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Te Mania Angus Rural Update

Feds consider shift to major water buy-back

The Federal government will place more emphasis on buying water from irrigators for the Murray-Darling river system in an expected overhaul of former Prime Minister John Howard's $10 billion national water security plan according to a report in the *Stock Journal.*

The first steps have been taken with the $50 million buy-back announced by Water and Climate Change Minister Penny Wong, which she described as a "down payment" on the future of the Murray – but she also says "more needs to be done".

Senator Wong says told the paper that it is the first time Federal government has entered the water market in this way, although she promises waster will only be purchased from those willing to sell.

She is also considering two separate proposals by members of the Wentworth group, economist Mike Young and water ecologist Peter Cullen, both suggesting a major spending spree to buy up irrigation allocations first before investing in infrastructure upgrades and irrigation efficiency.

SA farmers stop short on GM commitment

Most of South Australia's graingrowers can see economic benefits from having access to GM crops according to *Stock Journal* but the majority still will not support lifting the moratorium on growing them.

An exclusive survey by the paper shows only 36 pc of respondents support lifting the ban, with the strongest support coming from the Mid North and Yorke Peninsula, while 54 pc of people say they do not support change.

But more than half of those who did respond believe having access to GM crops will offer economic benefits and 49 pc believe there will be agronomic benefits. More than a third surveyed say if given a choice they will grow GM crops.

More than half those surveyed believe growing GM crops will destroy the State's "clean, green" image, with 53 pc thinking the east/west divide between states growing GMs and those resisting will affect export markets in the long term.

$69 pipe dream to save SA irrigators

A Christmas deadline has been set to secure crucial water supplies for communities and irrigators in and around Lake Alexandrina – including the billion-dollar Langhorne Creek wine industry – says *Stock Journal*.

Communities around Langhorne Creek are banding together to form a pipeline group, the Langhorne Creek Water Steering Committee – which comprises representatives from various industries surrounding the region.

The committee has been formed to push the proposal of a pipeline from Langhorne Creek to White Sands, near Murray Bridge, and enable the community to access good quality water for irrigation.

In the developmental stage, the paper says that the proposal wants the pipeline to be manifolded into the existing infrastructure and pipelines because there is more than one pipeline that has access to Lake Alexandrina.

Freight talks limbo

NSW is looking increasingly like being left in the impossible position of relying mostly on semi-trailers, not grain freight trains, to handle what could be a bumper cereal crop this year if the good start to the season holds up says *The Land*.

A meeting in Sydney to discuss the State's pending grain rail crisis has failed to come to any conclusion, and some industry leaders fear there may be no resolution of the problem in time for the 2008 wheat harvest.

NSW Farmers Association grains committee chairman John Ridley says road operators are saying the task of moving huge quantities of grain to port is actually beyond the capability of the industry.

The crisis has been precipitated by the decision of the dominant rail carrier, Pacific National, to cease its grains operations in NSW this year, except for some domestic haulage under contract to flour mills.

Small crop but big yield

A national Rural Press report says that harvest will begin within a week or two on what is expected to be the smallest rice crop in Australian history, with only 2000 hectares planted this year due to a lack of irrigation water.

But favourable conditions for the crop that did get in the ground is resulting in high yields and ABARE is forecasting above average yields of about nine tonnes per hectare, but the 18,000 tonnes is dramatically down on the 161,000 tonnes of 2006-07.

SunRice grower services general manager Mike Hedditch says while farmers had planted much smaller crops for the current harvest, they had managed them under the best conditions.

Hedditch also expects the good season may lead to an earlier than normal start to harvest in the middle of this month but the small crop, ongoing drought and limited water has seen SunRice already shed 180 staff.

Senate suspects fertiliser con

Anecdotal accounts from truck drivers, farmers and local distributors suggest that despite a global fertiliser shortage, Australian warehouses are close to full and that there is actually plenty of viable product on hand to service the coming winter crop according to a report in *The Land*.

The supply and availability of fertiliser will be one of the first major issues examined by a special Senate committee, which the paper says last week began calling for submissions to its inquiry.

The Senate Select Committee on agriculture and related injuries is investigating skyrocketing fertiliser costs, supposedly driven up by its widespread shortages that are seeing prices hit more than $1100 before delivery – and quotes are rising weekly.

But five major Australian fertiliser companies contacted by the paper in an attempt to determine the level of stocks on hand, have declined to comment on either the current situation or the Senate inquiry.

NSW clear of unwelcome horse guest

The State government has announced last week that equine influenza (EI) has been officially eradicated in NSW, six months after it caused severe disruption to the State's horse industries says *The Land*.

State Primary Industries minister Ian Macdonald says the "fantastic" news means that all permit and testing requirements for moving horses within NSW have now been formally lifted.

Macdonald says South Africa is the only other country to have eradicated EI and the only remaining precautions in place here to move a horse are prior notification with a travelling horse statement (THS) and event registration.

The eradication program involved the vaccination of 63,000 horses – 47,000 infected horses have recovered – the establishment of more than 20 control and vaccination centres and the commission of a workforce of about 2000.

Marshes theft disputed

Rural Press says a year-long study by university academics has hoisted a flood management plan for the Macquarie Valley back on the environmental water debate agenda, sparking claims of government inaction on water theft.

Professor Richard Kingsford and Celine Steinfield, from the University of NSW, took a particular interest in the Macquarie Marshes, which they now claim are being destroyed by water theft via levee banks ands channels.

A just-announced $400,000 audit of the water system will be completed this year, with the researchers claiming up to 338 kilometres of levees, 1648 kilometres of channels, 54 off-river storages and 664 farm dams could be damaging the 4300 square kilometre floodplain and related marsh wetlands.

No-one knows how many are illegal but Macquarie Valley Food and Fibre chairman Tony Wass, who farms at Warren, says after limited reading he has already found serious flaws in the information on which the conclusions were based.

Golden share going, going, gone

The Grain Growers Association's (GGA) controlling interest in GrainCorp will cease according to a report in *The Land* after GrainCorp shareholders voted it down at the comp;any's annual general meeting in Sydney.

A motion seeking to retain the GGA foundation share attracted only 70.61 pc of votes, not enough for the 75 pc majority required, despite GGA itself committing all its votes in favour of the retention.

The paper says that the so-called "golden share" which has always given GGA the right to have its six board members serve on GrainCorp's board will now convert to just one ordinary share.

GrainCorp chairman Don Taylor says the company will now enter a new period, one in which he says old relationships will no longer be what they were but one that he "believes is a great opportunity for the company".

Sales rebound as stocks drop

An amazingly resilient farm machinery industry has just notched up its fifth successive year of 10,000 units plus in tractor sales in the face of one of the nation's cruellest dry spells according to *The Land*.

Even more impressive is that farmers have already begun to respond to the upturn in commodity prices, triggering a 23 pc sales hike during the trading months of November, December and January.

But there is a downside, principally about the lack of supply coming out of Europe and North America's biofuel driven rural economies that increasingly will come into play as the year ahead unwinds.

Noted farm machinery analyst, Agriview's Alan Kirsten, who each year helps compile the Tractor and Machinery Association of Australia's state of the industry report, says there is no need to concentrate on sluggish broadacre sales but to "look out for the build up in demand" that will eventuate from improved seasonal conditions.

Farmer v farmer in new GM row

The Network of Concerned Farmers (NCF) has told Rural Press that it is threatening to initiate legal action against neighbouring farmers who are growing genetically modified (GM) canola.

NCF national spokeswoman, WA farmer Julie Newman, says NCF research is showing this is the only course non-GM growers can take to ensure they are not penalised if their crops become contaminated with GM canola from neighbouring crops.

Newman says GM contamination will "be uncontrollable" but that "no minimum limit of contamination has been set for companies to deduct a user fee from our income" and that it is important for growers to be prepared in advance of any contamination incident.

"Australia will be the first country to accept the unique plant patent law with an end point royalty system which will allow a GM company to deduct a patent fee from our grain unless we prove we have no contamination."

Weeds CRC funding left in dark

The Weeds Co-operative Research Centre (CRC) will start winding up within weeks says *The Land* unless Federal funding is not secured – but the government says it remains committed to national weed research.

Weeds CRC executive director Rachel McFadyen says current funding will run out in June and while the Federal government has made an election promise of more than $15 million for a new weeds program there are no details on its administration.

McFadyen says while CRC staff members have heard rumours that money for the new weeds program may flow to it, there has been no meeting, or official communication between the CRC and Agriculture minister Tony Burke.

She says legal arrangements to wind up the CRC will have to be implemented soon, and will quickly become irreversible, “which is a very frustrating situation”, although Burke’s office has confirmed it will establish a national applied research program.

King coal fuels grain train blues

King coal has snared the lion’s share of available trains needed to transport thousands of tonnes of grain currently being harvested throughout southern and central Queensland according to Rural Press.

Industry analysts say Queensland Rail (QR) is seemingly unaware of the implications of a bumper season that has sorghum piling up at silo depots, pads and farms as a one-in-20-year summer crop finally delivers for cash-strapped broadacre producers.

AgForce grains president Lyndon Pfeffer says that he has been closely monitoring the falling number of grain trains available to shift both the State’s summer and winter crops during the past few years.

Pfeffer says that before the drought impacting on production levels, Queensland producers had access to 20 trains, which was cut to 17 some years ago but this year only three have been earmarked for grain haulage duties.

Proposed environmental fee increases ‘outrageous’

Queensland Country Life says the Australian Lot Feeders Association (ALFA) has branded the proposed license fee increases under the Queensland Environmental Protection Regulation outrageous and totally out of step with difficult trading conditions.

Vice president Jim Cudmore says the average 10,400 pc increase for Queensland feedlots is not only “beyond comprehension” it could not come at a worse time with the industry experiencing extended financial hardship due to high grain prices, exchange rates and feeder cattle prices.

Cudmore told the paper that the extent of the difficult conditions the industry is facing is clearly reflected by the lowest cattle numbers seen in Queensland feedlots since 2000 and yet the highest fee increases are targeting the smallest feedlots.

Queensland’s feedlot industry is the largest in the country and represents 48 pc of the national capacity and Cudmore says there is no justification for the rises as the industry already has some of the world’s best practice environmental initiatives that it self funds.

Hurry-up over wheat reform

Crop finance issues, infrastructure, trading transparency and grower education are emerging as major headaches for Canberra as it hammers away at new reforms for future bulk wheat exports says *Queensland Country Life*.

As grower meetings have begun to take place around the country to inform farmers of likely changes to wheat marketing, farm lobby groups and politicians are calling for urgent clarity on how the new arrangements will work before winter planting takes off – which in some states is now only weeks away.

Federal Agriculture minister Tony Burke says he is aware of concerns being raised over the reforms, which he is sure will be carefully considered by the independent advisory group he appointed in January, and which will release its first discussion paper next week.

But Burke also says he is “alarmed” by recent statements by Wheat Export Marketing Authority chairman Graham Blight that he is only meeting with “minnow” organisations and says he feels all groups with an opinion have every right for the relevant minister to hear it.

Mega Queensland crops here to stay

Queensland could be on the brink of a new era of record summer crop production with a leading farm consultant telling *Queensland Country Life* the huge sorghum crop splitting storages at the seams may not be a one-off event but a sign of things to come.

Agronomist Peter Wylie, who has just joined the soon-to-be-operational Dalby Ethanol Refinery as its commodities manager, believes attractive sorghum prices will result in major changes to the way Queensland farmers use their land in coming years.

In a report on grain sorghum production to be published by the GRDC this month, Wylie predicts that Australia’s annual sorghum crop will double from an average two million tonnes to four million tonnes within five years.

The extra two million tonnes will come as rising grain prices stimulate the conversion of grazing land back to farming, and more landholders embrace greater fertiliser use and more moisture efficient farming techniques such as zero tillage.

Lack of checks with biosecurity

Rural Press says new research shows that many Australian livestock producers don’t fully understand the risk of disease entering their farms on people, vehicles and equipment, with the majority not recording movements on their farms.

Research findings released by Animal Health Australia show that despite almost three in four livestock producers feeling they have an understanding of biosecurity risks, only one in four keeps a record of visitors to their farm.

AHA disease risk mitigation manager Duncan Rowland says many producers don’t fully understand why the information is necessary and says in the past year the industry has seen people, vehicles and equipment implicated in the spread of disease here and overseas.

Rowland says those diseases include equine influenza in Australia and foot and mouth disease and avian influenza in the UK and "if there happens to be a disease outbreak in your area or on your farm, one of the first questions will be who has visited in recent days."

EU mark value adds yarding

Elders 10,200 head two day, four sale mountain calf sales this week at Omeo promised to be another special and spectacular celebration of the East Gippsland beef cattle industry according to *Stock and Land*.

These are 'jewel in the crown" sales for Elders and an impressive 100 vendors have prepared some of the best Angus, Angus cross, Hereford and Shorthorn-Hereford cattle in the market – for both breeding and condition.

There has been a mammoth effort by Elders Peter Steer at Bairnsdale and David Hill at Omeo to get three pen and almost 8500 cattle EU accredited for the sale to dramatically expand the number of buyers who can operate at the sale.

With drought-easing rains in NSW and southern Queensland, Elders and the vendors involved in the sale are hopeful by expanding to the EU accreditation they will be able to bring more buyers south.

MLA UPDATE

Lambs to maintain momentum - ABARE
7/03/2008

The Australian lamb industry is set to maintain its momentum into the coming year, as strong domestic and export demand continues to underpin increased saleyard returns. According to the Australian Bureau of Agricultural and Resource Economics (ABARE) Australian commodities, saleyard lamb prices are forecast to average 7% higher in 2008-09, at 355¢/kg cwt, while sheep prices will jump 9%, to average 180¢/kg cwt.

According to ABARE, while the emphasis for producers to rebuild flocks through to 2012-13 will have a significant impact on sheep turnoff, lamb production will continue to surge to record levels, underpinned by favourable returns to producers.

After falling to only 85 million head in 2007-08, the Australian sheep flock is forecast to grow steadily in the following five years, rebounding to 87 million head in 2008-09 and 96 million head by 2012-13.

After an estimated 2% dip in production for 2007-08 (404,000 tonnes cwt), Australian lamb production is forecast to reach a near-record 412,000 tonnes cwt in 2008-09. On the assumption of a return to normal seasonal conditions and continuing attractive returns, lamb production is forecast to continue to grow through to 2012-13, reaching a forecast 440,000 tonnes cwt.

The higher production will contribute to an easing in average saleyard prices for lamb from 2009-10 onwards, with prices forecast to decline steadily to 300¢/kg cwt by 2012-13.

Australian lamb exports are expected to mirror the growth in production, with exports for 2008-09 forecast to reach a record 163,000 tonnes swt, with 46,000 tonnes shipped to the US.

Sheep turnoff and mutton production will largely be shaped by the rebuilding of the flock, with slaughter in 2008-09 forecast to decline 17%, to 8.5 million head. Slaughter is expected to increase slowly towards 10 million head by 2012-13, still 25% below 2006-07.

A wet summer, but still drought in the south
7/03/2008

Eastern Australia experienced one of its wettest summers in recent memory, influenced by La Nina, with most of Queensland and northern and central NSW recording from average to very much above average falls from December to February. While very heavy rain throughout central and coastal Queensland caused major flooding and damage, the overall benefits of the rain will be felt for seasons to come.

Between December and February, Townsville recorded almost 1200mm, Charters Towers 750mm, Blackall 440mm, Charleville 425mm, Warwick 370mm, Kingaroy 345mm and 320mm at Roma. Through northern and central NSW, falls ranged from 400mm at Moree, 350mm at Armidale, Coonamble 425mm and 370mm at Dubbo.

The wet summer has lifted cattle prices, with strong demand from restockers for calves, cows and young cattle. The rain also ensured a significant improvement in the 2007-08 summer sorghum harvest, with the 2008-09 winter harvest in northern and central NSW also likely to benefit from an improved soil moisture profile.

In contrast to Queensland, much of southern Australia continues to be gripped by drought, with only average to below average falls recorded through south western NSW, Victoria, Tasmania and SA. At least average rain will be needed across much of southern Australian through autumn and winter to realise a bumper winter grain harvest. Heavy to record rain would be required to replenish a very thirsty Murray Darling Basin.

Tempering the outlook for a significant autumn break in southern states was the recent three month rainfall outlook from the Bureau of Meteorology, which indicated a less than 45% chance of above median rainfall between March and May in southern parts of Victoria and much of agricultural Tasmania.

In West Australia, average to above average rain was recorded across almost all the state, with some useful above average falls in the drought affected mid-west and coastal regions.

Low hide prices
7/03/2008

Hide prices were again cheaper following the A$ reaching the highest point since March 1984. Exchange rate pressures continue to hinder sales and consequently demand remains soft from overseas markets.

A$ reduces goat prices
7/03/2008

There were reductions to goat prices across the majority of categories this week, with the record high $A squeezing exporter margins. There is also a lack of overseas demand, particularly from the US, as their economy continues to falter. A number of overseas markets are looking for cheaper protein sources such as chicken and even mutton.

Mixed trends for skins
7/03/2008

Skin prices were very mixed this week, with some reporting a cheaper trend, as a result of the high A$ and the abundance of shorter length skins. Other contributers reported a firm to slightly dearer trend, with lambskin reaching above the $14 mark, as contributors were very selective in sourcing certain types and breeds of skins. One contributor lifted sheepskin prices as a result of the limited supply.

Cattle prices to rise in 2008-09 - ABARE
7/03/2008

Australian saleyard cattle prices are forecast to rise in the coming year, due to tighter supplies as producers commence herd rebuilding.

According to the Australian Bureau of Agricultural and Resources Economics (ABARE) Australian commodities, released this week, weighted averaged cattle prices in 2008-09 are forecast to increase 7%, to 315¢/kg cwt – the highest average since 2005-06.

According to ABARE, the Australian cattle herd is expected to grow 1.4% in 2008-09, to 28.6 million head, and to 29.6 million head by 2011-12. Underpinning the herd growth in 2008-09 will be a 2.3% decline in slaughter, with production back 2%, at 2.1 million tonnes cwt.

A reduction in beef production, combined with increased competition from US beef in both Japan and Korea is forecast to see Australian beef exports decline 4% in 2008-09, to 880,000 tonnes swt. Lower export demand is expected to allow a small rise in per person beef consumption to 36.5 kg in 2007-08, with a further expansion to 37.9 kg by 2012-13.

Beef exports to Japan in 2008-09 are forecast to be back 6%, to 360,000 tonnes swt, following on from the 11% decline in 2007-08. Shipments to Korea are forecast to be 110,000 tonnes swt – down 19% and 30% on 2006-07 and 2007-08, respectively. Shipments to the US are forecast to stay relatively steady in 2008-09, at 280,000 tonnes swt.

The live cattle export trade is expected to remain strong, driven by growth in South East Asian demand and increased northern cattle supplies, with a 7% rise in shipments in 2007-08, to 680,000 head and 780,000 by 2012-13.

While tight cattle supplies will put upwards pressure on prices through to 2008-09, the growing herd and increase beef production is expected to contribute to a weakening of cattle prices over the medium term – with prices back 14% by 2012-13 and production up 10% from 2008-09 levels.

Mutton production slips 14%
7/03/2008

According to figures released by the Australian Bureau of Statistics, Australian mutton production during January was back 14% year-on-year, at 25,560 tonnes cwt. Average sheep carcase weights, however, were up 1.4kg/head on January last year, at 22kg/head.

WA was the only state to report an increase in mutton production during January – lifting 12%, to 6,080 tonnes cwt. Mutton production in Victoria and NSW fell 10% and 30% year-on-year, to 7,660 tonnes cwt and 6,430 tonnes cwt, respectively. Similarly, SA mutton production slipped 18%, to 3,030 tonnes cwt, Queensland 19%, to 1,540 tonnes cwt, while production in Tasmania was down 73%, at 960 tonnes cwt.

Lamb production higher in January
7/03/2008

Australian lamb production during January increased, supported by strong domestic demand over the Australia Day weekend, higher prices and improved seasonal conditions across parts of the eastern states. According to figures released by the Australian Bureau of Statistics, lamb production during January totalled 37,600 tonnes cwt – up 6% year-on-year.

All states reported an increase in production during the month, with Victoria and NSW lifting 4% and 7% year-on-year, to 16,400 tonnes cwt and 8,400 tonnes cwt, respectively. Similarly, SA lamb production rose 9%, to 6,870 tonnes cwt, WA 2%, to 4,230 tonnes cwt, while production in QLD jumped 73%, to 960 tonnes cwt.

Philippines to import breeder buffalo from Brazil
6/03/2008

The Filipino government is reviewing quarantine conditions in Brazil in an aim to import 1,000 to 2,000 head of breeder buffalo that will expand the country's dairy buffalo inventory (Manila Bulletin, 4 March).

Reportedly, the Philippines' Department of Agriculture will send a team to Brazil during the second week of March, to check on foot-and-mouth disease (FMD) free regions in Brazil and its quarantine processes. The plan is to import Brazilian purebred female breeder buffalo before the end of this year.

The government is expected to import the stocks from certified FMD-free Grande do Sul or related regions, where animal health is guaranteed. Imports of breeder buffalo into the Philippines are anticipated to help build the country's bovine inventory and increase meat production in the long term.

Philippines pork imports surge 43% in 2007
6/03/2008

Imports of pork and pork products into the Philippines jumped 43% during 2007, with the increase largely due to a surge in volumes of pork skin or rinds and fats for use in meat manufacturing. According to the US Department of Agriculture, the majority of pork imported into the Philippines during 2007 was sourced from Canada (33%), Germany (16%) and the US (13%).

Driving consumption for processed meat in 2007 was the growing interest and preference for western style cuisine and the increasing popularity of branded processed products. The increased interest for imported products was also assisted by a growing urbanisation of the Philippines population. The Philippines population is reaching 90 million, growing at a rate of 2.4% per annum.

Philippines' hog production increased 2.7% in 2007, and is expected to expand again in 2008, although only marginally, due to increasing feed costs. Although total pork consumption increased, per capita utilisation only grew 1.4%, to 13.9kg/head in 2006.

Beef export slowdown
6/03/2008

Australian beef exports continue to be subdued, with shipments for February back 16% on the same period last year, at 66,570 tonnes swt (Department of Agriculture, Forestry and Fisheries). Australian shipments to Japan and the US have now fallen year-on-year for the past 6 consecutive months.

Limited beef supplies from Australia (partially due to the disruptions caused by heavy rain in Queensland) resulted in February shipments to Japan declining 10% on February 2007, to 29,933 tonnes swt - although volumes did manage to increase from January. The reduced beef supplies, particularly of shortfed product, looks likely to continue, as production is constrained and demand from buyer in Japan remains weak.

Exports to Korea recorded the biggest decline to North Asia for the month as importers remain apprehensive about US re-entry. Shipments for the month fell 30% year-on-year, to 10,384 tonnes swt.

Volumes to the US continued to slip during February, as US cow slaughter moved higher and Australian cow supplies remained tight. Conditions look to remain difficult for exporters looking to send product to the US, as the A$ recently pushed through 94US¢. Reports though indicate the outlook for US imported beef prices remain positive, as supplies remain limited, with US cow slaughter recently declining.

Demand from Russia remained positive, with exports in February increasing significantly to 1,613 tonnes swt – up from 166 tonnes swt for the same period last year. Exports to the EU also jumped two fold, as the EU placed a ban on Brazilian imports during February.

Sheep offal prices mixed in February
6/03/2008

Prices for sheep offal during February were mixed compared with the previous month. According to MLA's monthly co-product monitor, values for sheep offal were below the same time last year, except for livers.

Sheep liver prices increased 9¢ from a year ago and 2¢ compared with the previous month, to $1.13/kg, as a result of firm demand from the Middle East. Sheep tripe pieces averaged 10¢ below January, at $2.38/kg, but remained 13¢ higher than February 2007. Enquiries for sheep hearts from South Africa were reportedly softer, but demand from Papua New Guinea and the domestic market helped keep prices steady, at $1.18/kg (17¢ below last year). Sheep and lamb runners weakened 4¢ and 21¢ on January, respectively, to $0.83/kg and $1.75/kg.

Demand for Australian offal is expected to remain firm in the next few months, as supply in the world market tightened, following livestock deaths in China that were resulted from the cold weather conditions.

Price increase of Uruguay exported beef
6/03/2008

Uruguay beef export prices increased 11% in February, compared with January, supported by a strong demand from the EU and Russia, coupled with lower domestic supplies (World beef report, 6 March).

With the absence of Brazilian beef, exports to most EU countries at least trebled during the first two months of this year, in comparison with the same period in 2007. This has led to a diversion of exports from North America to the EU and Russia, with the US taking only 5% of total exports in January and February and exports to Canada down 85% on last year.

The average FOB prices to the EU in February were U$7,185/tonne for frozen beef, and U$12,416/tonne for chilled beef - 12% and 19%, respectively, above January levels.

Russia became the top destination of frozen beef, with average prices 32% higher than the same time last year.

The increasing price has also been supported by lower beef supplies in Uruguay. In the week ended 1 March, cattle slaughter was 8% below the same week in 2007.

Uruguayan cattle prices have responded sharply to the rise in export demand and falling supplies, reaching around US$2.40/kg cwt in recent weeks, around 22% higher than a year earlier.

Increased trading with Japan
6/03/2008

Improved cattle supplies in Queensland increased the trading volume with Japan this week, with buyers showing firm interest in all items, but particularly trimmings and some offals.

Stocks of Australian beef are reportedly low in the Japanese wholesale market. However, the news of improved conditions in Queensland resulted in an easing in some chilled grassfed prices. Chilled grassfed cube roll averaged 1,950 yen/kg – down 5% or 100 yen/kg from last week, but still 7%, or 125 yen/kg higher than the same week last year.

In other news, supermarket chain Inageya announced that it will start selling Canadian beef from March on a trial basis at four of its 130 outlets.

The fourth round of Australia-Japan Economic Partnership Agreement negotiations concluded in Tokyo on 29 February, with no progress in bridging the gap over agricultural items including beef.

Uruguay to export lamb to the US

6/03/2008

Uruguay is hoping to commence exporting lamb to the US in August 2008 (Brazilian Meat Monitor, 3 March). According to the Ministry of Agriculture of Uruguay, US technical inspections were concluded in November 2007 and import protocols are now being written up.

The main markets for Uruguayan lamb currently are Brazil (7,000 tonnes in 2007), the EU (3,500 tonnes) and Arab countries, mainly Saudi Arabia (1,500 tonnes in 2007).

Along with the opening up of the US, Uruguay expects that Mexico and Canada will also agree to import its lamb. This may have an impact on Australian lamb exports to the US and Canada, which have accounted for more than one third of Australian lamb exports in recent years.

February lamb exports remain firm

6/03/2008

Despite slipping 7% on January shipments, Australian lamb exports during February were up 3% year-on-year, at 13,600 tonnes swt – the highest February volume on record. According to figures released by the Department of Agriculture, Forestry and Fisheries, the year-on-year increase for the month can largely be attributed to increased volumes sent to the Middle East, China and the EU.

Shipments to the US during February were back 23%, to 3,420 tonnes swt, as orders for the high lamb consumption period of Easter were finalised early in the month.

Demand from the Middle East for lamb continues to remain strong, with exports increasing by 7% on 2007 levels, to 1,720 tonnes swt. Increased shipments to Saudi Arabia contributed the rise, with volumes almost 3 times greater than year ago levels.

Exports to China increased 22% during February, to 1,270 tonnes swt, while shipments to the EU jumped 55%, to 1,100 tonnes swt. Other markets to record an increase in shipments for the month include Japan (795 tonnes swt) and the United Kingdom (751 tonnes).

Gradual recovery in lamb exports to Japan

6/03/2008

Lamb exports to Japan in February increased 43% on the previous year, to 795 tonnes swt, following the gradual path to recovery that had started since December 2007. Total sheepmeat exports were down 4% from February 2006, due to decreased shipments of frozen mutton.

The major users of Australian lamb in Japan are casual and fine western dining restaurants, moving on from the Genghis Khan (Mongolian style lamb barbeque) popularity in 2005 and 2006. Demand and interest in Australian lamb from international hotels is reportedly growing, however, tighter supply and higher prices this year could impact any further recovery.

Wholesale lamb prices in Japan were firm in February, with Australian shoulder (square cuts) being traded at around 855 yen/kg or A$8.79/kg – up 10 yen/kg compared with the same time last year.

Beef production eases

6/03/2008

Australian beef and veal production during January declined on the same time last year, as improved seasonal conditions saw producers reduce turnoff, while heavy rains across Queensland caused logistical problems for many processors. Total beef and veal production for January was down 14% year-on-year, to 140,499 tonnes cwt.

The largest decline in production during January was from Queensland, with volumes processed back 24% on the same time last year, to 46,218 tonnes cwt. The lower beef production in Queensland impacted exports with beef shipments from Queensland during February falling 28% year-on-year.

NSW and Victoria also recorded decreased beef production during January, -both down 10%, to 38,236 tonnes cwt and 31,666 tonnes cwt, respectively. The only state to record a jump in production for the month was WA, which reported an 8% rise on January 2007, to 10,817 tonnes cwt.

MLA's NLRS weekly slaughter figures indicate that beef production during February was again constrained by reduced turnoff and wet conditions throughout Queensland. Looking ahead, production should start to increase during March; however, the extent of the increase will depend on seasonal conditions and the level of competition from restockers and feeders for suitable younger cattle.

US beef exports on the rise

6/03/2008

While the domestic market remains the foundation of demand for US beef, exports are set to rise. Despite rising meat production costs, the United States Department of Agriculture (USDA) expects beef exports to recover quickly, as more markets reopen to US beef (after BSE-related bans) and in response to strong global economic growth and a weaker US$.

The USDA predicts a 19% rise in beef exports in 2008, still 47% below the pre-BSE level in 2003. Demand for high-quality beef is expected to be strong, with most US exports going to Mexico, Canada and Pacific Rim nations. A recovery in exports to Japan and Korea is expected from the first half of this year. The opening of the Russian market should also boost beef exports in 2008.

After falling in recent years, imports of processing beef to the US from Australia and New Zealand are expected to increase in 2008. With for the re-entry of US beef in eastern Asian markets, exports to these countries from Australia and New Zealand are likely to reduce, resulting in more product being shipped to the US.

Falling Brazilian beef exports

6/03/2008

Brazilian beef exports have made a sluggish start to 2008 with persistent falls in volumes shipped over recent months. According to the World Beef Report, exports during February totalled 76,500 tonnes (valued at US$ 254.3 million) – 16.8% below January shipments and 33% down on the same time last year.

The depressed export volumes come as a result of lower supplies, stronger domestic demand, the EU ban on imports of Brazilian beef and lower shipments to Russia, due to early year vacations.

The EU's decision to ease its import ban on Brazilian beef at the end of February has had little impact on restoring export volumes being sent to the EU. Only a meagre 106 Brazilian farms have been cleared to export to the EU – at least 3,000 farms are required to cover EU demand. Adding to the dilemma is the viability of shipping product to the EU, given the geographic dispersion of the few farms that have been cleared to export.

Sustained by the limited number of cattle, growth in domestic demand and rising Real, Brazilian steer prices have been on a steady incline (in US$ terms) since December. San Paulo prices reached US$2.83/kg in the past week – up 66% from the US$1.70/kg received at the same time last year.

Argentine exports cut again as prices rise
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Media and industry reports in Argentina suggest that the government has again stopped beef exports while it negotiates a new beef price cap for March and April with meatpackers and ranchers. This follows reports of a further 10% rise in domestic beef prices this year due to supply shortages.

Tight export restrictions have been in place since 2005 in order to increase the supply, and lower the cost of beef to Argentine consumers.

The latest tightening of export restrictions is likely to add to the tight supply of imported beef in the EU and Russia, following recent falls in exports from Brazil.