

head and up 25pc to 23.5 million in 2015.

It sees lamb production increasing seven per cent to 436,000t with carcass weights firm to 21.6kg in 2011 while lamb slaughter is expected to lift by 26pc to 514,000t by 2015.

Record lamb export levels are projected for 2011 with Australian lamb exports to increase by seven per cent to 167,000t in 2011, up 25pc to 201,000t in 2015 and a 45.9pc share of production which will also help influence prices in the saleyards.

Mr McRae said the underlining global factor for the strength of the Australian sheep industry was the decline of world flock numbers and limited supplies to meet demand.

In the last five years Australia and New Zealand sheep numbers had dropped 30 million head, which is virtually New Zealand's entire flock.

US sheep numbers are down to 5.5 million, Argentina steady at around 12 million and New Zealand numbers continue to decline with more farmers going into the dairy industry.

Mr McRae said Australia and its biggest competitor New Zealand made up 90pc of global lamb exports and New Zealand was experiencing a decline in supply and lamb exports to contract.

"Demand is increasing in virtually every country that wants lamb, namely the Middle East," Mr McRae said.

"We are the only country with sheep and lamb numbers that can come through each year to partly meet growing global demand."

Mr McRae said with strong population and income growth the Middle East took the mantle from the US as Australia's biggest importer of lamb and further growth from that market was expected.

Middle East exports are forecast to be up 14pc in 2011 to 41,900t.

"With WA's lighter lamb coming through and their geographic advantage, the Middle East market will be a crucial strength," he said.

Growth is forecast for the Asian lamb markets with China-Hong Kong up seven per cent to 25,400t and South East Asia up 11pc to 10,400t.

Mr McRae said the US market, which drove Australia's sheep industry for 20 years, had quietened its take due to its economic situation and the strength of the Australian dollar but they forecast a rise of five per cent to 35,900t in 2011.

"The US is our most valuable market and takes the cream of the crop of Australian heavy lambs and is willing to pay the price for them," he said.

He said Japan took 8000 to 10,000t a year but he was

unsure what ramifications the recent disasters could have on the Australian sheep industry.

MLA has forecast exports to be down three per cent to 7500t.

"Traditionally sheep meat is eaten in the northern areas where the disasters hit so we could see some impact there but it is too early to tell," he said.

Mutton exports have followed the declining trend with slaughter and sheep numbers but MLA forecasts a 12pc jump this year to 111,000t.

Australian live exports are expected to be down six per cent to 2.8 million head in 2011.

"I think live exporters will have to take their ships to Portland, Victoria, to find significant numbers if WA sees a break in the season and its need to retain breeding numbers," he said.