

By Jennifer Fleming, Executive Director

Last September, the CSF submitted an application for funding to the Federal Government's *Other Ruminant Market Development Program*. The funding application was built around the idea that we would increase consumption of Canadian lamb by 0.25 kg/person by 2010. In order to accomplish this goal, production would need to be expanded by 9% per year. This means that Canadian sheep producers must produce an additional 60,000 market lambs per year for the next five years, so that by 2010 an additional 300,000 lambs per year will be available for processing.

As the CSF launches the Market Development Strategy to increase lamb consumption, fewer lambs are being processed. The 2005 statistics indicate that 545,290 lambs were processed in provincially and federally inspected slaughter facilities; a 2 per cent decrease from the 556,196 animals that were slaughtered in 2004.

The reduction in lambs processed is not surprising given the fact that the total number of sheep in Canada appears to have decreased almost 7% in the past year to 919,000; down from 980,300 in 2005. This is the smallest the Canadian flock has been since 2000 when there were 793,000 sheep on farms. Saskatchewan, Ontario and Alberta reported the largest decreases in flock sizes with 18 per cent, 15 per cent and 10 per cent reductions respectively.



The number of breeding ewes on farm has also decreased dramatically over the past year to 588,000 from 615,000 in 2005. Saskatchewan, Manitoba and Ontario reported the largest decreases with ewe flocks dropping 23, 16 and 10 per cent respectively.

These numbers are all from Statistics Canada *Sheep Statistics 2006, vol. 5, no 1* report which was released on February 15th. Some within the industry are questioning the numbers, especially since the decreases are so dramatic. Others, however, are not so surprised by the drop.

2004 saw the first decline in the sheep flock size with the number of animals dropping from 997,000 to 980,300. This drop was attributed to the drought in western Canada and the border closure. This year's decline in numbers though, may be more easily attributed to the higher lamb prices. With sheep producers living through a few years of low prices and no doubt, accumulating more debt, a year of high prices is encouraging producers to sell more with the idea that they can reduce their debt load.

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EXECUTIVE DIRECTOR'S REPORT CON'T

Lamb prices are higher across the country than they have been for many years. In Ontario live lamb prices were \$0.23 to \$0.40 higher in 2005 over 2004 for all weight groups, in Quebec the prices were \$0.10 higher and in Alberta, the 2005 base price range was \$1.90 to \$2.50 per pound carcass weight.

The higher prices may be, to some extent a function of the apparent reduction in flock size and a tight lamb supply. Tight lamb supplies are not likely to ease without significant ewe lamb retention in the provincial flocks though. There are conflicting reports on this subject – some information indicates that up to 25 per cent of many ewe flocks are now ewe lambs, while other sources claim that high lamb prices have encouraged producers to market their ewe lambs to recoup losses from previous years with low prices. Time will tell.

That being said, the market demand for lamb in Canada, and internationally for our breeding stock, will continue to grow and the industry currently has huge potential to expand and prosper. The CSF is committed to trying to capitalize on the opportunities and building a stronger industry.

On-Farm Food Safety Update

By France Lanthier, National Coordinator On-Farm Food Safety

Addressing Producer Concerns Part 2: Cost:Benefit... What is Known So Far

The Canadian Sheep and Lamb Food-Safe Farm Practices program addresses the potential chemical, physical, and biological food safety risks that could arise in the following areas of production: Animal Health Products; Feed, Water and Bedding; Buying, Selling and Shipping Animals; General Farm Management; Training Workers. Additionally the program addresses potential food safety issues that could arise in sheep dairy facilities.

The most common questions surrounding the Canadian Sheep and Lamb Food-Safe Farm Practices program are:

- 1) How much is it going to cost?
- 2) How much am I going to get back?

The short and easy answer is “nothing” on both counts. At the present time the program is voluntary, which means that no sheep producer in Canada is under any legislative obligation to take their time to understand the program (time = money, yes it does!), or to make any sort of investment to upgrade their facility to comply. Continuing in the same line of thought, there is currently very little evidence supporting increased profitability as a result of compliance to the Canadian Sheep and Lamb Food-Safe Farm Practices (FSFP) program.

Good, that answers that! Good enough? Not really?... ok, let's try this again.

The essence of Record 1: Animal Health Product Treatment Record of the FSFP program is to capture the animal identification, treatment date, product used, and the dosage and of up most importance, the withdrawal date. The added costs associated with filling out this record are assumed to be minimal. For the most part, producers are already capturing this information whether it's on a calendar, at white board, or the barn wall. The costs of neglecting withdrawal dates, or of accidentally forgetting that an animal has been treated (e.g. a treated animal hasn't been clearly marked, the treated animal id or withdrawal data has not been recorded) can be substantial. The Canadian Food Inspection Agency (CFIA) tests approximately 220,000 samples annually to monitor the level of contamination in the food supply. Testing is done for a wide variety of contaminants, including veterinary drugs, agricultural chemicals, industrial and environmental pollutants and natural toxins. Failure by an individual to report contamination, or the suspicion of contamination are violations of sections 5(1) and 5(2) respectively of the Animal Health Act ¹. The

Addressing Producer Concerns Part 2: Cost:Benefit... What is Known So Far

financial penalties usually range from \$100 to \$4000 per offence depending on the intent, seriousness, and the individual's ability to gain benefit from committing the offence ².

There are evidently challenges for sheep producers to determine withdrawal dates. Firstly, drug dosage is often determined by estimating the animal's weight. A small survey revealed that ninety-seven per cent of the farmer's estimates were more than 10 per cent from the correct weight, 77 per cent were more than 20 per cent out with the average estimate being 18 per cent below the correct weight ³. Although it is not mandatory for program participation, weighing animals would definitely help producers to more accurately determine withdrawal times. Underestimating can also affect overall sheep production and farm productivity, because sheep weights are used to determine³:

1. The amount of drench required-under-drenching can lead to the development of parasite resistance to drenches;
2. Backline lice chemical application rates-applying too little chemical is a waste of time and money,
3. When to start feeding sheep and how much feed - feeding rates could be too low or too high, supplementary feeding may start too early or too late (usually too late) leading to excessive use of supplement or failure prevent losses in production;
4. Sheep for sale - sheep may be sold for less than their true market value because of an underestimate in weight made by an agent;

The cost of an animal scale can range from approximately \$500 to thousands depending on whether it contains a cage, swing gates equipped with the mechanisms for sorting, etc. Although a precise cost:benefit analysis of recording treatment information and the cost of a scale vs. the economic loss of wasted medication and other production inefficiencies incurred by inaccurate medication or inaccurate weighing is difficult to estimate, it does seem that there is ultimately benefit to recording treatment information.

Another challenge in determining withdrawal dates is that many of the health products used in the sheep industry are used off-label. The FSFP recommends that producers "consult their veterinarian before using any over-the-counter animal health product in an extra-label manner". Furthermore, to be in compliance with the FSFP program, producers must "have written instructions from a practicing veterinarian when using prescription animal health products in an extra-label manner". Again, there is a cost to veterinary council, however when compared to the potential cost of violations to the Animal Health Act (residue in meat violations) it is likely that the benefit of seeking veterinary council would outweigh the cost of infraction.

In 2004-2005, approximately 4000 mutton samples were tested for 32 veterinary drug residues. Of these, only 12 violations (0.3%) were found. This is very positive and suggests that our industry is already exercising due diligence, in spite of its challenges. The FSFP program encourages the continuation of this due diligence but most of all it encourages producers to *demonstrate* this due diligence.

"Increased productivity and quality are also a benefit of on-farm food safety programs like SQF 1000CM. The red globe table grape industry of Western Australia is an excellent example. In 1990, a group of growers recognized the need for industry-wide change. Working collectively over several years, a group of forty growers pooled their information, expertise and resources to document a code of "best practices" with

On-Farm Food Safety Con't

respect to production and food safety, under the SQF 1000CM program. Following years of development, yields of 35 tonnes per hectare with a 90% pack-out are being achieved. This is 25% higher than competitors in California, Chile and South Africa.

Aside from higher yields and increased production, red globe growers have reported improved returns and consistently higher quality grapes. For one grower, a total investment of \$4,400 (of which only \$1,300 is an annual maintenance cost), an annual benefit of no less than \$22,636 was achieved. Year over year, the program has yielded a Benefit-Cost Ratio of 5.14. This means for every \$1 invested in the program in the first year, a benefit of \$5.14 was returned. After the first year, based on the annual maintenance costs, this Benefit - Cost Ratio skyrocketed to \$17 for every \$1 invested⁴. While the financial benefits that were achieved by the Australian grape industry through the implementation of on-farm food safety are likely well above what we can expect to achieve in the Canadian Sheep and Lamb industry, this example of achievement does hint at a glimmer of hope.

The Canadian Sheep and Lamb Food-Safe Farm Practices program does not offer the guarantee of safe food; this can only be achieved through chemical and biological analysis, that for the time being are likely inadequate. Nor does the program guarantee immunity from legal prosecution should a food safety issue be traced back to a producers farm. Even if compliance to a CFIA recognized HACCP-based on-farm food safety program were to eventually protect producers from criminal lawsuits (which is very unlikely), civil lawsuits could not be prevented. What the Canadian Sheep and Lamb Food-Safe Farm Practices program does offer is a method for producers to demonstrate that they have produced food in a safe manner; that is, that whatever potential food safety risk that may come from livestock has not been incurred through the producer's process of raising that livestock. This in turn could potentially subtract the producer from a food safety issue, or help mitigate the producer's liability.

So we ask ourselves again... what is the cost:benefit of due diligence? "On January 31, 2003, a beef cow (which had a previous unrevealed period of abnormal behaviour) was found recumbent and unable to rise, was hoisted onto a truck and delivered to a provincially inspected abattoir...⁵"

References

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3. <http://agspsrv34.agric.wa.gov.au/agency/pubns/farmnote/1991/F09191.htm>
4. <http://www.gftc.ca/newslett/2004-03/haccp-farm.cfm>
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2006 FIBRE WEEK FLEECE SHOWS AND SALE

Fibre Week will be hosting both a White and a Coloured Fleece Show and Sale, Sunday, July 2nd, 2006 starting at 2:00 PM, in the large bay of the Ag Mech Building at Olds College, Alberta. All sheep fleece producers are encouraged to enter.

General classes will be run for breeds without enough entries for individual classes and may include crossbred fleeces. Breed specific classes such as Merino, Dorset, Shetland, Icelandic, Romney, Jacob and others will run be for breeds with at least 6 entries and at least 3 different producers participating.

The Sale will be held later during Fibre Week and is open to sheep fleeces entered in the Shows but show fleeces are not required to be in the Sale. Sales will be by silent auction. The White Fleece Show and Sale is sponsored by Canadian Fine Fibre Works of Peers, AB and the Coloured Fleece Show and Sale is sponsored by Twisted Sister & Co of Nisku, AB.

For information on fees, rules and entry forms, contact Nancy at Extension Services, Olds College, ph. 1 (403) 556-4677 or toll free in Canada: 1-800-661-6537, ext. 4677. To volunteer to help or if you have any questions, please contact Lianne Read (White Show), ph. (780) 351-2091, sheepo@telusplanet.net or Linda Wendelboe (Coloured Show), ph. (403)638-3912, lrw@fibreworksfarm.com

ROUTINE LAMB MANAGEMENT PRACTICES – MAINTAINING THE STATUS QUO OR IMPROVING OUR METHODS?

By Monica Séguin, CSF Animal Care Representative

It is not uncommon this time of year to find producers busily taking care of their new lamb crop, or preparing for the event, and procedures such as tail docking and castration, being routinely performed. Tails are docked as a preventive measure against infestation of the hind-quarters (i.e. fly strike), which can have serious animal welfare implications for the individual animal, and castration is mainly performed to prevent indiscriminate breeding and to improve meat quality.

The question ultimately arises as to why these widespread management procedures are performed without blocking the pain. The answer is just the fact that there are few economical and practical options available. However as an industry we should be addressing this question as the idea of “short term pain for long term gain” may become increasingly difficult to justify. Is it the right thing to do (i.e. castrate without given pain relief)? Do we have other options? Can we mediate the pain in a way that is both economically and practically suitable?



It has been long advocated that these procedures should be performed as early as possible in the animals' life in order to minimize the impact of the pain, in addition to using the most humane techniques currently available. But we must recognize that in the end the procedures still result in pain to the lamb, regardless of how long it lasts, which should not be overlooked.

Steps have been taken in the cattle industry to reduce the pain associated with dehorning. Research shows that dehorning is painful to calves and that a local anesthetic (lidocaine), which is similar to a product used in dentistry to “freeze” the nerve to the tooth, can be administered around the horn bud to reduce the acute pain responses. This provides a practical option to producers, as it only takes a few minutes to be effective, and also benefits the calf. This method is also used when the velvet antler is harvested from elk.

However, the acute stress of the procedure itself should not be our only concern. Both the stress of handling and post-operative pain (i.e. inflammation), should also be considered. Therefore the combination of sedative, local anaesthetic and post-operative pain relief (i.e. non-steroidal anti-inflammatory) may be required in order to fully eliminate the consequences of such procedures on an animals' well-being.

Unfortunately, at some times it is not economically feasible or practical to use these methods therefore strides should be taken to overcome these barriers. As an industry we need to be progressive and support efforts aimed at determining economical and practical methods to reduce the pain and stress associated with management procedures.

Sheep producers in Canada should be proud of their record as animal caretakers. That being said, animal welfare issues are hitting the public's radar with increasing frequency. While the Canadian sheep industry does not face the same animal welfare concerns as other commodities, sheep production (i.e. wool production) has not escaped the criticism of some.

As an industry, we should question whether our “normal management practices” are the best that they can be. Are we just going to maintain them at the status quo? **Continued on next page**

Animal Care continued...

Until feasible methods of pain-relief are developed for application within the sheep industry, producers should:

- use an appropriate method to carry out the procedure (castration, tail docking etc.)
- have proper training
- use proper restraint
- be carrying out the procedure at the right age (i.e. within the first week of life, but not when the lamb is < 24 hours old as this may disrupt the bonding process between lamb and ewe, subsequently impacting colostrums intake; if performed when the animal is older it should be performed by a veterinarian using appropriate anesthetics and analgesics)
- have a knowledge of the potential complications and ability to deal with them
- be monitoring animals overtime
- consult a veterinarian

Please consult the *Codes of Practice for Handling Sheep* for more information regarding these surgical practices.

AUSTRALIAN LAMB EXPORTS SURGE

AUSTRALIA: The value of lamb exports jumped 22 percent in 2005 as Australia makes further inroads into Asia and the Middle East.

According to figures recently released by the Australian Bureau of Statistics, the value of Australian lamb exports in 2005 jumped 22 percent - A\$139 million – compared to 2004 exports to a total of A\$778 million - the highest calendar year total on record. This increase in export returns was driven by a rise in lamb export volumes for the year, as the average value per metric ton exported fell four percent.

The increased export values and volumes reflect the unprecedented demand for Australian lamb throughout 2005, with disease-related trade restrictions on other meat supplies adding to an already tight market for meat proteins.

The largest increase in Australian lamb export value for 2005 came from the United States – jumping 25 percent compared to 2004, to A\$324 million. Lower U.S. lamb supplies and reduced imports from New Zealand caused a sharp rise both in U.S. lamb prices and in demand for Australian lamb.

Significant gains were also made in the Japanese (A\$79 million) and Middle Eastern (A\$60 million) markets during 2005, with lamb export values increasing 48 and 30 percent, respectively. The ongoing increase in demand for lamb in Japan was boosted by the absence of U.S. beef and poultry from Asian suppliers, as well as the high price of all major meats, including pork.

The value of Australian lamb exports to the European Union fell nine percent in 2005, to A\$83.5 million. This was largely due to the added margin to be gained on certain mutton cuts in the European Union market, relative to lamb cuts. This was also assisted by the fall in mutton prices and continued high prices for heavy lambs.

Source: www.meatnews.com/index.cfm?fuseaction=Article&artNum=11166

USDA ABANDONS PLAN FOR MANDATORY ANIMAL ID BY 2009

USDA no longer plans to implement a mandatory National Animal Identification System program by 2009, if ever.

Neil Hammerchmidt, NAIS coordinator in USDA's Animal and Plant Health Inspection Service, told an R-CALF USA meeting Jan. 20 in Denver that there won't be a mandatory program by 2009 as previously announced. Moreover, USDA attorneys are researching whether they have the legal authority to require producers to report livestock movements to a private entity, he said.

Although mandatory ID was set forth in a strategic plan unveiled last year, Hammerschmidt dismissed that document as "a draft" that will be revised, according to Capital Press Agriculture Weekly. He told R-CALF members that it would take at least two years of rulemaking, including public comment, for USDA to implement mandatory ID. "Today there is no one working on rules to implement a mandatory program," he was quoted as saying. "We want to see what we can accomplish [on a voluntary basis] through market incentives, and we want to see what the market desires."

On Jan. 26 USDA chief veterinarian John Clifford issued a "stakeholders announcement" confirming that the agency had abandoned its earlier plan for a centralized animal movement database in favor of a "metadata repository" that would tap into multiple existing databases, such as those used by breed associations, state and tribal animal health

USDA'S "NEW APPROACH" COMMENDED

agencies (see FTR January, Page 7).

The National Institute for Animal Agriculture commended USDA "for considering a new approach for a national animal identification system that would allow the agency to link to a network of private and state-operated animal tracking databases."

"While consideration of this approach by USDA may be new, the concept isn't," Glenn Slack, NIAA president and CEO said in a Jan. 13 statement. "The U.S. Animal Identification Plan information technology subcommittee developed a comparative analysis of a centralized database versus a distributed, or decentralized, database design in 2004. That analysis suggests that both systems have advantages as well as shortcomings."

Slack said the new approach presents a new set of questions, "and some of the existing concerns – such as the cost to producers and exemption from the Freedom of Information Act – remain. We look forward to working with USDA and industry stakeholders to find solutions to these questions and concerns in the coming months."

CONFLICT WITH CONSORTIUM DENIED

All this was unsettling news for the United States Animal Identification Organization, an independent nonprofit industry consortium formed Jan. 11 under the auspices of the National Cattlemen's Beef Association. The USAIO is tasked with managing the single industry-led animal movement database envisioned in the draft strategic plan for NAIS.

USDA con't...

USAIO board member Rick Stott denied any conflict between the new industry database consortium and the decentralized approach under consideration by USDA. "It fits nicely into their [proposed] strategy," he told Food Traceability Report. "Whether that strategy is adopted or not doesn't change our strategy in the least. In fact, it strengthens our strategy."

"From our perspective, we think we have a functional business approach," Stott said, stressing that the USAIO would reach out beyond cattle producers to all segments of the livestock industry. Noting that the database will use state-of-the-art Microsoft and ViaTrace technology, he said, "It's a stellar package that can be used by USDA and state officials" in the event of an animal health emergency. He described ViaTrace as a "robust, mature product" that's used in several European Union member-states, incorporates international standards and allows several entry processes.

"Cost is not a significant issue," Stott said, estimating that tracking an animal's movements will cost less than 30 cents over its lifetime. "It won't have a huge impact on cattle producers."

Bobby Acord, a former administrator of USDA's Animal and Plant Health Inspection Service who is now a consultant to the National Pork Producers Council, was less sanguine. He reiterated the pork industry's position that USDA should adapt an existing federal program for eradicating pseudorabies in swine to the new National Animal Identification System.

"Our issue with all this is cost," Acord said, describing as "unfortunate" the debate over whether the database should be publicly or privately held. "The issue is who's going to fund this."

"Once you decide on a centralized database, you've incurred a tremendous cost," Acord continued, citing a USDA estimate of \$750 million over a five-year period that does not include additional costs for feeding and maintaining the database.

"Producers are willing to pay for some of the cost," he continued. "We want producers to pay for the cost of individual animal ID but not the total cost of the program. Every class of livestock has its ups and downs in the market. There could be a time when the cost of ID is greater than the profit from an animal. We can't just blunder into this."

Source: Food Traceability Report: Issues Volume 6, Issue 2

Fibre Week at Olds College

Fibre Week at Olds College is offering the NFC Canadian Wool Judging Certification, Level 1 workshop on July 2 & 3, at Olds College, Olds Alberta. The instructor is Morris Beauvais. The workshop is designed to teach the participants to judge sheep's fleeces, using appropriate criteria and recognized methods. Wool characteristics and breed specifics will be covered. Contact Nancy at Extension Services, Olds College, ph. 1 (403) 556-4677 or toll free in Canada: 1-800-661-6537, ext. 4677 for registration information. For more information about the course, contact Ruth Elvestad, NFC: (403) 556-4683 or RElvestad@oldscollege.ca

LOWER MEAT AND WOOL PRICES ARE BITING AS FARMER INCOMES FALL, MEAT AND WOOL NEW ZEALAND SAYS

Source: www.stuff.co.nz

Deputy chairman Mike Petersen told farmers in Feilding for the Central Districts Beef Council AGM they could expect their income before tax to be down by 30 percent.

"The Meat and Wool Economic Service says farm income will be down to \$56,000 (~\$42,000 CDN).

"We were up at \$109,000 (~\$81,000 CDN) last year," he said.

Wool prices are at a 20-year low, lamb prices are well back on last year and beef prices are not as high as they have been. "And the meat companies are saying there is still money to come out the schedule. "It's difficult to find where the market's going to settle," Mr Petersen said.

New Zealand is now "post Easter" which means lambs killed from now on will miss the lucrative Easter Europe trade. That means prices have yet to bottom out, he said.

The value of the New Zealand dollar has taken a toll on farmer incomes too. "The value of the kiwi has come back, but late in the season."

Farmers were reasonably confident in their industry and were looking longer term than just the next year or so, he said.

"If you look at what's happened over the past five years, we've seen massive investment on farm, you know - fertiliser, fencing and buildings - the improvements that have been made have been enormous."

Mr Petersen warned against farmers expecting increased red meat consumption through the impact of bird flu. "I don't think it's going to save the lamb industry. "Lamb and chicken are at opposite ends of the pricing spectrum," he said.

LIVESTOCK EXPORTS TO MEXICO TO JUMP

AUSTRALIA/MEXICO: Australia expects that exports of livestock to Mexico will increase in 2006.

Australia is set to boost its livestock exports to Mexico, starting with a shipment of 20,000 sheep to the Mexican state of Hidalgo. Australian Minister for Agriculture, Fisheries, and Forestry Peter McGauran said the pregnant Australian ewes would help lift the production of lamb meat in Hidalgo.

"The shipment will significantly benefit sheep producers in Western Australia, where the majority of sheep will come from, and also those in Victoria and South Australia," McGauran said. "The increased interest in our livestock is a major outcome of a Letter of Friendship and Cooperation in Agriculture and Livestock, signed in 2003 by former Australian Agriculture Minister Warren Truss, and the then Hidalgo Governor Manuel Angel Nuñez Soto. The Letter outlined Hidalgo's interest in boosting its sheep stocks, and the important part Australian exports could play in that process."

Minister McGauran said Mexico had the potential to become a significant market for Australia's high-quality meat and livestock.

"Hopefully, the Hidalgo deal represents the start of a long-standing relationship between Australian livestock exporters and Mexico," he commented. "There has already been interest in Mexico for further imports of Australian sheep, as well as our dairy and beef cattle."

Prior to 2002, Australia exported A\$85 million worth of livestock to Mexico. McGauran hopes that future exports will exceed this mark. Mexico is also a significant market for Australian sheep meat exports, particularly for low value cuts.

LAMB TO BECOME NEXT \$1 BILLION/YEAR EXPORT INDUSTRY

Source: Sheepmeat Council of Australia, and MLA.

The United States lamb industry has strongly endorsed continuing its partnership with Australian lamb producers, in an effort to lift demand in our biggest and fastest-growing export market.

The US has been the dominant growth market for Australian lamb over the past five years, accounting for over 40pc of total volume growth since 2001 – it took 29pc of total exports in 2005 - and representing an estimated 43pc of total lamb export value, according to the Sheepmeat Council.

The Australian lamb industry has identified growing the lamb market in the US as a priority goal. Lamb export projections released on Friday by Meat & Livestock Australia (MLA) strongly support the increased focus on US lamb promotion.



Sheepmeat Council of Australia president, Ian Feldtmann, who has just returned from presenting at the American Sheep Industry Association Convention in Phoenix Arizona, says lamb in the US currently holds an insignificant share of total meat consumption in American diets, relative to beef, pork and poultry. It holds just 0.3pc market share.

So there is a great opportunity for a collaborative approach to grow demand for lamb in the US. "Australian and American lamb producers both stand to benefit from a growth," he said. A first tangible step to this collaboration will be the development of a jointly funded nutritional

promotion program. "This is aimed at highlighting the health benefits of lamb."

The US sheep flock, although it rose by 2pc in 2005, stands at no more than 6.23 million head. Higher feeder and slaughter lamb prices in 2005, combined with improved pasture conditions in sheep producing regions of the US, were the catalysts for the flock rebuilding last year.

A 27pc jump in total Australian lamb exports in 2005 to all destinations reached a record \$A720 million (\$612 million CDN), according to the MLA. Our lamb exports to the US, Japan and China are forecast to expand further in 2006, despite supply constraints.

MLA forecasts a 22pc expansion of lamb shipments over the next five years. They'll reach 173,000 tonnes/year by then, hopefully worth around \$1 billion/year, compared with the record 141,545 tonnes shipped in 2005.

BRIGHT FUTURE FOR AUSTRALIAN LAMB

AUSTRALIA: The domestic and international lamb markets are expected to remain upbeat during the coming year.

Record demand, prices, and farm incomes have combined to make the prime lamb industry the star performer among Australia's broadacre enterprises, despite the lingering effects of drought, according to Meat and Livestock Australia's (MLA) 2006 Cattle and Sheep Industry Projections.

MLA's chief market analyst Peter Weeks said the prime lamb industry is likely to remain buoyant in the foreseeable future, as Australian supply battles to keep pace with the growing interest in the product from local and overseas customers.

"Lamb prices should remain at high levels in 2006; however, due to the projected build-up in Australian lamb supply and increasing competition from beef, prices are expected to ease over the medium term, but will still remain attractive," Weeks explained.

Prime lamb producers have responded to the recent demand growth, with record lamb production seen in 2005. A further expansion in production of almost 20 percent is projected over the next five years, providing the drought breaks. However, MLA said that supplies are likely to be constrained in 2006 by the poorer breeding season last year, leaving slaughter down slightly and production up a little, due to increased carcass weights. Supplies are expected to be tighter--and prices higher--than a year ago through the coming autumn and winter.

Growth in the Australian sheep flock is forecast to be slower than previously anticipated, reaching 104 million head during 2006--up one percent--and 108 million head by 2010, with much of the prime lamb growth coming from a compositional change in the flock from wool to meat production and improved feeding, according to MLA.

Domestic demand for Australian lamb is expected to remain strong, although forecast increases in production will largely be absorbed by export markets. Domestic purchases of lamb rose 70 percent between 1997 and 2005, to A\$1.7 billion, due to better lamb quality, presentation and marketing, a lift in the health image of red meat and increased consumer spending.

"Although the domestic market has performed very strongly, it was export markets that dominated industry growth over the past year," Weeks said. "Higher international demand, weaker competition from other suppliers and other meats and an increase in Australian supply resulted in a massive 27 percent increase in exports in 2005, to a record 141,545 tons, estimated to be worth a record A\$720 million."

Despite supply constraints, sales to the United States, Japan, and China are forecast to expand further in 2006, and to feature in the projected 22 percent expansion of lamb shipments over the coming five years, to reach 173,000 metric tons. Growth in Japan has been boosted by the spread of "Genghis Khan" (or Mongolian lamb) restaurants combined with the fall in the availability of beef and poultry and the high price of all major meats.

Source: www.meatnews.com/index.cfm?fuseaction=Article&artNum=11129

RECORD LAMB PRODUCTION IN AUSTRALIA (2005)

Lamb production has reached record highs as demand continues to grow overseas. Figures released by the Australian Bureau of Statistics have revealed that Australian lamb production during 2005 reached a record 375,000 tonnes – a 10pc increase on 2004 levels and 8pc above the five-year average.\

Although saleyard lamb prices during 2005 were 10pc lower on average than in 2004, they still remained at historically high levels, bringing strong returns to producers. According to Meat and Livestock Australia, the increased lamb slaughter can be largely attributed to the increased number of carry-over lambs turned off during winter and spring 2005. This reflected the improved 2003-04 breeding season and is consistent with the results of the 2004 MLA lamb survey, which revealed a 9pc jump in sales. Favourable seasonal conditions during the final quarter of 2004 also contributed to the increased turn-off during 2005, particularly across the eastern states during May and June.

Lamb production in Victoria, Australia's largest state for lamb production, jumped 11pc during 2005, to 145,000t, while production levels in NSW increased 5pc on 2004 levels, to 84,500t.

A very strong autumn season in WA during 2005 contributed to a 13pc surge in lamb production for the year, totalling 54,000t. Production levels in SA during 2005 jumped 12pc, to 75,000t, while in Queensland production volumes were unchanged at 5000t. Lamb production in Tasmania increased 22pc to 10,200t.

And according to the Federal Department of Agriculture the growth in supply is being encouraged by increased foreign demand.

It says Australian lamb exports during January totalled 9000t – a 7pc increase on January 2005 levels.

For the period from July 2005 to January 2006, Australian lamb exports increased a remarkable 31pc on the same period in 2004-05, to 79,600t (sw).

Australian lamb exports during January increased to all major markets, with the exception of the US, where shipments eased 15pc, to 2500t. Shipments to Japan for the month increased 127pc on the same period last year, to 775t (sw).

Lamb continues to be an increasingly popular item in Japan, with the particularly cold winter this year boosting interest in lamb for warming hotpot dishes. Demand remains strong in China, with lamb exports for the month up 28pc to 1200t (sw).

Shipments to the Middle East jumped 88pc on the same time last year to 980t (sw), with the increase for the month partly due to greater supplies in Australia, as well as price rises for competing meats in the Middle East, namely Brazilian frozen chicken and beef primal cuts.

Source: Meat and Livestock Australia., www.farmonline.com.au/news_daily.asp?ag_id=32261

FARMERS SEEK WAYS TO SHRINK-PROOF THE WOOL INDUSTRY

This winter, as you step onto the slate-tiled floor of your open-plan home that is warmed through clever solar-passive design, spare a thought for the merino.

Your lifestyle is driving the wool industry to despair. Australia once rode on the sheep's back, but everything from modern building materials to fashion are now conspiring against the golden fleece.

Yesterday the annual Outlook conference - hosted by the Australian Bureau of Agriculture and Resource Economics, the chief commodity forecaster - was painting a bleak picture of an industry that earns more than \$2 billion a year in exports.

The bureau's chief, Brian Fisher, said the future of wool was a major concern because of poor productivity performance, falling demand and low prices. One wool industry figure joked that Mr Fisher's speech was more depressing than a book he had just read about the Black Death.

The bureau's report noted that in 1990 wool accounted for 5.2 per cent of the world's 39 million-tonne fibre production. In 2004 the world produced 58 million tonnes of fibre and wool accounted for only 2.1 per cent. Over the same period the number of sheep farmers fell from 56,000 to 36,000.

The size of the wool clip has declined by almost 50 per cent and the flock by almost 40 per cent. In the Far West of NSW, some farmers now make more money rounding up feral goats. The bureau's report stated that "lifestyle changes" such as the trend towards more casual wear, which tends to favour non-wool material, was partly to blame. It also cited technological advances in home heating and insulation as contributing to the wool industry's problems.

But the wool industry still has plenty of bullish supporters.

An agricultural consultant, Graham Peart, said wool growers were "disillusioned, depressed and wondering where to go", but wool could be profitable over the long term. Wool was at the bottom of a long cycle,

and growers should stick with the industry because "we are about to be justly rewarded", he said.

The Australian head of the International Wool Textile Organisation, Michael Lempriere, said the industry had to market itself better as a prestige product. In 1999 Australian growers voted to stop funding wool promotion and Mr Lempriere said that since then it had become a "forgotten fibre".

Now \$9 million is being spent on a test marketing campaign in the US to see if better promotion can turn things around. Mr Lempriere said that some unlikely ambassadors for wool had emerged - including rappers such as Sean "Puff Daddy" Combs. "Previously notable for the most grotesque and ugly dress imaginable, [rappers] are now being seen in beautiful ... super-fine merino suits," he said. Could rappers be used to help promote wool? "We are looking at that," Mr Lempriere said.

Daniel Lewis Regional Reporter

Source: www.smh.com.au/news/national/farmers-seek-ways-to-shrinkproof-the-wool-industry/2006/02/28/1141095741121.html



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