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# From the flock

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MONTHLY NEWSLETTER FOR THE CANADIAN SHEEP INDUSTRY

## Exciting Times for the Canadian Sheep Industry

By Jennifer Fleming, CSF Executive Director

It's an exciting time to be in the Canadian sheep industry.

Our reputation is building and increasingly capturing national attention. More and more, the Canadian sheep industry is being invited to the table at the national and international levels. For instance, we were part of the Canadian Delegation to the World Organization of Animal Health (OIE) meetings in Paris this past spring. This gave us the opportunity to interact with representatives from around the world and discuss issues relating to animal health – specifically, the spread of Bluetongue and Scrapie Eradication programs. Networking with representatives from other sheep-producing regions is essential – it allows for lessons to be learned, ideas to be gathered, and the opportunity, in some respects, to see the Canadian industry through a different set of eyes.

Our Value Chain Round Table meeting in May gave us another new look and added perspective. Bringing together people from across the value chain is crucial to long-term sustainability. Working together and opening up the lines of communication will ensure a profitable future is in store for the Canadian sheep industry.

There are also changes on the horizon that we need to face together. Given there is movement from provinces, such as Alberta, to make programs such as traceability (animal movement) and on-farm food safety mandatory, we need to focus not on if this will happen but how. How can we implement these programs in a way that ultimately benefits producers? Cooperation and communication are the keys to success. Provinces and all three national sheep organizations will need to work together, and producers need to do their part, too. These organizations can't exist without them. I'd like to see producers becoming more involved – speak up and have your voices heard. Don't forget that we work for you. If we are going to do our jobs properly, we need to hear from producers.

With the recent OFFS issues that have hit the media – tomatoes and listeria especially – the issues of food safety and traceability will be moving into the forefront even more so. Traceability and OFFS are not going away. But by joining forces we can tackle the issues together for an outcome that benefits everyone and moves the sheep industry forward.

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## Exciting Times continued

There's no doubt that forward is the only way we can go. With demand for lamb growing every year, there are real opportunities in increasing our supply and establishing a strong future for our industry. The Canadian sheep industry is facing unique challenges and boundless opportunity. With a growing demand that's the envy of other livestock sectors, the industry is at a crucial crossroads – step up and increase supply for the domestic market or leave it to the importers?

Between 2005 and 2007, the per capita consumption of lamb in Canada grew by 9.7 per cent to 1.24 kg. At this rate, lamb consumption will surpass the goal of the market development strategy to increase consumption by .25 kg per person by 2010.

The downside, however, is that while consumption in Canada is growing, the number of lambs being processed isn't keeping up. In the same two-year window, the number of lambs slaughtered in Canada fell by 8 per cent. This drop in the total number of lambs processed coincides with a ewe flock that has been steadily decreasing since 2003.

According to Statistics Canada, 2008 marks the fourth straight year that the Canadian ewe flock has decreased after reaching a high of 622,000 in 2004. Overall, the ewe flock size decreased 4.8 per cent – from 558,100 in 2007 to 532,500 in 2008. Despite the fact that the number of ewes, replacement ewes and market lambs are decreasing – by 4.8 per cent, 7.9 per cent and 10.7 per cent respectively – the number of ovines slaughtered in Canada made a small jump of 1 per cent.

While Canadian production decreases, lamb imports are increasing – by a whopping 65 per cent in 2007. Importers are undoubtedly benefiting from Canadians' increased consumption. The good news is that research shows Canadians prefer lamb raised in Canada over imports. The bad news is that the same research also shows that consumers' loyalty for locally grown product is negatively impacted by inconsistency in supply and quality.

Based on these statistics and research, the opportunity to expand the production of sheep in Canada is real. Flock expansion and new entrants are needed to meet the growing demand. Doing so will effect an increase in both the quality and quantity of lamb that is marketed. If we don't increase the supply, we will continue to see retailers move to imported product.

Investing in the growth of our Canadian sheep industry today will help ensure we have a domestic market tomorrow.

## Ketchum Kurl Lock CSIP Ear Tags - Price Increase

Ketchum Manufacturing Sales Ltd have advised CCWG that a price increase will be necessary on the Kurl Lock CSIP ear tags due to rising steel prices and higher energy and transportation costs. Effective January 1, 2009 the tag price will be increased by 2¢ per tag.



## A Look Ahead for the FSFP Program

By Lorraine Hall, National Coordinator OFFS

With the passing of summer and the start of a new school year, it seems natural that the fall season brings with it the opportunity to reevaluate and reflect and in doing so, look ahead with a renewed sense of direction and purpose. In this month's *From the Flock* article, I plan to do just that in terms of the Food Safe Farm Practices (FSFP) program, looking at the progress we have made in the last several months and what the next months will bring.

Getting the program out to sheep producers remains the priority of the program. To date, 510 producers have participated in FSFP workshops. So far in 2008, workshops were held in Manitoba, B.C. and Saskatchewan. Upcoming workshops are planned this fall for Alberta (5 locations), New Brunswick, and Newfoundland.

In response to producer feedback, a funding application was submitted to Agriculture and Agri-food Canada to revamp the producer manual. This funding has been approved, so work will soon begin to improve the style and layout of the producer manual, so that it is easier to follow and more user-friendly.

Much of the progress of the FSFP program is due to the hard work of the CSF FSFP Technical Committee. Members of the committee have invested countless hours into the program, researching and reviewing policies and documents. Recently, the committee made recommendations about how extra-label drug use should be dealt with in the FSFP program, a solution that is practical for producers but that will also help control potential hazards associated with extra-label drug use.

The time is fast approaching of the one-year anniversaries of our two registered producers on the FSFP program. Last fall, these producers were audited and found to comply with the

requirements of the CSF FSFP program. In light of this, work is currently being done to establish an audit cycle based upon the recommendations of the Technical Committee.

As food safety is coming more to the forefront in current events and news, producer interest in implementing the FSFP program is increasing. One question that invariably comes to the surface is how much will all this cost to implement? Indeed this question has not only been posed by sheep producers, but across all commodities. To help answer this question, the Canadian On-Farm Food Safety Working Group, of which CSF is a member, recently undertook a study to help determine the costs to producers of implementing OFFS programs.

From November 2007 to January 2008, a survey of 153 producers was conducted by the NRG Research Group. The study was conducted to find out the costs associated with the implementation of OFFS programs. Of the 153 surveyed, 45 were from animal commodities (dairy, pork, and turkey) and 108 were horticultural producers. For the purposes of this article, we will focus on the answers given by the dairy, pork, and turkey producers.

Costs for capital expenditures to implement OFFS programs were reported to be from \$500 (pork) to \$2750 (turkey). Capital expenditures are costs associated with any improvements to premises or equipment required to implement the OFFS program. The median number of hours per week on OFFS implementation and related activities was cited at 2 to 3 hours for the farm owner(s) and 1 to 2 hours for staff. The median number of hours spent with the validator for an on-farm assessment was 4 for pork, 5 for dairy, and 8 for turkey.

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## On-Farm Food Safety continued

In terms of auditing costs, the median invoice amount for an audit was \$425 for pork and \$450 for dairy. The median number of hours of staff time to undertake corrective measures as per the audit findings was: 2 hours for dairy; 4 hours for pork; and 6 hours for turkey. Median cost of additional capital expenditures or equipment to make changes that were recommended by the validator was \$150 for dairy and \$550 for turkey. No dollar figure was reported for pork. In terms of any additional annual costs for implementing OFFS programs, the median amount was \$800 for pork, \$1312 for dairy, and \$3000 for turkey. These costs could include staff time/wages for OFFS implementation, employee training, paperwork, meetings, travel time, and seminars. Table 1 outlines the median costs of various components of the validation process.

**Table 1: Summary of Costs - Validation Process**

| Median   | Total All Commodities | Horticulture    | Animals         |
|--|-----------------------|-----------------|-----------------|
| Time spent w/ validator                                | 6 hours               | 8 hours         | 6 hours         |
| Additional staff time during validation                | 5 hours               | 6 hours         | 4 hours         |
| Audit invoice amount                                   | \$550                 | \$1,000         | \$450           |
| Auditor travel cost                                    | \$200                 | \$1,250         | \$100           |
| Time spent on corrective measures                      | 3 hours               | 4 hours         | 3 hours         |
| Additional capital expenditures as per recommendations | \$200                 | \$200           | \$300           |
| Time with auditor verifying recommendations            | 2 hours               | 1 hour          | 2 hours         |
| <b>TOTAL TIME</b>                                      | <b>16 hours</b>       | <b>19 hours</b> | <b>15 hours</b> |
| <b>TOTAL COSTS</b>                                     | <b>\$950</b>          | <b>\$2,450</b>  | <b>\$850</b>    |

Considering the expenditures of time and money reported by these producers to implement OFFS programs one might question whether it is really worth the investment. But in light of the fact that all the effort is in fact, an investment that will improve your farm operation, records, and management, one could argue that it is definitely worth the money, time, and effort to implement OFFS. As part of the study, participants were asked their impression of their particular commodity's OFFS program. Thirty one percent answered they had a very favourable impression of the OFFS program, 59% somewhat favourable, 7% somewhat unfavourable, and 3% very unfavourable. So, a total of 90% answered that their impression of OFFS was favourable. Evidently, the majority of producers who participated in the study and are implementing OFFS are positive about the time and money they are investing.

As the CSF strives to respond to producer feedback and make the Food Safe Farm Practices program more user-friendly, while meeting government requirements, consider how you can make steps to continue or start to implement OFFS on your operation.



# Scrapie Canada Annual Report

By Courtney Denard, Scrapie Project Coordinator

Scrapie Canada is continuing to work with government and industry, taking action towards eradicating scrapie nationwide. In the past year, Scrapie Canada has focused on a number of initiatives working hard to make eradication a reality.

The Voluntary Scrapie Flock Certification Program (SFCP) is ongoing. This program was developed by the Canadian Food Inspection Agency (CFIA) in collaboration with industry, as the basis for Canada's on-farm, voluntary scrapie control program. Commencing in 2005, the SFCP is a pilot project funded by Agriculture and Agri-Food Canada (AAFC) and is intended to be a long-term, internationally recognized program. In the first two years, uptake on the program was slow. However, since the border opened for the importation of US sheep and goats in April 2007, interest in the program has increased. This is mainly due to the fact that if a producer wishes to import a female sheep or goat from the US, he/she must be a participant on the program. At the onset of the program Scrapie Canada was sending out about one application package per week, but since April 2007, on average, three application packages are going out weekly. The number of phone calls and e-mails received by Scrapie Canada has increased significantly as well, especially coming from the goat industry. The majority of these calls are from producers wanting to import animals from the US. To date, Scrapie Canada has received 75 program applications from sheep and goat producers across the country. At the end of March 2008, the current funding for the SFCP will be finished. This does not mean the program will be ending; however, there may be some changes in regards to administration and enrollment.

The National Survey of Scrapie Genetics in Canadian Purebred Sheep received an extension in 2008, allowing the program to continue until December 16, 2008. Since the announcement of the extension producer interest in this program has increased as well. To date, about 8,500 purebred sheep across Canada have been genotype tested through the program. As the survey winds down, producers should take advantage of the funding while it is still available. Any producer of purebred sheep registered with the Canadian Sheep Breeders Association, the Canadian Katahdin Sheep Association, and the Canadian Finnsheep Breeders' Association is eligible to participate. For any producer who is interested in genotype testing his/her purebred sheep, the National Genotyping Survey offers a reasonable reimbursement. Outside of the program, testing is approximately \$30 per head, plus the cost of the vet visit to draw blood and shipping fees. Through the program, testing is \$10 per head and another \$6 per head is compensated for the vet call. Half of shipping fees is also covered by the program. Samples must be drawn no later than December 16, 2008 for producers to receive a reimbursement.

The CFIA continues to initiate and implement scrapie programs as well. The National Scrapie Surveillance Program was developed and launched by the CFIA and several provincial agricultural ministries. The goal of this program is to identify every animal infected with scrapie so that proper steps can be taken to completely eradicate the disease from Canada. In 2007, there were two cases of scrapie reported in Canada- one classical and the other non-classical. Since January 2008, five cases of scrapie have been reported.

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## Scrapie Canada continued

Producers are encouraged to report all sheep and goats aged 12 months and older that die on their farm or exhibit unexplained weight loss with no loss of appetite, problems standing or walking, or other changes in behaviour.

When cases of scrapie are confirmed, the CFIA will quarantine the affected flock or herd. The process hereafter is different depending on if you are a sheep producer or a goat producer. If you are a sheep producer, all sheep on the property will be genotype tested to determine if the animal is susceptible or resistant to scrapie. Any animal that is deemed to be susceptible will be humanely destroyed. Any animal that is deemed to be resistant will be quarantined on the property for a period of five years. The CFIA also locates, destroys and tests potentially exposed sheep that have moved off of the farm. Once the CFIA has released a flock from quarantine (when it is declared no longer to be an infected place), the producer must submit on farm deads for scrapie surveillance for a period of five years (testing and sampling, if necessary, are provided by the CFIA). Although it is not mandatory, if the producer wishes to use this as an opportunity to enroll in the SFCP, he/she can do so.

When scrapie is confirmed on a goat farm, genotype testing is not an option. Scientific data on genotype testing goats has not provided any repeatable studies that document any codon variations in goats that are associated with a high risk of scrapie. In light of this, genotyping cannot be used as a risk management tool in goats. Therefore, if scrapie is confirmed on a goat farm, all animals are destroyed and scrapie brain testing is completed on each animal. Compensation is available for any live goats (or sheep) ordered destroyed by the CFIA during a disease response situation.

In September 2008, the CFIA is launching a new scrapie promotional program, aiming at increasing awareness of the National Scrapie Surveillance Program and encouraging producers to submit samples from all sheep and goats that die on farm. More information on this program will be available in an upcoming issue of From the Flock.

Moving forward, Scrapie Canada is currently seeking long term funding from the CFIA to go towards continuing Canada's scrapie programs. Since September 2007, Scrapie Canada has been working closely with the CFIA, AAFC and researchers at the University of Guelph on the development of a National Scrapie Program. Scrapie Canada is asking the CFIA for approximately \$2.7 million per year to fund research that will determine scrapie prevalence in Canada. Results of this research would enable the establishment of a clear time frame in which scrapie can be eradicated from Canada and after the OIE-recommended seven-year monitoring period, have Canada internationally recognized as scrapie-free.

For more information on any of the scrapie programs mentioned above, please call Scrapie Canada at 1-866-534-1302 or e-mail [admin@scrapiecanada.ca](mailto:admin@scrapiecanada.ca).



## (1/4) Year in Review

By Sean McKenzie, National Coordinator – Animal Identification and Traceability, Canadian Sheep Federation & Canadian National Goat Federation

I was chatting with friends the other day and the comment came out about how it can often be difficult to see the big picture when you're standing inside the frame. With this in mind for this FTF article I will try to take a step back and look at where we are as an industry and where we have the potential to go.

Canadian agriculture faces many challenges and the sheep and goat industries are certainly right in the midst of many of them. High feed costs, low market prices and market challenges (i.e. boarder closures) are constantly pressuring all producers. There never seems to be a shortage of new demands popping up to discourage and challenge our resolve. Despite all this, call it independence, perseverance or just stubbornness Canadian farmers continue to fight for and maintain a way of life that seems to be losing ground to urban expansion and foreign competition. While it is sometimes difficult, I think it is important that we, at least occasionally, see the glass as half full as opposed to half empty.

Within the sheep and goat industries there are many factors that provide incentive to produce and should encourage us to look forward with optimism rather than pessimism. We have relatively lower input costs when compared to other agricultural industries and our options for animal management (intensive vs. extensive) permit commercial production on a relatively small land base. Our industry is also one that can allow for new farmers to get a start and establish their own operations without the burden of large debts and/or land needs that other commodities like beef, hogs or cash crops might require. What's more is with the average age of Canadian farmers now increasing into the late 50's this is a potential contribution to agriculture that we as an industry can make and take advantage of.

The domestic market for lamb and goat products is strong and growing in size, and even now we are unable to satisfy all the demand. We are at a time when immigration to Canada is a significant factor to population growth and many new citizens are arriving from areas of the globe where lamb, mutton and goat are major protein sources. There is also a growing interest in where our food is coming from and consumers are looking to support their local producers. The "100 Mile Diet" is a perfect example of this. Consumers are becoming more aware of what they buy and making conscious purchasing decisions based on where their food is coming from. This is creating a greater need for domestic product that is identified as such and traceable and producers' right through to retailers who are able to provide this information stand to benefit. That said we must have the tools for producers, processors and retailers available to access and make use of so that this information can flow from one stage to the next. Perhaps even more importantly this information must move both directions and provide a service back to the producer. This might be in the form of market sales data, carcass conformation or for use in genetic selection and flock improvement which can in turn result in higher profit. Thinking about and preparing for this possibility will help us to better design and plan a way forward and put Canadian lamb, goat and related products ahead of the trend and in a great position to capture a greater market share.



## Blue Tongue Disease in the UK

By Courtney Denard

A recent outbreak of Blue Tongue disease in the UK has brought government and industry together resulting in better policy and stronger disease controls.

In 2007, Blue Tongue (BT) spread across the UK and was detected on 138 premises mainly in the Eastern regions of Norfolk and Essex. Fortunately, no cases of BT have been confirmed in the UK in 2008, bringing some hope that the disease is now being controlled. However, the impact of the 2007 outbreak is far from over. Andrew Clayton, head of Blue Tongue Policy for the UK's Department for Environment, Food and Rural Affairs (Defra), has been at the forefront of the BT outbreak since the beginning. In early 2007, Clayton became responsible for the Blue Tongue Policy Team- a government based group established to work with industry to prepare and put into a practice a contingency strategy concerning BT outbreaks. To work with the Blue Tongue Policy team, a core group of industry stakeholders was formed as well. These two teams have since jointly developed all policy regarding BT throughout the outbreak.

"By developing policy together and allowing joint communications efforts," says Clayton. "There has been a wider awareness and understanding of control aims, leading to what has been a successful strategy so far."

Once the spread of BT was confirmed in 2007, changes to the sheep industry resulted over night. Policy that had been newly written quickly came into practice and every stakeholder from producer to processor was impacted. In hopes of stopping the spread of disease, movement restrictions were applied immediately. "The impact of movement restrictions put into place has undoubtedly had a significant effect on the usual movement of breeding and store animals in the last 12 months," Clayton says.

This impact only grew stronger as the restricted zones expanded across the UK. In response, producers were forced to change their behaviour and find new markets for their animals. Alleviating some of this impact, licensed movement to slaughter under certain conditions has been approved.

Another key component of the UK's disease response has been the development of a BT vaccine strategy. There are 24 different serotypes of BT, of which live or inactivated vaccines are available for only some. A vaccine for BTV8- the BT involved in the UK outbreak- was made available in the spring of 2008. This vaccine is currently being used in the UK and in other affected EU member states. Clayton believes that since vaccination is the only real protection against BT, a successful mass vaccination program is essential for any affected country.

The development and approval of the BTV8 vaccine has been a success for the UK's disease response efforts, but it presents some challenges as well.

"It will be a continuing challenge for industry to ensure that livestock keepers continue to vaccinate against the disease in coming years," Clayton says.

He says that government and industry need to make it a priority to achieve heightened awareness and knowledge of the disease in the farming industry. "Producers need to recognize the importance of vaccinating livestock not only to protect one's own stock but to prevent disease spread and the associated wider costs to the industry as a whole," he says.

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## UK Blue Tongue Disease

To accomplish this, a voluntary mass vaccination campaign for BTV8 is currently underway in England and Wales. The campaign has been vigorously supported by the Joint Campaign Against Blue Tongue Group- an initiative that includes the National Farmers Union, the British Veterinary Association, the Institute for Animal Health and Defra.

To increase producer knowledge of BT, Defra and key industry stakeholders all have information on the disease available on their websites. Defra has been attending livestock shows and markets, providing information and resources to attendees. The UK's state veterinary service- Animal Health- also sent letters and telephone messages to all livestock operators within the restricted zones informing them about BT and the associated control measures put into place.

Looking back on the past year and a half Clayton has been able to see some opportunity resulting from the outbreak. "In the UK, we've taken the opportunity to look afresh at how government and industry can best work together to deal with the disease. This joint approach has resulted in better policy and has empowered the industry to take decisions on controls, balancing risks and economic impact."

More information the BT outbreak in the UK can be found on Defra's website at:  
[www.defra.gov.uk/animalh/diseases/notifiable/bluetongue/index.htm](http://www.defra.gov.uk/animalh/diseases/notifiable/bluetongue/index.htm).

## UK: Bluetongue: 'the worst is over' thanks to farmers

A 90 per cent plus take up in vaccination against the bluetongue, virus which can prove fatal to livestock has spared the county's sheep and cattle from infection. OIne of Department for Environment, Food and Rural Affairs (Defra) has praised farmers in Kent and experts believe the worst is over.

Last year the airborne virus proved a major headache for farmers with quarantine zones established and lack of movement allowed for winter grazing. But at the start of the summer a vaccination programme was introduced by Government agency DEFRA. Around 98 per cent of Kent farms which saw in infection took up the offer with the figure for farms as a whole in excess of 90 per cent.

Animal health experts say the farmers' action prevented an outbreak of the disease - which causes sickness followed by death in its most severe form - comparable to that experienced in continental Europe where herds and flocks were decimated.

Anthony Greenleaves, vet manager of Animal Health which is a branch of DEFRA said while people needed to be vigilant large scale problems had been avoided. "In terms of cases within the county we get one or two alerts a week and we check these out," he said. "But in no cases during recent weeks have they proved positive." This is the second year the disease has been viewed as a threat to the UK farming industry and experts feared it would be more devastating than 12 months ago as the midges which spread it had already established a foothold in the UK and species had become more accustomed to British climatic conditions.

But Mr Greenleaves said: "The second season in Europe - the summer Of 2007 - was the worst for farmers across the Channel. We are in effect a year behind them as it spread to these shores last year. "So it was very good to see how our farmers reacted . It has looked good so far and the programme of inoculation looks like it has done the trick. "We do have a few cases of infected animals coming into the country from eastern Europe so we are maintaining our level of alert. "Also the vaccination programme will continue next year. But it looks like we have been spared the worst we had anticipated and thanks to the farmers the threat is not as great as first feared."



## New Halal Certification at Sunterra Meats Creates Opportunities for Lamb Producers

In July Sunterra Meats Ltd. received an internationally recognized Halal certification for beef, lamb, bison and goat, creating opportunities for servicing a growing Muslim demand both domestically and abroad. Oversight and certification is provided by the Halal Certification Agency from the Canadian branch of the Islamic Society of North America (ISNA). Although the certification is very recent, Sunterra has already seen strong demand for Halal lamb products and expects to increase weekly slaughter volumes as a result.

For the lamb industry opportunities from Halal certification will be focused on the domestic market initially to meet Muslim demand for products produced in strict adherence to a consistent Halal standard from Canada's largest federally inspected lamb processor. Access to the Halal market has been increasingly important in the beef industry especially in opening access to service high-quality markets in the Middle East and to meet demand for beef products in emerging beef export markets like Indonesia. Initial focus on bison and goat will be in the domestic market although export opportunities are expected for countries looking for a variety of species in combined shipments.

The Muslim market in Canada is large and growing with lamb and goat as popular meat products among this demographic. Sunterra expects to improve Halal lamb product availability and consistency. Up to now most Halal products available to consumers in Canada have been supplied by provincially inspected plants, on-farm slaughter, or imported from Australia or New Zealand.

Miles Kliner, General Manager of the Innisfail plant noted, "We have seen strong initial reaction from the marketplace to our certification. We have received orders from across Canada for a

full complement of products. While some of these are test shipments, the feedback has been really positive. Our biggest challenge is to ensure we grow at the right pace matching this new demand with an adequate lamb supply."

Managing year-round lamb supply is very challenging. Lambs are typically abundant in the summer and fall but supply becomes tight in the winter and is compounded by increased demand during Christmas and Easter seasons. Important Muslim holidays are also during tight supply periods which will make managing supply even trickier. Further compounding supply is a decrease in lamb production in Canada. According to Statistics Canada market lamb inventories at the start of the year are down almost ten percent from 2007 with Western Canada down more than thirteen percent. Ewes and replacement lambs are also down with higher decreases noted in Western Canada. Despite the relative strength of the lamb industry compared to other livestock sectors, this decrease is troubling.

Sunterra will be working hard with Western Canadian producers to reverse this trend. While the number of lamb producers has shrunk following the aftermath of BSE in 2003, there remain some strong lamb producers who have reaped the benefits of the market upswing of the last several years. Sunterra will also work with other livestock producers, particularly beef and pork producers who are looking for an improvement in profitability and diversification.

Bob Milligan, a veteran beef buyer, recently joined Sunterra Meats as the Livestock Procurement Manager. He will help Merrell Dickie, who has been with Sunterra for two years, spread the message about lamb production.

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## Halal Certification continued

“It is exciting to be working in the lamb business with such an optimistic future,” says Milligan, “there is a lot of work we need to do to reach current and potential producers but we have a positive message to bring and I look forward to playing a role in its growth.”

Prices for market ready lambs remain strong and the outlook is good. From Sunterra’s perspective the four percent decrease in the national year-to-date slaughter observed to the end of June, was more a function of supply rather than demand. “Various times this winter and spring we did not have enough lamb”, comments Kliner, “it was unfortunate that we had to short some key customers and are working to provide assurances that a similar situation will be avoided in 2009”. Boxed lamb imports to Canada are down almost ten percent with offshore lamb also down close to six percent in the United States. Decreased production, lower imports and stable lamb consumption in Canada should mean strong, stable prices for lamb producers. “There is a limit to how much we can increase prices, as we have not been able to keep pace with prices to retailers to the same extent that livestock has increased, especially when we find ourselves short on product where we have managed pricing increases,” says Kliner. “A stable supply is critical for stable prices.”

Central to managing the supply side will be increasing the number of lambs forward contracted. In order to make commitments to customers, especially new ones, it is important to know there is enough lambs secured to cover periods of tight supply. In the past few years Sunterra has had limited success forward contracting with Canadian producers. Contracting can be a very useful tool for producers especially if they are growing their operation and need commitments to secure financing.

It also guarantees slaughter availability when lambs are ready for market at their best quality. Sunterra offers various contracting options and although fixed pricing is the most common, other options are available for producers who wish to maintain some pricing risk.

Halal certification should also open the door for Sunterra to actively develop a goat business. Many of the customers looking for Halal certified lamb are interested in goat products too. Under different ownership the plant has experience with goat years ago, although year-round supply was a major challenge then too. Halal certification will strengthen and stabilize demand. The Canadian goat industry is small so Sunterra plans to supplement with supply from the US for initial business development until the Canadian industry can more fully meet the demand.

Another potential project arising out of Halal certification is development of a mutton program. Since BSE most mutton waste is prohibited from being rendered, ending the mutton program at Sunterra Meats in 2003. With segregation of waste flows at the plant as a result of meeting the requirements of the Enhanced Feed Ban in 2007 mutton has potential but the potential revenues were inadequate to restart the program. It has been unfortunate that for several years most Western Canadian producers have had to ship cull ewes to Eastern Canada for slaughter. It is hoped that with a Halal market Sunterra may be able to rejuvenate the mutton business and provide a viable option for ewe processing closer to home.

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## Halal Certification continued

Also in July Sunterra received approval to process and export beef products to the European Union (EU). Sunterra has been processing bison weekly for the EU since 2006. Sunterra has been an experienced exporter for many years. It was a pioneer in the fresh Canadian pork business in Japan in the 1990's and one of the first companies to re-gain beef market access in Japan following border closures after BSE. EU and Halal approvals are a key part of its strategy and build upon previous approvals for organic, natural, and other export market access. It is the latest step in Sunterra's vision to become a premier supplier of specialty meat products worldwide.

For producers interested in learning more about Sunterra's Halal initiative or other opportunities please contact Sunterra Meats' Livestock Procurement Department. For all other inquiries please contact Miles Kliner, General Manager.

### **Bob Milligan or Merrell Dickie**

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## Uruguay Sheep Exports Up

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Sheep meat exports were up for the year 2007-2008 by 32%, live sheep exports were up by 49%. Wool exports totaled 60 million kilos, that went mainly to China for a value of US\$320 million. Lamb and mutton exports totaled US\$68.3 million, sheepskins exported totaled US\$3.1 million and live sheep exports totaled US\$9.2 million. The sheep flock is now at 9.2 million head, which is down 300,000 from last year. The sheep flock 10 years ago was 26 million. There are still 60,000 jobs in Uruguay directly connected to the sheep and wool industry. The sheep industry has suffered to the rise in crop farming, owing to world high prices for grain and soy.

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