

THE DECLINE OF THE HORSE INDUSTRY

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Outline

- ▣ Purpose
- ▣ Definitions
- ▣ Review of Other Work
- ▣ Methods
- ▣ Results
- ▣ Conclusion/Recommendations
- ▣ Limitations

Slaughter Bans in 2007

- ▣ The last two plants closed in Illinois and Texas
- ▣ State law was implemented to ban horse slaughter
- ▣ It was believed to be inhumane
- ▣ There is current legislation proposed that would ban this process nation wide

Definitions

- ▣ Cull Horse
- ▣ Horse meat market
- ▣ Establishment
- ▣ Euthanasia
- ▣ Processing

Number of Horses Slaughtered Annually

- ▣ Total of 138,206 U.S. horses in 2006
- ▣ U.S. plants 102,260
- ▣ Shipped to Canada 24,866
- ▣ Shipped to Mexico 11,080

Economically Sound

- ▣ 90% of the United States consumes beef?
- ▣ The cow and the horse are very similar
- ▣ Mongolia value their horses very high but cannot afford to not utilize every aspect of the horse
- ▣ To waste this meat and salvage value is not plausible for horse owners.

Increased Cull Horse Population

- ▣ Horses neglected and abandoned
- ▣ Dying of thirst and hunger
- ▣ Brand removal
- ▣ Euthanization and the possible harmful affects

Horse Owners Predicament

- ▣ Surplus of cull horses
- ▣ Less demand for all types of American Horses
- ▣ Decreased price for horses
- ▣ Also a decrease in the number of horses sold with the United States

Research

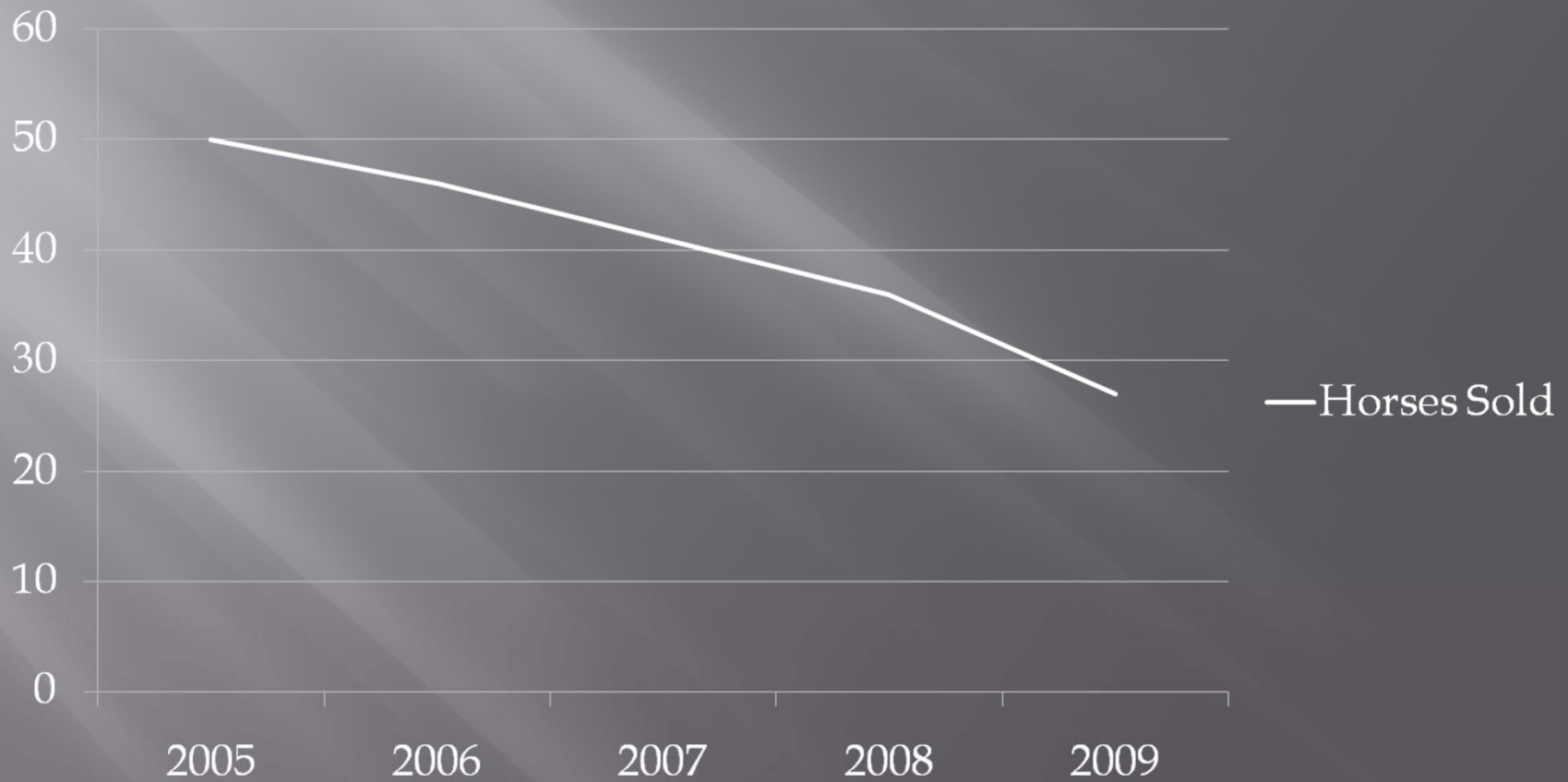
- ▣ Price change analysis
- ▣ Industry inefficiency analysis
- ▣ Percent change analysis
- ▣ Graphical comparisons over time
- ▣ End value analysis

Broken Bones Ranch Horse Sales

Year	# of Horses Sold	Total Revenue On Horse Sale	Average Price/Head
2005	50	\$80,421	\$1,608
2006	46	\$71,421	\$1,548
2007	41	\$84,869	\$2,070
2008	36	\$64,775	\$1,780
2009	27	\$39,850	\$1,476

Broken Bones Ranch Horses Sold

Horses Sold



Broken Bones Ranch Total Revenue

Total Revenue

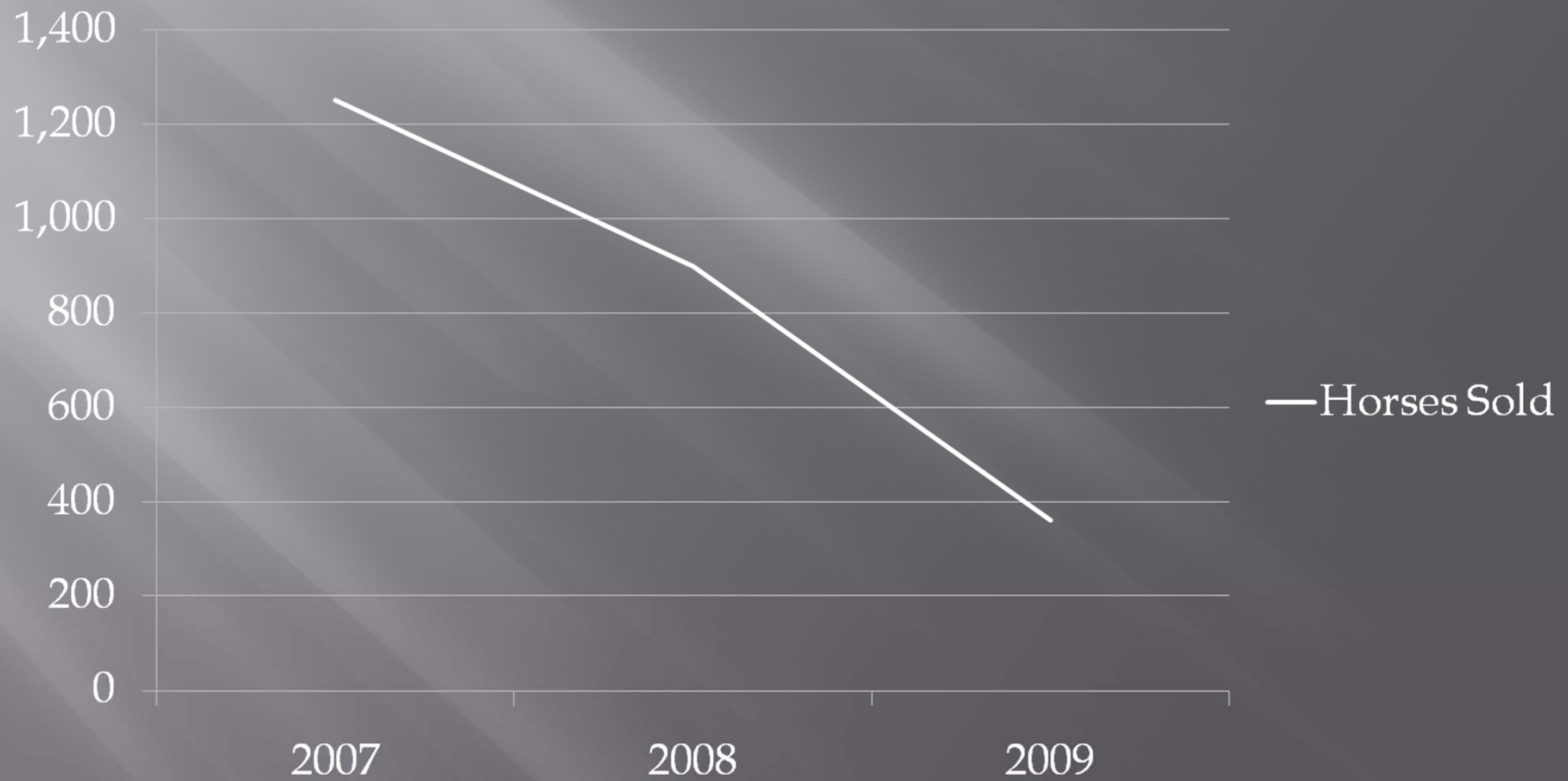


NRHA Futurity Horse Sales

Year	# Horses Sold	Total Revenue On Horse Sales	Average Price/Head
2007	1,250	\$28,287,500	\$22,630
2008	900	\$15,049,800	\$16,772
2009	362	\$3,972,750	\$10,430

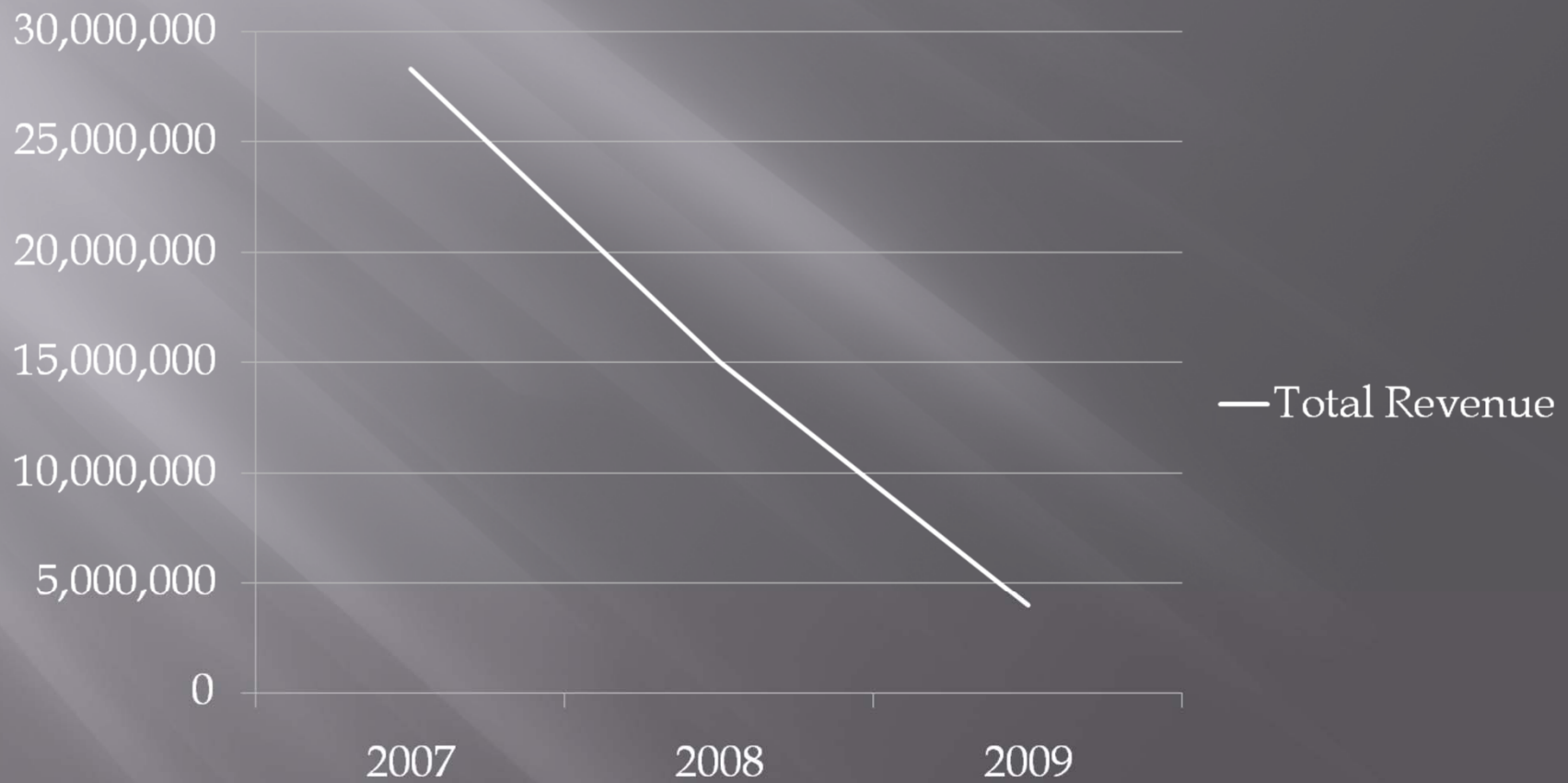
NRHA Horses Sold

Horses Sold



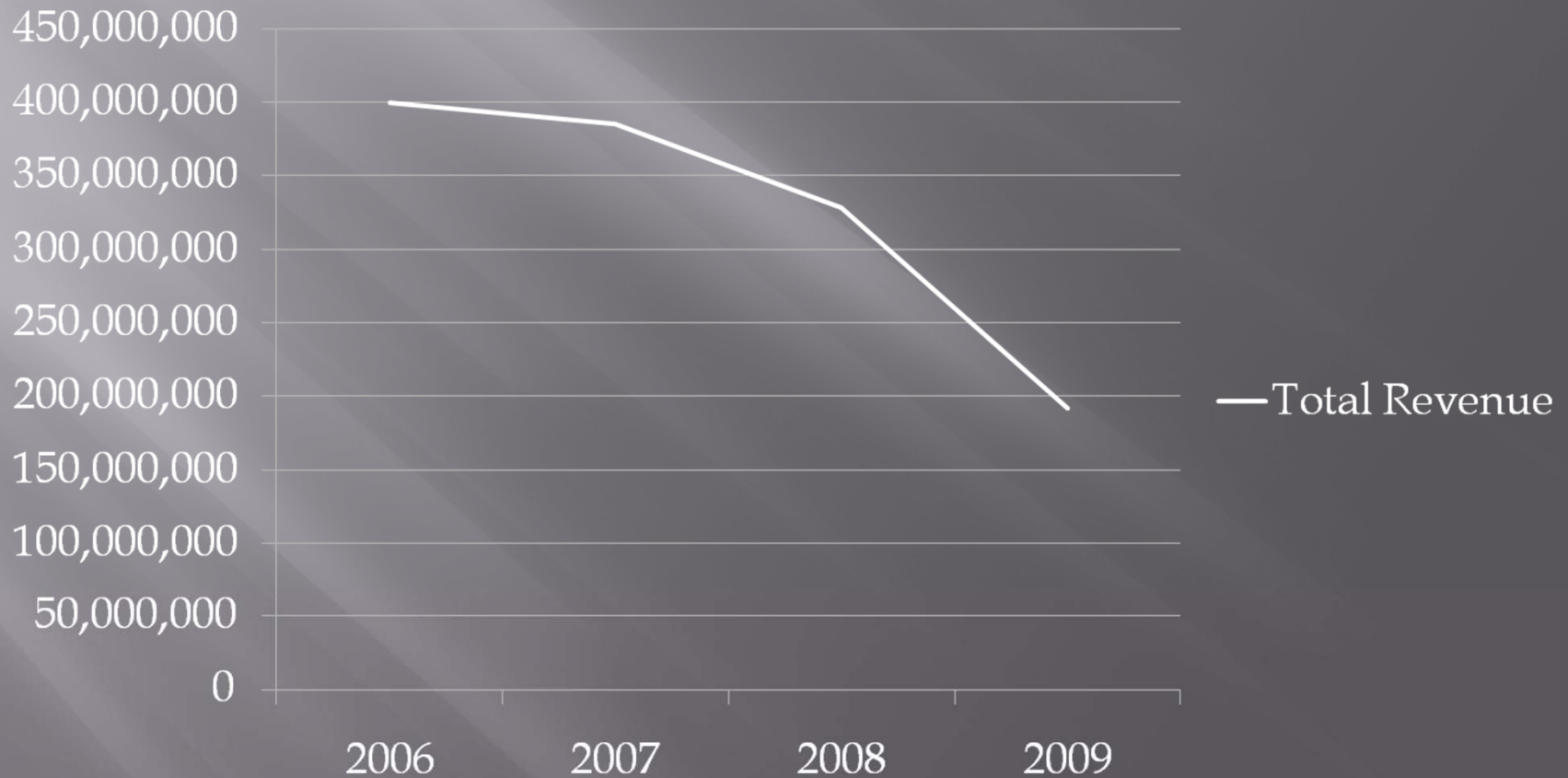
NRHA Total Revenue

Total Revenue



Keeneland Total Revenue

Total Revenue



Percent Change In # Sold

Operation/Sales	Percent Change Work	Percent Change
Broken Bones Ranch (2005-2009)	$27/50=.54 - 1.0*100$	46% Decrease
Keeneland All Ages Sale (2007-2009)	$982/1521=.645 - 1.0*100$	35.4% Decrease
NRHA Futurity Sale (2007-2009)	$362/1250=.2896 - 1.0*100$	71% Decrease

Percent Change In Total Revenue

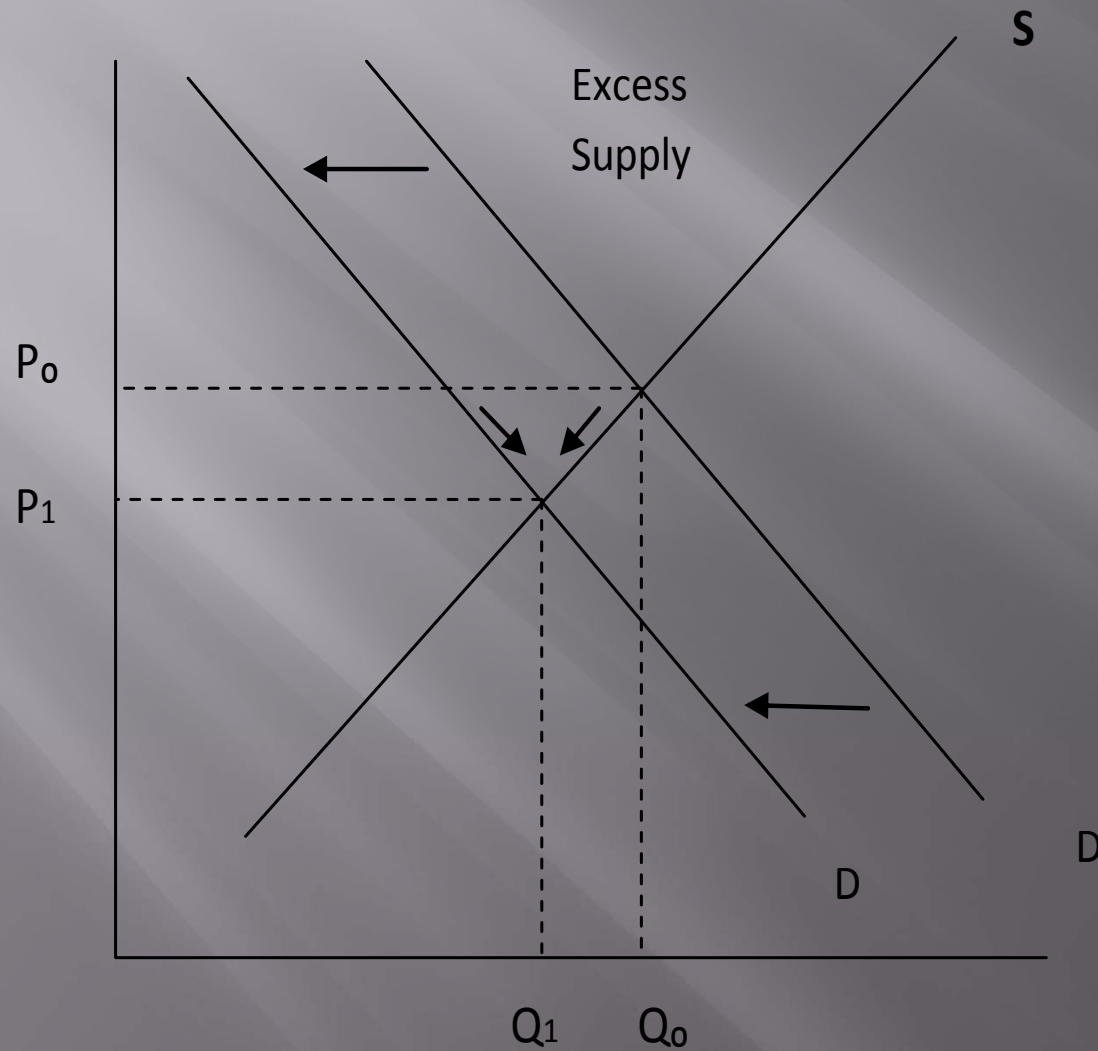
Operation/Sales	Percent Change Work	Percent Change
Broken Bones Ranch (2005-2009)	$39,850/80,421=.4955 - 1.0*100$	50.4% Decrease
Keeneland All Ages Sale (2007-2009)	$23,985,100/38,824,000=.618-1.0*100$	38.2% Decrease
NRHA Futurity Sale (2007-2009)	$3,972,750/28,287,500=.14-1.0*100$	86% Decrease
Keeneland Total Sales (2007-2009)	$192,000,000/400,000,000=.48-1.0*100$	52% Decrease

Annual Care Table

Expenses	AU*1AU	Lbs/Year/Ton	Cost/Pound	Cost (\$)
Feed	1.15*800	920*12/2000	5.52*80	\$442
	1.36*800	1088*12/2000	6.53*120	\$784
Farrier		Trims	2*25	\$50
			2*35	\$70
Boarding		Low End	100*12	\$1,200
		High End	200*12	\$2,400
Total			Range	\$1,692-\$3,254
			Unwanted Horse Coalition Estimate	\$1,800-\$2,400
			Mean	\$2,287

Demand Shift Curve

Demand Change for the Horse Market



Conclusion

- ❑ Overall revenues and sales have gone down severely from 2007
- ❑ The population of cull horses is not decreasing it is increasing
- ❑ There is an estimated 100,000 of unwanted horses with no solution to the problem

Recommendations

- ▣ Horse slaughter plants must be reopened
- ▣ Legislation needs to be passed to protect them
- ▣ New plants should be opened
- ▣ USDA would over see transportation and facilities
- ▣ Plants would have the right to maintain operations during any lawsuit

SWOT Analysis

▣ Strengths

- ▣ Provide an outlet for 100,000 cull horses annually
- ▣ Horse owners regain salvage value of horses
- ▣ Increased revenues and decreased costs for the horse industry
- ▣ There are thousands of horse owners, they need to take strength in their numbers

SWOT Analysis

- ▣ Weaknesses
 - This legislation has many against it

SWOT Analysis

▣ Threats

- Animal rights groups
- Anti-slaughter individuals
- Difficult but an attainable goal

SWOT Analysis

- ▣ Opportunity
 - Chance to gain revenue from cull horses
 - The industry back on its feet
 - A solution to the 100,000 unwanted horses

AQHA Efforts

- ▣ Continuously fighting Congress on Anti-slaughter legislation
- ▣ There are thousands of horse owners in the United States that need to do more

Increased awareness

- ▣ Horse owners need to learn to breed smarter
- ▣ Increase awareness of the problem and what is and can be done.
- ▣ Additionally owners need to improve how they market and advertise to keep up with today's changing culture

Limitations

- ▣ Other variables that could influence the market
 - Price of Hay
 - Price of Fuel
 - Current recession

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Questions?