

# Price problem in Namibia

After years of drought, Namibia's small-stock industry has stabilised. In general, however, the livestock industry needs to solve its price problems, and improve market conditions for all producers.

According to the annual report of the Namibian Livestock Producers' Organisation (LPO), the total number of large and small-stock marketed in 2016 was 30% lower than the figure of 2015.

## LARGE STOCK

Large stock marketing figures dropped by 30% over the same period, due mainly to the SA Department of Veterinary Services implementing strict requirements for import permits, which halted weaner exports from July to September 2016. The department eventually eased requirements on import permits for animals sent directly to accredited abattoirs and feedlots in the country.

Export abattoirs also saw a decrease in throughput. The average carcass price in 2016 was N\$28,86/kg (R28,86/kg), compared with N\$27,61/kg in 2015. Average weaner prices were lower in 2016 than in 2015, at N\$16,72/kg and N\$18,04/kg respectively.

## SMALL-STOCK

The drought had an extremely severe effect on the small stock industry, with a 31% decrease in small stock marketing figures. Livestock exports and slaughtering at export abattoirs both decreased, and the average sheep price increased from N\$34,38/kg in 2015 to N\$35,93/kg in 2016.

The Small Stock Marketing Scheme, which aims to add value locally, was largely responsible for the drop in sheep

**RIGHT:** The small-stock industry has stabilised over the past 11 years, with income rising at nearly the same rate as expenditure.  
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marketing figures. Abattoirs also delayed paying producers.

The LPO has been working to solve these problems in the industry, but the only practical alternative for the Namibian industry is to get approval for bone-in export to the European Union (EU).

Small-stock farmers currently have four options when exporting sheep to better-paying markets. These are:

- The 1:1 marketing scheme. For each sheep slaughtered locally, one may be exported.
- Animals not suitable for slaughtering may be exported under the 'too lean, too small' exemption.
- Sheep classified as 'fat-tailed' can also be exported under the exemption.
- Producers who receive late payments can export an additional 50% on their quota.

## AGRICULTURE INFLATION

Improved rainfall in Namibia and South Africa, as well as exchange rate swings from political instability in South Africa, affected agriculture inflation and producer prices for sheep and cattle. Namibia imports much of

its agricultural input from South Africa, which in turn imports its products from international markets. The exchange rate therefore plays an important role in agriculture input prices, which influence agriculture inflation.

The rain influenced producer prices, with lick and feed prices decreasing in the first quarter of 2017. At the same time, better grazing and the cattle shortage led to an increase in producer prices.

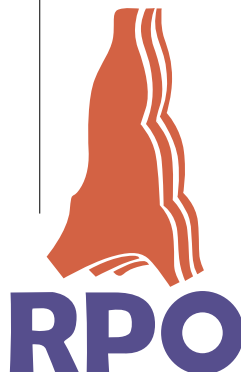
Agriculture inflation in the first quarter of 2017 fell to 3,83% from 7,09% in the fourth quarter of 2016. This was driven by the strengthening rand and the drop in lick and feed prices.

Improved rainfall in Namibia and South Africa also caused an increase in cattle and sheep income, which increased the demand for livestock.

## LONG-TERM VIEW

The large stock industry in particular is likely to experience difficulties in the long term. By contrast, the small-stock industry has stabilised over the past 11 years, with income rising at nearly the same rate as expenditure.

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