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Livestock exports: exporter's viewpoint

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As with all exports, livestock export involves the market first. It has to be there already or created by promotion of the product in the market place itself. The marketing of sheep and cattle in recent years has employed 2 principles. Getting to know the people who are likely to buy in the developing countries and extolling the virtues of New Zealand-bred livestock. Up until the mid-1970s, the stock and station companies dominated a smaller livestock export market. Cattle or sheep already in existence on New Zealand farms which fitted the requirements of the importing country were purchased, assembled and exported. Then a strange development happened. For the first time, a country let contracts for specially-bred dairy cattle suited to their tropical requirements. The country was Malaysia and the cattle required were Sahiwal/Friesian-cross heifer calves at 4½ months of age to be air-freighted to Kuala Lumpur. This was a more specialised activity requiring contracts with New Zealand dairy farmers to breed such animals and calf-rearing skills on someone's part.

Later contracts were for similar animals but at 15 to 18 months of age to go by sea. The exporter was faced with organising the breeding, rearing and growing-on. The stock and station industry did not take on this activity and smaller companies were established to do this task — Animal Enterprises Limited, and New Zealand Agricultural Exports Limited for example.

For some years now, Animal Enterprises Ltd has had a New Zealand staff member based in Singapore — an expensive exercise but necessary and worthwhile in serving the South-East Asian market. They would undoubtedly have agents dotted throughout the world as we have in our Company. These men know the 'local rules' and without them a sale is seldom made. In every country to which we have made a sale of livestock to date, we have been previously engaged in the agriculture of that country in some way — usually as agricultural consultants. In most cases, this involvement is a lasting one — with the excitement that comes from good progress, alternating regularly with the despair that comes from stalemate and lack of progress. If you feel hemmed in by politics in New Zealand, then visit some of the developing nations and see how race and creed bear heavily upon decision-making usually to the detriment of progress. But the work is challenging and exciting and the export of livestock from New Zealand to the client country is, or should be, the final touch to a well-planned project.

Markets come and go. After we had been involved in a long sheep development project in Mexico, and after sending 3 annual shipments of Corriedale ewes (the first from Australia and the next 2 from New Zealand), the Mexican President saw fit to allow the peso to float. But there was the problem — it sank! — from 40 to 140 pesos to 1 US dollar in very quick time. We couldn't understand how their oil exports and our sheep development programme could allow this to happen.

Sometimes the country concerned triggers off the importation of livestock too soon in the life of the project. Take for example a South-East Asian country seeking to develop its tropical dairy industry with a smallholders scheme. Under this plan, peasant farmers are trained to handle, feed and milk by hand, 1 to 3 dairy animals. Milk collection centres are established to receive and refrigerate the milk produced, local banks are geared up by central government to make loan money available to the small farmers for the purchase of the partly subsidised imported cattle and provision is made for supplies of more concentrated feeds with which to supplement cut-and-carry grass from plantation, wasteland or paddy. All of this is overlaid by government-set milk price. If just one piece of this infra-structure fails, or is not well done, the whole smallholders scheme collapses.

In every country to which we export, the milk price is set by arbitrary central government decision and political considerations weigh heavily. In Malaysia, the milk price was, until recently, insufficient to give the average smallholder a profit from milking a few cows fed on a relatively low-cost feed ration. In Mexico, 1 million central-plateau Friesian dairy cows, upon which the developed country depends for much of its milk, are largely feedlot fed in true American style. Concrete feed bunkers, corn silage and alfalfa hay are transported in and all is supplemented by concentrates. Twelve months ago, farmers receiving 4 times as much per litre of milk as did an average New Zealand factory supply farmer with a 4.5% test were going broke until the Government gave the milk price a hefty lift and tagged it to inflation which before the peso crashed, was 39% per annum. The average Malaysian smallholder, then receiving just over twice the New Zealand milk price, couldn't make ends meet with 3 cows and neither could the high technology Mexican dairy farmer with 100 to 400 cows. The former deserved to succeed, the latter needed to completely re-structure.

These examples illustrate the diverse nature of the farming industries to which we export live cattle. One characteristic they do have in common — the agriculturally developing countries are dead keen on technology. Ovum transplants are about as appropriate in these countries as are unliberated women at this conference and no doubt would result in far fewer pregnancies! Yet they eagerly seek such technology before getting the basics of feeding, husbandry, finance, markets and breeding right.

Compare the developed countries with the developing countries in milk production. The developed countries farm 30% of the world's cattle and buffalo population and produce four-fifths of the world's milk. Conversely, the undeveloped countries produce one-fifth of the total milk from 70% of the total cattle. To put it another way, the average lactating animal in developed countries produces 9 times as much milk as the average animal in the developing countries.

The total production of meat and milk has increased very considerably over the last 20 years in both the developing and developed countries, mainly as a result of increased livestock numbers, rather than a rise in productivity per animal. As the room for a continued increase in livestock numbers, at least for the ruminant species, is very limited, special attention will have to be given to measures which improve the productivity per animal.

New Zealand is well placed to supply cattle to both temperate and tropical developing nations which, properly used, could form nucleus herds bringing about the dramatic increases in per head production so badly needed.

Three of the biggest hurdles to the development of efficient livestock industries are unbridled socialism, racial friction or favouritism and heat. Socialism has its most damning effect when it dictates land ownership. Communal or State ownership of land means that no individual or family identifies closely with the land. In Mexico it is easy to distinguish between communal and privately-owned land. Freehold tenure leads to pride of ownership in most people which motivates them to work hard and produce. Such people willingly sacrifice leisure time and standard of living to create productive farmland. They call it the magic of ownership. New Zealand lives, and has thrived on it, while the communes and the ejidos drift. Once socialisation of land has taken place it is difficult to reverse.

Where a country is populated by more than 1 race in significant numbers, problems arise with the inevitable domination of the minority by the majority. Often the minority immigrant race is the more vigorous. Agricultural programmes are pitched to encourage the majority people into successful commercial farming when many of these people have no interest in, or energy for them. Meanwhile, the minority chafe impatiently awaiting just such an opportunity.

The heat is the final factor — many of the developing countries are in the tropical zone at low altitude. The heat is intense and even adapted humans could be excused for not wanting to work hard for much of the day. In such heat, men and women don't seem to learn the practice of farming very readily.

For some countries the importation of livestock is quite inappropriate. Recently we completed a study of a beef and dairy venture in the Peoples Republic of China. There proved to be no way we could justify the importation of livestock for some time. The imports were too expensive, the foreign exchange dollars of that country too few. Apart from the opportunity cost of foreign exchange, we could make more money within this project by utilising the local cattle, in an improved pasture and management systems. How strange it was that the most oft-repeated phrase coming from the Chinese bosses was — 'The project must be profitable'.

The most essential element in the supply of export livestock is the New Zealand farmer who breeds the sheep or cattle. In the case of the Sahiwal and Friesian programmes, it is the dairy farmer and after dealing with learning farmers in developing countries it is a pleasure to deal with the well-educated New Zealand farmer. But he puzzles us a little. He enjoys such a tremendous surplus breeding capacity in his herds, he is so technically sound and well-educated and has access to excellent A.B. services. He employs the most advanced grazing system and has the best milk collection service in the world, and yet he often does not breed sufficient A.B. heifers to supply his own replacements. He remains the most productive farmer in the world. The labour he utilises throughout is sufficient for 9 months of the year, but through calving, calf-rearing, early lactation and mating, it is only half enough and he lacks the wit to employ casual labour for these 3 vital months.

The Animal Health Division of the Ministry of Agriculture and Fisheries are a real help to us in providing the health testing and certification required. They seek to co-operate and assist and not get bogged down in red tape. They are however, a bit expensive.

The South-East Asians, the Australians and ourselves, belong together. We don't know the Asians very well yet, but we need them and they need what we can produce. Along with the Australians, we will trade more with South-East Asia in live animals. The problem isn't livestock export, it never has been. The challenge is in efficiently using them once there and for all the difficulties that challenge will be met.