New Zealand attaches the very highest importance to the maintenance of the integrity of the GATT International Dairy Arrangement. As the participant in the Arrangement most directly dependent on the stable and orderly development of international dairy trade, New Zealand is dedicated to ensuring that all of its provisions, especially the minimum export price disciplines for milk fat, milk powders and cheese, are fully respected and made to operate effectively.

It is of major concern to New Zealand that recent events, notably the European Communities' decision to export to certain destinations butter at a price lower than the agreed minimum and the subsequent decision of the United States to withdraw from the Arrangement, have called into question the credibility and viability of the Arrangement. It is vital that urgent and concerted efforts be made by all participants to address the difficulties currently being faced in order that confidence in the Arrangement may be restored and that in particular the minimum export price provisions be respected fully.

The Resolution adopted by the IDA Council on 16 November provided that participants could, in order to safeguard their interests consequent upon the action of the European Communities in making butter available for export at prices below the agreed minimum level, in certain circumstances also make sales at below the minimum specified in the Protocol Regarding Milk Fat.

New Zealand has supplied information in respect of sales it has made below the minimum pursuant to the Resolution.

New Zealand understands that certain other participants have also made sales in terms of this Resolution and that these have been instrumental in relieving supply pressures faced from accumulated stocks.

New Zealand proposes that in the light of these developments the Council should at this meeting agree to rescind those provisions of the 16 November Resolution under which participants are enabled to take action to make sales at prices below the minimum.
Following such a decision New Zealand expects that all other participants would forthwith take the necessary steps to ensure full compliance with the minimum export price provisions and the other aspects of the Arrangement. New Zealand is aware that for a number of technical reasons, including especially currency movements, export offer prices for butter, AMF and WMP from the European Community currently are at levels below the agreed minimums. Action to rectify this position by appropriate adjustments to restitutions or other policy measures is required urgently. New Zealand is aware that, arising from the pressures currently on the IDA minimum prices, suggestions have been made for modifications to the Arrangement to strengthen it in various ways. New Zealand is prepared to consider all such possibilities including changing the currency standard adopted in expressing the minima. New Zealand suggests that the opportunity be taken prior to the meeting of the Protocol Committees and the Council for interested participants to consult one another with a view to consideration being given to specific proposals at these meetings.