



Weekly News Digest

Week Ending 31 July 2005 Page 1

SHEEP

July 25: ABC national rural news noted that Australia's first shipment of sheep to Saudi Arabia in two years has sailed from Fremantle in Western Australia carrying up to 80,000 sheep plus some cattle. John Edwards from the WA Live Exporters Association said it was hard to find enough sheep to send. "It's proving a case for all live shipments to the Middle East at the moment, be it from Western Australia or the eastern states. The availability of suitable sheep numbers and quality is proving to be a very big concern for the trade and will continue to be so for a number of years I'm sure," he said.

July 25: The ABC Country Hour in Western Australia also noted the resumption of trade with Saudi Arabia. Landmark's livestock manager, Chris Medcalf, said the Saudi market will take all breeds of sheep, long tail - Merinos, crossbreds and Damaras. The market will also take all sexes, ram lambs and ewe lambs. Long-tailed lambs are destined for the Hajj market, with delivery late November, early December. In terms of husbandry, producers need to make sure their sheep are long tailed, entire (for ram lambs) and vaccinated and scabby scratched.












July 26: Arab News in Riyadh reported that the first shipment of livestock had left Australia bound for Saudi Arabia, marking the resumption of a previously thriving livestock trade between the two countries after a controversial two-year ban. "The Jeddah-bound MV Maysora Express carrying about over 76,000 sheep and cattle will reach the Red Sea port sometime next month," said Australian Ambassador Ian Biggs, who said the shipment had left Fremantle with 72,500 sheep and 3900 cattle on board.

Australia's livestock trade with Saudi Arabia has been in the proximity of SR500 million annually, making the Kingdom the largest importer of Australian livestock. Saudi Arabia alone consumes more than 10 million head of livestock annually of which 80 percent are imported from different countries. The Kingdom was Australia's biggest sheep market until 57,000 sheep were left stranded at sea on board the Cormo Express in 2003 following a quarantine dispute. "The availability of suitable sheep and quality is proving a big concern for the trade and this shipment certainly wasn't an easy one for exporters to put together," said John Edwards from the WA Live Exporters Association of Australia.

The Countryman newspaper in Western Australia reported earlier in the month that Livestock Shipping Services and Emanuel Exports in WA had begun buying local sheep for the resumption of the trade, with a second vessel expected to depart in early to mid-August. Emanuel Exports sheep export manager, Garry Robinson, said he was looking for Damaras, crossbreds and Merino wethers and rams up to three years of age for the Saudi market.

The Countryman said Meat and Livestock Australia forecasters have tipped up to 500,000 sheep could be exported to the Middle Eastern country in 2005, with a significant portion to be supplied by WA producers. While the Keniry review has resulted in tougher protocols, the trade remains under close scrutiny from animal welfare activist groups intent on shutting it down. It is estimated the new protocols have led to an increase in charges of up to 50 percent.

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Exporters did not comment on specific prices being offered, though recent saleyard prices for medium to heavy shipping wethers have varied between \$50 to \$60. WA Livestock Exporters Association president John Edwards said there were limited numbers of wethers over two years of age left in the WA flock. He said the new vaccination protocols also created some logistical issues at the purchasing time, as animals now have to be scratched five days before feedlot delivery.

"It is imperative farmers maintain the scratching status that industry has been advocating since 1998", he said. "This is where producers first time scratch their lambs at marketing time and then the exporter implements the second scratching through the accredited vaccinator process when sheep are sold for live export to the Saudi market. It not only makes the sheep eligible for sale to the Saudi market, but also protects all young sheep shipments from scabby mouth as well."

July 26: ABC national rural news noted that sheep producers are being told they need to start planning now if they want to make the most of export opportunities to send lamb to Saudi Arabia for the Hajj festival in the New Year. The trade has resumed after a two-year halt. Landmark WA's livestock manager, Chris Medcalf, said demand for all breeds of lamb will be strong, but producers must meet specific Saudi requirements.

"All we need is really just a long-tailed, entire animal, for example as a ram lamb," he said. "That animal must be vaccinated, with a three-in-one as a minimum, and also must be scabby scratched. In this day and age, we should be scratching all our male animals, if we going to castrate them and keep them through as wethers, or as a ram lamb product for the Saudi market.

July 27: The Weekly Times ran a letter to the editor suggesting that re-opening the trade with Saudi Arabia will be a backward step for animal welfare. The letter called for a ban on live sheep exports on the basis that they result in "barbaric deaths in callous, uncaring countries."

July 27: ABC News Online reported that the Western Australian Farmers Federation (WAFF) believes the resumption of the live sheep trade to Saudi Arabia could be worth millions of dollars to the state's farmers. Live sheep exports to Saudi Arabia were suspended in August 2003 after the Cormo Express affair. Trade resumed over the weekend when a shipment of 80,000 sheep left Fremantle headed for the Middle East. WAFF president, Trevor DeLandgraft, said Saudi Arabia is by far the biggest market for live sheep and they are prepared to pay a premium price.












July 28: The Stock Journal in South Australia reported that saleyard prices for station-bred ewes have soared to a record A\$101 a head. This amazing bush ewe price - at Jamestown last Thursday - is said to be backed by a buoyant trade sheep market, thanks to a live shipping order for August delivery (wethers), and strong processor demand for mutton.

CATTLE



July 26: The ABC Country Hour in the Northern Territory and Western Australia noted public discussion on a whether or not cattle in the Territory heading westward through Kimberley ports are fit to travel. Livestock producers are guided by a pocket book entitled: "Is it fit to load?" produced by a number of groups interested in livestock transportation and welfare, including MLA, the RSPCA and the WA Department of Agriculture.

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Michelle Kellaway from MLA, said the book is a simple guide to refresh knowledge on animal health requirements while travelling. It includes live export standards, though it isn't targeted at the live export industry, as it's more of a generic guide to livestock transportation. The books are available by contacting either MLA or the Department of Agriculture in Western Australia.

July 28: Queensland Country Life noted that the Australian Registered Cattle Breeders Association and QCL have jointly organised a free seminar on August 10 at the Ekka (Brisbane Show) from 11.00am to 3.30pm in RNA Meeting Room 1. Among the topics listed for discussion are dairy heifer and beef genetics exports to China.

July 31: ABC Landline TV noted that Landmark is quoting Malaysian steers ex Darwin at 135c/kg, a rise of 5c/kg, while Indonesian steers ex Port Hedland are quoted at 150c/kg.

CAMELS

July 26: The ABC Country Hour in the Northern Territory noted that plans for a new camel abattoir in central Australia are evolving, despite Wamboden abattoir on Bond Springs station killing small numbers again. Garry Dann of Amburla station is operating Wamboden and even putting a few camels through. But executive officer with the Central Australian Camel Industry Association, Peter Seidel, says an investor is keen to develop a purpose-built meatworks along the lines recommended by the recent McKinna Report. Mr Seidel said a new and relatively cheap works is likely to kill camels for international markets by the middle of next year.

"We are at the situation where an investor from Oman has been here a couple of times again including last week and is coming here again soon. I think the investors would pay for the construction of the works and then there would be separate operators. It would be suitable for camels but able to process other large animal species. It is a modular arrangement. We expect a decision before Christmas.

CIRCULARS

The following circulars were distributed to LiveCorp Members during the week:

Circular 141 28.07.05 – China Dairy Meeting Update*

*Logon to the [Members Only](#) section for access or contact LiveCorp

WHAT'S CHANGED – ANIMEX

There were no updates to the ANIMEX Database during the week.

NLIS

The MLA publication, Quantum Leap, noted that the Federal Government has committed A\$20 million over four years to implement the National Livestock Identification System (NLIS). Of this, A\$15 million has been earmarked for cattle and A\$5 million for sheep, goats and pigs. Matching funds are expected from State and Territory contributors.

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➔ TRADE ▲ TOP

INDONESIA

July 22: Asia Pulse reported from Indonesia that Indonesian poultry traders are under pressure to slash prices following the outbreak of bird flu in some regions in the country. Trade Minister Mari Pangestu predicted poultry sales could drop up to 20 per cent affecting up to 2.5 million workers in the sector due to the disease. She said that in Makassar, the capital of South Sulawesi, the price of chicken had dropped from Rp14,000 per head to Rp10,000.

PHILIPPINES

July 27: Dow Jones reported that Asian feed millers, still reeling from reduced demand after the last major outbreak of bird flu in 2003, expect the latest flare-up in Indonesia, the Philippines and Thailand to have little impact on the feed ingredients market for the time-being. In the first case of human fatalities from the disease in Indonesia, three family members were confirmed last week to have died from the deadly H5N1 strain.

Similarly, the feed market in the Philippines is expected to be little affected by the latest bird flu outbreak that hit a duck farm in northern Luzon (the less-deadly H5 Strain). Thailand also confirmed a second outbreak of bird flu in less than two weeks last week. "If consumption of poultry meat declines, it will eventually affect our business," an Indonesian spokesman said, adding that about 85 per cent of animal feed used in Indonesia is for poultry.

NORTH AMERICA

July 29: The US Farm Broadcasters Letter noted a statement by USDA's Chief Veterinarian, Dr John Clifford, that it had received non-definitive test results on an animal sampled as part of a voluntary extension of its enhanced BSE surveillance program. USDA is conducting further testing at the National Veterinary Services Laboratories in Ames, IA, in consultation with experts from the international reference laboratory in Weybridge, England. The animal poses no threat to US food supply because it did not enter the human food or animal feed chains. The sample in question was taken from a calving cow that was at least 12 years of age.

➔ LIVE EXPORTS GENERATES 9,000 JOBS ▲ TOP

July 28: The Land noted that Australia's live export trade generates 9000 jobs, mostly in rural and regional areas, with 1.6 jobs created in ancillary supplier and service segments. It is estimated that for every A\$1 generated in the live export chain, a further 50c cents is created in flow-on economic activity. The trade comprises producers, agents, exporters, stevedores, shippers, feedlot and saleyard operators, feed and chemical suppliers, stockmen, vets, port authorities, helicopter musterers, and the finance and insurance sectors.

➔ FAREWELL TREVOR JOHNSTON ▲ TOP

Trevor Johnston, the author of Weekly News Digest since its inception almost seven years ago, is retiring to greener pastures. He has many fond memories of his association with the live export trade, particularly the members and staff who have supported and nurtured the growth of the Digest over the years, and its important role as a conduit for disseminating information and converting it into knowledge across and between intrastate, interstate, national and international boundaries.

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His period on watch has seen the industry's situation, outlook and fortunes ebb and flow, and despite setbacks that would jeopardise or slaughter any other industry segment, the resilience, rigour, perspicacity and persistence of the live export trade, against sometimes unbearable and unpalatable odds, has kept it not only alive, but continuing to expand, progress, and prosper, via a "think big, improvise, innovate, and never give up" philosophy.

As Trevor emerges from the old age of youth into the youth of old age, he reminds us that sometimes looking back reminds us of how far we have come. On that basis, the live export industry has come a long way. He wishes all those remaining industry stalwarts all the best in health, wealth and future happiness, and hopes to see you all again some day in the resting paddock for reluctant rustic retirees.

ASIAN CURRENCIES



July 22: Reuters published a summary of currency regimes in selected Asian countries, following China's decision to revalue the yuan against the US dollar.

FIXED PEG: Hong Kong adjusted its linked exchange rate system in May for the first time since 1998, moving its currency to a band between 7.75 and 7.85 to the US dollar from an asymmetric peg that set a floor of 7.8 per US dollar.

MANAGED FLOATS: Chinese yuan or renminbi. After essentially pegging the yuan near 8.28 per dollar since the Asian crisis, China revalued it to 8.11 and tied it to an undisclosed basket of currencies of trading partners. The yuan will be allowed to move 0.3 percent above or below the previous day's close against the US dollar, and by 1.5 percent against other currencies.

Malaysian ringgit: Malaysia has dropped its seven-year-old peg of 3.8 to the US dollar in favour of a managed float against an undisclosed basket of currencies, moving soon after China did.












Singapore dollar: Since 1981, the Monetary Authority of Singapore conducts monetary policy by steering the Singapore dollar in an undisclosed band against an undisclosed trade-weighted basket of currencies. Economists say the US dollar and dollar-bloc currencies make up the biggest proportion of the trade-weighted basket.

Indian rupee: Economists say the Reserve Bank of India uses a monitoring band for the rupee, which allows it to float within a band determined by the currencies of India's top five trading partners, adjusted for inflation levels. Markets believe the width of the band is five percent on either side of this neutral real effective exchange rate. Intervention occurs if the band is breached. There are still some limits on residents borrowing overseas, on residents converting local assets into foreign currency, and on the access foreigners have to Indian debt markets.

Thai baht: Massive capital outflows forced Thailand to abandon the baht's peg against a basket of currencies on July 2, 1997, triggering a big devaluation against the dollar that marked the onset of the Asian financial crisis. Thailand adopted a managed float. Like other Asian central banks operating under similar regimes, the Bank of Thailand is averse to currency volatility and intervenes often in the market.

Indonesian rupiah: Indonesia switched to a freely floating rupiah from a managed float in August 1997 during the Asian crisis. Several exchange controls remain. Indonesia's central bank regularly intervenes in the foreign exchange markets to help the rupiah, which fell more than five percent against the US dollar in the first half of

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2005. To stabilise the currency, the central bank has also banned sales of rupiah securities by non-residents.

INDEPENDENTLY FLOATING: Korean won: The won was floated in December 1997 and is one of Asia's most actively traded currencies. The Bank of Korea runs an inflation-targeting policy, but the government dictates currency policy and keeps a watchful eye on the won's competitiveness. This occasionally leads to strains between the central bank and the finance ministry.

Philippine peso: The peso is allowed to trade in a wider band than most other Asian currencies and is prone to volatile swings in response to political developments. It is also sensitive to data on the Philippines' large fiscal deficit and on remittances from overseas Filipinos, a major source of foreign exchange. The central bank, with limited official reserves, intervenes occasionally. It also adjusts reserve requirements, and the rate at which they are remunerated, to help smooth the currency.

PETA

 TOP

July 26: ABC national rural news and the Country Hour in several other States reported that despite a pledge from the Australian wool industry to phase out mulesing by 2010, animal rights group PETA has vowed to continue its campaign. The group has renewed its stinging attack on the sheep and wool industry over the practice of mulesing and the live export trade.

PETA spokesman, Matt Rice, said it has no intention of visiting Australia to see the wool industry first-hand, despite contrary claims from the Australian Wool Growers Association. "The pressure will certainly increase as time goes on. The longer the Australian wool industry digs in its heels and continues to mutilate animals and send millions of sheep to gruesome deaths overseas, PETA will continue to escalate our campaign to educate the international public about these practices," he said.

July 30: In response to recent news reports containing inaccurate information (according to PETA) about PETA's campaign against mulesing and live exports, PETA has issued a statement making clear that PETA and Australian Wool Growers Association (AWGA) are still in talks. While no agreement immediately emerged from a meeting in New York a few weeks ago, both groups feel that progress was made and are cautiously optimistic about reaching an agreement that will satisfy both parties sometime in the near future.

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