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New Zealand

Retail Food Sector

Annual

2005

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Report Highlights:
Total agricultural exports from the United States to New Zealand in calendar year 2004 valued at $126 million, two-thirds consisting of consumer-oriented products. The United States held an 11 percent share of New Zealand's import market for consumer-oriented foods and beverages. New Zealand's annual food retail sector sales turnover is estimated at for NZ$10.5 billion (US$7.3 billion). New Zealand can be a good export destination for new-to-export U.S. companies.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Wellington [NZ1]
[NZ]

Market Overview

- New Zealand is a well-developed market consisting of 4.1 million people, with an annual population growth rate of only about 0.5 percent. It is a largely urbanized society with two-thirds residing in the principal urban areas of Auckland (1.2 million), Wellington (451,600), and Christchurch (344,000). Half of New Zealand's population is aged over 35 years, compared with a median of 32 a decade ago. New Zealand population is diverse and multi-cultural. Approximately 80 percent of all New Zealanders are of European origin, with around 15 percent Maori, 6 percent Polynesian, 3 percent Asian and 2 percent Indian.
- New Zealand is a developed country with a highly competitive, export oriented agriculture and food industry.

	2002	2003	2004
GDP (NZ$million)	122,720	114,265	118,342
Total Exports (US$million)	21,554	19,769	20,079
Total Imports (US$million)	21,207	22,512	23,364

(Statistics New Zealand Year Book)

- Total agricultural exports from the United States to New Zealand in calendar year 2004 totaled $126 million, two-thirds consisting of consumer-oriented products. The United States holds a 11 percent market share of New Zealand's imports of consumer oriented foods and beverages. U.S. exports to New Zealand emphasize fresh fruit, processed fruit & vegetables, pet food, snack foods and dairy products.
- New Zealand can be a good export destination for new-to-export companies. U.S. products are seen as being of excellent quality and are usually appealing in the sense that they are "different or new".
- There is an intense price-based competition from domestic products and those from Australia. Australia holds a 50 percent market share for imported consumer foods.
- Annual supermarket sales turnover for New Zealand's retail food sector is estimated at NZ$10.5 billion (US$ 7.3 billion).
- The retail supermarket sector is dominated by only two companies. Foodstuffs (NZ) Limited, controls about 55 percent of the supermarket trade while Progressive Enterprises, dominates the remaining share.
- Together, Foodstuffs Limited and Progressive Enterprises operate 654 supermarkets throughout New Zealand. Supermarket food sales account for 80 percent of total retail food sales. Approximately 6,000 corner stores called dairies, which offer a limited selection of staple and snack foods, together with specialized fresh produce shops account for 14 percent of retail food sales. Gasoline station convenience stores and stand-alone convenience stores (1,259 total units) account for the remainder of New Zealand's retail food sales.
- Supermarkets usually offer a variety of products including fresh produce, salad/sandwich bars, prepared pasta and bakery products, fresh seafood, gourmet cheese and dairy products, frozen and dry packaged groceries and well developed delicatessen sections.
- New Zealand does not have a system of 'terminal markets' where independent retail grocers purchase their packaged grocery products and fresh produce.
- Traditional, open air markets which specialize in fresh produce and fish are still found in all cities. Dairy stores often depend on these markets as well as large supermarkets for their food supplies.
- The major supermarket chains purchase locally-grown fresh fruit and vegetables from producers/suppliers while turning to importers/distributors for imported fruits and vegetables. Fish and meat are purchased directly from abattoirs and processors. The

two large supermarket chains also are vertically integrated into these food-processing industries.

- A New Zealand household weekly expenditure total NZ$758 (US$530). This included approximately NZ$142.50 (US$100) per week on food, and NZ$37 (US$26) was spent on meals away from home.

- **Distribution of Household Food Expenditure**

Stores	***% Expenditure***
Fruit	06%
Vegetables	07%
Meat	10%
Poultry	03%
Fish	02%
Farm products, fats, oils	10%
Cereals, cereal products	12%
Sweet products, spreads, beverages	11%
Other foodstuffs	13%
Meals away from home, ready-to-eat food	26%
Total	**100%**

Source: Statistics New Zealand, Annual household expenditure by group, 2002

- Consumer research has identified the following key sales criteria for New Zealand's 18 - 44 year old group to include:
  - Less reliance on the 3 traditional daily meals
  - Snacking on-the-run consumption habits
  - Health concerns
  - Concerns over environment and price
- In contrast, key food purchasing criteria for consumers over 45 years of age include:
  - Product quality
  - Service
  - Security and safety
  - Convenience and price

Advantages/Challenges for U.S. Consumer Food Exports to New Zealand

Advantages	Challenges
Familiar business environment--language, communication and customs.	A relatively weak New Zealand dollar against U.S. dollar. High import costs for U.S. products
Minimum barriers to trade. Low tariffs	Close economic ties with Australia. Zero tariffs on Australian products. Imports of U.S. products are assessed 0-7% tariffs.
U.S. products hold an image of 'new' and 'high quality'	Strict phytosanitary/sanitary regulations with regard to fresh produce and meat.
U.S. counter-seasonal fruit production fills market demand	Large food multinationals, including U.S. firms, located in Australia supply many well established food brands.

Food Labeling Requirement for Retail Food Products

The New Zealand Food Safety Authority (NZFSA) was established in July 2002 and has responsibility for the administration of all New Zealand Food laws related to food safety standards, import requirements, export assurances (certification) and food labeling and composition. Labeling and composition standards are developed for both Australia and New Zealand by a Trans-Tasman agency, Food Standards Australia New Zealand (FSANZ). FSANZ has the responsibility for the development, variation, and review of food standards (primarily labeling and composition) for food available in New Zealand and Australia. The major areas not covered by the joint Australia New Zealand standards are:

- Maximum residue limits of agricultural compounds in food
- Food hygiene and food safety provisions (including high risk imported foods)
- Export requirements relating to third country trade
- Dietary supplements
- Country of origin labeling
- Processing requirements.

Before food consignments are 'cleared' for import into New Zealand, they must meet food safety, labeling and compositional requirements addressed under the Joint Food Code, the Food Act of 1981, Food (Safety) Regulations 2002, various New Zealand Food Standards, and the Fair Trading Act 1986. In addition, food imports must also meet customs and biosecurity requirements.

For more information on food labeling and food standards, please see following reports prepared by this office at www.fas.usda.gov/ Attache reports

- Food and Agricultural Import Regulations Standard Report NZ5011
- Food and Agricultural Import Regulations Standard- Export Certificate Report NZ5016
- Exporter Guide Report NZ5017

General Labeling Standard

The New Zealand Food Safety Authority (NZFSA) is responsible for the implementation of the Australia New Zealand Food Standards Code (the Food Standards Code), which took full effect on 20 December 2002. This authority is responsible for developing, modifying and reviewing standards of food available in Australia and New Zealand. Food sold in New Zealand must be labeled in accordance with the Food Standards Code.

New Zealand's labeling requirements are similar to the United States with the exception that metric measurement are required (although other measures can be noted). Most food for sale in New Zealand must be clearly labeled in English (other languages can be used in addition to English, as long as they do not contradict the information).

The type of required nutrition data which must appear on all food product labels is illustrated by the nutrition panel on the label which would appear as:

- **The name of the food:** Food products must be accurately named and/or described on the label. If a name is specified for the food in the Food Standards Code then this name must be used.
- **Lot identification:** This is information that clearly indicates the premises where the food was packaged and/or prepared and the batch from which it came, to assist should there be a food recall. A date mark and suppliers address may be sufficient.
- **Name and address:** The supplier's name and business (street) address in New Zealand or Australia. (Note: `Supplier' includes packer, manufacturer, vendor or importer of the food).
- **Mandatory warning statements, advisory statements and declarations for certain ingredients/substances:** Some products must have special advisory and warning statements about the food or ingredients/substances in a food (e.g. food containing unpasteurised egg must advise/state that the product contains unpasteurised egg and foods containing royal jelly must include a specific warning statement). This information must be available even where a complete label is not required. Warning statements must appear on labels on 3mm type (1.5mm for small packages).
- **Mandatory declaration of certain ingredients/substances:** The presence of common food allergens and food/ingredients that commonly cause food intolerances (e.g. peanuts, gluten) must be declared on food labels, or where a complete label is not required the information must be available to the consumer.
- **Ingredient list:** All ingredients must be listed by their common name, a description or, where specified in the Food Standards Code, the generic name, in descending order of in-going weight. Ingredients are any substances used in the preparation, manufacture and handling of a food and include food additives, compound ingredients (any ingredient that is itself made up of two or more ingredients), and added water.
- **Food additives:** The class name of the additive (where specified in the Food Standards Code) followed by the additives specific name or code number must be declared. Where the additive is a vitamin or mineral the class name `vitamin' or `mineral' may be used.
- **Date marking:** Most packaged foods with a shelf life of less than two years must have one of the following date marks:

    - **`Use By'** dates, which relate to food safety. Foods with a `Use By' date should not be consumed after the date indicated for health and safety reasons. Food cannot be sold beyond their `Use By' date.
    - **`Best Before'** dates, which relate to quality. Foods should be consumed by their `Best Before' date to ensure quality. Foods can be sold beyond their `Best Before' date provided it is still fit for consumption.
    - **`Baked On'** and **`Baked For'** dates can be used for breads with a shelf life of less than 7 days.

- **Directions for use and storage:** Storage instructions must be provided where necessary to ensure that the food will keep for the period indicated by the date mark and/or where the consumer should be aware of any storage and use requirements necessary to ensure the food safety.
- **Nutrition Information Panel:** The nutritional information panel (NIP) must be set out specifically as shown below and is required on most packaged food products. Where average quantities or minimum/maximum quantities are given this must be indicated in the NIP.

Example of a blank Nutrition Information Panel

NUTRITION INFORMATION

Servings per package: (insert number of servings)
Serving size: g (or mL or other units as appropriate)

	Quantity per Serving	Quantity per 100g (or 100mL)
Energy	kJ (Cal)	kJ (Cal)
Protein	g	g
Fat, total	g	g
- saturated	g	g
Carbohydrate	g	g
sugars	g	g
Sodium	mg (mmol)	mg (mmol)
(insert any other nutrient or biologically active substance to be declared)	g, mg, µg (or other units as appropriate)	g, mg, µg (or other units as appropriate)

- **Percentage labeling:** The percentage of the characterizing ingredients, and/or components of most food products must be indicated on the label.
- **Net content** is required under the Weights and Measures Regulations 1999.

Mandatory Genetically Modified Food Labeling Requirement for Retail Food Products

Standard 1.5.2 of Food Standards Australia New Zealand require all genetically modified food and ingredients (including additives and processing aids) to be labeled where they contain novel DNA or protein in the final food or have altered characteristics when compared with the equivalent conventional food. Novel DNA and/or novel protein means DNA or a protein, which, as a result of the use of gene technology, is different in chemical sequence or structure from DNA, or protein present in counterpart food that has not been produced using gene technology. Altered characteristics include changed levels of nutritional values and natural toxicants, the occurrence of a new factor known to cause an allergic response and a change of the intended use of the genetically modified food product.

The label on a package of genetically modified food must include the statement ‘genetically modified’ in conjunction with the name of that food, food ingredient, food additive or processing aid. Unpackaged foods for retail sale (such as unpackaged fruit and vegetables, or unpackaged processed or semi-processed foods) must carry a display with the statement 'genetically modified' in association with the food or with the particular ingredient within that food.

GM food prepared for immediate consumption, such as restaurant and take-away food, and catered meals do not need to be GM labeled, although, consumers can request this information from businesses.

Labeling is not required for highly refined food that has no altered characteristics and where the refining process has removed novel DNA and/or novel protein. Also excluded from mandatory labeling are processing aids or food additives if novel DNA and/or novel protein from the processing aid or food additive is not present in the food to which it has been added. Genetically modified flavorings need not be labeled if they occur at concentrations of no more than 1 gram per kilogram. A food, ingredient, or processing aid in which genetically modified food is unintentionally present in a quantity of no more than 10 grams per kilogram per ingredient requires no GM label.

Voluntary negative label claims such as 'GM free' are not covered by the standard. Negative label claims must, however, be consistent with provisions of the overarching consumer protection legislation in the New Zealand Food Act 1981 and Fair Trading Act 1986.

Labeling Genetically Modified Foods

Division 2, Standard 1.5.2 of the *Australia New Zealand Food Standards Code* (the Code) sets out the labeling requirements for genetically modified foods. The standard requires that food and food ingredients (including food additives and processing aids) must be labeled with the words ‘genetically modified’, if novel DNA and/or novel protein is present in the final food, or where the food has altered characteristics.

The statement must be used in conjunction with the name of the food or in association with the specific ingredient within the ingredient list.

Example for processed meat product:

Ingredients: meat (60%), reconstituted textured soy protein*, water, wheat flour, soy protein*, dehydrated potato, salt, beetroot powder, onion powder, mineral salts (450), black pepper, soy lecithin* *Genetically Modified

Additional labeling/information requirements

Additional labeling for GM foods may be required where a GM food has ‘altered characteristics’ or where the food carries identified ethical, cultural and religious concerns with respect to the genetic modification. The term ‘altered characteristics’ means that when the GM food is compared to its conventional counterpart, it is different in relation to:

- composition or nutritional values;
- anti-nutritional factors or natural toxicants;
- factors known to cause allergic responses in particular sections of the population; or
- its intended use.

More detailed information regarding “altered characteristics” may be found in clause Clause 7 to Standard 1.5.2 7

Any GM foods or ingredients requiring additional labeling and the statements that apply are specified in Column 2 of the Table to clause 2 in Standard 1.5.2. Currently, food derived from high oleic acid soybean lines G94-1, G94-19 and G168 requires a statement to the effect that the food has been genetically modified to contain high levels of oleic acid.

Section II. Road Map for Market Entry

A. SUPERMARKETS

Overview

New Zealand's grocery industry is highly developed with supermarkets and convenience stores in all population centers. There are currently 645 supermarkets stores in New Zealand. The Auckland region, found in the northern part of the North Island has the biggest concentration of of supermarkets compared to the entire South Island and lower part of the North Island.

In total, the New Zealand supermarket retail sector is a NZ$10.5 billion (US$7.3 billion) industry. About 80 percent of all retail product food sales are made through supermarkets, 14 percent through corner stores called dairies and 6 percent through gasoline stations/convenience stores.

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

A. Retail Food Sector

New Zealand's food retail sector accounts for NZ$10.5 billion (US$7.3 billion). After consolidation in 2002, New Zealand grocery industry had two major supermarket chains, Foodstuffs (NZ) Ltd and Progressive Enterprises Limited. In May 2005, an Australian supermarket group Woolworth Limited (Australia), bought Progressive Enterprises of New Zealand. This included 63 Woolworths stores, 30 Foodtown, 57 Countdown, 31 Supervalue, 12 Fresh Choices and 23 Woolworths Micro and Quickstop Convenience stores. Woolworth will have 44 percent of the New Zealand grocery's market share. It is predicted that this takeover bid will start a price war in New Zealand grocery industry. Woolworths Limited will be able to use their experience and economies of scale to compete against local retailers.

Foodstuffs Limited consists of three regionally based, retailer-owned co-operative companies, along with their parent company Foodstuffs (NZ) Ltd. The three co-operatives are: Foodstuffs (Auckland) Co-operative Society Limited, which covers the middle to upper North Island; Foodstuffs (Wellington) Co-operative Society Ltd, which covers the southern half of the North Island; and Foodstuffs (South Island) Co-operative Society Limited which covers the entire South Island. Foodstuffs controls 56 percent of the country's supermarket trade.

New Zealand grocery industry remains to be a duopoly of Progressive Enterprises and Foodstuffs (NZ) Limited.

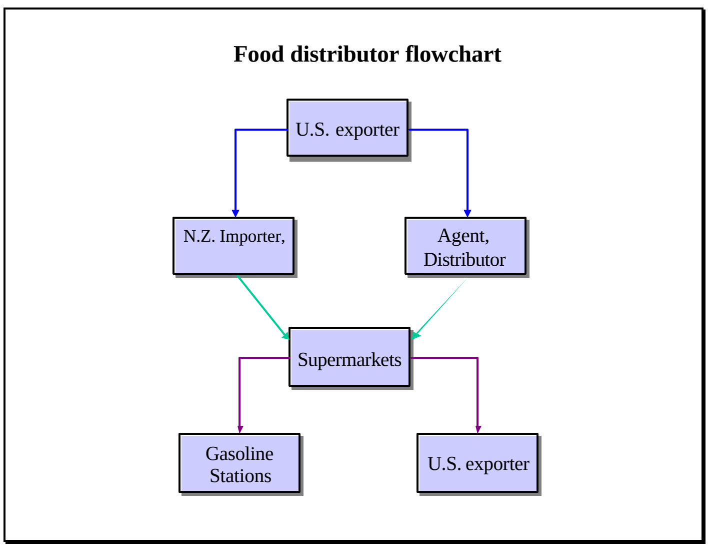
New Zealand retail market distribution

Supermarket	Owned By	Market Share	Brands of Supermarket
Foodstuffs (NZ) Ltd	New Zealand owned; made up of three independently owned co-operatives	56%	▪ New World ▪ Pak N Save ▪ Write Price ▪ Four Square
Progressive Enterprises	Owned by Woolsworths Limited (Australia).	44%	▪ Woolworth ▪ Foodtown, ▪ Countdown ▪ Supervalue ▪ Fresh Choices

Close to 80 percent of all retail product food sales in New Zealand are made through supermarkets. The balance of the retail food trade consists largely of corner stores called dairies and gas station convenience stores.

New Zealand's supermarket distribution channels are relatively simple. Individual supermarket chains have distribution centers located throughout New Zealand to supply their retail outlets. Supermarkets either import directly from a foreign food exporter or buy from local importers/distributors. Supermarkets also purchase directly from local food manufacturing companies.

Food distribution flowchart



Retail industry information

Foodsuffs Limited is New Zealand's largest grocery distributor, consisting of 149 stores in New Zealand. The marketings organization of Foodstuffs Limited consists of three regionally based, retailer-owned co-operative companies, along with their parent company Foodstuffs (NZ) Ltd. The three co-operatives are: Foodstuffs (Auckland) Co-operative Society Limited, which covers the middle to upper North Island; Foodstuffs (Wellington) Co-operative Society Ltd, which covers the southern half of the North Island; and Foodstuffs (South Island) Co-operative Society Limited which covers the entire South Island. U.S. exporters should contact each of the regional Foodstuffs offices since they make buying decisions independently of each other.

Foodstuffs (Wellington) Co-operative Society Limited PO Box 38-896 Kiln Street, Silverstream Wellington, New Zealand Atn: Eve Kelly, Purchase Manager Tel: +64-4-527-2510 Email: eve.kelly@foodstuffs-wgtn.co.nz	***Foodstuffs (Auckland) Co-operative Society Limited*** PO Box CX12021 Auckland, New Zealand Atn: Mr. Tony Olson, Purchase Manager Tel: +64-4-621-0641 Email: tolson@foodstuffs.co.nz
Foodstuffs (South Island) Co-operative Society Limited 167, Main North Road, Papanui Christchurch, New Zealand Atn: Graham May, Purchase Manager Tel: +64-3-353-8648 Email: gmay@foodstuffs-si.co.nz	

Progressive Enterprise Limited is 100 percent owned by Foodland Associated Limited, one of Australia's largest publicly listed companies. Foodland operates retail outlets in both Australia and New Zealand. It holds 45 percent of the New Zealand's grocery market and operates 179 stores in New Zealand under the supermarket banner group of Foodtown, Woolworths, Coutdown, Big Fresh, Price Chooper and 3Guys.

All import purchasing decisions by Progressive are made at its headquarters in Auckland. Exporters may contact the following office regarding export sales enquiries:

> ***Progressive Enterprises***
> Private Bag 93306
> Otahuhu
> Auckland, New Zealand
> Atn: Graham Walker, Business Manager
> Tel +64-9-275-2621
> email: graham.walker@progressive.co.nz

New developments taking place in New Zealand retail industry are:

a. It is reported that Costco Wholesale Corporation has been bidding for sites in Sydney and Melbourne, Australia to open Costco stores. It is speculated that Costco will open its stores in Australia in 2005 and enter New Zealand market in 2007.
b. The German chain Aldi has confirmed their interest in entering New Zealand market. It is predicted that Aldi will enter New Zealand market in 2010.

Entry Strategy

New Zealand's retail food sales are affected by New Zealand's changing lifestyles. Emerging trends include:

- U.S. exporters should consider entering New Zealand market through an importer, distributor or a broker, who specialize in specific category and are well connected with local supermarket chain operators.
- Specialty importers/wholesalers may also be approached. For example, there are several importers who specialize in importing dried fruit and nuts, and other consumer-ready products.
- Fresh products can be marketed directly through specialty importers who offer storage and handling services to major supermarkets.
- New Zealand has well defined food standards and labeling requirements, which are set out in the joint Food Standards Australia New Zealand (FSANZ). For more information see www.foodstandards.govt.nz
- U.S. exporters may elect to appoint agents, distributors or import brokers who can target food buyers representing convenience store and supermarket chains. About 90 percent of all imported retail food products are distributed within New Zealand through agents/distributors.
- Dry food products often are imported in bulk and repackaged into smaller retail sizes by importers/distributors.
- New Zealand importers frequently make purchases from suppliers met at international food shows such as FMI, ANUGA, SIAL.
- Advertising and product sampling in supermarkets helps promote new items. Product also can be introduced/advertised using key retail magazines in New Zealand such as FMCG and Grocers' Review.
- U.S. exporters should consider exhibit unique and innovative products at New Zealand food shows, such as Foodstuffs Food Show, Hospitality Show and Katrina Gordon Trade Show.

<u>Food Trends</u>

Changing lifestyles and emerging trends affect New Zealand's retail food sales. Interesting facts about New Zealand consumers include:

- New Zealanders travel overseas frequently and are living in more multicultural society, and therefore are more open to new types of food.
- Increasing number of cooking shows in Television, magazines and other media continue to influence food tastes in New Zealand.
- New Zealand consumers are open to 'new' or 'unique' U.S. food products. Consumer-ready foods continue to dominate the import market.
- The traditional N.Z. 'starting from scratch' meal is in decline while heat & eat, frozen foods and ethnic carry-out food consumption is increasing. Around 2/3 of population who cook spend less than 30 minutes preparing the evening meal, with 18 percent spending less than 15 minutes in preparing food.
- New Zealand's aging population and a media focus on health is creating a health conscious consumer with a desire for fresh foods, diversity of product, and foods perceived as healthy.
- A multi-cultural population is fostering an increase in the consumption of ethnic foods, with a grater emphasis on regional cuisines like Cantonese, Sechuan, Goan etc. rather than Chinese or Indian. The stir-fry sauce market in New Zealand is worth US$6 million and has grown 13.4 percent since 2003.
- The trend towards meat-free meals is growing. Half of all New Zealand consumers eat at least one meat-free meal per week.
- Healthy snack food is one of the fastest growing segment in New Zealand. New Zealand household consumption of snack bars doubled to more than $33 million a year in the past years. Sale of snack bars are expected to reach $62 million by 2008, representing an annual growth rate of 4-5 percent in both value and volume.
- New Zealanders are moving away from the traditional sit-down breakfast. Sales of

breakfast bars, liquid breakfasts (yogurt based etc.) and hot cereal rose 20 percent last year.
- Almost 78 percent of New Zealanders have access to the Internet. More than 25 percent Internet users make Internet shopping.

Purchasing habits of New Zealand shoppers

According to AC Nielsen study done in May 2005, New Zealand shoppers' attitudes and behaviors towards promotional purchasing have been found to fall into six categories:

- The study found that approximately 14 percent of New Zealand households are classified as price oblivious shoppers: These shoppers are extremely non price aware, with only 100 percent noticing when the price of a brand has increased compare to 67 percent for all households.
- Approximately 13 percent of New Zealand households are classified as Store Loyalist shoppers.
- Around 21 percent of New Zealand households are classified as bargain hunter shoppers.
- Around 17 percent of New Zealand households are classified as 'Promotional and special deal' shoppers.
- 21 percent of New Zealand households are classified as multi-store shoppers.
- The survey showed that approximately 14 percent of New Zealand households are classified as 'Regular-Low price' shoppers.

B. CONVENIENCE STORES/GAS STATIONS

Overview

Gasoline stations in New Zealand are the main players in the convenience store market. These stores are positioned at the petrol outlet and can be immediately identified with the petrol company. Stations and food marts are open 24 hours a day, seven days a week. They sell fast food, snack food and a limited range of grocery items.

Entry Strategy

- Appoint a local agent/distributor in New Zealand to ensure distribution, availability of product, and product promotion.
- Gas station convenience stores generally offer for sale a limited grocery range, and ready-to-eat hot foods. They operate 24 hours a day.
- Convenience stores usually buy their food products from the supermarket chains. Increasingly, they are turning their purchasing to importers and local manufacturers.

COMPANY PROFILES

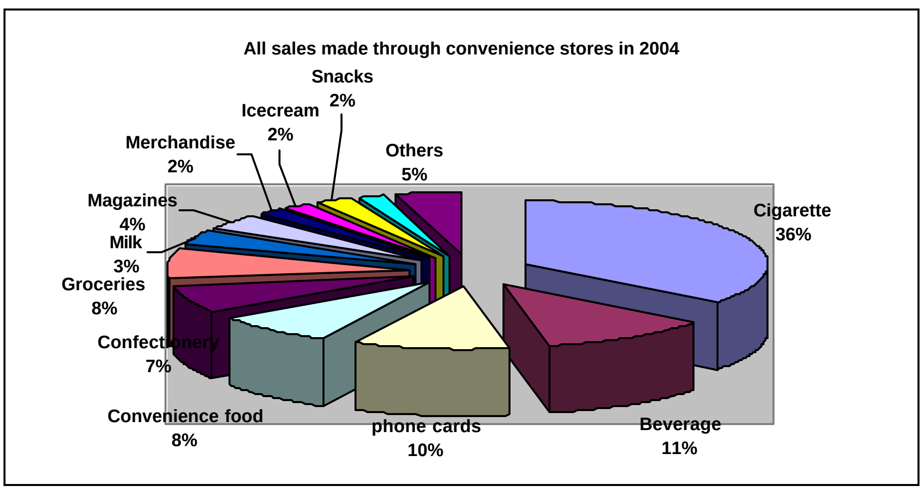
Gasoline convenience stores account for a significant portion of New Zealand's food retailing industry. In December 2004, approximately 1,259 gasoline convenience stores operated throughout New Zealand. A 10 percent decrease than 2002, this subtle downtrend reflects that New Zealand's gasoline convenience stores are consolidating.

Retailer Name (Store Name)	Ownership	No. of outlets	Purchasing type
Caltex (Star Mart)	U.S.	375	Wholesalers/Distributors
Shell (Select)	New Zealand	282	Wholesalers/Distributors
BP (Express/Connect)	British	351	Wholesalers/Distributors
Mobil (On the Run/ Mart/Other)	New Zealand	200	Wholesalers/Distributors
Gull (Quickstops Woolworths)	New Zealand	31	Wholesalers/Distributors
Night N Day	New Zealand	20	Wholesalers/Distributors

Caltex launched the stand-alone convenience store concept two years ago. Its Star Mart convenience stores are located not only at gasoline stations but at locations where foot traffic rather than vehicular traffic is prominent. In these outlets, Star Marts do not sell gasoline.

Another recent trend in New Zealand is the partnership of supermarket chains with gasoline stations to offer greater shopping convenience. Woolworths supermarket chain, recently formed a partnership with the Gull gasoline company which will offer two types of convenience stores: smaller stores called Micros and larger convenience stores called Quickstop. Micros and Quickstop stores are complimentary to Woolworth's larger supermarket store format. The emphasis is on convenience. They do not offer a full range of food products.

New Zealand has approximately 1,259 convenience stores, which include gasoline convenience stores, stand-alone convenience stores (excluding dairy/corner stores).



C. TRADITIONAL MARKETS, SMALL INDEPENDENT GROCERY STORES

Corner stores called dairies are declining in New Zealand because of the popularity of gasoline station/convenience stores which operate 24 hours, seven days a week. Most dairies usually offer a limited selection of staple groceries and snack foods such as milk, bread, soda, potato chips, ice cream and candy.

U.S. exporters have limited opportunities for sales of U.S. food products through dairy stores, which tend to source their inventory locally through large retail supermarkets. New Zealand does not have a 'terminal market' system which independent small grocers might utilize to source their food needs. Greengrocers, which specialize in fresh produce, purchase a limited selection of their fruit from importers. In general, New Zealand's greengrocers rely on traditional, open air markets to obtain their fresh produce requirements.

SECTION III. COMPETITION

Australia supplies more than 50 percent of the total value of New Zealand's imports of consumer-oriented food products, due largely to lower transport costs and the Closer Economic Relations Agreement, which eliminated tariffs on Australian food products. U.S. food products are assessed import tariffs ranging from 0-7 percent.

Many multinational companies, including American firms, have a manufacturing base in Australia and often well-established brands of food products into the New Zealand market. Aside from Australia, there is only limited competition to U.S. exports of consumer-oriented food products in New Zealand. The United States is the second largest supplier of processed foods to New Zealand, holding a 11 percent market share. There is some competition from certain Canadian products, particularly canned fish *(salmon),* bacon and the pork products and a few grocery items such as mayonnaise, pickles and syrups. Canadian products enter New Zealand duty free.

New Zealand imports of Consumer-ready food products

New Zealand Top 7 Ranking	Import		
	2001	2002	2003
	1000$	1000$	1000$
Australia	487,532	450,107	503,212
United States	113,383	74,727	99,405
Swaziland	0	17,288	27,780
Philippines	8,303	10,142	26,373
China (Peoples Republic)	13,609	15,133	23,012
Italy	20,995	17,508	21,394
Canada	31,994	18,219	20,456
Other	259,210	230,687	269,405
World	**935,026**	833,811	971,037

Section IV: Best High-value Product Prospects

- Fresh fruit, especially grapes, stone fruit (nectarines, peaches and plums), strawberries, cherries, citrus and pears during New Zealand's off-season period;
- Snack foods including nuts (almonds, pistachios, walnuts) and dried fruit (raisins, mixed fruit, dates, figs);*
- Microwave meals, frozen foods, meal replacement drinks, soups, pasta, sauces, dressings and canned foods;
- Fruit juices and flavored drinks. Carbonated drinks and fruit juice account for 30 percent and 16 percent respectively, of the New Zealand beverage market.
- Health foods such as high energy bars and drinks;
- Organic foods, including cereals and snack products;
- Niche market food preparations, especially new products or those offering special nutrition, convenience or taste preferences;
- Pet food
- Canned salmon

(*Note: Many U.S. processed food products are sold in bulk volume to New Zealand importers and are used for further processing and/or are re-packaged in New Zealand before being sold at the retail level)

A. PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL

- Health foods, including high energy bars and drinks;
- Niche market food preparations, especially new products or those offering special nutrition or other benefits or conveniences
- Ethnic foods
- Wine. Sales of high end products could grow with promotional support.

B. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS

- Uncooked poultry meat from the U.S. cannot meet revised NZ import regulations
- Miscellaneous fresh fruit. Some products could have access if an import health standard is concluded (e.g. melons)
- Pork meat imports must be cooked to certain temperatures either before export or after import into New Zealand.

SECTION V. POST CONTACT AND FURTHER INFORMATION

United States Embassy / Wellington
Foreign Agricultural Service
Address: PSC 467, Box 1, FPO AP, 96531-1034
Phone: +64-4-462-6030; Fax: 64-4-472-6016
E-mail: agwellington@usda.gov
Internet homepage: http://www.usembassy.org.nz

List of Useful Government Agencies and Trade Associations
Food Standards Australia New Zealand
Level 6
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