

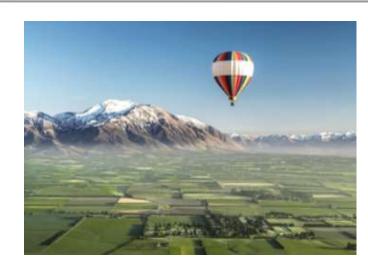
Mike Petersen, New Zealand's Special Agricultural Trade Envoy





First, a little about New Zealand...

- Population 4.4 million (the GTA)
- 268,021 km² (Italy, UK)
- GDP \$US169 billion
- Two main islands and a number of outlying islands
- Temperate climate
 - > 1,600 km North to South
 - no point more than 130 km from the sea
 - ➤ 15,134 km coastline (more than China)
- Grass grows all year round and livestock graze outdoors



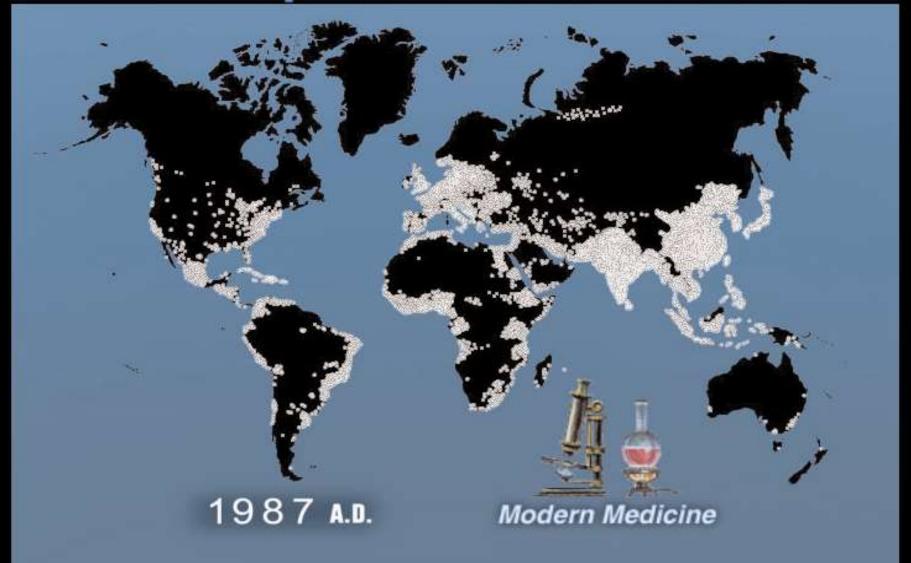




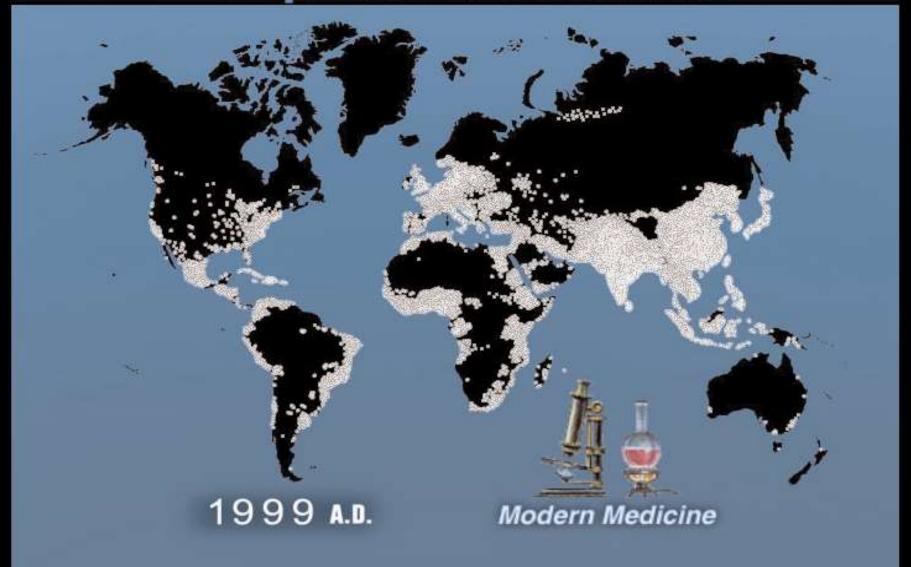
Food is the fashion...

- It must be safe
- Supply chain integrity is crucial
- Premiums will be paid for quality
- Stories add value
- Food for health grass fed
- Co-products for nutriceuticals an add-on.

Population: 5 Billion



Population: 6 Billion



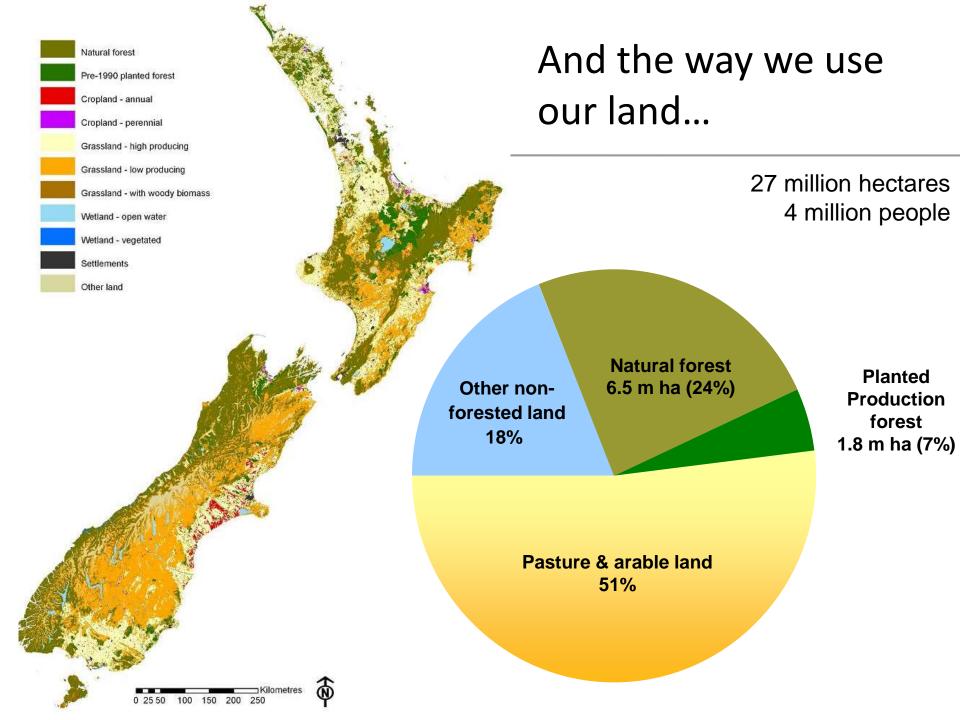
Est. Population: 8 Billion





The New Zealand reform story

- 1985 reform of the agricultural sector saw all subsidies removed overnight from farming.
- Huge challenge and upheaval.
- Now the least subsidised agricultural sector in the world according to OECD PSE index
- Reforms set the scene for unprecedented drive for efficiency and innovation





Our primary industries are important...

Pastoral farming dominates

Sheep: 29.3 mill.

Beef cattle: 3.7 mill.

Dairy cattle: 6.4 mill.

(4.7 mill. of which are in calf or in milk)

Deer: 1.1 mill.

Horticulture is increasingly important

Wine grapes: 311 000 mt.

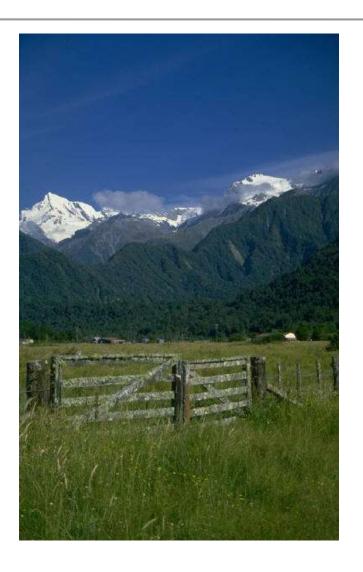
Wine: 190 mill. ltr

Arable farming

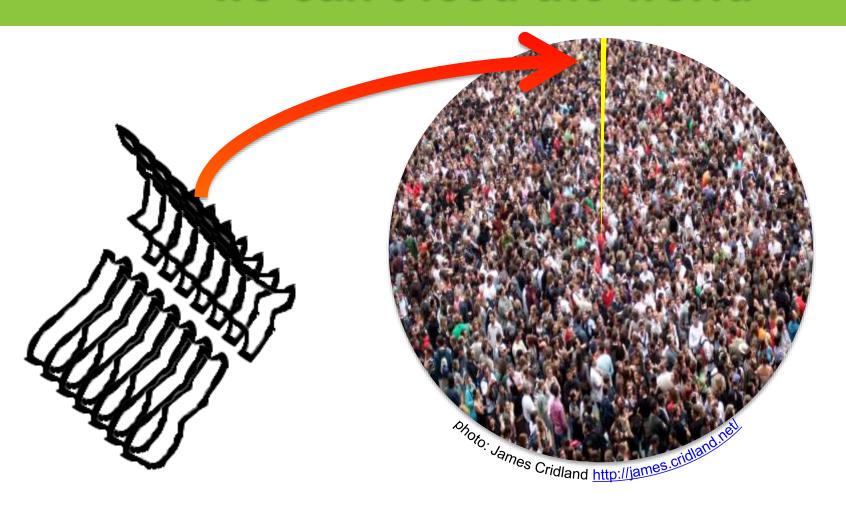
Barley: 65,700 ha.Wheat: 54,800 ha.

Fisheries

Commercial fish catch: 418,307 tonnes



We feed 5-8 times our population, but we can't feed the world



How can we target the wealthiest and most discerning customers?



Most of our agricultural products are exported...

Product	% Exported	% of World Production	% of global trade
Dairy	>90%	3%	33%
Beef	83%	1%	8%
Sheepmeat	90%	6%	75%
Wool	90%	14%	27%
Venison	98%	n/a	50%
Kiwifruit	95%	21%	32%
Pipfruit	55%	1%	5%
Wine	70%	0.46%	2%

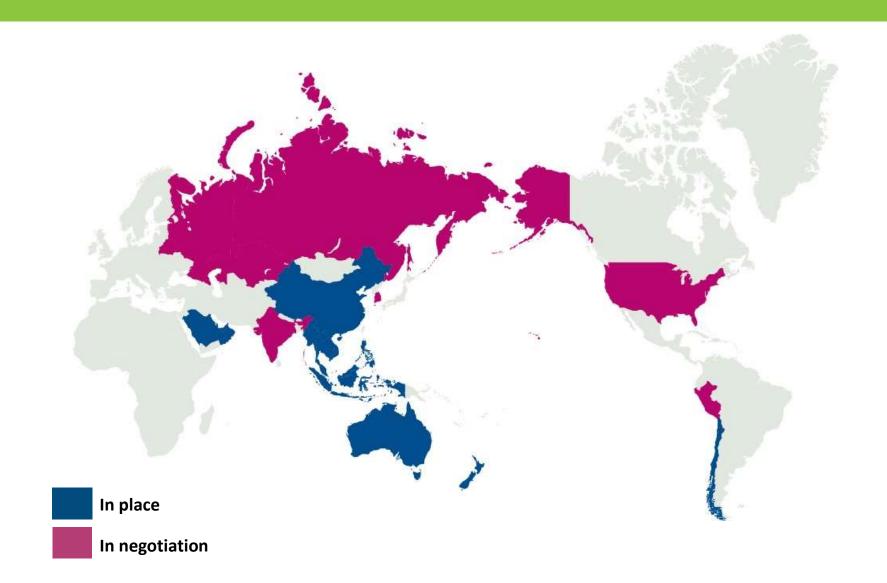
Source: NZ Beef and Lamb, Statistics NZ



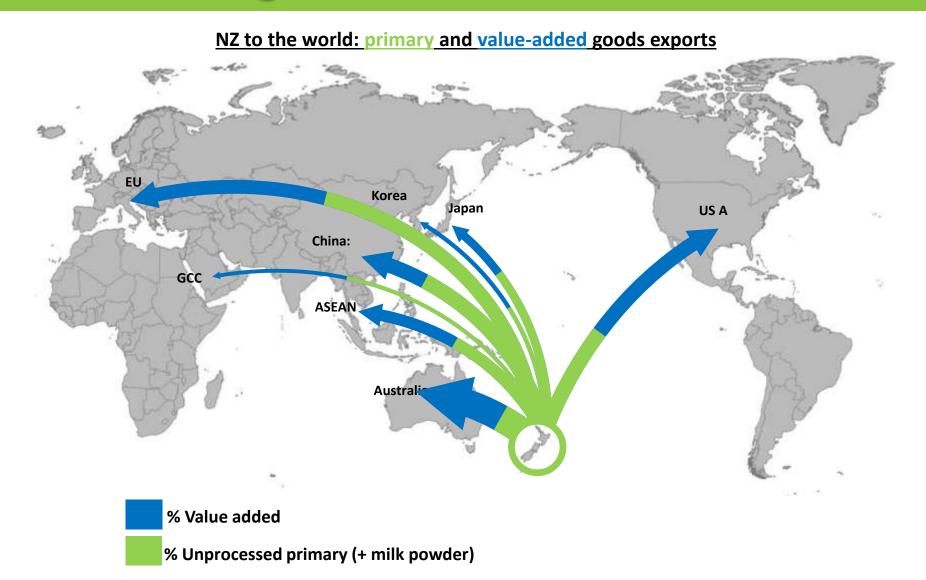
A focus on improved market access

- WTO remains our number one priority, but also progressing bi-lateral and regional FTAs
- Barriers to markets are barriers to progress and innovation.
- Cost of market access erodes value for farmers and consumers.
- A real need to eliminate non-tariff barriers and "behind the border" blockages globally

Market access progress for NZ...



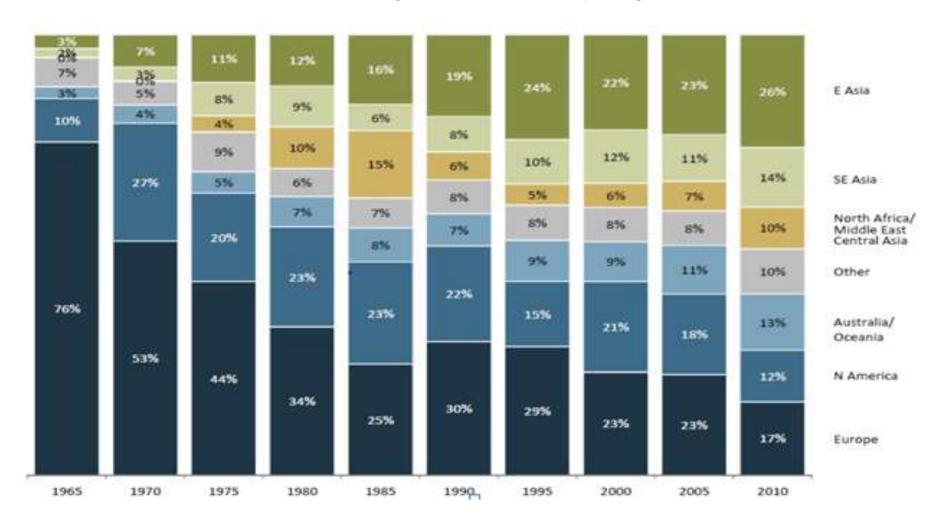
Our export footprint is diverse and working to increase value add...





And we export all around the world...

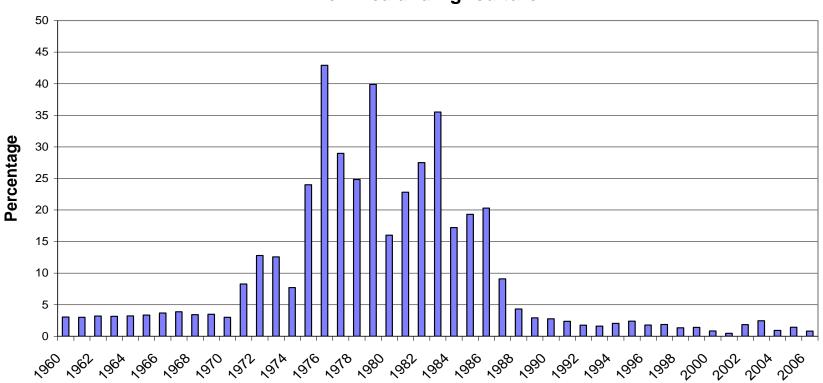
Share of NZ Food and Beverage Export Value By Region 1965-2010





We have the lowest subsidies in the OECD...now...

Producer Support Estimate New Zealand Agriculture





Productivity improved after subsidies were removed...

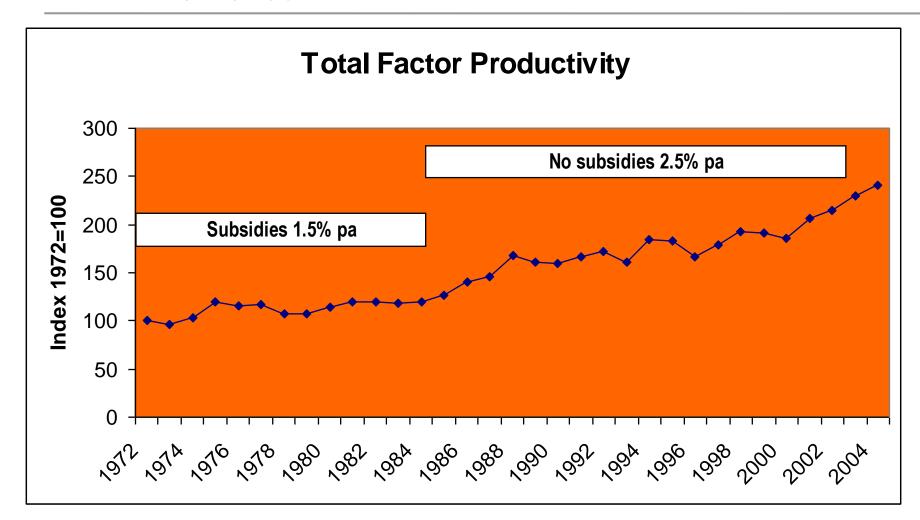


Table 1: Total Factor Productivity (1972–2004).



Productivity improvements

	1990-91	2013-14e	
Lambing Percentage (ewe)	100.4	121.7	+21 lambs
Hogget lambs as % all lambs	-	4.4%	
Average Lamb Wt (kg)	14.35	18.38	+28%
Lamb sold kg/ewe	9.76	16.68	+71%
Average Steer Wt (kg)	297	310	+4%
Milksolids per cow (kg)	260	346	+33%



And agriculture is as strong as ever...

Agriculture, horticulture & forestry:

- > 18% to GDP (includes "downstream" activity)
- > 12% of employment
- Around 55% of NZ's total export earnings
- Around 85% of NZ's agricultural produce is exported

New Zealand is the world's...

#15 agricultural exporter by value

#1 sheep meat exporter

#1 dairy exporter (but only 3% of global milk production)

#2 wool exporter









Modern farming in New Zealand is business driven...

- Farm businesses
- Farmers' production decisions and market returns are dictated by the domestic and overseas markets, not the government
- Sales depend on meeting customers' expectations of price and quality
- Production is efficient, profitable and sustainable
- Farms are getting bigger but fewer of them
- Family ownership still dominates, but more complex management







Government plays a limited support role..

- Sustainable Farming Fund invests in farmer, grower, and forester led projects that deliver economic, environmental and social benefits to New Zealand's primary industries
- Primary Growth Partnership long-term innovation programmes that are jointly funded by government and industry and can cover education and skills development, research and development, product development, and technology transfer
- Irrigation Acceleration Fund -Intended to help realise the
 potential for irrigated agriculture to contribute to sustainable
 economic growth throughout New Zealand. Primary purpose is
 to support regional-scale, rural, water infrastructure proposals



Challenges remain...

The overarching challenge for New Zealand is to protect its reputation as a trusted, quality, and sustainable producer

- safe food with integrity
- biosecurity
- > animal welfare
- environment (water, waste, climate change, etc)







But...there is a world of opportunity out there...





Conclusion

- The opportunities for agriculture in a hungry world are immense.
- Agricultural reforms in New Zealand have worked.
- Improved market access is an enabler to greater wealth for farmers.
- New Zealand is looking to work with the Philippines to improve production and demand for food.

