

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Agricultural Policies

Addendum

NEW ZEALAND

The following is a statement of New Zealand's agricultural policies prepared by my authorities in accordance with paragraph 8 of GATT/AIR/1071:

New Zealand is alone among the developed countries in the world in having an economy based largely on the progressive development of temperate agriculture. To natural advantages of land and climate New Zealand has added the benefits of technology and export management to achieve a highly productive farm economy. Over 80 per cent of New Zealand's exports are of agricultural origin - mainly meat and by-products, dairy products and wool - and exports contribute 23 per cent of New Zealand's gross national product (GNP). The continued growth of the agricultural sector and the export of farm products is an essential element in New Zealand's development programme.

Arising from the nation's dependence on foreign trade, prices paid to farmers are, of necessity, directly related to realizations in overseas markets. Output subsidies and export subsidies are neither applicable nor desirable. Fluctuations in producer incomes caused by changes in market prices are countered as much as possible by a variety of internal programmes.

New Zealand's domestic agricultural policies are based therefore on the need for flexible responses to changes in international demand and a willingness to assist our farmers to meet such changes. On the external front, New Zealand has often declared its view on the need for freer access to world markets for agricultural products by a reduction in the existing barriers to trade and the development of stable and fair trading conditions.

Specific objectives of agricultural policy in New Zealand may be summarized as:

- (a) to utilize the natural resources of climate and soil to best advantage;
- (b) to adjust agricultural production to world changes in demand;

- (c) to expand agricultural production through land development and settlement programmes, favourable credit policies, and farmer training schemes;
- (d) to develop a strong processing sector for agricultural products with emphasis on further processing, the diversification of the product mix and the introduction of modern plant;
- (e) to seek new and expanding markets for a wider range of products with emphasis on product diversification, market development, and greater returns; and
- (f) to maintain an open trading posture and work for unrestricted access to the main markets of the world.

The objective of developing New Zealand's natural resources is assisted through the encouragement of scientific research and the provision of adequate farm advisory and animal health services. New Zealand's comparative advantage in production of temperate agricultural products has been maintained over many years and should continue in the future.

New Zealand farmers are not insulated from changes in world demand. They are encouraged to reach individual judgments about their future farming operations on a free choice basis. Excessive fluctuations in world prices are moderated in the domestic economy, however, by the use of reserve funds in the possession of producer-controlled marketing boards to even out payments to farmers by support purchasing of suitable products (c.g. wool); by the use of input subsidies on fertilizer, lime and pesticides especially in periods of low export returns and/or high raw material prices; and by encouraging farmers through taxation policies to operate income equalization schemes.

The settlement objective of agricultural policy in New Zealand has been pursued actively. Government promotes land settlement by developing farm land on its own account, and by following liberal credit policies through a State-lending authority.

The emphasis on further processing of agricultural products recognizes the need to diversify overseas markets in which New Zealand products are sold, to meet changing consumption patterns in those markets; to increase the value of products exported; and to widen employment opportunities. Considerable funds are devoted to product research, especially through joint Government/industry financed institutes. The producer-controlled industry organizations operate programmes for plant modernization and product development. The last ten years have seen a remarkable change in both the range of products exported and in the number of countries to which these products are sold.

The importance to New Zealand of access to overseas markets is clear. New Zealand's trade policies are designed to enhance and increase the flow of internationally competitive products it has supplied to world markets over many years, benefiting both New Zealand and consumers in those markets. New Zealand is fully prepared to negotiate constructively in either a multilateral or a bilateral context to seek contractual commitments which will lead to improvements in the conditions of world trade for both agricultural and industrial products.