

# INVESTMENT OPPORTUNITIES IN THE BEEF AND BEEF DERIVATIVES

## INVESTOR FACTSHEET

### INTRODUCTION

Botswana Investment and Trade Centre (BITC) is an integrated Investment and Trade Promotion Authority with an encompassing mandate of investment promotion and attraction; export development and promotion including management of the Nation Brand.

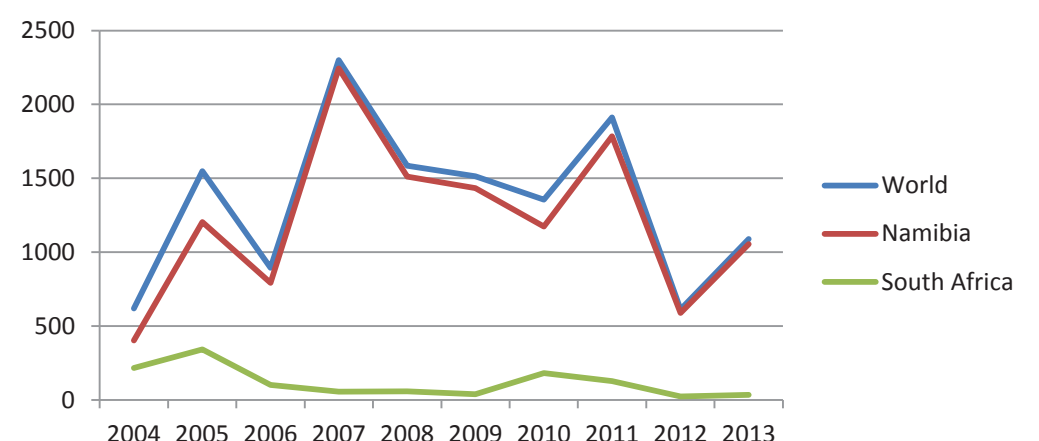
Among its key responsibilities BITC is charged with gathering intelligence and conducting research to sustain and enhance the competitiveness of Botswana. This includes publishing information relating to investment in, and exports from Botswana for local and international investors to take advantage of the existing opportunities in the country. We are therefore pleased to share the synopsis of the Botswana's Beef Value Proposition.

### OVERVIEW OF THE BOTSWANA BEEF SECTOR

Botswana beef production is more of a tradition and art. It is the largest component of the agri-food system in the country and constitutes 80% of agriculture exports, while agriculture contributes about 3% to GDP in real terms and low value added to GDP. The country has a large cattle population of about 2.5 million, 80% in communal and 20% in farm lands. Thus beef value chain remains largely untapped, from production, processing, services and marketing. Our beef has distinct advantages in that it is primarily grazed in natural pastures and there is no use of artificial growth stimulants or hormones. Our beef is therefore renowned for exceptional quality and taste at home and internationally.

The Botswana Beef Sector presents multiple opportunities under primary production and processing specifically for value addition. Thus opportunities abound from production, processing through to marketing of beef and beef derivatives are illustrated in the figure below. It is important to note that the significant import substitution and productivity gains are possible with long-term export focus and that there are currently few local players in this industry.

Value of Imports ('000US\$): Botswana Beef Derivatives



Source: Calculation based on ITC 2013 data on HS 160250



The Botswana Government has availed specific incentives for existing investors in this sector:

- Availability of subsidized prices on production inputs, including animal feeds & licks, veterinary drugs and vaccines at Ministry of Agriculture (MoA) Livestock Advisory Centres (LACs) now through BAMB.
- Government's subsidized artificial insemination program to improve characteristics of animal breeds, production performance, etc leading to profitable beef production.
- Provision of public veterinary services extension through Department of Veterinary Services (DVS) at MoA, with good laboratory and vaccine production facilities for animal disease prevention.
- Associated farm mechanization, important in productivity gains is exempted from VAT of 12%.

## INVESTMENT OPPORTUNITIES IN THE BEEF SECTOR

### Opportunity 1: Primary Production, and Supply of Mixed Feed and Fodder

The total feedlot capacity currently stands at 150 000 animals per year and set to increase. At full capacity use, the feedlots need about 150 000 to 180 000 MT of completely mixed feed per year. The composition of the feed includes;

- concentrates,
- straw,
- grain,
- and premix to produce summer, production and winter licks.

Nearly all of these are imported, mainly from South Africa and Zambia. This instantly creates an import substitution opportunity. For example, from 2002-13 Botswana imported an average 35000t valued about 15500 USD on HS230990 - feed preparations.

### Opportunity 2: Slaughtering

Another existing opportunity is in accredited private slaughter houses which are in line with international/national sanitary measures. Off-take rates are projected to exceed 300 000 herds per annum. Opportunities also exist in supply of meat sold in bone-in, irrespective of cuts in rural areas, as well as specific prepared cuts, creating necessity for further processing of meat by butchers.

### Opportunity 3: Hides, Skins and other By-products

While massive opportunities exist under hides and skins for upholstery, shoes, leather wear manufacturing, there are other by-products like horns (button making/cutlery handles), gall stones (aphrodisiac), blood (shoe polish), gelatin (for the chewing gum industry) and tallow offer extra avenues.

### Opportunity 4: Pet Food: Canned, Dry and others

- Meaningful import substitution opportunities exist.
- Currently, few producers exist, section is rather not concentrated.
- There is a distinct advantage as our pet food is 100% made from meat, with no soy additives.
- Current trade data shows RSA as key supplier of HS 290910 averaging 2900t values at 2900US\$.
- Significant growth of 61.2% started in the year 2007/8.

### Opportunity 5: Handling facilities

Opportunities such as building, renting or leasing out facilities closer to abattoirs and slaughter houses, holding pens, crushers etc exist. Other handling and related facilities like cold storage are also not exploited.

### Opportunity 6: Packaging/Canning:

- Canning of beef and other related derivatives like tongues, oxtail, offal etc.
- Vacuum packaging and boxing of beef cuts for retail-shelf ready products.
- Labelling and other services.

### Opportunity 7: Processed meat derivatives

- The need to debone carcasses and process them into different cuts and portions.
- Further processing of meat into sausages, polonies, salami, minced meat etc.
- Few registered meat processing plants in Botswana-mainly located in urban areas and big export opportunities especially to Sub-Saharan Africa.

### Opportunity 8: Marketing and branding of Botswana Beef

- Marketing of new packaging product lines.
- Branding our beef as a mark of distinct quality and tradition based on our production systems.
- Entering the major distribution channels of hyper/supermarkets and hotel chains.

### Opportunity 9: Technology/applications

- The use of ICT cannot be divorced from beef and beef derivatives production.
- Investments in mobile applications and software .
- Remote controlled vehicles or drones for surveying, security, disasters and livestock control etc. remains untapped.

### Opportunity 10: Veterinary medicine, Health and services

The rising demand and importance of specialized extension services to private consumers (like mobile VET laboratories) has never been more required: for on-farm expertise and animal husbandry management systems. Investment in vaccines development and manufacturing including research (breed improvements etc)

### Opportunity 11: Transportation

OIE Terrestrial Code on animal welfare requires specialist services in:

- Appropriate vehicles
- Handling
- Loading/unloading
- Planned routes/journeys allowing rest
- Selection of animals to travel
- Accounting for: air, light, nutrition, noise, bedding etc. during travel – opening avenues for specialised transportation.

#### DISCLAIMER:

These opportunities and estimates provided on this brief are calculated based on current available knowledge. Further investigation is recommended to evaluate the size of the opportunities in Beef & Beef Derivatives more accurately. For the detailed Beef & Beef Derivatives Value Proposition visit our Information Resource Centre or contact us on the contacts below.

#### BITC HEAD OFFICE

Private Bag 00445,  
Plot 54351, Exponential Building  
Central Business District (CBD)  
Gaborone, Botswana  
Tel: +267 3633300  
Fax: +267 3181941/ +267 3170452

**Email:** enquiries@bitc.co.bw

**Website:** www.bitc.co.bw



**YouTube:** <https://www.youtube.com/channel/UCz3v58Png6J-gnM72pZzSnA>



**Twitter:** [https://twitter.com/go\\_botswana](https://twitter.com/go_botswana)



**LinkedIn:** <https://www.linkedin.com/company/botswana-investment-and-trade-centre>



**Facebook:** <https://www.facebook.com/Botswana-Investment-and-Trade-Centre-493433534094897/>

#### UNITED KINGDOM

6 Stratford Place  
W1C 1AY  
London  
United Kingdom  
Tel: +44 781 8182995  
Tel: +44 207 4990031  
Fax: +44 207 4918528

#### INDIA

No 43 Maker Chamber VI  
Nariman Point  
Mumbai 400 021  
India  
Tel: +91 2243 602100  
Fax: +91 2243 602111

#### SOUTH AFRICA

88 Sandown Mews  
West Wing  
Stella Street  
Sandton  
Johannesburg  
Tel: +27 11 884 8959  
Fax: +27 11 883 7798

©BITC Research Department 2016