

Supply and Demand in the Bacon Market.

BY H. S. ARKELL, LIVE-STOCK COMMISSIONER.

It will be difficult to put into a few words an analysis of my visit overseas, but as I understand it to be your wish, I shall try as definitely as I can to indicate what seemed to be the situation as regards the outlet, both immediate and future, for our bacon product. Now it may be of interest, first, to say that the Continent of Europe is unquestionably short of fats and short of hog products generally. This is true of enemy countries and allied countries alike, and particularly true of Germany and Austria. I don't know that accurate figures are available, but reports have come in indicating the extreme shortage of live hogs, with the result that there is a general shortage of fats.

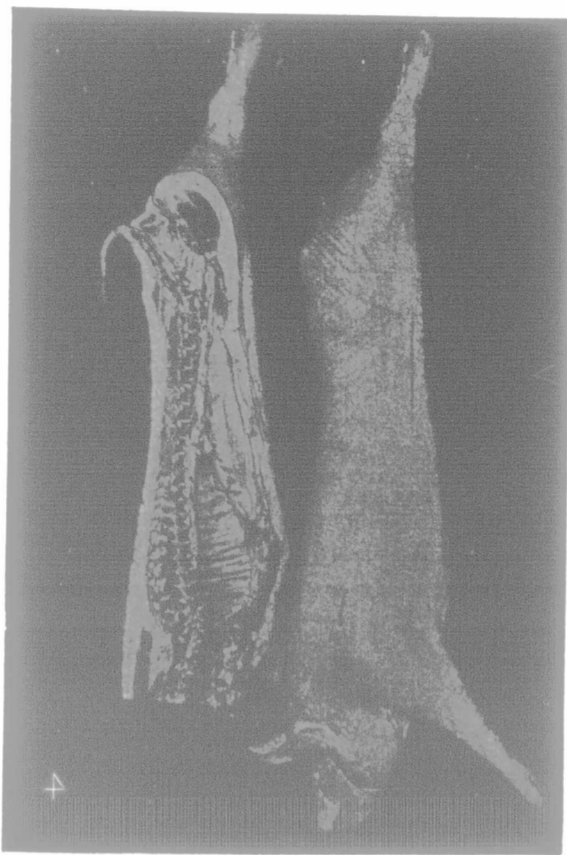
Now, it might seem that it would be to the advantage of Canada to avail herself of the market on the Continent of Europe, in view of this existing shortage. Unquestionably, some of the neutral countries are taking advantage of this situation at the present time. It is clear also that the United States has exploited that market in the interests of the sale of its products. I came to the conclusion very quickly, however, that it would be distinctly to the disadvantage of Canada to attempt to push the sale of her product on the European market, and that we should concentrate our efforts in supplying the United Kingdom, where the shortage of Wiltshire bacon is as much to be emphasized as the shortage of fat on the Continent. I think I am sound in this judgment. In the first place, the United States is in a better position to cater to the European market than is Canada, in view of the fact that she produces the lard hog. The market in the United Kingdom is for a high-class bacon product, for which proportionately high prices will be paid, and that market in the end is likely to be the outlet for our Canadian bacon. That we will do well to make a special effort to secure permanent footing in the markets of the United Kingdom was the first general conclusion reached.

Following that the question naturally arises as to what is exactly the Canadian position in her effort to establish a trade with the United Kingdom. First, the home production of hogs in England, Scotland and Ireland, is at rather a low mark. Irish killings have been reduced very materially, and Ireland is not sending to the London trade anything like the quantity which she forwarded previous to the opening of the war. This condition is due perhaps to the fact that hog production has suffered in the United Kingdom to a greater extent than the production of other classes of animals. The policy followed by the Government toward the end of the war, was rather to discourage hog production, owing to the very great need to conserve cereals and concentrated feeds of all descriptions.

We may now make reference to the other European sources of supply, Denmark and Holland. Denmark has been forced or induced to trade with Germany rather than with the United Kingdom. Danish and Dutch bacon are now going into Germany rather than into England. Denmark's whole trade connection with the United Kingdom so firmly established before the war is being broken down. This is a particularly favorable factor in determining the outlook for Canadian export business. It is to be noted that even now, on the London market, Irish bacon is quoted highest in price, while Canadian is second and Danish third. I regard it as an established fact that it will take a period of years for European hog production to come back to normal conditions again. During that time Denmark will probably find it more profitable to sell to Germany than to Great Britain.

Respecting the general European situation as regards foods, all the European countries find themselves in

The accompanying article is a statement given by H. S. Arkell, Live-Stock Commissioner, before a few representative swine breeders, and gives first-hand information relative to the hog situation of Great Britain and Europe. Fats are scarce across the water. It will take several years for hog production to get back to normal. Canadian bacon meets with favor in Great Britain. This is Canada's opportunity, but to hold the trade high-class bacon in quantity must be supplied regularly. Canadian farmers can supply it.



A Prize-winning Wiltshire Side.

such a financial position that they are forced to hold their purchases down to the lowest possible figure. They refuse to import other than the bare necessities of life. Roumania has intimated that her people would have to live on cereals, and France simply states that she will refuse to let gold leave the country. The general European demand, therefore, will not be for meats, other than what is required in the way of live animals for production purposes. The demand will continue, however, for cereal products until wheat production comes back to normal, and it may be pointed out that European wheat production, on account of lack of seed, cannot be brought back to normal this year.

In addition to cereals, Europe will import fats. This indicates the demand that there will be for a considerable time for that class of product. But it leaves Great Britain bare of European supply and, for the special product which her trade demands, she is, therefore, obliged to turn to America. As between the Canadian product and the American, this comparison may be made. The American product was purchased by the Allied Purchasing Commission, during the war period, to the extent of available supply—fat bacon and lean bacon, and at practically the same prices. Further, the Americans used the dry salt cure and, in view of the necessity of preserving the bacon for indefinite periods, they used a great deal more salt in the cure than is desirable or necessary for ordinary purposes. Under control, therefore, the British consumer was obliged to buy and eat American fat bacon so salty that it was almost unpalatable. Great Britain still has stocks of American bacon on hand, and it is still an unsatisfactory and partially unmarketable article.

All the time that this business was going on, Canadian bacon, cured in brine, all lean Wiltshire types, was being purchased and sent to the smoking houses in London by the British Ministry of Food. The British trade, therefore, had full opportunity to compare the high-class Canadian product with the dry-salt cured, heavy American types, and were then obliged to look on while the Canadian bacon was taken out of civilian use entirely and immediately shipped to the armies. You can very well understand how the demand or desire to secure this product grew in the mind of the British trade coupled with the feeling of annoyance that they were forced to take the American bacon, although they had always been willing to pay the price for the better article. Under control bacon was sold at a single price, no matter what the quality, and that, notwithstanding the high-class fastidious demand of the particular trade of London. In this way, the British consumer was obliged to eat this salt bacon and pay the same

price for it as for the very best that came to the market. This explains the situation and, while I am satisfied that the feeling of annoyance against the American product is partially unwarranted, nevertheless it exists and for the reason I have indicated.

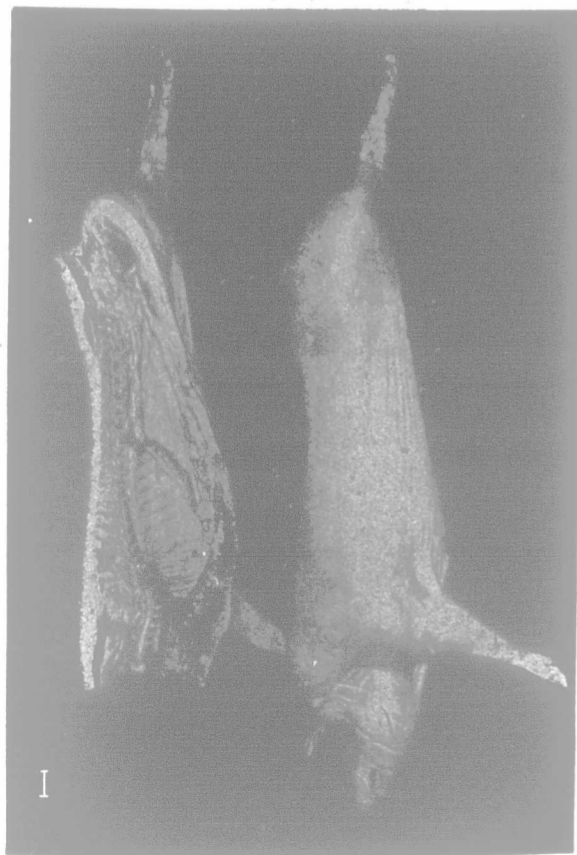
The demand, therefore, for Canadian bacon now far exceeds the supply. It is to the credit of Canadian packers that they have produced and marketed such a high-grade product under continuously difficult circumstances. Canadian producers also deserve the satisfaction that must now come to them in consideration of their special war effort to secure the bacon supply of the armies and for the reputation that Canadian bacon now holds. It should be known that that reputation has never been so high as at the present moment.

What, then, exactly is the existing situation on the British market? First, that Canadian packers are not able to supply anything like the demand and are quite unable to fill their orders. That is true of the London market. The same is true of the Glasgow market. In the same sense as in London, the people of Glasgow are forced to eat American bacon. This will be of interest to you that, to a degree never before known, British traders are asking how to secure trade connection with Canada. A number of produce men asked how trade connection could be built up with this country in the handling of dairy products, butter, cheese, bacon and beef, and I had an opportunity of placing certain of these in touch with Canadian packers. The British consuming public has never been so eager to trade with Canada on account of the good quality of stuff sent forward, and due also to the fact that Canada, as they say, "played the game" during the war. We get these facts emphasized wherever the situation is discussed, and I am satisfied that we shall find little difficulty in increasing our trade connection, for the two reasons indicated.

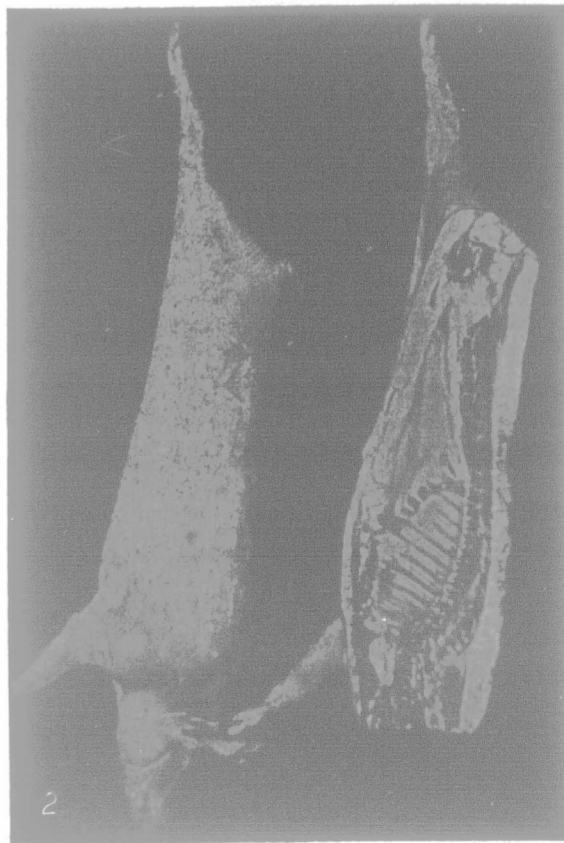
What does that signify as regards our position here? Our farmers here were formerly obliged to face Danish competition. We were also face to face with a popular growing trade with Holland, with Russia and with certain other countries. As against the difficulties we previously had to face, I have now indicated the whole European situation in a general way. I need not summarize, for the importance of our opportunity will be clearly apparent. We must, however, consider what we must do to properly meet this situation. In my judgment, there are two things which stand out prominently. First, volume of supply. We must increase our supply very materially and with reasonable speed to enable us to hold our positions satisfactorily in competition with other countries. Second, we must supply a product of standard quality. High-class Wiltshire bacon alone will meet the requirements of this trade. If, however, Canada can supply a product regularly in sufficient volume and of proper quality, I look upon the development of the bacon industry as one of the most profitable we can undertake.

How long will this trade last? The Danish hog population has decreased from 2½ millions to 700,000. Denmark is not in a position to supply this trade, nor will be for some time. Hog production is dependent upon feed and feed is not available in Europe and will not be as quickly as people think. Europe will only have a partial harvest this year owing to scarcity of seed. I look for low hog production on the European Continent for two or three years as the supply of feed is away below normal. It will take some little time to fully meet European requirements and to bring European hog production back to normal levels again. In the meantime, Canada

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Too Short a Side for Best Market.



Plenty of Length but Fed Too Long.