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New Zealand's Place in the Meat Export Trade

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The British Government has announced its intention of terminating meat rationing and returning to free trade in the summer of 1954. It might be timely to look at the question of meat consumption and supply: to consider the export trade as it affects the principal producers—Argentina, Australia and New Zealand—to examine the position as it is affected by the home production of meat in the United Kingdom.

In the years immediately preceding the war the total consumption of meat in the United Kingdom was approximately that shown in Table I.

TABLE I.

1,200,000 tons of beef and veal,
550,000 tons of mutton and lamb,
800,000 tons of pig meats,

a total in all of 2½ million tons of carcase meat of various kinds—imported and home-grown—plus the canned meats, offals and game and poultry which together brought the total up by another 200,000 to 250,000 tons.

The consumption of meat per head of the population is given by the Commonwealth Economic Committee as:

Beef and veal	55lb.—which comprises	46%
Mutton and lamb	25lb.—which comprises	21%
Pig meats	39lb.—which comprises	33%
Approx. total consumption	<u>119lb.</u>		100%

At this time meat was traded in freely by firms operating throughout the world. Production for export was at a high level—so much so that restrictions on the entry of meat to U.K. were being imposed, and there are many who will recall the concern with which we faced the 1939-40 season until September 3rd, 1939, when war was declared.

From then on to the present day the meat industry in U.K. has been under regulation and control. Buying and selling have been directed by the Ministry of Food which has had complete control of the rationing and distribution of all meat in the United Kingdom in order to ensure that as far as possible the available supplies have been equitably distributed.

Now all this may come to an end and once again we may see the handling of meat under "free" conditions. But this need not necessarily mean a return in toto to pre-war conditions, for in the years that have passed since 1939 many changes have occurred throughout the industry.

For 15 years our producers have been operating under what was tantamount to a yearly guaranteed price. The U.K. Government wanted all our exportable surplus—the bare meat price was negotiated and this stood for the season. During the war the schedule price was fixed since all by-products were included in the wartime scheme. Since the wool appraisal ceased the schedule has been affected by prices ruling for wool, pelts, hides, tallow and so on. In the main the move-

ment has been in the favour of the producer. Throughout these years there has been—apart from the autumn of 1950-51—a steady price rise throughout the season. No outside agency has been at work varying the meat price, we have not had to worry about getting rid of all we produced and our production methods have been geared to suit this admirably straightforward system.

But with free trading we have to consider some of the factors which operate on a free market when the law of supply and demand comes into play and when the consumer's choice is a force to be reckoned with. At the distributing end our meat will once again be sold in competition with that of Australia and South America. The introduction of identifiable brands to command the purchaser's attention will lead to a determination of the question which has for some time been debated—will the housewife after so many years of rationing display that discrimination which determines which type and quality of meat is best suited to her requirements?

In competition too with the home-grown product, our frozen meat will need to be placed on the market with discrimination. The seasonal availability of home-killed supply must be an important factor in determining the price of meat under circumstances where the free choice of the customer is exercised. It is important for us to realise that the position is not that which existed in pre-war days when there was a steady inflow—particularly of beef—throughout the year. The figures of home production taken over the last few years show that as the war conditions continued, the stall feeding of cattle gradually disappeared. Many of the feeding sheds were converted to "milking parlours"—and with the shortage of imported feeding stuffs, grass fattening became more and more generally adopted.

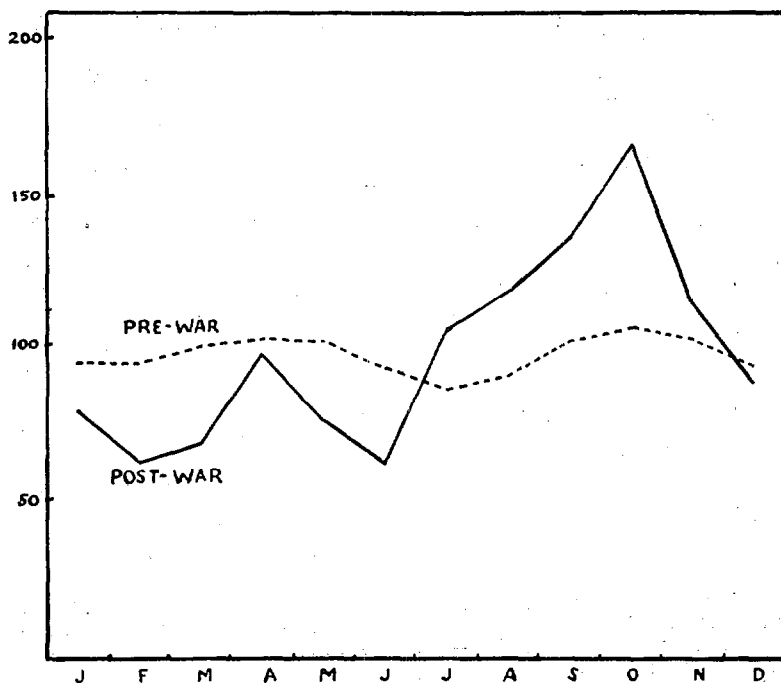


FIG. I: United Kingdom Index of Monthly Meat Production Pre-war and Post-war (Base: Average Monthly Killing = 100).

This—as can be seen from the accompanying Figure I—has resulted in a wide variation in seasonal supply—contrasting strongly with the pre-war pattern, but resembling closely our own curve of production and supply. It is evident that the upsurge of production from June onwards marks clearly the end of season limit to our exports if we are to avoid delivery on a well supplied market dominated by home-killed fresh meat.

It would seem that initially—with the changeover—close attention will need to be given to the timing of supplies as the northern summer approaches. There will probably always be some overlap depending on earliness or lateness of seasons here and in the United Kingdom, but one or two points may bear on this fact.

The per capita consumption of meat has not for some years been fully met—at any rate the latest figures show it to be 30-35% below pre-war level (Table II).

TABLE II: United Kingdom Per Capita Consumption of Meat (Excluding Offals).

	Pre-war	1950	1951
Beef and veal	55lb	46lb	33lb
Mutton and lamb	25lb	25lb	15lb
Pig meats	39lb	26lb	26lb
	119lb	97lb	74lb

There is evidence that the demand for our New Zealand lamb may be even more widespread than it was pre-war, since the distribution under rationing introduced New Zealand lamb into areas where it was not commonly found before the war.

The discrimination against high quality frozen lamb in favour of home-grown mutton and lamb may not be as strong as it once was, especially as undue emphasis on weight has not led to any improvement in quality of the locally-grown article.

For these and other reasons we may not need to be unduly afraid of a moderate degree of competition on a well-supplied market—although common commercial prudence demands that in the early stages of the operation of the free market we should act with circumspection in placing our meat on the market.

Generally speaking it can be said that the U.K. supply pattern, i.e. home-grown, is the “mirror image” of our own as regards beef, mutton and lamb. We have the disadvantage of the time lag between slaughter and sale and therein may lurk a problem in farm management. We may have to consider certain alterations in our “time schedule” to enable us to exploit the home-killed shortage period to the full (Figures I and II).

Again, however, it may be a case of *festina lente*, as the increasing world supply of coarse grains and other feeding stuffs may render it once again economical to revert to the traditional British stall feeding method of stock fattening. There is no certainty that such a change may—or may not—occur, although the economics of hand feeding have not proved it to be an attractive form of farming activity over recent years.

Let us take a brief look now at our main competitors in the meat export business—Argentina and Australia.

In pre-war days the Argentine was the chief exporter of chilled beef of high quality, which, together with the reliability of supply, placed their product high in the favour of the trade at Home. The accompanying tables show how the position has altered in 15 years. From the level of 350,000 tons or more in the late thirties, the quantity of beef from Argentina was down to under 50,000 tons in 1951. While

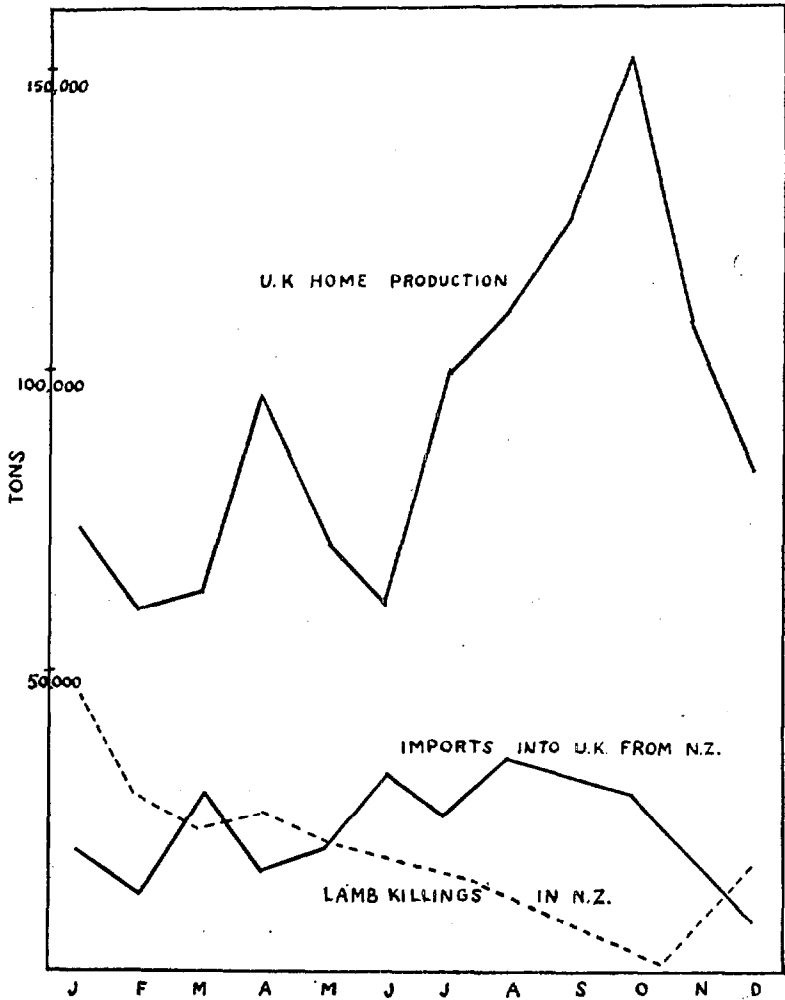


FIG. II: Monthly U.K. Home Production of all Meats, monthly Imports from N.Z. into U.K., and monthly Lamb Killings in N.Z. (Averages of three recent years).

shipments of lamb have recovered, mutton at the moment is not accepted under the Agreement (Table III).

TABLE III: Exports from Argentina to United Kingdom.
(C.E.C. Bulletin)

Year	Beef & Veal	Mutton & Lamb
	Tons	Tons
1937	380,000	47,000
1938	378,000	48,000
1950	163,000	40,000
1951	48,000	19,000
1952	58,000	46,000

From what one can deduce from recent publications there seems to be no evidence that in the immediate future—and these are the operative words—the immediate future—the position will be vastly improved. But with a country of such pastoral resources and potential we may well see again a resurgence of exports. Our aim to-day, while we hold the advantage, should be to establish our products, and our reputation, as rapidly as possible on the market so as to gain a firm foothold—and inspire confidence at the consuming end in the quality of our meat and the assured continuity of supply.

This continuity of supply is one of Australia's problems. The national policy of the Commonwealth includes amongst other items the encouragement of the meat export trade. Over recent years the quantity exported has fluctuated violently. (See Table IV.) Two

TABLE IV: Exports From Australia to United Kingdom.
(Aust. Meat Board Reports)

Year	Thousands Tons		
	Beef & Veal	Mutton & Lamb	Total meat (inc. canned)
1937	99	89	209
1938	123	88	240
1944	0.2	68	84
1951	48	17	102
1952	21	6	69
1953	79	66	239

factors in particular have been responsible for this. The drought of '44-'46, which reduced stock numbers so that over a long term the building up of flocks has had prior claims; and the increase in local consumption following on the population increase of the last five to six years. But like Argentina, Australia is a country of considerable natural resilience and potential. Given a favourable run of seasons she can exert a strong influence on the supply position.

It is interesting to see how we stand in relation to these countries in the export field. The accompanying Table V shows the present relationship in our export quantities. Since these figures for comparison have been based on the calendar year, 1953 cannot be included. But it is worth mentioning that the total Australian export for that year is three times as great as it was in 1952—and reports indicate that the current season will also be a good one for exports.

Apart from 1949-50, when exports totalled 190,000 tons, last year's figure was the highest since 1940-41.

Our own position in New Zealand has been one of holding our quantity exported, with moderate variations due to seasonal conditions. It is probable that in both beef and lamb our output will continue to increase. There is room—from the look of the figures—for more beef, total supplies of which have not shown a return to the pre-war level quoted earlier. Mutton and lamb are practically up to that level, and so too are pig meats. (Table VI.)

TABLE V: Comparison Between New Zealand, Australia and Argentina Meat Exports to United Kingdom.

Year	Percentage of total imports supplied by:								
	New Zealand			Australia			Argentina		
	Beef & Veal	Mutton & Lamb	Pork	Beef & Veal	Mutton & Lamb	Pork	Beef & Veal	Mutton & Lamb	Pork
1950	18%	69%	27%	17%	16%	14%	51%	10%	48%
1951	23%	86%	62%	30%	6%	18%	34%	7%	10%
1952	*16% *Meat Switch	81%	39%	9%	6%	1%	50%	13%	14%

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TABLE VI: Summarising All Carcase Meat Available United Kingdom For Calendar Years. (Source: C.E.C. Bulletin, Feb. 1953)

	Thousand Tons											
	Beef & Veal			Mutton & Lamb			Pork, Bacon, Ham			All Carcase (inc. offals)		
	1950	1951	1952	1950	1951	1952	1950	1951	1952	1950	1951	1952
Home produced	630	646	596	147	130	162	289	311	449	1170	1190	1317
Imports	334	158	133	394	248	352	275	237	267	1054	700	797
Total Supplies	964	804	729	541	378	514	564	548	716	2224	1892	2114
% Home Grown	65%	80%	82%	27%	34%	32%	51%	57%	62%	53%	63%	62%
% New Zealand	6%	4%	3%	50%	56%	55%	1.5%	2%	1%			
% Australia	5.5%	5%	1.5%	12%	4%	3.5%	1%	0.5%				
% Argentina	16%	6%	8%	7.5%	5%	9%	3%	0.3%	0.3%			

The British farmer is in a strong position on to-day's meat market—he supplies something over 60% of the total consumption and he may, it is thought, increase his production as a consequence of the price support scheme under which he operates.

Both the Argentine and Australia are "variables" in the market as things stand to-day. Both are awake to the fact that they are capable of greater export and it is probable that Argentina, having recovered in some measure from drought losses, may modify her "internal economy" in such a way as to increase her meat exports. Australia in the short run depends almost entirely on favourable seasons for her export surplus, but she is now seriously looking at the question of developing the cattle country of the north.

In New Zealand we have three great points in our favour as we face a free market.

1. We have reputation for high quality.
2. We supply the greatest quantity of high quality meat imported into the U.K. at present.
3. We can guarantee a continuity of supply from year to year with but minor fluctuations.

In the immediate future we should have no fear of the market. We can readily establish our position with good advertising and publicity and the delivery of the "best lamb in the world," and equally good beef, if we care to do so.

We have now a chance to cash in on our policy of maintaining our quality over the years when "meat was just meat" and the stringency of grading seemed so irksome. It is probable that some tightening up may be necessary to improve still further the "get up" and presentation of our meat—and the sooner we do this while our competitors are lagging behind us in tonnage, the firmer will our position be established.

We must watch the timing of our supplies on the U.K. market so as not to clash with the home killed upsurge of supply following on the seasonal fattening policy of recent years. It is probable that in order to market to the best advantage we may have to aim at early shipment of a good proportion of both lamb and beef and exploit the shortage of home killed at the other end.

But while we may study the statistical picture, we do not yet know what will really happen. Once the free market comes into operation we will need to watch closely the position month by month as the season progresses and determine from such observation how best to shape our course.

Above all we should be prepared to face the future with an open mind and with a flexible approach to its problems so that changing conditions will not find us flat footed or too firmly wedded to our pre-conceived ideas as to what course it is best to follow.

Discussion

Mr. J. V. WHITE: No reference has been made in the paper to the possibilities of supplying the North American market where from an examination of such papers as the Paley report, it would seem that meat shortage may be expected in the future.

Mr. BEVIN: Reference to the U.S. market was avoided as the paper is designed to deal specifically with the pre-war and post-war pattern of the U.K. market which is our immediate problem. It is, however, probable—from the statistics from U.S.A., that with the population increase of something over two millions each year—that in 5 or at most 10 years the U.S. will be looking for meat to import if the per capita rate of consumption is maintained. Appreciation of the type and quality of meat suited to their requirements needs close attention.

Professor COOP: I would like to endorse what the speaker has said about the altered pattern of U.K. meat production and would emphasise that in my opinion rather than return to the old pre-war methods the British farmer will tend to keep on and extend his present method of summer/autumn fattening.

While I was in England last year I gained the impression from the Ministry of Food that some of the best lamb from New Zealand was seen two or three years ago when a higher proportion than usual was of "seconds" quality; the opinion was expressed that these lambs because of their high proportion of meat to fat are very favourably regarded in Britain.

Mr. BEVIN: In pre-war days the various qualities of meat—and this applied to lamb—found favour in different districts of the U.K. There was never any difficulty in disposing of second grade lambs in the quantities in which they went forward, on those markets where the trade had found them readily saleable.