

GENERAL AGREEMENT ON TARIFFS AND TRADE

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STATE-TRADING ENTERPRISES

Notifications Pursuant to Article XVII 4(a) in Reply
to the New Questionnaire Contained in Document L/1014 of 3 July 1959¹

NEW ZEALAND

I. Enumeration of State-Trading Enterprises

Products in respect of which State-trading enterprises covered by Article XVII are maintained:

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

II. Reason and Purpose for Introducing and Maintaining the State-Trading Enterprises

Wheat and flour

The regulations setting up the Wheat Committee which controls the importation of wheat and flour and the distribution of both imported and locally-produced wheat and flour were introduced in order to encourage local production of wheat and to ensure that imports are sufficient to cover domestic requirements. Domestic production has for many years been less than requirements. A fixed price is paid for New Zealand grown wheat but since 1945 this has been lower than the price paid for imported wheat. The Wheat Committee also administers the consumer subsidy paid on imported and locally-produced wheat and flour.

Citrus fruits, bananas and pineapples

The arrangement by which imports are made by the central organization was introduced, and is being maintained, in order to ensure the orderly sale in New Zealand of these products, and to give a measure of stability to growers in New Zealand's island territories.

¹ The following notifications received from governments have been reproduced in earlier addenda to document L/1014. India, addendum 2;
Union of South Africa, addendum 1.

Apples and pears

The Apple and Pear Board was set up to administer the guaranteed price scheme introduced by the Government and also to ensure the orderly marketing of apples and pears both internally and externally.

Honey

The Honey Marketing Authority was established to promote the orderly marketing of honey and as a means to this end it administers the fund resulting from a levy of ld. per lb. on all honey sold in New Zealand. The Authority also disposes, either locally or overseas, of stocks voluntarily offered to it by beekeepers. The greater part of New Zealand production is sold by producers through ordinary commercial channels.

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.

Dairy products

The Dairy Products Marketing Commission was established to administer the guaranteed price scheme on butter and cheese and to market these products both in New Zealand and overseas. The Commission also handles the export of milk powder and casein in the interests of orderly and efficient marketing.

III. Description of the Functioning of the State-Trading Enterprises

(i) Dairy produce

The Dairy Products Marketing Commission Act 1947, as amended by the Dairy Products Marketing Commission Amendment Act 1956, provides for a Dairy Products Marketing Commission consisting of three members appointed as government representatives, two members of the Dairy Board and two members from outside the Dairy Board but nominated by the Board. (The Dairy Board is an organization of seven producer representatives and one government nominee.) The chairman is elected annually by the members of the Commission.

The Commission negotiates with the overseas buyers in respect of prices and quantities of export dairy produce, acquires and provides for the handling of the New Zealand export production, and regulates the marketing of butter and cheese in New Zealand. It sells abroad the industry's exportable surplus of milk powder and casein, being guided by advisory committees for each product. The Commission owns in the United Kingdom a company, Milk Products (N.Z.) Ltd., through which all New Zealand milk powder sold in the United Kingdom is distributed. It also owns Empire Dairies Ltd. which acts as one of the firsthand agents through which New Zealand butter and cheese are distributed in Great Britain.

The Commission is vested with the sole right of 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.

The export prices received for New Zealand dairy produce are the result of normal commercial negotiations between the Dairy Products Marketing Commission on the one hand and the overseas buyers on the other. The prices paid to New Zealand producers for butter and cheese are fixed by the Dairy Products Prices Authority, a body established by the Dairy Products Marketing Commission Amendment Act of 1956. The Authority consists of one member appointed as chairman, one member representing the Government and all seven members of the Commission.

The domestic prices for butter and cheese and other products are maintained at levels which are the local equivalent of the export prices, after allowing for differences in relative selling costs. Butter is subject to a consumer subsidy paid by the Government and the retail price is, therefore, below the equivalent overseas price.

Dairy products manufactured overseas are not competitive in price with those produced locally and imports are only nominal.

The Dairy Products Marketing Commission does not enter into long-term selling contracts.

(ii) Apples and pears

The Apple and Pear Marketing Act 1948 established the New Zealand Apple and Pear Marketing Board to take over direction of the acquisition and marketing of the apple and pear harvest. The Board consists of two members nominated by the New Zealand Fruitgrowers' Federation, two members nominated by the Minister of Agriculture, and an independent chairman selected by the Minister after consultation with the Fruitgrowers' Federation.

With the following exceptions, all fruit must be offered to the Board, and accepted by it if it comes within the scope of the New Zealand Grown Fruit Regulations 1952 (which sets standard grades with which the packed fruit must conform):

- (a) Growers, with permission of the Board may sell direct to consumers in lots of not more than two cases, or to retailers in specified localities.
- (b) Manufacturers may be licensed by the Board to purchase their requirements direct from growers.

- (c) Growers may also be permitted by the Board to sell at municipal markets established under the Municipal Corporations Act 1954. The Board is not obliged to accept fruit from a grower while he holds a permit to sell at such a market. The Board administers a guaranteed price scheme based on the cost of production of apples and pears. The guaranteed prices are fixed by the Minister of Agriculture after he has considered the recommendations of the Board, and the Board's function is to recover from the market these prices, together with the cost of marketing. The Board determines the wholesale prices at which fruit is sold within New Zealand. The Board, after ensuring that the requirements of the local market are met, exports the balance of the fruit in exercise of its sole right of export.

Apples and pears are under import licensing control because of New Zealand's balance-of-payments position. With the development of cool storage of apples, however, it is doubtful whether imported fruit could seriously compete on the New Zealand market. The Apple and Pear Marketing Board has no statutory functions in respect of imports.

Export prices are determined by the free play of market forces and are usually somewhat higher than the equivalent domestic prices.

The Board does not enter into long-term market contracts. The Board is not used to fulfil contractual obligations entered into by the Government.

(iii) 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 licensed distributors (egg floors) who, on commission, receive and re-sell eggs, or, as directed by the Authority, manufacture egg pulp for the use of bakers and pastrycooks. Egg floors are privately or co-operatively owned.

Producers may sell eggs direct to consumers, but such eggs may not be re-offered for sale in marketing areas which are serviced by egg floors. In these areas producers may not sell to retailers. It is estimated that less than 40 per cent of the eggs produced in New Zealand pass through the hands of the egg floors; the balance is consumed or disposed of directly by the producers.

The Authority arranges for the pulping of eggs surplus to local requirements. The pulp is sold to bakers and pastrycooks 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 as approved by the Government. 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. State-trading methods in eggs are not used to fulfil contractual obligations entered into by the Government.

(iv) Honey

The Honey Marketing Authority Regulations 1953, made under the Primary Products Marketing Act 1953, provided for a Honey Marketing Authority. The Authority comprises four members elected by the beekeepers, one appointed by the National Beekeepers' Association (Inc.), and one member appointed by the Government to watch the interests of the consumer.

All local sales of honey bear a levy of 1d. per lb., which is paid into the Honey Industry Account. This fund is administered by the Authority for the benefit of the industry in general.

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 quantity is packed or blended, and marketed within New Zealand or overseas.

New Zealand is a marginal exporter of honey. Exports may only be made by the Authority acting in the interests of the industry as a whole. Export prices are determined in the usual commercial manner. For balance-of-payments reasons, honey is under import control.

The Authority does not negotiate long-term contracts, nor are State-trading methods used to fulfil contractual obligations entered into by the Government.

(v) Citrus fruit, bananas and pineapples

The Citrus Marketing Authority Regulations 1953 provided for the Citrus Marketing Authority which has a membership of five, four of whom are nominated by the New Zealand Citrus Council and represent the producers, and one appointed by the Minister of Agriculture.

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 trade interests and established by agreement with the Government. In addition to its function in relation to locally-grown citrus fruits, the company has the sole right of importing and marketing citrus fruits, bananas and pineapples. With the exception of imports from the Cook Islands and Western Samoa, these fruits are under import licensing control for balance-of-payments reasons, but imports are permitted to meet the reasonable requirements of consumers after considering local production where applicable.

Price control at the retail level operates in respect of bananas and imported oranges.

Neither the Citrus Marketing Authority nor Fruit Distributors Ltd. enters into long-term market contracts.

(vi) 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 Committee. The operations of the Committee are governed by the Board of Trade (Wheat and Flour) Regulations 1943. The Committee consists of representatives of flour millers, wheat growers, bakers and the Department of Industries and Commerce with the Minister of Industries and Commerce as chairman and his nominee as deputy chairman.

The Committee purchases all New Zealand wheat from farmers through the agency of the grain merchants. 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 is controlled and for the 1958-59 season is at a higher level than in previous years. The price was increased to provide an incentive to producers, having regard to the decline in the prices being received for the country's principal exports and the consequent need to save overseas exchange.

Wheat and flour are imported to the extent necessary to make up the deficiency between domestic demand and local production.

The price of imported wheat is determined by commercial negotiation. The prices to New Zealand users of both locally-produced and imported wheat and flour are controlled and the prices of both are maintained at the same level irrespective of source. Consumer subsidies are payable on flour and bread. New Zealand is a member of the International Wheat Agreement.

IV. Statistical Information

See Annexes I and II.

V. Reason why no Foreign Trade has Taken Place (if this is the case) in Products Affected

There is foreign trade in all the products concerned.

VI. Additional Information

None.

ANNEX INEW ZEALANDProduction of Agricultural (State-Trading) Commodities

Calendar year except where otherwise stated.

	<u>1956</u>	<u>1957</u>	<u>1958</u>
Wheat ('000 bushels)	2,658	2,950	3,000
Flour ('000 centials)	3,679	3,803	3,939
Wheatmeal and wholemeal ('000 centials)	186	185	176
Brass and pollard ('000 centials)	1,048	1,078	1,108
*Citrus fruits ('000 lbs.)	8,932	8,378	9,290
*Apples and pears ('000 lbs.)	168,920	156,960	180,720
*Honey ('000 lbs.)	10,304 ⁽¹⁾	14,336 ⁽¹⁾	13,182 ⁽¹⁾
*Eggs, including pulped eggs ('000 doz.)	45,500	46,500	48,000
Egg pulp (included above) ('000 lbs.)	4,386	2,816	3,693
(equivalent to '000 doz. eggs)	(3,368)	(2,162)	(2,836)
Butter (creamery) ('000 cwts.)	4,012	4,160	4,340
Cheese ('000 cwts.)	1,910	1,926	1,778
Condensed milk and wholemilk powders ('000 cwts.)	306	300	238
Skim milk powder ('000 cwts.)	896	1,006	812
Buttermilk powder ('000 cwts.)	270	298	332
Casein ('000 cwts.)	278	360	524

* = Estimates.

(1) Estimated production for 31 March year but most produced or coming on to the market within the calendar year shown.

ANNEX II

NEW ZEALAND

Imports of Agricultural (State-Trading) Commodities

COMMODITY	UNIT	ENTERPRISE						OTHER					
		1956		1957		1958		1956		1957		1958	
		Quantity	LNZ	Quantity	LNZ	Quantity	LNZ	Quantity	LNZ	Quantity	LNZ	Quantity	LNZ
Wheat	Bushels	9,718,962	5,203,182	10,541,019	6,059,062	9,991,594	5,816,440	-	-	-	-	-	-
Flour and wheatmeal	Centals	-	-	-	-	-	-	3,801	4,523	4,119	6,642	1,337	2,363
Bran, pollard and sharps	"	18,100	13,738	-	-	-	-	138,573	114,390	24,990	20,706	8,234	5,779
Citrus fruits	Lbs.	34,563,824	846,614	32,828,544	830,579	27,578,874	719,991	-	-	-	-	-	-
Bananas	"	47,652,058	267,217	50,719,033	297,664	72,020,066	387,179	-	-	-	-	-	-
Pineapples	"	278,767	5,790	315,125	6,820	138,694	2,555	-	-	-	-	-	-
Apples	"	-	-	1,175,517	35,157	-	-	-	-	-	-	-	-
Eggs	Dozen	13	38	40	59	-	-	-	-	-	-	-	-
Egg pulp	Lbs.	1,720	821	12	487	350,000	38,082	-	-	-	-	-	-
Butter	Cwt.	-	-	-	-	-	-	-	-	-	-	-	-
Cheese	"	-	-	-	-	-	-	664	13,022	591	11,351	157	3,238
Evaporated milk	"	-	-	-	-	-	-	2	30	2	14	4	23
Powdered milk	"	-	-	-	-	-	-	64	813	114	1,692	127	1,840
Exports (re-exports shown in parenthesis).													
Wheat	(Bushels)	-	-	-	-	-	-	373	277	178	161	195	161
	(")	-	-	-	-	-	-	(1,048)	(840)	(447)	(440)	(731)	(670)
Flour and wheatmeal	Centals	-	-	-	-	-	-	9,040	11,679	1,121	1,130	1,441	1,360
Bran and pollard	"	-	-	-	-	-	-	84	115	90	107	-	-
Citrus fruits	(Lbs.)	-	-	95,000	3,875	-	-	978	21	80	11	-	-
	(")	-	-	-	-	-	-	(4,478)	(199)	(520)	(28)	(17,894)	(750)
Apples	"	62,471,652	1,965,522	56,006,800	1,758,670	68,992,960	2,159,091	-	-	-	-	-	-
Pears	"	2,014,098	63,805	1,382,230	42,851	4,144,495	130,249	-	-	-	-	-	-
Honey	"	2,084,718	129,831	2,076,850	132,430	2,970,614	172,814	7,314	682	8,524	938	9,455	920
Eggs	Dozen	-	-	-	-	-	-	41,584	9,431	35,738	8,403	48,646	12,001
Egg pulp	Lbs.	1,627,472	156,413	414,148	40,608	-	-	-	-	4,134	664	3,072	500
Butter	Cwt.	3,330,865	52,791,687	2,876,266	37,921,399	3,483,499	38,414,139	-	-	-	-	-	-
Cheese	"	1,777,548	22,244,372	1,769,529	17,922,774	1,788,554	12,401,609	-	-	-	-	-	-
Evaporated milk	"	26,513	123,402	33,730	160,040	62	287	6,047	30,762	5,014	26,009	5,788	29,329
Powdered milk	"	898,670	3,456,590	1,196,417	4,643,709	935,204	3,399,533	56,491	503,556	67,908	582,625	72,003	66,612
Casein	"	268,164	2,100,745	282,567	2,236,996	401,286	3,109,633	-	-	-	-	-	-

Note: All exports of the following items were made to certain Pacific Islands for which New Zealand is the most convenient source of supply: wheat, flour and wheatmeal, bran and pollard, eggs, egg pulp (other than the exports of egg pulp made by the enterprise).

