

**CHANGING EXPORT MARKETS
FOR NEW ZEALAND SHEEPMEAT: 1983 - 1991**

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SUMMARY

Markets for New Zealand's sheepmeat products, particularly for lamb, are dynamic and changing. In this study, markets for lamb which have been growing in the recent past and which might reasonably be expected to continue growing in the future have been identified and the characteristics, in terms of detailed product mix, prices and future potential, of these lamb markets have been described, region by region.

Three main sources of data have been used. Department of Statistics quarterly export statistics by HS item, country, volume and f.o.b. value were amalgamated to provide the detailed information on products. Data from the September quarter of 1983 to the March quarter of 1992 was used for a breakdown into three product types: carcasses, bone-in cuts or boneless. From the March quarter of 1988 to March 1992 a finer breakdown according to whether each of the three products was exported fresh/chilled or frozen was possible. The other data sources were the volume of export meat shipments by destination from the New Zealand Meat Producers Board Annual Reports and data on country imports from the United States Department of Agriculture's Economic Research Service.

All years are September years except where USDA data is used, which are calendar years.

New Zealand's sheepmeat export trade is in the process of changing from a commodity orientation to a marketing orientation. Over the past seven years the mix of export products has changed. Instead of the majority of lamb being exported in frozen carcass form, now roughly equal amounts of frozen bone-in cuts and carcasses are exported. On the other hand, more mutton is exported in the form of frozen carcasses and less is being exported as frozen boneless. Concurrently there has been a change in the destinations of our sheepmeat exports. The UK was traditionally the most important single market by volume for lamb but in 1991 almost as much lamb went to the rest of the of the EC as to the UK, a marked change. Western Europe as a whole now accounts for over half our total lamb exports. Mexico, the Middle East, the Pacific region and the Caribbean are all assuming greater importance in the 1990's than they did in the 1980's.

In 1991 New Zealand lamb was exported to 82 different countries. Of these, some are older, others newer in terms of trading history. Some are developed markets with consumer wants and patterns of demand well known to the New Zealand exporter, information about others is still evolving. Detailed information on these markets is needed if the sheepmeat industry is to flourish. This paper is a first attempt to provide that.

In order to make the task manageable, this paper has concentrated on markets for lamb which have been growing in the recent past and which might reasonably be expected to continue growing in the future. The characteristics, in terms of detailed product mix, prices and future potential, of these lamb markets have been described, region by region.

Omitted from this study are markets such as Japan, which are presently of importance to us but which do not fit the criteria outlined above. Similarly markets in areas such as South-East Asia, which as a matter of historic record have not appeared to have potential but which are likely to be of growing importance in the future, have also been omitted. Markets for mutton have not been investigated in detail. Future research could start to rectify these omissions.

Other research could focus on further identification of consumer needs in markets with potential so that appropriate products will be produced. Lamb markets such as the UK and North America, which appear to be in decline, could be investigated to determine whether these trends are apparent or real and if real, whether action could or should be taken to reverse them.

It is clear that in many instances the New Zealand sheepmeat industry has been meeting the challenge to diversify its markets in terms of both destination and product mix. It is hoped that this study will play a part in providing information for the continued evolution of the industry and its markets.

CHAPTER ONE

OVERVIEW

1.1 Introduction

New Zealand is the main trader of sheepmeats in the world sheepmeat market. Of the total world production of sheepmeat of about 64 million tonnes, 14% is traded internationally. Although New Zealand's total production of sheepmeats is only about 9% of the world total, New Zealand's share of the world sheepmeat trade is about 50% [NZMWBES].

Unlike the majority of other sheepmeat producers, who consume most of their agricultural production domestically, New Zealand exports most of its production. About 95% of New Zealand produced lamb is exported and 55% of mutton.

Blyth [1981] has outlined the changes in the international trade patterns for sheepmeat in the 1960's and 70's; this paper will focus on the changes which have occurred in the export markets for New Zealand's sheepmeat during the 1980's.

This paper investigates the changing nature of New Zealand's sheepmeat export trade at a detailed product type and country level; identifies markets which have been growing in the recent past and which might reasonably be expected to continue growing in the future and determines the different product mixes which are going to such markets. The emphasis is on the lamb export trade as this comprises the major proportion of export volumes but a brief discussion of export mutton markets is also included. Lamb exports are considered under six main product types. First the product is differentiated according to whether it is shipped as fresh/chilled or frozen and then in each case whether it is sent in carcass form, as bone-in cuts or boneless cuts.

The remainder of this chapter will provide an overview of changes in the lamb and mutton export trade over the last decade. Section 1.2 considers changes in lamb and mutton export volumes during the period 1984 to 1991, finding that they have generally declined. Section 1.3 considers why this may have occurred from the supply side while section 1.4 does the same for the demand side. Section 1.5 investigates how the mix of lamb export products has changed over the period while section 1.6 looks at the export mutton product mix.

Chapter 2 looks at two types of market, those to which lamb has been exported since 1984 and newer markets which have only emerged in the past three years and identifies the markets in each category which have been growing.

Chapter 3 reviews growth market areas by region and country looking at the total sheepmeat trade for those countries and New Zealand's share of that sheepmeat market. Then the specific mix of lamb products sent to each country in 1991 together with the average f.o.b. prices obtaining are discussed. Regional summaries provide pointers for the future.

Chapter 4 considers how the destinations for mutton exports have changed since 1980 and identifies growth markets for mutton on the same basis as was done for lamb in Chapter 2. Chapter 5 provides a summary and conclusions to be drawn from this report and provides suggestions for further research.

1.2 Lamb and Mutton Export Volumes

As Table 1.1 below shows, over the seven year period from December 1983 to September 1991 the volume of lamb exported by New Zealand fell by 28% from 415 thousand tonnes in 1984 to 298 thousand tonnes in 1991. The reasons for this decline are complex, arising from both the supply and demand sides, and are discussed more fully below. Mutton export volumes show a rather more erratic picture over the period which reflects mutton as a by product of lamb and wool production, rather than as an end in itself. Mutton export volumes for the year ending September 1991 were similar to those for the 1984 September year at around 72 thousand tonnes. 1988/1989 saw record mutton export volumes of around 99 thousand tonnes, due to that year's drought, followed by very low production in the recovery year of 1990.

Table 1.1
Volumes of Sheepmeat Exports 1984 - 1991
(Thousand Tonnes)

LAMB								
1984-1991: SHIPPED WEIGHT, THOUSANDS OF TONNES								
PRODUCT TYPE	1984	1985	1986	1987	1988	1989	1990	1991
CARCASS	332.7	302.9	287.2	255.1	200.1	186.1	137.1	140.4
CUTS	73.8	85.2	102.2	114.7	116.5	121.2	119.8	137.8
BONELESS	8.6	12.9	24.3	19.7	21.6	19.4	20.3	19.6
TOTALS	415.1	401.1	413.8	389.5	338.2	326.7	277.2	297.8
MUTTON								
1984-1991: SHIPPED WEIGHT, THOUSANDS OF TONNES								
PRODUCT TYPE	1984	1985	1986	1987	1988	1989	1990	1991
CARCASS	34.2	49.8	40.9	52.2	51.0	69.0	39.7	44.6
CUTS	1.5	3.1	4.1	3.0	3.1	2.1	2.3	1.5
BONELESS	36.1	39.2	33.2	36.1	28.4	27.6	20.9	26.3
TOTALS	71.9	92.0	78.1	91.3	82.6	98.7	62.9	72.4

Source: Department of Statistics

1.3 Reasons for the Decline in Lamb Exports: Supply Side

On the supply side the restructuring of the New Zealand economy during the latter half of the 1980's, including the reduction in assistance to primary producers, the freeing up of financial markets and the floating of the New Zealand dollar, led to a considerable decline in farm profitability. According to the New Zealand Meat and Wool Board's Economic Service [NZMWBES 1991d], real farm profitability for the five years 1985/86 to 1990/91 was on average half that for the period 1975/76 to 1985/86. This decline in farm profitability meant farm investment was reduced and farmers spent less on farm inputs, particularly fertiliser, labour and repairs and maintenance. Sheep numbers declined from their peak of 70.3 million in June 1982 to 57.7 million at June 1991 and New Zealand sheepmeat production declined along with the decline in sheep numbers so lamb export volumes fell too.

Other supply-side problems relate to the difficulty the New Zealand meat industry had in coming to terms with the difference between being a commodity business and a market-led business. Considerable lip service was paid to the necessity of making this change but the actuality was painfully slow: in a study commissioned by the Meat Industry Council, Pappas Carter Evans and Koop in 1985 devoted a chapter to outlining the marketing change required. "Meat product development, processing and sales should be driven by consumer demand in key specialty marketing segments rather than by the desire of livestock producers to optimise pasture productivity" and "the industry should pursue a strategy to obtain the highest possible prices for its product: first it should grow and process products that have been defined by demand in specialty market segments; second, it should allow market price signals to flow without distortion back to producers and processors; and third, it should seek ways of reducing stored frozen meat stockpiles, which are costly and difficult to transform quickly to meet changing consumer preferences" [p.ix]. Furthermore, "in major development markets New Zealand's key export appears to be outsold by competing products such as Danish pork and American poultry. New Zealand's main response has been to redirect sales of commodity carcasses to less developed markets such as Iran where price realisation is low and volumes are highly vulnerable to competitive attack and "dumping" from other producers of export commodity meat" [p3-2].

Six years later Morris and Hughes [1991] reported that seminar participants and moderators were still lamenting that the "Whole meat sector has a commodity orientation rather than the required market orientation" [p1] and went on to outline, inter alia, substantially the same concerns as noted by Pappas et al, namely that the industry in general continues to export "frozen, low value-added meat products to a multiplicity of export markets into a "New Zealand" service of origin label with little brand name development, in the face of clear market signals that consumers in most markets seek fresh, value added brand-named products." In other words, apart from some minor exceptions, New Zealand did not supply the products that consumers in export markets wanted, so lower volumes of older-style products were exported at prices that were lower than might reasonably have been expected to be achieved.

1.4 Reasons for the Decline in Lamb Exports: Demand Side

On the demand side, while world production of sheepmeat increased, consumer preferences continued to move away from red meat and New Zealand faced greater restrictions on access to traditional and key markets.

In Australia the collapse in grain prices in the early 1980's and rising wool prices in the middle and latter part of the 80's meant Australian sheep numbers, and therefore Australian sheepmeat production, increased. In the EC the Common Agricultural Policy encouraged sheepmeat production especially in the United Kingdom, Ireland and Spain, so that total EC sheep numbers rose almost 20% in the 5 years to 1991 [NZMWBES 1991d] Thus there was greater availability of competing lamb and the demand for New Zealand lamb declined.

Although the per capita consumption of sheepmeat in the EC continues to rise, in the UK, which is still New Zealand's biggest single market for lamb, per capita consumption of mutton and lamb has been declining steadily for the last thirty years. The same trend is evident in many other markets. Consumers have been looking for foods which they perceive to be "healthy" and which are easy and quick to prepare. Frequently the way in which red meat [including sheepmeat] is packaged, and the "New Zealand" product, has not given this impression.

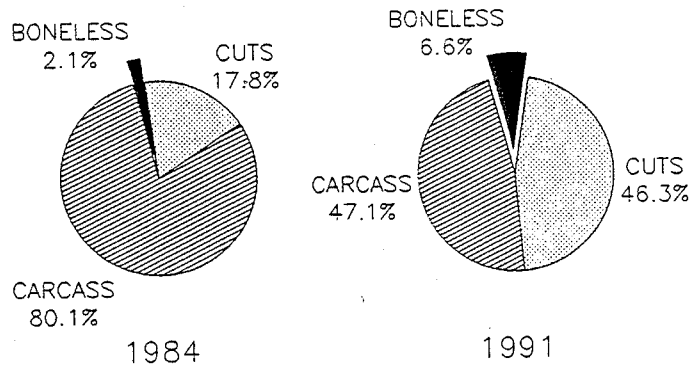
Lastly, as is well documented, New Zealand has faced significant barriers to trade, such as tariffs, quotas, import licensing and stringent hygiene and health regulations, in many markets.

1.5 Types of Lamb Product Exported

Within this period there was a significant change in the mix of lamb products exported. In 1984, 80.2% of total lamb exports was carcass meat but by 1991, carcass meat only accounted for 47.2% of export lamb. Over the same period, the volume of bone-in cuts almost doubled so that the proportion of bone-in cuts increased from 17.8% of lamb exported in 1984 to 46.3% in 1991 [Figure 1.1]. At the same time there has been a small increase in the amount of chilled product exported, so that this now represents 2.7% of total lamb exports [Figure 1.2]. This chilled product represents 0.4% of all lamb carcasses, 1.8% of all bone-in cuts and 0.5% of all boneless cuts. However, as noted above, these changes have not been related sufficiently well to consumer requirements. In addition to the concerns already outlined, many consumers in key markets prefer fresh product to frozen. Either more attention should be paid to adding value and differentiating chilled product to achieve a significant increase in its share of total lamb exports or information about the advantages of frozen product needs to be more widely disseminated. The continued development of appropriate marketing strategies is essential: "Success in the future will be based on specific groups of farmers producing for specific target niche markets and sharing with meat companies in the rewards of successfully penetrating higher value markets" [Morris and Hughes op cit p4]. This will not happen without the provision of appropriate market information, including specific price information for quality stock, to farmers.

MIX OF NZ LAMB EXPORT PRODUCTS

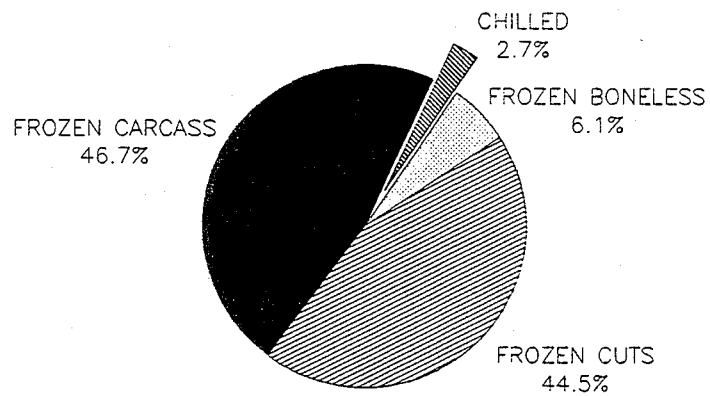
Percent by Shipping Weight



SOURCE: Department of Statistics

Figure 1.1

MIX OF NZ LAMB EXPORT PRODUCTS
Percent by Shipping Weight



1991

SOURCE: Department of Statistics

Figure 1.2

1.6 Types of Mutton Product Exported

Figure 1.3 shows the change in the mix of mutton products exported. While the proportion of mutton exported as cuts has varied a little, from around 2% to 4% and back again [Table 1.1], there has been a definite move towards exporting carcass mutton away from boneless mutton. In 1984 the proportions of boneless and carcass mutton exported were roughly equal but by 1989 nearly 70% of all mutton exported was carcass mutton. Subsequently, this proportion declined somewhat but still in 1991 62% of all mutton exported went as carcasses leaving only 36% as boneless. In 1991 most mutton was exported in frozen form but as Figure 1.4 shows, 0.7% was chilled product, which represents about 0.3% each of all boneless and carcass mutton and about 0.1% of all bone-in cuts.

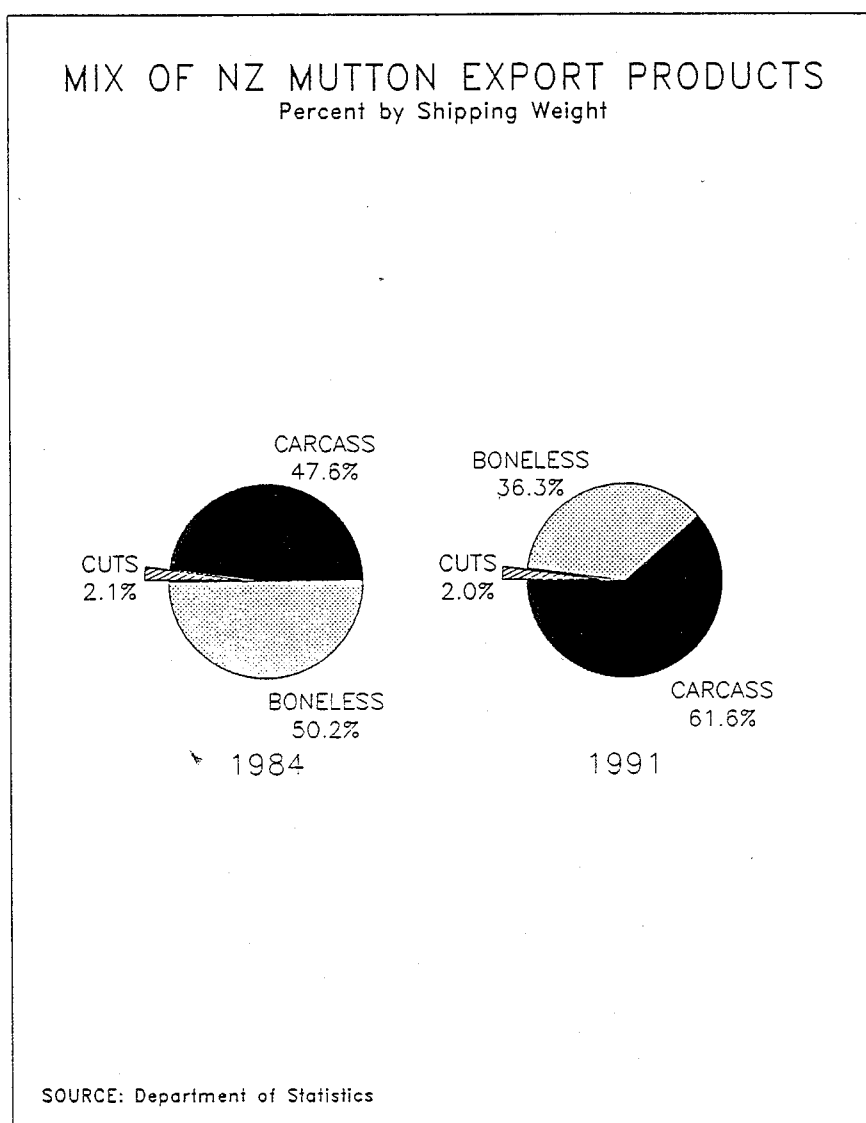


Figure 1.3

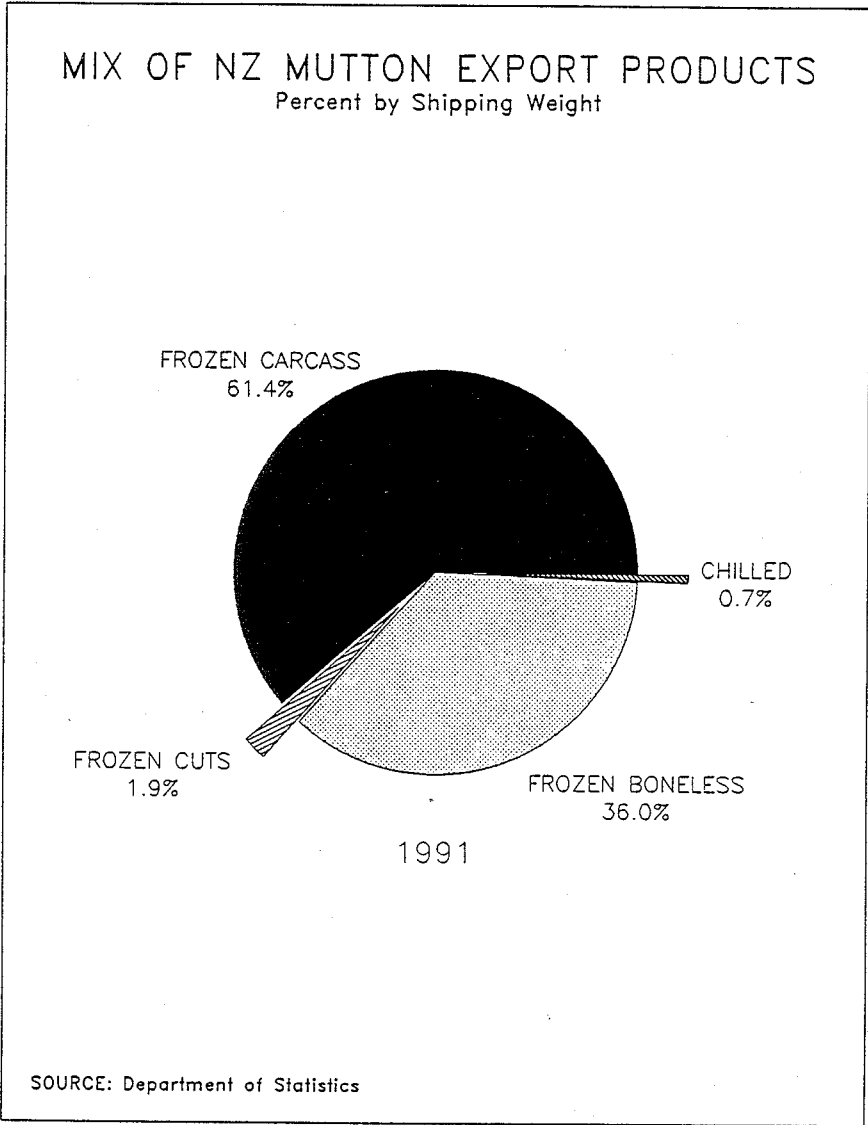


Figure 1.4

At least part of the reason for this is the tendency for further processing to be done outside New Zealand. For example, Japan is New Zealand's largest market for mutton, but since 1990 only about a quarter of the mutton destined for Japan goes there directly. The remainder is first sent to South Korea where it is boned and processed to exacting standards before being sent on to Japan.

1.7 Summary

Over the past decade there have been changes in the amounts and mix of lamb and mutton products exported. It appears that at least some of the changes have occurred in response to consumer demand but that there is still much that can be achieved. The following chapter investigates the dynamic nature of New Zealand lamb export destinations and identifies some markets which are likely to become more important in the future.

CHAPTER TWO

TOP MARKETS FOR LAMB

2.1 Introduction

The pattern of New Zealand's sheepmeat export trade is a dynamic one - in addition to the changing mix of products referred to in the previous section, both the number of countries we export to and their relative importance to us are continually changing. In this section changes in destination of lamb exports and sizes of lamb markets between 1980 and 1991 are considered. Subsequent sections identify markets which have demonstrated strong annual growth in the last three years.

2.2 Destination of New Zealand Lamb Exports

In 1980 New Zealand exported a total of 415,000 tonnes of lamb to 91 different countries but by 1991 the 298,000 export tonnes went to only 82 countries. During that time, some new markets emerged and some markets grew. Other markets declined and still others disappeared altogether.

Blyth [1981], commenting on changing trade patterns in sheepmeats during the 1960's and 1970's, explains that the EEC, especially the United Kingdom was still a major importer of New Zealand lamb over that period, even though less than 65% of New Zealand lamb exports went to the United Kingdom in the mid-1970's compared with over 90% in the 1960's. Other EEC countries, such as Greece, were taking small but increasing quantities, as were other markets such as the United States, Canada, and Japan, with the greatest growth occurring in Iran and Iraq.

Table 2.1
Destination of New Zealand Lamb Exports 1980 - 1991
(Thousand Tonnes)

	1980	1984	1987	1991
United Kingdom	181	123	111	82
Iran	43	149	111	29
European Community [excluding UK]	21	31	45	73
USA & Canada	22	11	11	13
Japan	11	16	20	18
Middle East [excluding Iran]	27	21	25	34

Source: New Zealand Meat Producers Board

As Table 2.1 above shows, over the 1980's both the United Kingdom and North American lamb markets have declined in importance, while Japan, the Middle East and the EC [excluding the UK] have become more important. New Zealand is the dominant sheepmeat exporter to Japan, a position we have held since 1984 and Japan is now New Zealand's third largest market for lamb. Iran became a major importer of New Zealand lamb during the period, 1990 and 1991 being atypical years due to difficulties over new sheepmeat veterinary protocols introduced by Iran in 1990. The resolution of these difficulties means Iran will probably again be the single biggest market for New Zealand lamb for 1992 and beyond. A number of other Middle East countries have increased their imports of lamb over the decade, namely Saudi Arabia, Jordan, the United Arab Emirates, Oman, Bahrain, Lebanon and Qatar [Table 2.2]. Even though the volumes taken by some of the individual countries remain small, [less than 1,000 tonnes annually to Bahrain, Lebanon and Qatar], the potential for expansion which has been noted by several writers, [Blyth 1981, NZMWBES], arising from the inability of these countries to provide sufficient volumes of sheepmeat on their own for their growing populations, has begun to be realised.

Exports of New Zealand lamb to the EC [excluding the UK] have more than trebled over the last decade, partly due to the entry of Spain and Portugal into the EC and partly due to the increasing volumes taken by the other EC countries [Table 2.2]. Entry into the EC facilitated development of the Spanish and Portuguese markets, to which very small amounts of lamb had gone prior to their joining the EC in January 1986. Portugal imported very small amounts of lamb up to 1979/80 after which no more was exported there until 1986/87. Spain had typically imported less than 100 tonnes annually until 1985 when around 600 tonnes went there. Following entry to the EC, Spain imported 4,600 tonnes in 1986. Germany, France, Italy, Belgium/Luxembourg, the Netherlands and Denmark have all increased their imports of lamb over the period. In particular, the German market is likely to expand further as German unification brings greater prosperity to what was formerly East Germany. Greece has been a fairly variable market over the decade due to that country's economic difficulties - subsidies from the EC have made New Zealand exporters appear very uncompetitive with domestic and other EC suppliers and volumes have declined particularly over the last three years.

Table 2.2 also shows that a number of other regions are becoming increasingly important for New Zealand lamb exports. The Pacific has become a major export region for New Zealand lamb over the decade. Lamb exports to Pacific countries more than doubled from around 12,000 tonnes in 1980 to around 30,000 tonnes in 1991. Papua New Guinea is the main importer in the region, followed by Fiji, Tonga, Western Samoa and French Polynesia, each of which takes more than 1,000 tonnes annually.

Table 2.2
NZ Lamb Exports by Country of Destination
(Selected Countries, Thousand Tonnes)

		1980	1984	1991
EC [excl UK]	Germany	6.4	7.7	14.9
	France	0.6	3.6	13.9
	Spain	0.1	0.1	9.2
	Greece	6.9	10.7	9.0
	Portugal	0.0	0.0	8.6
	Italy	3.5	3.8	6.5
	Belgium/Lux	1.3	2.0	4.3
	Netherlands	0.9	1.0	3.6
	Denmark	1.3	1.7	2.6
	Ireland	0.0	0.1	0.1
	Total	21.0	30.5	72.8
Middle East [excl Iran]	Saudi Arabia	10.4	7.7	13.8
	Jordan	3.7	4.7	13.0
	UAE	1.2	2.1	3.8
	Oman	0.9	2.0	2.4
	Bahrain	0.3	0.6	0.7
	Lebanon	0.0	0.0	0.3
	Qatar	0.1	0.4	0.3
	Kuwait	1.1	0.0	0.1
	Iraq	8.7	0.3	0.0
	Egypt	0.0	0.0	0.0
	Total	26.4	17.7	34.4
Pacific	PNG	3.0	6.2	14.3
	Fiji	3.2	3.6	7.0
	Tonga	2.6	2.2	2.9
	Western Samoa	2.2	1.5	2.9
	French Polynesia	0.6	0.5	1.2
	American Samoa	0.3	0.3	0.6
	New Caledonia	0.3	0.1	0.4
	Cook Islands	0.0	0.1	0.3
	Total	12.2	14.5	29.6

Caribbean	French West Indies	1.5	1.3	2.5
	Barbados	0.2	0.2	2.4
	Total	1.7	1.5	4.9
North America	Canada	8.9	4.4	7.7
	Mexico	0.6	0.0	3.1
	USA	13.0	6.7	4.8
	Total	22.5	11.0	15.6
Asia	South Korea	0.0	2.0	2.9
	Singapore	1.0	1.2	0.8
	Hong Kong	0.6	0.6	0.7
	Malaysia	0.2	0.5	0.7
	Taiwan	0.0	0.1	0.2
	Indonesia	0.1	0.1	0.2
	Total	1.9	4.5	5.6
W Europe	Switzerland	1.8	1.3	2.0
	Sweden	0.0	0.0	0.3
	Austria	0.5	0.5	0.3
	Finland	0.0	0.0	0.2
	Total	3.7	2.9	4.2
Africa	Tunisia	0.0	0.0	0.3

Source: New Zealand Meat Producers Board

Another region which deserves mention is the Caribbean - in particular the French West Indies and Barbados have both taken increasing volumes of lamb over the decade. Other Caribbean countries, such as the Bahamas, have either maintained their level of imports, albeit small, or have increased them.

Table 2.2 also shows that there has been little increase in lamb exports to Asia even though the economies in this region are strong and showed promise of growth in the early 1980's. Only the Taiwanese market has unambiguously grown over the decade - Table 2.2 masks the considerable variability in exports to both Indonesia and Thailand over the last three years as well as the decline in the Malaysian and Singaporean markets over the same period.

Finally, as will be further discussed below, the North and West regions of Africa hold promise for future development as the populations there prefer eating sheepmeat to beef.

2.3 Growing Lamb Markets

2.3.1 Older Markets

A number of growing markets have been identified in a general way in the previous discussion. This section will focus on changing market growth rates between two periods: 1984-1986 and 1989-1991 for markets which existed in 1984. Since the emphasis should be on markets with strong growth rates, Table 2.3 shows average annual growth rates by volume for the two periods 1984 - 1986 and 1989 - 1991 for markets which have had growth rates of 20% or greater and for markets which have had growth rates of between 10% and 20%.

It is useful to do this for two purposes: firstly to determine whether markets that were growing early in the period under consideration either continued to do so, or at least did not decline, and secondly to use this information to try and identify markets which can be further developed in the future.

Table 2.3
Lamb Volumes - Average Annual Growth Rates (%)

1984 - 1986		1989 - 1991	
GROWTH > 20%	%	GROWTH > 20%	%
Barbados	150.0	Mexico	203.7
Mexico	125.0	Portugal	132.7
Netherlands	84.4	Iran	90.2
USA	49.7	France	62.1
Canada	44.7	PNG	49.1
Belgium/Luxembourg	43.2	French Polynesia	31.0
Italy	29.8	Saudi Arabia	25.0
Bahrain	25.0	Jordan	22.0
Western Samoa	23.9	Western Samoa	21.8
Greece	20.6		
10% < GROWTH < 20%		10% < GROWTH < 20%	
Fiji	15.9	Fiji	16.0
Jordan	15.8	Netherlands	14.2
Switzerland	12.4	Tonga	12.7
Tonga	10.8	Barbados	10.0
South Korea	10.4	French West Indies	10.0
Oman	10.1		

Of markets which had average annual growth rates higher than 20% in the early period, only Mexico and Western Samoa sustained high growth in the last three years. The rate of growth of Mexico increased from 125% on average over the first three years to 203% in the last three years and this trend is likely to continue. On the other hand, while Western Samoa appears to be a growth market from the above information, lamb exports there have been very variable since 1984 and have not increased over the last two years. The Netherlands appeared to grow over the last three years but in fact is a variable market and has fluctuated between just over 2,000 tonnes and 3,600 tonnes over the last six years.

Of markets which had average annual growth rates of between 10% and 20%, Jordan increased its rate of growth from 16% to 22%. while Fiji stayed at 16% in both periods. The pattern of lamb exports to Tonga, which appears to be a growth market, is similar to that of Western Samoa and the same comments apply.

Of the markets which showed strong growth in the more recent period only, Portugal showed the strongest growth at about 204%. The size of the Iranian market increased on average by 90% in spite of the difficulties encountered in 1990 outlined above.

Lamb exports to France grew on average by 62% per year, and those to Papua New Guinea by 49%, while the French Polynesian and Saudi Arabian markets grew at 31% and 25% respectively. It is also worth noting that the Spanish market has been growing at a respectable 7% on average over the last three years.

From the preceding discussion it would appear that there are a number of markets which are not new, in the sense that New Zealand has been exporting lamb to them at least since 1984 but that have potential for the future and thus warrant further investigation. This will be done in the following section. However before turning to in-depth investigation of growing markets that were extant in 1984, new markets which have emerged since 1984 which also appear to hold potential for the future, will be identified.

2.3.2 New Markets

As Table 2.4 shows, Finland, Lebanon, St Lucia and Tunisia all imported more than 100 tonnes of New Zealand lamb in 1991, while Mexico imported over 3,000 tonnes and Portugal nearly 8,600 tonnes that year. Apart from Lebanon, all of these new markets have shown strong growth over the last three years. Trade with the Middle East was disrupted in 1990 as a consequence of the unrest there, and this is reflected in the lack of sales to Lebanon in 1990.

Table 2.4
Lamb Exports to New Markets 1985 - 1991
(Thousands of Tonnes)

	1989	1990	1991	Ave Annual % Change
Aruba			0.009	
Faeroe Is	0.022		0.044	50.0
Finland	0.046	0.116	0.150	90.7
Kiribati	0.001	0.003	0.020	383.3
Lebanon	0.077		0.305	148.1
Mexico	0.402	1.727	3.074	203.8
Portugal	2.004	7.338	8.593	141.6
St Kitts-Nevis	0.004	0.021	0.016	200.6
St Lucia	0.024	0.047	0.101	105.4
Tunisia	0.354	0.504	0.341	5.0
Tuvalu	0.003	0.005	0.006	43.3
Wallis & Futuna Is	0.020	0.003	0.018	207.5
Total	3.128	9.797	12.738	

Source: New Zealand Meat Producers Board

Collectively, sales to these markets have increased five-fold over the last three years, most of which is due to the expansion of both Portugal and Mexico. The Portuguese expansion came about with Portugal's entry into the EC and both Portugal and Mexico have been flagged as markets with potential by the New Zealand Meat Producers Board.

Kiribati has grown from very small beginnings in 1987 [less than 0.1 tonne] to 20 tonnes in 1991. However, the population of Kiribati is only 64,000 so it is unlikely that sales will expand further.

The first direct sales of New Zealand lamb to Tunisia were made in 1985 and apart from 1987, Tunisia has taken around 400 tonnes annually. In the mid 1980's the New Zealand Meat Board identified North and West Africa as holding considerable potential for New Zealand lamb as the region has a sizable population which prefers eating sheepmeat to beef. Considerable effort was put into developing the North African market, where the prices of primal cuts at retail were among the highest in the world, but apart from sales to Tunisia as mentioned above and a single shipment to Algeria in 1986 little obvious progress has been made. This has on occasion been due to a lack of product [in 1987 for example] but a major constraint appears to be the lack of direct shipping. High trans-shipment rates from northern Europe [re-exports from Denmark, France and Britain] price the New Zealand product out

of the reach of the local people so to date most sales in this region have been made to European expatriates.

In 1989 the Meat Board designated Algeria, Libya, Morocco and Tunisia to be special access markets with development and sales to be coordinated by Metco [Mid-East Meat Export Trading Co Ltd], a joint venture between PPCS, Waitaki International Ltd and the Board. No sales have yet been concluded other than to Tunisia but the potential still remains.

2.4 Summary

From the previous discussion it would appear that the following countries have the potential to be significant growing markets in the next few years: Fiji, Finland, France, French Polynesia, Iran, Jordan, Mexico, Papua New Guinea, Portugal and Saudi Arabia. In addition it seems likely that Germany will continue to become more important following unification.

It is recognised that at least some of these markets are very small and that there is wide variability in the product mix between them. However, these markets have been growing over the last three years and can be expected to enhance lamb export returns in the future. Further investigation is needed to identify to what degree this can be expected and in order to do this each of these markets will be considered on a regional basis in Chapter 3.

It has also been noted above that there has been a decline in some markets which might reasonably have been expected to grow, or that could be expected to grow. For example, a number of commentators have suggested that the decline in exports to the USA could be reversed under certain conditions. The situation regarding major declining markets such as the USA and the UK could form the subject of a further study.

CHAPTER THREE

EMERGING MARKETS FOR LAMB

3.1 Introduction

As discussed in Chapter 2, a number of countries present themselves as having the potential to be significant growing markets for New Zealand lamb in the next few years based on their average annual growth rates over the period 1989 to 1991. In this chapter a number of these countries are further investigated so that a clearer picture of the prospects for New Zealand lamb emerges. Countries which will be further analysed in this study are in general those to which New Zealand sent in excess of 1000 tonnes in 1991. An exception is Finland, which is discussed further below in conjunction with the other EFTA countries. The reason for including this group of countries in the subsequent discussion is twofold: first they are in general high value markets for New Zealand lamb and thus generate revenue in greater proportion to the amount of product sent there; and second they are close neighbours of the EC countries and a new trade alliance between the two groups is due to come into being in 1993.

The countries to be discussed which have been identified above have been grouped together on a regional basis as shown below:

EFTA:	Finland
EC:	France, Germany, Portugal, Spain,
NORTH AMERICA:	Mexico
MIDDLE EAST:	Jordan, Oman, Saudi Arabia
PACIFIC:	Fiji, French Polynesia, Papua New Guinea
CARIBBEAN:	Barbados, French West Indies

In some cases countries identified as growth markets are discussed together with others in the geographical region which may also have potential but which have not been specifically mentioned above.

3.2 The EFTA Countries

3.2.1 Introduction

The seven European Free Trade Agreement [EFTA] countries [Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland] and the twelve European Community [EC] countries have recently signed an agreement to form a joint market, the European Economic Alliance [EEA], from 1993. It is anticipated that Sweden, Austria and Switzerland will join the EC in the mid-1990's, which will provide increased sheepmeat access for New Zealand in the medium term as an increased allocation is provided for any new member to the EC. The total population of the EFTA countries is about 31.74 million with Sweden, Austria and Switzerland together having about 22.4 million people.

United Nations trade data from the USA Economic Research Service [ERS] shows that New Zealand's share of the EFTA sheepmeat market was fairly constant at around 30% of total EFTA sheepmeat imports from 1987 to 1989 [calendar years] but declined to about 28% in 1990. At present New Zealand exports lamb to five of the EFTA countries: Austria, Finland, Norway, Sweden and Switzerland. While individually many of these countries import relatively small volumes of New Zealand sheepmeat, apart from Norway they tend to be high value markets with specific needs. In 1991, New Zealand lamb exports to EFTA were about 2,750 tonnes. This represented only 0.9% of total New Zealand lamb exports by volume but 2.5% by value.

As Figure 3.1 shows, Switzerland is the largest market at present, taking 74% of the EFTA lamb imports and providing 80% of the EFTA lamb receipts. Lamb exports to Sweden have declined from around 0.5 tonnes in 1988 to around 0.3 tonnes in 1991 but on the other hand as discussed above Finland has been a growing market - only 0.05 tonnes of lamb went there in 1989 but this increased to 0.15 tonnes in 1991. Average receipts from Switzerland were nearly \$10,000 per tonne in 1991 while those from Finland were about \$8,400 per tonne. Sweden and Austria contributed \$7,740 and \$6,450 per tonne respectively.

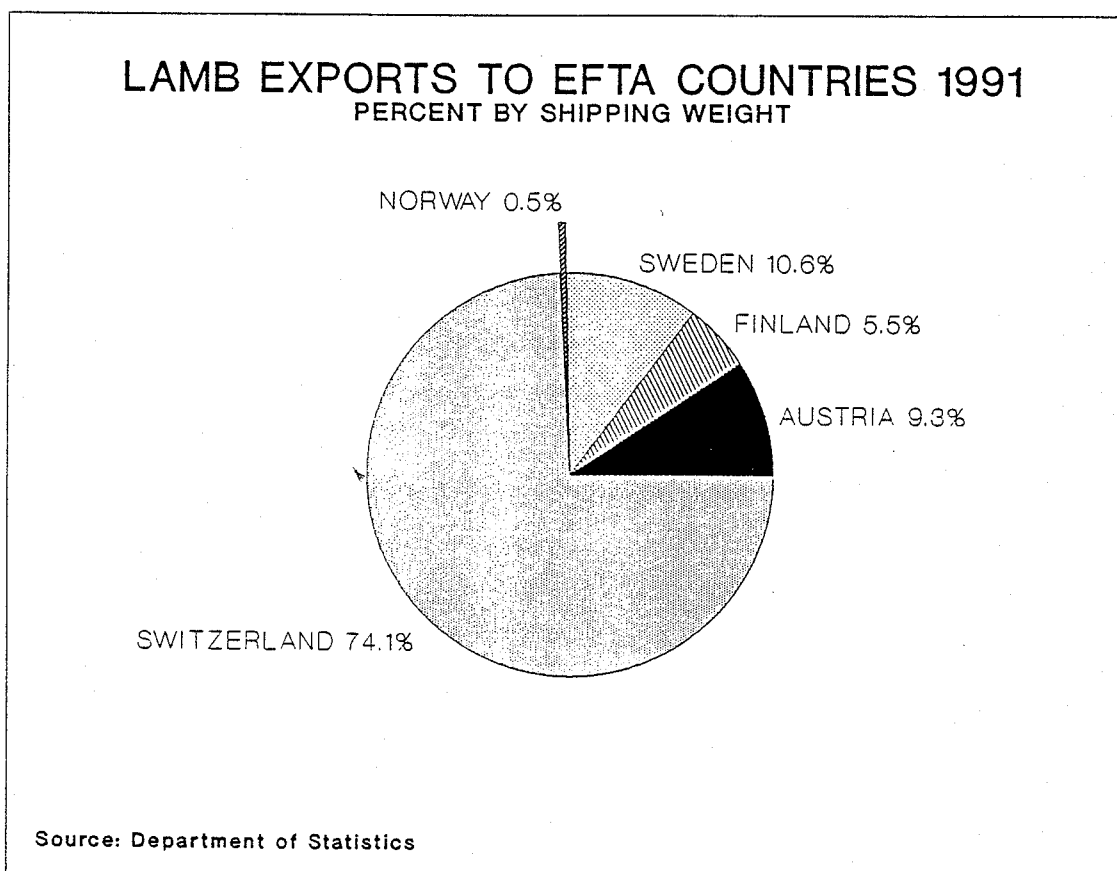


Figure 3.1

Figure 3.2 shows the mix of products sent to the EFTA countries as a whole in 1991. Because Switzerland imports roughly ten times the volume of any of the other EFTA countries the mix of products exported there effectively dictates the proportions as a whole. The majority of lamb exports to the EFTA countries [60%] were sent as frozen bone-in cuts: these formed the major share of each of the five importing countries. The only country to import significant quantities of fresh/chilled boneless was Switzerland but collectively this accounted for nearly 20% of all lamb exports. Frozen boneless accounted for around 12% and fresh/chilled bone-in cuts made up nearly all the remainder as frozen carcasses were imported in very small amounts by only Norway and Switzerland.

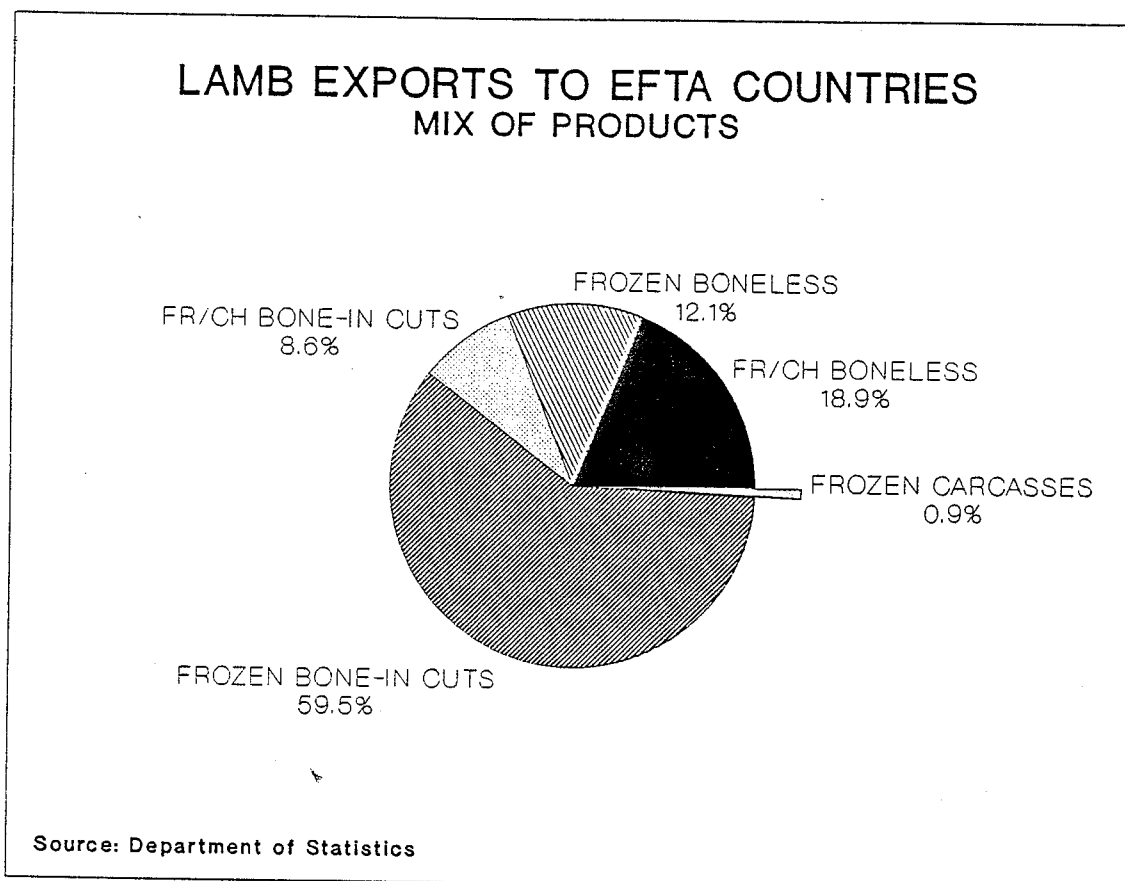


Figure 3.2

From the above discussion and as the individual country information presented shows, the Swiss market has different characteristics from the other markets: it is much larger and a wider mix of products goes there. The other countries mainly import frozen product which is mainly frozen cuts.

3.2.2 Austria

Austria has imported increasing quantities of sheepmeat over the last five years, rising from a total of about 1,100 tonnes in 1986 to about 2,600 tonnes in 1990 [ERS data]. However, as Table 3.1 below shows, New Zealand's share has fallen over the same period, due mainly to Austria taking increased imports from East European countries such as Bulgaria, Czechoslovakia and Poland.

Table 3.1
Austrian Sheepmeat Imports
(Percent by Exporting Country)

	1986	1987	1988	1989	1990
Australia	18.2	15.4	5.8	9.1	11.5
New Zealand	55.0	38.5	35.3	31.8	19.2
Other	28.8	46.1	58.9	59.1	69.3
	100.0	100.0	100.0	100.0	100.0

Source: USDA

In 1991, about 260 tonnes or \$1.7million worth of New Zealand lamb went to Austria. Table 3.2 below shows how this total was made up.

Table 3.2
Export Lamb Products to Austria 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	0.2	1.3	1.5
Bone-in	3.5	94.9	98.4
Total	3.7	96.3	100.0

Source: Department of Statistics

In other words, 96.3% by volume of all 1991 export lamb to Austria was frozen product. Alternatively, 98.4% of total export lamb went as bone-in cuts, either fresh/chilled or frozen. In this market, frozen bone-in cuts were clearly the major product, accounting for 94.9% of total Austrian lamb imports from New Zealand.

Fresh/chilled boneless cuts commanded premium prices averaging \$16.77 per kilogram in 1991, whereas fresh/chilled bone-in cuts averaged only \$8.83 per kg. Frozen bone-in cuts averaged \$6.36 per kg and frozen boneless cuts only \$4.62 per kilogram.

3.2.3 Finland

Finland imported very little sheepmeat [around 100 tonnes on an irregular basis and that only from Iceland], until 1988. New Zealand entered the market in 1989, supplying 100 tonnes in that year and 200 tonnes the following year, with Iceland supplying correspondingly less [ERS data].

In 1991, just over 150 tonnes or \$1.26 million worth of New Zealand lamb went to Finland. Table 3.3 below shows how this total was made up.

Table 3.3
Export Lamb Products to Finland 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	0.1	29.1	29.1
Bone-in	1.4	69.5	70.9
Total	1.5	98.5	100.0

Source: Department of Statistics

In other words, 98.5% by volume of all 1991 export lamb to Finland was frozen product. Alternatively, 70.9% of total export lamb went as bone-in cuts, either fresh/chilled or frozen. As with Austria, frozen bone-in cuts were clearly the major product, accounting for 69.5% of total Finnish lamb imports, though frozen boneless had almost a third share at nearly 30% of total lamb exports.

In Finland both fresh/chilled and frozen boneless cuts commanded high prices. Fresh/chilled averaged \$16.16 per kilogram in 1991 and frozen boneless \$10.14. Frozen bone-in cuts averaged slightly higher prices than fresh/chilled at \$7.69 per kg and \$5.33 respectively.

3.2.4 Switzerland

Switzerland has imported increasing quantities of sheepmeat over the last five years, rising from a total of about 5,000 tonnes in 1986 to about 7,400 tonnes in 1990 [ERS data]. New Zealand sheepmeat exports to Switzerland have increased at much the same rate so that Table 3.4 below shows New Zealand's share has remained fairly constant at around 30%. The Australian share has increased from nearly 12% to 23% over the period which has been at the expense of Argentina and other European countries, notably the UK [the other major supplier], Spain and Hungary.

Table 3.4
Swiss Sheepmeat Imports
(Percent by Exporting Country)

	1986	1987	1988	1989	1990
Australia	11.9	15.5	19.4	20.3	23.0
New Zealand	28.8	29.3	29.0	31.9	29.7
Argentina	3.4	1.7	1.6	1.5	1.3
Europe	55.9	53.5	50.0	46.3	46.0
	100.0	100.0	100.0	100.0	100.0

Source: USDA

In 1991, about 2,035 tonnes or \$20.2million worth of New Zealand lamb went to Switzerland. Table 3.5 below shows how this total was made up.

Table 3.5
Export Lamb Products to Switzerland 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	25.3	12.9	38.2
Bone-in	10.4	50.6	61.0
Carcasses	0.0	0.8	0.8
Total	35.7	64.3	100.0

Source: Department of Statistics

Unlike the other EFTA countries, Switzerland imports a fairly high proportion [36% in 1991] of fresh/chilled lamb. About 71% of this fresh/chilled lamb was boneless with the remainder being bone-in. Bone-in lamb [fresh/chilled or frozen] accounted for 61% of all New Zealand lamb exports to Switzerland in 1991.

In Switzerland fresh/chilled boneless cuts commanded high prices, averaging \$15.17 per kilogram in 1991. Fresh/chilled bone-in and frozen boneless cuts averaged \$10.20 and \$9.76 per kilogram respectively in that year while frozen bone-in cuts fetched \$7.40 per kilogram. The small volume of carcasses traded averaged just under \$3.00 per kilogram.

3.2.5 Sweden

Swedish imports of sheepmeat have been fairly constant at around 1,300 tonnes since 1987. Iceland is the major supplier, accounting for about 50% of Swedish sheepmeat imports with New Zealand, Australia and more recently Poland making up the balance. New Zealand's share has been a constant 31% over the period, except for 1988 when New Zealand gained at the expense of Australia. [ERS data].

In 1991, just over 290 tonnes or \$2.25 million worth of New Zealand lamb went to Sweden. Table 3.6 below shows how this total was made up.

Table 3.6
Export Lamb Products to Sweden 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	1.3	8.9	10.2
Bone-in	4.7	85.1	89.8
Total	6.0	94.0	100.0

Source: Department of Statistics

In other words, 94.0% by volume of all 1991 export lamb to Sweden was frozen product. Alternatively, 89.8% of total export lamb went as bone-in cuts, either fresh/chilled or frozen. As with Austria and Finland, frozen bone-in cuts were clearly the major product, accounting for 85.1% of total Swedish lamb imports.

In Sweden both fresh/chilled and frozen boneless cuts commanded high prices. Frozen boneless averaged \$14.30 per kilogram in 1991 and fresh/chilled boneless \$12.13. Fresh/chilled bone-in cuts averaged rather higher prices than frozen at \$10.84 per kg and \$6.81 per kg respectively.

3.2.6 Norway

Norwegian sheepmeat imports have declined substantially from around 4,000 tonnes in the middle of the 1970's to around 300 tonnes in the 1990's. Iceland was a major supplier until 1986 but Norway has imported no sheepmeat from Iceland since then. Australia and New Zealand subsequently shared the trade with Australia being the major supplier. [ERS data]

In 1991, just under 15 tonnes or \$0.05 million worth of New Zealand lamb went to Norway. This was all frozen product of which 78% was frozen bone-in cuts and 22% was frozen carcasses. As mentioned above, Norway is unique in this group of countries not only because no fresh/chilled product is sent there but also because it is a low value market. Frozen carcasses averaged \$3.95 per kilogram in 1991 while the frozen bone-in cuts averaged only \$2.77 per kg - less than half the value of frozen bone-in cuts in any of the other EFTA countries.

3.2.7 Summary

From the above discussion it can be seen that there is some potential for increasing New Zealand lamb exports to the EFTA countries. Austria, Finland and Switzerland have all imported increasing quantities of sheepmeat over the last five years and this trend seems likely to continue. New Zealand's market share has increased in Finland and Switzerland and has remained constant in Sweden over the last five years. These are sophisticated, high value markets with specific needs which will repay careful attention to a sustained marketing effort. However, it must also be recognised that Switzerland, Austria and Sweden presently import sheepmeat from Eastern European countries such as Bulgaria, Czechoslovakia, Hungary and Poland. While agricultural production in these countries is presently declining as they grapple with the problems of changing to market oriented production systems, in the longer term it is likely that the situation will reverse. Agricultural production, including that of sheepmeat, will increase and they will become significant competitors against New Zealand products in the EFTA countries.

3.3 The EC Countries

3.3.1 Introduction

As discussed in Chapter 2 the EC as a whole has become a more important market to New Zealand over the last decade, in spite of the declining importance of the UK market, and over the last three years New Zealand's total sheepmeat exports to the EC have been close to the annual limit of 205,000 tonnes [carcass weight equivalent]. Within this limit, New Zealand faces a 10,500 tonne limit on chilled meat. There has been considerable expansion of the chilled market in the EC over the last three years as Figure 3.3 shows. A total of 5,500 tonnes of chilled sheepmeat, or over half the quota, had been sent to the EC by the second quarter of 1992 meaning that for the first time this year it will be a significant constraint on New Zealand exporters. The increase is due to a combination of exporters' response to market demands and the availability of gas flushing technology which keeps product fresh for up to 16 weeks thus allowing chilled lamb [and mutton] to be transported to distant markets by sea.

The Meat and Livestock Commission anticipates a slight fall in total EC sheepmeat production in 1992 as German, French and UK production declines although Irish Republic production is forecast to rise [MLC 1991]. This decline in production, coupled with continuing increased consumption in the EC would mean further opportunities for New Zealand sheepmeat, particularly lamb, if trade restrictions softened. However the Ministry of Agriculture and Fisheries [MAF 1992] warns that "competition from other meats continues to be intense." They go on to suggest that "the EC may increase its sale of subsidised beef on world markets in order to reduce the massive stocks which have been built up over the last year as the EC attempted to hold up beef prices" and that "EC beef competes directly with New Zealand sheepmeat in many of our major markets and sales of subsidised product would place downward pressure on New Zealand sheepmeat prices." In addition, as suggested earlier, the Eastern European countries are likely to increase agricultural production in the longer term. It is also likely that production and handling methods will be upgraded over time to meet EC standards and New Zealand's exports to the EC will face increased competition from this quarter.

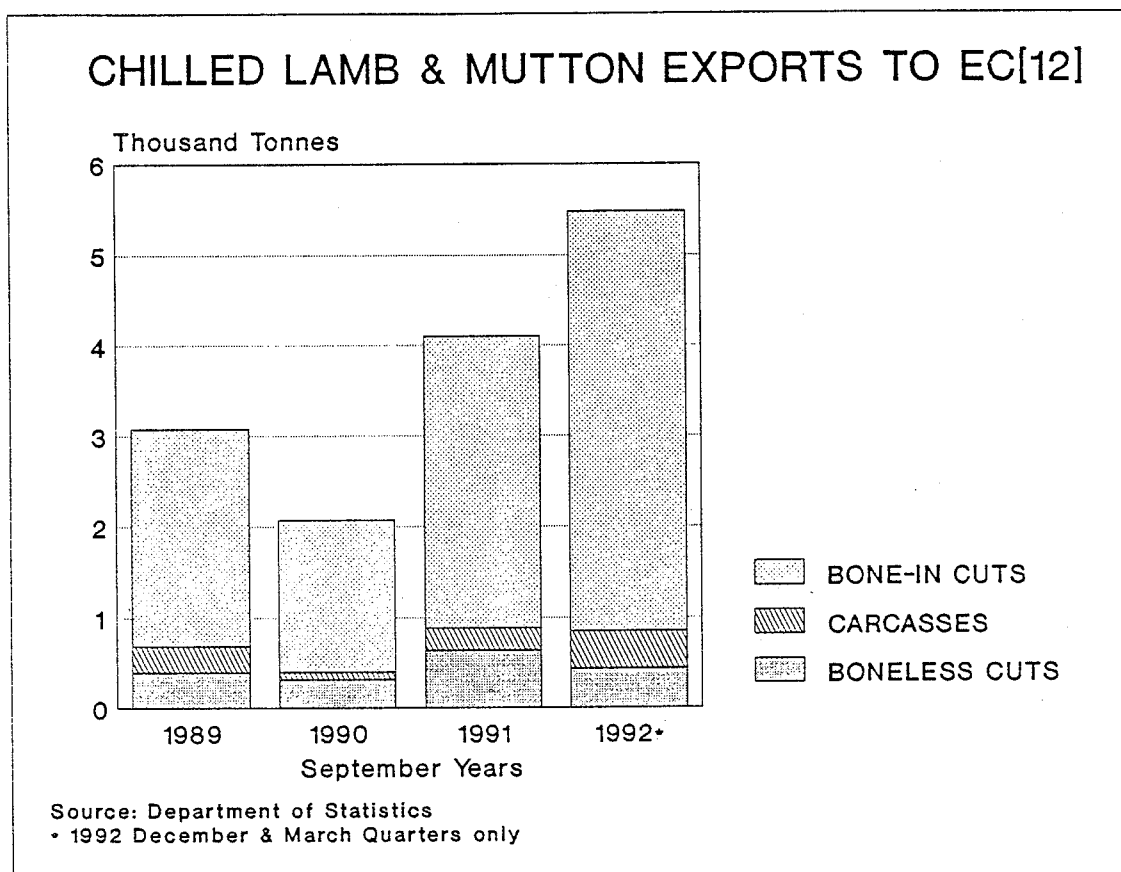
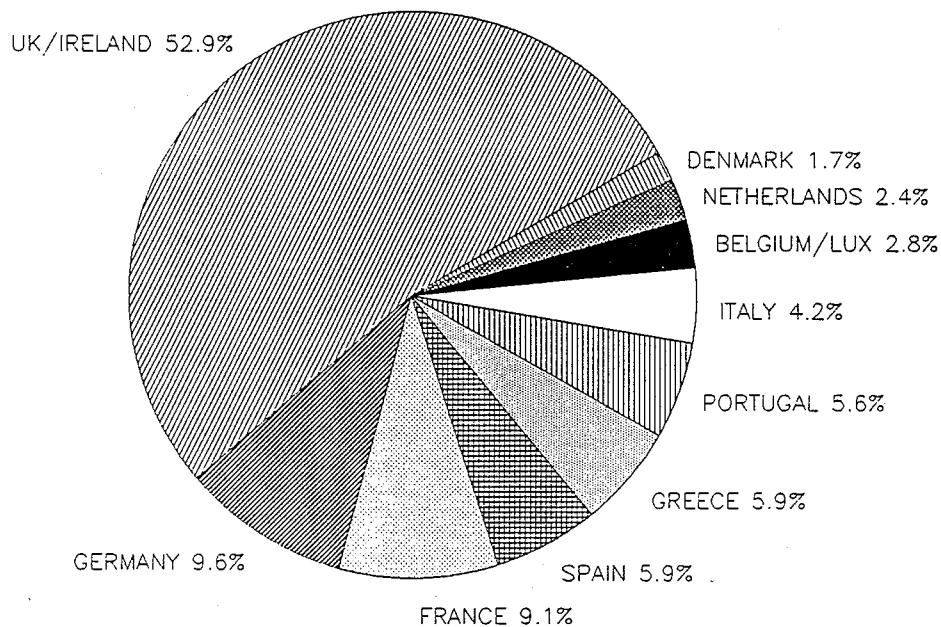


Figure 3.3

Total exports of New Zealand lamb to the EC on a product weight basis have declined from 163,400 tonnes in 1989 to 154,480 tonnes in 1991. However total returns rose over the same period from \$504 million to \$617million reflecting a continuing change in both the product mix and destinations of product.

There has been an increasing emphasis on added value products - although exports of frozen carcasses fell by 18,000 tonnes between 1989 and 1991, exports of frozen bone-in cuts rose by nearly 7,500 tonnes while those of chilled bone-in and boneless cuts both rose by nearly 800 tonnes over the same period. As less product has gone to the UK, so more product has gone to a number of other EC countries. In particular, lamb exports have increased to France, Germany, Portugal, Spain and the Netherlands over the last three years. However lamb exports to Greece and Italy as well as the UK have declined. Figure 3.4 shows the relative size of each of the EC lamb markets in 1991 while Figure 3.5 shows how the mix of products sent to the EC has changed between 1989 and 1991, with the first two quarters of 1992 included to indicate current directions.

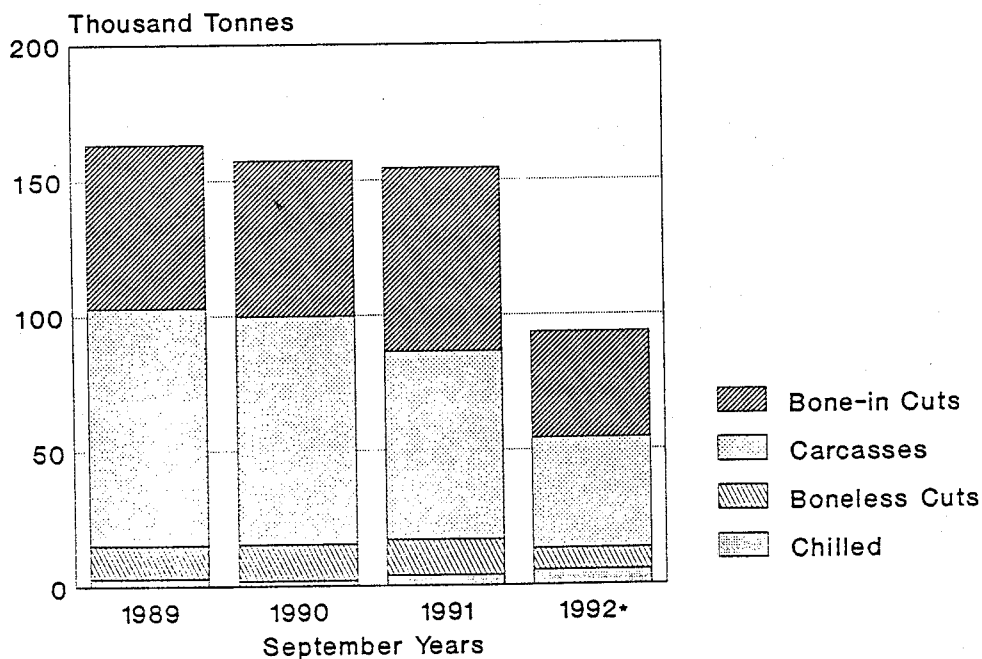
LAMB EXPORTS TO EC COUNTRIES 1991 PERCENT BY SHIPPING WEIGHT



SOURCE: Department of Statistics

Figure 3.4

LAMB EXPORTS TO EC[12]



Source: Department of Statistics
* 1992 December and March Quarters only

Figure 3.5

3.3.2 France

France has imported increasing quantities of sheepmeat over the last five years, rising from 82,500 tonnes in 1986 to 124,600 in 1990 [ERS data]. The United Kingdom has traditionally been the major supplier but increased production in the Irish Republic and export clawback in the UK meant that UK and Irish shares were almost equal in 1990 and Ireland became the principal supplier in 1991. As Table 3.7 below shows, while the combined share of the other eleven EC countries has declined, New Zealand's share has been increasing since 1987 and New Zealand became the third most important supplier of sheepmeat to France in 1991.

Table 3.7
French Sheepmeat Imports
(Percent by Exporting Country)

	1986	1987	1988	1989	1990
Australia	0.7	0.8	0.7	0.5	0.6
New Zealand	5.1	4.8	4.8	5.4	6.1
Other EC	93.1	93.6	93.8	93.1	91.6
Other	1.1	0.8	0.7	1.0	1.7
	100.0	100.0	100.0	100.0	100.0

Source: USDA

The removal in 1991 of France's "sensitive area status" allowed increased access to this high priced market. New Zealand's lamb exporters took advantage of this and in 1991 New Zealand exported 14,085 tonnes, or \$77 million of lamb to France which was more than double the 1990 figures of 6,286 tonnes and \$39 million and made France the third largest market for lamb by value and the sixth largest by volume in 1991. About 77% of this increase came from increased exports of frozen bone-in cuts and about 14% from frozen boneless cuts. French imports of frozen carcasses declined, probably in response to the increased Irish imports of which most went as fresh carcasses, but imports of chilled New Zealand lamb products all increased, even though the chilled market is still relatively small. Table 3.8 below shows the mix of products for 1991.

Table 3.8
Export Lamb Products to France 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	0.0*	10.9	10.9
Bone-in	5.6	82.0	87.6
Carcasses	0.4	1.1	1.5
Total	6.0	94.0	100.0

* Less than 0.1%

Source: Department of Statistics

The prices received for the 180kg of chilled boneless cuts sent to France were the highest in Western Europe [i.e. both the EC and the EFTA countries], averaging \$18.52 per kilogram in 1991. Bone-in cuts averaged \$7.84 and \$5.50 for fresh/chilled and frozen respectively while frozen boneless averaged \$4.57. Fresh/chilled and frozen carcasses fetched \$4.15 and \$2.49 respectively.

It is expected that French production will continue to decline and, with increasing consumption of lamb, in part due to lower retail prices, higher imports can be expected. While it can be expected that New Zealand lamb will continue to remain attractive to French importers, there is likely to be increasing competition from other meats and declining prices as noted above. However, the Meat and Livestock Commission [MLC 1991, MLC 1992] have noted that lower retail prices in France in 1991 and 1992 acted as a spur to increased consumption, so depending on elasticities, overall returns may increase.

3.3.3 Germany

Germany has imported increasing quantities of sheepmeat over the last five years, rising from 23,400 tonnes in 1986 to 29,300 in 1990 [ERS data]. New Zealand has traditionally been the major supplier but in spite of increased tonnages, market share has declined from a peak of around 60% in 1988 to just over 50% in 1990. In the same period, Uruguay and Argentina in particular increased their shares of the market.

Table 3.9
German Sheepmeat Imports
(Percent by Exporting Country)

	1986	1987	1988	1989	1990
Australia	12.4	13.1	8.0	8.6	10.2
New Zealand	55.1	54.8	62.0	53.1	51.2
Other EC	9.8	10.0	12.2	14.4	11.9
Argentina	11.5	13.6	6.8	12.0	12.6
Uruguay	7.7	3.2	6.3	8.6	11.6
Other	3.4	5.4	4.6	3.4	2.4
	100.0	100.0	100.0	100.0	100.0

Source: USDA

In 1991 New Zealand exported 14,903 tonnes, or \$89 million of lamb to Germany, making the German market the second largest market by value and the fourth largest by volume in 1991. New Zealand lamb exports to Germany have generally been rising over the decade. German imports of frozen carcasses continued to decline, but those of frozen bone-in cuts increased. Imports of all forms of fresh/chilled product increased and made up 7.0% of all New Zealand lamb exports to Germany in 1991. Table 3.10 below shows the mix of products for 1991.

Table 3.10
Export Lamb Products to Germany 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	1.5	11.4	12.9
Bone-in	5.4	75.3	80.7
Carcasses	0.1	6.3	6.4
Total	7.0	93.0	100.0

Source: Department of Statistics

Respectable prices were achieved for both boneless and bone-in chilled product in Germany: \$12.83 and \$10.33 per kilogram respectively, whereas frozen boneless and bone-in cuts averaged \$5.73 and \$5.81 per kilogram in 1991. Chilled carcasses sold for around \$4.30 per kilogram while the frozen product fetched \$2.91 per kilogram.

With German unification, sheepmeat production in the west has risen as sheep from the former Democratic Republic moved west. It is expected that overall German production will decline in the near future but with increasing consumption of lamb, higher imports can be expected. As with France, it can be expected that New Zealand lamb will continue to remain attractive to German importers - there is a growing demand for the high quality, consumer-ready cuts which are tailored to the German market. However, there is also likely to be increasing competition from other meats and the Eastern European countries in the longer term.

3.3.4 Portugal

Portugal has imported increasing quantities of sheepmeat over the last five years, rising from 200 tonnes in 1986 to 9,800 in 1990 [ERS data], with New Zealand being the main supplier.

Table 3.11
Portuguese Sheepmeat Imports
(Percent by Exporting Country)

	1987	1988	1989	1990
New Zealand	77.8	38.5	40.3	78.6
Other EC	16.7	43.6	33.9	17.3
Chile	0.0	0.0	11.3	3.1
Other	5.6	17.9	14.5	1.0
	100.0	100.0	100.0	100.0

Source: USDA

In 1991 New Zealand exported 8,593 tonnes, or nearly \$24 million of lamb to Portugal. This was 1,200 tonnes more than 1990 and more than four times the 1989 figures of 2,000 tonnes and \$5 million respectively. At present the Portuguese market is mainly frozen bone-in cuts and frozen carcasses but the potential for fresh/chilled bone-in and frozen boneless cuts is there and will expand as the market develops. Table 3.12 below shows the mix of products for 1991.

Table 3.12
Export Lamb Products to Portugal 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	-	0.0*	0.0*
Bone-in	0.1	27.0	27.1
Carcasses	-	72.8	72.8
Total	0.1	99.9	100.0

* Less than 0.1%

Source: Department of Statistics

Portugal is not a premium value market such as those which have previously been discussed - prices received in the Portuguese market in 1991 were in a very narrow range. The small amount of fresh/chilled bone-in cuts averaged \$4.75 per kilogram and the remaining products, frozen bone-in cuts, frozen carcasses and fresh/chilled carcasses, averaged \$2.93, \$2.67 and \$2.64 per kilogram respectively.

However this serves to indicate, among other things, that not all products which are similarly described are in fact the same product. Mention has been made earlier that some of the EFTA countries and indeed some of the EC countries are, or have the potential to be, niche markets with specific requirements: a fresh/chilled bone-in cut fetching \$10.33 in Germany must be an entirely different product from a fresh/chilled bone-in cut fetching only \$2.64 in Portugal, given that prices for other products such as frozen carcasses are not dissimilar between countries. It also serves to indicate the relative sophistication and development of the market itself as well as the extent to which New Zealand is aware of and is meeting market needs.

3.3.5 Spain

Like Portugal, Spain has imported increasing quantities of sheepmeat over the last five years, rising from 790 tonnes in 1986 to 20,100 in 1990 [ERS data], with New Zealand again being the main supplier. However, over the last five years even though New Zealand exports have been increasing, market share has been declining as other EC countries [notably the United Kingdom, France and latterly Ireland] have increased their shares. This erosion of New Zealand's position is likely to continue and to be exacerbated by the removal of the variable sheep premium in the UK and Ireland which may see large volumes of British and Irish lamb entering both the Portuguese and Spanish markets.

Table 3.13
Spanish Sheepmeat Imports
(Percent by Exporting Country)

	1986	1987	1988	1989	1990
New Zealand	57.0	70.2	66.2	66.5	60.2
Other EC	22.8	14.0	15.5	25.0	27.9
Chile	2.5	1.8	6.1	3.0	4.0
Other	17.7	14.0	12.2	5.5	8.0
	100.0	100.0	100.0	100.0	100.0

Source: USDA

In 1991 New Zealand exported 9,188 tonnes, or nearly \$29 million of lamb to Spain. The mix of products sent to Spain is in essence the same as that for Portugal as Table 3.14 below shows.

Table 3.14
Export Lamb Products to Spain 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	-	0.6	0.6
Bone-in	0.0*	22.9	22.9
Carcasses	-	76.5	76.5
Total	0.1	99.9	100.0

* Less than 0.1%

Source: Department of Statistics

However, Spanish prices are somewhat different from Portuguese prices: the small amount of fresh/chilled bone-in cuts fetched \$12.33 per kilogram on average in 1991, while frozen bone-in cuts fetched \$4.53 per kilogram. Prices for frozen boneless cuts and frozen carcasses were almost the same as Portuguese prices in 1991, though it should be noted that in 1990 a small amount [344kg] of frozen boneless cuts averaged \$17.63 per kilogram. It is evident that in Spain there is a specialty market for lamb to which small amounts of New Zealand lamb is going.

3.3.6 Netherlands

The Netherlands is only a small importer of sheepmeat, less than 4,500 tonnes annually [ERS data], typically importing about 2,500 to 3,500 tonnes of New Zealand lamb and 900 tonnes of mutton. While New Zealand exported increased amounts of both lamb and mutton to the Netherlands in 1991 it is not clear that this is likely to be ongoing as similar increases occurred in 1986 and 1989 but were not sustained. The New Zealand Meat Producers Board [1992] indicates that in the Benelux countries [Netherlands, Belgium and Luxembourg] "New Zealand lamb is facing some competition from low priced chilled lamb from Uruguay and frozen lamb from Australia." [p10]

In 1991 the Netherlands imported 3,634 tonnes or just over \$17 million dollars worth of New Zealand lamb, the mix of products being shown below.

Table 3.15
Export Lamb Products to the Netherlands 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	1.3	9.0	10.3
Bone-in	1.5	78.2	79.7
Carcasses	-	10.0	10.0
Total	2.8	97.2	100.0

Source: Department of Statistics

Highest prices in the Netherlands were received for fresh/chilled bone-in cuts - \$10.09 per kilogram in 1991 - followed by fresh/chilled boneless cuts averaging \$7.65 per kilogram. Prices for frozen boneless and bone-in cuts and carcasses were \$5.52, \$4.76 and \$2.23 per kilogram respectively.

3.3.7 Summary

It is clear from the above that the New Zealand sheepmeat industry is now taking advantage of opportunities that exist in the EC. In spite of the decline in the UK market and strong competition from other countries lamb exports have increased in value terms, reflecting the increased attention paid to consumer wants. The EC as a whole is a high priced region with sophisticated tastes which will continue to be an important destination for New Zealand lamb.

3.4 North America

3.4.1 Introduction

While the USA and Canada are viewed as North America geographically, for the purposes of this study Mexico can also be included in that region. Mexico has a number of similarities with Central and South American countries but the advent of the North American Free Trade Agreement [NAFTA], and Mexico's inclusion within that, means that Mexican links with the USA and Canada will continue to increase.

As Figure 3.6 shows, lamb exports to North America have increased over the last three years from 14,750 tonnes in 1989 to 15,530 tonnes in 1991 on a product weight basis. While exports to the USA have declined from 6,500 tonnes in 1989 to around 4,760 tonnes in 1991, this has been more than offset by increased exports to Mexico which have risen from only 400 tonnes in 1989 to 3,074 tonnes in 1991. Canadian imports have remained relatively stable over the period.

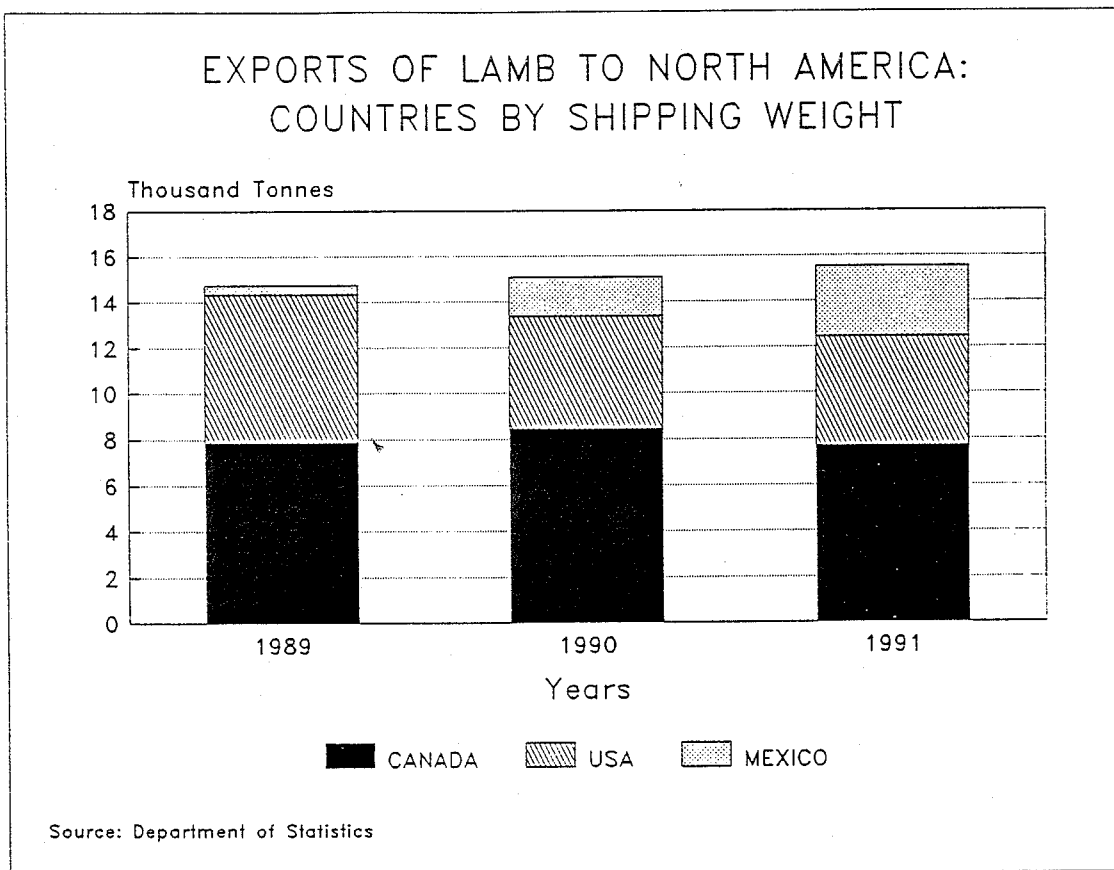


Figure 3.6

Figure 3.7 shows how the product mix sent to the region has changed over the same period. Unlike the EC, the amount of chilled product sent to North America over the last three years has declined, by nearly 40% from 2,130 tonnes in 1989 to 1,300 tonnes in 1991. However exports of frozen carcasses have increased by 112% from 1,420 tonnes in 1989 to 3,010 tonnes in 1991 through increases to both Canada and Mexico.

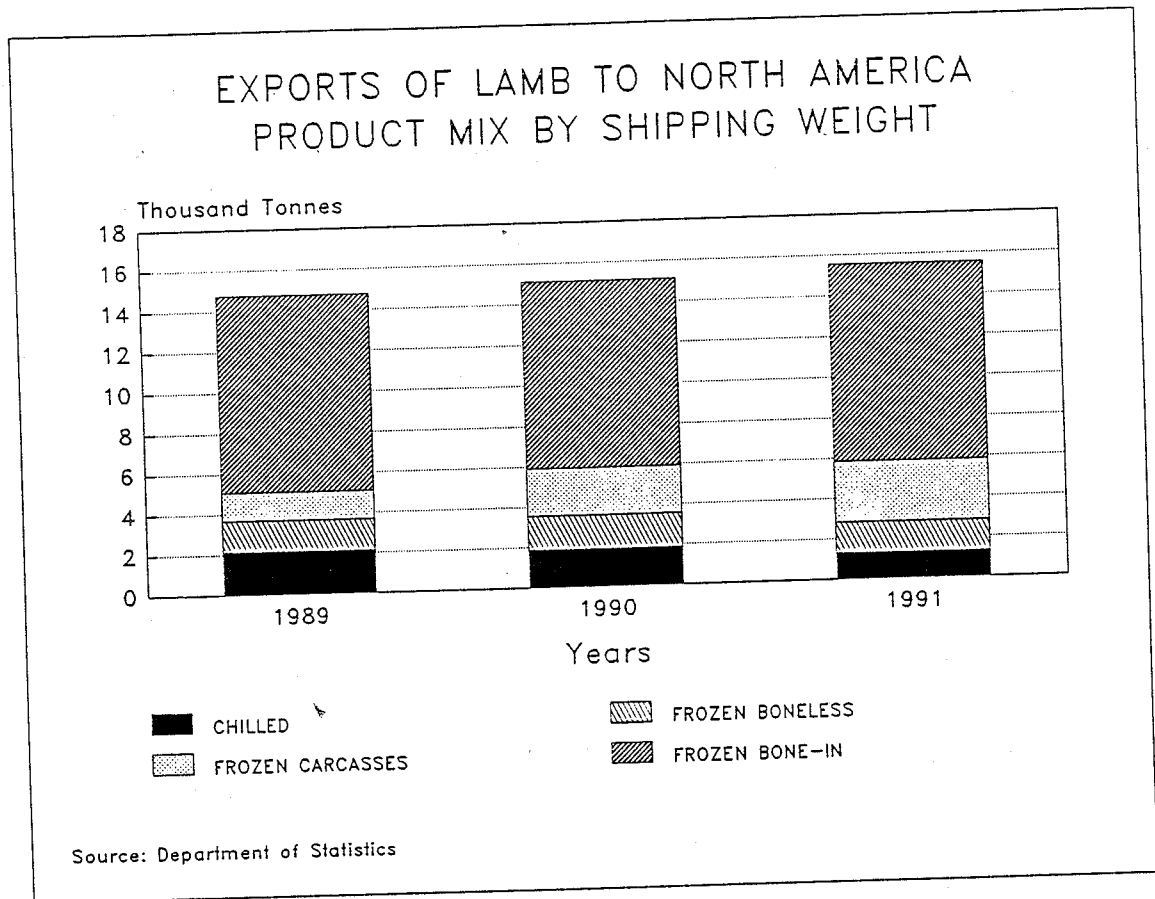


Figure 3.7

3.4.2 Mexico

Mexican imports of sheepmeat have tended to fluctuate around a rising trend over the last five years. New Zealand is a major supplier having sent increasing amounts of sheepmeat there since 1987. Norway increased supply between 1988 and 1989 but Mexican imports from Norway fell back in 1990 [ERS data].

In 1991 New Zealand exported 3,074 tonnes, or nearly \$6.5 million of lamb to Mexico. As Table 3.16 below shows, this was all frozen product which was nearly all made up of frozen carcasses and frozen bone-in cuts. Mexico is a market which appears to import a pattern of products similar to that of Norway but which, unlike Norway, has potential for New Zealand lamb exports .

Table 3.16
Export Lamb Products to Mexico 1991
(Percent by Shipping Weight)

	Frozen
Boneless	1.1
Bone-in	39.5
Carcasses	59.5
Total	100.0

Source: NZ Department of Statistics

Mexico is a low value market with frozen carcasses averaging \$2.42 per kilogram in 1991 while frozen bone-in cuts fetched only \$1.65 per kilogram. The small amount of frozen boneless cuts averaged \$1.37 per kilogram in 1991.

Mexico was designated a special access market for New Zealand in 1989 and is serviced by a consortium with shipments going through the United States. Mexico is still a relatively underdeveloped market and shows significant prospects for growth, given its importance as a tourist centre and its own economic development. Continued attention to this market and emphasis on quality lamb [and mutton] products will ensure its further development and expansion and hence increased earnings.

3.4.3 United States and Canada

While the USA and Canada will not be considered separately in detail here as this study is concerned with markets for New Zealand lamb which have been and are growing, they really warrant further in depth investigation, given the size of population and sophisticated nature of these markets. They exhibit quite different characteristics, for example the chilled trade into Canada has been increasing while that into the United States has been falling, and clearly need to be analysed separately. A further study could investigate these markets, together

with other large markets where lamb exports have been declining [such as the UK], to see if these trends can be reversed, or to determine which markets have potential in the future other than those discussed within this paper.

3.5 The Middle East

3.5.1 Introduction

According to the USDA and as shown in Figure 3.8 below, over the last five years the group of countries typically thought of as comprising the Middle East have been collectively importing less sheepmeat. While the disruption of trade with Iran accounts for the significant reductions in volume, a similar if less pronounced trend can be seen over the remaining countries as a whole. Despite this New Zealand has been able to send increasing amounts of sheepmeat to a number of Middle East countries over the last decade and it is likely that this trade will continue to expand and diversify, providing considerable opportunities for New Zealand sheepmeat exports.

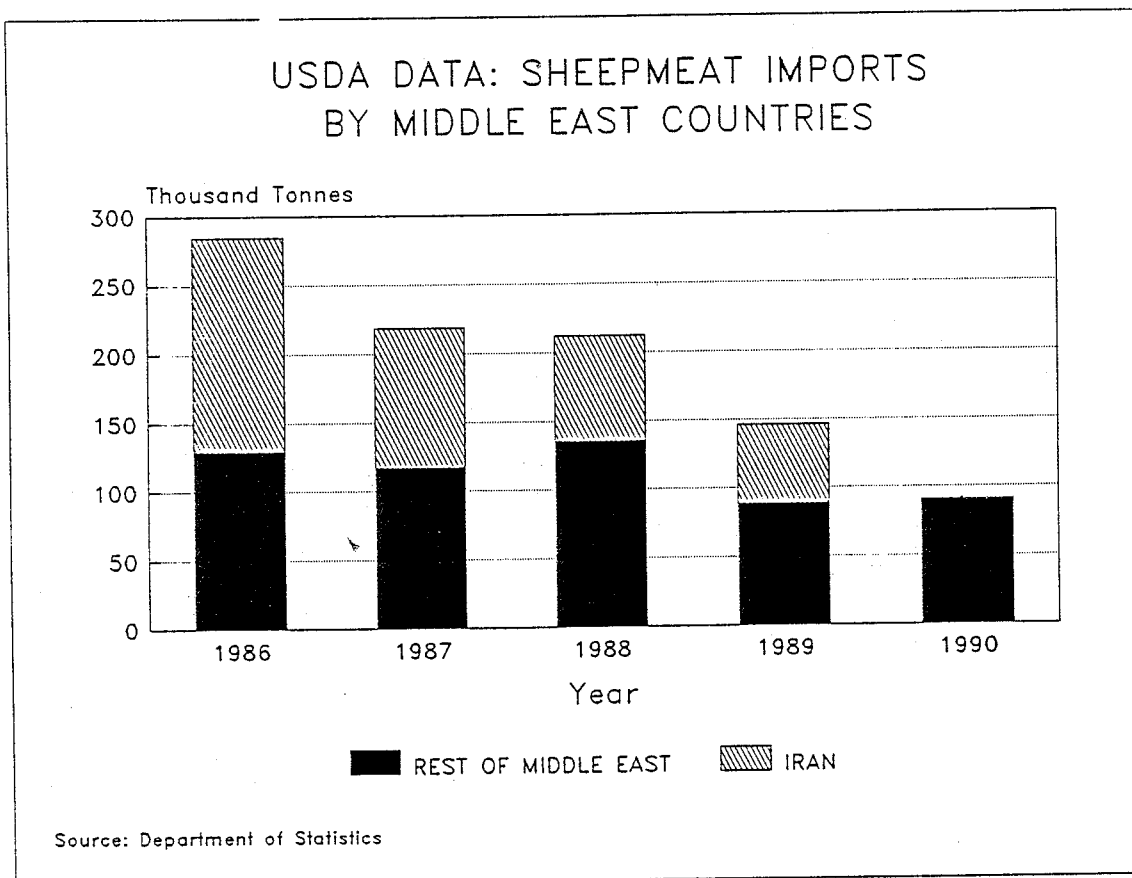


Figure 3.8

The populations of the Middle East countries are growing rapidly - there were around 270 million people in the region as a whole in the early 1980's and this figure is expected to rise to around 420 million by the end of the century [Beaumont 1985]. The Middle Eastern populations are accustomed to eating sheepmeat and as indigenous production cannot keep pace with demand, imports of both live animals and sheepmeat to the region are likely to rise. While the local preference is for fresh meat, so that the chilled trade has expanded from less than one per cent of the total trade to around two percent since 1988, New Zealand has been successful in exporting frozen product [mainly carcasses] to the region.

Exports of frozen lamb carcasses to Iran dominate the trade in this region. As discussed earlier, trade with Iran was disrupted in 1990 and early 1991 while new veterinary protocols were worked out. Even though shipments did not resume until late 1991 Iran was the second largest market for lamb by volume and the fourth largest by value in 1991. Excluding Iran, New Zealand lamb exports to the region, while variable, have been generally rising. In particular, due in part to New Zealand gaining contracts to supply the Jordanian Armed Forces, lamb exports to Jordan have increased substantially over the last few years with New Zealand being the major supplier since 1989. Additionally, the Oman and Saudi Arabian markets have been generally increasing.

Although total lamb exports to the Middle East [excluding Iran] fell slightly from nearly 37,000 tonnes in 1989 to just under 30,000 tonnes in 1990 they recovered to around 34,250 tonnes in 1991. Table 3.17 and Figure 3.9 below show how, even though frozen carcasses still form the major proportion of exports across the rest of the Middle East, the mix of product has been changing over the last three years.

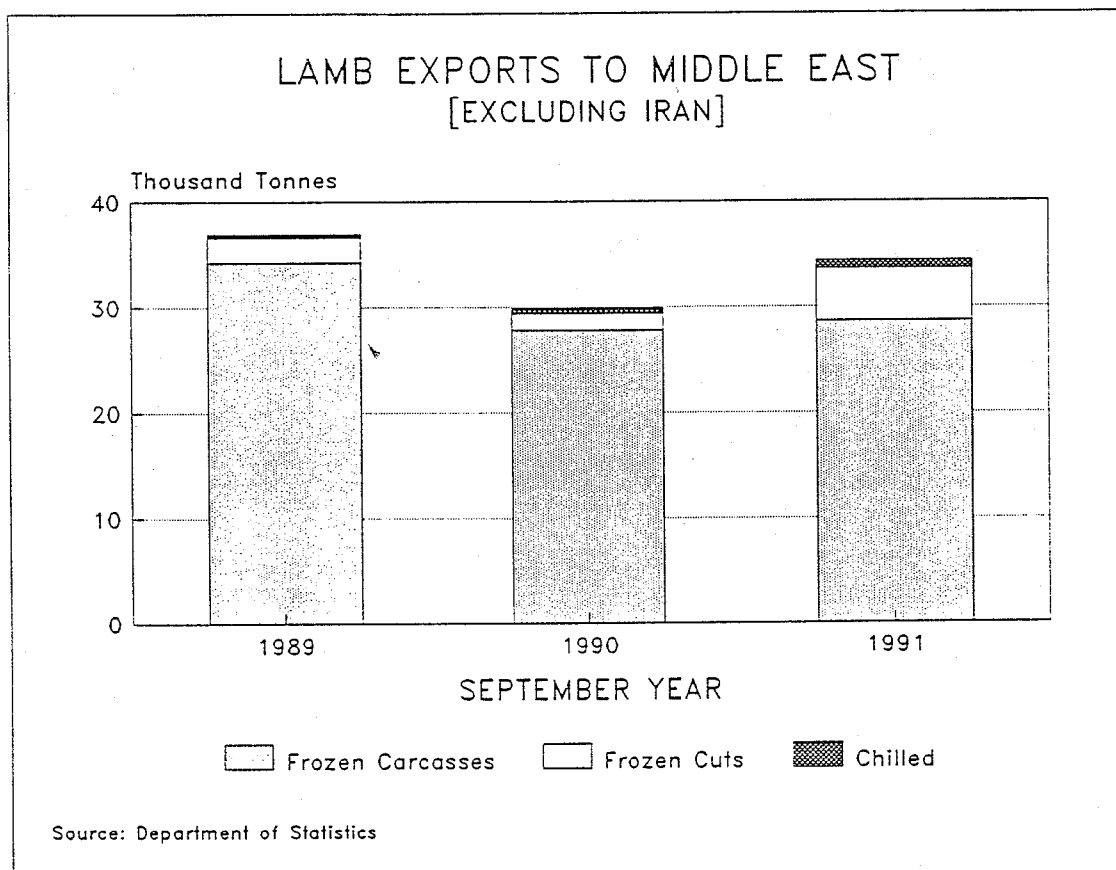


Figure 3.9

Table 3.17
Total Lamb Exports To The Middle East [Excluding Iran]
(Per Cent By Shipping Weight)

	1989	1990	1991
Chilled	0.8	1.6	2.2
Frozen Carcasses	93.1	93.4	83.7
Frozen Bone-in Cuts	6.1	5.0	14.1
Frozen Boneless	0.3	0.2	0.4
Total	100.0	100.0	100.0

Source: Department of Statistics

3.5.2 Jordan

As discussed above, and as Table 3.18 below shows, New Zealand's sheepmeat exports to Jordan have increased steadily. Market share has risen from less than one per cent in 1986 to nearly 96% in 1990.

Table 3.18
Jordanian Sheepmeat Imports
(Percent by Exporting Country)

	1986	1987	1988	1989	1990
Australia	1.2	1.6	0.9	28.5	3.2
New Zealand	0.6	3.1	9.1	59.7	95.8
Eastern Europe	60.7	54.1	35.0	0.0	0.0
Other Middle East	33.9	9.3	5.7	11.8	1.1
Other	3.6	11.9	49.2	0.0	0.0
	100.0	100.0	100.0	100.0	100.0

Source: USDA

In 1991 New Zealand sent 13,000 tonnes or \$31.7 million of lamb to Jordan, making it the eighth largest market by volume and the tenth largest by value for lamb in 1991. Table 3.19 below shows how this was made up.

Table 3.19
Export Lamb Products to Jordan 1991
(Percent by Shipping Weight)

	Frozen
Boneless	0.5
Bone-in	30.4
Carcasses	69.1
Total	100.0

Source: Department of Statistics

Jordan is a low value market with frozen carcasses averaging \$2.64 per kilogram in 1991 while frozen bone-in cuts fetched only \$1.97 per kilogram. The small amount of frozen boneless cuts averaged \$2.73 per kilogram in 1991.

There is growing demand from the private sector for New Zealand lamb as well as the annual contracts with the Jordanian Armed Forces and other government contracts so continued volume growth will ensure that Jordan remains an important market in value terms.

3.5.3 Oman

As with other Middle East countries, Oman's total sheepmeat imports have been declining. New Zealand's market share has generally increased since 1986 although there was a slight decline in 1990. Lamb exports to Oman were increasing up to 1990 but declined from 3,500 tonnes in 1990 to 2,400 tonnes in 1991. The product mix to Oman appears to be changing: imports of frozen carcasses declined by about 1,050 tonnes between 1990 and 1991 while imports of frozen boneless cuts rose from 3 tonnes to 13.5 tonnes, a rise of 0.5 percent. Table 3.20 shows the product mix for 1991.

Table 3.20
Export Lamb Products to Oman 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	-	0.6	0.6
Bone-in	-	2.4	2.4
Carcasses	0.3	96.8	97.1
Total	0.3	99.8	100.0

Source: Department of Statistics

While frozen carcasses fetched only \$2.44 per kilogram in Oman in 1991, prices of other products were higher than those in Jordan. Chilled carcasses and frozen boneless cuts averaged almost the same prices at \$3.55 and \$3.51 per kilogram respectively, while frozen bone-in cuts averaged \$5.39 per kilogram in 1991 - a considerably higher price than that for frozen bone-in cuts in Jordan. This underlines the comment made earlier that products which are similarly described are not necessarily the same product.

3.5.4 Saudi Arabia

While New Zealand exports of sheepmeat to Saudi Arabia remained relatively stable between 1984 and 1990 at around 11,000 tonnes per annum, 1991 showed a sizeable increase. This increase came through increased lamb exports - New Zealand mutton exports to Saudi Arabia have tended to decline since 1987 as Saudi Arabian imports of mutton from Australia have increased [Table 3.21].

Table 3.21
Sheepmeat Exports to Saudi Arabia
(Thousand Tonnes)

	1987	1988	1989	1990	1991
Lamb	9.5	9.1	9.2	9.2	13.8
Mutton	1.6	1.6	1.4	0.4	0.3
Total	11.1	10.7	10.6	9.6	14.1

Source: USDA

In 1991 New Zealand exported 13,800 tonnes or \$37.6 million of lamb to Saudi Arabia making it the sixth largest market by volume and seventh largest by value for lamb in 1991. Table 3.22 shows the mix of product.

Table 3.22
Export Lamb Products to Saudi Arabia 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	0.0*	0.0*	0.1
Bone-in	0.4	1.0	1.4
Carcasses	3.9	94.6	98.5
Total	4.3	95.6	100.0

* Less than 0.1%

Source: Department of Statistics

The bulk of the trade is frozen carcasses which accounted for 94.6% of all lamb exported to Saudi Arabia in 1991. However, Saudi Arabia is the largest importer of chilled lamb in the Middle East and 600 tonnes or 4.3% of all lamb sent there in 1991 was chilled product. Demand for chilled product has increased over the past two years with the disruption of the live sheep trade [NZMPB 1992, p22] and the Saudi Arabians' preference for fresh meat. Figure 3.10 shows how the product mix has changed over the last three years.

Saudi Arabia is also a low value market although the small amount of frozen boneless cuts fetched \$6.04 per kilogram on average in 1991. Chilled boneless and bone-in cuts averaged \$5.54 and \$5.35 respectively per kilogram while frozen bone-in cuts provided \$5.11 per kilogram. Chilled carcasses fetched \$3.57 per kilogram and frozen carcasses, \$2.65.

Saudi Arabia with its 11.5 million people is the second most important market in the Middle East for New Zealand lamb. New Zealand exporters have taken advantage of the disagreement between Saudi Arabia and Australia over the veterinary protocol for live sheep by increasing shipments of both live sheep and chilled lamb. Data for the first and second quarters of 1992 indicate that the export volumes achieved in 1991 can continue to be realised [Figure 3.10]

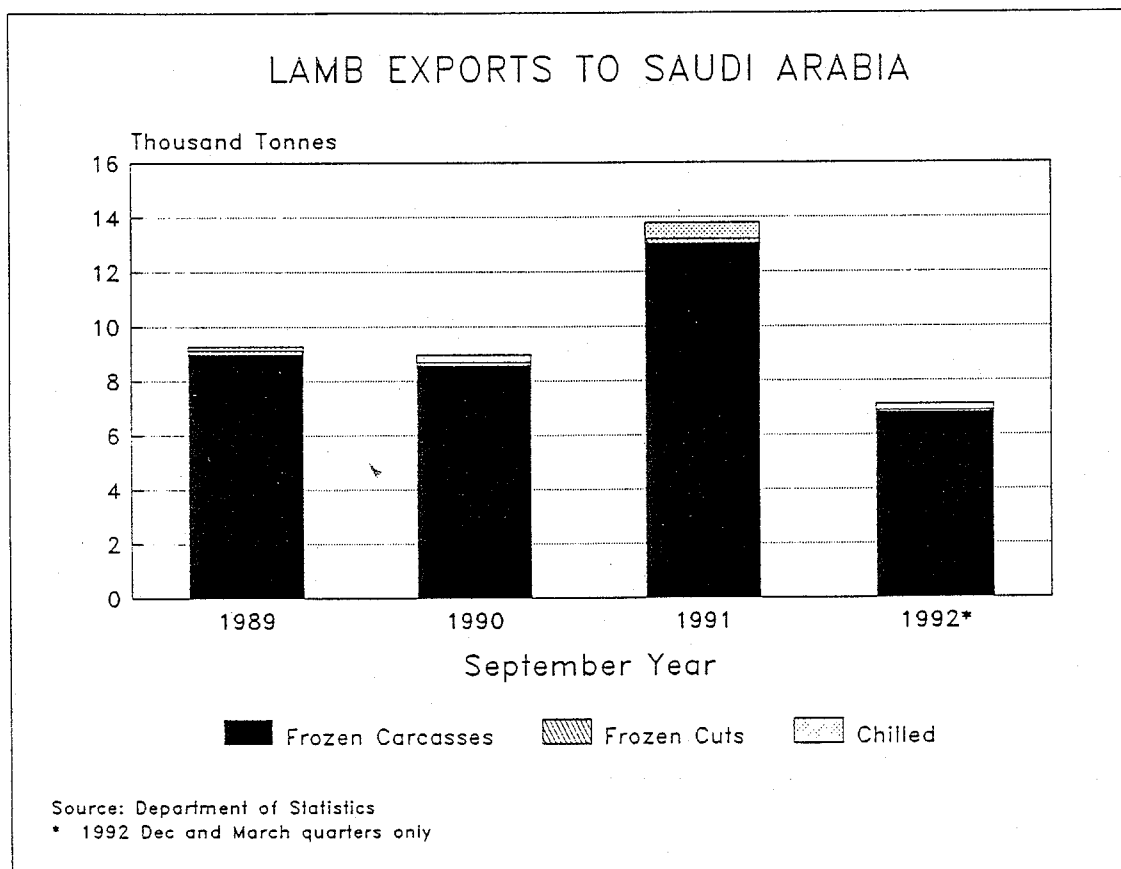


Figure 3.10

3.5.5 Summary

Given the sizeable populations in the Middle Eastern countries and their inability to provide for self-sufficiency in sheepmeat there is considerable potential for enhanced New Zealand exports to this region. While products in these markets do not command high prices, if large volumes can be sent they will provide significant revenue in total.

3.6 The Pacific

3.6.1 Introduction

Imports of sheepmeat by countries in the Pacific region have been generally increasing over the past five years. ERS data shows an increase from around 33,600 tonnes in 1986 to just over 43,000 tonnes in 1990. New Zealand is the major supplier to the region with Australia being a serious contender only for Papua New Guinea. Total New Zealand sheepmeat exports to the region have increased from 24,000 tonnes in 1987 to 30,700 tonnes in 1991, with the increased lamb exports mentioned in Chapter 2 more than offsetting the decline in mutton exports. Table 3.23 shows the changes that have taken place.

Table 3.23
New Zealand Sheepmeat Exports to the Pacific Region
(Thousand Tonnes)

	1987	1988	1989	1990	1991
Lamb	22.9	20.1	22.9	26.1	29.8
Mutton	1.1	1.6	1.4	0.8	0.9
Total	24.0	21.7	24.3	26.9	30.7

Source: Department of Statistics

While substantial amounts of product go to the region it is not a high income earner as, except for a few notable exceptions, products sent to the region command very low average prices.

Nearly half of all lamb sent to the Pacific in 1991 went to Papua New Guinea and about one quarter went to Fiji. French Polynesia, Tonga and Western Samoa took nearly all the remaining quarter between them. Most of the lamb sent to the Pacific region is in the form of frozen bone-in cuts as Figure 3.11 shows. In 1991 only 1.5% of all New Zealand lamb exported there went as chilled meat and most of that went to French Polynesia.

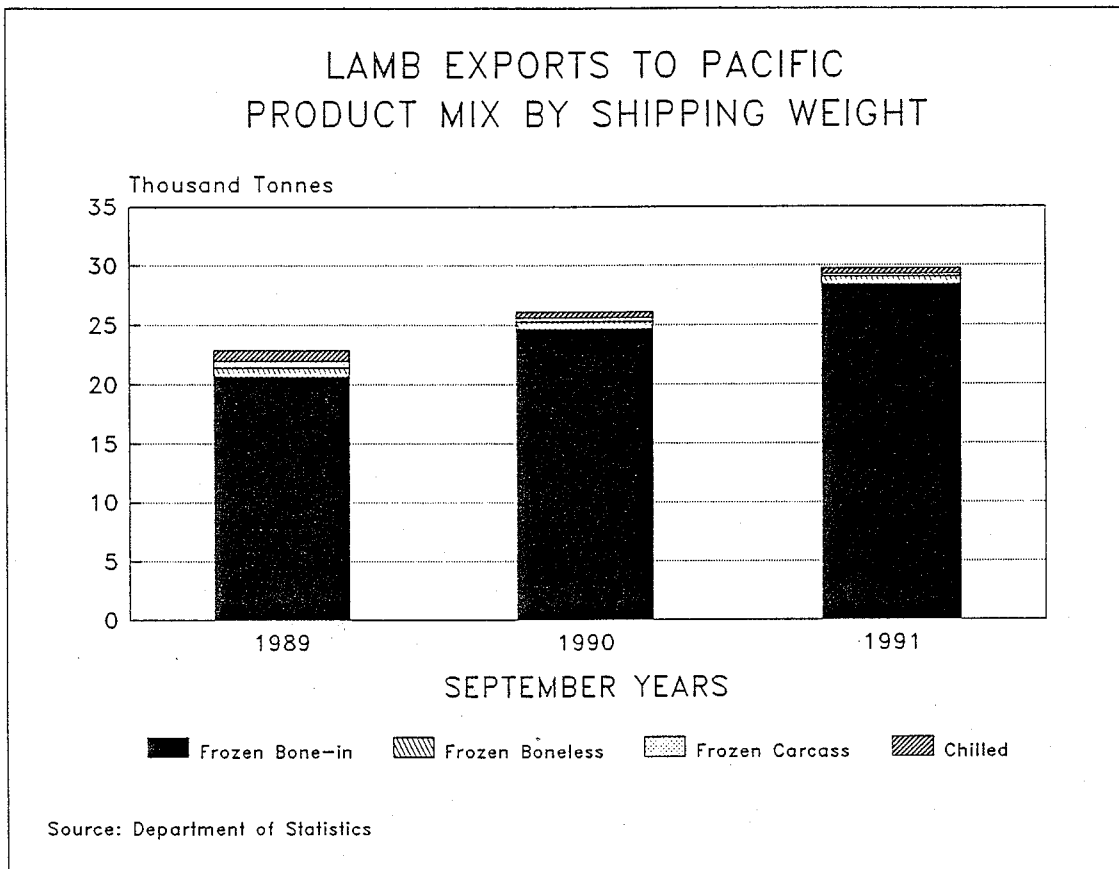


Figure 3.11

3.6.2 Papua New Guinea

**Table 3.24
Papua New Guinea Sheepmeat Imports
(Percent by Exporting Country)**

	1986	1987	1988	1989	1990
Australia	39.8	54.3	56.2	56.1	52.9
New Zealand	59.1	45.2	43.8	43.9	47.1
Other	1.1	0.5	0.0	0.0	0.0
	100.0	100.0	100.0	100.0	100.0

Source: USDA

Papua New Guinea has imported increasing amounts of sheepmeat over the last five years, rising from a total of about 18,600 tonnes in 1986 to about 27,200 tonnes in 1990 [ERS] data. New Zealand shares the trade with Australia and has regained market share over the past three years as Table 3.24 above shows. In 1991 Papua New Guinea was New Zealand's fifth largest market for lamb by volume but the seventeenth by value, emphasising the low value type of product sent to this market.

In 1991 about 14,300 tonnes or \$14.9 million of New Zealand lamb went to Papua New Guinea. Table 3.25 below shows how this total was made up.

Table 3.25
Export Lamb Products to Papua New Guinea 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	0.1	2.6	2.7
Bone-in	0.1	97.1	97.2
Carcasses	-	0.2	0.2
Total	0.2	99.9	100.0

Source: Department of Statistics

97.1% by volume of all lamb that went to Papua New Guinea in 1991 was frozen bone-in cuts with nearly all the balance being frozen boneless cuts. The amount of chilled product has declined from 2.5% by volume in 1989 to only 0.2% in 1991 as the local population has come to accept frozen meat products.

Prices received for product sent to Papua New Guinea in 1991 were in a very narrow range. The highest average price achieved was \$1.90 per kilogram for the small amount of fresh/chilled bone-in cuts. Frozen boneless averaged \$1.47 per kilogram while fresh/chilled boneless and frozen carcasses were almost the same at \$1.23 and \$1.22 per kilogram respectively. Frozen bone-in cuts, which constitute the main part of total lamb exports to Papua New Guinea averaged only \$1.02 per kilogram.

3.6.3 Fiji

Fijian sheepmeat imports declined between 1986 and 1988 but have been growing since then, reaching 8,200 tonnes in 1990 [ERS data]. New Zealand is the main exporter to Fiji, accounting for around 90 per cent of the trade, with Australia providing most of the balance.

Most of the Fijian population prefers lamb to other meats [NZMPB 1992] and in 1991 about 7,000 tonnes or \$10 million of New Zealand lamb went there. Table 3.26 below shows how this total was made up.

Table 3.26
Export Lamb Products to Fiji 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	0.0*	1.4	1.4
Bone-in	0.0*	98.2	98.2
Carcasses	0.0*	0.3	0.3
Total	0.1	99.9	100.0

* Less than 0.1%

Source: Department of Statistics

98.2% of all lamb sent to Fiji in 1991 was frozen bone-in cuts while a total of 0.1% or just over 2 tonnes was chilled. In general average prices were higher than for Papua New Guinea ranging from \$4.61 per kilogram for the very small amount of fresh/chilled boneless to \$1.39 per kilogram for frozen bone-in cuts. Fresh/chilled and frozen carcasses averaged \$2.80 and \$2.36 respectively while fresh/chilled bone-in cuts and frozen boneless cuts fetched \$1.83 and \$1.40 per kilogram respectively.

3.6.4 French Polynesia

French Polynesian sheepmeat imports, of which most is lamb, have grown slowly over the last five years from 900 tonnes in 1986 to 1,100 tonnes in 1990 [ERS data]. New Zealand is the main supplier although occasionally very small amounts are supplied by other countries.

As mentioned above, French Polynesia is the only Pacific country which imports significant amounts of chilled meat. In 1991, French Polynesia imported nearly 1,200 tonnes or \$4.5 million of lamb. Of this, nearly 330 tonnes was chilled product which represented nearly 28% of the total as Table 3.27 shows.

Table 3.27
Export Lamb Products to French Polynesia 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	2.6	6.4	9.0
Bone-in	16.9	55.7	72.6
Carcasses	8.2	10.3	18.5
Total	27.7	72.4	100.0

Source: Department of Statistics

French Polynesia is a high value market for some products and is the highest value market in the Pacific. Average prices for other Pacific countries over the total amount of product sent are only around \$1.00 per kilogram while for French Polynesia the overall average is around \$3.80 per kilogram.

The average price received for fresh/chilled boneless cuts was \$10.15 per kilogram in 1991 with fresh/chilled boneless cuts averaging \$6.21 per kilogram. Frozen bone-in cuts averaged \$3.16 per kilogram while fresh/chilled and frozen carcasses returned \$2.92 and \$2.68 per kilogram respectively.

The New Zealand Meat Board says "Industry sources are optimistic for continued growth [in this region], particularly as the tourism industry begins developing in Tahiti." [NZMPB 1992 p24].

3.6.5 Summary

The Pacific is becoming an increasingly important market for New Zealand lamb with nearly 30,000 tonnes going to the region in 1991 as shown in Table 3.23. Lamb exports to Papua New Guinea, Fiji and French Polynesia have been increasing steadily over the past few years and with improvements in the Papua New Guinean and Fijian economies and the continued development of tourism this trend is likely to continue. Although not a high value region in general, as the higher priced cuts go to the more sophisticated economies in Western Europe, the combined value of products sent to the region was around \$35 million in 1991, or about 3.5% of all export lamb earnings.

3.7 The Caribbean

3.7.1 Introduction

As a sheepmeat importing region the Caribbean has a number of similarities with the Pacific region. The countries are in general small and scattered, most only import small amounts of sheepmeat almost exclusively from New Zealand and the region is not in general a high value region. Even though imports of sheepmeat by countries in the Caribbean have been generally increasing over the past five years, however, unlike the Pacific the total amount of sheepmeat imported remains small. ERS data shows an increase from around 4,400 tonnes in 1986 to 6,900 tonnes in 1990. Total New Zealand sheepmeat exports to the region have increased from just over 6,300 tonnes in 1987 to 7,260 tonnes in 1991, due to increased lamb exports. Table 3.28 shows the changes that have taken place.

Table 3.28
New Zealand Sheepmeat Exports to the Caribbean
(Thousand Tonnes)

	1987	1988	1989	1990	1991
Lamb	5.1	5.5	5.2	5.5	6.0
Mutton	1.3	1.2	1.6	1.2	1.2
Total	6.4	6.7	6.8	6.7	7.2

Source: Department of Statistics

Most of the lamb sent to the Caribbean region is in the form of frozen bone-in cuts but the proportion of chilled increased markedly in 1991 - in 1989 1.3% of all New Zealand lamb exported there went as chilled meat, this declined to 1.0% in 1990 but the proportion rose to 2.1% in 1991.

3.7.2 French West Indies

French West Indian sheepmeat imports have grown over the last five years from 2,300 tonnes in 1986 to 3,700 tonnes in 1990 [ERS data]. New Zealand is the main supplier with France and/or Australia providing small amounts in some years. In 1991, the French West Indies imported nearly 2,550 tonnes or \$8.0 million of lamb which was much the same as 1990. Just about all of this was frozen product, about two-thirds being frozen bone-in cuts and just under one-third frozen carcasses. A very small amount [0.5 tonnes] of chilled bone-in cuts went there for the first time that year.

Table 3.29
Export Lamb Products to French West Indies 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	-	1.1	1.1
Bone-in	0.0*	68.1	68.1
Carcasses	-	30.8	30.8
Total	0.0*	100.0	100.0

* Less than 0.1%

Source: Department of Statistics

The French West Indies is generally a low value market although frozen boneless cuts attracted an average price of \$5.68 per kilogram in 1991. The average price received for frozen bone-in was \$3.36 per kilogram 1991, for frozen carcasses \$2.58 per kilogram and the small amount of fresh/chilled boneless cuts only \$1.13 per kilogram.

3.7.3 Barbados

Sheepmeat exports to Barbados have grown over the last five years from 2,000 tonnes in 1986 to 2,800 tonnes in 1990 [ERS data]. New Zealand is the main supplier with Australia providing the balance. In 1991, Barbados imported around 2,900 tonnes or \$4.2 million of lamb of which about 95% was frozen product as shown in Table 3.30 and all of which was either boneless or bone-in cuts.

Table 3.30
Export Lamb Products to Barbados 1991
(Percent by Shipping Weight)

	Fresh/Chilled	Frozen	Total
Boneless	-	0.5	0.5
Bone-in	5.3	94.2	99.5
Total	5.3	94.7	100.0

Source: Department of Statistics

Barbados is a low value market with frozen boneless cuts averaging \$3.27 per kilogram in 1991. The average prices received for fresh/chilled and frozen bone-in cuts were almost the same at \$1.77 and \$1.75 per kilogram.

3.7.4 Summary

Like the Pacific, the Caribbean is not a high value region except in a few instances and lamb exports to there represent only a small fraction of New Zealand's total - about 1.5% of total lamb export earnings in 1991. Most of the product is destined for the hotel and restaurant trade so further development of tourism is important for the continued growth of this market, particularly as the populations of the countries are small.

CHAPTER FOUR

TOP MARKETS FOR MUTTON

4.1 Introduction

As Blyth [1981] has mentioned, Japan was a major importer of mutton over the 1960's and 1970's, as was the USSR on a rather irregular basis and, as with lamb, the United Kingdom remained a significant, if declining, market. The following section looks at how this picture has changed over the 1980's and section 4.3 identifies emerging and growing markets for mutton.

4.2 Destination of New Zealand Mutton Exports

Table 4.1
Destination of New Zealand Mutton Exports, 1980 - 1991
(Thousand Tonnes)

	1980	1984	1989	1991
UK	3.7	15.0	13.2	15.0
EC [Excl UK]	0.5	4.4	8.0	8.5
USSR	61.9	2.6	29.0	6.3
Mexico	0.1	0.0	0.7	2.1
Caribbean	0.7	0.0	1.5	1.2
Middle East	7.9	2.8	4.1	16.3
North Asia	22.4	32.4	35.1	19.6
Pacific	0.9	4.1	1.6	0.9

Source: New Zealand Meat Producers Board

Table 4.1 above shows the changes that have taken place in the destinations for New Zealand mutton exports during the 1980's. The UK became more important over the decade, as did the remainder of the EC. Exports of mutton to the UK increased four-fold between 1980 and 1984 and this position was maintained at the end of 1991. The EC market also grew significantly over the 1980's with exports to the region almost doubling between 1984 and 1991. Germany and Greece together accounted for 82% of mutton exports to that region in 1991.

The North Asian market continued to develop until 1989 but sales subsequently declined so that exports to that region in 1991 were slightly below those of 1980. In 1980 the main purchasers in North Asia were Japan and South Korea who together took over 95% of the volume in that market.

The USSR continued to be an erratic purchaser while exports to the Middle East were somewhat variable. In 1980, Egypt took around 74% of the market with Oman, Saudi Arabia and Kuwait taking nearly all the remainder but by 1991, Iran was the major purchaser from that region accounting for about 93% of the Middle East mutton imports.

Exports of mutton to the Pacific region [essentially Papua New Guinea] grew strongly in the first half of the period, but had fallen back to their original level by the end of the period.

While Mexico and the Caribbean [essentially Jamaica] only take small volumes, exports of mutton to these regions, particularly Mexico, have also increased over the period.

As with lamb, New Zealand now exports mutton to fewer places: in 1984, 72,000 tonnes of mutton was shipped to a total of 60 different countries, while by 1991 just over 72,000 tonnes was sent to only 51 countries.

4.3 Growing Mutton Markets

As Table 4.2 below shows, of the markets that were growing strongly in the early part of the period, only Germany has maintained an average annual growth rate of more than 20%.

As we have seen, the USSR has tended to be an erratic importer of mutton, while 1985 was an atypical year for the Netherlands. In general the Netherlands imports between 700 and 1,100 tonnes annually but in 1985 about 3,500 tonnes went there. The Jamaican market took around 200 tonnes on average between 1984 and 1986, after which there was a significant increase in 1987 to 1,100 tonnes. In subsequent years volumes have fluctuated around this figure. While volumes to South Korea increased by 21% in the early part of the decade, volumes to the combined region of South Korea and Japan fell slightly. In 1991 the volume of mutton exports to these countries fell to 60% of the 1989 amount, although they maintained their combined position as number one importer of New Zealand mutton.

Table 4.2
Mutton Volumes - Average Annual Growth Rates

1984-86		1989-91	
GROWTH > 20%	%	GROWTH > 20%	%
Germany	23.3	Germany	38.2
Netherlands	162.9	Mexico	105.3
USSR	225.3	Iran	3686.3
Jamaica	75.0		
South Korea	21.8		

Mutton exports to Iran have been variable. A shipment of 9,000 tonnes was sent in 1988 but then, as with lamb, until the difficulties with the new veterinary protocol were resolved no sales were concluded. Eventually the sale of 15,000 tonnes of mutton was concluded in 1990 which was delivered from the 1991 season.

Mutton exports to Mexico have grown from 200 tonnes in 1988 to around 2,200 tonnes in 1990 and 1991, so that mutton exports do not fall far short of lamb exports in this newly developing market.

Mutton exports to the Caribbean grew steadily from 6,300 tonnes in 1987 to 7,260 tonnes in 1991.

4.4 Summary

Destinations for New Zealand's mutton exports have undergone some change in the 1990's but not to the same extent as those for lamb. In 1991 the top three markets by volume were Japan/South Korea, Iran and the UK. Germany and Mexico are newer markets that look promising for the future but much depends on relative prices of competing products. Mutton is a by-product of lamb and wool production and frequently is used as an ingredient in processed meat products. A number of products are readily substitutable for mutton and thus mutton demand is relatively price responsive. It is expected that liberalisation of the Japanese beef market will adversely affect the demand for mutton there [NZMPB 1992].

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