

Trade barriers cost dairy billions

Billions of dollars are being lost each year to the New Zealand dairy industry through trade barriers.

A report commissioned by the Dairy Companies Association of New Zealand (DCANZ), said these tariffs were suppressing the value of New Zealand's dairy products by about \$1.3 billion annually.

DCANZ chairman Malcolm Bailey said the tariffs amounted to a significant cost to New Zealand.

"On top of this, non-tariff measures add over \$3b in costs to New Zealand dairy exports in the APEC region alone."

Removing trade barriers would allow New Zealand's dairy sector to maintain and build both sustainability and value-adding momentum, Bailey said.

The report by New Zealand Institute of Economic Research, 'Dairy trade's economic contribution to New Zealand', highlighted the dairy sector's impact on the national and regional economies.

Primary Industries Minister Nathan Guy said it confirmed the



industry's contribution to the national economy.

"According to the report dairy contributes \$7.8b to New Zealand's GDP and is our largest goods exporter. This is a timely reminder of just how important the dairy industry is."

"While the dairy sector has had a tough few seasons, in the year to March 2016 they still earned over \$13b in exports for New Zealand."

The report found that dairy exports generated more than one in every four dollars earned by New Zealand and the sector provides incomes for 40,000 New Zealanders, including 2100 jobs in Auckland.

Dairy employment had grown by an average of 3.7 per cent per year, more than twice as fast as the 1.7 per cent recorded for total employment in New Zealand over the past 15 years.

Milk powder being bagged at Te Rapa.

Photo: Supplied

Federated Farmers Dairy chairman Andrew Hoggard said the industry's billion dollar contribution to the economy meant that 30 per cent of export dollars coming back into the country was courtesy of dairying.

The findings should also dispel doom and gloom merchants who had questioned the industry's long term sustainability in recent years, he said.

"There's lots of jobs in rural areas which wouldn't exist if it weren't for dairy. What perhaps people don't realise is the flow on effects go past the farmgate generating millions of dollars for local economies."

It showed how vital the dairy industry was to New Zealand's overall economic health. Even in the most difficult trading conditions with the current geopolitical situation, it was coping well and holding its own.

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