

**Required Report:** Required - Public Distribution

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**Report Name:** Food Processing Ingredients

**Country:** New Zealand

**Post:** Wellington

**Report Category:** Food Processing Ingredients

**Prepared By:** Brendan Cody

**Approved By:** Levin Flake

**Report Highlights:**

For 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. The United States is a key supplier of ingredients including pork, lactose, tree nuts, hops and other products. The U.S. also supplies ingredients for animal feed. Since the pandemic broke, New Zealand has recovered well with consumption patterns returning to almost pre-COVID levels.

## Market Factsheet – New Zealand

### Executive Summary

New Zealand is a wealthy economy, with a per capita GDP of US\$ 40,096 in 2020. New Zealand's economy declined to -2.9 percent due to the impact of COVID-19. New Zealand's resilience during COVID-19 is proving to be an economic lifeline as the economy is now largely open for business, despite this small decline. Underpinning New Zealand's strong recovery 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\$ 5.0 billion – Agricultural Products  
US\$ 2.8 billion – Consumer Food Products

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

- |                      |                |
|----------------------|----------------|
| 1) Food Preparations | 2) Pork        |
| 3) Pet food          | 4) Baked Goods |
| 5) Sauces            | 6) Wine        |
| 7) Chocolate         | 8) Beer        |
| 9) Confectionary     | 10) Grapes     |

Agricultural and Related Food Sales (millions)  
Exports US\$ 29  
Imports US\$ 5.0

##### Top New Zealand Retailers

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

##### GDP/Population

Population (*millions*): 5.0  
GDP (*billions US\$*): 205\*\* (2020)  
GDP per capita (*US\$*): 40,096

Sources: Trade Data Monitor, Trading Economics.  
\*\*GDP CY 2020

### 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\$ 5.0 billion total in agricultural and related products in 2020. 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"> <li>Products from the United States are viewed as high quality.</li> <li>Minimum barriers to trade including low tariffs ranging from 0-5 percent.</li> <li>United States and New Zealand share similar food trends.</li> </ul>	<ul style="list-style-type: none"> <li>Phytosanitary/sanitary regulations regarding fresh produce and meat are strict.</li> <li>New Zealand's retail market is highly consolidated and has two main players.</li> <li>Distance from the United States results in high transportation costs.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Produce from the United States is counter seasonal to New Zealand.</li> <li>Some supermarkets make individual buying decisions.</li> <li>New Zealand is relatively easy to do business in.</li> </ul>	<ul style="list-style-type: none"> <li>Strong competition from Australia.</li> <li>New Zealand is a member of the Transpacific Partnership.</li> <li>The strength of the U.S. dollar makes ingredients more expensive to import into New Zealand.</li> </ul>

## 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 a major share of total exports. New Zealand exports an estimated 80 to 90 percent of its primary production. Dairy remains New Zealand's largest exported product valued at NZ\$ 17 billion (US\$ 12.2 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).

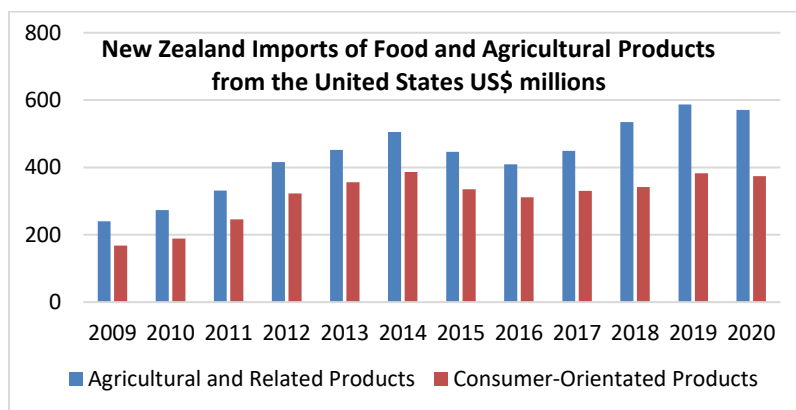
Although New Zealand's economy shrank by -2.9 percent in 2020, this contraction was mild compared to many other countries around the world. In general, the country has performed well in the aftermath of the pandemic, with relatively few cases and only short lockdowns. Wholesale trade and business services have increased, and food service is trying to return to normal operating levels. Manufacturing and exports have continued to drive New Zealand's performance, and there has been continued strong import numbers for food ingredients and preparations. While New Zealand enjoys a large trade surplus of agricultural goods with the United States, imports from the United States are strong, with New Zealand importing US\$ 571 million of agricultural and related products in 2020.

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

	2017	2018	2019	2020
NZ Imports from United States	464	535	587	571
NZ Exports to United States	2,856	2,812	2,698	2,895

Source: Trade Data Monitor

### **Graph 1.**



Source: Trade Data Monitor

**Table 2. Economic Indicators-New Zealand 2017-2020**

Economic Indicators				
	2017	2018	2019	2020
Population	4.84 million	4.92 million	4.98 million	5.0 million
Per Capita GDP (US\$)	40,746	42,655	41,555	40,096
Unemployment Rate (percent)	4.5	4.3	3.9	4.9
GDP Growth (percent)	3.0	2.6	2.7	-2.9
Minimum Wage Rate (US\$)	9.91	10.38	11.98	13.53
Consumer Price Inflation (percent)	1.0	1.0	1.0	1.6
Food Price Inflation (percent)	2.3	1.0	2.4	2.9

Source: Statistics New Zealand's website

### 1.2. Food Processing and Manufacturing in New Zealand

New Zealand's agricultural imports can be categorized into three main groups. The first are ingredients or inputs for New Zealand's sophisticated food manufacturing sector. The second are consumer-ready products, such as baked goods and confectionary for the retail market. New Zealand consumers are becoming more discerning and anxious to consume a wide variety of products from other markets. The third group is ingredients for animal feed, which are used in the livestock and dairy sectors.

Despite being a small country, New Zealand is a major exporter of food and beverage products, and many of these products are manufactured in-country requiring inputs 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 (MBIE)). Furthermore, MBIE 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.

**Dairy manufacturing** - 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 and is New Zealand's largest company responsible for an

estimated 83 percent of domestic milk production. 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. Major players are Fonterra Cooperative Group and Goodman Fielder who have over 50 percent of the domestic retail market share between them.

**Processed/cured meat products** - The United States is one of the main suppliers of imported pork to New Zealand. Pork is imported for a variety of reasons, but one of the main reasons is that it is an ingredient for further processing. Most U.S. pork is further processed into bacon to supply the domestic market. U.S. casings are also imported for the production of sausages. Major players are Hellers with 35 percent market share, and Premier Beehive NZ with 9 percent.

**Tree nuts for processing** – Imported tree nuts are a popular ingredient in food manufacturing and feature heavily in specialty health foods. They are often found in muesli bars and other health-based bars and snack items. New Zealand imports a significant amount of almonds from the United States. Almonds are used in two main ways – for the manufacture of chocolate confectionery and the production of dairy-alternative milk. New Zealand chocolate exports are worth approximately US\$ 80 million per annum. The export value represents a significant volume of manufactured chocolate. Almonds, particularly from the United States, are a key ingredient in many New Zealand chocolate manufacturer's product portfolios. Whittaker's, which is New Zealand's largest chocolate manufacturer, has several almond products in their portfolio and is a regular importer of almonds as an ingredient. Almond milk has increased in popularity in New Zealand as consumers look for alternatives to dairy that some consumers may perceive as more sustainable. Major players for chocolate are Whittaker's with 38 percent market share, and Mondelez with 15 percent market share. Major players for almond milk are So Good, and Almond Breeze from the United States.

**Beer production** –The United States and New Zealand share a vibrant trade in hops. The United States is the number one supplier of hops to New Zealand and in fact last year the value of hops imported was the highest ever at US\$ 6.1 million. New Zealand beer consumers enjoy American beer styles, the most popular are the American Pale Ale and the New England Pale Ale. These styles require a bold, flavorsome hop that can be supplied by the United States. Also, consumers enjoy the flavor therefore breweries are expected to continue to use them well into the future. New Zealand also imports yeast from around the United States to go into the brewing and distilling processes. Yeast varieties that offer unique and different beer flavor experiences are highly sought after in New Zealand and offers a good opportunity for anyone wishing to export. Major players are Lion Breweries with 30 percent market share and Dominion Breweries with 20 percent market share.

## **Advantages and Challenges**

<b>Advantages</b>	<b>Challenges</b>
New Zealand is a large importer of lactose used in the milk powder production process.	The U.S. dollar exchange rate is strong 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.

## **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.

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	2019	2020	Percentage Change
Australia	1,356	1,355	-.07
United States	587	571	-3
China	301	304	+1
Indonesia	199	268	+34
Malaysia	207	215	+4
Thailand	165	177	+7
Netherlands	129	135	+5
Argentina	147	174	+18
France	129	127	-1
Singapore	114	113	-0.8

Source: Trade Data Monitor

Products imported from the United States are viewed favorably in New Zealand and import demand has remained strong. However, robust competition from Australia, Asia, and the EU exists. In addition, New Zealand companies 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 Areas for U.S. Exporters**

Product Category	Imports From U.S. In 2020 (US\$ million)	Year-On-Year Percentage Change	Key Constraints over Market Development	Market Attractiveness for the United States
Food preparations	64	-11	High transportation costs.	New Zealand manufacturers rely on U.S. food ingredients and view their products as high quality and safe.
Lactose	64	+8	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	27	+35	Distance to market.	Pork from the United States is a popular choice for consumers and also used for further processing.
Almonds	10	-9	Biosecurity requirements are strict for horticultural products.	The United States a key supplier of almonds to New Zealand. Uses include in the production of chocolate and almond milk.
Pet Food	37	-5	New Zealand produces large amounts of pet food domestically.	The United States is the number two supplier for imported pet food into New Zealand and its products are trusted in retail stores.
Animal Feed Preparations	7	+40	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	6	+20	Competition from local suppliers is strong in hops.	Hops from the United States are growing in popularity and more are being imported because 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 (+35 percent), lactose (+8), hops (+20) and animal feed preparations (+40).

#### **Section V. Key Contacts and Further Information**

<b>Key information</b>	<b>Link</b>
Import Health Standards	<a href="#">Import Health Standards</a>
Food Act 2014	<a href="#">Food Act 2014</a>
Food Safety	<a href="#">NZ Food Safety</a>
Contacting MPI	<a href="mailto:info@mpi.govt.nz">info@mpi.govt.nz</a>



### **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 more than 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](mailto:agwellington@usda.gov)

### **Attachments:**

No Attachments