Beef originating from Savanna Beef Processors

Why Namibian beef is respected

Namibian cattle are raised on natural pasture for most of their lives without the use of hormones or routine antibiotics in their rearing. Our cattle are therefore known to be amongst the highest quality in the world, produced naturally to the best standards. Today, consumers worldwide are willing to pay premium prices for this sought-after beef. In comparison, these premium prices are significantly higher than the prices that countries exporting commodity beef can ever attain.

The Namibian cattle industry

Over time, the Namibian cattle farming industry has achieved productivity gains, especially from the 1970s onwards. Typically, of the 1.2 million cattle from the FMD-free zone, there is an average slaughter offtake of 22.5% for domestic and export markets or for live weaner export. Up and till 2002, about 55% of cattle production was slaughtered. This was supported by a well-structured and organised sector with regulations and standards in place resulting in the development of a booming industry. This sector is vehemently regulated by the Animal Health Act (Act 1 of 2011) and its regulations which enable the prevention, detection and control of animal diseases and the maintenance and improvement of animal health in Namibia. The Act authorises the Directorate of Veterinary Services to assist and empower the sector to benefit from preferential trade agreements. This regulatory framework enables producers to follow best practices i.e. raising cattle according to strict animal welfare principles and applying traceability systems. All this is necessary for Namibian free-range beef to be included in the prime beef listings, ensuing in higher prices than those ordinarily obtained for commodity beef.

Missed opportunities have led to deterioration in the rural economy

Despite the government's commitment to the development of the sector, it was unfortunate that the 45 % of cattle exported live to South Africa as weaners prior to 2010 gradually increased over the years to 70 % in 2020. This was during a time when the cattle sub-sector was losing significant marketing opportunities. This in turn led to declining profitability for producers and had a negative knock-on effect. The deterioration of many towns in rural areas reflected this. To counter this decline, beef producers organised themselves to fund a feasibility study and identify inefficiencies within the current value-chain. Thereafter it was necessary to determine a turnaround strategy and draw up a business plan. The results showed that a strategy of reduced slaughter costs and an optimal market mix would lead to better prices for producers, who would thus earn their fair share. This would also stimulate the government's objective of growth at home, decrease unemployment, as well as reduce poverty and inequality. It is proposed to restore the number of slaughter animals to 150,000 cattle by reducing the number of weaners exported to South Africa by 50,000 and to raise them to slaughter-ready stock. This will require some adjustments in our production systems like shortening the chain and for systems to become cost efficient; all which may be possible once farmers benefit from higher yields.

Namibian cattle producers took an initiative to change

Cattle producers then decided to take the initiative into their own hands by opting to construct a new state-of-the-art processing facility. By doing so they would not lose this beef export value chain and it would prevent Namibia from falling back into a weaner production system, thereby safeguarding them from becoming dependent on the feedlots in South Africa. This private producer initiative offered all registered Namibian cattle farmers the opportunity to secure their slaughter allocation and become shareholders in the new facility. The initiative was positively received by numerous high-level politicians and stakeholders resulting in the active participation of 660 cattle-producing members. The membership is composed as follows: 75% male, 9% female and 16% business firms. With ages ranging between 24 to 93 years, the calculated average age of members is 56 years. Most of the members originated from the Otjozondjupa Region, followed by the Omaheke and Khomas Regions. Those members with significantly fewer slaughter cattle originated from the Karas, Hardap, Kunene and Erongo Regions. Overall, most of the cattle producers agreed to supply no less than 41 slaughter cattle annually, while 32% of the members will supply between 41 and 160 slaughter cattle annually. 75 Producers can be regarded as mega-producers as they are supplying between 161 to 1,000 slaughter cattle annually. These mega producers will supply 35% of the processing plants annual throughput, a real win-win scenario between the producer and processor.

Monitoring & evaluation required to maintain a brand

It was soon realised that monitoring and evaluation of the process would be important to uphold all quality, health and welfare standards. This could only be achieved through regular workshops, as well as training and interaction with producers and the sub-sector.

This would help to:

- gain insight into consumer expectations,
- implement all veterinary requirements and standards,
- understand the importance of traceability from farm to fork,
- become aware of the need to maintain best practices through continuous stress-free handling of cattle,
- re-design the cattle infrastructure for easy cattle flow and handling,
- gain comprehensive knowledge of the transport and logistics requirements,
- optimise hygiene in processing plants to ensure the quality of beef cuts destined for niche markets.

Therefore beef producers need to take responsibility. The success of the beef value chain depends on continuous training and compliance with health standards in order for producer prices to become competitive.

The block tests

The optimal cut allocations for different markets needs to be determined based on the highest net return per cut and to obtain a higher weighted average carcass retail value. For each market segment, the requirements for prime beef cuts and their demand must be known so that the block test for optimal return can be updated regularly. The changing market signals will be exposed in the weighted average retail price. This allows the system to deduct all costs from the different chains, leaving a price for the primary chain that is equal to the producer price. This price must be attractive enough for producers to switch their production system to slaughter animals and to meet additional requirements for niche markets.

The following markets have been identified:

- Prime deboned cuts to Norway, Europe, UK, Switzerland and USA
- Carcass bone-in portions to China, Malaysia, Korea, and Singapore
- Bone-in cuts to exclusive markets in Africa, South Africa and premium local.

The demand for beef originating from SBP

Contacts with different beef retailers and brokers pointed out that Namibian beef is in high demand. This is based on its good reputation, but also on the fact that SBP conducted the first consultancy in

Africa on the net greenhouse gas emissions for the entire beef value chain. The results of this study enabled beef brokers and traders to escape the general resistance and pressure faced by the beef trade. The scientific study calculated carbon dioxide equivalents to show that our soils and biomass resources that support our grass-fed beef cattle production systems result in a reduction in net greenhouse gases, leading to a zero footprint for the entire beef value chain. Our SBP prime beef will be labelled with a seal of excellence because of its positive attributes of zero carbon footprint, animal welfare and the nutritional value of our rangeland beef. Following the above strategy, it is evident that producers can benefit at least N$20/kg above the current Namibian beef prices. The following countries have indicated strong support for our product and have backed us with full intent, namely (i) Norway, Germany and smaller niche markets in Northern Europe, (ii) China and Hong Kong, (iii) Africa, especially upmarket hotel chains and groups, and iv) South Africa, direct retail and hospitality.

Demand for the product is not only rooted in the exceptional quality of the product, but also in the way the producer nurtures the product to provide a true farm-to-fork experience.