

Visit of New Zealand Minister to the Commission

Mr Mike Moore, New Zealand Minister of Overseas Trade and Marketing, will visit the Commission on 19 September 1984 where he will have talks with Vice-Presidents Wilhelm Haferkamp and Lorenzo Natali and Commissioner Poul Dalsager.

Among the topics on the agenda are the state of cooperation between the Community and New Zealand on the international dairy trade and particularly recent developments in the Community's export policy for dairy products, New Zealand's butter exports to the United Kingdom and an exchange of views on prospects for a new round of multilateral trade negotiations.

EC-NEW ZEALAND RELATIONS

The Commission and New Zealand maintain close relations at highest political level. President Thorn visited New Zealand in 1982 and two Prime Ministers, MM. Rowling and Muldoon, have visited the Commission. In recent years, several Commissioners, notably Vice-President Haferkamp and Mr Dalsager, have led high level ministerial consultations in Wellington and previous Foreign Ministers, Mr Talboys and Mr Cooper, visited the Commission on numerous occasions.

Trade Relations

Trade is in general based on the GATT Most Favoured Nation clause though there are special arrangements for certain New Zealand agricultural exports to the Community.

New Zealand has long had close political, cultural and trade links with the United Kingdom. She had in the post-war period built up an agricultural industry producing mainly dairy products, sheepmeat and wool geared to supplying the British market. Special arrangements were therefore made to safeguard New Zealand's agricultural exports when the United Kingdom entered the Community in 1973. These were provided by Protocol 18 of the Treaty of Accession. This Protocol allowed New Zealand to export degressive quantities of butter (165 000 to 138 000 tonnes) and cheese (68 000 to 15 000 tonnes) to the United Kingdom for a five year transitional period. The duty free cheese exports were phased out totally in 1977 though a tariff quota for 6 500 tonnes of cheddar cheese and 3 000 tonnes of processing cheese has since been opened following the Tokyo Round negotiations.

Protocol 18 left open the possibility for the Council to continue exceptional arrangements for butter exports after 1977. It was decided at the meeting of the European Council in Dublin in 1975 that access for New Zealand butter to the Community should be maintained and this was achieved between 1978 and 1983 on a year by year basis, with gradually reduced quantities.

In July 1984, the Council decided that, in order to provide more stability to the trade, access should be guaranteed for a further five years, i.e. till the end of 1988. The quantities allowed will gradually be reduced from their 1984 level of 83 000 tonnes to reach 79 000 tonnes in 1986. The level of the entitlement for 1987 and 1988 will be decided in 1986 and 1987 respectively. In the course of 1988, the Council will take a decision unanimously on the maintenance of the exceptional arrangements from 1 January 1989.

The Community and New Zealand attach great importance to their cooperation in the dairy sector where consultations have helped to provide a certain stability to world markets.

Another agricultural export of major interest to the Community and New Zealand is sheepmeat. Once again New Zealand is a traditional exporter of this product to the United Kingdom. Since the Community was only 65% self-sufficient in sheepmeat, a common market organisation for this product was not created until 1980. As part of this organisation, a self-restraint agreement was concluded with the Community's main suppliers, including New Zealand, guaranteeing her access for 245 500 tonnes of sheepmeat per year to the European market.

Development Cooperation

Cooperation between the New Zealand authorities and the European Development Fund has led to joint actions in the developing states of the Pacific region. A prime example of this is the joint contribution the two sides have made to the Pacific Forum Line. This shipping company serves the Pacific Islands and the EC-New Zealand contribution (5.5 MECU for the EC, US\$ 6 million from New Zealand) was aimed at improving its viability.

Trade structure and development

Most of New Zealand's exports to the Community are agricultural products, namely sheepmeat, wool and dairy products together accounting for 90% of her exports to the EC in 1982. The Community's main exports to New Zealand are transport equipment, machinery and chemicals.

New Zealand has made major efforts in the past decade to diversify its exports so as to avoid their concentration on the British market. This it has succeeded in doing to a great extent while at the same time increasing its exports to the other Community Member States and to third countries. The percentage of New Zealand's exports which went to the United Kingdom dropped from 31% to 12% in the period 1972 to 1983 while the share of her exports going to her neighbours in Asia and Australia rose from 24% to 35% in the same period.

Although the Community traditionally has a trade deficit with New Zealand, this is amply compensated for by a large surplus in invisibles (US\$ 380 million in 1983).

Trade between EC and New Zealand

(mio Ecus)

| | 1973 | 1975 | 1977 | 1979 | 1981 | 1982 | 1983 |
|------------|------|------|------|-------|-------|-------|-------|
| EC Imports | 870 | 716 | 961 | 1120 | 1262 | 1410 | 1369 |
| EC Exports | 478 | 627 | 657 | 748 | 759 | 1020 | 1081 |
| Balance | -392 | - 89 | -304 | - 372 | - 503 | - 390 | - 288 |

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.