

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4140/Add.16
6 November 1975

Limited Distribution

Original: English

STATE TRADING

Notifications Pursuant to Article XVII:4(a)

Addendum

NEW ZEALAND

I PRODUCTS COVERED BY ARTICLE XVII

Products in respect of which exclusive or special privilege enterprises covered by Article XVII are maintained:

Wheat and flour
Citrus fruits, bananas, pineapples and grapes
Apples and pears
Honey
Eggs
Dairy products.

II REASON AND PURPOSES FOR INTRODUCING AND MAINTAINING SUCH ENTERPRISES

(a) Wheat and Flour

The Act setting up the Wheat Board, which controls the importation, acquisition and distribution of wheat and flour, was introduced as a means of rationalising the production and disposal of wheat in New Zealand and ensuring adequate supplies of this basic foodstuff were maintained.

(b) Citrus fruits, Bananas, Pineapples and Grapes

The arrangement by which imports are made by a central organisation, was introduced, and is being maintained, in order to ensure the orderly disposal of these products within New Zealand, and to provide a measure of stability for growers in the Pacific Islands, including the independent states of Western Samoa, Fiji, Tonga and the Cook Islands.

(c) Apples and Pears

The New Zealand Apple and Pear Marketing Board was established under the provisions of the Apple and Pear Marketing Act 1971, to administer the orderly marketing of apples and pears both internally and externally.

(d) Honey

The Honey Marketing Authority was established to promote the orderly marketing of honey and as a means to this end it administers a fund resulting from the imposition of a 15 cent "hive levy" on all commercial hives in New Zealand.

The Authority also disposes, either locally or overseas, of stocks voluntarily offered to it by bee keepers. The greater part of New Zealand production is sold by producers through ordinary commercial channels.

(e) Eggs

The Egg Marketing Authority was established in order to ensure a sufficient supply and equitable distribution of eggs in the general interests of consumers and producers.

(f) Dairy Products

The New Zealand Dairy Board administers the guaranteed price scheme for milkfat and SNF produced by dairy farmers and is responsible for the orderly marketing of New Zealand's major dairy exports. The Board is also responsible for the domestic marketing of butter and cheese.

III DESCRIPTION OF THE FUNCTIONING OF THE ENTERPRISES CONCERNED

(a) Dairy Produce

The marketing of dairy produce is at present the responsibility of the Dairy Board established in 1961 as a result of the amalgamation of the New Zealand Dairy Board and the New Zealand Dairy Products Marketing Commission. The 1961 Act laid down that the new body would have a membership of thirteen of whom eleven would be elected by producers and two would be appointed by the Government. The Chairman is elected from members of the Board.

Apart from the butter and cheese exports, to the United Kingdom which are specified under Protocol 18*, the Board negotiates with overseas buyers in respect of prices and quantities of export dairy produce. The Board acquires and provides for the handling of the New Zealand export production and regulates the marketing of butter and cheese on the domestic market. To assist with export selling, the Board has offices or associated companies in the

* Protocol 18 : As part of the United Kingdom's Treaty of Accession to the EEC, provision was made in Protocol 18 to that Treaty, for the importation of specified quantities of butter and cheese from New Zealand. The quantities of butter allowed entry were to decrease from 165,811 tonnes in 1973 to 138,176 tonnes in 1977 while those for cheese were to fall from 68,580 tonnes in 1973 to 15,240 tonnes in 1977. The prices fixed in the arrangement were set on the basis of the average, cif return obtained by New Zealand in the UK during the period 1969-1972.

following countries: UK, Japan, Singapore, USA, Barbados, Jamaica, Trinidad, Bermuda and Iran. The Board owns, in the United Kingdom, a company called Milk Products (NZ) Limited through which all New Zealand milk powder sold in the UK is distributed. It also owns Empire Dairies Limited which reworks and packs butter in the UK and acts as one of the first hand agents through which New Zealand butter and cheese is distributed in Britain.

The Board is vested with the sole right to exporting dairy produce, but the import trade, which is very small, is in the hands of private traders.

The New Zealand dairy industry has been developed primarily for the export trade. However, maximum domestic consumption is encouraged, and the quantity available for export is determined only after full provision has been made for the local market.

Export prices, other than those negotiated under Protocol 18 for butter and cheese entering the UK, received for New Zealand dairy produce are the result of normal commercial negotiations between the Dairy Board on the one hand and overseas buyers on the other.

The retail consumer price of butter sold domestically is currently subsidised by the New Zealand Government.

Dairy products manufactured overseas are not competitive in price with those produced locally and imports are only nominal. The Board does not enter into long-term selling contracts except those in the form of 'evergreen' contracts which are loose arrangements for renegotiating contracts normally for milk powders.

(b) Apples and Pears

The New Zealand Apple and Pear Marketing Board was established by the Apple and Pear Marketing Act 1948, but now operates under the revised Act (1971) of the same name to direct the marketing of the New Zealand apple and pear crop.

The Board consists of four members nominated by the national grower organisation and two members representing the interests of the consumer. A chairman and deputy chairman are elected from among the six sitting members at the first meeting of each season.

With the following exceptions, all fruit must be offered to the Board, and accepted by it if the fruit comes within the scope of the New Zealand Grown Fruit and Vegetables Regulations 1975. These regulations provide for the setting of standard grades with which the packed fruit must conform. The exceptions are:

- (i) Growers may sell direct to consumers in lots of two bushels or less, or to retailers in some cases, with the permission of the Board.
- (ii) Manufacturers may be licenced by the Board to purchase their requirements direct from growers.
- (iii) Growers may also be permitted by the Board to sell at municipal markets established under the Municipal Corporations Act 1954. The Board is then not obliged to accept fruit from a grower while he holds a permit to sell at such a market.

Prices of apples and pears are controlled by the Apple and Pear Prices Authority, set up under the amended marketing Act of 1971. The Authority is empowered to fix an "average price" paid to growers by the Board for supplies of New Zealand grown fruit acquired under the Act in any given season. The average price may be fixed only after consultation with the Minister of Agriculture and Fisheries.

The average price cannot vary more than 5 percent from that of the previous season and in fixing the price the Authority must have regard to:

- (i) The stability and efficiency of the apple and pear growing industry in New Zealand.
- (ii) Movements in the costs of producing and marketing apples and pears.
- (iii) Market realisations for fruit sold by the Board, market prospects for the season and any other trends known to or anticipated by the Authority.
- (iv) The current financial status of the Board.
- (v) Current and future capital requirements of the Board.
- (vi) Submissions from grower organisations.
- (vii) Any other matters considered relevant by the Board.

Apples and pears are no longer subject to import licensing but phytosanitary regulations are strictly enforced and limit sources of supply for imported fruit. As the Board has control over the marketing and distribution of apples and pears in New Zealand, whether the fruit be of domestic or imported origin, the Board is effectively the sole importer of pip fruits.

Export prices are determined by the free play of market forces and are usually higher than the equivalent domestic prices. This is because fruit is sold fresh during the Northern Hemisphere 'off-season' thereby receiving premium prices.

The Board has not as yet entered into long term market contracts and is not used to fulfil contractual obligations entered into by the Government.

(c) Eggs

The regulation and control of the marketing and distribution of eggs is a function of the Egg Marketing Authority which was established in 1953. The Authority consists of four producer members of the New Zealand Poultry Board and three Government representatives.

The principal function of the Authority is to ensure as far as possible sufficient supplies of eggs and their equitable distribution in the general interests of producers and consumers. The productive capacity of the local poultry industry is ample and the Authority's basic task is the equation of local supply and demand; trade beyond the national frontier is only necessary when minor imbalances occur.

The Authority operates principally through licences distributors (egg floors) who, on commission, receive and resell eggs, or, as directed by the Authority, manufacture egg pulp for the use of bakers and pastry cooks. Egg floors are privately or co-operatively owned.

Producers may sell eggs direct to consumers, but such eggs may not be reoffered for sale in marketing areas which are served by 'egg floors'. In these areas producers may not sell to retailers. It is estimated that, of the eggs produced in New Zealand, about 60 percent pass through the egg floors: the remainder being disposed of directly by producers.

The Authority arranges for the pulping of eggs surplus to local requirements. The pulp is sold to bakers and pastry cooks and any surplus is exported. New Zealand is, in general, self-sufficient in eggs at all times of the

year and no imports of eggs in shell, egg pulp, or egg powder are required. These products are under import licensing control for balance-of-payments reasons.

Prices for eggs vary according to grade and time of year and are subject to a ceiling fixed by the Price Tribunal on the recommendation of the Egg Marketing Authority. The latter endeavours to obtain for the producer an average overall annual price in line with assessed costs of production. Egg pulp is also subject to price control. A subsidy is paid by the Government in respect of eggs received at the egg floors.

There is no statutory provision that the Authority has the sole right of exporting or importing eggs or egg products, but by reason of the Authority's place in the industry, it does from time to time acquire surplus stocks of egg pulp which are exported. Similarly the Authority arranges for imports of egg pulp when local supplies are inadequate.

The Authority does not enter into any long-term contracts, nor is it used to fulfil contractual obligations entered into by the Government.

(d) Honey

The Honey Marketing Authority Regulations 1953, made under the Primary Products Marketing Act 1953, provided for the formation of a Honey Marketing Authority. The Authority, now operating under the Honey Marketing Authority Regulations 1975, comprises four elected producer members and one government nominee who, inter alia, protects the interests of the consumer.

Under the provision of the 1975 Regulations, the Authority collects a levy of fifteen cents on all hives operated by commercial producers. The fund produced by this new levy is administered by the Authority and provides not only for its own operating expenses but also those of the National Beekeepers Association.

The Authority receives whatever honey is voluntarily offered by beekeepers; usually the surplus which they do not wish, or are unable, to sell locally. This honey is packed or blended and sold within New Zealand or exported.

New Zealand is a marginal exporter of honey with export prices being determined in the normal commercial manner. Honey imports are controlled by import licensing for balance of payments and hygiene reasons.

(e) Citrus fruit, Bananas, Pineapples and Grapes

The Citrus Marketing Authority Regulations 1966 provided for the Citrus Marketing Authority which has a membership of six, five of whom are nominated by the New Zealand Citrus and Sub-Tropical Council and represent the producers, and one appointed by the Minister of Agriculture and Fisheries.

The Authority is empowered to control the assembly, distribution and marketing of New Zealand grown standard and Meyer lemons and sweet oranges. The fruit, when received at the shed, is sold at agreed prices to Fruit Distributors Ltd. Unmarketable, but otherwise sound, fruit is processed by the Authority into by-products such as fruit juice and lemon peel.

Fruit Distributors Ltd is a registered company owned by wholesale fruit merchants and established by agreement with the Government. In addition to its role in relation to locally produced fruit, the company has the sole right of importing and marketing citrus fruits, bananas, pineapples and grapes. Fruit Distributors Ltd imports only sufficient quantities of these fruits to meet the reasonable needs of consumers during periods when local supplies are inadequate. Price control operates at the retail level in respect of bananas and imported oranges.

The Citrus Marketing Authority does not enter into long-term market contracts. The agreement between the Government and Fruit Distributors Ltd provides that the company shall not, without the consent of the Minister of Agriculture, enter into contracts for the importation of fruit for a longer period than two years.

(f) Wheat

Control of the importation of wheat and flour and of the distribution of both the imported and locally produced products rests with the Wheat Board. The operations of the Board are governed by the Wheat Board Act 1965. The Board consists of representatives of flour-millers, wheat-growers, bakers, grain seed and produce businesses, and the Department of Trade and Industry with the Minister of Trade and Industry as Chairman and his nominee as Deputy Chairman.

The Board purchases New Zealand wheat from farmers through the agency of grain brokers. It is responsible for the importation of any wheat and flour and allocates supplies to individual millers.

The prices payable to New Zealand producers of wheat are determined annually by Government and the prices of both flour and bread are under price control.

Wheat is imported as necessary to augment local supplies. Imported grain is purchased at market prices. The price paid by consumers for flour and for wheat are the same, irrespective of the source of supplies.

IV STATISTICAL INFORMATION

See Annexes I and II.

V REASONS WHY NO FOREIGN TRADE HAS TAKEN PLACE IN PRODUCTS AFFECTED

There is foreign trade in all the products concerned.

ANNEX I

PRODUCTION STATISTICS

NEW ZEALAND

<u>Commodity</u>	<u>Units</u>	<u>Years Ending</u>	<u>Year</u>	<u>Production</u>	<u>Source</u>
<u>Wheat</u>	000 tonnes	30 June	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75	287.2 325.6 389.1 376.1 248.5 est. 202.6 est.	Dept. of Statistics " " " " " " Ministry of Agr. & Fisheries " "
<u>Flour</u>	000 tonnes	31 December	1970 1971 1972 1973 1974	196.8 202.4 204.3 207.8 212.6	Dept. of Statistics " " " " " " " "
<u>Wheatmeal and Wholemeal</u>	tonnes	31 December	1970 1971 1972 1973 1974	6,287 5,434 5,270 4,654 5,407	Dept of Statistics " " " " " " " "
<u>Bran and Pollard</u>	000 tonnes	31 March	1968-69 1969-70 1970-71 1971-72 1972-73	58 58 56 57 60	Dept. of Statistics " " " " " " " "
<u>Citrus Fruits</u>	000 tonnes	31 December	1969 1970 1971 1972 1973 1974	6.8 10.1 9.9 11.2 11.2 est. 14.1 est.	Department of Statistics " " " " " " Ministry of Agr. & Fisheries " "

Commodity	Units	Years Ending	Year	Production	Source
<u>Apples & Pears</u> (total production)	000 tonnes	30 November	1968-69	123.6 est	Ministry of Ag. & Fisheries
			1969-70	152.9 est	"
			1970-71	140.7 est	"
			1971-72	167.9 est	"
			1972-73	163.9 est	"
			1973-74	168.0 est	"
<u>Apples & Pears</u> (total acquired by marketing authority)	000 tonnes	30 November	1968-69	94.1	Apple and Pear Marketing Board
			1969-70	116.7	"
			1970-71	106.5	"
			1971-72	129.1	"
			1972-73	123.8	"
			1973-74	134.2	"
<u>Honey</u> (total production)	tonnes	31 August	1968-69	5,578 est	Ministry of Agric. & Fisheries.
			1969-70	5,486 est	"
			1970-71	N.A.	"
			1971-72	5,659 est	"
			1972-73	5,514 est	"
			1973-74	5,262 est	"
<u>Honey</u> (total acquired by marketing authority)	tonnes	31 August	1968-69	2,150	N.Z. Honey Marketing Authority
			1969-70	1,878	"
			1970-71	2,245	"
			1971-72	1,843	"
			1972-73	2,122	"
			1973-74	1,456	"
			1974-75 (11 months)	2,930	"
<u>Grapes</u> (production for wine manufacture only)	tonnes	30 June	1968-69	14,211	Dept. of Statistics
			1969-70	16,742	"
			1970-71	22,285	"
			1971-72	28,465	"
			1972-73	29,423	"

Commodity	Units	Years Ending	Year	Production	Source
<u>Eggs *</u> (including egg pulp)	thousands	30 June	1969-70 1970-71 1971-72 1972-73 1973-74	544,932 618,624 612,612 611,292 642,384	N.Z. Poultry Board " " " " " " " " " "
<u>Egg Pulp *</u> (included above)	tonnes	30 June	1969-70 1970-71 1971-72 1972-73 1973-74	2,942 5,102 4,746 3,874 4,123	N.Z. Poultry Board " " " " " " " " " "
<u>Egg Pulp*</u> (Equivalent to thousand eggs)	thousands	30 June	1969-70 1970-71 1971-72 1972-73 1973-74	61,140 106,044 98,664 80,520 85,704	N.Z. Poultry Board " " " " " " " " " "
<u>Butter</u> (creamy)	000 tonnes	31 May	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75	236.7 229.5 245.8 239.0 p 215.9 p 228.5 p	N.Z. Dairy Board " " " " " " " " " " " "
<u>Cheese</u>	000 tonnes	31 May	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75	100.2 107.8 104.3 101.1 89.0 p 79.1 p	N.Z. Dairy Board " " " " " " " " " " " "

Commodity	Units	Years Ending	Year	Production	Source
<u>Condensed Milk and</u> <u>Maple Milk</u> <u>Powder</u>	000 tonnes	31 May	1969-70- 1970-71 1971-72 1972-73 1973-74	23.36 25.45 38.36 34.98 50.28	Dept. of Statistics " " " " " " " "
<u>Skim Milk</u> <u>Powder</u>	000 tonnes	31 May	1969-70 1970-71 1971-72 1972-73 1973-74	112.30 124.95 196.98 189.20 194.10	Dept. of Statistics " " " " " " " "
<u>Buttermilk</u> <u>Powder</u>	000 tonnes	31 May	1969-70 1970-71 1971-72 1972-73 1973-74	20.38 19.01 22.51 22.40 19.00	Dept of Statistics " " " " " " " "
<u>Casein</u>	000 tonnes	31 May	1969-70 1970-71 1971-72 1972-73 1973-74	62.97 55.63 40.27 46.19 36.46	Dept of Statistics " " " " " " " "

ANNEX I

PRODUCTION STATISTICS

NEW ZEALAND

est	-	estimate
N.A.	-	not available
p	-	provisional
*	-	eggs handled by licensed distributors only.
+	-	represents about 65 percent of total egg production.

Unless otherwise stated, figures are those of total New Zealand production.

ANNEX II

NEW ZEALAND

IMPORTS OF AGRICULTURAL COMMODITIES BY ENTERPRISES COVERED BY ARTICLE XVII

<u>Commodity</u>	<u>Unit of Measure</u>	<u>1972/73</u>		<u>1973/74</u>		<u>1974/75</u>	
		<u>Quantity</u>	<u>NZ\$</u>	<u>Quantity</u>	<u>NZ\$</u>	<u>Quantity</u>	<u>NZ\$</u>
Wheat		7 (Bushel)	236	1,826,390 (Bushel)	8,095,030	134,436,370 (Kilogram)	20,713,533
Citrus Fruits	Kilogram	16,735,069	2,919,910	18,080,631	3,933,452	17,518,544	5,352,124
Bananas	"	30,134,913	5,107,775	35,040,291	5,430,441	39,278,670	6,005,650
Grapes	"	346,845	275,401	276,005	176,403	444,840	345,831
Pineapples	"	302,105	85,189	313,220	90,451	267,063	93,089

EXPORTS OF COMMODITIES BY ENTERPRISES COVERED BY ARTICLE XVII

Apples	Kilogram	63,614,237	12,209,287	55,839,953	11,695,284	61,678,658	14,957,455
Pears	"	2,738,197	529,634	2,641,055	530,721	1,539,061	397,235
Honey	"	203,857,971	1,287,665	1,027,827	900,479	554,289	539,611
Egg Pulp	"	4,225,667	1,123,511	1,893,368	937,670	2,674,862	991,599
Butter	"	172,610,276	158,788,145	159,463,529	213,670,378	164,230,622	122,344,988
Cheese	"	95,614,247	79,399,937	30,355,225	61,805,010	64,602,603	48,422,963
Powdered Milk	"	184,059,120	81,628,332	245,191,804	116,975,842	137,475,722	91,459,736
Casein & Caseinates	"	2,570,842	24,345,375	43,246,863	31,418,809	18,200,217	16,001,833