

Points of View

A forum for sharing perspectives from across the Canadian Sheep Industry



CANADIAN SHEEP FEDERATION

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Myth: Canadian lamb faces stiff competition from imported product from Australia and New Zealand, which threatens to further erode Canadian producers' share of our domestic market.

The biggest threat to Canadian sheep production is our ability to satisfy consumers' growing appetite for lamb. Currently, Canadian-produced lamb makes up less than half the lamb consumed in this country.

"Without significant lamb imports from countries such as New Zealand and Australian, what choices would Canadian shoppers have? They would likely be looking elsewhere in the meat case at their grocery store – reaching for beef, chicken or other meats."

In reality, imported lamb is a must if we want our industry to continue to grow. We're just not producing enough lamb in Canada. And shrinking flocks around the world are going to make it more difficult to fill this demand in the future. Estimates released by the Australian Bureau of Statistics indicate the Australian sheep flock in July 2009 totaled 72.7 million head – a decline of 6% or 4.2 million head from 2008. The Australian flock is now the smallest it's been since 1905.

Earlier this year, New Zealand reported that its flock size is stabilizing, but that comes after three years of declines. The UK flock has also fallen but there is optimism that this trend is beginning to reverse. Concern for shrinking flocks is shared by all countries as you will hear in this issue of Points of View. Both Andrew Burt of Beef and Lamb New Zealand and the Sheepmeat Council of Australia's Ron Coyne took the time to share some thoughts on the situation.

They also talk about some solutions. Sheep-producing nations including the US, Australia and New Zealand, which remain competitors in the marketplace, are working together as part of the Tri Lamb Group to promote lamb. The goal here is ensure lamb continues to be competitive and protect its place on the menu and defend against the high-powered marketing and influence of other meats.

One of the most interesting points made by Andrew Burt is the fact that New Zealand now has 44% fewer sheep than in the early 1990s but it's producing only 1% less lamb. As New Zealand producers have demonstrated, improvements in genetics and production management deliver tremendous value. It's these type of advancements, combined increasing flocks, that will play a big part in filling burgeoning demand and building a bright future for our industry in Canada and around the world.

Send your comments to pointsofview@cansheep.ca, or contact Barbara Caswell directly at 1-888-684-7739 or barbara@cansheep.ca.

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P.S. Please turn to pages 3-4 to read Andrew Burt's perspective on competitor co-operation and keeping lamb on the menu.

Letters to the Editor

Comments on the Need for Sheep-Producing Country Co-operation

"All of the sheep-producing nations need to work together to keep the product on the menu all 12 months of the year." - Ron Cullen

Ron Cullen
Executive Director
Sheepmeat Council of Australia

"Vegetarian, red meat, white meat – consumers face a lot of choices and if you slip off the menu you are not getting back on it. All of the sheep-producing nations need to work together to keep the product on the menu all 12 months of the year. The reality is Australian lamb needs to be in the Canadian marketplace to help you establish a place for sheep meat on the menu. Canada shouldn't look at Australia as a competitor. Let's work together to keep lamb on the menu."

Your feedback is essential!

This forum will only be successful if everyone weighs in with their own

perspectives from their place in the industry. Tell us:

- What you think about "Points of View"
- If you had a strong reaction – either good or bad
- If you want to contribute to an upcoming issue
- If you have a topic you'd like to see addressed
- If you have a story that would make a good case study for others to learn from

What's in it for you? Most people don't often get a chance to have their opinion heard. This is yours. Use it to help make an impact on the future of our business. [Send your comments, suggestions and questions to pointsofview@cansheep.ca](mailto:pointsofview@cansheep.ca) or call CSF at 519-824-6018 or 1-888-684-7739.

Building the Sheep Industry – A New Zealand Perspective

"What's important to know is that the growth of a flock depends on profitability and so it is not always a matter of countries working together, but commercial solutions being developed to meet customer needs."

New Zealand has been a dominant force on the world sheep market for years. This small country of just over four million people is home to 33 million sheep. Like most sheep producing countries, New Zealand has faced its fair share of challenges -- declining flock numbers, drought, competition from other meat proteins and more. Throughout it all, New Zealand remains the number one exporter of lamb in the world. So how are they doing it?

The Canadian Sheep Federation recently spoke with Andrew Burt, Regional Manager- North America for Beef + Lamb New Zealand, a farmer-funded organization representing New Zealand sheep and beef producers. Burt provided a unique inside look into the strong force that is the New Zealand sheep industry.

New Zealand Industry History

From 1856 to 1987, sheep farming was the most important agricultural industry in New Zealand. In fact, wool was the country's most valuable export until 1967. The combined income from wool and sheep meat dominated New Zealand's agricultural earnings from the mid-1880s until the late 1980s.

Since 1992, returns from the dairy cattle industry have surpassed those of sheep production. Sheep numbers peaked at 70.3 million in 1982, but have been declining ever since. The majority of NZ sheep producers also run beef cattle on the same farm so the two industries are closely tied. Today, 13,000 commercial sheep producers run on average 2,850 head of sheep per flock. "Producers became, and remain very focused on productivity, especially in terms of competing for land with other industries to drive profitability," Burt says.

National flock numbers are now starting to stabilize. Individual operations are increasing in size as New Zealand farmers develop efficiencies and the ability to run more sheep with less labour.

New Zealand's Market

New Zealand is heavily export focused. Over 90% of New Zealand lamb and 94% of mutton is exported to nearly 100 countries, so New Zealand producer returns are driven by world prices from this wide range of markets.

The main markets are the UK and northern European countries, the US, Canada and China. Burt says the outlook is for demand for lamb to remain generally strong while supplies are constrained. To meet demand, New Zealand focuses on giving their customers what they need.

CASE STUDY

"New Zealand prides itself on producing safe food that is consistently tender, of consistent size and most importantly meets each specific customer's specifications in the volumes they require," says Burttt.

Keeping Lamb on the Menu

According to Burttt, New Zealand producers are very conscious lamb remains the highest priced main meat protein. Beef and Lamb New Zealand's sheep related work is focused on keeping sheep meat on menus. Everything from promotion to market access work to supporting government officials in trade negotiations to research on improving pasture species and parasite control-- it all goes back to increasing lamb consumption.

Keeping lamb on the world menu is important too. To accomplish this, New Zealand works with competing countries instead of against them. Producer groups from New Zealand, the U.S. and Australia have been collaborating formally in a range of areas in the US since 2003. "The promotional activity of the Tri-Lamb Group has provided an overarching program under which individual country and individual company programs can co exist," says Burttt.

"... leaders of this Tri Lamb Group were, and continue to be, brave enough to acknowledge the big picture -- that lamb is a small segment of the meat market and that competition comes from other proteins."

"What's interesting that although New Zealand has 44% fewer sheep now than in the early 1990s it's producing only 1% less lamb."

Country to Country Collaboration

Burttt says there are opportunities for producers in various countries to exchange information and collaborate with one another. What's important to know is that the growth of a flock depends on profitability and so it is not always a matter of countries working together, but commercial solutions being developed to meet customer needs.

For example, some New Zealand private sector companies (including those owned by New Zealand producers) have developed value chain relationships with producers in other countries to address the seasonality challenges they face with if supply were to come solely from New Zealand.

Other countries throughout the world could benefit from this type of value chain relationship. It opens up communication, addresses challenges and opportunities between buyers and sellers and strengthens the industry overall.

"The implication for any producing nation who fails to make this happen is the same as any business that fails to meet its customers' needs -- it just won't be around very long," Burttt says.

In the next issue...

Special coverage of CSF Annual Meeting and Producer Forum

In the next issue we'll bring you a series of reports from the CSF Annual Meeting and Producer Forum happening November 1-4 in Calgary, Alberta.

We'll build on our discussion of sheep supply and demand – in both Canada and around the world – with the latest information and perspectives from industry experts. We'll also have a report from the predation management workshop.

You'll also hear opinions and insights from our roundtable discussion on two of the big questions our industry continues to wrestle with: How can we increase production? How can we positively influence producer returns?

Radio Frequency Identification (RFID) management systems will also be on the agenda with the latest information available on how RFID systems can increase production.

It promises to be a Points of View packed with interesting insights, perspectives and news you can use. In the meantime, please continue to share your thoughts on industry issues, challenges and opportunities.

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