

PERIOD OF CONTRACT

At our talk on the 5th July I agreed to concede Mr. Nash's request for an extension of the Meat Contract for two further years to 30th September, 1950, and I assume that you would want these two years to be governed by the terms of the existing agreement subject to annual review as at present. This extension puts meat on all fours with Dairy Products but, as was pointed out in the talks between our officers, it is not yet clear that the shortage of meat will last so long as that for Dairy Products.

QUANTITIES TO BE SUPPLIED TO OTHER MARKETS

I understand you ask only for some latitude within the I.E.F.C. procedure and I hope that my officers, who are trying to work out some scheme, will be able to reach a solution that will be satisfactory to you and to us.

RESUMPTION OF SHIPMENTS OF BONE-IN BEEF, CHILLED BEEF AND CESSATION OF TELESCOPING MUTTON AND LAMB

We are as anxious to receive, as you are to send, meat in the more attractive forms that were usual in peacetime and you may rely on our utmost co-operation. We have explained that it is entirely a matter of the amount of freight available. In our present position any relief in this direction would be at the expense of such other products as apples. You have already been advised about the prospects for telescoping sheep and lambs next season and, as and when the freight position improves, we will consult with you as to the best method of reverting to more normal practice.

QUANTITIES OF PIG MEAT

We are prepared to take your exportable surplus of pig meat during the last two years of the current contract—i.e., up to 30th September, 1948. We do not, however, feel able to commit ourselves beyond that at present but in respect of each of the following two years we shall be prepared to fix the quantities twelve months ahead.

CANNED MEATS

You will appreciate our desire to taper off the production of these goods from the high wartime levels to more normal levels; I agree that prices and quantities for the forthcoming and succeeding years shall be discussed departmentally each year with a view to providing for the reasonable maintenance of this adjunct to your meat industry.

PAYMENTS FOR MEATS HELD IN STORE FOR EXCESS PERIODS

We are prepared to agree that the existing arrangements continue during the third year of the contract; either party has the right to raise the question again if there is any review next year.

GENERAL

If there are any minor modifications necessary in the Heads of Agreement these can, I suggest, be settled departmentally.

Letter from High Commissioner for New Zealand (dated 23rd July, 1946) to United Kingdom Minister of Food :—

July, 1946.

MY DEAR MINISTER,—

LONG-TERM CONTRACT FOR THE PURCHASE OF NEW ZEALAND MEAT

Thank you for your letter of the 19th July summarizing agreement between us relating to prices to be paid to us for New Zealand meat exported to you from the production season 1st October, 1946, to 30th September, 1947, and to the extension of the contract subject to right of either party to an annual review of prices and conditions—to the end of the 1949-1950 production season.

There is one point in your communication that I think requires elucidation. On page two the second paragraph reads :—

"We note that in your submission you mention 'a moderate addition to the costs shown in the survey is taken into account' to assist in the replacement, at higher than pre-war costs, of fertility reserves that have been run down during the war. In the discussion between officials we pointed out that your published accounts showed that certain monies out of the prices we were paying were being retained by the New Zealand Government for the benefit of the industry and we suggested that this was inconsistent with the present claim that higher prices were required to meet increased costs. Mr. Ashwin explained that these monies were being held for payment to farmers at a later date so that they could undertake essential renewals without inflating prices. It seems to us that we should reserve the right to reconsider this particular aspect of the matter at any future price review."

The precise purpose of the New Zealand Meat Stabilization Account is clearly stated in a letter dated 20th November, 1944, from the Prime Minister of New Zealand to the Chairman of the New Zealand Meat Producers' Board, the appropriate quotation being :—

"It is considered desirable that both the Meat Pool Account and the Meat Industry Stabilization Account should remain within the Meat Industry Account as at present, but the whole of the proceeds from the recent increase in the prices of meat to be paid by the U.K. Government will be credited