AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

assumption each country was allowed a maximum basic export quota. In Australia's case this quota was 95 m. bushels.

It should be noted that since 1932-33 the exports of the four major exporters did not reach 500 m. bushels until 1943-44, except in 1939-40 when they amounted to 502 m. bushels. On the other hand, until the outbreak of war, Australia's exports were below 95 m. bushels in only two years since 1929-30. Under this proposed arrangement, Australia will therefore have a smaller share of wheat exports than she enjoyed in the thirties.

The Draft Convention contemplates stabilising wheat export prices and, in some degree, the quantities exported. If it is successful in doing this, not only wheat growers but the Australian economy in general should benefit from a somewhat more stable source of overseas income than has been the case in the past.

AUSTRALIAN AGRICULTURAL EXPORTS TO BRITAIN.

(A. Kingsland).

The Pre-War Position.

Since the early stages of development of Australia's overseas trade, the United Kingdom has been her best customer. Total exports to the United Kingdom averaged approximately £24,819,000 or 70% of exports to all countries in the five years 1887-1891. During the succeeding years, British imports from Australia followed a steep upward trend amounting to as much as approximately £80,784,000 in 1920. Since then the value of exports has fluctuated somewhat, the lowest level reached being £45,508,000 in 1923-24 and the highest £78,660,000 in 1937-38. Although the relative importance of the United Kingdom as a market for our goods has declined considerably since the 1887-91 period, over the last fifty years close to 50% of total exports have gone to that destination each year.

In spite of the development of secondary industries during recent years, Australia is still chiefly a primary producing country and her prosperity is largely dependent on the adequacy of overseas markets for the products of her agricultural and pastoral industries. Up to 90% of the wool, 85% of the dried fruit, 70% of the wheat and flour, 50% of the fresh apples, and more than 20% of the mutton, lamb, beef, bacon, ham and pork production were exported before the war. Of these exports, almost all the mutton, lamb, beef, pigmeat, sugar, eggs, butter and fresh fruit, and more than half the dried fruit and wheat went to the United Kingdom. Thus, as a market for Australian primary production, Britain is of considerable importance. In fact, by far the greater part of our exports to that country consists of agricultural and pastoral products. In 1938-39, the value of the latter totalled approximately £66,725,000 or 88%

of total exports from Australia to the United Kingdom. Statistics for the most important agricultural and pastoral exports during that year give some idea of their relative importance.

Exports to the United Kingdom of the Main Agricultural and Pastoral Products. 1938-39.

Commodity	Value £	Volume lb.
Wool	18,513,175	369,855,425
Butter	12,127,260	217,051,464
Mutton and lamb	4,682,819	181,055,921
Wheat	4,443,613	1,934,077,000
Beef, frozen and chilled	3,901,691	236,922,552
Sugar	3,685,761	782,994,000
Fruit, dried	2,045,646	117,789,385
Fruit, fresh	1,400,618	202,397,000
Fruit, in liquid	1,041,385	69,305,720
Cheese	1,019,681	34,799,081
Wine	896,699	
Hides and skins	815,318	
Flour	705,518	237,915,100
Eggs	654,980	(* 10,069,570 (649,464

* dozen.

War-time Position.

It was becoming evident, however, that if Australian agriculture were to expand, other markets would have to be sought, as there seemed little scope for larger markets in Britain. The war temporarily set aside this problem, as markets for primary products, both at home and overseas, were not difficult to find. Contracts between the British and Australian Governments were arranged covering wool, meat, eggs, canned fruit, dried fruit, butter and cheese. Arrangements were also made to take the whole of the wool clip for the duration of the war and one full wool season after. Fixed quantities of meat were contracted for during the first few years of war, but later the British Government agreed to take all exportable surpluses. From 1941 onward, refrigeration space was not available for eggs in shell so that egg exports were in the form of egg powder. Yearly contracts were arranged for butter, cheese and dried fruits, while canned fruit was exported until 1941 but subsequently the requirements of the Services in Australia and the Pacific Area took most of this product.

In 1944, long-term contracts for the purchase of meat and dairy products were entered into by the Governments of Britain and Australia. The contracts cover a period of four years from 1st October, 1944. Similar arrangements have been made as regards eggs except that no commitments have been entered into after 1946-47.

During the war, however, both volume and value of exports to the United Kingdom declined considerably, due mainly to shortage of shipping space, shortage of manpower and materials on the farms, abnormally low production as a result of drought conditions and diversion of considerable quantities of food to the forces serving in the Pacific. A comparison of the average annual volume of pre-war exports with war-time exports of the main agricultural and pastoral products gives an indication of the changes which have occurred.

Exports of the Main Agricultural Products to the United Kingdom.
(Expressed as percentage of 1934-39 average).

Commodity	Av. 1934-39	1939-40	1940-41	1941-42	1943-44
Wool	100	185	58	69	69
Butter	100	129	92	53	49
Wheat	100	63	52	15	1
Mutton and lamb	100	128	123	88	105
Beef	100	110	65	35	n.s.
Sugar	100	104	54	22	nil
Fruit, dried	100	74	107	97	125
Fruit, fresh	100	41	2	nil	nil
Flour	100	123	52	7	nil
Eggs in shell	100	74	125	49	nil
Eggs not in shell	100	n.s.	217	1202	745
Cheese	100	189	105	72	39

(n.s. - not significant).

A Review of Agricultural Policy in the United Kingdom.

The tendency for more and more barriers to be placed against agricultural imports into the United Kingdom before the war supported the feeling that there was little room for expansion in that market for our products. Thus, agricultural policy in the United Kingdom may greatly influence trade relations between the two countries.

After the 1914-18 war, a policy of non-intervention was followed by the British Government. Competition on world markets kept prices low, crop production was discouraged and much arable land reverted to pasture. It was not until 1931 that the Government intervened and as a result of the "Abnormal Importation Act", the free trade policy was reversed for essential foodstuffs and a series of protectionist programmes ensued. In the following year at the Ottawa Conference, it was decided to give the Dominions preference over other countries. The main Australian products to which preferential rates applied were meat, sugar, butter, apples,

canned fruit, wine, rice, cheese and raisins. Subsidies or other direct price-supporting measures were applied to domestic production of wheat and other grains, livestock products, sugar and hops, while restrictions were placed on importation of meat and potatoes.

War-time conditions necessitated a change in the entire system. The British Ministry of Food and Ministry of Supply took complete control of the purchase and sale of primary products. Contracts for purchase of foodstuffs were arranged between the Government of the United Kingdom and other countries. At the same time British agriculture received every encouragement. The Government bought the total production of food and other essential crops at prices which allowed profit even for farms of low efficiency. Although livestock products were assured a market at fixed prices, British policy sought to divert production from meats to food crops as much as possible. A "plough-up" campaign was vigorously pursued so that crop land was increased by more than 65% during the war. Moreover, mechanisation of agriculture, a direct result of the war, revolutionised agricultural technique and increased efficiency of production.

Implication for Australia.

Thus we find British agriculture in a very different and much stronger position under present conditions, than the one it held before the war. Will this change have any effect on Britain's needs for Australian agricultural and pastoral products now that war-time conditions no longer prevail? The answer to this question is dependent on many factors, one of which will be Britain's post-war agricultural policy. In 1943, a four-year plan for agriculture to cover the "transition period was announced. Prices and markets for crops are to be guaranteed up to 1947-48. Prices for all milk, fat cattle, sheep and lambs are to be guaranteed at war-time levels up to 1948. During the four years of "transition", it is hoped that British agriculture will alter to meet the changing requirements of a nation moving from conditions of war to those of peace. The Minister of Agriculture has emphasised the need for agriculture to concentrate on those products which it is best suited to produce. If this recommendation be followed, we can expect the emphasis to be on the production of vegetables, meats, eggs and dairy products. Such a policy would be consistent with international aims for both higher nutritional standards and increased international trade. Under these conditions, markets for most of our products would probably remain much the same as before the war, although a reduction in imports to Great Britain of butter, eggs and possibly beef and mutton may be likely.

There is, however, some doubt as to how far these aims will be carried out, as the case for protection of British agriculture has some strong supporters who believe that Government intervention in the way of price-supporting programmes, tariffs and import restrictions is necessary to maintain the prosperity of British agriculture.

The effect of these policies on Australia's trade with Britain can be only conjectured. Long-term contracts with the United Kingdom and the world-wide need for food and clothing assure markets for our products for several years at least. What will happen after the "transition" period depends mainly on whether British agriculture will follow a policy of protection or international trade, whether Empire Preference will remain, and whether Australia can find new markets abroad.