

EXPORT OF HONEY.

QUESTION OF MARKETING.

REPORT FROM HIGH COMMISSIONER'S OFFICE.

An interesting report on the question of the marketing of honey in the United Kingdom has been received by the managing director of the New Zealand Co-operative Honey Producers' Association, Ltd. (Mr John Rentoul) from the office of the High Commissioner in London. The report, which is dated November 28, 1930, is as follows:—

The export of honey from New Zealand commenced a year or two before the war, and it usually came forward on consignment to brokers and merchant houses, chiefly in London and Liverpool. In the early days New Zealand honey had a fight to establish itself in competition with Californian, Jamaican and other honeys, and except in a few instances it is doubtful whether it has ever reached the public as the produce of New Zealand. Certain merchants, too, at one time or another, made trial importations, but it was understood in some instances they experienced considerable difficulty and incurred a good deal of expense in seeking outlets among retailers.

Most of the old records had been destroyed, but to the best of the investigating officer's recollection, the New Zealand Beekeepers' Federation was the first seriously to endeavour to exploit the export trade, and they marketed through one channel—the Bristol and Dominions Producers' Association. The latter supplied direct both to wholesalers and retailers, and when it went out of existence the agency was placed in the hands of Messrs A. J. Mills and Co.; by this time the New Zealand Honey Producers' Association had been formed out of the old federation, and it gradually secured the bulk of the export, though for some years there were fair quantities shipped outside the association, and consequently difficulties in establishing the market. When the Bristol Association failed, for instance, a good deal of the honey fell into the hands of private packers in England, and as some of it was not of very satisfactory quality, it was not a good advertisement for New Zealand. The "Imperial Bee" brand of the N.Z.H.P.A. was beginning to make its way, however, though difficulties were experienced in regard to the disposal of darker honeys unsuitable for blending. These would be bought by private packers and a good

deal of trouble was taken with a view to preventing the reputation of the "Imperial Bee" brand from suffering.

During the war, when all freight was requisitioned by the Government for essential food and war supplies, it was impossible to ship honey, and the association took over the honey from the producers and made prompt advances against it. After the war, and during the subsequent slump, the association devoted its attention once again to establishing a market in the United Kingdom, and undoubtedly was the means of saving the honey industry in the Dominion. The

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honey industry in the Dominion. The cost of doing this was considerable, and as the capital of the association was only small, it was practically compelled to pledge its credit in order to carry on with the advances and with the work of marketing in the Old Country.

Finance was expensive, however, and the association's carrying charges, storage, etc., must have been heavy, and in consequence shippers through the association had to pay proportionately heavy costs. When the shipping situation eased again, therefore, outside shippers found that they could export more cheaply than the association, with the gradual improvement of the reputation and price of the New Zealand article this no doubt proved an irresistible attraction in some instances. While these shippers were perfectly willing to take advantage of the facilities offered by the association during the difficult times referred to (their only means of salvation during that period), they were quite content to go outside the association after the strain was over; but in so doing, it is submitted, they were not shouldering their proportion of the financial burden undertaken by the association in helping the whole industry through the crisis. They were leaving the association's supporters to bear the whole burden, but they reaped the advantage of the improvement in prices brought about by the association's efforts. The general run of producers stuck to the association, however, and at a later date its valuable work was recognised by the Government making it a grant for advertising, on the condition that the association should itself spend a similar sum.

Up to 1921 New Zealand was not able to obtain a price equal—grade for grade—to Californian honey on the Home market, though considerable quantities went to the United States from New Zealand. The imposition of a duty by the Government of the United States of America in 1921, however, put an end to that trade, rendering it still more necessary for the export market in the United Kingdom to be developed to the fullest extent. The association continued its good work, and by 1924 it represented from 90 to 95 per cent. of all the honey producers of the Dominion. The association was not clear of its debts, but its "Imperial Bee" brand was becoming well known on the United Kingdom market. On the file in the High Commissioner's Office was a market report of January 28, 1924, in which the following quotations were given:—

New Zealand ..	42/6 to 85/-
Californian ..	50/- to 75/-
Jamaican	42/- to 65/-
Cuban	42/- to 60/-

This showed that the New Zealand product was making headway, and the advantage was shared by all shippers alike—both supporters and non-supporters of the association.

Experiences like those already referred to no doubt caused the producers seriously to think, and it was becoming evident that in fairness to all concerned it was absolutely necessary to establish some sort of control. Only in that way could those who reaped the advantage of the association's activities be compelled to pay their just portion of the expenses entailed

When it came to the vote, therefore, the producers were practically unanimous in deciding for control of export and marketing through the one channel. The Act was passed, and came into force on December 23, 1924, and since then New Zealand honey has greatly improved its position relative to competing descriptions. Californian and West Indian honeys had declined and New Zealand had advanced, and this in spite of the serious trade depression which the United Kingdom, in common with the rest of the world, had been suffering in the last 18 months.

In this connection it would be interesting to quote the following paragraph which appeared in the report issued by the United States Department of Agriculture, dated September 15, 1930, in reference to the prices obtained by United States producers. It read:—"In spite of the general crop shortage of honey this season, demand is extremely quiet, and prices in some sections are the lowest since before the World War." The report stated that white honey was selling at 5 cents per lb.

The quotations above were wholesale figures, and it must be emphasised that except in the case of New Zealand it was the return wholesale which must be the basis of the producers' remuneration. The Dominion producer was in a much more favourable position, seeing that his interest in the honey did not end with the wholesaler (except in regard to that small proportion which was sold in bulk), but was carried right through to the consumer—i.e. his organisation covered the whole trade.

It was sometimes urged that there was too much difference between the retail price and the price netted by the producer, but against this it has to be recognised that cost of packing, bottling, carriage, etc., was heavy, and advertising was also a costly business.

The New Zealand producer was sure of realising the best price possible with a given retail figure, whereas the difference between retail and wholesale figures in the case of other honeys went to the middleman and retailer. Provided the net return to the producer could be maintained on a satisfactory basis, the policy of control and of selling through the one channel was justifiable; indeed, from that standpoint it was essential, if the price of New Zealand honey was not to sink to the level of Californian and other honeys.

As a matter of fact, the system of marketing adopted by New Zealand had been taken as the ideal by other countries, and Australia had tried to adopt a similar method. In the case of Canada, Ontario—the greatest exporter—marketed through one channel on the London market to the extent of perhaps 95 per cent. Occasionally attempts were made by shippers outside the Ontario Honey Producers' Association to market in the United Kingdom, and a case of this was recently mentioned to the officers of the department. In that instance a shipper had himself travelled over from Canada and had personally made attempts to get offers for his produce from grocers and others in the Old Country. The result was unsatisfactory, and the last the agents heard of him was that he was endeavouring to dispose

was that he was endeavouring to dispose of it at a lower price than he could have obtained through themselves. This last factor was an important one, for it must be recognised that honey would not sell itself. Shippers would find themselves under the necessity of maintaining some organisation in the United Kingdom to look after their interest, and this would have to be paid for. Then again, under present conditions, the association was able to make the most favourable contract for freight with the shipping lines; individual shippers could scarcely hope to obtain the same terms.

An illustration of the necessity of making arrangements for private sale is contained in the following extracts from the periodical reports of one of the Mincing Lane brokers regarding the sales of honey at the drug auctions up to the end of September, 1930:—

January 16, 1930.—Quiet; 1342 packages offered and 29 sold. Jamaica palish to good pale set 45s and 53s. St Lucia brown amber, 39s

March 20, 1930.—In slow demand; 1091 packages offered and three sold. Jamaica brown amber, 37s 6d.

May 22, 1930.—No demand; 1257 packages offered and withdrawn.

July 24, 1930.—No demand; 1339 packages offered and withdrawn.

September 25, 1930.—Quiet; 685 packages offered and 16 sold. Jamaica palish amber, 39s and 40s.

From this it would be seen that the great bulk of the honey was eventually sold by private treaty. Under those circumstances it was difficult to see how market conditions would be improved by allowing free selling as compared with putting the whole of the honey through the one channel.

Amongst the criticism occasionally noted in the New Zealand press appeared the suggestion that the Government should appoint the presidents of the chambers of commerce to go into the question of marketing honey through the Control Board and the Honey Producers' Association. Seeing that the interests of the various merchant firms comprising the chambers of commerce lay in the direction of doing for themselves and getting their profit on the work now undertaken by the association (in the way of exporting), naturally they would report unfavourably. Were they concerned with the marketing in the United Kingdom it would be possible that their view would be entirely different, and they would agree as to the advisability, or even the necessity, of the distribution being concentrated through one channel, and that as strong as possible.

Of all honeys marketed on an extensive commercial scale, New Zealand obtained the highest wholesale price, and that result, it was submitted, could not be obtained were each shipper permitted to market as and how he liked.

Current quotations were as follow:—

New Zealand	65/- to 87/6
Californian	38/- to 48/-
Canadian	45/- to 60/-
Australian	40/- to 60/-
Jamaican	24/- to 40/-
Cuban	26/- to 35/-

Comparing these with the earlier ones given it would be seen that while competing honeys generally have lost anything from 12s to 25s per cwt, New Zealand had improved its position.