

## **Charcoal keeps export fires burning Contributes 17 per cent to agricultural exports**

*24 June 2020.* The Namibian economy can benefit from biomass utilisation. The production of charcoal and bush-based animal feed provides incentives for additional on-farm economic activities. Charcoal exports have increased from 10.3 per cent in 2018 to 16.8 per cent in 2019 of total agricultural exports. Namibia is ranked number 6 out of 15 countries that exported the highest dollar value worth of charcoal during 2019. Domestic bush-based animal feed has the potential for foreign exchange savings, given that the value of animal feed imports increased to NAD 1.2 billion in 2019.

Both value chains also benefit other economic sectors, such as manufacturing, transport and retail, where income and jobs are created.

### **Transport sector**

Charcoal production has resulted in improved efficiency of transportation services. Several trucks per day transport charcoal to the port of Walvis Bay. Charcoal transportation reduces the number of 'empty legs' resulting in lower transportation costs, since trucks often return empty to the port after they have delivered their cargo inland. Charcoal exports through the port of Walvis Bay have increased more than threefold between the financial year 2013/14 and 2018/19 to 152,768 tonnes. Charcoal exports increased from 4.0 per cent of total export volumes through the port to 8.7 per cent in 2018/19, or from 0.9 per cent of total cargo volume handled at the port to 2.8 per cent, respectively. Charcoal exports therefore mitigated the negative impact of the depressed global demand for commodities in the region.

### **Manufacturing Sector**

Namibian companies produce a whole range of machinery for the processing of bush-based animal feed. Demand for domestically manufactured machinery increased significantly in the course of 2019. Namibian manufacturers are offering after-sales and maintenance services. In addition, Namibian companies produce feed supplements that are mixed with bush-based animal feed.

### **Trade**

Namibia imported maize brans and other preparations for animal fodder for a net amount of NAD 833 million in 2019. It reflects a rise of 117 per cent relative to 2018 (NAD 385 million for the whole year). In addition, Namibia imported Lucerne and other forage products to the value of NAD 152 million during 2019. It is almost equal to the overall amount of the last ten years (NAD 154.4 million over the ten-year period 2009 to 2018, with peaks of NAD 40 million in 2013 and NAD 29 million in 2015). These imports of Lucerne, brans, etc. accounted for one per cent of total imports in 2019, compared to 0.38 per cent in 2018. The import of feed supplements, such as molasses and urea, added another NAD 24.9 million to the import bill in 2018.

### **Annual losses in NAD**

It is well known that bush encroachment in Namibia reduces the carrying capacity of the rangeland. The value of farmland and the value derived from it are both declining. To date, estimates shows that more than 30 million hectares of Namibian land are affected. This amounts to an estimated loss of at least NAD 700 million per annum as calculated in 2004. Adjusted for inflation, this would amount to NAD 1.6 billion in 2019.

### **Recommendations**

Bush utilisation offers additional business opportunities that go beyond these activities, such as the establishment of feedlots complemented by bush feed or moving from charcoal to biochar production. Furthermore, there is need to support domestic producers of input materials such as machinery, supplements and packaging, while it should be explored to approve bush-based animal feed as a commercial product. The expansion of bush harvesting requires provision of adequate training on sustainable bush thinning, the correct use of machinery for the processing of bush feed, and the right mix of bush feed. The lack of official data prevents a more robust analysis of the economic benefits of bush utilisation. The addition of these activities to national economic and social surveys such as National Accounts and Labour Force Surveys should be considered. This would enable monitoring the development of these activities and timely policy interventions.

### **Media Contact**

Progress Kashandula  
Chief Executive Officer  
Namibian Biomass Industry Group (N-BiG)  
[p.kashandula@n-big.org](mailto:p.kashandula@n-big.org)

### **About the author**

**Klaus Schade** is an independent economist based in Windhoek. He has a wealth of experience in socio-economic research in Namibia with a focus on macro-economic and fiscal policy analysis, regional integration and international trade as well as poverty analysis.  
[klaus.e.schade@gmail.com](mailto:klaus.e.schade@gmail.com)

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**[ATTACHMENT: Economics of Charcoal and Animal Feed Value Chains Policy Brief](#)**

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