OBSERVATIONS ON THE PRESENT POSITION OF THE NEW ZEALAND GRASS EXPORT TRADE.

In these remarks-I propose to touch briefly on the present position in regard to grass and clover seed export generally and to comment on those factors which appear to me as influencing in no small degree the potentialities of the seed export trade of this Dominion.

It is difficult to estimate-the total value of the grass and clover seed produced in New Zealand; this figure has been variously placed at one half to one million pounds sterling, but normally would probably range from half to three-quarters of one million,

Of this production, seed to the value of £110,000 to £250, 000 is exported, the last stated figure constituting the peak during the past ten years, The average over this period is approximately £180,000, although with reduced quantities and values the total value for 1931 dropped to £155,000 and for 1932 to £109,000, the lowest value for ten years.

At present, therefore, the Dominion's seed export is by no means considerable and not to be compared in value or quantity with any of the major primary exports.

The present overseas trade may be divided into two main groups:

(a) Seed for which there is an established export market:

(b) Seed for which the market is unstable.

To these two can be added a third group (c), certified seed for which as yet a positive market is undeveloped.

Group (a) consists almost entirely of Chewings fescue and Brown-top, used for lawn and sporting turf establishment, and relatively of no great agricultural importance, The local demand is small, particularly for fescue, and their successful production is dependent on an export market which for years past has been assured. It is worthy of comment here that nearly one-half of the Dominion's total export is accounted for by Chewings fescue, and that if Browntop is excluded the total value of the export in strictly agricultural species of grass and clover seeds amounts to $50,000 to £60,000, that is group (b).

Group (b) consists of all the better-known and important grassland species, perennial ryegrass, cocksfoot, white and red clovers. As these species are grown primarily for grassland establishment and maintenance within the Dominion, the total production exceeds that of group (a), the domestic consumption accounting for the bulk of the seed produced, Apart from the ultimate uses to which the constituent species of groups (a) and (b) are put, there is a further distinction; in the first, the total production, if necessary, can be exported and, the second, only the surplus, if any, is available for export, Unfortunately the availability of a surplus is not the only factor governing its export; there are others, the chief of which of course is demand, and as both demand and the amount of surplus are by no means consistent it is not surprising that the amount of New Zealand's annual seed export fluctuates very considerably. It is unnecessary to state that a fluctuating or spasmodic market is a Very unhealthy one and one for which it is difficult to cater.

The tentatively established group (c) consists of regional strains of perennial ryegrass, cocksfoot and white clover, grown and marketed under an official certification scheme, and for which, as previously stated, an export market is as yet undeveloped, 'It is this fact which is causing so much concern in certain agricultural circles to-day and but for which this humble contribution would not be presented.

Apart from the economic aspect of the business, it is perhaps a little upsetting to our national pride to discover that the world at large appears not to be greatly concerned about those strains of grasses and clovers which we hold in such high regard and which we feel are of such merit as to be unaffected by such sordid matters as price and demand. Unfortunately this is far from fact, and today we are faced with the realisation that our present heavy stocks of perennial ryegrass are likely to remain where they are, or at least within the country. Cocksfoot and white clover need not cause so much concern, as export prospects appear brighter for those two species than for perennial ryegrass, a potential market for which is more distant,

It will be convenient here to refer to the purchasing countries and the nature of the purchases,

Group (a) is easily accounted for, the North American Continent and Great Britain absorbing most of the export. As it is a fact that by far the greater proportion of the export of the grassland species of grass and clover seed consists of uncertified seed, the following figures will refer almost entirely to group (b). In 1928 the U.S.A. purchased 180 tons of ryegrass, 15 tons in 1929, 3 tons in 1930, 50 tons in 1931, and 16 cwt. in 1932. In the same five years 4 cwt.. of cocksfoot has been shipped to North America, For clovers the American demand is small, although when crops are short Canada is a buyer of red clover, as, for instance, in 1930 when 60 tons were purchased. Great Britain is a buyer of cocksfoot and white and red clovers, but the demand is most unstable, as witness her purchases of red clover - 320 tons in 1927, 11 tons in 1928, 1 ton in 1929, 20 tons in 1930, and 50 tons in 1932. Incidentally the value of the total seed importation of Great Britain is approximately three-quarters of a million, of which New Zealand contributes only £20-30,000 worth - approximately half of this consisting of fescue and browntop. None of these countries are now buyers of perennial ryegrass, certified or uncertified, and for this trade we look to Australia. In 1932 Australia purchased 85 per cent, of the total export of grass and clover seed (fescue and brown-top excluded, which includes 505 tons of the total export of 513 tons of perennial ryegrass. How much of this was certified ryegrass cannot be ascertained, but one would say definitely not more than 20 per cent. In any case it. is significant that in 1932, apart from Australia., the total world purchase of New Zealand perennial ryegrass was 8 tons only. Admittedly prices were high, but for the past six months for this year, when prices were more reasonable, only 12 tons were sold outside of Australia, and there is every reason to believe that Australian purchases of certified seed did not exceed 10 per cent. of the total importation of New Zealand ryegrass.

In covering the three groups I have endeavoured to survey briefly the present position of the New Zealand export trade and its extent, and in so doing have possibly drawn rather a dismal picture, at all events for group (c) -New Zealand certified seed.

The fact that New Zealand does not enjoy a greater share of the world seed market, not only for certified seed but also for uncertified seed, has led to much conjecture on the part of growers and other interested persons. The question arises why is it that seed grown in New Zealand, generally admitted to be one of the finest seed-growing countries of the world of a very high standard of seed purity, and in the case of certified seed of valuable high production strains, is not in greater demand, and that New Zealand must wait, Micawber-like, for a crop shortage elsewhere so that the trade can be relieved of an available surplus? It can be explained, I think, by the fact that price and merchantable standards of purity and germination are still the governing factors and that purity of strains is not yet a factor. of any significance in the general demand. Allowing that quality is satisfactory and that the selling organisation is efficient, the question can be reduced to one of price, An example: for some weeks past there has been a fair demand fdr white clover from England - this has been filled with uncertified' seed, although certified seed of high purity is available, Buyers admit the possible superiority of the certified lines, but in buying for their own market buyers' ideas of values must be governed by market rates for the article which is in demand - in this case New Zealand white clover - certified or uncertified. Cheaper uncertified seed filled the requirement.

The' simple laws of supply and demand are known to everyone,' but the seed trade of New Zealand is more concerned. with the matter of price and demand. With fescue, as with most other commodities, price fluctuates with demand, and growers have to be satisfied with the ruling export market rates.

In thecaseof certified seed local prices are very much above the price ruling in other countries for ordinary commercial lines, so that, in the absence of demand there for specialised stocks, at the moment there appears to be no place on the market for certified seed, more particularly perennial ryegrass .

At the present time New Zealand is 'holding large stocks of certified ryegrass, yet the demand, suhh as it is, is for uncertified seed at half theprice of certified seed. That this is true is evidenced by the fact that during May and June of thisyear 68 tons of ryegrass were shipped from New Zealand, mainly to Australia, and of this quantity 8 tons consisted of certified seed, On theface of it, therefore, it would seem that if theprice of certified seed remains at approximately. the present. level or rises' higher that trade in 'this seed will always be very limited and that any demand will be for cheaper, though inferior', lines. But I am sure that, it is the opinidn of any certified seee grower that prices are at rockbottom, that is, in relation to production costs, although it would appear that, these costs could be reduced.

'The position as regards the export of certifiee seed, may nowbe examined in-'some detail,'

It may be asked why it is that seed-export has so recently become important to New Zealand and, as is frequently stated, so essential to agricultural prosperity. Up till now the New Zealand seee industry has been content to remain more or less the Cinderella of our agricultural industries . The answer lies in thefact that, having 'produced an article of special merit, we wish' to exploit it to the full, and to place the seed production of'grassland species among our established industries and to replace a spasmodic trade with a consistent and profitable export,

Just now the Pominion is considerably oversupplied- with certified perennial ryegrass, duenot only to lack of organisation in production, but also to thefnct that farmers, 'in the hope of supplementing a much depleted income and aided by an efficient official certification scheme, have produced far beyond domestic needs,

That difficulty will be experienced iri clearing present stocks isnot to be questioned as there appears to be little hope of an immediate' develbpment -of an export - the world unfortunately has not shared it? our enthusiasm for our special strains, It is, also very clear that until such time as there are visible' prospects of a market, many growers will go out' of the business, which Will have the effect of firming prices .

It seems imperative, therefore, that ifcertified seed production is to progress, production must be planned with theidea of co-ordinating to some degree total production with demand both domestic and export. We know that the local demand 'is always likely to be for considerably less than the total production, even of those districts particularly well suited to ryegrass seed production. Therefore if this industry is not only to be developed but actually to be prevented from deterioration, export is essential.

We have seen that price and overseas demand are the limiting factors, and therefore any hope of development would seem to lie in the reduction of the one and the stimulation of the other, more especially as affecting an establishment of a market in Great Britain. It is a fact that England and Scotland were looked upon more or less as assured markets for our special stocks, but with most disappointing results - 7 tons in three years. That our hopes lay in the direction of Great Britain more than any other country is no doubt due to the fact that England is a centre for the production and the use of specially selected high production strains and also to the fact that N. Z. grassland workers have been assisted and encouraged by British specialists in the selection and production of special N.Z. strains. It was only reasonable therefore to suppose that Great Britain would be the first to recognise and purchase these products. There has however been no great interest evinced in the merits of our stocks, and furthermore doubts have been expressed as to whether N.Z. strains are as valuable as their own for their own conditions. One is not attempting to state that this is a general opinion, but the fact remains that it does exist. In support of this statement and of the fact that the English demand is most limited, I should like to read the following extracts from correspondence received by a N.Z. exporting house, following attempts to place certified seed.

London: Jan.

Ryegrass - We do not think we shall require any this season. Trade in this country is in a very bad state - great variation in prices.

London: March. (Bank).

A very ready sale not anticipated for certified ryegrass or white clover - will endeavour to get buyers interested. At the moment the demand for seed is very poor.

London: March. (Bank broker).

While the quality of N.Z. seed is recognised it is doubtful whether more than a small quantity could be sold. At present the prospects are not very favourable for extending the sale of either of these N.Z. seeds (Certified ryegrass and white clover) in the British Isles or anywhere in the Continent of Europe.

London: March.

For general purposes the Irish seed or that grown in Scotland seems to satisfy the needs. Prices are very low: 17/6d. per cwt. for perennial ryegrass 27/28 lbs. N.Z. seed at 7/6d. per bushel = 42/- per cwt. and the special Hawke's Bay Mother seed at 11/7d. = 70/- per cwt.

London: March.

Ryegrass - Trade for this article is in a parlous state and the only thing which will sell is seed at the cheapest price. Therefore at the present time we think there is no chance of people (i.e. buyers) experimenting in new strains of seed at the higher prices and consequently we see no prospect of business.

Whitechurch, Eng. Feb.

We have taken up quantities of the new leafy bred strains of grasses that have been produced at Aberystwyth Plant Breeding Station and we are not likely to be future buyers of either the N.Z. cocksfoot or Hawke's Bay ryegrass. The new Aberystwyth ryegrasses surpass the Hawke's Bay and all other indigenous types that we have seen, Shropshire: March,

There has been a very greatly increased demand in this country for seed of indigenous plants of the most useful grasses, but Aberystwyth has already commenced distribution of seed and given a favourable harvest this autumn there will be a considerable amount of cocksfoot, timothy, perennial ryegrass, and various fescues grown from strains raised at the Welsh Plant Breeding Station. This is bound to have anenormous influence on imported seee because; of course,these bred strains are undoubtedly superior to any of the wild forms.

South Africa: March.

Continued depression - no demand - not disposed to import stocks.

Melbourne: April;

Purchased New Zealand uncertified at 3/3d. f.o.b. - price low - opinion that certified seed must come down in proportion,

Auckland: March,

In 1932 large quantity Hawke's Bay seee sold to Australia-, but this year not a single sack placed - prospects of business in near future anything but promising - later - no enquiry whatever.

Sydney: April.

Speaking generally we may say that the demand for certified ryegrnss is more or less' an experimental one at the present time. A few growers have tried it and are satisfied with the results. We have no doubt, but thatthe business will eventually develop.

London: May.

Reference certified ryegrass - do not see any chance of profit on these seeds and have no intention at the moment of handling same.

London: May,

We rarely import N.Z. perennial ryegrass. Should we find an enquiry for the article we will not fail to cable.

Melbourne: June.

There will not be any big enquiries for any lines of perennial ryegrass.

Sydney: June.

So far the demand for certified ryegrass has not been up to expectations and it has been an unprofitable line up to the present, No doubt, however,the demand will improve,

England: June. (Results of comparative trials).

Hawke's Bay ryegrass is little or no better than ordinary English in the amount ofleafage it produces in its third year so that really the value of Hawke's Bayseee can be compared only with Irish or commercial stock of perennial ryegrass. Had we received this information earlier it is highly probable that we should not have purchased anyMother seed at all this season.

Plants grown from Kentish indigenous produce three times the number of tillers that, were produced by the Hawke's Bay strain, Shropshire : June.

In earlier trials at the Welsh Plant Breeding Station the Hawke's Bay type appeared to be superior to many strains they had in test there, but on extended trial it proves: that this is not the case., Stocks of super-leafy 'ryegrass bred from selected indigenous plants are now being so extensively grown inthis country that we shall be very much surprised if there is any demand for the Hawke's Bay type in future years.

From these extracts it may be gathered:

that the purchasing power of the English farmer is everywhere much reduced :

that the general demand is forseed at the lowest possible price:

that apparently to the average purchaser purity or value of strain makes no special appeal,,

that specially selectee English stocks are being placed on the market and that in the event of the development of an export of our own stock it willnot be without serious competition,

One is forced to the conclusion also that local politics in Great Britain may have a retarding effect on our potential development of the English market,

No doubt other evidence can beproduced to show thatthe N.Z. regional strains are held in the highest esteem in England and Scotland, but these extracted remarks are not without significance, more particularly in view of the extension to agricultural products of the "Buy British" and "National mark" marketing campaign.

In clearing the way to opening up a seed trade with Great Britain two distinct lines of action must be considered:

One: a reduction in the costs of production inN.Z., and

Two: the laying down of strain trials in England and Scotland.

Costs of production must be reduced wherever, possible, so that the disparity between prices for N.Z. strains and those of ordinary commercial strains be less. significant than it is. Growers must be satisfied with the smallest margin of profit, which after all is more than is being received for the sale of some of the major agricultural products.

Seed should be grown only in those districts which are adaptable to economical and successful production, and if necessary produce for export alone.

A subsidy would assist materially but the suggestion would undoubtedly receive an unsympathetic hearing at the present time, It should be borne in mind that the buying habits of the British farming community can be changed more quickly through lower retail prices than by years of advertising propaganda. This of course is providing that the N.Z. strains are as successful as it is anticipated they should be.

Trials under various farming conditions should be instituted with a view to demonstrating the value of N.Z. regional strains in prospective purchasing countries. It is absolutely essential that potential farmer buyers be convinced that these strains of grasses and clovers are necessary to their farming prosperity and that although there might be a disparity (the smaller the better) between the prices for these strains and for ordinarystocks, the higher priced approved seed is of a relatively much higher value. To my mind this "convincing" business i-s the key to the situation,, but certainly the most difficult to carry out, A certain amount of associated propaganda should be attempted, but as -we do not know definitely just how our N.Z. strains will behave under British conditions propaganda would of necessity need to be tactful, Any attempt to rush the business before trials were successfully terminated might react unfavourably. Just how such trials are to be arranged and financed it is not my purpose to discuss; speakers who follow me will no doubt have something to say. In passing I would suggest that the County Agricultural Societies be not overlooked as co-operators.

The question of competition is a serious one and in this connection the wisdom of permitting the export of mother seed from N.Z. is to be doubted,

A fair proportion of the Australian purchases of certified seed hasconsisted of mother seed, with the result that now our once-grown produce is neeting competition with Australian once-grown seed, produced under certification schemes identical to 'that in operation in this country, Should the N.Z. strains be as successful in Great Britain as they have in N. Z. and Australia it will be only a very short time before they would be under production in Ireland to be marketed as certified stocks, at more than merely competitive prices. Therefore it is suggested that our mother stocks should be protected in the only way possible, by keeping them where they belong.

Now a few remarks as to selling organisztions, I have alreadyref erred to the present organisation as being efficient and I believe this to be true,notwithstanding the fact that the method of marketing seeds has come in for some criticism.. To my mind no direct comparison can be made between methods of marketing large quantities of standardised staple food stuffs and infinitely smaller quantities of seed of unstable and variable quality. Theseed business is a complicated one and best left in the hands of those educated by years of commercial experience and who are amenable to possible changes necessitated through the marketing of a specialised product,

Incidentally the suggestion that the New Zealand seed trade has made unduly high profits at the expense of the growers may be discounted., So far as I am aware the trade has done its utmost in attempting to place N. Z. certified seed overseas, and in so doing prices havebeen reduced almost to cost. The fact also that English retail prices for N.Z cocksfoot are relatively much higher than N.Z. prices does not indicate that fortunes are being made out of N.Z. seed. It is common knowledge that small and more or less stationary stocks must, be priced out of proportion to the value of bulk stocks, and that low retail prices are associated with the amount and rate of gross turnover,

So far as the overseas distributors are concerned, little can be expected or should be expected of them in pushing the sale of our seeds - they can help certainly , but not until a consumer demand is created. When that is done seed will move through the present marketing channels as fast as it can be produced to the limit of the demand.

There are no doubt potential markets other than Great Britain, In the North AmericanContinent, Canada is a possibility, but trade there seems likely to be confined to Ree clover nnd lawn grasses, In certain of the states of the American Union there should be possible openings for special strains of perennial ryegrass, cocksfoot and white clover, although trade devel opment there would undoubteely be fairly slow. At the moment prospects for a European trade do not appear to be very bright, but if' N.Z. strains are to be of any use on the Continent their adoption would follow easily on an established market in Great Britain. Australia has been the best customer for N.Z. certified seed, and our seed will be sold there for years to come, although probably in competition with Australian-grown stocks from N.Z. mother seed.

There'e are many other aspects of an export trade which have not been touched upon - seed-testing services, storage problem's, quality standards, quarantine regulations, etc,, but with stimulation of demand these factors will automatically adjust themselves.

In conclusion I would express the opinion that under existing trade conditions, if our certified grass and clover seed can be produced and marketed in England at a price competitive with that of Irish ryegrass, we have a remarkable chance of a very large export trade; but if production and freight charges do notpermit of this, then, until we can change buying conditions', it is purely waste of money and effort to exploit the British market.