ABSTRACT

International trade borders are fading away. Beef producers in Namibia need to compete internationally. A desktop study was conducted to evaluate the performance of the Namibian beef industry within the national, regional and international meat arena. Cattle and beef markets were assessed and factors such as natural resource base, herd structure, management, prices, quality, trade agreements and animal health were considered to describe the performance of the meat industry. Given the factors evaluated, the beef industry is under severe pressure of subsidised meat reaching our main market in South Africa. Nevertheless, the beef industry can compete internationally provided that the consumer requirements of safety and quality form the mainstay of the product. However, it will not be easy and will require greater efficiency and the use of the latest technology available. To ensure continuity in supply, all efforts should be made to increase the quantitative and qualitative off-take from the communal production areas, while maintaining the efficiency of the commercial production areas.

INTRODUCTION

The signing of the General Agreement on Tariffs and Trade and subscription of countries to the World Trade Organisation earmarked a new era in agricultural produce marketing. Globally, tariffs replaced quantitative trade barriers and trade throughout the world is restricted only by veterinary and public health measures. Due to a reduction in restrictions, agricultural trade is becoming more internationalised and local industries, especially export industries, need to compete not only on the international markets, but also nationally with foreign competitors.

A desktop study was conducted to evaluate the performance of the Namibian beef industry within the national, regional and international meat arena. Cattle and beef markets were assessed and factors such as natural resource base, herd structure, management, prices, quality, trade agreements and animal health were taken into consideration to describe the performance of the meat industry in exploiting world meat and livestock markets.

CURRENT CATTLE AND BEEF MARKETS

Cattle Markets

The cattle producers south of the Veterinary Cordon Fence are in a fortunate position to utilise, besides for the informal sector, (Figure 1) two slaughter markets (local and international) as well as a cattle export market (South Africa). Unfortunately, cattle producers in the northern communal areas are not in the same favourable position and can, besides for the informal sector utilise only the slaughter market, Meatco. On the other hand, beef producers in Botswana have only the Botswana Meat Commission as a slaughter market; while cattle producers in Zimbabwe until recently only had the Zimbabwe Cold Storage Commission (now Company) as a slaughter market to utilise. The bulk (45%) of Namibia's cattle production, mainly weaners from the Gobabis district, is exported to South Africa. Meatco, Namibia procures approximately 40% of annual production (including cattle procured north of the Veterinary Cordon Fence) for local, regional and international beef sales. Approximately 5% of the annual cattle production are slaughtered at rural abattoirs supplying the local market (Meat Board, 1995). Taking the devastating drought of the 1995/1996 season into consideration, Namibia was able to increase the production of cattle since 1990 when the country gained access to the European Union under the Lomé Agreement.

Beef Markets

Namibia is exporting beef to South Africa and the European Union. It is evident from Figure 2 that exports remained fairly constant, while beef exports to the European Union erode exports to South Africa.

The main markets by value for beef exported to Europe during 1996 are the United Kingdom (69%), Norway (8%), Germany (8%), Greece (7%), Denmark (3%), France (2%), Holland (2%) and Belgium (1%). The United Kingdom remained the biggest European market due to a favourable Pound Dollar exchange rate, while Norway was the most profitable during 1996 (Meatco, 1997). Comparing the performance of beef exports to the European Union with other Beef and Veal Protocol countries, the local industry and in particular Meatco, succeeded best in utilising the quota to its full extent (Figure 3). Despite severe competition for stock, Namibia exported an average 10 231 (13 000 ton
quota) tons of beef annually over a six year period compared to Botswana’s ‘monopolistic’ marketing system of 11 690 tons of beef (18 916 ton quota) annually over a 20 year period to the European Union. It needs to be stressed that utilising the quota is based on profit motives and that Namibian beef is sold to the highest bidder.

The markets by value during 1996 in South Africa are Cape Town (55%), Gauteng (30%) and Durban (15%) (Meatco, 1997). Figure 4, despite overseas exports indicates that Namibia’s market share of beef on the South African market increased since from 8.677% in 1991 to 11.7% in 1995 (Meat Board of South Africa, 1997). Market share in South Africa can be increased by fully utilising abattoirs in Northern Communal Areas, which gained South export status and were recently upgraded to a slaughter capacity of 40 000 units.

Main markets for processed meat products are South Africa, Zimbabwe and Mauritius. Unfortunately products of the local meat processing industry competes directly on the South African market with products that contain subsidised European Union meat as is evident from the decrease in processed meat exports to South Africa (Table 1). Namibia is in the process of developing a master plan to address the shortcomings of the national industry and to increase Namibia’s international market share in processed meat products.

Table 2 represents the estimated world trade in beef for 1996 (WTO, 1996). Namibia, with its present production of 104 000 tons of beef falls severely short of the major exporters in the world beef trade. However, Namibia has been able to exploit world meat markets, solely by producing a superior quality product within a specific niche market. More remarkable, global beef production is expected to exceed 133.3 million tons by 1997, a rise of about 13.3 percent relative to 1991, while global beef consumption has seen minimal growth in recent years due to sanitary concerns (Plumb, 1997) and is estimated at 131.5 million tons (Wellbrock, 1997). Similarly, poultry in South Africa gained tremendous market share in favour of beef since the early seventies (Agrocon, 1997), primarily because of its lower price relative to beef. This change occurred because of the increase in efficiency of producing poultry compared to producing beef. It is apparent that in order to meet the challenge put by poultry the beef industry must place greater emphasis on increasing efficiency.

FACTORS AFFECTING THE PERFORMANCE OF THE INDUSTRY

Natural Resource Base

Regarding climate, Namibia can be described as an arid to...
FIGURE 4: MARKET SHARE OF BEEF IN SOUTH AFRICA.

TABLE 1: EXPORTS OF PROCESSED MEATS FROM NAMIBIA.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>KG</th>
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<tbody>
<tr>
<td>1991</td>
<td>594107</td>
</tr>
<tr>
<td>1992</td>
<td>425170</td>
</tr>
<tr>
<td>1993</td>
<td>432170</td>
</tr>
<tr>
<td>1994</td>
<td>987398</td>
</tr>
<tr>
<td>1995</td>
<td>956668</td>
</tr>
<tr>
<td>1996</td>
<td>656207</td>
</tr>
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</table>

Namibia is a semi-arid country. Less than 1% of the country is arable (FAO, 1996a), while the remainder consists of permanent pastures, forests, woodlands and dessert. Annual rainfall gradually increases from less than 50 mm in the western parts to more than 700 mm in the north east of the country. Unfortunately, the average deviation as a percentage of the annual average varies between less than 20% for the north east to more than 80% in the western parts (Van der Merwe, 1983). Namibia therefore can be regarded as being agriculturally unfriendly compared to other Southern and Central African countries. Nevertheless, livestock production established itself over the years and despite adverse climatic and soil conditions, fragile resource base and low stock numbers it is the mainstay of the Namibian agricultural economy and has enabled Namibia to become the biggest exporter of beef in Africa (Table 3) (FAO, 1995). This could have been achieved only by employing a higher degree of managerial efficiency than other African countries.

HERD STRUCTURE

Herd Numbers. The national cattle herd was estimated at 1,898,947 at the beginning of January 1997 (Directorate Veterinary Services, 1997) which is small compared to other Southern African countries (FAO, 1996b) and small in terms of sustaining market share in for instance South Africa. Fierce competition therefore can be expected in future from Botswana and Zimbabwe. Zimbabwe is recently being allowed to export 5000 tons of beef to South Africa. According to Figure 5, the total number of cattle in the country remained fairly constant since 1986. Despite the decrease in the number of cattle in commercial farming areas, cattle in the communal areas increased. Namibia, as a country producing beef from natural pastures, will be unable to increase its cattle herd numbers without having a detrimental impact on its natural resource base. Concern for the environment has become a

FIGURE 5: NATIONAL, COMMERCIAL AND COMMUNAL CATTLE HERD AND NATIONAL OFF-TAKE.

TABLE 3: RELATIVE IMPORTANCE OF AGRICULTURE, LIVESTOCK AND MEAT TRADE TO THE ECONOMIES OF SADC COUNTRIES.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>121 170</td>
<td>3 280</td>
<td>27</td>
<td>12</td>
<td>7.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Botswana</td>
<td>56 327</td>
<td>1 620</td>
<td>29</td>
<td>11.9</td>
<td>5.8</td>
<td>80</td>
<td>2 500</td>
<td>17 570</td>
</tr>
<tr>
<td>Lesotho</td>
<td>2 715</td>
<td>578</td>
<td>213</td>
<td>1</td>
<td>11.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Malawi</td>
<td>7 708</td>
<td>800</td>
<td>104</td>
<td>2.8</td>
<td>23.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mauritius</td>
<td>97</td>
<td>21</td>
<td>219</td>
<td>14.9</td>
<td>11.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mozambique</td>
<td>75 229</td>
<td>241</td>
<td>3</td>
<td>2.7</td>
<td>62.3</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Namibia</td>
<td>81 667</td>
<td>2 036</td>
<td>25</td>
<td>19.9</td>
<td>12</td>
<td>80</td>
<td>198 773</td>
<td>32 173</td>
</tr>
<tr>
<td>South Africa</td>
<td>106 279</td>
<td>12 584</td>
<td>118</td>
<td>13.8</td>
<td>4.7</td>
<td>44.8</td>
<td>1 100</td>
<td>330</td>
</tr>
<tr>
<td>Swaziland</td>
<td>1 529</td>
<td>626</td>
<td>409</td>
<td>4.2</td>
<td>13.1</td>
<td>-</td>
<td>10 000</td>
<td>620</td>
</tr>
<tr>
<td>Tanzania</td>
<td>84 659</td>
<td>13 316</td>
<td>157</td>
<td>9.8</td>
<td>60.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zambia</td>
<td>69 066</td>
<td>2 191</td>
<td>32</td>
<td>9</td>
<td>17.5</td>
<td>40</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>35 475</td>
<td>3 515</td>
<td>99</td>
<td>11.1</td>
<td>22</td>
<td>24</td>
<td>9 453</td>
<td>9 793</td>
</tr>
</tbody>
</table>


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necessity when negotiating new markets and aspects to the detriment of the environment need to be addressed immediately. Increasing cattle numbers can only occur if intensive feeding systems become available.

**Herd Composition.** Figure 6 describes the herd composition of the commercial production area since 1986. Two trends emerge, viz. the percentage of cows decreased and the percentage replacement heifers and oxen increased since 1991, the onset of the Lomé agreement. The decrease in percentage of cows can be attributed to a transition from a cow-calf production system to a steer production system as a result of higher profitability. As a result, weaners for the commercial production areas therefore, are procured from the communal production areas. The percentage cows in the commercial production area average 37%, which is in line with the Argentinean cow herd of 38% (WTO, 1996).

**MANAGEMENT**

**Calving Percentage.** Reproduction is a complex aspect, which in turn is influenced by nutrition, genetic and most important, management practices. If the calving percentage (percentage of calves to cows) of the commercial herd is evaluated, the poor calving percentage of 1996 can be directly attributed to the harsh climatic conditions (Figure 6). Besides 1991, the calving percentage of the Namibian cattle herd falls short of the international norm of 60% (FAO, 1996), but nevertheless it is better than the South African calving percentage of 40% (Directorate Agricultural Statistics and Management Information 1997). However, the calf crop in the United States is 70 – 80% and might increase as twinning is developed to a higher degree of attainability (Cunha, 1991).

**Herd Off-take.** Annual off-take can be regarded as the most important parameter to determine the efficiency of an industry. Figure 5 compares the national off-take since 1986. Despite environmental factors such as drought, Namibia was able to maintain a steady growth in off-take over a five-year period. However, acceptable levels are in the order of 35%. Although the increase in growth is attributable to both the higher efficiency of the commercial production areas (average 35%), and the communal production areas (average 7%), the communal production area needs to increase off-take to allow Namibia continuity in supply. It is obvious that development (infrastructure), extension and veterinary services must be applied to the communal production areas, while the efficiency of the commercial production area should be maintained at all costs. Comparing the national off-take of other cattle producing countries in the region, Namibia, with an off-take of 19.9%, performed the best and better than Botswana (11.9%), Zimbabwe (11.1%) and South Africa (13.8%) during 1994 (Table 3) (FAO, 1996b). However, comparing the slaughter cattle off-take during 1995, Argentina (22.7%) and Australia (34.5%) performed better than Namibia which had a slaughter off-take of 10.6% (FAO, 1996a).

**PRICES**

**Producer Prices.** Real prices received by Namibian beef producers for their produce is depicted in Figure 7. In addition the Namibian cattle producer does not receive any subsidies or support from the Government. If the Namibian beef producer prices are compared to those of Australia, Argentina (Figure 8), as well as Botswana and Zimbabwe, our main competitors in the Southern Hemisphere, the Namibian beef producers received on average fairly good producer prices (FAO, 1996b; Personal Communication, Botswana Meat Commission (BMC), Cold Storage Company (CSS)). The depressed producer price for 1996 can be attributed to an oversupply of meat on the South African market, due to excessive overseas and regional imports. However, since 1995 real producer prices were under pressure and even decreased by an oversupply of meat on the South African market and were unable to out perform the Namibian Consumer Price Index.

**Import Prices.** Import prices (Figure 8) indicate the competitiveness of the local industry and are determined by world prices, exchange rates and tariffs. Considering the low level of free on board import prices of frozen boneless cuts in South Africa (Meat Board of South Africa, 1997), the playing field locally and internationally are not level if one considers the heavily subsidised meat and meat products.
with which our local producers are forced to compete. Despite the rezoning of South Africa (with regard to receivable European Union export and producer subsidies), 47,000 tons of beef, 55,000 tons of chicken, 11,000 tons of pork and 30,300 tons of mutton or lamb were imported during 1996 and poses a severe threat to the competitiveness of the local industry. Prior to the start of the deregulation process, only 8,000 tons of beef and 5,000 tons of mutton were imported by South Africa.

**Retail Prices.** The difference between the producer and the consumer price reflects the cost to manufacture a product desired by the consumer (Figure 8). Comparing Namibia with other beef exporting countries, the Namibian manufacturing sector is able to produce a product cheaper in comparison with countries such as Australia and the European Union (WTO, 1996). The import price in the South Africa is lower than the producer price in the European Union therefor; exports to South Africa from the European Union cannot be viable without intervention of producer and import subsidies. It is thus a matter of concern as the Union targeted Southern Africa as a potential market.

![Figure 8: Country Price Comparisons (1995).](image)

**QUALITY**

Research has shown that safety, taste and price form the basis of the consumers’ buying decision. The type of carcass the consumer in the European Union market requires (B2, B3 & B4) is a carcass that originates from a 18 to 42 months animal and fatness cover of 1 to 7 mm. Approximately 60% of Namibia’s beef production falls in the B-grade class (Meat Board of Namibia, 1995). On the other hand, approximately 60% of the cattle slaughtered in South Africa fall in the A-grade class because the South African consumer requires a carcass of less than 18 months with fatness cover of 1 to 7 mm (A2, A3 & A4). Figure 9 indicates a need for concern regarding firstly, the decreasing trend in B-grade carcasses and secondly, the distribution of specifically required B-grade carcasses (only 36% for 1995) at the export abattoirs. The goal should be to produce as many as possible B-grade carcasses in the 2, 3, and 4 fat categories.

Major investments have been made to upgrade the export abattoirs to European standards of hygiene. Namibia therefore possesses some of the best slaughter and deboning facilities in the world. The shelf life of vacuum-packed beef from Namibia can be in excess of four months (Meatco, 1997) and in some cases up to six months whereas the international standard reflects only a 6 – 8 weeks’ duration. Vacuum-packed cuts basically guarantee compliance to acceptable tenderness requirements of the consumer. Beef from Namibia has a very low rate of Salmonella, E.Coli, and etc occurrence. World wide the incidence of salmonella in meat is three to six percent. Unfortunately, profitable beef markets require a zero tolerance regime and the Namibian meat industry must achieve that high standard. To maintain consumer confidence in Namibia’s product, the meat industry implemented International Standard Organisation (ISO) 9002 and Hazard Analytical and Critical Control Points (HACCP) quality assurance schemes.

![Figure 9: Grades of Cattle Carcasses at Meatco Abattoirs.](image)

**ANIMAL HEALTH**

The greatest obstacle when it comes to export opportunities is the issue of animal diseases and hygiene measures. Namibia became the second country in Africa to be recognised by the International Office of Epizootic (OIE) as having a Foot-and-Mouth disease free zone. This status will create opportunities that did not exist previously and must be protected at all costs. The recent opening of veterinary surveillance zones (Otjine, Me, and Okakarara districts) will increase Namibia’s capability to export cattle to South Africa and to a lesser extent to Botswana and Angola. The exportation of cattle to further destinations has proven to be cost inefficient. Foot-and-Mouth disease outbreaks recently occurred in neighbouring Zambia and Zimbabwe and pose a threat to the health status of our national herd, if imports are not properly controlled.

Lung sickness (CBPP) is presently endemic in northern
Namibia, southern Angola, Zambia and Tanzania and threatens the competitiveness and export opportunities of the national herd and especially animals in the areas north of the Veterinary Cordon Fence. Vaccination must continue uninterrupted in areas concerned to eradicate the disease to benefit the competitiveness of the industry. Together with the recent Foot-and-Mouth disease outbreaks in neighbouring Zambia and Zimbabwe, import controls need to be kept in place to maintain the zoo-sanitary status of Namibia.

Besides, legislation was put in place to prohibit the use of hormones, ruminant by-products or any other substances to the detriment of human health. In addition, animal welfare forms an integral part of farm management practices in Namibia, e.g. free-ranging on natural pastures, transport during the night, etc. Consumers require assurance of safe beef originating from cattle treated during the production chain as humanely as possible.

TRADE AGREEMENTS

Trade agreements form an integral part in establishing a conducive production environment and the producer of the country is in a favourable position to benefit from a variety of trade agreements. The most important is the Beef and Veal Protocol of the Lomé Agreement; granting beef from Namibia duty free and a 90 % reduced tariff access to the European Union. The second agreement of importance is the Southern African Customs Union, allowing a free flow of capital and goods, including cattle, beef and processed meat products between Namibia and South Africa. subject only to sanitary, veterinary and public health measures. Currently the Government of Namibia is negotiating a Southern African Development Community Free Trade Area Trade Protocol, which can allow beef, especially from the northern communal production areas into countries with similar animal health status.

However, care must be taken that third country agreements, such as the European Union - South Africa Free Trade Area Agreement do not jeopardise the existing favourable agreements. This envisaged agreement allows the exclusion of beef because of its sensitivity, but allow from the European Union side the non-reciprocal reduction in tariffs, while simultaneously supporting the production and export of beef with subsidies.

CONCLUSION

It is apparent from above discussion that the beef industry faces many challenges in the future. Whether in the local, regional or international market, the long-term objective of any industry, in particular the red meat industry is to increase its market share of the consumer’s purchases. This can be achieved only by producing constant volumes of a quality product and ensuring that it meets the consumer’s safety, quality and price requirements. Can the Namibian beef industry compete on the global market? Yes! The beef industry is well positioned to compete, but many changes will be needed to maintain and improve Namibia’s position in efficiency of production.

Namibia has a unique product for competing internationally. Cattle and beef are produced from natural pastures with low environmental impact and free of contamination. Very high veterinary standards, supported by legislation, are in place and local abattoirs possess some of the best slaughter and processing plants in the world. We all know that with the past and recent severe droughts, massive ‘subsidised’ imports, high input costs, the profitability of the Namibian meat industry and in particular the cattle producer, are under severe pressure. However, the weakening of the Namibian dollar against a number of other monetary units provides local cattle producers with the opportunity of being more competitive.

The meat industry has no other option but to increase efficiency and quality of production in order to survive future competition and to maintain their share of the consumer dollar. Foreign countries have access to the same scientific knowledge we do, some countries have cheaper labour and other lower production costs, while other are becoming stronger competitors as their research and the application of new technology grows. However, it is up to the industry to decide whether to use the latest information, research and techniques to increase performance to be on par with the world trade leaders in beef.

An extremely important aspect that cannot be sufficiently emphasised, is the fact that a country cannot simply exports what it produces. Production should be aimed at what the importing country requires and the industries wishing to export must be aligned to exploit that market. The motto of the meat industry therefore needs to be, “We produce a product that is desired by our consumers.” However, the message to the international community is that the inequitable producer and product subsidies should be removed so that Namibia can be given a fair chance to perform.

ACKNOWLEDGEMENTS

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