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ON 18 MAY 1963

Item III: Measures for Access to Markets for
Agricultural and Other Primary Products

Agricultural exporting countries have fought long and hard for a fairer deal for trade in primary produce. Although this fairer deal is still a long way off we have been somewhat heartened by the general agreement among contracting parties that agriculture must form an integral part of the forthcoming trade negotiations.

Because we see some prospect of some progress we want to put forward a number of proposals which we hope will be accepted as practical, realistic and moderate.

I will deal first briefly with matters of procedure and then with the objectives which we hope may be achieved.

The Working Party on Procedures for Tariff Reduction made some observations on the way in which agriculture might be handled in the negotiations. We agree that the proposed Trade Negotiations Committee would be the proper body to co-ordinate the work. We also agree that groups dealing with particular commodities should operate within the framework of this Committee. We would support the establishment of a negotiating group on meat. I also propose the establishment of a similar group on dairy products.
I would now like to outline the objective which we in New Zealand see as applicable to temperate agricultural products in the context of the proposed negotiations.

First, there are a number of agricultural products for which the tariff is in many countries the sole measure of protection. We expect these items to be included in the offer lists and to be dealt with in the same way as industrial products.

For products which, in the main importing markets, are subject to trade barriers other than tariffs, different techniques of negotiation are clearly necessary. For these products several objectives seem generally applicable.

The immediate priority is to hold the present level of access for imports into existing commercial markets. We have been seriously concerned about the trend of agricultural policies in several of the most important consuming countries where over the last few years access has been increasingly restricted. It is vital for agricultural exporters that their markets should not be further eroded.

But a holding of the line - a standstill - would as Governor Herter said yesterday be merely a starting point. By itself it would be a completely inadequate result to emerge from the negotiations and it would certainly not be a result for which New Zealand could be expected to pay. It would in fact amount to a reduction of our contractual rights under the General Agreement rather than a concession to us.

From this point we would expect to move to positive arrangements which would assure a reasonable measure of access to markets which are at present closed to us or open only for insignificant quantities.

We will also be seeking agreement on the limitation of dumping and export subsidization which are now distorting international trade. We have always been prepared to take our chance in the markets of the world on conditions of fair competition but we cannot be expected to compete with the treasuries of the industrialized nations.

I would like now to refer to the specific ways in which the agricultural products of most interest to New Zealand - namely meats and dairy products - might be handled in the negotiations.

Meat is mentioned on page 14 of the agenda as an example of an agricultural product for which "commodity arrangements" would be required. "Commodity arrangements" is an expression which means different things to different men. In respect of meats, we in New Zealand have always interpreted this expression to mean some negotiated increase in access to markets. Where tariffs are the only barrier then tariff reductions would be the means. But because of the different techniques of protection employed in major consuming countries, tariff negotiations alone would not in such cases be sufficient or effective and some new "arrangements" will be necessary.
I make these comments on the expression "commodity arrangements" because there is sometimes a tendency to group all the temperate foodstuffs together as products for which comprehensive agreements involving tightly controlled management of the international market is the universal solution. This is not a view which we share in respect of meat. Unlike some other temperate foodstuffs, meat is not in world surplus: it is also a product of great variety of type, quality and price. It is not easily classified, difficult to stockpile and expensive to store. It is therefore a dangerous oversimplification to speak of an international meat market.

The problems of meat exporters would in our view be solved by a relatively marginal increase in access to the protected markets of Europe and elsewhere in which there is considerable room for increased consumption.

I would like now to turn to dairy products. In general we believe that the objectives which I mentioned earlier as the minimum which agricultural exporters could expect from the negotiations are relevant to the marketing of dairy produce. The characteristics of the dairy produce situation are, however, more akin to those of cereals than of meat. If present national policies continue it is likely that the existing world surplus of dairy produce will become increasingly embarrassing to all producers. At the same time we are aware of the vast potential demand for protein foods in the less-developed areas of the world and we have some experience in the distribution of milk on a limited scale in such countries.

In these circumstances we have come to the conclusion that a satisfactory solution for trade in dairy products must be sought in comprehensive international arrangements. This is why we have proposed that Ministers should endorse the establishment of a dairy products group.

This group would be concerned with finding ways of holding and, we would hope, increasing the present access to commercial markets; and instituting a sufficient measure of control over dumping and subsidizing in these markets. If that firm basis for commercial trade in dairy produce can be established then we would be prepared to take the next step which would be the development of co-operative arrangements for financing and distributing surplus milk products to countries where people do not have enough to eat and cannot pay normal commercial prices. Such arrangements should not disturb the established patterns of commercial trade in those or in other countries. In the short term such surplus disposal of milk would make a contribution to the health and growth of people whose need is very great. In the long term as living standards rise this kind of aid would merge into normal trade.

I am well aware of the tremendous difficulties which have to be overcome but we for our part are prepared to make a tremendous effort to overcome them. As I said yesterday this may be our last opportunity for a long time.

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