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New Zealand

Agricultural Situation

N.Z. AGRIBUSINESS UPDATE July 1999

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Report Highlights: **New Ministry of Food Proposed**
 Dairy Reform Legislation Introduced to Parliament
 Kiwifruit Industry Expected to Retain Single-Desk
 ANZFSC GMF-Labeling Decision Expected in August

Includes PSD changes: No
Includes Trade Matrix: No
 Unscheduled Report
 Wellington [NZ1], NZ

N.Z. Government Proposes New Ministry of Food

The New Zealand Government has agreed in principle to set up a single, separate Ministry to handle all food regulatory and administration issues. The new Ministry will combine responsibility for food safety of both the domestic market currently held by the Ministry of Health (MoH), and for export markets and domestic primary produce, currently held by the Ministry of Agriculture and Forestry (MAF). The Government's initial proposal to transfer food administration to MAF and relevant staff from MoH to a single agency within MAF, to be operational by July 1, 2000, will not proceed.

MAF has, however, already restructured its Regulatory Authority to form a Food Assurance Authority and a Biosecurity Authority, which became operational on July 1, 1999. For the time being, the status quo of dual food regulatory systems and staff in MoH and MAF will remain, with the two Ministries harmonizing the respective regulatory systems to the maximum extent possible. A final decision is expected in March 2000.

Dairy Reform Legislation Introduced to Parliament

The New Zealand Government introduced the Dairy Industry Restructuring Bill on July 15, 1999. The Bill provides for New Zealand's nine dairy companies to merge and for the Dairy Board to become a 100 % owned subsidiary of the "mega-cooperative". It also removes the Board's statutory export monopoly. The draft legislation is one of four steps necessary to enable the New Zealand dairy industry to restructure. The formation of a mega-cooperative will require approval from the Commerce Commission, dairy farmers and Parliament. *See NZ9047 for further details.*

Kiwifruit Industry Expected to Retain Single-Desk Export Monopoly

The New Zealand Government has approved, in principle, the kiwifruit industry's plan to restructure. The proposed legislation will enable New Zealand kiwifruit growers to become shareholders of the newly-corporatized Zespri International, while Kiwifruit New Zealand would undertake regulatory, oversight and monitoring roles. Under the proposal the New Zealand kiwifruit industry will retain its single-desk export trading monopoly. The proposal requires approval by growers and Parliament. *See NZ9049 for further information.*

ANZFSC Decision on GMF-Labeling Expected in August 1999

The Australia-New Zealand Food Standards Council (ANZFSC) is expected to make a decision on the mandatory labeling requirement for genetically modified food (GMF) where it is substantially equivalent when it meets in August 1999. On December 17, 1998, the Australia-New Zealand Food Standards Council (ANZFSC), by majority vote, directed the Australia-New Zealand Food Authority (ANZFA) to require labeling of genetically modified food where it is substantially equivalent, by developing a draft amendment to the Food Standards Code which take into account the need to:

- label if the manufacturer knows the foods contains genetically modified material; and
- if the manufacturer is uncertain about the food's contents, they must indicate that the food may contain genetically modified material.

In addition, Health Ministers asked ANZFA to develop, for their further consideration, a definition of the term "genetically modified food".

The New Zealand Ministry of Health recently completed a public consultation on the labeling issue which occurred over a 4 week period. United States Government comments on mandatory GMF labeling were passed to ANZFA and the Ministry of Health on July 12. The results of the consultation will form part of ANZFSC's

decision making on the labeling of foods produced using gene technology when it meets in August, 1999.
See NZ9031 for further information.