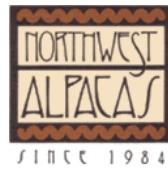




AMERICAN ALPACA MARKET IN RETROSPECT

By Mike Safley



AMERICAN ALPACA MARKET IN RETROSPECT

I was recently invited to speak about the American Alpaca Market to a group of alpaca breeders in England. I had not been across the pond for 36 years, it was Julie's birthday and since we had not left our kids to go on a vacation for the past 18 years, we decided to fly away to London and spend some time touring the English countryside.

The organizers of the event, Arunvale Alpacas, Nick, Terry and Alex Harrington Smith asked me to present an overview of the American alpaca market. While researching and reflecting on the material for my presentation I had the opportunity to consider how our marketplace made the journey from obscurity to its current presence on national T.V. The path alpacas have traveled, to become a part of so many people's lives in such a short time, is a fascinating case study.

I remember sitting with Phil Mizrahie and David Mohilef at David's kitchen table in Chatsworth, California when David said, "Alpacas are the world's finest livestock investment". That phrase captured my imagination. Dad and I bought 10 pair of alpacas that day in 1985 and I created my first marketing initiative in the form of a bumper-sticker that said, (you guessed it): "Alpacas - the world's finest livestock investment".

There is a lot of truth in the phrase that David coined. American alpaca ownership has been increasing for almost twenty years. The biggest marketing problem in the early days was explaining what an alpaca was. The most frequent question that people asked was, "What is the difference between an alpaca and a llama?" Today, the Alpaca Owners and Breeders Association (AOBA), the I Love Alpacas Co-op and the internet answer that question for new breeders before you and I ever make their acquaintance.

How did we get to where we are? The total AOBA membership was 2152 on December 1, 2000. In 2001, 685 people joined AOBA and 1,096 joined in 2002, an 83% increase in 2 years. More people have discovered alpacas and joined AOBA in the last 3 years than in the previous 11.

I told my English audience that the American alpaca market was constructed like a sturdy chair with four strong legs. If you were to remove one of these legs, the market, like a chair, might wobble a bit. The first leg is formed by a strong breed association, the Alpaca Owners and Breeders Association, (AOBA), and an industry wide marketing strategy. The next leg is the Alpaca Registry Inc., (ARI), which has DNA verified parentage and closure as its foundation. The third and fourth legs are the alpaca show system and breeder driven alpaca improvement programs. Let's take a look at each of these, one by one.

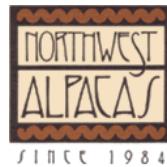
AOBA AND THE INDUSTRY WIDE MARKETING STRATEGY

In the early days alpaca breeders were members of and held their conventions in conjunction with the International Llama Association (ILA). It did not take long to realize that Llama breeders were competitors rather than prospects for alpaca breeders. Once we came to that realization the alpaca industry, all 100 of us, moved quickly to establish our own breed association marketing programs and national convention. We have never looked back.

AOBA was formed and operating by 1990 and has always done an outstanding job of marketing alpacas on behalf of their members. Their initiatives have included: 1) Education, 2) Alpacas Magazine 3) Ad Co-ops and more recently marketing via the Internet.

AOBA's annual conventions became the industry's primary educational forum with multiple seminars and guest speakers. This model was eventually adopted by affiliates of AOBA who currently promote educational seminars all across the country in conjunction with their monthly meetings and annual alpaca shows.

I was privileged to be president of AOBA when we decided to create Alpacas Magazine. I took on the role of editor for the first issue and eventually served in that capacity for the first two years of the magazine. The creation



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of a four color glossy publication was a big step for AOBA and several members argued strenuously against AOBA's ownership of the magazine. They believed the risk of the magazine failing was too great for our fledgling industry. But the presence of a professional quality magazine gave the market place confidence and further extended AOBA's ability to offer an educational resource to prospective alpaca owners. The magazine was a success from day one.

The next big marketing step by the industry was the creation of ad co-ops. This was stimulated by the availability of marketing grants from the Alpaca Registry Inc. (ARI). The registry had excess funds from the fees they charged importers for screening alpacas into the registry. The fee was \$500 per animal and we eventually raised over 1 million dollars that was used for marketing by various AOBA sponsored groups.

While I was on the ARI Board of Directors we funded grants that supported at least 4 different advertising co-ops. Each of these co-ops bought full color ads in Airline magazines, Sunset, Country Living and other regional lifestyle magazines. The success of their effort was immediate. AOBA then picked up the ad co-op model from the regional groups and created the Farm and Ranch Guide, which is still an overwhelming success today.

AOBA also created a video about alpacas, which was widely distributed by the membership. This video gave me the idea of creating an alpaca infomercial. Camelids of Delaware and The Pet Center underwrote the cost of the thirty-minute tape, which was then played on cable stations and satellite T.V. to promote the early Peruvian import sales in Charlevoix, Michigan. The value of putting alpacas on television was apparent from the first moment we ran the infomercial. The television audience fell in love with alpacas and we began reaching a larger and larger market place.

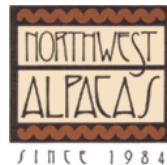
AOBA soon produced a second alpaca infomercial, which was very successful, but they took the concept one very important step further and began running 1-minute commercials on satellite T.V. These ads have been a tremendous success and have become the advertising medium of choice for the Farm and Ranch Guide. Jerry Forstner of Magical Farms recently created the I Love Alpacas co-op which uses television ads to drive traffic to the co-op website. This co-op is a private initiative that is funded by more than 100 breeders spending \$5000 each. It has been a huge success benefiting its members, non-members, and the AOBA website as well.

The Internet and alpaca websites have played an increasing role in AOBA's and its members marketing programs. The Internet is new (1995) but its importance cannot be overstated. Anyone serious about marketing alpacas needs to consider a website as a marketing vehicle. Almost every prospective alpaca owner does his or her research on the Internet. At Northwest Alpacas 100% of our marketing strategy is founded on our website. We register seminar participants, sell animals and market our farm exclusively on the Internet.

A DNA VERIFIED CLOSED REGISTRY

The Alpaca Registry Incorporated (ARI) is a major component to the success of the American alpaca market. The purpose of any breed registry is to create value for its members. Two fundamentals anchor the value of the ARI: First, it is a closed registry, only the progeny of registered parents are eligible for registration and second, all parentage is verified by DNA. Verified parents are one of the essential platforms from which breed improvement programs operate. The ARI certificate documents a credible pedigree, with certain ancestry and presents over thirty pieces of information about any given alpaca.

Registry closure has been a big part of the success of our market. The value of closure to alpaca breeders, large and small, cannot be overestimated. The debate that ensued when I put forth the petition to close registry was "contentious," to put a civil face on the free for all that preceded the closure vote. The arguments that were made against closure included the following:



- 1) The gene pool of alpacas was too small to sustain improvement of the breed if the registry was closed.
- 2) That a second “open” registry would be established and that would be detrimental to the entire industry.
- 3) That closing the registry would be considered restraint of trade and therefore, illegal.

There were other side issues and personal agendas that entered the debate but the three points above were the deciding factors for most people. (One breeder actually maintained that closure would result in a euphoric spike in alpaca prices and that this spike would somehow skewer the entire market for alpacas)

WAS IT LEGAL TO CLOSE THE REGISTRY?

We can dispose of the last issue first. It was and is legal to maintain a closed registry. Most registries began their life open to the registration of unpedigreed stock and then are closed at a point in time that was in the best interest of a majority of their membership. I retained a lawyer from Omaha, Nebraska who was general council for the National Association of Breed Registries. He issued a legal opinion concerning the legality of closure and the issue was essentially settled in advance of the vote by the members to close the registry. Closure means alpacas with unknown parents and progeny with parents that were not previously registered could no longer be registered in the ARI. (As a practical matter this measure essentially closed the registry to imports but closure does not restrict anyone from importing unregistered alpacas.)

WAS THE GENE POOL TOO SMALL TO CLOSE THE REGISTRY?

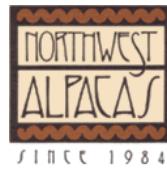
The thought that the alpaca gene pool was too small to sustain genetic improvement had longer legs, as an argument against closing the registry, than the legal issue. At the time that I petitioned to close the registry there were 15,164 registered alpacas, 2,042 suri and 13,122 huacaya. Subsequent to the closure vote approximately 2,000 alpacas, in the process of being imported, were allowed to register under the terms of the closure petition.

I contacted several nationally renowned population geneticists and asked them whether the limited gene pool argument would hold water. I was told that in a perfectly scientific sense that for a species to survive it required 50 genetic sources and for improvement of a species, 500 were required.

One of the geneticists, who was generally familiar with the alpaca industry, inquired as to the geographic sources of the registries foundation alpacas. Once he was clear that the American herd was made up of animals from Peru, Chile, Bolivia, Australia, and Canada he observed, “that there may be the odd gene in South America or elsewhere that was not present in the United States”, but that “he doubted it”. (If you would like to read more about the closure debate, please see: [The Case for Closure, 1998](#)).

When I was invited to speak in England, one of the issues that I was asked to address was the closure of the English registries (they have two). The first question from the audience after I completed my presentation was whether their gene pool was large enough to sustain closure. They currently have about 10,000 alpaca in England.

My answer to the English audience was the same one I made during the ARI closure debate in 1998. The fact is that there are too many genes in our gene pool, not too few. (A herd at Accoyo was never larger than 2000 with about 1\3 suri and 2\3 huacaya. That herd has been closed since 1946.) The process of improvement requires that we cull defective or less productive genes from our alpacas. Selection is the process of concentrating the gene pool, driving out the bad and leaving the good. So at some point the improvement process dictates that we select for fewer high quality genes not more genes of unknown origin which is what imported alpacas represent.



TWO REGISTRIES

During the closure debate I researched the issue of duplicate registries serving a single breed. There are very few examples. The Arabian horse breed is one instance and the existence of multiple registries in that breed has been detrimental to Arabian owners and the value of their horses.

Breed associations control most breed registries. Breed associations most often control the showing or exhibiting of their respective breeds and prohibit the showing of animals not registered with their association. In the case of alpacas, AOBA certifies most alpaca shows in the United States and they require that alpacas that are being exhibited be registered with the ARI. They also prohibit the display of animals at alpaca events that are not born of ARI parents or otherwise registered with the ARI and you cannot advertise unregistered alpacas in *Alpacas Magazine*. These types of initiatives by the dominant breed associations generally act as deterrents to a second registry in most livestock industries.

At the end of the day the issue of whether a second registry would be started has been answered by history: There is, until this day, only one alpaca registry in the United States.

THE BENEFITS OF A CLOSED REGISTRY

The truth is that it is in every American alpaca breeders self interest to have a closed registry for the following reasons:

- 1) A closed registry protects the value of member's alpacas.
- 2) Registry members who are committed breeders reap the benefit of sales in a stable or appreciating market place.
- 3) A closed registry leads to accelerated alpaca improvement.

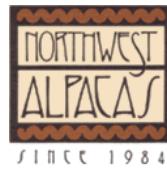
The first point, that a closed registry protects values is self evident to most people. The protection is two-fold: 1) imported alpacas without verified parents are genetic black boxes which can introduce genetic defects into the national herd and they can also be vehicles for previously un-introduced diseases, and 2) a stable supply of animals leads to a stable market place.

GENETIC BLACK BOXES

I might be an advocate of or a willing participant in the import of alpacas if I believed it would lead to improving the breed. The facts are that once a nation or group of breeder has a critical mass of genes, continuing to add more, particularly genes of unknown origin, to this pool only dilutes the effort to improve their breed. A registry's stock and trade is pedigree. The more ancestors on a pedigree the more value it represents. A pedigree with unknown parents, which is what all pedigrees for South American alpacas represent, is of far less value than a pedigree with parents, grandparents and so on. Importing animals of unknown parentage or genetic black boxes can also be a genetic nightmare.

"VERMONT SHEEP"

The following excerpt is from Charles Massey's epic animal breeding book, Merino, which chronicles the history of the Australian Merino and its development as one of the most profitable sheep breeds ever known. Massey tells the story of the Vermont sheep which were imported from the U. S. by Charles McCaughey. This incident of importer excess almost brought the mighty Australian Merino to its ruin, in only a few short years.



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"Born near Ballymena in Northern Ireland in 1832, McCaughey arrived in Melbourne in 1856. Deciding on a pastoral career during the rosy years of the late 1850s McCaughey bought a share of Coonong in Riverina in 1860...,

So when this enormously influential man turned his attention to sheep-breeding, it was little wonder that a multitude followed in his wake. However, even the best analytical or scientific mind is no substitute for the personal attention, intuition and craftsmanship, combined with decades of close practical experience, needed to rise to excellence as a Studmaster. Like so many intelligent men before and since, McCaughey thought there were short-cuts to breeding top balanced and productive sheep.

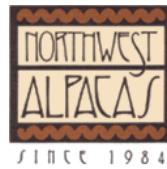
So by late 1885, and after such a brief experiment, McCaughey believed he had at last found the sheep he wanted. Never one for half measures once his mind was made up, McCaughey left for America in 1886, with two accompanying American 'experts', E.N. Bissel and W. Chapman, to 'pick the eyes out of its Merino studs'. In two shipments he brought back 132 rams and 330 ewes from the best Vermont flocks, for which he paid the staggering amount of 25,000 pounds. This bold move, in buying what for the Americans had now become expensive culls, can be judged as the action that catapulted Vermont sheep into the Australian limelight and so ushered in the fashion for 'wrinkles and oil.' McCaughey appointed Bissel his American agent and secured the services of Messrs E. D. Morrison and R. D. Clark, both of whom later came to Australia as active importers and stud-breeders with depot farms. The floodgates were opening.

And so the Vermont craze gathered pace. Following McCaughey's extravagant import of 1886, several shipments followed quickly in the names of Bissel, Burwell, Morrison, Clark and others, all American 'wrinkle' breeders. These shrewd agents, and E. D. Morrison in particular, began to import ever-larger drafts of Vermont sheep to meet the steadily increasing demand, particularly in the 1890s. By this stage the Vermont wrinkle craze had been completely discarded in America, though this fact and the reasons behind it were either hidden or unknown in Australia. One American breeder summed up the situation by stating that, "The one redeeming feature that gave the Vermont breeder hope for the future was the export trade. This was practically the only trade since 1890.

As a result of the propaganda spread by McCaughey and his supporters, a very dangerous situation developed, whereby a group of self-styled experts, in whom a little knowledge was a powerful and dangerous tool, came to exert an enormous influence but with out a proven record in the art of stud sheep-breeding.

The trend towards more and more, and tighter and tighter, wrinkle can be seen in sequential photographs of show sheep of the time, until by the 1900s the pursuit of corrugated-iron sheep had stripped the animals of any redeeming features. They had become smaller, were narrow- chested; had shocking conformational faults such as bad pasterns, devil's grips, sloping rumps, and virtually every bad body fault imaginable. Their fleeces exhibited serious unevenness, declining quality and hair, not to mention excessive grease and low yield. And they were losing fertility rapidly, a factor compounded by their deep flank and skin folds which made it hard for lambs to find teats. They were in every way a disaster."

This story from the late 1800's closely parallels the alpaca imports in our recent history. The importers as promoters enthusiastically proclaim the latest shipment as the world's most elite genetics. The buyers flock to their



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sales seeking a short cut to success. The magic males from the sales are the subject of glowing ads. In an effort to jump on the bandwagon breeders line their females up for service by the new "stars." All of this is worship of unknown parents and untested males.

These imports of Vermont sheep represented only a very small fraction of the total sheep population of Australia. It does not take much defective germ plasma to wreak havoc across a large national herd of livestock.

When people from other countries go to Peru or come to the United States looking for alpacas, the locals do not immediately think, "Gee, let's sell them our best animals." The truth is they do what they can to ship their worst alpacas as far from home as possible. Just as the Vermont breeders did more than a century before. Livestock breeders generally attempt to retain their best, not sell them.

The truth is, there are no short cuts to breeding superior stock. It has taken Don Julio Barreda more than 50 years to create his own line and he has worked with a small "closed" herd all that time.

STABLE ALPACA PRICES

A look at the English alpaca market illustrates what can happen to alpaca prices when a registry is left open. Several years ago English alpaca prices were higher than they are today. The importers were active in the market importing surplus Canadian animals, left over from the importers rush to sell into a strong Canadian market. During this period most of the sales in England were captured by the importers at the expense of the domestic breeders.

Then a natural disaster hit the English market in the form of foot and mouth disease. The market for animals of all types dried up and prices fell. Now that the foot and mouth episode is in the past there is a firming or rising market.

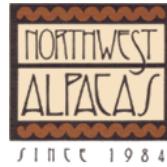
This creates a dilemma for the domestic breeder in England. If the market improves and prices rise to the point that imports will once again be profitable and saleable, the importers will move to capture the market. They will promote their genetic black boxes as the greatest thing since sliced bread. English breeders will reach for their wallets in the hope of purchasing a full compliment of those "magic bullet" foreign genes.

Then the market will fall back, as it has in other countries with open registries, and a period of digestion will take place. Worse yet, if the market stays strong, the imports will increase in a frenzy of greed that will ultimately implode in an over supplied market.

This is not a commentary of good and evil, but an observation of the way all markets work. If there is a low cost supplier (South America) and a high value profitable market (England, etc.) someone will move to exploit (importers) or sell into the high priced market with low priced goods. They will continue until all possible profit disappears.

When importers work in a market, sales become concentrated in very few hands. During the debate to close the U.S. market I remember researching the ARI database to determine the distribution of transfers by owner code. Transferred certificates are the best indicators of sales because they are evidence of a change in ownership. I was amazed by the results: More than 90% of the transfers by the ARI were made by only five owner codes. These owner codes were owned by importers.

Since the registry has closed, here in the United States, 100's of owner codes are making transfers. Another phenomenon occurs when the registry closes and breeders rather than importers, make sales. Breeders tend to use



at least part of their sales dollars to buy more domestic animals. Importers spend their profits in the form of purchase dollars in some foreign land. Their profits do not re-circulate into the domestic marketplace.

I ask each of you old-timers reading this article: Have you ever sold an alpaca to an importer? A closed registry spreads the sales and distributes the money amongst the breeders who build the marketplace. And that's the way it ought to be.

THE MODELS FOR REGISTRY CLOSURE

There are three primary models for registry closure: the United States, Australia and Canada. A look at each of these models and their alpaca marketplace is instructive for anyone interested in the impact of registry policy on the alpaca market. You can decide which model you think is in your personal best interest.

The U.S. has had a closed registry since 1998. The market has become stronger each and every year since the registry was closed.

Australia has maintained an open registry, with the exception of a brief period when they closed it several years ago, from the beginning of their industry in 1989. There have been multiple imports of alpacas over many years. The price of alpacas, on average, has been in decline for several years.

At one time Canada (early 1990's) had the highest priced alpacas in the world. At that time they had an open registry. The Canadian agricultural authorities suddenly changed their import and quarantine policies in the mid-1990's to allow private offshore quarantines. This made it very easy to import large numbers of alpacas in a short period of time. Importers stormed their marketplace and it was inundated with Peruvian imports. The prices of alpacas dropped like a rock.

The Canadians reacted to the deluge of imported animals by closing their registry. Slowly over the next few years the market recovered. The importers exported many of their un-salable alpacas to the next target of opportunity, England. The animals in Canada that had been previously registered in the U.S. were sold into our market. Supply and demand began achieving equilibrium and the Canadian market recovered. Today it is getting stronger.

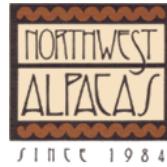
But it may be that the Canadians have not learned their lesson. They have recently approved the following amendments to the Canadian Llama Registry (CLR), their registry of record.

CLAA BYLAW AMENDMENTS:
Bylaw Amendments 20.6; 20.7 and 20.9
These amendments are now in effect

Bylaw Amendment 20.6

20.6 (1) PUREBRED: - All Animals are eligible to be registered as Purebred if: (Emphasis added.)

- a. Both the sire and the dam are registered in the herd book of the association as either Foundation Stock or Purebred; **OR**
- b. The animal has no less than three generations of individually registered Purebred or Foundation Stock ancestors in a recognized foreign registry, and meets all other qualifications for recognition; **OR**
- c. If an animal is the result of breeding up, it has no less than 15/16 inheritance relating back to Foundation Stock or Purebred ancestry in the herd book of the Association or the equivalent of Foundation Stock and or Purebred ancestry in a



recognized foreign registry. At least one parent must be registered Foundation Stock and or Purebred in the herd book of the Association.

20.6 (2) BREEDING UP: - Animals may be registered as percentage purebred, which have less than 15/16 inheritance provided that: (See Breeding Up table below.)

- a. All known ancestors are the same breed, and the subject animal has one parent registered as Foundation Stock or Purebred.
- b. Animals not eligible for registration may be recorded in the Registry, as 0%, for purposes of breeding up provided that all known ancestors are of the same breed and the subject animals meet CLAA minimum breed standards for the species or breed. The Board of Directors shall ensure that the animal complies with breed standards before recording. This will require screening to the standards. No certificate will be issued for a recorded animal. For the offspring of such an animal to be registered as percentage purebred, the subject animal must have been mated with a Foundation Stock or Purebred male or female of the same breed.
- c. Animals will not be eligible to enter the breed up program if the Applicant or the Association is aware of any genetic disorders in the animal, or any of its ancestors.
- d. Percentage purebred certificates: Certificates for percentage purebred animals shall be of a different color than those issued for purebred animals. The percent of inheritance shall be clearly displayed on the certificate.

Amendment 20.7

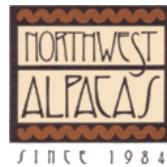
20.7 - 0% Animals: For the purpose of breeding up, an animal not eligible to be registered may be recorded, provided it meets the requirements outlined in article 20.6(2)(b).

RECIPROCITY

The first amendment deals with the issue of reciprocity. For a full discussion of reciprocity see [The Canadian Registry & ARI Reciprocity Issues: A History](#) by Libby Forstner, the current president of the ARI. Although the government amended the registry rules to provide for reciprocity I have been told that the registry members have not yet approved this change. In any case I think reciprocity can be a slippery slope and the ARI should be very careful about creating similar rules if at all or ever.

BREEDING-UP

	Recorded Sire 0%	50% Sire	75% Sire	87 1/2 % Sire	93 3/4 % Sire or Foundation or Purebred
Recorded Dam 0%	No Status	No Status	No Status	No Status	50% Cria (1/2)
50% Dam (1/2)	No Status	No Status	No Status	No Status	75% Cria (3/4)
75% Dam (3/4)	No Status	No Status	No Status	No Status	87 1/2 % Cria (7/8)
87 1/2 % Dam (7/8)	No Status	No Status	No Status	No Status	15/16 Cria Purebred



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This scheme of having listed or un-pedigreed animals that can be bred up to 15/16 and then registered as purebreds is quite simply – a terrible idea. This change is now the law in Canada. (This same idea was put forward by alpaca breeders as a solution to alpaca imports in the U. S. It was rejected by the ARI Board of Directors in the mid 1990's.) This amendment will create a second tier of inexpensive animals that have the apparent legitimacy of “a different colored certificate.” The line between pureblood pedigreed animals will be blurred.

I spoke with a member of the International Llama Registry (ILR) board who was telling me that they felt one of the biggest mistakes that the Llama Registry made was maintaining a listing and screening process for unregistered llamas that allowed for grading up to pure bred. The ILR scheme is similar to the one adopted by the Canadians for alpacas. It was bad for llamas and it will be bad for alpacas.

I am curious to see whether the Canadian industry will compound their error by allowing grade animals to be shown or sold at auction. As a matter of curiosity, I recently asked several Canadian alpaca breeders why they let this unfortunate set of events take place. No one I questioned even knew it had happened. I can only hope we never make a similar mistake in the United States.

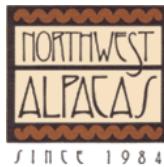
With Canada, who sits on the northern border of the American market, cracking the door open to imports it will be interesting to see whether importers view this as a vehicle to create an alternate registry to the ARI in the United States market. (Paranoia on my part? Maybe.)

ALPACA SHOWS: THE THIRD LEG OF THE CHAIR

The first alpaca show in the U.S. was held in Grass Valley, California in 1990. There were about 60 entries. From that humble beginning AOBA and its members have built one of the strongest legs of the alpaca market.

The first AOBA national show was held in 1992, at the Wool Market in Estes Park, Colorado. There were approximately 100 entries. As AOBA affiliates began to form across the country they soon began sponsoring shows. Today there are shows in most states of the union and every year they grow larger. The 2003 national show in Kentucky was the largest alpaca show in the world with 1,899 entries.

Americans love to show things, cars, dogs, coins, gems and even pet rats. The horse business is almost entirely show and race driven. We don't race alpacas, but we love to show them and that won't change anytime soon. The value of alpaca shows both fleece and halter, is immense. AOBA recognizes this and does an excellent job training judges, making rules and facilitating the show effort. The alpaca show system will help sustain our industry for years and years.



ALPACA IMPROVEMENT: THE FINAL LEG OF THE CHAIR

Since the beginning of time, animal breeders, kings and peasants alike, have been fascinated with improving and multiplying animals. Every stage of the improvement process is under the control of the breeder. They decide who will become parents and who will not. They decide who is mated to whom and how many times. This power is seductive.

There is a race going on in the alpaca world. Most breeders do not even realize that it is being run. But this race has people in our industry at work everyday constantly thinking how they might move up in the standings. The desire for alpaca improvement is a dominate thought in many alpaca breeders minds. The fascination with improving our breed is the predicate for the strongest leg in our chair. People love to improve their lot in life.

The alpaca improvement race is being run at many levels in the world today. Australia competes with England, the United States, New Zealand and Canada and vice versa. Everyone competes with Peru. In the United States its East against West and small against large, and finally, breeder against breeder.

I have been judging alpaca shows in several countries for many years. I recently returned from the 2003 Alpaca Fiesta in Peru where I had the opportunity to inspect many of the ribbon winners and champions. I happen to believe that the United States is winning the quality race, but my fellow competitors, judges and friends from far off lands would surely disagree.

The race to improve the breed involves high stakes. The best animals of a breed sell for more money, more easily than average or low quality animals. A studious breeder that understands the fundamentals of animal breeding, genetics, and selection can literally win the sweepstakes by creating an elite male or a bloodline that is recognized for excellence. The country that wins the race to create the most productive alpacas will certainly enjoy an opportunity to export their alpacas to emerging markets which develop in countries that are establishing the breed on their farms.

At another level breed improvement is an altruistic pursuit. The more valuable a breed is to their shepherds, the better the care it will receive. So by improving a breed and making it more productive, breeders can assure the long term well being of the animals in their care.

The chair that seats the alpaca market in the United States is solid, made stable by four strong legs: the industry marketing initiatives, the closed registry, the alpaca show system and breeders' fascination with improving the breed. The future, simply put, is bright, built on a strong foundation. We will get it right and we will succeed.