I would like to outline briefly New Zealand's experience over the past season and our expectations for the immediate future.

The low realizations for New Zealand meat under the market conditions which have prevailed in recent seasons have resulted in distorted production patterns and have severely reduced farmer incomes. The seriousness of this situation for New Zealand producers can be illustrated by the dramatic fall in farm incomes over the last few years. It has been estimated that net farm incomes fell from $NZ 18,300 in 1972-73 to $NZ 5,300 in 1974-75. While preliminary estimates indicate that net farm incomes could rise to about $NZ 8,000 in 1975-76 this should be seen in context of a continuing high level of inflation and cost escalation. This decline in the viability of meat production has serious consequences, not only for the farming sector, but also for the New Zealand economy generally, which relies on the export of meat to provide one third of total export earnings.

Total meat production i.e. both beef and sheepmeat in the 1973-74 season was 990,000 tons, a 9.8 per cent decline on the previous year. As the season progressed beef prices paid to producers fell sharply. Producers withheld cattle from slaughter causing large inventories of livestock to accumulate on farms. The slaughter of three-day-old calves increased significantly as the relative profitability of dairy beef production fell. In an attempt to reduce this trend the New Zealand Meat Producers Board announced a beef floor price in July 1974 to operate in the coming season when the calves born in 1973-74 would be coming to slaughter.

Induced by the supplemented schedule producers brought forward accumulated stocks of adult cattle for slaughter in the autumn of 1975 and young calf slaughterings continued at high levels. As a result meat production in the 1974-75 season reached a record level estimated at 1,089 million tons.
For the 1975-76 year meat production is expected to decline slightly to about 1.07 million tons. This decline is a direct result of the high slaughter rates of adult cattle in 1974-75 and the high calf slaughterings of the previous two seasons.

Total meat consumption increased in 1972-73 to a record 357,000 tons as the low export prices were passed on to the local market. High consumption continued through 1973-74 and 1974-75, in spite of some increase in domestic prices as they came into line with the supplemented schedule prices of export beef. It is expected that there will be a small increase in total consumption in 1975-76 as a result of normal population increases.

For the 1973-74 season New Zealand had 610,000 tons of meat available for export. This was 12.6 per cent less than the previous year, as a result of reduced production and increased domestic consumption. Actual shipments of meat totalled 580,000 tons with beef exports falling by 18.6 per cent to 167,000 tons in 1973-74. There were reduced volumes of exports to the United States (8 per cent down) and significantly reduced exports to the United Kingdom (48 per cent down) and Japan (73 per cent down) as demand for meat exports fell in these countries as a result of increased domestic production and high prices combined with the depressed economic situation and the imposition of bans or restrictions on imports.

It is estimated that 663,000 tons of meat was available for export in 1974-75, an increase of nearly 8 per cent. Beef trade was restricted by the protectionist policies of the major markets for New Zealand beef, and the quantity actually exported totalled 654,000 tons, made-up by 403,000 tons of sheepmeats, 198,000 tons of beef and veal and 53,000 tons of other meats.

Meat available for export in 1975-76 is expected to be 646,000 tons, a decrease of 2 per cent on 1974-75. The reduced quantity of beef available, in particular, means that New Zealand exports should be able to be more selective in the choice of markets.

Prices for New Zealand manufacturing cow beef are being maintained at improved levels despite some weakness in the United States beef market. The number of cows being killed in the United States has recently shown a marked decline and United States packers are trying to push up the price for their manufacturing type beef. They have so far been unsuccessful but a seasonal strengthening is expected to occur as the United States goes into the northern spring. There should be a corresponding further strengthening of the imported beef market and prices are expected to show a marked improvement by May. This movement combined with the effect of the devalued New Zealand dollar is thought
likely to result in higher manufacturing grade schedules than was thought possible at the start of the season. The price on the United States market has shown an increase from the low levels of June 1974 of about 80 New Zealand cents per kg. to the current levels which have obtained since the beginning of the season of around 140 New Zealand cents per kg. As a consequence of this strengthening the supplementary payments to exporters are being phased out. New Zealand lamb prices in the United Kingdom have also been steadily improving and now stand at the same level at about 140 New Zealand cents per kg. at Smithfield.

The current season is also seeing some relaxation in the restrictive régimes of importing countries. We are awaiting the announcement of the allocation of United States quotas which should show slight increases over last year's levels. Canada has removed the quantitative restrictions which it applied to beef imports, the Community has removed its EXIM scheme and it is to be hoped that the new jumelage régime will lead quickly to a restoration of normal trading conditions, while developments on the Japanese market are also encouraging.

These factors - price recovery, and the easing of restrictions - together with the general economic recovery which appears to be slowly taking effect to allow for some hope concerning the restoration of viability to the beef industry. However, such a genuine return to "normal" conditions will depend to a great extent on the actions of both importers and exporters over the next few months, and I will be interested to hear the views of other delegations on the likely direction of future events as they see them.