



SUBSIDIES AND DUTIES

A NEW ZEALAND DAIRY PERSPECTIVE

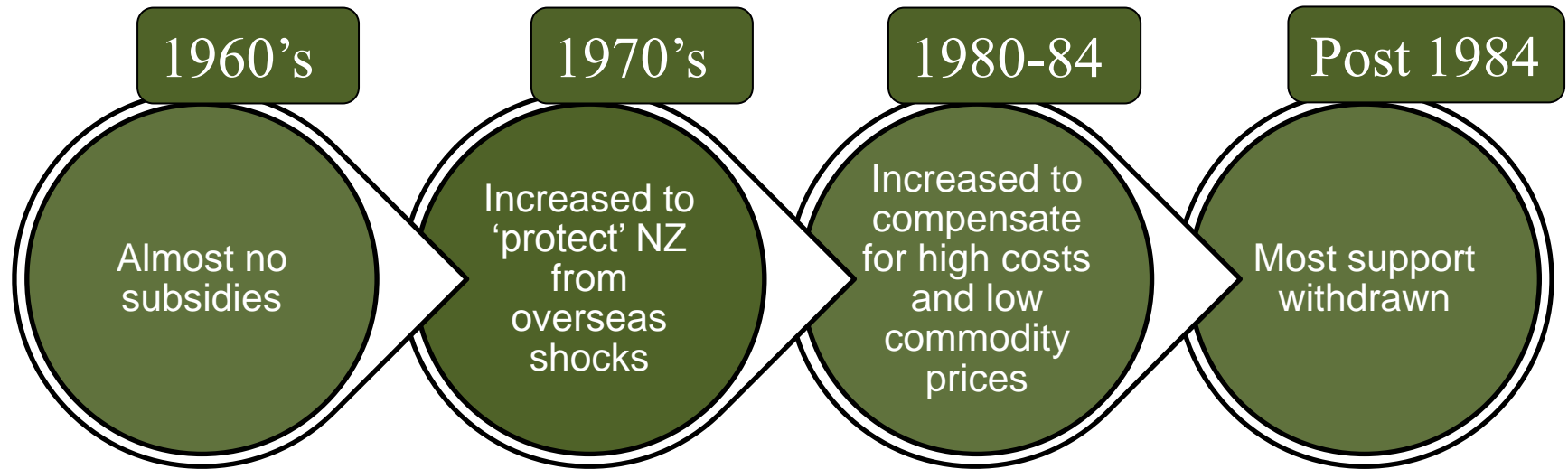
Who is DCANZ



- Association representing the collective position of New Zealand manufacturing and exporting companies
- Members
 - account for 98% of milk processed in NZ
 - export 95% of production to 100+ countries
 - Deliver 1/3 of NZ goods export earnings



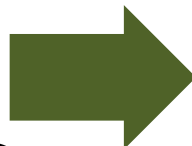
The last 50 years of NZ agricultural policy has featured subsidies and subsidy reform



The reform represented a total shift in policy objective

1970s-1984

- Aimed at increasing production for exports through government support



1984-today

- Aimed at ensuring the market and regulatory environment allow agriculture to operate efficiently and profitably in response to market signals

There is no desire to go back to subsidies or import protection

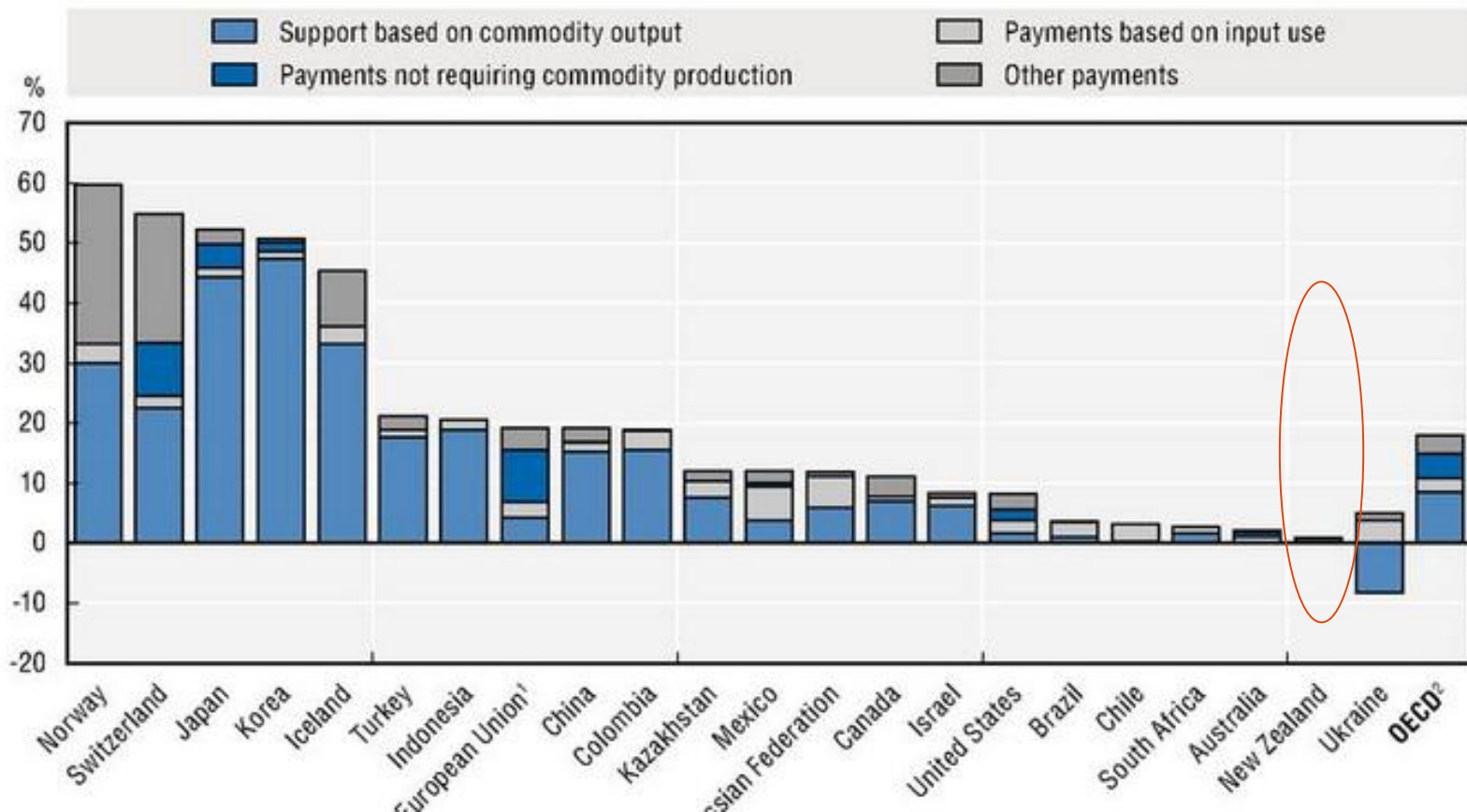


- Farms are businesses
 - Farmers respond to market signals, including by utilising land use flexibility
 - Industry is focused on meeting market and customer demands:
 - Product innovation; quality and safety; Sustainability
 - Imports of dairy, and two way foreign investment, support our integration into global value chains
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We would welcome more countries following this lead



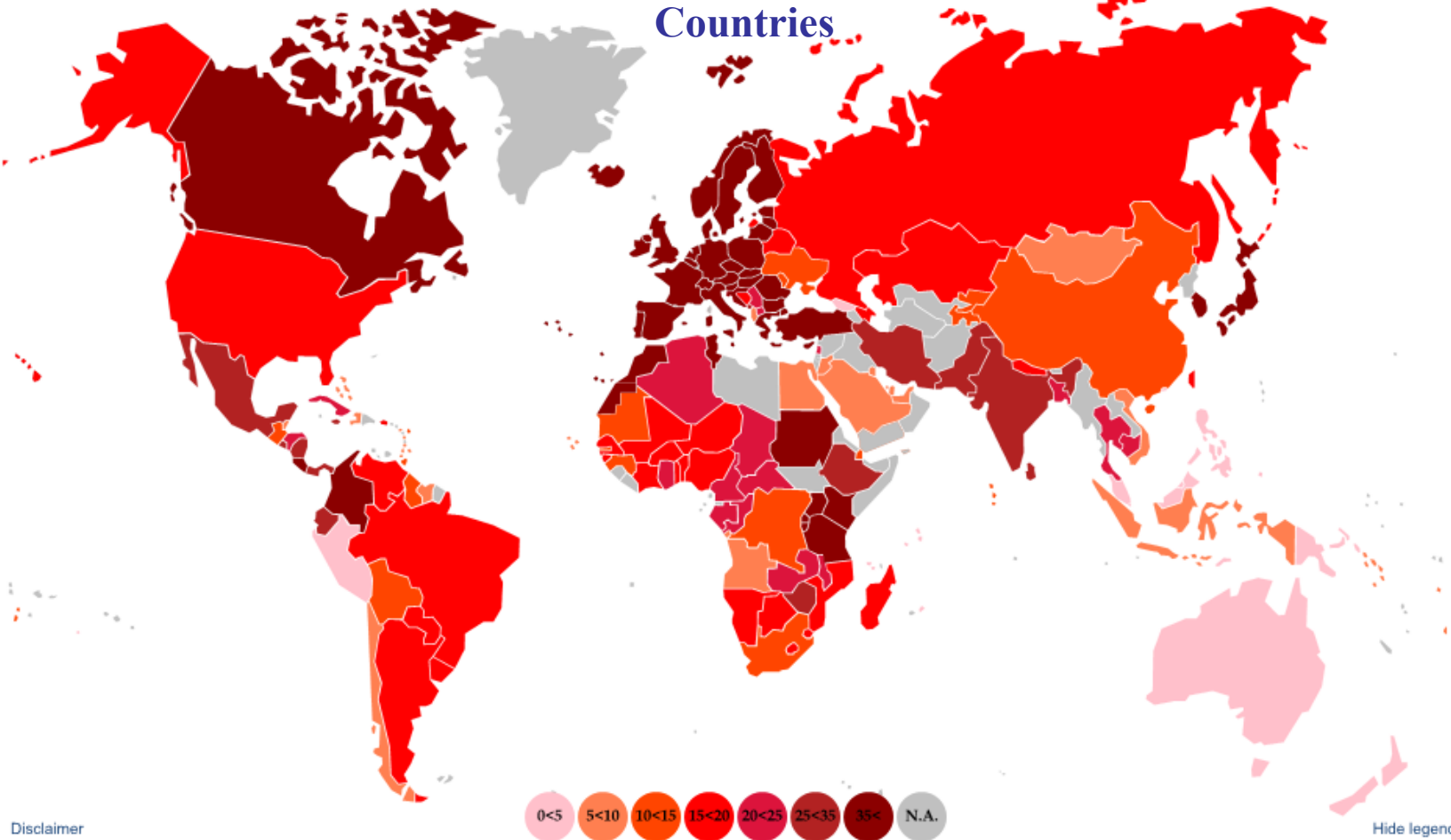
Figure 1.11. **Composition of Producer Support Estimate by country, 2012-14**
Percentage of gross farm receipts



Global dairy remains highly protected



WTO Simple Average of Applied MFN Tariffs for All Dairy Products, all Countries



Disclaimer

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Market distortions are exacerbating volatility



The need for further agricultural trade reform is well recognised



*We reaffirm our determination to ensure a rules-based, transparent, **non-discriminatory, open and inclusive multilateral trading system** and **commit to advancing negotiations on the remaining DDA issues as a matter of priority, including all three pillars of agriculture (i.e. market access, domestic support and export competition).....***

G20 Leaders declaration (5 September 2016)

Protectionism trends are moving in the wrong direction



Expanding global stock of non-tariff measures

Industry led schemes to subsidise product onto world markets

Moves back to coupled production

Its time for the rhetoric on trade reform to be matched by action



Subsidies

- WTO agreement to remove production and market price linked support measures

Tariffs

- Bring down tariff protection levels via WTO, regional and bilateral agreements

Non tariff barriers

- Increased alignment with international standards, avoid discrimination, focus on equivalence and mutual recognition
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