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Report Name: Food Processing Ingredients

Country: New Zealand

Post: Wellington

Report Category: Food Processing Ingredients

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Report Highlights:

New Zealand imports of food and agricultural products from the United States rose by 10 percent in 2019, totaling US\$587 million. The top imports from the United States were food preparations, pork and almonds. Other trending products from global suppliers include starch, animal feed preparations, cane sugar and lactose. New Zealand's GDP grew by 2.7 percent in 2019. For a small country New Zealand is a major exporter of food and beverage products, many of these products are manufactured in-country and require inputs imported from other countries.

Executive Summary

New Zealand is a wealthy economy, with a per capita GDP of US\$ 41,555 in 2019. New Zealand’s economy is projected to grow by 2.8-3.5 percent in the coming years although COVID – 19 is adding uncertainty to growth projections. New Zealand is proving to be an appealing and profitable market for U.S. companies. Underpinning New Zealand’s strong economy is its open and transparent trade and investment environment as well as strong trade and economic links with emerging economies.

Quick Facts CY 2019

Imports of Agricultural Products

US\$ 4.9 billion – Agricultural Products
US\$ 1.9 billion – Consumer Food Products

List of Top 10 Growth Products in New Zealand (Percentage growth)

- | | |
|----------------------|-----------------------|
| 1) Food Preparations | 2) Lactose |
| 3) Pork | 4) Starch |
| 5) Baked Goods | 6) Almonds |
| 7) Egg products | 8) Animal Feed (Farm) |
| 9) Sauces | 10) Hops |

Agricultural and Related Food Sales (millions)
Exports US\$ 29
Imports US\$ 4.9

Top New Zealand Retailers

- | | |
|---------------|----------------|
| - New World | - Supervalue |
| - Pak n Sav | - Fresh Choice |
| - Countdown | |
| - Warehouse | |
| - Four Square | |

GDP/Population

Population (millions): 4.9
GDP (billions US\$): 203** (2019)
GDP per capita (US\$): 41,555

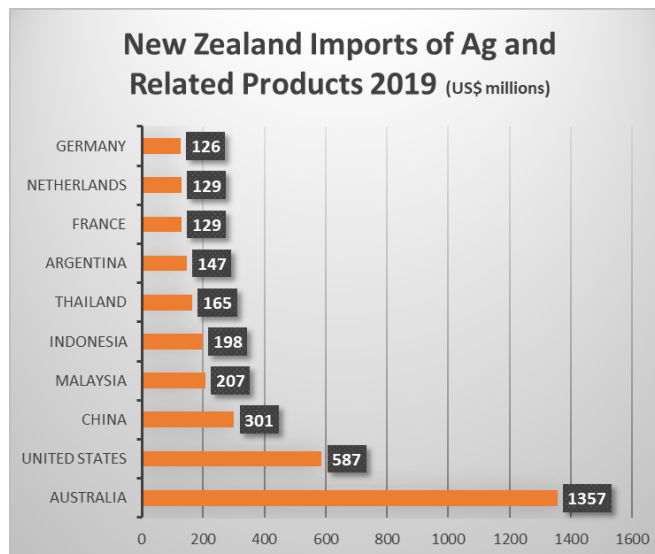
Sources: Trade Data Monitor, Trading Economics.
**GDP CY 2019

Food Processing Industry

Food, beverage, and grocery manufacturing accounts for almost one-third of New Zealand’s manufacturing sector. Food and agricultural related sales accounted for US\$ 29 billion and is a sector that is experiencing growth in several areas.

Imports of Agricultural and Related Products

New Zealand imported US\$ 4.9 billion in agricultural and related products in 2019. Primary suppliers were Australia, the United States, China, Singapore, Netherlands and Thailand.



Source: Trade Data Monitor

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Products from the United States are viewed as high quality. • Minimum barriers to trade including low tariffs ranging from 0-5 percent. • United States and New Zealand share similar food trends. 	<ul style="list-style-type: none"> • Phytosanitary/sanitary regulations regarding fresh produce and meat are strict. • New Zealand’s retail market is highly consolidated and has two main players. • Distance from the United States results in high transportation costs.
Opportunities	Threats
<ul style="list-style-type: none"> • Produce from the United States is counter seasonal to New Zealand. • Some supermarkets make individual buying decisions. • New Zealand is relatively easy to do business in. 	<ul style="list-style-type: none"> • Strong competition from Australia. • New Zealand is a member of the Transpacific Partnership. • The strength of the U.S. dollar makes ingredients more expensive to import into New Zealand.

Section I. Market Summary

1. Economy and Trade:

New Zealand is a prosperous country heavily reliant on trade. It is dependent on the primary sector with food and agricultural products accounting for approximately 41 percent of total exports. New Zealand exports an estimated 80 to 90 percent of New Zealand’s primary production. Dairy remains New Zealand’s largest exported product valued at NZ\$ 13 billion. Of the US\$ 29 billion in food exports from New Zealand, processed foods make up US\$ 2.3 billion (Source: Ministry of Business Innovation and Employment).

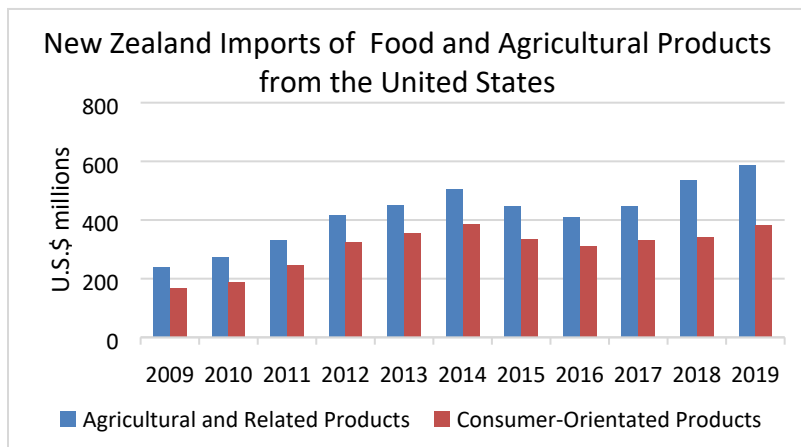
New Zealand’s economy grew by 2.7 percent in 2019. This growth is attributable to the country’s wholesale trade and business services and increased exports to Asian countries such as China, Japan, and Indonesia, although COVID – 19 is adding uncertainty to future growth projections. While New Zealand enjoys a large trade surplus with the United States in food and agricultural products, imports from the United States are expanding, with New Zealand importing 10 percent more in 2019 to a record US\$587 million.

Table 1. United States and New Zealand Bilateral Agricultural Trade, Including Fish and Forestry Products. (\$US millions)

	2016	2017	2018	2019
NZ Imports from United States	426	464	535	587
NZ Exports to United States	2,752	2,796	2,752	2,652

Source: Trade Data Monitor

Graph 1.



Source: Trade Data Monitor

Table 2. Economic Indicators-New Zealand 2016-2019

Economic Indicators				
	2016	2017	2018	2019
Population	4.74 million	4.84 million	4.92 million	4.98 million
Per Capita GDP (US\$)	37,325	40,746	42,655	41,555
Unemployment Rate (percent)	5.2	4.5	4.3	3.9
GDP Growth (percent)	4.1	3.0	2.6	2.7
Minimum Wage Rate (US\$)	9.59	9.91	10.38	11.98
Consumer Price Inflation (percent)	0.9	1.0	1.0	1.0
Food Price Inflation (percent)	0.9	0.9	0.9	-.03

1.2. Food Processing and Manufacturing in New Zealand

New Zealand's food imports follow three main trends. The first is food preparations, lactose, and other food ingredients or inputs for New Zealand's sophisticated food manufacturing sector. The second is consumer ready products, such as baked good and confectionary for the retail market as New Zealand consumers are becoming more discerning and want to consume products from other markets. The third trend is the purchase of grains and feed ingredients, which are used as in the livestock and dairy sectors. For being a small country New Zealand is a major exporter of food and beverage products, and many of these products are manufactured in-country and require inputs imported from other countries. New Zealand's food sector is large, and in fact it accounts for 46 percent of all goods exported by New Zealand (Source: Ministry of Business, Innovation and Employment). Furthermore, the Ministry of Business indicates in its latest market data that since 2007, New Zealand's total food production (including manufacturing) has gone from 7.5 million metric tons per year to 9 million metric tons per year. Food manufacturing growth has caused companies to increasingly look for imported inputs and ingredients.

New Zealand's dairy sector, which is the largest agricultural sector in the country, utilizes an array of inputs, including lactose from the United States. Dairy is New Zealand's top export earner, generating more than US\$9 billion in export sales. Fonterra Cooperative Ltd dominates the dairy processing industry, is New Zealand's largest company, and is responsible for an estimated 83 percent of

domestic milk. New Zealand exporters supply an estimated three percent of the world’s total supply in dairy products, and U.S. lactose is added to New Zealand milk powders for export.

Advantages and Challenges

Advantages	Challenges
New Zealand is a large importer of lactose used in the milk powder production process.	The U.S. dollar exchange rate has strengthened vis-à-vis the New Zealand dollar.
New Zealand consumers view products from the United States as high-quality.	New Zealand has more stringent market access requirements.
The United States is a large producer of dairy ingredients.	Transportation costs are high.
New Zealand food processors already have long standing relationships with ingredient suppliers from the United States.	Biosecurity protocols can cause issues for importing from certain parts of the United States, due to MPI having different language to the United States.
The United States has favorable trading with New Zealand despite no formal trade agreement in place.	The signing of CPTTP in December 2018 may cause challenges to imports from the United States with competitive prices available in other member States of the agreement.

Section II. Road Map for Market Entry

Customs

Prior to exporting, exporters should do the following:

- Submit an electronic import entry or electronic cargo entry (ECI) lodgment;
- Pay applicable Customs duties and Goods and Services Tax (GST);
- Pay other applicable charges and levies; and
- Submit appropriate documentation if you are bringing in any [restricted items](#), including:
 - [pets and domestic animals](#);
 - weapons and firearms; and
 - [hazardous substances](#).

Exporters are recommended to ask customs brokers and freight forwarders for help in importing products. To search for a New Zealand Customs Broker by area [click here](#).

Advice for Food Importers

The Ministry of Primary Industries (MPI) publishes recall information and warnings for domestically produced and imported foods. There are additional import requirements for foods that are deemed higher risk for food safety. Below is a list of products that require additional import certifications and restrictions. To contact MPI [click here](#)

Food Standards Australia New Zealand administers [the Code](#) and it contains requirements relating to food composition, including foods requiring premarket assessment such as novel foods, irradiated foods and foods produced using genetic modification. It is broken down into four chapters: general food standards; commodity standards; food safety standards (Australia only); and primary production and processing standards (Australia only). Only the chapters on general food standards and commodity standards are applicable to New Zealand.

Section III. Competition

Table 3: Value (US\$ millions) Imports of Agricultural Related Products

Partner Country	2018	2019	Percentage Change
Australia	1,440	1,355	-5.9
United States	535	587	9.7
China	290	301	3.8
Malaysia	240	207	-13.7
Indonesia	214	198	-7.4
Thailand	176	165	-6.2
Netherlands	137	129	-5.8
Argentina	134	147	9.7
France	134	129	-3.7
Singapore	127	114	-10.2

Products imported from the United States are viewed favorably in New Zealand, as demonstrated by the strong year-on-year growth of New Zealand imports from the United States. However, strong competition from Australia, Asia, and the EU exists. In addition, New Zealand firms are price sensitive and affected by currency volatility, which causes them to shop around for substitute products.

Section IV. Best Product Prospect Categories

The growth of New Zealand imports of products from the United States are mostly high-value consumer-oriented products. Animal feed and other ingredient products are also available in the New Zealand market and have experienced significant growth.

Table 4. Key Product Growth Areas for U.S. Exporters

Product Category	Imports From U.S. In 2019 (US\$ million)	Year-On-Year Percentage Change	Key Constraints over Market Development	Market Attractiveness for the U.S.A
Food preparations	72	1	High transportation cost.	New Zealand manufacturers rely on U.S. food ingredients and view their products as high quality and safe.
Lactose	58	56	New Zealand imports from the United States face competition from the European Union.	The United States is the number one supplier of lactose to New Zealand.
Pork	20	100	Distance to market.	Pork from the United States is a popular choice for consumers and used in further processing.
Almonds	11	42	Biosecurity requirements are strict for horticultural products.	The United States is the number one supplier of almonds to New Zealand. Uses include in the production of chocolate and almond milk.
Starch	10	1	Increased imports from China are more price competitive.	The United States is the number one supplier and trust in its food safety systems are high.
Egg products	6	50	Price competition from Asia.	The food manufacturing sector is booming in New Zealand and is purchasing more egg products.
Animal Feed Preparations	5	-22	New Zealand imports greater amounts of already finished animal feeds than in the past.	New Zealand is more and more relying on feed alternatives to pasture and the manufacturing sector is producing products to meet this demand.
Hops	5	25	Competition from local suppliers is strong in hops.	Hops from the United States are growing in popularity and more are being imported as a result of the craft beer boom.

(Source: Trade Data Monitor)

New Zealand is increasing its reliance on food imports from the United States. The quality of the products, as well as the high level of trust between the two countries, is making it easier to process transactions. Looking at the table from a year-on-year perspective the biggest growth, by percentage increase was in pork (+100 percent), lactose (+56), egg products (+50) and almonds (+42).

Section V. Key Contacts and Further Information

Key information	Link
Import Health Standards	Import Health Standards
Food Act 2014	Food Act 2014
Food Safety	NZ Food Safety
Prohibited and restricted item import list	Prohibited and Restricted Import
Pirated or counterfeit items list	Pirated or counterfeit items
Hazardous substances information	Hazardous substances
List of customs brokers	List of customs brokers
Contacting MPI	Info@mpi.govt.nz

Food Ingredients Companies - New Zealand

Davis Food Ingredients: Started in 1967, Davis Food’s is one of New Zealand’s largest food ingredients suppliers and importers. They have nine large warehouses throughout New Zealand and annual revenue in excess of US\$145 million. [Website](#) [Contact](#)

Sherratt Ingredients: Started in 1986, Sherratt ingredients is the second largest food ingredient supplier in New Zealand, and they have a broad range of products with warehouses nationwide. [Website](#) [Contact](#)

Pacific Flavors and Ingredients: Started in 2003 they focus on importing enzymes and proteins for specialized food manufacturing. [Website](#) [Contact](#)

Bidfood: Started in 2000, it is the largest food and food distribution company in New Zealand. They operate over 300 temperature-controlled vehicles and 30 locations throughout the country which includes a specialist imports distribution center. [Website](#) [Contact](#)

Hibiscus Solutions: Started in 2002, the products they focus on are food and beverage, pharma and nutraceutical. [Website](#) [Contact](#)

Other Key Contacts

Agricultural Affairs Office

Foreign Agricultural Service

U.S. Department of Agriculture

Embassy of the United States of America
Email: agwellington@usda.gov

Attachments:

No Attachments