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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

CONCERNING SPECIAL ARRANGEMENTS FOR NEW ZEALAND BUTTER AFTER 1977

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CONTENTS

I. INTRODUCTION

1. Protocol 18 to the Act of Accession (text at Annex A), authorises the United Kingdom, as a transitional arrangement, to import from New Zealand certain quantities, under certain terms, of butter and cheese.

2. Article 5 of the Protocol requires the Council, during 1975, to "review the situation as regards butter, in the light of prevailing conditions and of supply and demand developments in the major producing and consuming countries of the world, particularly in the Community and New Zealand". Among the considerations to be taken into account in the review are :

   a) progress towards an effective world agreement on milk products;

   b) the extent of New Zealand's progress towards diversification.

   In the light of this review, the Council, acting unanimously on a proposal from the Commission, is to determine appropriate measures to ensure the maintenance after 31 December 1977 of exceptional arrangements in respect of imports of butter from New Zealand.

3. The Heads of Government of the Community, meeting in Council in Dublin on 10/11 March 1975, issued a Declaration (Annex B) which underlined the importance which they attach to Protocol 18 as regards the relations of the Community with New Zealand, a traditional supplier of dairy products to a substantial part of the enlarged Community. They invited the Commission to present a report in order to prepare the above-mentioned review, and to submit as soon as practicable a proposal for the maintenance after 31 December 1977 of special import arrangements in accordance with Article 5 of the Protocol. They also declared that the Community, which remains attached to a fair implementation of the Protocol, is ready to review periodically and as necessary to adjust the prices set under the Protocol.

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They considered that, as regards the annual quantities to be established by the Community institutions in the framework of the special arrangements after 1977, these should not deprive New Zealand of outlets which are essential for it. In regard to cheese, they noted that Protocol 18 provides that the exceptional arrangements for the import of cheese cannot be maintained after 31 December 1977, and that this situation and the problems which may arise from it will be given due attention with appropriate urgency. Finally, the Heads of Government expressed the wish that an ever closer cooperation be developed between the institutions of the Community and the New Zealand authorities with the objective of promoting in their mutual interest an orderly operation of world markets and of providing a basis from which to achieve, in a wider framework, the conclusion of an effective world agreement on milk products as envisaged in Protocol 18.

4. The purpose of this paper is accordingly to prepare the Council's review in the light of the foregoing considerations, and to make certain outline recommendations for the special import arrangements for butter which will be needed beyond 1977.

As regards cheese, the Commission will give the situation due attention, taking into account particularly the wish expressed by the Heads of Government.

II. CURRENT SITUATION OF THE WORLD DAIRY MARKET

A. Structure

5. The world's largest dairy producer is the EEC followed by the USSR and the USA. These together produced over 60 % of the world's milk production in 1973 and over 55 % of the world's butter.

Total world milk production rose by 5.4 % between 1971 and 1974, but this increase was not evenly distributed, in particular the Community share of world production remained stable at around 24 %, and countries with centrally planned economies increased their share of world production from 31 % to about 33 %, while shares of North America and Southern Hemisphere producers declined. A similar, though more marked evolution, is apparent for butter production.

6. Over the past three to four years, about a third of world milk production has been manufactured into butter. Butter production in the main dairying countries as a whole tends to vary by about 2 % for every 1 % variation in milk production. This results primarily from the fact that shortfalls and surpluses in the dairy sector are likely to be reflected mainly in markets for the two main storable products - butter and skimmed milk powder. Hence, serious periodic imbalances between supply and demand arise for these products. The imbalances are greater in the case of butter because of the high degree of substitutability of butter and vegetable oils for certain purposes.

7. Butter, unlike liquid milk, is consumed in substantial quantities only in a few temperate, developed countries. Income, dietary habits and the lack of availability of efficient refrigeration for storage and transport, are deemed to be the most significant factors explaining this phenomenon.

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Butter consumption, on a global basis, has been decreasing in recent years, in comparison with other dairy products, especially cheese. Many factors would appear to be involved in explaining this development, among them substitution of vegetable fats, health considerations, economic recession and the effects of changes in welfare policies.

8. The importance of world trade vis-à-vis production varies considerably from one dairy product to another. While 7 % of butter production and 4 % of cheese production enter into world trade, the corresponding levels for whole milk powder and for skimmed milk powder are 45 % and 24 %. These figure exclude intra-EEC trade. However, the percentage of butter traded varies considerably from year to year, reflecting butter's role as a disposal product for surplus milk production.

9. The most important countries - apart from the Community - involved in foreign trade, either as exporters or as importers, are New Zealand, Australia, Canada, Japan and the USA. These countries together with the Community account for only about 42 % of total milk production and more than 90 % of total world trade in butter. New Zealand, by comparison, was responsible for 1.3 % of total world milk production, less than 4 % of world butter production and about 39 % of world trade in butter most of which has traditionally gone to the EEC (U.K.).

The total butter consumption within this group varies between 90 % and 95 % of the group's total production. The EEC contributes 67 % of the butter consumed within this group of countries while New Zealand supplies 8 %.

B. Supply and demand developments in the major producing and consuming countries

10. World milk production has been increasing over the last 5 years owing to increased productivity per cow. Overall demand for milk and milk products has been adversely affected by the economic recession and by the higher prices for milk products on domestic markets.

.../..

EEC

11. Milk production and deliveries to dairies have been increasing moderately during the early seventies. Production may increase further in the forseeable future mainly through improved cow productivity. Total consumption of dairy products has been increasing owing to a growth in liquid milk and cheese consumption during 1973 and 1974. Butter consumption also increased but this was mainly due to the payment of consumer subsidies and the relative increase in prices of vegetable fats. However, during 1975 some decrease has already been noted in consumption of liquid milk and more particularly of butter. Butter production is expected to continue to increase though not as fast as that of skimmed milk powder. Only a marginal increase is expected in cheese production. While an increase in butter production on a Community basis has been noted, butter production in the U.K. has fallen by 50 % over the last two years. Intra-Community trade is particularly important in the butter sector, notably to the U.K., which imported 322,000 T from other Member States in 1974.

As far as consumption within the Community is concerned, a continuing decline is expected primarily because of a decrease in demand on the U.K. market.

New Zealand

12. Milk production in New Zealand during the early seventies was seriously affected by unfavourable climatic conditions. This contributed during the period 1971 to 1974 to a decrease of the production of butter and cheese of 9.2 % and 35.2 % respectively. Skimmed milk powder production increased during the same period by 25.6 %, mainly as a result of reductions in production and exports of casein and cheese. During the last New Zealand dairy season (ending May 1975) milk production recovered, increasing by 6 %. For the foreseeable future, indications are that milk production will continue to increase.

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Other markets

13. In the U.S.A., Canada and Australia milk production is now stabilizing or slightly increasing, following a period of decreased production. The considerable import possibilities in the US which existed in 1973 and 1974 are not expected to recur in the immediate future. Canadian imports are also likely to be lower.

Production in certain eastern European countries such as Poland and East Germany, and also in Finland, Norway, Iceland and Austria has increased. This has resulted in higher quantities being offered by these countries on the world market in the form of butter, skimmed milk powder, casein and whole milk powder. On the other hand the demand from importing countries, especially for recombining purposes declined substantially during 1974.

The skimmed milk powder market is particularly depressed, but the world market for other dairy products, such as whole milk powder, butter and cheese is also weak. The prices obtained for dairy products in international trade have declined, in some cases quite considerably. The general world economic recession, and particularly the oil crisis, are the principal factors underlying this situation.

Future developments

14. In the light of the foregoing, there would appear to be limited prospects of a significant recovery in the world market in the immediate future. The recombining industries now have supplies available at relatively attractive prices and are likely to have run down their previous high-priced stocks. The generally lower price-level should have a positive effect on consumption in the longer term. Furthermore the development of, and the expansion in the recombining industry points to an increase in demand for the future. The consumption of cheese, dairy-based foods and other specialty products is still increasing.

In general, however, increases in supply are likely to outstrip considerably the marginal increases in demand on the world market, hence resulting in difficulties for both New Zealand and the Community.

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III. FUTURE PROSPECTS

A. New Zealand Diversification

15. The agricultural and processing sector (1) in New Zealand accounts for about 20 % of GDP and about 16 % of employment. This is somewhat less than in the past but still high compared with most developed countries.

16. The predominance of the agricultural sector is even more marked in exports, of which over 80 % by value (2) still normally consist of agricultural products. Not only is there a high degree of export concentration by product, but, in addition, a high percentage of New Zealand's export earnings has traditionally come from sales to the United Kingdom market, mainly consisting of sheepmeat and dairy products.

Value of New Zealand exports to United Kingdom as % total exports

1960/1	1965/6	1970/1	1971/2	1972/3	1973/4
53 %	44 %	34 %	31 %	27 %	20 %

(Source : New Zealand Monthly Abstract of Statistics)

This percentage has, however, declined substantially over the past 15 years, although this has not on trend involved a decline in the actual value of New Zealand exports to the United Kingdom, which in fact rose by 36 % between 1968 and 1973. The percentage decline can be explained by a number of factors :

- deliberate efforts by the New Zealand authorities to diversify exports;
- fortuitous growth of new markets, notably in Japan;
- slow economic growth in the United Kingdom;
- (more recently) the general effects of UK membership of the EEC.

17. For dairy products and sheepmeat however, the percentage going to the United Kingdom remains higher and has fallen less, than for exports in general. This is notably the case for butter.

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(1) Including forestry (which accounts for about 4 % of GDP)
(2) Excluding forest products

<u>Volume of N.Z. exports of butter to U.K. as % total butter exports</u>

1971/2	1972/3	1973/4	1974/5 (9 months)
83.4 %	83.1 %	71.2 %	81.9 %

(Source : New Zealand Department of Statistics)

18. U.K. membership of the EEC has rendered urgent the need to pursue a vigorous diversification policy, especially for dairy products. This can be done both by finding new markets for products currently exported to the U.K., and also by reallocating resources so as to expand exports of these products which are already sold mainly outside the U.K.

19. The policy has already met with some success on the latter point. There has been considerable growth in non-traditional exports such as forest products and manufactured goods. The volume of manufactured exports increased by 60 % between 1971 and 1973, and those from forestry development by 12 %; these two together now account for nearly 20 % of export earnings.

There are clearly possibilities for further development of exports in this area, particularly in those industries, such as pulp and paper, which are based on local raw materials, and those, such as aluminium smelting, where the availability of hydro-electricity gives New Zealand a cost advantage. In general however New Zealand labours under the disadvantages of a small home market and of geographical isolation from the world's main markets for industrial goods. Economic developments in the Asian and Pacific region will therefore play an important role. In particular, much could depend on the future evolution of the New Zealand - Australia Free Trade Agreement. Australia is at present the largest market for New Zealand exports of manufactured goods, followed by Japan.

20. However primary products, in particular meat and dairy products, will inevitably continue to figure substantially in total exports. Serious efforts will therefore have to be made to expand sales of these outside the United Kingdom. The New Zealand Dairy Board has consequently been actively developing new markets for its dairy products. Sales of powder have increased and some alternative markets have been found for cheese, but for butter the U.K.remains the only substantial outlet.

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21. The main element has been the switching of production from products (such as butter and cheese) where the United Kingdom is the main outlet to others (principally milk powder) where it is not (See Table II of Annex C). Thus milk powder has been sucessfully sold to a variety of developing countries, and accounted for 43 % of dairy receipts in 1973/74 (against 21.6 % in 1971/72). This is chiefly sold in combination with anhydrous milk fat to the recombining industry. Future demand seems assured here, but may fluctuate from year to year owing to commercial and political factors. Indeed, sales this season are lower than the previous year so far. Moreover, the Community is the world's major powder exporter, and consequently its own dairy export policy will be an additional important factor in determining the level of future New Zealand powder sales.

22. At the same time, however, it is essential that efforts are made to find alternative markets for butter and cheese (see Table III of Annex C). For cheese some success has been achieved; although the US market has been reduced by the non-renewal of the large 1974 quotas, the Japanese market has continued to grow, and so far this season has taken a quarter of the total volume of New Zealand cheese exports.

23. Butter receipts as a percentage of total export earnings have declined in recent years, but still remain substantial.

Value of butter exports as % total dairy exports

1969/70	1970/1	1971/2	1972/3	1973/4	1974/5 (9 months)
55.4 %	53.2 %	47.4 %	37.3 %	30.4 %	38.7 %

(Source : New Zealand Department of Statistics)

Consequently, the difficulty in finding alternative butter markets remains a major concern. Import demand in the USA has fallen away sharply to insignificant levels and sales to Japan have been reduced; only the Canadian market continues to grow (taking nearly 9 % of total New Zealand butter exports so far this season).

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24. The fact that New Zealand shipments of butter to the U.K. were only 79 % of the Protocol quantities in 1973 and 74 % in 1974 reflects mainly a reduction in New Zealand milk production because of drought, and the exceptional possibilities of selling butter to the USA in 1973. Any major progress in finding stable and substantial new markets for butter exportsin the remaining two years of the existing Protocol seems unlikely, particularly since imports of butter in the main consuming countries outside the Community are subject to licensing or other administrative controls.

25. In the long run, some reduction in the share in exports of the dairy sector as a whole seems feasible. However, recent efforts to encourage dairy producers to change over to beef production are unlikely to be repeated until the beef market improves. Moreover the possibilities for diversification within the dairy sector could be improved if a successful international dairy agreement is negotiated in the MTN.

B. Progress towards a world dairy agreement

26. Both the Community and New Zealand are committed to the idea of a world dairy agreement, but preparatory work on this within the GATT has hardly begun, and it is too early yet to speculate on the likely results.

27. Article 4 of the Protocol requires the Community to strive to promote the conclusion of an international agreement on milk products, in order to improve the conditions obtaining on the world market. In its Annual Reports for 1973 and 1974, the Commission stressed its attachment to such an agreement. Furthermore, in the guidelines for the GATT Multilateral Trade Negotiations drawn up on 10 February 1975, the Council states that the Community will take the initiative to propose and to negotiate agreements on (among other products) milk powder, butter, butteroil and ghee, with the objectives of stabilising prices, of assuring continuity of supplies and outlets, and of facilitating the implementation of food aid programmes. These agreements, to be fully effective, should involve the principal producing and consuming countries.

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For milk products, the guidelines propose agreement on minimum and maximum prices, with obligations on exporters and importers to supply or purchase, as the case may be, within these limits, making allowance for food aid. Furthermore, the Council invites the Commission to submit a document on the possibilities for international agreements for certain types of cheese, and for certain vegetable oils.

28. A sub-group on dairy products has been set up within the GATT Multilateral Trade Negotiations, but it is too early yet to be certain what progress towards an agreement can be expected. However it is clear that an agreement on minimum and maximum prices alone will not necessarily improve New Zealand's prospects for market diversification in butter, unless there is a simultaneous liberalisation of those markets (such as the USA, Canada and Japan) which are closed or to which entry is limited by means of quotas or administrative restrictions, regardless of price. In any event, it seems unlikely that conclusions will be reached to the group's work before the Council is called upon to approve detailed arrangements for the maintenance after 1977 of special import arrangements for New Zealand butter.

29. Meanwhile, as noted earlier, the Dublin Declaration expresses the wish that "an ever-closer cooperation be developed between the institutions of the Community and the New Zealand authorities with the objective of promoting in their mutual interest an orderly operation of world markets". While such cooperation has in some past instances proved disappointing or inadequate, it is nevertheless essential for the smooth working of the Protocol arrangements. Effective cooperation will require a special effort by both parties, in the spirit of the Dublin Declaration.

IV. OUTLINE RECOMMENDATIONS FOR SPECIAL IMPORT ARRANGEMENTS AFTER 1977

A. General comments

30. On the sole basis of an examination of the factors specified in the Protocol, firm conclusions cannot be drawn as to what arrangements ought to be made for New Zealand butter beyond 1977.

31. The considerations examined in the preceding sections show that it is difficult, if not impossible, to predict with any degree of certainty what conditions will prevail on the dairy market in 1977 and beyond, either in the world as a whole, or in the specific markets of New Zealand and the Community. These uncertainties arise principally from two sources : firstly, the all-important influence on future supply and demand of national policy decisions taken in the producing and consuming countries in the years ahead, rather than of market forces acting in isolation; and, secondly, the impossibility of predicting at this stage the outcome of the GATT multilateral negotiations for an international dairy agreement.

32. Nevertheless, in order to plan its future economic structure and investments, New Zealand needs urgently to know to what extent it can count on the Community outlet, should this be necessary. Moreover, the Declaration of the Heads of Government, meeting in Council at Dublin on 10/11 March 1975, invites the Commission "to submit as soon as practicable a proposal for the maintenance after 31 December 1977 of special import arrangements".

The Commission therefore makes the following outline recommendations.

B. Quantities

33. The Dublin Declaration states that the annual quantities beyond 1977 "should not deprive New Zealand of outlets which are essential to it", and suggests that for the period up to 1980, depending upon future market developments, quantities "could remain close to" deliveries effected in 1974 and those currently envisaged for 1975.

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34. The fixing of quantities for a further three-year period (i.e. 1977 to 1980) for butter would provide a sufficient time-scale for the investment decisions currently having to be taken in New Zealand. The Commission recommends, however, that a further review by the Council should take place in 1978, in order to permit the Community to consider what further continuing arrangements might be appropriate and in order to allow New Zealand to consider at that time what investment programme will be needed for the years beyond 1980.

35. As to the quantities to be fixed, the Commission notes that the Protocol authorises the U.K. to import the following quantities from New Zealand on special terms up to 1977 :

1973	:	165,811 metric tons	1974	:	158,902 metric tons
1975	:	151,994 metric tons	1976	:	145,085 metric tons
1977	:	138,170 metric tons			

36. Actual deliveries under the Protocol were 130,895 metric tons in 1973 and 117,359 metric tons in 1974; at the time of the Declaration, New Zealand envisaged sending about 125,000 metric tons in 1975. The Commission also notes that, owing to unfavourable climatic conditions, total milk production in New Zealand fell in 1974, as in 1973, and that this consequently reduced the amount of butter production available for export in these two years. Furthermore, it believes that there is little likelihood for New Zealand of any substantial growth of alternative markets for butter between now and 1977 (see Section A of Part III).

37. In the light of the above factors, the Commission recommends that the authorised quantities should be 129,000 metric tons for 1978, 121,000 metric tons for 1979 and 113,000 metric tons for 1980. Within the limits of these ceilings, actual deliveries would, of course, as in the past, be determined by the level of production and by the availability of alternative outlets.

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38. In the Commission's view, such a solution would fulfill the Dublin commitment "not to deprive New Zealand of outlets which are essential to it", while at the same time providing for continued degressivity in the quantities authorised, which it believes to be inherent in the transitional character of the Protocol.

C. Price

39. In New Zealand there has been great concern over the problems of the special CIF price since the entry into force of the Protocol. An adequate CIF price is, in the eyes of the Wellington authorities, a major element contributing to the successful pursuit of New Zealand's strategy of diversification.

40. The Community has already taken a position on this aspect of the problem, by deciding, with effect from 1 January 1975, to revise the initial price level to take account of changed conditions, notably in regard to increased costs as a result of the international energy crisis. The Council summit meeting at Dublin subsequently established the principle of periodic adjustments to the price level, taking into account specific factors affecting the market, notably in regard to :

- the supply and demand developments in the major producing and consuming countries;

- the level and evolution of prices in the Community (including intervention prices) and in New Zealand;

- trends in freight charges.

41. The Commission will therefore very shortly submit new price proposals to take account of further changes since its last assessment, for consideration by the Council in parallel with the present report.

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V. SUMMARY CONCLUSION

42. The Commission thus submits the following outline recommendations for the continuation of special arrangements for New Zealand butter for the period after 1977, as a focus for the Council's review :

(a) Annual quantities should not exceed the following figures :

1978 : 129,000 metric tons
1979 : 121,000 metric tons
1980 : 113,000 metric tons
1981 and subsequently : subject to review and decision in 1978.

(b) Special CIF prices

- To be subject to periodical review where necessary on the basis of recommendations from the Commission which will take fully into account the Dublin criteria.

43. The Commission has already begun to implement, and will endeavour to intensify, ever-closer cooperation with New Zealand in order to facilitate the orderly operation of world markets for dairy products.

LIST OF ANNEXES

ANNEX A : Text of Protocol 18 to the Act of Accession

ANNEX B : Text of the Statement on New Zealand dairy imports issued following the European Council Meeting in Dublin 10 March 1975

ANNEX C : Statistics relating to the diversification of New Zealand exports :

- Table I : New Zealand exports by major product category
- Table II : New Zealand exports of principal dairy products by value (with % total dairy exports)
- Table III: New Zealand exports of butter, cheese, butteroil and milk powder by destination (quantity and value) :
  - A. Butter
  - B. Cheese
  - C. Butteroil
  - D. Milk powder

N.B. : Detailed statistics relating to imports, sales and prices on the U.K. market are contained in the Commission's 1973 and 1974 Annual Reports on the operation of the Protocol (SEC(74)1277 and COM(75)151).

TEXT OF PROTOCOL 18 TO THE ACT OF ACCESSION

Article 1

1. The United Kingdom is authorised, as a transitional arrangement, to import from New Zealand certain quantities of butter and cheese, on the following terms.

2. The quantities referred to in paragraph 1 shall be :

   (a) in respect of butter, for the first five years :

1973	165 811 metric tons
1974	158 902 metric tons
1975	151 994 metric tons
1976	145 085 metric tons
1977	138 176 metric tons

   (b) in respect of cheese :

1973	68 580 metric tons
1974	60 960 metric tons
1975	45 720 metric tons
1976	30 480 metric tons
1977	15 240 metric tons

   The Council, acting by a qualified majority on a proposal from the Commission, may make adjustments between those quantities of butter and cheese, provided that the tonnage expressed as milk equivalent corresponding to the total quantities laid down for those two products for the year in question remains unaltered.

3. The quantities of butter and cheese specified in paragraph 2 shall be imported into the United Kingdom at a price the observance of which must be guaranteed at the c.i.f. stage by New Zealand. That price shall be fixed at a level which enables New Zealand to realize a price representing the average price obtained by that country on the United Kingdom market during 1969, 1970, 1971 and 1972.

4. The products imported into the United Kingdom in accordance with the provisions of this Protocol may not become the subject of intra-Community trade or of re-exportation to third countries.

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Article 2

1. Special levies shall be applied to imports into the United Kingdom of the quantities of butter and cheese specified in Article 1. Article 55 (1) (b) of the Act of Accession shall not be applicable.

2. The special levies shall be fixed on the basis of the c.i.f. price referred to in Article 1 (3) and of the market price of the products in question within the United Kingdom, at a level such as to allow the quantities of butter and cheese to be effectively marketed without prejudicing the marketing of Community butter and cheese.

Article 3

The Council, acting by a qualified majority on a proposal from the Commission, shall adopt the measures necessary for implementing Articles 1 and 2.

Article 4

The Community shall continue its efforts to promote the conclusion of an international agreement on milk products so that, as soon as possible, conditions on the world market may be improved.

Article 5

1. The Council shall, during 1975, review the situation as regards butter in the light of prevailing conditions and of supply and demand developments in the major producing and consuming countries of the world, particularly in the Community and in New Zealand. During that review, among the considerations to be taken into account shall be the following :

   (a) progress towards an effective world agreement on milk products, to which the Community and other important producing and consuming countries would be parties;

   (b) the extent of New Zealand's progress towards diversification of its economy and exports, it being understood that the Community will strive to pursue a commercial policy which does not run counter to this progress.

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2. Appropriate measures to ensure the maintenance after 31 December 1977 of exceptional arrangements in respect of imports of butter from New Zealand, including the details of such arrangements, shall be determined by the Council, acting unanimously on a proposal from the Commission, in the light of that review.

3. After 31 December 1977, the exceptional arrangements laid down for imports of cheese may no longer be retained.

TEXT OF THE STATEMENT ON N.Z. DAIRY IMPORTS ISSUED FOLLOWING THE EUROPEAN COUNCIL MEETING IN DUBLIN 10 MARCH 1975

The Heads of Government, meeting in Council at Dublin the 10th of March, underline the importance which they attach to Protocol 18 of the Act of Accession, as regards the relations of the Community with New Zealand, a traditional supplier of dairy products to a substantial part of the enlarged Community.

They invite the Commission to present a report in order to prepare the review provided for in Article 5 of the Protocol and to submit as soon as practicable a proposal for the maintenance after 31st December 1977 of special import arrangements as referred to in that article. They observedthat the institutions of the Community have already carried out certain price adjustments in the framework of the Protocol. In the same spirit, the Community, which remains attached to a fair implementation of the Protocol is ready to review periodically and as necessary to adjust the prices having regard to the supply and demand developments in the major producing and consuming countries of the world, and also to the level and evolution of prices in the Community - including intervention prices - and in New Zealand, taking moreover into account cost developments in New Zealand and trends in freight charges.

As regards the annual quantities to be established by the Community institutions in the framework of the special arrangements after 1977, these should not deprive New Zealand of outlets which are essential for it. Thus for the period up to 1980, these annual quantities depending upon future market developments, could remain close to effective deliveries under Protocol 18 in 1974 and the quantities currently envisaged by New Zealand for 1975.

They note that Protocol 18 provides that the exceptional arrangements for the import of cheese cannot be maintained after 31st December 1977, and that this situation and the problems which may arise from it will be given due attention with appropriate urgency, taking into account also the considerations in the following paragraph.

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The Heads of Government note, moreover, that New Zealand and the Community together provide the major part of world exports of dairy products. They, therefore, express the wish that, in the same spirit with which the Community approaches the application of Protocol 18, an [illegible] co-operation be developed between the institutions of the Community and the New Zealand authorities with the objective of promoting in their mutual interest an orderly operation of world markets. Such a co-operation, apart from its intrinsic value, should provide a basis from which to achieve, in a wider framework, the conclusion of an effective world agreement such as is envisaged in Protocol 18.

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Annex C
Annexe C
Anlage C

Source/Quelle : [illegible] of Statistics
of Statistics

TABLE I - NEW ZEALAND EXPORTS BY MAJOR PRODUCT CATEGORY
TABLEAU I - EXPORTATIONS NEO-ZELANDAISES PAR GRANDE CATEGORIE DE PRODUIT
TABELLE I - NEUSEELÄNDISCHE AUSFUHREN NACH GROSSEN WARENKATEGORIEN

(NZ $ mio)

	1969/70*	1970/71*	1971/72*	1972/73*	1973/74*	1974/75 (I - IX)**
Dairy products (1) / Produits laitiers (1) / Milcherzeugnisse (1)	188.0	198.7	327.7	304.0	302.1	200.2
Meat , Viande / Fleisch	368.9	390.8	399.3	539.7	534.8	317.0
Wool , Laine / Wolle	204.2	187.7	229.8	424.2	363.4	172.8
Other agric. prods/Autres prod. agric./And. landwirtsch. Erz.	140.5	145.7	168.1	219.3	209.7	139.9
Total agric./Total agric./Insgesamt landwirtsch. Erz.	901.6	922.9	1 124.9	1 487.2	1 410.0	829.9
Forest products/Prod.forestiers/Forsterzeugnisse	66.2	71.3	81.8	89.7	108.3	93.6
Manufactured prod./Prod. Manufacturés/Bearbeit. Erz.	83.2	96.6	128.4	149.7	194.5	146.4
Total exports/Exportat. totales/Total Ausfuhr	1 064.5 (100 %)	1 108.0 (100 %)	1 341.8 (100 %)	1 753.7 (100 %)	1 774.7 (100 %)	1 096.2 (100 %)
Dairy prod./Prod.laitiers/Milcherzeugnisse	17.7 %	17.9 %	24.4 %	17.3 %	17.3 %	18.3 %
Meat , Viande / Fleisch	34.7 %	35.3 %	29.7 %	30.7 %	30.6 %	28.9 %
Wool , Laine / Wolle	19.2 %	16.9 %	17.1 %	24.7 %	20.9 %	15.8 %
Other agric. Prods/Autres prod. agric./And. landwirtsch. Erz.	12.5 %	13.1 %	11.8 %	12.5 %	11.8 %	12.8 %
Total agric./Total agric./Insgesamt landwirtsch. Erz.	84.1 %	83.2 %	83.0 %	85.2 %	80.6 %	75.8 %
Forest products/Prod.forestiers/Forsterzeugnisse	6.2 %	6.4 %	6.1 %	5.1 %	6.2 %	8.5 %
Manufactured prod./Prod. Manufacturés/Bearbeit. Erz.	7.8 %	8.7 %	9.5 %	8.5 %	11.2 %	13.6 %

(1) Excluding casein / A l'exclusion de la caséine / ausgeschlossen Kasein * 1/7 - 30/6
** 1/7/74 - 31/3/75

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TABLE II - N.Z. EXPORTS OF PRINCIPAL DAIRY PRODUCTS (WITH % TOTAL DAIRY EXPORTS (1))
TABLEAU II - EXPORTATIONS NEO-ZELANDAISES DES PRINCIPAUX PRODUITS LAITIERS (ET % DES EXPORTATIONS TOTALES DE PRODUITS LAITIERS (1))
TABELLE II - NEUSEELÄNDISCHE AUSFUHREN DER HAUPTSÄCHLICHEN MILCHERZEUGNISSE (MIT % TOTALAUSFUHR MILCHERZEUG. (1))

$ NZ mio (%)

	1969/70*	1970/71*	1971/72*	1972/73*	1973/74*	(I - IX)** 1974/75
Butter/Beurre/Butter	104.3 (55.4)	105.9 (53.2)	157.5 (47.4)	113.7 (37.3)	90.8 (30.4)	77.6 (38.7)
Cheese/Fromage/Käse	44.3 (23.5)	48.0 (24.1)	65.9 (20.1)	79.4 (26.1)	61.8 (20.7)	34.7 (17.3)
Milk powders/Poudres de lait/Trockenmilch	30.7 (16.3)	33.7 (16.9)	75.9 (23.2)	86.4 (28.4)	130.0 (43.0)	69.8 (34.9)
- Whole/Entier/Voll	5.6 (3.0)	6.1 (3.1)	11.7 (3.6)	13.2 (4.3)	18.3 (6.1)	13.1 (6.5)
- Skimmed/Ecrémé/Mager	22.3 (11.8)	24.6 (12.3)	59.6 (18.0)	68.3 (22.4)	98.6 (32.6)	49.7 (24.8)
- Buttermilk/Lait battu/Buttermilch	2.5 (1.3)	2.6 (1.3)	4.0 (1.0)	4.3 (1.4)	6.9 (2.2)	5.4 (2.6)
- Whey/Lactoserum/Molke	0.1 (0.05)	0.2 (0.1)	0.3 (0.1)	0.08 (0.02)	0.03 (0.01)	0.3 (0.14)
- Other/Autres/Andere	0.2 (0.1)	0.2 (0.1)	0.2 (0.1)	0.5 (0.2)	6.2 (2.1)	1.3 (0.1)
Butteroil/Butterschmalz	5.4 (2.8)	8.0 (4.0)	23.8 (7.3)	20.9 (6.9)	16.4 (5.4)	15.1 (7.5)

(1) Total does not include casein/à l'exclusion de la caséine/ausgeschlossen Kasein
* 1/7 - 30/6
** 1/7/74 - 31/3/75

Source/Quelle : New Zealand Department of Statistics

TABLE III - N.Z. EXPORTS OF BUTTER, CHEESE, BUTTEROIL AND MILK POWDER BY DESTINATION
TABLEAU III - EXPORTATIONS NEO-ZELANDAISES DE BEURRE, DE FROMAGE, DE BUTTEROIL ET DE POUDRE DE LAIT PAR DESTINATION
TABELLE III - NEUSEELÄNDISCHE AUSFUHREN VON BUTTER, KÄSE, BUTTERSCHMALZ UND TROCKENMILCH NACH BESTIMMUNGEN

T (%)

A. BUTTER/BEURRE

	1971/72*		1972/73*		1973/74*		1974/75* (1.7.74-31.3.75)	
U.K./R.U./ Ver.König-reich	134,342	(83.4)	124,046	(83.1)	98,280	(71.2)	92,595	(81.9)
Japan/Japon	1,460	(0.9)	7,949	(5.3)	12,900	(9.3)	1,116	(1.0)
Canada/ Kanada	3	(0.002)	8,514	(5.7)	8,512	(6.2)	10,006	(8.8)
USA	185	(0.1)	802	(0.5)	9,720	(7.0)	120	(0.1)
Jamaica/ Jamaïque/ Jamaika	2,924	(1.8)	1,937	(1.3)	3,018	(2.2)	2,253	(2.0)
Peru/Perou	592	(0.4)	182	(0.1)	19	(0.01)	0.1	
Total/** Insgesamt**	161,023	(100.0)	149,256	(100.0)	138,030	(100,0)	113,005	(100.0)

$ NZ 1000 (%)

	1971/72*		1972/73*		1973/74*		1974/75 (1.7.74-31.3.75)	
U.K./R.U./ Ver.König-reich	135,204	(85.8)	94,602	(83.2)	59,202	(65.2)	58,476	(75.8)
Japan/Japon	1,688	(1.1)	5,600	(4.9)	10,301	(11.3)	1,110	(1.4)
Canada/ Kanada	2		6,825	(6.0)	6,975	(7.7)	9,631	(12.5)
USA	217	(0.1)	677	(0.6)	7,452	(8.2)	84	(0.1)
Jamaica/ Jamaïque/ Jamaika	2,422	(1.5)	1,359	(1.2)	2,103	(2.3)	1,784	(2.3)
Peru/Perou	369	(0.2)	140	(0.1)	586	(0.6)	0.05	(-)
Total/** Insgesamt**	157,492	(100.0)	113,691	(100.0)	90,800	(100.0)	77,156	

* 1/7 - 31/6

** Including other destinations/
Y compris autres destinations/
Eingeschlossen andere Bestimmungen

Source/Quelle : N.Z. Department of Statistics

25

B. CHEESE/FROMAGE/KÄSE

T (%)

	1971/72*		1972/73*		1973/74*		1974/75 1.7.74-31.3.75	
USA	5,967	(6.7)	12,517	(13.1)	29,071	(41.8)	4,086	(8.6)
U.K./R.U./ Ver.Königr.	60,725	(68.6)	59,982	(62.8)	18,526	(26.6)	19,346	(40.6)
Japan/Japon	8,311	(9.4)	9,223	(9.7)	11,593	(16.7)	12,228	(25.6)
Jamaica/ Jamaïque/ Jamaika	2,728	(3.1)	1,848	(1.9)	3,025	(4.4)	1,809	(3.8)
Australia/ Australie/ Australien	1,211	(1.4)	1,573	(1.6)	1,249	(1.8)	1,095	(2.3)
Trinidad & Tobago	2,415	(2.7)	2,188	(2.3)	1,678	(2.4)	1,316	(2.8)
Barbados/ Barbade	757	(0.8)	650	(0.7)	828	(1.2)	515	(1.1)
Total**/ Insgesamt**	88,489	(100.0)	95,441	(100.0)	69,544	(100.0)	47,692	(100.0)

$ NZ 1000 (%)

	1971/72*		1972/73*		1973/74*		1974/75 1.7.74-31.3.75	
USA	4,663	(6.7)	9,566	(12.1)	32,780	(53.0)	3,477	(10.0)
U.K./R.U./ Ver.Königr.	48,033	(68.7)	54,747	(69.0)	14,076	(22.8)	11.336	(32.7)
Japan/Japon	4,187	(6.0)	5,869	(7.4)	7,552	(12.2)	9,913	(28.6)
Jamaica/ Jamaïque/ Jamaika	1,430	(2.1)	1,012	(1.3)	1,858	(3.0)	1,398	(4.0)
Australia/ Australie/ Australien	1,047	(1.5)	1,418	(1.8)	1,338	(2.2)	1,168	(3.4)
Trinidad & Tobago	1,361	(2.0)	1,205	(1.5)	1,061	(1.7)	1,023	(3.0)
Barbados/ Barbade	428	(0.6)	369	(0.5)	531	(0.9)	390	(1.1)
Total**/ Insgesamt**	69,900	(100.0)	79,400	(100.0)	61,800	(100.0)	34.656	

* 1/7 - 31/6

** Including other destinations/
Y compris autres destinations/
Eingschlossen andere Bestimmungen

Source/Quelle : N.Z. Department of Statistics

C. BUTTEROIL/BUTTERSCHMALZ

T (%)

	1971/72*		1972/73*		1973/74*		1974/75 1.7.74-31.3.75	
Peru/Perou	9,273	(35.2)	5,751	(25.6)	9,796	(47.2)	6,118	(38.3)
Mexico/ Mexique/ Mexiko	1,350	(5.1)	1,984	(8.8)	2,925	(14.1)	3,345	(20.9)
Philippines/ Phillippinen	2,068	(7.8)	2,730	(12.1)	1,654	(8.0)	932	(5.8)
Malaysia/ Malaisie	3,842	(14.6)	1,795	(8.0)	1,580	(7.6)	369	(2.3)
USA	---		535	(2.4)	1,070	(5.2)	549	(3.4)
Chile/Chili	1,200	(4.6)	4,896	(21.8)	999	(4.8)	---	
Japan/Japon	196	(0.7)	274	(1.2)	558	(2.7)	132	(0.8)
Total**/ Insgesamt**	26,341	(100.0)	22,488	(100.0)	20,771	(100.0)	15,970	(100.0)

$ NZ 1000 (%)

	1971/72*		1972/73*		1973/74*		1974/75 1.7.74-31.3.75	
Peru/Perou	9,081	(38.2)	5,335	(25.6)	7,137	(43.6)	4.871	(32.2)
Mexico/ Mexique/ Mexiko	1,392	(5.9)	1,832	(8.8)	2,312	(14.1)	3.545	(23.4)
Philippines/ Phillippinen	1,748	(7.4)	2,386	(11.4)	1,366	(8.4)	958	(6.3)
Malaysia/ Malaisie	3,328	(14.0)	1,459	(7.0)	1,261	(7.7)	355	(2.3)
USA	---		638	(3.1)	1,111	(6.8)	458	(3.0)
Chile/Chili	1,086	(4.6)	5,080	(24.4)	831	(5.1)	0	(0)
Japan/Japon	233	(1.0)	297	(1.4)	535	(3.3)	135	(0.9)
Total**/ Insgesamt**	23,800	(100.0)	20,900	(100.0)	16,400	(100.0)	15,123	(100.0)

* 1/7 - 31/6

** Including other destinations/Y compris autres destinations/ Eingeschlossen andere Bestimmungen

Source/Quelle : N.Z. Department of Statistics

Annex C
Annexe C
Anhang C

D. MILK POWDER/POUDRE DE LAIT/TROCKENMILCH

T (%)

	1971/72*		1972/73*		1973/74*		1974/75 1.7.74-31.3.75	
Philippines/ Philippinen	17,323	(9.1)	25,724	(13.1)	35,838	(13.0)	17,720	(16.3)
Malaysia/ Malaisie	25,320	(13.3)	26.151	(13.3)	26,740	(9.6)	15,765	(14.5)
USA	51	(0.03)	174	(0.09)	19,881	(7.2)	91	(0.08)
Peru/Perou	27,247	(14.3)	19,137	(9.8)	26,240	(9.5)	14,017	(12.9)
Chile/Chili	15,809	(8.3)	17,479	(8.9)	25,020	(9.0)	5,958	(5.5)
Japan/Japon	18,695	(9.8)	19,293	(9.8)	21,925	(7.9)	9,041	(8.3)
Brazil/ Brésil/ Brasilien	---		---		18,082	(6.5)	2,485	(2.3)
Thailand/ Thaïlande	14,140	(7.4)	14,950	(7.6)	13,259	(4.8)	5,500	(5.1)
Singapore/ Singapour/ Singapur	8,519	(4.5)	7,923	(4.0)	10,007	(3.6)	3,567	(3.3)
Mexico/ Mexique/ Mexiko	---		---		12,991	(4.7)	---	
Jamaica/ Jamaïque/ Jamaika	7,197	(3.8)	6,377	(3.3)	7,799	(2.8)	1,618	(1.5)
Indonesia/ Indonésie/ Indonesien	3,284	(1.7)	6,544	(3.3)	7,722	(2.8)	5,308	(4.9)
Total**/ Insgesamt**	190,766	(100.0)	196,143	(100.0)	276,999	(100.0)	108,574	(100.0)

* 1/7 - 30/6

** Including other destinations/Y compris autres destinations/ Eingeschlossen andere Bestimmungen

Source/Quelle : N.Z. Department of Statistics

28

Annex C/Annexe C/
Anlage C

 I/227/75-E-F-D

$ NZ 1000 (%) D. MILK POWDER/POUDRE DE LAIT/TROCKENMILCH

	1971/72*		1972/73*		1973/74*		1974/75 1.7.74-31.3.75	
Philippines/ Philippinen	7,117	(9.9)	10,566	(12.2)	16,268	(12.5)	11,923	(17.4)
Malaysia/ Malaisie	9,586	(13.4)	11,251	(13.0)	12,789	(9.8)	10,388	(15.1)
USA	15,000	(21.0)	72	(0.1)	12,094	(9.3)	63	(0.1)
Peru/Perou	10,158	(14.2)	7,969	(9.2)	11,774	(9.0)	8,627	(12.6)
Chile/Chili	6,695	(9.3)	8,034	(9.3)	10,965	(8.4)	2,414	(3.5)
Japan/Japon	7,577	(10.6)	9,232	(10.7)	9,485	(7.3)	6,202	(9.0)
Brazil/ Brésil/ Brasilien	--		--		8,097	(6.2)	1,342	(1.9)
Thailand/ Thaïlande	4,723	(6.6)	6,311	(7.3)	6,079	(4.7)	3,417	(5.0)
Singapore/ Singapour/ Singapur	3,075	(4.3)	3,461	(4.0)	4,949	(3.8)	2,246	(3.3)
Mexico/ Mexique/ Mexiko	--		--		4,934	(3.8)	--	
Jamaica/ Jamaïque/ Jamaika	2,239	(3.1)	2,770	(3.2)	3,847	(3.0)	1.018	(1.5)
Indonesia/ Indonésie/ Indonesien	1,211	(1.7)	2,729	(3.2)	3,726	(2.9)	3,480	(5.1)
Total**/ Insgesamt**	71,800	(100.0)	86,500	(100.0)	130.100	(100.0)	68,600	(100.0)

* 1/7 - 30/6

** Including other destinations/Y compris autres destinations/
Eingeschlossen andere Bestimmungen

Source/Quelle : N.Z. Department of Statistics