First of all, I would like to thank the secretariat for their preparation of the background discussion paper contained in IMCG/W/40. This paper should prove valuable in complementing the statements made by participants and in providing a basis for our consultations on current and foreseeable trends in world beef trade. I have only one small criticism to make, which is not really directed at the secretariat, and that is that it would be useful if in future the background paper prepared by the secretariat could be distributed sufficiently in advance of the meeting to allow distant administrations to make adequate comments. This naturally implies that participants wishing to make contributions for the paper would have to do so in sufficient time to allow its preparation and distribution perhaps a month before the meeting.

The section in the background paper covering New Zealand sets out fairly clearly the situation in New Zealand concerning production and exports, and I have therefore little to add. However, I think that it is worth highlighting that the record slaughter levels of 1976, and in particular the high levels of slaughter of potential breeding cows, will considerably limit the scope for increases in the beef herd during the next two years. As noted in the paper, the decline recorded in the cattle herd reflects the decreasing profitability of beef growing and the consequent increase in sheep numbers. It should be emphasized, however, that sheep production is more attractive for most farmers because of low beef prices rather than high sheep meat prices, and that the low beef prices reflect, in part, the restricted access for beef in many important overseas markets.

At present the schedule price of manufacturing beef, that is the price paid to farmers by exporters, is at the minimum level of 40 cents/kg. set by the Meat Export Prices Committee. Processing and transport costs bring the cost to f.o.b. up to a level between 115 and 120 cents/kg. With current price levels in the major market, the United States, at around 150 cents/kg. the continuing profitability of beef exports is a cause for concern.
The production decline of 12 per cent to 538,000 tons is less than earlier predictions, as a result of the continued high slaughter levels and heavier carcass weights than expected. Consumption in New Zealand is expected to increase to a record 174,500 tons, mainly as a result of lower export prices being reflected in domestic prices. Stock levels are also expected to increase, with the result that exports of about 240,000 tons (product weight) are likely during 1977 - the same level as in 1976.

Exports in 1978 are expected to be at the same or slightly lower levels, depending on market opportunities and domestic demand.

I have mentioned that continuing restrictions on access in important markets have affected New Zealand's production and marketing prospects. It could be noted that a serious situation has been eased, in part, by increased purchasing by the USSR and other Eastern European countries. New Zealand's sales of beef to these destinations so far this season are reported at 52,000 tons, compared with the 18,000 tons shipped during the last season.

At our last meeting the representative for Australia suggested that we should be aware of the possibility of a shortage situation developing as both importers and exporters appeared to be entering into the liquidation phase of the cattle cycle. I think it is clear, from the figures I have given that the size of the New Zealand cattle herd over the next two to three years will be affected by the increased slaughter of breeding cattle, and this factor, added to the trend towards increased domestic consumption could lead, if not to a significant cutback in export availability, at least to a standstill in the quantities available for export. We will look forward to hearing of the outlook foreseen by other participants in relation to this question.

Another aspect of this question in the level of the return to producers, which, as I have mentioned, in New Zealand is leading producers to turn to sheep meat production. I consider that it would be useful if in our consultations we paid some attention to price levels, both those received by the producer and those paid by the consumer. As I have stated, the reduced prices received for exports are now being reflected in the New Zealand domestic price, with a consequent increase in domestic consumption. It would be useful for our work if participants could provide an indication of retail price movements in relation to consumption, on the same basis as wholesale prices received by exporters are currently provided. This may involve little more than the extraction, by the secretariat, of the details contained in Part D of the responses to the questionnaire.

I do not intend, in this statement, to discuss the situation affecting beef production and trade in other countries, although I will wish, at the appropriate stage, to put some questions to other participants.