.9	-17.1	-37.1	-34.5	-47.1

Source: NAU 1992/93

Similar statistics for the period 1993 until the present could not be obtained because the Directorate of Planning and Marketing is still updating their agricultural statistics, nevertheless the table shows that red meat has been the most important product in terms of earnings, contributing around 80% to gross agricultural product.

3.7 PRODUCER PRICES

Average producer prices for cattle have continued to decrease. Prices decreased by 18% from 821c/kg in January 1995 to 673c/kg in December 1995. However, producers received 11% more on average during 1995 - 741c/kg compared to 665c/kg during 1994. Average auction prices for weavers decreased by 94c/kg from 399c/kg in January 1995 to 305c/kg in December 1995. The Meat Board attributes the decrease in producer prices to massive amounts of cheaply imported beef, lamb, mutton, turkey, pork and chicken into South Africa, which is the main market for Namibian beef (Meat Board, 1995).

Average auction prices for lamb in 1995 fluctuated between 632c/kg and 484c/kg and goat prices between 365c/kg and 400c/kg. According to Meat Board, the decrease in average producer prices in 1995 could be attributed to cheap mutton imports occurring with loopholes in the tariff structure imposed by South Africa. However, the average producer price of 1 003c/kg for small stock was the same for 1994 and 1995 (Meat Board, 1995).

Table 8 shows average producer prices at Meatco (excluding the northern communal areas) and auction prices on all South African markets for cattle and lamb, respectively.

Table 8: AVERAGE PRODUCER AND AUCTION PRICE (N\$/KG), 1994-1995

		1994	1995
Average producer price*	Cattle	6.65	7.41
	Lamb and sheep	10.03	10.03
Average auction price**	Cattle	7.41	7.49
	Lamb and sheep	10.77	9.09

* Average producer price of cattle, lamb and sheep carcasses at Meatco abattoirs (excluding the northern communal areas)

** Average auction price of cattle, lamb and sheep carcasses on all South African markets

Source: Meat Board

3.8 MARKETING AND PROCESSING

With regard to the marketing of livestock, Namibia is divided into two distinct areas by the "red line" veterinary control fence. The area south of the red line is free of foot-and-mouth disease and lung sickness. North of the red line these diseases are believed to be endemic. Livestock raised south of the red line have ready access to South African and EC markets. Meat from livestock raised north of the red line needs to undergo various forms of processing before it can be exported to international markets (Commonwealth, 1992).

The Meat Marketing Board is the agency responsible for regulating the export of meat and livestock exports and for organising the smooth flow of cattle to the export abattoirs for slaughter. The principal livestock processing and beef marketing organisation is Meatco, a national "utility corporation", the main activities of which are livestock slaughter, the

processing of meat and meat products and the marketing of these products in Namibia and abroad. South of the Trans Veterinary Cordon Fence (TVCF), Meatco has factories in Otavi, Okahandja and Windhoek. These three operations handle the bulk of exports to Europe and South Africa. Meatco also provides a slaughtering service for two meat processing plants in Windhoek (Hartlief and Windhoek Schlachtereij). The municipal abattoirs service the local butcheries (Meatco, 1995; Commonwealth, 1992).

Since 1992 Meatco has been responsible for all formal meat marketing operations in the communal tenure areas north of the TVCF. Meatco established abattoirs at Katima Mulilo and Oshakati. The operation in the Caprivi is under constant threat due to its animal health status with the presence of foot-and-mouth disease in the region and the migration of wildlife from Botswana and Zambia. Under these circumstances, provision should be made for fresh meat exports for the higher economic value these represent, but furthermore, should foot-and-mouth disease break out, provision should be made for the canning of all the beef. The Oshakati plant is in a more promising position, handling between 120 and 150 head of cattle per day (Meatco, 1995). Table 9 summarises total livestock sales between 1990 and 1995.

Table 9: MARKETING OF LIVESTOCK (#), 1990-1995

Cattle	1990	1991	1992	1993	1994	1995	Average
Export abattoirs	136 261	151 828	154 643	166 609	162 672	156 351	139 699
NCA	5 052	4 837	17 106	16 512	18 604	29 690	10 657
Butchers	37 565	41 813	36 814	37 931	34 108	29 645	38 547
RSA "controlled"	33 953	31 913	30 762	27 125	11 351	5 562	36 899
RSA "open"	110 629	103 454	126 309	152 523	179 309	193 211	126 097
TOTAL	323 460	333 845	365 634	400 700	406 044	414 489	351 898
Small Stock		1991	1992	1993	1994	1995	Average
Meatco	102 070	108 777	147 333	102 319	115 290	52 907	82 511
Butchers	132 676	141 557	152 492	118 231	96 481	121 829	128 326
RSA "controlled"	332 752	339 440	439 513	377 260	242 645	240 251	278 465
RSA "open"	520 801	500 097	606 296	440 348	645 765	768 411	500 776
TOTAL	1 088 299	1 089 871	1 345 634	1 038 158	1 100 181	1 183 398	990 079
Pigs		1991	1992	1993	1994	1995	Average
Butchers (total)	46 000	44 498	33 372	30 121	34 577	33 111	40 969
Locally produced pigs slaughtered			11 588	8 951	12 682	16 264	-

Source: Directorate of Planning and Marketing, 1997

3.9 CONSUMPTION

In 1994, out of the total of 32 214 tons of beef produced in Namibia, 6 344 tons (19.6%) were consumed locally. Beef imports in 1994 amounted to 1 384 tons. A total of 1 996 tons of small stock meat were consumed locally, while 1 544 tons were produced locally and a total of 449 tons of mutton and 3 tons of goat were imported. Of the 34 577 pigs slaughtered in Namibia, only 36.7% or 12 682 animals were produced locally (Meat Board, 1994).

3.10 DEREGULATION

The implementation of GATT by the WTO at the beginning of 1995 has far-reaching implications for Namibia's meat producers because local producers have to compete internationally as well as locally with imported meat and meat products. Thus for long-term survival, farmers will be compelled to produce animals at the highest efficiency level. Furthermore, the cessation of the Lomé agreement by the year 2005 will necessitate that the Meat Board searches for new markets, especially in Africa.

3.11 EXPORTS AND IMPORTS

Approximately 47% or 190 660 head of the annual production of cattle in 1994 was exported live to South Africa. A total of 32 214 tons of beef were produced in Namibia, of which, 14 874 and 10 996 tons were processed and exported to South Africa and the European Union, respectively. Imports of beef in 1994 amounted to 1 384 tons. More than half of all the small stock meat (1 803 tons) was exported to South Africa. Total imports amounted to 449 tons of mutton and 3 tons of goat. Approximately 16 847 and 16 264 pigs were imported and produced, respectively, while 1 651 tons of pork - mainly fat and ribs - were imported to meet local demands in 1995. Only 985 tons of pork were imported during 1994 (Meat Board, 1994 and 1995).

During 1994 and 1995, a total of 190 660 and 198 773 cattle, respectively, were exported to South Africa. The corresponding figures for small stock exports were 888 410 and 1 008 662. On average, larger proportions, that is, 96% of cattle and 74% of small stock, are exported for the South African "open" market.

Part 4

HIDE AND LEATHER PROCESSING

Cattle hides are by-products of the red meat industry.

Located at Brakwater near Windhoek, Namibia Tannery (Pty) Ltd processes cattle hides to the wet blue stage, that is, the stage of hair removal. The tannery has the capacity to process 1 000 hides per day, and the hides are exported to overseas markets, mainly in Europe.

In the past, Meatco exported 50% of its hides in a salted form to South Africa. This changed with the establishment of the Meatco tannery at Okapuka about three years ago. The corporation invested N\$8.5 million to expand its operation to allow for the processing of its raw hides to the leather stage. The finished leather produced at the Meatco tannery could serve as a source for leather goods manufactured in Namibia (Commonwealth, 1992).

Part 5

GAME

INTRODUCTION

Game farming has become an important branch of agriculture. In 1987 there were 314 registered game farms. The estimated potential contribution of game farming to the country's economy is N\$158 million per year (Adams, 1990). It is a multi-product enterprise, with sources of income including trophy hunting, biltong production, venison production and craft production.

Aggregate estimates for wildlife populations and species diversity on private land in Namibia were made during 1972 and again during 1992. The number of species and the biomass increased by 80% or 3% per annum over this period. The number of recorded game species increased by 40%.

5.1 ECO-AGRITOURISM

Eco-agritourism added another dimension to traditional game farming. While traditional game farming includes the above-mentioned income-generating activities, eco-agritourism comprises another set of activities, namely 4X4 drives, bird and game viewing and hiking trails. Over the past two decades the proportion of income derived from eco-agritourism has risen from 5% to 10%. The development of eco-agritourism could reduce the risks for traditional livestock production systems which are subject to fluctuations as a result of drought (NAU, 1995).

5.2 OSTRICH FARMING

Ostrich farming, primarily for skin and meat but also for a variety of by-products, has been on the increase in Namibia. In 1990 only 3 764 ostriches were recorded, but by 1996 this number had increased to 38 891 birds. Exports of live birds, chicks and eggs are also on the increase. Table 10 shows the numbers of birds slaughtered, adults, chicks and eggs exported and the respective prices of products marketed.

The initial emphasis was placed only on the export of adult birds, chicks and eggs. After the demand for live birds had dropped in 1995, new strategies were devised and the emphasis now is on the export of meat, leather and feathers to new markets which have opened up in Europe, the USA and Japan. Health considerations have boosted the demand for ostrich meat, this meat being lower in cholesterol and fat than red meat (NAU, 1995).

Table 10: OSTRICH PRODUCTS

	1990	1991	1992	1993	1994	1995	1996
Birds slaughtered	200	300	400	500	600	5 333	12 686
Price(N\$/bird)	1000	1100	1200	1300	1400	1500	1700
Adult bird exports	302	916	1022	1500	12800	10860	12150
Price (N\$/bird)	800	900	1000	1200	1472	1387	2767
Chick exports	100	300	341	400	480	308	450
Price (N\$/bird)	500	550	600	650	2787	1338	6527
Eggs exported	300	750	2436	3000	60443	29992	24705
Price (N\$/egg)	100	150	200	250	288	199	203
Ostriches: census number	3764	6535	13796	15191	23220	21241	38891

Source: Directorate of Planning and Marketing, 1997

5.3 MARKETING AND PROCESSING

Ostraco, a private company based in Mariental, has been established to manage the slaughtering and marketing of ostrich products. Slaughtering for export commenced during February 1996 and close to 13 000 birds were slaughtered in 1996. An abattoir for the slaughtering of ostriches has been built in the south of the country, and a company based in Keetmanshoop, Ostrich Products Namibia, will commence its activities in 1997 with a hatchery, an abattoir and a tannery.

Part 6

KARAKUL

6.1 KARAKUL BOARD

The karakul trade is controlled by the Karakul Board of Namibia. The board was established by the Karakul Pelts and Wool Act (Act 14 of 1982) and it has various goals to fulfil. Among these goals is the development of the karakul industry, that is, to increase the demand for karakul pelts and wool, or products made thereof, and to promote the establishment of a processing and manufacturing industry for karakul pelts and wool, as well as to look at matters relating to the marketing, manufacturing and distribution of wool and pelts (Karakul Board, 1995/96).

6.2 AREA OF PRODUCTION

The main sheep producing area is situated in the southern part of Namibia and includes Bethanien, Mariental, Keetmanshoop, Lüderitz, Maltahöhe and Karasburg. The total area is estimated at 72 553 hectares (Adams et al, 1990).

Karakul sheep in Namibia are primarily farmed for their pelts, with lambs being slaughtered within 48 hours of birth. However, when pelt prices are low, karakul wool can also be a source of revenue and sheep can also be slaughtered for their meat. Karakul is mainly farmed in the southern commercial and communal areas.

In recent years there has been a sharp decline in sales in the karakul sector. Various factors have had a significantly negative affect on the Namibian industry, such as substantial price fluctuations internationally, resulting from strong anti-fur lobbying in traditional markets. Low fur prices, compounded by the severe drought which decimated karakul flocks, has led a large number of karakul farmers to switch over to dorper sheep which are suitable for meat production (Commonwealth, 1992; NEPRU, 1992). The decline in karakul flocks and the other factors above-mentioned have led to the virtual collapse of the industry in Namibia.

6.3 PRODUCTION

Once known as "the black diamond" for its value as an export product and foreign exchange earner, karakul has dwindled in importance, with products such as wool and pelts earning a mere N\$6.5 million in 1996.

Since 1990 there has been a sharp decrease in karakul wool and pelt production, as indicated in Table 11.

Table 11: KARAKUL PELT AND WOOL PRODUCTION

Year	Pelts (#)	Average Price (N\$/Unit)	Wool (tons)	Average Price (N\$/kg)
1990	510 421	27.06	1195	181.06
1991	423 148	35.51	413	152.62
1992	339 348	35.58	484	149.15
1993	133 759	50.06	361	178.25
1994	178 283	53.00	287	199.10
1995	180 000	55.00	287	160.00
1996	117 785	55.00	287	160.00

Source: Directorate of Planning and Marketing, 1997

There was a slight increase in pelt production between 1994 and 1995, which could be attributed to price increases internationally, but production slumped again in 1996. During 1993 prices increased dramatically as a result of an increase in price of more than 100% for fox and mink. The price increase for fox and mink can be ascribed to heavy buying by the emerging markets in South Korea, China and Russia. These price increases upped the demand for Namibian pelts in the traditional European markets, which in turn led to price increases in Namibia. Farmers increased pelt production by 16% between 1994 and 1995, but the prices realised were unfortunately only slightly higher than for the previous years, and seemingly producers did not find this to be a strong incentive to further increase production. Pelt production fell again in 1996 as shown in Table 11 above. Wool production also shows a downward trend, decreasing from well above 1 100 tons in 1990 to a mere 287 tons in 1996.

6.4 MARKETING AND PROCESSING

In a joint venture with Nakara - the local karakul pelt processing and manufacturing enterprise - the Karakul Board established a company called the International Marketing Company (IMCO) to oversee the marketing of Namibia's processed karakul pelts and garments in international markets (Karakul Board, 1995/96).

The company embarked on new strategies to market Namibian products abroad. For example, it participated in two specialised trade fairs in Milano (Italy) and Frankfurt (Germany) during 1995. Furthermore, the emerging fur markets in Korea, China and Russia led the company to participate in the fur fair in Hong Kong in that year. The Karakul Board and IMCO also identified the textile fashion sector as a potential buyer, and IMCO participated in the 1995 Interstoff Fair in Frankfurt, exhibiting processed pelts of different brands and colours, as well as a collection of garments.

Namibian pelts are presently used mainly by the traditional European fur trade, and according to the Karakul Board, Europe therefore remains the most important potential customer for processed pelts and garments.

The marketing of wool is handled by AGRA, a local co-operative. Local producers sell their produce to AGRA, which in turn sells its purchases to wool processors in South Africa, while the light-coloured wools are mainly purchased by the local carpet and rug weaving industry.

Year	Wool Production (kg)	Wool Exports (kg)	Wool Imports (kg)	Wool Stocks (kg)
1980	10000	8000	2000	1000
1981	12000	9000	3000	1500
1982	15000	11000	4000	2000
1983	18000	13000	5000	2500
1984	20000	15000	5000	3000
1985	22000	17000	5000	3500
1986	25000	19000	6000	4000
1987	28000	21000	7000	4500
1988	30000	23000	7000	5000
1989	32000	25000	7000	5500
1990	35000	27000	8000	6000

The wool industry in Namibia is a small but growing sector. It is primarily based on the production of merino wool, which is used for the manufacture of carpets and rugs. The industry is currently facing several challenges, including a decline in wool prices and a shortage of skilled labour. However, there are also opportunities for growth, particularly in the area of wool processing and marketing. The government is currently working to improve the infrastructure of the wool industry and to provide technical assistance to producers. This is expected to help the industry to become more competitive and to attract more investment.

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Part 7

POULTRY

The poultry industry in Namibia is very small. Producers are not organised in producers' associations, hence data on the industry are rather scanty. Commercial production of broilers is taking place on a very small scale. A small number of producers supply about 6% of the total local demand. During 1994 and 1995 approximately 90% of the total consumption was imported from South Africa, while the rest was imported from Zimbabwe.

During the last seven years an annual average of 3 073 000 dozen eggs were laid by a total of 185 000 hens. This represents approximately 93% of the total annual demand in the country. The rest is imported. The average price per dozen eggs during this period was N\$2.44 (Directorate of Planning and Marketing, 1997; NAU, 1995).

Part 8

DAIRY

Namibia has a limited capacity for dairy farming. Some 33 dairy farmers supply milk to two main processing plants - one in central Namibia and one in the north. The milk is processed to produce fresh milk (full fat and low fat), yoghurt and cheese. Fresh milk production meets the local demand, while other dairy products have to be imported due to low production or lack of processing (NAU, 1995). Table 12 shows the total fresh milk production from 1990 to 1996.

Table 12: MILK PRODUCTION

Year	Production (litres)	Producer Prices (N\$)	Price Index (1990=100)
1990	8 361	1.05	100.0
1991	12 000	1.08	102.9
1992	13 441	1.08	102.9
1993	13 586	1.23	117.1
1994	13 831	1.34	127.6
1995	14 289	1.40	133.3
1996	15 826	1.54	146.7

Source: Directorate of Planning and Marketing, 1997

Although the numbers of dairy herds and animals could not be obtained from the reports reviewed, NAU reported that the herds remained more or less constant from 1991 to 1994 (NAU, 1995).

Part 9

AGRONOMY

9.1 WHEAT

9.1.1 Area of production

Wheat crop production is concentrated in the southern parts of the country (Hardap) and the northern parts (Otavi, Kombat, Tsumeb and the NDC project farms in Kavango and Caprivi). Wheat is processed in Windhoek by Namib Mills, which together with the co-operative in Hardap is responsible for the physical handling, storage and safeguarding of the four annual harvests (i.e. coinciding with the seasons). Table 13 gives the total area planted for different crops, including wheat.

Table 13: CROP HECTARES PLANTED

Year	White Maize	Yellow Maize	Sunflower Oil	Millet/Sorghum	Wheat
1990/91	16 550	2 633	1 101	-	1 000
1991/92	33 618	5 020	320	166 000	1 000
1992/93	45 849	3 446	599	176 600	500
1993/94	23 210	2 857	-	171 200	1 300
1994/95	32 022	3 051	1 849	310 700	1 200
1995/96	18 000	1 227	-	298 400	600
1996/97	26 600	1 050	-	297 000	900

- data not available

Source: Agronomic Board, 1994/95; Directorate of Planning & Marketing 1997.

9.1.2 Producers and processors

Subsequent to the stipulations of General Notice No. 33 of 1986, every agronomic producer who sells more than five tons annually of one or more of the controlled primary agronomic products, such as wheat, maize and sunflower seed, is obliged to register with the Agronomic Board as an agronomic producer (Agronomic Board, 1992/93). For the period 1992/93, 15 producers registered with the board, bringing the total of registered producers to 330. The 1994/95 Agronomic Board report lists 19 new registered producers, bringing the total of registered producers for that period to 371. Of the 19 new producers, 9 were members of the board of directors, while only one processor serves on the board of directors.

According to the stipulations of General Notice No. 33 of 1986, processors of controlled agronomic products were mandated to register as such with the Agronomic Board. The processors who have registered since the introduction of this mandatory registration are listed in Table 14.

Table 14: LOCAL PROCESSORS OF AGRONOMIC PRODUCTS

Wheat Processors	Yellow Maize/ Fodder Processors	White Maize Processor	Sunflower Seed/Oil Processor
Namib Mills (Pty) Ltd (Windhoek)	Agra Mills (Otavi)	Agra Mills (Otavi)	Vanden Bergh Foods (Omaruru)
Agra Mills (Otavi)	Omru Feeds (Pty) Ltd (Omaruru)	NDC Ltd (northern Namibia)	-
-	Feedmaster (Pty) Ltd (Windhoek)	Namib Mills (Pty) Ltd (Windhoek)	-
-	Oranje-Cooperative (Ltd) (Mariental)	B S Siyambango (Caprivi)	-
-	Anchor Dealers (Gobabis)	J J Jacobs, Anchor Dealers (Gobabis)	-
-	Otjiwarongo Mills, (otjiwarongo)	Eluwa Wholesale (Oshakati)	-
-	Gobabis Veevoere, (Gobabis)	Northern Namibia Milling Company (Tsumeb)	-
-	-	Otjiwarongo Mills (Otjiwarongo)	-
-	-	Oshini Mills (Ondangwa)	-
-	-	Oranje Verspreiders (Keetmanshoop)	-
-	-	Eagle Mills (Katima Mulilo)	-
-	-	Otjihaenena Milling Company (Grootfontein)	-
-	-	Gobabis Mills (Gobabis)	-
-	-	Omaruru Mills (Omaruru)	-

Source: Agronomic Board, 1992/93, No. 6

9.1.3 Income

Reliable data on income generated from the agronomic sector are unavailable. Data which are available are not aggregated, but are for the entire agricultural sector. A comparison of the commercial and subsistence sub-sectors for the period 1990-1994 reveals that the commercial sector accounted for an average 72% of all agricultural sector income (or GDP), while the subsistence sector accounted for an average 28% (Bank of Namibia, 1994).

9.1.4 Production and intake

Wheat is cultivated as a winter crop and thus is not directly affected by the rains. According to the agronomic report for 1988-1991, in terms of regional production the Hardap region produces the largest amount of wheat, with 88% recorded for 1988/89, 84% for 1989/90 and 91% for 1990/91.

Table 15 below gives an indication of crop production for different crops, including wheat.

Regarding wheat intake from the commercial areas, the total tonnage recorded for 1987/88 was 5 992, while for 1990/91 the total was 4 380. Wheat production declined in 1992/93 and reached its lowest level in 1995/96, as reflected in Table 15. The Grade B harvest recorded a higher intake level for 1987/88 at 65%. This pattern changed in 1990/91, where the Grade A harvest saw a 71% intake (Agronomic Board, 1988-1991).

Table 15: DOMESTIC CROP PRODUCTION (TONS)

Year	White Maize	Yellow Maize	Millet/ Sorghum	Wheat	Sunflower Oil
1985/86	7 600	1 100	-	-	-
1986/87	18 289	4 618	-	5 922	1 162
1987/88	6 779	-	-	4 960	524
1988/89	14 415	1 559	-	4 609	833
1989/90	22 777	1 600	-	4 380	707
1990/91	26 938	1 585	65 000	4 293	614
1991/92	35 000	1 915	57 700	5 750	107
1992/93	7 700	400	17 200	3 116	143
1993/94	26 100	1 234	43 700	5 700	604
1994/95	43 500	5 331	69 100	6 300	845
1995/96	13 100	1 800	41 100	2 800	750
1996/97	18 100	1 055	64 600	4 100	184

- data not available

Source: Agronomic Board, 1992/93; Directorate of Planning and Marketing, 1997

9.1.5 Producer prices

Before independence Namibia was not self-sufficient in meeting its staple food needs. The Agronomic Board used to submit annual recommendations to Cabinet relating to producer prices for controlled agronomic products. The producer price includes a sales levy of about 1.2%, as well as a scheme cost. Sales levies are used to finance the Agronomic Board's running costs, while scheme costs are used for handling, storage, fumigation, distribution and financing.

The producer price of wheat, as indicated in Table 16, increased from a low of N\$391.49/ton in 1986/87 to a high of N\$670.92/ton in 1992/93. This reflects a 71% increase in price. The high price of N\$670.92/ton could be attributed to the drought of 1992/93.

Table 16: CROP PRODUCER PRICES AND SELLING PRICES (N\$/TONS)

Year	WHITE MAIZE		YELLOW MAIZE		SUNFLOWER OIL		WHEAT	
	Producer	Selling	Producer	Selling	Producer	Selling	Producer	Selling
1985/86	310	310.00	306.05	306.05	-	534.49	-	-
1986/87	328	360.73	310.50	367.50	586.18	609.00	391.27	424.13
1987/88	338.45	370.98	-	-	633.00	680.98	447.89	493.32
1988/89	370.67	450.65	340.00	365.22	671.98	724.61	443.02	499.84
1989/90	439.53	529.30	380.67	462.83	769.18	850.22	484.66	557.47
1990/91	440.96	536.25	421.92	493.26	790.76	908.37	563.86	590.77
1991/92	464.00	575.11	437.57	556.80	847.42	875.68	587.45	673.53
1992/93	open scheme	open scheme	493.09	612.28	970.30	1 002.65	670.92	778.42
1993/94	606.73	664.32	-	-	-	-	-	-
1994/95	701.43	787.24	-	-	-	-	-	-

- data not available

Source: Agronomic Board, 1992/93 and 1994/95

All prices include the cost for bags in which the produce was delivered. All prices apply to the highest grades of produce. Namib Mills, based in Windhoek, is the largest purchaser of wheat crop, purchasing the entire harvest from each of the regions (Agronomic Board, 1988-1991).

9.1.6 Consumption

Locally processed wheat accounts for about 50% of total consumption, while imported wheat accounts for the remaining 50%. In 1988/89 locally processed wheat accounted for 45% of local consumption, for 51% in 1989/90 and for 51% in 1990/91, as reflected in Table 17 below.

When the Wheat Scheme was initially introduced in 1987, the annual local consumption of wheat was estimated at 30 000 to 35 000 tons per annum. The actual figure was an average of 25 890 tons for the periods 1988/89, 1989/90 and 1990/91. This could be attributed to the 50% import tariff which, until recently, was functioning effectively.

Table 17 reflects the consumption pattern in Namibia for the relevant four crops.

Table 17: DOMESTIC CROP CONSUMPTION (TONS)

Year	White Maize	Yellow Maize	Sunflower Oil	Wheat
1985/86	44 574	-	6 851	-
1986/87	47 458	-	3 159	24 646
1987/88	66 204	-	3 023	33 421
1988/89	60 921	-	3 237	34 107
1989/90	62 470	-	3 728	30 461
1990/91	52 870	-	3 754	32 256
1991/92	60 000	-	3 451	32 750
1992/93	61 462	58 905	3 269	37 603

- data not available

Source: Agronomic Board, 1992/93

9.1.7 Imports

Table 18 shows the volume in tons of agronomic products imported. Wheat imports seem to have been increasing with little fluctuation for the period under review, reaching a peak in 1995/96. The wheat industry saw an average of about 27 193 tons imported for the period 1986-1992. The stable pattern of wheat imports even during times of drought, such as in 1992/93, corresponds with the argument that wheat cultivation is not directly affected by the rains.

According to the Agronomic Board report of 1988-1991, the board, in conjunction with producers and processors, strives towards making the country self-supporting in its grain production and therefore the importation of grain is solely for the purpose of replenishing shortages. Agents holding import permits have to import primary or unprocessed products only, as Namibia is in a position to do the processing itself. The importation decision is based firstly on the availability of funds to finance imports and secondly on the current

level of production, as the board allows agents to import products once the internal stock is depleted (Agronomic Board, 1991-1993).

9.1.8 Regulation

“... As promulgated in the Agronomic Act, AG 11 of 1985, the objectives of the Board are to promote the agronomic industry and to facilitate the production, processing, storage and marketing of controlled products in Namibia ...” (Agronomic Board, 1991-1992).

By controlling the importation of primary agronomic products and by introducing marketing schemes for these products, the Agronomic Board is able to achieve its main objective. Through these methods the board is also able to guarantee a market for domestic farmers. As a statutory agency (both a marketing and supply agency), the board maintains control and stability in the marketing and distribution of agronomic products. To achieve this stability, a *one-channel fixed price marketing scheme* is in operation for the controlled products, such as wheat, maize and sunflower oil. The statutory measures by means of which the board controls these schemes are:

- the compulsory registration of both primary producers (farmers) and secondary producers (processors);
- price control only in respect of the primary controlled agronomic products;
- control over the erection and operation of processing facilities with which the relevant controlled primary products are refined to fully fledged consumer products;
- control over the imports and exports of both primary and secondary controlled agronomic products (Agronomic Board, 1991/92).

As Namibia is not yet self-sufficient in meeting its staple food needs, the Agronomic Board's recommendations to Cabinet concerning selling prices are based on the notion that the domestic price charged to local consumers should correspond to or be competitive with the price of imports for the same products, while taking into account the cost of transport. This approach of ensuring that producer prices are market-related prevents injustice to local consumers and stimulates the expansion of domestic production. It also helps to bring about Namibia's economic self-sufficiency in terms of staple foods.

9.2 MAIZE

9.2.1 Area of production

Maize production mainly occurs in the southern and northern regions of the country. While yellow maize is mainly used to feed livestock, white maize is the main staple food in Namibia and therefore it is the most important of all locally produced crops.

During seasons of high rainfall, such as the summers of 1991/92 and 1994/95, more hectares of both yellow and white maize are planted and more is produced, as compared to seasons of low rainfall or drought, such as the summers of 1992/93 and 1995/96. This clearly reflects that the maize yield depends to a large extent on the amount of rainfall.

9.2.2 Production and intake

Maize is cultivated during the rainy season, traditionally from the end of November until early December. Rainfall was high in the 1991/92 season, and for the 1992/93 season farmers planted a total of 45 849 hectares of white maize, with an expected yield of 38 800 tons. But disaster struck when, by January 1992, farmers' expectations of rain had not been met and a season of drought due to unusual weather patterns was declared. The cultivation of white maize was impaired, and of the expected yield of 38 800 tons, only 7 700 tons could be harvested and sold during that period (Agronomic Board, 1992/93).

Table 15 clearly reflects higher production during high rainfall seasons and lower production during drought periods. The lower production recorded in 1985/86, 1987/88, 1992/93 and 1995/96 resulted in more imports to meet domestic demands for these periods.

9.2.3 Producer prices

With regard to the white maize sector, the domestic distribution costs, such as transport costs from the farmlands to the Agronomic Board's intake points, were pooled under the white maize scheme which made it possible for all producers in the northern production area to receive a uniform price. From the data on producer prices given in Table 16, the decade 1985 to 1995 saw growth rates of 8.7% and 5.1% for the white and yellow maize sectors, respectively.

9.2.4 Yield and marketing

To prevent duplicated handling and costly transport costs, the Agronomic Board decided to collect the white maize from those regions where it was processed and, if necessary, to store it. The registered mills at Otavi and Windhoek have been appointed as the board's processing agents and they collect all maize delivered to them through commercial producers or handling agents. The board is responsible for paying producers directly (Agronomic Board, 1988-1991).

The Namibia Development Corporation's (NDC) yield of white maize in the Kavango was stored at the NDC's own facilities and offered to the local community in the form of unprocessed whole maize or as hammer-mill ground maize meal. When the white maize scheme was extended to Caprivi at the beginning of the 1987/88 season, a local mill was receiving all intake from Katima Mulilo at fixed prices determined by the Agronomic Board, and then selling it locally in the form of flour (Agronomic Board, 1988-1991).

9.2.5 Consumption

Table 17 above shows that domestic consumption of white maize largely depends on imports, with an average of 68% recorded between 1985 and 1993, while domestic production only accounts for about 32% of total consumption. The 58 905 tons of yellow maize consumed in 1992/93 derived mainly from imports, as there was no production for that period. A dependency rate of between 68% and 100% on imports clearly indicates a great loss of foreign exchange.

According to the 1991/92 Agronomic Board report, an estimated 15 000 tons of yellow maize is consumed annually. This local consumption figure, however, depends very much on the climate and consequent grazing conditions, as well as meat prices, which indirectly influence the consumption of stock feed.

9.2.6 Imports

As reflected in Table 18, import figures correlate with drought seasons, such as those for 1987/88, 1988/89, 1992/93 and 1995/96. During the 1995/96 season the total tonnages for white maize (89 700) and yellow maize (121 578) reached their peaks for the first half of the 1990s. This was due to the shortage in domestic production caused by the severe droughts of 1992/93 and 1995/96. Imports contributed about 68% to local demand during the latter drought period.

Table 18: TOTAL MAIZE IMPORTS (TONS), 1985/86-1992/93

Year	White Maize	Yellow Maize	Sunflower Oil	Wheat
1985/86	36 974	-	6 851	-
1986/87	29 169	6 183	2 694	19 686
1987/88	59 425	7 548	2 813	28 812
1988/89	46 506	8 567	2 904	29 985
1989/90	39 693	7 213	3 445	26 081
1990/91	25 932	15 740	3 508	27 963
1991/92	25 000	13 712	3 408	27 000
1992/93	53 762	58 905	3 212	34 487
1993/94	69 800	4 063	5 063	49 500
1994/95	38 800	55 478	2 230	37 800
1995/96	89 700	121 578	3 000	56 400
1996/97	79 800	50 000	3 500	27 600

- data not available

Source: Agronomic Board, 1992/93; Directorate of Planning and Marketing, 1997

9.2.7 Regulation

To reduce handling costs the Agronomic Board appointed agents, processors and buyers as indicated in Table 19. The agents and processors were appointed for both the 1989/90 and 1990/91 harvests, while the buyers were appointed only for the 1989/90 harvest.

Table 19: APPOINTED AGENTS, PROCESSORS AND BUYERS OF MAIZE

Agents	Processors	Buyers
Agra Mills (Otavi)	Agra Mills (Otavi)	Agra Co-operative Ltd (Gobabis)
Namib Mills (Windhoek)	Namib Mills (Windhoek)	Omru Feeds (Gobabis)
-	Voormeester (Pty) Ltd (Windhoek)	Gobabis Veevoere (Gobabis)

-	Omru Feeds (Omaruru)	Voermeester (Pty) Ltd (Windhoek)
-	Oranje Co-operative Ltd (Mariental)	Meatco (Windhoek)
-	JJ Jacobs/Anchor Dealers (Gobabis)	-

Source: Agronomic Board, 1988-1991

The three buyers from Gobabis purchased 389 tons of yellow maize directly from the producers. This implies that the remaining 935 tons (1 366 - 389) recorded for 1989/90 were consumed by the producers for their own livestock.

The harvest for the first official yellow maize season (1988/89) was processed by two agents, Agra Mills and Namib Mills, with one registered buyer, Awagobib Boerdery (Pty) Ltd. Yellow maize distribution is primarily carried out through wholesale companies connected to the Agronomic Board.

Regarding white maize, the two mills which acted as processing agents for the board, again Agra Mills and Namib Mills, were each obliged to purchase from the board the first 5 000 tons of white maize delivered to them. The board also introduced a white maize scheme, which was extended to include the Eastern Caprivi in 1990/91. Consequently all intakes at Katima Mulilo were supplied to a local mill at prices fixed by the board.

9.3 MILLET

9.3.1 Area of production

Production of pearl millet, called "mahangu" in Namibia, is mainly concentrated in the northern parts of Namibia. Mahangu accounts for approximately half of the cereals consumed in Namibia and it is the subsistence food for the majority of the rural poor.

9.3.2 Production and intake

During the first half of the 1990s, the Agronomic Board submitted proposals to Cabinet through the Ministry of Agriculture, Fisheries, Water and Rural Development, to launch a mahangu marketing pilot project. The aim was to enhance the contributions made by subsistence farmers, in order to provide them with greater access to the structured national markets. In December 1990 the proposal was approved by Cabinet and this in turn paved the way for development aid funds from the Commission of European Communities. One instalment of about 75 000 ECU (R259 336.10) was forwarded to the Agronomic Board (Agronomic Board, 1991/92).

During the launching of the mahangu marketing pilot project, all intakes had to be graded. This, however, proved to be a problem because there were no official grading regulations in place. Nevertheless, the launching provided some insight into the management of intake operations in the far northern regions, as well as into the most appropriate processing technology to be used in future, which could facilitate the flow of surplus mahangu to urban consumer centres in Namibia.

In Table 15 above, the mahangu (millet) production volume is shown to range from 65 000 tons in 1990/91 to 64 600 tons in 1996/97, with little fluctuation during that period, except for during the drought season of 1992/93. This clearly indicates the stability of this crop and also its potential to become one of the cornerstones of development for Namibia through the agricultural sector.

9.3.3 Yield and marketing

The NDC, currently the marketing agent for millet appointed by the Ministry of Trade and Industry and the Ministry of Agriculture, Water and Rural Development, opted to research and develop small-scale, inexpensive technologies for mahangu cultivation, which rural groups or entrepreneurs could utilise to increase their capacity and enlarge their economic bases. The NDC also opted to assist government in providing safeguarding markets. The local commercial mills are responsible for the commercial processing of mahangu.

The NDC tried to obtain appropriate and affordable technologies with the help of interested entrepreneurs from abroad (i.e. India, Brazil and England) and finally decided to develop a thresher designed for Namibian conditions. There was very little mahangu to test the machine and a prototype was demonstrated in the northern rural areas of Namibia. The response was overwhelming and after suggestions were made for slight modifications to the design, it was decided to produce this Namibian thresher (Agronomic Board, 1991/92). With support from the relevant line ministries, the new technology has potential for export.

9.4 SUNFLOWERS

9.4.1 Area of production

Sunflower seeds are cultivated in the dryland conditions of the northern production area. The only oil press in the country, namely VanderBergh Foods at Omaruru (formerly known as NAMSWA/VDB Foods) is registered with the Agronomic Board as the only processor of sunflower seed. This company also represents the market for locally produced sunflower seed.

9.4.2 Production and intake

Despite the fact that the sunflower is exposed to damage by game and birds, it seems to be a crop of last resort for these fauna and is thus less risky for production purposes compared to maize. A healthy and stable sunflower industry could help to stabilise the total domestic dryland production.

The sunflower cultivation period runs from 1 May to 30 April of the following year. Over the period 1986-1992, sunflower production seems to have declined as indicated in Table

15 above. One of the factors attributing to that could be the long distances between the production areas (north and south) and the only oil press situated in the centre of the country (Omaruru). These long distances entail higher transport costs. During the 1991/92 season, 3 325 tons of sunflowers were processed locally, while 3 269 tons were processed locally in 1992/93 (Agronomic Board, 1991/92 and 1992/93). This resulted in lower self-sufficiency rates as the country was not able to meet its annual requirements, as indicated in Table 20.

9.4.3 Producer prices

While the sunflower scheme covers all the handling costs in respect of intake, the total harvest is covered by the processor who also carries the limited storage costs. As mentioned above, the increase in producer prices, as reflected in Table 16, could be attributed to the high transport costs due to long distances between the production and processing sites.

In light of the continued decrease in production every year, producers would have to seriously commit themselves to expanding cultivation, to ensure the continued protection of the sunflower industry.

9.4.4 Yield and marketing

All sunflower seeds are collected by the agents on behalf of the Agronomic Board and delivered to the processor in Omaruru.

Table 20 below indicates that Namibia could only supply an average 8% of its total oil requirements between 1986 and 1993. This means that over 90% of its oil supply is imported, mainly from South Africa.

Table 20: SELF-SUFFICIENCY RATES - COOKING OIL, 1986/87-1992/93

Period	Local Production	Local Processing	Self-sufficiency Rates
1986/87	1 162	-	16.0%
1987/88	524	-	7.2%
1988/89	833	-	11.5%
1989/90	707	-	9.7%
1990/91	614	-	8.3%
1991/92	107	3 325	1%
1992/93	143	3 269	1.5%

- data not available

Source: Agronomic Board, 1988/91, 1991/92 and 1992/93

During the 1988-1991 season, a 40% extraction rate was assumed, such that Namibia would require about 7 260 tons for its annual cooking oil needs. An examination of local production figures and the country's self-sufficiency rates reflects that production is far off the mark. For the season 1991/92, the extraction rate was assumed to be 30%, implying that the country's annual requirements for cooking oil would be about 11 082 tons, with a

self-sufficiency rate of only 1% for a local production of 3 451 tons. During 1992/93, a 30% extraction rate was assumed with an annual requirement figure for the country of close to 9 807 tons. This resulted in a self-sufficiency rate of 1.5%. These lower self-sufficiency rates could also be due to the drought conditions of 1992/93 which had a seriously adverse affect on the country's crop production.

According to the 1988-1991 report of the Agronomic Board, the importation of cooking oil is prohibited. This importation control was based on the assumption that the country would be practically self-sufficient within a reasonable period, provided that the sunflower industry would receive a certain measure of protection from the Agronomic Board.

During the 1988/89 financial year, the board announced an incentive for producers in the form of an advance payment on seed delivered. Considering the self-sufficiency rate of 11.5% for 1988/89, which decreased to 9.7% in 1989/90, this producer incentive could have served as a stimulant but did not result in higher self-sufficiency. In 1989/90, the Contingency Reserve was introduced, aiming to cover the repairs and maintenance of the oil press and as a payment in arrears to sunflower producers. This arrears payment continued in 1990/91 and funds were transferred to the Sunflower Producers' Commodity Reserve Fund (Agronomic Board, 1991/92).

9.4.5 Imports

Considering the local production and assumed extraction rates, the high local requirements for sunflower oil urge for its importation. The low self-sufficiency rate places the importation control on cooking oil under considerable pressure, since the country is still not self-sufficient as was expected when the control was introduced. Despite the decrease in sunflower production over the period 1985-1997 as indicated in Table 15, the sunflower imports, as reflected in Table 18, did not correspondingly increase to cover domestic requirements. This may be due to the import control, which may have been effective until the present.

Part 10

OTHER CROPS

Namibia also produces other crops, such as cotton, ground nuts and lucerne, although in small amounts as compared to the crops previously discussed.

Table 21 reflects the production rates of cotton, which increased from a low of 142 tons in 1990 to a high of 2 500 tons in 1996. The ground nut production rate decreased over the same period, while the lucerne production rate fluctuated, reaching its lowest level during the drought period of 1992/93. The prices for all three crops have remained relatively stable over the period 1990-1996.

Table 21: OTHER CROPS

CROPS	1990	1991	1992	1993	1994	1995	1996
Cotton							
Production	142	240	296	400	600	1 200	2 500
Price (N\$/ton)	1 000	1 300	1 300	1 400	1 500	2 050	2 150
Ground Nuts							
Production	1 200	750	500	750	100	200	300
Price (N\$/ton)	1 900	1 940	1 835	1 930	2 100	2 100	2 200
Lucerne							
Production	8 361	11 000	2 496	5 274	6 300	9 000	12 708
Price (N\$/ton)	200	200	230	360	371	410	500

Source: Directorate of Planning and Marketing, 1997

Part 11

AGRICULTURAL CREDIT FACILITIES

Until independence, private tenure farmers enjoyed a range of subsidies on credit funds provided by the Agricultural Bank of Namibia for the purchase of land and for on-farm investment. This source of funds was not available to communal tenure farmers. Most of these subsidies have since been removed. Since 1992 the government has financed a credit scheme for farmers in the communal tenure areas, known as the Communal Farmers' Advances Loan Scheme. A total of N\$9.14 million had been committed and/or loaned as at November 1994, 89% of which has been for investment in livestock ventures, with the average loan size being approximately N\$7 000 (NDP1).

Table 22: LOANS GRANTED BY THE AGRICULTURAL BANK OF NAMIBIA, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Long-term	43	8.6	15.9	28.0	26.7	48.2
Medium-term	1.1	0.9	2.6	4.4	14.8	27.0
Special schemes	-	-	0.6	29.2	8.3	9.9

Source: Agricultural Bank of Namibia - Annual Report 1995

Long-term loans are primarily granted for the purchase of land and fixed improvements, while mid-term loans are granted for purchase of livestock, tractors and equipment. Special schemes include loans for the purchase of commercial land by communal tenure farmers, labourers' housing and drought relief.

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