

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TN.64/Me/W/2

26 May 1965

Group on Meat

Original: English

## STATEMENT BY THE REPRESENTATIVE OF NEW ZEALAND ON 24 MAY 1965

The meat industry is one of the most important of New Zealand's industries. In general we think of our export earnings, some £350 million, i.e. about \$1,000 million as resting on a three-pronged base - dairy products, meat and wool. Broadly this is true, certainly statistically true, but the position is much more complicated in practice.

As I described in the Dairy Group last week, the dairy industry contributes significantly to exports of beef, in fact probably some two thirds of our beef exports valued over £20 million derive from the dairy industry. The bulk of our meat exports however are from the sheep industry; the principal item being lamb of which we export some 260-270 thousand tons valued at some £50 million per annum.

The lamb-raising industry however, is essentially associated with wool production and beef production, i.e. beef which is not derived from the dairy industry. This is a rather complicated technical relationship, details of which would, I think, only waste time of this Committee and have in any case been described on previous occasions. It should be sufficient to say that there are relatively few sheep farmers who depend only on the sale of wool. All sheep farms of course produce wool but also lambs and sheep either for direct slaughter or for sale to other farmers for breeding or fattening purposes. Again, under New Zealand methods of pastoral farming, cattle are reared in association with sheep.

Thus the sheep industry as a whole produces all our meat supplies (except for meat from the dairy industry - already referred to) and for future progress in wool production our largest single export depends on a satisfactory return for meat, particularly lamb. What I am emphasizing, Mr. Chairman, is that in fact some two thirds of our total export earnings depend on satisfactory conditions of access for an expanding volume of meat production. We are endeavouring to expand our meat production, a policy concerning which we make no apology. We need the export earnings and it is manifestly clear that the world needs the meat.

You will note, Mr. Chairman, that in my description I have stressed the word lamb rather than sheep meats. We do export mutton and it is a valuable export earner, some £6 million in 1963/64. We are selling quantities of mutton to

countries where incomes are not yet quite high enough to enable people to purchase lamb but which are developing rapidly and we look forward to a time when we will be selling quantities of lamb as well as other meats in these markets.

At present, while we have a number of markets for beef and for mutton, we depend very largely on the United Kingdom market for sales of lamb.

This brings me, Mr. Chairman, to the next question of marketing of our meat. We do have a Meat Board which performs an important function in respect to certain aspects of the industry such as the grading of meat, the arrangement of shipping and the promotion of sales of meat through advertising, etc., and policy discussions with Government and other bodies. Unlike the Dairy Board, however, which I described last week, the Meat Board does not itself market meat. This operation is mainly carried out by private traders, the predominant ones being companies with connexions with the large meat trading firms overseas or these overseas companies themselves. There are, however, two meat marketing co-operatives which now account for about 15 per cent of lamb sales.

There is no guaranteed price or subsidy to meat producers in New Zealand. In fact the return to the producer is determined by a schedule of prices prepared each week by the meat exporters, the private traders I have just referred to. This schedule must necessarily be based on the exporters' assessments of the prices at which they will sell the meat and by-products on overseas markets some months ahead. We do have a minimum prices scheme but this is a special arrangement which developed from the period of sales under long-term contract. During this period a greater amount was received for meat under the contract than was paid to producers under the economic stabilization arrangements. Thus a fund of some £40 million or \$120 million was built up which successive governments agreed should be used for the benefit of farmers. These funds are invested either in government stock or industries ancillary to the industry, e.g. a meat-freezing works and two fertilizer works. The minimum prices under this arrangement are set by an authority comprised of industry and Government representatives and operate on the basis of deficiency payments to bring the return to the producer to the level of the minimum price. There is no Government guarantee so that in the event of the funds being exhausted, the minimum price scheme would cease to operate. The scheme has been functioning since 1955 and in only one year 1961/62 has a really significant amount, about £2.5 million having been paid from the fund to the producers. The essential thing is that the scheme operates on the basis of producers' own funds and is, we consider, strictly in accord with Article VI(7) of the General Agreement.

As regards barriers to trade, all meat imports are free from import licensing and on all classes there is a tariff of 40 per cent most-favoured-nation rate. It will be clear, therefore, that any offers which New Zealand may table on meat in September must be related to the tariffs.

There is one other barrier to trade which should be mentioned although this is not the appropriate forum in which to discuss it in detail. I refer to restrictions placed on the imports of meat for protection of human and animal health. No possible objection in principle can be made to regulations of this type provided they are realistically drawn up and reasonably in accord with standard practices traditionally accepted in international trade. There is a danger, however, that concessions obtained in these negotiations might be frustrated by over-zealous regulations going much beyond the level necessary to protect human and animal health.

As regards the work of this Group on meat, the New Zealand delegation considers that circumstances are substantially different from those obtaining with respect to dairy products or cereals. There are no surpluses and consumption is increasing thus, provided supplies are permitted to flow freely in international trade, there should be no problems. Nevertheless, we appreciate that while some countries have restrictions on imports, there must be a tendency to concentrate trade on fewer markets and, for this reason and in the interests of orderly marketing, we did enter into a voluntary restriction arrangement with the United States Government with respect to beef and veal. This type of arrangement, provided it gives satisfactory access and provides for a reasonable rate of growth, is something that, appreciating the political difficulties of importing countries, we could learn to live with. We have some doubts about the necessity of these arrangements as experience over the last year has shown. The future of the meat trade seems at present to be one of shortage and we would therefore feel that meat is a commodity where the objectives of the Kennedy Round could best be achieved by the removal of import restrictions and negotiations on tariffs and levies. We would like to see clear evidence of offers.