



**Discussion of:  
LESSONS FROM NEW ZEALAND  
AGRICULTURE POLICY REFORM**

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**May 31 to June 2, 2006  
3er Annual North American Agrifood  
Market Calgary Alberta, Canada.**

How would a developing country interpret NZ experienced?

To what extent NZ Reforms can be replicated?

The following should be taken into account:

- ✓ It is a country with a small population-4 millions, Europeans, Maourie and Asian.
- ✓ A developed country, with resources and relative macroeconomic stability .
- ✓ It's economy was capable of absorbing farm labor overflow into other sectors.

- ✓ With access, restricted, but strategic to important markets such as the European market.
- ✓ A country with democracy well establish.
- ✓ Comparative advantages are evident and the land devoted to farming declined but more productivity.
- ✓ Social and economic wealth of farmers who survived and become the winners of the reform. Their high educational level was key to invest in the right sector, in organizing themselves and getting fairness from government, banks.....

My reading about author position is that liberalization is the main factor of success. still doubts.... *whether the weight of these qualities and events are that important, or more than liberalization policies.*

Well, in my point of view.... institutional aspects that seem to be have been left on the back-burner, such as:

- ✓ The relative high level of political maneuvers.
- ✓ Trust achieved with the Agricultural Marketing Boards -Dairy Board, safety net.

- ✓ The capability of NZ farmers who withstood the adjustments and stay, winners! and the ones that did not survive and at the best look for new jobs, losers!.
- ✓ The timely and credible support of government to assist farmers and banks during the removal of subsidies.
- ✓ The conversions of farms from one sector to other, changing composition of farm output – mergers.



In my view there are positive aspects of public intervention such as:

- ✓ Timely reforms.
- ✓ Support, limited, but crucial in critical times.
- ✓ Integral economic reforms.
- ✓ The vision to support key aspects such as education, research, industrialization of agrifoods.
- ✓ Improvement in infrastructure, technology, education and research adopted or generated in the country.

## Cont..

- ✓ Vision to support activities with comparative advantages -agriculture, from which competitive advantages were formed.
- ✓ Develop and coordinate the organization, respecting its autonomy and consensus.
- ✓ In favor of domestic and international competition but some exceptions.
- ✓ Formation of co-operative –Fonterra, but limited to prevent monopsonic actions. Large scale amalgamation.
- ✓ Develop exports and promote FTA`s.



More questions.

Were initial protectionism of agriculture and subsidies key to overcome the crisis and achieve ultimate success?

After all this... is it acceptable that the reform be really liberal? No doubt much importance was given to the market, but some effective regulations were place, strategic ones!

it would seem that government participation will continue to be necessary and it should not concentrate the future focus on fighting protectionism and support new technology.

## CONCLUSION

NZ EXPERIENCE WITH SUBSIDIES has been possible, in part, because of strong institutions – private and public and a well educated population.

In the paper, Mr. Lattimore shows that economic outcomes are expected in mid and long run. It is important to point out New Zealand's patience and consistency in policies implementation.



GRACIAS!