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MINOR THESIS

HOLLAND HORSE CHALLENGE

An Overview of the United States Equestrian Industry | Koert Verkerk

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*Photo front page: (Sines, 2011)*

Minor THESIS

## Holland Horse Challenge

An Overview of the United States Equestrian Industry

July 2014

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## Executive summary

The United States (US) represents the biggest export market for the Netherlands (NL) when it comes to horses, over 60% of the export goes to the US, representing 129 million US dollars in 2012. Equine products like feed and knowledge are currently hardly exported. Dutch horses are known and wanted for their qualities in the dressage and jumping sports. At the moment only high end horses are exported to the US, representing at least \$60.000,- per horse, otherwise the costs for exporting are too high. One can distinguish seven market segments; the Dutch are almost only serving segment six and seven which are the segments in which the prices of horses are above \$60.000,- (see figure 6 page 5). The biggest market potential for Dutch horses is however to be expected in the fourth and fifth segment; representing semiprofessional riders who perform at a relatively high level which is not the top level.

The current process of horse trade is organized in a highly individualized manner. Often a trainer needs to have contacts with a trader in the Netherlands. They will do business with each other, leaving out other parties. When considering the top segment this is no problem, however, when trying to serve the middle segments a different way of thinking and working is required.

This study argues that by introducing the supply chain approach into the equine trade sector it might become easier for horse traders and other actors in the equine trade sector to work together. “The supply chain is as strong as its weakest link” leads to the understanding that actors need to work together in order to achieve their goals. Setting up a supply chain approach occurs in three phases. In the phase of exploration of the population of organizations is determined which organizations may fulfil a (useful) role in the supply chain. During the phase of selection of chain partners is decided who can, and wants, to initiate chain formation. The third phase is the connection phase, focusing on how the relations in the supply chain are organized or will be organized. Once this has become clear, the relationships have been shaped and the supply chain will become operational.

The first phase; the exploration of the population is performed by providing a stakeholder analysis. Remarkable is the fact that, despite the individualistic way of working, when considering horse trade there are many representing organizations active in the equine sector in both the Netherlands as well as the US. When aiming at setting up a supply chain approach one needs the two most important actors to work together; the US trainers and the Dutch traders.

When considering the current situation of the NL-US horse trade, the obstacles Americans identify when importing a Dutch horse and the theory of supply chains, a possible improvement could be to set up a Holland Horse House (HHH). This could be a performance center for Dutch horses bringing together Dutch horses and equine producers in order to better serve the American market. The performance center is not solely aimed at selling horses and equine supply. Also knowledge and educational institutions could be involved as well as all other actors interested in doing equine business in the US. Next to setting up a selling station several other recommendations could be made to stimulate horse trade e.g. setting up a combined information campaign or organizing a horse buying trip to the Netherlands. The Royal Netherlands Embassy in Washington DC could stimulate all such activities. However; the Dutch equine sector needs to take the initiative at all times. Final conclusion is that the additional market potential in the US is big for Dutch horses; every investment is expected to deliver return.

## Key Figures

An overview of key figures (UN, 2012) representing all breeds of horses.

Figure 1: horse exports of the Netherlands, total & US

Period	Trade Flow	Reporter	Partner	Code	Trade Value	Trade Quantity
2012	Export	Netherlands	World	101	\$211,325,855	29,857
2012	Export	Netherlands	USA	101	\$129,440,854	1,721

Figure 2: Export of horses from the Netherlands, %

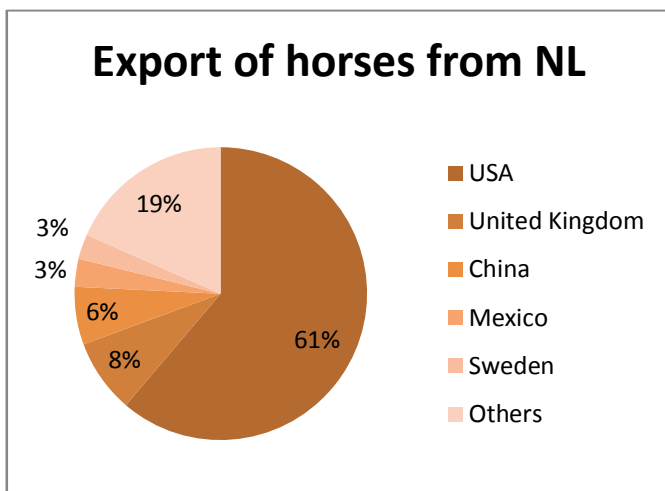


Figure 5: Total number of horses in the US (FAO, 2014)

## Total number of horses in the US

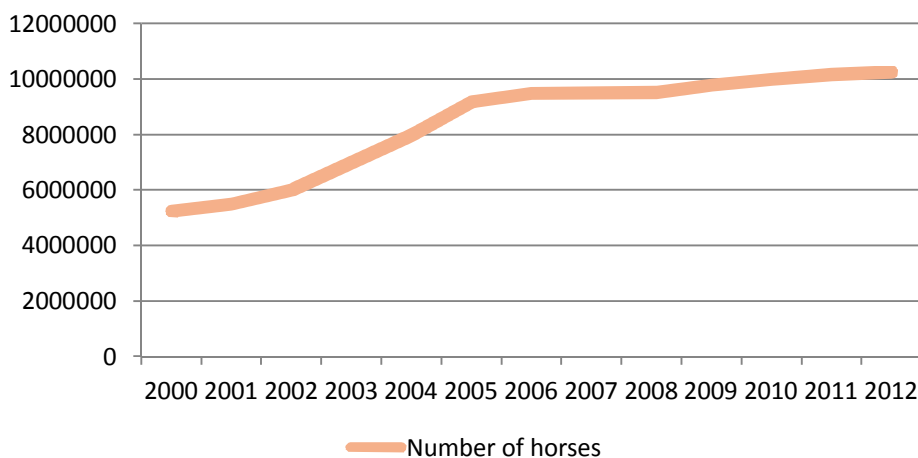


Figure 3: Total imported trade value (2008/2012) per country

Trade Partners	Value
Netherlands	460027043
Germany	221913114
Canada	151327862
Ireland	134162004
United Kingdom	124437992
Others	295863497

Figure 4: Number of horses per state

State	ANHF 2005
Texas	978822
California	698345
Florida	500124
Oklahoma	326134
Kentucky	320173
Ohio	306898
Missouri	281255
North Carolina	256269
Pennsylvania	255763

Figure 6: US market segments

7	\$500.000	\$... million
6	\$350.000	\$500.000
5	\$100.000	\$350.000
4	\$50.000	\$100.000
3	\$25.000	\$50.000
2	\$1.000	\$25.000
1	\$500	\$1.000

## Table of Contents

Executive summary .....	4
Key Figures.....	5
Table of Contents .....	6
List of used abbreviations .....	8
Introduction .....	10
Research framework .....	11
Section 1 .....	13
Overview of the United States equestrian industry .....	13
Definition of the equine industry .....	13
US horse breeds and uses .....	14
Dutch horses.....	15
US horse demographics and trade .....	17
Market Segments .....	19
Equine products .....	19
Horse Export.....	20
Trade process .....	23
Conclusion.....	24
Section 2 .....	25
Supply Chain.....	25
Supply Chain creation .....	28
Stakeholders.....	29
A stakeholder analysis of the NL-US horse trade .....	32
Results.....	36
Conclusion.....	38
Conclusions & recommendations .....	42
Discussion .....	45
References .....	47

Appendices.....	51
Appendix 1 – The United States of America .....	52
Appendix 2 – Transportation .....	53
Appendix 3 – Horse counts .....	56
Appendix 4 – Interviews .....	58

## List of used abbreviations

AHC	-	American Horse Council
EZ	-	Economische Zaken
FEI	-	Fédération Equestre Internationale
FHANA	-	Frisian Horse Association of North America
FNHO	-	Federatie Nederlandse Hippische Ondernemers
FNRS	-	Federatie Nederlandse Ruitersportcentra
HHH	-	Holland Horse House
HNHF	-	Holland National Horse Foundation
KFPS	-	Koninklijk Fries Paarden Stamboek
KNHS	-	Koninklijke Nederlandse Hippische Sportfederatie
KWPN	-	Koninklijk Warmbloed Paardenstamboek Nederland
LTO	-	Land en Tuinbouw Organisatie
NL	-	The Netherlands
NVWA	-	Nieuwe Voedsel en Waren Autoriteit
SRP	-	Sector Raad Paarden
UN	-	United Nations
US(A)	-	United States of America
USDF	-	United States Dressage Federation
USEF	-	United States Equestrian Federation
USHJA	-	United States Hunter Jumper Association
VHL	-	Van Hall Larenstein
WUR	-	Wageningen University and Researchcenter





## Introduction

The Netherlands is currently the largest horse exporter to the United States, representing a total trade value of US \$460 million over the last five years. This is a considerable achievement. However this position is not a given. The competition in the market is high, horses bred in other European countries, like Germany, Sweden and Belgium, are considered of high quality as well.

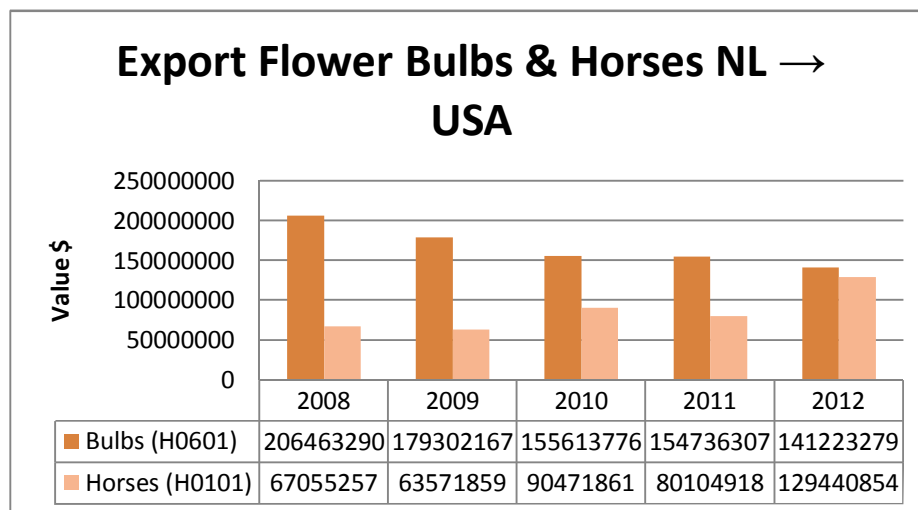
The agricultural department of the Netherlands embassy in Washington DC realized that the export of horses from the Netherlands to the US increased considerably in the past few years. Of interest is for example that while the Netherlands traditionally is known for its exports of flower bulbs to the United States, the value of the export of Dutch horses reaches the value of the export of flower bulbs. The Dutch ministry of economic affairs therefore indicated that it would be of interest for both Dutch and US parties involved, to look for further possibilities to stimulate the trade in horses and equine products and services from the Netherlands to the US.

In this report I will explore the NL-US trade in equine products. I will use the theories of stakeholder analysis and value chain development to get insight in the US market and the trade in horses from the Netherlands to the United States and what the prospects are for further development of the trade relation.

This report focusses on the trade in horses and equine supply from the Netherlands towards the United States, seeking an answer to the research question;

*“What new and additional opportunities exist for Dutch traders in horses and equine products by the United States horse market?”*

This report combines an analysis of the theoretical concepts of stakeholder analysis and the creation of value chains and an analysis of observations done in the field of the US equestrian industry. This combination of theoretically analysis, practical knowhow and observations will lead to practical but theoretically underpinned recommendations for the NL-US horse trade aiming to improve this specific trade relation.



*Figure 5: Development of trade in flower bulbs and horses to the US*

## Research framework

This study focuses on the trade in horses and other equine products from the Netherlands towards the United States, aiming to improve the trade relations. This chapter describes the analytical process and, as such, the structure of this report and the methodology used.

In figure 1 the research framework is shown schematically.

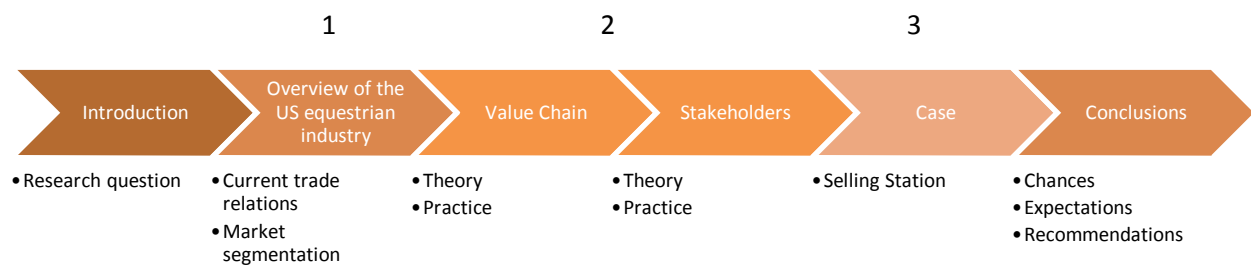


Figure 1: Research Framework

The first part of this study (1), an overview of the US equestrian industry, is of a describing nature and provides an answer to the research sub question:

*“What does the United States horse market look like?”*

By performing a desk study a (partly statistical) overview is provided of the US equestrian industry and the current trade relation between the Netherlands and the United States regarding equine products. The data in this chapter are derived from statistical databases of different organizations; like the United Nations ComTrade database and the USEF (United States Equestrian Federation) and USDF (United States Dressage Federation) databases. The section will provide insight in the strong and weak points of the current trade relation showing possibilities for improvement.

The second part of this study (2) will start with a theoretical description of the concept of a supply chain in order to answer the sub question:

*“What does the horse Supply Chain regarding export of horses from the Netherlands to the United States look like?”*

The basic notions of the concept of supply chains are explained and applied to the NL – US horse trade. This description is followed by a theoretical description of a stakeholder analysis which is then performed. The stakeholder analysis is based upon the model of Bryson (2004). By performing a stakeholder analysis it becomes clear how the supply chain of Dutch horses and equine products can make better use of the export possibilities towards the United States by learning from both theoretical insights. The data for this part of the research is conducted by performing a literature study on the concepts of supply chains and stakeholder analyses. The application follows from empirical research; different interviews and conversations with stakeholders in the field of the American horse market (see appendix 4).

The third part of this study (3) is building on the lessons learned in part two providing an answer to the main question of this report. A hypothetical case, describing the possible set-up of a performance center for Dutch horses in the US, is provided.

The final part of this report is formed by conclusions and a discussion. An answer to the main question of this research is provided. Next to that, practical recommendations for the sector and other involved stakeholders are given in order to improve the trade relations between the Netherlands and the United States regarding horses and other equine products. The discussion forms a critical reflection on the research performed.





## Section 1

This section aims to provide an answer to the research sub question “What does the United States horse market look like?” An overview will be presented of the US equine industry based upon earlier research and new sources. Also the trade process of Dutch horses to the United States will be presented<sup>1</sup>.

### Overview of the United States equestrian industry

The United States horse industry is considered the biggest of the world, representing about 9.2 million horses (FAO, 2014) (AHC, 2005)<sup>2</sup> and includes many different breeds, uses and disciplines. ‘The horse riding industry not only sustains a diverse segment of businesses and suppliers across the entire US, but also provides recreation to millions of participants and non-commercial owners. The equine industry itself includes many different sub segments, from the small rural owner to the large commercial breeding farms and industry suppliers. The US horse industry comprises of many economic segments including breeding, training, recreation and many other lesser known horse related activities’ (AHC, 2005).

### Definition of the equine industry

In order to provide a comprehensive insight in the US horse industry it is necessary to formalize a definition for the industry. The American Horse Council Foundation (AHC, 2005) defined the sector as follows;

*“Activities directly contributing to the production of horses or the production of entertainment and recreation services that utilize horses and professional farm horse use.”*

Resulting from this definition the participants of the industry can be defined as;

- Horse owners; including partial owners who fulfill no active role
- Employees of horse owners, industry suppliers, shows, including all full-time, part-time and seasonal employees
- People involved in the care and maintenance of a horse without pay (volunteers).



The American Horse Council foundation (AHC, 2005) estimated that 4.6 million American people participate in the US horse industry. About 1.95 million people own horses and another 2.7 million participate in the industry as being a family member or for example a volunteer during competitions etcetera, see figure 2. Of the 2 million horse owners 240.000 are dedicated primarily to breeding activities, while another 480.000 owners primary role in the industry is competing (AHC, 2005).

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<sup>1</sup> All mentioned financial amounts are given in US dollars (\$).

<sup>2</sup> There are no official records about the number of horses present in the United States. Many organizations have published estimates. The range of these estimates differs from 3 million horses (USDA Census, 2014) to over 10 million horses (FAO, 2014). The American Horse Council (AHC, 2005) has conducted a study including an extensive horse count. By most experts this number is considered the most accurate and is therefore used in this report.

Type of participation	Number of participants	Percentage of total participation (%)
<b>Horse Owners</b>	1955827	42
Primary Activity, Breeding	237868	5
Primary Activity, Competing	481238	10
Primary Activity, Other	1117330	24
Primary Activity, Service Provider	119392	2
<b>Employees</b>	701946	15
of Owners	589398	13
of Racetracks	70382	1
of Shows	33166	0,7
<b>Family Members and Volunteers</b>	2001946	43
<b>Total</b>	<b>4659719</b>	<b>100</b>

Figure 2: US horse industry participants

### US horse breeds and uses

There are four primary uses for horses in the US; racing, showing, recreation and other uses. The showing industry includes the disciplines of dressage, jumping, eventing and hunter-jumping (FEI, 2014). The other forms of uses included horses used for work (on ranches, feedlots, riding stables, horse drawn carriages etcetera) and other competition uses (AHC, 2005). Horses used for recreational purposes are considered to represent the largest horse segments representing 3.9 million horses in 2005 (AHC, 2005). Figure 3 provides an overview of the number of horses per activity in the US, based upon the study performed by the American Horse Council (AHC, 2005). For a description of the differences in breeds see appendix 3.

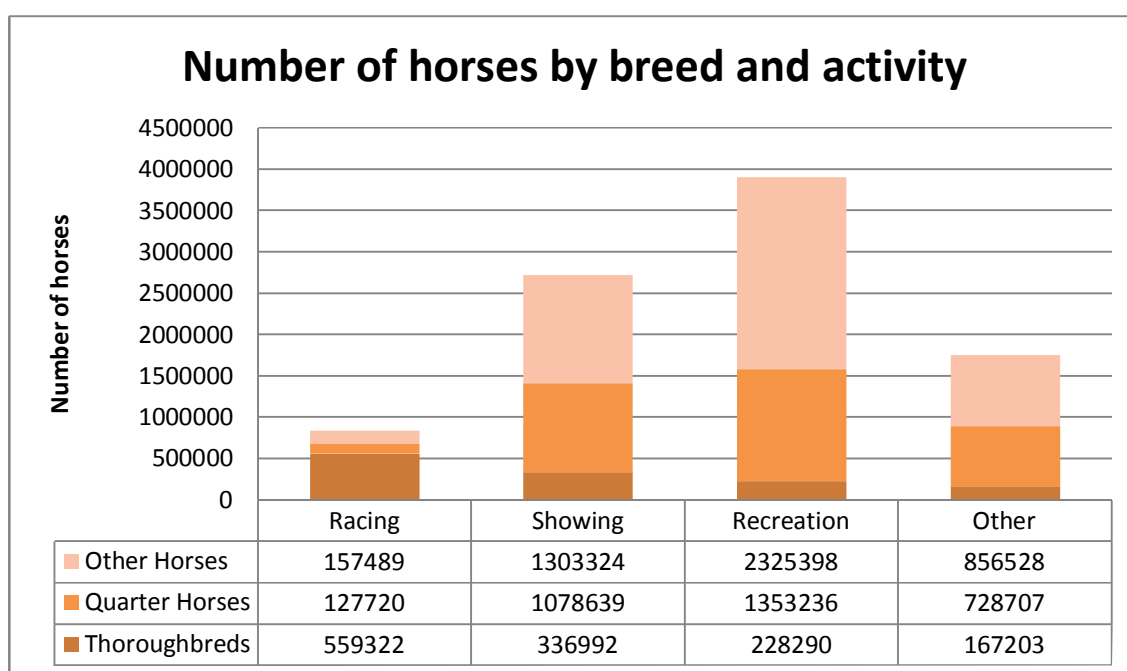


Figure 3: Number of horses by main breed and activity

Within the United States most emphasis is laid upon the racing industry. The American Thoroughbred horse is the best known horse of the United States. Quarter horses, the largest bred in the US, represent the largest single breed in the showing industry with over 1 million of the 2.7 million horses in this segment (AHC, 2005). The website HorseChannel.com (2014) provides an overview of the most common breeds present in the United States.

### Dutch horses

While the horse racing industry is the best known in the US, the showing industry is in fact considered larger. This is also the industry in which Dutch horses play the biggest role. As of this time the Dutch horses are considered the best in the discipline of dressage. But also in the disciplines of jumping, eventing and hunter jumping Dutch horses belong to the top. This is the result of a long tradition of breeding, aimed at horses which perform well in the sports and have a good physical appearance. In the Netherlands different studbooks aim at creating this Dutch horse. Examples of these studbooks are the KWPN (Koninklijk Warmbloed Paardenstamboek Nederland) and the KFPS (Koninklijk Fries Paarden Stamboek).

The breeding goal of these studbooks has been constantly adapted to the needs of time. Initially horses were used to work on the farms. There were regional differences in type of horses, mainly determined by the heaviness of the soil to be treated. For example, the Frisian horse, a heavy type of horse, was for example mostly seen in clay areas in Friesland; the Gelders horse, a lighter type was mainly found in meadow areas where the work was less heavy (KWPN, 2014).

After World War II agricultural mechanization replaced the horses on the farms. But at that time the equestrian sports began to become more popular. The sport demanded another kind of horses, more fierce and handsome. The studbooks reacted upon this demand with a change in the breeding programs. By making use of thoroughbred stallions and stallions from the French and German breeding areas the well-known farm horse was altered into a sport horse. Besides the existing selection on genetic defects a selection was also applied on the desired conformation and movement mechanism. For this reason especially the stallion selection is constantly adapted in order to select those stallions which arguably would bring progress in order to reach the desired breeding goal (KWPN, 2014).

At the moment Dutch horses take a prominent place in three equine disciplines; dressage, jumping and hunter-jumping. During the 2012 Olympics in London the dressage competitors who finished in the 1-5 positions all rode Dutch horses.



The breeding goal of all Dutch studbooks is aimed to create a performance horse with a healthy constitution and a correct motion mechanism and foundation with an appealing exterior (KWPN, 2014). In the Netherlands different breeds are raised which are also all exported over the world, including the United States; Jumping Horses, Dressage Horses, Harness Horses, Gelderlander, Eventing/Hunter Horses and Driving Horses

Spring horses and horses used for dressage purposes are the best known in the Netherlands and do not require additional explanation. However, the American market for show horses is also including the disciplines of eventing and hunter-jumping, both being even bigger than the dressage and jumping competitions. In order to provide a short insight in these relatively unknown disciplines the following two paragraphs are provided.

### *Eventing Horses*

Eventing (also known as horse trials) is an equestrian event where a single horse and rider combination compete against other combinations across the three disciplines of dressage, cross-country, and show jumping. Eventing has changed over recent years; therefore the type of horse that is asked for in eventing is also different. Previously mainly thoroughbreds were used, nowadays also lower blood horses are allowed in the sport. Dutch horses perform better and better in the eventing sports (KWPN, 2014).

A good eventing horse must have several qualities besides jumping performance. It should for example have in any case feeling for dressage; it must be careful and have good reflexes, like being cautious and have a quick print. An eventing horse must have courage and perseverance (KWPN, 2014).

*Oncarlos, a son of Jazz, is an example of a well performing Dutch eventing horse. Under Tim Phillips he participated in two Olympic Games, in HongKong he established an individual 15th place. Also a daughter of Jazz; Vira is under Elaine Pen a KWPN ambassador in eventing. Next to that numerous domestic and foreign riders ride Dutch bred horses. The demand for Dutch eventing horses increases (KWPN, 2014) (Ball, 2014).*

Many jumpers already meet the required qualities for eventing; Dutch horses active in the jumping competitions can perform well in the eventing sport. When the market for eventing horses will develop itself further there might even follow a specialization in breeding towards eventing horses within the Dutch studbooks (KWPN, 2014).

### *Hunter-Jumping*

The hunter jumping (hunter) sport is derived from hunting, but is focused on comfort and as little as possible halter use. The course which has to be completed consists of obstacles in natural colors and the combinations are judged on style.

A hunter horse is a luxurious horse which has noble appearance and allows the rider to sit easily as result of a comfortable, smooth motion. A balanced and cooperative character is important for a hunter horse. Dutch horses are particularly suitable as hunters, they have a good model, a nice character and they can jump well. E.g. KWPN stallions have already delivered many hunters, and there are already several KWPN horses sold to the US, who are doing very well in the hunter sport. In the United States, the hunter market is very big, even bigger than the market for jumping and dressage horses (Hientz, 2014) (KWPN, 2014).



## The Frisian Horse

The Frisian horse is one of the best known horse breeds in the world; its population represents about 50.000 horses (Tice, 2014). This entirely native Dutch breed has a majestic and impressive radiation. The Frisian horse, being a heavy warmblood, has increasingly developed itself as a sports horse over the past decades. The Frisian is originally a luxuriant carriage horse, resulting in typical functional characteristics which make that the Friesian horse now competes with other breeds at the highest levels in equestrian sports (KFPS, 2014). The biggest foreign population of Frisian horses is found in the United States; representing over 12.000 horses (Tice, 2014). In the US the Frisian horses are mainly used for breeding and dressage purposes.

This report will mainly focus on the Dutch warmblood horses. The Frisian market is a different type of market representing different actors and uses. However, the types of horses do not exclude each other. The information gathered during talks with people having links to the Frisian horse is used as data for this report. Also the recommendations of this report may be used for the Frisian horse export and can contribute to this market.

## Dutch horses in US competition

Dutch horses are present in different US competitions. Those competitions are registered by the USEF (United States Equestrian Federation). According to the USEF (2014) 20.632 Dutch horses were registered in order to ride in a competition. Figure 4 provides an overview of the newly registered horses in the database of the USEF for the last 5 years. These are new horses added to the database. One can see the continuous growth over the years. These numbers do not only represent imports but also Dutch warmbloods bred in the US.

Total of Dutch horses in USEF database	newly registered
2009	848
2010	801
2011	942
2012	1111
2013	1331
2014	593 (to date 21-5)

Figure 4: Newly registered horses in USEF database

The USDF (United States Dressage Federation) also keeps track of a database providing overviews of all horses active in the sport of dressage. According to the USDF (2014) 106.107 horses were registered as being active in dressage, 9.368 of them were Dutch horses (8.8%). According to the American equine organizations USEF and USDF, Dutch horses mainly participate in the higher levels of competition. This because of their relatively high price; when going up in level of competition the price of horses goes up.

## US horse demographics and trade<sup>3</sup>

All 50 US states contain horses and as such support horse related activities. Historically, specialist horse studs were located on urban peripheries or close to towns. Growing cities and rising land prices led to a situation in which horse farms have assisted in movements to protected farmland in some states. 'Horse farms provide open spaces that complement the land-use objectives of many suburban jurisdictions. For example, the Agricultural Reserve in Montgomery County, Maryland, has 93,000 acres of protected

<sup>3</sup> For a map of the United States see appendix 1

farmland. In this region, horse farms have more than doubled over the past 25 years while other farm numbers have declined (IBIS, 2013)'.

Surveys of the US Department of Agriculture<sup>4</sup> and the United States Equestrian Federation show that factors influencing location decisions for horse and other equine producers include rainfall levels, feed costs, the density of production and the number of (established) ranches and stables in the state. It seems therefore logical that the Southeast and Southwest regions of the US are the most popular regions of keeping horses. Texas, housing almost a million horses, has the most horses per state; see figure 5. California and Florida are second and third highest with approximately 700.000 and 500.000 horses. As appendix 3 shows every state has horses, with 45 of the 50 states representing a t least 20.000 horses.

State	ANHF 2005
Texas	978822
California	698345
Florida	500124
Oklahoma	326134
Kentucky	320173
Ohio	306898
Missouri	281255
North Carolina	256269
Pennsylvania	255763

*Figure 5: number of horses per state*

In the following sections the largest trade regions are described. These sales include all breeds. The trade numbers are derived from a report produced by IBIS (2013) and are based upon sales numbers in 2013.

### *Southeast*

The most equine records and sales occur in the Southeast region (28%). The horse racing business is highly represented. For example Kentucky, home of the Kentucky Derby, accounts for 6% of all horse and pony revenue. 'Kentucky is also referred to as the "Bluegrass State" due to the quality of its pastures, which are optimal for raising horses (IBIS, 2013)'. 'Aside from horseracing the Southeast has a tradition of horse breeding in the US and has developed specialized breeds including the Tennessee Walking Horse, the Kentucky Mountain Saddle Horse and the Quarter Horse (originally bred in Virginia) (IBIS, 2013)'.



### *Southwest*

18% of the horse sales in the US take place in the Southwest region. 11% of the volume of horse sales takes place in Texas (IBIS, 2013). High concentrations of agricultural activities in this region, including beef production, and open spaces make them ideal as horse markets. 'Furthermore, the agricultural industry and tradition of cattle ranches in these states have continued to drive equine events, such as rodeos. Many horses bred in these states are raised for these purposes (IBIS, 2013)'.

### *Plains*

15% of the sales take place in the Plains region. Missouri (4%), Minnesota (2%) and Iowa (2%) have the highest concentrations of equine sales volumes. Missouri's shared border with Kentucky leads to a lot of

<sup>4</sup> See (IBIS, 2013)

interstate Thoroughbred sales, while the agricultural activity in Iowa and Minnesota help increase equestrian demand in the region (IBIS, 2013).

## Market Segments

When considering the US horse market different market segments, representing price classes of horses can be distinguished. This section will provide an overview of these segments.

Different experts, of both the Netherlands as well as the US have been asked to distinguish a segmentation of the US horse market. As stated before there are different uses for horses in the US. The Dutch horses are mainly used for show and breeding activities. Because of the high costs of exportation (see appendix 2) horses below a value of 60.000 dollars are usually not exported. Figure 6 provides the market segmentation.

Seven segments were identified by the experts. The top segments are considered segments 5, 6 and 7. These horses are of a value above \$100.000,- and perform in the higher levels of sports (e.g. CDI I,II,III) (Hientz, 2014). These segments are at the moment most served by the Dutch market (see green color). The estimate was done by the USDF that the higher you get in the levels of competition the bigger the share of Dutch horses is in that level. On the CDI III level in the US, the expectation is that about 20% of the horses are Dutch (Hientz, 2014).

7	\$500.000	\$... million
6	\$350.000	\$500.000
5	\$100.000	\$350.000
4	\$50.000	\$100.000
3	\$25.000	\$50.000
2	\$1.000	\$25.000
1	\$500	\$1.000

Figure 6: US horse market segmentation

The segments 3 and 4 are considered to be the most interesting levels when talking about exports. The people active in those segments are considered to have access to two major factors, 1) they are representing a large number of people and 2) they often have enough financial means to buy a good horse and are willing to do so (Ball, 2014). At the moment the Dutch horses are not so much present in these segments because of several reasons (Van Wessum, 2014). The first reason for this is that the prices of the Dutch horses are considered too high at the moment. The minimum price of \$60.000,- per horse (not including the import costs) are leading to a situation in which Dutch horses cannot compete anymore with American bred horses. An American bred horse of about \$60.000,- dollars can be of better



price-value ratio. A second reason is that Europe is far away and without the right contacts it is difficult to get there and see the right horses. The people active in these segments often do not have the proper foreign contacts via their trainers and do not compete in international surroundings.

## Equine products

The Netherlands has, because of its large equine sector, also a lot of organizations who are active in the

supply of equine products. For example companies producing equine feed (e.g. Stimulan with their brand PAVO) and arena footing (Agterberg). At the moment there are not yet big American equine supply companies active on the American market. The main reason for this is that the products produced by these Dutch companies are considered too expensive for the American market. The price of horse feed is for example much lower because of the low costs for roughage. Americans are therefore using much less concentrate feed.

When for example considering arena footing, there are also regulatory issues which play a role. In the US much more types of arena footing are allowed; think of for example a footing which is a combination of sand and rubber. This again is a cheaper type of footing than when using cotton.

The Netherlands has a lot of knowledge about the equine sector. Different educational programs focus on the sector, being veterinarians, specialized riding schools or business programs aimed at the equine sector. These levels of knowledge can also be considered an export product. At the moment hardly any connection with educational institutions is made between the Netherlands and the US.

Concluding; the quality and supplies in the equine sector in the Netherlands is high. At the moment there is no export of equine products to the US. This is not because of the low demand but because of the high prices and difficulties of importing products to the US. The following sections will focus on the export of live horses again. In the last sections the equine products will be taken into account again.

## Horse Export

As stated earlier the Dutch horse is well known in the world and in the United States. The recent performances of Dutch horses during the Olympics and world cups have led to a situation in which high quality equestrian participants would like to use Dutch horses (Hientz, 2014) (Ball, 2014). The total export of horses from the Netherlands is \$211 million (UN, 2012) of which 61% goes to the United States, see figure 7.

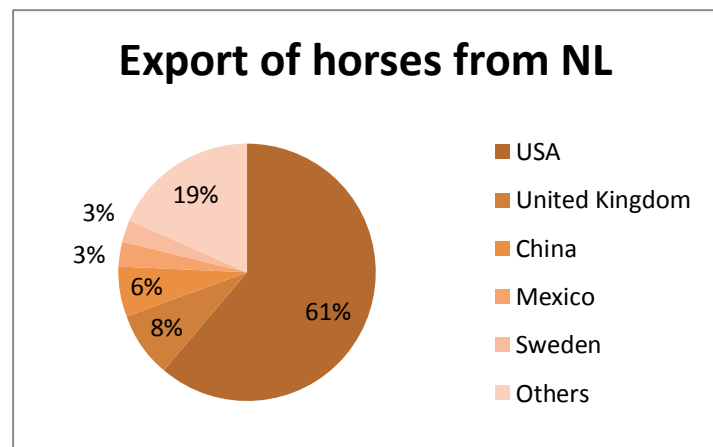


Figure 7: NL horse exports

The following paragraphs will provide an overview of the trade patterns in horses of the last 5 years<sup>5</sup>. The data used in this section is based upon the ComTrade database of the United Nations. All data is based upon the import numbers of the US (country code 842) in the HS0101 category<sup>6</sup>. The numbers include all types of horses, warmbloods, Frisians, harness horses etcetera. The export numbers as provided by the Netherlands may include also horses which are not originally Dutch but travel for example

<sup>5</sup> Data is used from 2012 and earlier. 2013 data is not yet delivered to UN Comtrade by all countries (including the Netherlands) when writing this report.

<sup>6</sup> The trade database of the UN Comtrade uses the Harmonized System (HS) codes. This is an internationally standardized system of names and numbers to classify traded products. The HS codes are used by over 200 countries to present trade data.

from Germany via the airport Schiphol. This may however also be the case for Dutch horses traveling via Germany. The numbers however provide a good insight in the trends.

Although horses and other equines are difficult to transport, international trade remains an important industry activity, in which the export to the US is still the most important export pillar according to the VSN (2014). The Netherlands is a leading horse breeding nation that produces good show and sports horses. Buyers looking for high-performing horses often shop on a global market, including in the Netherlands. Breeders in Europe produce lines of horses that are prized in the dressage and jumping disciplines. As the popularity of these showing events remains strong in also the US, demand for suitable horses, such as warmbloods, has increased (Hendrix, 2014).

Period	Trade Flow	Reporter	Partner	Code	Trade Value	Trade Quantity
2012	Export	Netherlands	USA	101	\$129,440,854	1,721

Figure 8: 2012 US horse exports from the Netherlands

The value of horses that the US imported in 2012 totaled \$336 million. Over the past 10 years (2003-2012) the import of horses into the US raised with 16%. In terms of number, the US imported a total of 14.745 horses in 2012, which were 828 horses less than 2011. The increase in imports had stagnated over the last 5 years as result of the economic crisis. The increase in numbers for 2012 suggests that the market is recovering from the economic crisis.

Figure 9: 2012 US horse exports to US

Reporter Title	Trade Value	Market Share %
Netherlands	\$129,440,854	38
Germany	\$69,555,309	20
Canada	\$30,359,207	9
United Kingdom	\$29,893,381	8
Nigeria	\$29,336,892	9
Other reporters	\$48,361,271	14
Total Export	\$336,946,914	100

State	%
New Jersey	43,44
Florida	24,87
New York	21,92
California	5,33
Virginia	1,92
South Carolina	0,59
Maryland	0,52
Ohio	0,26
Illinois	0,23
Indiana	0,21
North Carolina	0,18
Vermont	0,09
Georgia	0,08
Connecticut	0,07
Michigan	0,06
Kentucky	0,05
Oregon	0,05
Colorado	0,04
Washington	0,03
Pennsylvania	0,02
Massachusetts	0,01
Texas	0,01
Rhode Island	0,01
TOTAL	100

Figure 10: 2012 US horse Imports (Number)

Country	Trade Numbers
Canada	8.258
Mexico	1.946
Netherlands	1.721
Germany	1.513
Belgium	547
Others	15.573

Figure 11: State imports (2012), % part of total imports

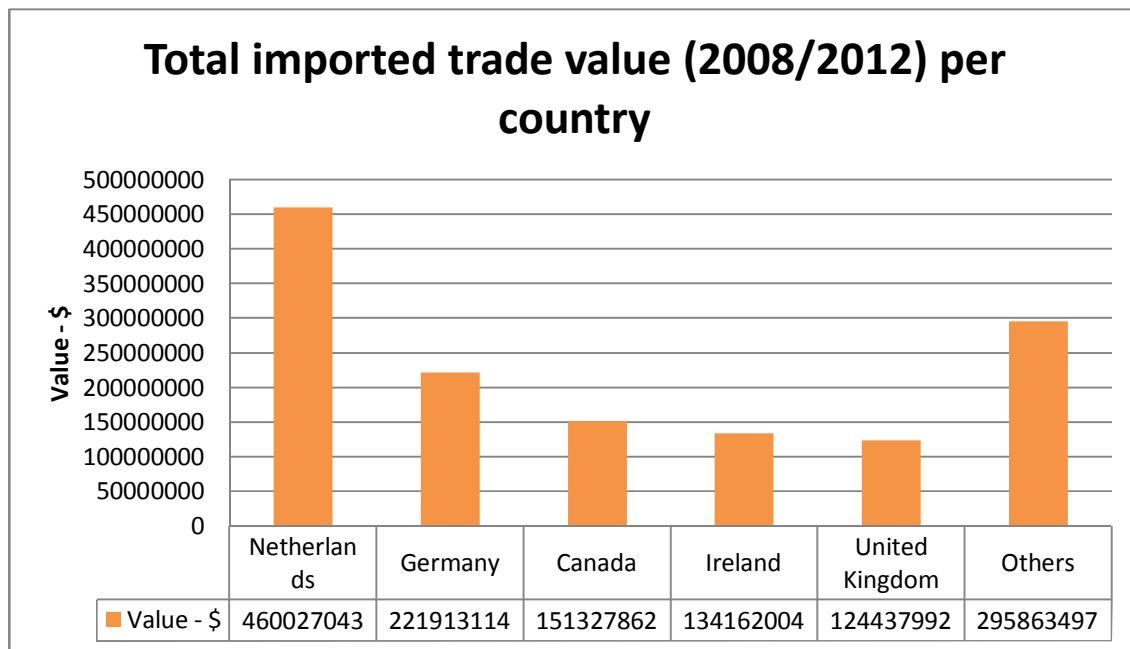


Figure 12 – US total imported trade value 2008 until 2012

Over the last five years the Netherlands was the leading supplier of imported horses to the US in 2012 in terms of value. In 2012 Dutch horses accounted for 38 percent of the imports representing 1721 horses (UN, 2012). A Dutch horse exported to the US in 2012 had an average value about \$75.000. It is not possible to extract the prices per horse. However 'there were some horses which cost over a million dollars and went to the States' (Hendrix, 2014). 'The price of a horse going for the export is usually not below approximately \$60.000. Otherwise it does not benefit to bear the export costs' (VSN, 2014) (see appendix 2).

Germany used to be a strong competitor of the Netherlands in the exporting market to the US. Over the last few years Germany exported more horses in terms of numbers to the US. Other European countries (Belgium, the UK) have a well-established industry for sport riding horses as well and are likely to continue strong competition for the Netherlands in this category. This competition

Breed	Number of horses
Hanoverians	11.064
Dutch Warmbloods	9.368
Oldenburgs	7.673
Swedish Warmbloods	2.337
Total	106.170

Figure 13: USDF registered breeds

is also shown by the number of horses per breed registered in the USDF database, see figure 13. The German Hanoverians are the biggest represented breed followed by the Dutch warmbloods. The driving force leading to the big Dutch market share is, as noted, the well-known quality of the Dutch warmblood horses. The Dutch studbooks bring forth horses of high quality which are easy to ride (more easily than the thoroughbred and quarter horses used for racing) and perform good in competition (Ball, 2014).



## Trade process

Established horse traders in the Netherlands are the major channel through which US horse buyers purchase American horses. The Netherlands provide the buyers with an efficient venue – being a small country – to assess a suitable number of candidate horses in one trip. Buyers usually travel to the Netherlands in a group together with their trainer<sup>7</sup>, and in some cases a veterinary expert, to inspect the horses on-site. Travel arrange-



ment to the Netherlands, a tour along different stables and purchases are normally conducted through intermediary brokers (the trainers and the veterinary experts) who also provide the buyers with consolidated services including credit finance, health inspection, documentation, insurance, and air-shipping to the US at a pre-agreed fee. This form of trade demands established intermediary brokers who maintain close contacts with key US buyers (horse owners and breeders). These brokers are therefore a good source of information about planned purchases and visits to upcoming American auctions by the buyers.

### The perilous crossing

The voyage to the 'new world' was often difficult for man and horse alike. Rough seas could send the contents of a ship flying about, creating great hazards for both life and property aboard. To protect the horses being carried in the ships, slings were constructed to allow the horses to swing with the roll of the ship and to take the weight of their feet. Confinement in damp, dark holds and lack of exercise took its toll on equine immigrants. Sometimes half of the horses died enroute to America. That section of the Atlantic Ocean known as the 'Horse Latitudes' gained its name from the sad fact that innumerable dead horses were thrown overboard into the ocean during these early voyages of colonization. Horse transport between the Old and New Worlds remained a great hazard until only recently. Records from the 1800's tell of the frequent death of valuable horses, lost to the stormy Atlantic. (IMH, 1978)

There is no overview available of trainers having contacts in the Netherlands. This is considered typical for the trade in horses; 'at the moment the trade in horses is organized in an individualistic manner. A trainer knows somebody in the Netherlands and organizes the buying process' (Ball, 2014). Both the American trainer and the Dutch trader are benefiting from this relationship and are able to control the market in horse trade.

Not all American trainers have contacts in the Netherlands. At the moment mainly trainers active in the higher classes have foreign contacts (Hientz, 2014), this is because they often perform in international competitions. This automatically leads to the current situation in which only the riders who already ride on an international level in which also people from the Netherlands participate are easily able to buy Dutch

<sup>7</sup> Horse trainers train horses for horse racing. This involves exercising, feeding, management and, in early years, to get them used to human contact.

horses. When getting down in the level of competition in the US fewer horses from other countries participate.

Appendix 2 provides a technical overview of an actual trade process. It describes how a horse can be imported into the United States. As shown in this appendix the transport of the horse is a complex process for which mostly specialized companies are hired. At the moment one company takes account for about 90% of all horse export transports (VSN, 2014) from the Netherlands. The additional costs for exporting a horse towards the US are twofold. The costs for the transportation may vary between transportation companies. On average the costs are considered around \$5500,-. The costs for bringing the horse into the US, regarding e.g. the mandatory quarantine and accompanied tests, are \$1231,-.

Over the last few years there have been several problems regarding in and export. Because of the regulations around disease controls horses need to go into quarantine before entering the US (as described in detail in appendix 2). During the quarantine period the horse needs to undergo a series of blood tests. However, in Europe and the US different methods are used to perform these blood tests. This has led to situations in which the horse was tested negative in Europe and positive in the US on certain disease. In the Netherlands the NVWA (Nieuwe Voedsel en Waren Autoriteit) is responsible for the tests and the alignment with the US on these issues.

## Conclusion

This section sought an answer to the research sub question; “What does the United States horse market look like?” An overview of the US horse market was presented as well as an introduction to the different characteristics of the NL – US horse trade.

Dutch horses are popular with American buyers. Over the last 5 years the Netherlands became the biggest exporter of horses towards the United States. The quality of Dutch horses is assured by the label of the studbooks in the Netherlands like the KWPN or the KFPS. These studbooks are expected to be able to form the quality assurance in the Dutch horse ‘production chain’. The good performance of Dutch horses on the latest Olympics and other big sports tournaments made that the demand for Dutch horses has raised; ‘people now want Dutch horses because of their recent achievements. If in 2016 the Russian horses will dominate the Olympics everybody wants Russian horses’ (Ball, 2014). The position of the Netherlands on the American market is therefore not guaranteed.

The type of existing trade relations between the Netherlands and the US is organized in an individualistic manner. This leads to the situation in which only in the top levels of the US equestrian competitions Dutch horses participate. The market share of this top level is considered relatively small, representing only two of the seven market segments. Also the focus on dressage and jumping leads to a situation in which only a small segment of the total US market is served. The Hunter Jumper and eventing sports are much bigger in the US.





## Section 2

This section will provide a theoretical introduction to the concepts of Supply Chains and Stakeholders. These concepts are applied upon the NL-US equine trade. By doing so an answer is provided to the second research sub question “What does the horse Supply Chain regarding export of horses from the Netherlands to the United States look like?”

### Supply Chain

The role of organizations can often not be seen in isolation from other organizations. Companies rely upon other organizations like suppliers, customers, control bodies, transporters etcetera. A company is often a link in a chain, starting from a raw material to consumers. In such a chain the weaknesses of one link may affect the performance of the following link in a negative way. For this reason companies have an interest that goes beyond the optimal functioning of the own organization, the so called ‘chain interest’ (Korsten, sd). When considering the horse market and the current way in which the trade between the Netherlands and the US is organized one can conclude that chain interest is not yet taken into account. The individual players have no interest in working together because the export is already going well. However, this results in a situation where only part of the American market is served by Dutch horse traders. As discussed in section one, the market potential is much higher and chances are there to serve not only the top segment but also the segments below the top. In order to do so a change need to take place in how the US market is approached. This can be done by introducing supply chain thinking.

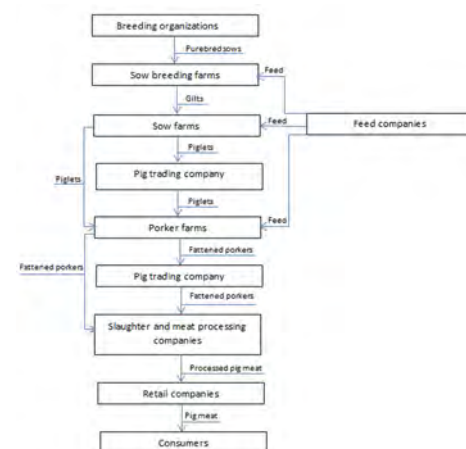
In the following sections a theoretical introduction into supply chain thinking and management is provided. These theoretical notions are then applied to the trade in horses between the Netherlands and the US.

### Supply chains

Supply chains are based upon the idea that products and services emerge of a chain of autonomous organizations which ultimately deliver to a consumer; ‘from farm to fork’. The field of supply chain management is aimed at the efficient management of the total supply chain. The question is asked on how to bring the right product, of the right quality to the right place at the right time costing as little as possible (Van der Veen, 2013).

Supply chain thinking is based upon four central elements; customer focus, specialization, system thinking and continuous improvement.

From farm to fork is one of the most well-known sayings when considering supply chains. An example of a sector applying the supply chain thinking extensively is the agricultural sector. An example of an agricultural supply chain is the pig supply chain as described by Van den Brink (2013). He mapped the different links in the supply chain of the Dutch pig meat sector and shows how they are interconnected via their products. What is considered output for one link is input for the other. It then becomes clear how the sector is organized.



A customer focus implies that the customer has become more and more important as result of an increasingly more demand oriented market. This is often forgotten by companies; they are often focused on internal processes and not on the surrounding in which they operate. The customer should become the central element in the business (Korsten, sd). When applying this to the US horse market, one could argue that people involved in the breeding and trading of horses to the US should start breeding and trading more horses especially aimed at the eventing and hunter jumper market. This market is considerably larger than the market for dressage which is now mainly served.

Specialization leads to better performance. An organization should focus on the things it does best. Adam Smith (1776) already indicated that when applying specialization the productivity increases. This also explains why different companies in a supply chain focus upon the things they do best. It also explain why there are that many links in supply chains and why supply chains become increasingly larger and international as described by Friedman (2005). In the Dutch horse market this thinking is already far developed. However the supply chain of a horse is still a very integrated chain. When horses are born they are often raised and trained at the same facility. When trading horses to the US, aiming at a bigger market share as there is now, further specialization into trading might be useful. This implies making use of for example local knowledge in the US about the demands of these customers etcetera. This is a form of specialization which is not yet recognized by Dutch horse traders (Ball, 2014).

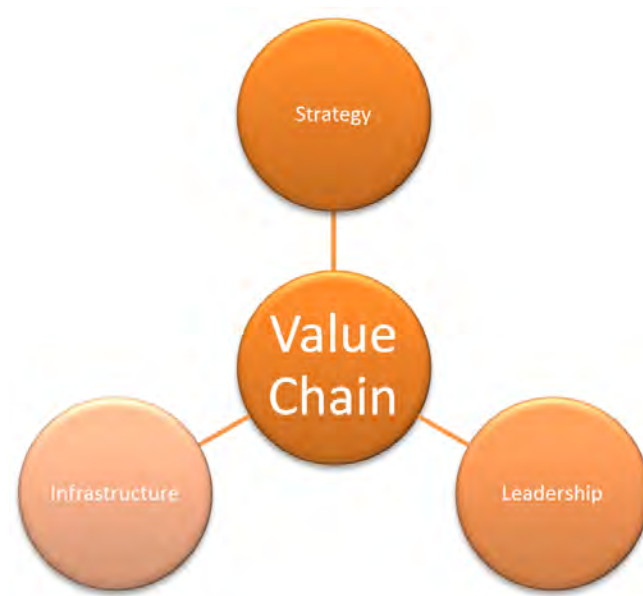
When dividing tasks, coordination in the supply chain becomes an issue because the specialized parts need to work together (Korsten, sd). Traditionally often a system of targets and hierarchy is used to achieve an optimal coordination; classical market thinking is considered dominant. Another example of this is the selection of chain partners based on price. This is no problem in a situation in which highly standardized products are produced, however when working in a continuously changing environment, asking for flexibility and empathy, a strict focus on price is contra productive (Van der Veen, 2013). Coordination in supply chains is considered difficult by some scholars (Korsten, sd). It is argued that supply chains are networks, and networks cannot be coordinated by a central authority. However, companies in agricultural food chains, like big pig slaughter companies, have shown central steering is possible in agricultural supply chains (Trienekens, 2009) by for example integrating different parts of the supply chain in one organization. In a complex system with many suppliers and customers the separate parts of the production channel need to be coordinated by thinking in integral systems (Van der Veen, 2013). Supply chain management can offer this coordination.

The following definition is most used when speaking about supply chain management: 'the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole' (Mentzer, et al., 2001).

The goal of supply chain management is to serve the end user (customer) in an optimal way at the lowest possible costs. Serving in an optimal way is about delivering faster, better, cheaper, while being more reliable, more innovative, flexible and durable at the same time. Supply chain management is

therefore aimed at improvement, always doing things better, learning and growing (Van der Veen, 2013).

According to the definition of supply chain management an organization needs to consider both the internal and the external management. Internally the different company functions need to be adjusted upon each other, like, amongst others, production, marketing and logistics, which can be considered as



functions of an organization. Supply chain management is no function but a coordination mechanism (Van der Veen, 2013). Externally supply chain management is about the flow of all products and services between organizations. Coordination can be about stocks but also about product and market developments (Van der Veen, 2013). The exchange of information is considered of high importance when working in a supply chain. In the horse sector supply chain management demands openness from all parties involved. Breeders, traders, exporting companies etcetera, they all need to work together based upon openness when trying to serve the lower segments of the market where prices are not so high.

*Figure 14: Three interest points when implementing Supply Chain Management*

### *Implementing Supply Chain Management*

One can distinguish three important factors in the implementation of supply chain management. The first is strategy. Working according to a supply chain approach has a big strategic part. A vision and mission needs to be developed which is aiming at the long term and is shared by all chain partners in order to achieve a competitive advantage. For example; Dutch horses should dominate the top American match rankings in Hunter Jumping and eventing within 10 years. Such a vision could imply that all chain parties commit themselves to development of a more specialized breed, the creation of a trade flow aimed at these specific sports, development of training and knowledge about the sports etcetera.

The second part which needs to receive attention is the supply chain infrastructure; aligning the integral processes between organizations. Part of this is for example the sharing of information, for example about what developments happen in the United States en where chances are for the Dutch sector as a whole. This also implies the implementation of a dynamic earning and distribution channel in which all parties get to benefit; breeders, traders, Americans and Dutch people. Ferguson and Bergeron (2005) state in their research, that if organizations in a supply chain are willing to work together they will perform better leading to products with a higher consumer satisfaction rate.

The third part is about the people operating in the supply chain. Leadership and trust are considered important features. People and organizations need to be willing to work together in order to reach the set goals for the organization and the entire supply chain. This is considered the most difficult step; cause who is to take the lead in the supply chain. The strategy needs to be set out by an organization which is trusted and respected by all chain parties.

### Supply Chain creation

As discussed, when starting to think in terms of supply chains often a paradox appears; an organization operates alone but at the same time the organization is involved with other organizations, so cooperation and rivalry appear at the same time (van Duivenboden et al, 2005). For this reason there is the need for harmonization and coordination in supply chains based on this paradox (Korsten, sd) being supply chain management.

The formation of a supply chain can occur in various ways (van Duivenboden et al, 2005) and consists of different phases. In the phase of exploration of the population of organizations is determined which organizations may fulfil a (useful) role in the supply chain. During the phase of selection of chain partners is decided who can, and wants, to initiate chain formation. The question is then of importance whether there is a spontaneous selection of chain partners or whether there is a role for a system responsible organization? The third phase is the connection phase. How are the relations in the supply chain organized or will they be organized? Authority and task allocation, contracts and agreements, rules and procedures and information exchange are then subjects of importance. Once these have become clear, the relationships have been shaped and the supply chain will become operational. It then it becomes the question how the collaboration in the supply chain will take place; does the chain perform in an optimal manner (Korsten, sd)?

The Dutch horse industry should take advantage of supply chain thinking. As stated in section one the US horse market consists of different segments. At the moment only the top segment (horses around 100.000 dollars) is served by Dutch horse traders. Experts in the American horse market however consider the possibilities for Dutch horses to serve also the segment below top segment as good (Hientz, 2014) (Ball, 2014) (Tice, 2014). When exporting horses to the United States, the price of those horses need to be above 60.000 dollar, otherwise the costs for exporting the horses (transportation, quarantine etc.) are more than 10 percent and therefore considered too high. Given this, one needs to think differently when trying to serve also these market segments. Using the ideas of the economy of scale, exporting not one single horse but an airplane full of horses could be an example of how to lower export prices.

Moreover it may also become possible to, for example, centrally organize promotional activities for the Dutch horse. When considering the US horse market one could set up a campaign at a carefully selected time and place. It is of course possible to organize individual campaigns, however, they may never have the same impact as when it is coordinated and every actor delivers input and financial support. Another example could be that the entire chain benefit from installing (and recognizing) a 'chain leader,' as is advocated in this section. Such a leader could then speak on behalf of all organizations in the supply chain. This could for example make discussions about export regulations much easier. If the entire sec-

tor is speaking via one voice during moments when it matters the signal is considered stronger. Such benefits as mentioned above can only be reached when horse traders work together.

## Stakeholders

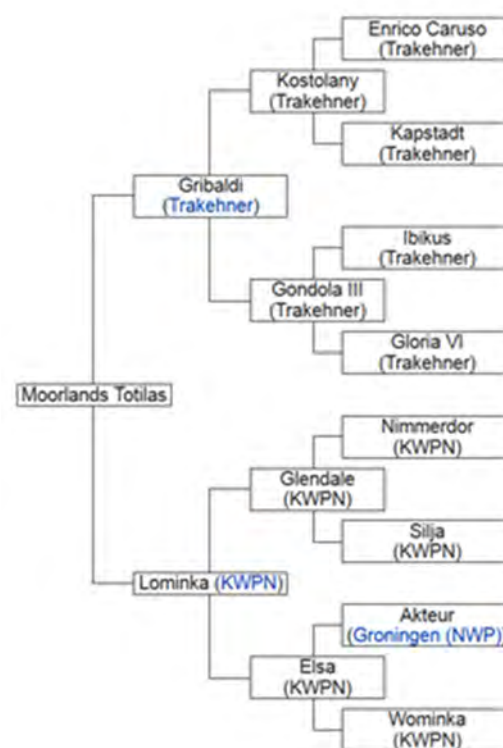
The first phase in setting up a value chain approach is creating an overview of all parties present in the supply chain; having a stake in the process. Such an overview can be made by performing a stakeholder analysis. This section will provide in a stakeholder analysis of the current trade relationship in horses between the Netherlands and the US. First a theoretical introduction is provided about stakeholder analyses followed by the application of the theory.

When performing a stakeholder analysis it is necessary to know what a stakeholder is. Scientific literature is providing a lot of different definitions for stakeholders (Achterkamp, 2008). When mapping an (economic) sector questions can be asked about what players are present and what role they play in the dynamics of the sector. In order to classify the players, one needs to define what a stakeholder is and what differs them from others. There are three common definitions of stakeholders. The first definition states 'a stakeholder is an individual or an organization with an (established) interest in the project (i.e., result, success).' A second definition is based on Freeman's (1984) definition: '(...) a stakeholder in an organization is a group or an individual who can influence or be influenced by the performance of an organization's objectives.' A combination of the two definitions is also possible, creating a more complete overview. In that case the interest of the organization in the project is determined and the extent in which this organization may or can influence the project. In this report the third definition is used in order to define and categorize the stakeholders of the US equine sector.

## Stakeholder analysis

"A stakeholder analysis can be performed in order to understand the stakeholders and their interests in relation to a company, action or other form of organization; a phenomenon" (Reed, 2009). The stakeholders in a stakeholder analysis all have one or more different interests which are possibly conflicting (Fassin, 2012). By identifying these stakeholders and exploring their interests, an overview of all the interests involved in a phe-

"Totilas, nicknamed 'Toto', is a Dutch warmblood stallion, standing 175 cm high, who is considered to be one of the most outstanding competitive dressage horses in the world. He was the first horse to score above 90 points in a dressage competition and is the current holder of the world record for the highest dressage score in Grand Prix Freestyle Dressage. Going into the 2010 FEI World Equestrian Games, Totilas and his rider Edward Gal, had gathered multiple world-record scores in international competition. Their performances leading one American journalist to call them 'rock stars in the horse world' (Wikipedia, 2014)"



nomenon can be mapped. The usefulness of a stakeholder analysis lies in the fact that the created overview can be used in policy- and decision-making (Fassin, 2009) (Reed, 2009) (Mitchell, 1997).

A stakeholder analysis consists of a number of components. Prior to the actual stakeholder analysis the context should be described. Finally, a stakeholder analysis is completed with recommendations (Reed, 2009). When describing the context, the phenomenon which is subject of the analysis needs to be defined and circumscribed. The actual stakeholder analysis consists of three steps; identifying stakeholders and their interests; classifying and categorizing stakeholders and examining relationships between these stakeholders (Reed, 2009).

In the literature several methods are described in order to perform these steps. In theory the different steps are executed consecutively; in practice they will mostly be applied at the same time. This is due to the complexity of the situations to consider, and the fact that situations are variable over time. During the research process, new stakeholders can occur and stakeholders may be identified that were previously unknown. Before the description of the final recommendations resulting from the stakeholder analysis, it should be noted how the results of the analysis could be used in order to come to result based recommendations (Mitchell, 1997).

### *Stakeholder identification methods*

Identifying stakeholders in a phenomenon is the first step of a stakeholder analysis. This might be difficult and does not always seem enriching because most of the time it seems to be already clear in advance which stakeholders exist in the phenomenon. As result the identification step is often skipped and emphasis is laid on only the categorization of only these stakeholders (Reed, 2009).

Identifying stakeholders is usually an iterative process during which additional stakeholders (may) be added (Reed, 2009). It must also be accepted that a stakeholder analysis will never be complete; certain individuals and groups are overlooked entirely or do not fall within the scope of the research because of its restrictions (Reed, 2009). Reed et al (2009) have made an overview of several of the methods which could be used while identifying stakeholders. For this study semi-structured interviews have been conducted with several stakeholders. The direct question was asked of what stakeholders could be identified as well as indirect questions providing insight in the relationships between the different stakeholders. For an overview of the interview questions see appendix 4.

### *Categorization methods*

Identifying and categorizing stakeholders and their interests are two different steps within a stakeholder analysis. However, they are not entirely independent because these steps can be performed iteratively making use of the same methods as was done in this research.

Categorizing stakeholders is an activity in which relations with and between stakeholders are mapped. Two different methods have been developed for this purpose, which can be used depending on the phenomenon to examine; top-down analytical methods and bottom-up reconstructive methods (Reed, 2009). In top-down analytical methods, the actual stakeholder analysis is conducted by the management



of an organization. With bottom-up reconstructive methods a number of already identified stakeholders work together in performing the stakeholder analysis. During bottom-up reconstructive methods it is best possible that previously unidentified stakeholders may be identified.

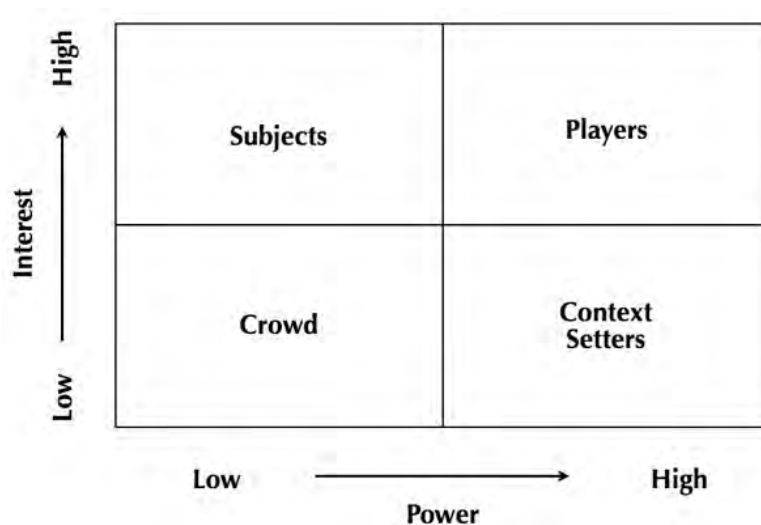
### *Bottom-Up Reconstructive Methods*

Reed et al (2009) describe several bottom-up reconstructive methods to identify stakeholder interests. A number of these methods may be used at the same time. These methods in order to identify interests can also be used to classify and categorize these stakeholders. Generally, the methods are based on contact between the researcher and the stakeholders for example by executing interviews. In the following sections an overview is given of top-down analytical methods; the methods described there may also be used to categorize stakeholders identified during bottom-up processes.

### *Top-Down Analytical Methods*

Top -down analytical categorization methods are performed by those who carry out the entire stakeholder analysis. The aim is to compare the identified stakeholders on the basis of mutually different qualities, and divide them in different groups. Such categorization methods are often supported with a simple drawing. These visual displays are used to clarify stakeholder models (Fassin, 2009).

In this research the model of Bryson (2004) is used to further categorize the involved stakeholders. This model divides stakeholders into a matrix where the axes are the stakeholder's interest in the issue, and the stakeholder's power to affect it (Campbell, 2010). Key players, context setters, subjects and crowd are identified (Reed, 2009). 'Key players' are those who have an important vested interest in a phenomenon and can exert a big influence on this phenomenon. 'Context setters' have not such a big interest but may nevertheless exert a big influence. 'Subjects' have major interests but can only exert little influence. The 'crowd' consists of stakeholders who both have a small interest and can exert little influence (Bryson, 2004). Figure 15 (Campbell, 2010) provides a visual representation of this model.



*Figure 15: power vs interest grid (Campbell, 2010)*

Power vs. Interest grids can indicate which stakeholders must by all accounts be involved in addressing the issue at hand. They also help highlight coalitions to be encouraged or discouraged, what behavior should be fostered and whose 'buy-in' should be sought or who should be 'co-opted'. Finally, they provide some information on how to convince stakeholders to change their views' (Bryson, 2004).

The analytical strength of categorization methods can be enhanced by

adding additional features of stakeholders. Also these characteristics may then be seen as categorization factors. Examples of such characteristics are; supportive or opposed (Reed, 2009).

### *Applicability of stakeholder analyses*

A stakeholder analysis can be considered as an instrument which measures the relationships with and between stakeholders. The output consists of information. It is up to the management of 'the phenomenon' to (pre) determine what to do with this information. This can range from stakeholder management, in which the organization of a phenomenon is based on a stakeholder analysis, to a situation in which the results of the analysis are used merely as a reference. Three different applications of stakeholder analyses are described in management literature; descriptive, instrumental and prescriptive uses (Donaldson, 1995) (Reed, 2009).

A stakeholder theory is descriptive when used to describe and/or explain individuals or corporate parties and their behavior. The information is then used to describe the state of affairs of companies and other stakeholders in the present, past and future. A stakeholder theory is instrumental when it is used to identify connections, or a lack thereof, between stakeholder management and traditional business goals. The analysis is then aimed at identifying relationships between aspired objectives and stakeholder relations. Stakeholder theory is considered prescriptive as it is used to interpret the functioning of a company, including the identification of moral or philosophical guidelines. Reed et al (2009) believe that the descriptive use of a stakeholder analysis is not so important, and is therefore not often used.

It is striking that the instrumental and prescriptive application of a stakeholder analysis are seen as the most useful and are most often applied (Donaldson, 1995). However, this does follow from literature. Many categorization methods (such as potential for cooperation/threat, and urgency, legitimacy and influence) have a descriptive rather than an instrumental or prescriptive character. This becomes possible because these models are presented without specifically explaining how the results should be used in practice.

### **A stakeholder analysis of the NL-US horse trade**

The context of the stakeholder analysis was described in the previous chapters. Section 1 has provided an overview of the current trade relations between the Netherlands and the US when considering the trade in horses and equine products. Main conclusion of this part is that the Dutch equine sector is only serving a small part of the US market, the top segments 5, 6 and 7, and there are chances to serve also the segments below the top segments 3 and 4. Section two has provided an introduction in a new approach; the value chain, which could help stimulating cooperation and thereby providing a better market access.

The second step in the stakeholder analysis is identifying the stakeholders and their interests. In order to do so a bottom up reconstructive method was used by conducting a series of interviews with different pre identified actors. Figure 16<sup>8</sup> provides an overview of all stakeholders identified by the actors. The

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<sup>8</sup> If a website of the stakeholder is available the name of the stakeholder is given as a hyperlink.



reports of the interviews are provided in appendix ... as well as a list of actors who were counselled on this subject by asking the questions:

*“What actors have a stake in the process of exporting horses to the United States?”*

*“Why do these actors have a stake in the process of exporting horses to the United States?”*

When an actor mentioned a stakeholder it was listed. Because of the nature of a stakeholder analysis, being an iterative process, the stakeholders were categorized at the same time; leading to the six categories as provided in figure 16 also.

Some stakeholders were not mentioned by the interviewed actors. However these actors have passed by during the research process by for example being mentioned in reports or on websites. The sources in which the stakeholders were identified can be found in the reference list.

The six categories identified in the first step of the stakeholder analysis do not correspond yet with the model which is used in order to analyze the relationships between the stakeholders and between the stakeholders and the subject; being the trade in horses to the US. According to the model of Power vs. Interest (Bryson, 2004) the levels of power and interest of the stakeholders should be determined. The identification of the power interest rate was done by interpreting the answers of the actors being interviewed and the tone of the reports read in which the stakeholders were mentioned. This has led to the following overview as shown in figure 16. Every stakeholder is given a number on a scale from one to five for both interest and power. 1 is no interest or power and 5 is a lot of interest or power.

Stakeholders	NL → US Horse trade:	
	Interests	Power
<b>Extern</b>	<u>USEF</u>	4
	<u>AHC</u>	2
	<u>KNHS</u>	3
	<u>SRP</u>	4
	<u>FNHO</u>	4
	<u>USDA</u>	1
	<u>EZ-Agro</u>	2
	Sponsors	3
	<u>LTO Paardenhouderij</u>	3
	US Horse owners	2
<b>Sports</b>	<u>USDF</u>	4
	<u>USHJA</u>	4
	Trainers (1 <sup>st</sup> & 2 <sup>nd</sup> class)	4
	Match organizers	2
	<u>FEI</u>	0
	Riders	4
<b>Breeding</b>	<u>FHANA</u>	2
	<u>KWPN NA</u>	3
	<u>KWPN</u>	4
	<u>KFPS</u>	4
<b>Trade</b>	<u>HNHF</u>	4
	<u>Customs</u>	1
	<u>NVWA</u>	1
	Horse traders (NL& US)	4
	Auctions	3
	Transporters	4
	American customers	3
<b>Knowledge institutions</b>	<u>Michigan State University</u>	1
	<u>Davis, California</u>	1
	<u>Wageningen University/VHL</u>	1
	<u>Utrecht University</u>	1
	<u>FNRS</u>	2
<b>Rest</b>	Veterinarians	1
	Media	1
	Stable companies (US)	1
	Horse supply business (NL)	3
	Other (non-organized) individuals	0

Figure 16: Stakeholders in the NL – US horse trade

This table is translated into a power versus interest grid as shown in figure 17.

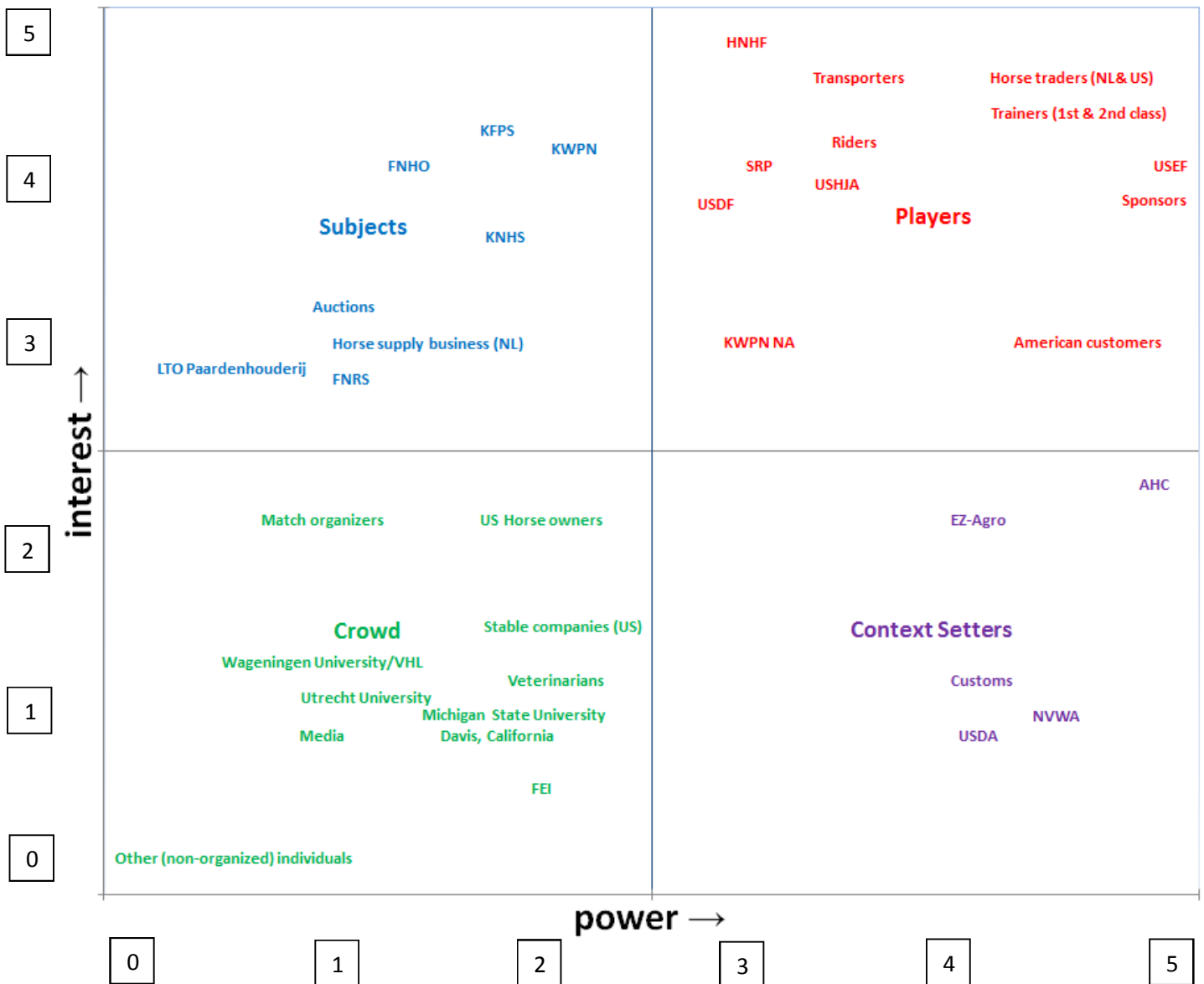


Figure 17: Stakeholders in the NL – US horse trade, power vs interest grid

## Results

This section will provide the analysis of the stakeholder grid, the third step of a stakeholder analysis. All quadrants are discussed upon the most notable results. Quotes are provided from the interviews and talks conducted during the research providing an insight in the results.

### *Context setters*

<b>VSN</b>	The NVWA is not cooperating. They are not able to deliver us the overviews of what we export as the Netherlands. They are not willing to make the export processes easier. They influence the process without having a stake in it.
<b>USDF</b>	The import process is difficult because of the customs regulations stating that horses need to go through a quarantine period... Such a period is very expensive... If the US and the Netherlands would allow for the same tests the process could be much faster. Authorities should work together more.

When analyzing the stakeholder grid it becomes clear that there are not much context setters. However their power is considerable. Most of the context setters are government institutions setting boundaries for the horse trade. Especially US Customs/USDA and the Dutch NVWA are seen as influential stakeholders, like the quotes of the organizations above show. There is a lot of critique on both organizations whereas they are considered non-cooperative. As mentioned in section one there are some problems regarding blood tests performed in different ways by the Americans and Europeans. The NVWA and the Netherlands Embassy, together with the USDA is working on a solution for these problems. The American Horse Council is no government organization but exerts a big influence on the US government when considering regulations in the sector. The interest in getting Dutch horses into the US is considered low for all context setters.

### *Subjects*

<b>LTO paarden-houderij</b>	It is considered very difficult to organize the Dutch horse sector. This has a practical side; it is difficult to find a moment when everybody can come for meetings etc. But this is also the result of a very individualistic market of people who are not always willing to cooperate as result of vested interests.
<b>FHANA</b>	... There are different organizations in the US representing Frisian horse owners. The FHANA is the only one recognized by the KFPS. The different organizations are not willing to cooperate because of both practical considerations, like the distances and political reasons...

Although an early conclusion of this report stated that the horse sector in both the US and the Netherlands is relatively poorly organized, this does not directly become clear from the stakeholder analysis. Many organizations representing studbooks, horse owners and equine entrepreneurs are present and are considered to have a stake by other actors. What is remarkable is that the American organizations are considered to be more powerful than the Dutch organizations when it comes to the export of horses towards the US. Organization of different people is considered very difficult in the equine sector, both in the Netherlands as well as in the US. This is challenging the export because people and organizations are

only working against each other instead of working for the sector. In the US the geographical distances between different organizations make it even harder to get the sector organized. People are not able to come together on a regular basis and discuss the issues currently at hand.

What is remarkable is the position of the Holland National Horse Foundation (HNHF). The goal of this organization is to develop the foreign horse markets and to stimulate the export of Dutch equine products. At the moment the HNHF is aiming at emerging countries regarding the equine sports. The HNHF could however also aim at further developing the already existing market in the US.

### *The crowd*

<b>VHL</b>	We are very much interested in setting up closer contacts with knowledge institutions around the world regarding equine research and education... Dutch education in the equestrian field is already of very good quality. We would like to share this knowledge with others.
<b>Van Wessum</b>	When considering equine research in the field of e.g. veterinarian subjects the Netherlands set the standard. Research done in the US is also good but we sure can learn from each other.

The stakeholders categorized being part of the 'crowd' are mainly representing the knowledge institutions and organizations not directly involved in the trade. However, all mentioned stakeholders may benefit from Dutch horses coming into the US. For example the stable companies may be able to stall more and better horses. The knowledge institutions may benefit by being able to do research on better horses and the media may be able to write about higher quality matches etcetera.

### *Players*

<b>USEF</b>	When an American wants to import a Dutch horse he or she first needs a trainer who has contacts with traders in the Netherlands. They will set up the trip to the Netherlands, selecting which traders to visit etcetera.
<b>Hendrix</b>	At the moment the transport of horses is almost always done by one big transporter in the Netherlands. By doing so this organization has a lot of influence in the process around horse export. They have knowledge and are benefitting when more horses are exported.

The players are the most important stakeholders according to this grid. The stakeholders mentioned in this quadrant are all corresponding with what was mentioned in the first section of this report. Trainers and traders are considered to be the most powerful stakeholders, representing the two groups which currently control the export of Dutch horses to the United States. What is also notable is the earlier mentioned presence of American organizations representing the equine sports. USEF, USDF and USHJA are all much in favor of importing more Dutch horses into the US, they are confident this will increase the level of performance in their sports and will lead to better results during international tournaments. The role of transporters might not be underestimated. The level of knowledge they pose about the

export process and the interest they have in a high number of exported horses make them an important stakeholder.

The role of the trainers was already discussed in section one of this report. However when considering the role of the stakeholder ‘trainer’ the question may be asked why this is not further specified. When for example having a list of names of well-known dressage and Hunter Jumper trainers it might be interesting to get into contact with these trainers. There is however not such a list available in the US. What can be done is divide the trainers in two groups. There is a group of top trainers which at the moment are already having good contacts in the Netherlands and are importing lots of horses. The group below this top group, so the trainers of the market segments 4 and 5, are less well known and are not importing a lot of horses for their clients.

## Conclusion

This section provided an answer to the research sub question “What does the horse Supply Chain look like when considering export from the Netherlands to the United States?” When considering exporting horses to the United States one can conclude that a lot of stakeholders are present. Most of them have a high interest in the exports towards the United States. The players in the horse trade sector are at the moment all depending on the two main actors in this category; the trainers and the traders. When one would like to apply the supply chain approach in the horse trade sector, these trainers and traders need to get aboard. Such a supply chain approach could help better serving the market segments 4 and 5 by becoming able to deliver less expensive horses but also by, for example, becoming able to organize promotional activities. At the moment not all traders and trainers are sufficiently organized. This leads to a situation in which you do not need all trainers and traders in order to create a supply chain. A first initiative to do so should therefore be very well possible.

When considering the reactions of the respondents the conclusion can be drawn that there is a need for further cooperation and exchange of knowledge. At the moment organizations are not working together to come to better performance. Earlier research stated that the performance in a supply chain will improve when the infrastructure between organizations is improved. The US equine organizations recognize this need and are calling for more cooperation. This however requires a chain leader.



## Section 3

In order to better serve the US horse market Dutch traders should also aim at different market segments; this could lead to higher export numbers. The Dutch horse is well-known over the world as a result of the good performances. The Dutch equine sector is also considered to deliver products of high quality. Dutch educational institutions focusing on equine education and research are considered of high quality. All these parts of the equine sector together could form the total horse supply chain. This section follows upon the previous sections, elaborating upon a case of establishing a performance center for Dutch horses in the US.

### Case – A performance center for Dutch horses

#### Obstacles

Reasons for Americans not to buy a Dutch horse are many fold, however, a lot of the reasons are related to practicalities which can easily be overcome. These practicalities were listed by both Dutch and American actors active in the field of the trade in horses.

The first reason for people from the US not to buy a Dutch horse is simply because they do not know about the Dutch horses. A lack of knowledge about the qualities and availability of the horses leads to a situation in which other breeds are preferred. Better communication about the Dutch horses could overcome these problems.

A second reason is related to distance and logistics. In order to get a good Dutch horse one often needs to go to the Netherlands. Going to Europe could be an obstacle for Americans, whereas they do not know their way around. As stated before, the current system is built upon trainers, having contacts in the Netherlands, organizing the trip. If an American does not have these contacts he will not come to the Netherlands. The export process; getting a horse into the United States, is also very complicated. One needs a transporter to organize this.

The third reason is an economic reason. In order to get a Dutch horse the horse needs to be worth more than \$60.000,- in order to make it worth to export the horse. Otherwise the money can better be spent on an American horse of better price value ratio.

#### The Holland Horse House

When considering the supply chain approach the consumer is to set central in the chain; the question therefore needs to be asked ‘how can we serve the American consumer in a better, more convenient way?’

A solution could be to already bring the horses to the United States. As described in section one this is already done by several horse traders from the Netherlands. Next to that the KWPN NA has several registered horse traders which breed Dutch warmblood horses which are registered in the studbook. However, this is still uncoordinated and requires personal contacts and



knowledge about the Dutch horse. Therefore the idea is suggested to establish a “Holland Horse House”.

This Holland Horse House (HHH) will be a horse farm from which Dutch horses and other equine products can be marketed in the US. A constant supply of about 30-50 horses need to be stalled at the HHH. Dutch traders will participate in the HHH by stalling the horses at the HHH, at their ‘risk’, until they are sold to an American consumer. Horses of different qualities, ages etcetera will be available. The horses will be trained on site by Dutch trainers and the equine supplies could come from the Netherlands.

By setting up a HHH the identified obstacles for people from the US can be taken away. It is much easier to undertake promotional activities with the HHH as a basis. It may serve as a platform for the Dutch horse from which different activities may be undertaken. One could think of organizing an auction, informational activities like seminars. But also organizing a tournament at the HHH could be an option.

The problem related to logistics and distance is partly taken away when introducing a HHH. The distances in the US are still big and require often a long trip in order to get at location. However, when the horses are already in the US the trip is never as expensive and time consuming anymore as when to go to the Netherlands. Next to that the importing procedure is already done. Transporting procedures, quarantine procedures and all associated tests are no longer the concern of the US customers.



When setting up a HHH there needs to be a constant supply of horses. This creates a situation in which it can become possible to bring not only one horse to the US but 10 or even more horses at once. By making use of this economy of scale the transportation costs can be lower, making it also feasible to bring horses to the US which are worth less than the current \$60.000,-. Resulting in a situation in which also the new market segments (3, 4, 5) can be served. The

costs of bringing in a horse from the Netherlands are about \$10.000,-. The costs than spend on raising a good horse will be about \$10.000,- also. The horse can therefore be sold for \$20.000,- onwards. This is considerable lower than the current standards.

The HHH is more than only a selling station. Also the equine industry should be involved in the HHH. Companies specialized in building stables and arena footings, feed companies etcetera can also sell their products in the US. By including those into the HHH initiative a total package of equine products can be offered.

Next to the equine supplies also equine knowledge is considered to be a Dutch export product. When linking a HHH to the different knowledge institutions in the Netherlands focusing on equine research and education also US organizations focusing on this could be involved in the promotion of the Dutch horse. One could think of Applied University Van Hall Larenstein, Utrecht University and the Wageningen University. The HHH could serve as a research farm but also training farm for students. Stu-



dents from Dutch schools could for example take up experience by doing internships or classes at the HHH in the US.

### Location

All above mentioned options lead to a discussion about the preferred location of the HHH. There are different regions in the US which are known as 'horse country'. Florida is an option which is often mentioned. There are already several Dutch horse traders who bring horses to Florida to bring them to auction. However, Florida is not a region which is convenient to have horses all year around because of the climate. California is also a region in which many dressage and jumping stables are located but it is far away from the Netherlands and located in a far corner of the US. Upstate New York is considered horse country with some big stables of well-known riders located there. However, the reputation of the area is not good. It is a poor region and considered dangerous by many Americans. The region Chicago should therefore be considered the best region to set up a HHH. O'Hare airport in Chicago has a new quarantine facility for horses and is easily accessible from all airports in the country. The prices of land in Michigan/Illinois/Indiana are relatively low which makes the investment in a horse farm lower. The climate is considered good for horses. Michigan State University is known for its research in equine science.



### Conclusion

Taking all into consideration, a Holland Horse House would be the solution to many trade irritants that currently form obstacles to optimal horse trade between the Netherlands and the US. When asking US equine experts and people involved in the horse industry, by riding and competing, the idea was highly appreciated. It was recognized that many of the current obstacles for Americans to buy Dutch horses would be eliminated by already bringing the horses to the States and promoting the sales via a central channel. However, the major advantage of the HHH would be the concentration of horses. By bringing together the horses there is no longer a need to travel around different locations in order to find a suitable horse. With the HHH a potential buyer can ride different horses several times and take the time to make the best choice. At no other location in the US this is possible at the moment.

The concept of a HHH will only work if the initiative for it is taken by the Dutch equine sector. Different organizations must be willing to take up such an initiative together. With such an initiative the sector should not aim at serving the top market segment of horses, but the segments just below the top segment. The total trade flow can increase in this way.

## Conclusions & recommendations

This chapter will provide an answer to the main question of this report as was stated in the introduction;

*“What new and additional opportunities exist for Dutch traders in horses and equine products by the United States horse market?”*

The United States represent an enormous market for Dutch horses. At the moment already 60% of the Dutch horse exports go to the US, representing 120 million US dollars (UN, 2012) and over 1700 horses. The Netherlands is at the moment only serving the higher market segments (6,7) representing horses above \$60.000,-. Equine products are hardly exported. In order to enlarge the total trade flow of equine products different possibilities can be thought of. This chapter will provide an overview of possible actions in order to reach this goal. For all recommendations one needs to bear in mind that the equine sector itself has to take the initiative and the lead.

Section 3 of this report introduced the idea of a Dutch horse performance center. Such a center could stimulate the trade in horses and equine products in three different ways;

- It could take away the barriers for Americans of traveling to Europe and buy a horse there. They do not have to go through the whole process of importing the horse and transport costs are lower.
- It could become easier to serve the market segments 4 and 5 which are currently little or not served. Cheaper horses can be brought to the US easier by making use of the economies of scale, leading to lower transportation costs.
- Also the equine supply sector can benefit from such a center; they can bring their products on the market via the station or make value out of their knowledge. Knowledge institutions aiming at connecting more with the US can do so via the center and e.g. students get a better possibility to come to the States and work here for a few months.
- Promotional activities for the entire equine sector can be undertaken out of the HHH.

The performance center could be a new opportunity for Dutch horse traders in order to access the US market even further. Different experts in the US horse market stated that the market segments in the top will not show an additional market opportunity in the short term. Therefore the other, lower, market segments need to be served in order to enhance the trade flow.

When setting up a performance center the way of operating in the sector needs to be adjusted. As section two has indicated, a supply chain approach could provide solutions through which it becomes easier to get access to other segments of the US market.

Besides a Dutch horse performance center also other promotional activities could be undertaken;

- The Las Vegas World Cup might be a possibility to get more attention to the Dutch horse. One could think of different activities like a symposium about the Dutch horse in the United States or a VIP diner inviting guest and possible clients in order to promote the Dutch horse.

- A buying trip to the Netherlands could be organized for interested customers out of the entire US. The trip could aim at the 2<sup>nd</sup> level trainers.
- During big equine events often an expo is organized, the Dutch horse sector could present themselves there.
- The buying season is known for being in Florida during the spring. Dutch horses should be promoted there by active participating in auctions etcetera.

All these activities require a strong cooperative commitment from many parties. Dutch horse traders, transporters and the different Dutch organizations like the HHNF need to come together and agree upon activities and strategies. This is closely related to the idea of supply chain thinking as described in section two of this report. The aim of this report has never been to force the equine sector into a supply chain approach; however, elements of the supply chain thinking might be useful when considering expanding the export market. The quote 'the supply chain is as strong as its weakest link' shows the importance of working together in a strategic way in order to improve the performance of the individuals operating in the chain.

The conclusion can be drawn that there are already some organizations in the equine sector who understand this way of thinking. They are willing to share information and work together with other parties in order to perform better. However, central steering is still lacking in the supply chain. There is a need for an organization which is able to take the lead and develop itself into a chain leader. Regarding the equine organizations in the US this organization should be the KWPN or other studbooks for other horse breeds. The studbooks represent the quality of the Dutch horse; they are the quality assurance in the supply chain. However, the VSN as trade organization might also take up this role.

When considering supply chain thinking the exchange of information is considered of high importance. US and Dutch organizations could improve the exchange of information between them. An example of this could be the sharing of information from the studbooks; this information should be made available for other organizations too. The USEF has a tag 'Dutch' in their database, these horses are thereby labeled as being of Dutch quality. If this is not checked upon, everybody can make use of the label Dutch. An extensive exchange of information could help both organizations to ensure their quality standards are used in the right way.

Regarding the practicalities of export the transporters need to play a role. They are the ones with expertise about the process and can point the 'crowd' at points of improvement. The transporters need however to be supported in their actions by other organizations in the sector. An example of this could be a combined action of both the US and Netherlands equine organizations (e.g. KWPN & USEF) towards the government asking for a better organized system regarding in- and export.

The Netherlands embassy in Washington DC could be a useful partner in further developing the potential of the US market for the Dutch equine industry. The embassy could use its network of consul generals to map the Dutch people active in the equine industry in the US. These people could be interesting sources of information about the US equine sector. The embassy could fulfill a useful role in getting the 'crowd' moving towards better regulation. A good example of this is the discussion about disease tests

in the Netherlands and the US. If organizations like the HNHF want to organize activities in order to promote the Dutch horse the Netherlands embassy could support the initiative by helping with e.g. finding locations, inviting the right people etcetera. However, activities need to be coordinated and not aimed at one organization. When entering the US market companies often underestimate the basics of doing business in the United States. A good example is the remark made by all interviewees in the US; they stated that the distances in the US should not be underestimated. When driving an hour in the Netherlands you can pass several horse traders, in the US you sometimes have to drive days before getting to one. Such support and understanding, of how to do business in the US, can also be provided via embassy channels.

The equine market in the United States is considered by many as already opened to the Dutch equine industry, but this report has shown that the market potential is much bigger. When focusing on the biggest market segments and serving them with the entire industry the Netherlands equine sector can benefit as a whole. By making use of smart and innovative methods aiming at the right people the export of horses and equine products to the United States may be doubled within 10 years.



## Discussion

This section provides a critical reflection on the research performed and will give recommendations for additional research.

This study centered on the main question; “What new and additional opportunities are offered for Dutch traders in horses and equine products by the United States horse market?” In order to come to an answer to this question the concept of supply chain creation was applied to the Dutch horse trade sector. This was done because at this moment the trade in horses is organized in a very individualistic manner. When organizing this process more, a considerable increase in trade may be expected.

The supply chain approach is a suitable approach when introducing collaboration in order to come to better results. It is proven that collaboration and exchange of knowledge leads to better products. However the supply chain approach can only be applied if the parties involved, in this case the horse traders, are willing to do so. Moreover, no member in the chain currently has incentive to act as pioneer in applying supply chain thinking. As long as chain members do not regard collaboration as a competitive advantage they will not start serving the lower ends of the market. It is important to note that these results were noted during all talks with involved stakeholders.

From the perspective of the possible set up of a Holland Horse House this knowledge is important to consider when deciding e.g. on the scale on which the HHH should start to operate. It was expected that the different stakeholders mapped in this study had the same goal; to export as much horses as possible. This seems not to be the case whereas some stakeholders said ‘the market is running as it has been running for about 20 years, there is no need to change this.’ This leads to a situation in which some actors will not be willing to set up an initiative as a HHH.

### Theoretical considerations

The theoretical framework of supply chain management of Van der Veen (2013) formed the basis for exploring the possibilities regarding supply chain thinking in the equine sector. By performing a stakeholder analysis the first step of setting up a supply chain approach in the equine sector was made. The results from this research add to the empirical evidence that shows that in various contexts the supply chain thinking can be applied but that it should be based on cooperation and openness. The cooperative efforts of the different partners in the supply chain are of key importance to the creation of high performance. Most supply chain research focusing on relationships integrates this with theoretical problems of transaction cost analysis, while ignoring the possible influence of stakeholders in the exchange. For instance, Ferguson and Begeron (2005) show people who represent an organization can significantly affect the chain performance. In other words, it is of importance to know what people are involved; the importance of performing a comprehensive stakeholder analysis is therefore of key interest.

The stakeholder analysis performed in this study was based on the model of Bryson (2004). This model divides stakeholders into four categories; crowd, subjects, players and context setters. The model of Bryson is just one of the many models available in order to perform a stakeholder analysis. The choice for this model was based upon the notion that Bryson developed the model for a situation in which change takes place. This was regarded suitable because the study focusses on the shift that could be



made towards a supply chain approach by the involved stakeholders. However, during the research, the focus shifted to a mapping approach. To determine which stakeholders fulfill what role was difficult because of the lack of sources being able to identify stakeholders. A different model, focusing more on stakeholder mapping could therefore have been more useful.

The lack of insight in what stakeholders perform in the supply chain of Dutch horses to the United States also led to the situation in which it was hard to determine what their position in the network is. In order to execute the model of Bryson figure 16 (page 33) needed to be filled out. However, it was hard to determine in a solid way the times stakeholders were mentioned and what implications this had for their interest and power in the NL-US horse trade. Further research may aim at performing more interviews, or other qualitative research methods, in order to better determine the role of the different stakeholders. This also includes a more extensive mapping of equine suppliers. A possible improvement could also be found in further quantifying the results found. The stakeholder analysis can be of more significance when it is performed more solidly.

This study ends with the notion that the potential for the trade in horses and other equine products to the US is large. The US market is big and the demand for Dutch sport horses is continuously increasing. Every action aiming at developing the trade flow is likely to result in more export. All stakeholders will be able to benefit if they become willing to make smart moves.



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## Appendices

Appendix 1 – Map of the United States of America

Appendix 2 – Transportation

Appendix 3 – Horse counts

Appendix 4 – Interviews

## Appendix 1 – The United States of America



For an overview of KWPN NA breeders in the US see: <http://kwpn-na.org/kwpn-na-breeders/> (KWPN-NA, 2014)

## Appendix 2 – Transportation

### Importing – The process

As the types of aircraft and stall differ from each part of the world; it would be too difficult to list all the various types here for review. However, the International Air Transport Association, 'Live Animal Regulations Publication' is a good source material of approved equipment. The Live Animal Regulations book is issued on a yearly basis in English, French and Spanish (IATA, 2013).

When transporting the animals an attendant is required to accompany the horses in the plane. Brokers and airlines recommend the use of AATA/NPTC registered & assessed equine attendants (Merchant International, 2012).

When importing horses into the US, horses must meet two separate import criteria. First US Customs Clearance needs to be provided upon arrival and second The US Department of Agriculture needs to provide clearance. This section will describe, in brief, the process of importing Horses into the US.

### US Customs Clearance upon arrival

All goods entering the United States, including livestock, must be cleared through US Customs. An US Customs Bond must be posted upon entry. Most imports into the US are organized by brokers (like Dutch equine transport companies). These brokers are qualified to handle all US customs requirements on behalf of their clients. Therefore these brokers are required by US Customs to have a completed 'U.S Customs Limited Power of Attorney' on file for each importer as well as the Social Security Number of an individual, or Federal Identification Number of a corporation. In the event the client is a foreigner, the broker will apply to the US Customs Service for a Customs Importer Number which will allow them to complete the U.S. Customs Entry.

The US Department of Treasury currently does not assess any duties on horses being imported into the country; however, a US Customs User Fee is assessed on all non-American goods entering the country, including horses. This fee is based on the value of the horse and is calculated at a rate of .0021%, the minimum being \$25.00, and the maximum, per entry, \$485 (in 2012 the average of this fee was about \$112 for Dutch horses (VSN, 2014)).

The owner/agent of the horse(s) being imported must supply the broker with true and correct information regarding the value which will be shown on the commercial invoice and submitted to US Customs at the time of entry.

### Preparation

It is important that prior to the shipment of a horse from a foreign country, a careful review and coordination of all requirements necessary is done on behalf of the importer. Most brokers are linked to the agents throughout the world in order to provide the importer with the knowledge needed.

If the documentation is improperly prepared, the horses could be held in Quarantine, at additional expense to the importer, or be refused entry upon arrival in the United States. It is therefore recommend-

ed to work with agents in the Netherlands who can provide such information and arrange the necessary details (Merchant International, 2012).

### USDA clearance

Horses arriving for entry in the US, from anywhere outside the USA, must be quarantined upon arrival and must be accompanied by an International Health Certificate, endorsed by the Ministry of Agriculture of Country of Origin of the Animal. There are three importing locations for horses in the US; New York (Newburgh); Miami and Los Angeles. At the moment a facility in Chicago is under construction. To reserve space at the quarantine stations, a check in full payment of the minimum stay must be presented to the USDA in order to guarantee the arrival date. The horse must arrive into the USA with no visible signs of infectious disease, skin rashes, or infections of any kind. All horses arriving in the USA are subjected to a quarantine period, and must test negative to the following diseases, before they are eligible for entry into the US; Dourine, Glanders, Equine Piroplasmiasis (equi and caballi) and Equine Infectious Anemia (EIA) (CDCP, 2011) (USDA, 2014).

The blood samples of the horse must be tested at the USDA Lab in Ames, Iowa. Any horse testing positive after arrival to any one of these diseases will be refused entry into the USA. The owner will have to immediately make arrangements to export the horse back to the country of origin, or agree to have the USDA euthanize the animal.

The normal quarantine period is between 24 and 72 hours, pending the result of the blood tests. However, the USDA charges a minimum of \$1179 for a three day stay regardless of whether the horses stay one, two or three days. After the minimum three day stay, should horses be held in quarantine, the charge is \$276 per day from days 4 through 7 and \$235 per day from days 8 and over? In addition to the charge for board, there is an additional USDA User Fee for Blood tests that currently amounts to \$85 per horse thereby making the complete quarantine charges for a minimum stay per horse \$1231.

There are three different levels of USDA entry quarantine. The first is three days quarantine for horses entering from any country not infected with either VEE (Venezuelan Equine Encephalomyelitis) or AHS (African Horse Sickness). The second level is seven days quarantine, for horses entering from countries reporting VEE within last year. Costs of quarantine are in that case higher; \$2250 plus blood tests. The third option is sixty days quarantine for horses entering from a region where African Horse Sickness has been reported during the last 12 months. Costs of quarantine are in that case \$14,864 plus blood tests. This quarantine option is only available at New York's Newburgh Quarantine Facility.

If horses, with the exception of Thoroughbred Horses in Training in the countries of England, Ireland, France, and Germany, are arriving from a country which is currently on the Contagious Equine Metritis (CEM) list in Washington, an additional quarantine period will be required after the USDA quarantine has been completed.

From certain countries an Import Permit is required prior to arrival of the animal. The permit is issued by USDA, upon written request.

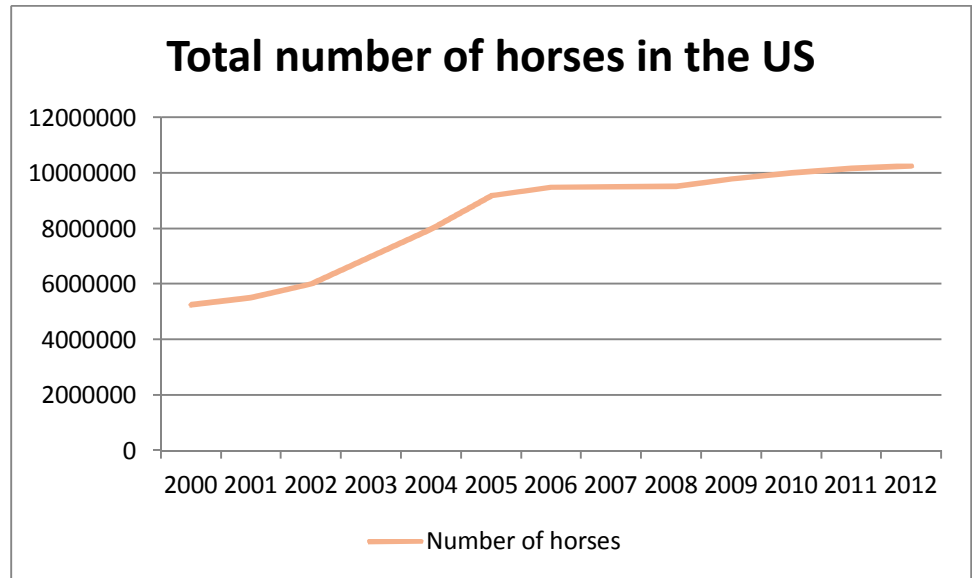


The USDA in Ames, Iowa provides the possibility to prescreen the blood of a probable imported horse, prior to arrival. To use this service, a permit is issued; samples should be drawn according to instructions on the permit, and sent to USDA Lab in Ames, Iowa. This prescreen is a precaution, and the testing of the blood is charged, based on series of rates for USDA User Fees, applicable to the testing involved. However, that a negative blood test, prior to arrival, cannot be considered as proof of negative on the arrival of the horse into the USA. The only test that will be considered for the importation of the horse is the one drawn at time of arrival of the animal upon entry. However the prescreening is recommended by most brokers as a useful tool prior to purchase and or shipping.

### Appendix 3 – Horse counts

Year	Total number of horses in US
2000	5240000
2001	5500000
2002	6000000
2003	7000000
2004	8000000
2005	9200000
2006	9500000
2007	9500000
2008	9500000
2009	9800000
2010	10000000
2011	10150000
2012	10250000

(FAO, 2014)



State	ANHF 2005		
Texas	978822	Nebraska	150891
California	698345	Alabama	148152
Florida	500124	New Mexico	147181
Oklahoma	326134	Montana	129997
Kentucky	320173	South Dakota	120878
Ohio	306898	Utah	120183
Missouri	281255	Mississippi	113063
North Carolina	256269	Wyoming	99257
Pennsylvania	255763	South Carolina	94773
Colorado	255503	West Virginia	89880
Washington	249964	New Jersey	82982
Virginia	239102	North Dakota	59391
Michigan	234477	Connecticut	51968
Tennessee	206668	Nevada	51619
Indiana	202986	Maine	37854
New York	201906	Massachusetts	37529
Iowa	199220	Vermont	24540
Illinois	192524	New Hampshire	14681
Minnesota	182229	Alaska	11449
Georgia	179512	Delaware	11083
Kansas	178651	Hawaii	8037
Wisconsin	178636	Rhode Island	3509
Arizona	177124	District of Columbia	33
Arkansas	168014		
Oregon	167928	Total	9222847
Louisiana	164305		
Idaho	158458		
Maryland	152930		

Number of horses per state (AHC, 2005)

### Wild horses

There are currently two types of wild horses; the Tarpan and the Przewalski horse. The Tarpan is a backcrossing of a Konik pony in order to make it more calm and tractable. Only the Przewalski horse still exists in its original form and is often used to graze the big pastures in natural parks.

### Thoroughbreds

The concept thoroughbred is based on a high level of purity and still has a major impact on crossed descendants. For example in the breeds which included an Arabian thoroughbred in order to improve the race the result is seen quite fast. Thoroughbred horses are for example the Berber and the English Thoroughbred.

### Quarterhorses

The American Quarter Horse is an American breed of horse that excels at sprinting short distances. Its name came from its ability to outdistance other horse breeds in races of a quarter mile or less; some individuals have been clocked at speeds up to 55 mph (88.5 km/h). The quarterhorse is smaller than the thoroughbred.

### Half-bloods or warmbloods

These can be divided again into two groups; the half-blood race horses and the half-blood non-racehorses. The term warmblood shows that the horse has Eastern blood in its stud-book, mainly by adding Arabian blood. Dependent on the amount of Arabian blood one speaks of a little or lot nobility. The half- or warmblood horses are a transition between thoroughbreds and cold bloods; all are a result of a crossing. The first warmbloods were mainly used for the carriage of military material and soldiers and some traction, followed by recreational purposes and sports. In the economical most well performing countries the decrease in traction horses went together with an increase in warmblood horses. At the moment the non-race warmbloods represent the biggest group of horses in the world (think of KWPN etc.)

### Cold bloods

These decent from the heavily build horses that lived in the woods of middle Europe. Cold bloods are mostly heavy draft horses with a specific build for traction (IMH, 1978).

## Appendix 4 – Interviews

This appendix provides the interviews which were conducted with various experts of the US horse market. The interviews all were similar to each other. First the question is provided (number) followed by the answer of the expert. The answers are not provided as a transcription, but based on notes and quotes. The final part of this appendix provides an overview of all conducted talks during the research.

### Part 1:

Wednesday 21 may

10.00h – USEF

**Ken Ball**, *Director, Horse Registration & Services*

United States Equestrian Federation  
4047 Ironworks Parkway  
Lexington, KY 40511  
859-225-2035

**1.** What is the role of USEF in the United States equestrian business?

The USEF is the governing body for the US horse sports. They represent about 27 breeds and disciplines.

The Netherlands warmblood studbook is different than the USA breeding registers. The only breed which is really 'USA made' are the thoroughbreds.

The USEF has about 150 employees. About 85000 members which register almost 20.000 new horses a year. The USEF recognizes 2800 competitions a year.

**2.** How big is the US horse industry/market?

In the USEF database 20632 horses are registered which have "Dutch" in the breed name.

Total of horses registered in USEF database with Dutch	
2009	848
2010	801
2011	942
2012	1111
2013	1331
2014	593 (to date 21-5)

A big market is the pony market in the USA. All sizes of ponies are popular.

**3.** Can you make a division in market segments? So from expensive to less expensive?

At the moment there is a growth going on in the equine sector. Especially the sports are growing in the US, however, this still receives little attention.

The effort and expense of going to Europe in order to buy a horse are high. At the moment you see that trainers are buying horses in Europe in order to sell them again in the US.

The lower end of the market goes from \$0,- till \$3000,-. These horses are used for a few shows a year and stay at a very local level. As soon as you go up in competition you see the value of the horses rise till up in the millions of dollars.

As soon as the horses become more expensive you see that people go to Europe. However, this is a select group of riders. This implies that the lower end of the market is not (yet) served by Dutch breeds.

Horse culture has changed in the USA over the years. The last years we have seen a shift in horsemen from the countryside towards the more urban environment. This has led to a situation in which people only ride their horses in a ring. Their horsemanship skills are declining as a result of that. The American thoroughbreds are difficult horses to ride because of the fears nature, therefore these horses are becoming less popular with the urban riders.

**4. Can you mention some of the most important stakeholders in the USA equine supply chain?**

USEF, AHC, USHJA, Trainers/riders, Veterinarians, horse owners.

Considering the trainers and riders, you can also take a look at the rankings of the USEF website. The top names are mostly represented there.

**5. How many horses are there in the USA (3 million vs 9 million)? How can this difference be possible?**

No actual good count available for the last years. AHC is the last reliable count. Census is not obligatory.

The hunter market is very big in the USA. Million dollar hunters are not uncommon in the USA. The average price of a hunter is about \$100.000,-/\$200.000,-.

**6. How many Dutch horses are there active in the US competition?**

See total registered horses (question 2)

The Europeans are not selling their best horses to the USA; unless enough money is paid. However, quality is also a combination between the horse and the rider.

**7. What is the role of Dutch horses and suppliers in the US horse market? Is this an important role?**

There is a group of people in the US who go to Europe every year to buy horses over there. At the moment everybody wants to ride Dutch horses because they did so well in competitions, however this changes when e.g. British horses become the best in competitions. The market is therefore led by emotion.

**8. Can you describe a trade process of a Dutch horse to the USA**

When an American wants to import a Dutch horse he or she first needs a trainer who has contacts with traders in the Netherlands. They will set up the trip to the Netherlands, selecting which traders to visit etcetera. Sometimes the buyer isn't even coming with the trainer. There are a lot of these kind of buying trips.

There is a need for disclosure of the process of buying and selling in sport horses. At the moment it is indeed very individualistic.

Trust plays an important role.

At the moment the US horse market is a very liquid market, a lot of horses are sold.

**9. What could the Netherlands offer more?**

The exchange of data about horses could be organized even better. KWPN is already doing a lot on this issue. This can also promote the Dutch horse, because it then becomes more clear how the stud-book is organized and creates a form of accountability.

Next to that all, there is a huge confection for Dutch or European products. Americans want something European and are willing to pay for it.

On the field of knowledge a step can be made regarding the exchange of knowledge. For example the world breeding meetings can be used to better exchange knowledge regarding breeding issues etc. in the field of genetics you already see a huge share of knowledge etc.

USEF as an organization is not supporting the development of knowledge so much. However, they use the knowledge for example in drugs tests and genetics tests (for the latter the university of California; Davis, is important). The knowledge levels about anatomy and feed and nutrition are not very high in the US, however, this is also not considered very important.

**10. What are the challenges which the Dutch have to encounter when they want to do equine business here?**

The vastness of the USA should not be underestimated. This leads to a situation in which the logistics can become a difficulty.

The main regions for horses are Kentucky, Florida, New England and California.

When coming to the USA one should know the Industry, the Market and where the big horse populations are.

It could be good to go to big events like the Equine affair (Ohio etc.). These are trade fairs which draw attention of many horse people in the US. Each state have their own state fairs.

**11. What do you think of a plan to establish a Holland Horse House here in the USA?**

Good idea. Kentucky would be best location because of the horse park near by etc.

**12. How big is the trade of foreign horses from the USA towards Southern and Central America?**

The trade between C&S America and N-America is becoming bigger. This trade takes place both ways. Riders are coming from there and bring horses to the USA. Or they buy horses in the States and bring them back to C&S America.

**14.00 – USDF**

**Stephan Hientz, Executive Director**

United States Equestrian Federation  
4047 Iron Works Parkway  
Lexington, KY 40511  
859-258-2472

**1. Role of USDF**

The USDF is a national organization representing the dressage on a national level. USDF represents about 30.000 members. USDF provides education and presents rewards for competition.

The numbers of USDF are not representing the whole sport, not everybody is a member of USDF.

**2. How big is the US horse market?**

There is a lot of breeding in the US market; however, this is poorly organized. There are no real markets or trainings organizations, therefore there is no real structure supporting the breeding to get to a higher level. A breeding competition could help the breeding to become better.

10% of the horses in the US are European horses.

The hunter market is much bigger than the jumper market.

**3. Can you make a division in market segments? So from expensive to less expensive?**

Once you go up in the level of competition you go up in price. The CDI three level is only representing horse from \$100.000 till millions of dollars. Regular shows are representing horses from about \$20.000,- till \$200.000,-.

**4. Can you mention some of the most important stakeholders in the USA equine supply chain?**

Trainers, US equestrian organizations, transporters, match organizers.

**5. How many horses are there in the USA (3 million vs 9 million)? How can this difference be possible?**

It is best to trust the numbers of the American Horse Council.

In 2013; 13.224 horses were competing in the USDF competitions. With those numbers it has become one of the largest sport horse disciplines in the USA. Of these 13.224 horses the majority is bred or imported from Europe.

The numbers have not been growing the last years. As result of the economic crisis the growth has been stabilizing since 2007. The expectation is that the number will grow again the coming years.

**6. How many Dutch horses are there active in the US competition?**

The KWPN is offering almost 3000 horses in the competition.

**7. What is the role of Dutch horses and suppliers in the US horse market? Is this an important role?**

When you look at the CDI matches, almost all horses come from Europe; representing about 95% (look at the entry lists).

In the big picture the Dutch market is not so big, they are only present in the sports in which warm-bloods are active (dressage, jumping and hunter jumping) which is representing a small fraction of the US equine business.

The US horse market is very fragmented.

**8. Can you describe a trade process of a Dutch horse to the USA**

An American trainer goes to the Netherlands and buys a horse. The ones who do this are always active at a high level of competition and have a sponsor who is paying. This might be an owner or a sponsor; as is common in the US. Dutch horses in the US are always very expensive when they are imported.

The import process is difficult because of the customs regulations stating that horses need to go through a quarantine period... Such a period is very expensive... If the US and the Netherlands would allow for the same tests the process could be much faster. Authorities should work together more.

**9. What could the Netherlands offer more?**



Very difficult to answer. You should ask trainers for this.

One could support the KWPN to get forwards. The KWPN NA could use more people and money so they get more done here in the US. Also when you want to better serve the US market you should play via the KWPN NA, they already know the people and have the necessary knowledge of the country.

**10.** What are the challenges which the Dutch have to encounter when they want to do equine business here?

Access; so getting to the right people in the right places at the right moments. The country is very big and people from Europe are underestimating this.

You are not competing with American horses but with other European horses. So when trying to distinguish yourself you should aim at them.

Americans are dependent on their trainer.

**11.** What do you think of a plan to establish a Holland Horse House here in the USA?

Location is of high importance. If you are really aiming at selling horses you could also go to Florida, at wellington the most horses are traded. And because the country is so big it is sometimes just as easy to fly to Europe instead of flying through the country. Idea is however good.

**12.** How big is the trade of foreign horses from the USA towards Southern and Central America?

-

Thursday 22 may

10.00 – FHANA

**Jason Tice**, *Executive Director*

Frisian Horse Association North America  
4037 Iron Works Parkway,  
H160, Lexington, KY 40511  
859-455-7430

**1.** Role of FHANA

FHANA is the sister organization of the KFPS. There are about 12.000 Frisian horses in the US (there are about 50.000 Frisians worldwide). The FHANA has about 1800 members in the US and Canada.

**2.** How big is the US horse market?

The US horse market continues to grow, the peak was in 2004, during the economic crisis the growth declined.

About 100/150 Frisians are imported into the US from the Netherlands a year.

There are no specific competitions for Frisians. A lot of them are participating in the normal dressage and driving events here in the US.

**3.** Can you make a division in market segments? So from expensive to less expensive?

The Frisians are mostly populated in the regions where a big Dutch population lives. So this is in Michigan, Ontario (Canada), Southern California and Washington (state).

The prices of a Frisian lies about \$50.000,-.

Some of the Frisians cost over a million dollars.

0-5000  
5000-20.000  
20.000-50.000  
50.000-100.000  
100.000-...

At the moment there is a big trend going on of Amish people who are buying Frisian horses.

**4.** Can you mention some of the most important stakeholders in the USA equine supply chain?

There are some breeders which play an important role.

- Maddy's Frisian Ranch
- Little river Frisians
- Cattle creek Frisians
- Frisian connection

There are 16 'chapters' divided over the US all representing Frisian owners.

Of course the Dutch organizations are important, KFPS and KWPN.

When considering trade the trainers are the most important stakeholders.

**5.** How many horses are there in the USA (3 million vs 9 million)? How can this difference be possible?

Difficult to say. 9 million seems a lot, but should be about right.

**6.** How many Dutch horses are there active in the US competition?

Of the Frisians about 75% are pasture pets. People are enjoying them and they are used for breeding. In the US 25 KFPS approved stallions are present. Therefore the breeding is of quit high quality. Every year about 500 foals are newly registered in the FHANA studbook; 25% of them are imported from the Netherlands.

**7.** What is the role of Dutch horses and suppliers in the US horse market? Is this an important role?

Yes it is a quite important role when considering the Frisians. They are the experts. However, the Dutch do not want to be involved in the politics around horses. So they are not fulfilling big roles in FHANA.

**8.** Can you describe a trade process of a Dutch horse to the USA

This is very one to one trading. People know where they have to go when they want to buy a Frisian horse.

**9.** What could the Netherlands offer more?

The KFPS has become a global organization; Frisians are present all over the world. For example translation is quite well organized in the KFPS; however more communication of the 'mother organization' would be good. There are situations of which we only hear about a month later.

People in the Netherlands do not understand that N-America is such a big region.

The issues regarding exports towards the US are not so much the result of regulations in the Netherlands, the US is much stricter. For example bringing in a horse from Canada to the US is already a big problem.

**10.** What are the challenges which the Dutch have to encounter when they want to do equine business here?

The language barrier might sometimes be a problem. People know some English, but still they sometimes use the wrong words at the wrong moments etc.

People have to realize the US is very big, distances can form a problem. This also leads to difficulties when you want to get people organized. For example within the Frisian horses already six organizations exist. The FHANA is the only one recognized by the KFPS. The different organizations are not willing to cooperate because of both practical considerations, like the distances and political reasons...

**11.** What do you think of a plan to establish a Holland Horse House here in the USA?

There is still a lot of potential in the US market, for all horses but also for Frisians in particular. However, at the moment the economy is killing this potential.

To bring over seaman might be easier.

However, establishing such a HHH might be a good solution for some of the problems people experience when trying to import a horse.

Advertisements of Dutch horses (organized market, so not one trader) could be good also.

The auction of horses (like Keeneland in the thoroughbreds is doing) is becoming more and more popular in the US.

**12.** How big is the trade of foreign horses from the USA towards Southern and Central America?

A lot of horses are exported from the US to Mexico etc. breeding is badly organized there. The warm-blood horses go more to Canada.

## Contacts

The following overview provides an insight in the sources which helped form this study. There is no further record of these talks.

### Phone:

Stephan van de Wall	CG Chicago
Willy Arts	KWPN NA
Ruud Pruijsten Timmermans	LTO/Sectorraad paarden
Kim Strengman	Intern Mexico
Daan Nanning	VSN
Hans van Tartwijk	Coördinator major paardenhouderij VHL
Frank van Rozendaal	PAVO paarden voeding
Paul Hendrixx	Stal Hendrixx
Egbert Schep	Opfok en handelsstal E. Schep
Siem Korver	KWPN
Irene Wolfs	KWPN

### Mail:

Robert van Voorthuysen	KLM Cargo (Atlanta)
Benno Slot	NVWA

### Spoken:

Marga Kubbe	Embassy (former head of mounted police)
Percy Vreeken	Honoraire Consul Detroit
Klaas van de Tempel	Honoraire Consul Chicago
Rob van Wessum	Veterinarian
Ken Ball	USEF
Stephan Hientz	USDF
Cristen Brown	USDF
Jason Tice	FHANA
Bart Mispelblom Beyer	Go Dutch consortium/Tangram
Tess Broekmans	Go Dutch consortium/Urhahn
Eric Schlangen	Go Dutch consortium/Habipro
John Ford	The Old Guard
Aimee Latch	Facility manager BaySide equestrian center
Charisse Vreeken	BaySide equestrian center
Kevin Rogers	Arizona Farm Bureau - president
James Klinker	Arizona Farm Bureau - Executive secretary
Martin Olde Monnikhof	Min EA - Agricultural Counselor Washington DC
Carolien Feitel	Min EA - Advisor agricultural affairs Washington DC

Several trainers and riders at Kentucky Horse Park

“I used to have money, now I have horses”