

BRITISH BUTTER MARKET SITUATION

(Statement by the Acting Prime Minister and Minister for Trade, Mr. J. McEwen)

The Acting Prime Minister and Minister for Trade, Mr. J. McEwen, commented today on the British Government's announcement of the immediate action it was taking to increase supplies of butter in the British market over the next few months.

Mr. McEwen recalled that imports of butter into Britain were regulated under a quota system which was designed to ensure that butter was sold in Britain at reasonable prices and that the unduly depressed prices which producers in exporting countries had suffered from time to time would be avoided.

Mr. McEwen said that as a result of the introduction of quotas the price of Australian butter ex store London had been steady at about 314/- stg. per cwt. for some time. This price was, of course, very much more satisfactory than the level of 247/- stg. per cwt. which applied before the operation of the quota system. The increase is worth more than £5 million by way of extra returns to the Australian dairy industry for a full year's exports.

Mr. McEwen said that over recent weeks the butter supply position in Britain had tightened and this had been reflected in quite significant price increases. The price of Australian and New Zealand butter had increased last week by 20/- stg. per cwt. and quotations for European butter had risen even more steeply.

It appeared, the Minister said, that this development in the market arose principally from the adverse affect upon European butter production of the severe conditions of last winter and the lateness of the spring. The British import trade was apparently working on the basis that some European butter exporting countries would be unable to supply their full quotas into the British market.

Mr. McEwen said it was difficult to forecast whether the current tight supply situation would continue. Much would, of course, depend upon the extent to which production in European exporting countries, throughout the full quota year running through to next March, had been influenced by the climatic conditions. The British Government had taken the view, however, that supplies within existing quotas would continue to be very tight over the next month or two. It had accordingly arranged that Ireland would ship up to 5,000 tons of butter over and above its quota, provided this amount was available for import into the U.K. before the end of August.

Mr. McEwen said that the British Government had indicated a few days ago its intention of permitting the importation of this Irish butter over and above the Irish quota. He had made known to the British Government that whilst the Australian Dairy Produce Board naturally regulated its shipments to the U.K. on a basis compatible with its marketing opportunities within its annual quota, additional supplies of Australian butter could be made available speedily. He had also made clear the Australian Government's view that in a situation where additional supplies over and above quotas were required, such additional requirements should be allocated on an equitable basis among those quota holding countries in a position to supply. He had, therefore, sought consultations to review the current and prospective situation in the British market and the sources from which additional supplies should be obtained if the circumstances warrant it. It was expected that consultations between British and Australian authorities towards this end would take place within the next few days.

Canberra,
Sunday, 16th June, 1963.

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