

# WAMMCO sees growth in lamb export

By **LYNETTE CAREW-REID**

WAMMCO chief executive officer Coll MacRury has cautiously welcomed the large investment by mining people into agriculture on the back of China's strong demand for food.

Mr MacRury said China was an important market and especially good on the lower and middle price-range cuts, but it wasn't possible to support a business based solely on China because it did not pay the premiums on the top end cuts.

Mr MacRury gave an outline of international markets at last week's carcass competition presentation.

He said as a WAMMCO customer, China took a lot of the fifth quarter product such as bones, offal, flaps, membranes and sinews that was of generally high volume but low value.

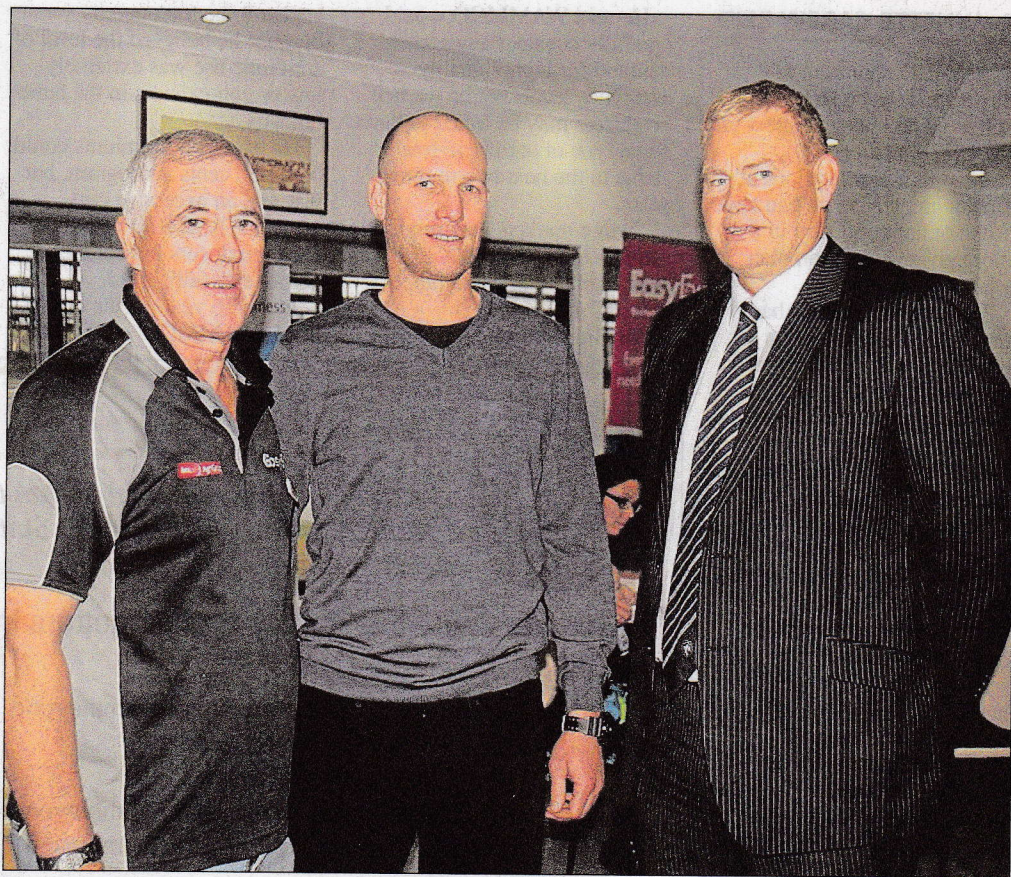
China's strong demand had doubled the value of those cuts in the past 18 months and had been the underlying strength of lamb and mutton for Australia and New Zealand.

"I don't see that going away but from what I understand China is 10-15 years away from matching what Canada, the Middle East and Europe are paying for those premium middle cuts," he said.

North America had regained WAMMCO's number one customer position.

"Two years ago, the Middle East was the dominant market but the steady improvement in economic conditions in the United States, the improved position of the Australian dollar and the rising cost of other proteins had restored the American market," Mr MacRury said.

"For the past couple of years lamb had been out on its own as a protein, but pork and beef were closing the price gap on lamb which was good news for WAMMCO as it would make lamb more acceptable to consumers."



Carcase competition sponsor and Milne Feeds representative Reg Crabb (left), with category winner Sheldon Kowald, Capemont Farming, Katanning, and WAMMCO chief executive officer Coll MacRury at last week's presentations at the new Katanning saleyards complex.

He said Canada had emerged as a WAMMCO market destination in the past year, after the company gained market access via its Lamb Co-operative investment with New Zealand.

It has become an "absolute" premium market, taking a container a week.

Price-wise, the US and Canada accounted for 31 per cent of WAMMCO lamb exports although they took only 21pc of its export tonnage showing its importance as a premium market.

In contrast China and Hong Kong bought 14pc of WAMMCO's lamb export volume while contributing 8pc of price revenue.

The re-emergence of the US market has prompted WAMMCO to announce a new price tier as an incentive

for heavier 22-28kg lambs delivered from this spring, to help grow this market.

The Middle East continued to be a strong and consistent customer for WAMMCO frozen lamb.

Prices were reasonably good but for some Middle East customers values were at a point where it would start effecting demand if they were to increase.

He said Europe had been a battling market for the past three years as a result of economic issues but there were some positive signs of consumer confidence.

As a result of recent talks he expected WAMMCO would do some "good business on chilled legs for Christmas".

WAMMCO was starting to see the success of having abattoirs on the west and east

coasts and was pleased to see the decision to buy the Goulburn works three years ago vindicated by the industry's current high.

"If we wanted to get into the Goulburn works today we would probably have to pay four times what we did three years ago," he said.

Both plants have had very good stock loading this year, which is important to run efficient plants.

Goulburn was formerly focused on mutton however a strong push had increased the percentage of lamb going through.

In the past six months, it had increased its domestic lamb production considerably, via its supply agreement to local Costco supermarkets which were taking almost 3000 lambs a week.

"Both plants have worked