

Agriculture, Forestry, and Fishing Sector, Q2 2024, Namibia

1. Background

During Quarter 2 of 2024, Namibia's agriculture, forestry, and fishing sector experienced a slight decline in its share of Gross Domestic Product (GDP), falling from 10% in Q2 2023 to 9%. However, this reduction marks an increase from the 6% recorded in Quarter 1 of 2024, indicating some recovery within the sector. The primary contributors to GDP were fishing and on-board fish processing at 2.85%, followed closely by crop farming at 2.77%. Livestock contributed 2.61%, while forestry remained minimal at 0.30%.

Namibia's export earnings from the agriculture, forestry, and fishing sectors totaled N\$1.2 billion, while the import bill reached N\$964 million (see Figure 2). Notably, export earnings from fish products amounted to N\$3.8 billion, reflecting a 7.5% decrease from N\$4.1 billion in the same quarter of 2023. This decline highlights challenges within the fishing sector despite an increase in total landings of quota species to 101,173 metric tons, up 4.4% from the previous year.

Conversely, the import bill for fish products rose to N\$206.1 million, marking an 18.9% increase from N\$173.3 million in Q2 2023. The Falkland Islands emerged as the largest source of imports, contributing 45.9%, primarily in cuttlefish and squid, followed by South Africa at 33.3%, mainly exporting hake.

2. Analysis

2.1 Fisheries Products

During the period under review, total landings of quota species for reached 101,173 metric tons, marking a 4.4% increase from the 96,909 metric tons recorded in Q2 2023. Horse mackerel represented the highest landings at 61,459 metric tons, followed by Hake at 35,772 metric tons, and Monk at 2,406 metric tons.

Export earnings for "Fish, crustaceans, molluscs, and other aquatic invertebrates" were valued at N\$3.8 billion, a decrease from the N\$4.1 billion recorded in Q 2 2023. Spain was the largest export destination, accounting for 34.9% of the total exports, with frozen fillets of Hake being the primary product. Zambia (19.4%) and Italy (7.4%) were the second and third largest export destinations, respectively, with Horse mackerel being the main product sent to Zambia and frozen Hake fillets exported to Italy.

The import bill for "Fish, crustaceans, molluscs, and other aquatic invertebrates" for the period under review totaled to N\$206.1 million, up from N\$173.3 million recorded during Q2 2023. The Falkland Islands were the largest source, contributing 45.9% of imports, with Cuttlefish and Squid

being the primary products. South Africa followed with 33.3%, mainly exporting Hake, while Spain accounted for 6.7%, also primarily exporting Cuttlefish and Squid.

2.2. Livestock Auction

The livestock auction market in Namibia showed remarkable growth in Q2 of 2024, with a 73.7% increase in the total number of animals auctioned, reaching 138,093 compared to 79,498 in the same quarter of 2023. This surge reflects significant changes in the livestock sector driven by various factors, including drought conditions and shifting market dynamics.

2.2.1 Cattle Auctions

Cattle remain the cornerstone of Namibia's livestock market, with 100,997 heads auctioned in Q2 2024. The increase in cattle marketing can be attributed to improved live cattle exports and a strategic shift towards export-approved abattoirs due to favorable pricing. The 28.8% increase reported by the Livestock and Livestock Products Board aligns with this trend, as farmers opted to sell their cattle at higher prices rather than local abattoirs where producer prices have been lower.

However, cattle prices have declined by 3.8%, averaging N\$24.99 per kg. This price drop may be influenced by oversupply amid ongoing drought conditions that have forced farmers to market more animals quickly to avoid further losses.

2.2.2 Goat and Sheep Auctions

In contrast to cattle, goat auctions saw 18,900 heads sold, while sheep auctions recorded 18,196 heads. Goat prices increased by 3.1% to N\$31.63 per kg, reflecting consistent demand for goat meat, particularly for live exports to South Africa. The sheep sector also experienced growth despite a 3.4% price drop, averaging N\$27.74 per kg. The decline in sheep prices may be attributed to oversupply exacerbated by drought conditions affecting feed availability and overall livestock health.

Namibia is currently facing historic drought conditions that have significantly influenced livestock marketing strategies. Farmers are compelled to sell more animals due to poor grazing conditions and water scarcity, leading to an increase in live exports as they seek better prices abroad compared to local markets. The government has even resorted to culling wild animals as a drastic measure to mitigate food shortages among rural populations affected by the drought.

The export of live animals has surged, particularly for cattle and sheep, as Namibia seeks to capitalize on international markets amid local challenges. Beef exports have reportedly doubled in early 2024 due to increased marketing activities at export-approved abattoirs. The EU remains a

significant destination for Namibian beef, underscoring the importance of international trade for sustaining the local livestock economy.

2.3 Agronomy Production

The total agronomy production stood at 22,108 tons in Q2 2024, reflecting a marginal 0.7% increase compared to the 21,953 tons recorded in Q2 2023. This growth was primarily driven by white maize, which saw a 1.1% increase in production, reaching 21,889 tons, making up 99.0% of total agronomy output, compared to 21,648 tons. Millet production totaled 219 tons, while no wheat was recorded during the period under review.

Despite the increase in production, agronomy exports saw a significant decline, valued at only N\$17.5 thousand compared to N\$96.2 thousand in Q2 2023. This sharp drop indicates underlying issues within the export market, with maize accounting for 98.7% of total export earnings. The primary destinations for these exports were Angola (97.9%) and South Africa (2.1%), suggesting a heavy reliance on regional markets.

On the imports side, Cereal grain imports were valued at N\$655.7 million, down from N\$740.5 million in Q2 2023. Maize was the highest imported grain at N\$402.1 million, followed by wheat and rice. The majority of these imports originated from South Africa (65.8%), highlighting Namibia's dependency on its neighbor for food security.

2.4 Trade of Selected Horticultural Products

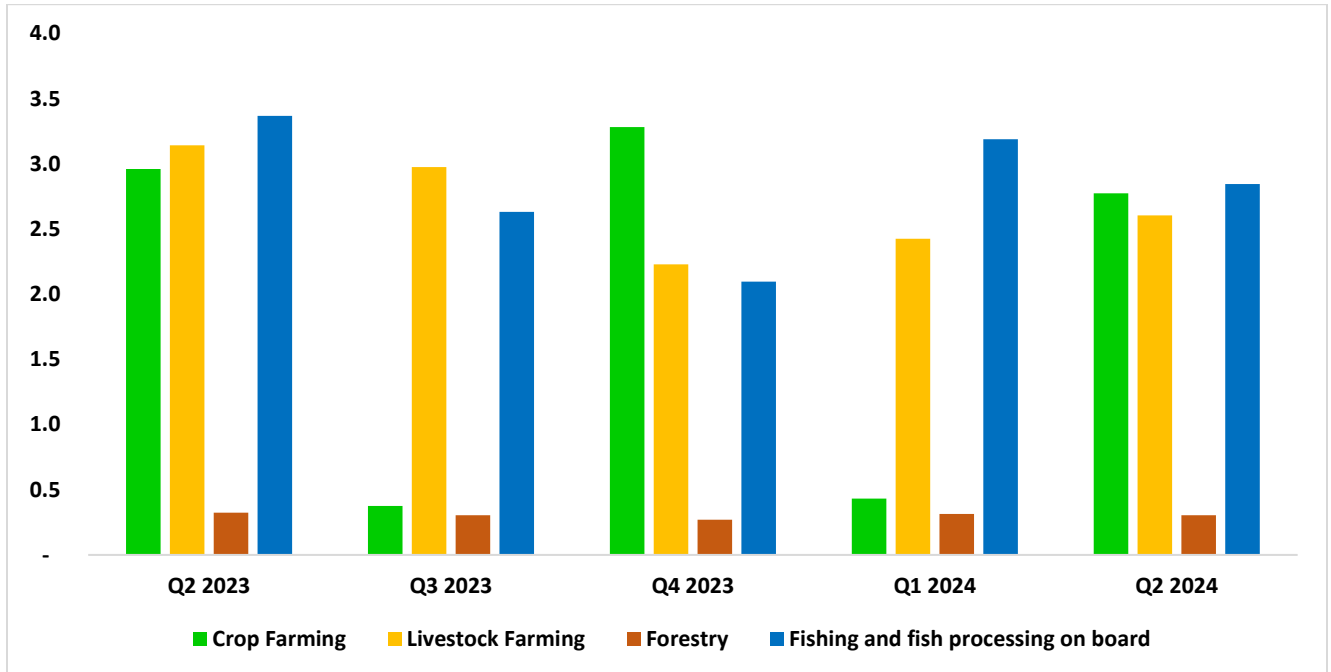
Namibia's horticultural exports in were valued at N\$139.1 million, down from N\$167.8 million when compared to Q2 2023. Dates led the exports with a value of N\$82.5 million, followed by Tomatoes (N\$22.1 million) and "Pumpkins, squash, and gourds" (N\$12.7 million). South Africa was the primary destination for Namibia's horticultural exports, accounting for 58.9%, followed by Angola (8.7%), Kazakhstan (8.4%), and the United Kingdom (8.1%).

The import bill for horticultural products was N\$293.0 million, up from N\$276.9 million in Q2 2023. "Stimulant, spice, and aromatic crops" were the most imported products, valued at N\$60.0 million, followed by Potatoes (N\$52.3 million), Apples (N\$28.2 million), Tea leaves (N\$16.5 million), and Bananas (N\$12.7 million). South Africa was the primary source of horticultural imports, accounting for 97.1%.

Local purchase of domestically produced fresh produce

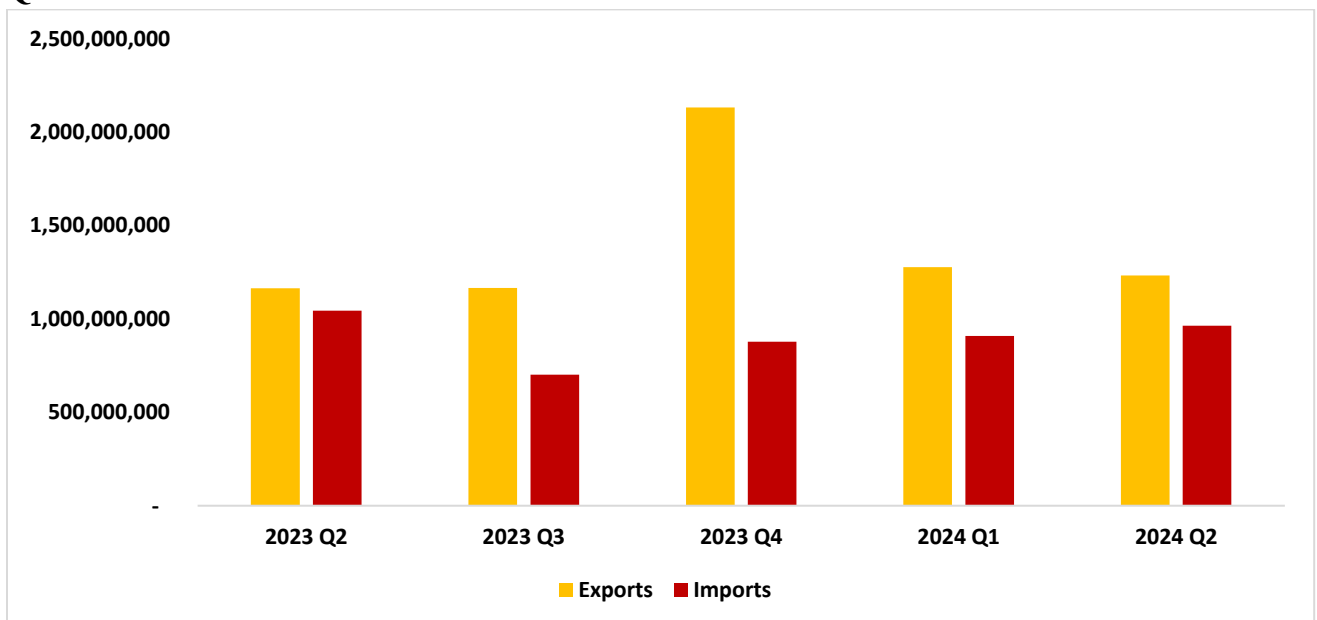
Local purchase of domestically produced fresh produce were estimated at 5,515 tons, slightly down from 5,653 tons recorded Q2 2023. Onions topped the list of locally purchased produce at 991 tons, followed by Potatoes (953 tons), Butternuts (582 tons), and Cabbages (551 tons). Tomatoes (405 tons) and Carrots (343 tons) were also among the top locally purchased products.

Figure 1: Agriculture, Forestry, and Fishing Sector % share to GDP, 2023 Q2 – 2024 Q2



Source: NSA & HEI Research

Figure 2: Trade Statistics on Agriculture, Forestry, and Fishing Sector (N\$), 2023 Q2 – 2024 Q2



Source: NSA & HEI Research

In conclusion, the agriculture, forestry, and fishing sector in Namibia has demonstrated resilience amidst various challenges in Q2 of 2024. While the sector's contribution to GDP has slightly declined from 10% to 9%, it shows an increase from the previous quarter, indicating potential stability. The significant contributions from fishing and crop farming underscore their importance to the economy.

Despite a decrease in export earnings from the fisheries sector, total landings of quota species have increased, reflecting successful management practices. However, the decline in horticultural exports and the rise in imports highlight vulnerabilities within the local production landscape, emphasizing the need for strategic interventions to bolster domestic agriculture.

The livestock auction market has seen remarkable growth, driven by increased marketing activities and a shift towards export-approved channels, although price pressures remain due to ongoing drought conditions. This situation necessitates adaptive strategies for farmers to navigate market fluctuations and maintain sustainability.

Overall, while there are positive indicators such as increased production in certain sectors, the reliance on imports and regional markets poses risks that must be addressed. Strengthening local production capabilities, diversifying export markets, and enhancing trade relationships will be crucial for ensuring long-term food security and economic stability in Namibia's agricultural sector. Collaborative efforts among stakeholders can foster growth and innovation, benefiting both local communities and the national economy.