

In the German Alpaca Market ...a Turkish Bazaar Matures

By Mike Herrling
Avalon Alpacas

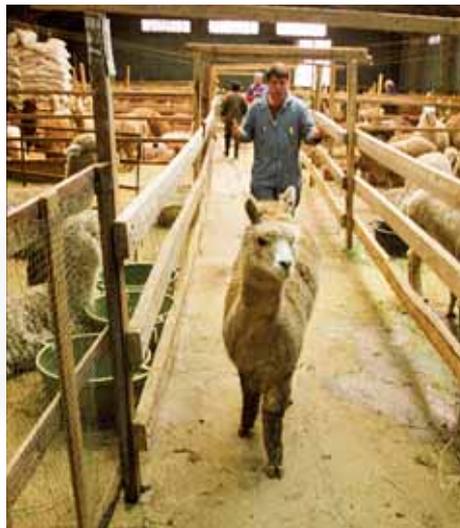
Although a few llamas had come long before, it was back in the mid 80's of the last century that llamas really arrived in Germany in marketable numbers and decided to stay and multiply. The llamas found that the people were friendly and willing to pay a fair price for them. They found that the beer was good and there were mountains much like at home in South America. Some visionary veterinarians and breeders decided that the new world camelid family would fit perfectly into this country where animal rights are part of the constitution. And they did.

It was not until the late 90's when folks discovered that there was "a smaller version" of the llama, the alpaca. At that time it was still considered a descendent of the llama (*Llama pacos*). So the newly founded "New World Camelid Association" (NWK) generously allowed a very small group of alpacas and their enthusiasts into the established llama community.

It was the simple difference in price that started the conflict between llama and alpaca enthusiasts. For some reason, people had to pay more for the smaller animal than for the larger one. This was a pretty odd thing, considering that in European countries the price of a farm animal is usually based on its meat-value, and the meat-value of alpacas is quite low. After all they are not very large animals. While llama prices spiralled down with the increasing population, alpaca prices went through the roof. Of course alpaca owners pointed out fibre was the reason for their high selling prices, even though they hadn't really

created a home-grown alpaca fibre market. The truth is, low availability and a high demand brought smart business people onto the scene. This was the time of the brief alpaca gold rush in Germany.

An initial difference between the North American and German alpaca markets was, we had no screening for imported animals. Importers just did what good business people do to maximize profit: buy low and sell high. While the ARI registry with DNA and screening for imported animals was already in place in North America, the German alpaca market was as uncontrolled as a Turkish bazaar. We know some animals that didn't pass ARI import screening in South America made it to Germany and our European neighbours. All kinds of animals came to Germany. No matter what they looked like they were often sold at high prices to unknowledgeable beginners. Also, the achievable financial return for importers wasn't as high Germany as in North



Brad Smith DVM, PhD walking an animal in Bolivia to check its leg conformation

America. Therefore international animal importers like Hunt, Schulz and Mizrahie did not participate in Germany.

The turn of the millennium brought a change. Eric Hoffman was invited to help create a European Alpaca Registry, based on the ARI system. Representatives of most European countries participated in a meeting in Berlin. The meeting failed due to the different interests of the people representing the countries involved, symptomatic of what often happens in the EU. The effect of this failure could have been disastrous for every single ambitious

breeder. Just imagine the result of mass flooding of a fragile underdeveloped market. Without the unification of European breeders, every country was forced to develop their own protective instruments. The meeting in Berlin stimulated thought and discussion. The foundation of the German Alpaca Association (AZVD) in 2001 was the logical step. Several breeders with international interests, like Hans Buhrmann and Maria Bravo, supported and endorsed our association, despite the fact that the implementation of import screening procedures significantly increased their business costs.

From 2001 when AZVD was founded, until 2003 when screening procedures were begun, over 2,000 alpacas were DNA registered in Germany. None of these animals went through any sort of quality control. Everything that looked close to an alpaca could be registered and sold as one, even when banana ears clearly revealed other potential ancestors. Import screenings, which are now part of the AZVD program, stopped the uncontrolled entry of alpacas into the German marketplace. We now have an orderly, precise screening program in place. Getting to this point took hard work and plenty of convincing.

It was clear we needed a strong registry to supervise all screenings, trained screeners with high proficiency levels to conduct animal evaluations, education for customers to understand the benefit of buying screened animals, and of course encourage breeders and brokers to obey these rules. A lot of room for error, right? A lot of "what ifs" as well:

- What if, the registry did not enforce its rules and regulations? Nobody would follow the rules.
- What if, it was perceived that the registry was too strict? Those who did not want to follow the rules of the original one would probably create a second registry.
- What if, someone is trusted and seen as an expert because they own some animals and advertise a lot. They claim to be a screener, but they have no clue whatsoever on how to evaluate an animal? Experts should be certified by tests, which prove their competency in alpaca assessment and follow conflict of interest rules.

- What if, screeners are contracted to evaluate animals being imported into countries with no registry and the animals make their way to Germany? Because there is no recording institution for the results to be recorded and stored, alterations can be made, outcomes can be mis-reported, fraudulent screening forms can be circulated.

In regard to this “what if”, our fears proved to be true. A group of animals came into Germany advertised as screened, and they had been screened. But, the seller did not tell their customers most of the screened animals had failed screening. We learned if there is no registry recording screening results of evaluations done by certified screeners information may be altered. The results cannot be trusted. Buyer beware!

- What helps the development of a nation’s herd more: Having the most aggressive people running things because they want to, or having an orderly approach based on knowledge and rules? We are working to find the answer to that one.



Checking for luxating patella (loose knee cap)

These are some of the problems we had to overcome. Do not misunderstand me. Without brokers and importers this extraordinary animal would never have made it across the Atlantic. But eventually imported animals begin to compete against home grown animals. The issue is how to avoid a downward

spiral that damages the market. In a more and more global playground, this threat is present to other markets as well. Careful diplomacy needs to enter the picture. Legal issues need to be understood. How to handle imports becomes a critical issue for a developing market. A small group of imports won't hurt anything and offers new genetics. Too many imports will overwhelm a domestic market and new breeders. Is there a ratio or mix that might work?

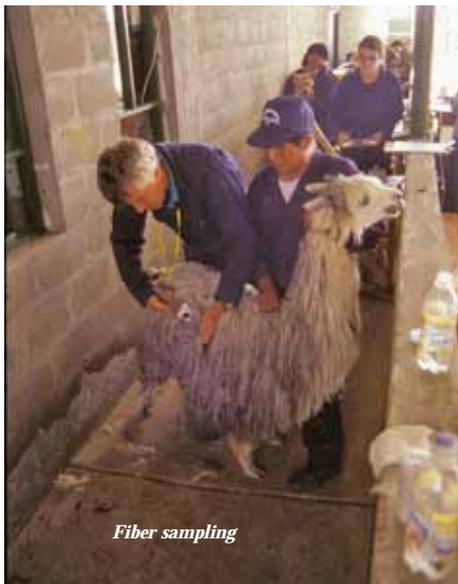
Certain protective measures are available. Some might say, close the registry to imports. We have watched the experience of other countries to learn what that choice might mean for us in Germany. We think quality control is the answer and we have instituted an intensive screening program for both our animals in Germany and imports. Studying what happened in the U.S. showed us a lot.

Maybe closing the registry for imported animals was a dangerous step for the US market. Closed markets are never closed forever. The registry was closed in 1998 with approximately 15,000 registered animals. In only nine years ARI has registered over 90,000

(2005) animals, which is six times as many as the closure herd. When I read US websites about sires that serviced several hundred females I wonder where this is going and who is it benefiting? A genetic disease spread by only a few of these popular studs, would have a large impact on the US alpaca industry. What happens when everyone becomes related? I seriously doubt that anybody considered this when the registry was closed. How do people develop their own independent bloodlines and what happens when the dominant studs and their owners have influence over everyone and everything?

So what were the real reasons for its closure? Was it to maintain high market prices, or to preserve exclusiveness for some breeders? Was it to protect everybody with alpacas? To people from outside studying what appears to have happened we see things we want to avoid and some good things too.

We see that Accoyo became a brand name like Microsoft, except it lacked the international copyright to protect the owner of the name. We have Accoyos in Germany and alpacas from all the other



big herds in Peru and Chile. I am amazed at what has happened with Accoyo. Some of Julio Barreda's Accoyos were imported into the United States. The people there advertised the Accoyo name, sold them for high prices and then closed the market (registry) to Julio Barreda, who created the herd that made the money. There is a contradiction here that doesn't make sense. If Accoyo is so valuable why is it forbidden?

Review websites and you'll see that the prices for many alpacas without the right "brand name" attached have dropped significantly even for alpacas that have extraordinary qualities. This is looking like a name-brand market, like Microsoft or Kentucky Fried Chicken. We think an objective market works better for more breeders. It rewards the people making the best animals even if they don't have a lot of money for advertising. Brand names are one thing, quality control is another. The two don't always go together.

We learned some good things in studying what goes on in other countries. In the U.S. the beginning herd was good quality because the screening rules were in place when most of the first animals were imported. The imports themselves were not a threat to the quality of the national herd, and they provided diversity for the gene pool. In Germany we've had to play catch-up and go back into original animals and categorize them based on objective measurements. Now we know what we have and breeders know which of their animals will help their program.

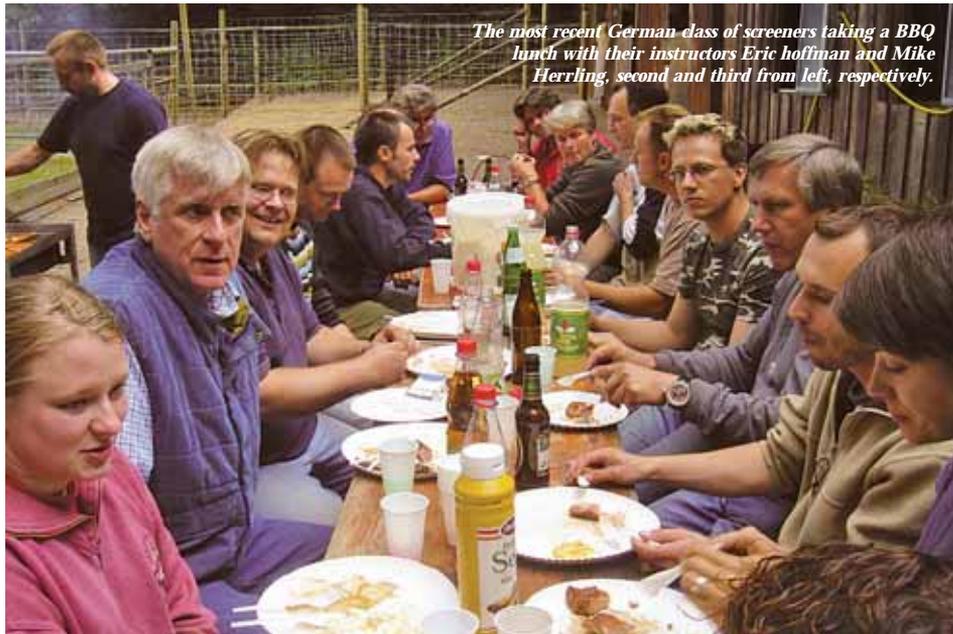


*Christian Boeltzig, Shenia Loderstedt, Jens Ottmers, Katrin Schmitt
One of these veterinarians has passed the screening course, the other three will be tested in September.*

The questions are: Does closure of the registry enhance animal quality over time? Does total control allow new people to develop their own program with their own genetics? Does total closure create monopolies; not just a closed registry, but a closed world where information is controlled and advertisements become reality?

Maybe the secret formula we are all looking for hasn't been invented yet. We need a market that grows over time and allows people to become educated, breed their animals intelligently, create their own quality bloodlines and enjoy success in the market place. I believe in screening all animals using measurements. Quality control will allow Germany to secure its still growing market. By screening the present national herd as well as imported animals, the AZVD has established a labour-intensive but objective tool to assess animal quality. It serves all breeders, not just the few owning "brand name" animals. All registries should serve a common goal and benefit all members, not just the "chosen ones".

Over the last few years the AZVD has observed how other registries work,



The most recent German class of screeners taking a BBQ lunch with their instructors Eric Hoffman and Mike Herrling, second and third from left, respectively.

tried to copy them and failed. We had to learn from our mistakes, as well as the mistakes and smart moves made by others. Implementing screening and creating the common Herd and Elite Books in 2006 has put us on the right path. This is our message:

In Germany every alpaca can be registered, but all have to go through screening. If you wish to bring animals to Germany that's fine, they might broaden our genetic spectrum. But be aware that only the very best will bring the good prices. Make sure to bring us the best you have, or the achievable price won't even pay for your airline ticket.

About the Author

Mike retired from the German Air Force as a Major in 2004 after eighteen years of service as a F-4 Phantom fighter pilot. Today Mike, his wife Silke, and daughters Alexandra and Rebecca enjoy working together running Avalon Alpacas. The Herrling farm is located northwest of Bremen, Germany close to the North Sea. At last they have the opportunity to realize their lifetime desire of raising and caring for animals. Mike has served as a board member on the German Alpaca Registry (AZVD) for four years. His research and commitment to alpaca improvement was rewarded with 80% of the membership voting in favour of implementing his vision of a modernized alpaca breeding program.

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