

HIDES AND SKINS (INCLUDING PELTS).

Summary of Negotiations for Purchase and Sale of New Zealand Hides and Skins (including Pelts).

The United Kingdom Government's first reply (6th October, 1939) to New Zealand's inquiry whether these, and other related products, would be purchased in bulk was that they would probably take the whole surplus beyond the supplies that regularly go to Canada; in pelts the United Kingdom requirements were estimated to be substantially more than the ordinary consumption of about two million skins.

On 12th October the United Kingdom Ministry of Supply advised the New Zealand Government that they wished to arrange for the United Kingdom Leather Control Authority to submit an offer for New Zealand's exportable surplus of hides and calf-skins, exclusive of supplies required for Canada. In the first instance, as an interim arrangement, the offer was to cover shipments in the ensuing three or six months. On this basis the New Zealand Government was asked to estimate quantities. Prices were still to be agreed and also procedure, and, indeed, the whole basis of handling in the United Kingdom.

In October an "Imported Hide Pool" was established by the United Kingdom Government, but correspondence created some doubt as to whether the Pool would proceed by bulk-purchase or would simply co-ordinate commercial transactions. Subsequently, on 10th November, the Ministry of Supply appeared to leave no doubt that the former procedure was still favoured. They advised that the "Imported Hide Pool," although it operates commercially, was formed under the authority of the Leather Control and would work in close relation with this "Control." They added that "there is great anxiety here to buy New Zealand hides, and the Pool wishes to make an offer for the (New Zealand) surplus"; and asked to know the quantities available "for the period of the first deal—e.g., three or six months."

The necessary information was cabled on the 20th November, 1939, and read as follows:—

"Hides. Reference your cable 15th November (stop) Customary New Zealand export classifications and weight ranges are as follows:—

"Freezer Standards Yearlings and Kips 8/16 lbs 17/30 lbs

Ox 40/49 lbs, 50 lbs and up (stop)

Cows & Bulls straight run of weights (stop)

"Abattoir Standards are same as Freezer classifications with elimination of bulls (stop)

"Country Standards Yearlings and kips 8/16 lbs 17/30 lbs in first, second and third grades (stop)

Cow and bull all weights and same grades (stop)

Ox 50 lbs up first second and third grades (stop)

"Estimate this season's exportable surplus hides yearlings and kips at 530,000 comprising approximately—

"250,000 freezer standard cows

"120,000 freezer standard ox

"40,000 freezer standard bulls

"20,000 abattoir standard ox

"40,000 abattoir standard cows

"25,000 country standard cows all qualities

"35,000 yearlings all qualities and weights (stop)

"Our normal exportation to Canada, United States and Australia over recent years vary from 50% to 60% of total exports balance to Europe and Japan (stop)

"Stocks at present held small and mainly required for domestic consumption (stop)

Production at this period of year normally small but anticipate will increase sufficiently from December onwards to provide surplus for export although main supplies will not be available until beef killing season during February to July (stop) Please ascertain requirements United Kingdom tanners for shipment January July indicating classifications required and sterling prices offered F.O.B. New Zealand (stop)"

In contrast with the foregoing—and in reference to this contrast, the fact that the United Kingdom wartime controls, on their vast and complete scale, were still in process of initiation should fairly be borne in mind—it transpired that neither the Ministry of Supply nor the Imported Hides Pool were in fact anxious to proceed to bulk-purchase arrangements. The Pool regretted (11th December, 1939) that they were not in a position at that time to contract forward for supplies. They preferred merely to act as intermediary between sellers and tanners; and until the latter could be induced to reconsider concerted methods of purchase, they wished to receive offers of hides and skins, for which world prices would be payable.

On the 18th January, 1940, the New Zealand Government, in view of the difficulties which had arisen regarding the internal marketing procedure for hides, made a further offer to secure a definite indication from the United Kingdom Government as to whether the Ministry of Supply contemplated entering into any further purchase agreement. However, advice was received which stated definitely that the United Kingdom Government still adhered to the view that the bulk purchase of New Zealand hides was not a practical issue. In view of this final advice, the New Zealand Government then proceeded to make all necessary arrangements for the supply of hides to local tanners at stabilized prices, and to enable the export of the balance to all regular overseas markets to continue.

Discussions with Hides Industry.

On the outbreak of war, the export of hides had not only been prohibited, but also the internal sale was restricted in accordance with the provisions of the Price Emergency Regulations, which prohibited such sales being made at prices in excess of those ruling as at the 1st September, 1939. This meant that local tanners could not secure their supply of hides for manufacture into leather on