



Improving market intelligence for the organic red meat sector in Wales

A report prepared for Organic Centre Wales

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CONTENTS LIST

1. BACKGROUND	6
2. OVERVIEW OF THE ORGANIC RED MEAT SECTOR IN WALES	7
2.1 ORGANIC BEEF AND LAMB MARKET – UK	7
2.2 PROCESSING CAPACITY IN WALES	10
3. METHODOLOGY	11
3.1 DEVELOPING A SYSTEM FOR DATA COLLECTION	11
3.2 DATA COLLECTION	12
3.3 SUPPLY CHAIN MAPPING	12
4. RESULTS – DATA COLLECTION SYSTEM	13
4.1 RESULTS OF INITIAL QUESTIONNAIRE	13
4.2 COMMERCIAL SENSITIVITY	15
4.3 FRAMEWORK FOR COLLECTION OF DATA	17
4.4 REVIEW OF THE SYSTEM	19
5. RESULTS – MARKET INTELLIGENCE	20
5.1 FORWARD PROJECTIONS	20
5.2 NUMBERS MARKETED	ERROR! BOOKMARK NOT DEFINED.
5.3 PRICE FOR FINISHED STOCK	25
5.2 STORE PRICE	27
5.4 OTHER USEFUL INFORMATION	28
6. RESULTS – SUPPLY CHAIN MAPPING	32
6.1 ABATTOIR SURVEY RESULTS	32
7. RESULTS – PROBLEMS IN THE ORGANIC RED MEAT SECTOR IN WALES	37
7.1 INCREASED PRODUCER GROUP CO-OPERATION	37
7.2 FORESEEN LACK OF ORGANIC BEEF	37
7.3 FUTURE PROJECTIONS	37
7.4 ABATTOIRS	38

8. GLOSSARY	39
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9. APPENDICES	40
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9.1 LIST OF CONTACTS	40
9.2 QUESTIONNAIRE FOR DETERMINING WHAT INFORMATION IS WANTED BY THE INDUSTRY	41
9.3 ABATTOIR QUESTIONNAIRE	42

List of tables

Table 1: Essential and useful pieces of information

Table 2: Time scale for collection of essential information

Table 3: Time scale for collection of useful information

Table 4: Summary of the data required from different sources and time scale for data collection

Table 5: Summary of difficulty of obtaining data

Table 6: Projections from OCW for organic land area in Wales

Table 7: Projections from OCW for beef and lamb carcass production.

Table 8: Numbers marketed and estimates of future production

Table 9: Organically registered abattoirs in Wales and scope of activities

Table 10: List of Soil Association organically registered (non-slaughtering) meat cutters/butchers in Wales

List of figures

Figure 1: Development of land area in conversion and organic in the UK

Figure 2: Development of land area in conversion and organic in Wales

Figure 3: Number of organic beef cattle – UK

Figure 4: Number of organic lamb – UK

Figure 5: Number of organic beef breeding stock - Wales

Figure 6: Number of organic sheep and lambs - Wales

Figure 7: Beef price development

Figure 8: Lamb price development

Figure 9: Projected development of fully converted land in Wales

Figure 10: Estimated cattle numbers marketed 2002-2006

Figure 11: Estimated lamb numbers marketed 2002-2006

Executive summary and key recommendations

To improve market intelligence and data collection

1. There should be improved co-operation and co-ordination in the marketing of organic stock. There should be encouragement for farmers to co-operate in a structured way through regional producer marketing groups and co-ops.
2. It is suggested that all producer groups link in with the existing national livestock federation. This allows groups to work together in order to limit the numbers dealing with supermarket buyers, streamlining supply chains, leading to better quality and consistency of supply.
3. Producer groups already hold a lot of the information required. Information deemed by the groups to be commercially sensitive, as unrestricted access could undermine their work, can only be shared within the federation of groups. Once this data is deemed to be historic data then it can be released.
4. As most of the commercially sensitive material is held within the livestock federation it is crucial that there must be good communication between the federation and OCW for strategic direction and appropriate support. This could be achieved by working through the Organic Strategy Group and its sub groups.

Other recommendations

5. Support must be provided to enable existing smaller scale abattoirs and meat cutters to prosper. Regulatory, planning, and financial factors need to be reviewed to ensure this sector not only prospers, but also is encouraged to expand.
6. There needs to be improved liaison with certification bodies to improve the information that can be provided. An improved annual questionnaire for licensed producers covering numbers of animals on farm and numbers to be sold as stores or finished would be a valuable source of information. Certification bodies need to be financially rewarded for doing this work.
7. The Soil Association's Organic Food and Farming Report uses data that runs from April to April. This should be changed to run as a calendar year to allow ease of comparison with other reports.
8. The NOLD and NOFAG databases should be further developed as a national service with regional options for trading and information provision.

The recommendations above will be further developed in the Organic Red Meat Development Project.

1. Background

Organic beef and sheep production has grown rapidly over recent years. Experience of oversupply (seasonal and import related problems) highlights the lack of market intelligence and consequent lack of a strategic development of this rapidly growing market. An increasing imbalance of store lamb producers and finishers also affects the stability of the market.

Sound market intelligence is essential to expand into new markets. New processed products and the catering sector offer a great potential for market expansion. Accurate statistics and projections are essential in order to guarantee the quantity, quality and continuous supply that these markets require. Forward projections and a system of ongoing collection of statistics for the Welsh organic beef and sheep sector will enable the development of this vital sector to be steered effectively.

This report was commissioned by Farming Connect via Organic Centre Wales and was written and produced by the Soil Association Producer Services Department in February 2003.

Objectives

- To develop a system for the monthly collection of statistics for Wales. The system will use and take into account previous work such as that from the Organic Livestock Federation and Graig Farm. Although this work will be specific to Wales, the system developed will have to ensure that the data collected is compatible with the nation-wide statistical collection for the annual *Organic Food and Farming Report* and initiatives in other UK countries and English regions.
- Collection of historic data on organic beef and sheep production levels in Wales. Slaughter and cutting plants including capacity will be mapped. Supply chain data will also be mapped. The projections for production will be based on land in conversion and expected new land coming into conversion over the next five years (the Wales 10% target land area will be taken into consideration).
- Projections for future production levels.
- Identification of problem areas.

Soil Association producer Services

A key part of its work is the production of the Organic Food and Farming Report, which is a national assessment of developments in the organic sector. In compiling the report the association has established a reputation as a key provider of national statistics on production, processing and marketing of organic products. Increasingly Soil Association Producer Services is producing regional and enterprise specific marketing intelligence reports.

2. Overview of the organic red meat sector in Wales

In 2002 there were 38,740 hectares fully converted organic land farmed in Wales. This is equivalent to 2.6 percent of all agricultural land in Wales. Based on the land currently in conversion, 48,827ha will be fully organic in 2003, which represents an increase of 26 percent compared to 2002. 56,621ha will be fully organic in 2004, representing an increase of 46 percent compared to 2002. This 56,621ha represents 8 percent of all organically managed land in the UK and 3.8 percent of all agricultural land in Wales. With 609 organic farmers and growers (DEFRA June 2002), Wales has 15 percent of all organic producers in the UK.

As can be seen in figure 1 below, the situation regarding land in conversion is now reversed with more land fully organic than is entering conversion. To meet the target of ten percent organic land area in Wales the area of land that is currently fully organic or in conversion would need to more than double.

Figure 1: Development of land area in conversion and organic in the UK

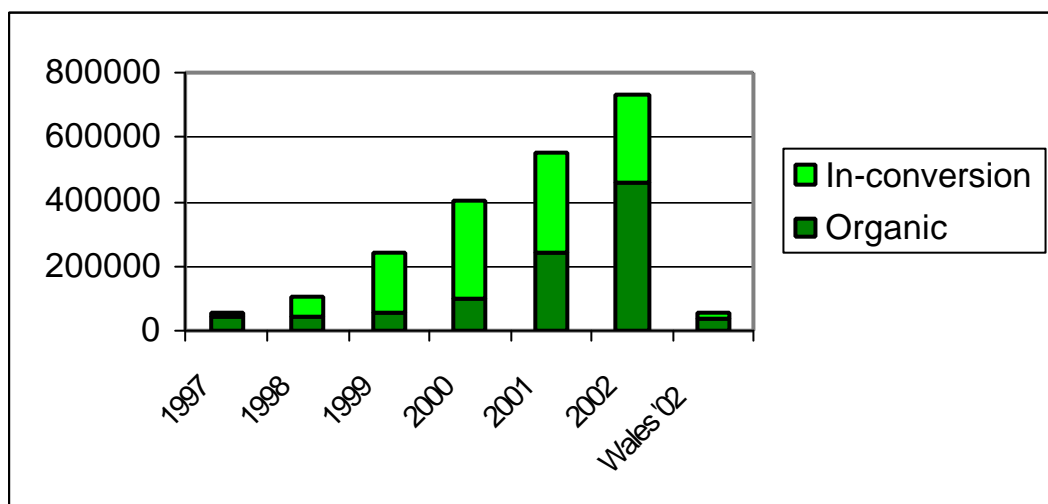
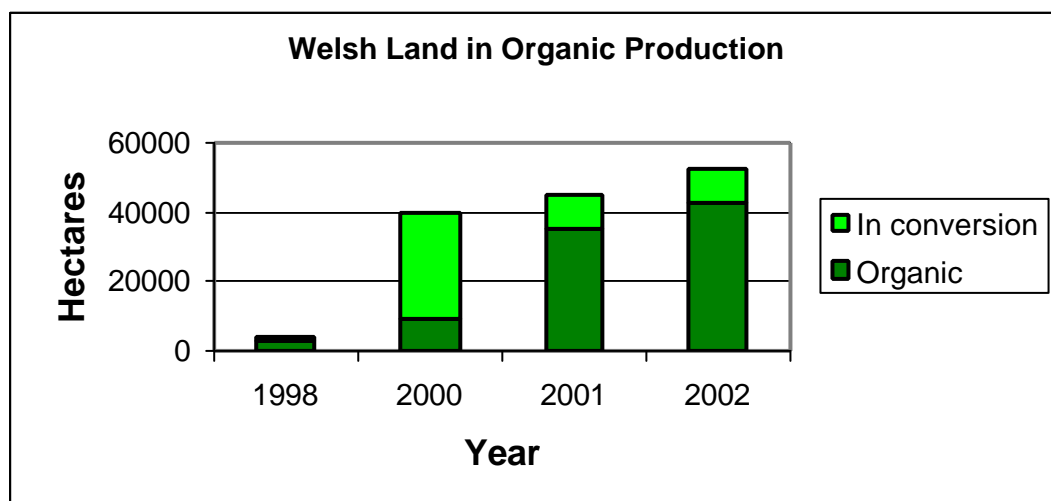


Figure 2: Development of land area in conversion and organic in Wales



2.1 Organic beef and lamb market – Wales and the UK

The numbers of organic beef cattle slaughtered in the UK increased by 80 percent from 2001 to 2002, rising to a total of 9,000. Numbers of organic lambs slaughtered in the UK have increased from 39,000 in 2001 to 109,000 in 2002. These increases are shown in figures 3 and 4. The key enterprises in Wales are beef and sheep production, and figures 5 and 6 show the increase in the beef breeding herd and sheep flock in Wales. These Welsh figures are preliminary results sourced from Organic Centre Wales estimates and NAW statistics which demonstrate the trend of increased organic production.

Figure 3: Number of organic beef cattle – UK

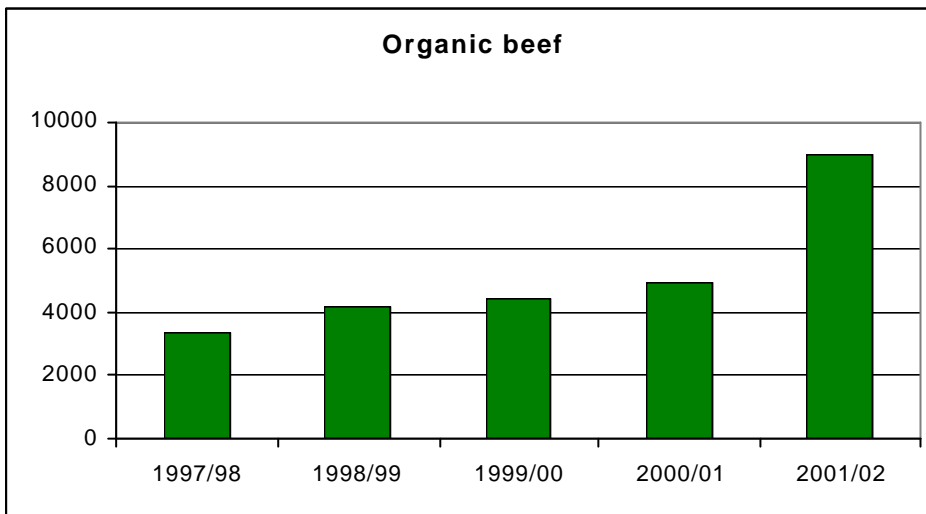


Figure 4: Number of organic lamb – UK

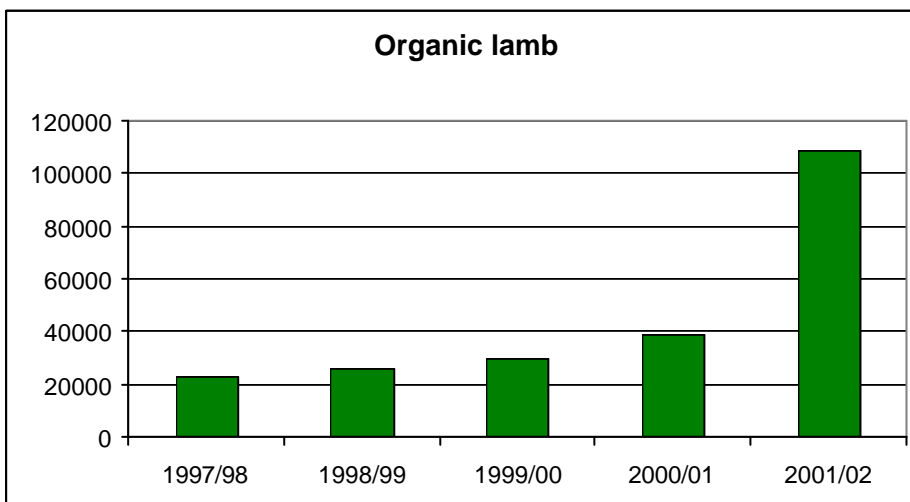


Figure 5: Number of organic beef breeding stock - Wales

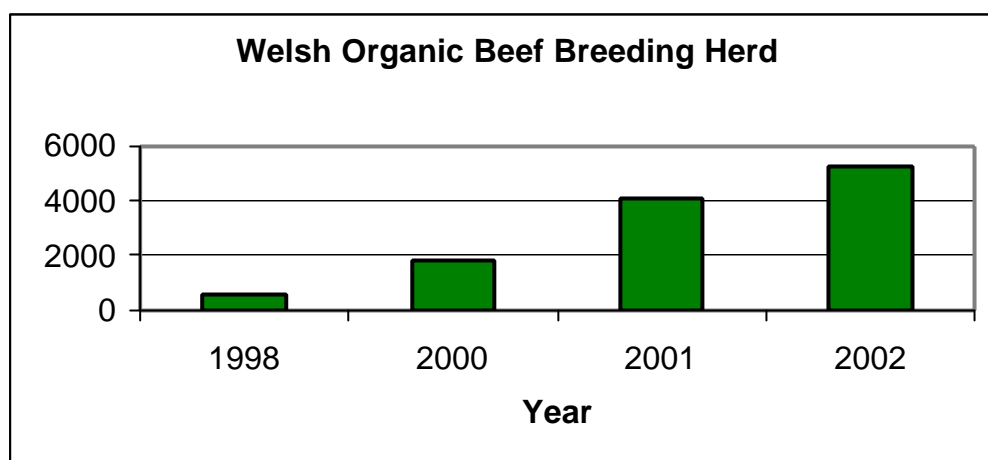
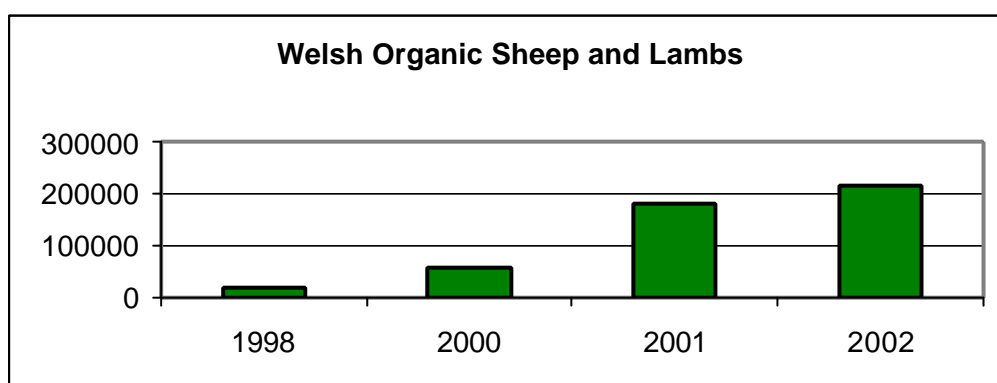


Figure 6: Number of organic sheep and lambs - Wales



Price development for beef and lamb in the UK is shown in figures 7 and 8 below. These show that the cycle of lamb prices is roughly similar year on year. There is a rise in spring through summer, a drop in the autumn as supply comes through, and then the price starts to rise again later in winter. This year, the price dropped lower than in previous years and the rise came around six weeks later than expected due to lot of lamb on market. The beef price was constant at around £2.60 then dropped to £2.20 -- £2.30. This is mainly due to more beef coming onto the market, comparing back to the figures showing head of beef processed and head of lamb processed major production increases can be seen, particularly for lamb.

Figure 7: Beef price development

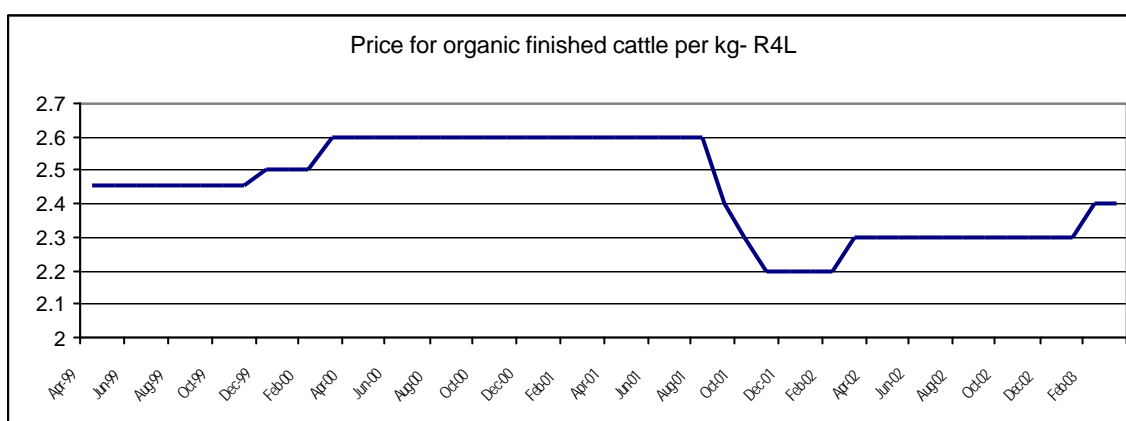
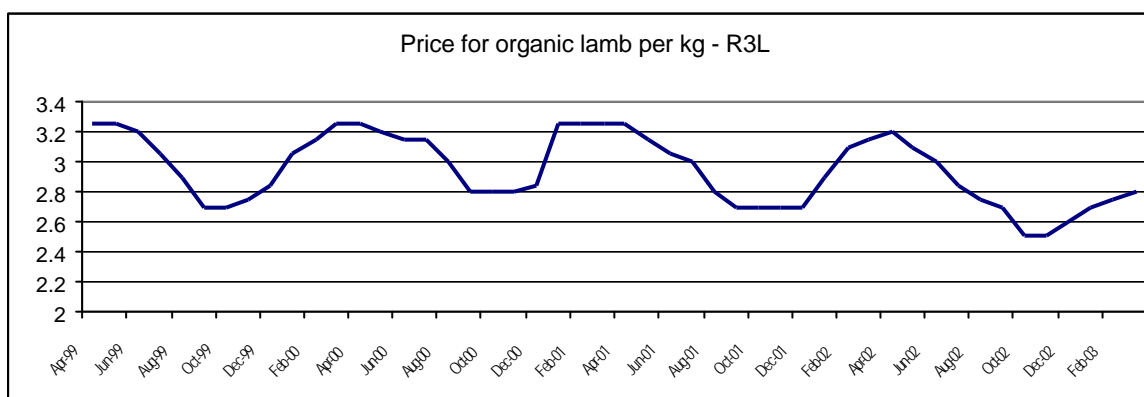


Figure 8: Lamb price development



2.2 Processing capacity in Wales

There are currently twelve abattoirs in Wales licensed to offer some form of organic meat processing. Two of these are specifically poultry abattoirs, leaving ten that deal with red meat. These range from very small operations through to large slaughtering and cutting plants. Most small licensed abattoirs have a limited weekly kill capacity mainly offering a service to farmers wishing to market meat direct to customers. The larger operators work almost exclusively to supply the major multiple retailers, although some do offer a self-supply service for farmers wishing to sell their meat direct.

The larger meat processors in the region are not currently sourcing meat exclusively from Wales. Purely in terms of numbers current slaughtering capacity is adequate for the existing level of production. There is evidence of abattoir provision for increased production. One major abattoir has an organic licence, but takes no organic meat at present. This abattoir, like other large-scale abattoirs, reports that it could increase its organic capacity in the future. The sector where problems of limited provision may arise is meat processed for direct marketing.

3. Methodology

3.1 Developing a system for data collection

In developing a statistical report for Wales we first had to establish what specific information was needed by different groups involved with organic beef and sheep in Wales. Everyone in the chain from the producer to the end processor needed to be able to have input into what information would be essential to assist in the planning and running of their businesses.

A list of contacts was drawn up (see list in appendix) to include representatives from the supply chain, producer groups, processors and other interested parties working within Wales, such as ADAS and discussion groups. These contacts were to be surveyed to find out what information is required and whether different groups of people in the supply chain need different information at different times.

A questionnaire was devised to collect current information and projections. The topics covered included costs including production costs, prices paid for stock, supply and grading, predominant breeds and breed related problems, and marketing of stock.

Initially the questionnaire asked whether the suggested item or topic, e.g. price for finished stock, was essential or useful information and how often the data should be collected. If the information was neither essential nor useful then the columns were to be left blank. After only one or two of these questionnaires was sent out a large producer group raised the issue of commercial sensitivity. This issue is discussed more fully later in this report, but the questionnaire was revised to add a fourth column asking respondents to grade the suggested topic in terms of its commercial sensitivity from publicly available, potentially available on a restricted basis, or very commercially sensitive.

The questionnaires were sent out with a covering letter explaining the aims of the project. Where possible email was used. After follow up contacts, most people who had been identified to put forward a point of view did return a questionnaire. Unfortunately one abattoir contact did not reply to the questionnaire or to repeated follow up calls.

One respondent who did reply was, however, very unhappy about the whole project. Although the questionnaire was only seeking to establish what was needed rather than asking for the specific information, he was not happy to be involved even at this level and said that all information would be commercially sensitive. A reply was sent detailing the value that we felt the project would have. He had specifically raised a possible problem with future supply of organic red meat and it was pointed out that this project would be looking at possible future projections of supply but no reply was given to this.

An item was considered essential if the majority of respondents had identified it as such. Some topics such as current price of finished stock and all forward projections showed wide agreement on how

essential the information is. Other areas such as numbers/supply showed a variation in response with a more even split between those who thought it was essential and those who thought it was useful.

3.2 Data collection

The contacts that actually contributed to data collection were as follows:

- John Dracup of St Merryn Meats, a major processor with a large abattoir in Wales. St Merryn work with Graig Farm Producer Group and with individual producers to supply Tesco with lamb and beef.
- Graham Lewis of Welsh Hook Meats, a wholesale company with a majority share in a local abattoir. Welsh Hook are producers in their own right and deal with individual producers to supply restaurants, farm shops and mail order.
- Bill Lawrence of Cambrian Organics, a producer group supplying a major multiple and offering mail order of the Cambrian brand.
- Feed compounders that supply Welsh producers including Frankland Farm Feeds, BOCM Pauls Ltd., Countrywide Farmers, Lloyds Animal Feeds and HJ Lea Oakes.
- Individual producers taken from the Soil Association's National Organic Livestock, and Forage and Grazing databases.

3.3 Supply chain mapping

The majority of organic meat processors in Wales known to be licensed (not including individual farmers' processing licences) were contacted. The survey was conducted via a telephone interview. In addition to general discussions, questionnaires were completed to provide information on facilities/service available, capacities etc (see appendix).

4. Results – data collection system

4.1 Results of initial questionnaire

The results of this initial questionnaire are shown in table 1 below. The 'essential' elements comprise of all suggested forward projections (price, numbers of stock and organic area), current prices, numbers and supply. The 'useful' information included grading information, marketing outlet information, feed and forage prices and breed information.

Table 1: Essential and useful pieces of information

Information	Essential	Useful
Forward projections	Price	
	Numbers of stock	
	Organic area	
Price	Price for finished stock	
	Price for store stock	
		Feed price
		Forage price
Numbers/supply	Numbers of producers	
	Numbers of stock marketed	
	Times of over/under supply	
Grading		Average grades achieved
		Percentage of stock achieving basic grades
		Penalties for not meeting grades
Outlets		Percentage of stock sold through different outlets
		Percentage sold on contract
Breed		Predominant breed
		Breed specific problems

There were some interesting splits between types of respondents in what was considered to be useful. The processors did not generally state that breed information was useful to them, though other people did see this as useful. On further questioning of the processors it seems that they already have ideas about what breeds are available and the problems of specific breeds e.g. dairy cross beef which does not grade well. This point, that some people may not have marked something as useful because they already have full knowledge of it, was followed up. This showed that people have indicated that certain pieces of information are essential, when they already hold some of that information. Graig Farm explained that they already hold most of the information considered essential for their members and in most areas do not see the value of further outside information. Others have some information – such as numbers of stock that they have marketed, but see the value of some outside information as well.

This obviously affects people's willingness to be involved in the project. If they already have all or most of the information that they need, they are unlikely to supply their information purely for the benefit of others. One processor commented that they have most of the information they want, and the

information they don't have is still unlikely to be produced for them to access from this project. There is also people's perception of how data would be identified. One farmer felt that it would be very useful for him to have a guide for store cattle prices (a view reflected by other producers) but he also said that he would not want to tell anyone what he had paid for stores. On this specific point it proved possible to get guide store prices by talking to the vendors of stores rather than the buyers, but it does demonstrate some of the problems that have been encountered.

Everything that was suggested in the questionnaire was found to be either essential or useful by someone. Follow up phone calls established that though some things were thought of as useful, they might only be a piece of information that would be interesting to know e.g. predominant breeds, rather than being of great use to the business. This is probably reflected in the suggestion of annual updates only for some information. The actual time scales for data collection are shown below in table 2.

Table 2: Time scale for collection of essential information

Essential Information		Time scale
Forward projections	Price	Quarterly
	Numbers of stock	Quarterly
	Organic area	Quarterly
Price	Price for finished stock	Weekly
	Price for store stock	Monthly
Numbers/supply	Numbers of producers	Quarterly
	Numbers of stock marketed	Monthly
	Times of over/under supply	Six Monthly

The time scale for data collection was arrived at by looking at what was suggested by a majority. As can be seen from this table the only information that is required weekly is finished price; this reflects the fact that this figure can change quickly and producers need to know exactly what it is.

Table 3 shows the time scale for collection of useful data. This shows generally that the useful topics contains less variable information, which can be collected at longer intervals.

Table 3: Time scale for collection of useful information

Useful Information		Time scale
Grading	Average grades achieved	Monthly
	Percentage of stock achieving basic grades	Monthly
	Penalties for not meeting grades	Six Monthly
Outlets	Percentage of stock sold through different outlets	Six Monthly
	Percentage sold on contract	Six Monthly
Breed	Predominant breed	Quarterly
	Breed specific problems	Six Monthly

St Merryn suggested the only extra piece of information that could be required. When dealing with farm assured animals they can easily check whether producers are currently registered as Farm Assured British Beef and Lamb (FABBL) by looking on a website database. To check whether organic producers are currently licensed involves having to go to the certification bodies, which can take time.

Several of the essential areas, most notably numbers of stock marketed and numbers of stock projected to be marketed, were identified as being commercially sensitive. There are also degrees of sensitivity on some issues: to produce a public guide for price of stock is not a major problem, but to show exactly who is offering which price is. However, it could still be argued that by showing producers that someone is offering a higher price means they will get dissatisfied by what is being offered to them and look elsewhere to sell their stock.

4.2 Commercial Sensitivity

From the returned questionnaires it was the producer groups, Cambrian Organics and the Graig Farm Producer Group, who mainly had concerns about commercial sensitivity. Though they differed slightly in what they considered to be sensitive, the main areas were:

- current prices for finished stock
- projected prices for finished stock
- current numbers of stock marketed
- projected numbers of stock marketed

Other respondents did not have problems with commercial sensitivity but mentioned that they could see where producer groups might have. For this project, then, information on the above topics was obtained on a limited basis. Unfortunately this does not give a full picture of the position in Wales, particularly for numbers of stock actually marketed in Wales, as the major producer group operating here did not feel able to provide information that could end up being publicly available.

To allow some price data to be used for this project, an average of all prices collected is given rather than a band showing the lowest price to the highest price. Data was given on the basis that it would not be readily identified as coming from a specific source, and if this band is given, as there are so few sources of information, it is easy to pick out who is offering what price.

For whom is commercial sensitivity a problem and why?

Producer groups feel that they are under pressure from major processors. In the past there have been instances where producer groups feel that processors have tried to contact producers directly in an attempt to bypass dealing with the groups. Processors would suggest that some producers contact them direct especially if the producer feels that the group is not moving stock quickly enough. Processors would also say that all they want is continuity of supply in order to fulfil supermarket contracts and if they cannot get this from the groups then they will try to source on their own account. Producer groups have had problems when processors will not take a particular class of stock, perhaps older bull beef, through the group, but will take it when the producer contacts them direct. This can lead to producers being dissatisfied with groups.

It would appear that producers are becoming more opportunistic and seeking the best price at that moment in time whoever may be offering it. Though a high proportion of producers who sell through groups market ninety percent or more of their stock through the group, some people may only market fifty percent, or only their beef or their lamb. This means that there is still a lot of stock available to be marketed direct – whether that is direct to the public or direct to the processors. Some of this stock is being marketed direct to the public as it does not fit with the grading required, usually because it is too fat or too small. Such stock will only make a premium if marketed by direct sales, as putting it through to a processor or group with a specific carcass specification will lead to penalties to the producer.

The producer groups therefore feel that the only way they can deal with major processors is for the groups to know exactly what stock is available from whom. They can then offer a framework of supply to the processor, and be prepared for times of over and under supply.

The information that is considered essential from the initial questionnaire is still considered essential by the producer groups, it is just that they already collect it from their producers and can see no benefit from this being available to a wider audience. They are concerned that if the numbers of stock available become widely known then the processors will be in a much stronger position from which to negotiate. By knowing that there was a lot of available beef, for example, they could push the price down, or not bother dealing with the group at all as they would know that stock would be available directly from producers.

4.3 Framework for collection of data

Firstly, the framework for data collection was laid out in spreadsheet form as who to ask for each piece of information, and to show where some people would be providing data for several different areas. This spreadsheet was then modified to show on what time scale each piece would be requested, where someone was providing more than one piece of information. One spreadsheet was set up with queries for weekly or monthly data, and another for quarterly and six monthly data.

This was then merged into table 4 below. As is noted, the price for finished beef and lamb must be collected weekly. Having assumed that, the table shows what information has to be asked for on the first collection day of the month, the first collection day of the quarter and also six monthly. The information that is specific to each of these time periods is highlighted in the table.

The theory for the data collection was that once initial contact was made and it was established that people were happy for the specific data to be collected then much of the actual collection could be done via email. People could be prompted at the beginning of the week that the data was required and would be able to send it back at a time that was convenient to them. In the case of people who might be providing some weekly data and some monthly data they could be given advance warning the week before that the monthly data was required the following week.

This system would be relatively easy to run. Following the spreadsheet would give a clear guide as to who to contact and what information was required, and in time it might be that people would get into the habit of emailing the relevant information without prompting. All the people who were to be contacted at least on a weekly and monthly basis did have email so this was no barrier.

Table 4: Summary of the data required from different sources and time scale for data collection

NOTE: AS WELL AS THE TIME PERIODS SHOWN BELOW PRICE FOR FINISHED BEEF AND LAMB MUST BE COLLECTED WEEKLY

Contact	Monthly	Quarterly	Six Monthly
St Merryn	price finished stock	price finished stock	price finished stock
	nos. sold (beef)	numbers sold (beef)	numbers sold (beef)
	nos. sold (lamb)	numbers sold (lamb)	numbers sold (lamb)
	average grade	average grade	average grade
	% not making grade	% not making grade	% not making grade
		forward price	forward price
			baseline grades
			grading penalties
			breed problems
		over/under supply	
Graig Farm	price finished stock	price finished stock	price finished stock
	nos. sold (beef)	numbers sold (beef)	numbers sold (beef)
	nos. sold (lamb)	numbers sold (lamb)	numbers sold (lamb)
		forward price	forward price
		forward stock nos.	forward stock nos.
			baseline grades
			grading penalties
			breed problems
			over/under supply
Cambrian organic	price finished stock	price finished stock	price finished stock
	nos. sold (beef)	numbers sold (beef)	numbers sold (beef)
	nos. sold (lamb)	numbers sold (lamb)	numbers sold (lamb)
		forward price	forward price
		forward stock nos.	forward stock nos.
Welsh Hook	price finished stock	price finished stock	price finished stock
	nos. sold (beef)	numbers sold (beef)	numbers sold (beef)
	nos. sold (lamb)	numbers sold (lamb)	numbers sold (lamb)
		average grades	average grades
		% not making grade	% not making grade
		forward price	forward price
			baseline grades
			grading penalties
			breed problems
		over/under supply	
NOLD	price store stock	price store stock	price store stock
			breed problems
Feed Merchants		feed price	feed price
NOFAG		forage price	forage price
Certification bodies		organic land area	organic land area
		numbers of producers	numbers of producers

4.4 Review of the system

The reality of data collection was far removed from the theory. Firstly there was the problem that in some instances, the people who had identified themselves as being the correct contact for a particular company or group in terms of the initial questionnaire were not the people who actually had the data that was needed. In some cases this meant building a new contact, and in others it meant that the initial contact, who still felt that they were the correct person to deal with, had to go back to someone else to actually provide the data.

The second problem was that in reality the email system of data collection was of very limited use. Email could be used as a reminder but in no instances was email actually the way in which data was collected. To get figures, each individual had to be telephoned, and with several individuals it was very rare to be able to reach them at the first phone call. Even with messages left, and people knowing what information was required, it was also very rare for phone calls to be returned. It could easily take four or five contact attempts to get one piece of information. Even when people were available on the phone they would not have all the information that was required. Price was easy to collect once you actually spoke to someone as they would always know that week's price, but information such as number of stock marketed would not be available without further research on their part and further phone calls.

It is possible that with time a smoother flow of data might be achieved, but on present showing this will take a very long time. There is also the problem that without input from Graig the value of the available data and therefore any benefit for those who are participating is reduced. From the processors' point of view, they are contributing in terms of giving prices, numbers killed, grading etc., but they will not be able to receive the information that they really want – numbers of stock available now and in the future – in view of the commercial sensitivity, as discussed elsewhere.

Table 5: Summary of difficulty of obtaining data

Information	Ease/difficulty of obtaining information
Forward projections	Difficult – not possible in this period of data collection
Numbers marketed – beef and lamb	Not possible accurately
Finished price – beef and lamb	Difficult
Store price – beef	Easily obtainable
Store price – lamb	Not possible in this period of time
Forage price	Easily obtainable
Feed price	Easily obtainable
Grading	Not possible in detail
Outlets	Not possible
Breed	Not possible in detail

5. Results – Market intelligence

5.1 Forward projections

OCW Forward Projections

Organic Centre Wales have done some projection work based on the following data: organic land area in 2000 estimated by applying the first-year conversion to second-year conversion to organic ratio from UKROFS Dec 2000 data (0.17 : 0.61 : 0.22) to the figures for total land in organic management. Data for 2001 and 2002 estimated from land in conversion in 1999 and 2000. Data for 2003 estimated from OCIS 2001 data on farms in conversion. The comment with the data was that the figures for 2003 should be treated with great caution. Table 6 below shows these projections.

Table 6: Projections from OCW for organic land area in Wales

	2000	2001	2002	2003
Total organic area (hectares)	9400	35500	42700	45300

Animal production from 2001 onwards was then estimated from OCIS data on farms entering conversion two years previously, allowing for stocking rate reductions. Again the comment was that this data should be treated with caution. Table 7 shows these projections.

Table 7: Projections from OCW for organic beef and lamb carcass production

	2000	2001	2002	2003
<u>Beef carcasses</u>	<u>1400</u>	<u>3200</u>	<u>4100</u>	<u>4500</u>
<u>Lamb carcasses</u>	<u>24000</u>	<u>72000</u>	<u>86000</u>	<u>93000</u>

Alternative Forward Projections

As the OCW projections only go up until 2003 further projections were looked at. These have been worked out directly relating beef and lamb production to land area, firstly with the same percentage increase in organic land as there was between 2003 and 2004; and secondly with an exponential increase as suggested from OCW figures that show how the targeted ten percent of Welsh land farmed organically could be achieved by 2005. The 2006 figure has been extrapolated from these figures.

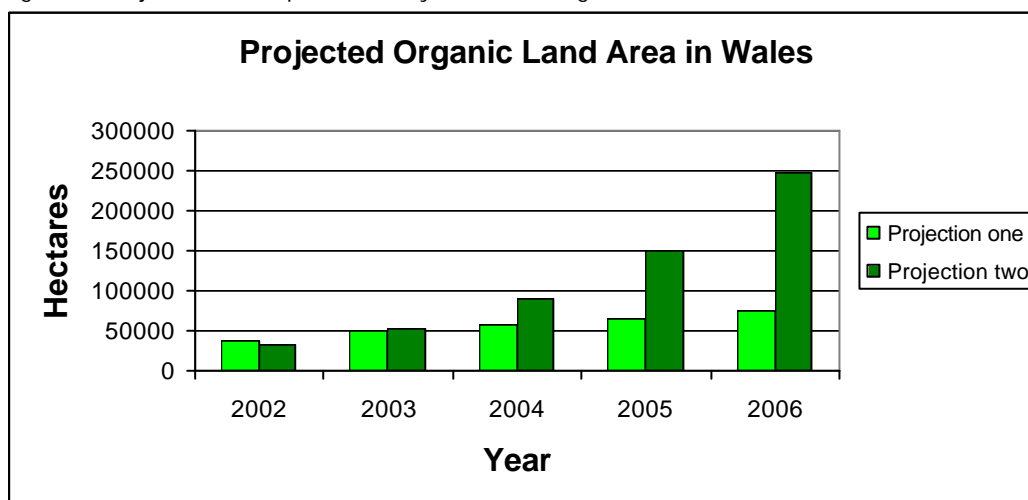
Projection from increase between 2003 and 2004 (Projection 1)

- The total area of agricultural land in Wales is 1,493,000ha (DEFRA).
- In 2002 there was 38,740ha fully organic land, which equals 2.6 per cent of total area.
- 10 per cent of agricultural land in Wales converted to organic would equal 149,300ha
- Organic land area estimated at 16 per cent increase (as between 2003 to 2004) gives:
- 2005 equal to 65,680ha organic
- 2006 equal to 76,189ha organic

OCW suggested exponential increase to meet ten per cent target of Welsh organic land in 2005 (Projection 2)

- With a 65 per cent increase year on year starting from the actual figure of 0.3 per cent of land in organic production in 1998 the percentage of land reaches ten per cent in 2005.
- The percentages and equivalent areas for the years 2002 to 2006 are as follows:
- 2002, 2.2 per cent organic area equal to 32,846 hectares
- 2003, 3.7 per cent organic area equal to 52,241 hectares
- 2004, 6.1 per cent organic area equal to 91,073 hectares
- 2005, 10 per cent organic area equal to 149,300 hectares
- 2006, 16.5 per cent organic area equal to 246,345 hectares

Figure 9: Projected development of fully converted organic land in Wales



Stock numbers

- The total number of Welsh prime cattle slaughtered in 2002 was 120,000 head (Welsh Monthly Bulletin).
- Total clean sheep slaughtering was 3.78 million (Welsh Monthly Bulletin).

NOTE: These figures were estimated on the basis of actual data for January to November 2002.

The estimates for table 6 below were made by directly correlating production to land area, e.g. if 2.6 per cent of the land area was organic then 2.6 per cent of the total cattle slaughtering could be deemed to be organic. This figure was then reduced by 30 per cent to take account of the reduced stocking densities and reduced productivity in organic farming systems. As this is only an estimate, the results were rounded to the nearest hundred. The stock numbers are those animals that are available to be sold as organic, not necessarily those that are, as some animals are sold as conventional.

Table 8: Numbers marketed and estimates of future production
Projection one is shown as P1, projection two as P2.

Year	Area of fully organic land		Percentage of Welsh land area that is organic		Stock numbers estimated to be available to be marketed annually	
	P1 (Ha)	P2 (Ha)	P1	P2	P1	P2
2002	38,740	32,846	2.6	2.2	Beef – 2,200 Lamb – 68,800	Beef – 1,800 Lamb – 58,200
2003	48,827	52,241	3.3	3.7	Beef – 2,800 Lamb – 87,300	Beef – 3,100 Lamb – 98,000
2004	56,621	91,073	3.8	6.1	Beef – 3,200 Lamb – 100,500	Beef – 5,100 Lamb – 161,400
2005	65,680	149,300	4.4	10.0	Beef – 3,700 Lamb – 116,400	Beef – 8,400 Lamb – 264,600
2006	76,189	246,345	5.1	16.5	Beef – 4,300 Lamb – 135,000	Beef – 13,900 Lamb – 436,600

Figure 10: Estimated cattle numbers marketed 2002 to 2006

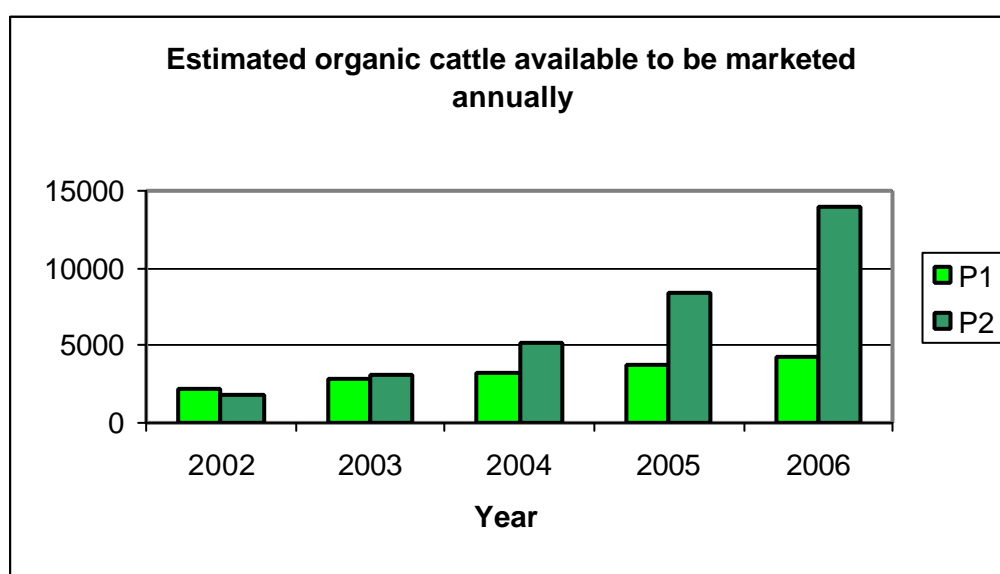
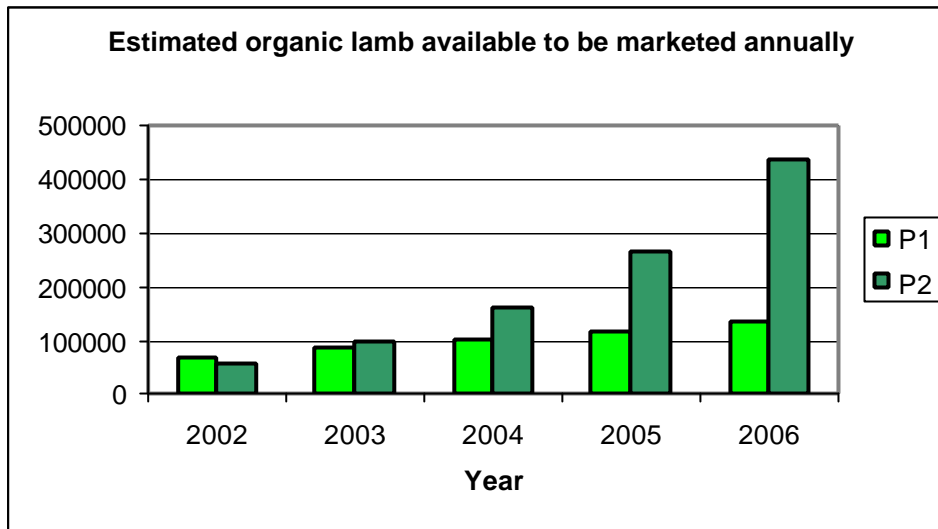


Figure 11: Estimated lamb numbers marketed 2002 to 2006



5.2 Numbers marketed

Numbers marketed – beef and lamb

Source of information

Data was collected from several sources. It was hoped to get data from the producer groups marketing red meat and check this against numbers killed by major abattoirs. If it was known which abattoirs processed for which producer groups, then what the producer groups marketed could be taken off the abattoirs total, which would in turn give an idea of what was being marketed through other outlets e.g. direct to abattoirs or private kill.

Results

This table should be treated with caution, see problems section below.

Month	Nov 2002	Dec 2002
Number of beef cattle marketed	124	111
Number of lambs marketed	2696	2456

Problems

The data collected on this topic is some way off being a complete listing for all stock sold in Wales. The theory was that if the amount marketed by the groups was checked against that killed by the major processors then a fair idea of what was being marketed on a monthly basis could be obtained. As Graig, the major producer group in Wales, is not prepared to release data, and St Merryn one of the major processors, gives figures that encompass both the plant in Merthyr and their operation in the South West of England, it is very difficult to get the full picture. Speaking to other abattoirs and processors also does not give a full picture as again the information tends to be along the lines of giving an average figure for numbers of organic stock processed or a percentage of their total capacity, rather than specific numbers for specific dates.

St Merryn can offer a rough guide to the split between South West England and Wales, but, although the South West operation is almost totally dealing with stock sourced from within the South West, the Merthyr plant deals with stock from regions other than Wales. The split will be quite seasonal; when there are a lot of Welsh lambs available in the autumn, then a high proportion of throughput will be sourced from within Wales. At other times of year when supplies are short, then stock is more likely to be sourced from further afield. It should be remembered that although Graig is the largest group within Wales, they do not solely operate in this region and if any figures were to be made available from Graig for this type of data collection it would need to be clear which stock originates from where.

5.3 Price for finished stock

Source of information

As with the numbers marketed, data for weekly prices was collected from several different sources, to get a representative figure. It was hoped to get prices from the two Welsh producer groups that market red meat, as well as some processors. A greater understanding of links within groups was obtained, reducing the number of people who had to be contacted. For example Black Mountain foods obtain all their stock from Welsh Hook Meats and are closely linked with them. Welsh Hook Meats have a controlling share in the abattoir at Haverfordwest. It was therefore only really necessary to contact Welsh Hook for price and stock number information rather than all three points. Welsh Hook closely base their price on that offered by OLMC, but as OLMC were not directly involved in this project, as other producer groups deal more exclusively with Welsh producers, it was still necessary to deal with Welsh Hook.

Beef Price

Results

The results shown are an average of all data collected, rather than a range from lowest price to highest. This is so as to be able to give some data without breaching commercial sensitivity.

Date (2002 - 03)	9-12	16-12	23-12	30-12	6-01	13-01	20-01	27-01
Beef price – average for R4L	£2.45	£2.45	£2.43	£2.36	£2.36	£2.36	£2.36	£2.36

The price information given showed that during the time frame of the data collection the beef price offered did not change greatly for each individual processor, but there were quite big differences between different processors. The drop in price reflects the higher price pre Christmas where one processor offered a markedly better price than they did post Christmas. This is probably due to the increased demand for meat around this time, and the usual price drop seen in any market for meat in the New Year.

When compared with the UK price figures for beef, the Welsh price seems to have held the high autumn price for longer. The price quoted in the autumn edition *Organic Farming* magazine's Eye on the Market was £2.20 to £2.50+ per kilo, and in the winter this had dropped to £2.20 to £2.30. The price collected has dropped but not by as much. With only a few sources of data, it is easier for the Welsh price to be skewed by one group or company. There is no weighting on the price to show how many cattle are marketed at each price.

Lamb price

Result

The results shown are an average of all data collected, rather than a range from lowest price to highest. This is so as to be able to give some data without breaching commercial sensitivity.

Date (2002 - 03)	9-12	16-12	23-12	30-12	6-01	13-01	20-01	27-01
Lamb price – average for R3L	£2.68	£2.73	£2.73	£2.78	£2.78	£2.78	£2.80	£2.80

The lamb price did increase over the period of time when the data was collected. This would be expected for the time of year as lamb supplies were getting short. Bill Lawrence from Cambrian Organics pointed out that very different prices could be quoted for lamb depending on whether they were light lambs (twelve to fourteen kilograms dead weight) or larger lambs (fourteen to twenty one kilograms dead weight). It would be very valuable for producers to know the comparison between the two, as the light lamb trade is increasing, with some supermarkets actively promoting light lamb with some success, and some producers find it difficult to get all their lambs up to the required weight for the general market. Unfortunately none of the other price providers split their prices into light and heavy in the same way and so the results above are for heavy lambs. St Merryn wants lambs that are sixteen to twenty-one kilos. There was some difference between processors on lamb price where the heavy lamb price was compared, but the difference is around five pence a kilo rather than the twenty plus pence per kilo that can be seen for beef.

As with the beef prices, comparison with the UK price as given by *Organic Farming* magazine's Eye on the Market shows differences. The prices are higher than those suggested in the winter edition of the magazine, £2.50 - £2.60. The same applies to lamb as for beef, prices are not weighted according to how many are sold at one price and can be distorted by one group or company.

Problems

Aside from the difficulties of data collection per se, which are dealt with elsewhere, there were other problems. In the source of information section it was suggested that prices would be obtained from the two Welsh producer groups that are involved in marketing beef and lamb. This would be Cambrian Organics and Graig Farm Producer Group. As mentioned previously the producer groups have the greatest awareness of problems of commercial sensitivity. They are not happy for their specific prices for finished stock to be available, to the point where Graig Farm were not prepared to give any figures for data collection. This problem obviously affects all data that Graig were hoped to supply, see table 4 in section 5.3. Although Graig Farm was not prepared to release data for this project they are a key player in the livestock federation and are happy to provide information to the federation.

5.2 Store price

Beef

Source of information

For store prices and forage prices there would not be set people to ask, as the same people would not be selling stores continuously. To be able to get these figures, the Soil Association's National Organic Livestock Database (NOLD) and National Organic Forage and Grazing Database were used. This allowed identification of producers who had offered either store stock or forage for sale and could then be telephoned to ask for details.

Data on beef store prices was some of the easiest data to collect using the Soil Association's NOLD database. The only difficulty was that of catching producers when they weren't out on the farm. Producers see a real need for benchmarked store prices and are therefore very keen for information to be collected, and to be available to them.

People who had been on the database for a week or two were targeted so as to try to speak to them soon after the stores or forage had been sold. Producers' estimates of what they thought they should be getting for the stock prior to sale was sometimes higher than the actual price achieved. It also needs to be taken into account that when asked what prices had been achieved, particularly for store animals, producers will tend to quote the best price that they achieved which may only have been for part of a group that was sold. To balance this checks were made with groups that are involved in dealing in stores – Graig and OLMC to see whether the figures were representative.

Result

	Price Range (Jan 2003)
Steers – with one claim taken	£1.30 - £1.45+ per kilo live weight
Heifers	£1.15 - £1.30 per kilo live weight

Problems

There are difficulties in publishing a store price in that there are huge variations in stores that cannot easily be shown as a reference point as dead weight prices can. Dead weight price can easily be given for a set weight or carcass classification, usually R4L for cattle and R3L for sheep, but this cannot be done for stores. There is the additional complication in the differing values of heifers and steers due to the Beef Special Premium (BSP) that is payable on steers.

The solution for this was to look at what stage the majority of stock was offered. This would affect the steer price as if there was still a payment under BSP to come in, then obviously the value of the animal was increased. Most producers seemed to be selling stock at around 12 months of age; this would mean that one claim would have been taken on the steers. The price band could then be given with the

clarification that it related to animals of this age group and steers would have had one claim taken. The range of price then further reflects the variability of stock in terms of breed and management to date. Dairy cross beef animals are likely to be at the bottom end of the scale as they will prove difficult to finish to the specifications of the major processors and retailers. The best single suckled beef bred animals whose conformation will be much better would achieve the top prices. Some producers only quote a price per animal. It is very difficult to incorporate this into the data collection without having more details on the age and weight of the animal, as the actual price per kilo could be varying widely from that paid for a very good but small beef animal to that paid for a larger dairy cross animal.

Store price lamb

Source of information

The information would be sourced from the NOLD database as for the beef stores.

Results

No results available from this data collection period. Please see problems below.

Problems

Store lamb sales are much more seasonal than those of beef stores, and at the time that data was actually being collected there were no Welsh producers who were advertising store lambs for sale. When collecting store prices for the beef animals some producers did ask whether store lamb data would be available in the future. As with the store beef, if producers see a need for these figures then it is likely to be relatively simple to collect them at times of year when more store lambs are being sold.

5.4 Other useful information

Forage price

Source of information

The forage prices were relatively simple to obtain. The NOFAG database was used in a similar way to the NOLD database for the store prices. The forage prices that have been gathered are specific to forage made and sold in Wales. It would be very simple, as the NOFAG database is a national database, for these figures to be compared with prices across the UK, and to add in prices from counties bordering Wales that could be helpful to some producers.

Results

	Price per bale (Dec 2002)
Silage – round bales	£14.00 - £15.00
Hay – large bales	£12.00 - £14.00
Hay – small bales	£2.00 - £2.50

Problems

The only complication being that some available forage was second year conversion rather than fully organic. This has not been split in the price collection spreadsheet, or in the table above, as there were not enough entries in each of those categories to give a representative view. The second year conversion crop was also in one instance sold for a higher price than some fully organic crops. This would reflect issues of quality and storage, e.g. indoor or outdoor. Quality of hay and silage will obviously vary greatly from farm to farm and even from field to field depending on type of ley and weather conditions at time of making. With hay it is likely that there could be big differences from season to season that would relate to weather conditions at hay making time.

Rented grazing

Source of information

The cost of rented grazing was not suggested on the original questionnaire. If at a later stage it appeared that producers would find this helpful, and for some producers it could be part of their production costs, then use of the NOFAG database could give contacts to gather this information. As with forage there will be differences in quality of grazing and also with additional services that can be offered with grazing e.g. someone checking the stock, but it would be a relatively simple addition to the data collection.

Feed prices

Source of information

There are two feed mills within Wales that are licensed to produce feed for organic systems but it is of no benefit to limit the questions on feed prices solely to those mills. Much of the feed that is used by Welsh producers is brought in from outside the area and so a range of licensed feed providers was asked for information on prices.

Results

These results are for bulk loads and haulage is not included.

Type of feed	Price range per tonne (Jan 2003)
Cattle – partially organic	£175 - £240
Cattle - approved non organic	£110 - £140
Sheep– partially organic	£190 - £250
Sheep – approved non organic	£120 - £155

Problems

Feed prices are difficult to summarise, as there are a wide range of feeds that can be approved for use in organic systems. These range from approved non organic to partially organic and a few fully organic feeds. The price of the feed varies with the proportion of organic ingredients that are included. Additional costs relate to haulage and load sizes that fall outside the requirements of the mills – usually

a three tonne minimum load increasing in size in three tonne lots. As well as the differences for organic ingredient level, there are also differences in protein level and the range of prices given will again relate to this.

Most of the feed mills supplying Welsh producers are not based in Wales, and haulage costs can markedly increase the cost of feed per tonne. Welsh producers may find that they do not have the same range of feeds available to them as producers in other parts of the UK, as some mills may not be prepared to deliver to Wales, or the haulage costs make it unfeasible. The smaller producers will always find it more difficult to source feed if they try and buy just for their individual use, as they are more likely to want small loads of bagged feed which costs a lot more. The comment from one of the major suppliers of feed into Wales was that bulk was the key. This view is supported by another supplier whose minimum order would be three tonnes for bulk and one tonne for bagged feed. Even then an additional haulage charge could be added in. The increase in cost for bagged feed – which could be taken as a smaller order - is in the region of £25 to £30 per tonne. The increase in cost for haulage could be from £10 per tonne upwards. This obviously makes a huge difference to the margins of any producer, again making it particularly difficult for smaller producers. One producer in West Wales pointed out that if you are planning an enterprise and looking at the predicted gross margins based on information from the *Organic Farm Management Handbook* for instance, then it might appear to be a feasible enterprise. When actual costs are checked, the feed costs in terms of actually getting feed onto the farm may be one and a half times as much as expected, which can make a big difference.

Grading

Source of information

Information on grading could be collected from the producer groups, or direct from the abattoirs. The suggestion on the initial questionnaire was that a selection of grading information would be obtained, encompassing percentages of stock reaching baseline grades, average grade achieved and others.

Results

No results available from this data collection period see problems below.

Problems

As mentioned already, the main producer group in Wales was not prepared to release data for this project. The abattoirs can give some general comments on comparison of grading for conventional and organic stock, but this just seems to indicate that there can be wide variability without actually quantifying the problem.

Outlets

Source of information

This information could have come out of looking at the numbers marketed by different groups and looking at numbers processed by various abattoirs. If it is known what the groups are marketing and the abattoirs are buying direct to go to the major multiples, then the remainder would give an indication of stock being marketed direct.

Results

No results available from this data collection period. Please see problems below.

Problems

As there is not full data available for numbers marketed (see section above), it is not possible to calculate what is being sold through different outlets. Even if this data were collected it would not take account of stock that is produced organically, but processed through a non-licensed abattoir and therefore offered for direct sale as non-organic. Meat of this kind is usually marketed as naturally reared, or local, to gain its premium.

Breed

Source of information

As with grading, this information could have come from the producer groups and the abattoirs. When collecting store information in the future, it would be possible to ask producers what breeds they keep as well as purely price. NOLD does give some breed information but it was not recorded for this period, and would in any case not be sufficient on its own.

Results

The abattoirs have offered general comments in some instances on preferred breeds, but this varies with the personal preferences of who is spoken to. The consensus of opinion is that generally speaking breed is not as important as correct finishing management.

Problems

This information was not available from those who were able to give information. The processors did not have data on how many of each breed type were processed.

6. Results – Supply chain mapping

6.1 Abattoir survey results

Information from the abattoir survey is shown in table 7, and information on non-slaughtering meat cutters and butchers is shown in table 8. These tables show the geographic spread of licensed abattoirs and meat cutters and the facilities they offer. The abattoir table also shows who the abattoir supplies (just multiple retailers or a mixture of independent butchers and major multiples) and whether the abattoir caters for private kills for producers to be able to sell their meat direct to the public.

Table 8 shows that there are few other licensed premises where producers can have stock butchered outside of the abattoir system. This table only covers those premises licensed with the Soil Association Certification Ltd., as it was not possible to get data from other certification bodies. It is unlikely that there will be more than one or two additional licensed premises. One of the butchers, Welsh Hook, works closely with the Haverfordwest abattoir so a full service to producers can be offered there.

Adequacy of number and spread of licensed premises

There are a number of considerations to take into account when looking at whether there is a reasonable availability of abattoirs. Firstly some producers will be looking for an abattoir that can deal with private kills so that they can market their produce direct to the consumer. In this circumstance it makes it easier if the abattoir can also cut and further process the meat if required, or if there is a licensed cutting plant nearby. Secondly, and again especially if producers are selling direct, the length of time for which the abattoir is prepared to hang meat for is important. Hanging meat would be a way of giving a distinction in terms of taste between organic and non-organic beef. Thirdly, there is a question of trust. The quality of the service and the integrity of the supply chain are of vital importance. If producers cannot see their stock being processed for whatever reason, then they must be confident that they are getting back their own stock and that where carcass losses in terms of condemnation of part of the carcass are recorded they are for valid reasons. They need to be confident that the stock is handled in such a way that the quality of the meat is not compromised.

This issue of trust holds true in both the conventional chain and the organic chain, and the inspections for the organic abattoirs mean that there should be no question that the organic stock is monitored and identified all the way through the processing plant. However, if one producer is unhappy with the services of an abattoir, it is likely that other producers in the area become concerned themselves about using the facility and will still report that they need another licensed facility in their area. This works in the opposite direction too. If an abattoir is particularly well regarded, the demand by producers to use it may outstrip the available capacity. This appears to have happened at the Tregaron abattoir, where producers report that stock has to be booked in some weeks in advance for available slots. This abattoir is a low throughput abattoir, which normally only allows for twenty units a week to be processed (where one unit is one beef animal, ten lambs or seven pigs). This abattoir has a derogation to allow it to

process thirty units per week, but even with this, it is working at full capacity and is not seeking new organic producers.

Table 9: Organically registered abattoirs in Wales and scope of activities

Please note that it was not possible to obtain information from Cig Mon Cymru Ltd. on Anglesey, or Cwmni Cig Arfon Cyf in Gwynedd.

Organic registered plants	Cattle = C Sheep = S Pork = P	Activities	Cutting facilities - organic/ non organic	Main organic trade Multiples = M Independent = I Self supply = S	Home kill capacity?	How long will you hang carcasses for private/wholesale?	Processing facilities for self supply?
Large Throughput							
Welsh Country Foods - Anglesey	S	Killing/ Cutting	Non organic, may have organic in future	M - non organic	No	N/A	Yes, but not in operation.
Hamar International Ltd - Powys	C, S	Killing	Non organic	M - non organic S - non organic	Yes	Privately - 1 week 48hrs Wholesale - 48hrs	None
Oriel Jones & Son Ltd - Carmarths	C, S	Killing/ Cutting	Non organic	M - non organic S - non organic	Yes - quite big	N/A	Just cuts
St Meryn Meats Merthyr	C, S	Killing/ Cutting	Organic	M		Wholesale - 48hrs	None
Medium Throughput							
G.R. Evans & Co - Denbighshire	C, S	Killing/ Cutting	Non organic	I - non organic S - organic	Yes	?	None
Jones Bros - Gwynedd	C, S, P	Killing/ Cutting	Organic killing, non organic cutting	I S	Yes	Private - 4 weeks Wholesale - 2 weeks	Yes
Haverfordwest Abattoir - Pembs	C, S, P	Killing	Organic through Welsh Hook	I S	Yes		Through Welsh Hook
Low Throughput							
Cig Oen Caron - Ceredigion	C, S	Killing/ Cutting	Organic	I S	Yes	Private - 2 weeks Wholesale - 2 weeks	Yes - whole process

Table 10: List of SA Cert organically registered (non slaughtering) meat cutters/butchers in Wales

Name	Activities
Ms Eimir Williams – Anglesey	Meat cutting
John Fallone – Carmarthenshire	Meat cutting, packing and pre-packing
Mr Emrys Davies – Welsh Hook Pembs.	Meat products, meat cutting
Mr R W Kennard – Powys	Retailing, meat cutting, meat products
Mr P Hughes – Rhug Estate, Denbigh.	Meat cutting, packing

In other parts of the country, small local abattoirs that are highly regarded and that organic producers want to use, do not license because they can fill their capacity purely from the conventional stock in the area. Going back to the Tregaron abattoir, it looks to be dealing with its existing conventional producers first and foremost as the percentage of its throughput that is organic is only five percent. The organic licensing merely means that, they have an additional cost, and even if the producers cover that they have additional inspections and additional records need to be kept. In some instances you find that local organic producers will still use these abattoirs in preference to licensed facilities that may be further away or not so well regarded. They will then simply market their stock as non-organic, gaining their premium from the fact the meat is locally and 'naturally' produced.

Provision for private kill

Most of the abattoirs that were surveyed do offer a facility for private kill, but only a few of those questioned had cutting facilities that were available for organic producers. One of these is the Tregaron abattoir, which could be a factor in its popularity. Some of the smaller abattoirs are businesses that are associated with their own butcher's shops; these shops are often not licensed and so cannot be used by organic producers. There may be little pressure on abattoirs to license these butcher shops as their conventional producers can use these facilities. Under Food Standards Agency meat hygiene standards, if there is no other cutting facility available in the area, a butcher shop that is not licensed as a cutting plant can cut meat for producers. This does not help organic producers, and they usually make up a small proportion of the abattoir's total trade.

Provision for hanging beef carcasses

The smaller abattoirs are more likely to offer facilities for hanging organic beef. The major abattoirs sometimes only hang the beef until it has been chilled down to the correct temperature. It is then moved on to a separate cutting plant. Hanging obviously ties up chiller space, and to hang correctly the beef needs to be in a space with a constant temperature. The large abattoirs have such a high throughput that they are constantly adding more beef into the chill rooms and the temperature therefore fluctuates, so it would not be possible to leave the carcass from a private kill in the chiller whilst the other carcasses were being shipped in and out. So although these abattoirs will sometimes take animals for private kill, the producer may need to find their own facilities for hanging as well as cutting. The smaller

abattoirs do vary in the provision that they offer for hanging. If they have their own butcher's shops then they tend to hang the meat for those for around two weeks and are happy to do the same for meat from private kills. Some of these abattoirs have said that they could hang meat for up to four weeks if that was requested.

The large abattoirs quite often 'mature' meat once cut and boned in vac packs. St Merryn Meats said that this was preferable as hanging the meat whilst on the bone could cause discolouration, drip loss and inconsistency of the end product. They maintain that there is comparable eating quality from maturing meat on the hook or in vac packs.

Producers' contribution to abattoir fees

In some instances the abattoir has licensed because one organic producer in the area who has needed this facility. Some producers may be contributing to the fees that the abattoir pays, as otherwise it may not be economic for the abattoir to be licensed. Rhug Farm, which does offer an additional processing facility with its contract butchery service, is the sole organic producer regularly using the G R Evans and Co. abattoir. This abattoir says that it could increase the amount of organic stock going through, and though it does not have a licensed cutting plant, as Rhug are offering the butchery service, producers could get full processing for their stock.

Effects of increased beef and lamb production in Wales

If the predicted increase in organic production occurs then the provision of abattoir and further processing facilities needs to be considered. In many instances the increase in organic stock will be due to conversion of a conventional set up and therefore there should already be processing provision for these animals. Depending on their particular farm situation some producers may also decrease their stocking densities and therefore their end production when converting to organic.

If the target of ten percent of all agricultural land in Wales as organic were achieved then this would be a doubling of the current area that is organic or in conversion – nearly four times as much as is fully organic now. If this led to a quadrupling of current production, even if some of this was substitution of organic production for conventional, then there would be problems if only the current level of licensed organic abattoirs/processors were maintained. If the increase in land entering conversion carries on as at present, as shown in figure 6, then that would be roughly doubling current production.

An increase in the numbers of animals requiring processing facilities may come about with the change in enterprise by some producers. Many dairy producers are finding it increasingly difficult to cope with the poor returns currently available. With the end date for the derogation on use of approved non-organic feed coming up in 2005, which will only increase their costs, some of these producers may move to beef and lamb enterprises as an alternative to stopping organic farming altogether.

One point that needs to be considered when looking at possible increased organic processor capacity is that of abattoirs that hold an organic licence but which are not actually processing any stock or seeking to. Welsh Country Foods on Anglesey took out a licence when they had to take in organic beef to cut for the supermarket Asda after a fire at their usual abattoir. They dealt with this organic meat, not actually killing but just cutting, for eight to ten weeks. Their main business is conventional lamb for Asda and they are maintaining their licence solely so that in the future they have the option to deal in organic stock.

Another point is that some of the larger abattoirs are sourcing stock from outside Wales and if they moved all sourcing to within Wales to take up extra production this would help. For example, at present St Merryn source a maximum of 50 percent of their beef from Wales and would be happy to take more. On the lamb side, as mentioned above, Welsh Country Foods have extra capacity for organic available and so do Hamers International Ltd. There is also the possibility of existing licensed companies reopening or newly licensing other sites in their chains of abattoirs. Oriel Jones are reportedly opening a site in Powys in June 2003.

It should also be taken into account that there are abattoirs on the borders of Wales that do deal in organic stock and are prepared to increase their organic capacity. These would include Ensor's abattoir in Gloucestershire, which additionally is able to offer a full private kill and processing facility.

When looking at areas that may require additional processing facilities a good starting point would be areas where abattoirs are already working at capacity, such as the Tregaron abattoir. It would appear that there are people who would like to have further organic processing facilities within that area, but there is not another abattoir that could take up an organic licence. There is an ongoing problem with the closure of smaller abattoirs, which is affecting both conventional and organic agriculture. The main difficulties relate to increasing requirements for inspection and hygiene. A recent piece of legislation requires all blood waste that was previously washed into drains to be collected and disposed of separately, which has cost implications for the abattoirs –as will any future legislation of this type.

7. Results – Problems in the organic red meat sector in Wales

7.1 Increased producer group co-operation

Producer groups at present are not really working together and are cautious about other groups knowing what prices they are offering. Larger groups such as Graig are concerned about more and more small groups being set up. It would be possible in this situation for a small group to undercut others on price so as to be able to get a contract. This reduces the price for everyone as they try to remain competitive. In keeping a fair price for their members, producer groups are pushing the price of finished stock up for everyone. People who are not currently involved with groups may not realise that they are benefiting from their work.

It would be of benefit for all producer groups if they could work together on stock availability issues. This concept is really moving towards the idea of an umbrella group that covers all producer groups – and this is still not going to release this information into the public domain.

It will never be possible to get all producers to join producer groups. Some producers have sold direct to abattoirs/processors for many years, first as conventional producers and then as organic producers. They feel that they get a good service and a good price and see no benefit in joining a group. Some processors such as St Merryn are starting to run producer clubs and these also exist as run by specific supermarkets e.g. the Waitrose producer groups. These clubs seek to offer some of the additional services such as training days e.g. grading days, which the groups offer as part of the 'hook' that encourages producers to join.

7.2 Foreseen lack of organic beef

Chris Gist from St Merryn and also Phillip Morgan from Welsh Quality Livestock foresee lack of organic beef as a problem. St Merryn are experiencing problems sourcing the amount of beef they require now. Welsh Hook have no problem with supply, and do a reasonable amount of stock, but if their market increases will they be in competition for supply? It would appear that they are highly regarded and local producers will sell to them in preference to anyone else.

An unknown quantity is the number of producers who sell their stock onto the conventional market, usually as stores. When the conventional price is high producers feel that they get a better return by selling onto the conventional store market than they do by finishing organically. Part of this may be the lack of organic producers who buy stores.

7.3 Future projections

Future projections are difficult as many factors come into play. In terms of land area, the amount entered into conversion is getting less. Some commentators would suggest however that the proposed changes in support payments with a move away from production based support may encourage more

producers to convert to organic production. Other factors include the removal of the derogation allowing a limited percentage of non-organic feed in the diet of organic stock.

As already mentioned, some dairy producers are swapping to beef production due to poor returns and the likely increase in feed bills, or a reduced milk yield from a lower quality ration may encourage others. Alternatively, some producers suggest that the removal of the non-organic feed allowance will cause them to go out of organic production altogether.

7.4 Abattoirs

If it appears that the larger abattoirs have room for expansion in the organic sector, and that there may not be any suitable smaller abattoirs to take out organic licences in certain areas, then one important piece of work will be to ensure that the smaller abattoirs stay licensed. Work to encourage inspection bodies to reduce inspections that simply duplicate those of other bodies would be of benefit, as well as support to help abattoirs with paperwork, including applications and audit trails.

Other problems that were raised by processors in the abattoir survey are as follows:

- parasite burden of organic stock
- poor breed selection by producers
- poor finishing management by producers

These points are discussed in more detail in the Red Meat Marketing Strategy project report.

8. Glossary

BPS – Beef Special Premium, a payment made on male animals.

DEFRA – Department for the Environment Food and Rural Affairs

NOLD – The National Organic Livestock Database, a database that allows licensees from any certification body to advertise store and breeding stock for sale.

NOFAG – The National Organic Forage and Grazing Database, a database that allows licensees from any certification body to advertise forage for sale and grazing to rent.

OCW – Organic Centre Wales

OF&G – Organic Farmers and Growers, a certification body.

OLMC – Organic Livestock Marketing Co-operative

Producer group – a group run by producers for producers. This does not include groups or clubs run by processors or multiple retailers.

SA Cert – Soil Association Certification Limited.

9. Appendices

9.1 List of contacts

Producer Groups

Cambrian Organics – Bill Lawrence 01545 580680, email Blaenclettware@aol.com

Graig Farm – Bob Kennard 01597 851655, email rwk@grraigfarm.co.uk

OLMC – Tim Leigh and Ralph Human, 01763 250313

Pembrokeshire Organic Group – Tom Latter 01348 873315,

E-mail tomlatter@classicfm.net

Rhug Farm – Gareth Jones 01490 413000 extn 2 (Not a group, but are involved in contract butchery for other producers), email garethjones@rhugorganicfarm.co.uk

Welsh Black Cattle Society – Trisha Powell 01982 551111, fax 01982 551333

Processors

St Merryn – Chris Gift 07812 194651, email chris_gift@stmerryn.co.uk need to check

Cig Mon – Sian Pritchard 01248 750212 or 01745 583577 (Did not participate in questionnaire), email sian@cigmon.com

Welsh Hook – Emrys Davies –1437 768876,
email orderinfo@welsh-organic-meat.co.uk

Welsh Quality Livestock – Philip Morgan 01970 636433 (Very unhappy about aims of project)

Black Mountain Foods –Peter Mitchell 01558 685018, email mynydddn@aol.com

OCW Partners

ADAS – Dave Frost

IGER – Heather Macalman

Elm Farm – Roger Hitchings

OCW – Nic Lampkin

OCW – Neal Pearson

OCW – Sue Fowler

9.2 Questionnaire for determining what information is wanted by the industry

The commercial sensitivity column is to be filled in as follows

A – Information can be publicly available

B – Information can be potentially available on a restricted basis

C – Very commercially sensitive information that should be kept within the industry

	CROSS BOX	CROSS BOX	HOW OFTEN	CROSS BOX
EXAMPLE	ESSENTIAL	USEFUL	NEEDED	Commercial
PRICES FOR FINISHED STOCK	X		Weekly	Sensitivity
NUMBERS/SUPPLY				
Numbers of producers (regional/national)				
Numbers of beef cattle marketed as stores/finished				
Numbers of lambs marketed as stores/finished				
Times of over/under supply				
OUTLETS				
How stock are marketed (direct sale, producer group etc.)				
Percentage of stock through different outlets				
Percentage sold on contract				
GRADING				
Average grades achieved				
Baseline grades for payment				
Percentage of stock achieving the baseline grades				
Penalties for not meeting the grade bands				
Seasonal variations in grade/quality				
PRICE				
Prices achieved for finished stock				
Prices achieved for store stock				
Feed prices				
Forage prices				
BREED				
Predominant breed				
Breed specific problems (too fat, too small etc.)				
FORWARD PROJECTIONS				
Numbers of stock				
Price				
Organic area				

9.3 Abattoir questionnaire

Small abattoirs (self supply)

1. Are you licensed to kill organic stock?
Beef
Lamb

2. What is your weekly killing capacity? (organic/conventional)
Beef
Lamb

3. Could you increase your killing capacity?
Beef
Lamb

4. Do you operate in conjunction with any other abattoirs/processors?

5. Who are your main customers (multiples, independent, self supply)?
Beef
Lamb

6. What is your home kill capacity (animals/wk)?
Beef
Lamb

7. Is your cutting plant licensed for organic stock?

8. How long will you hang carcasses for home supply?

9. How long do you hang carcasses for wholesale sales?

10. What processing facilities do you offer for self-supply?
(vacuum packing/labelling/sausages/burgers)

11. How does the quality of organic stock compare with conventional stock?

12. Do you have an opinion on the most suitable breeds for producing quality finished organic stock?

Large abattoirs (multiple suppliers)

1. Are you licensed to kill organic stock?
Beef
Lamb
2. What is your weekly killing capacity? (organic/conventional)
Beef
Lamb
3. Could you increase your organic capacity?
Beef
Lamb
4. Do you operate in conjunction with any other abattoirs/processors?
5. Who are your main customers (multiples, independent, self supply)?
Beef
Lamb
6. What is your home kill capacity (animals/wk)?
Beef
Lamb
7. Is your cutting plant licensed for organic stock?
8. How long will you hang carcasses for home supply?
9. How long do you hang carcasses for wholesale sales?
10. What processing facilities do you offer for self-supply?
(vacuum packing/labelling/sausages/burgers)
11. Do you source stock from outside Wales? What percentage of stock comes from Wales?
12. Would you be willing to source more organic stock from Wales?
13. Do you have a preference for particular breeds?
14. What are the main problems with the organic meat sector? (e.g. seasonality, stock quality etc)

