

Building markets for organic red meat in Wales

In the year to April 2004 the area of Welsh land under fully organic production increased by 19.7 per cent, from 41,381 hectares in April 2003 to 49,546 hectares in April 2004.
Beef and sheep production dominate organic farming in Wales; consequently, almost 90 per cent, 44,341 hectares, of Welsh organic land is grassland.

1. Red meat production in Wales

- Organic red meat production in Wales is relatively new
- The retail market for organic red meat in the UK continues to grow; in the year to January 2003 sales of organic lamb increased over 200 per cent and sales of organic beef increased over 50 per cent.
- The organic red meat retail market in Wales is small; currently the majority of red meat produced in Wales is sold elsewhere in the UK.

2. Red meat production in the UK

Estimated farm-gate production of organic livestock in the UK, 2002/03 to 2003/04

	2002/03		2003/04		Annual change %	
	Head	Value (£m)	Head	Value (£m)	Head	Value (£m)
Beef	15,000	10.1	18,500	12.4	23.3	23.3
Lamb	160,000	8.1	150,000	7.9	-6.3	-2.7

Source: *Organic Food & Farming Report 2004*

3. Prospects for the market

It is likely that there will be a sustained increase in organic red meat coming onto the market between 2004 and 2006. This is due to land in conversion coming into organic production, as well as the long production cycles for red meat, particularly beef. Demand is increasing, but continual work is needed by all involved in the market to ensure a sustained growth in demand. This will require a further commitment to sourcing British organic meat by multiple retailers.

Lamb:

- Demand for organic lamb continues to grow however, the amount of UK lamb marketed as organic fell in the year to April 2004 by 6.3 per cent. This is due to an increase in the level of imports (from 5 per cent in 2003 to 15 per cent in 2004) and a proportion of organic lamb being sold onto the non-organic market.
- Imports of organic lamb have increased as price incentives to produce lamb out of season have fallen, resulting in cheap imports, mainly from New Zealand between March and June.
- The light lamb market ended in 2004 due to take-overs between multiple retailers - leaving producers of breeds that finish at a lightweight without a market outlet.

Beef:

- Beef prices have remained stable for the past two years.
- Changes in the relationship between processors and multiple retailers have led to higher prices for beef in some cases. However, changes in the required finishing specifications have meant that not all producers can access the highest prices - heavier carcass specifications do not suit many of the native breeds traditionally used in organic farming.
- The amount of British Beef marketed as organic continues to grow, increasing by 23.3 per cent in the year to April 2004. However, import levels have increased to 35 per cent over the same period despite the fact that UK production can probably meet demand.
- The over thirty month scheme (OTMS) may cease in 2004/05, if so organic beef producers will no longer have to finish cattle before 30 months.
- The feed derogation that allows the use of limited amounts of non-organic raw materials in organic animal feed is set to expire in August 2005. The final decision on whether the derogation will be extended is yet to be made in the UK, however, it is probable that the allowable use of non-organic raw materials and ingredients will be significantly reduced, causing an increase in production costs.

Sources of market intelligence:

- Farmers can visit the **marketing web-page** at www.organic.aber.ac.uk/markets
- Subscribe to the free monthly **market intelligence e-bulletin**, an exchange of information throughout the organic marketing chain. For past copies and to subscribe, go to: www.organic.aber.ac.uk/markets/mibulletin

Organic Centre Wales · Factsheet No 18 · December 2004

Published by Organic Centre Wales, Institute of Rural Sciences, University of Wales Aberystwyth, Ceredigion, SY23 3AL. Tel. 01970 622248

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- Read **in-depth reports** into the opportunities and challenges facing organic red meat, horticultural and dairy production in Wales. For free copies contact Organic Centre Wales, or download from: www.organic.aber.ac.uk/markets
- **Organic Wales e-bulletin** contains research news and events relevant to the organic sector in Wales. To subscribe please email jnp@aber.ac.uk, or visit www.organic.aber.ac.uk/bulletin for past issues.
- The Soil Association's quarterly '**Organic Farming Magazine**' contains organic red meat prices and market trends. Call 0117 914 2400 or email ps@soilassociation.org

4. Implications and recommendations for organic farmers

Improved co-operation between producers and throughout the supply chain

Welsh producers can take advantage of a range of benefits by joining producer-marketing groups, for instance:

- Long-term price stability
- Access to larger markets, such as multiple retailers
- Assistance with marketing
- Additional benefits include training, group buying of feed and other inputs.

It is recommended that Welsh producer groups link with the national Federation of Organic Livestock Marketing Groups. Co-operation of production and marketing in this manner can help to improve quality and consistency of supply. The Federation also works to ensure that groups are not undercutting each other. Furthermore, it can enable a greater volume of meat processed in Wales to be sourced from Wales

Development of Welsh organic branding

Market research has indicated that branding could serve as an important marketing tool. Branding can be two-fold, focusing on the quality of organic red meat, as well as the source. Different options for branding can include:

- National branding, e.g. Welsh organic lamb/beef
- Regional branding, e.g. Pembrokeshire beef
- Group branding, e.g. Graig Farm, Cambrian Organics
- Branding for smaller regional groups of farmers, e.g. Daioni flavoured milk.

For further information contact the Welsh Food Centres (see below).

Direct and independent sales

Organic consumers are continuing to support local food initiatives; sales through box-schemes, farmers' markets and farm shops have grown faster than any other retail outlet at 16 per cent with box scheme sales soaring at over 20 per cent in the year to April 2004. Direct sales now account for 10 per cent of total organic retail sales in the UK and organic sales through independent retailers account for a further 10 per cent of the market. Direct sales can:

- Shorten the supply chain
- Improve consumer awareness – an opportunity to explain why organic costs more and the benefits of eating organic
- Control quality – an opportunity to gain acceptance for products usually not accepted by supermarkets since the standard grading grid is not as important. e.g. greater variety of cuts, cuts with more fat on them
- Sales can be more focused on the taste and quality of meat - rather than solely on appearance and price
- Potential to add value to your products, by on-farm processing, or by using facilities such as the Welsh Food Centres.

However, there are **disadvantages** of selling through these outlets that need to be considered:

- Investment is required into capital, developing new skills and information gathering
- There are ongoing time requirements for direct selling in an increasingly competitive market
- There may be a lack of skilled staff in rural areas.

5. Sources of marketing support

Name and contact	Details
Cambrian Organics Horeb, Llandysul, Ceredigion SA44 4JG Bill Lawrence, 01559 363151 www.cambrianorganics.co.uk	A co-operative of farmers who work together to market organic meat direct to the public via the internet and mail order
Graig Farm Producer Group Dolau, Llandrindod Wells, Powys LD1 5TL Bob Kennard, 01597 851655 www.graigfarm.co.uk	A group of around 200 farmers across Wales marketing to multiple retailers as well as direct to the public. The group is affiliated to the Federation of Organic Livestock Marketing Groups
Organic Livestock Marketing Co-operative (OLMC) 8 The Lanterns, Royston, Hertfordshire SG8 7BX Tim Leigh, 01763 250313 www.olmc.co.uk	A UK-wide farmer controlled livestock co-operative. It markets finished and store cattle and lambs from its members' farms
Welsh Black Cattle Society Royal Welsh Showground, Llanelwedd, Builth Wells, LD2 3NJ Trisha Powell, 01982 551111 www.welshblackcattlesociety.org	The Society is involved in both organic and non-organic production, holds pedigree sales and provides information to members
Food Centre Wales Horeb Business Park, Llandysul, Ceredigion SA44 4JY 01559 362230 www.foodcentrewales.org.uk	Food Centres can provide assistance with product development, advice on farm diversification and setting up new businesses
Food Technology Centre Coleg Menai, Llangefni, Anglesey LL77 7HY 01248 370125 www.foodtech-llangefni.co.uk	
Soil Association Organic Marketplace 0117 914 2400 www.soilassociation.org/organicmarketplace	The UK's biggest searchable directory for buying and selling organic livestock, grazing and forage online. Free of charge
Welsh Development Agency , Enquiries: 08457 77 55 77, or Jonathan Parker, 02920 368 251 jonathan.parker@wda.co.uk	Processing & Marketing Grants (PMG) may be available to businesses wishing to develop red meat processing.

Processors

A list of premises conducting private kills and processing can be found on the OCW Factsheet No. 12 'Marketing organic red meat: direct sales'. Contact Organic Centre Wales for free copies, or download from: www.organic.aber.ac.uk/library/factsheets