

## Chair Report 2013

Many members of Caledonian Organics may feel that 2013 was quiet year for our co-operative. From an outside perspective that is probably true, and something that needs to be redressed. From the board's point of view however, a great deal of work goes on behind the scenes that we don't shout about enough. I was appointed Chair in early 2014 and it is my intention to communicate with you more often, to pass on news and market intelligence to help you market your organic beef and lamb better and to remind you more often about what is being done on your behalf.

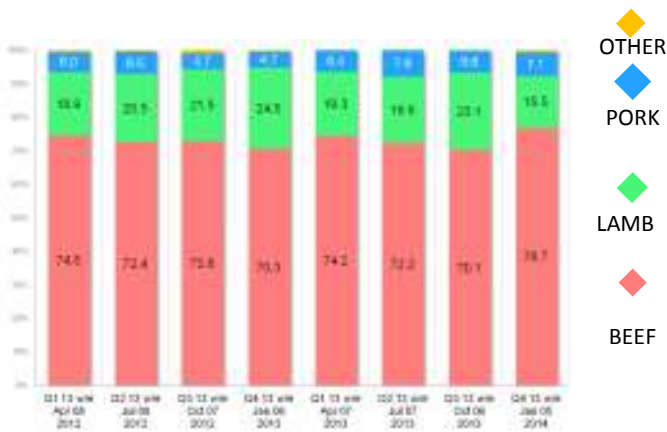
### Procurement

Our contract with Farm Stock Scotland (FSS) continues. Farm Stock Scotland is a federation of beef and lamb co-operatives and Caledonian Organics is a member organisation, and by default all Caledonian Organics members are also members of FSS. Andrew Lorrain Smith and I sit on the FSS board to represent CalOrg. Despite a challenging year for processors, FSS are going from strength to strength and continuing to build market share across organic and conventional procurement. They trade in store, prime and cull beef and lamb. David Marshall and the office team regularly send out news by text and email – if you do not receive this please let me know or contact Marjory in the FSS office. You can always find the FSS weekly report on the CalOrg website <http://www.caledonianorganics.co.uk/>

From April 2013 to March 2014 FSS sold 2249 organic sheep and 917 organic cattle. Lamb numbers were down at a worrying 30% for two reasons – loss of organic supply and the terrible snow in spring 2013. Cattle numbers were down 2% which is a far more encouraging figure considering loss of organic supply.

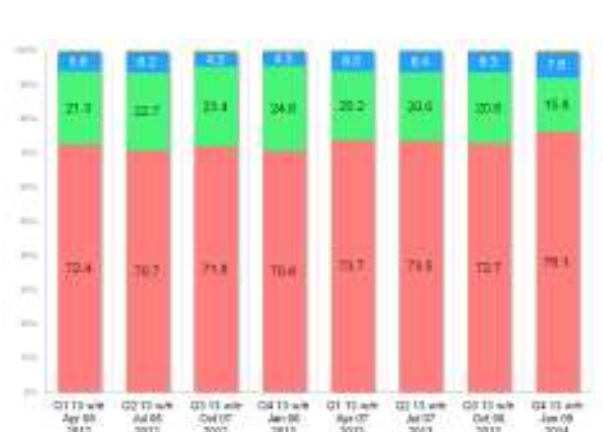
### Consumer Demand

Caledonian Organics commissioned a consumer retail report from *Kantar WorldPanel* in January 2014. The focus of the report was market analysis of consumer demand for organic beef and lamb during 2012 and 2013. The report shows that consumer demand for organic lamb fell from 2,400 tonnes in Quarter 4 of 2012 to 1,400 tonnes in Quarter 4 2013. At the same time, the number of organic sheep in the UK stayed pretty much the same. Demand for beef peaked in Quarter 1 of 2013 at 7,000 tonnes then dropped to 5,700 tonnes in Quarter 3, with a swift recovery in Quarter 4 of 2013 when it leapt to 7,100 tonnes. UK Organic cattle numbers have been mostly stable around the 350,000 mark.



UK Retail Volume Sales of Organic Fresh Meat

'000 tonnes



UK Retail Spend on Organic Fresh Meat

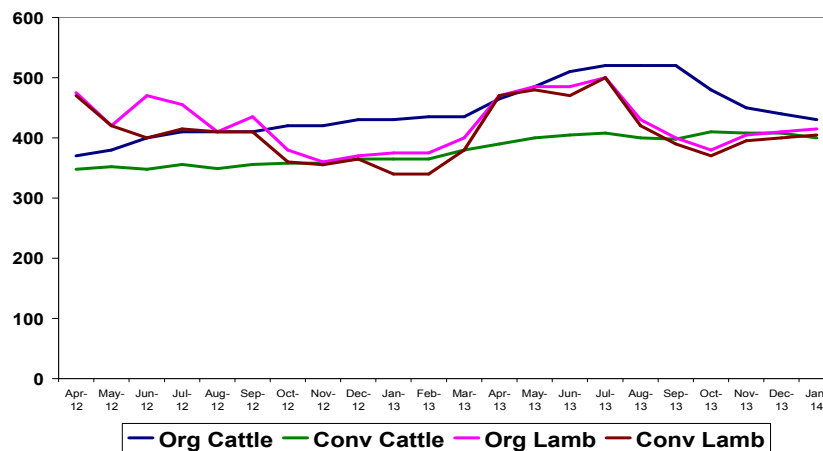
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### Market Prices

Organic lamb has always been victim of seasonal demand. Whilst production peaks with autumn supply true economic forces will dictate a tough market in late autumn. Peak organic lamb prices are achieved with New Season Lamb in May, June and July. By combining our marketing efforts through CalOrg and FSS we bring more numbers together to procure and increase our bargaining power with the processors. Correlating the autumn procurement numbers with the prices indicates that there are fewer difficulties in getting lambs away than there used to be; but there is still a lot of work to go. I would like to see the supply graph flattening out and would encourage those who can adapt, to shift the lambing pattern and utilise clovers to finish New Season Lamb in May, June, July when the market will pay for it.

2013 saw a record high price of 535 p/pkgdw seen for organic prime beef. We've never experienced such volatility in the beef market. This volatility continues in the poor prices we see today (350 p/pkgdw with a 5-10p premium over conventional). 535p/pkgdw was unsustainable- it may have been good for a brief time but in my view it would be preferable to have had a lower price then, balanced by a higher price than today. Whilst a high price is a good thing for those who are able to take advantage of it, intangible damage continues to this day with producer uncertainty and frustration.

The Organic Market Link Project has supplied me with the following graph of prices so you can see the organic premium from April 2012 until December 2013. I am encouraged to see that there have been more months with a premium than not.



**Website** [www.caledonianorganics.co.uk](http://www.caledonianorganics.co.uk)

Please feel free to refer to the CalOrg website. It is updated regularly with extracts from FSS market news. We rationalised and simplified the website early 2013 and it now costs a great deal less than it used to.

**Scottish Organic Forum** [www.scottishorganicforum.co.uk](http://www.scottishorganicforum.co.uk)

The SOF is an industry-led body comprising the key representative organic organisations in Scotland, and Scottish Government. The SOF meets 4 times a year to discuss growth and development of organics in Scotland, identifying threats and solutions. The SOF collaboratively publish and deliver the Organic Action Plan. CalOrg has at least two board members sit on the forum at any one time so our interests are represented and fed in to the overall national strategy for making organics better. We are extremely fortunate to have Scottish Government keen to be involved with industry; it gives us a policy background and direct route into government officials. The SOF can't lobby, but individual organisations can so as a board we are active in engaging with the government contacts we gain through the SOF. If you want to find out more, keep an eye out for any of the SOF Open meetings.

### **Export Study**

I am delighted to see the fruition of one of CalOrg's ambitions in 2013: to conduct a feasibility study into the viability of building an export market for organic beef and lamb. With support from Scottish Government and a lot of work researching and analysing the potential, we are now in a position to publish the report. You can find it on the CalOrg Website, but the summary is that there are potentially great benefits to be had by selling to organic markets in Europe and London. We recognise there is a complicated supply chain to negotiate but with the help of key industry partners such as QMS and SDI, both of whom has expertise in export, we would like to explore this further.

I am also exploring some market supply of organic beef to school children through the Food for Life programme. It looks like this will only be small amounts in a restricted geographic area, but I am content to try a pilot and test this new opportunity.

### **Membership**

One of my ambitions is to build a better relationship between CalOrg and its members – YOU. As a board giving overall direction to this co-operative it is important that we make sure we are delivering. As part of this I am keen to hear your views on CalOrg. As you will know, we have no staff resource, only the directors' time which is not remunerated. But we do have excellent collaborative relations with partner organisations – through the SOF and with our federal co-op Farm Stock Scotland. I think it is a good time to test and refresh, and so I will be contacting you in the coming months to discuss what we do, how we do it, and why we do it.

**So in summary my three key aims for the coming year:**

- 1. Communicate with you more**
- 2. Take Exports forward**
- 3. Test and refresh CalOrg**

I would like to officially and personally thank Ross Paton, our retiring Chair who stood down at the end of 2013 after 6 years. Ross leaves a co-op with sound financial reserves so I would like to thank him for his efforts over the time he was involved with CalOrg. I would also like to thank the ongoing commitment, common sense and diligence I enjoy from my fellow directors Jeremy Sharman, Andrew Lorrain Smith and Duncan Todd.

In case you don't know, my contact details are 0773322 8701 and [debs.farmton@gmail.com](mailto:debs.farmton@gmail.com)

Debs Roberts  
Chair  
June 2014