



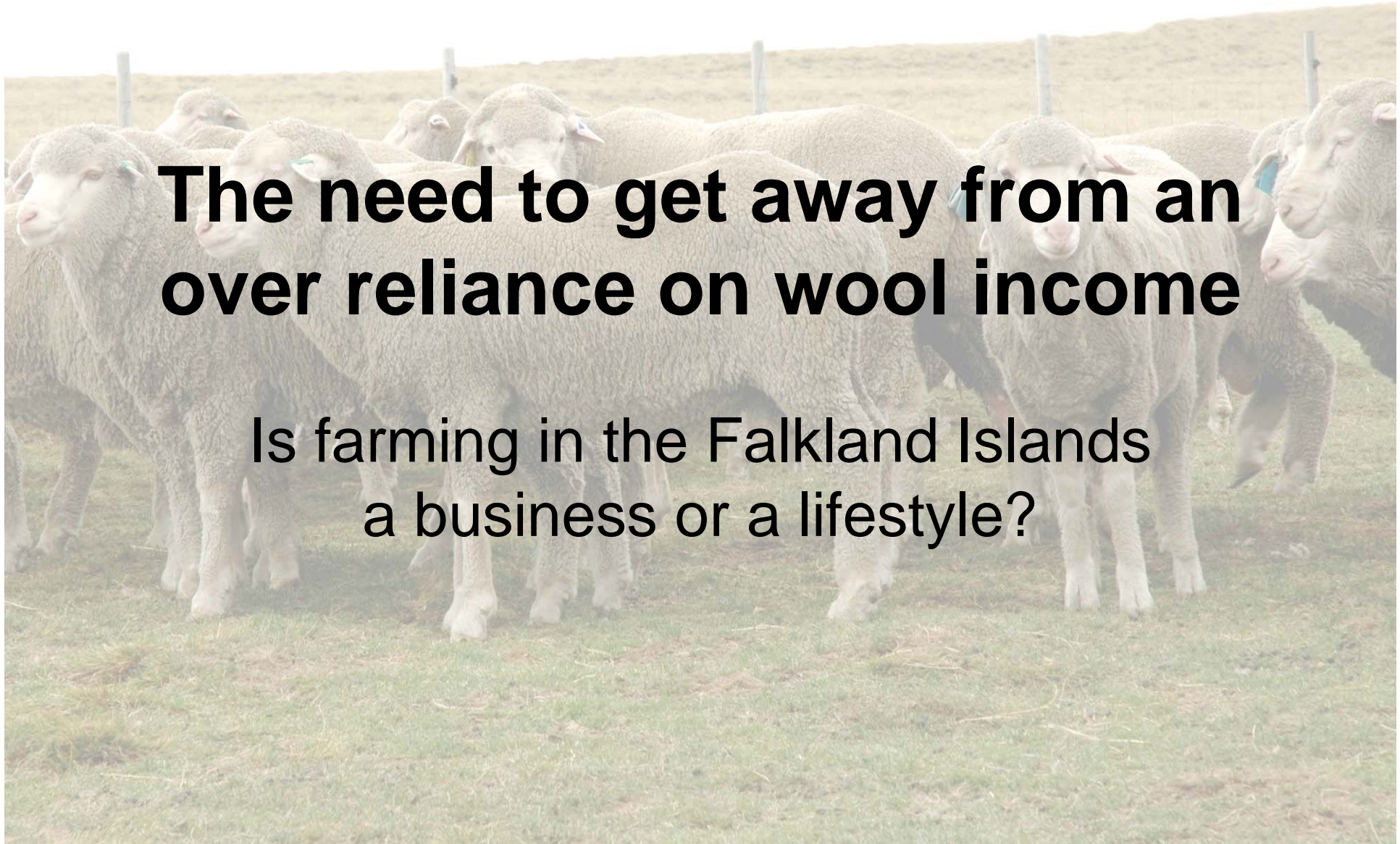
# Department of Agriculture

Falkland Islands Government



## **The need to get away from an over reliance on wool income**

Is farming in the Falkland Islands  
a business or a lifestyle?





# Department of Agriculture

Falkland Islands Government



## Things are not as good as they seem at first





# Department of Agriculture

Falkland Islands Government



## A typical Falkland Island farm...

- Earns about 80% of its farm income from wool
- Grows 22-27 $\mu$  wool; the lower priced end of the apparel wool market
- Has average wool (net Stanley) income before costs and tax less than £25k/year
- Needs a coat of paint

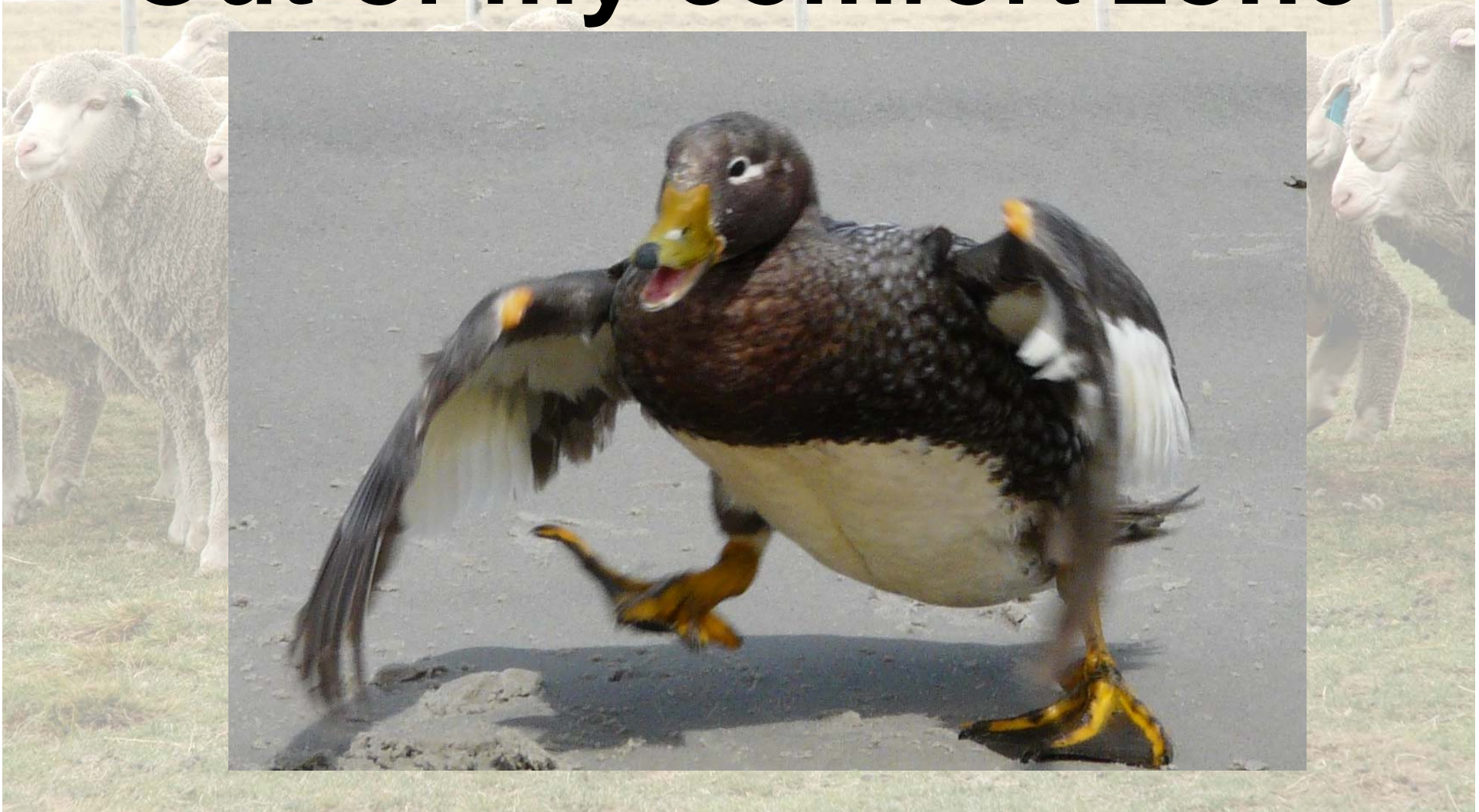


Department of Agriculture

Falkland Islands Government



# Out of my comfort zone





# Department of Agriculture

Falkland Islands Government



## Productivity is dropping

- As farmers spend more time seeking off farm income
- As farmers cut sometimes vital operating costs
- As capital investment drops and assets deteriorate

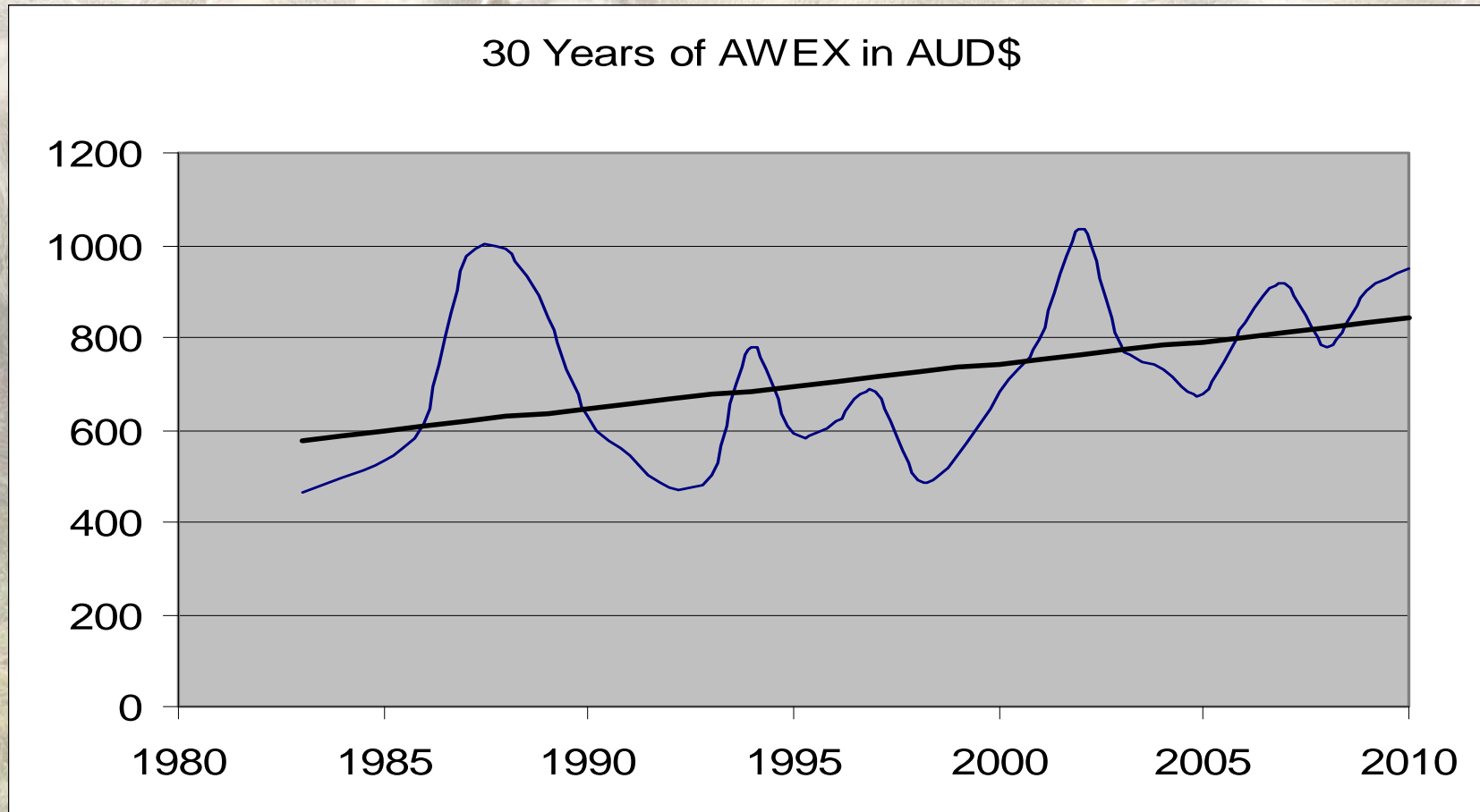


# Department of Agriculture

Falkland Islands Government



## Wool - long term price trend not keeping up with inflation





# Department of Agriculture

Falkland Islands Government



## Cost price squeeze

While prices for wool keep coming down  
The cost of inputs keep going up,  
Squeezing out any profit

- Freight
- Shearing and labour
- Fuel
- Drenches, fertilizers, fencing materials....



# Department of Agriculture

Falkland Islands Government



## The good news

- Farm (wool) income from previous season should be up 30%
- International wool prices were above the long term trend anyway
- And a low valued £ has added a further share



Department of Agriculture

Falkland Islands Government



**Last season all the ducks were in  
a row**





# Department of Agriculture

Falkland Islands Government



## The bad news

**Wool is almost exactly the same price now, with this mini boom, as it was in 1988 (in actual terms: p/kg)**





# Department of Agriculture

Falkland Islands Government



## Might wool prices stay up? After all supply is down world wide

- Wool is 5 times the price of cotton
- And 3 times the price of synthetics
- It has contamination risk and other quality issues
- It is seen as a more exclusive product
- And is a bit “old fashioned”



# Department of Agriculture

Falkland Islands Government



## Falkland Island wool is used for...

- Outer garments
  - Aran and bulky knitwear
  - Coarse jacketing
  - Blending with synthetic
- Has higher weight
  - Uses more wool which needs to be cheaper
- Tends to be long lasting (bad marketing!)



**Department of Agriculture**

Falkland Islands Government



# How can we increase wool income?

## 1. By Going Finer

- Although finer wool is worth more many believe choice of micron is dictated by the environment
- Some are fining the clip down but still hard to go very fine here



# Department of Agriculture

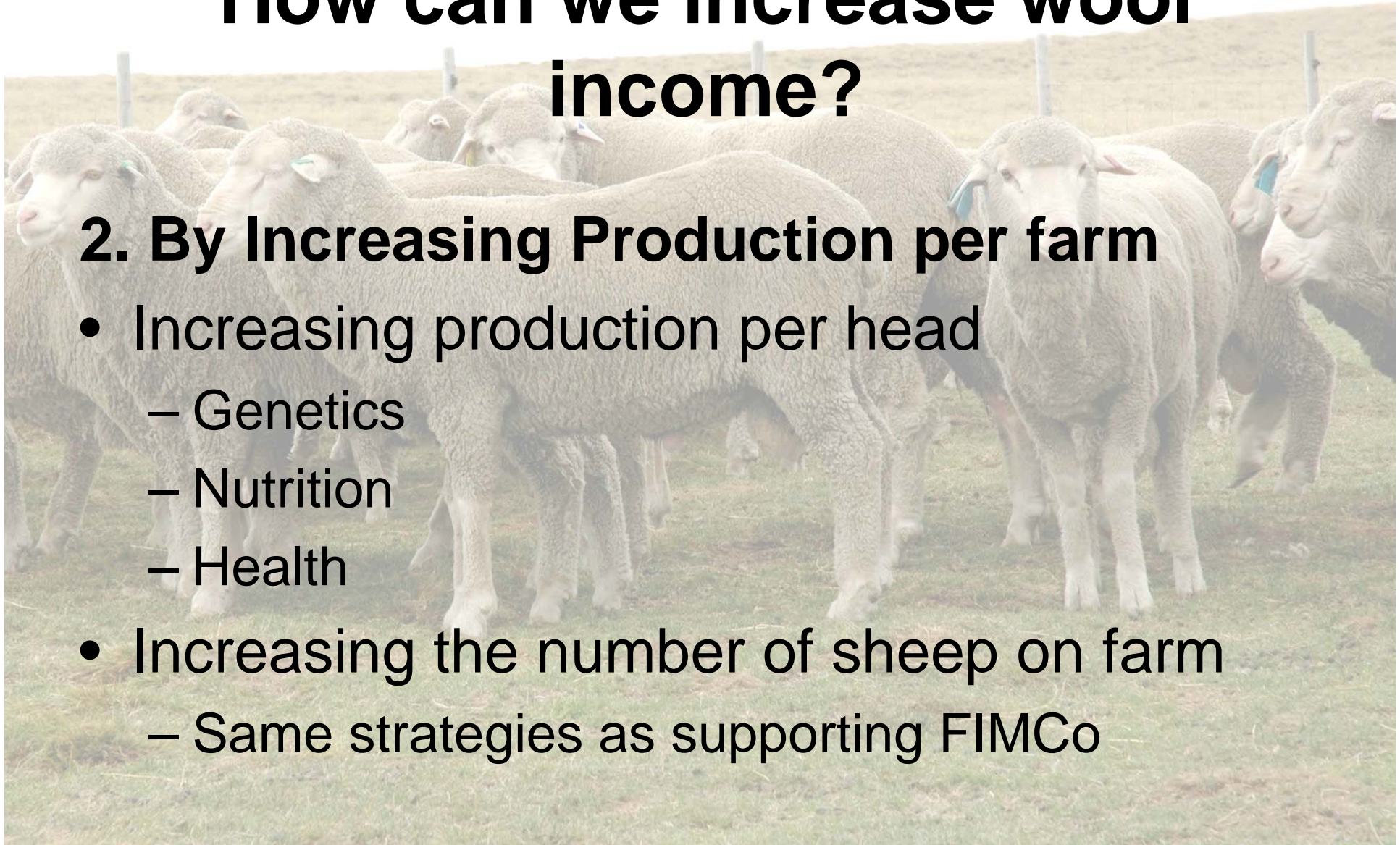
Falkland Islands Government



## How can we increase wool income?

### 2. By Increasing Production per farm

- Increasing production per head
  - Genetics
  - Nutrition
  - Health
- Increasing the number of sheep on farm
  - Same strategies as supporting FIMCo





# Department of Agriculture

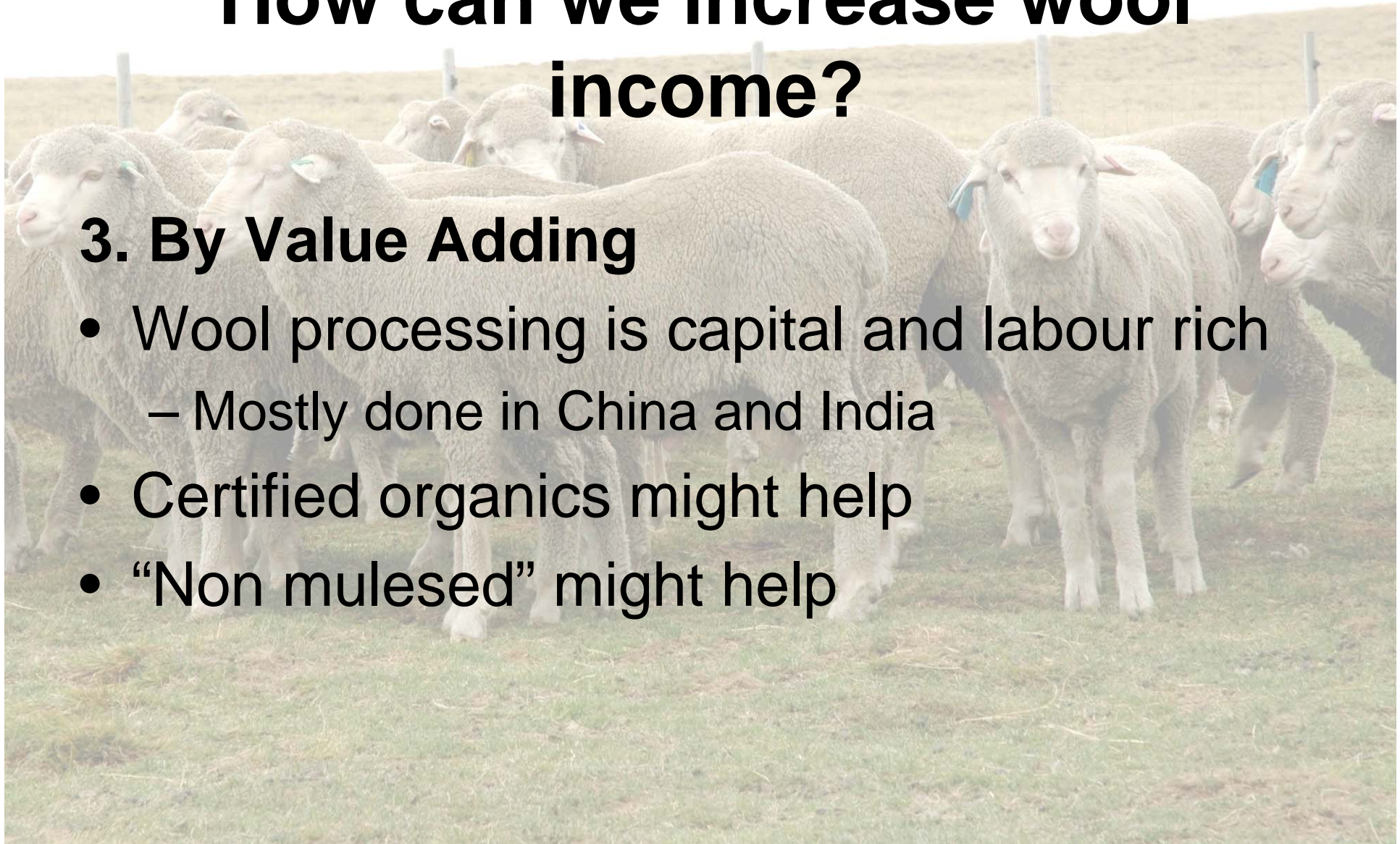
Falkland Islands Government



## How can we increase wool income?

### 3. By Value Adding

- Wool processing is capital and labour rich
  - Mostly done in China and India
- Certified organics might help
- “Non mulesed” might help





# Department of Agriculture

Falkland Islands Government



## Agriculture is at the crossroads

- Keep going like we are
  - Death by 1000 cuts
- If FIG reduced farm services
  - Euthanasia
- Make some big changes
  - Important for farm businesses
  - Important for Camp





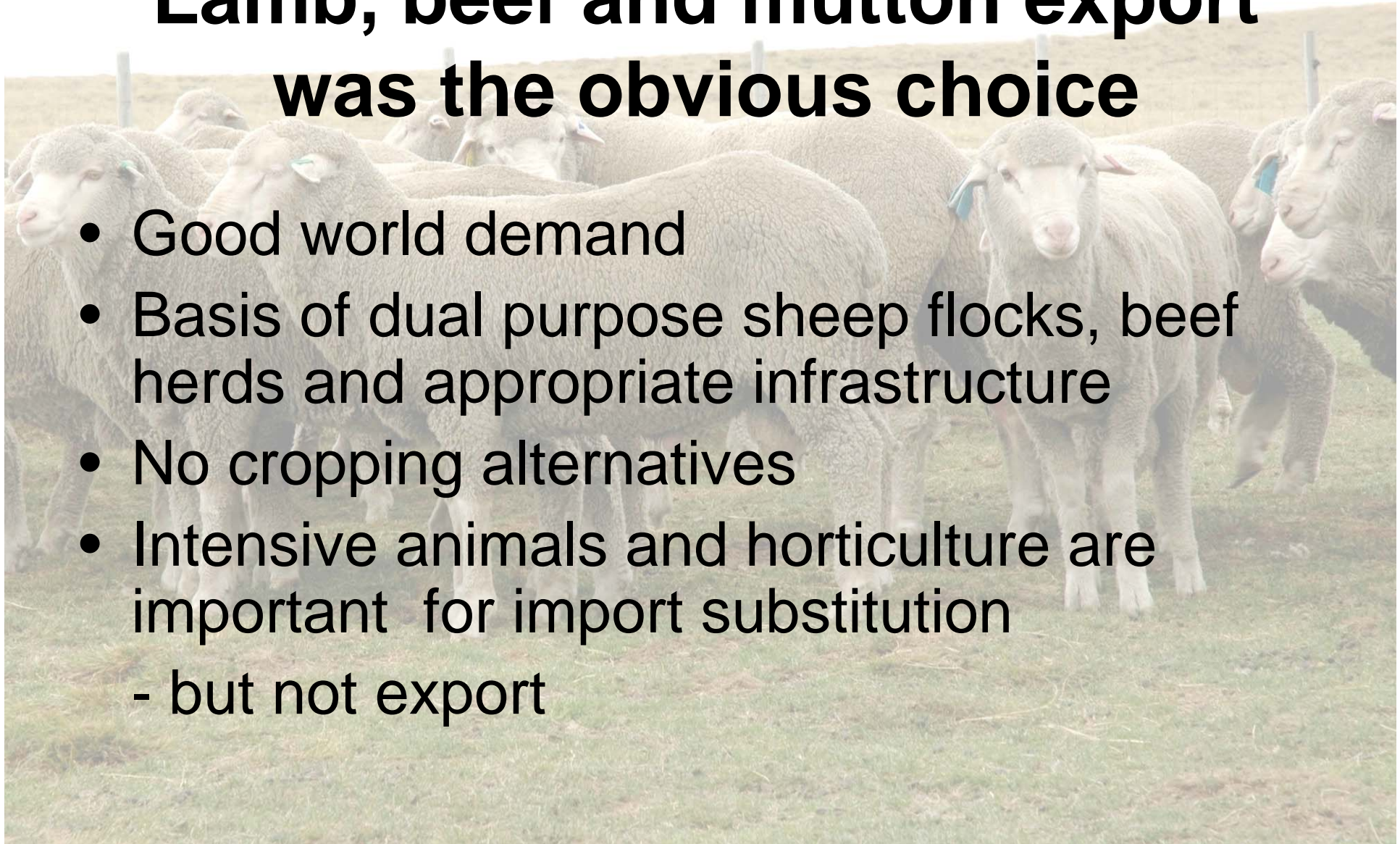
# Department of Agriculture

Falkland Islands Government



## Lamb, beef and mutton export was the obvious choice

- Good world demand
- Basis of dual purpose sheep flocks, beef herds and appropriate infrastructure
- No cropping alternatives
- Intensive animals and horticulture are important for import substitution  
- but not export





# Department of Agriculture

Falkland Islands Government



## Summary

- Try to maintain a significant wool income
  - It will be down
    - Less wethers
    - Less hog wool if NSL produced
    - But more ewe wool
- Try to increase total meat income
  - Lambs, mutton (ewe and wether) and beef