

GENERAL AGREEMENT ON TARIFFS AND TRADE

Group on Dairy Products

NEW ZEALAND SUGGESTIONS FOR PROGRAMME OF WORK

1. In accordance with GATT/AIR of 18 October 1965, New Zealand has considered the kind of "technical studies.... (which) could usefully be carried out in preparation for the future negotiations". Some suggestions are contained in the following paragraphs.

2. In the New Zealand view it is important that any studies to be carried out in the Dairy Group should be clearly set in the context of the eventual substantive negotiations for which the Group was established. In themselves they are no substitute for negotiations. Ideally studies should be based on the agreed framework of a "general arrangement". At present there is no such agreed framework. There are, however, in the view of New Zealand, three broad areas of policy which must feature in any "general arrangement" on dairy products. These are: national production policies (including protection at the frontier), export subsidization, and the possibility of multilateral action for the utilization of surpluses. It is on these topics, looking towards negotiations on each, that in the New Zealand view the Group should focus its work.

3. Specifically New Zealand proposes for the Group's consideration the following studies:

I. A comparison of existing national policies including:

- (i) total return to producers including assessed value of price support and other forms of aid;
- (ii) composition of the average return to producer, i.e. how much is from (a) milk (b) butter (c) cheese (d) other products;
- (iii) level at which butterfat content of milk sold for liquid consumption is standardized;
- (iv) retail prices of milk (sold for liquid consumption), cheese and butter;
- (v) consumer subsidies;
- (vi) use of dairy products in domestic and foreign welfare schemes.

- II. An examination of each country's production and consumption of dairy products since 1954/55 and a projection of national production and consumption trends over the next, say, ten years, assuming the continuation of existing national policies.
- III. A factual statement of the extent of export subsidization to various markets.
- IV. Exchange of technical information on the various possibilities for using dairy surpluses as food aid, and particularly ways of disposing of products such as cheese which include the fat content of milk.

4. A procedure which the Group might adopt is to ask participating governments to provide papers on each of the topics listed in the preceding paragraph. These papers should not only express policies in statistical terms but also discuss the factors which bear upon the figures. The kind of explanations and comments that would be helpful will, no doubt, emerge in the Group's discussion.

5. It will be necessary for the Group to meet again once the individual papers are received and considered by other participants. At that stage, and no doubt after some supplementary information has been provided, the Group should be in a position to reach some collective conclusions on the situation revealed by the individual papers. It is the New Zealand view that a programme of work along these lines will greatly facilitate negotiations.