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Keywords

artificial infant milk, breastfeeding, China, developing countries, infant formula, infant health, New Zealand, nutrition policy

Background

Although a small nation of slightly more than 4 million people, New Zealand's potential influence on infant feeding practices is far reaching. Although there is general support for breastfeeding within New Zealand, infant formula manufacturing and marketing to key overseas markets, particularly East Asia, have reached unprecedented levels.

On the domestic front, there has been a recent rise in breastfeeding initiation rates; however, exclusivity and duration rates could be improved, particularly among "vulnerable" populations, including Maori and Pacific groups.¹ Organization for Economic Cooperation and Development data show that "around 2005," New Zealand occupied seventh place among mainly high-income member countries in terms of the proportion of exclusively breastfed infants at 3 months of age, yet exclusivity rates at 6 months were among the lowest.²

Recent New Zealand initiatives to support breastfeeding include the following: in 1997–1998, the New Zealand Breastfeeding Authority was established to oversee the implementation of the Baby-Friendly Hospital and Community Initiatives; in 2006, the (since disbanded) National Breastfeeding Advisory Committee initiated the National Strategic Plan of Action for Breastfeeding 2008–2012³; and around 2009, a breastfeeding promotion campaign was conducted with an emphasis on Maori and Pacific populations.

New Zealand is also a signatory to the International Code of Marketing of Breast-Milk Substitutes, with the Ministry of Health handling complaints under 2 voluntary codes: (1) the Code of Practice for Health Workers and (2) the Infant Nutrition Council Code of Practice for the Marketing of Infant Formula (a voluntary agreement between major infant formula manufacturers not to market formula for infants younger than 6 months of age in New Zealand).⁴ In 2006, the Infant Feeding Association of New Zealand (IFANZ) was established to monitor the implementation of the International

Code of Marketing of Breast-Milk Substitutes in the Oceania region.⁵ There is also legal protection (albeit with restrictive eligibility criteria) for employed mothers through the Employment Relations (Breaks, Infant Feeding and Other Matters) Amendment Act 2008, which provides workplace nursing breaks, and the Paid Parental Leave Act 2010, which provides 14 weeks' paid leave around childbirth.

The Growth in New Zealand's Infant Formula Exports

As a major dairy farming nation, New Zealand has had a long involvement in the manufacture and sale of infant formula. Physician Dr Truby King, founder of the Royal New Zealand Plunket Society formed in 1907 to improve infant and maternal mortality and morbidity, led the development of artificial baby food products in the early 1900s.⁶ Throughout the 20th century, manufacturers were permitted to advertise infant formula, although the adoption of the WHO Code in 1984 saw the introduction of restrictions to marketing practices.

Recently, there has been a dramatic increase in the manufacture of infant formula exports in New Zealand. Although estimates vary,⁷ one calculation is that in 2009, formula exports were worth NZ\$753 million to the New Zealand economy, increasing from NZ\$63 million in 1999 and NZ\$120 million in 2004.⁸ As a leading dairy food exporter, New Zealand is well placed to capitalize on any expansion in overseas infant formula markets, particularly those in the

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Asia-Pacific region. But the expanding East Asian market, facilitated by the 2008 New Zealand–China Free Trade Agreement (New Zealand–China FTA), which stipulated a 5- to 6-year phase out of infant formula tariffs,⁹ has led to an unprecedented increase in New Zealand's infant formula export production.

Identifying emerging growth opportunities for infant formula market expansion, recent reports prepared for the government^{10,11} note that New Zealand has the advantage of a long history of infant food manufacturing (since 1904) and that, in 2009, its infant formula exports exceeded wool exports, with the industry 75% the size of the wine industry and growing faster. These reports advise New Zealand, as one of the world's largest milk powder producers and exporters and with a significant proportion of its milk powder exports being made into infant formula in other countries, to (1) significantly increase its exported formula (by at least 5 times as much as in 2010), (2) move away from manufacturing "raw unprocessed goods towards high-end products [and] high quality, premium branded, high status products," such as formulated infant formula versus raw milk powder (based on the calculation that 1 kg of infant formula is worth 10 times the value of 1 kg of milk powder), and (3) make greater use of its "clean, green" brand to market formula overseas.^{8,10,11} China is identified as a "significant opportunity," with potential investment by emerging Chinese manufacturers in New Zealand also helping guarantee quality raw material supply as well as attracting other major global infant formula manufacturers to New Zealand.

China is the second largest baby food and infant formula market in the world and the largest in Asia (in the order of US\$3–6 billion).¹² China's growing export demand for artificial infant milk is driven by urbanization and the rise in the middle classes, employed mothers, disposable incomes, consumer spending on infant formula, and the demand for a safe, high-quality product.¹³ Formula safety fears among Chinese parents as a result of that country's 2008 melamine infant feeding scandal, which led to the death of at least 6 babies with thousands more affected,¹⁴ have reduced demand for domestically produced product. Demand has instead shifted to imported supplies from perceived high-quality producers such as New Zealand (and Australia), increasing New Zealand's potential to trade on its clean, green brand¹⁵ with a potentially vast and expanding artificial infant milk market.

Although small in terms of its influence on global infant feeding politics, New Zealand nevertheless punches above its weight in the world and Chinese infant formula markets. It is the second largest offshore provider of infant formula for the Chinese market (18% share), after Singapore (37% share), with Australia the third largest (15% share).¹⁶ Processing plants, such as Synlait's 51% Chinese-owned factory (opened in 2011), and China's largest dairy company, Yili's proposed \$214 million plant (planned for

2014), are being established in New Zealand to process high-cost artificial infant milk targeted at Chinese middle classes and elites,¹⁷ whereas product names such as Biopure Health's Infapure infant formula¹⁸ and Synlait's "Pure Canterbury" infant formula¹⁹ play to infant food safety fears. Meanwhile in New Zealand, mainstream economic concerns are that Fonterra, as New Zealand's major dairy cooperative, is not sufficiently benefiting from Chinese-led initiatives¹⁶ and that its apparent reticence may relate to its previous costly association with the 2008 Chinese melamine disaster. Other concerns are that (1) infant formula produced in China by Chinese companies is being wrongly branded and marketed as "New Zealand-made"²⁰ and (2) New Zealand-produced infant formula is being illegally exported to China, bypassing export regulations and tariffs (a form of piracy estimated to be, as of 2012, "in excess of \$150 million and growing").²¹

Are There Concerns Associated with Increased Artificial Infant Milk Exports?

Significant milk-producing countries such as New Zealand stand to gain substantially from China's "infant formulaization" as well as from its loose regulatory environment and continued reduction in infant formula tariffs. However, although environmental concerns about dairy farming expansion effects on New Zealand's land and waterways have been the subject of intense domestic and international debate,²² potential adverse health effects have attracted far less national attention, possibly because they are perceived as having little direct relevance to New Zealand.

Internationally, there is disquiet over falling breastfeeding rates in East Asia and China and over companies' marketing and lobbying tactics.²³ Between 2005 and 2009, 41% of Chinese children commenced breastfeeding, with 28% exclusively breastfed at 6 months and 43% breastfed with complementary food between 6 and 9 months.²⁴ The World Health Organization and UNICEF warn that lack of exclusive breastfeeding increases the risk of infant and childhood morbidity and mortality.²⁵ This risk is greatly increased in developing countries where there is often poor water and sanitation for preparing formula and parents may be illiterate and unable to read preparation instructions. (In 2008, 98% of China's urban population but only 82% of the rural population "used improved drinking-water," whereas only 58% and 52% of the urban and rural populations, respectively, had "the use of improved sanitation facilities."²⁶)

In 2012, WikiLeaks exposed efforts by US diplomats and corporations urging Asian leaders to halt breastfeeding promotion.²⁷ Noting the lack of evidence pointing to New Zealand's involvement in this "newly revealed dirty diplomacy," journalist Pat Booth warned of the potential for its dairy industry to be caught up in "global infant formula wars."²⁸

Conclusion

So what are the ethical implications for public policy for New Zealand as a major infant formula producer and exporter? Although internally New Zealand is supporting breastfeeding and has one of the greatest success rates internationally in its implementation of the Baby-Friendly Hospital Initiative, the current focus for overseas trade is on increasing market share in the Chinese artificial infant milk market. In contrast to internal debates, little consideration or discussion is being aired about whether this overseas trade policy is likely to reduce breastfeeding and infant and maternal wellbeing in other nations.

In both New Zealand and Australia, infant formula regulations, including composition, labeling, and advertising, are under review.²⁹ New Zealand has weaker regulations than Australia governing formula for export, only needing to meet importing country regulations so as to increase its competitiveness in overseas markets. In the interest of wider public health objectives, Australasian infant formula export regulations should meet best practice globally. Although New Zealand is a small country and its domestic policies affect relatively few people, its wider influence on infant feeding behavior and child health is potentially significant. The question is raised as to whether New Zealand's public health obligations for protecting, promoting, and supporting breastfeeding end at its own borders, especially where these obligations conflict with major trade imperatives.

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