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New Zealand

Livestock and Products

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Report Highlights:
New Zealand's total cattle slaughter is forecast to increase 7 percent to 730,000 tons in 2007. Post forecasts increased slaughter across all cattle classes due to a number of factors. Beef exports are forecast to increase 8 percent to 620,000 tons. New Zealand farmers continue to benefit from strong prices in their main markets of Asia and the United States, although this is offset to some extent by the continued strength of New Zealand's dollar.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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SECTION I. SITUATION AND OUTLOOK

BEEF AND VEAL PRODUCTION AND STOCK NUMBERS

2007 Revised Estimate: Post Forecasts Beef Production to Increase Seven Percent

New Zealand's total cattle slaughter is forecast to increase 7 percent to 730,000 tons[1] in 2007. Beef exports are forecast to increase 8 percent to 620,000 tons. This is an increase on post's earlier forecast (see NZ6013) and includes a revision of the 2006 figures following the availability of updated trade data. The forecast increase in adult cattle slaughter is the result of strong beef prices in recent years, which increased retentions of dairy and beef calves in 2004 and 2005 for beef production. The cow kill is forecast to increase as older cows are culled out of the dairy herd. Many of these cows were held back during the past couple of seasons to build herds, as many heifers (especially dairy) were exported to China and Mexico, while simultaneously New Zealand's dairy industry continued to expand. Live heifer exports declined sharply during 2006, but the dairy industry continues to grow, although at a slower rate. These factors all contribute to a forecast 3 percent increase in calf slaughter during 2007 – lower retentions for dairy (herd building and export), offset by strong retentions for beef production.

Continued strong returns to New Zealand farmers are due to a couple of main factors. The industry continues to benefit from the disrupted supply of North American beef to Asia, retaining the market share gained following the detection of Bovine Spongiform Encephalopathy (BSE) in the United States and Canada. In addition, New Zealand farmers are benefiting from continued strong prices in the U.S. market, which accounted for 45 percent of New Zealand's beef exports by value in 2005. The strong prices received in international markets are offset by the ongoing strength of New Zealand's dollar.

POLICY AND MARKETING

Trade Between New Zealand and the United States

As a result of concerns over BSE, the New Zealand Food Safety Authority (NZFSA) continues to require case-by-case assessment of U.S. bovine products before importation. NZFSA has completed an assessment of the U.S. BSE regime and has indicated that it will lift that restriction once both sides agree on certification language that must accompany meat imports. Discussions are currently underway on the revised certification language.

Ongoing Development of a New Zealand Animal Identification System

The New Zealand national animal identification and traceability scheme is still being developed (see NZ6003 and NZ5012). Consultations on how the system will be structured will begin in early- to mid-2007. Initially it will include cattle, both beef and dairy, and deer. It will later be expanded to other animals.

Food Miles Campaign

According to the New Zealand government and media, the concept of 'food miles' is gaining strength in Europe. A study by a New Zealand University (Lincoln University) has found the

[1] All tonnages are in carcass weight equivalents

arguments made by food miles proponents to be misleading. The proponents of food miles argue that European consumers should not purchase food products from countries such as New Zealand because of the energy and carbon dioxide emissions associated with transporting foods over a large distance. These proponents state that consumers should instead purchase locally grown produce.

In contrast, Lincoln University found that the energy used in producing and transporting a New Zealand food product is, in most cases, less than that of its UK counterpart, by the time it reaches point of sale in the UK. The study assessed the energy used in producing and transporting onions, apples, lamb and dairy products to the UK. In the case of lamb, the energy used by the time New Zealand lamb reaches the point of sale in the UK is a quarter of that of UK lamb.

The researchers claim that the food miles concept is too simplistic to assess environmental impact, as it does not take into account the total energy used in producing and transporting food products. The New Zealand Government has moved rapidly to refute some claims made by proponents of food miles, expressing concern that environmental barriers, such as food miles, may be used as non-tariff barriers against New Zealand imports in some countries in the future. Many analysts state that campaigns such as food miles further emphasize the need for New Zealand to be able to show that its farming practices are environmentally friendly and sustainable.

Data included in this report is not official USDA data. Official USDA data is available at http://www.fas.usda.gov/psd.

SECTION II. PS&D TABLES AND TRADE TABLES

PS&D TABLES

New Zealand Animal Numbers, Cattle										
										(1000 HEAD)(PERCENT)
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Total Cattle Beg. Stks	9415	9415	9415	9435	9435	9465	9615	9615	9615	(1000 HEAD)
Dairy Cows Beg. Stocks	4005	4005	4005	4100	4100	4100	4130	4130	4140	(1000 HEAD)
Beef Cows Beg. Stocks	1220	1220	1220	1240	1240	1260	1220	1220	1270	(1000 HEAD)
Production (Calf Crop)	4460	4460	4460	4470	4470	4470	4480	4480	4480	(1000 HEAD)
Intra-EU Imports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Other Imports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Total Imports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Total Supply	13875	13875	13875	13905	13905	13935	14095	14095	14095	(1000 HEAD)
Intra EU Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Other Exports	50	50	50	40	40	40	40	40	30	(1000 HEAD)
Total Exports	50	50	50	40	40	40	40	40	30	(1000 HEAD)
Cow Slaughter	800	800	800	680	680	730	750	750	800	(1000 HEAD)
Calf Slaughter	1550	1550	1500	1500	1500	1500	1500	1500	1550	(1000 HEAD)
Other Slaughter	1610	1610	1630	1630	1630	1610	1750	1750	1750	(1000 HEAD)
Total Slaughter	3960	3960	3930	3810	3810	3840	4000	4000	4100	(1000 HEAD)
Loss	430	430	430	440	440	440	440	440	440	(1000 HEAD)
Ending Inventories	9435	9435	9465	9615	9615	9615	9615	9615	9525	(1000 HEAD)
Total Distribution	13875	13875	13875	13905	13905	13935	14095	14095	14095	(1000 HEAD)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Balance	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Inventory Balance	20	20	50	180	180	150	0	0	-90	(1000 HEAD)
Inventory Change	-1	0	-1	0	0	1	2	2	2	(PERCENT)
Cow Change	1	0	1	2	2	3	0	0	1	(PERCENT)
Production Change	0	0	0	0	0	0	0	0	0	(PERCENT)
Production to Cows	85	85	85	84	84	83	84	84	83	(PERCENT)
Trade Balance	50	50	50	40	40	40	40	40	30	(1000 HEAD)
Slaughter to Inventory	42	42	42	40	40	41	42	42	43	(PERCENT)

Source: Statistics New Zealand, Meat and Wool New Zealand, Ministry of Agriculture and Forestry, FAS/Wellington estimates.

Data included in this report is not official USDA data. Official USDA data is available at http://www.fas.usda.gov/psd.

PS&Ds in carcass weight equivalents (CWE)

New Zealand Meat, Beef and Veal										
	(1000 HEAD)(1000 MT CWE)(PERCENT)									
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Slaughter (Reference)	3960	3960	3980	3810	3810	3890	4000	4000	4050	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Production	705	699	705	650	650	685	690	690	730	(1000 MT CWE)
Intra-EU Imports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	10	10	10	10	10	10	10	10	10	(1000 MT CWE)
Total Imports	10	10	10	10	10	10	10	10	10	(1000 MT CWE)
Total Supply	715	709	715	660	660	695	700	700	740	(1000 MT CWE)
Intra EU Exports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	589	589	589	540	540	575	570	580	620	(1000 MT CWE)
Total Exports	589	589	589	540	540	575	570	580	620	(1000 MT CWE)
Human Dom. Consumption	126	120	126	120	120	120	130	120	120	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Dom. Consumption	126	120	126	120	120	120	130	120	120	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Distribution	715	709	715	660	660	695	700	700	740	(1000 MT CWE)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
CY. Exp. to U.S.	295	295	295	280	280	280	295	295	295	(1000 MT CWE)
Balance	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Inventory Balance	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Weights	178	177	177	171	171	176	173	173	180	(1000 MT CWE)
Production Change	-2	-2	-2	-5	-7	-3	6	6	7	(PERCENT)
Import Change	-17	-17	-17	0	0	0	0	0	0	(PERCENT)
Export Change	-3	-3	-3	-6	-8	-2	6	7	8	(PERCENT)
Trade Balance	579	579	579	530	530	565	560	570	610	(1000 MT CWE)
Consumption Change	0	0	0	0	0	-5	8	0	0	(PERCENT)

Source: Statistics New Zealand, Meat and Wool New Zealand, Ministry of Agriculture and Forestry, FAS/Wellington estimates.