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Agriculture, Forestry, and Fishing Sector, Q3 2024, Namibia

1. Background

Since 1990, the agricultural sector has contributed an average of 5.1% to Namibia's GDP. However, this figure has steadily declined from around 8% in 2006 to approximately 3.5% in 2020. This decline is attributed to changing climatic conditions and inadequate investment. Public spending on agriculture decreased from 6.8% in 1991 to 3% in 2020. The sector's contribution to GDP dropped from 13.31% in 1991 to 3.38% in 2020. Over the past decade, the agricultural sector's growth rate has declined faster than that of the overall Namibian economy. In the third quarter of 2024, Namibia's agriculture, forestry, and fishing sector faced significant challenges due to persistent drought conditions. These adverse climatic factors reduced the nation's food self-sufficiency rate for staple grain crops to decline from 38% in 2022 to below 26% in 2024. The sector's contribution to GDP declined from 9% to 6%, with crop farming and fishing as primary contributors. Crop farming accounted for 2.56% of GDP, followed by fishing and on-board fish processing at 2.51%, and livestock at 0.39%. Forestry, though minimal, contributed 0.29%.

Namibia's export earnings from agriculture, forestry, and fishing totaled N$1.1 billion, while the import bill was N$ 1 billion. Notably, fish products registered export earnings of N$3.6 billion, representing a 6.6% increase from the same period in 2023. The import bill for fish products decreased by 28.3% to N$93.5 million, reflecting a positive trade balance in this segment.

2. Analysis

2.1 Fisheries Products

The total volume of quota species landed in the third quarter of 2024 was 76,347 metric tons, a slight decrease of 2.8% from 78,509 metric tons in the third quarter of 2023. Hake was the dominant species, with landings of 41,678 metric tons, followed by horse mackerel at 31,366 metric tons, and monk fish at 2,333 metric tons.

Export earnings for fish and aquatic invertebrates were valued at N$3.6 billion. Spain emerged as the leading export destination, accounting for 40.0% of exports, primarily frozen fillets of hake. Zambia (18.7%) and South Africa (7.8%) followed, with horse mackerel and frozen hake fillets being the main products exported to these countries.

The import bill for fish products stood at N$93.5 million, a notable decline from N$130.5 million in 2023. South Africa was the major source of imports, providing 57.1% of products, mainly hake. The United States and Argentina were also significant suppliers, contributing 14.7% and 10.7%, respectively.

2.2. Livestock Auctions

The livestock sector demonstrated resilience with 106,731 animals auctioned in the third quarter of 2024, a 14.9% increase from 92,881 in the same quarter of 2023. Cattle auctions totaled 76,953 heads, while goats and sheep accounted for 18,206 and 11,572 heads, respectively. Prices for goats and sheep increased, reflecting robust demand, whereas cattle prices experienced a slight decline.

2.2.1 Cattle Marketing

Cattle marketing grew marginally by 1.5%, with 99,451 heads marketed compared to 98,016 in the corresponding quarter of 2023. This growth was driven by a 23.3% increase in throughput at export-approved abattoirs. However, demand for local weaners by South African feedlots and farmers declined, resulting in a 7.7% reduction in live exports, totaling 47,714 heads.

2.2.2 Goat and Sheep Marketing

Goat and sheep marketing saw a contraction, with goat marketing down by 2.9% to 45,860 heads, compared to 47,225 in 2023. Sheep live exports fell by 4.1%, with 144,045 animals exported, down from 150,175. Abattoir throughput also declined significantly across all classes.

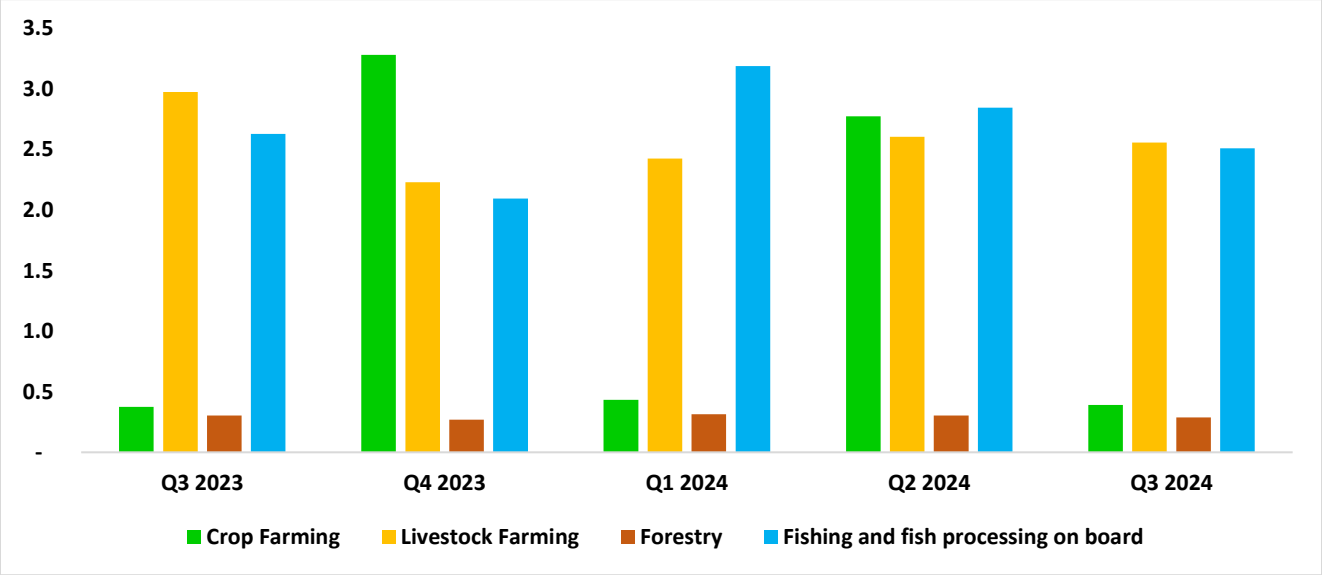
2.3 Agronomy Production

Agronomy production suffered a sharp decline, with total output at 8,571 tons in the third quarter of 2024, down 57.0% from 19,940 tons in 2023. White maize production decreased to 8,366 tons, and millet to 204 tons, both significantly impacted by drought. No wheat production was recorded. Agronomy exports increased to N$75.5 thousand, primarily from maize exports, with Angola, Cyprus, and DRC as key destinations.

2.4 Trade of Selected Horticultural Products

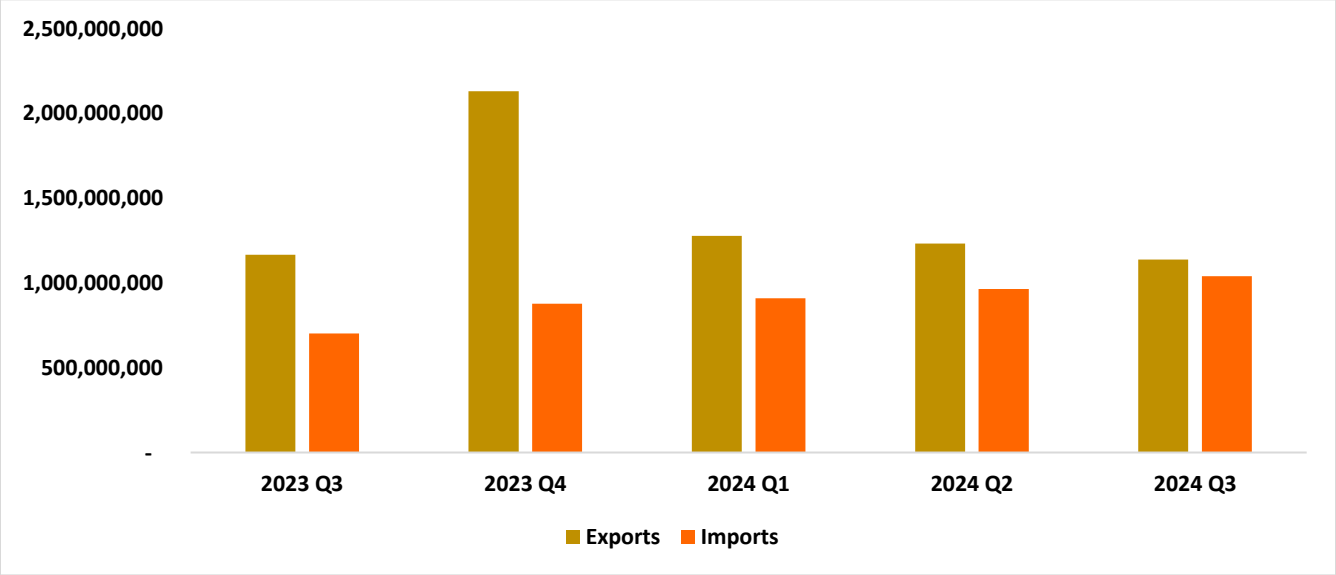
Horticulture exports were valued at N$242.9 million, up slightly from N$241.7 million in 2023. Tomatoes (N$94.6 million), dates (N$43.5 million), and onions (N$42.2 million) were the top exports, primarily to South Africa, Angola, and Germany. The import bill for horticulture products rose to N$304.8 million, with stimulant crops, potatoes, and apples as the leading imports, sourced predominantly from South Africa.

Figure 1: Agriculture, Forestry, and Fishing Sector % share to GDP, 2023 Q3 – 2024 Q3



Source: NSA & HEI Research

Figure 2: Trade Statistics on Agriculture, Forestry, and Fishing Sector (N$), 2023 Q3 – 2024 Q3



Source: NSA & HEI Research

In conclusion, Namibia's agriculture sector continues to face significant challenges due to climatic factors, which have adversely affected key crops and overall production. Approximately 40% to

70% of Namibia's agricultural exports, including red meat, fish, and grapes, are destined for markets in the European Union (EU). Compliance with EU standards gives Namibian beef a competitive advantage over its competitors. With a secured market, there is significant potential for investing in Namibia's agri-food sector, both in crop and livestock farming.

Following a contraction of 3.4% in 2023, the sector is forecast to decline by 3.3% in 2024. This poor growth trend is primarily attributed to crop failures due to severe drought experienced across all production sub-categories during the 2024/2025 planting season. Looking ahead to 2025, crop production activities are projected to recover on the back of anticipated La Niña induced rainfall, which is expected to support the sector's recovery. According to the Columbia Climate School, the probability of La Niña occurrences is foreseen at over 60% by the end of 2024 and the beginning of 2025. The remainder of 2025 is anticipated to be characterized by normal weather conditions with prospects for regular rainfall. Similarly, the Southern Africa Regional Climate Outlook Forum (SARCOF-29) anticipates Namibia to experience normal to above-normal rainfall for the period November 2024 – March 2025.

The recent declines in agronomy and the pressures on the livestock and horticulture sectors highlight the urgent need for strategic interventions and support. Enabling policies, regulations, and investment are crucial to reversing the current downward trend in agricultural growth. Continuous monitoring and adaptive strategies are essential to enhancing resilience, ensuring food security, and sustaining Namibia's agricultural future. Renewed support for Namibian agriculture will establish a foundation for a sustained and competitive manufacturing base.