The Great Sheep industry and its Juicy Fifth Quarter

A MARKET SURVEY
COMMISSIONED BY
MEAT SOUTH WEST
FOR
THE SOUTH WEST of ENGLAND REGIONAL DEVELOPMENT AUTHORITY (SWRDA)
## The Great Sheep industry and its Juicy Fifth Quarter

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**Acknowledgements**
1.1.1 AIMS OF THE STUDY:

- To provide a situation and market analysis of the Sheepskin Industry in the South West.
- To identify opportunities for improving the profitability and sustainability of the Industry.
- To provide guidelines for the future direction of individual businesses involved in the Sheepskin Industry with particular reference to the Tanning sector.

1.1.2 PREFACE

Sheep have been farmed in Britain for over 5,000 years.

Even before the Romans conquered these Islands in 43 AD, Sheep and Wool production was famed and widely traded.

During Medieval times the Wool Staple was the main source of the Kings’ revenue, shaping much of the Nation’s foreign policy.

The 18th Century Industrial Revolution in the UK was as much driven by demand for wool textiles, as spinning and weaving were driven by the flood of new technologies.

Gradually over the 19th & 20th Century with the growth and spread of an urbanized population (in 1901 the UK population was 38.3m, only 14% of whom lived in towns and cities, by 2001 the population was 59m, over 90% of whom lived in urban centres), Meat overtook Wool as the raison d’etre of the Sheep Industry.

This survey starts by inspecting the main links in the chain of supply of today’s Great Sheep Industry (see Overview on page 3) and noting their dynamic and sometimes stormy relationships in order to understand how the Sheepskin Industry, the Fifth Quarter fits in.

Then goes on to look at the activities of stakeholders within this Sheepskin Industry.

Finally concentrating on the endangered Woollskin processing sector (Tanneries) in an attempt to find ways of ensuring this 2,000 year old tanning tradition is passed on to the next generation of young UK based Sheepskin scientists, technicians, designers, manufacturers and marketeers, to continue even more effectively adding value to the Sheep's Fifth Quarter.
1.1.3 BACKGROUND

Throughout the 20th century, the Sheepskin Industry in the South of England had pole position in the tanning, wholesaling, manufacture and retailing of sheepskins and sheepskin products.

*In this report Sheepskin will always mean the original wool-on-leather ‘coat’ (Woolskin) of the animal or products made from it.*

At its apogee in the 1960’s, 70’s and first part of the 1980’s the Sheepskin Industry employed around 5,000 people, over 50% of whom were based in South West of England.

The 6 biggest Companies (tanneries and manufacturers) employed 2140 people with a combined turnover then of £30 million p.a.

In the South West, Woolskin Tanners like Morlands, Bailys, Devonia at Buckfastleigh, Tanns, Nichols and outside the region, Tanneries like Spalding Sheepskin, Webbs of Stowmarket, Union Leather at Nuneaton, Gomshall Tanneries in Surrey and Antartex in Scotland, were well known ‘Brand’ names. More than 14 specialist Sheepskin tanners producing finished sheepskins for clothing, slippers and footwear linings, hearth rugs, yet more slippers, infant care, car seat covers many other products retailed comprehensively in every major high street throughout the UK and exported to more than 26 countries.

By the beginning of the 1990’s 2 commercial Tanneries remained and employment was down to less than 350 people.

In 2006 employment in the Sheepskin Industry South West is less than 250 people with a combined total turnover in the order of £10m p.a. Specialist retailers can be counted on the fingers of 1 hand.

Though an integral part of the livestock Industry, the Sheepskin sector has always tended to operate in isolation from the rest of the Sheep sector, however:

- Recent EC legislation arising from the various food and farming crises over the last decade; BSE in mid-90’s, Foot and Mouth Disease (FMD) in 2003, Scrapie elimination, Animal By Product Regulations (ABPR) have impacted heavily on the Tanning sector which shares a back yard with Farming and Food and encouraged -some would say forced - Sheepskin Tanners to take a vigorous role in representing wider Sheep Industry interests as well as their own concerns, to Government agencies like Defra, the Veterinary Service & the DTI.

- Rapid changes in consumer taste and lifestyle have led to sharp fluctuations in demand for sheepskin products. Here again the Sheepskin Industry reacted positively by taking a formative part in the design process from the 1990’s to the present. (A telling sign of this change, in 2000 , 1 in 18 of the population had ethnic origins outside the UK; by 2005 this ratio is 1 in 14 people).
Globalization signalled by the growth of China, India and the Tiger economies as major exporting processors and manufacturers given wing by the Internet revolution of the late 1990’s, together changed trading patterns beyond recognition in all sectors for ever. The jury is still out on how well Sheepskin businesses will adapt this time round.

(Nb. Unlike China, Japan, a major Far Eastern purchaser of finished Sheepskin and sheepskin products during its phenomenal growth period over the last 3 decades never developed an on-shore sheepskin tanning capacity).

1.2 MARKET OVERVIEW

1.2.1 Fig.1 SHEEP INDUSTRY STRUCTURE
1.2.2 THE SHEEP INDUSTRY, KEY FACTS AND FIGURES

- The annual UK Sheep Kill including Ewes and Rams has averaged 16.5 m p.a. over 10 year period 1996 - 2005, with peak in 1999 at 19.1m and low in 2001 of 12.96m.

- The UK Sheep meat kill in 2005 was 14.1million lambs (+ 2.2million ewes and rams)

- Of which England killed 9,734,489 lambs - 69%.

- The South West of England lamb kill was 2,648,695, 18.8% of the UK kill and 27.2% of the kill in England. Undertaken from 11,500 holdings.

- Finished lamb dead weight (dw) value 2005 for UK finished lamb was around £775m.

(Sources: English Beef and Lamb Executive, EBLEX; Meat Livestock Commission, MLC; Defra Slaughter/Farm stats).

- 16m+ woolskins (average total UK yearly kill) represents a huge, sustainable national asset.

- Only 60,000 UK skins p.a. are processed by the remaining UK tanning sector, less than 0.45% of the total UK kill.

(Nb. Contrast this with late 70s early 80s when 1.5m to 2.0 m sheepskins were tanned p.a. in the UK)

- At a notional retail sales price of £50 per skin the revenue from UK tanned sheepskins realizes £3m p.a. (60,000 x £50)

- On this basis however, tanned UK sheepskins at this price could gross £50m p.a. per million.

- In 2005 raw lambskin wool-on exports realized £2.6m per million skins (x 9.74m). And £4.9m per million for raw wool-on sheepskins (x 2.54m).

(Source: Official Journal of EC).

By way of comparision: the combined UK/Irish Bovine kill is reported to be around 5 million hides of which 2.9 million hides, 58%, are processed by the remaining 6 remaining Leather Tanners in the UK.

NB. A cow hide is roughly 5 times bigger than a sheepskin and then is split into 2 or more layers.

What if 58% of the UK sheep kill (around 16m) was UK tanned? It would notionally gross £464 million p.a. (ie. 9.28 million skins x £50/skin).
1.2.2F Fig2 UK SHEEPSKIN INDUSTRY FLOWCHART

Sheep Farming
(Total Sheep & Lamb Population 35,729,000 June 2003)

Livestock Market
No Data
Valuation by tender for Lambs & Sheep includes skin potential

Home Kill
No Data
Speciality breeders plus personal meat needs

14,140,000 to slaughter

Abattoir
No Data
The bulk production route for commercial lambskins. Most skins are contracted for by Hide Markets. Services for smallholders are often available

Butcher
No Data
Small local kill for breeders and smallholders. Skins can be retained for salting and butcher’s Contract tanning direct. Service to smallholders

Livestock Market
No Data
Valuation by tender for Lambs & Sheep includes skin potential

14,140,000 to slaughter

Home Kill
No Data
Speciality breeders plus personal meat needs

Abattoir
No Data
The bulk production route for commercial lambskins. Most skins are contracted for by Hide Markets. Services for smallholders are often available

Butcher
No Data
Small local kill for breeders and smallholders. Skins can be retained for salting and butcher’s Contract tanning direct. Service to smallholders

Hide Markets
No Data
Collectors of raw Hides & Skins for salting. These are now the grading and purchase point for lambskins to be exported (Previously a Fellmongery function)

OPPORTUNITY
3,000 (estimate for 2003)
The missing link for the smallholders and breeders wanting their sheepskins tanned for own use THE MINI HIDE MARKET

Skin Exporter
11.45 million
Now the main outlet for UK Lambskins. Turkey 8.8 million
Spain 2.5 million
Poland 0.75
Spain most fellmongered

Fellmonger
2.0 million
Chemical separation of wool from pelt. Now a minor industry. Only 4 significant fellmongeries remain

UK Sheepskin Tanner
Approx 60,000 - reducing Processing wool on lambskins. Also sourcing from Australia & USA. 160,000 - Increasing Opportunity for smallholder’s private Sheepskin Tanning Contracts 2 Commercial UK Tanneries only

300k raw wool on sheepskin imports assumed to be lost in EEC exports & internal movements

Discussion Document produced by the Real Sheepskin Association 2004
1.2.3 THE UK FELLMONGER

During much of the 20th Century, the Fellmonger collected raw sheepskins from the Meat Markets (Abattoirs, Butchers) and de-wooled and preserved them ready for conversion by the Nappa Leather specialist Tanneries here in the UK and, more usually, overseas in countries like Pakistan and India, Spain, Turkey.

In the 1980’s it is estimated Fellmongers processed 15m skins, of which 8m were exported as wet blue and at least half were tanned and finished in the UK by such specialist Tanners as the Pittard Garner Group.

In the 1980’s and 1990s the UK lost much of its sheepskin infrastructure. Tanneries closed first followed by most of the 18 Fellmongers unsettled by the merger bids between Strong and Fisher, and Hillsdown Holdings for Pittard Garner which culminated in Monopolies and Mergers Commission intervention in 1989 and the coup de grace - the Asian market price crash of 1998. (See diagram Fellmongers in the UK 1989).

Around the turn of the 21st century demand for UK Nappa Skins virtually ceased because:

- The world market for nappa (clothing quality sheepskin leather) was very competitive, with production from Korea, India, Pakistan and China developing fast.
- The end of compulsory sheep dipping plus problems with ‘butchers strain’ led to a lowering of quality standards where the UK had previously enjoyed a competitive advantage.
- Demand from Russia via Turkey and Poland led to high priced woolskins (being exported salted from the UK) made nappa production relatively uneconomic.
- New and much cheaper sources of supply, primarily from African Hair (as opposed to Wool) sheep, plus processing increases resulting from environmental, employment, legislation costs in UK/Europe made production uneconomic.

By 2006 only 2 Fellmongers remain - Nettleton and Porter, Retford, a subsidiary of Colomer, Spain and West Yorkshire Fellmongers (part of Eastern Counties Leather).
1.2.3F Fig. 3 FELLMONGERS IN THE UK, 1988

Symbol key

△ Strong & Fisher
■ Pittard Garner
+ Hillsdown Holdings
♦ Others

Numerical key

1. Lewis & Son (S&F)
2. A H Taylors (S&F)
3. Thos Waterfield (S&F)
4. Charles Paisley (PG)
5. Fletcher & Webb (PG)
6. White Burns (PG)
7. Barker & Hird (HH)
8. Barker & Hird (HH)
9. Barker & Hird (HH)
10. Barker & Hird (HH)
11. Hume & Thompson
12. Roberts, Price & Co
13. West Yorkshire Fellmongers
14. Border Sheepskins
15. Nettletons & Porter
16. Albert Barker (Esholt)
17. D Meredith
18. Inch Fellmongers (Northern Ireland)
1.2.4 THE UK HIDE MARKET

The traditional role of the Hide Market has been to collect hides and skins - ovine, bovine, equine, caprine little, equine and porcine very little, etc. from the Meat Market (Abattoirs/Slaughter Houses/Meat Packers and Butchers).

During the 1980's there were more than 60 Hide Markets throughout the UK. The commercial warfare between the Strong and Fisher and Hillsdown Holdings over Pittard Garner referred to in section 1.2.3 The Fellmonger, again played a part in causing the downfall of the 2 former and has doggedly undermined the latter. (See attached diagram Hide and Skin Markets in the UK)

Hide Market trading activities were covered by the National Federation of Hide and Skin Markets until they ran out of steam in 1996.

And the Skin, Hide and Leather Trade Association (SHALTA) which had around 20 Members but ran out of steam in 2003.

During this period the Hide Markets accounted for around 7 - 8m raw woolskins.

The shell of SHALTA is vested with the UK Leather Federation, UKLF (formerly the British Leather Confederation) in Northampton.

In the South West of England the main Hide Markets are:

- Jasper Byrne, Launceston (Paddy Byrne).
- Skins International in Willand, Tiverton (Steve Mays).
- Exeter Hides and Skins (EHS) (Paul Ross).

NB. Also Marshall Farmers operating out of Mardon, Kent (Mike Carpenter).

In 2005 their markets have been:

- 30% Turkey
- 20% Pakistan
- 20% Tunisia
- 20% China
- 10% Other including the UK!

Other Hide Markets in the UK are Eastern Counties, Bradford Hides and Skins. Northern Butchers have recently ceased business.

Senior Hide Market managers report the sector still handles around 85% of the UK’s 16 m+ annual Sheep Kill directly through their own depots or are contracted to work on big Abattoirs’ premises or through Agents working with Abattoirs.
**Speed of throughput**, as for Slaughter Houses, is a major consideration for the safe, hygienic and profitable operation of a Hide Market. Selection, storage or processing of skins and hides has not been seen for the most part as an important service they offer. And the usual business custom of paying more for doing more, does not appear to have developed between tanner and hide market.

As middlemen between producer (Meat Market) and Customer (Leather and Sheepskin Tanner) Hide Markets are of late seen by some Meat Industry figures as an unnecessary cost layer who believe they can find container-load customers for themselves in export markets like China; markets where there is strong demand for all sorts of raw materials (oil, metals, plastics, people) at this stage in their industrial growth.

Many hold this development up as a predictable example of capitalism red in tooth and claw which is fine for as long as export demand holds up. The usual health warnings apply - witness the Asian Collapse of 1998 when UK Hide Market exports for Turkish double face sheepskin coat production totally ceased following the turmoil which closed down the Russian economy.

Also cited as a cause of breakdown in the chain of supply, the sectoral suspicion between all parties in the Sheep Industry, what economists delicately describe as “an imperfect Market” and Sheepskin Tanners at the end of the line describe as a “mafia chain of supply”.

*(Meanwhile Sheep Farmers have simply been kept in the dark that is until EBLEX started publishing raw skin prices on www.eblex.org.uk in Autumn 2005).*

For their part some senior figures in the Hide Market affirm they are quite prepared to select sheepskins against specification and store short-term providing they can charge a suitable premium for their extra work.

*The ‘Financial Dictionary’ defines an Imperfect Market as one where individual buyers and sellers are able to influence prices if sellers are few or if price information available to buyers is deficient.*
1.2.4F  Fig.4  HIDE MARKETS IN THE UK 1988

Key
- Strong & Fisher [16]
- 50% Strong & Fisher [2]
- Pittard Garnar [4]
- Hillsdown Holdings [2]
- Others [40]
1.2.5 THE MEAT MARKET - ABATTOIR AND BUTCHER

Abattoirs (also known as Slaughter Houses, Meat Packers and in New Zealand, Freezing Works since most of their production is exported) traditionally handle the slaughtering, processing and distribution of meat primarily for human consumption. But the sector also yields a variety of by-products including hides and skins, dried blood and through the process of rendering, fat such as tallow and protein meals.

30 years ago there were more than 2500 (town) abattoirs operating in the UK. Today there are less than 300. Of these some 50 firms slaughter most of the meat found on supermarket shelves.

(Supermarkets are the dominant partner in the UK retail scene - £1 in £8 spent in the UK last year went through Tesco’s tills).

The remaining small and medium sized plants provide a valuable local service.

Many closures have resulted from the expansion of towns and the pressure to release land for housing in combination with the attraction of realizing windfall returns which business would never be able to attain through trading.
There continues to be a gradual merging of Companies to gain economies of scale to pay for the introduction of more mechanization and quality control standards arising from the BSE crisis of the mid-90s and the raft of new legislative requirements which followed (Over Thirty Month Scheme, Meat Hygiene Service, the new Food Standards Agency, then the Foot and Mouth outbreak of 2003).

R Y Henderson’s £4m 65,000sq.ft. processing plant on a greenfield site in Lithlithgow, West Lothian is a case in point. It was opened by Princess Anne in September 2006 and is the first new abattoir to be built in Scotland for 25 years. Around £620,000 was funded by the Scottish Executive.

However the Lamb operations at the well respected West Country-based Lloyd Maunder Group was forced to close after the 108 year old Company lost a major UK supermarket account and attempts to redirect the business into the export and wholesale market failed.

Before Sainsburys terminated its contract, it took 6,000 to 10,000 lambs killed per week. Mauenders runs a number of successful Butchers shops including the Dewhurst chain.

(Henry Ford in his autobiography “My life and Times” cites the giant US Meat Packers like Armour and Swift, as the model he adopted for his conveyorized motor assembly lines).

UK production of red meat has remained reasonably stable despite the health scares of the 1990s. The sector employs just over 100,000 people and is represented by LASSA (Licensed Slaughterers and Salvage Association), RMIF (Red Meat Industrial Forum), AIMS (Association of Independent Meat Suppliers) UK sheep meat exports have resumed after the F&M embargo and show an 18% uplift in the first quarter of 2006 with France taking around 75%.

Of 99 licensed Cutting Plants (Abattoirs) 21 are based in the South West Region of England, largely in Somerset, Devon and Cornwall.

1.2.6 BUTCHERS

There are about 7500 retail Butchers and 600 specialist-catering Butchers in Britain today. The number of retail Butchers has dropped dramatically over the last 30 years as supermarkets have come to dominate meat sales. However Independents have enjoyed something of a revival in the last two years as shoppers become increasingly aware of health issues and require assurance over traceability and quality of meat.

Consumers eat on average 5.8kg of lamb a year in the UK which is the biggest exporter of lamb in the EU. It is also the biggest producer at 325,000 tonnes p.a. More than 70% of the 110,000 tonnes of lamb imported into the UK comes from New Zealand, which is the world’s biggest exporter at some 360,000 tonnes a year.
1.2.7 SUPERMARKETS

Supermarkets are the chief retail outlet for lamb and sheep meat products.

The sector is dominated by Tesco (being seen as a tier on its own) with a market share which passed 30% in 2005, nearly double second placed ASDA followed by Morrisons and Sainsbury's.

There are no regional chains left in the UK which operate superstores.

The ‘Big 4’ had a combined share of 74.3% of the UK grocery market by the end of 2005.

There are 24 British supermarket chains including the ‘Big 4’, after organizations like Waitrose (in the vanguard of the ‘local foods’ movement), SPAR, Co-op, Lidl, Aldi, Budgens etc.

In 2004 Sainsbury employed over 145,000 people. In 2006, Morrison’s employ 130,000 and have 360 stores.

Worldwide in 2006, Tesco employ 360,000 with 1,897 stores in the UK alone (in 1939 Tesco had 100 branches).

1.2.8 FARMA

The National Farmers' Retail & Markets Association (FARMA), based in Southampton, began its exponential growth, in the late 1980’s and is now the largest organization of its type in the world, having a direct influence on a number of Government policies including the 2001 Future of Food and Farming in England.

The organization encourages consumers to support local farms, local foods and local businesses and has become the darling of much media coverage, in particular many television and radio, food and farming programmes.

Its "food pioneers" Friends of Local Food campaign (Autumn 06) enlists the growing numbers of "foodies" to choose to buy their food from farmers' markets (some 550 locations round the UK with a combined turnover of £220m/yr.), farm shops, pick-your-own farms, home delivery farmers' box scheme, on-farm catering and farm entertainment.

FARMA believes that the local foods network it is building up is: sustainable, supports the countryside and communities, enables Farmers to get close to customers, fosters innovation and investment in farming and offers consumers an alternative place to buy food. FARMA inspects farm retail and farmers' markets to ensure they are the “real thing”.

NB. In the US there are more than 3000 Farmers' Markets with a combined turnover of $1billion.

For more details www.FARMA.org.uk (tel: 0845 4588420)
1.2.9 THE UK WOOL INDUSTRY

Effectively and uniquely the UK wool clip is administered by a “farmer run organization, the The British Wool Marketing Board (BWMB) established in 1950 to operate a centrally run marketing system for UK fleece wool, with the aim of achieving the best possible net return for producers.

It is the only organization in the world that collects, grades, sells and promotes fleece wool and the only remaining agricultural commodity board in the UK.

It receives no financial support, although operating commercially, the BWMB is non-profit making, returning to producers the market price for their wool, less its own costs”.

Its objectives are to:

- Provide a secure market outlook for producers (about 90,000).
- Stimulate demand by technical research, product development and promotion.
- Improve quality of the wool clip.
- Provide an efficient marketing service from collection to auction.

### World Sheep and Lamb Populations

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<th>2005 (000’s)</th>
<th>2004 (000’s)</th>
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<td>China</td>
<td>170.9</td>
<td>157.3</td>
</tr>
<tr>
<td>Australia</td>
<td>102.7</td>
<td>99.3</td>
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<tr>
<td>EC (15 nations)</td>
<td>99.3</td>
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</tr>
<tr>
<td>Former Soviet Union</td>
<td>65.3</td>
<td>52.0</td>
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<td>India</td>
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<td>25.3</td>
<td>28.7</td>
</tr>
<tr>
<td><strong>World Total</strong></td>
<td><strong>1,079.0</strong></td>
<td><strong>1,010.9</strong></td>
</tr>
</tbody>
</table>

(includes other countries like Patagonia, Uruguay, Chile)


*(Between 1750 - 1850 UK Sheep Population was around 19m)*

Wool has always been a global and freely traded commodity, subject to international supply and demand. Its pre-eminence challenged by King Cotton in the 19th Century, wool now represents less than 3% of world fibre production.
Raw Wool Production (that is fleece + Skin Wool from sheep handled through the abattoirs) - Australia produced 523,000 tonnes in 2004, China 341,000, New Zealand 217,708 and the UK 48,970 tonnes in a total world raw wool production of 2,108,128 tonnes.

The BMWB only handles fleece wool but their statistics for export of greasy and scoured Wool includes Skin Wool. These show that in 2003 Belgium/Luxembourg took 15.63 million tonnes (carpet making), followed by the next 40 countries which took 7.92 million tonnes between them of the total 2003 UK production at 48 million tonnes and 39 million tonnes in 2005.

Footnote: The economic importance of sheep in the US has declined as it has become non-viable to ‘ranch’ sheep for wool. Texas has by far the most of any State at around 1 million in 2005. Compared with 11 million ‘ranch’ in the 1940’s.

The BWMB aims to sell the clip within the year of production. Sales are held at the Bradford H.Q. and currently electronic selling is being trialled.

24 auctions are held over a twelve month period with between 1.5 - 2 million kg offered at each with about 30 buyers present, most whom are trading internationally and supplying end users.

A good proportion of the clip is sold forward ie. on the sheep’s back. Once sold the buyer has 4 weeks to settle the account.

Of the 30 buyers only Buckfast Spinning is based in the South West; most are Yorkshire based.

The BWMB have major international licencees throughout the EC, Australia, China, Korea, Turkey and UAE - over 50 countries in all, who take 60% of the Wool Clip.

The sale price of wool varies between:

<table>
<thead>
<tr>
<th>Price per kg</th>
<th>Date</th>
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<tbody>
<tr>
<td>68p</td>
<td>20.9.06</td>
</tr>
<tr>
<td>78p</td>
<td>21.9.05</td>
</tr>
<tr>
<td>84p</td>
<td>29.9.04</td>
</tr>
<tr>
<td>85p</td>
<td>24.9.03</td>
</tr>
<tr>
<td>68p</td>
<td>25.9.02</td>
</tr>
</tbody>
</table>

This gives the Wool Clip an approx. trading value of £27 million in 2005.

The BWMB has regional representatives in 9 regions. There are 6 Members covering Somerset, Devon, Dorset, Cornwall.

The BWMB has a very navigable and informative website www.britishwool.org.uk and a high quality, forward-thinking education programme including shearing training, which can teach many lessons to the rest of the Sheep Industry.
1.2.10 SHEEP AND SHEEP FARMERS.

Evidence for domesticated sheep is found in Iraq 11,000 years ago. In the British Isles, Sheep have been farmed for more than 5000 years.

The slender Soay Sheep of St.Kilda are the nearest we get to the sheep of that time. Today there are around 75,000 sheep producers in the UK.

Surprisingly perhaps there are more than 1000 sheep breeds worldwide, many in Africa for instance, like the Wiltshire Horn in the UK, are hair sheep not wool sheep.

In the UK the national flock of around 35m sheep (rising to 43m at the peak of summer of which 21m are breeding ewes) there are some 70 pure-breds and 12 recognized crosses adapted to climate and topography and grouped into 3 main types - short-wool and down; longwool and lustre; mountain and hill.

Between them they constitute a genetic library of innumerable cross-breeding over centuries of farming, to arrive at ideal fitness for purpose - prolificacy, carcase, conformation, fleece length/weight/Bradford count, milkeness, growth rate, birth weight/vitality, hardiness, mothering instinct, temperament, disease resistance - and turned into a science by the mid-18th century pioneering work of Robert Bakewell with the Dishley Leicester - the ‘Dolly the Sheep’ of its day.

Many of these Sheep Breeds were exported and cross bred in developing the Sheep economies of Australasia and South America, notably the Lincoln Longwool.

Upland hardy or hill breeds account for approx. 50% of the national flock. Hill farming produces the crossbred ewe which enhances the prime lamb production of the more fertile lowland farms. (See diagram Stratification of the British Sheep Industry).

Over recent years there has been an upsurge in smallholders (sometimes called disparagingly hobby farmers), and Breed Societies. Amongst the most active of these is the British Coloured Wool Sheep Breeders Society. They, with an increasing number of commercial farmers looking for new ways of adding value to their flock, are retrieving the sheep’s skin from abattoir or butcher, to get it tanned for their own use (estimated at 4,000 skins pa currently).

Increasing public interest in food and good eating has lead to a growth in lamb sales and milk bi-products to the catering sector and through Farmers’ Markets which are springing up across the UK.

The phasing out of the old sheep subsidy system in 2007 and the introduction of the Single Farm Payment system underlines National policy regarding the environmental aspects of sheep farming and puts urgency into diversified farm enterprise.

A final thought - it is the mouth, foot, fleece and carcase of the humble Sheep which has over the centuries created much of the Nation’s employment, wealth and the unique scenic beauty of so many rural areas throughout the British Isles now attracting 54 million of overseas visitors to spend their holidays and money here every year.
1.2.11F Fig.6 SHEEP FARMING STRATIFICATION FLOWCHART

Hill

Hardy Hill Ewes - e.g. Swaledale, Blackface, Herdwick
• Originate from harsh hill areas
• Hardy characteristics thrive in bad conditions
• Strong Mothering Instincts

Replacement ewes retained for breeding

Upland

Longwool Rams - e.g. Bluefaced Leicester, Border Leicester, Teeswater
• Fast Growing
• Large carcase
• Prolific
• Milky ewes

Upland ewe breeds - e.g. Clun Forest, Kerry, Devon Closewool

Upland

Known as Mules or Halfbreeds - e.g. North of England Mule, Masham, Greyface
• Males sold as store lambs
• Ewes kept for further breeding
• Hardy, thrifty, milky
• Good mothering instincts

Male lambs

Crossed with

Lowland

Terminal Sires - Suffolk, Texel, Charollais
• Lowland meat breeds
• Good carcase characteristics
• Large size
• Fast growing

Male lambs

Crossed with

Prime Lambs for Slaughter
1.2.11 THE SHEEP INDUSTRY SUPPLY CHAIN - CONCLUSIONS.

Relationships between the various elements of the Sheep Industry supply chain (including Woolskin Tanners) have always been tenuous. Only the Vestey Group, trading as Union International (U.I.) during the 1960’s, 70’s and 80’s attempted true vertical integration.

Their policy of profit centres at each stage achieved a much needed business discipline.

A system - encompassing farmer, abattoir, hide market, fellmonger, tanner - all with a myopic approach to their own sectoral profitability has produced an atmosphere of mistrust and self interest where value adding opportunities for all parts of the Industry, have been lost.

In today’s necessarily large scale meat processing plants - with a throughput of 10 to 25,000 sheep per week all of standard weights, serving around 4 customers, driven by site hygiene and clean yards - sorting of raw material is at best impractical and at worse a nuisance.

For the present diminutive UK Woolskin Tanning sector, their best hope of getting a selected and regular share of the national sheep kill lies with:

- The smaller throughput Abattoirs which actually process over 50% of the nation’s meat supply, meeting traditional, ethnic and other specialist market requirements.

The Association of Independent Meat Suppliers (AIMS), a new association of small and medium sized abattoirs in England and Wales, is probably the best avenue of approach for Tanners with a clear skin specification to create a price structure and stable business relationship with a major source of raw material.

- Amenable Hide Markets able to provide a selection and short term storage service at reasonable cost; perhaps on a contractual basis similar to that operated by some of the big abattoirs.

In both cases however, the implications for Sheepskin Processing will lead to seismic changes in the management of skin purchasing, specification, logistics and forward planning procedures.
1.3 THE SHEEPSKIN INDUSTRY

1.3.1 ORIGINS IN THE SOUTH WEST OF ENGLAND 1200 - 1900

Sheep have historically been integral to the economy of the South West.

The great Abbey of Glastonbury, one of the most powerful landholders in the country, as a natural adjunct to their farming activities, operated a tannery by a mill stream at the Beckery, then meadowlands between Glastonbury and Street.

This practice can be seen repeated throughout the SW, as for example by the 12th Century Abbey at Old Cleeve, near Minehead, where a sheepskin tannery operated into the 1980’s.

Wealth generated by the wool trade paid for the many elegant churches and great houses throughout the region and provided much of the employment over 5 centuries.

Bridgwater Docks served to ship woven cloths.

When in the later 18th century, wool weaving in the SW was largely lost to the new factories in the North of England, the tens of thousands of sheep continued grazing the region’s lush pastures and supplied tanneries like the one founded by Arthur Clothier in 1810 at Middleigh, close to the Beckery.

He took on an apprentice Cyrus Clark of a Quaker farming family in the nearby village of Greinton. In 1825 Cyrus set up his own sheepskin rug business and was joined by his brother James, who introduced the production of woollen slippers called ‘Brown Petersburgs’ and later boots and shoes.

In the early years, work was given out weekly to outworkers and their houses with workshops at the rear, still testify to this tradition which continued long after the first Clark factory was built in 1829 and down to the present day.

Under William Clark, son of James, a period of expansion followed. Much of the business’ profits were given to the development and welfare of Street. Profits made from supplying sheepskin clothing for troops in the Crimean War paid for the Board School in High Street.

Towards the end of 19th century the Clarks formed a joint business with fellow Quaker, John Morland which later led to a separation of shoe making from sheepskin tanning and manufacture.

In 1870 John Morland bought the tannery in Glastonbury and his company quickly became known for the excellence of its warm, serviceable sheepskin gloves, coats, footwear and hearth rugs.
The UK Sheepskin Industry is characterized by its inter-trading and global reach. It is fortunate in its access to R & D support (BLC and Leather College, Northampton) and enjoys exceptional contacts with young designers.

In Clothing, Footwear, Accessories, Furniture, Furnishings, Nursing, Infantcare, Equestrian, Automotive, Aviation.
1.3.2 20th CENTURY TRADITIONS

This essentially domestic and localized requirement for sheepskin was about to receive a dramatic boost in demand with the arrival of the motor car and, even more so, the formation of the Flying Corps in the early part of the 20th Century. Sheepskin clothing was pretty well the only way of not freezing to death.

During the 2nd World War, Morlands made around a million pairs of flying boots and in the process created the tradition for nappa sheepskin (doping the leather side of the skin to give a leather-like finish) which remains the basis of an iconic product range, for example in the film ‘Memphis Belle’, which depicts how Americans won the war wearing sheepskin jackets, hats, boots and gloves!

From its earliest days Rolls Royce has always offered sheepskin car floor rugs (so called lambswool rugs) first as an optional, then, standard accessory. Bentley Cars acquired by Rolls Royce in 1931 continued this tradition which in turn had a long history going back to the time of horse drawn transport well before the era of a/c and fan heaters. The Daily Mail's Motoring Editor no less seems to equate the ‘World’s Best Car’ with the sumptuous lambswool (actually sheepskin) rugs that bedeck its interior.

The tradition of sheepskin car over-rugs and seat covers remains a strong and growing market for today's Carnoisseurs.

In the air, De Havilland and other early airline operators issued their passengers with Sheepskin lap rugs and footmuffs to keep them warm and comfortable. Today, airlines fly their crews on sheepskin upholstered seats; some even, their 1st Class passengers too.

On horseback from the time of Jenghis Khan to the Blues and Royals today, sheepskin provides numnah, girth, bridle and saddle covers seen at all equestrian events and traditional saddlery crafts.

Traditional uses of tanned sheepskin run deep, wide and unabated.

But the secret of Sheepskin’s continual renewal will lie:

1) in its ability to reinvent itself - Design - and
2) apply new technology - Science - for each new generation.
1.3.3 SHEEPSKIN PRODUCTS

The main product areas for tanned sheepskin are:

1. Fashion, clothing, footwear, gloves, hats, accessories (eg. bags, belts, muffs, scarves).

2. Trim and linings trade eg. Fox Lamb collars, cuffs, shoe/boot linings

3. Home furnishings eg. floor rugs (both natural and designed), throws, drapes, cushions, bedspreads, underblankets, beanbags, and increasingly chair/seating upholstery.

4. Automotive eg. car seat covers, luxury car floor over-rugs, offered by such prestige car makers as Rolls Royce, Bentley, Maybach, Mercedes-Benz, Aston Martin, Jaguar, Range Rover. Accessories like polish and wash mitts and engineering head buffs.

5. Aviation - in civil airline crew seats, sometimes passenger seats, executive and light aircraft seats and some military aircraft. It is reported that about 80% of all crew seats going into Boeing and MacDonald built aircraft are upholstered with sheepskin.

6. Nursing applications to stop pressure sores.

7. Child care applications in cots, prams, child car seats and boosters.

8. Equestrian and adventure travel - used as anti-pressure cushioning and protection.
   (Nb. Household Cavalry’s traditional use of sheepskin as a saddle blanket).
   Examples of sheepskin used in adventure travel are atlantic rowing; cycle, car and motorbike safaris.

9. Paint rollers, special paint applicators eg. railings and under-water painting.

1.3.4 SHEEPSKIN EXPORTS

UK Sheepskin exports have always punched much above the Industry’s weight.

In areas like Fashion, Clothing, Designer Furnishings and Automotive, many businesses report that exports account for over 40% of their sales.

Japan, US, Russia, S.Korea and Europe have been strong markets, with Saudi Arabia, the UAE, Kuwait, Qatar, Brunei, Hong Kong, Singapore more fitfully and perhaps surprisingly remaining good markets for sheepskin products.

Owen Barry Ltd, Walton, Street export to clients in more than 20 countries.

Newquay based Celtic Sheepskin Mail Order Company have seen their export catalogue and internet business grow by 10% of total sales each year since 2000.

London carpet and rug designers, ‘loop house’, have built strong up-market outlets in New York and San Francisco.

Based in Street, Morlands have been 1st tier suppliers of luxury ‘lambswool’ floor over - rugs to Rolls and Bentley and other prestige car manufacturers over many decades, most of which are indirect exports to overseas car dealers and owners, many based in the USA.

Sheepskin automotive specialists, Easirider Company, founded in 1971 and based in Northampton, supply over-rugs and seat covers to individual order from carnoisssers worldwide.

It has been observed however that this record of relative export success happens despite the fact that no Company within the Industry today employs a full-time sales or marketing specialist.

The Real Sheepskin Association (RSA) only represents Members’ businesses as part of its promotion of the Sheepskin Industry at Sheep Trade Events in the UK, never overseas. Perhaps a lesson to be learned here.

1.3.5 THE UK SHEEPSKIN INDUSTRY 1970 - 1989.

During the 1970s and early 1980s, the Sheepskin Industry was characterized by:

1. More than 14 specialist Sheepskin Tanners notably Strong and Fisher and Morlands (established in 1870), Bailys of Glastonbury and Union International (part of the Vestey Group), Devonia at Buckfastleigh (then part of Hillsdown Holdings), Webbs of Stowmarket, Tanns, Spalding Sheepskin, Antartex, Burns Coalston (part of Pittard Garner). All of whom also operated in the other areas of sheepskin production listed below.


3. Manufacturers like Nurseys of Bungay (established 1790) specialists in clothing; Brays and Drapers of Glastonbury footwear specialists. The SW and other regions abounded in sheepskin out - workers producing coats, gloves, slippers, hats mostly working from home or in small workshops throughout the region. Automotive and Aviation specialists like the Easirider Company of Northampton (established in 1971).

4. Sheepskin and Leather shops on High Streets in every town over the UK.
It is reported in 1983 the combined UK woolskin tanning capacity amounted to around 2 million raw sheepskins, mostly of UK origin - the plump, well cared for domestic skins were the material of choice for coat manufacture of that time - but also drawing on other sources of supply, particularly ex - Australasia.

The Sheepskin Market, mainly for double face coats (wool in/suede out) and footwear was at this period, perceived as serving a mass market. \textit{(compare with today’s realization that Sheepskin is a mass of niche market places)}.

To give some sense of perspective, 2 million sheepskins could make 300,000 coats depending on style or the better part of 7 million pairs of slippers.

During these decades, textile manufacturers making pile fabrics, seeing the success of sheepskin, began to replicate the sheepskin look. Companies like Borg Fabrics reproduced sueded sheepskin coat styles persuading a confused public that ‘synthetic’ pile fabric coats at less than a quarter of the price of sheepskin, were the real thing.

Mock sheepskin textiles became prevalent in many other product areas as well, notably footwear and the car seat covers, which reportedly in Germany alone had sold for a short time about 1 million real sheepskin car seat covers p.a. until the market was taken over by pile fabrics and then wooden beads!

The Sheepskin Industry did little to protect its unique ‘brand’ and it was only late in the decade that Trades Description legislation gave the Industry a stick to beat purveyors of fake sheepskin and impose proper standards of labelling. The Industry still needs to be vigilant in the view of many in the Industry today.

\textbf{1.3.6 THE MERGER AND MONOPOLY YEARS}

In the UK Sheep Leather Industry of the late 70’s early 80’s, a battle royal had developed between Hide and Skin Markets and Fellmongeries for control of the:

1. Purchase of raw sheep and lamb skins.
2. Salting of raw skins.
3. Removal of wool and preservation of pelts by pickling (by far the major requirement).
4. Tanning of wool-off clothing leather.

Many of these companies like Strong and Fisher which controlled 18 Hide and Skin Markets and Pittard Garner which controlled 4 more, operated in all 4 activities. Wool-on production was a small part of their total turnover.

Attempts by Morlands of Glastonbury and other smaller Sheepskin Tanners to ‘break’ into the Hide and Skin Market was seen as an hostile act by, notably, Strong and Fisher which had the dominant position and actually needed to increase its share of UK raw woolskin supply to keep up with increasing export orders.
Morlands was mortally wounded in the price battle that ensued. It did not have the financial reserves needed to outbid Strong and Fisher and the rest of the Hide and Skins Markets and the Fellmongeries for supplies to meet its own increasing UK and Export sales commitments. The Company called in the receivers at the end of 1982.

Baily's subsequently acquired both the Morlands trading name and their 31 acre Glastonbury site but later exited woolskin tanning activities in 1985 retaining the iconic Morland brand name for some coat and footwear manufacture and the Rolls Royce contract for ‘lambswool’ over - rugs.

Most remaining Sheepskin Tanneries followed through the course of the 1980’s, although in evidence to the Monopolies and Mergers Commission, Hillsdown Holdings noted that “they owned one wool-on tannery at Buckfastleigh which produced 100,000 sheepskin rugs p.a. with a value of £1.4 m” in 1987 and which “they thought represented 5.5% of the wool-on market”. (producing a total therefore if correct, of 1.818 m skins and value of £25.5 m).

Footnote
(The historic 40 acre Glastonbury site was bought by SWRDA in April 2001 and development work started in 2006).

1.3.7 SHEEPSKIN IN THE VIVIENNE WESTWOOD YEARS, 1980 - 2000

In 1988 a small group of Sheepskin business leaders, based for the most part in Somerset met under the chairmanship of the local Rural Development Authority’s representative.

It was agreed that the devastating decline in Sheepskin sales and infrastructure required an Industry wide promotional initiative. The Real Sheepskin Association was formed (RSA) in that year to coordinate the programme.

The aims of the RSA were to:

1. Promote sales of UK Sheepskin products and services.

2. Encourage high standards of sheepskin production, design and manufacture.

3. Protect the Sheepskin Brand by invoking Trade Description Legislation.

4. Act as a focus for all parts of the Sheepskin Industry - tanner, merchant, manufacturer, retailers and aftercarer (Dry Cleaning specialists).

In those early committee meetings at the Bear Hotel, Street it was agreed that Sheepskin design was out of date and seen by the public as old fashioned.

A small PR firm based in Burham - on- Sea called Wordsworth undertook a successful low budget local and national press campaign, portraying Sheepskin in a new light as soft and sexy, rather than practical and hardwearing.

The Clothes Show began an immensely influential BBC TV run on winter Sunday afternoons, regularly attracting audiences of 6 - 10 million across the nation and internationally.
The Vivienne Westwood London Collection of 1992 opened the floodgates for sheepskin fashion when beautiful models wearing skimpy sheepskin pants and very little more and perched on high heels shoes, hit the TV News screens of the British public.

A fortuitous connection with the original organizers of Graduate Fashion Week in London (who had just lost their major sponsor, Smirnoff), then held at the Business Design Centre, Islington (now at the Battersea Arena) in June each year, enabled the RSA to sponsor a £1000 Sheepskin Fashion Design Award and College Trophy which, plus the organizers’ charge of £2000, seemed a reasonable amount to invest in talented graduate student designers wanting to incorporate sheepskin into their final year collection to be shown on a Gala Night Catwalk in front of representatives of the world’s major Fashion Houses and Media.

The RSA’s first Sheepskin Fashion Award winner in 1992, Stephen Lisseman from Ravenbourne College, produced a sensational collection which was in contention for overall winner of the Best Menswear Fashion collection of the year.

From 1992 on until 2004 the RSA Sheepskin Fashion Design Award became a highly prized trophy, attracting in some years 50 students with 4 and more pieces in their individual collections. Members of the RSA helped with mentoring students and where applicable assisted in the production of special and novel sheepskin finishes and manufacture of garments at greatly discounted charges.

Television coverage - the TV presenter, Jeff Banks proved a great champion for the Sheepskin Industry - over the 90’s exposed young, soft, sexy Sheepskin fashion to a new public which liked what it saw and went out and bought it. It would be fair to say these Graduate Designers over the decade re-invented the Sheepskin Coat and connected with a new generation of the British public.

Although the Sheepskin Industry of the 1990’s would never see a return to the ‘glory’ days of the 70’s and early 80’s, it nevertheless managed to find profitable niches on the High Street and so stabilized the devastating decline in employment which accompanied the closure of so many established sheepskin businesses during the last years of the previous decade.

Many design graduates who learned about Sheepskin to put in their Collections are now holding down senior positions within their Companies worldwide. A few set up their own Design Labels and have achieved some celebrity (Karl Donoghue, Ann Louise Roswald)

It is from this cadre of Sheepskin Designer/Maker that the RSA has most noticeably benefited in recent years leading to the formation of a new tier in its Industry Structure (see Sheepskin Industry Structure Diagram/Pyramid)
1.3.8 GLOBAL SHEEPSKIN OVERVIEW, 1990 - 2000

In Europe Leather and Sheepskin producers shared a similar trajectory to that experienced in the UK - intense overseas competition from in particular the Pacific basin, Pakistan, S.Korea and Turkey together with intransigent local authority and environmental antipathy drove many Sheepskin Tanneries to close (eg Fauna in Belgium) or move production to lower cost and more welcoming European countries like Poland (eg Mattes in Germany. Ironically Mattes report that they were able to return water to the local river in a cleaner state than when they received it).

The major development of the decade however was the exponential growth of the Leather and Sheepskin Industry in Turkey.

Backed by a strong leather tanning tradition, Government diktat and generous subsidy, more than 2,000 integrated tanneries and manufacturers, serving mainly the clothing sector, set up all over the country to supply the arising Russian market - a perma-frost region with quickly increasing living standards, and a shared border.

UK salted woolskin selections were a prime source of supply for the Turkish Leather Industries.

Many RSA Members reported receiving phone calls every week from intense Turkish raw skin buyers hoping to purchase container loads of sheepskins from them. The manager of a sheepskin shop is in no position to help!

New trade groupings and raw skin selections were developed for Turkey. UK abattoirs, hide markets and fellmongeries joined forces with existing skin traders to supply 8 m skins to Turkey (and to a lesser extent Poland), rising at the end of the decade to 11m woolskins. New techniques were used such as bandknifed shearing of wool to minimize transportation volumes and drum salting to mechanize the process of woolskin preservation.

UK sheep farmers were ‘invited’ to improve skin quality by more careful injection, dipping and sheep scab prevention regimes - however no increase in skin value was offered by the abattoirs and hide markets which resisted moves to publish skin values.

Australia joined in the bonanza and with these new techniques were able to improve unreliable pelts from merino stock to gain a market of 10 m skins p.a. into Turkey.
1.3.9 THE CRASH

In Turkey, dressing skin values (ie wool skins for use in garments) increasingly exploded throughout the 1990’s, as Tanners tried to get their tanning capacity up to meet Russian orders.

In the UK the differential between fellmongered skin (@ £3) and dressing skin selections (@ £11) reached an all time high of £8 per skin.

In train with the frenzied Russo-Turkish market that was developing for dressing skins, demand for ‘fox fur’ effect and other special longwool sheepskin finishes also reached a peak round this time. This was particularly important and profitable business for Fenland Sheepskin based in Bridgwater, who remain one of the most skillful tanners of quality sheepskin for this market.

‘Fox fur’ sheepskins require skin by skin sorting at specification and crust stages, as well as during the tanning process. Rejected skins having to find their way into other uses.

Although UK domestic sources were more reliable for quality and consistency, Australian sources were also needed to keep up with demand.

At this point Australian suppliers decided to improve skin selection and keep the extra premium for this selection, for themselves. They would start bidding for skins pre-slaughter at the abattoir where ‘ribbiness’ in the wool can be more easily seen and rejected at origin.

(One of the results of setting up this direct selection system, was that Australian farmers for the first time, saw for themselves the true value of their ‘fifth quarter’).

The Russo-Turkish bonanza continued until August 1998. World raw sheepskin prices were at unprecedented levels.

Then with contracts signed, raw material bought and en route to Turkey the unthinkable happened - Russian buyers did not arrive. Coincidently round the time when the IMF was inspecting Russian Government books and the Asian economy, over-heated by high oil prices, stalled.

Stocks piled up in Turkey. Turkish tanners tried re-negotiating prices. Caught between Sheepskin Hide Markets sticking to contracts made and the total absence of customers and now facing ruin, Turkish tanneries closed en masse.

In the UK the Hide Markets and Fellmongers also faced ruin - raw materials prices from all time high dropped to all time low while vulpine customers held back - as the laws of capitalism say they will - from buying in a falling market.

The sudden exit of Russian coat buyers also meant the luxury Fox Lamb business so important to the sole English tannery’s production programme, also disappeared, with disastrous results.

The following four years were an agricultural Dark Age for the whole Sheep Industry.
The Meat Market just coming out from the shadow of the BSE Enquiry, joined Farmers in concerns of the Over Thirty Month Scheme, a new Food Standards Agency now had to face up to an outbreak of Foot and Mouth, officially announced on the 19th February 2001 and only declared clear in January 2002.

For the UK Sheepskin Industry Foot and Mouth caused tannery disruption to in-coming raw stocks whether of UK origin or imported. And manufacturers and retailers alike found their business affected both in home and overseas markets, in particular by US and even Indian clients.

By dint of intensive care the UK Sheepskin Industry came through the period - just, with employment and turnover diminished yet again - in the tanning sector by approximately 50%.

1.3.10 THE SHEEPSKIN INDUSTRY, PLANNING FOR THE 21st CENTURY

The decision of the RSA's founding committee in the 1990's to “get design into Sheepskin” proved remarkably prescient in changing public perception of sheepskin then seen as a rather fustian and frumpish material.

The change in perception got back the sophisticated pizzazz engendered by Morland’s marketing people in the 1970’s - but that came out of a PR marketing budget of £1m in 1981, so it is said, perhaps £15m in today's terms.

In 2000, the RSA with Members’ support decided to make another investment in young design by inaugurating a Sheepskin Furniture and Furnishings Award at New Designers, a final year student jamboree of student design covering every aspect of the arts from architect to goldsmithy, through ceramic, fine art, textiles, graphics, 3D Product Design and Furniture Designer/Maker courses and involving more than 2,000 graduates over two weeks from 40 + UK colleges and universities again held at the Business Design Centre, Islington.

(See examples of entrants' work over the last 7 years shown in appendix)

A number of Sheepskin businesses began employing young designers or offering them projects on a regular basis and by the process of trade osmosis adopting their ideas into new products or restyling exercises.

The UK Sheepskin Industry's ‘Outreach’ programme acting through the RSA is, it is fair to say, considered to be one of the most progressive of any sector in the Sheep and Leather Industries and involves:

1. Sponsoring advanced sheepskin and leather design workshops in conjunction with Textile Forum South West and Professor Basil Kardarsis of the Royal College of Art.

2. Sponsorship of graduate design awards, as described in 1.3.6.
3. Promotion of marketing campaign with the banner “not all sheep are white and fluffy”, aimed at encouraging the whole Sheep Industry not to waste the added value which can be realized from selecting non-standard sheepskins - coloured, rare, primitive, etc. In line with many other areas of food, there is great public interest in regional specialities and environmental issues.

4. As part of this campaign to add value to sales of tanned UK woolskins, the Industry has, working with Defra and the 4 UK Leader + units, developed a “Making the Most of Your Sheepskins” Workshop for farmers, smallholders, hobby farmers, representatives of Sheep Breed Societies, Meat, Hides and Fellmongers covering selection, preservation, transport, tanning, product manufacture and marketing. (details from info@realsheepskin.org.uk).

5. Commissioning scientific research into raw skin preservation and protocols. The first part of which is posted on www.realsheepskin.org.uk follow leads from News to Preparation of Sheepskins.

6. Working with the National Sheep Association at Malvern and Sheep Societies to build a national archive of all 100+ breed sheepskins as part of another public relations campaign to create a new and wider audience, aware of the Sheep Industry’s unique heritage and the wonderful array of products for use in home and office that can be made from sheepskin. An invitation to help in building this showcase, has been extended to the UK Leather and Wool Textiles Industries.

Whilst the foregoing account of the last 30 years describes a small but vigorous Sheepskin Industry, aware of the need to adapt to niche markets and actually able to exploit these opportunities, the overall reduction in UK tanning capacity has meant that nascent and established companies alike have experienced (and are experiencing) supply problems.

There is in effect only one UK tannery able to produce double face skins, highly ironed finishes, ‘fox lamb’ skins, an unique water resistant sheepskin technology, 2 tone dyeing, enzyme technology, novel chrome free tannage, lustrous colour palette etc.
In 2002 the RSA calculated that the UK tannery sector needed to increase its throughput three fold to meet RSA Members’ order books. This requirement takes no account of non-member Companies whose requirements are not known at this time.

Apart from the tanning capacity the Sheepskin Industry should also take onboard other weaknesses noted during this survey and felt to apply particularly to businesses in the SW:

1. The curious lack of any dedicated sales/marketing professionals at any level.

2. The need to have a presence at major International Leather and Specialist Trade Exhibitions, to re-enforce existing reactive with proactive export performance for UK-made sheepskin products.

3. The need to promote the Real Sheepskin brand and protect it against synthetic ‘wolves in sheep’s clothing’.

4. And ultimately the urgent need to “get more science, technology and investment (both money and people) in to the UK tanning sector, to plan a new sheepskin tannery for the 21st Century”

1.3.11 THE SHEEP INDUSTRY, PLANNING FOR THE 21st CENTURY

In regard to the whole Sheep Industry, it has been noted that:

1. Poor communications prevail between all sectors of the Sheep Industry at Trade Association level right the way through to ground level - and one of the principal reasons for arranging the first Sheep Conference (Tuesday 13th February 2007, at Exeter University).

2. A failure and/or unwillingness over many years to grasp chances to make the cake bigger or to optimize Value Added initiatives across the whole UK Sheep Industry, sometimes characterized by fierce inter-sectoral suspicion.
1.4 UK SHEEPSKIN TANNING

1.4.1 THE TANNER

Tanners convert raw animal skins and hides into leather through a combination of physical (e.g., fleshing), chemical (tannage) and these days biological (e.g., enzymes) processes.

Woolskins present an extra dimension of expertise which the Sheepskin Tanner must exercise - unlike Bovine leather tanning - namely preserving, processing and making the most of the sheep's fleece as well as its pelt.

Tanning has an ancient history and until the turn of the 19th Century could be characterized as essentially a family craft mystery passed from generation to generation.

The dawn of Industrial Chemistry ushered in new tannages less based on organic materials like oak bark, mimosa, pigeons' droppings etc., key among which have been the chrome based stabilizers.

The race is now on to find replacements for Chrome tanning, under pressure from such major customers as the world's motor manufacturers.

UK Sheepskin Tanners are well up in this race.

1.4.2 THE CAST

In 2006, 3 commercial woolskin tanneries remain from the 14 and more that were operating 20 years before.

1. Fenland Sheepskin of Bridgwater, Somerset a management phoenix from the old Morlands of Glastonbury breakup;

2. Devonia Products of Buckfastleigh, Devon now a subsidiary of Axminster Carpets.


Their stated combined throughput over the period 2004 - 2005 was around 133,000 tanned skins. Of which 60 - 70,000 raw skins were sourced for the most part in the South West of England out of a total UK sheep kill of 16 million p.a.

Aside from the 3 remaining commercial tanneries there are 2 micro tanneries in the UK:

• Nicki Port Tannery of Hereford who specializes in organic tanning mostly Rare Breed and Coloured Wool rug skins.
Skyeskyns on the Isle of Skye, who employ the only female UK tanner trained by the Leather College now part of Northampton University. (To the best of our knowledge there are only 2 other female Tanners, Nicki Port, an organic tanner and sheep breed specialist based in Hereford and June Tinnion at MST Contract Sheepskin Tanning, Bridgwater, Somerset).

And an unknown number of ‘DIY’ tanners processing sheep and other skins by hand.

This picture of the Woolskin Tanning Sector would not be complete without mention of one other area of traditional wool - on production, namely Slink Skin Tanning.

Slinks are primarily sourced from lambs that die at birth - in the UK about 2% of all births.

The sole remaining specialist in this wool - on area is Nichols of Yeovill which processed 175,000 slink skins in 2005, wholly imported from their subsidiary in New Zealand. Nichols state that 86% of these slink skins are exported. Slink skins make up into particularly soft fashion clothing and gloves which command premium prices.

It would be interesting to explore whether the 250,000 or so mottled UK lamb stillbirths could be converted into profitable slink designs - surely some young designers would jump at the challenge, given a free hand.

1.4.3 SHEEPSKIN TANNING, GLOBAL OVERVIEW.

The traditionally strong woolskin tanning countries have been:

1. New Zealand (40m sheep population) where Bowron is the major tannery. However over recent years it has been forced to cut back on its homeland employment and operations, and is thought to be shifting them to Vietnam in order to remain competitive. There is some concern for its continuation.

2. Australia (102.7 m sheep population) has traditionally kept its merino sheep for their wool, unlike, New Zealand which primarily ‘grows’ meat. Droughts and range fires together with low wool prices have led to major marketing reappraisal in relation to upstream activities like tanning and sheepskin manufacture, again under competitive pressure from China. NB. Recently Australian wool production is increasingly reorienting to meat production.

3. China. The Australian sheep kill is, we understand, more or less bought on the hoof by skin trading Companies like the Chinese owned Dynasty Australia International PTY.Ltd., a subsidiary of China’s biggest woolskin tannery complex Henan and Prosper Skins and Leather Enterprise Co.Ltd., 1.5 hours out of Zhengzhou Airport, in Henan Province (see bird’s eye view of Tannery). It is reported that they pay over £7 per skin.
This on-site skin trading secures Henan Prosper’s tannery requirement for in excess of 15,000 woolskins per day, around 5m tanned sheepskins p.a. which feeds its workshops making their own range of home care, infants and children care products, cushions, pillows, bed underlays, carpets, kids toys, pet toys, car seat covers, wash mitts, steering wheel covers, floor applicators, paint rollers, neck rests, back supports, safety belt covers, wool dusters “where the operatives get fulfillment from their careers and believe they are all contributing to the success and prosperity of HP”.

“Although the largest user of Australian lambskins to assure its huge production demand, we also collect skins from USA, New Zealand, U.K. and other areas”.

“A minimum inventory of 200,000 skins is kept to ensure any sudden production demands”

“HP accepts its responsibilities to protect the environment and mankind at all times. We have invested very heavily (in) state of the art effluent treatment plant that has the capacity to dispose 10,000 tonnes of effluent per day from 30,000* pieces of lamb and sheep skins per day”

*Which seems to contradict an earlier claim of 15,000 per day capacity.

Quotes from HP’s 2006 brochure, which states that they are the world’s largest and leading wool - on - lambskin and sheepskin tannery, all operations are ISO9001 certified.

It is not known at this time (10.06) how far the Chinese Sheepskin Industry have advanced into clothing and footwear manufacture. Apart from Henan and Prosper there are at least 3 other major Chinese Sheepskin Tanneries.

4. Italy. By contrast the Italian tannery tradition is for concentrations of small (micro) tanneries specialist in certain, usually, local skins, family run and very jealous of their in-house skills.

For example, Toscana lambskin is prized for its ‘fox wool fur’ appearance for which a substantial premium is asked and paid.
5. **Spain.** Home to the famous, fine woolled Merino sheep. Spanish sheepskin is held in high regard in clothing manufacture for its soft, sexy, ultra lightweight handle, which also commands a premium over the heavier weight UK domestic skins. Spanish leather and sheepskin tanners have a long tradition for great expertise and experience and offer good Leathermaking courses at degree level. Even so over recent years they are finding the competitive pressures from the Far East and environmental restrictions hard to deal with; a number of well established companies have closed. The annual Barcelona Lineapelle has been an important Leather Trade Fair.

6. **Northern Europe.** Icelandic sheepskins are rated much like Spanish sheepskins for handle. Being in a perma frost region, sheepskin is seen as a natural clothing and footwear material. It also has an affluent, middle class population and should therefore be an excellent export target for UK producers. Only one tannery is thought to be operating - Sweden which primarily tans its own rare breeds, together with deer, reindeer and elk skins. There is a strong tradition for using sheepskin in furniture upholstery.

7. **Russia.** After the 1997 Russo-Turkish market collapse, Russia is reported to be building its own tanning and manufacturing infrastructure.

Dependence on warm sheepskin coats has apparently been displaced by younger, ‘cooler’ styles and materials like the ‘puffa’ Michelin-man look. In some ways the market would appear to be somewhat at the stage it was with young people in the UK, in 1990. (see 1.3.7)

**CONCLUSIONS.** From the viewpoint of expertise, the last 10 tanners in the UK able to pass down their experience and knowledge to the next generation, have little to learn from tanners in the rest of the world, indeed they have much to sell.

The danger lies more:

a. In the age profile of the Last Ten Tanners, 8 of them are in their mid-sixties; 2 about to retire.

b. The non-existence of a younger generation prepared to come into the Industry (we note BP have this same problem, Oil is perceived by graduates as an Industry in decline)

c. The advanced age of machinery and work systems which need to be renewed as soon as possible.
1.4.4 LESSONS FROM THE GLOBAL SHEEPSKIN TANNING INDUSTRY FOR THE UK

It is widely thought that high wage economies in the West cannot compete with the absolute cost base advantage of say China, India or indeed Poland.

It is also believed, in a few years these economies will become more affluent and will then become net consumers of Western goods and services.

The trick is how the 19 businesses based in the S.W., out of 48 listed on yell.com under the heading of ‘sheepskin products’, should play it in the meantime.

**Options:**

1. **Maintain the status quo. Sit tight**
   
   Not considered a long term option. For example leases/contracts due to terminate will force ‘am I in or out’ decisions. Ageing staff (retirement) and ageing skills need constant attention. New staff need training. Equipment needs renewal or repair. Product development is a constant management task. As are the customer and Supplier databases. This option is a guaranteed recipe for business failure.

2. **Jump ship**
   
   Develop totally new trading areas outside sheepskin. A high risk decision but certainly do-able. Best done if there are reserves to draw on over the build-up period.

3. **Diversification**
   
   Develop in parallel other related product/skill/service activities. British farmers are constantly being exhorted to diversify. Examples of their enterprise are unending... B&Bs, Farm Shops, Farm Markets, Wool and Sheepskin craft products, small business units, Farm visits, Farm catering ....

4. **Integration, Merger, Amalgamation, Down Sizing**
   
   If there is not enough business for two or more businesses to live profitably, it may make better sense to close down sets of overheads and operate out of one site for example. This option is just the normal daily process of cost management, writ large.

5. **Niche Marketing**
   
   The exploitation of new or just visible up-coming micro markets requiring entrepreneurial flair and nerve. Of 4 million businesses in the UK, 3 million employ just 1 person. So there is plenty of it out there. The dream is that you have picked the right wave to surf and it opens into a mature market place. Niche marketing could be another form of diversification. These are the creative options.

Most businesses employ a pick and mix of these options in their day-to-day running. Sheepskin businesses in the SW certainly are.
1.5 THE FUTURE OF THE UK SHEEPSKIN TANNING INDUSTRY

The skin of sheep, roughly tanned with wool-on, has been the winter jacket of the shepherd and peasant, the ram’s being considered especially desirable, since biblical times - see Hebrews 11:37

1.5.1 THE SECOND OLDEST PROFESSION

Leather and sheepskin tanners affably claim to be the world’s second oldest profession. Archaeological remains along the Thames near Southwark attest to the fact that the area was noted (or notorious depending on whether one was up or down wind) for its tanneries in Roman times, which were still operating into the 1970’s

1. The Industry is now in 2006 quite clear that ways must be found to ensure the two thousand year old UK tanning tradition, currently vested in the South West of England region, is passed to the next, properly trained and equipped generation of woolskin technicians, scientists, designers and professional management.

2. To that end and sponsored by SWRDA and Meat SW the Sheepskin Industry would like to see a Conference of the UK Sheep Industry’s major stakeholders convened as early in 2007 as possible.

3. With the express aim of:

   a. Exploring ways of improving Value Added opportunities throughout the Sheep Industry’s chain of supply having particular reference to the delivery of a consistent, dependable UK sourced dressing selection of lamb and sheep skins.

   b. Funding a Best Available Technology Study in preparation for building a state of the art woolskin tanning and manufacturing plant equipped to handle 500,000 + UK domestic and other raw Lamb and Sheepskins per annum and incorporating technologies which ensure the highest standards of effluent control, waste elimination/utilization, energy efficiency, ‘green’ chemistry and consideration for the environment.

   c. Leading to a professionally audited and costed Business Plan, which would enable the sector to present what many regard as a ‘juicy business opportunity’ to the most appropriate financial institutions able to lead a consortium of regional and Industry interest groups in ensuring Woolskin Tanning is undertaken in the UK for as long as the UK’s GREAT SHEEP INDUSTRY itself continues.
1.6 SUMMARY OF CONCLUSIONS

1.6.1 UK SHEEPSKIN TANNING SECTOR

a. Ways of providing a reliable supply of dressing selections from the UK Sheep kill with a reasonable return going to all parties in the chain, should be openly and urgently explored and implemented maybe in discussion with AIMS and certain Hide Markets.

b. In phase one, the aim should be to create a contractual instrument which would reliably deliver 500,000 domestic raw skins p.a. against clear specification drawn up and presented in advance, after due consultation with Sheepskin businesses who would be therefore encouraged to plan their own seasonal requirements in good time.

c. Tanners should consider appointing a designated Agent or Hide Market or Employee for this task to Work with members of AIMS and companies within the Hide and Skins Markets prepared to do business.

d. It is suggested the Woolskin Tanning sector gives urgent consideration to improving Its marketing/sales capability to better exploit strong export markets particularly in Europe and the US, perhaps achieving these sales by at the same time coaching and coaxing creative UK enterprises with the assistance of some agency from within the SW region or/and in conjunction with appropriate Dti/Defra schemes.

e. Tanners should look at some form of integration. Currently the buildings, machinery etc. are worn out and unsuited to modern requirements - even as basic as moving stocks by fork lift or other handling equipment. Therefore at some stage shortly all three tanners in the South West will have to move out and move on or perish.

f. It is suggested a SW Food and Leather Technology Business Park is created, providing an ecologically advanced site (as regards water/power/effluent/recovery systems etc) into which Leather Industries could plug themselves. It could provide a unique business model to benefit the economy of the South West generally by drawing on the skills, knowledge and expertise as well as the raw materials which are naturally and sustainably found in the Region. In addition this agglomeration of business would it is felt pull in investors looking to develop the new science and technology based Food and Leather Industries being created throughout Europe. (Please see illustration of Tanning Utopia in appendix 1.6)
Appendix

1.1 SHEEPSKIN DESIGN – EARLY ON TO 1989
1.2 SHEEPSKIN DESIGN – 1990 TO 2000
1.4 SHEEPSKIN TANNING CASE STUDY 1

1. AN EXAMPLE OF THE RUPTURED SHEEPSKIN SUPPLY CHAIN – THE HUNT FOR YETI

Mongolian Sheepskin has enjoyed huge high street success, mainly in furnishings like cushions and throws; to a lesser degree, in fashion trims, since a talented Sheepskin Design Awards finalist, Karl Donoghue from Ravensbourne College in Kent, at Graduate Fashion Week 1993 introduced this delightfully, silky open curl long wool style into his highly acclaimed final year Collection.

How UK tanners discovered a UK version of the Mongolian (also known as Tibetan) wool type 'in their own back yard' is an extraordinary saga representative of the problems the UK Sheeepskin Tanning sector experiences all the time from the chaotic raw sheepskin supply chain.

Like many adventures it began by chance - in 1998.

Instructed by senior management to source his floor ‘rug skin’ selection from UK stock which could not be used for double face sheepskin coat skins - then commanding a staggering £11 per skin - the rug skin buyer at Devonia Sheepskin tannery, Buckfastleigh, Devon, came across a relatively new raw skin merchant, Kidort, based in Witney, Oxon.

Devonia’s Gerald Billing, went through more 20,000 raw skins over 3 days to select 2,000 skins suitable to tan as sheepskin rugs. A price was negotiated - £8 per skin, well, well over the £3 - £5 maximum Devonia had been paying.

The following week, before the deal was finalized, the market collapsed, overnight! (see 1.3.9 The Crash). Devonia could now buy whatever they wanted for under £1 per skin and at their prime for the rug skin market. Devonia pulled out of the deal.

Kidort with 2,000 skins on their books approached Fenland Sheepskin, tanners in Bridgwater, Somerset to see if they could purchase the stock.

Not wanting any more skins in an already flooded market, Fenland did however agree to ‘contract finish’ them into ivory floor rug skins at a discounted cost. A test batch of 100 skins were processed and sent to Kidort who promptly rejected them as unfit for purpose.

Fortunately during processing, the tanners at Fenland noticed that Gerald’s skin selection - born, remember, of necessity rather than choice - had an unusual, lustrous, open wool with a curly crimp, not unlike the celebrated Mongolian fleeces.

So it was that Fenland Sheepskin developed a new finishing technique to convert the failed ‘rug skins’ into the nearest wool type the UK could then produce to compete with the Mongolian woolskins then flooding into the UK.
Fenland named their find Yeti after the fabulous hirsute Himalayan mountain creature.

For the next 2 years sales increased year on year. Fenland worked with their local West Country suppliers to secure the Yeti selection; results were mixed and never so beautiful as the effect Gerald had inadvertently discovered in 1998.

Around 2003 Fenland began working with Nicki Port, an organic Tanner and breed expert based in Hereford.

She too had come across the Yeti wool type and independently bought raw stock on her own account. The skins, she identified, were from Mules - a cross of Bluefaced Leicesters with most other breeds - producing progeny with that special lustrous ringlet curl long wool.

In 2003 Nicki telephoned Fenland to tip them off that her nearby Hide Market in Worcester had thousands of the Bluefaced Mules. A quick visit allowed Fenland to secure their requirement for the following year. They now buy around 4000 skins Yeti skins mainly from Butterworth Hide & Skin.

Preparations for the 2006 season began in Autumn as usual, but after repeated enquiry through September, October and November and getting no sensible response, Nicki Port visited Worcester at the end of November to be told by Robin Butterworth that the Company had lost the source Abattoir’s contract. Unusually he volunteered among others, Darren Feld of Hollander Hyam (HH) had taken on the Contract.

Fenland traced Darren Feld’s contact details through Paul Ross of Exeter Hide and Skin and immediately rang to discuss the elusive Yeti selection, to be told that HH had no knowledge of the skins; they only select skins suitable for the export double face, rugs and fellmongering (wool-off) trade.

It was possible however that their other recently acquired Hide Market, run by old hands in the business, Tom Cook and his son Richard may be able to help.

The following day, Fenland followed up a phone call with a visit to meet the Cooks on their remote and low key farm Hide Market. Neither the Cooks nor the staff, 3 Polish yard assistants, were able to identify the Yeti selection from the sample skin shown them. But an 80 year old employee immediately recognized the skin from stocks which had just been sold off for fellmongering!

The Yeti have flown for this year.
1.5 SHEEPSKIN TANNING CASE STUDY 2

1. FURRIER SELECTION

During the 1960s to 1990s the Sheepskin Industry operated a grading system called "Furrier Selection" for double face (D/f) woolskins capable of being used in clothing and footwear.

Then only 20% of UK lamb production met the fine, white wool specification required.

The demands of Turkey's Sheepskin Industry during the 1990's changed all that. Their - some would say dumbed down - "Export Selection" accepted 80% of the UK lamb kill.

But to be fair, it should be noted, over the period, commercial breeds had become more standardized, which helped*.

The much scaled down Industry now operates an "Export Bandknifed D/f" selection which admits 70% fine wools - the rest being more open wools with character.

So from a total annual lamb/sheep kill of 16m, about 50% of the raw woolskins would be considered suitable as "dressing skins" at the initial selection stage. That is, possibles suitable for tanning as premium value D/f woolskins.

Later more detailed assessment for pelt weight and faults and "hidden" wool slip (due to poor preservation at abattoir), will reduce this nominal 50% to more like 40%.

Seasonal factors complicate this picture however. Early (milk) Lambs and late season Shorn Lambs tend to have a "full leather stand" which makes them more suited to Footwear and Men's D/f skins. The lightweight skins come from mid-season lamb kills.

This 40% ATR grade - still, it should be noted amounting to 6 million+ skins of the overall annual 16m lamb/sheep kill - should make an ATR grade (A Table Run) suitable after Tanning, to go on for Finishing into traditional D/f products.

* Over recent years Welsh Lamb production has bred noticeably finer wool year on year - but still not yet up to the quality of the Fifth Quarters coming out of the South of England!
1.6  ILLUSTRATION OF TANNING UTOPIA

Blue Sky Discussion Paper - Real Sheepskin Association 4/07
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Any errors or omissions in the text are entirely our fault and we are happy to be corrected on factual points by our readers.

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