

Is the Euro-U.S. GAP Finally Closing?

The Transplant Perspective

By Patti Schofler

When two American-bred horses qualified for the 2013 Bundeschampionat in Warendorf, Germany, we began to investigate whether the tide was turning and American breeders were finally getting a leg up in the sport horse marketplace. Certainly the economic downturn has forced changes in the business of sport horses on both the U.S. and European sides of the pond. But was the recession the great equalizer? Were there other factors that forecast a shift in the balance of sales from the east side to the west side of the Atlantic?

To provide a unique and informed perspective, we turned to six transplanted Europeans, born and raised in the mecca of sport horses but now living in the U.S. for many years. While dedicated to their businesses and sold on their lives in the U.S., these breeders and trainers have grown up in the traditions of Europe, still maintain strong contacts in their motherlands and have definite opinions about breeding and sales in the United States.

HOW ARE WE DOING?

For a country that does not benefit from a long history of sport horse breeding, the U.S. has made tremendous progress in improving its sport horse stock. Our transplants agree that American breeders are producing the same quality horses as European breeders. Transported semen has given Americans access to the best stallions in the world, and stallion owners have access to good mares imported from Europe or based on European breeding.

Volker Brommann, raised in Germany, now living in California, recalls a woman who recently approached him to say she had bred to Benvolio, a Hanoverian stallion Volker had competed. She lamented that the offspring did not have a good canter, and then revealed that the dam was a Standardbred. For the most part, today good and appropriate mares have taken precedence over the mares that were bred either because they were unrideable or because they were already in the backyard.

"Today, U.S. breeders understand that it doesn't work to expect a really good stallion to make up for a poor quality mare and get a super foal," adds Anke Magnussen, also

originally from Germany and a Holsteiner breeder. "The mare accounts for 60 percent of the foal's qualities."

While judges, European breed associations and breeders are all saying that Americans are breeding top quality horses, they also agree that buyers are still flocking to Europe to shop. Our European transplants discussed several related problems that stand in the way of that quality turning into dollars over euros: quantity, geography, traditions of organized young horse training and multiple sales mechanisms.

THE DENSITY FACTOR

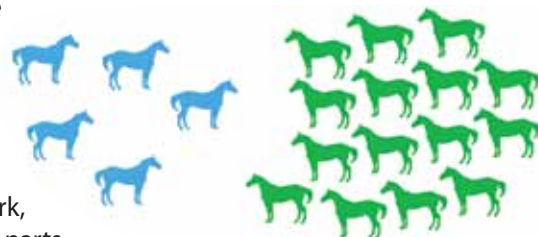
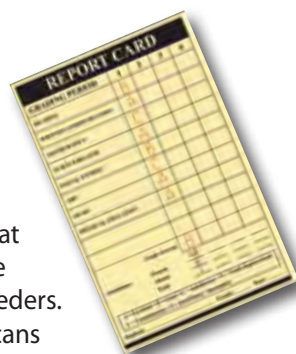
Compared to the major sport horse producing countries of Germany and Holland, plus Belgium, Denmark, and Sweden and parts of France, the U.S. breeds fewer sport horses and they are spread out over the vast miles of our very spacious country.

A prospective buyer can go to Germany and with a five-euro tank of gas see 100 good or better quality horses at many different price points. On this side of the ocean, scouring the countryside from New York to Florida, from Washington to the Mexican border, or around the middle of the country, that buyer won't see nearly as many good sport horses as the European shopper traveling over many fewer miles.

"Here the distances are so great without the density of horses that Europe has. There are many horses in this country, but not many sport horses," says Edgar Schutte, president of the American Hanoverian Society, owner of California's Rainbow Equus Meadows and a native of Holland. "We have a lot more hobby breeders who breed one or two mares a year and they are spread across the country. In Europe the breeders with one or two horses are all within easy driving distance of one another."

THE COST FACTOR

Geography may be a dramatic disadvantage for American breeders, making horse shopping more difficult and





Volker Brommann
Germany



Edgar Schutte
Holland



Andras Szieberth
Hungary



Anke Magnussen
Germany



Jean-Yves Tola
France



Christiane Noelting
Germany

Observations from six European trainers and breeders who have relocated to the U.S.

fairly costly. On the other hand, bringing a European horse to the U.S. is costly as well. The current exchange rate for the dollar to the euro is poor. The flight and quarantine can run from \$10,000 to \$15,000 depending on the horse's gender. Then add in the initial horse hunting trips in Europe—the flight, hotel and car rental.



In the U.S. the buyer may have similar costs for a flight or flights around the country to shop, stay at hotels and rent cars, etc. Shipping or flying the horse from one side of the country to another can run about \$2000-\$3500, which is certainly an expense but much less than the cost of importation.

Clearly, scale matters in these transactions. "If you sell a horse for \$100,000, airfare is not a big deal. If you sell an \$8,000 foal, the additional \$3,000 for the flight is more than a third of the price of the foal," Edgar points out.

In addition, horses cost less in Europe because the expense for raising, training, boarding and showing them is considerably lower there. For this reason, the purchase price for a horse in Europe may seem like a bargain.

In the end, the decision may come down to individual situations. The buyer may fly on earned airline miles and stay in either destination with friends. Or the buyer may love travel and the idea of going to Europe. On the other hand, "some people are apprehensive about going to Europe to buy a horse. It would be nice if they stay here and not have to go too far," remarks Volker.

THE CULTURAL FACTOR

How is it that Europe has so many more quality horses than the United States? One big reason is tradition. Breeding horses is part of European culture. "In Hungary, everyone makes wine; it's part of the country's tradition. It is the same with horse breeding. If you are a cattle farmer or wheat farmer, you still have a few horses on the side. And also the state stud farms support the business. There is a fabric that connects all the elements of the business," explains Andras



Szieberth, Hungarian by birth, breeder, hunter/jumper trainer and owner of Prairie Pine Sporthorses in Wellborn, Florida.

"A breeder in Europe probably would say that he got into breeding because his great grandfather had horses and a farm. Now the cow barn has been converted into a horse barn," says Volker. "The farmer's son would use the horse to pull the milk wagon during the week and that farmer's son would ride the same horse to a horse show on the weekend three villages away. Then that farmer's son's son might become a breeder of horses."

"Fifty years ago, the European cattle or pig farmers had maybe one mare that they bred for extra income. Because the horse breeding was not the serious part of the operation's economics, they could try things they believed in and carry on for several generations. It was an honor to produce a good quality horse," adds Edgar.

Today, horses in Europe are a multimillion dollar business with professionals who specialize in different aspects of the horse's training, from foal to FEI level competition. Like other livestock businesses, specialists handle the segment at which they are qualified. For example, the breeders create the foals. The breeders sell the foals or youngsters to the specialists at raising young horses. These 'foal buyers' may each purchase 20 foals a year. "They might present a few two-year-old stallions prospects and that is a proud moment for that person because it shows he has good judgment as a foal buyer," Edgar explains.

"This is good business. Every fall the professional foal buyers come around and buy foals. Therefore, a foal has an intrinsic value. Here you can't make a business out of just breeding foals," says Andras.

The youngsters destined to be riding horses next go on to the experts at starting young horses and giving them show experience. Then the horses with talent move on to the specialists at the FEI level competition. In the U.S. we attempt to do it all: raising foals and starting young horses often fall on the breeders' shoulders. These jobs are not always revered.

"I envision that in 20-25 years there will be places recognized for starting young horses, for starting them in competition, for taking horses from Prix St. Georges to Grand Prix. The specialists will be doing those jobs; it's just like there are people that are good pitchers and others that are good carpenters," says Volker.

"I don't go to Germany anymore to buy three-year-olds. I might buy a trained horse because we don't have enough horses for our competition riders and for amateurs. People are still going to Europe for Grand Prix horses and for experienced amateur horses, seven to eight-year-olds with Grand Prix potential."

"Buyers find that horses in Europe have a lot more good training. With dressage horses, most people won't go beyond Second Level and are happy with that. So when they find an attractive looking horse that is four but has the training of a ten-year-old in America, they think they've got a good deal. They buy the training, not necessarily the quality," says Edgar, who notes that this is especially attractive to amateur riders.

MORE WORK TO DO

"We are missing an all-encompassing system for building athletes," says Andras. "The European horses get good initial training—dressage horses jump and jumping horses do dressage. Here, jumper trainers act like basic dressage is a different way of riding. On the other hand, in Europe everything is so uniform that the individual horse gets lost. Training the young horses is like a conveyer belt and some horses can get ruined."

Further, many buyers, particularly amateurs, want horses with some show experience. In Europe, showing is less costly and more convenient than in the U.S. "It is tremendously more expensive here to give a young horse show mileage," says Edgar. "In Europe there are so many shows within 15 to 20 minutes from the farm every weekend, and show expenses are low, maybe a couple hundred euros. The shows are so close you can go home at night. And usually the level of competition is better than most shows we have here where you can easily drop \$2,000 a week."

Andras has observed that most American trainers don't want to get involved with raising and training young horses. "There is a tremendous gap between breeders and trainers. Trainers don't know about bloodlines and how to bring up a young horse. And so many buyers with money don't want or know how to raise foals. They want to ride the product. European horses perform at higher levels and those are the ones that get sold for good money."

"I don't go to Germany anymore to buy three-year-olds," says Anke. "I might buy a trained horse because we don't have enough horses for our competition riders and for amateurs. People are still going to Europe for Grand Prix horses and for experienced amateur horses, seven to eight-year-olds with Grand Prix potential."

An even more significant change, according to Anke, is that competition riders in the hunter/jumper world have begun breeding their own horses with the plan of training them for themselves and their customers.



SUPPLY & DEMAND

Three years ago, the crushed economy caused breeders in both U.S. and Europe to cut back production 30 to 50 percent. As a result, many speculate that there will be a shortage of trained sport horses in a few years.

Andras is one of them, saying he is betting on the coming shortage of five- to eight-year-olds. To hedge his bet, he bred 16 mares in 2013, instead of his yearly three. "The economy will be better and riders will bring out the checkbook for good horses. Since I am a pro, where will I get my horses? I won't want to pay a big price for inferior horses. So I am breeding them to keep and train as riding horses," he explains.

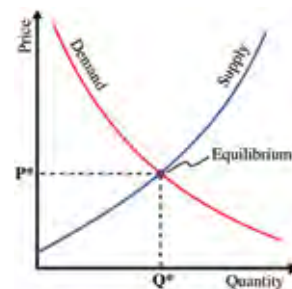
When the day arrives that there will be fewer horses, both sides of the pond will be affected and the United States will still be a big country. Attempts have been made to regionalize sales by creating sales cooperatives. For example, members of the American Hanoverian Society have formed breeders clubs in order to pool their resources. They have held sales as a group with some success.

AUCTIONS HERE & ABROAD

Auctions have sprung up both online and as live events as a means to give buyers several horses to consider in one location. The second Pacific Sporthorse Selection Auction, held at the Christiane Noelting Dressage Center in Vacaville, California, brought 25 horses to the auction block with the most successful sales being horses that were recently imported, some specifically for the auction. Buyers from across the United States and Canada came to the event.

"In Europe when your horses go to auction, it is a very nice, prestigious thing. But here, breeders are hesitant," says Hamburg, German native Christiane Noelting. "People say that there are so many expenses beforehand. Sometimes they have a price in mind that is too high. Of course, everyone likes their horses and thinks what they bred is the best, and that's tough in an auction situation."

According to the transplants, Americans have a different attitude toward auctions than Europeans. They view auctions as dispersal sales or places to pick up bargains. In Europe, breeders consider the selection of their horses for auctions as an honor. "Auctions in the U.S. don't have the tradition and know-how of Europe," says Andras.



Edgar recalls the auctions held at California's Glenwood Farms in the 1990s that on the outside seemed highly successful. "The trained and imported horses brought the most money. Local people often were disappointed. I saw a lot of crying. But in the end, they did sell their horses."

"An auction is a good sales mechanism," Edgar continues, "but not when there are too many emotions about the animals. Europeans view their horses as livestock; Americans look at them as pets. If it is important to you where your horse ends up, the auction is not a good venue for you. I can deal with that, but, for example, my wife can't."

YOUNG HORSE SALES

As nice as it sounds to divide the country into regional training and sales centers, that is not a likely solution any time soon. However, shows have begun to organically take on the role of the marketplace.



Festino Trab

First, the advent of young horse classes and championships in the different disciplines have served as motivation for breeders to get their young horses out, as a gathering place for people to see young horses perform, and as a venue to shop, compare and buy. Recently even the USEF has announced their intent to provide multi-discipline young horse championships in the near future.

Jean-Yves Tola's Young Horse Shows may be the formula for such a system. Last year saw 12 shows in locations from Maryland to California to Florida. This French native and his wife Saret Tola, themselves active sport horse breeders at their Jump Start Farm in Lexington, Kentucky, saw an important element missing in the breeding business: a centralized venue to buy and sell young horses.

Jean-Yves, who arrived in the U.S. 25 years ago, turned his experience in the movie and music business into horse show production and founded the Young Horse Show series in 2009. His concept was to develop a system where breeders and owners have affordable venues, modeled after those in Europe, to expose young horses to the show atmosphere. The show offers both at liberty and jump chute classes as well as under saddle classes for four and five-year-olds. These shows also create a sales environment favorable for buyers to view many horses in a single location.

How does that differ from a breed show? "Dressage and hunter breed shows have value but I find them limited because the horses are never let go," Jean-Yves explains. "When they are shown in hand, you see a few good trot steps and no canter. What is a sport horse without canter? And also a trot at liberty is not the same as in hand. At the Young Horse Shows, the judge can evaluate all three gaits."

"The goal is to develop a system of shows, with prices kept low, where youngsters can perform and be seen. A lot

of business is being done at these shows," he says of the events, which have had up to 65 horses entered. "A lot of horses are being sold at the shows. Twenty years ago you had to go to Europe to find horses as breeding stock but not today. An ample amount of horses here have been imported or bred here from European bloodlines and are very good. A lot of breeders are getting it."

"You can see young [jumping] horses now that we have these classes for five-year-olds," says Anke. "If you want to buy a three-year-old, you go to the breeder. If you want to see five-year-olds, at least in California, you go to HITS Thermal or the Oaks."

"A big change we have seen in the last five years is that trainers don't have time to travel from farm to farm to look at horses for sale because they are constantly at the shows," she adds. "So now they buy and sell horses at shows. They bring their young horses with them, even if they aren't showing them. And the veterinarians are right there to do pre-purchase exams."

While dressage and eventing trainers don't live on the road as much as the hunter/jumper trainers do, some shows are holding sale horse exhibitions. Last fall, the California Dressage Society offered an evening sale horse presentation, recognizing the show as a marketplace for potential buyers.

Volker suggests that shows should take the opportunity to better recognize and motivate breeders. Adding the breeder's name to the announcement of the winner and offering a breeder's monetary reward, however small, when a horse does well both validate a job well done.

He describes the breeder's dream scenario: "As a breeder you get zapped by the annoying electric fence. You get your boots stuck in the mud. You get kicked by a yearling. When finally you kick off your muddy boots and put an ice pack on your thigh where the yearling kicked you, you open a little packet with a certificate from USDF or USEF congratulating you because Bunny, the horse you bred seven years ago and sold five years ago, won Third Level. You get ten bucks and you feel okay with getting zapped by the electric fence."

THE AMERICAN WAY

Americans have always been successful problem solvers. It is our specialty. Now that our sport horse breeders are on the road to breeding wonderful horses, will we formulate a system that will correct the deficits and continue to close the Euro-U.S. shopping gap? Likely the solution will not mimic the cultural-rich European system. All the transplants we interviewed recognized individualism as a characteristic of the American way of doing things. So whatever form those solutions take, they will likely be innovative in an American style that works for sport horses bred in America. 

