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New Zealand

Food Processing Ingredients Report 2018

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Report Highlights:

New Zealand's economy is highly dependent on the agricultural and export sectors. Agricultural and horticultural products account for approximately 61 percent of total exports, a figure that rises to 71 percent when forestry and seafood products are included. An estimated 85-90 percent of New Zealand's dairy, meat, fruit, and vegetable production are exported.

Much of the country's exported agricultural products are derived from valued added products that require inputs not available in New Zealand, thus, providing opportunities for U.S. exporters of food ingredients. In 2017, New Zealand imported nearly \$68 million worth of food ingredient products.

DISCLAIMER: This report was prepared by the Office of Agricultural Affairs of the USDA/Foreign Agricultural Service in Wellington, New Zealand for U.S. exporters of domestic food and agricultural products. While every possible care was taken in the preparation of this report, information provided may not be completely accurate either because policies have changed since its preparation or because clear and consistent information about these policies was not available. It is highly recommended that U.S. exporters verify the full set of import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities, before any goods are shipped. **FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY.**

Please contact this office if you have any comments, corrections or suggestions about the material

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Section I. Market Summary

New Zealand's economy is forecast to grow 2.8 percent in 2018. This healthy growth is partially attributable to the country's robust wholesale trade and business services, the strengthening of the global economy, and increased exports to Asian countries such as Japan (4%), Thailand (3%), and Indonesia (30) percent.

Table 1. Total New Zealand export of goods and services by category (\$U.S. millions)

Category	Export value
Food and Beverage	21.3
Animal byproducts	0.2
Wood and products	3.8
Wool	0.5
Oil	0.5
Minerals	0.07
Metals	1.2
Stone/Glass	0.5
Hides, similar	0.2
Textiles	0.1
Apparel	0.07
Plastics/Rubbers	0.3
Chemicals	0.7
Vehicles	0.2
Medical Devices, other	0.7
Machinery/Electrical	2.1
Communication services	0.1
Financial services	0.5
Computer services	0.5
Royalties	0.2
Business services	1.3
Media	0.2
Tourism	10

Source Ministry of Business, Innovation and Employment, *Emerging Growth Opportunities in New Zealand Food and Beverage 2017*.

Agriculture and exports play a major role in New Zealand's economy. The top export markets are China, the United States, and Australia. Leading export products include dairy products, beef, wine, sheep meat, lumber, fresh apples, and kiwifruit.

Much of the country's exported agricultural products are derived from valued added products that require ingredients that are not readily available in New Zealand. For instance, 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 USD\$9 billion¹ in export sales, an increase of 16 percent from 2016. The dairy processing industry is dominated by Fonterra Cooperative Ltd., which is New Zealand's largest company and is responsible for an estimated 83% of domestic milk output². New Zealand exporters supply an estimated 3 percent of the world's trade in dairy products³. The main markets are China, Australia, United States, United Arab Emirates, Malaysia, and Japan.⁴

Meat production is New Zealand's second largest agricultural sector and export category. Meat exports, particularly beef, reached USD\$4.6 billion in 2017, a 14.8 percent increase from 2016⁵. The United States accounted for 25 percent of total exports in 2017, making it New Zealand's most valuable export market for meat products.

Table 2. United States and New Zealand Bilateral Agricultural Trade, including Fish and Forestry Products. (USD\$ millions)

	2012	2013	2014	2015	2016	2017
U.S, Export s to NZ	383,269,463	420,784,480	477,778,492	424,249,918	381,420,074	416,761,900
NZ Export s to U.S.	2,203,471,659	2,105,469,111	2,643,104,195	2,767,493,852	2,436,098,167	2,466,013,000

Source: Global Trade Atlas [03/27/2018]

¹ <https://www.dcanz.com/about-the-nz-dairy-industry/> [03/27/2018]

² <https://www.dcanz.com/about-the-nz-dairy-industry/> [03/27/2018]

³ <https://www.dcanz.com/about-the-nz-dairy-industry/> [03/27/2018]

⁴ Global Trade Atlas [03/27/2018]

⁵ Global Trade Atlas [03/27/2018]

Business Climate

The Ministry of Primary Industries (MPI) is the key organization that regulates food imported into New Zealand and takes the lead role in biosecurity matters (e.g., preventing unwanted pests and diseases from being imported into New Zealand and controlling, managing or eradicating pests should they arrive). The Food Standards Australia New Zealand (FSANZ) is the regulatory body responsible for setting food standards that govern the content and labeling of foods sold in both New Zealand and Australia. The standards also cover food composition, contaminants, and microbiological limits.

New Zealand has strict biosecurity rules and prohibits unprocessed products from entering unless it meets the established Import Health Standard (IHS). IHS specifies the biosecurity requirements that must be met before a product is allowed entry into the country. Information on import health standards for specific products can be found at <http://mpi.govt.nz/importing/overview/import-health-standards/>.

In March 2015, the New Zealand government approved the [Food Act 2014](#), which came into force on March 1, 2016 and replaced the Food Act 1981. The new legislation focuses on food production processes instead of the premises where food is made. A central feature of the new Act is a sliding scale under which businesses that are higher risk from a food safety point of view have to operate under more stringent food safety requirements than lower-risk food businesses.

The [Food Act 2014](#) introduced some fundamental changes to New Zealand's domestic food regulatory regime. These changes aimed to provide an efficient, effective, and risk-based food regulatory regime to manage food safety and suitability issues, improve business certainty, and minimize compliance costs for business. There is a three-year transition period starting from March 1, 2016. The Act introduced the following food safety measures:

- Food control plans (FCPs) for higher-risk activities; and
- National programs for lower-risk activities.

Information on the Act can be found at: <http://www.foodsafety.govt.nz/policy-law/food-act-2014/>.

Other important legislation and international agreements with New Zealand include:

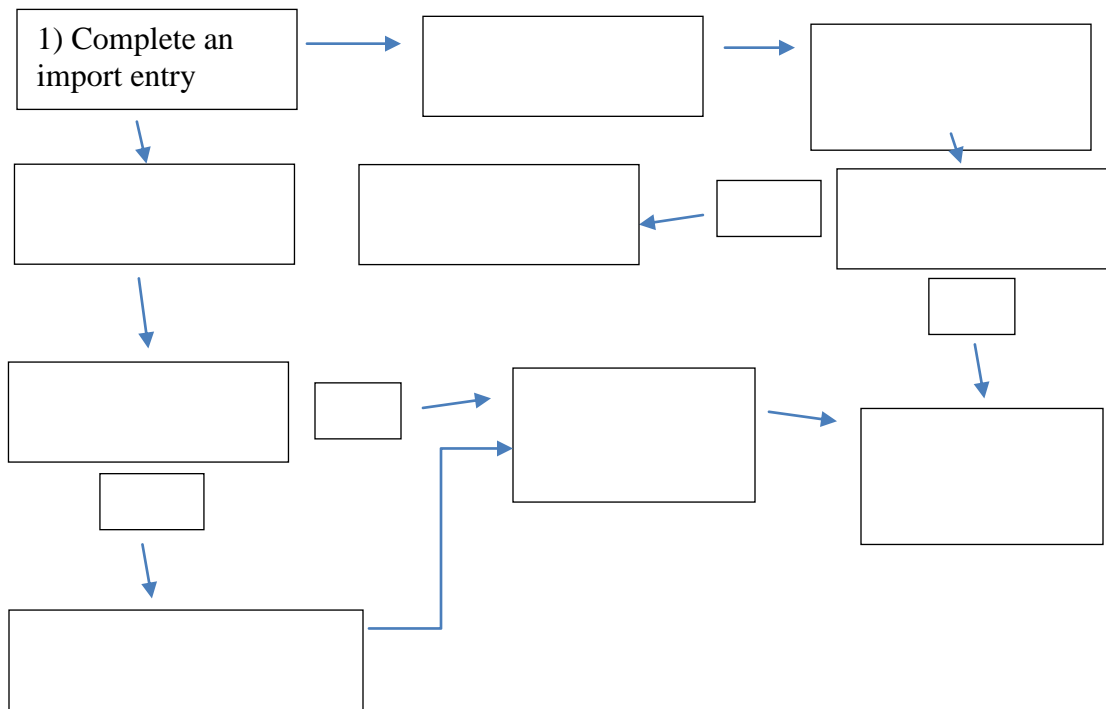
- The Joint Food Standards Treaty, which committed the Australian and New Zealand Governments to a joint food standards system;
- The Agricultural Compounds and Veterinary Medicines Act 1997;
- Animal Products Act 1999 and Animal Products Amendment Act 2002;
- Wine Act 2003;
- The Trans-Tasman Mutual Recognition Arrangement - This allows products made or imported into New Zealand that meet New Zealand's legal requirements, to also be sold in Australia and vice versa (some products are currently exempted from the agreement, including each country's high-risk food list); and
- The Sanitary and Phytosanitary and World Trade Organization Agreements.

Advantages and Challenges

Advantages	Challenges
The United States is a large exporter of lactose used in the milk powder production process.	New Zealand has found alternative and cost effective European suppliers for lactose causing U.S. exports to decline.
New Zealand consumers view U.S. products as high-quality	New Zealand has more stringent market access requirements.
The United States is a large producer of dairy ingredients.	Transportation costs are exorbitantly high.
The United States is large producer of grains.	New Zealand imports a large percentage of its grains from Australia.
New Zealand food processors already have long standing relationships with U.S. ingredient suppliers.	U.S. products that are “fortified” are considered to be unhealthy.
New Zealand exports most of its dairy products therefore creating export opportunities for U.S. producers.	The U.S. dollar exchange rate has strengthened vis-à-vis the New Zealand dollar.

Section II. Road Map for Market Entry

How to import into New Zealand – what you need to do.



Source: mpi.govt.nz

1) Customs

All imported items are cleared through Customs. Prior to exporting, companies are advised to check the prohibited and restricted import list to determine if the product is:

- Allowed into New Zealand and/or requires approval or consent.

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](#).

2) Ministry for Primary Industries (MPI)

Advice for food importers

The 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.

Foods of regulatory interest

Dairy	Meat
Raw-milk products	Bovine meat and bovine-meat products
Fresh cheese	Fermented meat products
Curd cheese	Meat paste and pâté
Soft cheese	
Nuts, seeds and fruit	Seafood
Peanuts, pistachio nuts, and their products (including peanut butter)	Histamine-susceptible fish and fish products
Tahini and crushed sesame seeds (and any products containing them)	Puffer fish
Frozen berry fruits	Ready-to-eat smoked fish and smoke-flavored fish
Spices Pepper, Chili	Bivalve molluscan shellfish
Paprika	Ready-to-eat crustaceans

Food Standards Australia New Zealand (FSANZ)

[Food Standards Australia New Zealand \(FSANZ\)](#) is a statutory authority operating under the (Australian Commonwealth) [Food Standards Australia New Zealand Act 1991](#). It was established in 2002. FSANZ develops standards that are contained within the Australia New Zealand Food Standards Code. FSANZ's primary objectives are: protection of public health and safety; provision of adequate information to consumers to make informed choices; and prevention of misleading or deceptive conduct. The Food Standards Australia New Zealand (FSANZ) is responsible for setting food standards that govern the content and labeling of foods sold in both

New Zealand and Australia. The standards also cover food composition, contaminants, and microbiological limits.

FSANZ 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. In New Zealand, [the Code](#) is enforced by the Ministry for Primary Industries (MPI).

The Food Standards Australia New Zealand has revised the Code, which came into effect on March 1, 2016. Information on Food Standards Code can be found at:
<http://www.foodstandards.govt.nz/code/Pages/Food-Standards-Code-from-1-March-2016.aspx>.

Section III. Competition

Table 3: Value (\$U.S. millions) of Imports for Food Ingredients and Agricultural Related Products⁶

Partner Country	2016	2017	Percentage Change
Australia	1,259,673,661	1,434,279,138	+13.86
United States	425,361,722	464,281,610	+9.14
China	231,232,215	252,258,930	+9.09
Indonesia	157,019,917	224,600,266	+43.00
Malaysia	178,822,851	193,809,742	+8.38
Thailand	146,471,856	159,857,209	+9.14
Argentina	113,151,411	127,127,335	+12.35
France	122,484,406	125,090,277	+2.13
Netherlands	92,782,746	122,039,892	+31.5
Singapore	111,363,707	116,805,311	+4.89

Source: http://www.gtis.com/gta/secure/udgcty_wta.cfm. Available from Global Trade Atlas [February 13 2018].

Generally speaking, products from United States are viewed favorably in New Zealand, but 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 Prospects Categories

New Zealand's food processing sector comprise an estimated 8 percent of the country's food sector and is valued at more than USD\$20 billion. A large percentage of New Zealand's exports are produced using a variety of inputs not readily available in the country. This lack of capacity provides opportunities for exporters.

The processed foods industry is broken down into the following categories:

⁶ http://www.gtis.com/gta/secure/udgcty_wta.cfm. Available from Global Trade Atlas [February 13 2018].

- 1) Core grocery products (i.e., fast moving consumer goods);
- 2) Infant/nutritional products;
- 3) Nutraceuticals: vitamins and other food based natural remedies; and
- 4) Snack food products.

Table 4. New Zealand's Processed Food Industry Categories by Export Value (\$U.S. millions)

Categories	Value (\$U.S.)
Core Grocery	495
Infant/Nutritionals	684
Nutraceuticals/similar	883
Snacks	290
Total value of exports	2,353

Source: Ministry of Business, Innovation and Employment, *Emerging Growth Opportunities in New Zealand Food and Beverage 2017*. Report published November 2017

China and Australia are the top markets for New Zealand's value added exports. These products utilized an array of food ingredient inputs such as almonds, vegetable saps, nuts, milk and cream, malt extracts, and food preparations targeting the manufacturing sectors. The United States is a major producer of these products, thus, exporters can capitalize on growing demand for these products. Inputs for snack foods and infant formula products also provide export opportunities.

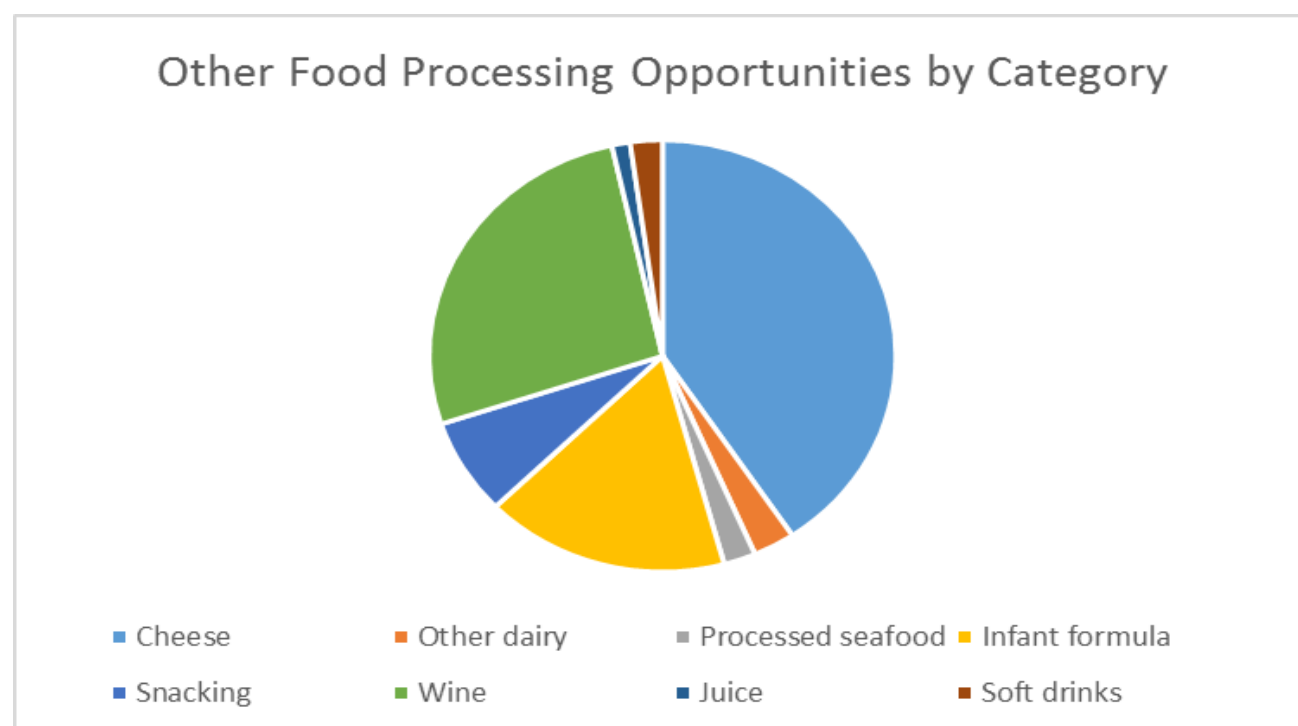
Other key areas that provide potential opportunities include:

- 1) Hops: Hops used to brew high quality craft beer is in high demand in New Zealand, but it can't sufficiently produce the ingredient to meet local demand, thus, American producers can meet this shortfall. In addition, the current craft beer trend in New Zealand embraces American Pale Ale (APA).
- 2) Cereals: New Zealand has limited capacity to produce cereals used to process food products, thus, creating opportunities for U.S. exporters.
- 3) Chocolate crumb: New Zealand's snack food exports are growing and a popular raw product is chocolate crumb. New Zealand had limited capacity to produce this ingredient, therefore, is an area of potential development.
- 4) Vegetables: New Zealand has limited capacity to supply enough vegetables for its food processing sector, thus, creating another potential for U.S. exporters.

Table 5. Other Food Processing Opportunities by Category (U.S. millions)⁷

Food Categories	2017
Cheese	1,638
Other dairy	117
Processed seafood	90
Infant formula	684
Snacks	290
Wine	1,073
Juice	51
Soft drinks	90

Source: Ministry of Business, Innovation and Employment, *Emerging Growth Opportunities in New Zealand Food and Beverage 2017*. Report published November 2017



Source: Ministry of Business, Innovation and Employment, *Emerging Growth Opportunities in New Zealand Food and Beverage 2017*. Report published November 2017

⁷ Ministry of Business, Innovation and Employment, *Emerging Growth Opportunities in New Zealand Food and Beverage 2017*. Report published November 2017

Section V. Key contacts and further information

Key information and contacts are embedded through-out this report, below is a conglomerated list of key contacts in this report.

Key information	Link
Import Health Standards	http://mpi.govt.nz/importing/overview/import-health-standards/
Food Act 2014	Food Act 2014
Food Safety	http://www.foodsafety.govt.nz/policy-law/food-act-2014/
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	click here
Contacting MPI	info@mpi.govt.nz
Davis Food Ingredients	Website Contact
Sherratt Ingredients	Website Contact
Pacific Flavors and Ingredients	Website Contact
Bidfood	Website Contact
Hibiscus Solutions	Website Contact
Processed food industry information	click here

Appendix I. 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 \$145 million USD.

[Website](#) [Contact](#)

Sherratt Ingredients: Started in 1986 the company focuses on long-term relationships with suppliers, their aim is to focus on partnerships with companies that adhere to 'Good Manufacturing Practice' and 'Hazard Analysis and Critical Control Point' principles.

[Website](#) [Contact](#)

Pacific Flavors and Ingredients: Started in 2003 and focuses on sustainable business practices, including its carbon foot print. They also focus on importing enzymes and proteins.

[Website](#) [Contact](#)

Bidfood: Started in 2000, it is the largest food and food ingredients 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, there product supply focuses on food and beverage, pharma and nutraceutical.

[Website](#) [Contact](#)

1.2. Other Key Contacts

Agricultural Affairs Office

Foreign Agricultural Service
U.S. Department of Agriculture
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29 Fitzherbert Terrace
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Fax: +64-4-462-6016
Email: agwellington@usda.gov

Foodstuffs (North Island) Co-operative Society Limited

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Wellington, New Zealand
Attention: Shanon Kelly, Group Grocery Manager
Tel: +64-4-527-2510; DDI – 64-04-527-2655
Email: Shannon.kelly@foodstuffs.co.nz

Foodstuffs Auckland Co-operative Society Limited:

PO Box CX12021
Auckland, New Zealand
Attention: Bruce Robertson, Import Grocery Buyer and Ashley Miranda, Import Grocery Buyer
Tel: +64-9-621-0286; 021 512 948
Email: bruce.robertson@foodstuffs.co.nz; Ashley.miranda@foodstuffs.co.nz;

Foodstuffs (South Island) Co-operative Society Limited

167 Main North Road, Papanui
Christchurch, New Zealand
Attention: John Greenwood, Import Grocery Buyer; Tim Donaldson –Retail brands manager (email-tim.donaldson@foodstuffs-si.co.nz)
Tel: +64-3-353-8648; Email: john.greenwood@foodstuffs-si.co.nz

Progressive Enterprises

Private Bag 93306

Otahuhu, Auckland, New Zealand

Attention: Graham Walker, Business Manager (*Home brand*); Steve Donahue, General Manager, Tel: 09-255-2268 Dave Chambers, Managing Director Tel: 09-255-2269

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